

ROBINSONSBANK
A Commercial Bank



READY
FOR THE
NEW
REALITY

2020 ANNUAL REPORT

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2020 in a Snapshot



21%
INCREASE IN
TOTAL DEPOSIT
BALANCE



16%
GROWTH IN
CONSUMER
LOANS



17%
CAGR GROWTH
FOR AMG
LOANS



78%
INCREASE IN
PH BOND TRADE
PERFORMANCE

About the Cover



Today's new reality is one that Robinsons Bank has long prepared for. Fast, easy and adaptive.

The fastest growing commercial bank is at the perfect spot where the digitally transformative products have put customer experience attuned to these unique times.

In this pandemic setting, we continue to make banking a breeze, nothing short of easy, simple, safe and secure.



122%
TRADING GAINS



53.5%
INCREASE IN
ASSETS UNDER
MANAGEMENT



Vision

We are the
Bank of Choice
driven to fulfill your
changing needs

Mission

Aiming to be
better everyday.
Committed to
provide to the:

CUSTOMERS -
Best Experience

EMPLOYEES -
Winning Culture

OWNERS -
Outstanding Returns

COMMUNITY -
Responsive Organization

Core Values

C
Concern

E
Excellence

L
Leadership

T
Teamwork

I
Integrity

C
Change

Who We Are

Robinsons Bank Corporation (RBank) is the financial services arm of the JG Summit Group of Companies. It is 60.0% owned by the JG Summit Capital Services Corp. (JGSCSC) and 40.0% owned by Robinsons Retail Holdings, Inc. (RRHI). It is a full-service commercial bank and has for its cornerstone a business portfolio of market leaders, a solid financial position and a formidable management team which serve the banking requirements of its customers, business partners and the general banking public through its wide array of products and services.

In 2020, the Bank launched a new 5-year strategic initiative, Roadmap 2024, which aims to position the Bank among the Top 11-13 Philippine banks in terms of assets by 2024, via organic growth. Through this roadmap, the Bank aspires to deliver targeted and tailored customer experience to accelerate acquisition and drive retention; expand distribution networks efficiently and cost-effectively to reach broader market; strengthen organizational structure to support rapid growth; accelerate digital transformation and develop strong digital technology that drives innovation; and develop a strong RBank brand.

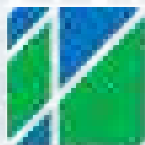
In 2020, the Bank proved its agility and resilience as it was able to quickly adapt and innovate amid the backdrop of a global health crisis. Robinsons Bank continued to gain recognition for its growing performance and digital innovation including: Omni-Experience Innovator Award from IDC Asia Pacific; Fastest Growing Retail Banking from The Global Banking and Finance Review; Fastest Growing Commercial Bank from the Global Business Outlook; Most Innovative Digital Transformation (Mobile CI Application of GO!Motorsiklo Loans and GO!Salary Loan Online Application) from The Global Economics; and Most Innovative Retail Banking Product (RBank Sign Up) from the International Business Magazine.

Driven by its vision and mission, Robinsons Bank will continue to innovate by developing new products and services and accelerating its digital transformation initiatives, to provide better customer experience and to support growth.

Service oriented to the core This Statement is the foundation upon which Robinsons Bank conducts business. More than just a financial institution, the Bank is a responsive organization focused on fulfilling its customers' changing needs. Robinsons Bank delivers quality service to ensure the best customer experience, champion a winning culture and promote economic empowerment as it forges the path to become the "Bank of Choice". JG Summit's endeavor of leading the country to global competitiveness and making life better for every Filipino are the Bank's promises you can bank on.

**Resolute in providing
a culture of excellence amidst
global challenges.**

Ownership Structure



JG SUMMIT HOLDINGS, INC.



