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
DIS	SEC	N/A

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Arturo Jose M. Constantino IIII	**ajmconstantino.cbs@chinabank.ph**	**8367-8341**	**N/A**

CONTACT PERSON's ADDRESS

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

Certification

I, **Atty. Arturo Jose M. Constantino III**, the Corporate Secretary of **China Bank Savings, Inc.**, a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number **16962** and with principal office at **CBS Building 314 Sen. Gil J. Puyat, Avenue, Makati City**, on oath state:

1) That I have caused this **Definitive Information Statement (DIS)** to be prepared on behalf of China Bank Savings, Inc.;
2) That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
3) That the company, China Bank Savings, Inc. will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
4) That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee, if applicable; and
5) That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand this **25th day of May 2022**.

ARTURO JOSE M. CONSTANTINO III
Affiant
Passport No. P1283873B
valid until 29-March-2029
DFA-Manila

SUBSCRIBED AND SWORN to before me this ________ day of MAY 25 2022, ____, in MAKATI CITY City, Philippines.

NOTARY PUBLIC

Doc. No. 13;
Page No. 4;
Book No. 195;
Series of 2022.

FELIPE I. ILEDAN JR.
Notary Public for and in Makati City
Until Dec. 31, 2022, Appt. No. M-09
Roll No. 27625, TIN 136897808
Rm. 412, 4th Flr. VGP Center, Ayala, Makati City
2022 PTR No. MLA 0097542
IBP No. 119432, 06/17/2020
MCLE Compliance No. VI-0012066

CHINA BANK SAVINGS
314 Sen. Gil Puyat Avenue, Makati City 1200
(02) 8988-9555 • www.cbs.com.ph

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Please be notified that due to the continuing pandemic and Community Quarantine, the annual meeting of the stockholders of China Bank Savings, Inc., will be conducted virtually via **Zoom** on **June 16, 2022, Thursday at 9:30 A.M**., for the following purposes:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification and Quorum
4. Approval of the Minutes of the Annual Meeting of Stockholders on June 17, 2021
5. Annual Report to Stockholders
6. Approval of the Audited Financial Statements for the year ended December 31, 2021
7. Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2021, including the ratification of related party transactions
8. Election of the Board of Directors
9. Appointment of External Auditors
10. Other Matters
11. Adjournment

Stockholders of record as of **May 16, 2022** shall be entitled to notice of and vote at the meeting. The stock and transfer books of CBS will be closed from **May 27 to June 16, 2022**.

In order to continue to safeguard the health and safety of the stockholders and participants given the present situation, stockholders may attend the meeting by remote communication through the online live broadcast, and exercise their right to vote *in absentia* in accordance with the Bank's online registration and voting procedures, by appointing a proxy. There will be audio and video recordings of the meeting.

Stockholders intending to participate by remote communication and exercise the right to vote *in absentia* should notify the Bank by sending an e-mail to ocs.cbs@chinabank.ph on or before June 9, 2022. All information submitted shall be subject to verification and validation by the Office of the Corporate Secretary. After verification and validation, details for the online participation/attendance shall be sent to the stockholders.

Stockholders who have successfully registered and been duly verified can then access the online livestreaming of the annual stockholders' meeting and vote through remote communication or *in absentia* by appointing a proxy.

Stockholders intending to participate by appointing a proxy should submit their proxy forms to the Office of the Corporate Secretary at the 2nd Floor, CBS Building, 314 Sen. Gil Puyat Ave., Makati City, or by email (ocs.cbs@chinabank.ph) not later than **June 9, 2022, 5:00 P.M**.

Makati City, 6 May 2022.

Atty. ARTURO JOSE M. CONSTANTINO III
AVP & Corporate Secretary

Note: CBS' Preliminary Information Statement (PIS), Definitive Information Statement (DIS) and the explanation of each agenda item can be accessed through CBS' website, www.cbs.com.ph.. The same shall be made available immediately upon approval by the Securities and Exchange Commission (SEC) of the Bank's DIS.

EXPLANATION OF AGENDA ITEMS

1. Call to Order

Chairman Ricardo R. Chua will welcome the stockholders and guests and formally begin the 2022 annual meeting of stockholders of China Bank Savings, Inc. He will also highlight that stockholders will be given the opportunity to ask questions or raise their comments prior to submitting each agenda item for their action.

2. Proof of Notice of Meeting

Atty. Arturo Jose M. Constantino III, Corporate Secretary, will certify the date the notice of meeting with the information statement was posted in the Bank's website, www.cbs.com.ph for the information of the stockholders of record as of May 16, 2022 and Securities and Exchange Commission (SEC), adopting for now the SEC Notice on Alternative Mode of Notice and Distribution of IS – 20 – Preliminary and Definitive Information Sheets, issued on February 16, 2022, and in accordance with the China Bank By-laws, and the SEC rules and regulations, and the dates such notice was published in newspapers of general circulation.

3. Certification of Quorum

Atty. Constantino will certify the existence of quorum. A meeting where the stockholders holding a majority of the outstanding capital stock of China Bank Savings, Inc. are present virtually via electronic device or Zoom Platform, shall constitute a quorum and competent to transact business.

4. Approval of the Minutes of the Annual Meeting of Stockholders on June 17, 2021

Stockholders will be asked to approve the minutes of the Annual Stockholders' Meeting held on June 17, 2021, which contain, among others, the annual report to stockholders and approval of financial statements, ratification of all acts of the Board of Directors, Executive Committee, other committees and Management, during the fiscal year 2021 and immediately preceding the meeting, election of the Board of Directors, appointment of external and internal auditors, The minutes may be accessed through China Bank Savings, Inc. website, www.cbs.com.ph.

5. Annual Report to Stockholders

Stockholders will be provided information about the Bank's activities, business and financial performance, and other relevant data for the preceding year. Copies of the annual report can be accessed through the Bank's website before the meeting.

6. Approval of the Audited Financial Statements for the year ended December 31, 2021

Stockholders will be provided information about the financial position, performance and changes in financial position of the Bank. The financial statements will be included in the Information Statement and can be accessed through the Bank's website prior to the meeting.

7. **Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2021, including the ratification of related party transactions**
   All acts of the Board of Directors, Executive Committee, and other Committees, during the year 2021, including the ratification of related party transactions, will be presented to the stockholders for their approval and ratification.

8. **Election of the Board of Directors**
   The Chairman will present the nominees for election as members of the Board of Directors, including the independent directors. The list of nominees, with their profiles, will be included in the Information Statement to be posted in the above-mentioned Bank's website prior to the meeting.

9. **Appointment of External Auditors**
   The stockholders will be asked to ratify the selection by the Audit Committee and Board of auditors.

10. **Other Matters**
    All matters that arise after the notice, agenda, and information statement have been posted in the above-mentioned Bank's website may be presented for the consideration of the stockholders. Other businesses as may properly come before the stockholders may also be raised.

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

P R O X Y

That I/We, the undersigned stockholder/s of China Bank Savings, Inc. ("CBSI"), do hereby appoint ______________________________, as my/our proxy, to represent me/us and vote all shares of stocks registered in my/our name, at the Annual Meeting of Stockholders of CBSI on June 16, 2022, Thursday, and at any of the adjournments and postponements thereof, for the purpose of acting on the following matters:

1. Approval of Minutes of the June 17, 2021 Annual Meeting of Stockholders

   ____Yes ____No ____Abstain

2. Approval of 2021 Annual Report to Stockholders

   ____Yes ____No ____Abstain

3. Approval of the Audited Financial Statements for the year ended December 31, 2021

   ____Yes ____No ____Abstain

4. Ratification of all acts of the Board of Directors, Executive Committee, Management, and all other Committees for the year 2021

   ____Yes ____No ____Abstain

5. Election of Directors

   ___ Vote for all nominees listed below:

Ricardo R. Chua	Rosemarie C. Gan
Nancy D. Yang	Herbert T. Sy, Jr.
William C. Whang	Patrick D. Cheng
James Christian T. Dee	Philip S. L. Tsai
Claire Ann T. Yap	Genaro V. Lapez
Antonio S. Espedido, Jr.	

   ___ Withhold authority for all nominees listed above

   ___Withhold authority to vote for the nominees listed below:

   ________________ ________________

   ________________ ________________

   ________________ ________________

   ________________ ________________

   ________________ ________________

6. Appointment of Sycip, Gorres, Velayo & Co. as external auditors

   ____Yes ____No ____Abstain

This proxy should be received by the Corporate Secretary on or before June 9, 2022, the deadline for submission of proxies.

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

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

IN WITNESS WHEREOF, I/we have hereunto signed these presents in _____ this ____ day of _____ 2022.

SIGNED IN THE PRESENCE OF:

__________________________ __________________________
Signature of Stockholders

__________________________ __________________________
Name/s in Print

CHINABANK SAVINGS, INC.

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

1. Check the appropriate box:

[ ] **Preliminary Information Statement**

[√] **Definitive Information Statement**

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

3.	Country or other jurisdiction of Incorporation or organization	:	Philippines
4.	SEC Identification Number	:	000016962
5.	BIR Tax Identification Code	:	000-504-532
6.	Address of principal office	:	CBS Building, 314 Sen Gil Puyat, Makati City, 1209
7.	Registrant's telephone number	:	(632) 8884-7600
8.	Date, time, and place of the meeting of security holders	:	June 16, 2022, 9:30 A.M.-Via online Zoom Platform Host – 3rd/F, Executive Office, CBS Building, 314 Sen. Gil J. Puyat Avenue, Makati City Pursuant to SEC Notice dated 16 February 2022

9. Approximate date on which the Information Statement is first to be sent or given to security holders: May 26, 2022

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

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

Yes ( ) No (√)

A. GENERAL INFORMATION

1. **Regular Meeting of Security Holders**

Date of Meeting	:	**June 16, 2022**
Time of Meeting	:	**9:30 A.M.**
Place of Meeting	:	**3rd Floor, CBS Building, 314 Sen. Gil Puyat Makati City (Via Zoom Platform)**

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

This Information Statement shall first to be sent or given to the security holders on **May 26, 2022.**

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

2. **Dissenter's Right of Appraisal**

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

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

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

4. **<u>Voting Securities and Principal Holders</u>**

(a) Class of Voting Shares: **105,414,149** common shares entitled to vote as of **May 16, 2022.**

(b) Record Date: Stockholders of record as **May 16, 2022** are entitled to notice of and vote at the meeting

(c) Nomination and Election of Directors and Independent Directors and Manner of Voting:

In accordance with Sections 22 and 26 of the Revised Corporation Code, Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Rule 38 of the Implementing Rules and Regulations of the Securities Regulation Code, and Section 132 of the Manual of Regulations for Banks, and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before May 2, 2022. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.

As to the manner of voting, Article III, Section 1 (e) of the Bank's By-Laws specifies that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations. In accordance with Sections 23 and 57 of the Revised Corporation Code, a stockholder is allowed to vote through remote communication or *in absentia*. On August 13, 2020, the Board of Directors approved the amendment of the Bank's By-laws, which allows the voting through remote communication or *in absentia*. On April 21, 2022, the Board of Directors approved to allow the conduct of the Annual Meeting of the Stockholders on June 16, 2022 and participation therein by the stockholders via remote communication or *in absentia*, in accordance with the Securities and Exchange Commission's (SEC) Memorandum Circular No. 6, Series of 2020. Please refer to **Schedule "A"** of the Information Statement for the Guidelines for Participation via Remote Communication and voting *in absentia*. Following Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned, or distribute them on the same principle among as many candidates as may be seen fit, provided that the total number of votes cast shall not exceed the number of shares owned by the stockholder as shown in the books of the Bank multiplied by the whole number of directors to be elected. Item D.19 of the Information Statement further discusses the voting and tabulation procedures of the Bank.

The Independent Directors, Misters Philip S. L. Tsai, Genaro V. Lapez, and Ms. Claire Ann T. Yap, as well as new nominee for Independent Director, Mr. Antonio Espedido, who will all be elected during the annual stockholders' meeting on June 16, 2022, are not officers or employees of China Bank Savings, Inc. (CBSI) or any of its subsidiaries, which could reasonably be perceived to materially interfere with the exercise of their independent judgment in carrying out their responsibilities as independent directors.

The qualifications of the directors have been jointly pre-screened by the Nomination and Corporate Governance Committees. Out of the eleven (11) directors who will be elected at the regular meeting of the stockholders, ten (10) are for re-election, while Mr. Anotnio S. Espedido will be elected for the first time as Independent Director. The directors have been found to possess all of the qualifications and none of the disqualifications for directorship set out in Section 38.1 of the Securities Regulation Code (SRC) and Sections 132 and 138 of the Manual of Regulations for Banks (MORB). For the purpose of screening the independent directors, the Nomination and Corporate Governance Committees adopted the independence criteria set out in the above-cited provisions of the SRC Rule 38.1 and MORB.

The Nomination and Corporate Governance Committees, both presently chaired by Ms. Margarita L. San Juan, and regular members,` Ms. Claire Ann T. Yap and Mr. Genaro V. Lapez, as well as *Ex Officio* members, Ms. Maria Rosanna L. Testa and Atty. Josephine F. Fernandez, conducted the nomination for re-election/election of independent directors on May 4, 2022 during their joint meeting via MS Teams.

After assessing the qualifications of the nominees, and ensuring Ms. Claire Ann T. Yap, Mr. Philip S. L. Tsai, Mr. Genaro V. Lapez, and Mr. Antonio S. Espedido, Jr. were all qualified to be independent directors, in accordance with the screening policies and parameters of the cited provisions of the SRC and MORB Sections 132 and 138, the Committees then prepared the final list of candidates containing the names, ages, positions and offices such nominees held or would hold, term of office and brief description of the business experience of the nominees. With Ms. Margarita L. San Juan's term expiring in August 2022, and the election of Mr. Antonio S. Espedido, Jr., as the Bank's new independent director, CBSI would still be compliant with the Bangko Sentral ng Pilipinas' regulation as regards the number of independent directors in the CBSII Board.

Upon initial determination, based on the Nomination Form and attachments submitted to the Nomination and Corporate Governance Committees, and on the Rules Governing the Nomination and Election of a New Independent Director, the nominees for independent directors were found to be fit and proper for the position they were nominated to and were found to possess all the qualifications and none of the disqualifications of an independent director, and their qualities are aligned with the Bank's strategic directions.

The required annual Certification of Compliance on good corporate governance was submitted to the SEC on **January 28, 2022**.

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

(i) **Security ownership of certain record and beneficial owners.**

The following stockholders own more than 5% of any class securities as of **April 30, 2021.**

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

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

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

(ii) **Security ownership of directors and top management as of April 30, 2022:**

Title of Class	Name of record owner	No. of Share	Amount (Php)	Citizenship	Percentage
	Directors				
Common Stock	Ricardo R. Chua	1	100	Filipino	0.00010%
Common Stock	Nancy D. Yang	1	100	Filipino	0.00010%
Common Stock	James Christian T. Dee	1	100	Filipino	0.00010%
Common Stock	William C. Whang	1	100	Filipino	0.00010%
Common Stock	Rosemarie C. Gan	1	100	Filipino	0.00010%
Common Stock	Patrick D. Cheng	1	100	Filipino	0.00010%
Common Stock	Herbert T. Sy, Jr.	1	100	Filipino	0.00010%
Common Stock	Philip S. L. Tsai	1	100	Filipino	0.00010%
Common Stock	Margarita L. San Juan	1	100	Filipino	0.00010%
Common Stock	Claire Ann T. Yap	1	100	Filipino	0.00010%
Common Stock	Genaro V. Lapez	1	100	Filipino	0.00010%
Security ownership of the following candidates as of May 27, 2022					
Common Stock	Antonio S. Espedido, Jr.	1	100	Filipino	0.00010%
	Total as a Group		1,100		0.00110%

Notes:

1. As previously stated, Mr. Antonio S. Espedido, Jr., was already screened by the Nomination and Corporate Governance Committees as early as May 4, 2022. He accepted the nomination and has read the copy of the Duties and Responsibilities of the Board, as well as that of each specific director.
2. Nominal share has already been transferred to Mr. Antonio S. Espedido, Jr.

(iii) **Security ownership of Management as of April 30, 2022:**

1. Name of Beneficial Owner – Nothing to report
2. No CBSI officers, except for the above-named directors, own CBSI shares

5. **Directors and Executive Officers as of 30 April 2022**

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

The Board of Directors is composed of distinguished members, all of whom are Philippine citizens, 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 Monetary Board, concurrently with their position/s in CBC are as follows:

Ricardo R. Chua, 71, Filipino, is the Chairman of the Board since 2007. He is the advisor to the Board of the China Banking Corporation (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 is the Advisor of CBC's Technology Steering Committee. He currently sits in the boards of other CBC subsidiaries: Chairman of China Bank Capital Corporation (CBCC) and Director of CBC Properties and Computer Center, Inc. (CBC-PCCI) and also in other companies not listed in the PSE - CAVACON Corporation, and Sun & Earth Corporation, among others. A Certified Public Accountant, Mr. Chua earned his Bachelor of Science degree in Business Administration, Major in Accounting, *cum laude*, from the University of the East, and finished his Master's in Business Management (MBM) degree from the Asian Institute of Management. He has had extensive training in banking operations and corporate directorship, and attended AML and corporate governance seminars, among others.

Nancy D. Yang, 82, Filipino, is the Vice Chairman of the Board since 2007and is currently the Vice Chairman of Executive Committee. She held the position of Senior Vice President and the Head of CBC Retail Banking Business. She is a Director of CBC subsidiary, China Bank Insurance Brokers, Inc. (CBC-IBI). She currently sits in the Board-level committee of the Bank: Vice Chairman of Executive Committee. 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., among others. Ms. Yang is a degree holder of Bachelor of Arts from the Philippine Women's University and Human Development & Child Psychology from Merrill Palmer Institute in Detroit, Michigan, USA. She has attended the Allen Management Program in 1990, BAI Retail Delivery Conference in Phoenix, Arizona, USA in 1994, Environmental Risk Management Program for Bankers conducted by the Bank of America in 1997, BAI Retail Delivery Conference in Miami Beach, Florida in 1999, and BAI Retail Delivery Conference in Orlando, Florida in 2008.

James Christian T. Dee*, 49, Filipino, is the President of the Bank. The Bangko Sentral ng Pilipinas (BSP) approved his secondment appointment on November 19, 2012. Prior to his election as Director/President of CBSI, he was the Asset-Liability Management Head of the Treasury Group of China Bank since 2009 and Treasurer and Head of Treasury Group of CBSI. He is also a member of CBSI Board-level committees: Vice Chairman of Retirement Committee and Remuneration Committee, and a member of Executive Committee. In the past, he held several key positions at the Trust Group of China Bank and Citibank N.A. Philippines. Mr. Dee is a degree holder of Bachelor of Science in Mechanical Engineering from the University of the Philippines and Master's degree in Business Management from the AIM. He trained with the Regional Treasury Certifications from Citigroup, N.A., Treasury Certification Program from Ateneo-BAP, and ICAAP Risk Models Validation from SGV. He likewise graduated with distinction on the one (1) year course on Trust Operation from Trust Institute Foundation of the Philippines.

*Note: Seconded to CBS duly approved by the BSP.

William C. Whang, 64, Filipino, is a member of the Board of CBSI, and a Director and the President of CBC since November 1, 2017. 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 Insurance Brokers, Inc. (CBC-IBI), CBC Properties and Computer Center, Inc. (CBC-PCCI), and China Bank Capital Corporation (CBCC). He is also a member of CBS Board level committees: Chairman of Executive Committee and Retirement Committee. He is actively involved in the boards of BancNet, Inc., Banker‘s Association of the Philippines, Philippine Payments Management Inc., and Manulife China Bank Life Assurance Corporation (MCBLife). He has more than 40 years of banking experience, previously holding key positions in various financial institutions including Metropolitan Bank & Trust Co., Republic National Bank of New York, International Exchange Bank, Security Bank, and Sterling Bank of Asia. Mr. Whang is a Bachelor of Science degree holder in Commerce, Major in Business Management, from the De La Salle University. He participated in numerous seminars and conferences on corporate governance, AML, branch based marketing, quality service management, sales management, and corporate strategy, among others.

Herbert T. Sy, Jr., 36 Filipino, was elected as a Regular Director on June 17, 2021. Mr. Sy presently works for SM Retail, Inc., under the SM Group of Companies. For the SM Markets Merchandising Group, he handles product selection for the SM Markets stores, manages international house brand procurement, manages store orders, and negotiates with suppliers. For SM Markets Marketing Group, he manages 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.

Rosemarie C. Gan, 64, Filipino, is a CBSI Director. She is also an Executive Vice President and Segment Head of Retail Banking Business of CBC. She serves as a Director in CBC subsidiary CBC Properties and Computer Center, Inc. (CBC-PCCI). She is also a member CBS Executive Committee. With nearly 40 years of experience in the banking industry, she has had wide exposure and training in marketing, financial analysis, credit portfolio management, strategic planning and corporate governance. Ms. Gan obtained a Bachelor of Science degree in Business Administration, Major in Management, from the University of Santo Tomas, where she graduated *magna cum laude* and received the distinguished Rector’s Award. She attended the Asian Institute of Management‘s (AIM) Advanced Bank Management Program in 2013. She also participated in the BAI Retail Delivery Conference conducted by the Bank Administration Institute in 2012, and Corporate Governance workshops/seminars conducted by the Institute of Corporate Directors (ICD) from 2014 to 2018, and AMLA seminar conducted by ICD in December 2017, among others.

Patrick D. Cheng, 59, Filipino, is a CBSI Director. He is also a Senior Vice President and the Chief Finance Officer of CBC. He is also in the board of another China Bank subsidiary – China Bank Insurance Brokers, Inc. (CBC-IBI) as Chairman, and in the Bank's affiliate - Manulife Chinabank Life Assurance Corporation (MCBLife) as Director. He also serves in the boards of Manila Overseas Commercial Inc., and SR Holdings Corporation, among others. 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 in Management degree, 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 on corporate governance, AML, asset liability management, operational risk, and information security.

Margarita L. San Juan, 68, Filipino, is an Independent Director of CBSI and CBC. On May 4, 2017, she was first elected to the China Bank Board. She is also an Independent Director of other China Bank subsidiaries: CBCC, CBC-IBI, and CBCC's wholly-owned subsidiary Resurgent Capital (FISTC-AMC) Inc. (RCI). She is a member of CBS Board level committees: Chairman of Corporate Governance Committee and Nomination Committee, Vice Chairman of Risk Oversight Committee and Related Party Transaction Committee, and a member of Audit Committee. She does not hold directorship position in any other PSE-listed company. She worked with Ayala Investment and Development Corporation, Commercial Bank and Trust Co., and in the Bank‘s Account Management Group as Senior Vice President and Group Head until her retirement in 2012. Director San Juan graduated with a Bachelor of Science degree in Business Administration, Major in Financial Management, from the University of the Philippines, and completed the Advance Bank Management Program from the Asian Institute of Management (AIM). She attended various trainings including development financing, international banking operations, marketing, financial analysis and control, credit and risk management, and the latest on AML in 2017 and corporate governance in 2021.

Philip S.L. Tsai, 71, Filipino, was elected as Independent Director of CBSI and CBC on November 7, 2018 to serve the unexpired term of Mr. Roberto F. Kuan who passed away on September 15, 2018. He currently serves as an Independent Director of China Bank subsidiaries China Bank Capital Corporation (CBCC) and China Bank Insurance Brokers, Inc. (CBC-IBI).He is a member of CBSI Board-level committees: Chairman of Risk Oversight Committee, Vice Chairman of Audit Committee, and a member of Remuneration Committee and Related Party Transaction Committee. Aside from the China Bank Group, he does not hold any position in other PSE-listed companies. He has had more than 36 years of banking experience. He previously held positions in First CBC Capital (Asia) Limited, Midwest Medical Management, Fortune Paper Inc., Chemical Bank New York, Consolidated Can Corp., Plastic Container Packaging, and in the Bank‘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 has attended several trainings on corporate governance, bank protection, AML, and branch-based marketing, among others.

Claire Ann T. Yap, 66, Filipino, is an independent director. She serves as Independent Director in CBC subsidiaries CBCC, CBSC, and in CBCC’s subsidiary RCI, and as Board Trustee and Vice Chairperson in Vedruna Foundation, Inc. She is presently Senior Vice President and Head of Global Service Centre of Global Payments Process Centre, Inc., a Fortune 500 company and worldwide leader providing payments and financial technology solutions. She has more than 30 years of experience in banking and finance in the Philippines. She is a also a member of CBS Board level committees: Chairman of Audit Committee, Vice Chairman of Corporate Governance Committee and Nomination Committee, and a member of Risk Oversight Committee. She has extensive leadership experience in operations beginning with local financial institutions and expanding to global organizations, with considerable exposure from credit card and payments to financial technology solutions in a shared services environment. She has exposures in cross-geographical and cultural team integration, strategic business unit development, revenue generation and cost control, client relationship management, financial and credit analytics, merchant life cycle management, industry standard audits and compliance, and process improvement. In the past, she held executive leadership roles at Australia and New Zealand Banking Group Ltd./Metrobank Card Corporation and Hongkong Shanghai Banking Corporation. She was also Chairman of the Credit Card Association of the Philippines from 2009 to 2010 and President from 2007 to 2009. A Certified Public Accountant, Ms. Yap is a graduate of Bachelor of Science in Accounting, *cum laude*, from the De La Salle University. She has had various trainings on Managing Customer Experience, Credit Card Fraud and Security, Information Security and Data Privacy.

Genaro V. Lapez, 64 years old, Filipino, was elected as an independent director on June 17, 2021. 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 is a member of CBS Board level committees: Chairman of Related Party Transaction Committee and Remuneration Committee, and a member of Corporate Governance Committee, Retirement Committee, and Nomination Committee. 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, and on Corporate Governance from the Institute of Corporate Directors and others.

Mr. Antonio S. Espedido, Jr, 66 years old, Filipino, has more than 20 years of experience in banking and finance in the Philippines. He was recently a consultant of Intellect Design Arena, a company that provides banking system/solutions. He has extensive leadership experience in treasury and marketing operations. He was a Consultant in the implementation of the Treasury system in China Banking Corporation from June 2016 to September 2016. Prior to this, he was CBC's Executive Vice President, Treasurer and Financial Market Business Segment, responsible in managing the investment portfolio of the bank in fixed income and exposure in foreign exchange. He was likewise responsible in managing the bank's liquidity and funding requirements. He also provided direction in identifying market coverage for expanding client base product offerings and helped identify and structure financial funding options based on client's requirements, on the Investment Banking side. He joined CBC as early as 1990 as its Treasurer responsible in managing fixed income portfolio and foreign exchange exposure. He was the Director of CBSI and CBC Forex from June 2004 to June 2016. While holding these positions with CBC, he was also a member of the Capital Market Committee of the Bankers Association of the Philippines (BAP) from April 2011 to April 2015 and Director of the Association of Foreign Exchange Dealers of the Philippines from January 1997 to January 1998. Mr. Espedido held the positions in the Bank of the Philippine Islands (BPI) and Citytrust Banking Corporation handling proprietary exposures in fixed income and foreign exchange. His most recent trainings were hosted by the Asian Development Bank (ADB) on Financial Situation Caused by Covid-19 pandemic and Digital Transformation in Banking. He earned his Bachelor's Degree in Business Administration from the University of San Francisco, California, U.S.A. in 1979.

Non-Director Member of Executive Committee:

Jose L. Osmeña, Jr.*, 63, Filipino is a Senior Vice President and the Deputy Group Head of Retail Branch Banking of CBC. He has been with CBC for more than 30 years. He is a member of the Executive Committee of China Bank Savings, Inc.. He previously worked at Insular Bank of Asia and America and Producers Bank of the Philippines prior to joining CBC. Mr. Osmeña holds a Bachelor of Science degree in Commerce, Major in Accounting, from the University of San Carlos, and he earned his Master of Science degree in Business Administration from the same university. He also completed the AIM's Advance Bank Management Program. He participated in several trainings on export financing, loan documentation, money market, service quality management, channels marketing, corporate governance, and AML.

(b) **Incumbent Executive Officers** (as of April 30, 2022)

Jan Nikolai M. Lim, 45 years old, Filipino, Senior Vice President II, is the Head of Consumer Lending Group. He joined China Bank Savings, Inc. on December 1, 2011 as Head Housing and Personal Loans with the rank of first Vice President I. With his success in housing loans and personal loans, he was appointed as the Head of Consumer Lending Group in 2015. He has been with CBSI for 10 years now and was promoted once to FVPII in January 2017. Prior to joining the Bank, he served as the Vice President of East West Banking Corporation, Vice President of Philippine Savings

Bank, Assistant Vice President of Standard Chartered Bank and started his banking career in Citibank, N.A. as a Manager in 2001. Mr. Lim is a degree holder of Bachelor of Science in Manufacturing Engineering and Management from De La Salle University.

Luis Bernardo A. Puhawan, 47, Filipino, First Vice President II, is the Controller of the Bank. Prior to CBSI, he was the Controller of the former Planters Development Bank. In 2006, he joined Planters Development Bank as Assistant Vice President and Head of the Financial Reporting and Control Department. Before joining Planters Development Bank, he worked for Philippine Veterans Bank from 2002 to 2005, Deutsche Knowledge Services - Manila as Senior Associate from 2005 to 2006 and a Senior Associate of SGV & Co. from 1997 to 2002. A Certified Public Accountant, Mr. Puhawan is a degree holder of Bachelor of Science in Accountancy from the University of Santo Tomas.

Adonis C. Yap, 52, Filipino, First Vice President I, is the head of the Digital Banking Group. Mr. Yap was formerly the head of the Marketing Group and was an *Ex-Officio* member of the Information Technology (IT) Steering Committee. He was hired by Planters Development Bank (PDB) in June 1999. He was also the Cash Management Services Department Head from June 1999 to September 2002 and head of Product Management and Marketing Department from 2003 to 2007. In 2015, and during the integration of CBSI and PDB until 2017, he handled the Alternative Channels and Business Process Management Group. He also took over the Marketing Division when its Head resigned in early 2018.

Atty. Josephine F. Fernandez, 59, Filipino, First Vice President, is the Head of Human Resources Division. She was a former Senior Vice President and Head of Human Resources of East West Banking Corporation, Vice President and Deputy Head of Human Resources of Bank of the Philippine Islands, and First Vice President and Deputy Head of Human Resources of Metropolitan Bank & Trust Co. She also held various positions at Equitable Banking Corporation and Bank of Tokyo-Mitsubishi. She started her career as College Instructor at University of Luzon with the Commerce Department. Atty. Fernandez is a degree holder of Bachelor of Science degree in Business Administration from University of the Philippines - Diliman in 1983 and completed Bachelor of Laws in San Beda College and San Sebastian College, Manila in 1993.

Jaydee P. Caparas, 48, Filipino, First Vice President, is the Branch Banking Group Head of China Bank Savings, Inc. (CBSI). Prior to joining CBSI, he has held managerial positions in the Bank of the Philippine Islands and was Vice President at Philippine Savings Bank. With around 25 years of experience in banking, he has had extensive exposures in sales, operations and business development. He is a Certified Public Accountant (CPA) and a holder of a degree in Master in Business Administration. He obtained his Bachelor of Science in Accountancy at San Sebastian College – Recoletos de Cavite in 1993 where he graduated *magna cum laude*. He pursued his graduate studies and earned full academic units in Doctor of Business Administration at the De La Salle University – Manila. He is currently enrolled at the Asian Institute of Management (AIM) taking Executive MBA course (Batch 2023). Over the years, as a CPA, he has obtained various accreditations from the Professional Regulation Commission (PRC), the Board of Accountancy (BOA), the Cooperative

Development Authority (CDA), the Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue (BIR). He continues to pursue further advancement in his career as a professional CPA and is currently enrolled in the certification programs; namely, Certified Internal Auditor (CIA) and Certified Management Accountant (CMA).

Niel C. Jumawan, 52, Filipino, First Vice President, is the Head of APDS Lending Group. Before joining CBSI, he held various key positions at City Savings Bank, Inc. He also worked as Front Desk Officer of Staff Experts, Inc. (assigned at Pag-Ibig Fund), Loan Programmer of WVSU Multi-Purpose Cooperative, Sales and Training Supervisor of Forest Lake Development, Inc., Sales Manager, Branch Head and Business Development Officer of Visayas for Sky Internet, Inc. Mr. Jumawan is a degree holder of Computer Science Major in Computer Technology and Bachelor of Science in Commerce Major in Management.

Edith N. Young*, 63, Filipino, Vice President II, is the Head of Information Technology. BSP approved her interlocking functions on April 27, 2016. She is concurrently the Chief Technology Officer of CBC subsidiary, CBC Properties and Computer Center, Inc. (CBC-PCCI). Prior to joining the China Bank group, she held various IT-related positions in PCIBank, IBAA, Bank of the Philippine Islands, Family Bank/FMLSC, Cybernetics and Pascual Laboratories. Ms. Young is a degree holder of Bachelor in General Science from the University of the East.

Sonia B. Ostrea, 59, Filipino, Vice President II, is the Head of Centralized Operations Group. Prior to CBSI, she was the Clearing Operations Head of the former Planters Development Bank. Before joining Planters Development Bank, she served as the Central Operations Department Head of PCIBank and Dao Heng Bank, Phils. A Certified Public Accountant, Ms. Ostrea is a degree holder of Bachelor of Science in Commerce, major in Accounting, from Saint Louis University.

Atty. Roberto M. Buenaventura, 49, Vice President, is the head of the Legal Services Division. Prior to CBSI, he was with united Coconut Planters Bank (UCPB) since 2010 as Legal Officer and Legal Services Head. He engaged in private legal practice under his own law firm from 1998 to 2010.He has served in the government as Provincial Legal Officer of the Province of Basilan from 1998 to 2007. He has also served as Associate Professor in Western Mindanao State University College of Law from 1998 to 2007 and Basilan State College Law Department from 1998 to 2000. Atty. Buenaventura took his pre-law degree in Bachelor of Arts in Public Administration from the University of the Philippines in 1993 and Bachelor of Laws Degree from San Beda College of Law in 1997.

Charmaine S. Hao, 44, Filipino, Vice President, is the Treasurer of the Bank. Before CBSI, Ms. Hao joined Planters Development Bank in 2001 and was assigned as a Senior Dealer from September 3, 2001 to August 15, 2010. On August 16, 2010, she was appointed as Deputy Treasury Head until August 15, 2015. Consequently, she also became the Secretary of Assets and Liability Committee (ALCO). On December 18, 2015, after Planters Development Bank was merged with CBSI, Ms. Hao was assigned as Head of Funds Management Department. As the Funds Management Department Head, she assists the Treasury Group Head in managing and supervising the Bank’s liquidity and trading activities. For the past years, she has been ensuring that all funding requirements of the Bank are efficiently serviced. Moreover, she has been managing the cost of short-term placements to minimize the funding cost and thereby improve the carry income of the Bank. Ms. Hao is a degree holder of Bachelor of Science in Legal Management from the Ateneo De Manila University.

Marjorie T. Esplana, 51, Filipino, Vice President, is the Head of SME Lending Group. Before joining CBSI, she was Trade Finance Marketing Assistant of Citytrust Banking, Account Officer of BAP Credit Guaranty Corp., Credit Head and Account Officer of GMA Rural Bank of Cavite, Head of CTS Indirect of Maybank Philippines, Relationship Manager of Security Bank and Head of Housing Finance Division of Planters Development Bank. She is a degree holder of Bachelor of Science in Commerce major in Economics from the University of Sto. Tomas.

Mary Grace F. Guzman, 56, Filipino, Vice President, is the Head of Asset Recovery Group (ARG). Before joining CBSI, she was Account Officer in United Overseas Bank Phil., and consultant, Project Manager for ECSLR Project of the World Bank – LGU Guarantee Corp. She is a degree holder of Bachelor of Science in Business Administration from the University of the Philippines.

Raymond C. Apo, 54, Filipino, Vice President, is the Risk Management Division Head. He has more than 20 years of banking experience. Prior to joining the Bank, he held various key positions at Solidbank Corporation, First Metro Investment Corporation, Rizal Commercial Banking Corporation, Asiatrust Development Bank, and Export and Industry Bank. A Certified Public Accountant, Mr. Apo is a degree holder of Bachelor of Science in Commerce Major in Accountancy from Far Eastern University.

Atty. Corazon T. Llagas, 56, Vice President, is the Chief Compliance Officer of the Bank. Prior to CBS, she was with Bank of Commerce from 2016 to 2021 as Chief Compliance Officer, and head of Remedial and Litigation Department from 2011 to 2016. She was also with Metro Bank as Compliance Specialist from 2003 to 2011 and as Legal Officer from 2003 to 2008. Atty. Llagas took her higher education from the University of the Philippines where she obtained a degree in Bachelor of Arts in Sociology in 1987, Master of Arts in Sociology in 1991, and Bachelor of Laws Degree in 1998.

Hanz Irvin S. Yoro*, 40, Filipino, Senior Assistant Vice President, is the Information Security Officer of the Bank. BSP approved his interlocking functions on April 27, 2016. He is concurrently the Information Security Officer of CBC. Prior to joining CBC, he was the Information Security Officer of Megalink and EPacific Global. Mr. Yoro is a degree holder of Bachelor of Science in Computer Science Information Technology from Asia Pacific College.

Atty. Arturo Jose M. Constantino, III, 38, Filipino, Assistant Vice President, is the Corporate Secretary of the Bank. Prior to joining the Bank, he served as Corporate Legal Counsel for both multinational and local companies, including Music Group of Companies and Filinvest Land, Inc. He was also Associate Lawyer for Paras and Manlapaz Lawyers, and Valerio and Associates Law Offices, where he acted as Corporate Secretary for various clients. He holds a Juris Doctor Degree from the Ateneo De Manila Law School.

Note 1: All the foregoing officers have been involved in the banking industry for more than five (5) years, except for Mr. Herbert T. Sy., Jr., who is in SM Group of Companies since January 2009.
Note 2: None of the above-mentioned directors and officers works with the government.
Note 3: (marked *) With interlocking functions in China Banking Corporation, duly approved by the BSP.

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

Nominees for Re-election as Directors	**Person who nominated**
Mr. Ricardo R. Chua	Mr. William C. Whang, China Banking Corp.
Mrs. Nancy D. Yang	Mr. Ricardo R. Chua, China Banking Corp.
Mr. James Christian T. Dee	Mr. Ricardo R. Chua, China Banking Corp.
Mr. William C. Whang	Mr. Ricardo R. Chua, China Banking Corp.
Mrs. Rosemarie C. Gan	Mr. Ricardo R. Chua, China Banking Corp.
Mr. Patrick D. Cheng	Mr. Ricardo R. Chua, China Banking Corp.
Mr. Herbert T. Sy, Jr.	Mr. Ricardo R. Chua, China Banking Corp.
Nominees for Re-election as Independent Director	**Person who nominated**
Mr. Philip S. L. Tsai	Mrs. Margarita L. San Juan, Independent Director
Mrs. Claire Ann T. Yap	Mr. Genaro V. Lapez, Independent Director
Mr. Genaro V. Lapez	Ms. Claire Ann T. Yap, Independent Director

Nominees for Election as Independent Director	**Person who nominated**
Mr. Antonio S. Espedido	Ms. Claire Ann T. Yap, Independent Director

(d) **Brief description of Directors' business experience (last five years)**

Mr. Ricardo R. Chua is Advisor to the Board of China Banking Corporation since November 1, 2017. He previously held several key positions in CBSI: as Director from 2008 up to October 2017, President and Chief Executive Officer from September 2014 up to October 2017, and Chief Operating Officer from 2012 to 2014. He is the Advisor of the Bank's Technology Steering Committee, and sits in the boards of the following Bank subsidiaries: Chairman of CBSI and CBCC and Director of CBC-PCCI.

Ms. Nancy D. Yang was former Senior Vice President and Head of China Banking Corporation's Retail Banking Business. She also serves in the boards of CBSI as Vice Chairman and CBC-IBI as director. Mrs. Yang had attended several training programs here and abroad, including the Allen Management Program, BAI Retail Delivery Conference in Arizona and Florida, USA, Environmental Risk Management for Bankers conducted by the Bank of America, Branch Based Marketing, Internal Credit Risk Rating, and Corporate Governance seminars conducted by Bangko Sentral ng Pilipinas (BSP) and The Institute of Corporate Directors (ICD).

Mr. James Christian T. Dee was elected as the President of China Bank Savings, Inc., in April 2021. Mr. Dee was the Asset-Liability Management Head of the Treasury Group of CBC since 2009 and Treasurer and Head of Treasury Group of CBSI. In the past, he held several key positions at the Trust Group of CBC and Citibank N.A. Philippines.

Mr. William C. Whang is Director and President of the China Banking Corporation since November 1, 2017. He also sits in the boards of Bank subsidiaries China Bank Savings, Inc. (CBSI), China Bank Insurance Brokers, Inc. (CBC-IBI), CBC-PCCI, China Bank Capital Corporation (CBCC), and China Bank Securities Corporation (CBSC), and is actively involved in the boards of BancNet, Inc., Bankers Association of the Philippines, Philippine Payments Management Inc., and Manulife China Bank Life Assurance Corporation (MCBLife).

Ms. Rosemarie C. Gan is the Segment Head of Retail Banking Business (RBB) of China Banking Corporation. She also serves as Director in the Bank subsidiaries China Bank Savings, Inc. (CBSI) and CBC Properties and Computer Center, Inc. (CBC-PCCI). Her exposure and training in banking include marketing, financial analysis, credit portfolio management, strategic planning and corporate governance.

Mr. Patrick D. Cheng is the Chief Finance Officer of China Banking Corporation. He also sits in the boards of Bank subsidiaries - in China Bank Insurance Brokers, Inc. (CBC-IBI) as Chairman, and in CBSI as Director, and in Manulife Chinabank Life Assurance Corporation (a bank affiliate) as Director. He is also Director of Manila Overseas Commercial Inc. and SR Holdings Corporation. Before joining the Bank, he held various key positions at the Philippine Bank of Communications, HSBC Savings Bank (Philippines), HSBC (Philippine Branch), Citibank N.A. (Philippine Branch), and Citicenter Condominium Corp.

Mr. Herbert T. Sy, Jr. was duly elected and appointed as regular Director of China Bank Savings, Inc. in June 2021. Said appointment was duly approved and confirmed by the BSP. Mr. Sy started working for SM Retail, Inc. in January 2009, under the SM Group of Companies. For the SM Markets Merchandising Group, he handles product selection for the SM Markets stores, manages international house brand procurement, manages store orders, and negotiates with suppliers. For SM Markets Marketing Group, he manages 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.

Ms. Margarita L. San Juan was first elected to the CBC Board on May 4, 2017. She is likewise an Independent Director in Bank subsidiaries CBSI, CBCC, and CBC-IBI. She does not hold directorship position in any other PSE-listed company. In the past, she worked with Ayala Investment and Development Corporation, Commercial Bank and Trust Co., and in the Bank's Account Management Group as Senior Vice President and Group Head until her retirement in 2012.

Mr. Philip S. L. Tsai was first elected as Independent Director on November 7, 2018. He also serves as Independent Director in the CBC subsidiaries CBSI, CBCC, CBC-IBI. He has had more than 35 years of banking experience, previously holding key positions in First CBC Capital (Asia) Limited, Midwest Medical Management, Fortune Paper Inc., Chemical Bank New York, Consolidated Can Corp., Plastic Container Packaging, and in the Bank's Retail Banking Business until his retirement in 2015.

Ms. Claire Ann T. Yap is presently Senior Vice President and Head of Global Service Centre of Global Payments Process Centre, Inc., a Fortune 500 company and worldwide leader providing payments and financial technology solutions. She has more than 30 years of experience in banking and finance in the Philippines.

Mr. Genaro V. Lapez 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 has considerable exposure across various local and global industries spanning fast-moving consumer goods (FMCG), pharmaceuticals, multi-media publishing, banking and financial services.

Mr. Antonio Espedido was recently a consultant of Intellect Design Arena, a multinational company that provides banking system/solutions. He has more than 20 years of experience in banking and finance in the Philippines, having handled key executive positions such as Chief Financial Officer of CBC from 2004 to 2016, and with the Bank of Philippine Islands (BPI) and Citytrust Banking Corporation from 1990 to June 2004. He has significant treasury management/operations background.

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

(f) **Significant Employee**
The registrant is not highly dependent on the services of certain key personnel.

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

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

6. **Compensation of Directors and Key Executive Officers:**
Comparative amount of salaries paid for the Directors and Key Executives of the Corporation (with cut off of December 31, 2021), and any amount of per diem including bonus of the directors for the last three years.

	YEAR	SALARY	BONUS, PER DIEM and OTHER COMPENSATION	TOTAL
Total for the 5 most highly compensated executive officers	**2022 (estimate)**	**₱24,863,604**	**₱10,181,356**	**₱35,044,960**
	2021 (actual)	**23,649,108**	**9,247,163**	**32,896,271**
	2020 (actual)	**22,434,612**	**6,312,970**	**28,747,582**
Total for all key executive officers	**2022 (estimate)**	**37,780,337**	**11,013,819**	**48,794,156**
	2021 (actual)	**37,039,546**	**10,797,862**	**47,837,408**
	2020 (actual)	**37,760,154**	**10,879,530**	**48,639,684**
Total for all Directors	**2022 (estimate)**	**–**	**3,634,000**	**3,634,000**
	2021 (actual)	**–**	**2,485,000**	**2,485,000**
	2020 (actual)	**–**	**1,336,000**	**1,336,000**

Note: The top 5 most highly compensated executive officers for 2021 are: EVP Joseph C. Justiniano, FVPII Jan Nikolai M. Lim, FVPII Luis Bernardo A. Puhawan, FVPI Jaydee C. Caparas and FVPI Niel C. Jumawan.

- The Key Executive Officers who were appointed by CBC to CBSI 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 CBC, likewise receive no fees, per diem and bonuses from the registrant. Only the Independent Directors received per diems from the registrant.
- The only contract existing between the executive officers and the registrant is that of an employee–employer relationship.
- There are no other compensation arrangements for their services.
- There are no outstanding warrants or stock options held by the registrant's officers and directors.

7. **Independent Public Accountants**

External Audit Fees and Services

SyCip Gorres Velayo & Co. (SGV & Co.) has been the Bank's independent auditor for more than 10 years and was again approved for appointment at the annual stockholders' meeting on June 17, 2021. In compliance with the amendments to SRC Rule 68 on the rotation of external auditors or signing partners of a firm every after five (5) years of engagement, Ms. Janet A. Paraiso was assigned starting 2020 as SGV & Co. partner-in-charge for the Bank.

This is also in accordance with Section 164 and Appendix 39 of the Manual of Regulations for Banks (MORB), as amended by BSP Circular No. 660 dated August 25, 2009, which mandates, among others, that the External Auditor hired by the registrant's parent corporation, China Banking Corporation (CBC), shall also be in-charge of the audit of its subsidiary that is engaged in allied activities such as CBSI. Ms. Janet A. Paraiso as partner-in-charge assigned for the audit of the Financial Statements of CBSI as of and for the period ended December 31, 2021.

None of the Bank's external auditors have resigned during the two (2) most recent fiscal years (2021 and 2020) or any interim period.

Ms. Janet A. Paraiso and other representatives of SGV & Co. are expected to be present at the stockholders' meeting to respond to any matter that may be pertinently raised during the meeting. Their representative will be given the opportunity to make a statement if they so desire.

Representatives of SGV, & Co. are expected to be present at the stockholders' meeting via Zoom Platform and will have the opportunity to make statement if they desire to do so and will be available to answer appropriate questions.

Fiscal Year	**Audit and Audit-Related Fees**
2021	P2,336,000
2020	P2,163,000

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

The Board/Audit Committee approves, among others, the audit fees and fees for non-audit services, if any, of the external auditors as stated in Article IV, paragraph 8 of the Committee's Charter.

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.

8. **Compensation Plans:**

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

11. **Financial and Other Information (Annexes)**
    - **(i)** Brief description of the general nature and scope of the business – Annex "A"
    - **(ii)** Market information, Dividends, and Top 20 Stockholders – Annex "B";
    - **(iii)** Management Discussion and Analysis or Plan of Operation – Annex "C";
    - **(iv)** Statement of Management Responsibility for Financial Statements – Annex "D";
    - **(v)** Audited Financial Statements for the period ended December 31, 2021 – Annex "E"

(vi) Interim Unaudited Financial Statements for the period ended March 31, 2022, - Annex "F";

(vii) Publication of the Notice of the 2022 CBS Annual Meeting of the Stockholders in two (2) newspapers of general circulation in print and online on May 16 and 17, 2022. – Annexes "G.1"-PhilStar and "G.2.a" and "G.2.b"-PDI

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

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

CBS, whose principal office is located at CBS Building, 314 Sen. Gil Puyat Avenue, Makati City, owns several properties situated in various locations in Metro Manila and provinces. The Bank owns various properties which are used in its banking business and acquires, by way of foreclosure, *dacion en pago* and other lawful means, various properties to satisfy unpaid obligations due to it and disposes of these properties on a regular basis. Moreover, it leases several properties principally for the use of its expanded branch network.

CHINA BANK SAVINGS, INC. BRANCHES

NUMBER OF BRANCHES: ONE HUNDRED SIXTY (160) as of April 30, 2022

NO.	BRANCH	ADDRESS	TELEPHONE NUMBER/S
1	ACACIA ESTATES - SAVEMORE	ACACIA TAGUIG TOWN CENTER, ACACIA ESTATES, USUSAN, TAGUIG CITY	8633-5472 / 8633-3245
2	ALABANG HILLS	G/F ALABANG COMM'L CITI ARCADE, DON JESUS BLVD.,ALABANG, MUNTINLUPA CITY	8828-4854 / 8403-2801
3	AMANG RODRIGUEZ	AMANG RODRIGUEZ AVENUE CORNER EVANGELISTA ST., SANTOLAN, PASIG CITY	7964-1323 / 8645-4710
4	ANGELES - RIZAL AVENUE	639 RIZAL STREET, ANGELES CITY	8884-7600 LOCAL 4328 / (045) 323-4303 / (045) 888-4971
5	ANGONO	MANILA EAST ROAD COR DON BENITO ST., BRGY. SAN ROQUE, ANGONO, RIZAL	8651-1779 / 8651-1782
6	ANTIPOLO	E.M.S. BLDG., GROUND FLOOR L1 M.L. QUEZON, CORNER F. DIMANLIG ST. ANTIPOLO CITY	8869-70224 / 8869-71066
7	ARANETA CENTER COD - SAVEMORE	GEN. ROMULO ST., ARANETA CENTER, CUBAO, QUEZON CITY	8921-3149 / 7502-1437 / 0917-8099670
8	ARAYAT	CACUTUD,ARAYAT,PAMPANGA	(045) 885-2390 / (045) 409-9559 / 8988-9555 LOCAL 4797
9	AYALA AVENUE	6772 AYALA AVENUE, MAKATI CITY	8988-9555 LOCAL 8100 / 8101 / 8103 / 8104 / 0927-9071716 / 250-6985
10	BACLARAN	3751 QUIRINO AVENUE	8816-1956 / 7975-2172 /

		CORNER STA. RITA ST., BACLARAN, PARAÑAQUE CITY	0917-7032503
11	BACOLOD	FORDLAND BUILDING I ANNEX, 12TH LACSON STREET, BACOLOD CITY	(02) 8988-9555 LOCAL 4810 OR 4811 / (02) 8884-7600 LOCAL 4310 / (034) 435-7143
12	BACOOR - TALABA	UNIT 103 BACCOR TOWN CENTER - E. AGUINALDO HI-WAY TALABA VII, BACOOR CITY, CAVITE	(046) 4175-930/ (046) 512-6315 / 0917-8354691
13	BAGUIO	B 108 LOPEZ BDG., SESSION ROAD CORNER ASSUPMTION ROAD, BAGUIO CITY	(074) 446-3993 / 0917-8493218
14	BALAGTAS	ULTRA MEGA SUPERMARKET, MCARTHUR HIGHWAY, BUROL 1ST, BALAGTAS, BULACAN	(044) 693-1849 / 884-7600 LOCAL 4316
15	BALANGA	D.M. BANZON AVE. COR. STO. DOMINGO STREET, BALANGA, BATAAN	(047) 237-3666 / (047) 237-3667 / 8884-7600 LOCAL 4352
16	BALIBAGO	MC ARTHUR HIGHWAY, BALIBAGO, ANGELES CITY	(045) 892-3325 / 8884-7600 LOCAL 4332
17	BALIUAG	NO. 58 PLAZA NANING ST., BALIUAG, BULACAN	(044) 673-1338 / (044) 766-2014 / (02) 8884-7600 LOC. 4312
18	BANAWE	NO. 247-249 BANAWE STREET, STA. MESA HEIGHTS,BARANGAY LOURDES, QUEZON CITY	8412-6249 / 8256-4941
19	BANGKAL	1661 EVANGELISTA ST. BANGKAL, MAKATI CITY	7621-3459 / 7621-3461
20	BATANGAS	4 BURGOS STREET BATANGAS CITY	(043) 8723-7652 / 8884-7600 LOCAL 4324 / 0917-8173606
21	BF HOMES	284 AGUIRRE AVENUE, B.F. HOMES, PARANAQUE	8553-5412 / 8553-5414 / 0917-510-5911/ 7964-1292 / 8988-9555 LOC. 4873
22	BIÑAN	SAN VICENTE BINAN LAGUNA	(049) 511-3638 / 8429-48-78 / 8884-7600 LOCAL 4327
23	BINONDO - JUAN LUNA	694-696 JUAN LUNA ST., BINONDO, MANILA	7964-1327 / 8254-7337
24	BLUMENTRITT	BLUMENTRITT ST, NEAR OROQUIETA ST. , STA. CRUZ MANILA	7968-4759 / 0917-8273205 / 8562-0953 / 8256-3840
25	BONI AVENUE	RAYMOND TOWER BONI, 615 BONI AVENUE, PLAINVIEW, MANDALUYONG CITY	8636-5072 / 7316-5983
26	BUENDIA - MAIN	314 BUENDIA AVENUE MAKATI CITY	8884-7600 LOCAL 3901/3902 / 8884-7645 / 0917-8099638
27	BUTUAN	JMC BUILDING, J.C. AQUINO AVENUE, BRGY. LAPU LAPU, BUTUAN CITY, AGUSAN DEL	(085) 8186665 / 09178341071

		NORTE 8600	
28	CABANATUAN - BAYAN	BURGOS AVENUE CABANATUAN CITY	8884-7600 LOCAL 4321 / (044) 463-0441/ (044) 600-2888
29	CAGAYAN DE ORO	SERGIO OSMEÑA ST., COGON DISTRICT, CAGAYAN DE ORO CITY	(088) 859-0740 / (088) 852-2066 / 8884-7600 LOCAL 4234 / 4343
30	CALAMBA	HK BLDG II, NATIONAL HIGHWAY, BRGY. HALANG, CALAMBA, LAGUNA	0917-8173609; (049) 306-0234/ 306-0238
31	CAVITE CITY	485 P. BURGOS ST., BARANGAY 34, CARIDAD, CAVITE CITY	(046) 417-3102 / 8-988-9555 LOC 4879 / (046) 235-7537 / 0917-5615780
32	CEBU LAHUG	G/F SKYRISE IT BLDG., BGY. APAS, LAHUG, CEBU CITY	(032) 236-0810
33	CEBU - MANGO AVENUE	JSP MANGO REALTY BUILDING CORNER GENERAL MAXILOM AVENUE AND ECHAVEZ STS. CEBU CITY	(032) 231-4736 / (032) 231-4304 / 8884-7600 LOCAL 4346
34	CEBU MANDAUE BASAK	CEBU NORTH ROAD BASAK MANDAUE CITY	884-7600 LOC. 4363 NUMBER OF TANDAN SORA / (032) 346-8814 NUMEBR OF MAKIT BRANCH
35	COMMONWEALTH AVE.	UNIT 101, JOCFER BUILDING, COMMONWEALTH AVENUE, BRGY. HOLY SPIRIT, QUEZON CITY	8988-9555 LOCAL 4857 / 8282-5946 / 7957-0559
36	CUBAO	FERNANDINA 88 CONDOMINIUM 222 P. TUAZON AVE, ARANETA CENTER, CUBAO, QUEZON CITY	8913-4903 / 8913-5209
37	DAGUPAN	G/F LYCEUM-NORTHWESTERN UNIVERSITY, TAPUAC DISTRICT, DAGUPAN CITY	(075) 522-9586 / 8884-7600 LOCAL 4362
38	DARAGA	RIZAL ST., BRGY. SAN ROQUE, DARAGA, ALBAY, BICOL	(052) 483-0706 / (052) 204-0024/25 / 8988-9555 LOC. 4822
39	DASMARIÑAS	VELUZ PLAZA BUILDING, ZONE 1 AGUINALDO HI-WAY, DASMARINAS CAVITE	8884-7600 LOCAL 4368 / (046) 416-0510/416-0501
40	DAU	MACARTHUR HIGHWAY, DAU, MABALACAT, PAMPANGA	(045) 892-2216 / (045) 892-2216 / 8988-9555 LOCAL 4868
41	DAVAO	G/F 8990 CORPORATE CENTER, QUIRINO AVE., DAVAO CITY	(082) 221-3873
42	DAVAO RECTO	C.VILLA ABRILLE BUILDING, C.M. RECTO AVENUE, DAVAO	(082) 324-5724 / (082) 305-5808 / (02) 8884-7600 LOCAL 4344 / 0917-8095808
43	DEL MONTE	392 DEL MONTE AVENUE, BARANGAY SIENNA, QUEZON CITY	8741-8285 / 8741-2447
44	DIVISORIA-DRAGON	3/F DRAGON 8 SHOPPING	8247-3299 / 7616-1146 /

	8	CENTER, C.M. RECTO AVENUE CORNER DAGUPAN ST., DIVISORIA, MANILA	0917-3175106
45	DOLORES	STCI BLDG. MAC ARTHUR HIWAY BGY SAN AGUSTIN,CITY OF SAN FERNANDO PAMPANGA	(045) 649-3724 / (045) 649-3150
46	E. RODRIGUEZ SR. AVENUE	HEMADY SQUARE, E. RODRIGUEZ AVENUE CORNER DONA HEMADY ST., QUEZON CITY	8531-9676 / 8531-9680; 7987-4966 / 0917-8085214
47	ESPAÑA - SUN MALL	GROUND FLOOR SUN MALL, ESPANA BOULEVARD CORNER MAYON ST., BRGY. STA. TERESITA, QUEZON CITY	8244-2477 / 79874962 / 0917-8103097
48	FELIX HUERTAS - JT CENTRALE	UNIT 103, GROUND FLOOR, JT CENTRALE MALL, NO. 1686 V. FUGOSO ST. CORNER FELIX HUERTAS ST., STA. CRUZ, MANILA	8247-3177 / 0917-5538446
49	FILINVEST	BC GROUP BLDG., EAST ASIA DRIVE, NEAR CORNER COMMERCE AVE., FILINVEST CORPORATE CITY, ALABANG, MUNTINLUPA CITY	(02) 8511-1145 / 0917-8046443 / 7217-3069
50	FTI HYPERMARKET TAGUIG	DBP AVENUE, FOOD TERMINAL INC., WESTERN BICUTAN, TAGUIG	8834-0408 / 0917-5615131 / 7507-4090
51	G. ARANETA	195 G. ARANETA AVENUE, QUEZON CITY	0917-8287829 / 7978-6448 / 8711-7822
52	GENERAL SANTOS	SANTIAGO BOULEVARD GENERAL SANTOS CITY	8884-7600 LOCAL 4350 / (083) 552-6330
53	GIL PUYAT BAUTISTA	LOT 25 BLK 74 BAUTISTA STREET CORNER BUENDIA AVENUE, MAKATI	8838-2312 / 8541-3514 / 8354-5923
54	GREENHILLS - ORTIGAS AVENUE	GROUND FLOOR VAG BUILDING ORTIGAS AVENUE,GREENHILLS SAN JUAN, METRO MANILA	8721-0105 / 8724-7528 / 8353-4656
55	GUAGUA	PLAZA BURGOS, GUAGUA, PAMPANGA	8988-9555 LOC 4789 / (045) 9010-966 / (045) 9010-640 / 8884-7600 LOCAL 4329
56	GUIGUINTO - RIS	RIS-5 INDUSTRIAL COMPLEX, NO. 68 MERCADO STREE, TABE, GUIGUINTO BULACAN, 3015	(044) 235-79630 / 0917-848-5249
57	ILOILO - IZNART	GOLDEN COMMERCIAL BLDG., IZNART, ILOILO CITY	(033) 335-0213 / 0917-8078378 / 8884-7600 LOCAL 4360
58	ILOILO - JARO	LOPEZ JAENA CORNER EL 98 STREETS, JARO, ILOILO	(033) 320-0370 / 8988-9555 LOCAL 4862
59	IMUS	TANZANG LUMA, GEN. EMILIO AGUINALDO HIGHWAY, IMUS CAVITE	8884-7600 LOCAL 4349 / (046) 471-4715 / (046) 476-0927

60	KALIBO	LOT 3459-E-1, TOTING REYES ST., KALIBO, AKLAN	(036) 268-4379 / 0917-8047837
61	KALOOKAN	AUGUSTO BLDG., RIZAL AVE., GRACEPARK, KALOOKAN CITY	8363-2752 / 8365-7593
62	KALOOKAN - MABINI	AJ BUILDING,#353 A. MABINI ST, KALOOKAN CITY	8961-2628
63	KATIPUNAN AVE.	ONE BURGUNDY CONDOMINIUM, KATIPUNAN AVENUE, QUEZON CITY	8988-9555 LOCAL 4782 / 0917-6283318 / 7211-7882
64	LA UNION	A.G. ZAMBRANO BUILDING QUEZON AVENUE SAN FERNANDO CITY, LA UNION	8884-7600 LOCAL 4353 / (072)242-0414
65	LAGRO	G/FLR. BONANZA BUILDING QUIRINO HI-WAY,GREATER LAGRO NOVALICHES QUEZON CITY	8936-4988 / 8461-7214
66	LAGUNA - STA. CRUZ	E & E BUILDING, PEDRO GUEVARRA AVENUE, STA. CRUZ, LAGUNA	(049) 501-3084 / 0917-5615715 / 02-8988-9555 LOCAL 4877
67	LAOAG CITY	G/F LC SQUARE BUILDING, J.P. RIZAL CORNER M.V. FARINAS STS., LAOAG CITY, ILOCOS NORTE	(077) 600-1008 / (077) 600-1009
68	LAS PINAS - ALMANZA UNO	ALABANG ZAPOTE ROAD, ALMANZA UNO, LAS PIÑAS CITY	8551-4724/ 8551-4051/ 7966-9001/ 0917-8173526
69	LEGAZPI CITY	F.IMPERIAL ST., BRGY. BITANO, LEGAZPI CITY, ALBAY	8988-9555 LOC. 4133 / (052) 225-5155 / (052) 431-0820 / 0917-8360093
70	LINGAYEN	UNIT 5-6, THE HUB - LINGAYEN BLDG., NATIONAL ROAD, POBLACION, LINGAYEN, PANGASINAN	(075) 523-4955/075 / (075) 523-4953 / 8988-9555 LOC 4131 / 0917-8486063
71	LIPA	C.M. RECTO AVENUE, LIPA CITY	(043) 756-1022 DEAD / (043) 756-1414 / 8884-7600 LOCAL 4325
72	LOS BAÑOS CROSSING	BATONG MALAKE, LOS BANOS LAGUNA	(049) 536-2596 / (049) 536-0549 / 8884-7600 LOCAL 4375
73	LUCENA	COR. MERCHAN & EVANGELISTA STS., LUCENA CITY	(042) 710-69-64 / (042) 660-6964 / 8884-7600 LOCAL 4347
74	MACABEBE	POBLACION, MACABEBE, PAMPANGA	8884-7600 LOC. 4795 / (045) 435-5507 / 0917-8218102
75	MAKATI - CHINO ROCES	2176 CHINO ROCES AVENUE, MAKATI CITY	7964-1322 / 0917-5106078 / 8831-0477
76	MAKATI - J.P. RIZAL	882 J.P. RIZAL ST., MAKATI CITY	8-890-1027 / 0917-5105919
77	MALABON - FRANCIS MARKET - SAVEMORE	FRANCIS MARKET, GOVERNOR PASCUAL CORNER M.H. DEL PILAR STS., MALABON	8931-6323 / 75074053 / 0917-5614811
78	MALOLOS	CANLAPAN STREET, STO. ROSARIO, MALOLOS CITY,	0917-8354684 / (044) 794-2793

		BULACAN	
79	MALOLOS - CATMON	PASEO DEL CONGRESO, CATMON MALOLOS CITY, BULACAN	(044) 791-2461, (044) 662-7819, (02) 8988-9555 LOCAL 4314
80	MANDALUYONG	NEW PANADEROS EXT., MANDALUYONG CITY	7238-3745 / 7238-3744
81	MANDALUYONG - SHAW	GROUND FLOOR, 500 SHAW TOWER, 500 SHAW BOULEVARD, MANDALUYONG CITY	8941-9231 / 8941-9412 / 0917-5806593
82	MANDAUE	A. DEL ROSARIO AVE., MANTUYONG, MANDAUE CITY, CEBU	8988-9555 LOC. 4818 / (032) 520-2770
83	MARIKINA	33 BAYAN-BAYANAN AVE., BGY. CONCEPCION 1 MARIKINA CITY	8477-2445 / 7907-2418 / 09178108618
84	MARIKINA - GIL FERNANDO AVENUE	CTP BUILDING GIL FERNANDO AVE.,MARIKINA CITY	8681-2810 / 8645-8169
85	MEYCAUAYAN	MANCON BUILDING, CALVARIO MEYCAUAYAN, BULACAN	8884-7600 LOCAL 4326 / (044) 228-2416
86	MOLINO	AVON BUILDING, 817 MOLINO ROAD, MOLINO III, BACOOR, CAVITE	(046) 431-9907 / (046) 235-7542 / 0917-5615883 / 8988-9555 LOC. 4878
87	MOUNT CARMEL	KM 78 MAC ARTHUR HIWAY BRGY. SAGUIN,SAN FERNANDO CITY PAMPANGA	(045) 435-6055 / 8884-7600 LOCAL 4330
88	MUÑOZ - JACKMAN	JACKMAN PLAZA, LOWER GROUND FLOOR, EDSA-MUNOZ, QUEZON CITY	8442-4829 / 79684697 / 0917-800-5128
89	NAGA	RL BUILDING, PANGANIBAN ST., LERMA, NAGA CITY	8884-7600 LOCAL 4373 / (054) 472-1947
90	NEPA - Q. MART - SAVEMORE	ROSE BUILDING, 770 ST. EDSA AND K-G ST., WEST KAMIAS, QUEZON CITY	88351-4884 / 0917-8636069
91	NINOY AQUINO AVENUE	GF SKYFREIGHT BUILDING NINOY AQUINO AVE., COR. PASCOR DRIVE PARANAQUE CITY	8843-2447 / 7239-0574
92	N.S AMORANTO AVE.	UNIT 101 R PLACE BUILDING, 255 N.S. AMORANTO SR. AVENUE, QUEZON CITY	8251-65-92 / 8251-65-94 / 0917-8056964 / 7966-9075
93	OLONGAPO	GROUND FLOOR, CITY VIEW HOTEL, 25 MAGSAYSAY DRIVE, NEW ASINAN, OLONGAPO CITY	(047) 222-1891 / 0917-8078509
94	ORANI	BRGY. BALUT,ORANI,BATAAN	(047) 638-1282 / 8884-7600 LOCAL 4323
95	ORTIGAS CENTER	GROUND FLOOR, HANSTON SQUARE, SAN MIGUEL AVENUE, ORTIGAS CENTER, PASIG CITY	8477-3439 / 8637-9778 / 0917-8078394
96	PARAÑAQUE - BETTER LIVING	90 DONA SOLEDAD AVENUE, BETTER LIVING SUBD, BICUTAN, PARANAQUE	8551-3600 / 8831-8507/ 09175615576

97	PARANAQUE - JAKA PLAZA	JAKA PLAZA CENTER, DR. A. SANTOS, AVE., SUCAT PQUE CITY	8820-6093 / 8820-6091
98	PARAÑAQUE - LA HUERTA	QUIRINO AVENUE, LA HUERTA, PARAÑAQUE CITY	8893-1226 / 0917-5788058 / 7587-6205
99	PARAÑAQUE - MOONWALK	KASSEL RESIDENCE BUILDING, E. RODRIGUEZ AVENUE, MOONWALK, PARAÑAQUE CITY	7957-2339 / 8664-1923 / 0917-6218321
100	PASAY - LIBERTAD	533 CEMENTINA ST. LIBERTAD, PASAY CITY	7907-4246 / 8541-1698 / 0917-8080695
101	PASIG - CANIOGAN	UNIT A, KSN BUILDING, C. RAYMUNDO AVENUE, CANIOGAN, PASIG CITY	8988-9555 LOCAL 4786 / 7957-0817 / 0917-5206966
102	PASIG MUTYA	RICHCREST BUILDING, CARUNCHO CORNER MARKET AVENUE, SAN NICOLAS, PASIG CITY	8640-70-85 / 8642-28-70 / 0917-8173133 / 79063129
103	PASIG - PADRE BURGOS	114 PADRE BURGOS ST., KAPASIGAN, PASIG CITY	8650-3361 / 09175747874
104	PASO DE BLAS	ANDOKS BLDG.629 GEN. LUIS ST.,PASO DE BLAS VALENZUELA CITY	3-443-5069 / 8-984-8258
105	PATEROS	UNIT CC1, G/F EAST MANSION TOWNHOMES ALONG ELISCO ROAD, STO. ROSARIO, PATEROS, METRO MANILA	8641-9556 / 8655-2349 / 0917-8130535
106	PATEROS - ALMEDA	120 M. ALMEDA STREET, PATEROS, METRO MANILA	8641-6760 / 8641-6768
107	PEDRO GIL	LKE BLDG. PEDRO GIL CORNER PASAJE, ROSARIO ST. PACO, MANILA	8521-4056 / 7502-7101/ 0917-8636307
108	PLARIDEL	BANGA, PLARIDEL, BULACAN	(044)795-0105 / 8884-7600 LOCAL 4315
109	PLAZA STA. CRUZ	MBI BUILDING, UNIT 103, PLAZA STA. CRUZ, STA. CRUZ, MANILA	8734-0534 / 09175965826 / 7618-2241
110	PORAC	CANGATBA, PORAC, PAMPANGA	(045) 329-3188 / 0917-8703305
111	QUEZON AVENUE	G/F GJ BLDG., 385 QUEZON AVE., QUEZON CITY	8332-2638 / 0917-5382423
112	QUEZON AVENUE - PALIGSAHAN	1184-A BEN-LOR BLDG. BRGY. PALIGSAHAN,QUEZON CITY	8376-4546 / 8376-4548
113	QUIAPO - ECHAGUE	PALANCA COR P. GOMEZ ST., ECHAGUE, QUIAPO, MANILA	8959-4450
114	RADA	104 RADA ST. LEGASPI VILLAGE, MAKATI CITY	8810-9369 / 8810-9370
115	ROOSEVELT	342 ROOSEVELT AVENUE, QUEZON CITY	7957-0796 / 8663-7563 / 8688-9146
116	ROXAS AVE. CAPIZ-CITYMALL	ROXAS AVE, BRGY VI, ROXAS CITY, CAPIZ	8988-9555 LOCAL 4153 / (036) 620-1177
117	SAN FERNANDO	KHY TRADING BLDG., SAN FERNANDO-GAPAN RD., SAN FERNANDO CITY, PAMPANGA	(045) 9611415 / (045) 961-1416 / 8988-9555 LOCAL 4812

118	SAN FERNANDO - BAYAN	JSL BUILDING, CONSUNJI STREET, CITY OF SAN FERNANDO, PAMPANGA	(045) 961-8168 / (045) 961-4575 / 8988-9555 LOCAL 4780 / 8884-7600 LOCAL 4320
119	SAN ILDEFONSO	SAVEMORE BLDG. SAN ILDEFONSO, POBLACION, BULACAN	(044) 797-0742 / (044) 797-0974 / (02) 8988-9555 LOCAL 4853
120	SAN JOSE DEL MONTE	GROUND FLOOR, GIRON BUILDING, GOV. HALILI AVENUE, TUNGKONG MANGGA, CITY OF SAN JOSE DEL MONTE, BULACAN	(044) 815-6616 / 0917-8354675 / (044) 233-6501
121	SAN JUAN	MADISON SQUARE, 264 N. DOMINGO ST., BARANGAY PASADENA, SAN JUAN	8637-4759 / 0917-5615639
122	SAN MIGUEL	NORBERTO STREET, SAN MIGUEL, BULACAN	(044) 764-0826 / (044) 764-0162 / 8884-7600 LOCAL 4311
123	SAN NARCISO	BRGY. LIBERTAD,SAN NARCISO, ZAMBALES	(047) 913-2245 / (047) 913-2288 / 8988-9555 LOCAL 4122
124	SAN PABLO	RIZAL AVENUE COR LOPEZ JAENA ST. SAN PABLO CITY, LAGUNA	(049) 503-2890 / (049) 562-0697/ 8884-7600 LOCAL 4322
125	SAN PEDRO	GEN - BER BLDG. NATIONAL HIGHWAY LANDAYAN, SAN PEDRO LAGUNA	8988-9555 LOCAL 4837 / 8847-0585 / 8869-8221
126	SAN RAFAEL	CAGAYAN VALLEY COR. CRUZ NA DAAN ROADS,SAN RAFAEL,BULACAN	(044) 815-8915 / (044) 913-7629 / 8988-9555 LOCAL 4799
127	SANTIAGO - VICTORY NORTE	MAHARLIKA HIGHWAY CORNER QUEZON ST. VICTORY NORTE, SANTIAGO CITY	(078) 305-0260 / (078) 305-0252 / 8884-7600 LOCAL 4374
128	SAVEMORE ANONAS	MAAMO ST., ROAD LOT 30, V. LUNA AND ANONAS EXTENSION, SIKATUNA, QUEZON CITY	8351-4928 / 0917-8636157
129	SAVEMORE TAGAYTAY - MENDEZ	MENDEZ CROSSING WEST, TAGAYTAY-NASUGBU HIGHWAY CORNER MENDEZ-TAGAYTAY ROAD, TAGAYTAY CITY	(046) 413-3871 / 0917-5615334 / 8988-9555 LOCAL 4876
130	SAVEMORE TALISAY - NEGROS OCCIDENTAL	MABINI ST., ZONE 12, PASEO MABINI, TALISAY CITY, NEGROS OCCIDENTAL	(034) 441-6267 / (034) 441-6264 / (034) 441-6264
131	SORSOGON	GOD IS GOOD COMMERCIAL BLDG, RIZAL ST., PUROK 5, PIOT, WEST DISTRICT, SORSOGON CITY, SORSOGON 4700	(056) 3115786 / 09178351685
132	SOUTH TRIANGLE	G/F, SUNNYMEDE IT CENTER, BGY. SOUTH TRIANGLE, QUEZON AVE., QUEZON CITY	7959-4515 / 8256-3881 / 8256-4841 / 0917-8431722
133	STA. ANA	POBLACION,STA.	8988-9555 LOCAL 4793

		ANA,PAMPANGA	/ (045)409-9818 / (045)409-0335
134	STA. ANA MANILA	SAVEMORE, PEDRO GIL ST., STA. ANA, MANILA	8523-8574 / 7987-4975 / 0917-8140390
135	STA. MARIA	GEN. LUNA COR DE LEON STREET, STA. MARIA, BULACAN	8884-7600 LOCAL 4319 / (045) 409-9818 / (045) 409-0335
136	STA. MESA	4128 RAMON MAGSAYSAY BLVD., STA. MESA, MANILA	8252-3286 / 7507-6515 / 09178353352
137	STA. RITA	SAN VICENTE, STA. RITA, PAMPANGA	8988-9555 LOCAL 4791/ (045) 900-0658
138	STA. ROSA	STA. ROSA-TAGAYTAY HIGHWAY, STA. ROSA, LAGUNA	(049) 502-9134 / 988-9555 LOCAL 4872 / 0917-5105951
139	STA. ROSA - BALIBAGO	OLD NATIONAL HI-WAY COR ROQUE LAZAGA ST. STA. ROSA LAGUNA	8884-7600 LOCAL 4365 / (049) 534-1167 / (02) 520-8448
140	STO. TOMAS	AGOJO CORP. BUILDING, MAHARLIKA HI-WAY, STO. TOMAS BATANGAS	(043) 778-3247 / 0917-8164577 / 8884-7600 LOCAL 4389
141	SUBIC	BARACA,SUBIC, ZAMBALES	8988-9555 LOC. 4852 / (047) 232-6105 / (047) 232-6104
142	TACLOBAN CITY	YVI CENTER, BLDG A, FATIMA VILLAGE, TACLOBAN CITY, LEYTE	(053) 832-2066 / (053) 832-9174
143	TAFT - QUIRINO AVENUE	1945 ESTHER BUILDING, TAFT AVENUE, MALATE , MANILA	8525-6286 / 7219-4390 / 0917-5807061
144	TAGUM	MAHARLIKA HIGHWAY COR. LAPU-LAPU EXTENSION, BRGY. MAGUGPO TAGUM CITY	(084) 216-8117 / 0917-8497228 / 8988-9555 LOCAL 4981
145	TANAUAN CITY	JOSE P. LAUREL NATIONAL HIGHWAY, DARASA, TANAUAN CITY, BATANGAS	(043) 726 2758 / 0917-863-6160
146	TANDANG SORA	CECILEVILLE BLDG. III, 670 TANDANG SORA AVE.CORNER GENERAL AVE, TANDANG SORA, QUEZON CITY	0917-8017585 / 02-79684719
147	TARLAC	MAC ARTHUR HIGHWAY SAN NICOLAS, TARLAC CITY	(045) 982-9652 / 0905-6793720 / 8884-7600 LOCAL 4337
148	TAYTAY	C. GONZAGA BUILDING II, MANILA EAST ROAD, TAYTAY, RIZAL	8650-3367 / 8623-6113 / 0917-5786978
149	TAYUMAN	1925-1929 RIZAL AVENUE NEAR CORNER TAYUMAN ST., STA. CRUZ, MANILA	0917-8325078 / 7586-1618 / 8230-3091
150	TIMOG	JENKINSEN TOWERS 80 TIMOG AVENUE, QUEZON CITY	8371-8303 / 8371-8305
151	TUGUEGARAO	METROPOLITAN CATHEDRAL PARISH RECTORY COMPLEX RIZAL ST., TUGUEGARAO CITY	(078) 844-0484 / 8884-7600 LOCAL 4338
152	TWO ECOM	TWO E-COM CENTER TOWER B, OCEAN DRIVE NEAR CORNER	8802-3068 / 7587-4753

		BAYSHORE DRIVE, MALL OF ASIA COMPLEX, PASAY CITY	
153	UN AVENUE	552 UNITED NATIONS AVENUE,ERMITA, MANILA	8400-5467 TO 68 / 0917-5382421
154	URDANETA	BRGY. NANCAYASAN, MC ARTHUR HI-WAY, URDANETA CITY, PANGASINAN	8884-7600 LOCAL 4372 / (075) 656-2331
155	VALENZUELA - MARULAS	92 J MAC ARTHUR HIWAY, MARULAS, VALENZUELA CITY	8291-6541/ 8709-4641
156	VIGAN	QUEZON AVE. CORNER MABINI STREET., VIGAN CITY	(077) 674-0300 / 8884-7600 LOCAL 4359
157	VISAYAS AVE.	UPPER GROUND FLOOR, WILCON CITY CENTER MALL, VISAYAS AVENUE, QUEZON CITY	8990-6543
158	WILSON	219 WILSON ST., GREENHILLS, SAN JUAN CITY	8584-5946 / 7748-7625
159	ZAMBOANGA	CITY MALL, DON ALFARO ST., TETUAN, ZAMBOANGA	(062) 955-8709 / 8988-9555 LOCAL 4828/ 4829

NO	**ATM OFF-SITE**	**LOCATION/ADDRESS**
1	CALAMBA DOCTORS HOSPITAL	49 NATIONAL HIGHWAY, PARIAN, CALAMBA CITY, LAGUNA
2	RIS DEVELOPMENT CORPORATION	168 MERCADO STREET, TABE, GUIGUINTO, BULACAN 03015
3	ZAMECO	ZAMECO II HEAD OFFICE COMPOUND, BARANGAY MAGSAYSAY, CASTILLEJOS, ZAMBALES
4	SAINT LOUIS COLLEGE	SAINT LOUIS COLLEGE, CARLATAN , SAN FERNANDO, 2500 LA UNION

NO	**BUSINESS CENTER**	**LOCATION/ADDRESS**
1	CEBU BUSINESS CENTER	JSP MANGO REALTY BUILDING COR. GEN. MAXILOM AVE. AND ECHAVEZ STREET, CEBU CITY
2	DAVAO BUSINESS CENTER	8990 CORPORATE CENTER, QUIRINO AVE., DAVAO CITY
3	SAN FERNANDOBUSINESS CENTER	JSL BUILDING, CONSUNJI STREET, SAN FERNANDO CITY, PAMPANGA

NO	**SALES OFFICE**	**LOCATION/ADDRESS**
1	BAGUIO	B108 LOPEZ BUILDING, 2F SESSION ROAD COR.

NO	SALES OFFICE	LOCATION/ADDRESS
		ASSUMPTION ROAD, BAGUIO CITY
2	BACOLOD	FORDLAND BUILDING I ANNEX, 11TH LACSON STREET, BRGY. 4 BACOLOD CITY
3	CABANATUAN-BAYAN	2/F CBS CABANATUAN, BURGOS AVENUE, CABANATUAN CITY, NUEVA ECIJA
4	CAGAYAN DE ORO	SERGIO OSMENA STREET, COGON DISTRICT, CAGAYAN DE ORO CITY
5	DAGUPAN	G/F LYCEUM-NORTHWESTERN UNIVERSITY, TAPUAC DISTRICT, DAGUPAN CITY
6	GENSAN	2/F CBS GENERAL SANTOS BRANCH, SANTIAGO BLVD., GENERAL SANTOS CITY
7	ILOILO - JARO	MSL BUILDING, QUEZON STREET, ILOILO CITY
8	IMUS	OLMA BUILDING, AGUINALDO HIGHWAY, TANZANG LUMA 2, IMUS CITY, CAVITE
9	LA UNION	A.G. ZAMBRANO BUILDING QUEZON AVE., SAN FERNANDO CITY, LA UNION
10	LEGASPI	F. IMPERIAL ST. BRGY. BITANO, LEGAZPI CITY, ALBAY
11	LIPA	C.M. RECTO AVE., LIPA CITY
12	MARIKINA	CTP BUILDING, 3F, GIL FERNANDO AVE., MARIKINA CITY
13	PLARIDEL	2ND FLOOR CBS BUILDING, CAGAYAN VALLEY ROAD, BANGA 1ST, PLARIDEL, BULACAN
14	SAN PABLO	2F, RIZAL AVE. COR. A. FULE, SAN PABLO CITY
15	URDANETA	NANCAYAN, MAC ARTHUR HIGHWAY, URDANETA CITY, PANGASINAN

NO	**APDS LENDING CENTER**	**LOCATION/ADDRESS**

NO	APDS LENDING CENTER	LOCATION/ADDRESS
1	TANAUAN	JOSE P. LAUREL NATIONAL HIGHWAY, DARASA, TANAUAN CITY, BATANGAS
2	LIPA	ADDRESS: 2F CBS BUILDING CM RECTO AVENUE BRGY 4. LIPA CITY 4217
3	TACLOBAN	YVI CENTER BUILDING, FATIMA VILLAGE, BRGY. 77, MARASBARAS, TACLOBAN CITY
4	CABANATUAN - BAYAN	2ND FLOOR DUMAR BUILDING PADRE BURGOS AVE.,CABANATUAN CITY, NUEVA, ECIJA
5	PAMPANGA	JSL BLDG. CONSUNJI ST., SAN FERNANDO, PAMPANGA
6	LINGAYEN	THE HUB BLDG., G/F UNIT 5&6, SOLIS ST., BRGY. POBLACION, LINGAYEN, PANGASINAN
7	BUTUAN	JMC BUILDING, JC AQUINO AVE. BUTUAN CITY, AGUSAN DEL NORTE
8	TAGUM	CITY MALL MAHARLIKA HIGHWAY COR LAPU-LAPU EXT. BRGY. MAGUGPO, TAGUM CITY
9	LEGAZPI	2ND FLOOR LOT 4-6 BLK 20 PCS-1617, SOL'S SUBDIVISION, PUROK 5, 37 BITANO, LEGAZPI CITY
10	SORSOGON	CHINABANK SAVINGS 2F GOD IS GOOD BLDG. RIZAL ST. PIOT SORSOGON
11	BATANGAS P. BURGOS	2ND FLR., 3 P. BURGOS STREET, BARANGAY 3, BATANGAS CITY
12	TUGUEGARAO	GROUND FLOOR, METROPOLITAN CATHEDRAL PARISH RECTORY COMPLEX, RIZAL ST., TUGUEGARAO CITY
13	ROXAS	GROUND FLOOR, T-114 CITYMALL ROXAS, AVE. ROXAS AVE., BRGY. VI, ROXAS CITY
14	CEBU	UNIT 204-205 JSP MANGO PLAZA BLDG. GEN.

NO	APDS LENDING CENTER	LOCATION/ADDRESS
		MAXILOM AVE., CORNER ECHAVEZ ST., CEBU CITY
15	SANTIAGO	JECO BUILDING MAHARLIKA HI-WAY, CORNER QUEZON AVE. VICTORY NORTE SANTIAGO CITY
16	LA HUERTA	QUIRINO AVENUE, LA HUERTA, PARANAQUE CITY
17	LUCENA	COR. MERCHAN & EVANGELISTA STS., LUCENA CITY
18	IMUS CAVITE	GEN. EMILIO AGUINALDO HIGHWAY, ANABU II IMUS CAVITE
19	SAN PABLO	RIZAL AVENUE COR LOPEZ JAENA ST. SAN PABLO CITY, LAGUNA
20	TAYTAY	2ND FLOOR, C GONZAGA BUILDING 2, MANILA EAST ROAD, TAYTAY, RIZAL
21	LA UNION	A.G. ZAMBRANO BUILDING QUEZON AVENUE SAN FERNANDO CITY, LA UNION
22	VIGAN	GF MAESTRO CONVENTION COMPLEX FLORENTINO ST., BRGY 1, VIGAN CITY
23	BAGUIO	B 108 LOPEZ BLDG., SESSION ROAD CORNER ASSUMPTION ROAD, BAGUIO CITY
24	BACOLOD	FORDLAND 1 ANNEX BLDG., 12TH ST. CORNER LACSON ST. BACOLOD CITY
25	NAGA	2ND FLOOR RL BUILDING, PANGANIBAN ST., LERMA, NAGA CITY
26	ILOILO IZNART	GOLDEN COMMERCIAL BLDG., IZNART, ILOILO CITY
27	KALIBO	F. QUIMPO STREET CONNECTING MABINI AND TOTING REYES STREETS, KALIBO, AKLAN
28	CAGAYAN DE ORO	SERGIO OSMEÑA ST., COGON DISTRICT, CAGAYAN DE ORO CITY
29	MALOLOS	2/F CANLAPAN ST.,STO. ROSARIO, MALOLOS CITY
30	QUEZON AVENUE	2ND FLOOR, G.J. BUILDING,

NO	APDS LENDING CENTER	LOCATION/ADDRESS
		385 QUEZON AVENUE, QUEZON CITY
31	DAVAO	8990 CORPORATE CENTER, QUIRINO AVE., DAVAO CITY
32	GENERAL SANTOS	G F, CHINABANK SAVINGS, INC., SANTIAGO BOULEVARD, GENERAL SANTOS CITY

NO	APDS LENDING KIOSK	LOCATION/ADDRESS
1	PASSI CITY ILOILO	M. PALMARES STREET. BARANGAY POBLACION ILAWOD, PASSI CITY ILOILO
2	ESTANCIA ILOILO	SITIO POBLACION HIGHWAY CANO-AN, ESTANCIA ILOILO
3	GUIMARAS	PIAZZA ZEMARCATO BUILDING SAN MIGUEL, JORDAN, GUIMARAS
4	SAN NICOLAS, ILOCOS NORTE	VYV BUILDING, VALDEZ CENTER, BARANGAY 1, SAN NICOLAS, ILOCOS NORTE
5	IRIGA CITY, CAMARINES SUR	EVEREST PLAZA BUILDING, ZONE 5, HIGHWAY 1, SAN MIGUEL, IRIGA CITY, CAMARINES SUR
6	KABANKALAN CITY, NEGROS OCCIDENTAL	DINSAY BUILDING, NATIONAL HIGHWAY MABINAY, KABANKALAN CITY, NEGROS OCCIDENTAL
7	SAN CARLOS CITY, NEGROS OCCIDENTAL	V. GUSTILO STREET, SAN CARLOS CITY, NEGROS OCCIDENTAL
8	DIGOS CITY	CPP BUILDING II, RIZAL AVENUE, ZONE 1, DIGOS CITY, DAVAO DEL SUR
9	GLAN, SARANGANI	RUIZ BLDG HOMBREBUENO ST, BRGY POBLACION GLAN, SARANGGANI PROVINCE
10	SAN JOSE DE BUENAVISTA, ANTIQUE	AML BUILDING 1, CORNER DALIPEATABAY, SAN JOSE DE BUENAVISTA, ANTIQUE
11	CALBAYOG CITY, SAMAR	ROSALES CORNER RUEDA STREETS, CALBAYOG CITY, SAMAR
12	GUMACA, QUEZON	RM BUILDING, MAHARLIKA HIGHWAY, A. BONIFACIO,

NO	APDS LENDING KIOSK	LOCATION/ADDRESS
		BARANGAY TABING DAGAT, GUMACA, QUEZON
13	BOGO CITY, CEBU	2ND FLOOR SIM BLDG. P RODRIGUEZ ST.BRGY LA PURISIMA CONCEPTION BOGO CITY
14	CABARROGUIS, QUIRINO	PUROK 1 GUNDAWAY, CABARROGUIS, QUIRINO PROVINCE
15	KORONADAL CITY, SOUTH COTABATO	MCM VILLAMOR BUILDING, GEN. SAN DRIVE, ZONE 2, KORONADAL CITYWAY, CABARROGUIS, QUIRINO PROVINCE
16	URDANETA	ALEXANDER STREET COR. BELMONTE STREET, POBLACION, URDANETA CITY PANGASINAN

Notes:

1) Out of 159 branches, 9 are owned premises and 150 on leased terms.
2) All bank-owned properties are free from any and all liens and encumbrances. There are no restrictions on titles and the Bank does not have any contractual commitments for acquisition of properties.
3) The lease contracts are renewable under certain terms and conditions and include pre-termination clause.

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

The Bank has future plans to acquire/lease properties, but there are no descriptions/locations of such properties yet at this time.

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

D. OTHER MATTERS

15. **Action with Respect to Reports**

To be submitted for consideration and approval during the stockholders' meeting are the following:

a) Minutes of the Annual Stockholders' meetings held on June 17, 2021, which reported among others, the following: (i) annual report to stockholders and financial statements as of 2021; (ii) approval, confirmation and ratification of all acts of the Board of Directors, Officers, Executive Committee, Board Oversight Committees and other Management Committees during the year 2021; (iii) election of the Board of Directors; and, (iv) appointment of external auditor and ratification of the integration of the internal audit functions.

b) 2021 Annual Report to Stockholders.

c) Financial Statements for the year ended December 31, 2021.

d) Ratification of all acts of the Board of Directors, Officers, Executive Committee, Board Oversight Committees, and other Management Committees during the year 2021, as follows:

Ratification of the following Board and Board Level Committees' Resolutions for the year 2021	
January 21, 2021	
1.	Approval of Minutes of Regular Meeting of the Board Held on 17 December 2020
2.	Approval of Minutes of Regular Meeting of the Executive Committee Held on 26 November 2020
3.	Approval of Minutes of Regular Meeting of the Executive Committee Held on 10 December 2020
4.	Approval of Minutes of Regular Meeting of the Executive Committee dated 4 January 2021 (Referred Via Email on 18 December 2020)
5.	Ratification of Executive Committee Resolutions Passed and Approved During Meeting Held on 14 January 2021
6.	Ratification of Executive Committee Resolution Passed and Approved During Meeting referred via Electronic Device (Email) on 19 January 2021 (Appointment of AML Compliance Officer, Ms. Jemelyn Duhilag)
7.	Ratification of Corporate Governance Committee Resolutions Passed and Approved During Meeting Held on 17 December 2020
8.	Approval of Minutes of Regular Meetings of the Board Held on 20 February 2020 and 23 April 2020
9.	Approval of Minutes of Meeting of the Executive Committee Held on 13 February 2020: (Resolutions Ratified During Board Meeting Held on 20 February 2020
10.	Approval of Minutes of Meeting of the Executive Committee Held on 27 February 2020: (Resolutions Ratified During Board Meeting Held on 13 April 2020
11.	Approval of Minutes of Meeting of the Corporate Governance Committee Held on 19 December 2019: (Resolution Ratified During Board Meeting Held on 16 January 2020)
12.	Approval of Minutes of Meeting of the Corporate Governance Committee Held on 20 February 2020: (Resolutions Ratified During Board Meeting Held on 13 April 2020)
13.	Review of Operations as of 31 December 2020
14.	2021-2025 Business Plan
15.	Approval of Minutes of Regular Meeting of the Board Held on 13 August 2020 (Amendments to By-Laws)
February 18, 2021	
16.	Approval of Minutes of Meeting of the Board Held on 21 January 2021
17.	Approval of the following Executive Committee Minutes Held on the following dates: . Regular Meeting – 14 January 2021 . Special Meeting – 19 January 2021 . Regular Meeting – 28 January 2021
18.	Ratification of Executive Committee Resolutions Passed and Approved During

	Meeting held on: . 29 January 2021 . 11 February 2021
19.	Approval of the following Corporate Governance Committee Minutes dated: . Regular Meeting – 15 October 2020 . Special Meeting – 16 October 2020
20.	Approval of Minutes of Regular Meeting of the Risk Oversight Committee (ROC) Held on 19 November 2020
21.	Ratification of Risk Oversight Committee Resolutions Passed and Approved During Meeting held on 21 January 2021
22.	Approval of the following Nomination Committee Minutes: . Held via MS Teams dated 16 October 2020 . Via Electronic Device (E-mail) dated 18 November 2020 . Via Electronic Device (E-mail) dated 2 December 2020 . Via Electronic Device (E-mail) dated 7 January 2021 . Via Electronic Device (E-mail) dated 25 January 2021
23.	Ratification of the Nomination Committee Resolutions dated 15 February 2021 (Referred on 10 February 2020)
24.	Approval of Related Party Transaction Committee Minutes of Meeting dated 14 December 2020
25.	Setting up a Money Market Clean Line for Philippine Veterans Bank (in the amount of Pesos: Ten Million (P10.0M) Only)
26.	Review of Operations as of 31 January 2021
March 5, 2021	
27.	Approval to Avail BSP Relief Program
March 18, 2021	
28.	Approval of Minutes of Meeting of the Board Held on 18 February 2021
29.	Approval of Minutes of Meeting of the Board dated 5 March 2021
30.	Approval of Executive Committee Minutes Held on 11 February 2021
31.	Approval of Executive Committee Minutes Held on 26 February 2021
32.	Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 26 February 2021
33.	Ratification of Executive Committee Resolutions Passed and Approved during meeting held on 11 March 2021
34.	Approval of Corporate Governance Committee Minutes Held on 17 December 2020
35.	Ratification of Corporate Governance Committee Resolutions Passed and Approved on 18 February 2021 and 12 March 2021
36.	Approval of Audit Committee Minutes Held on 15 October 2020
37.	Ratification of Audit Committee Resolutions Passed and Approved on 18 February 2021
38.	Approval of the Nomination Committee Minutes dated 10 February 2021
39.	Ratification of the Nomination Committee Resolutions Passed and Approved on 2 March 2021 (Referred on 24 February 2021) and 12 March 2021
40.	Approval of Related Party Transaction Committee Minutes dated 24 March 2020
41.	Approval of Related Party Transaction Committee Minutes dated 11 August 2020
42.	Closing Meeting with SGV
43.	Review of Operations as of 28 February 2021
44.	Written-Off Accounts

45.	Amendments in the CBS – Fringe Benefit Program (FBP) (Improvements of Employee Loans Program)
46.	Appointment of Mr. Rechie W. Lastimoso as Chief Compliance Officer
47.	Online Submission Tool (OST) Authorized Filers
48.	Reply to BSP Finding re: CBS Capital and Liquidity
April 15, 2021	
49.	Approval of Board Minutes Held on 18 March 2021
50.	Approval of Executive Committee Minutes Held on 11 March 2021
51.	Approval of Executive Committee Minutes Held on 25 March 2021 and Ratification of Executive Committee Resolutions Passed and Approved during the Meeting
52.	Ratification of Executive Committee Resolutions Passed and Approved during meeting held on 8 April 2021
53.	Approval of Risk Oversight Committee Minutes Held on 21 January 2021
54.	Ratification of all Risk Oversight Committee Resolutions Passed and Approved During Meeting Held on 18 March 2021
55.	Approval of Corporate Governance Committee Minutes Held on 12 March 2021
56.	Approval of Minutes of Corporate Governance Committee Meeting Held on 31 March 2021 and Ratification of Resolutions Passed and Approved during the said Meeting
57.	Ratification of Resolutions Passed and Approved During Corporate Governance Committee Meeting Held on 12 April 2021
58.	Approval of Minutes of Nomination Committee Meeting Held on 12 March 2021
59.	Approval of Minutes of Nomination Committee Meeting Held on 31 March 2021 and Ratification of Resolutions Passed and Approved During said meeting
60	Ratification of Resolutions Passed and Approved During Meeting Held on 12 April 2021
61.	Ratification of Related Party Transaction Committee Resolutions Passed and Approved Re: Lease Agreement with CBC – ChinaBank Insurance Brokers, Inc.
62.	Review of Operations as of 31 March 2021
63.	Resignation of Mr. Alexander C. Escucha as Director effective upon approval of the Board
64.	Election of Mr. James Christian T. Dee as member of the Board of Directors effective upon approval of the Board
65.	Approval of the Secondment of Mr. James Christian T. Dee and election as President
66.	Approval of the Appointment of Ms. Charmaine S. Hao as Head of the Treasury Group and as Treasurer of the Bank effective upon approval of the Board
67.	Approval to endorse the nomination of the following to the Election of the Members of the Board of Directors in CBS during the 2021 Annual Stockholders' meeting, namely: . Mr. Herbert T. Sy, Jr. – Regular Director; and . Mr. Genaro V. Lapez – Independent Director
68.	Modification of Board-level Committee Compositions (Membership to the following Board-level Committees of Mr. James Christian T. Dee) . Executive Committee – Member . Remuneration Committee – Vice Chairman . Retirement Committee – Vice Chairman
69.	Modification of Management-level Committee Compositions (Membership to the

	various Management-level Committee of the following officers) . Mr. James Christian T. Dee, President . Ms. Charmaine S. Hao, Treasury Group Head and Treasurer
70.	Signing Authorities . Mr. James Christian T. Dee, President; and . Ms. Charmaine S. Hao, Treasury Group Head and Treasurer
71.	Setting of the 2021 Annual Stockholders' Meeting
May 20, 2021	
72.	Approval of Board Minutes of Meeting Held on 15 April 2021
73.	Approval of Executive Committee Minutes Held on 8 April 2021
74.	a. Approval of Executive Committee Minutes Held on 22 April 2021 b. Ratification of Executive Committee Resolutions Passed and Approved during Meeting dated 22 April 2021
75.	Ratification of Executive Committee Resolutions Passed and Approved during meeting held on 14 May 2021
76.	Approval of Audit Committee Minutes of Meeting Held on 18 February 2021
77.	Approval of Audit Committee Minutes of Meeting Held on 18 March 2021
78.	Ratification of all Audit Committee Resolutions Passed and Approved During Meeting Held on 15 April 2021
79.	Approval of Corporate Governance Committee Minutes of Meeting Held on 18 February 2021
80.	Ratification of all Corporate Governance Committee Resolution Passed and Approved During Meeting Held on 15 April 2021
81.	Ratification of Nomination Committee Resolution No. NC #08-05.10.2021.01, Passed and Approved During Meeting dated 30 April 2021 Re: Appointment (Regular) of Ms. Marianne O. Navarro, as Business Manager of Makati JP Rizal (Class B), with a rank of Senior Manager under the Branch Banking Group effective 16 May 2021, with Class I signing authority.
82.	Review of Operations as of 30 April 2021
83.	New MCBL Group Critical Illness Product: . Group Standalone Critical Illness . Group Rider Critical Illness
84.	New MCBL Variable Life Funds: . Tiger Growth Fund . US Growth Fund . Global Preferred Securities Income Fund
85.	CBS Official E-Mail Addresses *[BSP Memorandum No. M-2017-026 dated 11 September 2017 re: Registration Form for the Official E-Mail addresses of FIs Supervised by the Bangko Sentral ng Pilipinas (BSP]*
86.	End of Term and Commendation to Mr. Alberto S. Yao as Lead Independent Director for serving China Bank Savings, Inc. since 2009
June 17, 2021	
87.	Organizational Matters . Election of Key Officers of the Bank . Change in Retirement Committee Charter – II. Composition . Appointment/Re-appointment of Committee members Board-level Committees Management-level Committees . Reappointment of Officers – AM and Up

88.	Approval of Board Minutes of Meeting Held on 20 May 2021
89.	Approval of Executive Committee Minutes of Meeting Held on 14 May 2021
90.	. Approval of Executive Committee Minutes of Meeting Held on 27 May 2021 . Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 27 May 2021
91.	Ratification of Executive Committee Resolutions Passed and Approved During the Meeting Held on 10 June 2021
92.	Approval of Risk Oversight Committee Minutes of Meeting Held on 18 March 2021
93.	Ratification of all Risk Oversight Committee Resolutions Passed and Approved During the Meeting Held on 20 May 2021
94.	Ratification of Nomination Committee Resolution Passed and Approved Re: Endorsement of Officers' Promotion
95.	Review of Operations as of 31 May 2021
96.	BSP Approved CBS Fringe Benefits for Officer – Car Lease Program . Jezreel R. Pimentel, AVP, Collections Services Division with Entitlement of Php800,000.00 . Maria Angelica M. Briosos, AVP, Housing Loans Division with Entitlement of Php800,000.00 . Maria Theresa E. Santos, AVP, Customer Experience Management Department with Entitlement of Php800,000.00 . Celia C. Garrido, Business Manager, Senior Manager, BBG Banaue Branch with Entitlement of Php700,000.00 . Abner B. Aballa, Senior Manager, BBG Kalookan Mabini with Entitlement of Php700,000.00 . Glenda S. Gaba, Senior Manager, Collections Services Division with Entitlement of Php700,000.00 . Gerardo M. Manuel, Business Manager, Senior Assistant Manager, BBG Malolos Catmon Branch with Entitlement of Php630,000.00 . Glenn H. Villalon, Manager, Corporate Planning Unit with Entitlement of Php630,000.00 Vicente A. Camay Jr., Business Manager, Senior Assistant Manager, BBG Tagum Citymall Branch with Entitlement of Php630,000.00
July 15, 2021	
97.	Approval of Board Minutes of Meeting Held on 17 June 2021
98.	Approval of Executive Committee Minutes of Meeting Held on 10 June 2021
99.	. Approval of Executive Committee Minutes of Meeting Held on 24 June 2021 . Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 24 June 2021
100.	Ratification of Executive Committee Resolutions Passed and Approved During Meeting Held on 8 July 2021
101.	Approval of Corporate Governance Committee Minutes of Meeting Held on 15 April 2021
102.	Ratification of all Corporate Governance Committee Resolutions Passed and Approved During Meeting Held on 17 June 2021
103.	Ratification of Nomination Committee Resolution Passed and Approved During Meeting Held on 14 June 2021
104.	Review of Operations as of 30 June 2021
105.	Authorized Signatories for Home Development Mutual Fund (HDMF) Related

	Matters for CBS Employees (Officers and Staff)
106.	BSP Approved CBS Fringe Benefits – CBS Car Lease Program for Officers: a. Emmanuel C. Formeloza, AVP, Business Manager of BBG Quezon Ave. Paligsahan Branch with Entitlement of 800,000.00 b. Richard V. Manzano, Senior Manager, General Services Division with Entitlement of Php700,000.00 c. Ramses D. Banal, Senior Manager, CLG Housing Loans Division with Entitlement of Php700,000.00 d. Glenn G. Pelicano, Manager, CLG Auto Loans Division with Entitlement of Php630,000.00 e. Johnest N. Monsalud, Senior Assistant Manager, Business Manager of BBG San Narciso Branch with Entitlement of Php630,000.00 f. Marjorie T. Esplana, Vice President I, SME Lending Group Head with Entitlement of Php1,150,000.00
107.	DOSRI – Back to Back Loan of Atty. Fillmore C. Gomos and Christina Marie H. Gomos (Atty. Fillmore C. Gomos is Legal Officer assigned in LSD-Cebu)
108.	Reclassification of ROPA Motor Vehicle to PFEE Intended for the Car Lease Entitlement under the BSP Approval Fringe Benefits for CBS Officers – Car Lease Program Granted to the following CBS Officers, namely: a. Maria Angelica M. Briosos, AVP CLG Housing Loans Division b. Roberto P. Bosita, Senior Manager, BBG c. Anthony Joseph F. Lim, Senior Manager, Credit Officer of SME Credit Division
109.	Extension of Employment of Ms. Ma. Jennifer Vital Bondoc (27 July 2021 to 26 July 2022)
July 30, 2021	
110.	Adoption of the current membership of the Retirement Committee as signatories for the PDB Retirement Plan
111.	Retirement Committee Members as Authorized signatories for all retirement – related matters for both CBS Retirement Plan and PDB Retirement Plan Provided – a. That any two (2) of the members, including Ex-Officio members can sign/approve retirement benefits computation/release. b. That the signature of an Ex-Officio member must be accompanied by the signature of one (1) regular member for the above purpose.
August 19, 2021	
112.	Approval of Board Minutes of Regular Meeting Held on 15 July 2021
113.	Approval of Board Minutes of Special Meeting Held on 30 July 2021
114.	Approval of Executive Committee Minutes of Meeting Held on 8 July 2021
115.	a. Approval of Executive Committee Minutes of Meeting Held on 22 July 2021 b. Ratification of Executive Committee Resolutions Passed and Approved during meeting held on 22 July 2021
116.	Ratification of Executive Committee Resolutions Passed and Approved during meeting held on 12 August 2021
117.	Approval of Risk Oversight Committee Minutes of Meeting Held on 20 May 2021
118.	Ratification of all Risk Oversight Committee Resolution Passed and Approved During Meeting Held on 15 July 2021
119.	a. Approval of Nomination Committee Minutes of Meeting Held on 12 April

	2021 (Joint meeting with Corporate Governance Committee) b. Approval of Nomination Committee Minutes of Meeting Held on 30 April 2021 c. Approval of Nomination Committee Minutes of Meeting Held on 21 May 2021 d. Approval of Nomination Committee Minutes of Meeting Held on 31 May 2021 e. Approval of Nomination Committee Minutes of Meeting Held on 14 June 2021
120.	Ratification of all Nomination Committee Resolutions Passed and Approved During Meeting Held on 17 August 2021
121.	Approval of Corporate Governance Committee Minutes of Meeting Held on 12 April 2021 (Joint Meeting with Nomination Committee)
122.	a. Approval of Related Party Transaction Committee Minutes and Ratification of Resolutions dated 10 February 2021 b. Approval of Related Party Transaction Committee Minutes dated 12 April 2021
123.	Ratification of all Related Party Transaction Committee Resolutions Passed and Approved During Meeting Held on 21 July 2021
124.	Interlocking Directorship of Independent Director Genaro V. Lapez in CBC and CBC Affiliates
125.	Review of Operations as of 31 July 2021
126.	Reclassification of ROPA Motor Vehicle to PFEE a. Maria Angelica M. Briosos, AVP, CLG Housing Loans Division b. Roberto P. Bosita, Senior Manager, BBG c. Anthony Joseph F. Lim, Senior Manager, Credit Officer of SME Credit Division
127.	Offering of MCBL Product – “Secure Pinoy to CBS Branches”
128.	BSP Approved CBS Fringe Benefits – CBS Car Lease Program for Officers a. Cheryl E. Comandante, Manager, Business Manager of BBG Subic Branch with Entitlement of Php630,000.00 b. Napoleon A. Sambajon, Manager, Business Manager of BBG JP Rizal Branch with Entitlement of Php630,000.00 c. Marianne O. Navarro, Senior Manager, Business Manager of BBG Bangkal Branch with Entitlement of Php700,000.00 d. Julie-Ann T. Camano, Senior Manager, Business Manager of BBG Dasmarinas Branch with Entitlement of Php700,000.00 e. Mariflor B. Fermin, Senior Manager, Team Head of Credit & Collections Management Group with Entitlement of Php700,000.00 f. Luis Bernardo A. Puhawan, FVP II, Controllership Group Head with Entitlement of Php1,300,000.00
129.	Retirement of (6 Officers) for the period January 2021 to 15 August 2021
130.	Resignation of (55 Officers) for the period January 2021 to 15 August 2021
131.	2020 Performance Bonus
132.	2021 Salary Increase (Merit Increase [MI])
September 16, 2021	
133.	Approval of Board Minutes of Regular Meeting Held on 19 August 2021
134.	Approval of Executive Committee Minutes of Meeting Held on 12 August 2021
135.	Approval of Executive Committee Minutes of Meeting Held on 26 August 2021

136.	Approval of Audit Committee Minutes of Meeting Held on 15 April 2021
137.	Approval of Corporate Governance Committee Minutes of Meeting Held on 17 June 2021
138.	Approval of Retirement and Remuneration Committee Minutes of Meeting Held on 26 July 2021
139.	Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 26 August 2021
140.	Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 9 September 2021
141.	Ratification of Audit Committee Resolutions Passed and Approved during the Meeting held on 19 August 2021
142.	Ratification of Corporate Governance Committee Resolutions Passed and Approved during the Meeting Held on 19 August 2021
143.	Ratification of Related Party Transaction Committee Resolutions Passed and Approved during the Meeting Held on 27 August 2021
144.	Review of Operations as of 31 August 2021
145.	Outsourced Service Desk Project – Data Sharing Agreement Inquiry
146.	Approval and Notation of Approved Car Lease Availment Reclassification to Motor Vehicle a. Service vehicle for Regional Business Center of APD Lending Group with Purchase Amount of Php534,162.50 b. Ramses D. Banal, Senior Manager, CLG – Housing Loans Division c. Evelyn G. Ricardo, Senior Manager, CBC Consumer Lending Group d. Ma. Clara Buan, Manager, Branch Head CBC Filinvest Commercial Center
147.	BSP Approved CBS Fringe Benefits – CBS Car Lease and Car Assigned Program for Officers: a. Lowella M. Eleazar, Senior Manager, Consumer Credit Division with Entitlement of Php700,000.00 b. Rosalie S. Salaysay, Assistant Vice President, Consumer Credit Division with entitlement of Php800,000.00 c. Jan Nikolai M. Lim, First Vice President II, Consumer Lending Group with entitlement of Php1,300,000.00
148.	Car Loan for the following Officers: a. Bernardo E. Labastida b. Jose Chino E. Castro
149.	Officers' Resignation – 16 August 2021 to 16 September 2021
150.	Officers' Retirement – 16 August 2021 to 16 September 2021
October 21, 2021	
151.	Approval of Board Minutes of Regular Meeting Held on 16 September 2021
152.	Approval of Executive Committee Minutes of Meeting Held on 9 September 2021
153.	Approval of Executive Committee Minutes of Meeting Held on 24 September 2021
154.	Approval of Risk Oversight Committee Minutes of Meeting Held on 15 July 2021
155.	Approval of Nomination Committee Minutes of Meeting Held on 17 August 2021
156.	Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 24 September 2021
157.	Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 14 October 2021
158.	Ratification of Risk Oversight Committee Resolutions Passed and Approved

	during the Meeting Held on 16 September 2021
159.	Ratification of Special Joint Meeting of Nomination Committee and Corporate Governance Committee Resolutions Passed and Approved during the Meeting Held on 16 September 2021
160.	Ratification of Nomination Committee Resolution Passed and Approved during the Meeting Held on 8 October 2021
161.	Ratification of Related Party Transaction Committee Resolutions Passed and Approved during the Meeting Held on 8 October 2021
162.	Review of Operations as of 30 September 2021
163.	CBS 2022-2026 Business Plan
164.	Request for Approval – Revised Group Yearly Renewable Term Plan; and updating of previously approved product Riders for Health Flex& Base Protect Plus
165.	Approval and Notation of Approved Car Lease Availment Reclassification to Motor Vehicle a. China Banking Corporation – Admin FPMD (Facilities and Maintenance Department with Purchase Amount of Php777,500.00 b. Emmanuel C. Formeloza, Assistant Vice President, Business Manager of BBG Paligsahan Branch
166.	Authorized Signatories for Opening of Payroll Accounts with BPI
167.	Proposed Motorcycles for APD Sales (Revisited)
168.	BSP Approved CBS Fringe Benefits – CBS Car Lease and Car Assigned Program for Officers for the following Officers: a. Joel A. Macapagal, Senior Assistant Manager, Business Manager of San Fernando Bayan Branch with entitlement of Php630,000.00 b. Corazon C. Sy Bang, Senior Assistant Manager, Business Manager of Lucena Branch with entitlement of Php630,000.00 c. Laurito F. Ramirez Jr., Senior Assistant Manager, Business Manager of Baliuag Branch with entitlement of Php630,000.00 d. Ledwina D.C. Villafuerte, Manager, Business Manager of San Ildefonso – Savemore Branch with entielement of Php630,000.00 e. Thelma Marie C. Isais, Senior Manager, Business Manager, Office of the District Head – Tarlac with entitlement of Php700,000.00 f. Rizaldy D. Gabuya, Manager, Asset Sales and Management Department with entitlement of Php630,000.00 g. Allaine Bert A. Monato, Manager, Registration Unit with entitlement of Php630,000.00
169.	Officers' Resignation – 16 September 2021 to 16 October 2021
170.	Officers' Retirement – 16 September 2021 to 16 October 2021
November 18, 2021	
171.	Approval of Board Minutes of Regular Meeting Held on 21 October 2021
172.	Approval of Executive Committee Minutes of Meeting Held on 14 October 2021
173.	Approval of Executive Committee Minutes of Meeting Held on 28 October 2021
174.	Approval of Corporate Governance Committee Minutes of Meeting Held on 19 August 2021
175.	Approval of Audit Committee Minutes of Meeting Held on 19 August 2021
176.	Approval of Nomination Committee Minutes of Meeting Held on 16 September 2021
177.	Approval of Nomination Committee Minutes of Meeting Held on 8 October 2021

178.	Approval of Related Party Transaction Committee Minutes of Meeting Held on 21 July 2021
179.	Approval of Related Party Transaction Committee Minutes of Meeting Held on 27 August 2021
180.	Approval of Related Party Transaction Committee Minutes of Meeting Held on 8 October 2021
181.	Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 28 October 2021
182.	Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 11 November 2021
183.	Ratification of Corporate Governance Committee Resolutions Passed and Approved during the Meeting Held on 21 October 2021
184.	Ratification of Audit Committee Resolutions Passed and Approved during the Meeting Held on 21 October 2021
185.	Ratification of Nomination Committee Resolutions Passed and Approved during the Meeting Held on 11 November 2021
186.	Ratification of Related Party Transaction Committee Resolutions Passed and Approved during the Meeting Held on 15 November 2021
187.	Review of Operations as of 31 October 2021
188.	CBSI Replies to the BSP Report of Examination (ROE) Directives (Examination Completed on 12 April 2021)
189.	Approval and Notation of Approved Car Lease Availment Reclassification to Motor Vehicle a. CBS APD Sorsogon, APD Lending Group, 2017 Mitsubishi Adventure GLX b. CBS APD Sorsogon, APD Lending Group, 2017 Mitsubishi Adventure GLS Sport c. CBS APD Kalibo, APD Lending Group, 2017 Mitsubishi Adventure GLS Sport d. CBC Admin RBB c/o Jose L. Osmeña, Jr., CBC RBB, 2019 Toyota Innova E 2.8 AT DSL e. SAM Jose Chino C. Castro, CLG Housing Loans Division, 2017 Kia Forte EX HB 5DR 2.0 AT Gas f. SM Danilo G. Torres, SLG Luzon North Lending Dept. Head, 2020 MG ZS Alpha 1.5 AT g. AM Bernardo E. Labastida, APDLG RBC Cebu, 2018 Suzuki Celerio GL CVT 1.0 AT Gas
190.	Financing Plan for Car Loan Application of Ms. Luchi Myr U. Cabalquino, Senior Assistant Manager
191.	BSP Approved CBS Fringe Benefits – CBS Car Lease and Car Assigned Programs for Officers a. Roberto S. Evangelista, AVP, District Head, Bulac-Balagtas Branch with entitlement of Php800,000.00 b. Ronnie Z. Pineda, AVP, District Head, Dau Branch with entitlement of Php800,000.00 c. Nora V. Aguilar, M, Business Manager, Amang Rodriguez Savemore Branch with entitlement of Php630,000.00 d. Jefferson D. Salamat, M, Business Manager, Greenhills Wilson Branch with entitlement of Php630,000.00 e. Rowena C. Cura, SAM, Business Manager, Arayat Branch with entitlement of Php630,000.00

	f. Eloisa B. Chan, M, Business Manager, La Union Branch with entitlement of Php630,000.00 g. Jerezza D. Cabusao, AVP, Dept. Head, Collection Services Division with entitlement of Php800,000.00 h. Paul Jeffrey G. Padilla, M, Cluster Head, APD Direct Sales Division with entitlement of Php630,000.00
192.	Resignation of Chief Compliance Officer, Mr. Rechie W. Lastimoso effective 1 December 2021
193.	Officers' Resignation – 16 October 2021 to 16 November 2021
194.	Officers' Retirement – 16 October 2021 to 16 November 2021
December 16, 2021	
195.	Approval of Board Minutes of Regular Meeting Held on 18 November 2021
196.	Approval of Executive Committee Minutes of Meeting Held on 11 November 2021
197.	Approval of Executive Committee Minutes of Meeting Held on 25 November 2021
198.	Approval of Nomination Committee Minutes of Meeting Held on 11 November 2021
199.	Approval of Nomination Committee Minutes of Meeting Held on 24 November 2021
200.	Approval of Minutes of Joint Meeting of the Nomination Committee and Corporate Governance Committee Held on 29 November 2021
201.	Approval of Related Party Transaction Committee Minutes of Meeting Held on 15 November 2021
202.	Approval of Minutes of Risk Oversight Committee Meeting Held on 16 September 2021
203.	Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 25 November 2021
204.	Ratification of Executive Committee Resolutions Passed and Approved during the Meeting Held on 10 December 2021
205.	Ratification of Risk Oversight Committee Resolutions Passed and Approved during the Meeting Held on 18 November 2021
206.	Ratification of Nomination Committee Resolutions Passed and Approved during the Meeting Held on 24 November 2021
207.	Ratification of Joint Special Meeting of Nomination Committee and Corporate Governance Committee Resolutions Passed and Approved during the Meeting Held on 29 November 2021
208.	Ratification of Nomination Committee Resolutions Passed and Approved during the Meeting Held on 10 December 2021
209.	Ratification of Related Party Transaction Committee Resolutions Passed and Approved during the Meeting Held on 13 December 2021
210.	Ratification of Corporate Governance Committee Resolutions Passed and Approved during the Meeting Held on 16 November 2021
211.	Schedule of Board and Board-Level Committee Meetings for 2022
212.	Review of Operations as of 30 November 2021
213.	Approval and Notation of Approved Car Lease Availment Reclassification to Motor Vehicle a. CBS APD La Huerta, APD Lending Group, 2017 Toyota Avanza J 1.3 b. CBS APD Cabanatuan, APD Lending Group, 2017 Mitsubishi Adventure

	GLX 2.5
214.	Rental Rates for CBC Shuttle Service Vehicle
215.	Regular Appointment of Atty. Corazon T. Llagas as Chief Compliance Officer with the Rank of Vice President I. She will have Class I Signing Authority
216.	Integration of Outsourcing to CBC of the Internal Audit Function of CBSI
217.	BSP Approved CBS Fringe Benefits – CBS Car Lease and Car Assigned Program for Officers a. Geraldine R. Diwa, SM Business Manager, Las Piñas Almanza Branch with entitlement of Php700,000.00 b. Maria Gladys B. Amancio, M, Business Manager Davao Recto Branch with entitlement of Php630,000.00 c. Kenneth Montante, SAM, Business Manager, Sun Mall Espana Branch with entitlement of Php630,000.00 d. Ma. Elisa M. Tugade, M, Department Head, Quality Assurance Department with entitlement of Php630,000.00
218.	Officers' Resignation – 16 November 2021 to 16 December 2021
219.	Officers' Retirement – 16 November 2021 to 16 December 2021

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

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

g) Related Party Transactions report - Material RPT report from July 2021 to April 2022

- **July 21, 2021**

1. 2021 Policies and Guidelines on Related Party Transactions
2. Service Level Agreement (SLA) with CBC – HRD commenced on October 1, 2020 and is effective until March 31, 2023

1. 2021 Policies and Guidelines on Related Party Transactions

The Committee certifies that it has considered the significant benefit of the proposed amendments/revisions of China Bank Savings, Inc.'s (CBSI) existing Policies and Guidelines on Related Party Transactions (RPT).

Material Facts of the Proposed Amendments/Revisions of China Bank Savings, Inc.'s (CBSI) Existing Policies and Guidelines on Related Party Transactions (RPT):

The proposed changes will address the noted/cited findings in the Advance Report of Examination Findings (AREF) of the recently concluded BSP regular examination that was completed on 12 April 2021. The contents of the proposed changes are:

a. Enhancements in CBSI's RPT Policy
b. Enhancements on the RPT Database
c. Weaknesses in the identification of related parties and reporting of RPTs
d. Lack of compliance testing for RPTs

Enhancement in CBSI's RPT Policy		Proposed Revision of RPT Policy and Guidelines
a) Lack of specific guidelines for selecting similarly-situated non-related third-party accounts for benchmarking		- RPT shall be conducted at arm's length basis, taking into consideration the following:
		1. Economic terms - assessment of terms as compared to similarly situated non-related third-party clients
		2. Processing of transactions - transaction shall be conducted in the regular course of business and in accordance with existing policies of the bank
		3. Price Discovery Mechanism (PDM) - to ensure that RPT are engaged into terms that promote the best interest of the Bank and its stakeholders
		4. Correct and proper disclosure of all material information in the endorsement form
		5. Procedures in the determination of appropriate price, terms and condition to be incorporated in BUs operating manual
b) Absence of clear definition of officers covered in the RPT policy		- Officers shall refer to senior officers having authority and responsibility for planning, directing and controlling the activities of the Bank, identified to be the President/CEO, Executive Vice President (EVP), Senior Vice President (SVP), First Vice President (FVP), Vice President (VP), and members of the Management Committee regardless of rank
c) Inadequate policy on updating and review of the RPT database		- Monthly review of RPT updates is to be conducted by Compliance Office based on approved documents for the month and annual review shall be done through the information from the updated Biographical Data submitted to HRD Note: The RPT Database System is completed and ready for production
Enhancements on the RPT Database		**Proposed Revision of RPT Policy and Guidelines**
RPT database should be enhanced to include the specific classification of each identified related party. As an example, while the RPT database lists the 1st degree and 2nd degree relatives of directors/officers of the Bank, it does not specifically state that 1st degree relatives fall under related interests while 2nd degree relatives are classified close family members.		- Related Interests Spouse and relative within the first degree of consanguinity or affinity, or relative by legal adoption, of a director or officer of the bank - Close family members of DOS Persons related to the Bank's DOS within the second degree of consanguinity or affinity, legitimate or common-law identified in the RP Database. Note: The RPT Database System is completed and ready for deployment in live production.

Weaknesses in the identification of RPs and reporting of RPTs	Proposed Revision of RPT Policy and Guidelines
Business units are responsible for ensuring that related parties are properly identified using the RPT database. However, there are no established controls to ensure the proper identification and accuracy of reporting of related party transactions	Compliance Office shall be responsible for: - Conducting a training as necessary to the designated RPT Officer per business units - Reviewing the RPT updates monthly by comparing the approved documents received from various BUs against the printed copy of RPT updates from RPT Database System - Ensuring that the Bank complies with relevant rules and regulations in the form of Compliance testing BU shall be responsible for: - Identifying if a transaction with a related party is among the covered transactions as defined in the RPT Policy - BUs shall designate a Related Party Officer (i.e, Unit Compliance Coordinator or UCC) that shall be responsible in the processing of RPT transactions
Lack of compliance testing for RPTs	**Proposed Revision of RPT Policy and Guidelines**
The Bank's RPT policy states that the Compliance Office is responsible for ensuring that the Bank complies with relevant rules and regulations in the form of compliance testing. However, compliance with RPT is only covered as part of the Unit Compliance Coordinators (UCCs) self-assessment checklist	Compliance Office shall be responsible for: - Ensuring that the Bank complies with relevant rules and regulations in the form of Compliance testing and is informed of regulatory developments in areas affecting RPs Note: CBS Compliance developed a compliance testing program tailored for RPT in accordance with the Bank's approved policy.
Additional Proposed Revision of RPT Policy and Guidelines	
CBS Existing RPT Policy and Guidelines (2020)	Proposed Revision of RPT Policy and Guidelines
Materiality Threshold	Materiality Threshold
The materiality threshold shall be reviewed by the BUs every year or as necessary based on changes in BSP regulations or mandate of Management. An email shall be sent by the BU	The materiality threshold shall be retained, unless the responsible units send a change request. An email shall be sent by the BU Head to Compliance Office on the change of materiality threshold stating the proposed/recommended threshold and justification for changing the same

Officer to Compliance Office on or before June 10 of every year stating the existing/proposed/ recommended threshold and justification for retaining/changing the same		
II.D.5 - Business Unit shall be responsible: i.3.ii - Forwarding the signed RPT Recommendation and Endorsement (Non-material Transactions) form to the appropriate approving authority for approval.		II.D.5 - Business Unit shall be responsible: i.3.ii - Forwarding the signed RPT Recommendation and Endorsement (Non-material Transactions) form to the Management Committee for approval.
III.D-Approval Requirements of Non-material RPTs All non-material RPTs shall follow the existing approval requirements of the respective BU transactions, subject to consolidation by Reports Department and subsequent presentation to ManCom (for information) and BOD for (its confirmation) by the Compliance Office.		III.D-Approval Requirements of Non-material RPTs All non-material RPTs shall be approved by the Management Committee, subject to consolidation by Regulatory Reports Department, and subsequent presentation to BOD (for its confirmation) by the Compliance Office.

COMPLIANCE TESTING PROGRAM FOR RPT AND DOSRI

FUNCTION	POLICY REF. / MANUAL	CONTROL PROCEDURE	ACTIVITY	DOCUMEN-TATION
DOSRI Accounts	BSP MORB Part I Sec. 136 Related Party Transactions. CBSI Policies and Guidelines on Related Party	All DOSRI transactions regardless of amount shall require the approval of the Board prior to granting or release of the accommodation.	1. Request from Accounting and Regulatory Reports Department for listing/consolidated of booked transactions involving DOSRI and RPT accounts.	• List of DOSRI and RPT accounts as of compliance testing cut-off date. • Documentation of

RPT Accounts	Transactions. RPT Framework RPT Database	RPT transactions should be approved by appropriate approving body/ies and reported to BSP. a. All material RPTs shall be endorsed to the RPT Committee using the RPT Recommendation and Endorsement Form (for material transactions) and approved by the BOD. b. All non-material RPTs shall follow the existing approval requirements of the respective BU transactions, subject to consolidation by Reports Department and subsequent presentation to ManCom (for information) and BOD for (its confirmation) by the Compliance Office. c. All RP Transactions are conducted at arm's length terms or in the regular course of business. d. Business Units request to Compliance Office via email to include a client/party in the RPT Database	2. Randomly selected samples for the period (Cut-off date). 3. Verification of sampled DOSRI/RPT accounts against the RPT Database and consolidated quarterly reports from Accounting and Regulatory Reports Department 4. Check/Validate if recommendation forms are properly accomplished, observance of Arm's Length Terms (Price Discovery Mechanism and Independent Evaluation) and endorsed to appropriate authority and necessary approval are secured in accordance with the Bank policies and procedures. 5. Conduct review on relevance and applicability of the existing materiality thresholds based on the current operational transaction level and risk appetite of the Bank.	approval for sample accounts.

		who/which is not found therein. e. Business Units reviews the materiality threshold every year or as necessary based on changes in BSP regulation or mandate from the Board and Senior Management.	6. Validate if the account is duly approved by the Board prior to loan release. 7. Check/Validate if all approved RP Transactions. 8. To facilitate updating of RP Database, newly identified related parties shall be include in the RP Database. This is to ensure that database updates are accurate and complete.	

2. **Service Level Agreement (SLA) with CBC – HRD commenced on October 1, 2020 and is effective until March 31, 2023**

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

Material Facts of the Proposed RPT

General Terms and Conditions of the RPT

This pertains to the Service Level Agreement of China Bank Savings Inc., (CBS) with parent bank, China Banking Corporation (CBC), dated September 16, 2020, wherein the parent Bank will handle the compensation administration, benefits administration, and systems and data management of CBSI where the service fee amounts to P6.65M.

- **December 13, 2021**

1. **Rental Rates for CBC Shuttle Vehicle**

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

The rental rates for CBSI Vehicles used as shuttle service for CBC employees during community quarantine, in view of the Covid-19 pandemic.

a. Rental Rates used were approved by Mancom on January 4, 2021.
b. The existing rate of 3rd party service provider of CBC, shown in its counter offer below, was used as basis for the Rental Rates.

c. CBC paid for the total Rental fees on June 3, 2021.
d. The rental payment will defray depreciation expenses for the use of the vehicles during times of unforeseen crisis such as the pandemic
e. This transaction with within the internal threshold of CBSI for RPT transactions.
f. CreCom endorsement to the RPT Committee is required to request for the confirmation of this transaction by the RPT Committee.

Approved rental rates by CBSI ManCom:

TYPE	Total	APPROVED RATE/DAY	CBC Counter Offer	Recommended Rate
Sedan	2	1,300.00	787.81	1,000.00
AUV	2	2,444.84	1,137.81	1,500.00
SUV	8	2,901.94	1,137.81	1,500.00
VAN	6	2,500.00	1,137.81	1,500.00

SOA dated March 31, 2021:

PARTICULAR	AMOUNT
March 8, 2020 to December 31, 2021	P 1,982,000.00
Total Rental Fees for CBS Vehicles used by CBC	**P 1,982,000.00**

- **February 3, 2022**
  1. Formalization of Board-Approval to Deal with BDO
  2. Formalization of Board-Approval to Deal with China Banking Corporation
  3. Formalization of Board-Approval to Deal with China Bank Capital Corporation

1. Formalization of Board-Approval to Deal with BDO

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

Formalization of approval to deal with BDO Unibank, Inc. with the Counterparty Lines approved by the Board last 16 December 2021 for the following transactions and respective limits:

Transactions		Limits
Money Market Clean Line	Peso	Php 200 Million
	USD	USD 2 Million
Bond PSR	Peso	Php 200 Million
	USD	USD 1 Million

The counterparty lines will expire on 31 December 2022.

2. Formalization of Board-Approval to Deal with China Banking

Corporation

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

Transactions		Limits
Money Market Clean Line	Peso	Php 1 Billion
	USD	USD 10 Million
Foreign Exchange Line	USD	USD 4 Million
Bond PSR	Peso	Php 300 Million
	USD	USD 5 Million

The counterparty lines will expire on 31 December 2022.

3. **Formalization of Board-Approval to Deal with China Bank Capital Corporation**

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

Transactions		Limits
Bond PSR	Peso	Php 200 Million

The counterparty lines will expire on 31 December 2022.

16. **Matters Not Required to be Submitted:** Not applicable

17. **Amendment of Charter, By-Laws or Other Documents:**

a. Revised Audit Committee Charter

Section	Existing Provision	Proposed Amendment
Constitution	The Audit Committee was created in accordance with the requirement of BSP Cir. No. 456, Series of 2004, with succeeding amendments as provided in BSP Circ. No. 871. It shall have authority to investigate any matter within its terms of reference, full access to and cooperation by Management and full	The Audit Committee was created in accordance with the requirement of BSP Manual of Regulations for Banks (2018 Edition) – Part 1 Section 133 Board-Level Committees and Securities and Exchange Commission (SEC) Memorandum Circular No. 19 series of 2016: BSP Manual of Regulations for Banks (2018 Edition) – Part 1 Section 133 Board-Level Committees "The board of directors may delegate some of its functions, but not its

	discretion to invite any director or executive officer/s to attend its meetings. It shall be provided with adequate resources to enable it to effectively discharge its functions. It shall also ensure that a review of the effectiveness of the Bank's internal controls, including financial, operational, and compliance controls, and risk management, is conducted at least annually.	responsibilities, to board-level committees. In this regard, the board of directors shall: d. Constitute, at a minimum, the following committees: (1) Audit Committee; (2) Risk Oversight Committee, and (3) Corporate Governance Committee: Provided, That the board of directors of simple or non-complex banks may, at a minimum, constitute only the Audit Committee unless directed by the Bangko Sentral ng Pilipinas to create other board-level committees." Securities and Exchange Commission (SEC) Memorandum Circular No. 19 series of 2016 Recommendation 3.2 "The Board should establish an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations."
Duties and Responsibilities	It shall be responsible for organizing the Internal Audit Division, and the appointment of the Internal Auditor who shall report directly to the Committee. It shall perform oversight function over the internal audit function and shall be responsible for: Monitoring and reviewing the effectiveness of the internal audit function; Approving the internal audit plan, scope and budget. It shall ensure that the audit plan is aligned with the overall plan strategy and budget of the Bank and is based on robust risk assessment. It shall also ensure that	It shall be responsible for establishing internal audit function (including in-house and outsource audit services) and the appointment of qualified Chief Audit Executive (CAE) as well as the independent external auditor who shall both report directly to the Audit Committee. It shall perform oversight function over the internal audit function and shall be responsible for: Reviewing, approving and overseeing matters pertaining to the performance of internal audit activities; Approving the internal audit plan, scope and budget. It shall ensure that the audit plan is aligned with the overall plan strategy and budget of the Bank and is based on robust risk assessment. It shall also ensure that the internal audit has adequate human resources with sufficient qualifications and skills necessary to accomplish the internal audit activities;

	the internal audit has adequate human resources with sufficient qualifications and skills necessary to accomplish the internal audit activities. Reviewing the internal audit reports and the corresponding recommendations to address the weaknesses noted, discussing the same with the head of the internal audit function and reporting significant matters to the Board of Directors; Ensuring that the internal audit function maintains an open communication with Senior Management, the Audit Committee, external auditors and the supervisory authority; Reviewing discoveries of fraud and violations of laws and regulations as raised by the internal audit function; Reporting to the Board of Directors the annual performance appraisal of the head of the internal audit function; Recommending for approval of the Board of Directors the annual remuneration of the head of the internal audit function and key internal auditors; Appointing, reappointing or removing the head of the internal audit function and key internal auditors; and Selecting and overseeing the performance of the internal audit service	Reviewing the internal audit reports and the corresponding recommendations to address the weaknesses noted, discussing the same with the head of the internal audit function and reporting significant matters to the Board of Directors; Ensuring that the internal audit function maintains an open communication with Senior Management, the Audit Committee, external auditors and the supervisory authority; Reviewing discoveries of fraud and violations of laws and regulations as raised by the internal audit function; Reporting to the Board of Directors the annual performance appraisal of the head of the internal audit function; Recommending for approval of the Board of Directors the annual remuneration of the head of the internal audit function and key internal auditors; Appointing, reappointing or removing the head of the internal audit function and key internal auditors; and Selecting and overseeing the performance of the internal audit service provider, if any. It shall be responsible for oversight of the financial reporting process, practices and controls and ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports. The Audit Committee shall review and discuss with management and external auditors the audited financial statements before submission to the Board. It shall be responsible for establishing and maintain a mechanism by which officers aernd staff may, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing, code of conduct or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.

	provider, if any.	
Authority	The Audit Committee shall ensure that the internal auditors act independently and given unrestricted access to all records, properties and personnel to enable them to perform their audit function.	The Audit Committee shall have: Authority to investigate any matter within its terms of reference, full access to and cooperation by Management and full discretion to invite any director or executive officer/s to attend its meetings. It shall also ensure that a review of the effectiveness of the Bank's internal controls, including financial, operational, and compliance controls, and risk management, is conducted at least annually; Unrestricted access to records, data and reports; and Access to independent experts or seek professional guidance from independent counsel, accountants, or others to advise and assist the Committee in the effective performance of their duties.
Membership	Members of the Audit Committee shall be directors appointed by the Bank's Board of Directors, with at least two (2) independent directors, one of whom shall serve as the Audit Committee Chairman. All Audit Committee members shall be non-executive directors, who shall preferably have accounting and finance backgrounds.	The Audit Committee shall be composed of at least three (3) members of the Board of Directors, wherein two (2) of whom shall be independent directors, including the Chairman. All Audit Committee members shall be non-executive directors, who shall preferably have accounting and finance backgrounds. The Chairman of the Audit Committee shall not be the chairman of the Board of Directors or any other board-level committees.
Terms of Office	None	The Board has the power to re-organize committee membership, thus, in case of vacancy the Board of Directors may appoint the replacement in accordance with the Bank's By-Laws.
Voting and Quorum Requirements	None	Majority of the members of the Committee shall constitute a quorum; each member is allowed to vote for matters brought to the attention of the committee for action. Every decision of at least a majority of the Committee members present at a meeting at which

		there is a quorum shall be valid, unless a specific number of votes is required by existing laws and regulations. Directors who participate through remote communication shall be deemed present, for purposes of quorum.
Audit Committee Values	None	The Committee will conduct itself in accordance with the Code of Ethics for Directors and the Bank's Code of Ethics, as applicable.
Meetings	Frequency of meetings: At least once in every quarter with the presence of two (2) members one of whom should be an independent director. The minutes of the meetings shall be circulated promptly to all members of the Committee.	The Committee shall meet at least once every two months with the presence of two (2) members one of whom should be an independent director. The minutes of the meetings shall be circulated promptly to all members of the Committee. The chairman shall establish agendas for the audit committee meetings in consultation with the audit committee member, senior management and the CAE. The Audit Committee shall establish and communicate its requirements for information, which includes the nature, extent, and timing of information. Information shall be provided to the Audit Committee at least one week prior to each audit committee meeting. Audit Committee members are obliged to prepare for and participate in committee meetings. The members of the Audit Committee who cannot physically attend or cast a vote at a meeting can participate through remote communication such as videoconferencing, teleconferencing or other alternative platforms/media that allow them reasonable opportunity to participate. The Audit Committee shall: Meet periodically with Board, management, internal audit and external auditors, together or separately as the Committee may see fit; Meet privately with the CAE, at least annually, without management present, to discuss information concerning the internal audit activity's plans and activities and to keep each other informed

		on any other matters of mutual interest; and Report on the committee's activities regularly to the Board.
Training	None	The Audit Committee members shall receive formal orientation on the purpose and mandate of the committee and the Bank's objectives. A process of continuing education shall be established.
Other Matters	At least once a year, a review of its own performance, constitution and terms of reference to ensure that these are operating at maximum effectiveness and to recommend any changes it considers necessary for approval of the Board.	At least once a year, the Board shall review the adequacy of this Charter, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation. In accordance with the Bank's Corporate Governance Manual and SEC Memo No. 4 (series of 2012), the Committee shall conduct an annual assessment of its performance effectives through self-assessment.

18. Other Proposed Action: Not applicable

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

1. Any stockholder shall be allowed to vote in accordance with the guidelines for participation via remote communication and voting in absentia (schedule A), or by proxy duly executed in writing, and signed by the person represented.

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

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

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

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

Copy of Annual Report

Copy of the 2021 Annual Report (SEC Form 17-A) can be accessed through CBSI website, pursuant to SEC Notice dated February 16, 2022 regarding alternative mode for distributing and providing copies of the notice of meeting, Information Statement, and other documents in connection with the holding of Annual Stockholders' Meeting ("ASM") for 2022.

After reasonable inquiry and to the best of my knowledge and belief, I certify that all information given in this Information Statement are true, complete and correct. This Statement is signed on this 10th day of May 2021 at Makati City, Metro Manila Philippines.

CHINA BANK SAVINGS, INC.

By:

Atty. ARTURO JOSE M. CONSTANTINO III
Corporate Secretary

Annex "A"

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.

CBS began operations on September 8, 2008 following the Parent Bank's acquisition of Manila Bank in 2007. Subsequent mergers with Unity Bank, a Pampanga-based rural bank, and Planters Development Bank (Plantersbank) have bolstered CBS' position as a leading thrift bank in the industry. With more than 150 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.*** Doing the right thing to everyone at all times.
- ***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.

Form and Year of Organization

China Bank Savings, Inc. (the Bank or CBS) 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. As of December 31, 2021 and 2020, the Bank has 160 and 158 branches, respectively.

The Bank's original Certificate of Incorporation was issued by the Philippine Securities and Exchange Commission (SEC) on May 23, 1960. 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, 2021 and 2020, CBC, the ultimate parent bank, has ownership interest in the Bank of 99.60%.

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

<u>Merger between the Bank and Unity Bank, A Rural Bank</u>
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

	2021	2020
PROFITABILITY		
Total net interest income	**₱5,470,233,970**	₱4,372,525,248
Total non-interest income	**834,011,953**	389,462,800
Total non-interest expenses	**3,707,286,607**	3,599,106,439
Pre-provision profit	**2,596,959,316**	1,162,881,609
Provision for credit losses	**1,246,979,955**	905,504,244
Net income	**986,455,862**	506,380,083
SELECTED BALANCE SHEET DATA		
Liquid assets	**16,905,408,578**	18,486,797,632
Gross loans	**68,631,603,309**	68,828,494,975
Total assets	**95,752,479,887**	98,594,652,585
Deposits	**81,795,166,015**	85,458,742,658
Total equity	**11,329,148,040**	10,303,687,163
SELECTED RATIOS		
Return on equity	**9.12%**	5.06%
Return on assets	**1.02%**	0.50%
Capital adequacy ratio	**14.09%**	12.77%
OTHERS		
Headcount		

	2021	2020
Officers	**1,083**	1,073
Staff	**1,113**	1,194

2. Business of Registrant

a. Products and Services

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

DEPOSITS

- Savings
  - **Easi-Save Basic** is an ideal starter, interest-earning ATM savings account with no initial deposit required and maintaining balance requirement.
  - **Easi-Save ATM** is an interest-earning account with the convenience of a PIN-based automatic teller machine (ATM) card.
  - **Easi-Save for Kids** is an interest-earning savings account designed for children aged at least 7 until 12 years old and comes with a passbook.
  - **US Dollar Savings Account** is a US Dollar-denominated savings account that comes with a passbook.
  - **CBS My First Million Savings Account** is an interest-earning savings account that comes with a passbook for easy monitoring and 24/7 access via ATM, CBS Online Banking and CBS Mobile App.

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

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

LOANS AND CREDIT FACILITIES

- **SME Biz Loan**

- **Term Loan** is a multipurpose credit source with a tenor of more than one year extended to business entities.
- **Revolving Promissory Note Line** provides ready cash for purchasing, building up inventory, or as a bridge between receivables.
- **Check Discounting Line** allows to get credit immediately every time it is needed. No more waiting time for customer's post-dated checks to clear.
- **Invoice Financing** is a supervised and directed loan offered to business entities for the purpose of financing the purchase of their inventory goods from manufacturers, suppliers, or distributors.
- **Floor Stock Financing** keeps inventory fully stocked while CBS handles the payments, oversees everything and making sure everything is paid on time.
- **Domestic Standby Letter of Credit** is a standby credit line extended to businesses to guarantee financing for a project or particular business transaction with a specific or certified beneficiary.
- **Project Financing / Development Loan** is a credit facility intended to finance the development of residential housing projects.
- **CTS Receivables Financing with Recourse** is a credit facility that provides liquidity to real estate developers through purchase of receivables from individual home buyers covered with contract-to-sell (CTS) on accredited residential housing projects.
- **Bus and Truck Financing** is a credit facility that provides liquidity to bus transport operators, i.e., commuter services (regular and P2P), shuttle services, tourist services, airport shuttle services, and logistics or distributions transport operators using trucks.

▪ **Small Biz Loan**

- **Small Biz Term Loan** is a multipurpose credit source with a tenor of more than one year extended to business entities.
- **Small Biz Revolving Promissory Note** is a loan facility for loans worth ₱10.0 million and below. Interest is computed only for the amount used. A real estate mortgage (REM) or a combination of REM and deposit assignment are required.
- **Small Biz Revolving Credit Line (Check Driven)** is a standby credit line guarantees simple financing for product or specific recipient over time.

▪ **Consumer Loan**

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

▪ **Easi-APDS Loan**

- Easi-APDS is an Automatic Payroll Deduction Salary (APDS) Loan. It is a multi-purpose and non-collateral program offered to the teaching and non-teaching personnel of the Department of Education, 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 APDS Private Lending Institution with Deduction Code 1151.

CASH MANAGEMENT SERVICES

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

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

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

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

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

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

- **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.

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

- **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, 2021		December 31, 2020	
	%	**Amount**	%	Amount
INTEREST INCOME				
Loans and receivables		**₱5,955,951,115**		₱5,371,098,892
Investment securities		**242,801,087**		252,198,202
Interbank loans receivable and SPURA		**29,351,355**		73,474,293
Due from BSP and other banks		**126,186,058**		172,715,868
		6,354,289,615		5,869,487,255
INTEREST EXPENSE				
Deposit liabilities		**841,037,755**		1,447,786,542
Others		**43,017,890**		49,175,465

		884,055,645		1,496,962,007
NET INTEREST INCOME	**86.77%**	**5,470,233,970**	91.83%	4,372,525,248
Service charges, fees and commissions	**7.48%**	**471,562,919**	4.06%	193,495,165
Gain on asset exchange	**3.22%**	**202,952,436**	1.59%	75,905,376
Trading and securities gains	**0.93%**	**58,804,838**	0.40%	19,283,808
Income from property rentals	**0.24%**	**15,123,373**	0.56%	26,696,960
Miscellaneous	**1.36%**	**85,568,387**	1.56%	74,081,491
TOTAL OPERATING INCOME	**100.00%**	**₱6,304,245,923**	100.00%	₱4,761,988,048

Distribution Methods of Products and Services

CBS products and services are made available across multiple distribution and delivery channels: 160 branch network; 167 ATM network (163 in-branch and 4 off-site ATMs nationwide); 9 in-branch cash accept machine; 3 business centers and 15 sales offices mainly supporting the Bank's SME and consumer lending business and 32 APDS lending centers and 16 APD lending kiosks primarily supporting the Bank's APDS lending business.

The rapidly growing distribution network is enabled by a highly robust and integrated core banking platform FCBS by Infosys. The core banking systems 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 - SAVEMORE	Acacia Taguig Town Center, Acacia Estates, Ususan, Taguig City
2	ADRIATICO - HYPERMARKET	M.H. Del Pilar, Adriatico, Malate, Manila
3	ALABANG HILLS	G/F Alabang Comm'l Citi Arcade, Don Jesus Blvd.,Alabang, Muntinlupa City
4	AMANG RODRIGUEZ - SAVEMORE	Amang Rodriguez Avenue corner Evangelista St., Santolan, Pasig City
5	AMORANTO AVENUE	Unit 101 R Place Building, 255 N.S. Amoranto Sr. Ave., Quezon City
6	ANGELES - RIZAL	639 Rizal Street, Angeles City
7	ANGONO	Manila East Road cor Don Benito St., San Roque, Angono, Rizal
8	ANONAS - SAVEMORE	Maamo St., Road Lot 30, V. Luna and Anonas Extension, Sikatuna, Quezon City
9	ANTIPOLO	E.M.S. Bldg., Ground Floor L1 M.L. Quezon, Corner F. Dimanlig St. Antipolo City
10	ARANETA CENTER COD - SAVEMORE	Gen. Romulo St., Araneta Center, Cubao, Quezon City
11	ARAYAT	Cacutud, Arayat, Pampanga
12	AYALA AVENUE	6772 Ayala Avenue, Makati City
13	BACLARAN	3751 Quirino Avenue Corner Sta. Rita St., Baclaran, Parañaque City
14	BACOLOD	SKT Saturn Bldg., Lacson cor. Rizal Sts., Bacolod City

NO	BRANCH	LOCATION/ADDRESS
15	BACOOR - MOLINO	Avon Building, 817 Molino Road, Molino III, Bacoor, Cavite
16	BACOOR - TALABA	Unit 103 Bacoor Town Center - E. Aquinaldo Hi-Way Talaba Vii, Bacoor City, Cavite
17	BAGUIO - SESSION	B 108 Lopez Bldg., Session Road Cor Assumption Road, Baguio City
18	BALAGTAS	Ultra Mega Supermarket, Mcarthur Highway, Burol 1st, Balagtas, Bulacan
19	BALANGA - DM BANZON	D.M. Banzon Ave. Cor Sto. Domingo Street, Balanga Bataan
20	BALIBAGO	Mac Arthur Highway, Balibago, Angeles City
21	BALIUAG	No. 58 Plaza Naning St., Baliuag, Bulacan
22	BANAWE	No. 247-249 Banawe Street, Sta. Mesa Heights, Barangay Lourdes, Quezon City
23	BANGKAL	1661 Evangelista St. Bangkal, Makati City
24	BATANGAS - P. BURGOS	4 Burgos Street Batangas City
25	BIÑAN	San Vicente Binan Laguna
26	BINONDO - JUAN LUNA	694-696 Juan Luna St., Binondo, Manila
27	BLUMENTRITT	Blumentritt St, near Oroquieta St. , Sta. Cruz Manila
28	BONI AVENUE	Raymond Tower Boni, 615 Boni Avenue, Plainview, Mandaluyong City
29	BUENDIA	314 Buendia Avenue, Makati City
30	BUTUAN CITY	JMC Building, J.C. Aquino Avenue, Brgy. Lapu Lapu, Butuan City, Agusan Del Norte, 8600
31	CABANATUAN - BAYAN	Burgos Avenue Cabanatuan City
32	CAGAYAN DE ORO	Sergio Osmeña St., Cogon District, Cagayan de Oro City
33	CALAMBA	HK Bldg II, National Highway, Brgy. Halang, Calamba, Laguna
34	CAVITE CITY	485 P. Burgos St., Barangay 34, Caridad, Cavite City
35	CEBU - LAHUG	G/F Skyrise IT Bldg., Bgy. Apas, Lahug, Cebu City
36	CEBU - MANDAUE	A. Del Rosario Ave., Mantuyong, Mandaue City, Cebu
37	CEBU - MANGO	JSP Mango Realty Building Corner General Maxilom Avenue and Echavez Sts. Cebu City
38	CEBU MANDAUE - BASAK	Cebu North Road Basak Mandaue City
39	COMMONWEALTH AVENUE	Unit 101, JOCFER Building, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City
40	CUBAO	Fernandina 88 Condominium 222 P. Tuazon Ave, Araneta Center, Cubao, Quezon City
41	DAGUPAN	G/F Lyceum-Northwestern University, Tapuac District, Dagupan City
42	DARAGA	Rizal St., Brgy. San Roque, Daraga, Albay, Bicol
43	DASMARIÑAS	Veluz Plaza Building, Zone 1 Aguinaldo Hi-Way, Dasmarinas Cavite
44	DAU	MacArthur Highway, Dau, Mabalacat, Pampanga

NO	BRANCH	LOCATION/ADDRESS
45	DAVAO	G/F 8990 Corporate Center, Quirino Ave., Davao City
46	DAVAO - RECTO	C. Villa Abrille Building, C.M. Recto Avenue, Davao
47	DEL MONTE	392 Del Monte Avenue, Barangay Sienna, Quezon City
48	DIVISORIA	3/F Dragon 8 Shopping Center, C.M. Recto Avenue Corner Dagupan St., Divisoria, Manila
49	DOLORES	STCI Bldg. Mac Arthur Hiway Bgy San Agustin, City of San Fernando Pampanga
50	E. RODRIGUEZ SR. - HEMADY	Hemady Square, E. Rodriguez Avenue corner Dona Hemady St., Quezon City
51	ESPAÑA - SUN MALL	Ground Floor Sun Mall, Espana Boulevard corner Mayon St., Brgy. Sta. Teresita, Quezon City
52	FELIX HUERTAS - JT CENTRALE	Unit 103, Ground Floor, JT Centrale Mall, No. 1686 V. Fugoso St. corner Felix Huertas St., Sta. Cruz, Manila
53	FILINVEST CORPORATE CITY	BC Group Bldg., East Asia Drive, near corner Commerce Ave., Filinvest Corporate City, Alabang, Muntinlupa City
54	FTI - TAGUIG - HYPERMARKET	DBP Avenue, Food Terminal Inc., Western Bicutan, Taguig
55	G.ARANETA AVENUE	195 G. Araneta Avenue, Quezon City
56	GENERAL SANTOS	Santiago Boulevard General Santos City
57	GREENHILLS - ORTIGAS AVE.	Ground Floor VAG Building Ortigas Avenue, Greenhills San Juan, Metro Manila
58	GREENHILLS - WILSON	219 Wilson St., Greenhills, San Juan City
59	GUAGUA	Plaza Burgos, Guagua, Pampanga
60	GUIGUINTO - RIS	RIS-5 Industrial Complex, No. 68 Mercado Stree, Tabe, Guiguinto Bulacan, 3015
61	ILOILO - IZNART	Golden Commercial Bldg., Iznart, Iloilo City
62	ILOILO - JARO	Lopez Jaena corner EL 98 Streets, Jaro, Iloilo
63	IMUS - TANZANG LUMA	Tanzang Luma, Gen. Emilio Aguinaldo Highway, Imus Cavite
64	KALIBO - CITYMALL	F. Quimpo Street connecting Mabini and Toting Reyes Streets, Kalibo, Aklan
65	KALOOKAN	Augusto Bldg., Rizal Ave., Gracepark, Kalookan City
66	KALOOKAN - MABINI	AJ Building, #353 A. Mabini St, Kalookan City
67	KATIPUNAN AVENUE	One Burgundy Condominium, Katipunan Avenue, Quezon City
68	LA UNION	A.G. Zambrano Building Quezon Avenue San Fernando City, La Union
69	LAGRO	G/F Bonanza Building Quirino Hi-Way,Greater Lagro Novaliches Quezon City
70	LAGUNA - STA. CRUZ	E & E Building, Pedro Guevarra Avenue, Sta. Cruz, Laguna
71	LAOAG CITY	G/F LC Square Building, J.P. Rizal corner M.V. Farinas Sts., Laoag City, Ilocos Norte
72	LAS PINAS - ALMANZA UNO	Alabang Zapote Road, Almanza Uno, Las Piñas City
73	LEGAZPI CITY	F.Imperial St., Brgy. Bitano, Legazpi City, Albay
74	LINGAYEN	Unit 5-6, The Hub - Lingayen Bldg., National Road,

NO	BRANCH	LOCATION/ADDRESS
		Poblacion, Lingayen, Pangasinan
75	LIPA - CM RECTO	C.M. Recto Avenue, Lipa City
76	LOS BAÑOS - CROSSING	Batong Malake, Los Banos Laguna
77	LUCENA	Cor. Merchan & Evangelista Sts., Lucena City
78	MACABEBE	Poblacion, Macabebe, Pampanga
79	MAKATI - BAUTISTA	Lot 25 Blk 74 Bautista Street corner Buendia Avenue, Makati
80	MAKATI - CHINO ROCES	2176 Chino Roces Avenue, Makati City
81	MAKATI - J.P. RIZAL	882 J.P. Rizal St., Makati City
82	MALABON - FRANCIS MARKET - SAVEMORE	Francis Market, Governor Pascual corner M.H. Del Pilar Sts., Malabon
83	MALOLOS	Canlapan Street, Sto. Rosario, Malolos City, Bulacan
84	MALOLOS - CATMON	Paseo Del Congreso, Catmon Malolos City, Bulacan
85	MANDALUYONG	New Panaderos Ext., Mandaluyong City
86	MANDALUYONG - SHAW BLVD.	Ground Floor, 500 Shaw Tower, 500 Shaw Boulevard, Mandaluyong City
87	MANILA - STA. ANA - SAVEMORE	Savemore, Pedro Gil St., Sta. Ana, Manila
88	MARIKINA	33 Bayan-Bayanan Ave., Bgy. Concepcion 1 Marikina City
89	MARIKINA - GIL FERNANDO AVE.	CTP Building Gil Fernando Ave., Marikina City
90	MEYCAUAYAN	Mancon Building, Calvario Meycauayan, Bulacan
91	MOUNT CARMEL	Km 78 Mac Arthur Hiway Brgy. Saguin,San Fernando City Pampanga
92	MUÑOZ - JACKMAN	Jackman Plaza, Lower Ground Floor, EDSA-Munoz, Quezon City
93	NAGA	RL Building, Panganiban St., Lerma, Naga City
94	NEPA - Q. MART - SAVEMORE	Rose Building, 770 St. EDSA and K-G St., West Kamias, Quezon City
95	NINOY AQUINO AVE.	GF Skyfreight Building Ninoy Aquino Ave., Cor. Pascor Drive Paranaque City
96	OLONGAPO	Ground Floor, City View Hotel, 25 Magsaysay Drive, New Asinan, Olongapo City
97	ORANI	Brgy. Balut, Orani, Bataan
98	ORTIGAS CENTER	Ground Floor, Hanston Square, San Miguel Avenue, Ortigas Center, Pasig City
99	PARAÑAQUE - BETTER LIVING	90 Dona Soledad Avenue, Better Living Subd, Bicutan, Paranaque
100	PARAÑAQUE - BF HOMES	284 Aguirre Avenue, B.F. Homes, Paranaque
101	PARANAQUE - JAKA PLAZA	Jaka Plaza Center, Dr. A. Santos, Ave., Sucat Pque City
102	PARAÑAQUE - LA HUERTA	Quirino Avenue, La Huerta, Parañaque City
103	PARAÑAQUE - MOONWALK	Kassel Residence Building, E. Rodriguez Avenue, Moonwalk, Parañaque City

NO	BRANCH	LOCATION/ADDRESS
104	PASAY - LIBERTAD	533 Cementina St. Libertad, Pasay City
105	PASIG - CANIOGAN	Unit A, KSN Building, C. Raymundo Avenue, Caniogan, Pasig City
106	PASIG - MUTYA	Richcrest Building, Caruncho Corner Market Avenue, San Nicolas, Pasig City
107	PASIG - PADRE BURGOS	114 Padre Burgos St., Kapasigan, Pasig City
108	PASO DE BLAS	Andoks Bldg.629 Gen. Luis St.,Paso De Blas Valenzuela City
109	PATEROS	Unit CC1, G/F East Mansion Townhomes along Elisco Road, Sto. Rosario, Pateros, Metro Manila
110	PATEROS - ALMEDA	120 M. Almeda Street, Pateros, Metro Manila
111	PEDRO GIL	LKE Bldg. Pedro Gil corner Pasaje, Rosario St. Paco, Manila
112	PLARIDEL	Banga, Plaridel, Bulacan
113	PLAZA - STA. CRUZ	MBI Building, Unit 103, Plaza Sta. Cruz, Sta. Cruz, Manila
114	PORAC	Cangatba, Porac, Pampanga
115	QUEZON AVENUE	G/F GJ Bldg., 385 Quezon Ave., Quezon City
116	QUEZON AVENUE - PALIGSAHAN	1184-A Ben-Lor Bldg. Brgy. Paligsahan, Quezon City
117	QUIAPO - ECHAGUE	Palanca cor P. Gomez St., Echague, Quiapo, Manila
118	QUIAPO - QUEZON BOULEVARD	416 Quezon Boulevard, Quiapo, Manila
119	RADA	104 RADA ST. LEGASPI VILLAGE, MAKATI CITY
120	ROOSEVELT	342 Roosevelt Avenue, Quezon City
121	ROXAS AVE. - CAPIZ CITYMALL	Roxas Ave, brgy VI, Roxas City, Capiz
122	SAN FERNANDO	KHY Trading Bldg., San Fernando-Gapan Rd., San Fernando City, Pampanga
123	SAN FERNANDO - BAYAN	JSL Building, Consunji Street, City of San Fernando, Pampanga
124	SAN ILDEFONSO - SAVEMORE	Savemore Bldg. San Ildefonso, Poblacion, Bulacan
125	SAN JOSE DEL MONTE	Ground Floor, Giron Building, Gov. Halili Avenue, Tungkong Mangga, City of San Jose Del Monte, Bulacan
126	SAN JUAN	Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan
127	SAN MIGUEL	Norberto Street, San Miguel, Bulacan
128	SAN NARCISO	Brgy. Libertad,San Narciso, Zambales
129	SAN PABLO - RIZAL AVE.	Rizal Avenue Cor Lopez Jaena St. San Pablo City, Laguna
130	SAN PEDRO	Gen - Ber Bldg. National Highway Landayan, San Pedro Laguna
131	SAN RAFAEL	Cagayan Valley cor. Cruz na Daan Roads,San Rafael,Bulacan
132	SANTIAGO - VICTORY NORTE	Maharlika Highway Corner Quezon St. Victory Norte, Santiago City
133	SORSOGON CITY	God is Good Bldg, Purok 5 Rizal St., Piot, West District,

NO	BRANCH	LOCATION/ADDRESS
		Sorsogon City
134	SOUTH TRIANGLE	G/F, Sunnymede IT Center, Bgy. South Triangle, Quezon Ave., Quezon City
135	STA. ANA	Poblacion,Sta. Ana,Pampanga
136	STA. MARIA	Gen. Luna Cor De Leon Street, Sta. Maria, Bulacan
137	STA. MESA	4128 Ramon Magsaysay Blvd., Sta. Mesa, Manila
138	STA. RITA	San Vicente, Sta. Rita, Pampanga
139	STA. ROSA	Sta. Rosa-Tagaytay Highway, Sta. Rosa, Laguna
140	STA. ROSA - BALIBAGO	Old National Hi-Way Cor Roque Lazaga St. Sta. Rosa Laguna
141	STO. TOMAS	Agojo Corp. Building, Maharlika Hi-Way, Sto. Tomas Batangas
142	SUBIC	Baraca,Subic, Zambales
143	TACLOBAN CITY	YVI Center, BLDG A, Fatima Village, Tacloban City, Leyte
144	TAGAYTAY - MENDEZ - SAVEMORE	Mendez Crossing West, Tagaytay-Nasugbu Highway corner Mendez-Tagaytay Road, Tagaytay City
145	TAGUM - CITYMALL	Maharlika Highway cor. Lapu-Lapu Extension, Brgy. Magugpo Tagum City
146	TALISAY - NEGROS - SAVEMORE	Mabini St., Zone 12, Paseo Mabini, Talisay City, Negros Occidental
147	TANAUAN	Jose P. Laurel National Highway, Darasa, Tanauan City, Batangas
148	TANDANG SORA	Cecileville Bldg. III, 670 Tandang Sora Ave.corner General Ave, Tandang Sora, Quezon City
149	TARLAC - MAC ARTHUR	Mac Arthur Highway San Nicolas, Tarlac City
150	TAYTAY	C. Gonzaga Building II, Manila East Road, Taytay, Rizal
151	TAYUMAN	1925-1929 Rizal Avenue near corner Tayuman St., Sta. Cruz, Manila
152	TIMOG	Jenkinsen Towers 80 Timog Avenue, Quezon City
153	TUGUEGARAO	Metropolitan Cathedral Parish Rectory Complex Rizal St., Tuguegarao City
154	TWO E-COM	Two E-Com Center Tower B, Ocean Drive near corner Bayshore Drive, Mall of Asia Complex, Pasay City
155	UN AVENUE	552 United Nations Avenue,Ermita, Manila
156	URDANETA	Brgy. Nancayasan, Mc Arthur Hi-Way, Urdaneta City, Pangasinan
157	VALENZUELA - MARULAS	92 J Mac Arthur Hiway, Marulas, Valenzuela City
158	VIGAN	Quezon Ave. Corner Mabini Street., Vigan City
159	VISAYAS AVE.	Upper Ground Floor, Wilcon City Center Mall, Visayas Avenue, Quezon City
160	ZAMBOANGA - CITYMALL	City Mall, Don Alfaro St., Tetuan, Zamboanga

NO	ATM OFF-SITE	LOCATION/ADDRESS
1	CALAMBA DOCTORS	49 National Highway, Parian, Calamba City, Laguna

	HOSPITAL	
2	RIS DEVELOPMENT CORPORATION	168 Mercado Street, Tabe, Guiguinto, Bulacan 03015
3	ZAMECO	ZAMECO II Head Office Compound, Barangay Magsaysay, Castillejos, Zambales
4	SAINT LOUIS COLLEGE	Saint Louis College, Carlatan , San Fernando, 2500 La Union

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

NO	SALES OFFICE	LOCATION/ADDRESS
1	BAGUIO	B108 Lopez Building, 2F Session Road cor. Assumption Road, Baguio City
2	BACOLOD	Fordland Building I Annex, 11th Lacson Street, Brgy. 4 Bacolod City
3	CABANATUAN-BAYAN	2/F CBS Cabanatuan, Burgos Avenue, Cabanatuan City, Nueva Ecija
4	CAGAYAN DE ORO	Sergio Osmena Street, Cogon District, Cagayan De Oro City
5	DAGUPAN	G/F Lyceum-Northwestern University, Tapuac District, Dagupan City
6	GENSAN	2/F CBS General Santos Branch, Santiago Blvd., General Santos City
7	ILOILO - JARO	MSL Building, Quezon Street, Iloilo City
8	IMUS	OLMA Building, Aguinaldo Highway, Tanzang Luma 2, Imus City, Cavite
9	LA UNION	A.G. Zambrano Building Quezon Ave., San Fernando City, La Union
10	LEGASPI	F. Imperial St. Brgy. Bitano, Legazpi City, Albay
11	LIPA	C.M. Recto Ave., Lipa City
12	MARIKINA	CTP Building, 3F, Gil Fernando Ave., Marikina City
13	PLARIDEL	2nd Floor CBS Building, Cagayan Valley Road, Banga 1st, Plaridel, Bulacan
14	SAN PABLO	2F, Rizal Ave. cor. A. Fule, San Pablo City
15	URDANETA	Nancayan, Mac Arthur Highway, Urdaneta City, Pangasinan

NO	APDS LENDING CENTER	LOCATION/ADDRESS
1	TANAUAN	Jose P. Laurel National Highway, Darasa, Tanauan City, Batangas
2	LIPA	Address: 2F CBS Building CM Recto Avenue Brgy 4. Lipa City 4217
3	TACLOBAN	YVI Center Building, Fatima Village, Brgy. 77,

NO	APDS LENDING CENTER	LOCATION/ADDRESS
		Marasbaras, Tacloban City
4	CABANATUAN - BAYAN	2ND FLOOR DUMAR BUILDING PADRE BURGOS AVE.,CABANATUAN CITY, NUEVA, ECIJA
5	PAMPANGA	JSL Bldg. Consunji St., San Fernando, Pampanga
6	LINGAYEN	The Hub Bldg., G/F Unit 5&6, Solis St., Brgy. Poblacion, Lingayen, Pangasinan
7	BUTUAN	JMC Building, JC Aquino Ave. Butuan City, Agusan Del Norte
8	TAGUM	City Mall Maharlika Highway cor Lapu-lapu ext. Brgy. Magugpo, Tagum City
9	LEGAZPI	2nd floor Lot 4-6 Blk 20 PCS-1617, Sol's Subdivision, Purok 5, 37 Bitano, Legazpi City
10	SORSOGON	Chinabank Savings 2F God is Good Bldg. Rizal St. Piot Sorsogon
11	BATANGAS P. BURGOS	2nd Flr., 3 P. Burgos Street, Barangay 3, Batangas City
12	TUGUEGARAO	Ground Floor, Metropolitan Cathedral Parish Rectory Complex, Rizal St., Tuguegarao City
13	ROXAS	Ground floor, T-114 CityMall Roxas, Ave. Roxas Ave., Brgy. VI, Roxas City
14	CEBU	UNIT 204-205 JSP MANGO PLAZA BLDG. GEN. MAXILOM AVE., CORNER ECHAVEZ ST., CEBU CITY
15	SANTIAGO	JECO Building Maharlika Hi-way, Corner Quezon Ave. Victory Norte Santiago City
16	LA HUERTA	Quirino Avenue, La Huerta, Paranaque City
17	LUCENA	Cor. Merchan & Evangelista Sts., Lucena City
18	IMUS CAVITE	Gen. Emilio Aguinaldo Highway, anabu II imus cavite
19	SAN PABLO	Rizal Avenue Cor Lopez Jaena St. San Pablo City, Laguna
20	TAYTAY	2nd Floor, C Gonzaga Building 2, Manila East Road, Taytay, Rizal
21	LA UNION	A.G. Zambrano Building Quezon Avenue San Fernando City, La Union
22	VIGAN	GF Maestro Convention Complex Florentino St., Brgy 1, Vigan City
23	BAGUIO	B 108 Lopez Bldg., Session Road Corner Assumption Road, Baguio City
24	BACOLOD	Fordland 1 annex Bldg., 12th St. corner Lacson St. Bacolod City
25	NAGA	2nd floor Rl Building, Panganiban St., Lerma, Naga City
26	ILOILO IZNART	Golden Commercial Bldg., Iznart, Iloilo City
27	KALIBO	F. Quimpo Street connecting Mabini and Toting Reyes Streets, Kalibo, Aklan
28	CAGAYAN DE ORO	Sergio Osmeña St., Cogon District, Cagayan De Oro City
29	MALOLOS	2/f Canlapan St.,Sto. Rosario, Malolos City
30	QUEZON AVENUE	2nd Floor, G.J. Building, 385 Quezon Avenue, Quezon City
31	DAVAO	8990 Corporate Center, Quirino Ave., Davao City

NO	APDS LENDING CENTER	LOCATION/ADDRESS
32	GENERAL SANTOS	G F, Chinabank Savings, Inc., Santiago Boulevard, General Santos City

NO	APDS LENDING KIOSK	LOCATION/ADDRESS
1	PASSI CITY ILOILO	M. Palmares Street. Barangay Poblacion Ilawod, Passi City Iloilo
2	ESTANCIA ILOILO	Sitio Poblacion Highway Cano-An, Estancia Iloilo
3	GUIMARAS	Piazza Zemarcato Building San Miguel, Jordan, Guimaras
4	SAN NICOLAS, ILOCOS NORTE	VYV Building, Valdez Center, Barangay 1, San Nicolas, Ilocos Norte
5	IRIGA CITY, CAMARINES SUR	Everest Plaza Building, Zone 5, Highway 1, San Miguel, Iriga City, Camarines Sur
6	KABANKALAN CITY, NEGROS OCCIDENTAL	Dinsay Building, National Highway Mabinay, Kabankalan City, Negros Occidental
7	SAN CARLOS CITY, NEGROS OCCIDENTAL	V. Gustilo Street, San Carlos City, Negros Occidental
8	DIGOS CITY	CPP Building Ii, Rizal Avenue, Zone 1, Digos City, Davao Del Sur
9	GLAN, SARANGANI	Ruiz Bldg Hombrebueno St, Brgy Poblacion Glan, Saranggani Province
10	SAN JOSE DE BUENAVISTA, ANTIQUE	AML Building 1, corner Dalipeatabay, San Jose de Buenavista, Antique
11	CALBAYOG CITY, SAMAR	Rosales corner Rueda Streets, Calbayog City, Samar
12	GUMACA, QUEZON	Rm Building, Maharlika Highway, A. Bonifacio, Barangay Tabing Dagat, Gumaca, Quezon
13	BOGO CITY, CEBU	2nd Floor SIM Bldg. P Rodriguez St.Brgy La Purisima Conception Bogo City
14	CABARROGUIS, QUIRINO	Purok 1 Gundaway, Cabarroguis, Quirino Province
15	KORONADAL CITY, SOUTH COTABATO	MCM Villamor Building, Gen. San Drive, Zone 2, Koronadal Cityway, Cabarroguis, Quirino Province
16	URDANETA	Alexander Street cor. Belmonte Street, Poblacion, Urdaneta City Pangasinan

Status of Publicly Announced New Products and Services

PRODUCTS AND SERVICES	DATE LAUNCHED
None	N/A

In 2021, as in the previous year, social media was an important point of contact between CBS and its customers and prospects. Social media such as Facebook provided leads and a channel to support after sales concerns.

Competition

The Philippine banking system experienced sustained its resilience amid the challenges posed by the COVID-19 pandemic and continued to support the financing requirements of the domestic economy in 2021. The Philippine banking system remains sound and stable amid global uncertainties brought by the COVID-19 crisis.

In 2021, the thrift banking system displayed solid footing as evidenced by continued growth in assets, deposits, and capital, as well as sufficient capital and liquidity buffers, net profit and ample loan loss reserves. The asset expansion, which was largely funded by deposits, enabled the banking system to support the country's financing needs and to deliver relevant financial products and services during the pandemic.

The assets of the thrift banking (TB) industry increased by 11% to ₱1.3 trillion as of December 31, 2021. The asset expansion was primarily channeled to lending and investment activities while funding was mainly sourced from deposits which grew by 12% to ₱989.7 billion. Credit activities remained muted and the risk of infection continued to affect prospects for economic recovery. Gross loans declined YoY by 4% as of end-December 2021. Notwithstanding, lending activity is projected to improve in the coming months in view of the government's accelerated vaccination program and signs of recovery and economic reopening amid the continuing drop in COVID-19 infections and the overall improving pandemic situation in the country.

Capital of the TB industry rose by 2% to ₱164.9 billion. Meanwhile, the TB industry's capital adequacy ratio as of December 31, 2021 is 13.0% and remained well above the BSP's regulatory threshold of 10.0%.

To mitigate the adverse impact of the pandemic, the thrift banks' recovery measures include intensifying loan collection activities, stepping up loan monitoring, exercising prudence in loan releases, reducing cost of funds and boosting marketing campaigns for new loans and deposits, among others.

As of December 31, 2021, there were 47 thrift banks (end-2020: 48) operating domestically including microfinance-oriented banks. CBS believes that local players would maintain a solid foothold in the domestic market despite the tougher competition.

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, 2021, CBS was the fifth largest thrift bank in terms of resources and fourth in terms of loans and deposits.

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

Not applicable

Customer/Clients

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

Transaction With and/or Dependence on Related Parties

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

Transactions with related parties and with certain DOSRI are discussed in Notes 23 and 31 of 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 tradenames *'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 has strictly complied with the BSP requirements in terms of reserve, liquidity position, capital adequacy, limits on loans exposure, provision for losses 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

Below is the breakdown of the manpower complement in 2021 as well as the projected headcount for 2022:

	2021 Actual			**2022 Projected**		
	Officers	**Staff**	**Total**	**Officers**	**Staff**	**Total**

Marketing	443	167	610	450	230	680
Operations	415	707	1,122	426	723	1,149
Support	106	86	192	111	92	203
Technical	119	153	272	116	152	268
Grand Total	**1,083**	**1,113**	**2,196**	**1,103**	**1,197**	**2,300**

CBS ended the year 2021 with a total manpower of 2,196 employees. The number decreased by 3% from the previous year (2020 manpower: 2,267). Of the total headcount, 49% are officers and 51% are staff. The expansion of ADPS' business largely contributed to the increase.

The Bank has a CBS Training 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. This provides employees with key courses and training programs to match various stages of their careers, including refresher courses and advanced skills training, based on their specific areas of expertise. These courses are aimed at giving CBS officers and staff a sound grounding in core banking, as well as the development of soft skills. These include various aspects of financial services procedures, legal, compliance and risk management, leadership and team development, among other areas.

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

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

ANNEX "B"

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

1. Market Information

The registrant's equity is not listed in any exchange. There were no shares transferred in 2021 and 2020.

PERIOD	NO. OF SHARES TRANSFERRED	PRICE PER SHARE	
		High	Low
January 1, 2020 to March 31, 2022	No transaction		

2. Holders

The Bank's authorized common shares (P=100 par value) amounted to 134.0 million in 2021 and 2020 and authorized preferred shares (P=100 par value) amounted to 6.0 million in 2021 and 2020. There are approximately 1,423 stockholders of the 105,414,149 subscribed common shares as of March 31, 2022. The top 20 common shareholders as of March 31, 2022 are as follows:

NAME OF STOCKHOLDER	NUMBER OF SHARES	% OF HOLDINGS
1. China Banking Corporation	104,995,882	99.60%
2. Marinduque Mining and Industrial Corp.	46,002	0.04%
3. Bogo Medellin Milling Co., Inc.	33,521	0.03%
4. Reyes, Rodrigo C.	31,205	0.03%
5. Estate of Gil J. Puyat	13,729	0.01%
6. Development Bank of the Philippines	8,418	0.01%
7. Jipson, Espinela A.	8,248	0.01%
8. Cruz, Manuel C.	6,313	0.01%
9. Puyat, Patria Gil VDA. DE	5,350	0.01%
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%
20. Reyes, Felipe Delos, and OR Reyes, Rose M. R. De Los Reyes	3,670	0.00%

Annex “C”

MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

1. Plan of Operation

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. The Bank will leverage on the expertise of each business group and develop opportunities in high-growth industries in order to build market presence. Accordingly, CBS envisions becoming one of the top-performing financial institutions in terms of profitability and shareholder value over the next five years.

The Bank will focus on increasing its customer base by developing long-term, beneficial relationships with its customers and use network of branches, sales offices and business centers to deepen its reach within its existing territories. The Bank will leverage its strong tradition of personalized service to attract borrowers from teachers, auto and homebuyers, SMEs, without neglecting its services for entry-level customers like young professionals, wage-earners and micro entrepreneurs.

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) concentrate on high-yielding loans; (b) build current accounts/savings accounts (CASA) deposits; (c) reduce non-performing assets (NPAs) composed of real and other properties acquired (ROPA) and non-performing loans (NPLs); (d) increase non-interest income; and (e) improve operational efficiency. CBS has established its business strategy for 2022, with emphasis on adapting its capabilities to digital mediums in response to the lingering effects of the pandemic.

The top priority is to continuously expand the higher-yielding loan products. The APDS (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 2022. 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 opening additional lending centers and utilizing majority of its 160 brick-and-mortar branch network. The Bank will also implement grass-root acquisition strategies and build presence amongst educators and administrators. 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 Smallbiz loan facility and the smaller-ticket SME business loans. 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, active social media and marketing campaigns, and offering a broader menu of thrift banking products and services.
To fund its growing lending business, CBS will also focus on building up its low cost of funds or CASA. CASA growth is targeted to improve significantly with the launch of new deposit promos and faster, more efficient customer onboarding through digital means such as the CBS Mobile App. The Bank will improve client prospecting and servicing the emerging industries and deepening relationship with existing clients by offering comprehensive products and services. The Bank will aggressively push for more Cash Management Services (CMS) enrollments and accelerate its digital readiness as these initiatives will address the face-to-face limitations brought about by the current pandemic. The Bank will continue to pursue its digital banking effort, which transforms the traditional banking model into a customer-centric, process efficient, and technologically-driven business and integrates automated backroom support, channel management, and better customer engagement. The Bank will enhance the customer experience at every channel and touchpoint through product improvements and core banking system upgrades.

In view of the expectations that credit losses will be elevated across small businesses and in certain retail segments, the Bank will continue to pursue a more proactive and aggressive reduction of NPAs through its NPL Recovery Program, ROPA Reduction 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 with the easing of lockdown measures and as segment cross-selling and up-selling initiatives continue. Additional income would also come from Digital Banking Business and CMS products/services, and Bancassurance. Central to the Bank's strategy is Digital Banking Transformation, wherein more of its services will cater to digital mediums to provide a vastly improved customer experience. Together with China Bank, CBS will develop a "true" omnichannel platform that allows clients to access financial services faster and easier online or through mobile. In line with this, the Bank's digital presence, primarily through its website, will be mobile-optimized and sales-centric. Digital marketing for clients will also be developed, including criteria-based marketing campaigns and automatic lead tracking and nurturing.

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

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

The challenges of COVID-19 will likely continue to shape the country's economic, social, business, and political landscape for an uncertain amount of time. As the initial crisis measures to respond to the pandemic start to ease and thoughts turn to a post-pandemic world, CBS will redouble its efforts to accelerate digital transformation, to build greater resilience, and to drive economic recovery. As CBS cautiously but purposefully moves forward in the next years, CBS will continue to evolve and modify its strategies and approaches to adapt to current circumstances and to prepare for future demands and disruptions.

2. Management's Discussion and Analysis

a. Analysis of Statements of Condition

As of December 31, 2021 and 2020

CBS' foundational strength, customers' unwavering trust and loyalty, and the tremendous efforts of the CBS team enabled the Bank to rise above the ongoing challenges of the pandemic and to set the stage for CBS' sustained growth in 2021.

CBS ended 2021 with solid financial results, with P=95.8 billion in assets. The Bank continued to focus on preventing further deterioration of its asset quality more than loan growth, building-up stable and low-cost sources of funding, maintaining adequate level of liquidity, improving cost-efficiency and strengthening the balance sheet

Even as the Bank adjusted its growth targets to reflect the realities of the crisis and adopt a more prudent strategic stance, CBS grew its client base from 0.60 million to 0.65 million as of December 31, 2021.

Gross loans is almost flat at P=68.6 billion as loan demand remained weak due to the lingering economic uncertainties. Repositioned to focus on the retail market segment, the APD loan portfolio expanded by

21% or equivalent to growth of P=2.9 billion and replaced the decline in SME loans. Despite the slowdown in the retail lending landscape, the retail housing and auto loans steadily recovered in 2021.

Total Deposits reached P=81.8 billion underpinned by 19% growth in checking and savings accounts (CASA). As the Bank focused on retail and cheaper sources, CASA ended with P=44.4 billion, representing 54.3% of the deposit mix. The CASA growth, decline in high-cost funds and continued downward repricing resulted in an overall improvement in year-to-date cost of funds that translated to a significant improvement in net interest margin.

Capital increased to P=11.3 billion, as a result of the improved operations of the Bank for the year. The Bank's total CAR was computed at 14.1% as of December 31, 2021, which remained well above the BSP's regulatory threshold of 10.0%.

As of December 31, 2020 and 2019

The year 2020 was a tough and challenging year. The Bank focused on preventing further deterioration of its asset quality more than growth, building-up of more stable and low-cost sources of funding, maintaining adequate level of liquidity, improving cost-efficiency and strengthening the balance sheet. By the end of 2020, total assets peaked at P=98.6 billion, total deposits reached P=85.5 billion and total gross loans hit P=68.8 billion. CBS grew its client base from 0.56 million to 0.60 million as of December 31, 2020.

Gross Loans reached P=68.8 billion despite the Bank's stance to exercise prudence and reduce exposure to vulnerable sectors. Amid pandemic, APD loans recorded a significant growth of 45% and replaced the paid-off SME loans. Also, despite the slowdown in the retail lending landscape, the retail housing and auto loans steadily recovered in the last quarter of 2020.

Total Deposits reached P=85.5 billion. As the Bank focuses on retail and cheaper sources, CASA recorded a P=4.5 billion growth during the year and ended with P=37.2 billion, representing 44% of the deposit mix. The CASA growth, decline in high-cost funds and continued downward repricing resulted in an overall improvement in year-to-date cost of funds that translated to improvement in net interest margin.

Capital increased to P=10.3 billion, as a result of the improved operations of the Bank for 2020. The Bank's total CAR was computed at 12.8% as of December 31, 2020, which remained well above the BSP's regulatory threshold of 10.0%.

b. Discussion of Results of Operations

For the years ended December 31, 2021 and 2020

The Bank achieved a net income of P=986.46 million in 2021. Amid the economic downturn due to the pandemic, CBS continued to post strong growth in its core businesses, to provide higher pandemic-related buffers, and to keep the growth of operating expenses moderate despite adjusting priorities for pandemic-related expenses.

The financial results were supported by the 25% growth in net interest income due to 8% increase in interest income in view of the growth in consumer and APD loans and 42% drop in interest expense due to high CASA level and reduction of high-cost funds.

Total interest income increased by 8% or P=484.80 million, higher than the P=5.87 billion recorded in 2020. On the other hand, interest expense on the Bank's deposit liabilities was lower by 42% to P=841.04 million compared to P=1.45 billion during the same period in 2020 due to the combined impact of significant CASA growth, decline in high-cost funds and continued downward repricing.

Service charges, fees and commissions increased by 144%. Despite hampered activities of the Bank, CBS was still able to catch-up on earning service fee and collection charges, mainly attributed to its retail lending business and deposit generation. The Bank also registered an increase in its gain on the sale and foreclosure of investment properties on account of foreclosures and repossession activities.

To address potential loan defaults that may arise from a drawn out pandemic, CBS booked credit provisioning of P=1.25 billion, which is 38% higher than the P=905.5 million provisions booked for the same period of previous year. Compensation and fringe benefits decreased by 5% due to the Bank's efforts to reduce manpower cost through its rationalization and redeployment programs. The overall slight increase in operating expenses of 3%, excluding provisions, was due to the continued implementation of cost management initiatives which resulted to cost savings. In addition, moderate banking operations in areas implementing stricter quarantine measures contributed to further OPEX savings.

For the years ended December 31, 2020 and 2019

The Bank achieved a net income of P=506.38 million in 2020. The financial results were supported by the growth in net interest income as interest expense significantly declined and due to lower operating expenses. Meanwhile, provisions accelerated to P=905.5 million or 261% higher versus last year.

Total interest income decreased by 10% or P=642.66 million, lower than the P=6.5 billion recorded in 2019. On the other hand, interest expense on the Bank's deposit liabilities was lower by 46% to P=1.4 billion compared to P=2.7 billion during the same period in 2019 due to the combined impact of significant CASA growth, decline in high-cost funds and continued downward repricing.

Service charges, fees and commissions decreased by 35% due to the slowdown in 2020 lending activity. The Bank also registered a decline in its gain on the sale and foreclosure of investment properties on account of slower foreclosures and repossession activities due to court closures amid lockdowns.

Compensation and fringe benefits increased to a managed level of 2%. The overall decrease in operating expenses was due to strict implementation of cost-cutting measures along with the scaled down banking operations caused by various community quarantines and lockdowns.

c. Key Performance Indicators

	2021	2020	2019
Capitalization Ratio			
Total Capital Adequacy Ratio	**14.09%**	12.77%	11.86%
Asset Quality			
Non-Performing Loans to Total Loans	**6.89%**	8.06%	5.78%
Liquidity			
Liquid Assets to Total Deposits	**20.67%**	21.63%	26.46%

	2021	2020	2019
Profitability			
Return on Equity (ROE)	**9.12%**	5.06%	6.61%
Return on Assets (ROA)	**1.02%**	0.50%	0.63%
Cost Efficiency			
Operating Expenses to Total Income*	**78.58%**	94.60%	88.52%

2021 vs. 2020 Comparative highlights on key performance indicators

Capital adequacy ratio as of December 31, 2021 increased to 14.1%. NPL ratio improved to 6.9% as of end-2021 as compared to the 8.1% in 2020.

ROE and ROA for the year 2021 is at 9.1% and 1.0%, respectively, which is almost double than end-2020's 5.1% and 0.5%, respectively. Meanwhile, cost efficiency ratio improved to 78.6% as of December 31, 2021, from 94.6% as of December 31, 2020.

2020 vs. 2019 Comparative highlights on key performance indicators

Capital adequacy ratio as of December 31, 2020 was at 12.8%. NPL ratio increased to 8.1% as of end-2020 as compared to the 5.8% in 2019.

ROE and ROA for the year 2020 is at 5.1% and 0.5%, respectively, lower than end-2019's 6.6% and 0.6%, respectively. Meanwhile, cost efficiency ratio increased to 94.6% as of December 31, 2020, from 88.5% as of December 31, 2019.

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 2022.

b. Events that will Trigger Direct or Contingent Financial Obligation

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

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

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

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

	2021	2020
Committed credit lines	**₱531,083,989**	₱288,166,099
Standby domestic letters of credit	**93,960,357**	107,050,106
Late deposits/payments received	**8,320,699**	22,270,117
Outward bills for collection	**1,866,299**	1,757,393
Others	**104,374**	161,794
	₱635,335,718	₱419,405,509

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

d. Material Commitments for Capital Expenditures

The Bank's capital expenditures in 2021 included expenses for renovation and relocation of branches, new APDS loan centers and upgrade of bank premises including infrastructure, furniture, fixtures and equipment, IT-related activities on systems and licenses. For 2022, the Bank plans to open a number of APDS lending centers, APDS lending branch lites and portable lending kiosks. Capital expenditures will be sourced from the Bank's capital and operations.

e. 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.

f. Known Trends, Events or Uncertainties or Seasonal Aspects

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

Annex "D"

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CHINA BANK SAVINGS, INC.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

RICARDO R. CHUA
Chairman of the Board

JAMES CHRISTIAN T. DEE
President

CHARMAINE S. HAO
Vice President I and
Treasurer

LUIS BERNARDO A. PUHAWAN
First Vice President II and
Controller

SUBSCRIBED AND SWORN to before me this MAR 31 2022 day of ____ 2022 affiant(s) exhibiting to me their government-issued identification cards, as follows:

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

Doc. No. 95;
Page No. 20;
Book No. CXCVII;
Series of 2022.

ATTY. NOEL V. DANTING
Notary Public until June 30, 2022
Appointment No. M-36 (2020-2021)
Roll No. 47096 IBP No. 08446
PTR No. 8852732 01/04/22 Makati
MCLE Compliance No. VI-0014069
169 H.V. Dela Costa St., Makati City

Annex "E"

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph

The following document has been received:

Receiving: Mark Jason Orcine
Receipt Date and Time: April 07, 2022 02:22:27 PM

Company Information

SEC Registration No.: 0000016962
Company Name: CHINA BANK SAVINGS, INC.
Industry Classification: J65910
Company Type: Stock Corporation

Document Information

Document ID: OST1040720228288948
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2021
Submission Type: Annual
Remarks: None

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CHINA BANK SAVINGS, INC.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

RICARDO R. CHUA
Chairman of the Board

JAMES CHRISTIAN T. DEE
President

CHARMAINE S. HAO
Vice President I and
Treasurer

LUIS BERNARDO A. PUHAWAN
First Vice President II and
Controller

SUBSCRIBED AND SWORN to before me this MAR 3 1 2022 day of 2022 affiant(s) exhibiting to me their government-issued identification cards, as follows:

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

Doc. No. 95;
Page No. 20;
Book No. CXCIII;
Series of 2022.

ATTY. NOEL V. DANTING
Notary Public until June 30, 2022
Appointment No. M-36 (2020-2021)
Roll No. 47096 IBP No. 08446
PTR No. 8852732 01/04/22 Makati
MCLE Compliance No. VI-0014069
169 H.V. Dela Costa St., 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)
1,545	3rd Thursday of June	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Luis Bernardo A. Puhawan	lbapuhawan.cbs@chinabank.ph	8988-9555	N/A

CONTACT PERSON's ADDRESS

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

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

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

SGV
Building a better working world

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

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

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION

Date APR 06 2022 TSIS

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RHEA ARAGON

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, 2021 and 2020, 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, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, 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, 2021 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.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION

Date APR 06 2022 TSIS

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RHEA ARAGON

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.

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BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
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- 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 Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 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 BSP Circular No. 1074 in Note 31 and Revenue Regulations 15-2010 in Note 32 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.

Janet A. Paraiso

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 17, 2022

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION

Date APR 06 2022 TSIS

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CHINA BANK SAVINGS, INC.

(A Subsidiary of China Banking Corporation)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020 (Note 2)
ASSETS		
Cash and Cash Equivalents (Notes 6 and 24)	**₱15,011,773,502**	₱17,058,512,786
Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	**1,893,635,076**	1,428,284,846
Investment Securities at Amortized Cost (Note 7)	**5,297,944,720**	5,261,894,262
Loans and Receivables (Note 8)	**65,376,612,619**	65,824,332,216
Non-current Assets Held for Sale (Note 9)	**252,798,022**	428,293,981
Property and Equipment (Note 10)	**1,647,203,494**	1,586,314,051
Investment Properties (Note 11)	**2,338,390,848**	2,323,337,378
Branch Licenses (Note 12)	**74,480,000**	74,480,000
Software Costs (Note 12)	**35,090,416**	44,742,618
Deferred Tax Asset (Note 22)	**1,164,473,203**	1,226,880,514
Other Assets (Notes 13 and 24)	**2,660,077,987**	3,337,579,933
	₱95,752,479,887	₱98,594,652,585
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities (Notes 15 and 23)		
Demand	**₱23,768,918,860**	₱18,951,547,261
Savings	**20,646,073,006**	18,248,652,137
Time	**37,380,174,149**	48,258,543,260
	81,795,166,015	85,458,742,658
Manager's Checks	**388,246,464**	502,133,855
Accrued Interest and Other Expenses (Note 16)	**343,030,744**	200,069,877
Income Tax Payable	**146,099**	130,756
Other Liabilities (Notes 16 and 24)	**1,896,742,525**	2,129,888,276
	84,423,331,847	88,290,965,422
Equity		
Capital stock (Note 18)	**10,543,579,100**	10,543,579,100
Additional paid-in capital (Note 18)	**485,049,814**	485,049,814
Other equity - stock grants (Note 18)	**17,277,400**	18,286,290
Other equity reserves (Note 28)	**(2,248,520,637)**	(2,248,520,637)
Surplus (Note 18)	**2,458,819,483**	1,472,363,621
Remeasurement gains (losses) on retirement benefit (Note 20)	**66,113,624**	(404,555)
Net unrealized gains (losses) on financial assets at fair value through other comprehensive income (Note 7)	**(31,783,083)**	4,299,021
Cumulative translation adjustment	**38,612,339**	29,034,509
	11,329,148,040	10,303,687,163
	₱95,752,479,887	₱98,594,652,585

See accompanying Notes to Financial Statements.

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

	Years Ended December 31		
	2021	2020 (Note 2)	2019 (Note 2)
INTEREST INCOME			
Loans and receivables (Notes 8 and 23)	**₱5,955,951,115**	₱5,371,098,892	₱5,855,568,962
Investment securities (Note 7)	**242,801,087**	252,198,202	403,317,745
Interbank loans receivable and securities purchased under resale agreements (Note 6)	**29,351,355**	73,474,293	195,271,068
Due from Bangko Sentral ng Pilipinas and other banks (Notes 6 and 23)	**126,186,058**	172,715,868	57,988,637
	6,354,289,615	5,869,487,255	6,512,146,412
INTEREST EXPENSE			
Deposit liabilities (Notes 15 and 23)	**841,037,755**	1,447,786,542	2,660,109,861
Lease liabilities (Note 21)	**43,017,890**	49,175,465	57,763,561
	884,055,645	1,496,962,007	2,717,873,422
NET INTEREST INCOME	**5,470,233,970**	4,372,525,248	3,794,272,990
Service charges, fees and commissions	**471,562,919**	193,495,165	297,735,419
Gain on asset exchange - net (Notes 9, 11 and 23)	**202,952,436**	75,905,376	446,346,861
Income from property rentals (Notes 11, 21 and 23)	**58,804,838**	19,283,808	29,827,848
Trading and securities gains - net (Note 7 and 23)	**15,123,373**	26,696,960	–
Gain on disposal of investment securities at amortized cost (Notes 7 and 23)	**–**	–	117,948,013
Miscellaneous (Note 19)	**85,568,387**	74,081,491	87,357,046
TOTAL OPERATING INCOME	**6,304,245,923**	4,761,988,048	4,773,488,177
Compensation and fringe benefits (Notes 20 and 23)	**1,275,225,169**	1,341,048,485	1,312,559,000
Provision for impairment and credit losses (Note 14)	**1,246,979,955**	905,504,244	250,582,037
Depreciation and amortization (Notes 10, 11 and 12)	**435,646,811**	453,125,761	487,256,814
Taxes and licenses	**357,274,981**	245,326,535	346,592,543
Security, clerical, messengerial and janitorial	**252,474,530**	224,520,234	278,535,583
Insurance	**246,850,371**	260,729,345	246,862,118
Documentary stamp taxes	**208,543,219**	270,887,419	343,581,629
Acquired asset and other litigation expenses	**200,911,325**	119,601,890	182,312,670
Occupancy costs (Note 21)	**105,445,275**	122,204,001	131,781,947
Transportation and travel	**102,765,466**	100,385,221	126,106,142
Entertainment, amusement and recreation (Note 22)	**89,924,769**	89,984,965	118,248,652
Utilities	**88,991,334**	84,248,310	105,696,611
Data processing and information technology (Note 23)	**47,259,282**	35,945,342	33,697,778
Stationery, supplies and postage	**32,556,116**	23,340,781	28,946,607
Management and other professional fees	**6,554,546**	5,596,519	6,626,151
Miscellaneous (Notes 11 and 19)	**256,863,413**	222,161,631	226,045,629
TOTAL OPERATING EXPENSES	**4,954,266,562**	4,504,610,683	4,225,431,911
INCOME BEFORE INCOME TAX	**1,349,979,361**	257,377,365	548,056,266
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 22)	**363,523,499**	(249,002,718)	(73,542,701)
NET INCOME	**₱986,455,862**	₱506,380,083	₱621,598,967

See accompanying Notes to Financial Statements.

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

	Years Ended December 31		
	2021	2020 (Note 2)	2019 (Note 2)
NET INCOME	**₱986,455,862**	₱506,380,083	₱621,598,967
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)	**(38,318,200)**	18,917,818	63,527,565
Cumulative translation adjustment	**9,577,830**	(14,073,094)	(2,572,191)
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	**2,236,096**	(2,054,474)	5,606,337
Remeasurement gains (losses) on retirement asset (liability), net of tax (Note 20)	**66,518,179**	46,527,276	(47,679,676)
	40,013,905	49,317,526	18,882,035
TOTAL COMPREHENSIVE INCOME	**₱1,026,469,767**	₱555,697,609	₱640,481,002

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Other Equity - Stock Grants (Note 18)	Other Equity Reserves (Note 28)	Surplus (Note 18)	Remeasurement Gains (Losses) on Retirement Benefit (Note 20)	Net Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	Cumulative Translation Adjustment	Total Equity
Balances at January 1, 2021	**₱10,543,579,100**	**₱485,049,814**	**₱18,286,290**	**(₱2,248,520,637)**	**₱1,472,363,621**	**(₱404,555)**	**₱4,299,021**	**₱29,034,509**	**₱10,303,687,163**
Total comprehensive income (loss) for the year	–	–	–	–	**986,455,862**	**66,518,179**	**(36,082,104)**	**9,577,830**	**1,026,469,767**
Stock grants (Note 18)	–	–	**(1,008,890)**	–	–	–	–	–	**(1,008,890)**
Balances at December 31, 2021	**₱10,543,579,100**	**₱485,049,814**	**₱17,277,400**	**(₱2,248,520,637)**	**₱2,458,819,483**	**₱66,113,624**	**(₱31,783,083)**	**₱38,612,339**	**₱11,329,148,040**
Balances at January 1, 2020	₱10,543,579,100	₱485,049,814	₱–	(₱2,248,520,637)	₱965,983,538	(₱46,931,831)	(₱12,564,323)	₱43,107,603	₱9,729,703,264
Total comprehensive income (loss) for the year	–	–	–	–	506,380,083	46,527,276	16,863,344	(14,073,094)	555,697,609
Stock grants (Note 18)	–	–	18,286,290	–	–	–	–	–	18,286,290
Balances at December 31, 2020	₱10,543,579,100	₱485,049,814	₱18,286,290	(₱2,248,520,637)	₱1,472,363,621	(₱404,555)	₱4,299,021	₱29,034,509	₱10,303,687,163
Balances at January 1, 2019	₱10,543,579,100	₱485,049,814	₱–	(₱2,248,520,637)	₱347,992,619	₱747,845	(₱85,306,273)	₱45,679,794	₱9,089,222,262
Total comprehensive income (loss) for the year	–	–	–	–	621,598,967	(47,679,676)	69,133,902	(2,572,191)	640,481,002
Realized loss on sale of equity securities at fair value through other comprehensive income	–	–	–	–	(3,608,048)	–	3,608,048	–	–
Balances at December 31, 2019	₱10,543,579,100	₱485,049,814	₱–	(₱2,248,520,637)	₱965,983,538	(₱46,931,831)	(₱12,564,323)	₱43,107,603	₱9,729,703,264

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION

Date APR 06 2022 TSIS

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

	Years Ended December 31		
	2021	2020 (Note 2)	2019 (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,349,979,361**	₱257,377,365	₱548,056,266
Adjustments for:			
Provision for impairment and credit losses (Note 14)	**1,246,979,955**	905,504,244	250,582,037
Depreciation and amortization (Notes 10, 11 and 12)	**435,646,811**	453,125,761	487,256,814
Gain on asset exchange (Notes 9, 11 and 23)	**(202,952,436)**	(75,905,376)	(446,346,861)
Amortization of premium on investment securities	**47,999,579**	43,544,062	17,931,986
Interest on lease liabilities (Note 21)	**43,017,890**	49,175,465	57,763,561
Realized trading gains on financial assets at fair value through other comprehensive income (Note 7)	**(15,123,373)**	(26,696,960)	–
Stock grants (Note 18)	**(1,008,890)**	18,286,290	–
Gain on disposal of investment securities at amortized cost (Notes 7 and 23)	–	–	(117,948,013)
Changes in operating assets and liabilities:			
Decrease (increase) in the amounts of:			
Loans and receivables	**(2,150,499,948)**	(1,078,173,616)	(3,026,836,526)
Other assets (Note 13)	**743,557,820**	(1,191,294,339)	(273,793,100)
Increase (decrease) in the amounts of:			
Deposit liabilities	**(3,663,576,643)**	(3,742,195,675)	4,599,465,547
Manager's checks	**(113,887,391)**	39,391,450	(21,437,516)
Accrued interest and other expenses	**142,960,867**	(194,154,593)	(24,626,516)
Other liabilities (Note 16)	**(282,654,556)**	447,752,865	383,828,850
Net cash generated from (used in) operations	**(2,419,560,954)**	(4,094,263,057)	2,433,896,529
Income tax paid (Note 22)	**(323,273,569)**	(158,117,747)	(152,971,156)
Net cash provided by (used in) operating activities	**(2,742,834,523)**	(4,252,380,804)	2,280,925,373
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Financial assets at fair value through other comprehensive income	**(1,234,574,317)**	(1,236,366,324)	–
Property and equipment (Note 10)	**(194,970,740)**	(76,220,684)	(160,081,572)
Investment securities at amortized cost	**(67,900,069)**	(2,104,961,524)	(921,935,660)
Software costs (Note 12)	**(6,507,841)**	(10,289,163)	(15,561,541)
Proceeds from sale/maturity of:			
Financial assets at fair value through other comprehensive income	**768,751,800**	781,605,587	151,248,429
Non-current assets held for sale (Note 9)	**712,456,137**	373,039,790	514,196,567
Investment properties (Notes 9 and 11)	**707,861,301**	615,356,498	1,376,206,100
Investment securities at amortized cost	**199,548,000**	561,936,292	6,060,273,607
Property and equipment (Note 10)	**14,315,678**	9,568,633	5,392,029
Net cash provided by (used in) investing activities	**898,979,949**	(1,086,330,895)	7,009,737,959
CASH FLOWS FROM FINANCING ACTIVITY			
Payments of principal portion of lease liabilities (Note 21)	**(235,555,861)**	(214,834,299)	(195,866,966)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**32,671,151**	(60,840,554)	26,849,649
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,046,739,284)**	(5,614,386,552)	9,121,646,015
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**17,058,512,786**	22,672,899,338	13,551,253,323
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱15,011,773,502**	₱17,058,512,786	₱22,672,899,338

OPERATIONAL CASH FLOWS FROM INTEREST			
Interest received	**₱6,874,027,454**	₱4,732,347,952	₱6,472,154,568
Interest paid	**905,850,428**	1,622,113,895	2,755,192,472

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

China Bank Savings, Inc. (the Bank or CBS) 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. As of December 31, 2021 and 2020, the Bank has 160 and 158 branches, respectively.

The Bank's original Certificate of Incorporation was issued by the Philippine Securities and Exchange Commission (SEC) on May 23, 1960. 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, 2021 and 2020, CBC, the ultimate parent bank, has ownership interest in the Bank of 99.60%.

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

2. Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (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).

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

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

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

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

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the following new accounting pronouncements which became effective as of January 1, 2021. These changes in the accounting policies did not have any significant impact on the financial position or performance of the Bank.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond June 30, 2021*
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Change in the presentation of upfront service fee on automatic payroll deduction loans
In 2021, the Bank changed the presentation of the upfront fees on loans from "Service charges, fees and commission" to "Interest income on loans and receivable" and the related deferred upfront fees from "Other liabilities" to "Loans and receivables". Accordingly, the Bank effected the change in the 2020 and 2019 comparative financial information to be consistent with the 2021 presentation. The change did not have an impact on the Net income or Total comprehensive income of the Bank for the years ended December 31, 2020 and 2019. Under PFRS 9, *Financial Instruments*, upfront fees are origination fees received on the creation or acquisition of a financial asset and are considered an integral part of the effective interest rate calculation and in the interest income recognition.

The impact of the change in the presentation of upfront service fee is as follows:

	As at and for the year ended December 31, 2020		
	As previously reported	Effect of change	As adjusted
Statements of Financial Position			
Loans and receivables	₱66,088,008,568	(₱263,676,352)	₱65,824,332,216
Total assets	98,858,328,937	(263,676,352)	98,594,652,585
Other liabilities	2,393,564,628	(263,676,352)	2,129,888,276
Total liabilities	88,554,641,774	(263,676,352)	88,290,965,422
Statements of Comprehensive Income			
Interest income on loans and receivables	4,822,462,297	548,636,595	5,371,098,892
Total interest income	5,320,850,660	548,636,595	5,869,487,255
Net interest income	3,823,888,653	548,636,595	4,372,525,248
Service charges, fees and commission	742,131,760	(548,636,595)	193,495,165
Statements of Cash Flows			
Cash flows from Operating Activities			
Increase (decrease) in			
Loans and receivables	(814,497,264)	(263,676,352)	(1,078,173,616)
Other liabilities	184,076,513	263,676,352	447,752,865

	For the year ended December 31, 2019		
	As previously reported	Effect of change	As adjusted
Statements of Comprehensive Income			
Interest income on loans and receivables	₱5,297,951,221	₱557,617,741	₱5,855,568,962
Total interest income	5,954,528,671	557,617,741	6,512,146,412
Net interest income	3,236,655,249	557,617,741	3,794,272,990
Service charges, fees and commission	855,353,160	(557,617,741)	297,735,419
Statements of Cash Flows			
Cash flows from Operating Activities			
Increase (decrease) in			
Loans and receivables	(2,830,279,917)	(196,556,609)	(3,026,836,526)
Other liabilities	187,272,241	196,556,609	383,828,850

Significant Accounting Policies

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

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

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

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

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

Foreign Currency Translation

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

Transactions and balances

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

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

FCDU

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

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

Fair Value Measurement

The Bank measures financial instruments, such as financial assets at FVPL and 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 to meet the Bank's cash requirements as allowed by the BSP.

SPURA

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

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

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

Initial recognition of financial instruments

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

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Bank recognizes the difference between the transaction price and the fair value (a 'Day 1' difference) in the statement of income unless it qualifies for recognition as some other type of asset. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification, Reclassification and Impairment of Financial Assets

Classification and measurement

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

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

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

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

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

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

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

The Bank's measurement categories are described below:

Investment securities at amortized cost

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

- the asset is held within the Bank's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value. The amortization is included in 'Interest income' in the statement of income.

Gains or losses are recognized in the statement of income when these investments are derecognized or impaired, as well as through the amortization process. Gains or losses arising from disposals of these instruments are also included in ‘Gains (losses) on disposal of investment securities at amortized cost’ in the statement of income. The ECL is recognized in the statement of income under provision for impairment and credit losses. The effects of revaluation of foreign currency-denominated investments are recognized in the statement of income.

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

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

Financial assets at FVPL
Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Bank has chosen to designate as at FVPL at initial recognition, are classified as financial assets at FVPL. Equity investments are classified as financial assets at FVPL, unless the Bank designates an equity investment that is not held for trading as at FVOCI at initial recognition. As of December 31, 2021 and 2020, the Bank does not have financial assets at FVPL.

Financial assets at FVOCI - equity investments
At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Bank for trading. The Bank has designated its unquoted equity investments as at FVOCI as these are not held for trading purposes.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in net unrealized 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-free’ account. Any dividends earned on holding these equity instruments are recognized in profit or loss under ‘Miscellaneous income’ account.

Financial assets at FVOCI - debt investments
The Bank applies the category of debt instruments measured at FVOCI when both of the following conditions are met:
- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. The ECL calculation for financial assets at FVOCI is explained in the ‘Impairment of Financial Assets’ section.

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

Reclassification
The Bank can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Bank is required to reclassify financial assets:
(i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
(ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in business model occurs when the Bank either begins or ceases to perform an activity that is significant to its operations. A change in the objective of the Bank's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Impairment of financial assets
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 impaired financial instruments.

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

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:
- the rights to receive cash flows from the asset have expired; or
- the Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Bank has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred control over the asset.

Where the Bank has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Bank’s continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

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

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

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

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

The Bank considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Bank considers the following factors, among others:
- introduction of an equity feature;
- change in counterparty; and
- if the modification results in the asset no longer considered SPPI.

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

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

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

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

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

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

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

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

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

NCAHS

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

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

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

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

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

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

Property and Equipment

Land is stated at cost less any impairment in value while depreciable properties including buildings and furniture, fixture and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred and if the recognition criteria are met, but excluding repairs and maintenance costs. Leasehold rights and improvements are stated at cost less accumulated amortization, and any impairment in value.

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

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

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

Investment Properties

Investment properties include real properties acquired in settlement of loans and receivables and investments in real estate.

Real properties acquired in settlement of loans and receivables

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

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

These properties are carried at cost, which is the fair value at acquisition date including certain transaction costs, less accumulated depreciation and impairment in value. Transaction costs, which include nonrefundable capital gains tax and documentary stamp tax, incurred in connection with foreclosure are capitalized as part of the carrying values of the cost of the real properties acquired. Investment properties acquired through a nonmonetary asset exchange is measured initially at fair value unless (a) the exchange lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable, where the net carrying value of the related loans and receivables is used. The difference between the fair value of the foreclosed properties and the carrying value of the related receivables given up is recognized in 'Gain (loss) on asset exchange' account in the statement of comprehensive income. Subsequent to initial recognition, real properties acquired in settlement of loans and receivables are stated at cost less accumulated depreciation and any accumulated impairment in value. Depreciation is computed on a straight-line basis over the EUL from the time of acquisition of the investment properties but not to exceed 10 years.

Investments in real estate

Investments in real estate consist of investments in land and building. The Bank applies the cost model in accounting for investments in real estate. Investment in land is carried at cost less impairment in value. Building is carried at cost less accumulated depreciation and impairment in value. All costs that are directly attributable to the acquisition and development of property are capitalized, including borrowing costs incurred to finance the property development. Depreciation is computed on a straight-line basis between 20 to 40 years.

Subsequent measurement of investment properties

The EUL of investment properties and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

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

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Intangible Assets
Intangible assets consist of software costs and branch licenses.

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

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

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

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

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

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

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

Under the equity method, an investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Bank's share of the net assets of the associates. Goodwill, if any, relating to an associate is included in the carrying value of the investment and is not amortized. When the Bank increases its ownership interest in an associate that continues to be accounted for under the equity method, the cost for the additional interest is added to the existing carrying amount of the associate and the existing interest in the associate is not remeasured.

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

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

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

As of December 31, 2021 and 2020, the investment in an associate, which was acquired as a result of merger with PDB, is fully impaired (Note 13).

Impairment of Nonfinancial Assets

At each reporting date, the Bank assesses whether there is any indication that its nonfinancial assets (i.e., property and equipment, investment properties, investment in a subsidiary and an associate, software cost) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against the statement of income in the period in which it arises.

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

After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a lessee

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

a. *Right-of-use assets*

   The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized adjusted by lease payments made at or before the commencement date and lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the depreciable assets. The depreciation expense is presented under 'Depreciation and amortization' in the statement of income.

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

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

b. *Lease liabilities*

   At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate.

   Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c. *Short-term leases and leases of low-value assets*
The Bank applies the short-term lease recognition exemption to its short-term leases of branch sites (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of branch sites that are considered to be low value. (i.e., those with value of less than ₱250,000). Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Bank as a lessor
Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Equity
Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Additional paid-in capital' account. If the 'Additional paid-in capital' is not sufficient, the excess is charged against the 'Surplus (deficit)'. The effect of positive (negative) equity adjustments arising from business combination under common control is included under 'Additional paid-in capital' ('Other equity reserves').

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

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

Revenue Recognition
Revenues within the scope of PFRS 15, Revenue from Contracts with Customers
Revenue from contract with customers is recognized upon transfer of promised goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Bank exercises judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the five-step model to contracts with customers.

The following specific recognition criteria must be met before revenue is recognized for contracts within the scope of PFRS 15:

Service fees and commission income
Fees earned for the provision of services are recognized once services are rendered. Service fees and commission income are measured at the amount of consideration which the Bank expects to be entitled in exchange for transferring promised services to the customers. These fees include charges from usage of ATM, charges for returned checks, charges for below minimum maintaining balance, bancassurance and commission income.

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

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

Revenues outside the scope of PFRS 15

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

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

Gain (loss) on asset exchange
Gain (loss) on asset exchange transaction is recognized upon foreclosure of loan collaterals (see accounting policy on investment properties and NCAHS). The gain or loss on foreclosure represents the difference between the fair value of the asset received and book value of the asset given up.

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

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

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

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

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

Interest expense
Interest expense for all interest-bearing financial liabilities are recognized in 'Interest expense' in the statement of income using the EIR of the financial liabilities to which they relate.

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

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

Retirement Benefits
The net defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation at the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The defined benefit obligation is calculated annually by an independent actuary. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds that have terms to maturity approximating the terms of the related retirement asset or liability. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
a. service cost;
b. net interest on the net defined benefit liability or asset; and
c. remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on Philippine government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Bank, nor can they be paid directly to the Bank. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Bank's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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 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 2021. 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, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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*

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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.

<u>Judgments</u>
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 NCAHS if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

The criteria for NCAHS classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

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 25).

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 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 out 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.

In 2019, the Bank sold investment securities at amortized cost amounting to ₱5.29 billion to comply with regulatory limits. The sold investments included securities with carrying amount of ₱1.98 billion that are nearing their maturity dates and where the selling price approximated amortized cost. The disposals resulted in gains amounting to ₱117.95 million.

These disposals of investment securities at amortized cost are assessed by management as consistent with the portfolios' business models with respect to the conditions and reasons for which the disposals were made as discussed above. Further, these disposals did not result in a change in business model and the remaining portfolio after the sale remains accounted for at amortized cost (see Note 7).

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. Additional considerations were made in estimating the ECL in response to the changing credit environment brought about by the coronavirus (COVID-19) pandemic.

In particular, judgments and estimates by management are required in determining:

- whether a financial asset has a significant increase in credit risk since initial recognition. Note 5 discusses how the Bank considered the impact of COVID-19 pandemic in its credit risk management and allowance provisioning;
- whether a default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of default as well as the Bank's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes such as slow or early recovery from the impact of COVID-19 pandemic;
- sufficiency and appropriateness of data used and relationships assumed in building the components of the 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).

The present value of the retirement obligation and fair value of plan assets are disclosed in Note 20.

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 instrument, fair value is based on published quotation rates. For unquoted equity securities, remeasurement to their fair values is 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 2.25% to 28.43% in 2021 and 2020.

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, 2021 and 2020 range from 0.25% to 6.50%.

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, 2021 and 2020, 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, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Financial assets at FVOCI					
Government debt securities	**₱1,874,074,072**	**₱1,874,074,072**	**₱–**	**₱–**	**₱1,874,074,072**
Quoted equity securities	**11,372,188**	**–**	**11,372,188**	**–**	**11,372,188**
	₱1,885,446,260	**₱1,874,074,072**	**₱11,372,188**	**₱–**	**₱1,885,446,260**
Fair values of assets carried at amortized cost					
Investment securities at amortized cost					
Government debt securities	**₱4,438,572,541**	**₱4,506,624,538**	**₱–**	**₱–**	**₱4,506,624,538**
Private debt securities	**859,372,179**	**731,146,907**	**–**	**118,948,842**	**850,095,749**
Loans and receivables					
Loans and discounts					
Consumer lending	**49,535,935,366**	**–**	**–**	**56,012,265,706**	**56,012,265,706**
Corporate and commercial lending	**14,942,618,743**	**–**	**–**	**16,866,871,417**	**16,866,871,417**
Others	**9,566,602**	**–**	**–**	**11,754,776**	**11,754,776**
Sales contracts receivable	**888,491,908**	**–**	**–**	**982,365,223**	**982,365,223**
	₱70,674,557,339	**₱5,237,771,445**	**₱–**	**₱73,992,205,964**	**₱79,229,977,409**
Fair values of assets carried at cost					
Investment properties					
Land	**₱1,621,696,116**	**₱–**	**₱–**	**₱2,523,029,698**	**₱2,523,029,698**
Condominium properties, buildings and improvements	**716,694,732**	**–**	**–**	**1,487,968,814**	**1,487,968,814**
	₱2,338,390,848	**₱–**	**₱–**	**₱4,010,998,512**	**₱4,010,998,512**
Fair values of liabilities carried at amortized cost					
Deposit liabilities – Time	**₱37,380,174,149**	**₱–**	**₱–**	**₱37,764,371,424**	**₱37,764,371,424**

	December 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Financial assets at FVOCI					
Government debt securities	₱1,410,959,938	₱1,410,959,938	₱–	₱–	₱1,410,959,938
Quoted equity securities	9,136,092	–	9,136,092	–	9,136,092
	₱1,420,096,030	₱1,410,959,938	₱9,136,092	₱–	₱1,420,096,030
Fair values of assets carried at amortized cost					
Investment securities at amortized cost					
Government debt securities	₱4,423,918,419	₱4,620,264,952	₱–	₱–	₱4,620,264,952
Private debt securities	837,975,843	836,214,558	–	–	836,214,558
Loans and receivables					
Loans and discounts					
Consumer lending	45,482,792,351	–	–	51,656,156,968	51,656,156,968
Corporate and commercial lending	19,349,493,211	–	–	21,125,355,204	21,125,355,204
Others	9,494,100	–	–	11,845,127	11,845,127
Sales contracts receivable	982,552,554	–	–	1,044,730,842	1,044,730,842
	₱71,086,226,478	₱5,456,479,510	₱–	₱73,838,088,141	₱79,294,567,651
Fair values of assets carried at cost					
Investment properties					
Land	₱1,546,095,852	₱–	₱–	₱2,358,970,865	₱2,358,970,865
Condominium properties, buildings and improvements	777,241,526	–	–	1,360,420,170	1,360,420,170
	₱2,323,337,378	₱–	₱–	₱3,719,391,035	₱3,719,391,035
Fair values of liabilities carried at amortized cost					
Deposit liabilities – Time	₱48,258,543,260	₱–	₱–	₱49,005,620,608	₱49,005,620,608

As of December 31, 2021 and 2020, there were no transfers into and out of Level 3 fair value measurement.

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

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

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

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

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

5. **Financial Risk Management Objectives and Policies**

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

Central to the Bank's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate unavoidable risks and maximize returns from taking acceptable risks necessary to sustain its business viability and good financial position in the market.

The key financial risks that the Bank faces are: credit risk, market risk (i.e., interest rate risk), and liquidity risk. The Bank's risk management objective is primarily focused on controlling and mitigating these risks. The gravity of the risks, the magnitude of the financial instruments involved, and the regulatory requirements are the primary considerations to the scope and extent of the risk management processes put in place for the Bank.

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

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

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

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

The Bank's AudCom, on the other hand, focuses on checking whether adequate process and operational controls are in place and functioning as designed, as well as monitoring compliance thereto by the business and support units. The role of the AudCom is very critical in the proper corporate governance and effective risk management because of its independence from the Bank's top and middle level management. The AudCom is comprised of independent directors who neither participate in the Bank's daily activities nor take decision-making responsibilities. The AudCom delegates its daily control and monitoring functions to the Internal Audit Department (IAD).

The IAD is likewise independent from the business and support units and reports exclusively to the AudCom. The IAD undertakes its control function through regular process, operational and financial audits which it conducts all throughout the year. The audit covers all processes and controls in the Head Office and the branches. The audit results and exceptions, including recommendations for their resolution or improvement, are discussed initially with the business units concerned before these are presented to the AudCom on a quarterly basis.

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

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

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

To further mitigate risk throughout its different business and supporting units, the Bank is in the continuous process of improving its existing risk management policies. These policies further serve as the framework and set the guidelines in the creation or revisions of operating policies and manuals for each business unit. In the process design and implementation, process controls are preferred over detection controls. Clear delineation of responsibilities and separation of incompatible duties among officers and staff as well as among business units are reiterated in these policies.

To the extent possible, reporting and accounting responsibilities are segregated from units directly involved in operations and front line activities (i.e., players must not be scorers). This is to improve the credibility and accuracy of management information. Any inconsistencies in the operating policies and manuals with the risk framework established by risk management policies are taken up and resolved in the RMC and ExeCom.

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

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

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

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

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 investment securities portfolios (net of unearned interest and discounts and allowance for impairment and credit losses) and the corresponding information on credit concentration as to industry are disclosed below (in thousands):

	2021						
	Loans and receivables	**%**	**Other financial assets***	**%**	**Off-balance sheet exposures**	**%**	**Total**
Consumer	**₱32,179,143**	**46.55**	**₱688,105**	**3.01**	**₱–**	**–**	**₱32,867,248**
Real estate, renting and business services	**23,170,315**	**33.52**	**495,464**	**2.17**	**–**	**–**	**23,665,779**
Government	**–**	**–**	**18,523,398**	**80.98**	**–**	**–**	**18,523,398**
Wholesale and retail trade	**2,827,062**	**4.09**	**60,453**	**0.26**	**635,231**	**100**	**3,522,746**
Financial intermediaries	**583,566**	**0.84**	**1,773,047**	**7.75**	**–**	**–**	**2,356,613**
Transportation, storage and communication	**2,010,145**	**2.91**	**42,984**	**0.19**	**–**	**–**	**2,053,129**
Manufacturing	**1,804,183**	**2.61**	**38,580**	**0.17**	**–**	**–**	**1,842,763**
Electricity, gas, steam and air-conditioning supply	**1,730,411**	**2.50**	**37,002**	**0.16**	**–**	**–**	**1,767,413**
Agriculture	**1,422,046**	**2.06**	**30,408**	**0.13**	**–**	**–**	**1,452,454**
Construction	**845,917**	**1.22**	**18,089**	**0.08**	**–**	**–**	**864,006**
Health and social work	**654,671**	**0.95**	**13,999**	**0.06**	**–**	**–**	**668,670**
Hotels and restaurant	**642,039**	**0.93**	**13,729**	**0.06**	**–**	**–**	**655,768**
Education	**425,340**	**0.61**	**9,095**	**0.04**	**–**	**–**	**434,435**
Other community, social and personal services	**384,992**	**0.56**	**8,233**	**0.04**	**–**	**–**	**393,225**
Others	**447,239**	**0.65**	**1,120,955**	**4.90**	**104**	**0.00**	**1,568,298**
Total	**69,127,069**	**100.00**	**22,873,541**	**100.00**	**635,335**	**100**	**92,635,945**
Allowance for impairment and credit losses	**(3,254,991)**		**(810,680)**		**–**		**(4,065,671)**
Unearned interest and discount	**(495,466)**		**–**		**–**		**(495,466)**
Net	**₱65,376,612**		**₱22,062,861**		**₱635,335**		**₱88,074,808**

* *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.*

	2020						
	Loans and receivables	%	Other financial assets*	%	Off-balance sheet exposures	%	Total
Consumer	₱30,308,967	43.75	₱557,983	2.24	₱–	–	₱30,866,950
Real estate, renting and business services	22,831,876	32.96	420,331	1.69	–	–	23,252,207
Government	–	–	19,576,339	78.64	–	–	19,576,339
Wholesale and retail trade	3,493,794	5.04	64,320	0.26	419,244	99.99	3,977,358
Financial intermediaries	870,942	1.26	2,027,013	8.14	–	–	2,897,955
Transportation, storage and communication	2,370,461	3.42	43,640	0.18	–	–	2,414,101
Manufacturing	1,589,227	2.29	29,257	0.12	–	–	1,618,484

(Forward)

	2020						
	Loans and receivables	%	Other financial assets*	%	Off-balance sheet exposures	%	Total
Electricity, gas, steam and air- conditioning supply	₱1,940,699	2.80	₱35,728	0.14	₱–	–	₱1,976,427
Agriculture	1,566,832	2.26	28,845	0.12	–	–	1,595,677
Construction	1,076,364	1.55	19,816	0.08	–	–	1,096,180
Health and social work	747,741	1.08	13,766	0.06	–	–	761,507
Hotels and restaurant	1,017,190	1.47	18,726	0.08	–	–	1,035,916
Education	559,113	0.81	10,293	0.04	–	–	569,406
Other community, social and personal services	458,108	0.66	8,434	0.03	–	–	466,542
Others	442,771	0.64	2,040,213	8.20	162	0.01	2,483,146
Total	69,274,085	100.00	24,894,704	100.00	419,406	100.00	94,588,195
Allowance for impairment and credit losses	(3,004,163)		(635,656)		–		(3,639,819)
Unearned interest and discount	(445,590)		–		–		(445,590)
Net	₱65,824,332		₱24,259,048		₱419,406		₱90,502,786

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

Real estate, renting and business services include exposure to consumer housing loans, which are mostly covered with loan guaranty from Home Guaranty Corporation (HGC) amounting to ₱6.58 billion and ₱6.55 billion as of December 31, 2021 and 2020, respectively. HGC guaranteed loans are considered as non-risk item for regulatory reporting purposes.

Maximum exposure to credit risk

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

	December 31, 2021		
	Gross maximum exposure	**Net exposure**	**Financial effect of collateral or credit enhancement**
Credit risk exposure relating to on-balance sheet items are as follows:			
SPURA	**₱1,528,227,408**	**₱–**	**₱1,528,227,408**
Loans and receivables			
Loans and discounts			
Consumer lending	**49,535,935,366**	**31,462,578,153**	**18,073,357,213**
Corporate and commercial lending	**14,942,618,743**	**11,401,704,176**	**3,540,914,567**
Others	**9,566,602**	**9,566,602**	**–**
Sales contract receivable	**888,491,908**	**–**	**888,491,908**
	₱66,904,840,027	**₱42,873,848,931**	**₱24,030,991,096**

	December 31, 2020		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows:			
SPURA	₱2,686,683,155	₱–	₱2,686,683,155
Loans and receivables			
Loans and discounts			
Consumer lending	45,482,792,351	29,339,472,156	16,143,320,195
Corporate and commercial lending	19,349,493,211	11,401,894,915	7,947,598,296
Others	9,494,100	9,494,100	–
Sales contract receivable	982,552,554	–	982,552,554
	₱68,511,015,371	₱40,750,861,171	₱27,760,154,200

The maximum exposure to credit risks for the other financial assets is limited to the carrying value as of December 31, 2021 and 2020. 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 2021 and 2020 that are still held by the Bank as of December 31, 2021 and 2020 amounted to ₱869.70 million and ₱750.07 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.

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.

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

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

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

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

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

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

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

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

The following tables illustrate the Bank's credit exposures.

Loans and receivables

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱46,995,482,359**	**₱–**	**₱–**	**₱46,995,482,359**
Standard grade	–	**4,444,383**	–	**4,444,383**
Substandard grade	–	**1,945,645,836**	–	**1,945,645,836**
Past due and impaired	–	–	**2,169,242,768**	**2,169,242,768**
Gross carrying amount	**₱46,995,482,359**	**₱1,950,090,219**	**₱2,169,242,768**	**₱51,114,815,346**

	2021			
	ECL Staging			
Corporate and commercial	**Stage 1**	**Stage 2**	**Stage 3**	
lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱7,227,649,061**	**₱–**	**₱–**	**₱7,227,649,061**
Standard grade	–	**4,855,327,809**	–	**4,855,327,809**
Substandard grade	–	**1,661,929,678**	–	**1,661,929,678**
Past due and impaired	–	–	**3,160,575,618**	**3,160,575,618**
Gross carrying amount	**₱7,227,649,061**	**₱6,517,257,487**	**₱3,160,575,618**	**₱16,905,482,166**

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱7,899,374**	**₱–**	**₱–**	**₱7,899,374**
Substandard grade	–	**42,508**	–	**42,508**
Past due and impaired	–	–	**3,260,224**	**3,260,224**
Gross carrying amount	**₱7,899,374**	**₱42,508**	**₱3,260,224**	**₱11,202,106**

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Unquoted debt securities	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Past due and impaired	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Sales contract receivable	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱870,933,271**	**₱–**	**₱–**	**₱870,933,271**
Substandard grade	–	**22,795**	–	**22,795**
Past due and impaired	–	–	**72,777,218**	**72,777,218**
Gross carrying amount	**₱870,933,271**	**₱22,795**	**₱72,777,218**	**₱943,733,284**

Other financial assets

	2021			
	ECL Staging			
Accounts receivable and accrued interest receivable	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱1,327,599,503**	**₱–**	**₱–**	**₱1,327,599,503**
Standard grade	–	**458,496,583**	–	**458,496,583**
Substandard grade	–	**97,380,334**	–	**97,380,334**
Past due and impaired	–	–	**681,642,146**	**681,642,146**
Gross carrying amount	**₱1,327,599,503**	**₱555,876,917**	**₱681,642,146**	**₱2,565,118,566**

Loans and receivables

	2020			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	Total
High grade	₱41,656,017,027	₱–	₱–	₱41,656,017,027
Standard grade	913,055	–	–	913,055
Substandard grade	–	2,784,089,697	–	2,784,089,697
Past due and impaired	–	–	2,513,716,776	2,513,716,776
Gross carrying amount	₱41,656,930,082	₱2,784,089,697	₱2,513,716,776	₱46,954,736,555

	2020			
	ECL Staging			
Corporate and commercial lending	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
High grade	₱10,503,159,733	₱–	₱–	₱10,503,159,733
Standard grade	52,263,611	6,316,958,507	–	6,369,222,118
Substandard grade	–	410,751,288	–	410,751,288
Past due and impaired	–	–	3,854,490,334	3,854,490,334
Gross carrying amount	₱10,555,423,344	₱6,727,709,795	₱3,854,490,334	₱21,137,623,473

Others	2020 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱2,025,175	₱–	₱–	₱2,025,175
Substandard grade	–	3,496,433	–	3,496,433
Past due and impaired	–	–	6,861,027	6,861,027
Gross carrying amount	₱2,025,175	₱3,496,433	₱6,861,027	₱12,382,635

Unquoted debt securities	2020 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Past due and impaired	₱–	₱–	₱151,836,309	₱151,836,309

Sales contract receivable	2020 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱700,028,095	₱–	₱–	₱700,028,095
Substandard grade	–	12,605,248		12,605,248
Past due and impaired	–	–	304,872,758	304,872,758
Gross carrying amount	₱700,028,095	₱12,605,248	₱304,872,758	₱1,017,506,101

Other financial assets

Accounts receivable and accrued interest receivable	2020 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱2,183,056,317	₱–	₱–	₱2,183,056,317
Standard grade	1,293,884	323,923,509	–	325,217,393
Substandard grade	–	85,072,562	–	85,072,562
Past due and impaired	–	–	679,901,210	679,901,210
Gross carrying amount	₱2,184,350,201	₱408,996,071	₱679,901,210	₱3,273,247,482

Depository accounts with the BSP and counterparty banks and investment securities

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

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

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

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

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

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

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

BBB and below:

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

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

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

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

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

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

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

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.

	2021			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Financial assets at FVOCI - debt	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱1,874,074,072**	**₱–**	**₱–**	**₱1,874,074,072**

	2021			
	ECL Staging			
Investment securities at amortized cost	**Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
High grade	**₱5,190,044,597**	**₱–**	**₱–**	**₱5,190,044,597**
Past due and impaired	–	–	**315,375,110**	**315,375,110**
Gross carrying amount	**₱5,190,044,597**	**₱–**	**₱315,375,110**	**₱5,505,419,707**

Financial assets at FVOCI - debt	2020 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱1,410,959,938	₱–	₱–	₱1,410,959,938

Investment securities at amortized cost	2020 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱5,272,102,763	₱–	₱–	₱5,272,102,763

	2021				
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Total**
Due from BSP	**₱9,615,676,558**	**₱–**	**₱–**	**₱–**	**₱9,615,676,558**
Due from other banks	**1,760,568,266**	**–**	**–**	**–**	**1,760,568,266**
SPURA	**1,528,227,408**	**–**	**–**	**–**	**1,528,227,408**
	₱12,904,472,232	**₱–**	**₱–**	**₱–**	**₱12,904,472,232**

	2020				
	High Grade	Standard Grade	Substandard Grade	Unrated	Total
Due from BSP	₱10,206,593,172	₱–	₱–	₱–	₱10,206,593,172
Due from other banks	2,010,978,909	–	–	–	2,010,978,909
SPURA	2,686,683,155	–	–	–	2,686,683,155
	₱14,904,255,236	₱–	₱–	₱–	₱14,904,255,236

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

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

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

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

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

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

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

The table below presents the interest rate sensitive loans' composition as to maturity as of December 31, 2021 and 2020:

	2021	2020
Long-term retail loans with monthly amortization	**76.84%**	70.66%
Commercial loans with monthly or quarterly amortization	**15.32%**	18.35%
Commercial loans payable at maturity (mostly maturing for less than 6 months)	**7.83%**	10.99%
	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, 2021 and 2020:

	2021	2020
Demand	**28.63%**	22.18%
Savings	**25.24%**	21.35%
Time	**46.13%**	56.47%
	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 asset-liability gap analysis method is used by the Bank to measure the sensitivity of its assets and liabilities to interest rate fluctuations. This analysis measures the Bank's susceptibility to changes in interest rates. The repricing gap is calculated by first distributing the assets and liabilities contained in the Bank's statement of financial position into tenor buckets according to the time remaining to the next repricing date (or the time remaining to maturity if there is no repricing), and then obtaining the difference between the total of the repricing (interest rate sensitive) assets and the total of repricing (interest rate sensitive) liabilities.

A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.

Accordingly, during a period of rising interest rates, a bank with a positive gap would be in a position to invest in higher yielding assets earlier than it would need to refinance its interest rate sensitive liabilities. During a period of falling interest rates, a bank with a positive gap would tend to see its interest rate sensitive assets repricing earlier than its interest rate sensitive liabilities, restraining the growth of its net income or resulting in a decline in net interest income.

The following table sets forth the repricing gap position of the Bank as of December 31, 2021 and 2020, (in millions):

	December 31, 2021					
	Up to 1 Month	**>1 to 3 Months**	**>3 to 6 Months**	**>6 to 12 Months**	**>12 Months**	**Total**
Financial Assets						
Loans and receivables	**₱4,679**	**₱6,970**	**₱8,332**	**₱15,147**	**₱29,683**	**₱64,811**
Investment securities	**167**	**–**	**50**	**1,855**	**5,119**	**7,191**
Total financial assets	**4,846**	**6,970**	**8,382**	**17,002**	**34,802**	**72,002**
Financial Liabilities						
Deposit liabilities	**19,140**	**7,336**	**448**	**517**	**54,354**	**81,795**
Repricing gap	**(₱14,294)**	**(₱366)**	**₱7,934**	**₱16,485**	**(₱19,552)**	**(₱9,793)**

	December 31, 2020					
	Up to 1 Month	>1 to 3 Months	>3 to 6 Months	>6 to 12 Months	>12 Months	Total
Financial Assets						
Loans and receivables	₱5,686	₱7,498	₱7,798	₱14,562	₱26,726	₱62,270
Investment securities	192	120	–	28	6,360	6,700
Total financial assets	5,878	7,618	7,798	14,590	33,086	68,970
Financial Liabilities						
Deposit liabilities	26,061	10,151	589	986	47,672	85,459
Repricing gap	(₱20,183)	(₱2,533)	₱7,209	₱13,604	(₱14,586)	(₱16,489)

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, 2021 and 2020 (amounts in thousands):

	December 31, 2021			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱58,433**	**₱29,216**	**(₱29,216)**	**(₱58,433)**
As a percentage of the Bank's net interest income	**1.28%**	**0.64%**	**(0.64%)**	**(1.28%)**

	December 31, 2020			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	(₱14,634)	(₱7,317)	₱7,317	₱14,634
As a percentage of the Bank's net interest income	(0.37%)	(0.18%)	0.18%	0.37%

The table below demonstrates the sensitivity, to a reasonably possible change in interest rates with all other variables held constant, of the Bank's equity through the impact on unrealized gain/loss on fixed-rate financial assets at FVOCI (amounts in thousands).

	December 31, 2021			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in equity	**(₱29,363)**	**(₱19,578)**	**(₱6,405)**	**₱3,571**

	December 31, 2020			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in equity	(₱26,200)	(₱17,012)	(₱4,611)	₱4,803

b. *Foreign currency risk*

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

The Bank's policy is to maintain foreign currency exposure within existing regulations, and within acceptable risk limits. The Bank believes in ensuring its foreign currency is at all times within limits prescribed for financial institutions who are engaged in the same types of businesses in which the Bank is engaged.

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

Liquidity Risk and Funding Management

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

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

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

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

	December 31, 2021			
	On demand	**Within 1 year**	**Over 1 year**	**Total**
Financial Assets				
Cash and cash equivalents				
Cash and other cash items	**₱2,107,301,270**	**₱–**	**₱–**	**₱2,107,301,270**
Due from BSP	**2,405,463,793**	**7,210,212,765**	**–**	**9,615,676,558**
Due from other banks	**1,760,568,266**	**–**	**–**	**1,760,568,266**
SPURA	**–**	**1,528,431,173**	**–**	**1,528,431,173**
Financial assets at FVOCI	**–**	**62,854,748**	**2,113,306,142**	**2,176,160,890**
Investment securities at amortized cost	**–**	**2,254,976,606**	**5,757,812,008**	**8,012,788,614**
Loans and receivables	**–**	**27,796,750,898**	**43,624,664,892**	**71,421,415,790**
Other assets				
Accounts receivable	**–**	**1,086,941,788**	**–**	**1,086,941,788**
Accrued interest receivable	**–**	**1,478,184,592**	**–**	**1,478,184,592**
Advance rental deposits	**–**	**68,136,942**	**–**	**68,136,942**
Returned checks and other cash items	**24,456,168**	**–**	**–**	**24,456,168**
Other equity investments	**–**	**21,792,208**	**–**	**21,792,208**
Total financial assets	**₱6,297,789,497**	**₱41,508,281,720**	**₱51,495,783,042**	**₱99,301,854,259**
Financial Liabilities				
Deposit liabilities				
Demand	**₱23,768,918,860**	**₱–**	**₱–**	**₱23,768,918,860**
Savings	**20,646,073,006**	**–**	**–**	**20,646,073,006**
Time	**–**	**23,598,616,878**	**15,692,824,082**	**39,291,440,960**
Manager's checks	**388,246,464**	**–**	**–**	**388,246,464**
Accrued interest and other expenses	**–**	**343,030,744**	**–**	**343,030,744**
Other liabilities				
Accounts payable	**–**	**1,111,012,369**	**–**	**1,111,012,369**
Lease liabilities	**–**	**177,898,036**	**455,752,354**	**633,650,390**
Security deposit	**–**	**–**	**11,542,481**	**11,542,481**
Bills purchased	**–**	**1,110,931**	**–**	**1,110,931**
Total financial liabilities	**₱44,803,238,330**	**₱25,231,668,958**	**₱16,160,118,917**	**₱86,195,026,205**

	December 31, 2020			
	On demand	Within 1 year	Over 1 year	Total
Financial Assets				
Cash and cash equivalents				
Cash and other cash items	₱2,154,257,550	₱–	₱–	₱2,154,257,550
Due from BSP	2,536,593,172	7,670,000,000	–	10,206,593,172
Due from other banks	2,010,978,909	–	–	2,010,978,909
SPURA	–	2,687,399,604	–	2,687,399,604
Financial assets at FVOCI	–	99,437,153	1,683,095,126	1,782,532,279
Investment securities at amortized cost	–	198,569,723	5,984,977,625	6,183,547,348
Loans and receivables	–	28,308,465,596	43,565,807,397	71,874,272,993
Other assets				
Accounts receivable	–	1,275,325,051	–	1,275,325,051
Accrued interest receivable	–	1,997,922,431	–	1,997,922,431
Advance rental deposits	–	72,033,523	–	72,033,523
Returned checks and other cash items	34,138,654	–	–	34,138,654
Other equity investments	–	21,792,208	–	21,792,208
Total financial assets	₱6,735,968,285	₱42,330,945,289	₱51,233,880,148	₱100,300,793,722
Financial Liabilities				
Deposit liabilities				
Demand	₱18,951,547,261	₱–	₱–	₱18,951,547,261
Savings	18,248,652,137	–	–	18,248,652,137
Time	–	38,821,866,640	11,352,234,093	50,174,100,733
Manager's checks	502,133,855	–	–	502,133,855
Accrued interest and other expenses	–	200,069,877	–	200,069,877
Other liabilities				
Accounts payable	–	1,359,205,189	–	1,359,205,189
Lease liabilities		201,396,491	382,745,095	584,141,586
Security deposit	–	–	3,063,930	3,063,930
Bills purchased	–	53,035	–	53,035
Total financial liabilities	₱37,702,333,253	₱40,582,591,232	₱11,738,043,118	₱90,022,967,603

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

6. Cash and Cash Equivalents

	2021	2020
Cash and other cash items	**₱2,107,301,270**	₱2,154,257,550
Due from BSP (Note 15)	**9,615,676,558**	10,206,593,172
Due from other banks (Notes 23)	**1,760,568,266**	2,010,978,909
SPURA (Note 26)	**1,528,227,408**	2,686,683,155
	₱15,011,773,502	₱17,058,512,786

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

As of December 31, 2021 and 2020, the Bank's demand deposits with the BSP amounted to ₱2.38 billion and ₱2.51 billion, respectively. TDF deposit accounts earn annual interest rates ranging from 1.68% to 1.88% in 2021, from 3.78% to 4.27% in 2020 and from 4.20% to 5.20% in 2019.

Due from other banks
Due from other banks represent savings and demand deposits. USD-denominated deposits amounted to USD8.70 million (₱443.60 million) and USD19.71 million (₱946.65 million) as of December 31, 2021 and 2020, respectively.

Peso denominated deposits earn interest at annual rates ranging from 0.50% to 1.00% in 2021 and 2020 and from 0.13% to 1.75% in 2019. USD-denominated deposits earn interest at an annual rate of 0.10% in 2021 and 2020 and 0.25% in 2019.

SPURA
Deposits in reverse repurchase facility, classified as SPURA, earn interest at annual rates of 2.00% in 2021, from 2.00% to 4.00% in 2020, and from 4.00% to 4.75% in 2019 with tenor ranging from one (1) to six (6) days.

7. Investment Securities

Financial Assets at FVOCI
This account consists of:

	2021	2020
Quoted government debt securities	**₱1,874,074,072**	₱1,410,959,938
Equity securities		
Quoted equity securities	**11,372,188**	9,136,092
Unquoted equity securities	**8,188,816**	8,188,816
	19,561,004	17,324,908
Total	**₱1,893,635,076**	₱1,428,284,846

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 will not be sold in the foreseeable future.

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

	2021	2020
Balance at the beginning of the year	**₱4,299,021**	(₱12,564,323)
Movements in fair value during the year	**(22,036,062)**	42,368,412
Net gain realized in profit or loss	**(15,123,373)**	(26,696,960)
Expected credit losses	**1,077,331**	1,191,892
Balance at the end of the year	**(₱31,783,083)**	₱4,299,021

Effective interest rates for peso-denominated financial assets at FVOCI range from 1.80% to 2.66% in 2021, from 1.71% to 2.98% in 2020 and from 2.73% to 4.25% in 2019. Effective interest rates for foreign currency-denominated financial assets at FVOCI range from 1.38% to 7.02% in 2021, from 1.76% to 7.02% in 2020 and from 2.81% to 7.02% in 2019.

Trading and securities gains - net
Trading and securities gains - net of the Bank amounted to ₱15.12 million, ₱26.70 million and nil in 2021, 2020 and 2019, respectively.

Investment Securities at Amortized Cost
This account consists of:

	2021	2020
Quoted		
Government debt securities (Note 23)	**₱4,446,244,597**	₱4,430,752,763
Private debt securities	**1,059,175,110**	841,350,000
	5,505,419,707	5,272,102,763
Allowance for credit losses (Note 14)	**(207,474,987)**	(10,208,501)
	₱5,297,944,720	₱5,261,894,262

Peso-denominated government securities and private bonds carry a yield-to-maturity ranging from 3.25% to 5.97% in 2021 and from 3.25% to 6.71% in 2020 and 2019, with maturities ranging from 1 to 10 years in 2021, from 1 to 11 years in 2020 and from 1 to 12 years in 2019.

USD-denominated government securities and private bonds carry a yield-to-maturity ranging from 1.36% to 3.01% in 2021, from 0.72% to 3.01% in 2020 and from 2.16% to 3.01% in 2019, with maturities ranging from 2 to 13 years in 2021, from 1 to 14 years in 2020 and from 4 to 15 years in 2019.

Gain on Disposal of Investment Securities at Amortized Cost
In 2019, the Bank sold the following investment securities at amortized cost for ₱5,410.27 million to comply with regulatory limits:

	Carrying amount	Gain on sale
Quoted		
Government debt securities	₱5,034,477,659	₱113,700,078
Private debt securities	257,847,935	4,247,935
	₱5,292,325,594	₱117,948,013

These disposals of investment securities at amortized cost were assessed by the Bank as not inconsistent with the portfolios' business models with respect to the conditions and reasons for which the disposals were made as discussed in Note 3.

Interest Income on Investment Securities
Interest income on investment securities follows:

	2021	2020	2019
Investment securities at amortized cost	**₱202,595,273**	₱218,623,285	₱372,160,598
Financial assets at FVOCI	**40,205,814**	33,574,917	31,157,147
	₱242,801,087	₱252,198,202	₱403,317,745

8. Loans and Receivables

This account consists of:

	2021	2020
Loans and discounts		
Consumer lending	**₱51,114,815,346**	₱46,954,736,555
Corporate and commercial lending	**16,905,482,166**	21,137,623,473
Others	**11,202,106**	12,382,635
	68,031,499,618	68,104,742,663
Unearned interest and discounts	**(495,465,902)**	(445,590,098)
	67,536,033,716	67,659,152,565
Unquoted debt securities	**151,836,309**	151,836,309
Sales contracts receivable	**943,733,284**	1,017,506,101
	68,631,603,309	68,828,494,975
Allowance for credit losses (Note 14)	**(3,254,990,690)**	(3,004,162,759)
	₱65,376,612,619	₱65,824,332,216

As of December 31, 2021 and 2020, 49.42% and 46.55% of the total loans and receivables, respectively, are subject to periodic interest repricing. In 2021, 2020 and 2019, the loans and receivables bear annual fixed interest rates ranging from 2.00% to 39.42%, from 2.25% to 39.42% and from 2.25% to 39.43%, 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, 2021 and 2020, 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 of the modified loans amounted to a net loss of ₱141.79 million in 2020. In 2021, accretion of interest on modified loans amounted to ₱69.57 million.

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:

	2021	2020	2019
Loans and discounts			
Consumer lending	**₱4,677,316,834**	₱3,972,437,377	₱3,729,022,355
Corporate and commercial lending	**1,204,641,401**	1,330,817,276	2,068,628,429
Others	**528,059**	509,433	490,806
Sales contract receivable	**73,464,821**	67,334,806	57,427,372
	₱5,955,951,115	₱5,371,098,892	₱5,855,568,962

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.

	2021	2020
Balance at beginning of year	**₱428,293,981**	₱342,781,398
Additions	**578,460,178**	482,212,373
Disposals	**(753,956,137)**	(396,699,790)
Balance at end of year	**₱252,798,022**	₱428,293,981

Gain (Loss) on Asset Exchange

Loss on foreclosure of NCAHS amounted to ₱222.86 million, ₱51.69 million and ₱74.65 million in 2021, 2020 and 2019, respectively.

The Bank realized loss on sale of NCAHS amounting to ₱41.50 million, ₱23.66 million and ₱97.01 million in 2021, 2020 and 2019, respectively.

10. Property and Equipment

The composition of and movements in this account follow:

	December 31, 2021					
	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**	**₱942,891,616**	**₱1,248,348,588**	**₱501,239,424**	**₱819,318,331**	**₱3,955,193,293**
Additions	**–**	**90,621,479**	**101,291,601**	**3,057,660**	**242,046,775**	**437,017,515**
Disposals/expirations	**–**	**–**	**(72,573,219)**	**–**	**(64,288,003)**	**(136,861,222)**
Balances at end of year	**443,395,334**	**1,033,513,095**	**1,277,066,970**	**504,297,084**	**997,077,103**	**4,255,349,586**
Accumulated Depreciation						
Balances at beginning of year	**–**	**636,992,130**	**1,061,961,729**	**355,194,194**	**314,731,189**	**2,368,879,242**
Depreciation and amortization	**–**	**22,672,906**	**98,866,527**	**50,583,763**	**189,689,198**	**361,812,394**
Disposals/expiration	**–**	**–**	**(58,257,541)**	**–**	**(64,288,003)**	**(122,545,544)**
Balances at end of year	**–**	**659,665,036**	**1,102,570,715**	**405,777,957**	**440,132,384**	**2,608,146,092**
Net Book Values at End of Year	**₱443,395,334**	**₱373,848,059**	**₱174,496,255**	**₱98,519,127**	**₱556,944,719**	**₱1,647,203,494**

	December 31, 2020					
	Land	Condominium Properties, Buildings and Improvements	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets – Buildings	Total
Cost						
Balances at beginning of year	₱392,716,334	₱918,928,643	₱1,261,402,979	₱499,920,837	₱775,859,578	₱3,848,828,371
Additions	–	28,204,886	46,697,211	1,318,587	74,399,262	150,619,946
Transfers	50,679,000	–	–	–	–	50,679,000
Disposals/expirations	–	(4,241,913)	(59,751,602)	–	(30,940,509)	(94,934,024)
Balances at end of year	443,395,334	942,891,616	1,248,348,588	501,239,424	819,318,331	3,955,193,293
Accumulated Depreciation						
Balances at beginning of year	–	616,765,555	1,009,288,867	292,934,736	166,305,682	2,085,294,840
Depreciation and amortization	–	24,466,418	104,083,277	62,259,458	179,366,016	370,175,169
Disposals/expiration	–	(4,239,843)	(51,410,415)	–	(30,940,509)	(86,590,767)
Balances at end of year	–	636,992,130	1,061,961,729	355,194,194	314,731,189	2,368,879,242
Net Book Values at End of Year	₱443,395,334	₱305,899,486	₱186,386,859	₱146,045,230	₱504,587,142	₱1,586,314,051

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

	2021	2020	2019
Property and equipment	**₱361,812,394**	₱370,175,169	₱395,316,694
Investment properties (Note 11)	**57,674,374**	61,544,063	68,905,396
Software costs (Note 12)	**16,160,043**	21,406,529	23,034,724
	₱435,646,811	₱453,125,761	₱487,256,814

As of December 31, 2021 and 2020, the gross carrying amount of fully depreciated building and furniture, fixtures and equipment still in use amounted to ₱911.16 million and ₱788.49 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, 2021 and 2020.

11. Investment Properties

The composition of and movements in this account follow:

	December 31, 2021		
	Land	**Condominium Properties, Buildings and Improvements**	**Total**
Cost			
Balances at beginning of year	**₱1,691,870,919**	**₱1,362,407,817**	**₱3,054,278,736**
Additions	**379,396,078**	**290,245,026**	**669,641,104**
Disposals	**(344,308,420)**	**(213,406,823)**	**(557,715,243)**
Balances at end of year	**1,726,958,577**	**1,439,246,020**	**3,166,204,597**
Accumulated Depreciation			
Balances at beginning of year	**–**	**463,751,366**	**463,751,366**
Depreciation (Note 10)	**–**	**57,674,374**	**57,674,374**
Disposals	**–**	**(51,946,378)**	**(51,946,378)**
Balances at end of year	**–**	**469,479,362**	**469,479,362**

(Forward)

	December 31, 2021		
	Land	**Condominium Properties, Buildings and Improvements**	**Total**
Accumulated Impairment Losses (Note 14)			
Balances at beginning of year	**₱145,775,067**	**₱121,414,925**	**₱267,189,992**
Provisions charged to operations	**–**	**156,767,242**	**156,767,242**
Accounts charged off and others	**(40,512,606)**	**(25,110,241)**	**(65,622,847)**
Balances at end of year	**105,262,461**	**253,071,926**	**358,334,387**
Net Book Values at End of Year	**₱1,621,696,116**	**₱716,694,732**	**₱2,338,390,848**

	December 31, 2020		
	Land	Condominium Properties, Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱1,977,117,706	₱1,378,617,330	₱3,355,735,036
Additions	131,632,035	136,226,166	267,858,201
Disposals	(366,199,822)	(152,435,679)	(518,635,501)
Transfers	(50,679,000)	–	(50,679,000)
Balances at end of year	1,691,870,919	1,362,407,817	3,054,278,736
Accumulated Depreciation			
Balances at beginning of year	–	453,766,306	453,766,306
Depreciation (Note 10)	–	61,544,063	61,544,063
Disposals	–	(51,559,003)	(51,559,003)
Balances at end of year	–	463,751,366	463,751,366
Accumulated Impairment Losses (Note 14)			
Balances at beginning of year	145,775,067	152,393,928	298,168,995
Reversal of provision	–	(30,979,003)	(30,979,003)
Balances at end of year	145,775,067	121,414,925	267,189,992
Net Book Values at End of Year	₱1,546,095,852	₱777,241,526	₱2,323,337,378

Gain on Asset Exchange

Gain on foreclosure of investment properties amounted to ₱265.22 million, ₱1.75 million and ₱127.92 million in 2021, 2020 and 2019, respectively.

The Bank realized gain on sale of investment properties amounting to ₱202.10 million, ₱149.51 million and ₱490.09 million in 2021, 2020 and 2019, respectively.

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

	2021	2020	2019
Rent income on investment properties (included under income from property rentals)	**₱58,804,838**	₱19,283,808	₱29,827,848
Direct operating expenses on investment properties not generating rent income (included under miscellaneous expenses)	**41,528,268**	34,986,776	45,983,496

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 28). The recoverable amounts of these branch licenses have been determined using value in use in 2021 and 2020. The fair market value is based on special licensing fee of BSP for branches operating in restricted areas. As of December 31, 2021 and 2020, the carrying amount of branch license amounted to ₱74.48 million. The branch licenses are not impaired.

Software Costs
Movements in software costs are as follows:

	2021	2020
Cost		
Balance at beginning of year	**₱186,972,501**	₱176,683,338
Additions	**6,507,841**	10,289,163
Balance at end of year	**193,480,342**	186,972,501
Accumulated amortization		
Balance at beginning of year	**142,229,883**	120,823,354
Amortization (Note 10)	**16,160,043**	21,406,529
Balance at end of year	**158,389,926**	142,229,883
Net Book Value at End of Year	**₱35,090,416**	₱44,742,618

13. Other Assets

This account consists of:

	2021	2020
Financial		
Accounts receivable (Note 23)	**₱1,086,933,974**	₱1,275,325,051
Accrued interest receivable	**1,478,184,592**	1,997,922,431
Advance rental deposits (Note 23)	**68,136,942**	72,033,523
Returned checks and other cash items (RCOCI)	**24,456,168**	34,138,654
Other equity investments	**21,792,208**	21,792,208
	2,679,503,884	3,401,211,867
Nonfinancial		
Non-performing Asset Pool (NPAP)	**1,228,989,079**	1,234,962,561
Creditable withholding taxes (CWT)	**201,120,781**	275,106,894
Retirement asset (Note 20)	**179,729,300**	91,038,395
Documentary stamp tax	**61,480,839**	72,397,401
Stationery and supplies	**30,802,304**	35,495,797
Prepaid expenses	**30,376,284**	29,224,182
Miscellaneous	**140,927,381**	95,558,795
	1,873,425,968	1,833,784,025
	4,552,929,852	5,234,995,892
Allowance for impairment and credit losses (Note 14)	**(1,892,851,865)**	(1,897,415,959)
	₱2,660,077,987	₱3,337,579,933

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

Non-Performing Asset Pool (NPAP)
As of December 31, 2021 and 2020, 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):

	2021	2020
Loans and receivables	**₱979,150**	₱985,124
Investment properties	**175,763**	175,763
Other assets*	**74,076**	74,076
	₱1,228,989	₱1,234,963

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

As of December 31, 2021 and 2020, the above NPAP are fully provided with allowance for impairment losses.

Other Equity Investments
This account comprises of investments acquired by the Bank from its merger with PDB. The investments include the 100% owned subsidiary, Filrice Inc. (Filrice), with investment cost of ₱2.19 million, and 49% owned investee, PDB SME Solutions, Inc. (PDB SME), with investment cost of ₱19.60 million. Filrice was established for the business of rice milling and warehousing but ceased operations in 2011 and has not begun formal winding up process. Its principal place of business is in Bulacan, Philippines. Investment in Filrice is classified under prudential regulations as a nonfinancial allied undertaking. Accordingly, for prudential reporting purposes, such investments are accounted for under the equity method of accounting instead of consolidated on a line-by-line basis.
PDB SME (SME.com.ph) provides web-based solutions to help SME-entrepreneurs to manage businesses better and to expand to new markets. Its principal place of business is in Makati City, Philippines. In 2013, PDB SME was dissolved and is currently under liquidation.

Filrice and PDB SME are non-operating private companies and as such, have no available quoted market prices. As of December 31, 2021 and 2020, 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, 2021 and 2020, 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 ₱603.21 million and ₱625.45 million as of December 31, 2021 and 2020, respectively (Note 14).

14. Allowance for Impairment and Credit Losses

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

	2021	2020
Balance at beginning of year		
Loans and receivables (Note 8)	**₱3,004,162,759**	₱2,564,514,541
Investment properties (Note 11)	**267,189,992**	298,168,995
Investment securities at amortized cost (Note 7)	**10,208,501**	5,292,918
Financial assets at FVOCI (Note 7)	**2,159,471**	967,578
Other assets (Note 13)	**1,897,415,959**	1,829,894,466
	5,181,136,682	4,698,838,498
Provisions charged to operations	**1,246,979,955**	905,504,244
Accounts charged off and others	**(712,305,237)**	(424,397,953)
	534,674,718	481,106,291
Balance at end of year		
Loans and receivables (Note 8)	**3,254,990,690**	3,004,162,759
Investment properties (Note 11)	**358,334,387**	267,189,992
Investment securities at amortized cost (Note 7)	**207,474,987**	10,208,501
Financial assets at FVOCI (Note 7)	**3,236,802**	2,159,471
Other assets (Note 13)	**1,892,851,865**	1,897,415,959
	₱5,716,888,731	₱5,181,136,682

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:

	2021	2020	2019
Loans and receivables	**₱1,045,819,302**	₱862,854,279	₱281,443,244
Investment properties	**156,767,242**	(30,979,004)	–
Investment securities at amortized cost	**20,681,049**	4,915,583	(2,915,891)
Financial assets at FVOCI	**1,077,331**	1,191,893	65,030
Other assets	**22,635,031**	67,521,493	(28,010,346)
	₱1,246,979,955	₱905,504,244	₱250,582,037

The tables below illustrate the movements of the allowance for impairment and credit losses of the financial assets for the years ended December 31, 2021 and 2020 (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, 2021	**₱143,429,309**	**₱47,504,654**	**₱873,288,172**	**₱1,064,222,135**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(3,997,357)**	**19,809,579**	**–**	**15,812,222**
Transfer from Stage 1 to Stage 3	**(1,776,173)**	**–**	**179,215,638**	**177,439,465**
Transfer from Stage 2 to Stage 1	**3,021,365**	**(14,972,887)**	**–**	**(11,951,522)**
Transfer from Stage 2 to Stage 3	**–**	**(4,866,712)**	**99,088,653**	**94,221,941**
Transfer from Stage 3 to Stage 1	**637,528**	**–**	**(64,326,460)**	**(63,688,932)**
Transfer from Stage 3 to Stage 2	**–**	**2,170,621**	**(44,194,924)**	**(42,024,303)**
New financial assets originated or purchased	**40,974,241**	**4,167,419**	**106,327,375**	**151,469,035**
Changes in PDs/LGDs/EADs	**(61,983,384)**	**(20,905,510)**	**586,499,413**	**503,610,519**
Financial assets derecognized during the period	**(28,068,889)**	**(8,806,091)**	**(309,816,101)**	**(346,691,081)**
Total net P&L charge during the period	**(51,192,669)**	**(23,403,581)**	**552,793,594**	**478,197,344**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(3,374,813)**	**(455,630,588)**	**(459,005,401)**
Loss allowance at December 31, 2021	**₱92,236,640**	**₱20,726,260**	**₱970,451,178**	**₱1,083,414,078**

	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Loss allowance at January 1, 2021	**₱96,139,550**	**₱54,167,054**	**₱1,599,955,629**	**₱1,750,262,233**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(5,602,213)**	**4,952,234**	**–**	**(649,979)**
Transfer from Stage 1 to Stage 3	**(842,896)**	**–**	**38,413,934**	**37,571,038**
Transfer from Stage 2 to Stage 1	**2,094,993**	**(1,851,928)**	**–**	**243,065**
Transfer from Stage 2 to Stage 3	**–**	**(915,259)**	**47,186,426**	**46,271,167**
Transfer from Stage 3 to Stage 1	**7,554**	**–**	**(344,271)**	**(336,717)**
Transfer from Stage 3 to Stage 2	**–**	**1,230,772**	**(63,452,787)**	**(62,222,015)**
New financial assets originated or purchased	**24,277,512**	**18,379,665**	**49,738,075**	**92,395,252**
Changes in PDs/LGDs/EADs	**(8,739,729)**	**(1,537,264)**	**853,359,561**	**843,082,568**
Financial assets derecognized during the period	**(47,003,432)**	**(19,056,587)**	**(341,707,199)**	**(407,767,218)**
Total net P&L charge during the period	**(35,808,211)**	**1,201,633**	**583,193,739**	**548,587,161**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(2,722,426)**	**(333,263,544)**	**(335,985,970)**
Loss allowance at December 31, 2021	**₱60,331,339**	**₱52,646,261**	**₱1,849,885,824**	**₱1,962,863,424**

	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Loss allowance at January 1, 2021	**₱1,077**	**₱47,192**	**₱2,840,266**	**₱2,888,535**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	**1,217**	**(30,887)**	**–**	**(29,670)**
Transfer from Stage 2 to Stage 3	**–**	**(278)**	**8,523**	**8,245**
Transfer from Stage 3 to Stage 1	**271**	**–**	**(211,097)**	**(210,826)**
Transfer from Stage 3 to Stage 2	**–**	**187**	**(5,741)**	**(5,554)**

(Forward)

Others	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
New financial assets originated or purchased	₱1,416	₱–	₱–	₱1,416
Changes in PDs/LGDs/EADs	(859)	(7,775)	226,620	217,986
Financial assets derecognized during the period	(92)	(8,347)	(1,226,190)	(1,234,629)
Total net P&L charge during the period	1,953	(47,100)	(1,207,885)	(1,253,032)
Loss allowance at December 31, 2021	₱3,030	₱92	₱1,632,381	₱1,635,503

Unquoted debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Loss allowance at January 1, 2021	₱–	₱–	₱151,836,309	₱151,836,309
Total net P&L charge during the period	–	–	–	–
Loss allowance at December 31, 2021	₱–	₱–	₱151,836,309	₱151,836,309

Sales contracts receivable	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Loss allowance at January 1, 2021	₱7,000,281	₱490,415	₱27,462,851	₱34,953,547
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 3	(60,119)	–	541,549	481,430
Transfer from Stage 2 to Stage 1	34,361	(133,684)	–	(99,323)
Transfer from Stage 2 to Stage 3	–	(286,229)	662,717	376,488
Transfer from Stage 3 to Stage 1	1,316,166	–	(11,855,989)	(10,539,823)
New financial assets originated or purchased	2,878,527	–	1,706,663	4,585,190
Changes in PDs/LGDs/EADs	(869,187)	(36,453)	37,101,803	36,196,163
Financial assets derecognized during the period	(1,590,696)	(32,909)	(9,088,691)	(10,712,296)
Total net P&L charge during the period	1,709,052	(489,275)	19,068,052	20,287,829
Loss allowance at December 31, 2021	₱8,709,333	₱1,140	₱46,530,903	₱55,241,376

Investment securities at amortized cost

Debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Loss allowance at January 1, 2021	₱10,208,501	₱–	₱–	₱10,208,501
Movements with P&L impact				
New financial assets originated or purchased	144,548	–	–	144,548
Changes in PDs/LGDs/EADs	1,082,060	–	19,840,831	20,922,891
Financial assets derecognized during the period	(386,390)	–	–	(386,390)
Total net P&L charge during the period	840,218	–	19,840,831	20,681,049
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	176,585,437	176,585,437
Loss allowance at December 31, 2021	₱11,048,719	₱–	₱196,426,268	₱207,474,987

Financial assets at FVOCI

Debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Loss allowance at January 1, 2021	₱2,159,471	₱–	₱–	₱2,159,471
Movements with P&L impact				
New financial assets originated or purchased	2,132,292	–	–	2,132,292
Changes in PDs/LGDs/EADs	121,612	–	–	121,612
Financial assets derecognized during the period	(1,176,573)	–	–	(1,176,573)
Total net P&L charge during the period	1,077,331	–	–	1,077,331
Loss allowance at December 31, 2021	₱3,236,802	₱–	₱–	₱3,236,802

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, 2021	**₱10,804,523**	**₱13,267,686**	**₱573,863,035**	**₱597,935,244**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(369,957)**	**6,240,995**	**–**	**5,871,038**
Transfer from Stage 1 to Stage 3	**(134,000)**	**–**	**13,962,456**	**13,828,456**
Transfer from Stage 2 to Stage 1	**240,143**	**(4,051,100)**	**–**	**(3,810,957)**
Transfer from Stage 2 to Stage 3	**–**	**(1,427,104)**	**8,814,788**	**7,387,684**
Transfer from Stage 3 to Stage 1	**42,652**	**–**	**(4,444,292)**	**(4,401,640)**
Transfer from Stage 3 to Stage 2	**–**	**926,224**	**(5,721,003)**	**(4,794,779)**
New financial assets originated or purchased	**5,720,638**	**7,970,432**	**6,853,549**	**20,544,619**
Changes in PDs/LGDs/EADs	**(930,198)**	**70,367,778**	**(34,222,292)**	**35,215,288**
Financial assets derecognized during the period	**(2,739,266)**	**(8,710,980)**	**(35,754,432)**	**(47,204,678)**
Total net P&L charge during the period	**1,830,012**	**71,316,245**	**(50,511,226)**	**22,635,031**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(2,185,587)**	**(15,179,628)**	**(17,365,215)**
Loss allowance at December 31, 2021	**₱12,634,535**	**₱82,398,344**	**₱508,172,181**	**₱603,205,060**

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, 2020	₱193,682,781	₱18,463,256	₱526,188,719	₱738,334,756
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(10,623,127)	37,699,099	–	27,075,972
Transfer from Stage 1 to Stage 3	(6,368,742)	–	460,172,404	453,803,662
Transfer from Stage 2 to Stage 1	648,655	(4,091,770)	–	(3,443,115)
Transfer from Stage 2 to Stage 3	–	(7,313,388)	135,135,032	127,821,644
Transfer from Stage 3 to Stage 1	48,779	–	(7,136,587)	(7,087,808)
Transfer from Stage 3 to Stage 2	–	149,644	(3,824,359)	(3,674,715)
New financial assets originated or purchased	46,356,586	–	–	46,356,586
Changes in PDs/LGDs/EADs	(55,506,554)	5,725,422	153,327,013	103,545,881
Financial assets derecognized during the period	(24,809,069)	(3,127,609)	(125,339,972)	(153,276,650)
Total net P&L charge during the period	(50,253,472)	29,041,398	612,333,531	591,121,457
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	(265,234,078)	(265,234,078)
Loss allowance at December 31, 2020	₱143,429,309	₱47,504,654	₱873,288,172	₱1,064,222,135

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, 2020	₱135,834,900	₱10,249,304	₱1,488,248,933	₱1,634,333,137
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(39,312,092)	51,083,574	–	11,771,482
Transfer from Stage 1 to Stage 3	(3,880,973)	–	263,963,177	260,082,204
Transfer from Stage 2 to Stage 1	447,518	(398,025)	–	49,493
Transfer from Stage 2 to Stage 3	–	(6,540,220)	340,236,637	333,696,417
Transfer from Stage 3 to Stage 1	62,839	–	(3,686,197)	(3,623,358)
Transfer from Stage 3 to Stage 2	–	212,040	(14,070,948)	(13,858,908)
New financial assets originated or purchased	45,691,240	–	–	45,691,240

(Forward)

Corporate and commercial lending	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Changes in PDs/LGDs/EADs	₱3,472,307	₱62,006	(₱143,091,714)	(₱139,557,401)
Financial assets derecognized during the period	(46,176,189)	(501,625)	(173,672,276)	(220,350,090)
Total net P&L charge during the period	(39,695,350)	43,917,750	269,678,679	273,901,079
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	(157,971,983)	(157,971,983)
Loss allowance at December 31, 2020	₱96,139,550	₱54,167,054	₱1,599,955,629	₱1,750,262,233

Others	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2020	₱11,947	₱326	₱2,793,063	₱2,805,336
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(5,262)	47,192	–	41,930
Transfer from Stage 1 to Stage 3	(3,348)	–	920,845	917,497
Transfer from Stage 2 to Stage 3	–	(326)	2,398	2,072
New financial assets originated or purchased	820	–	–	820
Changes in PDs/LGDs/EADs	(2,089)	–	(849,908)	(851,997)
Financial assets derecognized during the period	(991)	–	(26,132)	(27,123)
Total net P&L charge during the period	(10,870)	46,866	47,203	83,199
Loss allowance at December 31, 2020	₱1,077	₱47,192	₱2,840,266	₱2,888,535

Unquoted debt securities	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2020	₱–	₱–	₱151,836,309	₱151,836,309
Total net P&L charge during the period	–	–	–	–
Loss allowance at December 31, 2020	₱–	₱–	₱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, 2020	₱7,339,059	₱1,220,785	₱28,645,159	₱37,205,003
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(77,404)	300,927	–	223,523
Transfer from Stage 1 to Stage 3	(1,873,862)	–	13,712,801	11,838,939
Transfer from Stage 2 to Stage 1	524,061	(524,061)	–	–
Transfer from Stage 2 to Stage 3	–	(514,313)	3,766,462	3,252,149
Transfer from Stage 3 to Stage 1	60,574	–	(1,820,243)	(1,759,669)
Transfer from Stage 3 to Stage 2	–	175,949	(1,358,987)	(1,183,038)
New financial assets originated or purchased	2,912,589	–	–	2,912,589
Changes in PDs/LGDs/EADs	(793,372)	(100,785)	(10,899,053)	(11,793,210)
Financial assets derecognized during the period	(1,091,364)	(68,087)	(4,583,288)	(5,742,739)
Total net P&L charge during the period	(338,778)	(730,370)	(1,182,308)	(2,251,456)
Loss allowance at December 31, 2020	₱7,000,281	₱490,415	₱27,462,851	₱34,953,547

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, 2020	₱5,292,918	₱–	₱–	₱5,292,918
Movements with P&L impact				
New financial assets originated or purchased	4,075,888	–	–	4,075,888
Changes in PDs/LGDs/EADs	1,644,631	–	–	1,644,631
Financial assets derecognized during the period	(804,936)	–	–	(804,936)
Total net P&L charge during the period	4,915,583	–	–	4,915,583
Loss allowance at December 31, 2020	₱10,208,501	₱–	₱–	₱10,208,501

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, 2020	₱967,578	₱–	₱–	₱967,578
Movements with P&L impact				
New financial assets originated or purchased	1,892,256	–	–	1,892,256
Changes in PDs/LGDs/EADs	85,934	–	–	85,934
Financial assets derecognized during the period	(786,297)	–	–	(786,297)
Total net P&L charge during the period	1,191,893	–	–	1,191,893
Loss allowance at December 31, 2020	₱2,159,471	₱–	₱–	₱2,159,471

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, 2020	₱5,047,937	₱5,541,629	₱521,016,078	₱531,605,644
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(2,302,153)	7,319,780	–	5,017,627
Transfer from Stage 1 to Stage 3	(314,211)	–	41,034,516	40,720,305
Transfer from Stage 2 to Stage 1	44,289	(71,662)	–	(27,373)
Transfer from Stage 2 to Stage 3	–	(241,731)	20,350,633	20,108,902
Transfer from Stage 3 to Stage 1	3,643	–	(490,244)	(486,601)
Transfer from Stage 3 to Stage 2	–	13,804	(560,064)	(546,260)
New financial assets originated or purchased	11,431,923	–	–	11,431,923
Changes in PDs/LGDs/EADs	(1,371,999)	829,293	4,927,553	4,384,847
Financial assets derecognized during the period	(1,734,906)	(58,884)	(11,288,087)	(13,081,877)
Total net P&L charge during the period	5,756,586	7,790,600	53,974,307	67,521,493
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	(64,543)	(1,127,350)	(1,191,893)
Loss allowance at December 31, 2020	₱10,804,523	₱13,267,686	₱573,863,035	₱597,935,244

The corresponding movement of the gross carrying amount of the financial asset are shown below:

Loans and receivables

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱41,656,930,082**	**₱2,784,089,697**	**₱2,513,716,776**	**₱46,954,736,555**
Transfers:				
Transfer from Stage 1 to Stage 2	**(1,160,973,526)**	**1,160,973,526**	–	–
Transfer from Stage 1 to Stage 3	**(515,863,342)**	–	**515,863,342**	–
Transfer from Stage 2 to Stage 1	**877,511,072**	**(877,511,072)**	–	–
Transfer from Stage 2 to Stage 3	–	**(285,221,783)**	**285,221,783**	–
Transfer from Stage 3 to Stage 1	**185,160,532**	–	**(185,160,532)**	–
Transfer from Stage 3 to Stage 2	–	**127,212,901**	**(127,212,901)**	–
New financial assets purchased or originated	**20,876,782,073**	**392,103,646**	**237,672,841**	**21,506,558,560**
Movements in outstanding balance	**(6,771,869,240)**	**(517,931,978)**	**369,607,785**	**(6,920,193,433)**
Financial assets derecognized during the period	**(8,152,195,292)**	**(516,095,679)**	**(891,790,311)**	**(9,560,081,282)**
Foreclosures	–	**(317,529,039)**	**(548,676,015)**	**(866,205,054)**
Gross carrying amount as at December 31, 2021	**₱46,995,482,359**	**₱1,950,090,219**	**₱2,169,242,768**	**₱51,114,815,346**

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱10,555,423,344**	**₱6,727,709,795**	**₱3,854,490,334**	**₱21,137,623,473**
Transfers:				
Transfer from Stage 1 to Stage 2	**(615,082,203)**	**615,082,203**	–	–
Transfer from Stage 1 to Stage 3	**(92,543,902)**	–	**92,543,902**	–
Transfer from Stage 2 to Stage 1	**230,014,999**	**(230,014,999)**	–	–
Transfer from Stage 2 to Stage 3	–	**(113,677,918)**	**113,677,918**	–
Transfer from Stage 3 to Stage 1	**829,392**	–	**(829,392)**	–
Transfer from Stage 3 to Stage 2	–	**152,865,586**	**(152,865,586)**	–
New financial assets purchased or originated	**2,908,427,644**	**2,275,280,499**	**155,943,337**	**5,339,651,480**
Movements in outstanding balance	**(598,785,192)**	**(206,084,477)**	**38,046,544**	**(766,823,125)**
Financial assets derecognized during the period	**(5,160,635,021)**	**(2,366,884,964)**	**(823,214,763)**	**(8,350,734,748)**
Foreclosures	–	**(337,018,238)**	**(117,216,676)**	**(454,234,914)**
Gross carrying amount as at December 31, 2021	**₱7,227,649,061**	**₱6,517,257,487**	**₱3,160,575,618**	**₱16,905,482,166**

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱2,025,175**	**₱3,496,433**	**₱6,861,027**	**₱12,382,635**
Transfers:				
Transfer from Stage 2 to Stage 1	**2,288,383**	**(2,288,383)**	–	–
Transfer from Stage 2 to Stage 3	–	**(20,589)**	**20,589**	–
Transfer from Stage 3 to Stage 1	**509,932**	–	**(509,932)**	–
Transfer from Stage 3 to Stage 2	–	**13,868**	**(13,868)**	–
New financial assets purchased or originated	**3,692,812**	–	–	**3,692,812**
Movements in outstanding balance	**(444,753)**	**(540,366)**	**(135,573)**	**(1,120,692)**
Financial assets derecognized during the period	**(172,175)**	**(618,455)**	**(2,962,019)**	**(3,752,649)**
Gross carrying amount as at December 31, 2021	**₱7,899,374**	**₱42,508**	**₱3,260,224**	**₱11,202,106**

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Unquoted debt securities	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**
Financial assets derecognized during the period	–	–	–	–
Gross carrying amount as at December 31, 2021	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Sales contract receivable	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱700,028,095**	**₱12,605,248**	**₱304,872,758**	**₱1,017,506,101**
Transfers:				
Transfer from Stage 1 to Stage 3	**(6,011,881)**	–	**6,011,881**	–
Transfer from Stage 2 to Stage 1	**3,436,117**	**(3,436,117)**	–	–
Transfer from Stage 2 to Stage 3	–	**(7,357,006)**	**7,357,006**	–
Transfer from Stage 3 to Stage 1	**131,616,635**	–	**(131,616,635)**	–
New financial assets purchased or originated	**287,852,684**	–	**2,669,326**	**290,522,010**
Movements in outstanding balance	**(86,918,776)**	**(943,460)**	**(15,621,027)**	**(103,483,263)**
Financial assets derecognized during the period	**(159,069,603)**	**(845,870)**	**(100,896,091)**	**(260,811,564)**
Gross carrying amount as at December 31, 2021	**₱870,933,271**	**₱22,795**	**₱72,777,218**	**₱943,733,284**

Investment securities at amortized cost

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Debt securities	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱5,272,102,763**	**₱–**	**₱–**	**₱5,272,102,763**
New financial assets purchased or originated	**67,900,069**	**–**	**315,375,110**	**383,275,179**
Movements in outstanding balance	**49,589,765**	**–**	**–**	**49,589,765**
Financial assets derecognized during the period	**(199,548,000)**	**–**	**–**	**(199,548,000)**
Gross carrying amount as at December 31, 2021	**₱5,190,044,597**	**₱–**	**₱315,375,110**	**₱5,505,419,707**

Financial assets at FVOCI

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Debt securities	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱1,410,959,938**	**₱–**	**₱–**	**₱1,410,959,938**
New financial assets purchased or originated	**1,234,574,317**	**–**	**–**	**1,234,574,317**
Movements in outstanding balance	**(2,708,383)**	**–**	**–**	**(2,708,383)**
Financial assets derecognized during the period	**(768,751,800)**	**–**	**–**	**(768,751,800)**
Gross carrying amount as at December 31, 2021	**₱1,874,074,072**	**₱–**	**₱–**	**₱1,874,074,072**

Other financial assets

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Accounts receivable and accrued interest receivable	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱1,229,531,081**	**₱89,500,782**	**₱626,734,695**	**₱1,945,766,558**
Transfers:				
Transfer from Stage 1 to Stage 2	**(42,100,331)**	**42,100,331**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(15,248,857)**	**–**	**15,248,857**	**–**
Transfer from Stage 2 to Stage 1	**27,327,796**	**(27,327,796)**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(9,626,920)**	**9,626,920**	**–**
Transfer from Stage 3 to Stage 1	**4,853,757**	**–**	**(4,853,757)**	**–**
Transfer from Stage 3 to Stage 2	**–**	**6,248,096**	**(6,248,096)**	**–**
New financial assets purchased or originated	**601,107,678**	**53,770,246**	**9,193,080**	**664,071,004**
Movements in outstanding balance	**(166,149,163)**	**474,717,930**	**87,567,209**	**396,135,976**
Financial assets derecognized during the period	**(311,722,458)**	**(58,762,282)**	**(39,048,591)**	**(409,533,331)**
Foreclosures	**–**	**(14,743,470)**	**(16,578,171)**	**(31,321,641)**
Gross carrying amount as at December 31, 2021	**₱1,327,599,503**	**₱555,876,917**	**₱681,642,146**	**₱2,565,118,566**

Loans and receivables

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2020	₱40,287,519,502	₱977,016,783	₱1,206,669,597	₱42,471,205,882
Transfers:				
Transfer from Stage 1 to Stage 2	(1,885,889,443)	1,885,889,443	–	–
Transfer from Stage 1 to Stage 3	(1,245,090,073)	–	1,245,090,073	–
Transfer from Stage 2 to Stage 1	217,630,293	(217,630,293)	–	–
Transfer from Stage 2 to Stage 3	–	(388,979,501)	388,979,501	–
Transfer from Stage 3 to Stage 1	16,365,806	–	(16,365,806)	–
Transfer from Stage 3 to Stage 2	–	8,770,118	(8,770,118)	–
New financial assets purchased or originated	15,553,100,765	–	–	15,553,100,765
Movements in outstanding balance	(5,718,850,719)	552,568,638	244,235,374	(4,922,046,707)
Financial assets derecognized during the period	(5,159,838,979)	(166,349,164)	(287,432,869)	(5,613,621,012)
Foreclosures	–	(195,719,987)	(338,182,386)	(533,902,373)
Gross carrying amount as at December 31, 2020	₱41,656,930,082	₱2,784,089,697	₱2,513,716,776	₱46,954,736,555

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, 2020	₱21,922,925,812	₱1,265,224,154	₱2,785,490,246	₱25,973,640,212
Transfers:				
Transfer from Stage 1 to Stage 2	(6,344,732,318)	6,344,732,318	–	–
Transfer from Stage 1 to Stage 3	(626,365,359)	–	626,365,359	–
Transfer from Stage 2 to Stage 1	49,134,189	(49,134,189)	–	–
Transfer from Stage 2 to Stage 3	–	(807,356,713)	807,356,713	–
Transfer from Stage 3 to Stage 1	6,899,293	–	(6,899,293)	–
Transfer from Stage 3 to Stage 2	–	26,335,977	(26,335,977)	–
New financial assets purchased or originated	5,016,565,803	–	–	5,016,565,803
Movements in outstanding balance	(2,016,448,249)	52,826,142	219,262,084	(1,744,360,023)
Financial assets derecognized during the period	(7,452,555,828)	(61,923,082)	(325,054,781)	(7,839,533,691)
Foreclosures	–	(42,994,812)	(225,694,016)	(268,688,828)
Gross carrying amount as at December 31, 2020	₱10,555,423,344	₱6,727,709,795	₱3,854,490,334	₱21,137,623,473

Others	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2020	₱7,938,525	₱5,794	₱4,676,065	₱12,620,384
Transfers:				
Transfer from Stage 1 to Stage 2	(3,496,433)	3,496,433	–	–
Transfer from Stage 1 to Stage 3	(2,224,417)	–	2,224,417	–
Transfer from Stage 2 to Stage 3	–	(5,794)	5,794	–
New financial assets purchased or originated	1,541,251	–	–	1,541,251
Movements in outstanding balance	(1,075,493)	–	(1,500)	(1,076,994)
Financial assets derecognized during the period	(658,256)	–	(43,750)	(702,006)
Gross carrying amount as at December 31, 2020	₱2,025,175	₱3,496,433	₱6,861,027	₱12,382,635

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, 2020	₱–	₱–	₱151,836,309	₱151,836,309
Financial assets derecognized during the period	–	–	–	–
Gross carrying amount as at December 31, 2020	₱–	₱–	₱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, 2020	₱733,369,908	₱122,078,548	₱95,325,751	₱950,774,207
Transfers:				
Transfer from Stage 1 to Stage 2	(7,734,787)	7,734,787	–	–
Transfer from Stage 1 to Stage 3	(187,249,343)	–	187,249,343	–
Transfer from Stage 2 to Stage 1	52,406,146	(52,406,146)	–	–
Transfer from Stage 2 to Stage 3	–	(51,431,331)	51,431,331	–
Transfer from Stage 3 to Stage 1	6,057,432	–	(6,057,432)	–
Transfer from Stage 3 to Stage 2	–	4,522,454	(4,522,454)	–
New financial assets purchased or originated	291,258,869	–	–	291,258,869
Movements in outstanding balance	(79,023,419)	(11,084,354)	(3,301,451)	(93,409,224)
Financial assets derecognized during the period	(109,056,711)	(6,808,710)	(15,252,330)	(131,117,751)
Gross carrying amount as at December 31, 2020	₱700,028,095	₱12,605,248	₱304,872,758	₱1,017,506,101

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, 2020	₱3,695,053,242	₱–	₱–	₱3,695,053,242
New financial assets purchased or originated	2,104,961,524	–	–	2,104,961,524
Movements in outstanding balance	34,024,289	–	–	34,024,289
Financial assets derecognized during the period	(561,936,292)	–	–	(561,936,292)
Gross carrying amount as at December 31, 2020	₱5,272,102,763	₱–	₱–	₱5,272,102,763

Financial assets at FVOCI

Debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Gross carrying amount as at January 1, 2020	₱928,953,504	₱–	₱–	₱928,953,504
New financial assets purchased or originated	1,236,366,324	–	–	1,236,366,324
Movements in outstanding balance	548,737	–	–	548,738
Financial assets derecognized during the period	(754,908,627)	–	–	(754,908,627)
Gross carrying amount as at December 31, 2020	₱1,410,959,938	₱–	₱–	₱1,410,959,938

Other financial assets

Accounts receivable and accrued interest receivable	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Gross carrying amount as at January 1, 2020	₱1,229,136,208	₱89,895,655	₱626,734,695	₱1,945,766,558
Transfers:				
Transfer from Stage 1 to Stage 2	(345,936,335)	345,936,335	–	–
Transfer from Stage 1 to Stage 3	(47,215,297)	–	47,215,297	–
Transfer from Stage 2 to Stage 1	6,941,785	(6,941,785)	–	–
Transfer from Stage 2 to Stage 3	–	(23,415,926)	23,415,926	–
Transfer from Stage 3 to Stage 1	571,048	–	(571,048)	–
Transfer from Stage 3 to Stage 2	–	652,376	(652,376)	–
New financial assets purchased or originated	1,791,818,841	–	–	1,791,818,841
Movements in outstanding balance	(190,184,154)	14,772,937	9,979,283	(165,431,934)
Financial assets derecognized during the period	(260,781,895)	(5,678,861)	(13,148,637)	(279,609,393)
Foreclosures	–	(6,224,660)	(13,071,930)	(19,296,590)
Gross carrying amount as at December 31, 2020	₱2,184,350,201	₱408,996,071	₱679,901,210	₱3,273,247,482

15. Deposit Liabilities

BSP Circular No. 832 provides for an 8.00% reserve requirement for deposit liabilities of thrift banks. On December 3, 2019, the BSP issued Circular No. 1063 reducing the reserve requirement for deposit liabilities of thrift banks to 4.00%. On July 27, 2020, the BSP issued Circular No. 1092 reducing the reserve requirement for deposit liabilities of thrift banks to 3.00%. As of December 31, 2021 and 2020, due from BSP amounting to ₱9.62 billion and ₱10.21 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 1.38% in 2021, from 0.13% to 1.50% in 2020 and from 0.13% to 3.12% in 2019, while peso-denominated deposit liabilities bear interest rates ranging from 0.13% to 6.50% in 2021, from 0.25% to 6.50% in 2020 and from 0.25% to 7.50% in 2019.

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

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

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

16. **Accruals and Other Liabilities**

Accrued Interest and Other Expenses
This account consists of:

	2021	2020
Accrued interest payable	**₱40,246,218**	₱62,041,001
Accrued other expenses	**302,784,526**	138,028,876
	₱343,030,744	₱200,069,877

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

Other Liabilities
This account consists of:

	2021	2020
Financial		
Accounts payable (Note 23)	**₱1,111,012,369**	₱1,359,205,189
Lease liabilities (Note 21)	**633,650,390**	584,141,586
Due to the Treasurer of the Philippines	**32,375,673**	18,843,101
Security deposit (Note 23)	**11,542,481**	3,063,930
Bills purchased	**1,110,931**	53,035
	1,789,691,844	1,965,306,841
Nonfinancial		
Taxes payable	**16,162,634**	19,238,915
Miscellaneous	**90,888,047**	145,342,520
	107,050,681	164,581,435
	₱1,896,742,525	₱2,129,888,276

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, 2021 and 2020 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, 2021			December 31, 2020		
	Within twelve months	**Over twelve months**	**Total**	Within twelve months	Over twelve months	Total
Financial assets						
Cash and cash equivalents	**₱15,011,774**	**₱–**	**₱15,011,774**	₱17,058,513	₱–	₱17,058,513
Financial assets at FVOCI	**–**	**1,893,635**	**1,893,635**	146,348	1,281,937	1,428,285
Investment securities at amortized cost	**2,284,560**	**3,220,860**	**5,505,420**	193,718	5,078,385	5,272,103
Loans and receivables	**10,513,902**	**58,613,167**	**69,127,069**	11,936,989	57,337,096	69,274,085
Other assets						
Accounts receivable	**1,086,934**	**–**	**1,086,934**	1,275,325	–	1,275,325
AIR	**1,478,185**	**–**	**1,478,185**	1,997,922	–	1,997,922
Advance rental deposits	**68,137**	**–**	**68,137**	72,034	–	72,034
RCOCI	**24,456**	**–**	**24,456**	34,139	–	34,139
Other equity investments	**21,792**	**–**	**21,792**	21,792	–	21,792
	30,489,740	**63,727,662**	**94,217,402**	32,736,780	63,697,418	96,434,198
Nonfinancial assets						
NCAHS	**252,798**	**–**	**252,798**	428,294	–	428,294
Property and equipment	**–**	**4,255,350**	**4,255,350**	–	3,955,193	3,955,193
Investment properties	**–**	**3,166,205**	**3,166,205**	–	3,054,279	3,054,279
Branch licenses	**–**	**74,480**	**74,480**	–	74,480	74,480
Software costs	**–**	**193,480**	**193,480**	–	186,973	186,973
Deferred tax asset	**–**	**1,164,473**	**1,164,473**	–	1,226,881	1,226,881
Other assets						
NPAP	**–**	**1,228,989**	**1,228,989**	–	1,234,963	1,234,963
CWT	**201,121**	**–**	**201,121**	275,107	–	275,107
Retirement asset	**179,729**	**–**	**179,729**	91,038	–	91,038
Documentary stamp tax	**61,481**	**–**	**61,481**	72,397	–	72,397
Stationery and supplies	**–**	**30,802**	**30,802**	–	35,496	35,496
Prepaid expenses	**30,376**	**–**	**30,376**	29,224	–	29,224
Miscellaneous	**140,927**	**–**	**140,927**	95,559	–	95,559
	866,432	**10,113,779**	**10,980,211**	991,619	9,768,265	10,759,884
	31,356,172	**73,841,441**	**105,197,613**	33,728,399	73,465,683	107,194,082
Allowances for impairment and credit losses (Note 14)			**(5,713,652)**			(5,178,977)
Unearned interest and discounts (Note 8)			**(495,466)**			(445,590)
Accumulated depreciation and amortization (Notes 10, 11 and 12)			**(3,236,015)**			(2,974,862)
			(9,445,133)			(8,599,429)
			₱95,752,480			₱98,594,653
Financial liabilities						
Deposit liabilities	**₱66,608,865**	**₱15,186,301**	**₱81,795,166**	₱75,171,602	₱10,287,139	₱85,458,741
Manager's checks	**388,246**	**–**	**388,246**	502,134	–	502,134
Accrued interest and other expenses	**343,031**	**–**	**343,031**	200,070	–	200,070
Other liabilities						
Accounts payable	**1,111,012**	**–**	**1,111,012**	1,359,205	–	1,359,205
Lease liabilities	**177,898**	**455,752**	**633,650**	158,284	425,858	584,142
Due to the Treasurer of the Philippines	**32,376**	**–**	**32,376**	18,843	–	18,843
Security deposits	**–**	**11,542**	**11,542**	–	3,064	3,064
Bills purchased	**1,111**	**–**	**1,111**	53	–	53
	68,662,539	**15,653,595**	**84,316,134**	77,410,191	10,716,061	88,126,252
Nonfinancial liabilities						
Accrued gross receipts tax	**77,158**	**–**	**77,158**	54,107	–	54,107
Taxes payable	**16,163**	**–**	**16,163**	19,239	–	19,239
Income tax payable	**146**	**–**	**146**	131	–	131
Other liabilities	**13,731**	**–**	**13,731**	91,236	–	91,236
	107,198	**–**	**107,198**	164,713	–	90,456,342
	₱68,769,737	**₱15,653,595**	**₱84,423,332**	₱77,574,904	₱10,716,061	₱88,290,965

18. **Equity**

As of December 31, 2021 and 2020, the Bank has 134 million authorized common shares and 6 million authorized preferred shares.

As of December 31, 2021, 2020 and 2019, the Bank's capital stock consists of:

	Shares	Amount
Preferred stock – ₱100 par value		
Balance at beginning and end of year	21,642	₱2,164,200
Common stock – ₱100 par value		
Balance at beginning and end of year	105,414,149	10,541,414,900
	105,435,791	₱10,543,579,100

The Bank's Amended Articles of Incorporation disclosed the following features of its preferred stock:

a. Non-voting and non-participating;
b. Preference at liquidation, including declared dividends which have not been distributed;
c. Non-cumulative dividend rate as determined by the BOD, provided not to exceed twice the current ninety-day Treasury bill rate at date of approval by the BOD;
d. Convertible to common shares, at the option of the stockholder, if no dividends are declared for three consecutive years, at book value of common shares at the time of the conversion; and
e. Re-issuable.

The summarized information on the Bank's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Type/Class	Authorized Shares	Par Value
December 7, 2017	Common	134,000,000	₱100
	Preferred	6,000,000	100
December 17, 2015	Common	74,000,000	100
	Preferred	6,000,000	100
March 1, 1973	Common	24,000,000	100
	Preferred	6,000,000	100

As of December 31, 2021 and 2020, the total number of stockholders is 1,545.

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 the 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 Centenial 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.

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
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
As of December 31, 2021 and 2020, surplus included the amount of nil and ₱8.34 million, respectively, representing the transfer of revaluation increment on condominium properties, net of deferred tax liability, which was carried at deemed cost when the Bank transitioned to PFRS in 2005. This amount will be available to be declared as dividends upon sale of the underlying condominium properties.

In addition, 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, 2021 and 2020, the Bank appropriated ₱452.73 million and ₱320.71 million, respectively, from its free surplus to comply with the general loan loss provision required 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, 2021 and 2020.

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 June 29, 2021. 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.

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 as of December 31, 2021 and 2020 are shown in the tables below (amounts in thousands).

	2021	2020
CET 1 capital	**₱9,397,056**	₱8,903,068
Additional Tier 1 capital	**2,164**	2,164
Tier 1 capital	**9,399,220**	8,905,232
Tier 2 capital	**649,636**	663,724
Total qualifying capital	**₱10,048,856**	₱9,568,956
Risk weighted assets	**₱71,311,764**	₱74,907,888
CET 1 capital ratio	**13.18%**	11.89%
Tier 1 capital ratio	**13.18%**	11.89%
Capital adequacy ratio	**14.09%**	12.77%

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, 2021 and 2020 as reported to the BSP are shown in the table below (amounts in thousands).

	2021	2020
Tier 1 Capital	**₱9,399,220**	₱8,905,232
Exposure Measure	**94,814,988**	98,226,123
Leverage Ratio	**9.91%**	9.07%

Liquidity Coverage Ratio
On February 18, 2016, the BSP issued Circular No. 905 which approved the attached liquidity standards, which include guidelines on liquidity coverage ratio (LCR), and LCR disclosure standards that are consistent with the Basel III framework. Banks are required to adopt Basel '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, 2021 and 2020, the LCR of the Bank as reported to the BSP, in single currency is 132.10% and 131.72%, 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, 2021 and 2020, the NSFR of the Bank as reported to the BSP is 120.00%.

19. Miscellaneous Income and Expenses

Miscellaneous income comprise the following:

	2021	2020	2019
Bancassurance activities (Note 23)	**₱58,222,444**	₱40,928,253	₱31,987,799
Recovery on charged off assets	**15,552,421**	11,565,402	25,891,378
Net foreign exchange gain (loss)	**2,737,327**	1,439,642	(441,906)
Dividends	**2,269,715**	8,203,000	–
Others (Notes 11 and 23)	**6,786,480**	11,945,194	29,919,775
	₱85,568,387	₱74,081,491	₱87,357,046

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

Miscellaneous expenses consist of:

	2021	2020	2019
Supervision and administrative expenses	**₱46,541,710**	₱43,184,516	₱46,599,587
Repairs and maintenance fees	**31,796,706**	38,997,245	34,667,807
Clearing and processing fees	**3,430,604**	3,630,290	3,959,753
Advertising	**1,271,301**	3,565,486	11,154,552
Others	**173,823,092**	132,784,094	129,663,930
	₱256,863,413	₱222,161,631	₱226,045,629

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 is 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, 2021. The principal actuarial assumptions as of December 31, 2021 and 2020 used in determining the retirement obligation for the Bank's retirement plans are shown below:

	2021	2020
Discount rate	**4.14%**	2.54%
Salary increase rate	**6.00%**	6.00%

As of December 31, 2021 and 2020, retirement asset comprised the following:

	2021	2020
Fair value of plan assets	**₱596,144,664**	₱514,926,897
Present value of defined benefit obligation	**416,415,364**	423,888,502
Net defined benefit asset (Notes 13 and 16)	**₱179,729,300**	₱91,038,395

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

2021

		Net benefit cost					**Remeasurements in other comprehensive income**						
	January 1, 2021	**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, 2021**
	(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	**₱514,926,897**	**₱–**	**₱13,079,143**	**₱–**	**₱13,079,143**	**(₱12,238,084)**	**₱3,771,400**	**₱–**	**₱–**	**₱–**	**₱3,771,400**	**₱76,605,308**	**₱596,144,664**
Present value of defined benefit obligation	**423,888,502**	**78,917,683**	**10,766,768**	**–**	**89,684,451**	**(12,238,084)**	**–**	**(14,346,391)**	**(59,233,915)**	**(11,339,199)**	**(84,919,505)**	**–**	**416,415,364**
Net defined benefit asset	**₱91,038,395**	**(₱78,917,683)**	**₱2,312,375**	**₱–**	**(₱76,605,308)**	**₱–**	**₱3,771,400**	**₱14,346,391**	**₱59,233,915**	**₱11,339,199**	**₱88,690,905**	**₱76,605,308**	**₱179,729,300**

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

2020

		Net benefit cost					Remeasurements in other comprehensive income						
	January 1, 2020	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, 2020
	(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	₱296,345,216	₱–	₱13,246,631	₱–	₱13,246,631	(₱4,169,262)	(₱26,067,057)	₱–	₱–	₱–	(₱26,067,057)	₱235,571,369	₱514,926,897
Present value of defined benefit obligation	410,709,635	91,908,874	18,355,589	–	110,264,463	(4,169,262)	–	(20,814,954)	155,790,414	(227,510,053)	(92,534,593)	(381,741)	423,888,502
Net defined benefit asset (liability)	(₱114,364,419)	(₱91,908,874)	(₱5,108,958)	₱–	(₱97,017,832)	₱–	(₱26,067,057)	₱20,814,954	(₱155,790,414)	₱227,510,053	₱66,467,536	₱235,953,110	₱91,038,395

**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 nil to its defined retirement plan in 2022.

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):

	2021	2020
Cash and cash equivalents (Note 24)	**₱27**	₱100,001
Government and corporate debt instruments	**364,521**	327,685
Equity securities	**125,891**	90,016
Investment in UITF	**104,999**	99,142
Accrued interest receivable	**2,565**	2,195
Other accountabilities	**(1,859)**	(4,117)
	₱596,145	₱514,927

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, 2021 and 2020, assuming all other assumptions were held constant (in thousands):

	2021	2020
Discount rate		
1.00%	**(₱24,926)**	(₱36,453)
(1.00%)	**31,463**	44,539
Salary increase rate		
1.00%	**28,909**	40,633
(1.00%)	**(23,610)**	(34,277)

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

	2021	2020
Less than five years	**₱103,277**	₱98,898
More than five years to ten years	**438,804**	346,179
More than ten years to fifteen years	**786,406**	795,042
More than fifteen years to twenty years	**835,852**	844,853
More than twenty years	**8,797,118**	10,154,177

The average duration of the defined benefit obligation as at December 31, 2021 and 2020 is 5 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:

	2021	2020
Balance at beginning of year	**₱584,141,586**	₱675,401,158
Additions	**242,046,775**	74,399,262
Interest expense	**43,017,890**	49,175,465
Payments	**(235,555,861)**	(214,834,299)
Balance at end of year	**₱633,650,390**	₱584,141,586

Expenses related to short-term leases amounting to ₱3.33 million in 2021, ₱0.58 million in 2020 and ₱23.42 million in 2019, respectively, are included in the 'Occupancy costs'.

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

	2021	2020
Within one year	**₱177,898,036**	₱201,396,491
After one year but not more than five years	**374,576,783**	409,021,331
After more than five years	**81,175,571**	85,970,683
	₱633,650,390	₱696,388,505

Bank as lessor
The Bank has also entered into commercial property leases on its investment properties, most of which are with related parties (Note 24). These non-cancelable leases have remaining lease terms of between one to ten years.

Future minimum rentals receivable under non-cancelable operating leases follow:

	2021	2020
Within one year	**₱291,807**	₱–
After one year but not more than five years	**109,169,975**	13,974,263
After more than five years	**–**	–
	₱109,461,782	₱13,974,263

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 to 20.00% of interest income subject to final tax

A minimum corporate income tax (MCIT) of 1.00% until June 30, 2023 under CREATE on modified gross income is computed and compared with the RCIT. Any excess MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, the NOLCO is allowed as a deduction from taxable income in the next three years from the year of inception. In addition, under RA 11494, also known as the Bayanihan to Recover as One Act, the net operating loss of the business or enterprise for taxable years 2020 and 2021 shall be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Effective in May 2004, RA No. 9294 restored the tax exemption of FCDUs and offshore banking units (OBUs). Under such law, the income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreign banks is tax−exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% gross income tax.

Interest income on deposit placements with other FCDUs and OBUs is taxed at 7.50% (now 15.00% effective January 1, 2018), while all other income of the FCDU is subject to the 30.00% corporate tax.

Relevant Tax Updates

TRAIN Law

RA No. 10963, the Tax Reform for Acceleration and Inclusion (TRAIN), is the first package of the comprehensive tax reform program of the government. The bill was signed into law on December 19, 2018 and took effect on January 1, 2018, amending some provisions of the old Philippine tax system.

Except for resident foreign corporations, which is still subject to the existing rate of 7.5%, tax on interest income of foreign currency deposit was increased to 15% under TRAIN. Documentary stamp tax on bank checks, drafts, certificate of deposit not bearing interest, all debt instruments, bills of exchange, letters of credit, mortgages, deeds and others are now subjected to a higher rate.

CREATE 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 key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Bank are the following:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Interest income of foreign currency remittance transaction deposit received by resident foreign corporations are now subject to 15% final tax.

The Bank applied the provisions of the CREATE Act on its income tax payable, deferred tax assets and deferred tax liabilities as of December 31, 2020 in 2021.

Impact of CREATE Law
Applying the provisions of the CREATE Law, the Bank is subjected to lower regular corporate income tax rate of 25% effective July 1, 2020. The following are the impact of CREATE in the 2021 financial statements of the Bank:

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the transitory RCIT and MCIT rates applicable to the Bank for the taxable year 2020 is 27.5% and 1.50%, respectively. This resulted in reduction in the current income tax due for the taxable year 2020 amounting to ₱17.28 million. The reduced amounts were reflected in the 2020 Annual Income Tax Returns filed in 2021. For financial reporting purposes, such reductions in the 2020 current income taxes were recognized in the 2021 financial statements as reduction to 2021 income tax expense.
- The deferred tax assets as of December 31, 2021 were also remeasured using the lower RCIT rate of 25.00%. The net decrease in the deferred tax balances amounted to ₱204.48 million.

There were no tax-related contingent liabilities and contingent assets arising from the changes in the tax rates due to CREATE Act.

RR 4-2011
On March 15, 2011, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 4−2011 which prescribed the attribution and allocation of expenses between FCDUs/EFCDUs or OBU and RBU and within RBU.

On April 6, 2015, the Bank and other member banks of the Bankers Association of the Philippines (BAP), filed a Petition for Declaratory Relief with Application for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction with the Regional Trial Court of Makati (Makati Trial Court). Further, in Civil Case No. 15-287, the Bank and other BAP member banks assailed the validity of RR 4-2011 on the ground, among others, that (a) the RR violates the petitioner-banks substantive due process rights; (b) it is not only illegal but also unfair; (c) that it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; (d) it sets a dangerous precedent for the disallowance of full deductions due to the prescribes method of allocation and (e) it violates the equal protection clause of the Constitution.

On April 8, 2015, the Makati Trial Court issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 25, 2015, the Makati Trial Court issued a Writ of Preliminary Injunction enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 4-2011 against the Bank and other BAP member banks, including issuing Preliminary Assessment Notice or Final Assessment Notice against them during the pendency of the litigation, unless sooner dissolved.

On June 10, 2015, the Makati Trial Court issued a Confirmatory Order stating that the TRO and Writ of Preliminary Injunction also prohibits the BIR from ruling or deciding on any administrative matter pending before it in relation to the subject revenue regulations and insofar as the Bank and other BAP member banks are concerned.

On May 25, 2019, the Makati Trial Court issued a decision annulling RR 4-2011 and making the Writ of Preliminary Injunction permanent.

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 (benefit from) income tax consists of:

	2021	2020	2019
Current			
RCIT	**₱248,561,274**	₱40,638,922	₱37,336,286
Final tax	**74,727,638**	93,302,650	113,892,110
Excess MCIT over RCIT	–	–	25,704,214
	323,288,912	133,941,572	176,932,610
Deferred	**40,234,587**	(382,944,290)	(250,475,311)
	₱363,523,499	(₱249,002,718)	(₱73,542,701)

Components of net deferred tax asset are as follows:

	2021	2020
Deferred tax asset on		
Allowance for impairment and credit losses	**₱1,098,686,151**	₱1,112,717,862
Difference between book base and tax base of investment properties	**164,804,330**	174,722,704
Unamortized service fee income	**103,052,989**	79,102,905
	1,366,543,470	1,366,543,471
Deferred tax liability on		
Fair value adjustment on investment property	**(155,523,468)**	(110,995,934)
Accrued lease receivable	**(1,614,474)**	(1,355,504)
Retirement asset	**(44,932,325)**	(27,311,519)
	(202,070,267)	(139,662,957)
	₱1,164,473,203	₱1,226,880,514

Provision for deferred tax charged directly to OCI amounted to ₱22.17 million and ₱19.94 million in 2021 and 2020, respectively.

The Bank did not set up deferred tax assets on the following temporary differences as it believes that it is highly probable that these temporary differences will not be realized in the near foreseeable future:

	2021	2020
Allowance for impairment and credit losses	**₱930,088,108**	₱1,172,919,180
Lease liabilities net of ROU assets	**76,705,671**	79,554,444
Unamortized past service cost	**1,672,013**	2,741,255
	₱1,008,465,792	₱1,255,214,879

Details of the Bank's excess MCIT over RCIT are as follows:

Inception year	Original Amount	Used Amount	Remaining Balance	Expiry year
2018	₱46,643,385	₱46,643,385	₱–	2021
2019	25,704,214	25,704,214	–	2022
	₱72,347,599	₱72,347,599	₱–	

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

	2021	2020	2019
Income tax expense computed at statutory rate of 25% in 2021 and 30% in 2020 and 2019	**₱337,590,275**	₱77,213,210	₱164,416,880
Tax effects of			
Movement in unrecognized deferred tax assets	**(61,687,272)**	(207,298,555)	(124,524,659)
Nontaxable and tax-paid income	**(152,778,809)**	(181,352,040)	(168,563,344)
Nondeductible expenses	**59,538,041**	58,003,114	69,309,625
CREATE adjustment	**187,195,214**	–	–
FCDU loss (income)	**(6,333,950)**	4,431,553	(14,181,203)
Effective income tax	**₱363,523,499**	(₱249,002,718)	(₱73,542,701)

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 2021 and 2020 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, 2021 and 2020 amounted to ₱595.44 million and ₱530.12 million, respectively. The details of the assets of the fund as of December 31, 2021 and 2020 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, 2021, cash and cash equivalents of the retirement plan amounting to ₱0.03 million are held by the Bank and earn an annual interest rate of 0.25%. As of December 31, 2020, cash and cash equivalents of the retirement plan amounting to ₱0.01 million are held by the Bank and earn an annual interest rate of 0.25%.

Interest income on the retirement plan's cash and cash equivalents amounted to ₱0.01 million and ₱0.04 million in 2021 and 2020, 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.

The compensation of key management personnel included under 'Compensation and benefits' in the statement of income are as follows (in thousands):

	2021	2020	2019
Short-term employee benefits	**₱46,313**	₱47,091	₱45,534
Post-employment benefits	**1,524**	1,549	1,498
	₱47,837	₱48,640	₱47,032

In 2021, 2020 and 2019, no remunerations were given to the directors of the Bank who are also occupying key management positions with the ultimate parent bank.

The Bank also provides banking services to key management personnel and persons connected to them. These transactions are presented in the tables below.

	December 31, 2021		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans and receivables		**₱3,433,688**	These are loans with an average interest rate of 5.00% and unimpaired.
Issuances	**₱3,617,550**		
Repayments	**(183,862)**		
Deposit liabilities		**67,919,007**	These are savings and time deposit accounts with average annual interest rates of 0.16% and 2.30%, respectively.
Deposits	**44,259,380**		
Withdrawals	**(40,616,548)**		
Other Related Party			
Deposit liabilities		**335,484,036**	These are savings and time deposit accounts with average annual interest rate of 0.21% and 1.05%, respectively.
Deposits	**59,841,544**		
Withdrawals	**(58,526,738)**		

	December 31, 2020		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans and receivables		₱–	These are loans with interest rates ranging from 6.00% to 8.00% and maturities of 1 to 15 years, secured by real estate and chattel mortgages and deposit hold out and are unimpaired.
Issuances	₱–		
Repayments	(6,367,776)		
Deposit liabilities		64,276,175	These are savings and time deposit accounts with average annual interest rates of 0.21% and 1.05%, respectively.
Deposits	33,014,541		
Withdrawals	(20,492,893)		
Other Related Party			
Deposit liabilities		334,169,230	These are savings and time deposit accounts with average annual interest rate of 0.21% and 1.05%, respectively.
Deposits	125,068,282		
Withdrawals	(12,528,487)		

As of December 31, 2021 and 2020, 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, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Interest income	**₱88,865**	₱–	₱8,251
Interest expense	**1,819,800**	2,605,024	4,083,696

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

	Parent Bank		
	2021	2020	**Nature, Terms and Conditions**
Statements of Financial Position			
Due from other banks	**₱613,948,507**	₱653,694,040	This pertains to cash in bank deposited with CBC that bears annual interest rates ranging from 0.10% to 0.25%.
Net movements	**(39,745,533)**	(140,558,867)	
Accounts receivable	–	376,500	This pertains to receivable from CBC for unpaid rental.
Advance rental deposits	–	2,140,614	This pertains to the rental deposits for office space leased by the Bank from CBC.
Security deposit	**8,488,649**	1,622,057	This pertains to the rental deposits for office space leased out to CBC.

	Parent Bank			
	2021	2020	2019	**Nature, Terms and Conditions**
Statements of Income				
Interest income	**₱616,477**	₱1,119,283	₱1,042,072	This pertains to interest income earned from cash in bank deposited with CBC and loans and receivable
Gain on asset exchange	–	–	87,729,803	The Bank sold its investment property to CBC for a total cash selling price of ₱138.67 million.
Gain on disposal of investment securities at amortized cost	–	–	5,226,225	The Bank earned investment securities gain from its outright sale of securities to CBC.
Income from property rentals	**41,481,216**	17,412,875	21,150,093	Certain units of the condominium owned by the Bank are being leased to CBC for a term ranging from 5 to 10 years, with an escalation rate of 5%.
Occupancy costs	**756,000**	3,770,028	1,106,028	Certain properties owned by CBC are being leased by the Bank.

	Other Related Party		
	2021	2020	**Nature, Terms and Conditions**
Statements of Financial Position			
Accounts receivable	**₱–**	₱6,390,727	This pertains to receivable from China Bank Insurance Brokers (CIBI), a subsidiary of CBC, for unpaid rental and receivable arising from the accrual of referral from Bancassurance activities.
Accounts payable	**64,820,185**	45,675,976	These are non-interest bearing insurance premiums held on behalf of loan borrowers to be subsequently remitted to CIBI.
Security deposit	**2,159,801**	291,347	These pertain to rental deposits for office space leased out to CIBI.

	Other Related Parties			
	2021	2020	2019	**Nature, Terms and Conditions**
Statements of Income				
Income from property rentals	**₱8,208,960**	₱–	₱4,184,062	Certain units of the condominium owned by the Bank are being leased to CIBI for a term of 5 years, with 10.00% escalation clause.
Miscellaneous income	**58,222,444**	40,928,253	31,987,799	Bancassurance fees earned based on successful referrals.
Data processing and information technology	**10,228,605**	14,909,135	16,012,298	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:

	2021	2020	2019
Outright purchase	**₱1,517,202,796**	₱3,193,162,819	₱816,641,583
Outright sale	**671,808,009**	563,178,534	3,730,200,245

As of December 31, 2021 and 2020, government securities with par value of ₱260.00 million and carrying value of ₱257.47 million, respectively, are pledged to CBC in compliance with DOSRI rules.

As of December 31, 2021 and 2020, the number of common shares held by the Parent Bank is 105.00 million. The Parent Bank does not hold preferred shares of the Bank in 2021 and 2020.

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.

25. Notes to Statements of Cash Flows

The following is a summary of non-cash activities:

	2021	2020	2019
Non-cash operating activities			
Recognition of investment properties from foreclosure of real estate mortgage on loans and receivables (Note 11)	**₱669,641,104**	₱267,858,201	₱361,734,403
Recognition of NCAHS arising from foreclosure of chattel mortgage on loans and receivables (Note 9)	**578,460,178**	482,212,373	574,794,541
Remeasurement losses (gains) on retirement plan (Note 20)	**88,690,905**	66,467,536	(47,679,676)

(Forward)

	2021	2020	2019
Non-cash investing activities			
Fair value gains (losses) on financial assets at FVOCI	**(₱22,036,062)**	₱42,368,412	₱68,166,324
Non-cash financing activities			
Additions of right-of-use assets and lease liabilities	**(242,046,775)**	(74,399,262)	(61,761,756)

26. Offsetting of Financial Assets and Liabilities

The amendments to PFRS 7 require 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 are disclosed in the succeeding table (amounts in thousands).

	December 31, 2021				
Financial assets recognized at end of reporting period by type	**Gross carrying amounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria**	**Net exposure [c-d]**
	[a]	**[b]**	**[c]**	**[d]**	**[e]**
Financial assets					
SPURA (Note 6)	**₱1,528,227**	**₱–**	**₱–**	**₱1,528,227**	**₱–**

	December 31, 2020				
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)	₱2,686,683	₱–	₱–	₱2,686,683	₱–

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. Covid-19 Pandemic

On March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

Bayanihan to Heal as One Act
On March 25, 2020, President Duterte signed into law the Bayanihan to Heal as One Act (RA 11469). The law provides the President, among others, the power to direct all private and public banks, quasi-banks, financing companies, lending companies and other financial institutions, including the Government Service Insurance System, Social Security System and Pag-ibig Fund to implement a grace period of 30 days minimum, for the payment of all loans falling due within the enhanced community quarantine (ECQ) without interests, penalties, fees or other charges. In a separate Frequently Asked Questions (FAQ) released by BSP on May 18, 2020, it clarified that the modified enhance community quarantine (MECQ) shall have the same effect as the ECQ with respect to the application of the mandatory grace period for the payment of all loans falling due within the period of MECQ.

The Implementing Rules and Regulations (IRR) of the said law provides that borrowers have the option to pay the interest accrued during the mandatory grace period either in lumpsum on the new due date or on staggered basis over the life of the loan. Nonetheless, covered financial institutions are not precluded from offering less onerous payment schemes with the consent of the borrower, such as allowing lump sum payment of accrued interest on the last payment date of the loan, provided that the accrued interest during the mandatory grace period will not be charged with interest on interest, fees and other charges.

On March 14, 2020, the BSP issued BSP Memorandum No. M-2020-008 *Regulatory Relief for BSFIs Affected by the Corona Virus Disease 2019 (COVID-19).* The said memorandum provides for the following temporary regulatory and rediscounting relief measures for financial institutions supervised by the BSP.

- Provide financial assistance to officers affected by the present health emergency subject to submission by the Bank of a request for BSP approval within 30 calendar days from the approval thereof of the Bank's Board of Directors;

- Exclude from the computation of past due ratio, loans by borrowers in affected areas, subject to the following: (i) such loans shall be reported to the BSP; (ii) extension shall be for a period of one year from 08 March 2020; and (iii) BSP documentary requirements for restructuring of loans may be waived provided that the Bank will adopt appropriate and prudent operational control measures;

- Non-imposition of monetary penalties for delays incurred in the submission of all supervisory reports to BSP due to be submitted from 08 March 2020 up to six months thereafter;

- Allow staggered booking of allowance for credit losses computed under Section 143 of the Manual of Regulation for Banks (MORB) over a maximum period of five years for all types of credits extended to individuals and businesses directly affected by COVID-19 as of 08 March 2020, subject to prior approval of the BSP;

  Non-imposition of penalties on legal reserve deficiencies computed under Section 255 of the MORB starting from reserve week following 08 March 2020 up to six months thereafter, subject to prior approval of the BSP;

  Rediscounting relief as follows:
  a. Grant of a 60-day grace period, upon application with BSP, to settle outstanding rediscounting obligations as of 08 March 2020, provided that interest shall be charged but no penalty shall be imposed;
  b. Allowing the Bank to restructure with BSP, the outstanding rediscounted loans as of 08 March 2020 of its end-user borrowers affected by the COVID-19, subject to the terms and conditions stated in Appendix 133 of the MORB; and
  c. relaxation of eligibility requirements by excluding the criteria on reserve requirement for the renewal of rediscounting line and for the availment of rediscounting loans from 08 March 2020 up to six months thereafter.

  The Bank informed the BSP of its intention to avail the applicable relief measures. As of December 31, 2021, subject to the approval of BSP, the Bank availed the regulatory relief on staggered booking of allowance for credit losses for BSP reporting purposes.

30. **Approval of the Release of Financial Statements**

The accompanying financial statements were authorized for issue by the Bank's BOD on March 17, 2022.

31. 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:

	2021	2020	2019
Return on average equity (ROE)	**9.12%**	5.06%	6.61%
Return on average asset (ROA)	**1.02%**	0.50%	0.63%
Net interest margin over average earning assets (NIM)*	**6.33%**	4.86%	3.96%

**Had the Bank excluded the interest expense on lease liabilities, NIM is 6.38%, 4.91% and 4.03% for the years ended December 31, 2021, 2020 and 2019, respectively.*

Description of capital instruments issued
As of December 31, 2021 and 2020, the Bank has two classes of capital stock, 6 million authorized preferred shares and 134 million authorized common shares.

As of December 31, 2021, 2020 and 2019, the Bank's capital stock consists of:

	Shares	Amount
Preferred stock – ₱100 par value		
Balance at beginning and end of year	21,642	₱2,164,200
Common stock – ₱100 par value		
Balance at beginning and end of year	105,414,149	10,541,414,900
	105,435,791	₱10,543,579,100

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.

	2021						
	Loans and receivables	**%**	**Other financial assets***	**%**	**Off-balance sheet exposures**	**%**	**Total**
Consumer	**₱32,179,143**	**46.55**	**₱688,105**	**3.01**	**₱–**	**–**	**₱32,867,248**
Real estate, renting and business services	**23,170,315**	**33.52**	**495,464**	**2.17**	**–**	**–**	**23,665,779**
Government	**–**	**–**	**18,523,398**	**80.98**	**–**	**–**	**18,523,398**
Wholesale and retail trade	**2,827,062**	**4.09**	**60,453**	**0.26**	**635,231**	**1.00**	**3,522,746**
Financial intermediaries	**583,566**	**0.84**	**1,773,047**	**7.75**	**–**	**–**	**2,356,613**
Transportation, storage and communication	**2,010,145**	**2.91**	**42,984**	**0.19**	**–**	**–**	**2,053,129**
Manufacturing	**1,804,183**	**2.61**	**38,580**	**0.17**	**–**	**–**	**1,842,763**
Electricity, gas, steam and air- conditioning supply	**1,730,411**	**2.50**	**37,002**	**0.16**	**–**	**–**	**1,767,413**
Agriculture	**1,422,046**	**2.06**	**30,408**	**0.13**	**–**	**–**	**1,452,454**
Construction	**845,917**	**1.22**	**18,089**	**0.08**	**–**	**–**	**864,006**
Health and social work	**654,671**	**0.95**	**13,999**	**0.06**	**–**	**–**	**668,670**
Hotels and restaurant	**642,039**	**0.93**	**13,729**	**0.06**	**–**	**–**	**655,768**

(Forward)

	2021						
	Loans and receivables	**%**	**Other financial assets***	**%**	**Off-balance sheet exposures**	**%**	**Total**
Education	**₱425,340**	**0.61**	**₱9,095**	**0.04**	**–**	**–**	**₱434,435**
Other community, social and personal services	**384,992**	**0.56**	**8,233**	**0.04**	**–**	**–**	**393,225**
Others	**447,239**	**0.65**	**1,120,955**	**4.90**	**104**	**0.00**	**1,568,298**
Total	**69,127,069**	**100.00**	**22,873,541**	**100.00**	**635,335**	**1.00**	**92,635,945**
Allowance for impairment and credit losses	**(3,254,991)**		**(810,680)**		**–**		**(4,065,671)**
Unearned interest and discount	**(495,466)**		**–**		**–**		**(495,466)**
Net	**₱65,376,612**		**₱22,062,861**		**₱635,335**		**₱88,074,808**

* *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.*

	2020						
	Loans and receivables	%	Other financial assets*	%	Off-balance sheet exposures	%	Total
Consumer	₱30,308,967	43.75	₱557,983	2.24	₱–	–	₱30,866,950
Real estate, renting and business services	22,831,876	32.96	420,331	1.69	–	–	23,252,207
Government	–	–	19,576,339	78.64	–	–	19,576,339
Wholesale and retail trade	3,493,794	5.04	64,320	0.26	419,244	99.99	3,977,358
Financial intermediaries	870,942	1.26	2,027,013	8.14	–	–	2,897,955
Transportation, storage and communication	2,370,461	3.42	43,640	0.18	–	–	2,414,101
Manufacturing	1,589,227	2.29	29,257	0.12	–	–	1,618,484
Electricity, gas, steam and air- conditioning supply	1,940,699	2.80	35,728	0.14	–	–	1,976,427
Agriculture	1,566,832	2.26	28,845	0.12	–	–	1,595,677
Construction	1,076,364	1.55	19,816	0.08	–	–	1,096,180
Health and social work	747,741	1.08	13,766	0.06	–	–	761,507
Hotels and restaurant	1,017,190	1.47	18,726	0.08	–	–	1,035,916
Education	559,113	0.81	10,293	0.04	–	–	569,406
Other community, social and personal services	458,108	0.66	8,434	0.03	–	–	466,542
Others	442,771	0.64	2,040,213	8.20	162	0.01	2,483,146
Total	69,274,085	100.00	24,894,704	100.00	419,406	100.00	94,588,195
Allowance for impairment and credit losses	(3,004,163)		(635,656)		–		(3,639,819)
Unearned interest and discount	(445,590)		–		–		(445,590)
Net	₱65,824,332		₱24,259,048		₱419,406		₱90,502,786

* *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:

	2021			2020		
	Performing	**Non-Performing**	**Total**	Performing	Non-Performing	Total
Loans and discounts						
Consumer lending	**₱48,444,896,866**	**₱2,174,452,578**	**₱50,619,349,444**	₱44,070,546,260	₱2,476,468,226	₱46,547,014,486
Corporate and commercial lending	**14,351,261,831**	**2,554,220,335**	**16,905,482,166**	18,030,593,809	3,069,161,635	21,099,755,444
Others	**7,928,015**	**3,274,091**	**11,202,106**	7,739,487	4,643,148	12,382,635
	₱62,804,086,712	**₱4,731,947,004**	**₱67,536,033,716**	₱62,108,879,556	₱5,550,273,009	₱67,659,152,565

Loans per security
Information on the amounts of secured and unsecured loans and receivables (gross of unearned interests and discounts and allowance for credit losses) follows:

	2021		2020	
	Amounts	**%**	Amounts	%
Loans secured by				
Real estate	**₱26,480,805,144**	**38.31**	₱26,179,948,638	36.32
Chattel mortgage	**13,846,681,864**	**20.03**	15,734,689,476	20.84
Deposit hold out and others	**417,719,952**	**0.60**	882,675,605	4.62
	40,745,206,960	**58.94**	42,797,313,719	61.78
Unsecured loans	**28,381,862,251**	**41.06**	26,476,771,354	38.22
	₱69,127,069,211	**100.00**	₱69,274,085,073	100.00

As of December 31, 2021 and 2020, secured and unsecured NPLs of the Bank follow:

	2021	2020
Secured	**₱2,882,804,238**	₱3,326,669,956
Unsecured	**1,849,142,766**	2,223,603,053
	₱4,731,947,004	₱5,550,273,009

Restructured loans as of December 31, 2021 and 2020 amounted to ₱507.34 million and ₱459.40 million, respectively. The Bank's loan portfolio includes non-risk loans as defined under BSP regulations totaling ₱8.40 billion and ₱7.02 billion as of December 31, 2021 and 2020, 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, 2021 and 2020, the Bank has no liability that is secured by pledged assets.

<u>Related party loans</u>
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:

	2021		2020	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Total outstanding DOSRI loans*	**₱621,111,200**	**₱641,708,816**	₱661,395,305	₱683,828,483
Percent of DOSRI/Related Party loans to total loan portfolio**	**0.91%**	**0.94%**	0.95%	0.98%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	**–**	**–**	0.28%	0.27%
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:

	2021	2020
Credit lines	**₱531,083,989**	₱288,166,099
Standby domestic letters of credit	**93,960,357**	107,050,106
Late deposits/payments received	**8,320,699**	22,270,117
Outward bills for collection	**1,866,299**	1,757,393
Others	**104,374**	161,794
	₱635,335,718	₱419,405,509

32. **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 2021.

Taxes and Licenses

Gross receipts tax	₱323,211,325
Local taxes	24,881,104
Others	9,182,552
	₱357,274,981

Withholding Taxes
Details of total remittances of withholding taxes in 2021 and amounts outstanding as of December 31, 2021 are as follows:

	Total Remittances	Amounts Outstanding
Final withholding taxes	₱74,038,877	₱4,672,235
Withholding taxes on compensation and benefits	101,781,833	6,781,148
Expanded withholding taxes	51,925,203	4,852,354
	₱227,745,913	₱16,305,737

Tax assessments
The Bank has no pending tax case as of December 31, 2021.

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INDEPENDENT AUDITOR'S REPORT

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CBS Building, 314 Sen. Gil Puyat Avenue
Makati City

We have audited the accompanying financial statements of China Bank Savings, Inc. (the Bank), a subsidiary of China Banking Corporation, as at and for the year ended December 31, 2021, on which we have rendered the attached report dated March 17, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Bank has a total of four hundred seventeen (417) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 17, 2022

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

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

INDEPENDENT AUDITOR'S REPORT
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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 17, 2022. 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.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 17, 2022

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INDEPENDENT AUDITOR'S REPORT
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of China Bank Savings, Inc. (the Bank), a subsidiary of China Banking Corporation, as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 17, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Bank's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Bank's financial statements as at and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 17, 2022

CHINA BANK SAVINGS, INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2021

Schedules Required under Securities Regulation Code Rule 68

CHINA BANK SAVINGS, INC.
Schedule A – Financial Assets
December 31, 2021

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 other comprehensive income				
Government bonds	₱1,715,404,933	₱1,874,074,072	₱1,874,074,072	
Quoted equity securities	28 shares	11,372,188	11,372,188	
Unquoted equity securities	32,102,725 shares	8,188,816	8,188,816	
		₱1,893,635,076	₱1,893,635,076	₱40,205,814
Investment securities at amortized cost				
Government bonds	₱4,216,683,692	₱4,438,572,541	₱4,506,624,538	
Private debt securities	862,748,842	859,372,179	850,095,749	
	₱5,079,432,534	₱5,297,944,720	₱5,356,720,287	₱202,595,273

CHINA BANK SAVINGS, INC.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2021

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, 2021

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, 2021

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	44,742,618	6,507,841	16,160,043	–	–	35,090,416

(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, 2021

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, 2021

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, 2021

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, 2021

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	105,414,149	–	104,995,882	16	418,267
Preferred stock - ₱100 par value	6,000,000 shares	21,642	–	–	–	21,642

(i) Include in this column each type of issue authorized
(ii) Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
Indicate in a note any significant changes since the date of the last balance sheet filed

CHINA BANK SAVINGS, INC.
Financial Indicators
December 31, 2021

	2021	2020
Profitability ratios		
Net income	**₱986,455,862**	₱506,380,083
Total average assets*	**97,173,566,236**	100,421,501,953
Return on average asset	**1.02%**	0.50%
**Average of beginning and ending total assets*		
Net income	**₱986,455,862**	₱506,380,083
Total average equity	**10,816,417,602**	10,016,695,214
Return on average equity	**9.12%**	5.06%
**Average of beginning and ending total equity*		
Net interest income	**₱5,470,233,970**	₱4,372,525,248
Interest earning-assets**	**86,424,574,511**	90,004,273,867
Net interest margin*	**6.33%**	4.86%

* *Had the Bank excluded the interest expense on lease liabilities, NIM is 6.38% and 4.91% for the year ended December 31, 2021 and 2020, respectively.*

***Includes due from BSP, due from other banks, SPURA, debt securities under financial assets at FVOCI and investments at amortized costs and loans receivable*

Operating expense	**₱4,953,884,823**	₱4,504,610,683
Operating income	**6,304,245,923**	4,761,988,048
Cost to income ratio	**78.58%**	94.60%
Liquidity ratios		
Total liquid assets*	**₱16,905,408,578**	₱18,486,797,632
Total assets	**95,752,479,887**	98,594,652,585
Liquid Assets to Total Assets	**17.66%**	18.75%
**Includes cash and cash equivalents and financial assets at FVOCI*		
Total loans and receivables	**₱65,376,612,619**	₱65,824,332,216
Total deposit liabilities	**81,795,166,015**	85,458,742,658
Loans (net) to Deposit Ratio	**79.93%**	77.02%
Asset quality ratios		
Total NPL	**₱4,731,947,004**	₱5,550,273,009
Total loans and receivable, net of UID and gross of ECL	**68,631,603,309**	68,828,494,975
Gross Non-Performing Loans Ratio	**6.89%**	8.06%
Total allowance for credit losses on receivables	**₱3,254,990,690**	₱3,004,162,759
Total NPL	**4,731,947,004**	5,550,273,009
Non-performing Loan (NPL) Cover	**68.79%**	54.13%

CHINA BANK SAVINGS, INC.
Financial Indicators
December 31, 2021

	2021	2020
Solvency ratios		
Total liability	**₱84,423,331,847**	₱88,290,965,422
Total equity	**11,329,148,040**	10,303,687,163
Debt to Equity Ratio	**745.19%**	856.89%
Total assets	**₱95,752,479,887**	₱98,594,652,585
Total equity	**11,329,148,040**	10,303,687,163
Asset to Equity Ratio	**845.19%**	956.89%
Net income before tax and interest expense	**₱2,234,416,745**	₱1,754,339,372
Interest expense	**884,055,645**	1,496,962,007
Interest Rate Coverage Ratio	**252.75%**	117.19%
Capitalization ratios		
CET 1 / Tier 1	**13.18%**	11.89%
Total Capital Adequacy Ratio	**14.09%**	12.77%

Annex "F"

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 AVE., MAKATI CITY

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

The 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 - Q

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

1.	For the quarter period ended	:	**March 31, 2022**
2.	SEC Identification Number	:	**16962**
3.	BIR Tax Identification Code	:	**000-504-532**
4.	Exact name of registrant as specified in its charter	:	**China Bank Savings, Inc.**
5.	Province, country or other jurisdiction or organization	:	**Makati City, Philippines**
6.	Industry Classification Code	:	**(SEC Use only)**
7.	Address of principal office	:	**CBS Building, 314 Sen. Gil J. Puyat Avenue, Makati City**
8.	Registrant's telephone number, including area code	:	**(632) 8-988-95-55**
9.	Former name, former address and former fiscal year, if changed since last report	:	**N/A**

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

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

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

Yes [ ] No [X]

12. Check whether the issuer:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

PART I – FINANCIAL INFORMATION

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

Item 2. Financial Statements.

Attached are the following:

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

PART II – OTHER INFORMATION

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

SIGNATURES

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

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

By:

LUIS BERNARDO A. PUHAWAN
First Vice President II and
Controller

JAMES CHRISTIAN T. DEE
President

May 10, 2022

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

A. Analysis of Statements of Financial Position

As of March 31, 2022 (Unaudited) and December 31, 2021 (Audited)

The Bank's total assets as of March 31, 2022 stood at ₱98.71 billion, ₱2.95 billion higher than the December 2021 level of ₱95.75 billion.

Cash and other cash items which include due from other banks, interbank loans receivable and securities purchased under resale agreements went down by 6.95% to ₱13.97 billion from ₱15.01 billion due to the reduction of placements with the BSP and other banks during the first quarter of 2022.

Total investment securities amounted to ₱7.23 billion, which is 0.50% higher than December 2021 balance. The Bank's securities portfolio accounted for 7.32% and 7.51% of total assets as of March 31, 2022 and December 31, 2021, respectively.

Loans and receivables, net of allowance and unearned interest and discounts, representing 70.33% of total assets, were posted at ₱69.42 billion, higher by ₱4.05 billion from December 2021 level of ₱ 65.38 billion. Gross loan portfolio was at ₱73.32 billion. On a per product basis, consumer and teachers' loans reported an increase in its share of the total loan portfolio. This is a result of the Bank's strategy to focus on the retail segment of the market.

Investment properties slightly increased to ₱2.41 billion as of March 31, 2022 from ₱2.34 billion in December 2021. Non-current assets held for sale decreased by 33.66% to ₱0.17 billion as of March 31, 2022. Meanwhile, property and equipment decreased by 0.72% or ₱0.01 billion mainly due to depreciation.

Total deposits ended at ₱84.08 billion, of which CASA (demand and savings deposits) totaled ₱ 47.83 billion. In line with the Bank's direction to significantly grow its low-cost funding mix, CASA's share of the total deposits is 56.89%, which exceeded the end-2021 ratio of 54.30%. In addition, high-cost funds were deliberately reduced as part of the Bank's management of cost of funds, resulting to 3.03% or ₱1.13 billion decline in time deposits.

Manager's checks increased by 21.53% to ₱0.47 billion and accrued interest and other expenses were 25.19% higher at ₱0.43 billion because of the booking of interest accruals and other operating expenses.

Total capital stood at ₱11.62 billion, a 2.61% increase from the ₱11.33 billion posted as of December 31, 2021 as a result of the improved operations of the Bank for the first quarter of 2022.

B. Discussion of Results of Operations

For the period ended March 31, 2022 and March 31, 2021 (Unaudited)

For the quarter ended March 31, 2022, the Bank recorded a net income after tax of ₱354.00 million or 81.55% higher versus the ₱194.99 million recorded for the same period last year.

Total interest income increased by 14.84% to ₱1.65 billion. Interest income from loans and receivables improved by 16.11% to ₱1.55 billion. Interest income from other investments, on the other hand, was 1.69% lower than same period last year at ₱0.10 billion.

Total interest expense amounted to ₱200.37 million or 20.13% lower than last year due to the continued shifting of deposit mix to lower cost funds.

For the quarter ended March 31, 2022, net interest income increased to ₱1.45 billion versus ₱1.18 billion recorded during the same period last year.

Meanwhile, total operating income improved by ₱336.91 million or 25.44%. Total operating expenses were kept at a manageable growth of 12.44% due to the continued investment in distribution network expansion, technology, system upgrades, and customer acquisition initiatives. This is attributed to the Bank's ongoing effort to improve existing business processes. Compensation and fringe benefits decreased by 3.39% to ₱316.25 million. Depreciation and amortization of Bank's properties and leasehold improvements increased from ₱100.60 million to ₱ 102.85 million. Taxes and licenses increased by 38.63% to ₱101.89 million from ₱73.50 million. Documentary stamp taxes decreased by 29.05% due to the decline in time deposits while insurance was at ₱63.31 million. Acquired asset and other litigation expense increased by 35.23% or ₱17.34 million as a result of the Bank's aggressive stance in reducing non-performing assets. Miscellaneous expenses was higher by 11.24% to ₱66.11 million.

For the first quarter of 2022, the Bank set aside ₱260.30 million in provision for impairment and credit losses, 62.12% more than from the previous year in view of the continuing effects on credit risk of the COVID-19 pandemic and its financial impact to the Bank's borrowers.

C. Analysis of Key Performance Indicators

Capitalization

The Bank's total capital adequacy ratio (CAR) ratio was registered at 13.60%. The Bank's capital is largely comprised of CET 1 / Tier 1 (core) capital.

Asset Quality

Gross non-performing loans (NPL) ratio decreased to 6.19% and non-performing loan coverage improved to 73.32%.

Liquidity

Liquid assets to total assets ratio is at 21.47% and ratio of loans to deposits increased to 82.57%.

Profitability

The Bank's net income of ₱354.00 million resulted to a return on equity (ROE) of 12.34% and return on assets (ROA) of 1.46%. Cost-to-income ratio improved to 73.17%.

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 2022.

b) Events that will Trigger Direct or Contingent Financial Obligation

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

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

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

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

	March 31, 2022	December 31, 2021
Credit lines	**₱999,570,912**	₱531,083,989
Standby domestic letters of credit	**103,985,893**	93,960,357
Late deposits/payments received	**8,609,481**	8,320,699
Outward bills for collection	**1,893,416**	1,866,299
Others	**12,209,030**	104,374
	₱1,126,268,732	₱635,335,718

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

d) Material Commitments for Capital Expenditures

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

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

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

f) Known Trends, Events or Uncertainties or Seasonal Aspects

Changes in the Bank's financial condition or operation were due more to external factors such as interest movements and cost of borrowings rather than seasonality or cyclical aspects.

Item 2. Financial Statements.

Basis of Preparation

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

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's financial statements as of December 31, 2021.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim financial statemens are consistent with those followed in the preparation of the audited financial statements as of and for the year ended December 31, 2021, except for the following amendments and improvements to PFRSs and Philippine Accounting Standards (PAS) which became effective as of January 1, 2021. 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.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond June 30, 2021*
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

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 2021. 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, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the ’10 percent’ test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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*

Summary of Significant Accounting Policies

Fair Value Measurement
The Bank measures financial instruments, such as financial assets at FVPL and financial assets at FVOCI, at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible to by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If a financial instrument measured at fair value has a bid price and an ask price, the price within bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

<u>Cash and Cash Equivalents</u>
For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP and other banks, and securities purchased under resale agreements (SPURA) that are convertible to known amounts of cash and which have original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in value.

Due from BSP includes the statutory reserves required by the BSP which the Bank considers as cash equivalents wherein withdrawals can be made to meet the Bank's cash requirements as allowed by the BSP.

<u>SPURA</u>
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.

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>
Date of recognition
Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on settlement date. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Bank, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that such asset is delivered by the Bank. Any change in fair value of unrecognized financial asset is recognized in the statement of income for assets classified as financial assets at FVPL, and in equity for assets classified as financial assets at FVOCI. Deposits, amounts due from banks and customers and loans and receivables are recognized when cash is received by the Bank or advanced to the borrowers.

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

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Bank recognizes the difference between the transaction price and the fair value (a 'Day 1' difference) in the statement of income unless it qualifies for recognition as some other type of asset. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

<u>Classification, Reclassification and Impairment of Financial Assets</u>
Classification and measurement
The classification and measurement of financial assets is driven by 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 aggregated portfolios and is based on observable factors such as:
- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- the expected frequency, value and timing of sales are also important aspects of the Bank's assessment

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

The Bank's measurement categories are described below:

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

- the asset is held within the Bank's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value. The amortization is included in 'Interest income' in the statement of income.

Gains or losses are recognized in the statement of income when these investments are derecognized or impaired, as well as through the amortization process. Gains or losses arising from disposals of these instruments are also included in 'Gains (losses) on disposal of investment securities at amortized cost' in the statement of income. The ECL is recognized in the statement of income under provision for impairment and credit losses. The effects of revaluation of foreign currency-denominated investments are recognized in the statement of income.

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

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

Financial assets at FVPL
Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Bank has chosen to designate as at FVPL at initial recognition, are classified as financial assets at FVPL. Equity investments are classified as financial assets at FVPL, unless the Bank designates an equity investment that is not held for trading as at FVOCI at initial recognition. As of March 31, 2022 and December 31, 2021, the Bank does not have financial assets at FVPL.

Financial assets at FVOCI - equity investments
At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Bank for trading. The Bank has designated its unquoted equity investments as at FVOCI as these are not held for trading purposes.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in net unrealized 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-free' account. Any dividends earned on holding these equity instruments are recognized in profit or loss under 'Miscellaneous income' account.

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

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. The ECL calculation for financial assets at FVOCI is explained in the 'Impairment of Financial Assets' section.

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

Reclassification
The Bank can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Bank is required to reclassify financial assets:

(i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
(ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in business model occurs when the Bank either begins or ceases to perform an activity that is significant to its operations. A change in the objective of the Bank's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Impairment of financial assets
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 impaired financial instruments.

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
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.

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

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

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

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

Upon reclassification, the Bank measures a non-current asset that ceases to be classified as held for sale at the lower of:
- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset not been classified as held for sale, and
- its recoverable amount at the date of the subsequent reclassification.

<u>Property and Equipment</u>
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 is calculated using the straight-line method over the estimated useful life (EUL) of the depreciable assets as follows:

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

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

Investment Properties

Investment properties include real properties acquired in settlement of loans and receivables and investments in real estate.

Real properties acquired in settlement of loans and receivables

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

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

These properties are carried at cost, which is the fair value at acquisition date including certain transaction costs, less accumulated depreciation and impairment in value. Transaction costs, which include nonrefundable capital gains tax and documentary stamp tax, incurred in connection with foreclosure are capitalized as part of the carrying values of the cost of the real properties acquired. Investment properties acquired through a nonmonetary asset exchange is measured initially at fair value unless (a) the exchange lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable, where the net carrying value of the related loans and receivables is used. The difference between the fair value of the foreclosed properties and the carrying value of the related receivables given up is recognized in 'Gain (loss) on asset exchange' account in the statement of comprehensive income. Subsequent to initial recognition, real properties acquired in settlement of loans and receivables are stated at cost less accumulated depreciation and any accumulated impairment in value. Depreciation is computed on a straight-line basis over the EUL from the time of acquisition of the investment properties but not to exceed 10 years.

Investments in real estate

Investments in real estate consist of investments in land and building. The Bank applies the cost model in accounting for investments in real estate. Investment in land is carried at cost less impairment in value. Building is carried at cost less accumulated depreciation and impairment in value. All costs that are directly attributable to the acquisition and development of property are capitalized, including borrowing costs incurred to finance the property development. Depreciation is computed on a straight-line basis between 20 to 40 years.

Subsequent measurement of investment properties

The EUL of investment properties and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

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

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

<u>Intangible Assets</u>
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. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits and losses resulting from transactions between the Bank and an associate are eliminated to the extent of the interest in the associate. Dividends received, if any, are treated as a reduction in the carrying value of the investment.

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

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

As of March 31, 2022 and December 31, 2021, the investment in an associate, which was acquired as a result of merger with PDB, is fully impaired.

Impairment of Nonfinancial Assets

At each reporting date, the Bank assesses whether there is any indication that its nonfinancial assets (i.e., property and equipment, investment properties, investment in a subsidiary and an associate, software cost) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against the statement of income in the period in which it arises.

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

After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Leases
The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

a. *Right-of-use assets*
The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized adjusted by lease payments made at or before the commencement date and lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the depreciable assets. The depreciation expense is presented under 'Depreciation and amortization' in the statement of income.

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

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

b. *Lease liabilities*
At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c. *Short-term leases and leases of low-value assets*
   The Bank applies the short-term lease recognition exemption to its short-term leases of branch sites (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of branch sites that are considered to be low value. (i.e., those with value of less than ₱250,000). Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Bank as a lessor
Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Equity
Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Additional paid-in capital' account. If the 'Additional paid-in capital' is not sufficient, the excess is charged against the 'Surplus (deficit)'. The effect of positive (negative) equity adjustments arising from business combination under common control is included under 'Additional paid-in capital' ('Other equity reserves').

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

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

Revenue Recognition
Revenues within the scope of PFRS 15, Revenue from Contracts with Customers
Revenue from contract with customers is recognized upon transfer of promised goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Bank exercises judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the five-step model to contracts with customers.

The following specific recognition criteria must be met before revenue is recognized for contracts within the scope of PFRS 15:

Service fees and commission income
Fees earned for the provision of services are recognized once services are rendered. Service fees and commission income are measured at the amount of consideration which the Bank expects to be entitled in exchange for transferring promised services to the customers. These fees include charges from usage of ATM, charges for returned checks, charges for below minimum maintaining balance, bancassurance and commission income.

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

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

Revenues outside the scope of PFRS 15

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

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

Gain (loss) on asset exchange
Gain (loss) on asset exchange transaction is recognized upon foreclosure of loan collaterals (see accounting policy on investment properties and NCAHS). The gain or loss on foreclosure represents the difference between the fair value of the asset received and book value of the asset given up.

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

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

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

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

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

Interest expense
Interest expense for all interest-bearing financial liabilities are recognized in 'Interest expense' in the statement of income using the EIR of the financial liabilities to which they relate.

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

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

Retirement Benefits
The net defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation at the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The defined benefit obligation is calculated annually by an independent actuary. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds that have terms to maturity approximating the terms of the related retirement asset or liability. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
a. service cost;
b. net interest on the net defined benefit liability or asset; and
c. remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on Philippine government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Bank, nor can they be paid directly to the Bank. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Bank's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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 offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

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

Financial Risk Management Objectives and Policies

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

Central to the Bank's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate unavoidable risks and maximize returns from taking acceptable risks necessary to sustain its business viability and good financial position in the market.

The key financial risks that the Bank faces are: credit risk, market risk (i.e., interest rate risk), and liquidity risk. The Bank's risk management objective is primarily focused on controlling and mitigating these risks. The gravity of the risks, the magnitude of the financial instruments involved, and the regulatory requirements are the primary considerations to the scope and extent of the risk management processes put in place for the Bank.

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

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

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

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

The Bank's AudCom, on the other hand, focuses on checking whether adequate process and operational controls are in place and functioning as designed, as well as monitoring compliance thereto by the business and support units. The role of the AudCom is very critical in the proper corporate governance and effective risk management because of its independence from the Bank's top and middle level management. The AudCom is comprised of independent directors who neither participate in the Bank's daily activities nor take decision-making responsibilities. The AudCom delegates its daily control and monitoring functions to the Internal Audit Department (IAD).

The IAD is likewise independent from the business and support units and reports exclusively to the AudCom. The IAD undertakes its control function through regular process, operational and financial audits which it conducts all throughout the year. The audit covers all processes and controls in the Head Office and the branches. The audit results and exceptions, including recommendations for their resolution or improvement, are discussed initially with the business units concerned before these are presented to the AudCom on a quarterly basis.

Risk Management Reporting

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

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

Risk Mitigation

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

To further mitigate risk throughout its different business and supporting units, the Bank is in the continuous process of improving its existing risk management policies. These policies further serve as the framework and set the guidelines in the creation or revisions of operating policies and manuals for each business unit. In the process design and implementation, process controls are preferred over detection controls. Clear delineation of responsibilities and separation of incompatible duties among officers and staff as well as among business units are reiterated in these policies.

To the extent possible, reporting and accounting responsibilities are segregated from units directly involved in operations and front line activities (i.e., players must not be scorers). This is to improve the credibility and accuracy of management information. Any inconsistencies in the operating policies and manuals with the risk framework established by risk management policies are taken up and resolved in the RMC and ExeCom.

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

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

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

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

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

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

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

Credit Risk

Credit Risk and Concentration of Assets and Liabilities and Off-Balance Sheet Items
Credit risk is the risk of financial loss due to one party to a financial product failing to discharge an obligation. The Bank faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (i.e., investment securities issued by either sovereign or corporate entities) and through implied or

actual contractual agreements (i.e., on or off-balance sheet exposures). The Bank manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual credit or transaction).

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

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

The main types of collateral obtained are as follows:

- For securities lending and reverse repurchase transactions - cash or securities
- For consumer lending - real estate and chattel over vehicle
- For corporate and commercial lending - real estate, chattel over properties, assignment of deposits, shares of stocks, bonds, and guarantees

Foreclosed collateral
The Bank's policy is to determine whether a foreclosed collateral is best used for its internal operations or should be sold. Foreclosed 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.

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

It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. The attributable risk ratings are assessed and updated regularly. The standard credit rating equivalent grades are relevant only for certain of the exposures in each risk rating class.

The rating categories are further described below.

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

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

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

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

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

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

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

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

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

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

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

Credit Quality Rating	External Credit Risk Rating	Credit Rating Agency
	Ba1, Ba2, Ba3, B1, B2, R, SD & D	Moody's
	BB+, BB, BB−, B/B+, CCC, R, SD &	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.

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

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

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

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

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

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

a. *Interest rate risk*

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

   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 asset-liability gap analysis method is used by the Bank to measure the sensitivity of its assets and liabilities to interest rate fluctuations. This analysis measures the Bank's susceptibility to changes in interest rates. The repricing gap is calculated by first distributing the assets and liabilities contained in the Bank's statement of financial position into tenor buckets according to the time remaining to the next repricing date (or the time remaining to maturity if there is no repricing), and then obtaining the difference between the total of the repricing (interest rate sensitive) assets and the total of repricing (interest rate sensitive) liabilities.

   A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.

   Accordingly, during a period of rising interest rates, a bank with a positive gap would be in a position to invest in higher yielding assets earlier than it would need to refinance its interest rate sensitive liabilities. During a period of falling interest rates, a bank with a positive gap would tend to see its interest rate sensitive assets repricing earlier than its interest rate sensitive liabilities, restraining the growth of its net income or resulting in a decline in net interest income.

The Bank also monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its 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.

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

The Bank's policy is to maintain foreign currency exposure within existing regulations, and within acceptable risk limits. The Bank believes in ensuring its foreign currency is at all times within limits prescribed for financial institutions who are engaged in the same types of businesses in which the Bank is engaged.

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

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

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

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

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

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Bank's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;

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

Generally, the related party transactions are settled in cash. There are no provisions for credit losses for the first quarter of 2022 and 2021 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. Significant transactions of the retirement fund, particularly with related parties, are approved by the Retirement Committee (RC) of the Bank. The members of the RC are directors and key management personnel of the Bank.

Remunerations of Directors and other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The Bank considers the members of the Management Committee as key management personnel for purposes of PAS 24.

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

As of March 31, 2022 and December 31, 2021, all loans to related parties are secured and no provision for credit losses was recorded.

As of March 31, 2022 and December 31, 2021, the number of common shares held by the Parent Bank is 105.00 million. The Parent Bank does not hold preferred shares of the Bank in March 2022 and 2021.

Regulatory Reporting

As required by the BSP, the Bank discloses loan transactions with its and affiliates and investees and with certain DOSRI. Under existing banking regulations, the limit on the amount of individual loans to DOSRI, of which 70.00% must be secured, should not exceed the regulatory capital or 15.00% of the total loan portfolio, whichever is lower. These limits do not apply to loans secured by assets considered as non-risk as defined in the regulations.

BSP Circular No. 423, dated March 15, 2004, amended the definition of DOSRI accounts. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to said Circular, and new DOSRI loans, other credit accommodations granted under said Circular:

	March 31, 2022		December 31, 2021	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Total outstanding DOSRI loans*	**₱571,834,337**	**₱591,908,710**	₱621,111,200	₱641,708,816
Percent of DOSRI/Related Party loans to total loan portfolio**	**0.78%**	**0.81%**	0.91%	0.94%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	**–**	**–**	–	–
Percent past due DOSRI/Related Party loans to total loan portfolio	**–**	**–**	–	–
Percent of non−performing DOSRI/Related Party loans to total loan portfolio	**–**	**–**	–	–

** Includes deposits with CBC*

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

The amounts of loans disclosed for related parties above differ with the amounts disclosed for key management personnel since the composition of DOSRI is more expansive than that of key management personnel.

BSP Circular No. 560 provides that the total outstanding loans, other credit accommodation and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi−bank; and the subsidiaries and affiliates of the lending bank/quasi−bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank.

On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty-five (25.00%) of the net worth of the lending bank/quasi-bank to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation.

Other Disclosures

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

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

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

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

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

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

China Bank Savings, Inc.
(A Majority Owned Subsidiary of China Banking Corporation)

Unaudited Interim Condensed Financial Statements
As of March 31, 2022
(With Comparative Audited Figures as of December 31, 2021)

and for the periods ended March 31, 2022 and 2021 (Unaudited)

CHINA BANK SAVINGS, INC.

Annex 1

INTERIM STATEMENTS OF FINANCIAL POSITION

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Cash and Cash Equivalents	**₱13,967,983,539**	₱15,011,773,502
Financial Assets at Fair Value through Other Comprehensive Income	**1,985,045,904**	1,893,635,076
Investment Securities at Amortized Cost	**5,242,771,283**	5,297,944,720
Loans and Receivables	**69,424,676,815**	65,376,612,619
Non-current Assets Held for Sale	**167,700,559**	252,798,022
Property and Equipment	**1,635,333,562**	1,647,203,494
Investment Properties	**2,408,859,180**	2,338,390,848
Branch Licenses	**74,480,000**	74,480,000
Software Costs	**34,182,992**	35,090,416
Deferred Tax Assets	**1,151,203,890**	1,164,473,203
Other Assets	**2,614,287,952**	2,660,077,987
	₱98,706,525,676	₱95,752,479,887
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities		
Demand	**₱26,054,510,796**	₱23,768,918,860
Savings	**21,778,179,296**	20,646,073,006
Time	**36,247,530,799**	37,380,174,149
	84,080,220,891	81,795,166,015
Manager's Checks	**471,827,782**	388,246,464
Accrued Interest and Other Expenses	**429,427,591**	343,030,744
Income Tax Payable	**148,423**	146,099
Other Liabilities	**2,100,369,516**	1,896,742,525
	87,081,994,203	84,423,331,847
Equity		
Capital stock	**10,543,579,100**	10,543,579,100
Additional paid-in capital	**485,049,814**	485,049,814
Other equity stock grants	**17,277,400**	17,277,400
Other equity reserves	**(2,248,520,637)**	(2,248,520,637)
Surplus	**2,812,816,374**	2,458,819,483
Remeasurement gains on retirement liability	**66,113,624**	66,113,624
Net unrealized losses on financial assets at fair value through other comprehensive income	**(94,601,996)**	(31,783,083)
Cumulative translation adjustment	**42,817,794**	38,612,339
	11,624,531,473	11,329,148,040
	₱98,706,525,676	₱95,752,479,887

CHINA BANK SAVINGS, INC.

Annex 2

INTERIM STATEMENTS OF INCOME

	Quarters Ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
INTEREST INCOME		
Loans and receivables	**₱1,545,651,050**	₱1,331,240,266
Investment securities	**61,243,995**	60,493,183
Due from BSP and other banks	**38,599,844**	41,065,603
	1,645,494,889	1,432,799,052
INTEREST EXPENSE		
Deposit liabilities	**190,295,460**	240,169,185
Others	**10,070,787**	10,710,308
	200,366,247	250,879,493
NET INTEREST INCOME	**1,445,128,642**	1,181,919,559
Service charges, fees and commissions	**83,393,731**	72,135,440
Gain on asset exchange	**57,245,933**	17,429,774
Income from property rentals	**13,603,214**	21,336,446
Foreign exchange gain	**697,540**	9,677,539
Miscellaneous	**60,911,284**	21,575,464
TOTAL OPERATING INCOME	**1,660,980,344**	1,324,074,222
Compensation and fringe benefits	**316,247,240**	327,336,274
Depreciation and amortization	**102,845,940**	100,601,017
Provision for impairment and credit losses	**260,297,553**	160,563,271
Taxes and licenses	**101,893,442**	73,500,380
Documentary stamp taxes	**45,752,195**	64,485,632
Insurance	**63,309,113**	60,326,258
Security, messengerial and janitorial	**68,133,435**	54,933,169
Acquired asset and other litigation expense	**66,535,690**	49,200,649
Transportation and travel	**24,826,094**	24,591,880
Occupancy costs	**25,902,484**	33,011,123
Entertainment, amusement and recreation	**20,975,441**	22,645,310
Utilities	**17,241,614**	21,159,947
Stationery, supplies and postage	**14,567,285**	9,712,905
Data processing and information technology	**15,602,430**	18,477,046
Management and other professional fees	**5,111,541**	901,986
Miscellaneous	**66,106,919**	59,424,637
TOTAL OPERATING EXPENSES	**1,215,348,416**	1,080,871,484
INCOME BEFORE INCOME TAX	**445,631,928**	243,202,738
PROVISION FOR INCOME TAX	**91,635,037**	48,212,530
NET INCOME	**₱353,996,891**	₱194,990,208

CHINA BANK SAVINGS, INC. Annex 3

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Quarters Ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
NET INCOME	**₱353,996,891**	₱194,990,208
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that recycle to profit or loss in subsequent periods:		
Changes in net unrealized losses on financial assets at fair value through other comprehensive income:	**(62,818,913)**	(41,920,979)
Cumulative translation adjustment	**4,205,455**	(262,581)
	(58,613,458)	(42,183,560)
TOTAL COMPREHENSIVE INCOME	**₱295,383,433**	₱152,806,648

CHINA BANK SAVINGS, INC. Annex 4

INTERIM STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Additional Paid-in Capital	Other Equity Stocks Grants	Other Equity Reserves	Surplus	Remeasurement Gains (Losses) on Retirement Liability	Net Unrealized Losses on Financial Assets at Fair Value through Other Comprehensive Income	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2022 (Audited)	**₱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 period	**–**	**–**		**–**	**353,996,891**	**–**	**(62,818,913)**	**4,205,455**	**295,383,433**
Balance at March 31, 2022 (Unaudited)	**₱10,543,579,100**	**₱485,049,814**	**₱17,277,400**	**(₱2,248,520,637)**	**₱2,812,816,374**	**₱66,113,624**	**(₱94,601,996)**	**₱42,817,794**	**₱11,624,531,473**
Balance at January 1, 2021 (Audited)	₱10,543,579,100	₱485,049,814	₱18,286,290	(₱2,248,520,637)	₱1,472,363,621	(₱404,555)	₱4,299,021	₱29,034,509	₱10,303,687,163
Total comprehensive income for the period	–	–	–	–	194,990,208	–	(41,920,979)	(262,581)	152,806,648
Balance at March 31, 2021 (Unaudited)	₱10,543,579,100	₱485,049,814	₱18,286,290	(₱2,248,520,637)	₱1,667,353,829	(₱404,555)	(₱37,621,958)	₱28,771,928	₱10,456,493,811

CHINA BANK SAVINGS, INC. Annex 5

INTERIM STATEMENTS OF CASH FLOWS

	Quarters Ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱445,631,928**	₱243,202,738
Adjustments for:		
Depreciation and amortization	**102,845,940**	100,601,017
Provision for impairment and credit losses	**260,297,553**	160,563,271
Gain on asset exchange	**(57,245,933)**	(17,429,774)
Amortization of premium on investment securities	**40,965,010**	34,945,235
Interest on lease liabilities	**10,070,787**	10,710,308
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Loans and receivables	**(4,384,083,548)**	(248,365,206)
Other assets	**45,790,035**	(70,561,097)
Increase (decrease) in the amounts of:		
Deposit liabilities	**2,285,054,876**	(2,490,322,207)
Manager's checks	**83,581,318**	(74,303,360)
Accrued interest and other expenses	**86,396,847**	142,094,449
Other liabilities	**2,324**	(17,776,293)
Net cash used in operations	**(1,080,692,863)**	(2,226,640,919)
Income tax paid	**(91,632,713)**	(27,210,940)
Net cash used in operating activities	**(1,172,325,576)**	(2,253,851,859)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investment securities	**(249,720,981)**	(426,236,606)
Property and equipment	**(62,188,424)**	(53,825,212)
Software costs	**(2,357,795)**	(2,734,480)
Proceeds from sale/maturity of:		
Investment securities	**170,226,082**	507,696,874
Property and equipment	**15,087,572**	30,300,675
Investment properties	**134,756,888**	17,186,145
Non-current assets held for sale	**191,825,728**	16,787,060
Net cash provided by investing activities	**197,629,070**	89,174,456
CASH FLOWS FROM FINANCING ACTIVITY		
Payments of principal portion of lease liabilities	**(58,448,015)**	(65,834,257)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	**(10,645,442)**	(13,024,214)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,043,789,963)**	(2,243,535,874)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**15,011,773,502**	17,058,512,784
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱13,967,983,539**	₱14,814,976,910

CHINA BANK SAVINGS, INC. Annex 6

FINANCIAL PERFORMANCE INDICATORS

	Quarters Ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
Capitalization		
Capital Adequacy Ratio (CAR)	**13.60%**	12.69%
Common Equity Tier (CET) 1 Ratio	**12.67%**	11.68%
Asset Quality		
Gross Non-Performing Loans (NPL) Ratio	**6.19%**	8.43%
Non-Performing Loan Cover	**73.32%**	50.66%
Liquidity		
Liquid Assets to Total Assets	**21.47%**	22.16%
Loans (net) to Deposit Ratio	**82.57%**	79.88%
Profitability		
Return on Equity	**12.34%**	7.67%
Return on Assets	**1.46%**	0.82%
Cost Efficiency		
Operating Expenses to Operating Income*	**73.17%**	81.63%

* *Had the Bank excluded the provision for impairment and credit losses, cost to income ratio is 57.50% and 69.51% for the quarter ended March 31, 2022 and 2021, respectively.*

Definition of Ratios

Capitalization

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

Asset Quality

Gross NPL Ratio	-	Gross NPL / Gross Loans and Receivables
NPL Cover	-	Total Allowance for Credit Losses on Loans and Receivables / Gross NPL

Liquidity

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

Profitability

Return on Equity	-	Net Income after Tax / Average Total Equity
Return on Assets	-	Net Income after Tax / Average Total Assets

Cost Efficiency

Cost-to-Income Ratio	-	Total Operating Expenses / Total Operating Income

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

A. Analysis of Statements of Financial Position

As of March 31, 2022 (Unaudited) and December 31, 2021 (Audited)

The Bank's total assets as of March 31, 2022 stood at ₱98.71 billion, ₱2.95 billion higher than the December 2021 level of ₱95.75 billion.

Cash and other cash items which include due from other banks, interbank loans receivable and securities purchased under resale agreements went down by 6.95% to ₱13.97 billion from ₱15.01 billion due to the reduction of placements with the BSP and other banks during the first quarter of 2022.

Total investment securities amounted to ₱7.23 billion, which is 0.50% higher than December 2021 balance. The Bank's securities portfolio accounted for 7.32% and 7.51% of total assets as of March 31, 2022 and December 31, 2021, respectively.

Loans and receivables, net of allowance and unearned interest and discounts, representing 70.33% of total assets, were posted at ₱69.42 billion, higher by ₱4.05 billion from December 2021 level of ₱ 65.38 billion. Gross loan portfolio was at ₱73.32 billion. On a per product basis, consumer and teachers' loans reported an increase in its share of the total loan portfolio. This is a result of the Bank's strategy to focus on the retail segment of the market.

Investment properties slightly increased to ₱2.41 billion as of March 31, 2022 from ₱2.34 billion in December 2021. Non-current assets held for sale decreased by 33.66% to ₱0.17 billion as of March 31, 2022. Meanwhile, property and equipment decreased by 0.72% or ₱0.01 billion mainly due to depreciation.

Total deposits ended at ₱84.08 billion, of which CASA (demand and savings deposits) totaled ₱ 47.83 billion. In line with the Bank's direction to significantly grow its low-cost funding mix, CASA's share of the total deposits is 56.89%, which exceeded the end-2021 ratio of 54.30%. In addition, high-cost funds were deliberately reduced as part of the Bank's management of cost of funds, resulting to 3.03% or ₱1.13 billion decline in time deposits.

Manager's checks increased by 21.53% to ₱0.47 billion and accrued interest and other expenses were 25.19% higher at ₱0.43 billion because of the booking of interest accruals and other operating expenses.

Total capital stood at ₱11.62 billion, a 2.61% increase from the ₱11.33 billion posted as of December 31, 2021 as a result of the improved operations of the Bank for the first quarter of 2022.

B. Discussion of Results of Operations

For the period ended March 31, 2022 and March 31, 2021 (Unaudited)

For the quarter ended March 31, 2022, the Bank recorded a net income after tax of ₱354.00 million or 81.55% higher versus the ₱194.99 million recorded for the same period last year.

Total interest income increased by 14.84% to ₱1.65 billion. Interest income from loans and receivables improved by 16.11% to ₱1.55 billion. Interest income from other investments, on the other hand, was 1.69% lower than same period last year at ₱0.10 billion.

Total interest expense amounted to ₱200.37 million or 20.13% lower than last year due to the continued shifting of deposit mix to lower cost funds.

For the quarter ended March 31, 2022, net interest income increased to ₱1.45 billion versus ₱1.18 billion recorded during the same period last year.

Meanwhile, total operating income improved by ₱336.91 million or 25.44%. Total operating expenses were kept at a manageable growth of 12.44% due to the continued investment in distribution network expansion, technology, system upgrades, and customer acquisition initiatives. This is attributed to the Bank's ongoing effort to improve existing business processes. Compensation and fringe benefits decreased by 3.39% to ₱316.25 million. Depreciation and amortization of Bank's properties and leasehold improvements increased from ₱100.60 million to ₱ 102.85 million. Taxes and licenses increased by 38.63% to ₱101.89 million from ₱73.50 million. Documentary stamp taxes decreased by 29.05% due to the decline in time deposits while insurance was at ₱63.31 million. Acquired asset and other litigation expense increased by 35.23% or ₱17.34 million as a result of the Bank's aggressive stance in reducing non-performing assets. Miscellaneous expenses was higher by 11.24% to ₱66.11 million.

For the first quarter of 2022, the Bank set aside ₱260.30 million in provision for impairment and credit losses, 62.12% more than from the previous year in view of the continuing effects on credit risk of the COVID-19 pandemic and its financial impact to the Bank's borrowers.

C. Analysis of Key Performance Indicators

Capitalization
The Bank's total capital adequacy ratio (CAR) ratio was registered at 13.60%. The Bank's capital is largely comprised of CET 1 / Tier 1 (core) capital.

Asset Quality
Gross non-performing loans (NPL) ratio decreased to 6.19% and non-performing loan coverage improved to 73.32%.

Liquidity
Liquid assets to total assets ratio is at 21.47% and ratio of loans to deposits increased to 82.57%.

Profitability
The Bank's net income of ₱354.00 million resulted to a return on equity (ROE) of 12.34% and return on assets (ROA) of 1.46%. Cost-to-income ratio improved to 73.17%.

Annex "F.2"

Re: CHINA BANK SAVINGS, INC._SEC Form 17-Q_10May2022

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Tue 5/10/2022 9:30 AM
To: Faye Abigail G. Ano <fagano.cbs@chinabank.ph>

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.
(Subject to Verification and Review of the Quality of the Attached Document)
Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

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NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, Monthly Reports, Quarterly Reports, Letters, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST/OST or over- the- counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as:
AFS, GIS, GFFS, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please email to:

https://apps010.sec.gov.ph

For your information and guidance.

Thank you and keep safe.

Schedule "A"

GUIDELINES FOR PARTICIPATION VIA REMOTE COMMUNICATION AND VOTING *IN ABSENTIA*

April 21, 2022 at 5:00 PM

The 2022 Annual Stockholders' Meeting (ASM) of the China Bank Savings, Inc. is scheduled on June 16, 2022 at 9:30AM (Manila Time) and the Board of Directors of the Bank has set the close of business on April 21, 2022 as the record date for the determination of stockholders entitled to the notice of, to attend, and to vote during the 2022 ASM and any adjournment thereof.

As part of the Bank's initiative to continuously promote shareholder rights, and in the interest and consideration of the participants' health and safety during the current pandemic brought about by the novel coronavirus disease (COVID-19), the Board of Directors of the Bank has approved and authorized stockholders to participate in the 2022 ASM via remote communication and to exercise their right to vote *in absentia* from the safety and comfort of their own homes.

ONLINE REGISTRATION

Stockholders who wish to attend and participate in the 2022 ASM must go through the entire online registration process in order for them to vote, which shall be open until June 9, 2022.

HOW TO REGISTER

The stockholders must notify the Office of the Corporate Secretary by sending an email to *ocs.cbs@chinabank.ph* and provide the following information and attach documents for verification:

1. Complete Registered Name/s (last name/s, first name/s, middle name/s)
2. Active email address
3. Alternate email address (optional)
4. Tax Identification Number (optional)
5. Active Mobile Number/s
6. Active Landline Number/s
7. Government issued ID with photo and signature - scan front and back of the ID
8. Proof of ownership such as but not limited to: Stock Certificate No./s; Secretary's Certificate for authorized representative (for corporate); other supporting documents of ownership as applicable.
9. If registering as proxy, a copy of the duly signed proxy form by the stockholder, email address and contact number of the proxy. For this purpose, a template format will be sent to such proxy's given email address.
10. If registering as representative of a joint account, Stock Certificate Number of the Representative and Authorization Letter. This Authorization Letter must also reflect the Stock Certificate Number of each of the representative's fellow joint account holders, if applicable.

Special Instructions for Stockholders Voting in Multiple Capacities

A stockholder attending and participating in the ASM in multiple capacities must go through the online registration process for each capacity.

> To illustrate, a stockholder participating in his/her individual capacity and, at the same time, as a representative of a corporate stockholder, must register twice (one time in his/her personal capacity, and another time as company representative).

Registering stockholders must exert all efforts to provide complete and accurate information. Stockholders must likewise refrain from sending duplicate and inconsistent data, which could result in an unsuccessful registration.

VERIFICATION

Once registration is complete, the information shall be verified and validated by the Office of the Corporate Secretary. As soon as information and documents have been verified and validated with the Bank's records, the Office of the Corporate Secretary will send an email to the stockholders' registered email address confirming their registration, providing them with the meeting link, Ballot Form, Proxy Form, Authorization Letter for Joint Account Holder (if applicable).

VOTING PROCESS

Stockholders using the official China Bank Savings, Inc., ballot form can vote on each agenda item. A brief description of each item for stockholders' approval is appended to the Notice of the Meeting.

a. The stockholders may choose to vote "**Yes**", "**No**", or "**Abstain**" on each agenda item for approval.

a. For the election of directors, the stockholders will have the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.

The stockholder may vote such same number of shares for as many persons as there are directors to be elected or cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned, or distribute them on the same principle among as many candidates as may be seen fit, provided that the total number of votes cast shall not exceed the number of shares owned by the stockholder.

A stockholder attending and participating in the ASM in multiple capacities must go through the voting process for each capacity. Stockholders must exert all efforts in ensuring that their votes are proper prior to submitting the same.

PARTICIPATION THROUGH REMOTE COMMUNICATION

The 2022 ASM will be broadcasted live and stockholders who have successfully registered can participate via remote communication. Details of the meeting, reminders, and step-by-step procedures will be sent to stockholders in the emails they have provided to the Bank. Instructions on how to access the livestream are also posted at www.cbs.com.ph.

Audio and video recordings of the ASM will be adequately maintained by the Bank and will be made available in the Bank's website.

QUESTIONS AND ANSWERS

Stockholders may submit questions and comments, preferably on or before 5:00PM on May 30, 2022, which will be read and answered during the Zoom livestream broadcast. Any questions or comments submitted and received, but not addressed during the livestream, shall be answered directly by email to the stockholder concerned. Additional questions or comments may be sent to *ocs.cbs@chinabank.ph* or to any of the following OCS team, namely

Name	***Email Address***
1. Ms. Joelee T. Banares	*Jtbanares.cbs@chinabank.ph*

OCS Officer	
2. *Ms. Venice A. Bangayan* *OCS Staff*	*vabangayan.cbs@chinabank.ph*

For any concerns, please contact the Bank's Office of the Corporate Secretary at (+632) 88847600 loc. 79998 or to any of the following, namely:

Name	***Email Address***
1. *Atty. Arturo Jose M. Constantino III* *Corporate Secretary*	*ajmconstanino.cbs@chinabank.ph*
2. *Atty. James Anthony D. Betito* *Assistant Corporate Secretary*	*jadbetito.cbs@chinabank.ph*

For complete information on the Bank's 2022 ASM, please visit www.cbs.com.ph.

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, 2021

(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	**8367-8341**	**N/A**

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
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, 2021**
2.	SEC Identification Number	:	**16962**
3.	BIR Tax Identification Code	:	**000-504-532**
4.	Exact name of registrant as specified in its charter	:	**China Bank Savings, Inc.**
5.	Province, country or other jurisdiction or organization	:	**Makati City, Philippines**
6.	Industry Classification Code	:	**(SEC Use only)**
7.	Address of principal office	:	**CBS Building, 314 Sen. Gil J. Puyat Avenue, Makati City**
8.	Registrant's telephone number, including area code	:	**(632) 8-988-95-55**
9.	Former name, former address and former fiscal year, if changed since last report	:	N/A

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

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

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

    Yes [ ]   No [✓]

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.

CBS began operations on September 8, 2008 following the Parent Bank's acquisition of Manila Bank in 2007. Subsequent mergers with Unity Bank, a Pampanga-based rural bank, and Planters Development Bank (Plantersbank) have bolstered CBS' position as a leading thrift bank in the industry. With more than 150 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.*** Doing the right thing to everyone at all times.
- ***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.

Form and Year of Organization

China Bank Savings, Inc. (the Bank or CBS) 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. As of December 31, 2021 and 2020, the Bank has 160 and 158 branches, respectively.

The Bank's original Certificate of Incorporation was issued by the Philippine Securities and Exchange Commission (SEC) on May 23, 1960. 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, 2021 and 2020, CBC, the ultimate parent bank, has ownership interest in the Bank of 99.60%.

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

	2021	2020
PROFITABILITY		
Total net interest income	**₱5,470,233,970**	₱4,372,525,248
Total non-interest income	**834,011,953**	389,462,800
Total non-interest expenses	**3,707,286,607**	3,599,106,439
Pre-provision profit	**2,596,959,316**	1,162,881,609
Provision for credit losses	**1,246,979,955**	905,504,244
Net income	**986,455,862**	506,380,083
SELECTED BALANCE SHEET DATA		
Liquid assets	**16,905,408,578**	18,486,797,632
Gross loans	**68,631,603,309**	68,828,494,975
Total assets	**95,752,479,887**	98,594,652,585
Deposits	**81,795,166,015**	85,458,742,658
Total equity	**11,329,148,040**	10,303,687,163
SELECTED RATIOS		
Return on equity	**9.12%**	5.06%
Return on assets	**1.02%**	0.50%
Capital adequacy ratio	**14.09%**	12.77%
OTHERS		
Headcount		
Officers	**1,083**	1,073
Staff	**1,113**	1,194

2. Business of Registrant

a. Products and Services

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

DEPOSITS

- Savings
  - **Easi-Save Basic** is an ideal starter, interest-earning ATM savings account with no initial deposit required and maintaining balance requirement.
  - **Easi-Save ATM** is an interest-earning account with the convenience of a PIN-based automatic teller machine (ATM) card.
  - **Easi-Save for Kids** is an interest-earning savings account designed for children aged at least 7 until 12 years old and comes with a passbook.
  - **US Dollar Savings Account** is a US Dollar-denominated savings account that comes with a passbook.
  - **CBS My First Million Savings Account** is an interest-earning savings account that comes with a passbook for easy monitoring and 24/7 access via ATM, CBS Online Banking and CBS Mobile App.

- Checking

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

- Time Deposit

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

LOANS AND CREDIT FACILITIES

- **SME Biz Loan**

    - **Term Loan** is a multipurpose credit source with a tenor of more than one year extended to business entities.
    - **Revolving Promissory Note Line** provides ready cash for purchasing, building up inventory, or as a bridge between receivables.
    - **Check Discounting Line** allows to get credit immediately every time it is needed. No more waiting time for customer's post-dated checks to clear.
    - **Invoice Financing** is a supervised and directed loan offered to business entities for the purpose of financing the purchase of their inventory goods from manufacturers, suppliers, or distributors.
    - **Floor Stock Financing** keeps inventory fully stocked while CBS handles the payments, oversees everything and making sure everything is paid on time.
    - **Domestic Standby Letter of Credit** is a standby credit line extended to businesses to guarantee financing for a project or particular business transaction with a specific or certified beneficiary.
    - **Project Financing / Development Loan** is a credit facility intended to finance the development of residential housing projects.
    - **CTS Receivables Financing with Recourse** is a credit facility that provides liquidity to real estate developers through purchase of receivables from individual home buyers covered with contract-to-sell (CTS) on accredited residential housing projects.
    - **Bus and Truck Financing** is a credit facility that provides liquidity to bus transport operators, i.e., commuter services (regular and P2P), shuttle services, tourist services, airport shuttle services, and logistics or distributions transport operators using trucks.

- **Small Biz Loan**

  - **Small Biz Term Loan** is a multipurpose credit source with a tenor of more than one year extended to business entities.
  - **Small Biz Revolving Promissory Note** is a loan facility for loans worth ₱10.0 million and below. Interest is computed only for the amount used. A real estate mortgage (REM) or a combination of REM and deposit assignment are required.
  - **Small Biz Revolving Credit Line (Check Driven)** is a standby credit line guarantees simple financing for product or specific recipient over time.

- **Consumer Loan**

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

- **Easi-APDS Loan**

  - Easi-APDS is an Automatic Payroll Deduction Salary (APDS) Loan. It is a multi-purpose and non-collateral program offered to the teaching and non-teaching personnel of the Department of Education, 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 APDS Private Lending Institution with Deduction Code 1151.

CASH MANAGEMENT SERVICES

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

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

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

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

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

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

- **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.

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

- **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, 2021		December 31, 2020	
	%	**Amount**	%	Amount
INTEREST INCOME				
Loans and receivables		**₱5,955,951,115**		₱5,371,098,892
Investment securities		**242,801,087**		252,198,202
Interbank loans receivable and SPURA		**29,351,355**		73,474,293
Due from BSP and other banks		**126,186,058**		172,715,868
		6,354,289,615		5,869,487,255
INTEREST EXPENSE				
Deposit liabilities		**841,037,755**		1,447,786,542
Others		**43,017,890**		49,175,465
		884,055,645		1,496,962,007
NET INTEREST INCOME	**86.77%**	**5,470,233,970**	91.83%	4,372,525,248
Service charges, fees and commissions	**7.48%**	**471,562,919**	4.06%	193,495,165
Gain on asset exchange	**3.22%**	**202,952,436**	1.59%	75,905,376
Trading and securities gains	**0.93%**	**58,804,838**	0.40%	19,283,808
Income from property rentals	**0.24%**	**15,123,373**	0.56%	26,696,960
Miscellaneous	**1.36%**	**85,568,387**	1.56%	74,081,491
TOTAL OPERATING INCOME	**100.00%**	**₱6,304,245,923**	100.00%	₱4,761,988,048

Distribution Methods of Products and Services

CBS products and services are made available across multiple distribution and delivery channels: 160 branch network; 167 ATM network (163 in-branch and 4 off-site ATMs nationwide); 9 in-branch cash accept machine; 3 business centers and 15 sales offices mainly supporting the Bank's SME and consumer lending business and 32 APDS lending centers and 16 APD lending kiosks primarily supporting the Bank's APDS lending business.

The rapidly growing distribution network is enabled by a highly robust and integrated core banking platform FCBS by Infosys. The core banking systems 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 - SAVEMORE	Acacia Taguig Town Center, Acacia Estates, Ususan, Taguig City
2	ADRIATICO - HYPERMARKET	M.H. Del Pilar, Adriatico, Malate, Manila
3	ALABANG HILLS	G/F Alabang Comm'l Citi Arcade, Don Jesus Blvd.,Alabang, Muntinlupa City
4	AMANG RODRIGUEZ - SAVEMORE	Amang Rodriguez Avenue corner Evangelista St., Santolan, Pasig City
5	AMORANTO AVENUE	Unit 101 R Place Building, 255 N.S. Amoranto Sr. Ave., Quezon City
6	ANGELES - RIZAL	639 Rizal Street, Angeles City
7	ANGONO	Manila East Road cor Don Benito St., San Roque, Angono, Rizal
8	ANONAS - SAVEMORE	Maamo St., Road Lot 30, V. Luna and Anonas Extension, Sikatuna, Quezon City
9	ANTIPOLO	E.M.S. Bldg., Ground Floor L1 M.L. Quezon, Corner F. Dimanlig St. Antipolo City
10	ARANETA CENTER COD - SAVEMORE	Gen. Romulo St., Araneta Center, Cubao, Quezon City
11	ARAYAT	Cacutud, Arayat, Pampanga
12	AYALA AVENUE	6772 Ayala Avenue, Makati City
13	BACLARAN	3751 Quirino Avenue Corner Sta. Rita St., Baclaran, Parañaque City
14	BACOLOD	SKT Saturn Bldg., Lacson cor. Rizal Sts., Bacolod City
15	BACOOR - MOLINO	Avon Building, 817 Molino Road, Molino III, Bacoor, Cavite
16	BACOOR - TALABA	Unit 103 Bacoor Town Center - E. Aquinaldo Hi-Way Talaba Vii, Bacoor City, Cavite
17	BAGUIO - SESSION	B 108 Lopez Bldg., Session Road Cor Assumption Road, Baguio City
18	BALAGTAS	Ultra Mega Supermarket, Mcarthur Highway, Burol 1st, Balagtas, Bulacan
19	BALANGA - DM BANZON	D.M. Banzon Ave. Cor Sto. Domingo Street, Balanga Bataan
20	BALIBAGO	Mac Arthur Highway, Balibago, Angeles City
21	BALIUAG	No. 58 Plaza Naning St., Baliuag, Bulacan
22	BANAWE	No. 247-249 Banawe Street, Sta. Mesa Heights, Barangay Lourdes, Quezon City
23	BANGKAL	1661 Evangelista St. Bangkal, Makati City
24	BATANGAS - P. BURGOS	4 Burgos Street Batangas City
25	BIÑAN	San Vicente Binan Laguna
26	BINONDO - JUAN LUNA	694-696 Juan Luna St., Binondo, Manila
27	BLUMENTRITT	Blumentritt St, near Oroquieta St. , Sta. Cruz Manila
28	BONI AVENUE	Raymond Tower Boni, 615 Boni Avenue, Plainview, Mandaluyong City
29	BUENDIA	314 Buendia Avenue, Makati City
30	BUTUAN CITY	JMC Building, J.C. Aquino Avenue, Brgy. Lapu Lapu, Butuan City, Agusan Del Norte, 8600
31	CABANATUAN - BAYAN	Burgos Avenue Cabanatuan City
32	CAGAYAN DE ORO	Sergio Osmeña St., Cogon District, Cagayan de Oro City
33	CALAMBA	HK Bldg II, National Highway, Brgy. Halang, Calamba, Laguna
34	CAVITE CITY	485 P. Burgos St., Barangay 34, Caridad, Cavite City
35	CEBU - LAHUG	G/F Skyrise IT Bldg., Bgy. Apas, Lahug, Cebu City
36	CEBU - MANDAUE	A. Del Rosario Ave., Mantuyong, Mandaue City, Cebu
37	CEBU - MANGO	JSP Mango Realty Building Corner General Maxilom Avenue and Echavez Sts. Cebu City
38	CEBU MANDAUE - BASAK	Cebu North Road Basak Mandaue City
39	COMMONWEALTH AVENUE	Unit 101, JOCFER Building, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City

NO	BRANCH	LOCATION/ADDRESS
40	CUBAO	Fernandina 88 Condominium 222 P. Tuazon Ave, Araneta Center, Cubao, Quezon City
41	DAGUPAN	G/F Lyceum-Northwestern University, Tapuac District, Dagupan City
42	DARAGA	Rizal St., Brgy. San Roque, Daraga, Albay, Bicol
43	DASMARIÑAS	Veluz Plaza Building, Zone 1 Aguinaldo Hi-Way, Dasmarinas Cavite
44	DAU	MacArthur Highway, Dau, Mabalacat, Pampanga
45	DAVAO	G/F 8990 Corporate Center, Quirino Ave., Davao City
46	DAVAO - RECTO	C. Villa Abrille Building, C.M. Recto Avenue, Davao
47	DEL MONTE	392 Del Monte Avenue, Barangay Sienna, Quezon City
48	DIVISORIA	3/F Dragon 8 Shopping Center, C.M. Recto Avenue Corner Dagupan St., Divisoria, Manila
49	DOLORES	STCI Bldg. Mac Arthur Hiway Bgy San Agustin, City of San Fernando Pampanga
50	E. RODRIGUEZ SR. - HEMADY	Hemady Square, E. Rodriguez Avenue corner Dona Hemady St., Quezon City
51	ESPAÑA - SUN MALL	Ground Floor Sun Mall, Espana Boulevard corner Mayon St., Brgy. Sta. Teresita, Quezon City
52	FELIX HUERTAS - JT CENTRALE	Unit 103, Ground Floor, JT Centrale Mall, No. 1686 V. Fugoso St. corner Felix Huertas St., Sta. Cruz, Manila
53	FILINVEST CORPORATE CITY	BC Group Bldg., East Asia Drive, near corner Commerce Ave., Filinvest Corporate City, Alabang, Muntinlupa City
54	FTI - TAGUIG - HYPERMARKET	DBP Avenue, Food Terminal Inc., Western Bicutan, Taguig
55	G.ARANETA AVENUE	195 G. Araneta Avenue, Quezon City
56	GENERAL SANTOS	Santiago Boulevard General Santos City
57	GREENHILLS - ORTIGAS AVE.	Ground Floor VAG Building Ortigas Avenue, Greenhills San Juan, Metro Manila
58	GREENHILLS - WILSON	219 Wilson St., Greenhills, San Juan City
59	GUAGUA	Plaza Burgos, Guagua, Pampanga
60	GUIGUINTO - RIS	RIS-5 Industrial Complex, No. 68 Mercado Stree, Tabe, Guiguinto Bulacan, 3015
61	ILOILO - IZNART	Golden Commercial Bldg., Iznart, Iloilo City
62	ILOILO - JARO	Lopez Jaena corner EL 98 Streets, Jaro, Iloilo
63	IMUS - TANZANG LUMA	Tanzang Luma, Gen. Emilio Aguinaldo Highway, Imus Cavite
64	KALIBO - CITYMALL	F. Quimpo Street connecting Mabini and Toting Reyes Streets, Kalibo, Aklan
65	KALOOKAN	Augusto Bldg., Rizal Ave., Gracepark, Kalookan City
66	KALOOKAN - MABINI	AJ Building, #353 A. Mabini St, Kalookan City
67	KATIPUNAN AVENUE	One Burgundy Condominium, Katipunan Avenue, Quezon City
68	LA UNION	A.G. Zambrano Building Quezon Avenue San Fernando City, La Union
69	LAGRO	G/F Bonanza Building Quirino Hi-Way,Greater Lagro Novaliches Quezon City
70	LAGUNA - STA. CRUZ	E & E Building, Pedro Guevarra Avenue, Sta. Cruz, Laguna
71	LAOAG CITY	G/F LC Square Building, J.P. Rizal corner M.V. Farinas Sts., Laoag City, Ilocos Norte
72	LAS PINAS - ALMANZA UNO	Alabang Zapote Road, Almanza Uno, Las Piñas City
73	LEGAZPI CITY	F.Imperial St., Brgy. Bitano, Legazpi City, Albay
74	LINGAYEN	Unit 5-6, The Hub - Lingayen Bldg., National Road, Poblacion, Lingayen, Pangasinan
75	LIPA - CM RECTO	C.M. Recto Avenue, Lipa City
76	LOS BAÑOS - CROSSING	Batong Malake, Los Banos Laguna
77	LUCENA	Cor. Merchan & Evangelista Sts., Lucena City
78	MACABEBE	Poblacion, Macabebe, Pampanga
79	MAKATI - BAUTISTA	Lot 25 Blk 74 Bautista Street corner Buendia Avenue, Makati
80	MAKATI - CHINO ROCES	2176 Chino Roces Avenue, Makati City
81	MAKATI - J.P. RIZAL	882 J.P. Rizal St., Makati City
82	MALABON - FRANCIS MARKET - SAVEMORE	Francis Market, Governor Pascual corner M.H. Del Pilar Sts., Malabon
83	MALOLOS	Canlapan Street, Sto. Rosario, Malolos City, Bulacan
84	MALOLOS - CATMON	Paseo Del Congreso, Catmon Malolos City, Bulacan

NO	BRANCH	LOCATION/ADDRESS
85	MANDALUYONG	New Panaderos Ext., Mandaluyong City
86	MANDALUYONG - SHAW BLVD.	Ground Floor, 500 Shaw Tower, 500 Shaw Boulevard, Mandaluyong City
87	MANILA - STA. ANA - SAVEMORE	Savemore, Pedro Gil St., Sta. Ana, Manila
88	MARIKINA	33 Bayan-Bayanan Ave., Bgy. Concepcion 1 Marikina City
89	MARIKINA - GIL FERNANDO AVE.	CTP Building Gil Fernando Ave., Marikina City
90	MEYCAUAYAN	Mancon Building, Calvario Meycauayan, Bulacan
91	MOUNT CARMEL	Km 78 Mac Arthur Hiway Brgy. Saguin,San Fernando City Pampanga
92	MUÑOZ - JACKMAN	Jackman Plaza, Lower Ground Floor, EDSA-Munoz, Quezon City
93	NAGA	RL Building, Panganiban St., Lerma, Naga City
94	NEPA - Q. MART - SAVEMORE	Rose Building, 770 St. EDSA and K-G St., West Kamias, Quezon City
95	NINOY AQUINO AVE.	GF Skyfreight Building Ninoy Aquino Ave., Cor. Pascor Drive Paranaque City
96	OLONGAPO	Ground Floor, City View Hotel, 25 Magsaysay Drive, New Asinan, Olongapo City
97	ORANI	Brgy. Balut, Orani, Bataan
98	ORTIGAS CENTER	Ground Floor, Hanston Square, San Miguel Avenue, Ortigas Center, Pasig City
99	PARAÑAQUE - BETTER LIVING	90 Dona Soledad Avenue, Better Living Subd, Bicutan, Paranaque
100	PARAÑAQUE - BF HOMES	284 Aguirre Avenue, B.F. Homes, Paranaque
101	PARANAQUE - JAKA PLAZA	Jaka Plaza Center, Dr. A. Santos, Ave., Sucat Pque City
102	PARAÑAQUE - LA HUERTA	Quirino Avenue, La Huerta, Parañaque City
103	PARAÑAQUE - MOONWALK	Kassel Residence Building, E. Rodriguez Avenue, Moonwalk, Parañaque City
104	PASAY - LIBERTAD	533 Cementina St. Libertad, Pasay City
105	PASIG - CANIOGAN	Unit A, KSN Building, C. Raymundo Avenue, Caniogan, Pasig City
106	PASIG - MUTYA	Richcrest Building, Caruncho Corner Market Avenue, San Nicolas, Pasig City
107	PASIG - PADRE BURGOS	114 Padre Burgos St., Kapasigan, Pasig City
108	PASO DE BLAS	Andoks Bldg.629 Gen. Luis St.,Paso De Blas Valenzuela City
109	PATEROS	Unit CC1, G/F East Mansion Townhomes along Elisco Road, Sto. Rosario, Pateros, Metro Manila
110	PATEROS - ALMEDA	120 M. Almeda Street, Pateros, Metro Manila
111	PEDRO GIL	LKE Bldg. Pedro Gil corner Pasaje, Rosario St. Paco, Manila
112	PLARIDEL	Banga, Plaridel, Bulacan
113	PLAZA - STA. CRUZ	MBI Building, Unit 103, Plaza Sta. Cruz, Sta. Cruz, Manila
114	PORAC	Cangatba, Porac, Pampanga
115	QUEZON AVENUE	G/F GJ Bldg., 385 Quezon Ave., Quezon City
116	QUEZON AVENUE - PALIGSAHAN	1184-A Ben-Lor Bldg. Brgy. Paligsahan, Quezon City
117	QUIAPO - ECHAGUE	Palanca cor P. Gomez St., Echague, Quiapo, Manila
118	QUIAPO - QUEZON BOULEVARD	416 Quezon Boulevard, Quiapo, Manila
119	RADA	104 RADA ST. LEGASPI VILLAGE, MAKATI CITY
120	ROOSEVELT	342 Roosevelt Avenue, Quezon City
121	ROXAS AVE. - CAPIZ CITYMALL	Roxas Ave, brgy VI, Roxas City, Capiz
122	SAN FERNANDO	KHY Trading Bldg., San Fernando-Gapan Rd., San Fernando City, Pampanga
123	SAN FERNANDO - BAYAN	JSL Building, Consunji Street, City of San Fernando, Pampanga
124	SAN ILDEFONSO - SAVEMORE	Savemore Bldg. San Ildefonso, Poblacion, Bulacan
125	SAN JOSE DEL MONTE	Ground Floor, Giron Building, Gov. Halili Avenue, Tungkong Mangga, City of San Jose Del Monte, Bulacan
126	SAN JUAN	Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan
127	SAN MIGUEL	Norberto Street, San Miguel, Bulacan
128	SAN NARCISO	Brgy. Libertad,San Narciso, Zambales

NO	BRANCH	LOCATION/ADDRESS
129	SAN PABLO - RIZAL AVE.	Rizal Avenue Cor Lopez Jaena St. San Pablo City, Laguna
130	SAN PEDRO	Gen - Ber Bldg. National Highway Landayan, San Pedro Laguna
131	SAN RAFAEL	Cagayan Valley cor. Cruz na Daan Roads,San Rafael,Bulacan
132	SANTIAGO - VICTORY NORTE	Maharlika Highway Corner Quezon St. Victory Norte, Santiago City
133	SORSOGON CITY	God is Good Bldg, Purok 5 Rizal St., Piot, West District, Sorsogon City
134	SOUTH TRIANGLE	G/F, Sunnymede IT Center, Bgy. South Triangle, Quezon Ave., Quezon City
135	STA. ANA	Poblacion,Sta. Ana,Pampanga
136	STA. MARIA	Gen. Luna Cor De Leon Street, Sta. Maria, Bulacan
137	STA. MESA	4128 Ramon Magsaysay Blvd., Sta. Mesa, Manila
138	STA. RITA	San Vicente, Sta. Rita, Pampanga
139	STA. ROSA	Sta. Rosa-Tagaytay Highway, Sta. Rosa, Laguna
140	STA. ROSA - BALIBAGO	Old National Hi-Way Cor Roque Lazaga St. Sta. Rosa Laguna
141	STO. TOMAS	Agojo Corp. Building, Maharlika Hi-Way, Sto. Tomas Batangas
142	SUBIC	Baraca,Subic, Zambales
143	TACLOBAN CITY	YVI Center, BLDG A, Fatima Village, Tacloban City, Leyte
144	TAGAYTAY - MENDEZ - SAVEMORE	Mendez Crossing West, Tagaytay-Nasugbu Highway corner Mendez-Tagaytay Road, Tagaytay City
145	TAGUM - CITYMALL	Maharlika Highway cor. Lapu-Lapu Extension, Brgy. Magugpo Tagum City
146	TALISAY - NEGROS - SAVEMORE	Mabini St., Zone 12, Paseo Mabini, Talisay City, Negros Occidental
147	TANAUAN	Jose P. Laurel National Highway, Darasa, Tanauan City, Batangas
148	TANDANG SORA	Cecileville Bldg. III, 670 Tandang Sora Ave.corner General Ave, Tandang Sora, Quezon City
149	TARLAC - MAC ARTHUR	Mac Arthur Highway San Nicolas, Tarlac City
150	TAYTAY	C. Gonzaga Building II, Manila East Road, Taytay, Rizal
151	TAYUMAN	1925-1929 Rizal Avenue near corner Tayuman St., Sta. Cruz, Manila
152	TIMOG	Jenkinsen Towers 80 Timog Avenue, Quezon City
153	TUGUEGARAO	Metropolitan Cathedral Parish Rectory Complex Rizal St., Tuguegarao City
154	TWO E-COM	Two E-Com Center Tower B, Ocean Drive near corner Bayshore Drive, Mall of Asia Complex, Pasay City
155	UN AVENUE	552 United Nations Avenue,Ermita, Manila
156	URDANETA	Brgy. Nancayasan, Mc Arthur Hi-Way, Urdaneta City, Pangasinan
157	VALENZUELA - MARULAS	92 J Mac Arthur Hiway, Marulas, Valenzuela City
158	VIGAN	Quezon Ave. Corner Mabini Street., Vigan City
159	VISAYAS AVE.	Upper Ground Floor, Wilcon City Center Mall, Visayas Avenue, Quezon City
160	ZAMBOANGA - CITYMALL	City Mall, Don Alfaro St., Tetuan, Zamboanga

NO	ATM OFF-SITE	LOCATION/ADDRESS
1	CALAMBA DOCTORS HOSPITAL	49 National Highway, Parian, Calamba City, Laguna
2	RIS DEVELOPMENT CORPORATION	168 Mercado Street, Tabe, Guiguinto, Bulacan 03015
3	ZAMECO	ZAMECO II Head Office Compound, Barangay Magsaysay, Castillejos, Zambales
4	SAINT LOUIS COLLEGE	Saint Louis College, Carlatan , San Fernando, 2500 La Union

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

NO	SALES OFFICE	LOCATION/ADDRESS
1	BAGUIO	B108 Lopez Building, 2F Session Road cor. Assumption Road, Baguio City
2	BACOLOD	Fordland Building I Annex, 11th Lacson Street, Brgy. 4 Bacolod City
3	CABANATUAN-BAYAN	2/F CBS Cabanatuan, Burgos Avenue, Cabanatuan City, Nueva Ecija
4	CAGAYAN DE ORO	Sergio Osmena Street, Cogon District, Cagayan De Oro City
5	DAGUPAN	G/F Lyceum-Northwestern University, Tapuac District, Dagupan City
6	GENSAN	2/F CBS General Santos Branch, Santiago Blvd., General Santos City
7	ILOILO - JARO	MSL Building, Quezon Street, Iloilo City
8	IMUS	OLMA Building, Aguinaldo Highway, Tanzang Luma 2, Imus City, Cavite
9	LA UNION	A.G. Zambrano Building Quezon Ave., San Fernando City, La Union
10	LEGASPI	F. Imperial St. Brgy. Bitano, Legazpi City, Albay
11	LIPA	C.M. Recto Ave., Lipa City
12	MARIKINA	CTP Building, 3F, Gil Fernando Ave., Marikina City
13	PLARIDEL	2nd Floor CBS Building, Cagayan Valley Road, Banga 1st, Plaridel, Bulacan
14	SAN PABLO	2F, Rizal Ave. cor. A. Fule, San Pablo City
15	URDANETA	Nancayan, Mac Arthur Highway, Urdaneta City, Pangasinan

NO	APDS LENDING CENTER	LOCATION/ADDRESS
1	TANAUAN	Jose P. Laurel National Highway, Darasa, Tanauan City, Batangas
2	LIPA	Address: 2F CBS Building CM Recto Avenue Brgy 4. Lipa City 4217
3	TACLOBAN	YVI Center Building, Fatima Village, Brgy. 77, Marasbaras, Tacloban City
4	CABANATUAN - BAYAN	2ND FLOOR DUMAR BUILDING PADRE BURGOS AVE.,CABANATUAN CITY, NUEVA, ECIJA
5	PAMPANGA	JSL Bldg. Consunji St., San Fernando, Pampanga
6	LINGAYEN	The Hub Bldg., G/F Unit 5&6, Solis St., Brgy. Poblacion, Lingayen, Pangasinan
7	BUTUAN	JMC Building, JC Aquino Ave. Butuan City, Agusan Del Norte
8	TAGUM	City Mall Maharlika Highway cor Lapu-lapu ext. Brgy. Magugpo, Tagum City
9	LEGAZPI	2nd floor Lot 4-6 Blk 20 PCS-1617, Sol's Subdivision, Purok 5, 37 Bitano, Legazpi City
10	SORSOGON	Chinabank Savings 2F God is Good Bldg. Rizal St. Piot Sorsogon
11	BATANGAS P. BURGOS	2nd Flr., 3 P. Burgos Street, Barangay 3, Batangas City
12	TUGUEGARAO	Ground Floor, Metropolitan Cathedral Parish Rectory Complex, Rizal St., Tuguegarao City
13	ROXAS	Ground floor, T-114 CityMall Roxas, Ave. Roxas Ave., Brgy. VI, Roxas City
14	CEBU	UNIT 204-205 JSP MANGO PLAZA BLDG. GEN. MAXILOM AVE., CORNER ECHAVEZ ST., CEBU CITY
15	SANTIAGO	JECO Building Maharlika Hi-way, Corner Quezon Ave. Victory Norte Santiago City
16	LA HUERTA	Quirino Avenue, La Huerta, Paranaque City
17	LUCENA	Cor. Merchan & Evangelista Sts., Lucena City
18	IMUS CAVITE	Gen. Emilio Aguinaldo Highway, anabu II imus cavite
19	SAN PABLO	Rizal Avenue Cor Lopez Jaena St. San Pablo City, Laguna
20	TAYTAY	2nd Floor, C Gonzaga Building 2, Manila East Road, Taytay, Rizal
21	LA UNION	A.G. Zambrano Building Quezon Avenue San Fernando City, La Union
22	VIGAN	GF Maestro Convention Complex Florentino St., Brgy 1, Vigan City
23	BAGUIO	B 108 Lopez Bldg., Session Road Corner Assumption Road, Baguio City
24	BACOLOD	Fordland 1 annex Bldg., 12th St. corner Lacson St. Bacolod City
25	NAGA	2nd floor RI Building, Panganiban St., Lerma, Naga City
26	ILOILO IZNART	Golden Commercial Bldg., Iznart, Iloilo City
27	KALIBO	F. Quimpo Street connecting Mabini and Toting Reyes Streets, Kalibo, Aklan
28	CAGAYAN DE ORO	Sergio Osmeña St., Cogon District, Cagayan De Oro City
29	MALOLOS	2/f Canlapan St.,Sto. Rosario, Malolos City

NO	APDS LENDING CENTER	LOCATION/ADDRESS
30	QUEZON AVENUE	2nd Floor, G.J. Building, 385 Quezon Avenue, Quezon City
31	DAVAO	8990 Corporate Center, Quirino Ave., Davao City
32	GENERAL SANTOS	G F, Chinabank Savings, Inc., Santiago Boulevard, General Santos City

NO	APDS LENDING KIOSK	LOCATION/ADDRESS
1	PASSI CITY ILOILO	M. Palmares Street. Barangay Poblacion Ilawod, Passi City Iloilo
2	ESTANCIA ILOILO	Sitio Poblacion Highway Cano-An, Estancia Iloilo
3	GUIMARAS	Piazza Zemarcato Building San Miguel, Jordan, Guimaras
4	SAN NICOLAS, ILOCOS NORTE	VYV Building, Valdez Center, Barangay 1, San Nicolas, Ilocos Norte
5	IRIGA CITY, CAMARINES SUR	Everest Plaza Building, Zone 5, Highway 1, San Miguel, Iriga City, Camarines Sur
6	KABANKALAN CITY, NEGROS OCCIDENTAL	Dinsay Building, National Highway Mabinay, Kabankalan City, Negros Occidental
7	SAN CARLOS CITY, NEGROS OCCIDENTAL	V. Gustilo Street, San Carlos City, Negros Occidental
8	DIGOS CITY	CPP Building Ii, Rizal Avenue, Zone 1, Digos City, Davao Del Sur
9	GLAN, SARANGANI	Ruiz Bldg Hombrebueno St, Brgy Poblacion Glan, Saranggani Province
10	SAN JOSE DE BUENAVISTA, ANTIQUE	AML Building 1, corner Dalipeatabay, San Jose de Buenavista, Antique
11	CALBAYOG CITY, SAMAR	Rosales corner Rueda Streets, Calbayog City, Samar
12	GUMACA, QUEZON	Rm Building, Maharlika Highway, A. Bonifacio, Barangay Tabing Dagat, Gumaca, Quezon
13	BOGO CITY, CEBU	2nd Floor SIM Bldg. P Rodriguez St.Brgy La Purisima Conception Bogo City
14	CABARROGUIS, QUIRINO	Purok 1 Gundaway, Cabarroguis, Quirino Province
15	KORONADAL CITY, SOUTH COTABATO	MCM Villamor Building, Gen. San Drive, Zone 2, Koronadal Cityway, Cabarroguis, Quirino Province
16	URDANETA	Alexander Street cor. Belmonte Street, Poblacion, Urdaneta City Pangasinan

Status of Publicly Announced New Products and Services

PRODUCTS AND SERVICES	DATE LAUNCHED
None	N/A

In 2021, as in the previous year, social media was an important point of contact between CBS and its customers and prospects. Social media such as Facebook provided leads and a channel to support after sales concerns.

Competition

The Philippine banking system experienced sustained its resilience amid the challenges posed by the COVID-19 pandemic and continued to support the financing requirements of the domestic economy in 2021. The Philippine banking system remains sound and stable amid global uncertainties brought by the COVID-19 crisis.

In 2021, the thrift banking system displayed solid footing as evidenced by continued growth in assets, deposits, and capital, as well as sufficient capital and liquidity buffers, net profit and ample loan loss reserves. The asset expansion, which was largely funded by deposits, enabled the banking system to support the country's financing needs and to deliver relevant financial products and services during the pandemic.

The assets of the thrift banking (TB) industry increased by 11% to ₱1.3 trillion as of December 31, 2021. The asset expansion was primarily channeled to lending and investment activities while funding was mainly sourced from deposits which grew by 12% to ₱989.7 billion. Credit activities remained muted and the risk of infection continued to affect prospects for economic recovery. Gross loans declined YoY by 4% as of end-December 2021. Notwithstanding, lending activity is projected to improve in the coming months in view of the government's accelerated vaccination program and signs of recovery and economic reopening amid the continuing drop in COVID-19 infections and the overall improving pandemic situation in the country.

Capital of the TB industry rose by 2% to ₱164.9 billion. Meanwhile, the TB industry's capital adequacy ratio as of December 31, 2021 is 13.0% and remained well above the BSP's regulatory threshold of 10.0%.

To mitigate the adverse impact of the pandemic, the thrift banks' recovery measures include intensifying loan collection activities, stepping up loan monitoring, exercising prudence in loan releases, reducing cost of funds and boosting marketing campaigns for new loans and deposits, among others.

As of December 31, 2021, there were 47 thrift banks (end-2020: 48) operating domestically including microfinance-oriented banks. CBS believes that local players would maintain a solid foothold in the domestic market despite the tougher competition.

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, 2021, CBS was the fifth largest thrift bank in terms of resources and fourth in terms of loans and deposits.

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

Not applicable

Customer/Clients

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

Transaction With and/or Dependence on Related Parties

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

Transactions with related parties and with certain DOSRI are discussed in Notes 23 and 31 of 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 tradenames *'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 has strictly complied with the BSP requirements in terms of reserve, liquidity position, capital adequacy, limits on loans exposure, provision for losses 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

Below is the breakdown of the manpower complement in 2021 as well as the projected headcount for 2022:

	2021 Actual			2022 Projected		
	Officers	**Staff**	**Total**	**Officers**	**Staff**	**Total**
Marketing	443	167	610	450	230	680
Operations	415	707	1,122	426	723	1,149
Support	106	86	192	111	92	203
Technical	119	153	272	116	152	268
Grand Total	**1,083**	**1,113**	**2,196**	**1,103**	**1,197**	**2,300**

CBS ended the year 2021 with a total manpower of 2,196 employees. The number decreased by 3% from the previous year (2020 manpower: 2,267). Of the total headcount, 49% are officers and 51% are staff. The expansion of ADPS' business largely contributed to the increase.

The Bank has a CBS Training 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. This provides employees with key courses and training programs to match various stages of their careers, including refresher courses and advanced skills training, based on their specific areas of expertise. These courses are aimed at giving CBS officers and staff a sound grounding in core banking, as well as the development of soft skills. These include various aspects of financial services procedures, legal, compliance and risk management, leadership and team development, among other areas.

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

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

Risk Management Framework

The Bank is exposed to all business risks that confront all banks in general, such as credit, market, interest rate, liquidity, legal, regulatory and operational risk. The Bank's risk management structure and process that serve as mechanism to identify, assess and manage these risks are further discussed in Note 5 of 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 2021 and 2020 are shown below:

	2021	2020
Common Equity Tier (CET) 1 Capital:		
Paid-up common stock	**₱10,541,414,900**	₱10,541,414,900
Additional paid-in capital	**485,349,012**	485,349,012
Retained earnings	**(59,072,919)**	(695,696,068)
Undivided profits	**1,032,198,311**	791,171,796
Other comprehensive income	**7,347,694**	32,701,565
Unsecured DOSRI	**(371,549)**	(1,871,823)
Deferred tax assets	**(1,169,743,040)**	(932,296,626)
Goodwill	**(119,621,347)**	(119,621,347)
Other intangible assets	**(796,640,416)**	(806,292,618)
Other equity investment	**(2,192,208)**	(2,192,208)
Other capital adjustments	**(452,725,776)**	(320,712,088)
Defined benefit pension fund (assets) liabilities	**(68,886,624)**	(68,886,624)
Total CET 1 Capital	**9,397,056,038**	8,903,067,871
Additional Tier 1 Capital	**2,164,200**	2,164,200
Total Tier 1 Capital	**9,399,220,238**	8,905,232,071
Tier 2 Capital:		
Appraisal increment reserve	**66,095,270**	66,095,270
General loan Loss provision	**583,541,107**	597,628,218
Total Tier 2 Capital	**649,636,377**	663,723,488
Total Qualifying Capital	**₱10,048,856,615**	₱9,568,955,559

Risk-based capital ratios:

	2021	2020
CET 1 Capital	**₱12,007,236,997**	₱11,154,941,205
Less regulatory adjustments	**(2,610,180,959)**	(2,251,873,334)
Total CET 1 Capital	**9,397,056,038**	8,903,067,871
Additional Tier 1 Capital	**2,164,200**	2,164,200
Total Tier 1 Capital	**9,399,220,238**	8,905,232,071
Tier 2 Capital	**649,636,377**	663,723,488
Total Qualifying Capital	**10,048,856,615**	9,568,955,559
Risk Weighted Assets	**₱71,311,763,512**	₱74,907,888,003
CET 1 Capital Ratio	**13.18%**	11.89%

	2021	2020
Capital Conservation Buffer	**7.18%**	*5.89%*
Tier 1 Capital Ratio	**13.18%**	11.89%
Total Capital Adequacy Ratio	**14.09%**	12.77%

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

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

	2021	2020
Credit Risk	**₱63,288,210,435**	₱67,516,993,256
Market Risk	**66,915,295**	95,525,569
Operational Risk	**7,956,637,782**	7,295,369,178
Total Capital Requirements	**₱71,311,763,512**	₱74,907,888,003

Credit Risk-Weighted Assets

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

	As of December 31, 2021		As of December 31, 2020	
	Exposures, net of Specific Provisions	**Exposures not Covered by CRM**	Exposures, net of Specific Provisions	Exposures not Covered by CRM
Cash on Hand	**₱2,100,768,428**	**₱2,100,768,428**	₱2,128,585,364	₱2,128,585,364
Checks and Other Cash Items	**6,532,842**	**6,532,842**	25,672,186	25,672,186
Due from BSP	**9,615,676,558**	**9,615,676,558**	10,206,593,172	10,206,593,172
Due from Other Banks	**1,760,568,266**	**1,760,568,266**	2,010,978,909	2,010,978,909
Available-for-Sale Financial Assets	**1,909,562,807**	**1,909,562,807**	1,445,739,295	1,445,739,295
Held-to-Maturity Financial Assets	**5,368,984,191**	**5,368,984,191**	5,331,266,320	5,331,266,320
Loans and Receivables	**66,058,392,341**	**57,654,611,779**	66,959,234,029	59,929,325,458
Loans and Receivables arising from Repurchase Agreements	**1,528,295,330**	**1,528,295,330**	2,687,041,379	2,687,041,379
Sales Contract Receivables	**709,626,242**	**709,626,242**	834,537,387	834,537,387
Real and Other Properties Acquired	**2,055,952,441**	**2,055,952,441**	2,438,106,001	2,438,106,001
Other Assets	**4,051,861,803**	**4,051,861,803**	4,393,511,141	4,393,511,141
Total On-Balance Sheet Assets	**₱95,166,221,249**	**₱86,762,440,687**	₱98,461,265,183	₱91,431,356,612

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

	As of December 31, 2021		As of December 31, 2020	
	Notional Principal	**Credit Equivalent**	Notional Principal	Credit Equivalent
Direct credit substitutes	**₱–**	**₱–**	₱–	₱–
Transaction-related contingencies	**93,960,357**	**46,980,179**	107,050,106	53,525,053
Trade-related contingencies arising from movement of goods	**3,850,000**	**770,000**	8,250,000	1,650,000
Other commitments (which can be unconditionally cancelled at any time by the bank without prior notice)	**537,525,361**	**–**	304,105,403	–
Total Notional Principal and Credit Equivalent Amount	**₱635,335,718**	**₱47,750,179**	₱419,405,509	₱55,175,053

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 2021 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, 2021		
	On-balance sheet	**Off-balance sheet**	**Total**
Below 100 %	**₱8,204,898,943**	**₱–**	**₱8,204,898,943**
100% and above	**55,035,561,313**	**47,750,179**	**55,083,311,492**
Total	**₱63,240,460,256**	**₱47,750,179**	**₱63,288,210,435**

	As of December 31, 2020		
	On-balance sheet	Off-balance sheet	Total
Below 100 %	₱7,965,851,687	₱–	₱7,965,851,687
100% and above	59,495,966,516	55,175,053	59,551,141,569
Total	₱67,461,818,203	₱55,175,053	₱67,516,993,256

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

	As of December 31, 2021		
	On-balance sheet	**Off-balance sheet**	**Total**
Below 100 %	**₱8,204,898,943**	**₱–**	**₱8,204,898,943**
100% and above	**55,035,561,313**	**47,750,179**	**55,083,311,492**
Covered by CRM	**–**	**–**	**–**
Excess GLLP	**–**	**–**	**–**
Total	**₱63,240,460,256**	**₱47,750,179**	**₱63,288,210,435**

	As of December 31, 2020		
	On-balance sheet	Off-balance sheet	Total
Below 100 %	₱7,965,851,687	₱–	₱7,965,851,687
100% and above	59,495,966,516	55,175,053	59,551,141,569
Covered by CRM	–	–	–
Excess GLLP	–	–	–
Total	₱67,461,818,203	₱55,175,053	₱67,516,993,256

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.

	2021	2020
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	**5,353,224**	7,642,045
Adjusted Capital Charge	**6,691,529**	9,552,557
Risk-Weighted Foreign Exchange Exposures	**66,915,295**	95,525,569
Risk-Weighted Options	**–**	–
Total Market Risk-Weighted Assets	**₱66,915,295**	₱95,525,569

Operational, Legal, and Other Risks
For operational risk, the exposure of the Bank is profiled using a number of methodologies which also include a scenario analysis exercise 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. In its 2021 ICAAP submission, the capital allocation for operational risk amounted to ₱730.0 million. The result of the operational risk scenario assessment under plausible scenario is estimated at ₱22.7 million, which is higher compared to ₱1.92 million average operational losses for the past five years. In a worst-case scenario, loss impact is estimated at ₱279 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) further allow risk management to identify high risk areas, loss drivers, and trends which can be acted upon by management to prevent material failures in its processes, people, systems, and resiliency measures against external events. These results are periodically reported to management and cover all aspects of the business from core operating capabilities of the units, all products and services, outstanding legal cases, and even its sales and marketing practices.

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

Operational Risk-Weighted Assets
The Bank's Operational Risk Weighted Assets under the BIA is ₱8.0 billion and ₱7.3 billion as of December 31, 2021 and 2020, 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 loans is 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. Increasing interest rate movement in the market has become a positive factor due to the significant funding shift to non-interest sensitive regular savings and demand deposits.

Earnings-at-Risk In ₱ millions	**2021**	2020
PhP IRR Exposures	**₱69**	(₱6)
USD IRR Exposures	**10**	(9)

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 branch network.

a. Bank-Owned Properties

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

NO	DESCRIPTION	LOCATION
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 - SAVEMORE	December 1, 2021	November 30, 2023	59,099.00
2	ALABANG HILLS	August 16, 2017	August 15, 2022	116,830.88
3	AMANG RODRIGUEZ - SAVEMORE	December 27, 2019	March 31, 2022	72,931.00
4	ANGONO	June 1, 2016	May 31, 2023	63,941.71
5	ANTIPOLO	May 1, 2015	April 30, 2025	114,284.57
6	ARANETA CENTER COD - SAVEMORE	December 1, 2021	November 30, 2022	44,324.00
7	ARAYAT	November 16, 2016	November 15, 2021	45,961.83
8	BACLARAN	April 5, 2016	April 4, 2023	104,655.09
9	BACOLOD	October 16, 2021	October 15, 2031	253,023.00
10	BACOOR - TALABA	February 1, 2017	January 31, 2027	113,598.71
11	BAGUIO	June 17, 2021	June 16, 2026	165,844.93
12	BALAGTAS	March 6, 2017	March 5, 2022	36,465.18
13	BALANGA	October 15, 2017	October 14, 2022	125,209.52
14	BALIBAGO	January 1, 2016	December 31, 2022	127,628.16
15	BALIUAG	September 11, 2019	September 10, 2026	157,500.00
16	BANAWE	November 22, 2012	November 21, 2022	148,333.57
17	BANGKAL	June 21, 2012	June 21, 2022	154,977.05
18	BF HOMES	July 1, 2013	June 30, 2023	84,426.03
19	BINONDO - JUAN LUNA	September 16, 2013	September 15, 2023	243,393.20
20	BLUMENTRITT	March 28, 2017	March 27, 2027	127,338.75
21	BONI AVENUE	September 1, 2017	August 31, 2027	76,403.25
22	BUTUAN	May 1, 2021	April 30, 2028	138,494.75
23	CABANATUAN - BAYAN	March 1, 2015	February 28, 2022	104,186.25
24	CAGAYAN DE ORO	November 1, 2010	October 31, 2022	128,275.45
25	CALAMBA	November 1, 2017	October 31, 2022	126,639.84
26	CAVITE CITY	October 31, 2021	October 30, 2026	55,000.00
27	CEBU - LAHUG	June 1, 2017	May 31, 2025	236,823.73

NO	BRANCH	CONTRACT PERIOD		RENTAL RATE PER MONTH (₱)
		FROM	TO	
28	CEBU - MANGO with Business Center	January 1, 2018	December 31, 2022	331,438.85
29	CEBU MANDAUE - BASAK	August 1, 2018	July 31, 2023	58,635.73
30	COMMONWEALTH AVE.	April 16, 2016	April 15, 2023	68,919.79
31	CUBAO	July 1, 2015	June 30, 2022	93,079.70
32	DAGUPAN	November 2, 2020	November 1, 2030	139,619.53
33	DARAGA	June 15, 2021	June 14, 2026	80,000.00
34	DASMARIÑAS	April 1, 2016	March 31, 2026	82,687.50
35	DAVAO - RECTO	August 1, 2018	July 31, 2023	88,200.00
36	DAVAO with Business Center	January 1, 2021	October 31, 2023	93,994.31
37	DEL MONTE	April 1, 2018	March 31, 2028	193,725.00
38	DIVISORIA	March 17, 2016	March 16, 2026	242,478.39
39	DOLORES	July 1, 2015	June 30, 2025	75,066.80
40	E. RODRIGUEZ SR. AVENUE	September 1, 2021	August 31, 2028	155,911.52
41	ESPAÑA - SUN MALL	November 1, 2019	October 31, 2022	133,251.75
42	FELIX HUERTAS - JT CENTRALE	December 16, 2016	December 15, 2023	95,435.89
43	FILINVEST CORPORATE CITY	August 1, 2017	July 31, 2022	177,294.64
44	FTI HYPERMARKET TAGUIG	May 2, 2019	June 30, 2024	75,071.62
45	G.ARANETA	March 15, 2017	March 14, 2024	68,437.69
46	GENERAL SANTOS	April 1, 2020	March 31, 2027	82,958.31
47	GIL PUYAT-BAUTISTA	July 1, 2017	June 30, 2024	158,363.10
48	GREENHILLS - ORTIGAS AVE.	December 1, 2020	November 30, 2025	105,070.00
49	GUAGUA	January 1, 2013	December 31, 2023	102,436.79
50	GUIGUINTO-RIS	September 25, 2017	September 24, 2027	34,728.75
51	ILOILO - IZNART	February 1, 2018	January 31, 2028	182,650.00
52	ILOILO - JARO	May 1, 2013	April 30, 2023	100,466.97
53	IMUS	November 26, 2020	November 25, 2027	100,000.00
54	KALIBO	May 1, 2021	April 30, 2031	100,000.00
55	KALOOKAN	August 16, 2017	August 15, 2025	168,900.29
56	KALOOKAN MABINI	January 1, 2017	December 31, 2023	122,028.50
57	KATIPUNAN AVE.	February 16, 2016	February 15, 2023	159,535.50
58	LAGRO	September 9, 2016	September 8, 2023	88,253.49
59	LAGUNA - STA. CRUZ	November 8, 2021	November 7, 2026	58,000.00
60	LAOAG CITY	July 1, 2015	June 30, 2022	106,810.82
61	LAS PINAS - ALMANZA UNO	September 1, 2017	August 31, 2022	122,562.18
62	LEGAZPI	March 1, 2018	February 28, 2028	184,800.00
63	LINGAYEN	July 1, 2018	June 30, 2028	136,500.00
64	LIPA	March 1, 2017	February 28, 2022	187,792.36
65	LOS BAÑOS - CROSSING	January 1, 2021	December 31, 2023	97,072.50
66	LUCENA	September 16, 2018	September 15, 2023	83,497.99
67	MACABEBE	June 16, 2017	June 15, 2027	57,280.73
68	MAKATI - CHINO ROCES	October 1, 2013	September 30, 2023	142,480.00
69	MAKATI - J.P. RIZAL	September 1, 2013	August 31, 2023	145,860.75
70	MALABON-FRANCIS MARKET-SAVEMORE	August 1, 2021	July 31, 2022	40,213.29
71	MALOLOS	July 1, 2017	June 30, 2022	84,425.60
72	MALOLOS - CATMON	April 6, 2020	April 5, 2030	85,600.00
73	MANDALUYONG	March 1, 2012	May 31, 2022	161,832.50
74	MANDALUYONG - SHAW	December 1, 2018	November 30, 2023	155,671.13
75	MANDAUE	August 1, 2021	July 31, 2022	100,000.00
76	MARIKINA	May 26, 2020	May 25, 2027	220,500.00
77	MARIKINA - GIL FERNANDO AVENUE	January 1, 2018	December 31, 2022	102,620.38
78	MEYCAUAYAN	November 1, 2016	October 31, 2023	75,190.98
79	MOLINO	October 1, 2021	September 30, 2026	110,000.00
80	MOUNT CARMEL	July 20, 2015	July 19, 2025	127,628.16
81	MUÑOZ - JACKMAN	June 1, 2017	May 31, 2024	100,719.28
82	NAGA	July 16, 2012	July 15, 2022	115,987.16
83	NEPA - Q MART - SAVEMORE	December 1, 2021	November 30, 2022	44,324.00

NO	BRANCH	CONTRACT PERIOD		RENTAL RATE PER MONTH (₱)
		FROM	TO	
84	NINOY AQUINO AVE.	June 1, 2012	May 31, 2022	165,916.60
85	N.S. AMORANTO AVE.	November 15, 2021	November 14, 2026	75,000.00
86	OLONGAPO	October 25, 2017	October 24, 2022	124,417.63
87	ORTIGAS CENTER	March 1, 2021	February 28, 2026	142,387.88
88	PARAÑAQUE - BETTER LIVING	October 1, 2018	September 30, 2023	102,766.20
89	PARANAQUE - JAKA PLAZA	April 19, 2016	April 18, 2023	102,069.10
90	PARAÑAQUE - LA HUERTA	October 1, 2013	September 30, 2028	126,639.04
91	PARAÑAQUE - MOONWALK	April 17, 2015	April 16, 2022	91,047.20
92	PASAY - LIBERTAD	February 20, 2017	February 19, 2024	100,279.27
93	PASIG - CANIOGAN	June 15, 2016	June 14, 2023	85,085.44
94	PASIG - MUTYA	July 16, 2017	July 15, 2027	108,900.00
95	PASIG - PADRE BURGOS	June 16, 2018	June 15, 2023	110,124.87
96	PASO DE BLAS	February 1, 2021	January 31, 2026	72,277.62
97	PATEROS	December 1, 2020	November 30, 2025	72,450.00
98	PATEROS - ALMEDA	August 30, 2017	August 30, 2022	103,425.50
99	PEDRO GIL	September 1, 2018	August 31, 2025	127,141.25
100	PLARIDEL	September 1, 2012	August 31, 2022	177,294.65
101	PLAZA STA. CRUZ	April 1, 2016	March 31, 2026	121,000.00
102	PORAC	December 14, 2020	December 13, 2025	62,460.97
103	QUEZON AVENUE - PALIGSAHAN	April 16, 2021	April 15, 2026	109,350.00
104	QUEZON AVENUE	November 1, 2018	October 31, 2028	172,746.74
105	QUIAPO - ECHAGUE	August 1, 2018	July 31, 2028	165,375.00
106	QUIAPO - QUEZON BOULEVARD	February 5, 2016	February 4, 2023	121,550.62
107	RADA	June 16, 2021	June 15, 2023	151,073.33
108	ROOSEVELT	June 15, 2017	May 31, 2024	81,033.75
109	ROXAS AVE. CAPIZ - CITYMALL BRANCH	November 14, 2018	November 13, 2023	77,210.69
110	SAN FERNANDO	July 16, 2020	July 15, 2027	170,646.10
111	SAN FERNANDO - BAYAN with Business Center	June 1, 2018	May 31, 2025	123,428.56
112	SAN ILDEFONSO	June 22, 2020	July 31, 2025	106,581.70
113	SAN JOSE DEL MONTE	August 1, 2012	July 31, 2022	107,854.25
114	SAN JUAN	September 1, 2021	August 31, 2028	85,000.00
115	SAN MIGUEL	December 1, 2018	November 30, 2023	88,200.00
116	SAN NARCISO	December 8, 2016	December 7, 2024	45,145.54
117	SAN PABLO	April 1, 2015	March 31, 2022	127,948.03
118	SAN PEDRO	March 1, 2012	February 28, 2022	40,574.59
119	SAN RAFAEL	December 13, 2015	December 12, 2022	93,579.16
120	SANTIAGO - VICTORY NORTE	October 15, 2017	October 14, 2022	134,009.57
121	SAVEMORE - ANONAS	December 1, 2021	November 30, 2023	59,099.00
122	SAVEMORE TAGAYTAY - MENDEZ	August 1, 2021	July 31, 2024	52,586.66
123	SAVEMORE TALISAY NEGROS OCCIDENTAL	May 23, 2019	November 30, 2024	113,976.10
124	SM HYPERMARKET -ADRIATICO	August 1, 2021	December 31, 2021	65,000.00
125	SORSOGON	May 1, 2021	April 30, 2028	145,000.00
126	SOUTH TRIANGLE	September 1, 2018	August 31, 2025	181,810.12
127	STA. ANA	December 1, 2018	November 30, 2023	58,801.32
128	STA. ANA MANILA	August 1, 2021	March 31, 2021	53,654.86
129	STA. MARIA	December 8, 2021	December 7, 2022	117,600.00
130	STA. MESA	March 16, 2017	March 15, 2024	73,619.16
131	STA. RITA	October 8, 2012	October 7, 2022	46,273.26
132	STA. ROSA	June 17, 2013	June 16, 2022	196,994.06
133	STO. TOMAS	October 26, 2020	October 25, 2025	145,378.86
134	SUBIC	March 1, 2019	February 28,2029	81,144.00
135	TACLOBAN CITY	September 16, 2019	September 15, 2024	120,375.00
136	TAGUM	June 1, 2017	May 31, 2022	64,178.73
137	TANAUAN CITY	December 1, 2018	November 30, 2028	79,558.61
138	TANDANG SORA	May 16, 2017	May 15, 2024	88,558.31
139	TARLAC	September 15, 2016	September 14, 2023	92,677.15

NO	BRANCH	CONTRACT PERIOD		RENTAL RATE PER MONTH (₱)
		FROM	TO	
140	TAYTAY	October 15, 2018	October 14, 2023	131,244.67
141	TAYUMAN	October 1, 2016	September 30, 2023	115,762.50
142	TIMOG	May 1, 2017	April 30, 2024	139,056.69
143	TUGUEGARAO	August 16, 2017	August 15, 2022	117,387.99
144	TWO E-COM	November 1, 2019	October 31, 2022	169,503.25
145	UN AVENUE	February 1, 2019	January 31, 2024	183,410.78
146	URDANETA	August 24, 2016	August 23, 2023	82,687.50
147	VALENZUELA - MARULAS	October 20, 2020	October 19, 2025	72,930.38
148	VIGAN	June 5, 2017	June 4, 2027	251,098.06
149	WILSON	October 16, 2017	October 15, 2022	192,536.19
150	VISAYAS AVE.	March 2, 2017	March 1, 2022	133,487.01
151	ZAMBOANGA	September 30, 2015	September 29, 2022	107,936.95

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 for and against the Bank arising from normal business activities. In the opinion of the management and the legal counsel, the Bank has no material pending legal proceedings to which the Bank is a party or which any of its property is the subject.

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

There are no matters that will be included in the agenda of the annual stockholders' meeting that may give rise to the exercise by a dissenting stockholder of the right of appraisal and demand payment of the fair value of his shares under Section 80 of the Revised Corporation Code (Republic Act No. 11232).

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 were no shares transferred in 2021 and 2020.

PERIOD	NO. OF SHARES TRANSFERRED	PRICE PER SHARE	
		High	Low
January 1, 2020 to December 31, 2021	No transaction		

2. Holders

The Bank's authorized common shares (₱100 par value) amounted to 134.0 million in 2021 and 2020 and authorized preferred shares (₱100 par value) amounted to 6.0 million in 2021 and 2020. There are approximately 1,423 stockholders of the 105,414,149 subscribed common shares as of December 31, 2021. The top 20 common shareholders as of December 31, 2021 are as follows:

NAME OF STOCKHOLDER	NUMBER OF SHARES	% OF HOLDINGS
1. China Banking Corporation	104,995,882	99.60%
2. Marinduque Mining and Industrial Corp.	46,002	0.04%
3. Bogo Medellin Milling Co., Inc.	33,521	0.03%
4. Reyes, Rodrigo C.	31,205	0.03%
5. Estate of Gil J. Puyat	13,729	0.01%
6. Development Bank of the Philippines	8,418	0.01%
7. Jipson, Espinela A.	8,248	0.01%
8. Cruz, Manuel C.	6,313	0.01%
9. Puyat, Patria Gil VDA. DE	5,350	0.01%
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%
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 2021 and 2020.

4. Recent Sales of Unregistered Securities or Exempt Securities

There were no unregistered securities sold by the Bank for the past three (3) years.

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

1. Plan of Operation

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. The Bank will leverage on the expertise of each business group and develop opportunities in high-growth industries in order to build market presence. Accordingly, CBS envisions becoming one of the top-performing financial institutions in terms of profitability and shareholder value over the next five years.

The Bank will focus on increasing its customer base by developing long-term, beneficial relationships with its customers and use network of branches, sales offices and business centers to deepen its reach within its existing territories. The Bank will leverage its strong tradition of personalized service to attract borrowers from teachers, auto and homebuyers, SMEs, without neglecting its services for entry-level customers like young professionals, wage-earners and micro entrepreneurs.

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) concentrate on high-yielding loans; (b) build current accounts/savings accounts (CASA) deposits; (c) reduce non-performing assets (NPAs) composed of real and other properties acquired (ROPA) and non-performing loans (NPLs); (d) increase non-interest income; and (e) improve operational efficiency. CBS has established its business strategy for 2022, with emphasis on adapting its capabilities to digital mediums in response to the lingering effects of the pandemic.

The top priority is to continuously expand the higher-yielding loan products. The APDS (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 2022. 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 opening additional lending centers and utilizing majority of its 160 brick-and-mortar branch network. The Bank will also implement grass-root acquisition strategies and build presence amongst educators and administrators. 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 Smallbiz loan facility and the smaller-ticket SME business loans. 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, active social media and marketing campaigns, and offering a broader menu of thrift banking products and services.

To fund its growing lending business, CBS will also focus on building up its low cost of funds or CASA. CASA growth is targeted to improve significantly with the launch of new deposit promos and faster, more efficient customer onboarding through digital means such as the CBS Mobile App. The Bank will improve client prospecting and servicing the emerging industries and deepening relationship with existing clients by offering comprehensive products and services. The Bank will aggressively push for more Cash Management Services (CMS) enrollments and accelerate its digital readiness as these initiatives will address the face-to-face limitations brought about by the current pandemic. The Bank will continue to pursue its digital banking effort, which transforms the traditional banking model into a customer-centric, process efficient, and technologically-driven business and integrates automated backroom support, channel management, and better customer engagement. The Bank will enhance the customer experience at every channel and touchpoint through product improvements and core banking system upgrades.

In view of the expectations that credit losses will be elevated across small businesses and in certain retail segments, the Bank will continue to pursue a more proactive and aggressive reduction of NPAs through its NPL Recovery Program, ROPA Reduction 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 with the easing of lockdown measures and as segment cross-selling and up-selling initiatives continue. Additional income would also come from Digital Banking Business and CMS products/services, and Bancassurance. Central to the Bank's strategy is Digital Banking Transformation, wherein more of its services will cater to digital mediums to provide a vastly improved customer experience. Together with China Bank, CBS will develop a "true" omnichannel platform that allows clients to access financial services faster and easier online or through mobile. In line with this, the Bank's digital presence, primarily through its website, will be mobile-optimized and sales-centric. Digital marketing for clients will also be developed, including criteria-based marketing campaigns and automatic lead tracking and nurturing.

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

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

The challenges of COVID-19 will likely continue to shape the country's economic, social, business, and political landscape for an uncertain amount of time. As the initial crisis measures to respond to the pandemic start to ease and thoughts turn to a post-pandemic world, CBS will redouble its efforts to accelerate digital transformation, to build greater resilience, and to drive economic recovery. As CBS cautiously but purposefully moves forward in the next years, CBS will continue to evolve and modify its strategies and approaches to adapt to current circumstances and to prepare for future demands and disruptions.

2. Management's Discussion and Analysis

a. Analysis of Statements of Condition

As of December 31, 2021 and 2020

CBS' foundational strength, customers' unwavering trust and loyalty, and the tremendous efforts of the CBS team enabled the Bank to rise above the ongoing challenges of the pandemic and to set the stage for CBS' sustained growth in 2021.

CBS ended 2021 with solid financial results, with ₱95.8 billion in assets. The Bank continued to focus on preventing further deterioration of its asset quality more than loan growth, building-up stable and low-cost sources of funding, maintaining adequate level of liquidity, improving cost-efficiency and strengthening the balance sheet

Even as the Bank adjusted its growth targets to reflect the realities of the crisis and adopt a more prudent strategic stance, CBS grew its client base from 0.60 million to 0.65 million as of December 31, 2021.

Gross loans is almost flat at ₱68.6 billion as loan demand remained weak due to the lingering economic uncertainties. Repositioned to focus on the retail market segment, the APD loan portfolio expanded by 21% or equivalent to growth of ₱2.9 billion and replaced the decline in SME loans. Despite the slowdown in the retail lending landscape, the retail housing and auto loans steadily recovered in 2021.

Total Deposits reached ₱81.8 billion underpinned by 19% growth in checking and savings accounts (CASA). As the Bank focused on retail and cheaper sources, CASA ended with ₱44.4 billion, representing 54.3% of the deposit mix. The CASA growth, decline in high-cost funds and continued downward repricing resulted in an overall improvement in year-to-date cost of funds that translated to a significant improvement in net interest margin.

Capital increased to ₱11.3 billion, as a result of the improved operations of the Bank for the year. The Bank's total CAR was computed at 14.1% as of December 31, 2021, which remained well above the BSP's regulatory threshold of 10.0%.

As of December 31, 2020 and 2019

The year 2020 was a tough and challenging year. The Bank focused on preventing further deterioration of its asset quality more than growth, building-up of more stable and low-cost sources of funding, maintaining adequate level of liquidity, improving cost-efficiency and strengthening the balance sheet. By the end of 2020, total assets peaked at ₱98.6 billion, total deposits reached ₱85.5 billion and total gross loans hit ₱68.8 billion. CBS grew its client base from 0.56 million to 0.60 million as of December 31, 2020.

Gross Loans reached ₱68.8 billion despite the Bank's stance to exercise prudence and reduce exposure to vulnerable sectors. Amid pandemic, APD loans recorded a significant growth of 45% and replaced the paid-off SME loans. Also, despite the slowdown in the retail lending landscape, the retail housing and auto loans steadily recovered in the last quarter of 2020.

Total Deposits reached ₱85.5 billion. As the Bank focuses on retail and cheaper sources, CASA recorded a ₱4.5 billion growth during the year and ended with ₱37.2 billion, representing 44% of the deposit mix. The CASA growth, decline in high-cost funds and continued downward repricing resulted in an overall improvement in year-to-date cost of funds that translated to improvement in net interest margin.

Capital increased to ₱10.3 billion, as a result of the improved operations of the Bank for 2020. The Bank's total CAR was computed at 12.8% as of December 31, 2020, which remained well above the BSP's regulatory threshold of 10.0%.

b. Discussion of Results of Operations

For the years ended December 31, 2021 and 2020

The Bank achieved a net income of ₱986.46 million in 2021. Amid the economic downturn due to the pandemic, CBS continued to post strong growth in its core businesses, to provide higher pandemic-related buffers, and to keep the growth of operating expenses moderate despite adjusting priorities for pandemic-related expenses.

The financial results were supported by the 25% growth in net interest income due to 8% increase in interest income in view of the growth in consumer and APD loans and 42% drop in interest expense due to high CASA level and reduction of high-cost funds.

Total interest income increased by 8% or ₱484.80 million, higher than the ₱5.87 billion recorded in 2020. On the other hand, interest expense on the Bank's deposit liabilities was lower by 42% to ₱841.04 million compared to ₱1.45 billion during the same period in 2020 due to the combined impact of significant CASA growth, decline in high-cost funds and continued downward repricing.

Service charges, fees and commissions increased by 144%. Despite hampered activities of the Bank, CBS was still able to catch-up on earning service fee and collection charges, mainly attributed to its retail lending business and deposit generation. The Bank also registered an increase in its gain on the sale and foreclosure of investment properties on account of foreclosures and repossession activities.

To address potential loan defaults that may arise from a drawn out pandemic, CBS booked credit provisioning of ₱1.25 billion, which is 38% higher than the ₱905.5 million provisions booked for the same period of previous year. Compensation and fringe benefits decreased by 5% due to the Bank's efforts to reduce manpower cost through its rationalization and redeployment programs. The overall slight increase in operating expenses of 3%, excluding provisions, was due to the continued implementation of cost management initiatives which resulted to cost savings. In addition, moderate banking operations in areas implementing stricter quarantine measures contributed to further OPEX savings.

For the years ended December 31, 2020 and 2019

The Bank achieved a net income of ₱506.38 million in 2020. The financial results were supported by the growth in net interest income as interest expense significantly declined and due to lower operating expenses. Meanwhile, provisions accelerated to ₱905.5 million or 261% higher versus last year.

Total interest income decreased by 10% or ₱642.66 million, lower than the ₱6.5 billion recorded in 2019. On the other hand, interest expense on the Bank's deposit liabilities was lower by 46% to ₱1.4 billion compared to ₱2.7 billion during the same period in 2019 due to the combined impact of significant CASA growth, decline in high-cost funds and continued downward repricing.

Service charges, fees and commissions decreased by 35% due to the slowdown in 2020 lending activity. The Bank also registered a decline in its gain on the sale and foreclosure of investment properties on account of slower foreclosures and repossession activities due to court closures amid lockdowns.

Compensation and fringe benefits increased to a managed level of 2%. The overall decrease in operating expenses was due to strict implementation of cost-cutting measures along with the scaled down banking operations caused by various community quarantines and lockdowns.

c. Key Performance Indicators

	2021	2020	2019
Capitalization Ratio			
Total Capital Adequacy Ratio	**14.09%**	12.77%	11.86%
Asset Quality			
Non-Performing Loans to Total Loans	**6.89%**	8.06%	5.78%
Liquidity			
Liquid Assets to Total Deposits	**20.67%**	21.63%	26.46%
Profitability			
Return on Equity (ROE)	**9.12%**	5.06%	6.61%
Return on Assets (ROA)	**1.02%**	0.50%	0.63%
Cost Efficiency			
Operating Expenses to Total Income*	**78.58%**	94.60%	88.52%

** Had the Bank excluded provision for impairment and credit losses, cost-to-income ratio is 58.80%, 75.58%, and 83.27% for the year ended December 31, 2021, 2020, and 2019, respectively.*

2021 vs. 2020 Comparative highlights on key performance indicators

Capital adequacy ratio as of December 31, 2021 increased to 14.1%. NPL ratio improved to 6.9% as of end-2021 as compared to the 8.1% in 2020.

ROE and ROA for the year 2021 is at 9.1% and 1.0%, respectively, which is almost double than end-2020's 5.1% and 0.5%, respectively. Meanwhile, cost efficiency ratio improved to 78.6% as of December 31, 2021, from 94.6% as of December 31, 2020.

2020 vs. 2019 Comparative highlights on key performance indicators

Capital adequacy ratio as of December 31, 2020 was at 12.8%. NPL ratio increased to 8.1% as of end-2020 as compared to the 5.8% in 2019.

ROE and ROA for the year 2020 is at 5.1% and 0.5%, respectively, lower than end-2019's 6.6% and 0.6%, respectively. Meanwhile, cost efficiency ratio increased to 94.6% as of December 31, 2020, from 88.5% as of December 31, 2019.

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 2022.

b. Events that will Trigger Direct or Contingent Financial Obligation

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

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

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

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

	2021	2020
Committed credit lines	**₱531,083,989**	₱288,166,099
Standby domestic letters of credit	**93,960,357**	107,050,106
Late deposits/payments received	**8,320,699**	22,270,117
Outward bills for collection	**1,866,299**	1,757,393
Others	**104,374**	161,794
	₱635,335,718	₱419,405,509

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

d. Material Commitments for Capital Expenditures

The Bank's capital expenditures in 2021 included expenses for renovation and relocation of branches, new APDS loan centers and upgrade of bank premises including infrastructure, furniture, fixtures and equipment, IT-related activities on systems and licenses. For 2022, the Bank plans to open a number of APDS lending centers, APDS lending branch lites and portable lending kiosks. Capital expenditures will be sourced from the Bank's capital and operations.

e. 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.

f. 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, 2021 and 2020.

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, 2021 and 2020 for professional services rendered by SGV & Co. for the audit of the Bank's annual financial statements.

	2021	2020
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	₱2,336,000	₱2,163,000

The Bank did not engage the services of SGV & Co. for a non-audit related work in 2021 and 2020.

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	Philip S. L. Tsai, *Independent Director*
Member	Margarita L. San Juan, *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, 2021 and 2020 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, 2021)*

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

Nancy D. Yang, 82, Filipino, is the Vice Chairman of the Board since 2007 and is currently the Vice Chairman of Executive Committee. She held the position of Senior Vice President and the Head of China Bank's Retail Banking Business. She is a Director of China Bank subsidiary, China Bank Insurance Brokers, Inc. (CBC-IBI). She currently sits in the Board level committee of the Bank: Vice Chairman of Executive Committee. 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., among others. Ms. Yang is a degree holder of Bachelor of Arts from the Philippine Women's University and Human Development & Child Psychology from Merrill Palmer Institute in Detroit, Michigan, USA. She has attended the Allen Management Program in 1990, BAI Retail Delivery Conference in Phoenix, Arizona, USA in 1994, Environmental Risk Management Program for Bankers conducted by the Bank of America in 1997, BAI Retail Delivery Conference in Miami Beach, Florida in 1999, and BAI Retail Delivery Conference in Orlando, Florida in 2008.

James Christian T. Dee*, 48, Filipino, is the President of the Bank. BSP approved his secondment appointment on November 19, 2012. Prior to his election as Director/President of CBS, he was the Asset-Liability Management Head of the Treasury Group of China Bank since 2009 and Treasurer and Head of Treasury Group of CBSI. He is also a member of CBS Board level committees: Vice Chairman of Retirement Committee and Remuneration Committee, and a member of Executive Committee. In the past, he held several key positions at the Trust Group of China Bank and Citibank N.A. Philippines. Mr. Dee is a degree holder of Bachelor of Science in Mechanical Engineering from the University of the Philippines and

Master's degree in Business Management from Asian Institute of Management. He trained with the Regional Treasury Certifications from Citigroup, N.A., Treasury Certification Program from Ateneo-BAP, and ICAAP Risk Models Validation from SGV. He likewise graduated with distinction on the 1 year course on Trust Operation from Trust Institute Foundation of the Philippines.

William C. Whang, 63, Filipino, is a member of the Board of CBS, and a Director and the President of China Bank since November 1, 2017. He does not hold any directorship position in any other PSE-listed company apart from China Bank. He also serves in the boards of China Bank subsidiaries: China Bank Insurance Brokers, Inc. (CBC-IBI), CBC Properties and Computer Center, Inc. (CBC-PCCI), and China Bank Capital Corporation (CBCC). He is also a member of CBS Board level committees: Chairman of Executive Committee and Retirement Committee. He is actively involved in the boards of BancNet, Inc., Banker's Association of the Philippines, Philippine Payments Management Inc., and Manulife China Bank Life Assurance Corporation (MCBLife). He has more than 40 years of banking experience, previously holding key positions in various financial institutions including Metropolitan Bank & Trust Co., Republic National Bank of New York, International Exchange Bank, Security Bank, and Sterling Bank of Asia. Mr. Whang is a Bachelor of Science degree holder in Commerce, Major in Business Management, from the De La Salle University. He participated in numerous seminars and conferences on corporate governance, Anti-Money Laundering (AML), branch based marketing, quality service management, sales management, and corporate strategy, among others.

Herbert T. Sy, Jr., 35 Filipino, was elected as a Regular Director on June 17, 2021. Mr. Sy presently works for SM Retail, Inc., under the SM Group of Companies. For the SM Markets Merchandising Group, he handles product selection for the SM Markets stores, manages international house brand procurement, manages store orders, and negotiates with suppliers. For SM Markets Marketing Group, he manages 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.

Rosemarie C. Gan, 64, Filipino, is a CBS Director. She is also an Executive Vice President and Segment Head of Retail Banking Business of China Bank. She serves as a Director in China Bank subsidiary CBC Properties and Computer Center, Inc. (CBC-PCCI). She is also a member CBS Executive Committee. With nearly 40 years of experience in the banking industry, she has had wide exposure and training in marketing, financial analysis, credit portfolio management, strategic planning and corporate governance. Ms. Gan obtained a Bachelor of Science degree in Business Administration, Major in Management, from the University of Santo Tomas, where she graduated *magna cum laude* and received the distinguished Rector's Award. She attended the Asian Institute of Management's (AIM) Advanced Bank Management Program in 2013. She also participated in the BAI Retail Delivery Conference conducted by the Bank Administration Institute in 2012, and Corporate Governance workshops/seminars conducted by the Institute of Corporate Directors (ICD) from 2014 to 2018, and AMLA seminar conducted by ICD in December 2017, among others.

Patrick D. Cheng, 59, Filipino, is a CBS Director. He is also a Senior Vice President and the Chief Finance Officer of China Bank. He is also in the board of another China Bank subsidiary – China Bank Insurance Brokers, Inc. (CBC-IBI) as Chairman, and in the Bank's affiliate - Manulife Chinabank Life Assurance Corporation (MCBLife) as Director. He also serves in the boards of Manila Overseas Commercial Inc. and SR Holdings Corporation, among others. 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 in Management degree, 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 on corporate governance, AML, asset liability management, operational risk, and information security.

Margarita L. San Juan, 68, Filipino, is an Independent Director of CBS and China Bank. On May 4, 2017, she was first elected to the China Bank Board. She is also an Independent Director of other China Bank subsidiaries: CBCC, CBC-IBI, and CBCC's wholly-owned subsidiary Resurgent Capital (FISTC-AMC) Inc. (RCI). She is a member of CBS Board level committees: Chairman of Corporate Governance Committee and Nomination Committee, Vice Chairman of Risk Oversight Committee and Related Party Transaction Committee, and a member of Audit Committee. She does not hold directorship position in any other PSE-listed company. She worked with Ayala Investment and Development Corporation, Commercial Bank and Trust Co., and in the Bank's Account Management Group as Senior Vice President and Group Head until her retirement in 2012. Director San Juan graduated with a Bachelor of Science degree in Business Administration, Major in Financial Management, from the University of the Philippines, and completed the Advance Bank Management Program from the Asian Institute of Management (AIM). She attended various trainings including development financing, international banking operations, marketing, financial analysis and control, credit and risk management, and the latest on AML in 2017 and corporate governance in 2021.

Philip S.L. Tsai, 71, Filipino, was elected as Independent Director of CBS and China Bank on November 7, 2018 to serve the unexpired term of Mr. Roberto F. Kuan who passed away on September 15, 2018. He currently serves as an Independent Director of China Bank subsidiaries China Bank Capital Corporation (CBCC) and China Bank Insurance Brokers, Inc. (CBC-IBI).He is a member of CBS Board level committees: Chairman of Risk Oversight Committee, Vice Chairman of Audit Committee, and a member of Remuneration Committee and Related Party Transaction Committee. Aside from the China Bank Group, he does not hold any position in other PSE-listed companies. He has had more than 36 years of banking experience. He previously held positions in First CBC Capital (Asia) Limited, Midwest Medical Management, Fortune Paper Inc., Chemical Bank New York, Consolidated Can Corp., Plastic Container Packaging, and in the Bank'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 has attended several trainings on corporate governance, bank protection, AML, and branch-based marketing, among others.

Claire Ann T. Yap, 66, Filipino, is an independent director. She serves as Independent Director in the Bank subsidiaries CBCC, CBSC, and in CBCC's subsidiary RCI, and as Board Trustee and Vice Chairperson in Vedruna Foundation, Inc. She is presently Senior Vice President and Head of Global Service Centre of Global Payments Process Centre, Inc., a Fortune 500 company and worldwide leader providing payments and financial technology solutions. She has more than 30 years of experience in banking and finance in the Philippines. She is a also a member of CBS Board level committees: Chairman of Audit Committee, Vice Chairman of Corporate Governance Committee and Nomination Committee, and a member of Risk Oversight Committee. She has extensive leadership experience in operations beginning with local financial institutions and expanding to global organizations, with considerable exposure from credit card and payments to financial technology solutions in a shared services environment. She has exposures in cross-geographical and cultural team integration, strategic business unit development, revenue generation and cost control, client relationship management, financial and credit analytics, merchant life cycle management, industry standard audits and compliance, and process improvement. In the past, she held executive leadership roles at Australia and New Zealand Banking Group Ltd./ Metrobank Card Corporation and Hongkong Shanghai Banking Corporation. She was also Chairman of the Credit Card Association of the Philippines from 2009 to 2010 and President from 2007 to 2009. A Certified Public Accountant, Ms. Yap is a graduate of Bachelor of Science in Accounting, cum laude, from the De La Salle University. She has had various trainings on Managing Customer Experience, Credit Card Fraud and Security, Information Security and Data Privacy.

Genaro V. Lapez, 64 years old, Filipino, was elected as an independent director on June 17, 2021. 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 Bank Corporation subsidiary CBSC. He is a member of CBS Board level committees: Chairman of Related Party Transaction Committee and Remuneration Committee, and a member of Corporate Governance Committee, Retirement Committee, and Nomination Committee. 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, and on Corporate Governance from the Institute of Corporate Directors and others.

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	14 years	1	0.00000000948%
2. Nancy D. Yang	None	14 years	1	0.00000000948%
3. James Christian T. Dee	None	8 months	1	0.00000000948%
4. William C. Whang	None	5 years	1	0.00000000948%
5. Rosemarie C. Gan	None	7 years	1	0.00000000948%
6. Patrick D. Cheng	None	4 years	1	0.00000000948%
7. Herbert T. Sy, Jr.	None	6 months	1	0.00000000948%
8. Philip S. L. Tsai*	None	4 years	1	0.00000000948%
9. Margarita L. San Juan*	None	8 years	1	0.00000000948%
10. Claire Ann T. Yap*	None	1 year	1	0.00000000948%
11. Genaro V. Lapez*	None	6 months	1	0.00000000948%

** Independent Director*

2. Executive Officers *(as of December 31, 2021)*

Joseph C. Justiniano, 64, Filipino, Executive Vice President. Mr. Justiniano brings with him more than 37 years of banking experience that started with Manila Bank, the precursor of CBS. His years of experience and exposure in audit paved the way for his successful career in credit and collections in Insular Savings Bank, International Exchange Bank, and Union Bank of the Philippines. In 2007, he joined United Coconut Planters Bank (UCPB) as First Vice President and was subsequently designated as the President and Chief Executive Officer of the United Coconut Planters Savings Bank for 8 years. Healso served as the Consumer Group Head of Bank of Commerce from November 2014 to April 2017.

Luis Bernardo A. Puhawan, 46, Filipino, First Vice President II, is the Controller of the Bank. Prior to CBS, he was the Controller of the former Planters Development Bank. In 2006, he joined Planters Development Bank as Assistant Vice President and Head of the Financial Reporting and Control Department. Before joining Planters Development Bank, he worked for Philippine Veterans Bank from 2002 to 2005, Deutsche Knowledge Services - Manila as Senior Associate from 2005 to 2006 and a Senior Associate of SGV & Co. from 1997 to 2002. A Certified Public Accountant, Mr. Puhawan is a degree holder of Bachelor of Science in Accountancy from the University of Santo Tomas.

Jan Nikolai M. Lim, 45 years old, Filipino, First Vice President II, is the Head of Consumer Lending Group. He joined China Bank Savings, Inc. on December 1, 2011 as Head Housing and Personal Loans with the rank of first Vice President I. With his success in housing loans and personal loans, he was appointed as the Head of Consumer Lending Group in 2015. He has been with CBS for 10 years now and was promoted once to FVPII in January 2017. Prior to joining the Bank, he served as the Vice President of East West Banking Corporation, Vice President of Philippine Savings Bank, Assistant Vice President of Standard Chartered Bank and started his banking career in Citibank, N.A. as a Manager in 2001. Mr. Lim is a degree holder of Bachelor of Science in Manufacturing Engineering and Management from De La Salle University.

Adonis C. Yap, 52, Filipino, First Vice President I, is the head of the Digital Banking Group. Mr. Yap was formerly the head of the Marketing Group and was an Ex-Officio member of the

Information Technology (IT) Steering Committee. He was hired by Planters Development Bank (PDB) in June 1999. He was also the Cash Management Services Department Head from June 1999 to September 2002 and head of Product Management and Marketing Department from 2003 to 2007. In 2015, and during the integration of CBS and PDB until 2017, he handled the Alternative Channels and Business Process Management Group. He also took over the Marketing Division when its Head resigned in early 2018.

Atty. Josephine F. Fernandez, 59, Filipino, First Vice President, is the Head of Human Resources Division. She was a former Senior Vice President and Head of Human Resources of East West Banking Corporation, Vice President and Deputy Head of Human Resources of Bank of the Philippine Islands, and First Vice President and Deputy Head of Human Resources of Metropolitan Bank & Trust Co. She also held various positions at Equitable Banking Corporation and Bank of Tokyo-Mitsubishi. She started her career as College Instructor at University of Luzon with the Commerce Department. Atty. Fernandez is a degree holder of Bachelor of Science degree in Business Administration from University of the Philippines - Diliman in 1983 and completed Bachelor of Laws in San Beda College and San Sebastian College, Manila in 1993.

Jaydee P. Caparas, 48, Filipino, First Vice President, is the Head of the Branch Banking Group. He has more than 24 years of banking experience, having handled various positions at Bank of the Philippine Islands and Philippine Savings Bank. He was also a former Management Trainee of Bank of the Philippine Islands. A Certified Public Accountant, accredited by Board of Accountancy and Securities and Exchange Commission as a practicing CPA and External Auditor, Mr. Caparas is a degree holder of Bachelor of Science Major in Accountancy, magna cum laude, from San Sebastian College - Cavite where he also earned his Master’s in Business Administration.

Niel C. Jumawan, 52, Filipino, First Vice President, is the Head of APDS Lending Group. Before joining CBS, he held various key positions at City Savings Bank, Inc. He also worked as Front Desk Officer of Staff Experts, Inc. (assigned at Pag-Ibig Fund), Loan Programmer of WVSU Multi-Purpose Cooperative, Sales and Training Supervisor of Forest Lake Development, Inc., Sales Manager, Branch Head and Business Development Officer of Visayas for Sky Internet, Inc. Mr. Jumawan is a degree holder of Computer Science Major in Computer Technology and Bachelor of Science in Commerce Major in Management.

Edith N. Young*, 62, Filipino, Vice President II, is the Head of Information Technology. BSP approved her interlocking functions on April 27, 2016.She is concurrently the Chief Technology Officer of China Bank subsidiary, CBC Properties and Computer Center, Inc. (CBC-PCCI). Prior to joining the China Bank group, she held various IT-related positions in PCIBank, IBAA, Bank of the Philippine Islands, Family Bank/FMLSC, Cybernetics and Pascual Laboratories. Ms. Young is a degree holder of Bachelor in General Science from the University of the East.

Sonia B. Ostrea, 58, Filipino, Vice President II, is the Head of Centralized Operations Group. Prior to CBS, she was the Clearing Operations Head of the former Planters Development Bank. Before joining Planters Development Bank, she served as the Central Operations Department Head of PCIBank and Dao Heng Bank, Phils. A Certified Public Accountant, Ms. Ostrea is a degree holder of Bachelor of Science in Commerce, major in Accounting, from Saint Louis University.

Atty. Roberto M. Buenaventura, 49, Vice President, is the head of the Legal Services Division. Prior to CBS, he was with UCPB since 2010 as Legal Officer and Legal Services Head. His private practice of law experience under his own law firm was from 1998 to 2010.He has served in the government as Provincial Legal Officer of the Province of Basilan from 1998 to 2007. He has also served as Associate Professor in Western Mindanao State University College of Law from 1998 to 2007 and Basilan State College Law Department from 1998 to 2000. Atty. Buenaventura took his pre-law degree in Bachelor of Arts in Public Administration from the University of the Philippines in 1993 and Bachelor of Laws Degree from San Beda College of Law in 1997

Charmaine S. Hao, 44, Filipino, Vice President, is the Treasurer of the Bank. Before CBSI, Ms. Hao joined Planters Development Bank in 2001 and was assigned as a Senior Dealer from September 3, 2001 to August 15, 2010. On August 16, 2010, she was appointed as Deputy Treasury Head until August 15, 2015. Consequently, she also became the Secretary of Assets and Liability Committee (ALCO). On December 18, 2015, after Planters Development Bank was merged with China Bank Savings, Ms. Hao was assigned as Head of Funds Management Department. As the Funds Management Department Head, she assists the Treasury Group Head in managing and supervising the Bank's liquidity and trading activities. For the past years, she has been ensuring that all funding requirements of the Bank are efficiently serviced. Moreover, she has been managing the cost of short-term placements to minimize the funding cost and thereby improve the carry income of the Bank. Ms. Hao is a degree holder of Bachelor of Science in Legal Management from the Ateneo De Manila University.

Marjorie T. Esplana, 50, Filipino, Vice President, is the Head of SME Lending Group. Before joining CBS, she was Trade Finance Marketing Assistant of Citytrust Banking, Account Officer of BAP Credit Guaranty Corp., Credit Head and Account Officer of GMA Rural Bank of Cavite, Head of CTS Indirect of Maybank Philippines, Relationship Manager of Security Bank and Head of Housing Finance Division of Planters Development Bank. She is a degree holder of Bachelor of Science in Commerce major in Economics from the University of Sto. Tomas.

Mary Grace F. Guzman, 56, Filipino, Vice President, is the Head of Asset Recovery Group (ARG). Before joining CBS, she was Account Officer in United Overseas Bank Phil., and consultant, Project Manager for ECSLR Project of the World Bank – LGU Guarantee Corp. She is a degree holder of Bachelor of Science in Business Administration from the University of the Philippines.

Raymond C. Apo, 54, Filipino, Vice President, is the Risk Management Division Head. He has more than 20 years of banking experience. Prior to joining the Bank, he held various key positions at Solidbank Corporation, First Metro Investment Corporation, Rizal Commercial Banking Corporation, Asiatrust Development Bank, and Export and Industry Bank. A Certified Public Accountant, Mr. Apo is a degree holder of Bachelor of Science in Commerce Major in Accountancy from Far Eastern University.

Frederick M. Pineda, 53, Filipino, Vice President I, is currently the Deputy Head of the Centralized Operations Group. He was previously the Head of the CBS Internal Audit Division. He held various positions at Far East Bank & Trust Company before joining China Banking Corporation. He was assigned at the Internal Audit Division of China Bank. Mr. Pineda is a degree holder of Bachelor of Science in Commerce major in Accounting from the University of

St. La Salle – Bacolod. (Appointed as Deputy Head of Centralized Operations Group effective 1 November 2021)

Hanz Irvin S. Yoro*, 38, Filipino, Senior Assistant Vice President, is the Information Security Officer of the Bank. BSP approved his interlocking functions on April 27, 2016. He is concurrently the Information Security Officer of China Bank. Prior to joining China Bank, he was the Information Security Officer of Megalink and EPacific Global. Mr. Yoro is a degree holder of Bachelor of Science in Computer Science Information Technology from Asia Pacific College.

Atty. Arturo Jose M. Constantino III, 38, Filipino, Assistant Vice President, is the Corporate Secretary of the Bank. Prior to joining the Bank, he served as Corporate Legal Counsel for both multinational and local companies including Music Group of Companies and Filinvest Land, Inc. He was also Associate Lawyer for Paras and Manlapaz Lawyers, and Valerio and Associates Law Offices, where he acted as Corporate Secretary for various clients. He holds a Juris Doctor Degree from the Ateneo De Manila Law School.

Rechie W. Lastimoso, 34, Filipino, Senior Manager, was appointed Chief Compliance Officer in March 18, 2021. Prior to his appointment as CCO, he served the Compliance Office as OIC from June 2020 to April 2021. He joined the Bank in June 2017. He started in the Automatic Payroll Deduction Group, then moved to Human Resources in 2018, and then to Compliance Division in 2019. He however resigned effective December 1, 2021.

Eleanor B. Montemayor, 50, Filipino, Assistant Vice-President, is the current Governance and Regulatory Compliance Department Head. She joined CBS in 2012 as Branch Manager. She was promoted as Area Head in Branch Banking Group in 2016, and another promotion as Cluster Head in 2017. She joined Compliance Division as Compliance Testing and Review Department Head in October 2020 and moved to current Governance and Regulatory Compliance Department in June 2021. Prior joining CBS, she was with BPI in 1992-1996, DaoHeng Bank Philippines, Inc., PCIB Savings Bank, Equitable Savings Bank, and Philippine Savings Bank in 2004 to 2012. She was appointed as Officer-In-Charge (OIC) of the Compliance Division effective November 1, 2021.

Marita P. Roxas, 41, Filipino, Senior Manager, is the Branch Audit Unit Department Head. She was with the Planters Bank as Branch Audit Section Head from 2003 to 2015 and was hired in CBS in December 18, 2015 as a result of the CBS-PDB merger. With the appointment of Mr. Frederick M. Pineda to the Centralized Operations Group as Deputy Head, she was appointed as Officer-In-Charge (OIC) of Internal Audit Division effective November 1, 2021.

Jose L. Osmeña, Jr.*, 63, Filipino is a Senior Vice President and the Deputy Group Head of Retail Branch Banking of China Bank Corporation. He has been with China Bank Corporation for more than 30 years. He is a member of the Executive Committee but not a member of the Board. He previously worked at Insular Bank of Asia and America and Producers Bank of the Philippines prior to joining China Bank. Mr. Osmeña holds a Bachelor of Science degree in Commerce, Major in Accounting, from the University of San Carlos, and he earned his Master of Science degree in Business Administration from the same university. He also completed the AIM's Advance Bank Management Program. He participated in several trainings on export financing, loan documentation, money market, service quality management, channels marketing, corporate governance, and AML.

Note 1: All the foregoing officers have been involved in the banking industry for more than five (5) years.

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

Note 3: With interlocking functions in China Bank duly approved by the BSP*.

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, 2021), and, any amount of per diem including bonus of the directors for the last three years.

	YEAR	SALARY	BONUS, PER DIEM and OTHER COMPENSATION	TOTAL
Total for the 5 most highly compensated executive officers	2022 (estimate)	₱24,863,604	₱10,181,356	₱35,044,960
	2021 (actual)	23,649,108	9,247,163	32,896,271
	2020 (actual)	22,434,612	6,312,970	28,747,582
Total for all key executive officers	2022 (estimate)	37,780,337	11,013,819	48,794,156
	2021 (actual)	37,039,546	10,797,862	47,837,408
	2020 (actual)	37,760,154	10,879,530	48,639,684
Total for all Directors	2022 (estimate)	–	3,634,000	3,634,000
	2021 (actual)	–	2,485,000	2,485,000
	2020 (actual)	–	1,336,000	1,336,000

Note: The top 5 most highly compensated executive officers for 2021 are: EVP Joseph C. Justiniano, FVPII Jan Nikolai M. Lim, FVPII Luis Bernardo A. Puhawan, FVPI Jaydee C. Caparas and FVPI Niel C. Jumawan.

- The Key Executive Officers who were appointed by China Bank to CBS on a concurrent/seconded basis do not receive salaries and other bank benefits, bonuses and per diem from the registrant.
- The Directors, who hold their offices concurrently with their positions in China Bank, likewise receive no fees, per diem and bonuses from the registrant. Only the Independent Directors received per diems from the registrant.

- The only contract existing between the executive officers and the registrant is that of an employee–employer relationship.
- There are no other compensation arrangements for their services.
- There are no outstanding warrants or stock options held by the registrant's officers and directors.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

1. Security Ownership of Certain Record and Beneficial Owners

The following own more than 5% of any class securities as of December 31, 2021.

TITLE OF CLASS	NAME, ADDRESS OF RECORD OWNER AND RELATIONSHIP W/ ISSUER	BENEFICIAL OWNER AND RELATIONSHIP W/ RECORD OWNER	CITIZENSHIP	NO. OF SHARES HELD	%
Common Stock	China Banking Corporation		Filipino	104,995,882	99.60%

The Chairman, Mr. Ricardo R. Chua, is the duly authorized representative of China Bank, 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	William C. Whang	100	Filipino	0.00010%
Common Stock	Rosemarie C. Gan	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	Philip S. L. Tsai	100	Filipino	0.00010%
Common Stock	Margarita L. San Juan	100	Filipino	0.00010%
Common Stock	Claire Ann T. Yap	100	Filipino	0.00010%
Common Stock	Genaro V. Lapez	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 degrees 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.

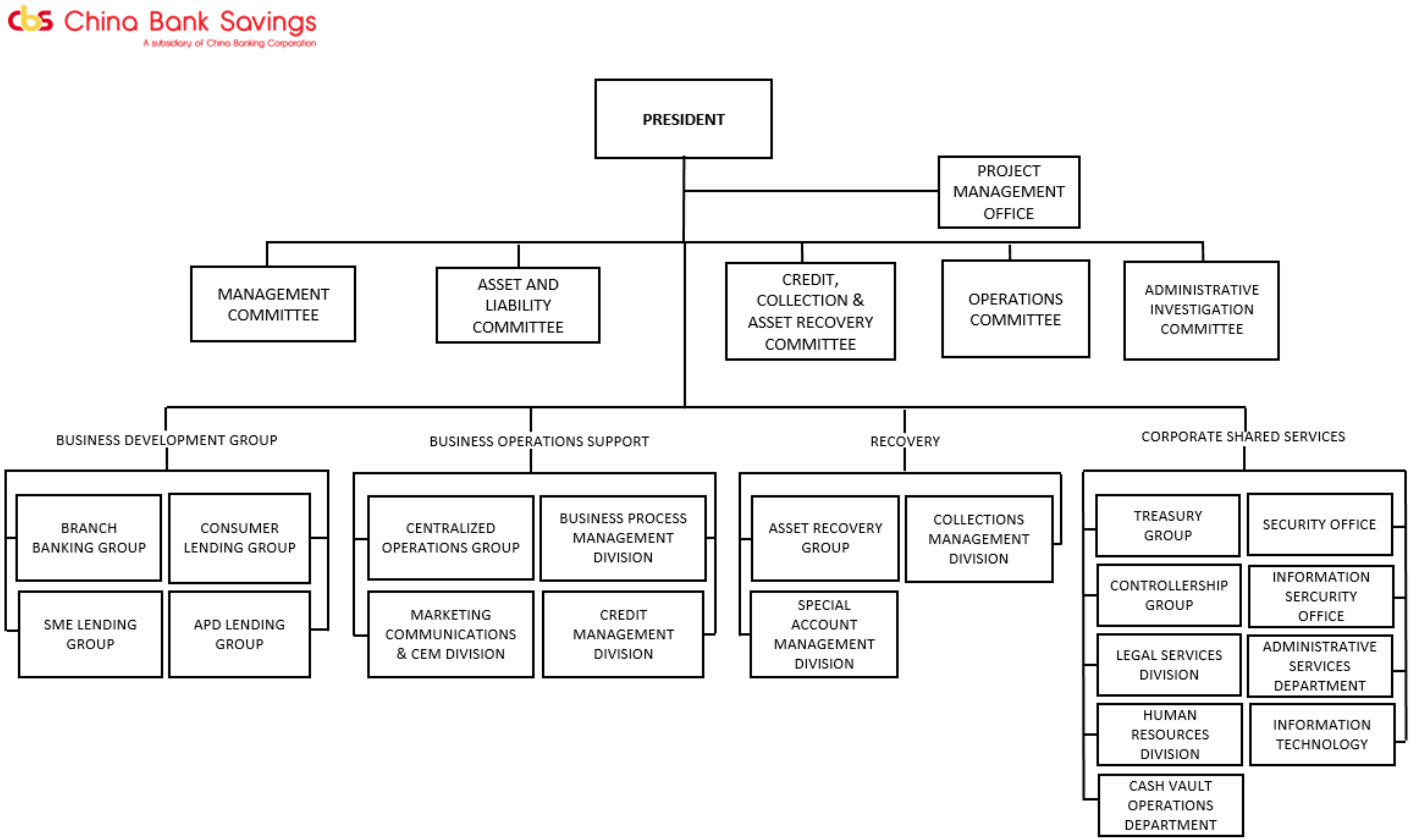
To ensure good governance, there is an evaluation system for the Board, individual Directors and various Board Committees such as Executive Committee, Risk Oversight Committee, Audit Committee and Corporate Governance Committee.

For 2021, the Bank submitted with the SEC the annual Certification of Compliance on Good Corporate Governance. The Certification was submitted on January 28, 2022.

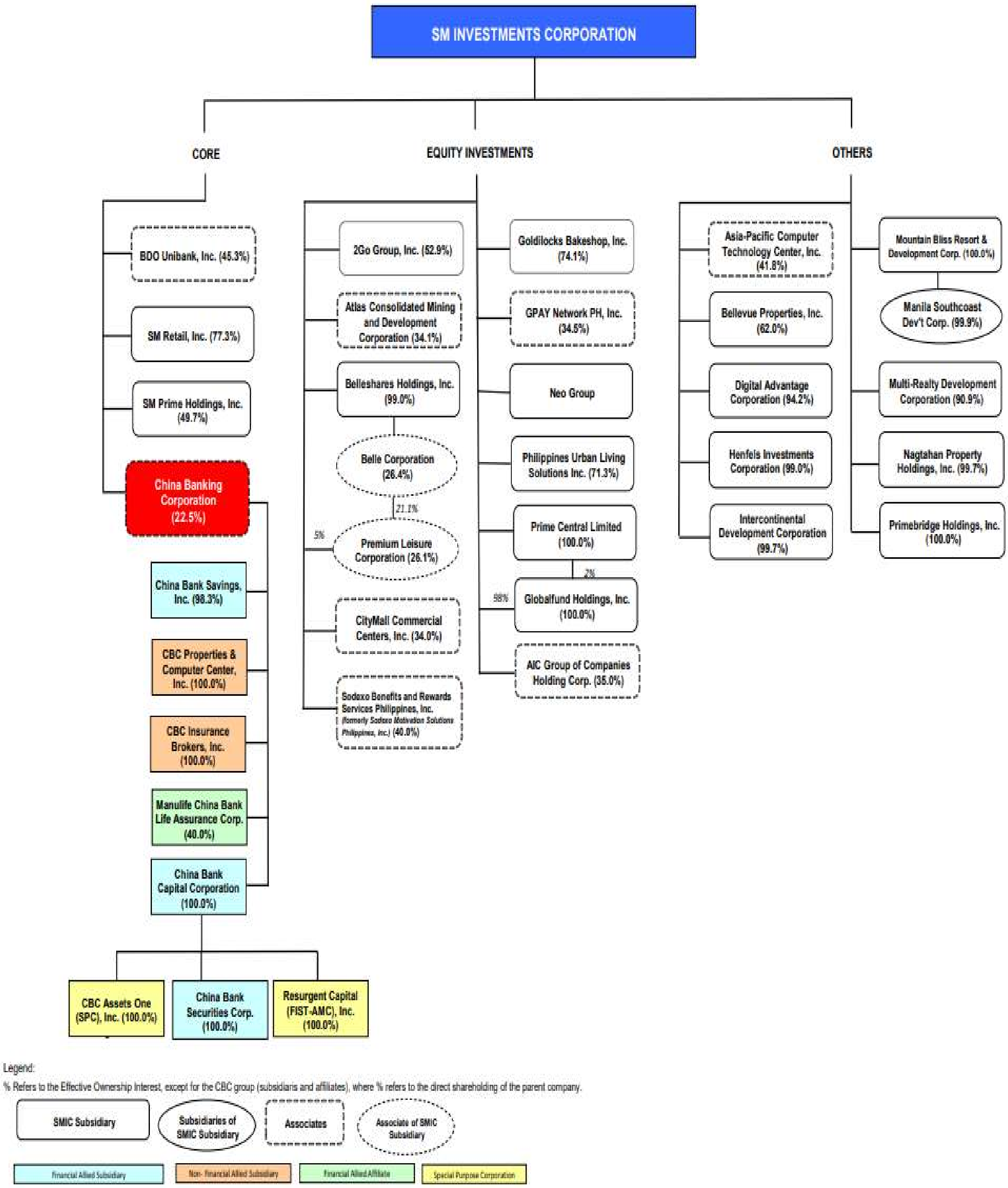
Organizational structure

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 2021, to wit:



Conglomerate Structure



Board of Directors

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

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

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

Board Meetings and Supply of Information

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

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

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

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

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

For the period January to December 2021, the Board of Directors had 14 Board meetings and 76 committee meetings. The incumbent directors attended/participated in more than 50% of all the meetings, as follows:

NAME OF DIRECTORS	21 JAN	18 FEB	05 MAR	18 MAR	15 APR	20 MAY	17 JUN	15 JUL	30 JUL	19 AUG	16 SEP	21 OCT	18 NOV	16 DEC	Percentage of Meetings Attended per Director (as applicable)
Ricardo R. Chua	√	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Nancy D. Yang	√	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Alexander C. Escucha	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%
James Christian T. Dee	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	√	√	100%
William C. Whang	√	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Rosemarie C. Gan	√	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Patrick D. Cheng	√	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Alberto S. Yao	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%
Herbert T. Sy, Jr.	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	100%
Philip S. L. Tsai*	√	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Margarita L. San Juan*	√	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Claire Ann T. Yap*	√	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Genaro v. Lapez*	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	100%

**Independent Director*
√ - Present

NOTES:
1. Mr. Alexander C. Escucha stepped down as a member of the Board of Directors effective April 15, 2021.
2. Mr. James Christian T. Dee was elected on April 15, 2021 to fill in the vacancy due to the resignation of Mr. Alexander C. Escucha. In the same meeting, Mr. Dee was elected as President of the Bank.
3. Mr. Alberto S. Yao's term as Independent Director ended on June 17, 2021.
4. Mr. Genaro V. Lapez was elected on June 17, 2021 Annual Stockholders' Meeting as the new Independent Director.
5. Mr. Herbert T. Sy, Jr. was elected on June 17, 2021 Annual Stockholders' Meeting as a Regular Director.

Board Committees *(Board Approved on June 17, 2021)*

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	William C. Whang
Vice-Chairman	Nancy D. Yang
Member /President	James Christian T. Dee
Member	Rosemarie C. Gan
Member	Jose L. Osmeña, Jr.

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	Margarita L. San Juan, *Independent Director*
Vice-Chairman	Claire Ann T. Yap, *Independent Director*
Member	Genaro V. Lapez, *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	Philip S.L. Tsai, *Independent Director*
Member	Margarita L. San Juan, *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	Margarita L. San Juan, *Independent Director*
Member	Claire Ann T. Yap, *Independent Director*

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

Nomination Committee (NomCom)	
Chairman	Margarita L. San Juan, *Independent Director*
Vice Chairman	Claire Ann T. Yap, *Independent Director*
Member	Genaro V. Lapez, *Independent Director*
Ex-Officio	Maria Rosanna L. Testa
Ex-Officio	Atty. Josephine F. Fernandez

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

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

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

Retirement Committee (RetCom)	
Chairman	William C. Whang
Vice Chairman/President	James Christian T. Dee
Member	Genaro V. Lapez, *Independent Director*
Ex-Officio	Maria Rosanna L. Testa
Ex-Officio	Atty. Josephine F. Fernandez

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

Related Party Transaction Committee (RPTCom)	
Chairman	Genaro V. Lapez, *Independent Director*
Vice Chairman/	Margarita L. San Juan*, Independent Director*
Member	Philip S. L. Tsai, Independent Director

For the period January to December 2021, 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
No. of Meetings	**26**	**12**	**5**	**6**	**19**	**1**	**7**
1. Nancy D. Yang	100%	-	-	-	-	-	-
2. James Christian T. Dee	100%	-	-	-	-	100%	-
5. William C. Whang	99%	-	-	-	-	100%	-
4. Rosemarie C. Gan	100%	-	-	-	-	-	-
5. Margarita L. San Juan*	-	100%	100%	100%	100%	-	100%
6. Philip S. L. Tsai*	-	-	100%	100%	-	-	100%
7. Claire Ann T. Yap*	-	100%	100%	100%	99%	-	-
8. Genaro V. Lapez*	-	100%	-	-	100%	100%	100%
9. Jose L. Osmeña, Jr.**	100%	-	-	-	-	-	-

** Independent Director*

*** CBC Executive Officer and not a member of the Board*

OTHER MANAGEMENT COMMITTEES *(Board Approved on June 17, 2021)*

MANAGEMENT COMMITTEE

Chairman	President James Christian T. Dee
Vice Chairman	EVP Joseph C. Justiniano
Members	FVP II Luis Bernardo A. Puhawan - Controller
	FVP II Jan Nikolai M. Lim - Consumer Lending Group Head
	FVP I Jaydee P. Caparas - Branch Banking Group Head
	FVP I Niel C. Jumawan - APD Lending Group Head
	VP I Marjorie T. Esplana - SME Lending Group Head
Secretary	AVP Faye Abigail G. Año - Corporate Planning Head

ASSET AND LIABILITY COMMITTEE (ALCO)

Chairman	President James Christian T. Dee
Vice Chairman	VP I Charmaine S. Hao - Treasurer
Members	FVP II Luis Bernardo A. Puhawan - Controller
	FVP II Jan Nikolai M. Lim - Consumer Lending Group Head
	FVP I Jaydee P. Caparas - Branch Banking Group Head
	VP I Raymond C. Apo - Risk Management Division Head
	VP I Marjorie T. Esplana - SME Lending Group Head
Secretary	Mr. Myles P. Sia - Portfolio Officer, Treasury Group

CREDIT, COLLECTIONS, AND ASSET RECOVERY COMMITTEE (CRECOM)

Chairman	President James Christian T. Dee
Vice Chairman	EVP Joseph C. Justiniano
Members	FVP II Luis Bernardo A. Puhawan - Controller
	SAVP Julius Joseph L. Romabiles - SME Credit Division Head
	VP I Mary Grace F. Guzman - Asset Recovery Group Head
Ex-Officio	VP I Christian Hermes M. Bite - Collections Services Division Head
	FVP II Jan Nikolai M. Lim - Consumer Lending Group Head
	VP I Marjorie T. Esplana - SME Lending Group Head
	VP I Atty. Roberto M. Buenaventura - Legal Services Division Head
	VP I Raymond C. Apo - Risk Management Division Head
Secretary	Ms. Jaynee Ann C. Victoria - Credit & Collections Management Group

OPERATIONS COMMITTEE (OPCOM)

Chairman	VP II Sonia B. Ostrea - Centralized Operations Group Head
Vice Chairman	FVP I Adonis C. Yap - Digital Banking Group Head
Members	VP I Pablito C. Veloria, Consumer Credit Head
	AVP Grace Z. Floresca - Credit Policy and Quality Assurance Division Head
	SAVP Myrna G. Mendoza - Branch Operations Head
Ex-Officio	VP I Raymond C. Apo - Risk Management Division Head

	SM Rechie W. Lastimoso - Chief Compliance Officer *(Resigned effective December 1, 2021)* AVP Eleanor B. Montemayor - Officer-In-Charge (OIC) of Compliance Division *(Effective November 1, 2021)*
Secretary	Jomasus V. Manset - Policy and Process Department Head, Business Process Management Division, Digital Banking Group

ADMINISTRATIVE INVESTIGATION COMMITTEE (AIC)

Chairman	FVP I Atty. Josephine F. Fernandez - Human Resources Division Head
Vice Chairman	FVP I Atty. Roberto M. Buenaventura - Legal Services Division Head
Members	FVP II Luis Bernardo A. Puhawan - Controller
	FVP I Jaydee P. Caparas - Branch Banking Group Head
	VP I Raymond C. Apo - Risk Management Division Head
Secretary	Human Resources Officer

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

ANTI MONEY LAUNDERING COMMITTEE (AMLACOM)

Chairman	SM Rechie W. Lastimoso - Chief Compliance Officer *(Resigned effective December 1, 2021)* AVP Eleanor B. Montemayor - Acting Chairman *(Effective November 1, 2021)*
Vice Chairman	VP I Raymond C. Apo - Risk Management Division Head
Members	VP I Atty. Roberto M. Buenaventura - Legal Services Division Head
	VP II Sonia B. Ostrea - Centralized Operations Group Head
	FVP I Niel C. Jumawan - APD Lending Group Head
	SAVP Myrna G. Mendoza - Branch Service Operations Management Division Head
Secretary	Compliance - AML Officer

HUMAN RESOURCES COMMITTEE (HRCOM)

Chairman	FVP I Atty. Josephine F. Fernandez - Human Resources Division Head
Vice Chairman	FVP II Luis Bernardo A. Puhawan - Controller
	FVP II Jan Nikolai M. Lim - Consumer Lending Group Head
	FVP I Jaydee P. Caparas - Branch Banking Group Head
	VP II Sonia B. Ostrea - Centralized Operations Group Head
	FVP I Niel C. Jumawan - APD Lending Group Head
Secretary	Human Resources Officer

SERVICE AND QUALITY ASSURANCE COMMITTEE (SQA)

Chairman	President James Christian T. Dee
Vice Chairman	VP II Christian Hermes M. Bite - Collections Services Division Head
Members	FVP I Atty. Josephine F. Fernandez - Human Resources Division Head

	VP Frederic M. Pineda - Deputy Head of Centralized Operations Group
	AVP Ma. Theresa A. Santos - Customer Experience Management Department Head
	FVP I Adonis C. Yap- Digital Banking Group Head
Resource Person	Chief Compliance Officer
Secretary	Stephanie A. Trinidad *(Resigned October 21, 2021)* Lara A. Juanico *(Assumed October 21, 2021)*

Selection Process for the Board and Senior Management

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

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

Powers/Responsibilities and Duties of Directors

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

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

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

c. Specific duties and responsibilities of the Board of Directors

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

Duties and Responsibilities of the Chairperson of the Board of Directors

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

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

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

Specific Duties and Responsibilities of a Director

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

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

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

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

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

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

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

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

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

Board and Committee Performance Evaluation

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

In 2021, there are no significant deviations noted and, in general, the Bank has complied with the provisions and requirements of the MORB and the Bank's Corporate Governance Manual.

Corporate Governance Manual

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

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

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

Compliance Risk Management System

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

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

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

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

Bank Compliance Framework

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

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

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

Compliance Program

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

Components of the Compliance Program

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

Testing and Reporting

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

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

Anti-Money Laundering Prevention

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

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

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

Conflict of Interest

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

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

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

Code of Ethics

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

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

Related Party Transactions

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

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

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

The RPT Framework was approved by the Board on July 21, 2016. The Framework is supported by an implementing policy guidelines 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 RPT Committee on July 21, 2021 and ratified by the Board on August 19, 2021.

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 relations between and among businesses and counterparties to ensure that all related parties are continuously identified.
2. Evaluating all material RPTs

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

Materiality Threshold

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

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

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

A. Approval Requirements of Material RPTs

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

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

B. Approval Requirements of Non-material RPTs

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

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

Health and Safety

The Bank strives to provide employees and officers with a safe and healthy work environment. Each employee and officer has responsibility for maintaining a safe and healthy workplace for all employees and officers by following environmental, safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior are not permitted.

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. The Bank also uses the Balanced Scorecard (BSC) as a tool to capture, describe and translate its strategic goals into defined objectives at group, divisional, departmental, and branch levels. It uses the PMS to capture the individual officers' objectives that are aligned with the BSC.

Orientation and Education Program

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.

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

The CBS Academy provides employees with various key courses and training programs at various stages in their career, including refresher courses and advanced skills, based on their specific areas of expertise. These courses are aimed to give its people a sound grounding of core banking training as well as soft skills development. These include various aspects of financial services procedures, legal, compliance and risk, leadership and management skills and team development, amongst other areas. In addition to expanding their knowledge base and skills, these courses enable its workforce to enhance their career development prospects. It is of great importance though that the Bank ensures that the Training Academy remains current and relevant. The Bank will ensure that they are perfectly aligned to the Bank's strategy and business needs, as well as in synch with emerging regulatory requirements.

Retirement and Succession Policy

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

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

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

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

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

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

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

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

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

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

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

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

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

Remuneration Policy

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

Dividend Policy

In accordance with the Amended By-Laws of the Bank, dividends shall be declared and paid out of surplus and/or net profits of the Bank, after allocating the percentage of the net profits, as often and such time as the Board of Directors may determine and in accordance with the provisions of law and the regulations of the BSP. There were no dividends declared in 2021 and 2020.

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 embrace 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 mean 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 incidence and/or recurrence of complaints.

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

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

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

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

Conformably with BSP Circular No. 857, in relation to consumer protection, the Bank continues to track the significant statistics on customer concerns.

Corporate Social Responsibility Initiatives

Community involvement is a cornerstone of CBS' CSR programs. The Bank supports a wide range of noteworthy projects for the underprivileged sector, provide educational assistance to promising children, undertake charitable fundraising, and encourage employee volunteerism in its efforts to give back to society.

Brigada Eskwela - CBS supports clean, safe, learner-friendly school facilities and improving the quality of public education in the country. The Bank is a regular participant of Brigada Eskwela, the annual campaign of the Department of Education to mobilize parents, students, faculty and private sector stakeholders to clean, refurbish and rehabilitate pubic elementary and high school campuses and facilities before the start of each school year.

With the pandemic preventing face-to-face classes, CBS quickly adapted to the virtual learning system and supported Brigada Eskwela by sponsoring production of learning modules for learners in select schools across the country. This response contributed to safe, uninterrupted public education for 33,244 learners in 21 cities. The following are beneficiaries per Region:

Region	Number of Beneficiaries
NCR	1,500
CAR	1,026
1	4,458
2	1,900
3	2,500
4	4,330
5	3,500
6	4,530
7	1,500
10	6,000
12	2,000
TOTAL:	**33,244**

SUSTAINABILITY FRAMEWORK

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

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

In compliance with BSP Circular No. 1085, the Bank documented its transition plan which was subsequently approved by the Board of Directors on October 21, 2021. The sustainability principles were embedded in the Corporate Governance Manual; and the sustainable finance roles were incorporated in the respective charters of the Corporate Governance Committee, Audit Committee, and Risk Oversight Committee.

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, 2021 and 2020
Exhibit 3 Supplementary Schedules
a Independent Auditors' Report on Supplementary Schedules
b Schedules Required under Securities Regulation Code Rule 68

(b) Reports on SEC Form 17-C

	REPORT	DATE REPORTED
1	**Board Meeting – March 18, 2021** I. Authorized Filer for SEC through online Submission Tool (OST) II. Appointment of Chief Compliance Officer effective 18 March 2021 III. Approval of 2020 CBS Audited Financial Statements	March 23, 2021
2	**Board Meeting – April 15, 2021** I. Resignation of Mr. Alexander C. Escucha as member of the Board of Directors effective 15 April 2021 II. Election of Mr. James Christian T. Dee as member of the Board of Directors effective 15 April 2021. III. Election of Mr. James Christian T. Dee as President of the Bank effective 15 April 2021. IV. Election/Appointment of Ms. Charmaine S. Hao as Treasurer and Treasury Group Head effective 15 April 2021. V. Approval of the Endorsement of the Nomination of Mr. Herbert T. Sy, as regular director of CBS to the Stockholders during its annual meeting to be held on June 17, 2021. VI. Approval of the Endorsement of the Nomination of Mr. Genaro V. Lapez, as independent director of CBS to the Stockholders during its annual meeting to be held on June 17, 2021. VII. Setting of the 2021 Annual Stockholders' Meeting on June 17, 2021 via livestreaming (Zoom meeting)	April 20, 2021
3	**Stockholders' and Board Meetings – June 17, 2021** I. Approval of the 2020 Annual Report II. Approval of the 2020 Audited Financial Statements III. Ratification of all acts and proceedings of the Board of Directors, Executive Committee, and other Board and	June 17, 2021

<table>
<tr><th></th><th>REPORT</th><th>DATE REPORTED</th></tr>
<tr><td></td><td>Management levels committees for the year 2020, including Related Party Transactions (RPTs) Reports.
IV. Re-election of the following to the Board of Directors:
1. Ricardo R. Chua
2. Nancy D. Yang
3. James Christian T. Dee
4. William C. Whang
5. Rosemarie C. Gan
6. Patrick D. Cheng
7. Margarita L. San Juan, Independent Director
8. Philip S. L. Tsai, Independent Director
9. Claire Ann T. Yap, Independent Director

and Election of the following 1st time directors of the Bank, namely:
10. Herbert T. Sy, Jr.
11. Genaro V. Lapez, Independent Director
V. Appointment of SGV as the external auditor</td><td></td></tr>
<tr><td>4</td><td>Board Organizational Meeting – June 17, 2021

I. Approval of the election of the following key officers of the bank namely:

<table>
<tr><td>Chairman of the Board</td><td>Mr. Ricardo R. Chua</td></tr>
<tr><td>Vice-Chairman of the Board</td><td>Ms. Nancy D. Yang</td></tr>
<tr><td>President</td><td>Mr. James Christian T. Dee</td></tr>
<tr><td>Executive Vice President</td><td>Mr. Joseph C. Justiniano</td></tr>
<tr><td>Controller</td><td>Mr. Luis Bernardo A. Puhawan</td></tr>
<tr><td>Chief Audit Executive</td><td>Mr. Frederick M. Pineda</td></tr>
<tr><td>Treasurer</td><td>Ms. Charmaine S. Hao</td></tr>
<tr><td>Chief Compliance Officer</td><td>Mr. Rechie W. Lastimoso</td></tr>
<tr><td>Corporate Secretary</td><td>Atty. Arturo Jose M. Constantino III</td></tr>
</table>
II. Change in Retirement Committee Charter Composition.
III. Appointment/Re-appointment of the Members of the Board in the Board-level Committees.
IV. Appointment/Re-appointment of Senior Officers in the Management-level Committees.
V. Re-appointment of all CBS Officers – AM and up, including interlocked and seconded CBC employees from June 17, 2021 until the next organization meeting in 2022
VI. COVID 19 Vaccination Program (For CBS to join or participate in the COVID-19 Vaccination Program of its parent company, China Banking Corporation.)</td><td>June 17, 2021</td></tr>
<tr><td>5</td><td>Board Meeting – October 21, 2021</td><td>December 2, 2021</td></tr>
</table>

	REPORT	DATE REPORTED
	I. Ratification of Executive Committee Resolution No. 21-10.14.2021-17 approving the appointment of VPI Frederick M. Pineda, former Internal Audit Head, as Deputy Head of Centralized Operations Group effective November 1, 2021. II. Ratification of Executive Committee Resolution No. 21-10.14.2021-18 approving the appointment of Ms. Marita P. Roxas as Officer-In-Charge (OIC) of Internal Audit Division effective November 1, 2021	
6	**Board Meeting – November 18, 2021** I. Approval of the Resignation of Chief Compliance Officer Mr. Rechie W. Lastimoso effective December 1, 2021 II. Ratification of the Corporate Governance Committee Resolution 09-10.21.2021-19 approving the appointment of Ms. Eleanor B. Montemayor as Officer-In-Charge (OIC) of Compliance Division effective November 1, 2021.	December 2, 2021
7	**Board Meeting – December 16, 2021** I. Appointment of Chief Compliance Officer effective upon approval of the Board on December 16, 2021. II. Integration of Internal Audit functions of CBSI with the parent Bank China Banking Corporation, Internal Audit Division, effective January 1, 2021.	December 23, 2021

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 3 1 2022 __ 2022.

CHINA BANK SAVINGS, INC.

By:

JAMES CHRISTIAN T. DEE
President

CHARMAINE S. HAO
Vice President I and
Treasurer

LUIS BERNARDO A. PUHAWAN
First Vice President II and
Controller

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

MAR 3 1 2022

SUBSCRIBED AND SWORN to before me this __ day of _______ 2022 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	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. 94
Page No. 20
Book No. CX; CXII
Series of 2022.

ATTY. NOEL V. DANTING
Notary Public until June 30, 2022
Appointment No. M-36 (2020-2021)
Roll No. 47096 IBP No. 08446
PTR No. 8852732 01/04/22 Makati
MCLE Compliance No. VI-0014069
169 H.V. Dela Costa St., Makati City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CHINA BANK SAVINGS, INC.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

RICARDO R. CHUA
Chairman of the Board

JAMES CHRISTIAN T. DEE
President

CHARMAINE S. HAO
Vice President I and
Treasurer

LUIS BERNARDO A. PUHAWAN
First Vice President II and
Controller

SUBSCRIBED AND SWORN to before me this MAR 3 1 2022 day of ______ 2022 affiant(s) exhibiting to me their government-issued identification cards, as follows:

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

Doc. No. 95;
Page No. 20;
Book No. CXCIII;
Series of 2022.

ATTY. NOEL V. DANTING
Notary Public until June 30, 2022
Appointment No. M-36 (2020-2021)
Roll No. 47096 IBP No. 08446
PTR No. 8852732 01/04/22 Makati
MCLE Compliance No. VI-0014069
169 H.V. Dela Costa St., 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)
1,545	3rd Thursday of June	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Luis Bernardo A. Puhawan	lbapuhawan.cbs@chinabank.ph	8988-9555	N/A

CONTACT PERSON's ADDRESS

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

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

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

SGV
Building a better working world

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

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

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION

Date APR 06 2022 TSIS

RECEIVED
RHEA ARAGON

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, 2021 and 2020, 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, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, 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, 2021 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.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION

Date APR 06 2022 TSIS

RECEIVED
RHEA ARAGON

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.

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- 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 Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 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 BSP Circular No. 1074 in Note 31 and Revenue Regulations 15-2010 in Note 32 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.

Janet A. Paraiso

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 17, 2022

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

STATEMENTS OF FINANCIAL POSITION

	December 31 2021	December 31 2020 (Note 2)
ASSETS		
Cash and Cash Equivalents (Notes 6 and 24)	**₱15,011,773,502**	₱17,058,512,786
Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	**1,893,635,076**	1,428,284,846
Investment Securities at Amortized Cost (Note 7)	**5,297,944,720**	5,261,894,262
Loans and Receivables (Note 8)	**65,376,612,619**	65,824,332,216
Non-current Assets Held for Sale (Note 9)	**252,798,022**	428,293,981
Property and Equipment (Note 10)	**1,647,203,494**	1,586,314,051
Investment Properties (Note 11)	**2,338,390,848**	2,323,337,378
Branch Licenses (Note 12)	**74,480,000**	74,480,000
Software Costs (Note 12)	**35,090,416**	44,742,618
Deferred Tax Asset (Note 22)	**1,164,473,203**	1,226,880,514
Other Assets (Notes 13 and 24)	**2,660,077,987**	3,337,579,933
	₱95,752,479,887	₱98,594,652,585
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities (Notes 15 and 23)		
Demand	**₱23,768,918,860**	₱18,951,547,261
Savings	**20,646,073,006**	18,248,652,137
Time	**37,380,174,149**	48,258,543,260
	81,795,166,015	85,458,742,658
Manager's Checks	**388,246,464**	502,133,855
Accrued Interest and Other Expenses (Note 16)	**343,030,744**	200,069,877
Income Tax Payable	**146,099**	130,756
Other Liabilities (Notes 16 and 24)	**1,896,742,525**	2,129,888,276
	84,423,331,847	88,290,965,422
Equity		
Capital stock (Note 18)	**10,543,579,100**	10,543,579,100
Additional paid-in capital (Note 18)	**485,049,814**	485,049,814
Other equity - stock grants (Note 18)	**17,277,400**	18,286,290
Other equity reserves (Note 28)	**(2,248,520,637)**	(2,248,520,637)
Surplus (Note 18)	**2,458,819,483**	1,472,363,621
Remeasurement gains (losses) on retirement benefit (Note 20)	**66,113,624**	(404,555)
Net unrealized gains (losses) on financial assets at fair value through other comprehensive income (Note 7)	**(31,783,083)**	4,299,021
Cumulative translation adjustment	**38,612,339**	29,034,509
	11,329,148,040	10,303,687,163
	₱95,752,479,887	₱98,594,652,585

See accompanying Notes to Financial Statements.

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

	Years Ended December 31		
	2021	2020 (Note 2)	2019 (Note 2)
INTEREST INCOME			
Loans and receivables (Notes 8 and 23)	**₱5,955,951,115**	₱5,371,098,892	₱5,855,568,962
Investment securities (Note 7)	**242,801,087**	252,198,202	403,317,745
Interbank loans receivable and securities purchased under resale agreements (Note 6)	**29,351,355**	73,474,293	195,271,068
Due from Bangko Sentral ng Pilipinas and other banks (Notes 6 and 23)	**126,186,058**	172,715,868	57,988,637
	6,354,289,615	5,869,487,255	6,512,146,412
INTEREST EXPENSE			
Deposit liabilities (Notes 15 and 23)	**841,037,755**	1,447,786,542	2,660,109,861
Lease liabilities (Note 21)	**43,017,890**	49,175,465	57,763,561
	884,055,645	1,496,962,007	2,717,873,422
NET INTEREST INCOME	**5,470,233,970**	4,372,525,248	3,794,272,990
Service charges, fees and commissions	**471,562,919**	193,495,165	297,735,419
Gain on asset exchange - net (Notes 9, 11 and 23)	**202,952,436**	75,905,376	446,346,861
Income from property rentals (Notes 11, 21 and 23)	**58,804,838**	19,283,808	29,827,848
Trading and securities gains - net (Note 7 and 23)	**15,123,373**	26,696,960	–
Gain on disposal of investment securities at amortized cost (Notes 7 and 23)	**–**	–	117,948,013
Miscellaneous (Note 19)	**85,568,387**	74,081,491	87,357,046
TOTAL OPERATING INCOME	**6,304,245,923**	4,761,988,048	4,773,488,177
Compensation and fringe benefits (Notes 20 and 23)	**1,275,225,169**	1,341,048,485	1,312,559,000
Provision for impairment and credit losses (Note 14)	**1,246,979,955**	905,504,244	250,582,037
Depreciation and amortization (Notes 10, 11 and 12)	**435,646,811**	453,125,761	487,256,814
Taxes and licenses	**357,274,981**	245,326,535	346,592,543
Security, clerical, messengerial and janitorial	**252,474,530**	224,520,234	278,535,583
Insurance	**246,850,371**	260,729,345	246,862,118
Documentary stamp taxes	**208,543,219**	270,887,419	343,581,629
Acquired asset and other litigation expenses	**200,911,325**	119,601,890	182,312,670
Occupancy costs (Note 21)	**105,445,275**	122,204,001	131,781,947
Transportation and travel	**102,765,466**	100,385,221	126,106,142
Entertainment, amusement and recreation (Note 22)	**89,924,769**	89,984,965	118,248,652
Utilities	**88,991,334**	84,248,310	105,696,611
Data processing and information technology (Note 23)	**47,259,282**	35,945,342	33,697,778
Stationery, supplies and postage	**32,556,116**	23,340,781	28,946,607
Management and other professional fees	**6,554,546**	5,596,519	6,626,151
Miscellaneous (Notes 11 and 19)	**256,863,413**	222,161,631	226,045,629
TOTAL OPERATING EXPENSES	**4,954,266,562**	4,504,610,683	4,225,431,911
INCOME BEFORE INCOME TAX	**1,349,979,361**	257,377,365	548,056,266
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 22)	**363,523,499**	(249,002,718)	(73,542,701)
NET INCOME	**₱986,455,862**	₱506,380,083	₱621,598,967

See accompanying Notes to Financial Statements.

CHINA BANK SAVINGS, INC.

(A Subsidiary of China Banking Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020 (Note 2)	2019 (Note 2)
NET INCOME	**₱986,455,862**	₱506,380,083	₱621,598,967
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)	**(38,318,200)**	18,917,818	63,527,565
Cumulative translation adjustment	**9,577,830**	(14,073,094)	(2,572,191)
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	**2,236,096**	(2,054,474)	5,606,337
Remeasurement gains (losses) on retirement asset (liability), net of tax (Note 20)	**66,518,179**	46,527,276	(47,679,676)
	40,013,905	49,317,526	18,882,035
TOTAL COMPREHENSIVE INCOME	**₱1,026,469,767**	₱555,697,609	₱640,481,002

See accompanying Notes to Financial Statements.

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

	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Other Equity - Stock Grants (Note 18)	Other Equity Reserves (Note 28)	Surplus (Note 18)	Remeasurement Gains (Losses) on Retirement Benefit (Note 20)	Net Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	Cumulative Translation Adjustment	Total Equity
Balances at January 1, 2021	**₱10,543,579,100**	**₱485,049,814**	**₱18,286,290**	**(₱2,248,520,637)**	**₱1,472,363,621**	**(₱404,555)**	**₱4,299,021**	**₱29,034,509**	**₱10,303,687,163**
Total comprehensive income (loss) for the year	–	–	–	–	**986,455,862**	**66,518,179**	**(36,082,104)**	**9,577,830**	**1,026,469,767**
Stock grants (Note 18)	–	–	**(1,008,890)**	–	–	–	–	–	**(1,008,890)**
Balances at December 31, 2021	**₱10,543,579,100**	**₱485,049,814**	**₱17,277,400**	**(₱2,248,520,637)**	**₱2,458,819,483**	**₱66,113,624**	**(₱31,783,083)**	**₱38,612,339**	**₱11,329,148,040**
Balances at January 1, 2020	₱10,543,579,100	₱485,049,814	₱–	(₱2,248,520,637)	₱965,983,538	(₱46,931,831)	(₱12,564,323)	₱43,107,603	₱9,729,703,264
Total comprehensive income (loss) for the year	–	–	–	–	506,380,083	46,527,276	16,863,344	(14,073,094)	555,697,609
Stock grants (Note 18)	–	–	18,286,290	–	–	–	–	–	18,286,290
Balances at December 31, 2020	₱10,543,579,100	₱485,049,814	₱18,286,290	(₱2,248,520,637)	₱1,472,363,621	(₱404,555)	₱4,299,021	₱29,034,509	₱10,303,687,163
Balances at January 1, 2019	₱10,543,579,100	₱485,049,814	₱–	(₱2,248,520,637)	₱347,992,619	₱747,845	(₱85,306,273)	₱45,679,794	₱9,089,222,262
Total comprehensive income (loss) for the year	–	–	–	–	621,598,967	(47,679,676)	69,133,902	(2,572,191)	640,481,002
Realized loss on sale of equity securities at fair value through other comprehensive income	–	–	–	–	(3,608,048)	–	3,608,048	–	–
Balances at December 31, 2019	₱10,543,579,100	₱485,049,814	₱–	(₱2,248,520,637)	₱965,983,538	(₱46,931,831)	(₱12,564,323)	₱43,107,603	₱9,729,703,264

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION

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

	Years Ended December 31		
	2021	2020 (Note 2)	2019 (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,349,979,361**	₱257,377,365	₱548,056,266
Adjustments for:			
Provision for impairment and credit losses (Note 14)	**1,246,979,955**	905,504,244	250,582,037
Depreciation and amortization (Notes 10, 11 and 12)	**435,646,811**	453,125,761	487,256,814
Gain on asset exchange (Notes 9, 11 and 23)	**(202,952,436)**	(75,905,376)	(446,346,861)
Amortization of premium on investment securities	**47,999,579**	43,544,062	17,931,986
Interest on lease liabilities (Note 21)	**43,017,890**	49,175,465	57,763,561
Realized trading gains on financial assets at fair value through other comprehensive income (Note 7)	**(15,123,373)**	(26,696,960)	–
Stock grants (Note 18)	**(1,008,890)**	18,286,290	–
Gain on disposal of investment securities at amortized cost (Notes 7 and 23)	–	–	(117,948,013)
Changes in operating assets and liabilities:			
Decrease (increase) in the amounts of:			
Loans and receivables	**(2,150,499,948)**	(1,078,173,616)	(3,026,836,526)
Other assets (Note 13)	**743,557,820**	(1,191,294,339)	(273,793,100)
Increase (decrease) in the amounts of:			
Deposit liabilities	**(3,663,576,643)**	(3,742,195,675)	4,599,465,547
Manager's checks	**(113,887,391)**	39,391,450	(21,437,516)
Accrued interest and other expenses	**142,960,867**	(194,154,593)	(24,626,516)
Other liabilities (Note 16)	**(282,654,556)**	447,752,865	383,828,850
Net cash generated from (used in) operations	**(2,419,560,954)**	(4,094,263,057)	2,433,896,529
Income tax paid (Note 22)	**(323,273,569)**	(158,117,747)	(152,971,156)
Net cash provided by (used in) operating activities	**(2,742,834,523)**	(4,252,380,804)	2,280,925,373
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Financial assets at fair value through other comprehensive income	**(1,234,574,317)**	(1,236,366,324)	–
Property and equipment (Note 10)	**(194,970,740)**	(76,220,684)	(160,081,572)
Investment securities at amortized cost	**(67,900,069)**	(2,104,961,524)	(921,935,660)
Software costs (Note 12)	**(6,507,841)**	(10,289,163)	(15,561,541)
Proceeds from sale/maturity of:			
Financial assets at fair value through other comprehensive income	**768,751,800**	781,605,587	151,248,429
Non-current assets held for sale (Note 9)	**712,456,137**	373,039,790	514,196,567
Investment properties (Notes 9 and 11)	**707,861,301**	615,356,498	1,376,206,100
Investment securities at amortized cost	**199,548,000**	561,936,292	6,060,273,607
Property and equipment (Note 10)	**14,315,678**	9,568,633	5,392,029
Net cash provided by (used in) investing activities	**898,979,949**	(1,086,330,895)	7,009,737,959
CASH FLOWS FROM FINANCING ACTIVITY			
Payments of principal portion of lease liabilities (Note 21)	**(235,555,861)**	(214,834,299)	(195,866,966)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**32,671,151**	(60,840,554)	26,849,649
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,046,739,284)**	(5,614,386,552)	9,121,646,015
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**17,058,512,786**	22,672,899,338	13,551,253,323
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱15,011,773,502**	₱17,058,512,786	₱22,672,899,338

OPERATIONAL CASH FLOWS FROM INTEREST			
Interest received	**₱6,874,027,454**	₱4,732,347,952	₱6,472,154,568
Interest paid	**905,850,428**	1,622,113,895	2,755,192,472

See accompanying Notes to Financial Statements.

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

1. **Corporate Information**

China Bank Savings, Inc. (the Bank or CBS) 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. As of December 31, 2021 and 2020, the Bank has 160 and 158 branches, respectively.

The Bank's original Certificate of Incorporation was issued by the Philippine Securities and Exchange Commission (SEC) on May 23, 1960. 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, 2021 and 2020, CBC, the ultimate parent bank, has ownership interest in the Bank of 99.60%.

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

2. **Accounting Policies**

Basis of Preparation
The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (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).

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

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

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

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

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the following new accounting pronouncements which became effective as of January 1, 2021. These changes in the accounting policies did not have any significant impact on the financial position or performance of the Bank.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond June 30, 2021*
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Change in the presentation of upfront service fee on automatic payroll deduction loans
In 2021, the Bank changed the presentation of the upfront fees on loans from “Service charges, fees and commission” to “Interest income on loans and receivable” and the related deferred upfront fees from “Other liabilities” to “Loans and receivables”. Accordingly, the Bank effected the change in the 2020 and 2019 comparative financial information to be consistent with the 2021 presentation. The change did not have an impact on the Net income or Total comprehensive income of the Bank for the years ended December 31, 2020 and 2019. Under PFRS 9, *Financial Instruments*, upfront fees are origination fees received on the creation or acquisition of a financial asset and are considered an integral part of the effective interest rate calculation and in the interest income recognition.

The impact of the change in the presentation of upfront service fee is as follows:

	As at and for the year ended December 31, 2020		
	As previously reported	Effect of change	As adjusted
Statements of Financial Position			
Loans and receivables	₱66,088,008,568	(₱263,676,352)	₱65,824,332,216
Total assets	98,858,328,937	(263,676,352)	98,594,652,585
Other liabilities	2,393,564,628	(263,676,352)	2,129,888,276
Total liabilities	88,554,641,774	(263,676,352)	88,290,965,422
Statements of Comprehensive Income			
Interest income on loans and receivables	4,822,462,297	548,636,595	5,371,098,892
Total interest income	5,320,850,660	548,636,595	5,869,487,255
Net interest income	3,823,888,653	548,636,595	4,372,525,248
Service charges, fees and commission	742,131,760	(548,636,595)	193,495,165
Statements of Cash Flows			
Cash flows from Operating Activities			
Increase (decrease) in			
Loans and receivables	(814,497,264)	(263,676,352)	(1,078,173,616)
Other liabilities	184,076,513	263,676,352	447,752,865

	For the year ended December 31, 2019		
	As previously reported	Effect of change	As adjusted
Statements of Comprehensive Income			
Interest income on loans and receivables	₱5,297,951,221	₱557,617,741	₱5,855,568,962
Total interest income	5,954,528,671	557,617,741	6,512,146,412
Net interest income	3,236,655,249	557,617,741	3,794,272,990
Service charges, fees and commission	855,353,160	(557,617,741)	297,735,419
Statements of Cash Flows			
Cash flows from Operating Activities			
Increase (decrease) in			
Loans and receivables	(2,830,279,917)	(196,556,609)	(3,026,836,526)
Other liabilities	187,272,241	196,556,609	383,828,850

Significant Accounting Policies

Common Control Business Combinations

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

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

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

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

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

Foreign Currency Translation

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

Transactions and balances

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

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

FCDU

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

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

Fair Value Measurement

The Bank measures financial instruments, such as financial assets at FVPL and 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 to meet the Bank's cash requirements as allowed by the BSP.

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

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

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

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Bank recognizes the difference between the transaction price and the fair value (a 'Day 1' difference) in the statement of income unless it qualifies for recognition as some other type of asset. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification, Reclassification and Impairment of Financial Assets
Classification and measurement
The classification and measurement of financial assets is driven by the contractual cash flow characteristics of the financial assets and business model for managing the financial assets.

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

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

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

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:
- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- the expected frequency, value and timing of sales are also important aspects of the Bank’s assessment

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

The Bank’s measurement categories are described below:

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

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value. The amortization is included in ‘Interest income’ in the statement of income.

Gains or losses are recognized in the statement of income when these investments are derecognized or impaired, as well as through the amortization process. Gains or losses arising from disposals of these instruments are also included in ‘Gains (losses) on disposal of investment securities at amortized cost’ in the statement of income. The ECL is recognized in the statement of income under provision for impairment and credit losses. The effects of revaluation of foreign currency-denominated investments are recognized in the statement of income.

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

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

Financial assets at FVPL
Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Bank has chosen to designate as at FVPL at initial recognition, are classified as financial assets at FVPL. Equity investments are classified as financial assets at FVPL, unless the Bank designates an equity investment that is not held for trading as at FVOCI at initial recognition. As of December 31, 2021 and 2020, the Bank does not have financial assets at FVPL.

Financial assets at FVOCI - equity investments
At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Bank for trading. The Bank has designated its unquoted equity investments as at FVOCI as these are not held for trading purposes.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in net unrealized 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-free’ account. Any dividends earned on holding these equity instruments are recognized in profit or loss under ‘Miscellaneous income’ account.

Financial assets at FVOCI - debt investments
The Bank applies the category of debt instruments measured at FVOCI when both of the following conditions are met:
- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. The ECL calculation for financial assets at FVOCI is explained in the ‘Impairment of Financial Assets’ section.

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

Reclassification
The Bank can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Bank is required to reclassify financial assets:
(i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
(ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in business model occurs when the Bank either begins or ceases to perform an activity that is significant to its operations. A change in the objective of the Bank's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Impairment of financial assets
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 impaired financial instruments.

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

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:
- the rights to receive cash flows from the asset have expired; or
- the Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Bank has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred control over the asset.

Where the Bank has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

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

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

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

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

The Bank considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Bank considers the following factors, among others:
- introduction of an equity feature;
- change in counterparty; and
- if the modification results in the asset no longer considered SPPI.

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

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

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

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

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

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

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

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

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

NCAHS

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

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

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

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

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

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

Property and Equipment

Land is stated at cost less any impairment in value while depreciable properties including buildings and furniture, fixture and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred and if the recognition criteria are met, but excluding repairs and maintenance costs. Leasehold rights and improvements are stated at cost less accumulated amortization, and any impairment in value.

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

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

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

Investment Properties
Investment properties include real properties acquired in settlement of loans and receivables and investments in real estate.

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

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

These properties are carried at cost, which is the fair value at acquisition date including certain transaction costs, less accumulated depreciation and impairment in value. Transaction costs, which include nonrefundable capital gains tax and documentary stamp tax, incurred in connection with foreclosure are capitalized as part of the carrying values of the cost of the real properties acquired. Investment properties acquired through a nonmonetary asset exchange is measured initially at fair value unless (a) the exchange lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable, where the net carrying value of the related loans and receivables is used. The difference between the fair value of the foreclosed properties and the carrying value of the related receivables given up is recognized in 'Gain (loss) on asset exchange' account in the statement of comprehensive income. Subsequent to initial recognition, real properties acquired in settlement of loans and receivables are stated at cost less accumulated depreciation and any accumulated impairment in value. Depreciation is computed on a straight-line basis over the EUL from the time of acquisition of the investment properties but not to exceed 10 years.

Investments in real estate
Investments in real estate consist of investments in land and building. The Bank applies the cost model in accounting for investments in real estate. Investment in land is carried at cost less impairment in value. Building is carried at cost less accumulated depreciation and impairment in value. All costs that are directly attributable to the acquisition and development of property are capitalized, including borrowing costs incurred to finance the property development. Depreciation is computed on a straight-line basis between 20 to 40 years.

Subsequent measurement of investment properties
The EUL of investment properties and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

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

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Intangible Assets
Intangible assets consist of software costs and branch licenses.

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

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

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

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

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

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

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

Under the equity method, an investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Bank's share of the net assets of the associates. Goodwill, if any, relating to an associate is included in the carrying value of the investment and is not amortized. When the Bank increases its ownership interest in an associate that continues to be accounted for under the equity method, the cost for the additional interest is added to the existing carrying amount of the associate and the existing interest in the associate is not remeasured.

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

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

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

As of December 31, 2021 and 2020, the investment in an associate, which was acquired as a result of merger with PDB, is fully impaired (Note 13).

Impairment of Nonfinancial Assets

At each reporting date, the Bank assesses whether there is any indication that its nonfinancial assets (i.e., property and equipment, investment properties, investment in a subsidiary and an associate, software cost) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against the statement of income in the period in which it arises.

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

After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a lessee

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

a. *Right-of-use assets*

   The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized adjusted by lease payments made at or before the commencement date and lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the depreciable assets. The depreciation expense is presented under 'Depreciation and amortization' in the statement of income.

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

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

b. *Lease liabilities*

   At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate.

   Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c. *Short-term leases and leases of low-value assets*
The Bank applies the short-term lease recognition exemption to its short-term leases of branch sites (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of branch sites that are considered to be low value. (i.e., those with value of less than ₱250,000). Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Bank as a lessor
Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Equity
Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Additional paid-in capital' account. If the 'Additional paid-in capital' is not sufficient, the excess is charged against the 'Surplus (deficit)'. The effect of positive (negative) equity adjustments arising from business combination under common control is included under 'Additional paid-in capital' ('Other equity reserves').

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

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

Revenue Recognition
Revenues within the scope of PFRS 15, Revenue from Contracts with Customers
Revenue from contract with customers is recognized upon transfer of promised goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Bank exercises judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the five-step model to contracts with customers.

The following specific recognition criteria must be met before revenue is recognized for contracts within the scope of PFRS 15:

Service fees and commission income
Fees earned for the provision of services are recognized once services are rendered. Service fees and commission income are measured at the amount of consideration which the Bank expects to be entitled in exchange for transferring promised services to the customers. These fees include charges from usage of ATM, charges for returned checks, charges for below minimum maintaining balance, bancassurance and commission income.

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

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

Revenues outside the scope of PFRS 15

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

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

Gain (loss) on asset exchange
Gain (loss) on asset exchange transaction is recognized upon foreclosure of loan collaterals (see accounting policy on investment properties and NCAHS). The gain or loss on foreclosure represents the difference between the fair value of the asset received and book value of the asset given up.

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

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

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

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

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

Interest expense
Interest expense for all interest-bearing financial liabilities are recognized in 'Interest expense' in the statement of income using the EIR of the financial liabilities to which they relate.

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

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

Retirement Benefits
The net defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation at the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The defined benefit obligation is calculated annually by an independent actuary. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds that have terms to maturity approximating the terms of the related retirement asset or liability. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
a. service cost;
b. net interest on the net defined benefit liability or asset; and
c. remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on Philippine government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Bank, nor can they be paid directly to the Bank. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Bank's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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 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 2021. 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, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
    - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
    - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
    - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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 NCAHS if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

The criteria for NCAHS classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

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 25).

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 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 out 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.

In 2019, the Bank sold investment securities at amortized cost amounting to ₱5.29 billion to comply with regulatory limits. The sold investments included securities with carrying amount of ₱1.98 billion that are nearing their maturity dates and where the selling price approximated amortized cost. The disposals resulted in gains amounting to ₱117.95 million.

These disposals of investment securities at amortized cost are assessed by management as consistent with the portfolios' business models with respect to the conditions and reasons for which the disposals were made as discussed above. Further, these disposals did not result in a change in business model and the remaining portfolio after the sale remains accounted for at amortized cost (see Note 7).

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. Additional considerations were made in estimating the ECL in response to the changing credit environment brought about by the coronavirus (COVID-19) pandemic.

In particular, judgments and estimates by management are required in determining:
- whether a financial asset has a significant increase in credit risk since initial recognition. Note 5 discusses how the Bank considered the impact of COVID-19 pandemic in its credit risk management and allowance provisioning;
- whether a default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of default as well as the Bank's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes such as slow or early recovery from the impact of COVID-19 pandemic;
- sufficiency and appropriateness of data used and relationships assumed in building the components of the 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).

The present value of the retirement obligation and fair value of plan assets are disclosed in Note 20.

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 instrument, fair value is based on published quotation rates. For unquoted equity securities, remeasurement to their fair values is 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 2.25% to 28.43% in 2021 and 2020.

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, 2021 and 2020 range from 0.25% to 6.50%.

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, 2021 and 2020, 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, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Financial assets at FVOCI					
Government debt securities	**₱1,874,074,072**	**₱1,874,074,072**	**₱–**	**₱–**	**₱1,874,074,072**
Quoted equity securities	**11,372,188**	**–**	**11,372,188**	**–**	**11,372,188**
	₱1,885,446,260	**₱1,874,074,072**	**₱11,372,188**	**₱–**	**₱1,885,446,260**
Fair values of assets carried at amortized cost					
Investment securities at amortized cost					
Government debt securities	**₱4,438,572,541**	**₱4,506,624,538**	**₱–**	**₱–**	**₱4,506,624,538**
Private debt securities	**859,372,179**	**731,146,907**	**–**	**118,948,842**	**850,095,749**
Loans and receivables					
Loans and discounts					
Consumer lending	**49,535,935,366**	**–**	**–**	**56,012,265,706**	**56,012,265,706**
Corporate and commercial lending	**14,942,618,743**	**–**	**–**	**16,866,871,417**	**16,866,871,417**
Others	**9,566,602**	**–**	**–**	**11,754,776**	**11,754,776**
Sales contracts receivable	**888,491,908**	**–**	**–**	**982,365,223**	**982,365,223**
	₱70,674,557,339	**₱5,237,771,445**	**₱–**	**₱73,992,205,964**	**₱79,229,977,409**
Fair values of assets carried at cost					
Investment properties					
Land	**₱1,621,696,116**	**₱–**	**₱–**	**₱2,523,029,698**	**₱2,523,029,698**
Condominium properties, buildings and improvements	**716,694,732**	**–**	**–**	**1,487,968,814**	**1,487,968,814**
	₱2,338,390,848	**₱–**	**₱–**	**₱4,010,998,512**	**₱4,010,998,512**
Fair values of liabilities carried at amortized cost					
Deposit liabilities – Time	**₱37,380,174,149**	**₱–**	**₱–**	**₱37,764,371,424**	**₱37,764,371,424**

	December 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Financial assets at FVOCI					
Government debt securities	₱1,410,959,938	₱1,410,959,938	₱–	₱–	₱1,410,959,938
Quoted equity securities	9,136,092	–	9,136,092	–	9,136,092
	₱1,420,096,030	₱1,410,959,938	₱9,136,092	₱–	₱1,420,096,030
Fair values of assets carried at amortized cost					
Investment securities at amortized cost					
Government debt securities	₱4,423,918,419	₱4,620,264,952	₱–	₱–	₱4,620,264,952
Private debt securities	837,975,843	836,214,558	–	–	836,214,558
Loans and receivables					
Loans and discounts					
Consumer lending	45,482,792,351	–	–	51,656,156,968	51,656,156,968
Corporate and commercial lending	19,349,493,211	–	–	21,125,355,204	21,125,355,204
Others	9,494,100	–	–	11,845,127	11,845,127
Sales contracts receivable	982,552,554	–	–	1,044,730,842	1,044,730,842
	₱71,086,226,478	₱5,456,479,510	₱–	₱73,838,088,141	₱79,294,567,651
Fair values of assets carried at cost					
Investment properties					
Land	₱1,546,095,852	₱–	₱–	₱2,358,970,865	₱2,358,970,865
Condominium properties, buildings and improvements	777,241,526	–	–	1,360,420,170	1,360,420,170
	₱2,323,337,378	₱–	₱–	₱3,719,391,035	₱3,719,391,035
Fair values of liabilities carried at amortized cost					
Deposit liabilities – Time	₱48,258,543,260	₱–	₱–	₱49,005,620,608	₱49,005,620,608

As of December 31, 2021 and 2020, there were no transfers into and out of Level 3 fair value measurement.

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

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

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

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

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

5. Financial Risk Management Objectives and Policies

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

Central to the Bank's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate unavoidable risks and maximize returns from taking acceptable risks necessary to sustain its business viability and good financial position in the market.

The key financial risks that the Bank faces are: credit risk, market risk (i.e., interest rate risk), and liquidity risk. The Bank's risk management objective is primarily focused on controlling and mitigating these risks. The gravity of the risks, the magnitude of the financial instruments involved, and the regulatory requirements are the primary considerations to the scope and extent of the risk management processes put in place for the Bank.

Risk Management Structure

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

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

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

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

The Bank's AudCom, on the other hand, focuses on checking whether adequate process and operational controls are in place and functioning as designed, as well as monitoring compliance thereto by the business and support units. The role of the AudCom is very critical in the proper corporate governance and effective risk management because of its independence from the Bank's top and middle level management. The AudCom is comprised of independent directors who neither participate in the Bank's daily activities nor take decision-making responsibilities. The AudCom delegates its daily control and monitoring functions to the Internal Audit Department (IAD).

The IAD is likewise independent from the business and support units and reports exclusively to the AudCom. The IAD undertakes its control function through regular process, operational and financial audits which it conducts all throughout the year. The audit covers all processes and controls in the Head Office and the branches. The audit results and exceptions, including recommendations for their resolution or improvement, are discussed initially with the business units concerned before these are presented to the AudCom on a quarterly basis.

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

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

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

To further mitigate risk throughout its different business and supporting units, the Bank is in the continuous process of improving its existing risk management policies. These policies further serve as the framework and set the guidelines in the creation or revisions of operating policies and manuals for each business unit. In the process design and implementation, process controls are preferred over detection controls. Clear delineation of responsibilities and separation of incompatible duties among officers and staff as well as among business units are reiterated in these policies.

To the extent possible, reporting and accounting responsibilities are segregated from units directly involved in operations and front line activities (i.e., players must not be scorers). This is to improve the credibility and accuracy of management information. Any inconsistencies in the operating policies and manuals with the risk framework established by risk management policies are taken up and resolved in the RMC and ExeCom.

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

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

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

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

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 investment securities portfolios (net of unearned interest and discounts and allowance for impairment and credit losses) and the corresponding information on credit concentration as to industry are disclosed below (in thousands):

	2021						
	Loans and receivables	**%**	**Other financial assets***	**%**	**Off-balance sheet exposures**	**%**	**Total**
Consumer	**₱32,179,143**	**46.55**	**₱688,105**	**3.01**	**₱–**	**–**	**₱32,867,248**
Real estate, renting and business services	**23,170,315**	**33.52**	**495,464**	**2.17**	**–**	**–**	**23,665,779**
Government	**–**	**–**	**18,523,398**	**80.98**	**–**	**–**	**18,523,398**
Wholesale and retail trade	**2,827,062**	**4.09**	**60,453**	**0.26**	**635,231**	**100**	**3,522,746**
Financial intermediaries	**583,566**	**0.84**	**1,773,047**	**7.75**	**–**	**–**	**2,356,613**
Transportation, storage and communication	**2,010,145**	**2.91**	**42,984**	**0.19**	**–**	**–**	**2,053,129**
Manufacturing	**1,804,183**	**2.61**	**38,580**	**0.17**	**–**	**–**	**1,842,763**
Electricity, gas, steam and air-conditioning supply	**1,730,411**	**2.50**	**37,002**	**0.16**	**–**	**–**	**1,767,413**
Agriculture	**1,422,046**	**2.06**	**30,408**	**0.13**	**–**	**–**	**1,452,454**
Construction	**845,917**	**1.22**	**18,089**	**0.08**	**–**	**–**	**864,006**
Health and social work	**654,671**	**0.95**	**13,999**	**0.06**	**–**	**–**	**668,670**
Hotels and restaurant	**642,039**	**0.93**	**13,729**	**0.06**	**–**	**–**	**655,768**
Education	**425,340**	**0.61**	**9,095**	**0.04**	**–**	**–**	**434,435**
Other community, social and personal services	**384,992**	**0.56**	**8,233**	**0.04**	**–**	**–**	**393,225**
Others	**447,239**	**0.65**	**1,120,955**	**4.90**	**104**	**0.00**	**1,568,298**
Total	**69,127,069**	**100.00**	**22,873,541**	**100.00**	**635,335**	**100**	**92,635,945**
Allowance for impairment and credit losses	**(3,254,991)**		**(810,680)**		**–**		**(4,065,671)**
Unearned interest and discount	**(495,466)**		**–**		**–**		**(495,466)**
Net	**₱65,376,612**		**₱22,062,861**		**₱635,335**		**₱88,074,808**

* *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.*

	2020						
	Loans and receivables	%	Other financial assets*	%	Off-balance sheet exposures	%	Total
Consumer	₱30,308,967	43.75	₱557,983	2.24	₱–	–	₱30,866,950
Real estate, renting and business services	22,831,876	32.96	420,331	1.69	–	–	23,252,207
Government	–	–	19,576,339	78.64	–	–	19,576,339
Wholesale and retail trade	3,493,794	5.04	64,320	0.26	419,244	99.99	3,977,358
Financial intermediaries	870,942	1.26	2,027,013	8.14	–	–	2,897,955
Transportation, storage and communication	2,370,461	3.42	43,640	0.18	–	–	2,414,101
Manufacturing	1,589,227	2.29	29,257	0.12	–	–	1,618,484

(Forward)

	2020						
	Loans and receivables	%	Other financial assets*	%	Off-balance sheet exposures	%	Total
Electricity, gas, steam and air- conditioning supply	₱1,940,699	2.80	₱35,728	0.14	₱–	–	₱1,976,427
Agriculture	1,566,832	2.26	28,845	0.12	–	–	1,595,677
Construction	1,076,364	1.55	19,816	0.08	–	–	1,096,180
Health and social work	747,741	1.08	13,766	0.06	–	–	761,507
Hotels and restaurant	1,017,190	1.47	18,726	0.08	–	–	1,035,916
Education	559,113	0.81	10,293	0.04	–	–	569,406
Other community, social and personal services	458,108	0.66	8,434	0.03	–	–	466,542
Others	442,771	0.64	2,040,213	8.20	162	0.01	2,483,146
Total	69,274,085	100.00	24,894,704	100.00	419,406	100.00	94,588,195
Allowance for impairment and credit losses	(3,004,163)		(635,656)		–		(3,639,819)
Unearned interest and discount	(445,590)		–		–		(445,590)
Net	₱65,824,332		₱24,259,048		₱419,406		₱90,502,786

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

Real estate, renting and business services include exposure to consumer housing loans, which are mostly covered with loan guaranty from Home Guaranty Corporation (HGC) amounting to ₱6.58 billion and ₱6.55 billion as of December 31, 2021 and 2020, respectively. HGC guaranteed loans are considered as non-risk item for regulatory reporting purposes.

Maximum exposure to credit risk

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

	December 31, 2021		
	Gross maximum exposure	**Net exposure**	**Financial effect of collateral or credit enhancement**
Credit risk exposure relating to on-balance sheet items are as follows:			
SPURA	**₱1,528,227,408**	**₱–**	**₱1,528,227,408**
Loans and receivables			
Loans and discounts			
Consumer lending	**49,535,935,366**	**31,462,578,153**	**18,073,357,213**
Corporate and commercial lending	**14,942,618,743**	**11,401,704,176**	**3,540,914,567**
Others	**9,566,602**	**9,566,602**	**–**
Sales contract receivable	**888,491,908**	**–**	**888,491,908**
	₱66,904,840,027	**₱42,873,848,931**	**₱24,030,991,096**

	December 31, 2020		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows:			
SPURA	₱2,686,683,155	₱–	₱2,686,683,155
Loans and receivables			
Loans and discounts			
Consumer lending	45,482,792,351	29,339,472,156	16,143,320,195
Corporate and commercial lending	19,349,493,211	11,401,894,915	7,947,598,296
Others	9,494,100	9,494,100	–
Sales contract receivable	982,552,554	–	982,552,554
	₱68,511,015,371	₱40,750,861,171	₱27,760,154,200

The maximum exposure to credit risks for the other financial assets is limited to the carrying value as of December 31, 2021 and 2020. 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 2021 and 2020 that are still held by the Bank as of December 31, 2021 and 2020 amounted to ₱869.70 million and ₱750.07 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.

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.

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

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

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

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

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

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

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

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

The following tables illustrate the Bank's credit exposures.

Loans and receivables

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱46,995,482,359**	**₱–**	**₱–**	**₱46,995,482,359**
Standard grade	–	**4,444,383**	–	**4,444,383**
Substandard grade	–	**1,945,645,836**	–	**1,945,645,836**
Past due and impaired	–	–	**2,169,242,768**	**2,169,242,768**
Gross carrying amount	**₱46,995,482,359**	**₱1,950,090,219**	**₱2,169,242,768**	**₱51,114,815,346**

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱7,227,649,061**	**₱–**	**₱–**	**₱7,227,649,061**
Standard grade	–	**4,855,327,809**	–	**4,855,327,809**
Substandard grade	–	**1,661,929,678**	–	**1,661,929,678**
Past due and impaired	–	–	**3,160,575,618**	**3,160,575,618**
Gross carrying amount	**₱7,227,649,061**	**₱6,517,257,487**	**₱3,160,575,618**	**₱16,905,482,166**

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱7,899,374**	**₱–**	**₱–**	**₱7,899,374**
Substandard grade	**–**	**42,508**	**–**	**42,508**
Past due and impaired	**–**	**–**	**3,260,224**	**3,260,224**
Gross carrying amount	**₱7,899,374**	**₱42,508**	**₱3,260,224**	**₱11,202,106**

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Unquoted debt securities	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Past due and impaired	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Sales contract receivable	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱870,933,271**	**₱–**	**₱–**	**₱870,933,271**
Substandard grade	**–**	**22,795**	**–**	**22,795**
Past due and impaired	**–**	**–**	**72,777,218**	**72,777,218**
Gross carrying amount	**₱870,933,271**	**₱22,795**	**₱72,777,218**	**₱943,733,284**

Other financial assets

	2021			
	ECL Staging			
Accounts receivable and accrued interest receivable	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱1,327,599,503**	**₱–**	**₱–**	**₱1,327,599,503**
Standard grade	**–**	**458,496,583**	**–**	**458,496,583**
Substandard grade	**–**	**97,380,334**	**–**	**97,380,334**
Past due and impaired	**–**	**–**	**681,642,146**	**681,642,146**
Gross carrying amount	**₱1,327,599,503**	**₱555,876,917**	**₱681,642,146**	**₱2,565,118,566**

Loans and receivables

	2020			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	Total
High grade	₱41,656,017,027	₱–	₱–	₱41,656,017,027
Standard grade	913,055	–	–	913,055
Substandard grade	–	2,784,089,697	–	2,784,089,697
Past due and impaired	–	–	2,513,716,776	2,513,716,776
Gross carrying amount	₱41,656,930,082	₱2,784,089,697	₱2,513,716,776	₱46,954,736,555

	2020			
	ECL Staging			
Corporate and commercial lending	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
High grade	₱10,503,159,733	₱–	₱–	₱10,503,159,733
Standard grade	52,263,611	6,316,958,507	–	6,369,222,118
Substandard grade	–	410,751,288	–	410,751,288
Past due and impaired	–	–	3,854,490,334	3,854,490,334
Gross carrying amount	₱10,555,423,344	₱6,727,709,795	₱3,854,490,334	₱21,137,623,473

Others	2020 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱2,025,175	₱–	₱–	₱2,025,175
Substandard grade	–	3,496,433	–	3,496,433
Past due and impaired	–	–	6,861,027	6,861,027
Gross carrying amount	₱2,025,175	₱3,496,433	₱6,861,027	₱12,382,635

Unquoted debt securities	2020 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Past due and impaired	₱–	₱–	₱151,836,309	₱151,836,309

Sales contract receivable	2020 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱700,028,095	₱–	₱–	₱700,028,095
Substandard grade	–	12,605,248		12,605,248
Past due and impaired	–	–	304,872,758	304,872,758
Gross carrying amount	₱700,028,095	₱12,605,248	₱304,872,758	₱1,017,506,101

Other financial assets

Accounts receivable and accrued interest receivable	2020 ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade	₱2,183,056,317	₱–	₱–	₱2,183,056,317
Standard grade	1,293,884	323,923,509	–	325,217,393
Substandard grade	–	85,072,562	–	85,072,562
Past due and impaired	–	–	679,901,210	679,901,210
Gross carrying amount	₱2,184,350,201	₱408,996,071	₱679,901,210	₱3,273,247,482

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

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

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

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

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

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

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

BBB and below:

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

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

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

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

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

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

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

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.

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Financial assets at FVOCI - debt	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱1,874,074,072**	**₱–**	**₱–**	**₱1,874,074,072**

	2021			
	ECL Staging			
Investment securities at	**Stage 1**	**Stage 2**	**Stage 3**	
amortized cost	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
High grade	**₱5,190,044,597**	**₱–**	**₱–**	**₱5,190,044,597**
Past due and impaired	–	–	**315,375,110**	**315,375,110**
Gross carrying amount	**₱5,190,044,597**	**₱–**	**₱315,375,110**	**₱5,505,419,707**

Financial assets at FVOCI - debt	2020 ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	 Total
High grade	₱1,410,959,938	₱–	₱–	₱1,410,959,938

Investment securities at amortized cost	2020 ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	 Total
High grade	₱5,272,102,763	₱–	₱–	₱5,272,102,763

	2021 **High Grade**	**Standard Grade**	**Substandard Grade**	**Unrated**	**Total**
Due from BSP	**₱9,615,676,558**	**₱–**	**₱–**	**₱–**	**₱9,615,676,558**
Due from other banks	**1,760,568,266**	**–**	**–**	**–**	**1,760,568,266**
SPURA	**1,528,227,408**	**–**	**–**	**–**	**1,528,227,408**
	₱12,904,472,232	**₱–**	**₱–**	**₱–**	**₱12,904,472,232**

	2020 High Grade	Standard Grade	Substandard Grade	Unrated	Total
Due from BSP	₱10,206,593,172	₱–	₱–	₱–	₱10,206,593,172
Due from other banks	2,010,978,909	–	–	–	2,010,978,909
SPURA	2,686,683,155	–	–	–	2,686,683,155
	₱14,904,255,236	₱–	₱–	₱–	₱14,904,255,236

Impairment assessment (Including the Impact of the COVID-19 Pandemic)

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.

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

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

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

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

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

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

The table below presents the interest rate sensitive loans' composition as to maturity as of December 31, 2021 and 2020:

	2021	2020
Long-term retail loans with monthly amortization	**76.84%**	70.66%
Commercial loans with monthly or quarterly amortization	**15.32%**	18.35%
Commercial loans payable at maturity (mostly maturing for less than 6 months)	**7.83%**	10.99%
	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, 2021 and 2020:

	2021	2020
Demand	**28.63%**	22.18%
Savings	**25.24%**	21.35%
Time	**46.13%**	56.47%
	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 asset-liability gap analysis method is used by the Bank to measure the sensitivity of its assets and liabilities to interest rate fluctuations. This analysis measures the Bank's susceptibility to changes in interest rates. The repricing gap is calculated by first distributing the assets and liabilities contained in the Bank's statement of financial position into tenor buckets according to the time remaining to the next repricing date (or the time remaining to maturity if there is no repricing), and then obtaining the difference between the total of the repricing (interest rate sensitive) assets and the total of repricing (interest rate sensitive) liabilities.

A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.

Accordingly, during a period of rising interest rates, a bank with a positive gap would be in a position to invest in higher yielding assets earlier than it would need to refinance its interest rate sensitive liabilities. During a period of falling interest rates, a bank with a positive gap would tend to see its interest rate sensitive assets repricing earlier than its interest rate sensitive liabilities, restraining the growth of its net income or resulting in a decline in net interest income.

The following table sets forth the repricing gap position of the Bank as of December 31, 2021 and 2020, (in millions):

	December 31, 2021					
	Up to 1 Month	**>1 to 3 Months**	**>3 to 6 Months**	**>6 to 12 Months**	**>12 Months**	**Total**
Financial Assets						
Loans and receivables	**₱4,679**	**₱6,970**	**₱8,332**	**₱15,147**	**₱29,683**	**₱64,811**
Investment securities	**167**	**–**	**50**	**1,855**	**5,119**	**7,191**
Total financial assets	**4,846**	**6,970**	**8,382**	**17,002**	**34,802**	**72,002**
Financial Liabilities						
Deposit liabilities	**19,140**	**7,336**	**448**	**517**	**54,354**	**81,795**
Repricing gap	**(₱14,294)**	**(₱366)**	**₱7,934**	**₱16,485**	**(₱19,552)**	**(₱9,793)**

	December 31, 2020					
	Up to 1 Month	>1 to 3 Months	>3 to 6 Months	>6 to 12 Months	>12 Months	Total
Financial Assets						
Loans and receivables	₱5,686	₱7,498	₱7,798	₱14,562	₱26,726	₱62,270
Investment securities	192	120	–	28	6,360	6,700
Total financial assets	5,878	7,618	7,798	14,590	33,086	68,970
Financial Liabilities						
Deposit liabilities	26,061	10,151	589	986	47,672	85,459
Repricing gap	(₱20,183)	(₱2,533)	₱7,209	₱13,604	(₱14,586)	(₱16,489)

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, 2021 and 2020 (amounts in thousands):

	December 31, 2021			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱58,433**	**₱29,216**	**(₱29,216)**	**(₱58,433)**
As a percentage of the Bank's net interest income	**1.28%**	**0.64%**	**(0.64%)**	**(1.28%)**

	December 31, 2020			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	(₱14,634)	(₱7,317)	₱7,317	₱14,634
As a percentage of the Bank's net interest income	(0.37%)	(0.18%)	0.18%	0.37%

The table below demonstrates the sensitivity, to a reasonably possible change in interest rates with all other variables held constant, of the Bank's equity through the impact on unrealized gain/loss on fixed-rate financial assets at FVOCI (amounts in thousands).

	December 31, 2021			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in equity	**(₱29,363)**	**(₱19,578)**	**(₱6,405)**	**₱3,571**

	December 31, 2020			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in equity	(₱26,200)	(₱17,012)	(₱4,611)	₱4,803

b. *Foreign currency risk*

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

The Bank's policy is to maintain foreign currency exposure within existing regulations, and within acceptable risk limits. The Bank believes in ensuring its foreign currency is at all times within limits prescribed for financial institutions who are engaged in the same types of businesses in which the Bank is engaged.

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

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

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

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

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

	December 31, 2021			
	On demand	**Within 1 year**	**Over 1 year**	**Total**
Financial Assets				
Cash and cash equivalents				
Cash and other cash items	**₱2,107,301,270**	**₱–**	**₱–**	**₱2,107,301,270**
Due from BSP	**2,405,463,793**	**7,210,212,765**	**–**	**9,615,676,558**
Due from other banks	**1,760,568,266**	**–**	**–**	**1,760,568,266**
SPURA	**–**	**1,528,431,173**	**–**	**1,528,431,173**
Financial assets at FVOCI	**–**	**62,854,748**	**2,113,306,142**	**2,176,160,890**
Investment securities at amortized cost	**–**	**2,254,976,606**	**5,757,812,008**	**8,012,788,614**
Loans and receivables	**–**	**27,796,750,898**	**43,624,664,892**	**71,421,415,790**
Other assets				
Accounts receivable	**–**	**1,086,941,788**	**–**	**1,086,941,788**
Accrued interest receivable	**–**	**1,478,184,592**	**–**	**1,478,184,592**
Advance rental deposits	**–**	**68,136,942**	**–**	**68,136,942**
Returned checks and other cash items	**24,456,168**	**–**	**–**	**24,456,168**
Other equity investments	**–**	**21,792,208**	**–**	**21,792,208**
Total financial assets	**₱6,297,789,497**	**₱41,508,281,720**	**₱51,495,783,042**	**₱99,301,854,259**
Financial Liabilities				
Deposit liabilities				
Demand	**₱23,768,918,860**	**₱–**	**₱–**	**₱23,768,918,860**
Savings	**20,646,073,006**	**–**	**–**	**20,646,073,006**
Time	**–**	**23,598,616,878**	**15,692,824,082**	**39,291,440,960**
Manager's checks	**388,246,464**	**–**	**–**	**388,246,464**
Accrued interest and other expenses	**–**	**343,030,744**	**–**	**343,030,744**
Other liabilities				
Accounts payable	**–**	**1,111,012,369**	**–**	**1,111,012,369**
Lease liabilities	**–**	**177,898,036**	**455,752,354**	**633,650,390**
Security deposit	**–**	**–**	**11,542,481**	**11,542,481**
Bills purchased	**–**	**1,110,931**	**–**	**1,110,931**
Total financial liabilities	**₱44,803,238,330**	**₱25,231,668,958**	**₱16,160,118,917**	**₱86,195,026,205**

	December 31, 2020			
	On demand	Within 1 year	Over 1 year	Total
Financial Assets				
Cash and cash equivalents				
Cash and other cash items	₱2,154,257,550	₱–	₱–	₱2,154,257,550
Due from BSP	2,536,593,172	7,670,000,000	–	10,206,593,172
Due from other banks	2,010,978,909	–	–	2,010,978,909
SPURA	–	2,687,399,604	–	2,687,399,604
Financial assets at FVOCI	–	99,437,153	1,683,095,126	1,782,532,279
Investment securities at amortized cost	–	198,569,723	5,984,977,625	6,183,547,348
Loans and receivables	–	28,308,465,596	43,565,807,397	71,874,272,993
Other assets				
Accounts receivable	–	1,275,325,051	–	1,275,325,051
Accrued interest receivable	–	1,997,922,431	–	1,997,922,431
Advance rental deposits	–	72,033,523	–	72,033,523
Returned checks and other cash items	34,138,654	–	–	34,138,654
Other equity investments	–	21,792,208	–	21,792,208
Total financial assets	₱6,735,968,285	₱42,330,945,289	₱51,233,880,148	₱100,300,793,722
Financial Liabilities				
Deposit liabilities				
Demand	₱18,951,547,261	₱–	₱–	₱18,951,547,261
Savings	18,248,652,137	–	–	18,248,652,137
Time	–	38,821,866,640	11,352,234,093	50,174,100,733
Manager's checks	502,133,855	–	–	502,133,855
Accrued interest and other expenses	–	200,069,877	–	200,069,877
Other liabilities				
Accounts payable	–	1,359,205,189	–	1,359,205,189
Lease liabilities		201,396,491	382,745,095	584,141,586
Security deposit	–	–	3,063,930	3,063,930
Bills purchased	–	53,035	–	53,035
Total financial liabilities	₱37,702,333,253	₱40,582,591,232	₱11,738,043,118	₱90,022,967,603

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

6. Cash and Cash Equivalents

	2021	2020
Cash and other cash items	**₱2,107,301,270**	₱2,154,257,550
Due from BSP (Note 15)	**9,615,676,558**	10,206,593,172
Due from other banks (Notes 23)	**1,760,568,266**	2,010,978,909
SPURA (Note 26)	**1,528,227,408**	2,686,683,155
	₱15,011,773,502	₱17,058,512,786

Due from BSP

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

As of December 31, 2021 and 2020, the Bank's demand deposits with the BSP amounted to ₱2.38 billion and ₱2.51 billion, respectively. TDF deposit accounts earn annual interest rates ranging from 1.68% to 1.88% in 2021, from 3.78% to 4.27% in 2020 and from 4.20% to 5.20% in 2019.

Due from other banks

Due from other banks represent savings and demand deposits. USD-denominated deposits amounted to USD8.70 million (₱443.60 million) and USD19.71 million (₱946.65 million) as of December 31, 2021 and 2020, respectively.

Peso denominated deposits earn interest at annual rates ranging from 0.50% to 1.00% in 2021 and 2020 and from 0.13% to 1.75% in 2019. USD-denominated deposits earn interest at an annual rate of 0.10% in 2021 and 2020 and 0.25% in 2019.

SPURA
Deposits in reverse repurchase facility, classified as SPURA, earn interest at annual rates of 2.00% in 2021, from 2.00% to 4.00% in 2020, and from 4.00% to 4.75% in 2019 with tenor ranging from one (1) to six (6) days.

7. Investment Securities

Financial Assets at FVOCI
This account consists of:

	2021	2020
Quoted government debt securities	**₱1,874,074,072**	₱1,410,959,938
Equity securities		
Quoted equity securities	**11,372,188**	9,136,092
Unquoted equity securities	**8,188,816**	8,188,816
	19,561,004	17,324,908
Total	**₱1,893,635,076**	₱1,428,284,846

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 will not be sold in the foreseeable future.

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

	2021	2020
Balance at the beginning of the year	**₱4,299,021**	(₱12,564,323)
Movements in fair value during the year	**(22,036,062)**	42,368,412
Net gain realized in profit or loss	**(15,123,373)**	(26,696,960)
Expected credit losses	**1,077,331**	1,191,892
Balance at the end of the year	**(₱31,783,083)**	₱4,299,021

Effective interest rates for peso-denominated financial assets at FVOCI range from 1.80% to 2.66% in 2021, from 1.71% to 2.98% in 2020 and from 2.73% to 4.25% in 2019. Effective interest rates for foreign currency-denominated financial assets at FVOCI range from 1.38% to 7.02% in 2021, from 1.76% to 7.02% in 2020 and from 2.81% to 7.02% in 2019.

Trading and securities gains - net
Trading and securities gains - net of the Bank amounted to ₱15.12 million, ₱26.70 million and nil in 2021, 2020 and 2019, respectively.

Investment Securities at Amortized Cost
This account consists of:

	2021	2020
Quoted		
Government debt securities (Note 23)	**₱4,446,244,597**	₱4,430,752,763
Private debt securities	**1,059,175,110**	841,350,000
	5,505,419,707	5,272,102,763
Allowance for credit losses (Note 14)	**(207,474,987)**	(10,208,501)
	₱5,297,944,720	₱5,261,894,262

Peso-denominated government securities and private bonds carry a yield-to-maturity ranging from 3.25% to 5.97% in 2021 and from 3.25% to 6.71% in 2020 and 2019, with maturities ranging from 1 to 10 years in 2021, from 1 to 11 years in 2020 and from 1 to 12 years in 2019.

USD-denominated government securities and private bonds carry a yield-to-maturity ranging from 1.36% to 3.01% in 2021, from 0.72% to 3.01% in 2020 and from 2.16% to 3.01% in 2019, with maturities ranging from 2 to 13 years in 2021, from 1 to 14 years in 2020 and from 4 to 15 years in 2019.

Gain on Disposal of Investment Securities at Amortized Cost
In 2019, the Bank sold the following investment securities at amortized cost for ₱5,410.27 million to comply with regulatory limits:

	Carrying amount	Gain on sale
Quoted		
Government debt securities	₱5,034,477,659	₱113,700,078
Private debt securities	257,847,935	4,247,935
	₱5,292,325,594	₱117,948,013

These disposals of investment securities at amortized cost were assessed by the Bank as not inconsistent with the portfolios' business models with respect to the conditions and reasons for which the disposals were made as discussed in Note 3.

Interest Income on Investment Securities
Interest income on investment securities follows:

	2021	2020	2019
Investment securities at amortized cost	**₱202,595,273**	₱218,623,285	₱372,160,598
Financial assets at FVOCI	**40,205,814**	33,574,917	31,157,147
	₱242,801,087	₱252,198,202	₱403,317,745

8. Loans and Receivables

This account consists of:

	2021	2020
Loans and discounts		
Consumer lending	**₱51,114,815,346**	₱46,954,736,555
Corporate and commercial lending	**16,905,482,166**	21,137,623,473
Others	**11,202,106**	12,382,635
	68,031,499,618	68,104,742,663
Unearned interest and discounts	**(495,465,902)**	(445,590,098)
	67,536,033,716	67,659,152,565
Unquoted debt securities	**151,836,309**	151,836,309
Sales contracts receivable	**943,733,284**	1,017,506,101
	68,631,603,309	68,828,494,975
Allowance for credit losses (Note 14)	**(3,254,990,690)**	(3,004,162,759)
	₱65,376,612,619	₱65,824,332,216

As of December 31, 2021 and 2020, 49.42% and 46.55% of the total loans and receivables, respectively, are subject to periodic interest repricing. In 2021, 2020 and 2019, the loans and receivables bear annual fixed interest rates ranging from 2.00% to 39.42%, from 2.25% to 39.42% and from 2.25% to 39.43%, 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, 2021 and 2020, 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 of the modified loans amounted to a net loss of ₱141.79 million in 2020. In 2021, accretion of interest on modified loans amounted to ₱69.57 million.

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:

	2021	2020	2019
Loans and discounts			
Consumer lending	**₱4,677,316,834**	₱3,972,437,377	₱3,729,022,355
Corporate and commercial lending	**1,204,641,401**	1,330,817,276	2,068,628,429
Others	**528,059**	509,433	490,806
Sales contract receivable	**73,464,821**	67,334,806	57,427,372
	₱5,955,951,115	₱5,371,098,892	₱5,855,568,962

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.

	2021	2020
Balance at beginning of year	**₱428,293,981**	₱342,781,398
Additions	**578,460,178**	482,212,373
Disposals	**(753,956,137)**	(396,699,790)
Balance at end of year	**₱252,798,022**	₱428,293,981

Gain (Loss) on Asset Exchange
Loss on foreclosure of NCAHS amounted to ₱222.86 million, ₱51.69 million and ₱74.65 million in 2021, 2020 and 2019, respectively.

The Bank realized loss on sale of NCAHS amounting to ₱41.50 million, ₱23.66 million and ₱97.01 million in 2021, 2020 and 2019, respectively.

10. Property and Equipment

The composition of and movements in this account follow:

	December 31, 2021					
	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**	**₱942,891,616**	**₱1,248,348,588**	**₱501,239,424**	**₱819,318,331**	**₱3,955,193,293**
Additions	**–**	**90,621,479**	**101,291,601**	**3,057,660**	**242,046,775**	**437,017,515**
Disposals/expirations	**–**	**–**	**(72,573,219)**	**–**	**(64,288,003)**	**(136,861,222)**
Balances at end of year	**443,395,334**	**1,033,513,095**	**1,277,066,970**	**504,297,084**	**997,077,103**	**4,255,349,586**
Accumulated Depreciation						
Balances at beginning of year	**–**	**636,992,130**	**1,061,961,729**	**355,194,194**	**314,731,189**	**2,368,879,242**
Depreciation and amortization	**–**	**22,672,906**	**98,866,527**	**50,583,763**	**189,689,198**	**361,812,394**
Disposals/expiration	**–**	**–**	**(58,257,541)**	**–**	**(64,288,003)**	**(122,545,544)**
Balances at end of year	**–**	**659,665,036**	**1,102,570,715**	**405,777,957**	**440,132,384**	**2,608,146,092**
Net Book Values at End of Year	**₱443,395,334**	**₱373,848,059**	**₱174,496,255**	**₱98,519,127**	**₱556,944,719**	**₱1,647,203,494**

	December 31, 2020					
	Land	Condominium Properties, Buildings and Improvements	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets – Buildings	Total
Cost						
Balances at beginning of year	₱392,716,334	₱918,928,643	₱1,261,402,979	₱499,920,837	₱775,859,578	₱3,848,828,371
Additions	–	28,204,886	46,697,211	1,318,587	74,399,262	150,619,946
Transfers	50,679,000	–	–	–	–	50,679,000
Disposals/expirations	–	(4,241,913)	(59,751,602)	–	(30,940,509)	(94,934,024)
Balances at end of year	443,395,334	942,891,616	1,248,348,588	501,239,424	819,318,331	3,955,193,293
Accumulated Depreciation						
Balances at beginning of year	–	616,765,555	1,009,288,867	292,934,736	166,305,682	2,085,294,840
Depreciation and amortization	–	24,466,418	104,083,277	62,259,458	179,366,016	370,175,169
Disposals/expiration	–	(4,239,843)	(51,410,415)	–	(30,940,509)	(86,590,767)
Balances at end of year	–	636,992,130	1,061,961,729	355,194,194	314,731,189	2,368,879,242
Net Book Values at End of Year	₱443,395,334	₱305,899,486	₱186,386,859	₱146,045,230	₱504,587,142	₱1,586,314,051

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

	2021	2020	2019
Property and equipment	**₱361,812,394**	₱370,175,169	₱395,316,694
Investment properties (Note 11)	**57,674,374**	61,544,063	68,905,396
Software costs (Note 12)	**16,160,043**	21,406,529	23,034,724
	₱435,646,811	₱453,125,761	₱487,256,814

As of December 31, 2021 and 2020, the gross carrying amount of fully depreciated building and furniture, fixtures and equipment still in use amounted to ₱911.16 million and ₱788.49 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, 2021 and 2020.

11. Investment Properties

The composition of and movements in this account follow:

	December 31, 2021		
	Land	**Condominium Properties, Buildings and Improvements**	**Total**
Cost			
Balances at beginning of year	**₱1,691,870,919**	**₱1,362,407,817**	**₱3,054,278,736**
Additions	**379,396,078**	**290,245,026**	**669,641,104**
Disposals	**(344,308,420)**	**(213,406,823)**	**(557,715,243)**
Balances at end of year	**1,726,958,577**	**1,439,246,020**	**3,166,204,597**
Accumulated Depreciation			
Balances at beginning of year	**–**	**463,751,366**	**463,751,366**
Depreciation (Note 10)	**–**	**57,674,374**	**57,674,374**
Disposals	**–**	**(51,946,378)**	**(51,946,378)**
Balances at end of year	**–**	**469,479,362**	**469,479,362**

(Forward)

	December 31, 2021		
	Land	**Condominium Properties, Buildings and Improvements**	**Total**
Accumulated Impairment Losses (Note 14)			
Balances at beginning of year	**₱145,775,067**	**₱121,414,925**	**₱267,189,992**
Provisions charged to operations	**–**	**156,767,242**	**156,767,242**
Accounts charged off and others	**(40,512,606)**	**(25,110,241)**	**(65,622,847)**
Balances at end of year	**105,262,461**	**253,071,926**	**358,334,387**
Net Book Values at End of Year	**₱1,621,696,116**	**₱716,694,732**	**₱2,338,390,848**

	December 31, 2020		
	Land	Condominium Properties, Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱1,977,117,706	₱1,378,617,330	₱3,355,735,036
Additions	131,632,035	136,226,166	267,858,201
Disposals	(366,199,822)	(152,435,679)	(518,635,501)
Transfers	(50,679,000)	–	(50,679,000)
Balances at end of year	1,691,870,919	1,362,407,817	3,054,278,736
Accumulated Depreciation			
Balances at beginning of year	–	453,766,306	453,766,306
Depreciation (Note 10)	–	61,544,063	61,544,063
Disposals	–	(51,559,003)	(51,559,003)
Balances at end of year	–	463,751,366	463,751,366
Accumulated Impairment Losses (Note 14)			
Balances at beginning of year	145,775,067	152,393,928	298,168,995
Reversal of provision	–	(30,979,003)	(30,979,003)
Balances at end of year	145,775,067	121,414,925	267,189,992
Net Book Values at End of Year	₱1,546,095,852	₱777,241,526	₱2,323,337,378

Gain on Asset Exchange

Gain on foreclosure of investment properties amounted to ₱265.22 million, ₱1.75 million and ₱127.92 million in 2021, 2020 and 2019, respectively.

The Bank realized gain on sale of investment properties amounting to ₱202.10 million, ₱149.51 million and ₱490.09 million in 2021, 2020 and 2019, respectively.

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

	2021	2020	2019
Rent income on investment properties (included under income from property rentals)	**₱58,804,838**	₱19,283,808	₱29,827,848
Direct operating expenses on investment properties not generating rent income (included under miscellaneous expenses)	**41,528,268**	34,986,776	45,983,496

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 28). The recoverable amounts of these branch licenses have been determined using value in use in 2021 and 2020. The fair market value is based on special licensing fee of BSP for branches operating in restricted areas. As of December 31, 2021 and 2020, the carrying amount of branch license amounted to ₱74.48 million. The branch licenses are not impaired.

Software Costs
Movements in software costs are as follows:

	2021	2020
Cost		
Balance at beginning of year	**₱186,972,501**	₱176,683,338
Additions	**6,507,841**	10,289,163
Balance at end of year	**193,480,342**	186,972,501
Accumulated amortization		
Balance at beginning of year	**142,229,883**	120,823,354
Amortization (Note 10)	**16,160,043**	21,406,529
Balance at end of year	**158,389,926**	142,229,883
Net Book Value at End of Year	**₱35,090,416**	₱44,742,618

13. Other Assets

This account consists of:

	2021	2020
Financial		
Accounts receivable (Note 23)	**₱1,086,933,974**	₱1,275,325,051
Accrued interest receivable	**1,478,184,592**	1,997,922,431
Advance rental deposits (Note 23)	**68,136,942**	72,033,523
Returned checks and other cash items (RCOCI)	**24,456,168**	34,138,654
Other equity investments	**21,792,208**	21,792,208
	2,679,503,884	3,401,211,867
Nonfinancial		
Non-performing Asset Pool (NPAP)	**1,228,989,079**	1,234,962,561
Creditable withholding taxes (CWT)	**201,120,781**	275,106,894
Retirement asset (Note 20)	**179,729,300**	91,038,395
Documentary stamp tax	**61,480,839**	72,397,401
Stationery and supplies	**30,802,304**	35,495,797
Prepaid expenses	**30,376,284**	29,224,182
Miscellaneous	**140,927,381**	95,558,795
	1,873,425,968	1,833,784,025
	4,552,929,852	5,234,995,892
Allowance for impairment and credit losses (Note 14)	**(1,892,851,865)**	(1,897,415,959)
	₱2,660,077,987	₱3,337,579,933

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

Non-Performing Asset Pool (NPAP)
As of December 31, 2021 and 2020, 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):

	2021	2020
Loans and receivables	**₱979,150**	₱985,124
Investment properties	**175,763**	175,763
Other assets*	**74,076**	74,076
	₱1,228,989	₱1,234,963

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

As of December 31, 2021 and 2020, the above NPAP are fully provided with allowance for impairment losses.

Other Equity Investments
This account comprises of investments acquired by the Bank from its merger with PDB. The investments include the 100% owned subsidiary, Filrice Inc. (Filrice), with investment cost of ₱2.19 million, and 49% owned investee, PDB SME Solutions, Inc. (PDB SME), with investment cost of ₱19.60 million. Filrice was established for the business of rice milling and warehousing but ceased operations in 2011 and has not begun formal winding up process. Its principal place of business is in Bulacan, Philippines. Investment in Filrice is classified under prudential regulations as a nonfinancial allied undertaking. Accordingly, for prudential reporting purposes, such investments are accounted for under the equity method of accounting instead of consolidated on a line-by-line basis.
PDB SME (SME.com.ph) provides web-based solutions to help SME-entrepreneurs to manage businesses better and to expand to new markets. Its principal place of business is in Makati City, Philippines. In 2013, PDB SME was dissolved and is currently under liquidation.

Filrice and PDB SME are non-operating private companies and as such, have no available quoted market prices. As of December 31, 2021 and 2020, 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, 2021 and 2020, 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 ₱603.21 million and ₱625.45 million as of December 31, 2021 and 2020, respectively (Note 14).

14. Allowance for Impairment and Credit Losses

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

	2021	2020
Balance at beginning of year		
Loans and receivables (Note 8)	**₱3,004,162,759**	₱2,564,514,541
Investment properties (Note 11)	**267,189,992**	298,168,995
Investment securities at amortized cost (Note 7)	**10,208,501**	5,292,918
Financial assets at FVOCI (Note 7)	**2,159,471**	967,578
Other assets (Note 13)	**1,897,415,959**	1,829,894,466
	5,181,136,682	4,698,838,498
Provisions charged to operations	**1,246,979,955**	905,504,244
Accounts charged off and others	**(712,305,237)**	(424,397,953)
	534,674,718	481,106,291
Balance at end of year		
Loans and receivables (Note 8)	**3,254,990,690**	3,004,162,759
Investment properties (Note 11)	**358,334,387**	267,189,992
Investment securities at amortized cost (Note 7)	**207,474,987**	10,208,501
Financial assets at FVOCI (Note 7)	**3,236,802**	2,159,471
Other assets (Note 13)	**1,892,851,865**	1,897,415,959
	₱5,716,888,731	₱5,181,136,682

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:

	2021	2020	2019
Loans and receivables	**₱1,045,819,302**	₱862,854,279	₱281,443,244
Investment properties	**156,767,242**	(30,979,004)	–
Investment securities at amortized cost	**20,681,049**	4,915,583	(2,915,891)
Financial assets at FVOCI	**1,077,331**	1,191,893	65,030
Other assets	**22,635,031**	67,521,493	(28,010,346)
	₱1,246,979,955	₱905,504,244	₱250,582,037

The tables below illustrate the movements of the allowance for impairment and credit losses of the financial assets for the years ended December 31, 2021 and 2020 (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, 2021	**₱143,429,309**	**₱47,504,654**	**₱873,288,172**	**₱1,064,222,135**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(3,997,357)**	**19,809,579**	**–**	**15,812,222**
Transfer from Stage 1 to Stage 3	**(1,776,173)**	**–**	**179,215,638**	**177,439,465**
Transfer from Stage 2 to Stage 1	**3,021,365**	**(14,972,887)**	**–**	**(11,951,522)**
Transfer from Stage 2 to Stage 3	**–**	**(4,866,712)**	**99,088,653**	**94,221,941**
Transfer from Stage 3 to Stage 1	**637,528**	**–**	**(64,326,460)**	**(63,688,932)**
Transfer from Stage 3 to Stage 2	**–**	**2,170,621**	**(44,194,924)**	**(42,024,303)**
New financial assets originated or purchased	**40,974,241**	**4,167,419**	**106,327,375**	**151,469,035**
Changes in PDs/LGDs/EADs	**(61,983,384)**	**(20,905,510)**	**586,499,413**	**503,610,519**
Financial assets derecognized during the period	**(28,068,889)**	**(8,806,091)**	**(309,816,101)**	**(346,691,081)**
Total net P&L charge during the period	**(51,192,669)**	**(23,403,581)**	**552,793,594**	**478,197,344**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(3,374,813)**	**(455,630,588)**	**(459,005,401)**
Loss allowance at December 31, 2021	**₱92,236,640**	**₱20,726,260**	**₱970,451,178**	**₱1,083,414,078**

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Loss allowance at January 1, 2021	**₱96,139,550**	**₱54,167,054**	**₱1,599,955,629**	**₱1,750,262,233**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(5,602,213)**	**4,952,234**	**–**	**(649,979)**
Transfer from Stage 1 to Stage 3	**(842,896)**	**–**	**38,413,934**	**37,571,038**
Transfer from Stage 2 to Stage 1	**2,094,993**	**(1,851,928)**	**–**	**243,065**
Transfer from Stage 2 to Stage 3	**–**	**(915,259)**	**47,186,426**	**46,271,167**
Transfer from Stage 3 to Stage 1	**7,554**	**–**	**(344,271)**	**(336,717)**
Transfer from Stage 3 to Stage 2	**–**	**1,230,772**	**(63,452,787)**	**(62,222,015)**
New financial assets originated or purchased	**24,277,512**	**18,379,665**	**49,738,075**	**92,395,252**
Changes in PDs/LGDs/EADs	**(8,739,729)**	**(1,537,264)**	**853,359,561**	**843,082,568**
Financial assets derecognized during the period	**(47,003,432)**	**(19,056,587)**	**(341,707,199)**	**(407,767,218)**
Total net P&L charge during the period	**(35,808,211)**	**1,201,633**	**583,193,739**	**548,587,161**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(2,722,426)**	**(333,263,544)**	**(335,985,970)**
Loss allowance at December 31, 2021	**₱60,331,339**	**₱52,646,261**	**₱1,849,885,824**	**₱1,962,863,424**

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
Others	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Loss allowance at January 1, 2021	**₱1,077**	**₱47,192**	**₱2,840,266**	**₱2,888,535**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	**1,217**	**(30,887)**	**–**	**(29,670)**
Transfer from Stage 2 to Stage 3	**–**	**(278)**	**8,523**	**8,245**
Transfer from Stage 3 to Stage 1	**271**	**–**	**(211,097)**	**(210,826)**
Transfer from Stage 3 to Stage 2	**–**	**187**	**(5,741)**	**(5,554)**

(Forward)

Others	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
New financial assets originated or purchased	₱1,416	₱–	₱–	₱1,416
Changes in PDs/LGDs/EADs	(859)	(7,775)	226,620	217,986
Financial assets derecognized during the period	(92)	(8,347)	(1,226,190)	(1,234,629)
Total net P&L charge during the period	1,953	(47,100)	(1,207,885)	(1,253,032)
Loss allowance at December 31, 2021	₱3,030	₱92	₱1,632,381	₱1,635,503

Unquoted debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Loss allowance at January 1, 2021	₱–	₱–	₱151,836,309	₱151,836,309
Total net P&L charge during the period	–	–	–	–
Loss allowance at December 31, 2021	₱–	₱–	₱151,836,309	₱151,836,309

Sales contracts receivable	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Loss allowance at January 1, 2021	₱7,000,281	₱490,415	₱27,462,851	₱34,953,547
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 3	(60,119)	–	541,549	481,430
Transfer from Stage 2 to Stage 1	34,361	(133,684)	–	(99,323)
Transfer from Stage 2 to Stage 3	–	(286,229)	662,717	376,488
Transfer from Stage 3 to Stage 1	1,316,166	–	(11,855,989)	(10,539,823)
New financial assets originated or purchased	2,878,527	–	1,706,663	4,585,190
Changes in PDs/LGDs/EADs	(869,187)	(36,453)	37,101,803	36,196,163
Financial assets derecognized during the period	(1,590,696)	(32,909)	(9,088,691)	(10,712,296)
Total net P&L charge during the period	1,709,052	(489,275)	19,068,052	20,287,829
Loss allowance at December 31, 2021	₱8,709,333	₱1,140	₱46,530,903	₱55,241,376

Investment securities at amortized cost

Debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Loss allowance at January 1, 2021	₱10,208,501	₱–	₱–	₱10,208,501
Movements with P&L impact				
New financial assets originated or purchased	144,548	–	–	144,548
Changes in PDs/LGDs/EADs	1,082,060	–	19,840,831	20,922,891
Financial assets derecognized during the period	(386,390)	–	–	(386,390)
Total net P&L charge during the period	840,218	–	19,840,831	20,681,049
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	176,585,437	176,585,437
Loss allowance at December 31, 2021	₱11,048,719	₱–	₱196,426,268	₱207,474,987

Financial assets at FVOCI

Debt securities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ECL Staging			
Loss allowance at January 1, 2021	₱2,159,471	₱–	₱–	₱2,159,471
Movements with P&L impact				
New financial assets originated or purchased	2,132,292	–	–	2,132,292
Changes in PDs/LGDs/EADs	121,612	–	–	121,612
Financial assets derecognized during the period	(1,176,573)	–	–	(1,176,573)
Total net P&L charge during the period	1,077,331	–	–	1,077,331
Loss allowance at December 31, 2021	₱3,236,802	₱–	₱–	₱3,236,802

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, 2021	**₱10,804,523**	**₱13,267,686**	**₱573,863,035**	**₱597,935,244**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(369,957)**	**6,240,995**	**–**	**5,871,038**
Transfer from Stage 1 to Stage 3	**(134,000)**	**–**	**13,962,456**	**13,828,456**
Transfer from Stage 2 to Stage 1	**240,143**	**(4,051,100)**	**–**	**(3,810,957)**
Transfer from Stage 2 to Stage 3	**–**	**(1,427,104)**	**8,814,788**	**7,387,684**
Transfer from Stage 3 to Stage 1	**42,652**	**–**	**(4,444,292)**	**(4,401,640)**
Transfer from Stage 3 to Stage 2	**–**	**926,224**	**(5,721,003)**	**(4,794,779)**
New financial assets originated or purchased	**5,720,638**	**7,970,432**	**6,853,549**	**20,544,619**
Changes in PDs/LGDs/EADs	**(930,198)**	**70,367,778**	**(34,222,292)**	**35,215,288**
Financial assets derecognized during the period	**(2,739,266)**	**(8,710,980)**	**(35,754,432)**	**(47,204,678)**
Total net P&L charge during the period	**1,830,012**	**71,316,245**	**(50,511,226)**	**22,635,031**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**(2,185,587)**	**(15,179,628)**	**(17,365,215)**
Loss allowance at December 31, 2021	**₱12,634,535**	**₱82,398,344**	**₱508,172,181**	**₱603,205,060**

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, 2020	₱193,682,781	₱18,463,256	₱526,188,719	₱738,334,756
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(10,623,127)	37,699,099	–	27,075,972
Transfer from Stage 1 to Stage 3	(6,368,742)	–	460,172,404	453,803,662
Transfer from Stage 2 to Stage 1	648,655	(4,091,770)	–	(3,443,115)
Transfer from Stage 2 to Stage 3	–	(7,313,388)	135,135,032	127,821,644
Transfer from Stage 3 to Stage 1	48,779	–	(7,136,587)	(7,087,808)
Transfer from Stage 3 to Stage 2	–	149,644	(3,824,359)	(3,674,715)
New financial assets originated or purchased	46,356,586	–	–	46,356,586
Changes in PDs/LGDs/EADs	(55,506,554)	5,725,422	153,327,013	103,545,881
Financial assets derecognized during the period	(24,809,069)	(3,127,609)	(125,339,972)	(153,276,650)
Total net P&L charge during the period	(50,253,472)	29,041,398	612,333,531	591,121,457
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	(265,234,078)	(265,234,078)
Loss allowance at December 31, 2020	₱143,429,309	₱47,504,654	₱873,288,172	₱1,064,222,135

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, 2020	₱135,834,900	₱10,249,304	₱1,488,248,933	₱1,634,333,137
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(39,312,092)	51,083,574	–	11,771,482
Transfer from Stage 1 to Stage 3	(3,880,973)	–	263,963,177	260,082,204
Transfer from Stage 2 to Stage 1	447,518	(398,025)	–	49,493
Transfer from Stage 2 to Stage 3	–	(6,540,220)	340,236,637	333,696,417
Transfer from Stage 3 to Stage 1	62,839	–	(3,686,197)	(3,623,358)
Transfer from Stage 3 to Stage 2	–	212,040	(14,070,948)	(13,858,908)
New financial assets originated or purchased	45,691,240	–	–	45,691,240

(Forward)

Corporate and commercial lending	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	 Total
Changes in PDs/LGDs/EADs	₱3,472,307	₱62,006	(₱143,091,714)	(₱139,557,401)
Financial assets derecognized during the period	(46,176,189)	(501,625)	(173,672,276)	(220,350,090)
Total net P&L charge during the period	(39,695,350)	43,917,750	269,678,679	273,901,079
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	(157,971,983)	(157,971,983)
Loss allowance at December 31, 2020	₱96,139,550	₱54,167,054	₱1,599,955,629	₱1,750,262,233

Others	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	 Total
Loss allowance at January 1, 2020	₱11,947	₱326	₱2,793,063	₱2,805,336
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(5,262)	47,192	–	41,930
Transfer from Stage 1 to Stage 3	(3,348)	–	920,845	917,497
Transfer from Stage 2 to Stage 3	–	(326)	2,398	2,072
New financial assets originated or purchased	820	–	–	820
Changes in PDs/LGDs/EADs	(2,089)	–	(849,908)	(851,997)
Financial assets derecognized during the period	(991)	–	(26,132)	(27,123)
Total net P&L charge during the period	(10,870)	46,866	47,203	83,199
Loss allowance at December 31, 2020	₱1,077	₱47,192	₱2,840,266	₱2,888,535

Unquoted debt securities	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	 Total
Loss allowance at January 1, 2020	₱–	₱–	₱151,836,309	₱151,836,309
Total net P&L charge during the period	–	–	–	–
Loss allowance at December 31, 2020	₱–	₱–	₱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, 2020	₱7,339,059	₱1,220,785	₱28,645,159	₱37,205,003
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(77,404)	300,927	–	223,523
Transfer from Stage 1 to Stage 3	(1,873,862)	–	13,712,801	11,838,939
Transfer from Stage 2 to Stage 1	524,061	(524,061)	–	–
Transfer from Stage 2 to Stage 3	–	(514,313)	3,766,462	3,252,149
Transfer from Stage 3 to Stage 1	60,574	–	(1,820,243)	(1,759,669)
Transfer from Stage 3 to Stage 2	–	175,949	(1,358,987)	(1,183,038)
New financial assets originated or purchased	2,912,589	–	–	2,912,589
Changes in PDs/LGDs/EADs	(793,372)	(100,785)	(10,899,053)	(11,793,210)
Financial assets derecognized during the period	(1,091,364)	(68,087)	(4,583,288)	(5,742,739)
Total net P&L charge during the period	(338,778)	(730,370)	(1,182,308)	(2,251,456)
Loss allowance at December 31, 2020	₱7,000,281	₱490,415	₱27,462,851	₱34,953,547

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, 2020	₱5,292,918	₱–	₱–	₱5,292,918
Movements with P&L impact				
New financial assets originated or purchased	4,075,888	–	–	4,075,888
Changes in PDs/LGDs/EADs	1,644,631	–	–	1,644,631
Financial assets derecognized during the period	(804,936)	–	–	(804,936)
Total net P&L charge during the period	4,915,583	–	–	4,915,583
Loss allowance at December 31, 2020	₱10,208,501	₱–	₱–	₱10,208,501

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, 2020	₱967,578	₱–	₱–	₱967,578
Movements with P&L impact				
New financial assets originated or purchased	1,892,256	–	–	1,892,256
Changes in PDs/LGDs/EADs	85,934	–	–	85,934
Financial assets derecognized during the period	(786,297)	–	–	(786,297)
Total net P&L charge during the period	1,191,893	–	–	1,191,893
Loss allowance at December 31, 2020	₱2,159,471	₱–	₱–	₱2,159,471

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, 2020	₱5,047,937	₱5,541,629	₱521,016,078	₱531,605,644
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(2,302,153)	7,319,780	–	5,017,627
Transfer from Stage 1 to Stage 3	(314,211)	–	41,034,516	40,720,305
Transfer from Stage 2 to Stage 1	44,289	(71,662)	–	(27,373)
Transfer from Stage 2 to Stage 3	–	(241,731)	20,350,633	20,108,902
Transfer from Stage 3 to Stage 1	3,643	–	(490,244)	(486,601)
Transfer from Stage 3 to Stage 2	–	13,804	(560,064)	(546,260)
New financial assets originated or purchased	11,431,923	–	–	11,431,923
Changes in PDs/LGDs/EADs	(1,371,999)	829,293	4,927,553	4,384,847
Financial assets derecognized during the period	(1,734,906)	(58,884)	(11,288,087)	(13,081,877)
Total net P&L charge during the period	5,756,586	7,790,600	53,974,307	67,521,493
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	(64,543)	(1,127,350)	(1,191,893)
Loss allowance at December 31, 2020	₱10,804,523	₱13,267,686	₱573,863,035	₱597,935,244

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, 2021	**₱41,656,930,082**	**₱2,784,089,697**	**₱2,513,716,776**	**₱46,954,736,555**
Transfers:				
Transfer from Stage 1 to Stage 2	**(1,160,973,526)**	**1,160,973,526**	–	–
Transfer from Stage 1 to Stage 3	**(515,863,342)**	–	**515,863,342**	–
Transfer from Stage 2 to Stage 1	**877,511,072**	**(877,511,072)**	–	–
Transfer from Stage 2 to Stage 3	–	**(285,221,783)**	**285,221,783**	–
Transfer from Stage 3 to Stage 1	**185,160,532**	–	**(185,160,532)**	–
Transfer from Stage 3 to Stage 2	–	**127,212,901**	**(127,212,901)**	–
New financial assets purchased or originated	**20,876,782,073**	**392,103,646**	**237,672,841**	**21,506,558,560**
Movements in outstanding balance	**(6,771,869,240)**	**(517,931,978)**	**369,607,785**	**(6,920,193,433)**
Financial assets derecognized during the period	**(8,152,195,292)**	**(516,095,679)**	**(891,790,311)**	**(9,560,081,282)**
Foreclosures	–	**(317,529,039)**	**(548,676,015)**	**(866,205,054)**
Gross carrying amount as at December 31, 2021	**₱46,995,482,359**	**₱1,950,090,219**	**₱2,169,242,768**	**₱51,114,815,346**

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, 2021	**₱10,555,423,344**	**₱6,727,709,795**	**₱3,854,490,334**	**₱21,137,623,473**
Transfers:				
Transfer from Stage 1 to Stage 2	**(615,082,203)**	**615,082,203**	–	–
Transfer from Stage 1 to Stage 3	**(92,543,902)**	–	**92,543,902**	–
Transfer from Stage 2 to Stage 1	**230,014,999**	**(230,014,999)**	–	–
Transfer from Stage 2 to Stage 3	–	**(113,677,918)**	**113,677,918**	–
Transfer from Stage 3 to Stage 1	**829,392**	–	**(829,392)**	–
Transfer from Stage 3 to Stage 2	–	**152,865,586**	**(152,865,586)**	–
New financial assets purchased or originated	**2,908,427,644**	**2,275,280,499**	**155,943,337**	**5,339,651,480**
Movements in outstanding balance	**(598,785,192)**	**(206,084,477)**	**38,046,544**	**(766,823,125)**
Financial assets derecognized during the period	**(5,160,635,021)**	**(2,366,884,964)**	**(823,214,763)**	**(8,350,734,748)**
Foreclosures	–	**(337,018,238)**	**(117,216,676)**	**(454,234,914)**
Gross carrying amount as at December 31, 2021	**₱7,227,649,061**	**₱6,517,257,487**	**₱3,160,575,618**	**₱16,905,482,166**

Others	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2021	**₱2,025,175**	**₱3,496,433**	**₱6,861,027**	**₱12,382,635**
Transfers:				
Transfer from Stage 2 to Stage 1	**2,288,383**	**(2,288,383)**	–	–
Transfer from Stage 2 to Stage 3	–	**(20,589)**	**20,589**	–
Transfer from Stage 3 to Stage 1	**509,932**	–	**(509,932)**	–
Transfer from Stage 3 to Stage 2	–	**13,868**	**(13,868)**	–
New financial assets purchased or originated	**3,692,812**	–	–	**3,692,812**
Movements in outstanding balance	**(444,753)**	**(540,366)**	**(135,573)**	**(1,120,692)**
Financial assets derecognized during the period	**(172,175)**	**(618,455)**	**(2,962,019)**	**(3,752,649)**
Gross carrying amount as at December 31, 2021	**₱7,899,374**	**₱42,508**	**₱3,260,224**	**₱11,202,106**

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, 2021	**₱–**	**₱–**	**₱151,836,309**	**₱151,836,309**
Financial assets derecognized during the period	–	–	–	–
Gross carrying amount as at December 31, 2021	**₱–**	**₱–**	**₱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, 2021	**₱700,028,095**	**₱12,605,248**	**₱304,872,758**	**₱1,017,506,101**
Transfers:				
Transfer from Stage 1 to Stage 3	**(6,011,881)**	–	**6,011,881**	–
Transfer from Stage 2 to Stage 1	**3,436,117**	**(3,436,117)**	–	–
Transfer from Stage 2 to Stage 3	–	**(7,357,006)**	**7,357,006**	–
Transfer from Stage 3 to Stage 1	**131,616,635**	–	**(131,616,635)**	–
New financial assets purchased or originated	**287,852,684**	–	**2,669,326**	**290,522,010**
Movements in outstanding balance	**(86,918,776)**	**(943,460)**	**(15,621,027)**	**(103,483,263)**
Financial assets derecognized during the period	**(159,069,603)**	**(845,870)**	**(100,896,091)**	**(260,811,564)**
Gross carrying amount as at December 31, 2021	**₱870,933,271**	**₱22,795**	**₱72,777,218**	**₱943,733,284**

Investment securities at amortized cost

	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Debt securities	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱5,272,102,763**	**₱–**	**₱–**	**₱5,272,102,763**
New financial assets purchased or originated	**67,900,069**	**–**	**315,375,110**	**383,275,179**
Movements in outstanding balance	**49,589,765**	**–**	**–**	**49,589,765**
Financial assets derecognized during the period	**(199,548,000)**	**–**	**–**	**(199,548,000)**
Gross carrying amount as at December 31, 2021	**₱5,190,044,597**	**₱–**	**₱315,375,110**	**₱5,505,419,707**

Financial assets at FVOCI

	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Debt securities	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱1,410,959,938**	**₱–**	**₱–**	**₱1,410,959,938**
New financial assets purchased or originated	**1,234,574,317**	**–**	**–**	**1,234,574,317**
Movements in outstanding balance	**(2,708,383)**	**–**	**–**	**(2,708,383)**
Financial assets derecognized during the period	**(768,751,800)**	**–**	**–**	**(768,751,800)**
Gross carrying amount as at December 31, 2021	**₱1,874,074,072**	**₱–**	**₱–**	**₱1,874,074,072**

Other financial assets

	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Accounts receivable and accrued interest receivable	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2021	**₱1,229,531,081**	**₱89,500,782**	**₱626,734,695**	**₱1,945,766,558**
Transfers:				
Transfer from Stage 1 to Stage 2	**(42,100,331)**	**42,100,331**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(15,248,857)**	**–**	**15,248,857**	**–**
Transfer from Stage 2 to Stage 1	**27,327,796**	**(27,327,796)**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(9,626,920)**	**9,626,920**	**–**
Transfer from Stage 3 to Stage 1	**4,853,757**	**–**	**(4,853,757)**	**–**
Transfer from Stage 3 to Stage 2	**–**	**6,248,096**	**(6,248,096)**	**–**
New financial assets purchased or originated	**601,107,678**	**53,770,246**	**9,193,080**	**664,071,004**
Movements in outstanding balance	**(166,149,163)**	**474,717,930**	**87,567,209**	**396,135,976**
Financial assets derecognized during the period	**(311,722,458)**	**(58,762,282)**	**(39,048,591)**	**(409,533,331)**
Foreclosures	**–**	**(14,743,470)**	**(16,578,171)**	**(31,321,641)**
Gross carrying amount as at December 31, 2021	**₱1,327,599,503**	**₱555,876,917**	**₱681,642,146**	**₱2,565,118,566**

Loans and receivables

	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2020	₱40,287,519,502	₱977,016,783	₱1,206,669,597	₱42,471,205,882
Transfers:				
Transfer from Stage 1 to Stage 2	(1,885,889,443)	1,885,889,443	–	–
Transfer from Stage 1 to Stage 3	(1,245,090,073)	–	1,245,090,073	–
Transfer from Stage 2 to Stage 1	217,630,293	(217,630,293)	–	–
Transfer from Stage 2 to Stage 3	–	(388,979,501)	388,979,501	–
Transfer from Stage 3 to Stage 1	16,365,806	–	(16,365,806)	–
Transfer from Stage 3 to Stage 2	–	8,770,118	(8,770,118)	–
New financial assets purchased or originated	15,553,100,765	–	–	15,553,100,765
Movements in outstanding balance	(5,718,850,719)	552,568,638	244,235,374	(4,922,046,707)
Financial assets derecognized during the period	(5,159,838,979)	(166,349,164)	(287,432,869)	(5,613,621,012)
Foreclosures	–	(195,719,987)	(338,182,386)	(533,902,373)
Gross carrying amount as at December 31, 2020	₱41,656,930,082	₱2,784,089,697	₱2,513,716,776	₱46,954,736,555

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, 2020	₱21,922,925,812	₱1,265,224,154	₱2,785,490,246	₱25,973,640,212
Transfers:				
Transfer from Stage 1 to Stage 2	(6,344,732,318)	6,344,732,318	–	–
Transfer from Stage 1 to Stage 3	(626,365,359)	–	626,365,359	–
Transfer from Stage 2 to Stage 1	49,134,189	(49,134,189)	–	–
Transfer from Stage 2 to Stage 3	–	(807,356,713)	807,356,713	–
Transfer from Stage 3 to Stage 1	6,899,293	–	(6,899,293)	–
Transfer from Stage 3 to Stage 2	–	26,335,977	(26,335,977)	–
New financial assets purchased or originated	5,016,565,803	–	–	5,016,565,803
Movements in outstanding balance	(2,016,448,249)	52,826,142	219,262,084	(1,744,360,023)
Financial assets derecognized during the period	(7,452,555,828)	(61,923,082)	(325,054,781)	(7,839,533,691)
Foreclosures	–	(42,994,812)	(225,694,016)	(268,688,828)
Gross carrying amount as at December 31, 2020	₱10,555,423,344	₱6,727,709,795	₱3,854,490,334	₱21,137,623,473

Others	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at January 1, 2020	₱7,938,525	₱5,794	₱4,676,065	₱12,620,384
Transfers:				
Transfer from Stage 1 to Stage 2	(3,496,433)	3,496,433	–	–
Transfer from Stage 1 to Stage 3	(2,224,417)	–	2,224,417	–
Transfer from Stage 2 to Stage 3	–	(5,794)	5,794	–
New financial assets purchased or originated	1,541,251	–	–	1,541,251
Movements in outstanding balance	(1,075,493)	–	(1,500)	(1,076,994)
Financial assets derecognized during the period	(658,256)	–	(43,750)	(702,006)
Gross carrying amount as at December 31, 2020	₱2,025,175	₱3,496,433	₱6,861,027	₱12,382,635

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, 2020	₱–	₱–	₱151,836,309	₱151,836,309
Financial assets derecognized during the period	–	–	–	–
Gross carrying amount as at December 31, 2020	₱–	₱–	₱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, 2020	₱733,369,908	₱122,078,548	₱95,325,751	₱950,774,207
Transfers:				
Transfer from Stage 1 to Stage 2	(7,734,787)	7,734,787	–	–
Transfer from Stage 1 to Stage 3	(187,249,343)	–	187,249,343	–
Transfer from Stage 2 to Stage 1	52,406,146	(52,406,146)	–	–
Transfer from Stage 2 to Stage 3	–	(51,431,331)	51,431,331	–
Transfer from Stage 3 to Stage 1	6,057,432	–	(6,057,432)	–
Transfer from Stage 3 to Stage 2	–	4,522,454	(4,522,454)	–
New financial assets purchased or originated	291,258,869	–	–	291,258,869
Movements in outstanding balance	(79,023,419)	(11,084,354)	(3,301,451)	(93,409,224)
Financial assets derecognized during the period	(109,056,711)	(6,808,710)	(15,252,330)	(131,117,751)
Gross carrying amount as at December 31, 2020	₱700,028,095	₱12,605,248	₱304,872,758	₱1,017,506,101

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, 2020	₱3,695,053,242	₱–	₱–	₱3,695,053,242
New financial assets purchased or originated	2,104,961,524	–	–	2,104,961,524
Movements in outstanding balance	34,024,289	–	–	34,024,289
Financial assets derecognized during the period	(561,936,292)	–	–	(561,936,292)
Gross carrying amount as at December 31, 2020	₱5,272,102,763	₱–	₱–	₱5,272,102,763

Financial assets at FVOCI

	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Debt securities	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2020	₱928,953,504	₱–	₱–	₱928,953,504
New financial assets purchased or originated	1,236,366,324	–	–	1,236,366,324
Movements in outstanding balance	548,737	–	–	548,738
Financial assets derecognized during the period	(754,908,627)	–	–	(754,908,627)
Gross carrying amount as at December 31, 2020	₱1,410,959,938	₱–	₱–	₱1,410,959,938

Other financial assets

	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Accounts receivable and accrued interest receivable	12-month ECL	Lifetime ECL	Lifetime ECL	**Total**
Gross carrying amount as at January 1, 2020	₱1,229,136,208	₱89,895,655	₱626,734,695	₱1,945,766,558
Transfers:				
Transfer from Stage 1 to Stage 2	(345,936,335)	345,936,335	–	–
Transfer from Stage 1 to Stage 3	(47,215,297)	–	47,215,297	–
Transfer from Stage 2 to Stage 1	6,941,785	(6,941,785)	–	–
Transfer from Stage 2 to Stage 3	–	(23,415,926)	23,415,926	–
Transfer from Stage 3 to Stage 1	571,048	–	(571,048)	–
Transfer from Stage 3 to Stage 2	–	652,376	(652,376)	–
New financial assets purchased or originated	1,791,818,841	–	–	1,791,818,841
Movements in outstanding balance	(190,184,154)	14,772,937	9,979,283	(165,431,934)
Financial assets derecognized during the period	(260,781,895)	(5,678,861)	(13,148,637)	(279,609,393)
Foreclosures	–	(6,224,660)	(13,071,930)	(19,296,590)
Gross carrying amount as at December 31, 2020	₱2,184,350,201	₱408,996,071	₱679,901,210	₱3,273,247,482

15. Deposit Liabilities

BSP Circular No. 832 provides for an 8.00% reserve requirement for deposit liabilities of thrift banks. On December 3, 2019, the BSP issued Circular No. 1063 reducing the reserve requirement for deposit liabilities of thrift banks to 4.00%. On July 27, 2020, the BSP issued Circular No. 1092 reducing the reserve requirement for deposit liabilities of thrift banks to 3.00%. As of December 31, 2021 and 2020, due from BSP amounting to ₱9.62 billion and ₱10.21 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 1.38% in 2021, from 0.13% to 1.50% in 2020 and from 0.13% to 3.12% in 2019, while peso-denominated deposit liabilities bear interest rates ranging from 0.13% to 6.50% in 2021, from 0.25% to 6.50% in 2020 and from 0.25% to 7.50% in 2019.

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

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

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

16. **Accruals and Other Liabilities**

Accrued Interest and Other Expenses

This account consists of:

	2021	2020
Accrued interest payable	**₱40,246,218**	₱62,041,001
Accrued other expenses	**302,784,526**	138,028,876
	₱343,030,744	₱200,069,877

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

Other Liabilities

This account consists of:

	2021	2020
Financial		
Accounts payable (Note 23)	**₱1,111,012,369**	₱1,359,205,189
Lease liabilities (Note 21)	**633,650,390**	584,141,586
Due to the Treasurer of the Philippines	**32,375,673**	18,843,101
Security deposit (Note 23)	**11,542,481**	3,063,930
Bills purchased	**1,110,931**	53,035
	1,789,691,844	1,965,306,841
Nonfinancial		
Taxes payable	**16,162,634**	19,238,915
Miscellaneous	**90,888,047**	145,342,520
	107,050,681	164,581,435
	₱1,896,742,525	₱2,129,888,276

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, 2021 and 2020 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, 2021			December 31, 2020		
	Within twelve months	**Over twelve months**	**Total**	Within twelve months	Over twelve months	Total
Financial assets						
Cash and cash equivalents	**₱15,011,774**	**₱–**	**₱15,011,774**	₱17,058,513	₱–	₱17,058,513
Financial assets at FVOCI	**–**	**1,893,635**	**1,893,635**	146,348	1,281,937	1,428,285
Investment securities at amortized cost	**2,284,560**	**3,220,860**	**5,505,420**	193,718	5,078,385	5,272,103
Loans and receivables	**10,513,902**	**58,613,167**	**69,127,069**	11,936,989	57,337,096	69,274,085
Other assets						
Accounts receivable	**1,086,934**	**–**	**1,086,934**	1,275,325	–	1,275,325
AIR	**1,478,185**	**–**	**1,478,185**	1,997,922	–	1,997,922
Advance rental deposits	**68,137**	**–**	**68,137**	72,034	–	72,034
RCOCI	**24,456**	**–**	**24,456**	34,139	–	34,139
Other equity investments	**21,792**	**–**	**21,792**	21,792	–	21,792
	30,489,740	**63,727,662**	**94,217,402**	32,736,780	63,697,418	96,434,198
Nonfinancial assets						
NCAHS	**252,798**	**–**	**252,798**	428,294	–	428,294
Property and equipment	**–**	**4,255,350**	**4,255,350**	–	3,955,193	3,955,193
Investment properties	**–**	**3,166,205**	**3,166,205**	–	3,054,279	3,054,279
Branch licenses	**–**	**74,480**	**74,480**	–	74,480	74,480
Software costs	**–**	**193,480**	**193,480**	–	186,973	186,973
Deferred tax asset	**–**	**1,164,473**	**1,164,473**	–	1,226,881	1,226,881
Other assets						
NPAP	**–**	**1,228,989**	**1,228,989**	–	1,234,963	1,234,963
CWT	**201,121**	**–**	**201,121**	275,107	–	275,107
Retirement asset	**179,729**	**–**	**179,729**	91,038	–	91,038
Documentary stamp tax	**61,481**	**–**	**61,481**	72,397	–	72,397
Stationery and supplies	**–**	**30,802**	**30,802**	–	35,496	35,496
Prepaid expenses	**30,376**	**–**	**30,376**	29,224	–	29,224
Miscellaneous	**140,927**	**–**	**140,927**	95,559	–	95,559
	866,432	**10,113,779**	**10,980,211**	991,619	9,768,265	10,759,884
	31,356,172	**73,841,441**	**105,197,613**	33,728,399	73,465,683	107,194,082
Allowances for impairment and credit losses (Note 14)			**(5,713,652)**			(5,178,977)
Unearned interest and discounts (Note 8)			**(495,466)**			(445,590)
Accumulated depreciation and amortization (Notes 10, 11 and 12)			**(3,236,015)**			(2,974,862)
			(9,445,133)			(8,599,429)
			₱95,752,480			₱98,594,653
Financial liabilities						
Deposit liabilities	**₱66,608,865**	**₱15,186,301**	**₱81,795,166**	₱75,171,602	₱10,287,139	₱85,458,741
Manager's checks	**388,246**	**–**	**388,246**	502,134	–	502,134
Accrued interest and other expenses	**343,031**	**–**	**343,031**	200,070	–	200,070
Other liabilities						
Accounts payable	**1,111,012**	**–**	**1,111,012**	1,359,205	–	1,359,205
Lease liabilities	**177,898**	**455,752**	**633,650**	158,284	425,858	584,142
Due to the Treasurer of the Philippines	**32,376**	**–**	**32,376**	18,843	–	18,843
Security deposits	**–**	**11,542**	**11,542**	–	3,064	3,064
Bills purchased	**1,111**	**–**	**1,111**	53	–	53
	68,662,539	**15,653,595**	**84,316,134**	77,410,191	10,716,061	88,126,252
Nonfinancial liabilities						
Accrued gross receipts tax	**77,158**	**–**	**77,158**	54,107	–	54,107
Taxes payable	**16,163**	**–**	**16,163**	19,239	–	19,239
Income tax payable	**146**	**–**	**146**	131	–	131
Other liabilities	**13,731**	**–**	**13,731**	91,236	–	91,236
	107,198	**–**	**107,198**	164,713	–	90,456,342
	₱68,769,737	**₱15,653,595**	**₱84,423,332**	₱77,574,904	₱10,716,061	₱88,290,965

18. **Equity**

As of December 31, 2021 and 2020, the Bank has 134 million authorized common shares and 6 million authorized preferred shares.

As of December 31, 2021, 2020 and 2019, the Bank's capital stock consists of:

	Shares	Amount
Preferred stock – ₱100 par value		
Balance at beginning and end of year	21,642	₱2,164,200
Common stock – ₱100 par value		
Balance at beginning and end of year	105,414,149	10,541,414,900
	105,435,791	₱10,543,579,100

The Bank's Amended Articles of Incorporation disclosed the following features of its preferred stock:

a. Non-voting and non-participating;
b. Preference at liquidation, including declared dividends which have not been distributed;
c. Non-cumulative dividend rate as determined by the BOD, provided not to exceed twice the current ninety-day Treasury bill rate at date of approval by the BOD;
d. Convertible to common shares, at the option of the stockholder, if no dividends are declared for three consecutive years, at book value of common shares at the time of the conversion; and
e. Re-issuable.

The summarized information on the Bank's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Type/Class	Authorized Shares	Par Value
December 7, 2017	Common	134,000,000	₱100
	Preferred	6,000,000	100
December 17, 2015	Common	74,000,000	100
	Preferred	6,000,000	100
March 1, 1973	Common	24,000,000	100
	Preferred	6,000,000	100

As of December 31, 2021 and 2020, the total number of stockholders is 1,545.

<u>Centennial Stock Grant</u>
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 the 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 Centenial 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.

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
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
As of December 31, 2021 and 2020, surplus included the amount of nil and ₱8.34 million, respectively, representing the transfer of revaluation increment on condominium properties, net of deferred tax liability, which was carried at deemed cost when the Bank transitioned to PFRS in 2005. This amount will be available to be declared as dividends upon sale of the underlying condominium properties.

In addition, 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, 2021 and 2020, the Bank appropriated ₱452.73 million and ₱320.71 million, respectively, from its free surplus to comply with the general loan loss provision required 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, 2021 and 2020.

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 June 29, 2021. 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.

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 as of December 31, 2021 and 2020 are shown in the tables below (amounts in thousands).

	2021	2020
CET 1 capital	**₱9,397,056**	₱8,903,068
Additional Tier 1 capital	**2,164**	2,164
Tier 1 capital	**9,399,220**	8,905,232
Tier 2 capital	**649,636**	663,724
Total qualifying capital	**₱10,048,856**	₱9,568,956
Risk weighted assets	**₱71,311,764**	₱74,907,888
CET 1 capital ratio	**13.18%**	11.89%
Tier 1 capital ratio	**13.18%**	11.89%
Capital adequacy ratio	**14.09%**	12.77%

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, 2021 and 2020 as reported to the BSP are shown in the table below (amounts in thousands).

	2021	2020
Tier 1 Capital	**₱9,399,220**	₱8,905,232
Exposure Measure	**94,814,988**	98,226,123
Leverage Ratio	**9.91%**	9.07%

Liquidity Coverage Ratio
On February 18, 2016, the BSP issued Circular No. 905 which approved the attached liquidity standards, which include guidelines on liquidity coverage ratio (LCR), and LCR disclosure standards that are consistent with the Basel III framework. Banks are required to adopt Basel '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, 2021 and 2020, the LCR of the Bank as reported to the BSP, in single currency is 132.10% and 131.72%, 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, 2021 and 2020, the NSFR of the Bank as reported to the BSP is 120.00%.

19. Miscellaneous Income and Expenses

Miscellaneous income comprise the following:

	2021	2020	2019
Bancassurance activities (Note 23)	**₱58,222,444**	₱40,928,253	₱31,987,799
Recovery on charged off assets	**15,552,421**	11,565,402	25,891,378
Net foreign exchange gain (loss)	**2,737,327**	1,439,642	(441,906)
Dividends	**2,269,715**	8,203,000	–
Others (Notes 11 and 23)	**6,786,480**	11,945,194	29,919,775
	₱85,568,387	₱74,081,491	₱87,357,046

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

Miscellaneous expenses consist of:

	2021	2020	2019
Supervision and administrative expenses	**₱46,541,710**	₱43,184,516	₱46,599,587
Repairs and maintenance fees	**31,796,706**	38,997,245	34,667,807
Clearing and processing fees	**3,430,604**	3,630,290	3,959,753
Advertising	**1,271,301**	3,565,486	11,154,552
Others	**173,823,092**	132,784,094	129,663,930
	₱256,863,413	₱222,161,631	₱226,045,629

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 is 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, 2021. The principal actuarial assumptions as of December 31, 2021 and 2020 used in determining the retirement obligation for the Bank's retirement plans are shown below:

	2021	2020
Discount rate	**4.14%**	2.54%
Salary increase rate	**6.00%**	6.00%

As of December 31, 2021 and 2020, retirement asset comprised the following:

	2021	2020
Fair value of plan assets	**₱596,144,664**	₱514,926,897
Present value of defined benefit obligation	**416,415,364**	423,888,502
Net defined benefit asset (Notes 13 and 16)	**₱179,729,300**	₱91,038,395

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

2021

		Net benefit cost					Remeasurements in other comprehensive income						
	January 1, 2021	**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, 2021**
	(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	**₱514,926,897**	**₱–**	**₱13,079,143**	**₱–**	**₱13,079,143**	**(₱12,238,084)**	**₱3,771,400**	**₱–**	**₱–**	**₱–**	**₱3,771,400**	**₱76,605,308**	**₱596,144,664**
Present value of defined benefit obligation	**423,888,502**	**78,917,683**	**10,766,768**	**–**	**89,684,451**	**(12,238,084)**	**–**	**(14,346,391)**	**(59,233,915)**	**(11,339,199)**	**(84,919,505)**	**–**	**416,415,364**
Net defined benefit asset	**₱91,038,395**	**(₱78,917,683)**	**₱2,312,375**	**₱–**	**(₱76,605,308)**	**₱–**	**₱3,771,400**	**₱14,346,391**	**₱59,233,915**	**₱11,339,199**	**₱88,690,905**	**₱76,605,308**	**₱179,729,300**

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

2020

		Net benefit cost					Remeasurements in other comprehensive income						
	January 1, 2020	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, 2020
	(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	₱296,345,216	₱–	₱13,246,631	₱–	₱13,246,631	(₱4,169,262)	(₱26,067,057)	₱–	₱–	₱–	(₱26,067,057)	₱235,571,369	₱514,926,897
Present value of defined benefit obligation	410,709,635	91,908,874	18,355,589	–	110,264,463	(4,169,262)	–	(20,814,954)	155,790,414	(227,510,053)	(92,534,593)	(381,741)	423,888,502
Net defined benefit asset (liability)	(₱114,364,419)	(₱91,908,874)	(₱5,108,958)	₱–	(₱97,017,832)	₱–	(₱26,067,057)	₱20,814,954	(₱155,790,414)	₱227,510,053	₱66,467,536	₱235,953,110	₱91,038,395

**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 nil to its defined retirement plan in 2022.

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):

	2021	2020
Cash and cash equivalents (Note 24)	**₱27**	₱100,001
Government and corporate debt instruments	**364,521**	327,685
Equity securities	**125,891**	90,016
Investment in UITF	**104,999**	99,142
Accrued interest receivable	**2,565**	2,195
Other accountabilities	**(1,859)**	(4,117)
	₱596,145	₱514,927

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, 2021 and 2020, assuming all other assumptions were held constant (in thousands):

	2021	2020
Discount rate		
1.00%	**(₱24,926)**	(₱36,453)
(1.00%)	**31,463**	44,539
Salary increase rate		
1.00%	**28,909**	40,633
(1.00%)	**(23,610)**	(34,277)

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

	2021	2020
Less than five years	**₱103,277**	₱98,898
More than five years to ten years	**438,804**	346,179
More than ten years to fifteen years	**786,406**	795,042
More than fifteen years to twenty years	**835,852**	844,853
More than twenty years	**8,797,118**	10,154,177

The average duration of the defined benefit obligation as at December 31, 2021 and 2020 is 5 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:

	2021	2020
Balance at beginning of year	**₱584,141,586**	₱675,401,158
Additions	**242,046,775**	74,399,262
Interest expense	**43,017,890**	49,175,465
Payments	**(235,555,861)**	(214,834,299)
Balance at end of year	**₱633,650,390**	₱584,141,586

Expenses related to short-term leases amounting to ₱3.33 million in 2021, ₱0.58 million in 2020 and ₱23.42 million in 2019, respectively, are included in the 'Occupancy costs'.

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

	2021	2020
Within one year	**₱177,898,036**	₱201,396,491
After one year but not more than five years	**374,576,783**	409,021,331
After more than five years	**81,175,571**	85,970,683
	₱633,650,390	₱696,388,505

Bank as lessor
The Bank has also entered into commercial property leases on its investment properties, most of which are with related parties (Note 24). These non-cancelable leases have remaining lease terms of between one to ten years.

Future minimum rentals receivable under non-cancelable operating leases follow:

	2021	2020
Within one year	**₱291,807**	₱–
After one year but not more than five years	**109,169,975**	13,974,263
After more than five years	**–**	–
	₱109,461,782	₱13,974,263

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 to 20.00% of interest income subject to final tax

A minimum corporate income tax (MCIT) of 1.00% until June 30, 2023 under CREATE on modified gross income is computed and compared with the RCIT. Any excess MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, the NOLCO is allowed as a deduction from taxable income in the next three years from the year of inception. In addition, under RA 11494, also known as the Bayanihan to Recover as One Act, the net operating loss of the business or enterprise for taxable years 2020 and 2021 shall be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Effective in May 2004, RA No. 9294 restored the tax exemption of FCDUs and offshore banking units (OBUs). Under such law, the income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreign banks is tax−exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% gross income tax.

Interest income on deposit placements with other FCDUs and OBUs is taxed at 7.50% (now 15.00% effective January 1, 2018), while all other income of the FCDU is subject to the 30.00% corporate tax.

Relevant Tax Updates

TRAIN Law
RA No. 10963, the Tax Reform for Acceleration and Inclusion (TRAIN), is the first package of the comprehensive tax reform program of the government. The bill was signed into law on December 19, 2018 and took effect on January 1, 2018, amending some provisions of the old Philippine tax system.

Except for resident foreign corporations, which is still subject to the existing rate of 7.5%, tax on interest income of foreign currency deposit was increased to 15% under TRAIN. Documentary stamp tax on bank checks, drafts, certificate of deposit not bearing interest, all debt instruments, bills of exchange, letters of credit, mortgages, deeds and others are now subjected to a higher rate.

CREATE 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 key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Bank are the following:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Interest income of foreign currency remittance transaction deposit received by resident foreign corporations are now subject to 15% final tax.

The Bank applied the provisions of the CREATE Act on its income tax payable, deferred tax assets and deferred tax liabilities as of December 31, 2020 in 2021.

Impact of CREATE Law
Applying the provisions of the CREATE Law, the Bank is subjected to lower regular corporate income tax rate of 25% effective July 1, 2020. The following are the impact of CREATE in the 2021 financial statements of the Bank:

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the transitory RCIT and MCIT rates applicable to the Bank for the taxable year 2020 is 27.5% and 1.50%, respectively. This resulted in reduction in the current income tax due for the taxable year 2020 amounting to ₱17.28 million. The reduced amounts were reflected in the 2020 Annual Income Tax Returns filed in 2021. For financial reporting purposes, such reductions in the 2020 current income taxes were recognized in the 2021 financial statements as reduction to 2021 income tax expense.
- The deferred tax assets as of December 31, 2021 were also remeasured using the lower RCIT rate of 25.00%. The net decrease in the deferred tax balances amounted to ₱204.48 million.

There were no tax-related contingent liabilities and contingent assets arising from the changes in the tax rates due to CREATE Act.

<u>RR 4-2011</u>
On March 15, 2011, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 4−2011 which prescribed the attribution and allocation of expenses between FCDUs/EFCDUs or OBU and RBU and within RBU.

On April 6, 2015, the Bank and other member banks of the Bankers Association of the Philippines (BAP), filed a Petition for Declaratory Relief with Application for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction with the Regional Trial Court of Makati (Makati Trial Court). Further, in Civil Case No. 15-287, the Bank and other BAP member banks assailed the validity of RR 4-2011 on the ground, among others, that (a) the RR violates the petitioner-banks substantive due process rights; (b) it is not only illegal but also unfair; (c) that it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; (d) it sets a dangerous precedent for the disallowance of full deductions due to the prescribes method of allocation and (e) it violates the equal protection clause of the Constitution.

On April 8, 2015, the Makati Trial Court issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 25, 2015, the Makati Trial Court issued a Writ of Preliminary Injunction enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 4-2011 against the Bank and other BAP member banks, including issuing Preliminary Assessment Notice or Final Assessment Notice against them during the pendency of the litigation, unless sooner dissolved.

On June 10, 2015, the Makati Trial Court issued a Confirmatory Order stating that the TRO and Writ of Preliminary Injunction also prohibits the BIR from ruling or deciding on any administrative matter pending before it in relation to the subject revenue regulations and insofar as the Bank and other BAP member banks are concerned.

On May 25, 2019, the Makati Trial Court issued a decision annulling RR 4-2011 and making the Writ of Preliminary Injunction permanent.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the Bank's net revenue.

Provision for (benefit from) income tax consists of:

	2021	2020	2019
Current			
RCIT	**₱248,561,274**	₱40,638,922	₱37,336,286
Final tax	**74,727,638**	93,302,650	113,892,110
Excess MCIT over RCIT	**–**	–	25,704,214
	323,288,912	133,941,572	176,932,610
Deferred	**40,234,587**	(382,944,290)	(250,475,311)
	₱363,523,499	(₱249,002,718)	(₱73,542,701)

Components of net deferred tax asset are as follows:

	2021	2020
Deferred tax asset on		
Allowance for impairment and credit losses	**₱1,098,686,151**	₱1,112,717,862
Difference between book base and tax base of investment properties	**164,804,330**	174,722,704
Unamortized service fee income	**103,052,989**	79,102,905
	1,366,543,470	1,366,543,471
Deferred tax liability on		
Fair value adjustment on investment property	**(155,523,468)**	(110,995,934)
Accrued lease receivable	**(1,614,474)**	(1,355,504)
Retirement asset	**(44,932,325)**	(27,311,519)
	(202,070,267)	(139,662,957)
	₱1,164,473,203	₱1,226,880,514

Provision for deferred tax charged directly to OCI amounted to ₱22.17 million and ₱19.94 million in 2021 and 2020, respectively.

The Bank did not set up deferred tax assets on the following temporary differences as it believes that it is highly probable that these temporary differences will not be realized in the near foreseeable future:

	2021	2020
Allowance for impairment and credit losses	**₱930,088,108**	₱1,172,919,180
Lease liabilities net of ROU assets	**76,705,671**	79,554,444
Unamortized past service cost	**1,672,013**	2,741,255
	₱1,008,465,792	₱1,255,214,879

Details of the Bank's excess MCIT over RCIT are as follows:

Inception year	Original Amount	Used Amount	Remaining Balance	Expiry year
2018	₱46,643,385	₱46,643,385	₱–	2021
2019	25,704,214	25,704,214	–	2022
	₱72,347,599	₱72,347,599	₱–	

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

	2021	2020	2019
Income tax expense computed at statutory rate of 25% in 2021 and 30% in 2020 and 2019	**₱337,590,275**	₱77,213,210	₱164,416,880
Tax effects of			
Movement in unrecognized deferred tax assets	**(61,687,272)**	(207,298,555)	(124,524,659)
Nontaxable and tax-paid income	**(152,778,809)**	(181,352,040)	(168,563,344)
Nondeductible expenses	**59,538,041**	58,003,114	69,309,625
CREATE adjustment	**187,195,214**	–	–
FCDU loss (income)	**(6,333,950)**	4,431,553	(14,181,203)
Effective income tax	**₱363,523,499**	(₱249,002,718)	(₱73,542,701)

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 2021 and 2020 in relation to amounts due from related parties.

<u>Transactions with Retirement Plans</u>
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, 2021 and 2020 amounted to ₱595.44 million and ₱530.12 million, respectively. The details of the assets of the fund as of December 31, 2021 and 2020 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, 2021, cash and cash equivalents of the retirement plan amounting to ₱0.03 million are held by the Bank and earn an annual interest rate of 0.25%. As of December 31, 2020, cash and cash equivalents of the retirement plan amounting to ₱0.01 million are held by the Bank and earn an annual interest rate of 0.25%.

Interest income on the retirement plan's cash and cash equivalents amounted to ₱0.01 million and ₱0.04 million in 2021 and 2020, 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.

The compensation of key management personnel included under 'Compensation and benefits' in the statement of income are as follows (in thousands):

	2021	2020	2019
Short-term employee benefits	**₱46,313**	₱47,091	₱45,534
Post-employment benefits	**1,524**	1,549	1,498
	₱47,837	₱48,640	₱47,032

In 2021, 2020 and 2019, no remunerations were given to the directors of the Bank who are also occupying key management positions with the ultimate parent bank.

The Bank also provides banking services to key management personnel and persons connected to them. These transactions are presented in the tables below.

	December 31, 2021		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans and receivables		**₱3,433,688**	These are loans with an average interest rate of 5.00% and unimpaired.
Issuances	**₱3,617,550**		
Repayments	**(183,862)**		
Deposit liabilities		**67,919,007**	These are savings and time deposit accounts with average annual interest rates of 0.16% and 2.30%, respectively.
Deposits	**44,259,380**		
Withdrawals	**(40,616,548)**		
Other Related Party			
Deposit liabilities		**335,484,036**	These are savings and time deposit accounts with average annual interest rate of 0.21% and 1.05%, respectively.
Deposits	**59,841,544**		
Withdrawals	**(58,526,738)**		

	December 31, 2020		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans and receivables		₱–	These are loans with interest rates ranging from 6.00% to 8.00% and maturities of 1 to 15 years, secured by real estate and chattel mortgages and deposit hold out and are unimpaired.
Issuances	₱–		
Repayments	(6,367,776)		
Deposit liabilities		64,276,175	These are savings and time deposit accounts with average annual interest rates of 0.21% and 1.05%, respectively.
Deposits	33,014,541		
Withdrawals	(20,492,893)		
Other Related Party			
Deposit liabilities		334,169,230	These are savings and time deposit accounts with average annual interest rate of 0.21% and 1.05%, respectively.
Deposits	125,068,282		
Withdrawals	(12,528,487)		

As of December 31, 2021 and 2020, 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, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Interest income	**₱88,865**	₱–	₱8,251
Interest expense	**1,819,800**	2,605,024	4,083,696

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

	Parent Bank		
	2021	2020	**Nature, Terms and Conditions**
Statements of Financial Position			
Due from other banks	**₱613,948,507**	₱653,694,040	This pertains to cash in bank deposited with CBC that bears annual interest rates ranging from 0.10% to 0.25%.
Net movements	**(39,745,533)**	(140,558,867)	
Accounts receivable	–	376,500	This pertains to receivable from CBC for unpaid rental.
Advance rental deposits	–	2,140,614	This pertains to the rental deposits for office space leased by the Bank from CBC.
Security deposit	**8,488,649**	1,622,057	This pertains to the rental deposits for office space leased out to CBC.

	Parent Bank			
	2021	2020	2019	**Nature, Terms and Conditions**
Statements of Income				
Interest income	**₱616,477**	₱1,119,283	₱1,042,072	This pertains to interest income earned from cash in bank deposited with CBC and loans and receivable
Gain on asset exchange	–	–	87,729,803	The Bank sold its investment property to CBC for a total cash selling price of ₱138.67 million.
Gain on disposal of investment securities at amortized cost	–	–	5,226,225	The Bank earned investment securities gain from its outright sale of securities to CBC.
Income from property rentals	**41,481,216**	17,412,875	21,150,093	Certain units of the condominium owned by the Bank are being leased to CBC for a term ranging from 5 to 10 years, with an escalation rate of 5%.
Occupancy costs	**756,000**	3,770,028	1,106,028	Certain properties owned by CBC are being leased by the Bank.

	Other Related Party		
	2021	2020	**Nature, Terms and Conditions**
Statements of Financial Position			
Accounts receivable	**₱–**	₱6,390,727	This pertains to receivable from China Bank Insurance Brokers (CIBI), a subsidiary of CBC, for unpaid rental and receivable arising from the accrual of referral from Bancassurance activities.
Accounts payable	**64,820,185**	45,675,976	These are non-interest bearing insurance premiums held on behalf of loan borrowers to be subsequently remitted to CIBI.
Security deposit	**2,159,801**	291,347	These pertain to rental deposits for office space leased out to CIBI.

	Other Related Parties			
	2021	2020	2019	**Nature, Terms and Conditions**
Statements of Income				
Income from property rentals	**₱8,208,960**	₱–	₱4,184,062	Certain units of the condominium owned by the Bank are being leased to CIBI for a term of 5 years, with 10.00% escalation clause.
Miscellaneous income	**58,222,444**	40,928,253	31,987,799	Bancassurance fees earned based on successful referrals.
Data processing and information technology	**10,228,605**	14,909,135	16,012,298	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:

	2021	2020	2019
Outright purchase	**₱1,517,202,796**	₱3,193,162,819	₱816,641,583
Outright sale	**671,808,009**	563,178,534	3,730,200,245

As of December 31, 2021 and 2020, government securities with par value of ₱260.00 million and carrying value of ₱257.47 million, respectively, are pledged to CBC in compliance with DOSRI rules.

As of December 31, 2021 and 2020, the number of common shares held by the Parent Bank is 105.00 million. The Parent Bank does not hold preferred shares of the Bank in 2021 and 2020.

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.

25. Notes to Statements of Cash Flows

The following is a summary of non-cash activities:

	2021	2020	2019
Non-cash operating activities			
Recognition of investment properties from foreclosure of real estate mortgage on loans and receivables (Note 11)	**₱669,641,104**	₱267,858,201	₱361,734,403
Recognition of NCAHS arising from foreclosure of chattel mortgage on loans and receivables (Note 9)	**578,460,178**	482,212,373	574,794,541
Remeasurement losses (gains) on retirement plan (Note 20)	**88,690,905**	66,467,536	(47,679,676)

(Forward)

	2021	2020	2019
Non-cash investing activities			
Fair value gains (losses) on financial assets at FVOCI	**(₱22,036,062)**	₱42,368,412	₱68,166,324
Non-cash financing activities			
Additions of right-of-use assets and lease liabilities	**(242,046,775)**	(74,399,262)	(61,761,756)

26. Offsetting of Financial Assets and Liabilities

The amendments to PFRS 7 require 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 are disclosed in the succeeding table (amounts in thousands).

	December 31, 2021				
Financial assets recognized at end of reporting period by type	**Gross carrying amounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria**	**Net exposure [c-d]**
	[a]	**[b]**	**[c]**	**[d]**	**[e]**
Financial assets					
SPURA (Note 6)	**₱1,528,227**	**₱–**	**₱–**	**₱1,528,227**	**₱–**

	December 31, 2020				
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)	₱2,686,683	₱–	₱–	₱2,686,683	₱–

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. Covid-19 Pandemic

On March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

Bayanihan to Heal as One Act
On March 25, 2020, President Duterte signed into law the Bayanihan to Heal as One Act (RA 11469). The law provides the President, among others, the power to direct all private and public banks, quasi-banks, financing companies, lending companies and other financial institutions, including the Government Service Insurance System, Social Security System and Pag-ibig Fund to implement a grace period of 30 days minimum, for the payment of all loans falling due within the enhanced community quarantine (ECQ) without interests, penalties, fees or other charges. In a separate Frequently Asked Questions (FAQ) released by BSP on May 18, 2020, it clarified that the modified enhance community quarantine (MECQ) shall have the same effect as the ECQ with respect to the application of the mandatory grace period for the payment of all loans falling due within the period of MECQ.

The Implementing Rules and Regulations (IRR) of the said law provides that borrowers have the option to pay the interest accrued during the mandatory grace period either in lumpsum on the new due date or on staggered basis over the life of the loan. Nonetheless, covered financial institutions are not precluded from offering less onerous payment schemes with the consent of the borrower, such as allowing lump sum payment of accrued interest on the last payment date of the loan, provided that the accrued interest during the mandatory grace period will not be charged with interest on interest, fees and other charges.

On March 14, 2020, the BSP issued BSP Memorandum No. M-2020-008 *Regulatory Relief for BSFIs Affected by the Corona Virus Disease 2019 (COVID-19).* The said memorandum provides for the following temporary regulatory and rediscounting relief measures for financial institutions supervised by the BSP.

- Provide financial assistance to officers affected by the present health emergency subject to submission by the Bank of a request for BSP approval within 30 calendar days from the approval thereof of the Bank's Board of Directors;

- Exclude from the computation of past due ratio, loans by borrowers in affected areas, subject to the following: (i) such loans shall be reported to the BSP; (ii) extension shall be for a period of one year from 08 March 2020; and (iii) BSP documentary requirements for restructuring of loans may be waived provided that the Bank will adopt appropriate and prudent operational control measures;

- Non-imposition of monetary penalties for delays incurred in the submission of all supervisory reports to BSP due to be submitted from 08 March 2020 up to six months thereafter;

- Allow staggered booking of allowance for credit losses computed under Section 143 of the Manual of Regulation for Banks (MORB) over a maximum period of five years for all types of credits extended to individuals and businesses directly affected by COVID-19 as of 08 March 2020, subject to prior approval of the BSP;

  Non-imposition of penalties on legal reserve deficiencies computed under Section 255 of the MORB starting from reserve week following 08 March 2020 up to six months thereafter, subject to prior approval of the BSP;

  Rediscounting relief as follows:
  a. Grant of a 60-day grace period, upon application with BSP, to settle outstanding rediscounting obligations as of 08 March 2020, provided that interest shall be charged but no penalty shall be imposed;
  b. Allowing the Bank to restructure with BSP, the outstanding rediscounted loans as of 08 March 2020 of its end-user borrowers affected by the COVID-19, subject to the terms and conditions stated in Appendix 133 of the MORB; and
  c. relaxation of eligibility requirements by excluding the criteria on reserve requirement for the renewal of rediscounting line and for the availment of rediscounting loans from 08 March 2020 up to six months thereafter.

  The Bank informed the BSP of its intention to avail the applicable relief measures. As of December 31, 2021, subject to the approval of BSP, the Bank availed the regulatory relief on staggered booking of allowance for credit losses for BSP reporting purposes.

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30. **Approval of the Release of Financial Statements**

The accompanying financial statements were authorized for issue by the Bank's BOD on March 17, 2022.

31. 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:

	2021	2020	2019
Return on average equity (ROE)	**9.12%**	5.06%	6.61%
Return on average asset (ROA)	**1.02%**	0.50%	0.63%
Net interest margin over average earning assets (NIM)*	**6.33%**	4.86%	3.96%

**Had the Bank excluded the interest expense on lease liabilities, NIM is 6.38%, 4.91% and 4.03% for the years ended December 31, 2021, 2020 and 2019, respectively.*

Description of capital instruments issued
As of December 31, 2021 and 2020, the Bank has two classes of capital stock, 6 million authorized preferred shares and 134 million authorized common shares.

As of December 31, 2021, 2020 and 2019, the Bank's capital stock consists of:

	Shares	Amount
Preferred stock – ₱100 par value		
Balance at beginning and end of year	21,642	₱2,164,200
Common stock – ₱100 par value		
Balance at beginning and end of year	105,414,149	10,541,414,900
	105,435,791	₱10,543,579,100

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.

	2021						
	Loans and receivables	**%**	**Other financial assets***	**%**	**Off-balance sheet exposures**	**%**	**Total**
Consumer	**₱32,179,143**	**46.55**	**₱688,105**	**3.01**	**₱–**	**–**	**₱32,867,248**
Real estate, renting and business services	**23,170,315**	**33.52**	**495,464**	**2.17**	**–**	**–**	**23,665,779**
Government	**–**	**–**	**18,523,398**	**80.98**	**–**	**–**	**18,523,398**
Wholesale and retail trade	**2,827,062**	**4.09**	**60,453**	**0.26**	**635,231**	**1.00**	**3,522,746**
Financial intermediaries	**583,566**	**0.84**	**1,773,047**	**7.75**	**–**	**–**	**2,356,613**
Transportation, storage and communication	**2,010,145**	**2.91**	**42,984**	**0.19**	**–**	**–**	**2,053,129**
Manufacturing	**1,804,183**	**2.61**	**38,580**	**0.17**	**–**	**–**	**1,842,763**
Electricity, gas, steam and air- conditioning supply	**1,730,411**	**2.50**	**37,002**	**0.16**	**–**	**–**	**1,767,413**
Agriculture	**1,422,046**	**2.06**	**30,408**	**0.13**	**–**	**–**	**1,452,454**
Construction	**845,917**	**1.22**	**18,089**	**0.08**	**–**	**–**	**864,006**
Health and social work	**654,671**	**0.95**	**13,999**	**0.06**	**–**	**–**	**668,670**
Hotels and restaurant	**642,039**	**0.93**	**13,729**	**0.06**	**–**	**–**	**655,768**

(Forward)

	2021						
	Loans and receivables	**%**	**Other financial assets***	**%**	**Off-balance sheet exposures**	**%**	**Total**
Education	**₱425,340**	**0.61**	**₱9,095**	**0.04**	**–**	**–**	**₱434,435**
Other community, social and personal services	**384,992**	**0.56**	**8,233**	**0.04**	**–**	**–**	**393,225**
Others	**447,239**	**0.65**	**1,120,955**	**4.90**	**104**	**0.00**	**1,568,298**
Total	**69,127,069**	**100.00**	**22,873,541**	**100.00**	**635,335**	**1.00**	**92,635,945**
Allowance for impairment and credit losses	**(3,254,991)**		**(810,680)**		**–**		**(4,065,671)**
Unearned interest and discount	**(495,466)**		**–**		**–**		**(495,466)**
Net	**₱65,376,612**		**₱22,062,861**		**₱635,335**		**₱88,074,808**

* *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.*

	2020						
	Loans and receivables	%	Other financial assets*	%	Off-balance sheet exposures	%	Total
Consumer	₱30,308,967	43.75	₱557,983	2.24	₱–	–	₱30,866,950
Real estate, renting and business services	22,831,876	32.96	420,331	1.69	–	–	23,252,207
Government	–	–	19,576,339	78.64	–	–	19,576,339
Wholesale and retail trade	3,493,794	5.04	64,320	0.26	419,244	99.99	3,977,358
Financial intermediaries	870,942	1.26	2,027,013	8.14	–	–	2,897,955
Transportation, storage and communication	2,370,461	3.42	43,640	0.18	–	–	2,414,101
Manufacturing	1,589,227	2.29	29,257	0.12	–	–	1,618,484
Electricity, gas, steam and air- conditioning supply	1,940,699	2.80	35,728	0.14	–	–	1,976,427
Agriculture	1,566,832	2.26	28,845	0.12	–	–	1,595,677
Construction	1,076,364	1.55	19,816	0.08	–	–	1,096,180
Health and social work	747,741	1.08	13,766	0.06	–	–	761,507
Hotels and restaurant	1,017,190	1.47	18,726	0.08	–	–	1,035,916
Education	559,113	0.81	10,293	0.04	–	–	569,406
Other community, social and personal services	458,108	0.66	8,434	0.03	–	–	466,542
Others	442,771	0.64	2,040,213	8.20	162	0.01	2,483,146
Total	69,274,085	100.00	24,894,704	100.00	419,406	100.00	94,588,195
Allowance for impairment and credit losses	(3,004,163)		(635,656)		–		(3,639,819)
Unearned interest and discount	(445,590)		–		–		(445,590)
Net	₱65,824,332		₱24,259,048		₱419,406		₱90,502,786

* *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:

	2021			2020		
	Performing	**Non-Performing**	**Total**	Performing	Non-Performing	Total
Loans and discounts						
Consumer lending	**₱48,444,896,866**	**₱2,174,452,578**	**₱50,619,349,444**	₱44,070,546,260	₱2,476,468,226	₱46,547,014,486
Corporate and commercial lending	**14,351,261,831**	**2,554,220,335**	**16,905,482,166**	18,030,593,809	3,069,161,635	21,099,755,444
Others	**7,928,015**	**3,274,091**	**11,202,106**	7,739,487	4,643,148	12,382,635
	₱62,804,086,712	**₱4,731,947,004**	**₱67,536,033,716**	₱62,108,879,556	₱5,550,273,009	₱67,659,152,565

Loans per security
Information on the amounts of secured and unsecured loans and receivables (gross of unearned interests and discounts and allowance for credit losses) follows:

	2021		2020	
	Amounts	**%**	Amounts	%
Loans secured by				
Real estate	**₱26,480,805,144**	**38.31**	₱26,179,948,638	36.32
Chattel mortgage	**13,846,681,864**	**20.03**	15,734,689,476	20.84
Deposit hold out and others	**417,719,952**	**0.60**	882,675,605	4.62
	40,745,206,960	**58.94**	42,797,313,719	61.78
Unsecured loans	**28,381,862,251**	**41.06**	26,476,771,354	38.22
	₱69,127,069,211	**100.00**	₱69,274,085,073	100.00

As of December 31, 2021 and 2020, secured and unsecured NPLs of the Bank follow:

	2021	2020
Secured	**₱2,882,804,238**	₱3,326,669,956
Unsecured	**1,849,142,766**	2,223,603,053
	₱4,731,947,004	₱5,550,273,009

Restructured loans as of December 31, 2021 and 2020 amounted to ₱507.34 million and ₱459.40 million, respectively. The Bank's loan portfolio includes non-risk loans as defined under BSP regulations totaling ₱8.40 billion and ₱7.02 billion as of December 31, 2021 and 2020, 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, 2021 and 2020, the Bank has no liability that is secured by pledged assets.

<u>Related party loans</u>
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:

	2021		2020	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Total outstanding DOSRI loans*	**₱621,111,200**	**₱641,708,816**	₱661,395,305	₱683,828,483
Percent of DOSRI/Related Party loans to total loan portfolio**	**0.91%**	**0.94%**	0.95%	0.98%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	**–**	**–**	0.28%	0.27%
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:

	2021	2020
Credit lines	**₱531,083,989**	₱288,166,099
Standby domestic letters of credit	**93,960,357**	107,050,106
Late deposits/payments received	**8,320,699**	22,270,117
Outward bills for collection	**1,866,299**	1,757,393
Others	**104,374**	161,794
	₱635,335,718	₱419,405,509

32. **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 2021.

Taxes and Licenses

Gross receipts tax	₱323,211,325
Local taxes	24,881,104
Others	9,182,552
	₱357,274,981

Withholding Taxes
Details of total remittances of withholding taxes in 2021 and amounts outstanding as of December 31, 2021 are as follows:

	Total Remittances	Amounts Outstanding
Final withholding taxes	₱74,038,877	₱4,672,235
Withholding taxes on compensation and benefits	101,781,833	6,781,148
Expanded withholding taxes	51,925,203	4,852,354
	₱227,745,913	₱16,305,737

Tax assessments
The Bank has no pending tax case as of December 31, 2021.

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2021, on which we have rendered the attached report dated March 17, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Bank has a total of four hundred seventeen (417) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 17, 2022

SGV
Building a better working world

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

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Fax: (632) 8819 0872
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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing the financial statements of China Bank Savings, Inc. (the Bank), a subsidiary of China Banking Corporation as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 17, 2022. 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.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 17, 2022

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Fax: (632) 8819 0872
ey.com/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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 17, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Bank's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Bank's financial statements as at and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso
Partner
CPA Certificate No. 92305
Tax Identification No. 193-975-241
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 92305-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853462, January 3, 2022, Makati City

March 17, 2022

CHINA BANK SAVINGS, INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2021

Schedules Required under Securities Regulation Code Rule 68

CHINA BANK SAVINGS, INC.
Schedule A – Financial Assets
December 31, 2021

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 other comprehensive income				
Government bonds	₱1,715,404,933	₱1,874,074,072	₱1,874,074,072	
Quoted equity securities	28 shares	11,372,188	11,372,188	
Unquoted equity securities	32,102,725 shares	8,188,816	8,188,816	
		₱1,893,635,076	₱1,893,635,076	₱40,205,814
Investment securities at amortized cost				
Government bonds	₱4,216,683,692	₱4,438,572,541	₱4,506,624,538	
Private debt securities	862,748,842	859,372,179	850,095,749	
	₱5,079,432,534	₱5,297,944,720	₱5,356,720,287	₱202,595,273

CHINA BANK SAVINGS, INC.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2021

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, 2021

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, 2021

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	44,742,618	6,507,841	16,160,043	–	–	35,090,416

(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, 2021

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, 2021

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, 2021

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, 2021

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	105,414,149	−	104,995,882	16	418,267
Preferred stock - ₱100 par value	6,000,000 shares	21,642	−	−	−	21,642

(i) Include in this column each type of issue authorized
(ii) Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
Indicate in a note any significant changes since the date of the last balance sheet filed

CHINA BANK SAVINGS, INC.
Financial Indicators
December 31, 2021

	2021	2020
Profitability ratios		
Net income	**₱986,455,862**	₱506,380,083
Total average assets*	**97,173,566,236**	100,421,501,953
Return on average asset	**1.02%**	0.50%
**Average of beginning and ending total assets*		
Net income	**₱986,455,862**	₱506,380,083
Total average equity	**10,816,417,602**	10,016,695,214
Return on average equity	**9.12%**	5.06%
**Average of beginning and ending total equity*		
Net interest income	**₱5,470,233,970**	₱4,372,525,248
Interest earning-assets**	**86,424,574,511**	90,004,273,867
Net interest margin*	**6.33%**	4.86%

* *Had the Bank excluded the interest expense on lease liabilities, NIM is 6.38% and 4.91% for the year ended December 31, 2021 and 2020, respectively.*

***Includes due from BSP, due from other banks, SPURA, debt securities under financial assets at FVOCI and investments at amortized costs and loans receivable*

Operating expense	**₱4,953,884,823**	₱4,504,610,683
Operating income	**6,304,245,923**	4,761,988,048
Cost to income ratio	**78.58%**	94.60%
Liquidity ratios		
Total liquid assets*	**₱16,905,408,578**	₱18,486,797,632
Total assets	**95,752,479,887**	98,594,652,585
Liquid Assets to Total Assets	**17.66%**	18.75%
**Includes cash and cash equivalents and financial assets at FVOCI*		
Total loans and receivables	**₱65,376,612,619**	₱65,824,332,216
Total deposit liabilities	**81,795,166,015**	85,458,742,658
Loans (net) to Deposit Ratio	**79.93%**	77.02%
Asset quality ratios		
Total NPL	**₱4,731,947,004**	₱5,550,273,009
Total loans and receivable, net of UID and gross of ECL	**68,631,603,309**	68,828,494,975
Gross Non-Performing Loans Ratio	**6.89%**	8.06%
Total allowance for credit losses on receivables	**₱3,254,990,690**	₱3,004,162,759
Total NPL	**4,731,947,004**	5,550,273,009
Non-performing Loan (NPL) Cover	**68.79%**	54.13%

CHINA BANK SAVINGS, INC.
Financial Indicators
December 31, 2021

	2021	2020
Solvency ratios		
Total liability	**₱84,423,331,847**	₱88,290,965,422
Total equity	**11,329,148,040**	10,303,687,163
Debt to Equity Ratio	**745.19%**	856.89%
Total assets	**₱95,752,479,887**	₱98,594,652,585
Total equity	**11,329,148,040**	10,303,687,163
Asset to Equity Ratio	**845.19%**	956.89%
Net income before tax and interest expense	**₱2,234,416,745**	₱1,754,339,372
Interest expense	**884,055,645**	1,496,962,007
Interest Rate Coverage Ratio	**252.75%**	117.19%
Capitalization ratios		
CET 1 / Tier 1	**13.18%**	11.89%
Total Capital Adequacy Ratio	**14.09%**	12.77%

Annex "1"

cbs China Bank Savings
A subsidiary of China Banking Corporation

ANNUAL STOCKHOLDERS' MEETING - MINUTES NO. 2021-001

ASM-06.17.2021

MINUTES

MINUTES OF THE MEETING OF THE STOCKHOLDERS OF CHINA BANK SAVINGS, INC., HELD ON JUNE 17, 2021 VIA VIRTUAL (ZOOM) MEETING, AT THE 3/F TRAINING ROOM, 314 CBS BUILDING, SEN. GIL PUYAT, MAKATI CITY AT 9:30 AM

ATTENDANCE:

Name of Stockholder	Present	
	%	#Shares
China Banking Corporation*	99.60%	104,995,882
Chua, Ricardo R.	0.0000%	1
Yang, Nancy D.	0.0000%	1
Whang, William C.	0.0000%	1
Dee, James Christian T.	0.0000%	1
Gan, Rosemarie C.	0.0000%	1
Cheng, Patrick D.	0.0000%	1
Sy, Herbert T. Jr.	0.0000%	1
San Juan, Margarita L.	0.0000%	1
Tsai, Philip S.L.	0.0000%	1
Yap, Claire Ann T.	0.0000%	1
Lapez, Genaro V.	0.0000%	1
Total Number of Attendees		**104,995,893**
Total Number of Voting Shares		**105,414,149**
% to Voting Shares	**99.60%**	**99.60%**

***CHINA BANKING CORPORATION**
Represented by (Proxies):

Atty. Leilani B. Elarmo

AGENDA

1. Call to Order;
2. Proof of Notice of Meeting;
3. Certification of Quorum;
4. Approval of the Minutes of the regular annual meeting of stockholders held on August 13, 2020 and Special Meeting on December 17, 2020;
5. Annual Report to Stockholders;
6. Presentation of the Audited Financial Statements for the year ended December 31, 2020;
7. Ratification of all acts of the Board of Directors, Executive Committee, Other Committees, and Management;
8. Nomination and Election of the Board of Directors for the ensuing term;
9. Appointment of External Auditors;
10. Other Matters.

PROCEEDINGS

I. CALL TO ORDER

The Annual Stockholders' Meeting was conducted via zoom meeting with the assistance of China Banking Corporation, the parent bank and CBS Marketing Division team. It was emceed by Atty. Mariela Marifosque-Jandayan, Assistant Corporate Secretary. She opened the meeting by welcoming everyone. She introduced the members of the Board of Directors including the four (4) independent directors and EVP Joseph C. Justiniano and Mr. Luis Bernardo A. Puhawan, Controller of CBSI. She gave the platform to the Bank's Chairman of the board, Mr. Ricardo R. Chua to officially call the business to order.

Mr. Ricardo R. Chua greeted and thanked the audience for joining in the zoom meeting. He said, "*Similar to our regular and special meetings last year, today's annual meeting of stockholders is an online-only event.*

Joining us in this meeting are your Board members, led by Vice Chairman Nancy D. Yang, President James Christian T. Dee, Independent Directors, Nomination Committee Chairperson Claire Ann T. Yap, Corporate Governance Committee Chairperson and Audit Committee Member Ms. Margarita San Juan. Our Corporate Secretary Atty. Arturo Jose M. Constantino III, our Executive Officers, and representatives of our external auditor SGV & Co. are also present."

He then called the meeting to order at 9:45AM.

II. PROOF OF NOTICE

The Chairman asked Atty. Arturo Jose M. Constantino III, Corporate Secretary, "Mr. Secretary, have we sent the required notice of meeting?" Atty. Arturo Jose M. Constantino III, Corporate Secretary of China Bank Savings, Inc. replied, "*We have notified our stockholders about this meeting in accordance with the Securities and Exchange Commission's Memorandum Circular No. 6, series of 2020; Section 49 of the Revised Corporation Code, and SEC Notice dated March 16, 2021 on the alternative modes of sending notice and distributing documents in connection with the holding of the Annual Stockholders' Meeting for 2021.*

We have published the Notice of today's meeting in The Philippine Star and Philippine Daily Inquirer on May 12, 2021 and May 19, 2021 respectively. Likewise, electronic copies of our Information Statement and Management Report are available in our website."

III. CERTIFICATION OF QUORUM

The Chairman, thereafter, asked, "*Do we have a quorum?*" To which Atty. Constantino replied, "*Yes, Mr. Chairman. I certify to the existence of a quorum for this meeting. Based on record, out of a total number of 105 Million, 414 Thousand, and 149 (105,414,149) subscribed and outstanding shares, the holders of One Hundred Four Million Nine Hundred Ninety Five Thousand Eight Hundred Ninety Three (104,995,893) shares or ninety nine point sixty percent (99.60%), are present by proxy, through remote communication or in absentia. Such number represents more than 2/3 of the outstanding capital stock of the Bank. The meeting was also attended by approximately more than Three Hundred (300) employees of the Bank.*"

IV. APPROVAL OF THE MINUTES OF THE REGULAR ANNUAL MEETING OF STOCKHOLDERS HELD ON AUGUST 13, 2020 AND SPECIAL MEETING ON DECEMBER 17, 2020;

The Chairman announced, "*Next in our agenda is the approval of the Minutes of the 2020 minutes of regular annual and special stockholders' meetings. Do we have the proposed resolution and results of voting for this agenda item, Mr. Secretary?*"

Atty. Constantino replied, "*Mr. Chairman, the minutes of both the Regular Annual Meeting on August 13, 2020, and the Special Meeting on December 17, 2020 can be accessed through the Bank's website, and the summary of matters taken up in the meeting are included in the Definitive Information Statement.*

For this item in the agenda, Mr. Chairman, the adoption of the resolution flashed on the screen is being proposed, in order to approve the minutes for all intents and purposes.

On the votes cast, One Hundred Four Million Nine Hundred Ninety Five Thousand Eight Hundred Ninety Three (104,995,893) shares or ninety nine point sixty percent (99.60%) of the shares represented in this meeting voted in favor of the resolution. Therefore, Mr. Chairman the resolution is approved."

The following resolution of the Stockholders was passed and approved:

ASM RESOLUTION NO. 06.17.2021.01

RESOLVED, AS IT IS HEREBY RESOLVED, that the reading of the Minutes of the Stockholders Annual Meeting on August 13, 2020, and the Special Meeting on December 17, 2020 was dispensed with, and all matters included in the minutes were considered complete and accurate, and were approved for all intents and purposes.

V. ANNUAL REPORT TO STOCKHOLDERS

The Chairman continued, "*The next item in the agenda is the Annual Report. To provide information about your Bank's activities, financial performance, and other relevant data for the year 2020, may I now request our President, Mr. James Christian T. Dee, to deliver his report.*"

The platform was transferred to Mr. James Christian T. Dee for his presentation.

All the information he reported were disclosed in the 2020 Annual Report and in the Definitive Information Statement (SEC-IS 20) of the Bank and were posted in the Bank's website and could be accessed for further scrutiny by the stockholders.

After the presentation, the Chairman acknowledged Mr. Dee and asked the Corporate Secretary for the proposed resolution on the item and the voting results. To which Atty. Constantino replied, "*The adoption of the resolution flashed on the screen is being proposed, in order to approve the annual report.*

On the votes cast, One Hundred Four Million Nine Hundred Ninety Five Thousand Eight Hundred Ninety Three (104,995,893) shares or ninety nine point sixty *percent (99.60%) of the shares represented in this meeting voted in favor of the resolution. Therefore, Mr. Chairman the resolution is approved."*

The following resolution of the Stockholders was passed and approved:

ASM RESOLUTION NO. 06.17.2021.02

RESOLVED, AS IT IS HEREBY RESOLVED, that the Annual Report, electronic copy of which having been made available in the Bank's website, and as Bank President James Christian T. Dee presented, was **approved**.

VI. PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED DECEMBER 31, 2020

The Chairman remarked, *"In his annual report earlier, President James Christian T. Dee presented the financial performance and position of the Bank for the year 2020, Mr. Secretary?"*

Atty. Constantino replied, *"For this item in the agenda, Mr. Chairman, the adoption of the resolution flashed on the screen is being proposed, in order to approve the 2020 Audited Financial Statements.*

On the votes cast, One Hundred Four Million Nine Hundred Ninety Five Thousand Eight Hundred Ninety Three (104,995,893) shares or ninety nine point sixty percent (99.60%) of the shares represented in this meeting voted in favor of the resolution. Therefore, Mr. Chairman the resolution is approved."

The following resolution of the Stockholders was passed and approved:

ASM RESOLUTION NO. 06.17.2021.03

RESOLVED, AS IT IS HEREBY RESOLVED, that the Audited Financial Statements for the year ended December 31, 2020, attached as Annex "E" of the Definitive Information Statement, posted in the Bank's website, and covered in part by the presentation of President James Christian T. Dee, was **approved**.

VII. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS, EXECUTIVE COMMITTEE, OTHER COMMITTEES, AND MANAGEMENT

The Chairman announced the next item. *"The next item in the agenda is the ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management. Mr. Secretary, do we have the proposed resolution and voting results for this matter?"*

Atty. Constantino, replied, *"Yes, Mr. Chairman. The proposed resolution for the stockholders to ratify all acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2020 and immediately preceding this stockholders' meeting is flashed on the screen.*

On the votes cast, One Hundred Four Million Nine Hundred Ninety Five Thousand Eight Hundred Ninety One (104,995,891) shares or ninety nine point sixty *percent (99.60%) of the shares represented in this meeting voted in favor of the resolution. Therefore, Mr. Chairman the resolution is adopted."*

The following resolution of the Stockholders was passed and approved:

ASM RESOLUTION NO. 06.17.2021.04

RESOLVED, AS IT IS HEREBY RESOLVED, that all the acts of Board of Directors, which include the related party transactions discussed in the Definitive Information Statement and Audited Financial Statements; and all the acts of the Executive Committee and of the various committees of the Bank and Management, during the fiscal year 2209 and immediately preceding this stockholders' meeting, were **approved**, **confirmed** and **ratified** for all intents and purposes.

VIII. NOMINATION AND ELECTION OF THE BOARD OF DIRECTORS FOR THE ENSUING YEAR

The Chairman announced the next item in the agenda. *"The next order of business is the election of the members of the Board of Directors for 2021 to 2022. Independent Director and Chairman of the Nomination Committee, Ms. Claire Ann T. Yap, will announce the nominees?"*

The platform was transferred to Ms. Claire Ann T. Yap, *"Good morning. Mr. Chairman. Based on the determination by the Nominations and Corporate Governance Committees, and as confirmed by the Board of Directors, the following nominees for directors and independent directors were found to possess all the qualifications and none of the disqualifications of a director or independent director, and their capabilities are aligned with the Bank's strategic directions:*

- *The Nominees for Director are:*
  1. *Mr. Ricardo R. Chua*
  2. *Mrs. Nancy D. Yang*
  3. *Mr. William C. Whang*
  4. *Mrs. Rosemarie C. Gan*
  5. *Mr. Patrick D. Cheng*
  6. *Mr. Herbert T. Sy, Jr.*
  7. *Mr. James Christian T. Dee*

- *The Nominees for Independent Directors are:*
  1. *Mrs. Margarita L. San Juan*
  2. *Mr. Philip S.L. Tsai*
  3. *Mrs. Claire Ann T. Yap*
  4. *Mr. Genaro V. Lapez*

For the information of our Stockholders, Mr. Herbert T. Sy, Jr., is a new nominee for Regular Director. Mr. Sy is connected with SM Retail, Inc., under the SM Group of Companies, where he performed key functions for several divisions. His other qualifications, educational background, and training were included in our Definitive Information Statement. Upon determination, based on the Nomination Forms and attachments submitted to the Nominations and Corporate Governance Committees, he was found to be fit and proper for the position he was nominated.

Mr. Chairman, Mr. Genaro Lapez is a new nominee for independent director. He is a seasoned strategic and tactical thinker with extensive international experience. He has more than 10 years' experience in banking and finance and decades of experience in consumer marketing. His other qualifications, educational background, and training were included in our Definitive Information Statement. Upon determination, based on the Nomination Forms and attachments submitted to the Nominations and Corporate Governance Committees, he was found to be fit and proper for the position he was nominated."

The Chairman acknowledged the presentation of the nominees made by Ms. Yap, *"Thank you, Ms. Yap. Before we proceed with the results of the election, let me express my deepest gratitude to our outgoing Independent Director, Mr. Alberto S. Yao. He has been with the Bank's Board since 2009. On behalf of the Board and the Bank, I thank Mr. Yao for all his invaluable contributions to the Bank and wish him all the best in his future endeavors.*

Mr. Secretary, may we have the results of the election?

Atty Constantino replied, *"Mr. Chairman, for the ensuing year, based on the tally of votes, as confirmed by our Election Inspectors, and by SyCip Gorres Velayo & Co., the independent party tasked to count and validate the votes at today's meeting, the 11 nominees enumerated by the Chairman of the Nomination Committee, and also listed in the Definitive Information Statement, are declared duly elected directors.*

The percentage of votes garnered by each director, based on the number of shares represented in this meeting are shown on the screen:

Mr. Ricardo R. Chua	*104,995,893 shares*	*99.60%*
Mrs. Nancy D. Yang	*104,995,893 shares*	*99.60%*
Mr. James Christian T. Dee	*104,995,893 shares*	*99.60%*
Mr. William C. Whang	*104,995,893 shares*	*99.60%*
Mrs. Rosemarie C. Gan	*104,995,893 shares*	*99.60%*
Mr. Patrick D. Cheng	*104,995,893 shares*	*99.60%*
Mr. Herbert T. Sy, Jr.	*104,995,893 shares*	*99.60%*
Ms. Margarita L. San Juan	*104,995,893 shares*	*99.60%*
Mr. Philip S.L. Tsai	*104,995,893 shares*	*99.60%*
Ms. Claire Ann T. Yap	*104,995,893 shares*	*99.60%*
Mr. Genaro V. Lapez	*104,995,893 shares*	*99.60%*

The following resolution of the Stockholders was passed and approved:

ASM RESOLUTION NO. 06.17.2021.05

RESOLVED, AS IT IS HEREBY RESOLVED, that the election of the following members of the Board of Directors, all garnering 104,995,893 shares or 99.60% of the total subscribed capital for the ensuing year 2020-2021, was **approved**, namely:

1. Mr. Ricardo R. Chua — Director
2. Mrs. Nancy D. Yang — Director
3. Mr. William C. Whang — Director
4. Mrs. Rosemarie C. Gan — Director
5. Mr. Patrick D. Cheng — Director
6. Mr. Herbert T. Sy, Jr. — Director

7. Mr. James Christian T. Dee	Director
8. Mrs. Margarita L. San Juan	Independent Director
9. Mr. Philip S.L. Tsai	Independent Director
10. Mrs. Claire Ann T. Yap	Independent Director
11. Mr. Genaro V. Lapez	Independent Director

The Chairman acknowledged the results provided by Atty. Constantino, *"Thank you, Mr. Secretary."*

IX. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman announced the next item in the agenda, *"Let us proceed to the next item in the agenda, which is the appointment of external auditor. May I ask Mrs. Margarita L. San Juan, Independent Director and Vice-Chairman of Audit Committee, to make the recommendation?*

The platform was transferred to Mrs. Margarita L. San Juan, *"Thank you, Mr. Chairman. The Audit Committee, composed of the outgoing Independent Director Alberto S. Yao, as Chairman, Independent Director Mr. Philip S.L. Tsai, and myself, has evaluated the performance of SyCip Gorres Velayo & Co. – the Bank's current external auditor, in the past year, and found it to be satisfactory. The Audit Committee as well as the Board of Directors agreed to endorse the re-appointment of SyCip Gorres Velayo & Co. as the Bank's external auditor for the ensuing year."*

The Chairman acknowledged the recommendation made by Mrs. Margarita L. San Juan, *"Thank you, Mrs. San Juan. I will now ask our Secretary to present the proposed resolution on this item and the voting results."*

Atty. Constantino replied, *"Mr. Chairman, the adoption of the resolution flashed on the screen is being proposed, relative to the re-appointment of external auditor.*

On the voting results, Mr. Chairman, One Hundred Four Million Nine Hundred Ninety Five Thousand Eight Hundred Ninety Three (104,995,893) shares or ninety nine point sixty percent (99.60%) of the shares represented in this meeting voted in favor of the resolution. The resolution is approved."

The following resolution of the Stockholders was passed and approved:

ASM RESOLUTION NO. 06.17.2021.06

RESOLVED, AS IT IS HEREBY RESOLVED, that the incumbent external auditor, SyCip Gorres Velayo & Co. (SGV), was re-appointed external auditor of the Bank for the ensuing year.

X. OTHER MATTERS

The platform was transferred to the Chairman, *"Mr. Secretary are there other matters to be taken?*

Atty. Constantino replied, *"Mr. Chairman, there is none."*

The Chairman referred to Atty. Anna Mariela Marifosque-Jandayan, *"We will now address questions and comments from our stockholders sent via e-mail. Let me now call on our Assistant Corporate Secretary Atty. Anna Mariela Marifosque-Jandayan"*

Atty. Marifosque-Jandayan replied, "*Mr. Chairman,* Mr. Chairman, as of today, *no questions have been received by the Office of the Corporate Secretary in relation to the matters taken up during this Meeting. As provided for in the Guidelines for participation in this meeting, any questions or comments submitted and received, but not addressed during this livestream, shall be answered directly by e-mail to the Stockholder concerned. We will reply by email to all other questions directly to our stockholders, in the email addresses displayed on the screen, ocs.cbs@chinabank.ph.*

Thank you, Mr. Chairman."

XI. ADJOURNMENT

The platform was transferred to the Chairman, *"Thank you, Atty. Anna. If there are no more matters to be taken up, this meeting is hereby adjourned. Again, on behalf of the Board of Directors and Management of China Bank Savings, we express our gratitude to all those who participated in today's meeting.*

Thank you everyone for your continued support."

Prepared by:

Atty. Arturo Jose M. Constantino III
Corporate Secretary

Attested to by:

James Christian T. Dee President	**Ricardo R. Chua** Chairman of the Board

Annex "G.1"

REPUBLIC OF THE PHILIPPINES) s.s.
QUEZON CITY)

AFFIDAVIT OF PUBLICATION

I, **LEO N. ALISGAR,** of legal age, single, Filipino and with office address at c/o **PhilSTAR Daily, Inc.,** 202 Railroad Street corner Roberto S. Oca Street, Port Area, Manila, after being duly sworn to in accordance with law, depose and state:

That I am the **BILLING & COLLECTION MANAGER** of the **PhilSTAR Daily, Inc.** a domestic corporation duly organized and existing under by virtue of Philippine laws with office and business address at 202 Railroad Street corner Roberto S. Oca Street, Port Area, Manila.

That the said corporation publishes **THE PHILIPPINE STAR**, a daily broadsheet newspaper published in English and of general circulation.

That the order of ______
China Bank Savings

captioned as follows:
Notice of Annual Meeting of Stockholders

Please see attached printed text which had been published in **The Philippine STAR** in its issues of:
May 16 and 17, 2022 issues in print
May 16 and 17,2022 online@OneNews.ph

FURTHER AFFIANT SAYETH NAUGHT.
QUEZON City, Philippines

LEO N. ALISGAR
Affiant

SUBSCRIBED AND SWORN to before me this ______ day of MAY 18 2022 affiant exhibited to me her Unified Multi-Purpose ID (UMID) CRN No. 0111-2584437-3

Doc. No. 499
Page No. 101
Book No. XXIII
Series of 2022

ATTY. GARY A. SANCIO
Notary Public
Until December 31, 2022
Adm. Matter No. NP-146 2021-2022
Roll No. 44261
IBP No. 1082447/06-30-17/Q.C.
PTR No.0699756/01-08-2021/QC

Annex "G.2.a"

REPUBLIC OF THE PHILIPPINES)
C I T Y OF M A K A T I) S. S.

AFFIDAVIT OF PUBLICATION

I, BUENAVENTURA R. ARCANO JR., of legal age, Filipino, married with office address at 1098 Chino Roces Avenue, Makati City Philippines after having duly sworn to in accordance with law, hereby declare and testify.

1. That I am the AVP / Key Relationship Officer of Advertising of the PHILIPPINE DAILY INQUIRER, INC., publisher of the Philippine Daily Inquirer which is being published daily in English, of general circulation with editorial and business address at Chino Roces St. cor. Yague and Mascardo Sts., Makati.

2. That the order of

CHINA BANK SAVINGS, INC.

Re: Notice of Annual Meeting of Stockholders

Text of which would be described as follows:

AS PER ATTACHED

Has been published in the Philippine Daily Inquirer in its issue/issues of:

May 16-17, 2022

Affiant Further Sayeth Naught, Makati Philippines

BUENAVENTURA R. ARCANO JR.
Affiant

SUBSCRIBED AND SWORN to before me this MAY 17 2022 day of ______ PHILIPPINES, affiant exhibited to me his SSS No. 03-85741880, bearing her photograph and signature.

Doc. No. 06;
Page No. 03;
Book No. 138;
Series of 2022;

JP
ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2023
Appointment No. M-019-(2022-2023)
PTR No. 8852510 Jan. 3, 2022 / Makati
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016565
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

Annex "G.2.b"

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S. S.

AFFIDAVIT OF PUBLICATION

I, **Paolo R. Prieto**, of legal age, Filipino, and a resident of #29 Hercules St., Bel-Air, Makati City after having duly sworn to in accordance with law, hereby declare and testify:

That I am the President of Inquirer Interactive, Inc., which owns INQUIRER.net, the news and information website of the Inquirer Group of Companies, with editorial and business address at 2530 Mola corner Pasong Tirad Streets, Barangay La Paz, Makati City.

That at the order of **China Bank Savings, Inc.** RE: **Affidavit of Publication of their Annual Stockholders Meeting 2022**, text of which would be described as follows: **As per attached**

has been published on INQUIRER.net on the following dates: May 16, 2022 and May 17, 2022.

IN WITNESS WHEREOF, I hereby affix my signature this MAY 24 2022 of May 2022 at Makati City, Philippines.

Paolo R. Prieto
Affiant

SUBSCRIBED AND SWORN to before me this MAY 24 2022 of May 2022 at Makati City, with Passport No. P5839796A bearing his photograph and signature.

Doc. No. 373
Page No. 76
Book No. 138
Series of 2022

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2023
Appointment No. M-019-(2022-2023)
PTR No. 8852510 Jan. 3, 2022 / Makati
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016565
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

China Bank Savings, Inc. Notice of Annual Stockholders' Meeting (1 of 2)

INQUIRER.net BrandRoom / 11:00 AM May 16, 2022

See below for the Notice of Annual Stockholders' China Bank Savings, Inc.:

China Bank Savings

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Please be notified that due to the continuing pandemic and Community Quarantine, the annual meeting of the stockholders of China Bank Savings, Inc., will be conducted virtually via **Zoom** on **June 16, 2022, Thursday at 9:30 A.M.**, for the following purposes:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification and Quorum
4. Approval of the Minutes of the Annual Meeting of Stockholders on June 17, 2021
5. Annual Report to Stockholders
6. Approval of the Audited Financial Statements for the year ended December 31, 2021
7. Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2021, including the ratification of related party transactions
8. Election of the Board of Directors
9. Appointment of External Auditors
10. Other Matters
11. Adjournment

Stockholders of record as of **May 16, 2022** shall be entitled to notice of and vote at the meeting. The stock and transfer books of CBS will be closed from **May 27 to June 16, 2022.**

In order to continue to safeguard the health and safety of the stockholders and participants given the present situation, stockholders may attend the meeting by remote communication through the online live broadcast, and exercise their right to vote in absentia in accordance with the Bank's online registration and voting procedures, by appointing a proxy. There will be audio and video recordings of the meeting.

Stockholders intending to participate by remote communication and exercise the right to vote in absentia should notify the Bank by sending an e-mail to ocs.cbs@chinabank.ph on or before June 9, 2022. All information submitted shall be subject to verification and validation by the Office of the Corporate Secretary. After verification and validation, details for the online participation/attendance shall be sent to the stockholders.

Stockholders who have successfully registered and been duly verified can then access the online livestreaming of the annual stockholders' meeting and vote through remote communication or in absentia by appointing a proxy.

Stockholders intending to participate by appointing a proxy should submit their proxy forms to the Office of the Corporate Secretary at the 2nd Floor, CBS Building, 314 Sen. Gil Puyat Avenue, Makati City, or by email (ocs.cbs@chinabank.ph) not later than **June 9, 2022, 5:00 P.M.**

Makati City, 6 May 2022.

Original Signed
Atty. ARTURO JOSE M. CONSTANTINO III
AVP & Corporate Secretary

Note: CBS' Preliminary Information Statement (PIS), Definitive Information Statement (DIS) and the explanation of each agenda item can be accessed through CBS' website, www.cbs.com.ph. The same shall be made available immediately upon approval by the Securities and Exchange Commission (SEC) of the Bank's DIS.

ADVT

CLASSIFIEDS

Listen

China Bank Savings, Inc. Notice of Annual Stockholders' Meeting (2 of 2)

INQUIRER.net BrandRoom / 08:00 AM May 17, 2022

See below for the Notice of Annual Stockholders' China Bank Savings, Inc.:

cbs China Bank Savings
A subsidiary of China Banking Corporation

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Please be notified that due to the continuing pandemic and Community Quarantine, the annual meeting of the stockholders of China Bank Savings, Inc., will be conducted virtually via **Zoom** on **June 16, 2022, Thursday at 9:30 A.M.**, for the following purposes:

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7. Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2021, including the ratification of related party transactions
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Makati City, 6 May 2022.

Original Signed
Atty. ARTURO JOSE M. CONSTANTINO III
AVP & Corporate Secretary

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