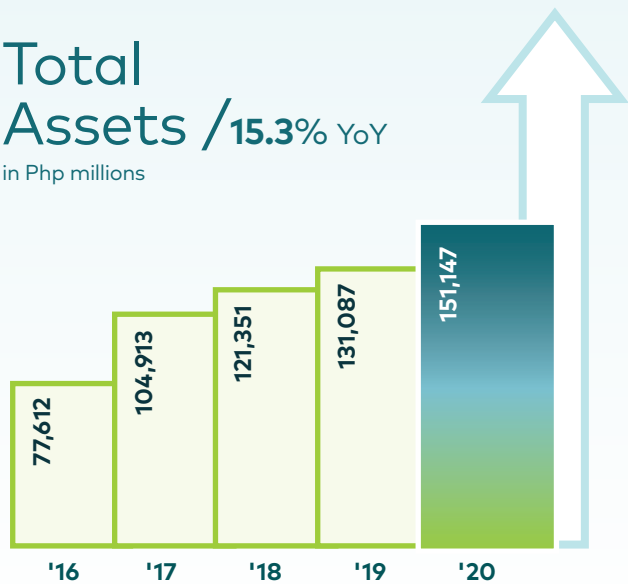
Robinsons Bank, the financial services arm of the JG Summit Group of Companies, is one of the fastest growing commercial banks in the Philippines in terms of capitalization and asset size. The bank is **60.0%** owned by JG Summit Capital Services Corporation, a wholly-owned subsidiary of JG Summit Holdings, Inc. and **40.0%** owned by Robinsons Retail Holdings Inc., a listed company since November 2013.



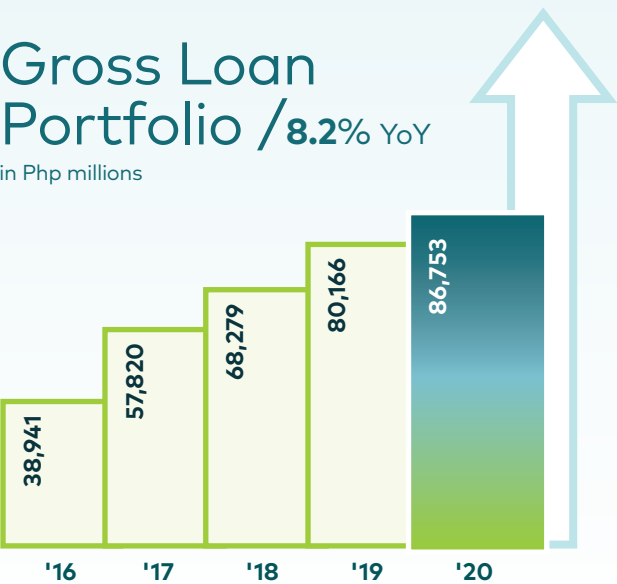
Consolidated Financial Highlights

BALANCE SHEET

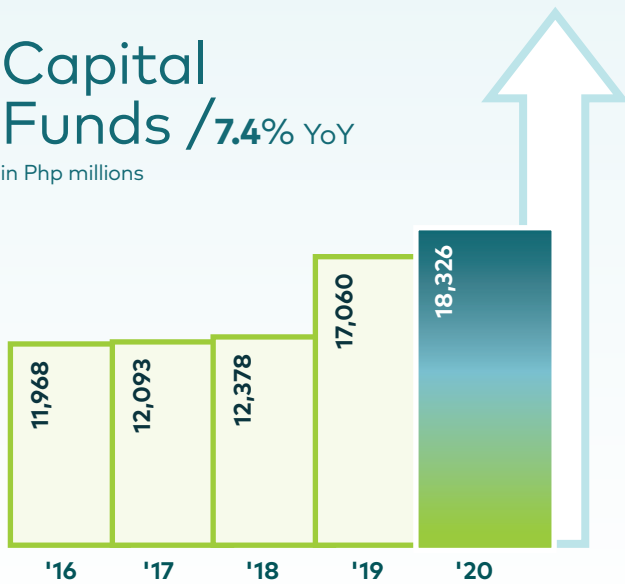
Total Assets /15.3% YoY
in Php millions



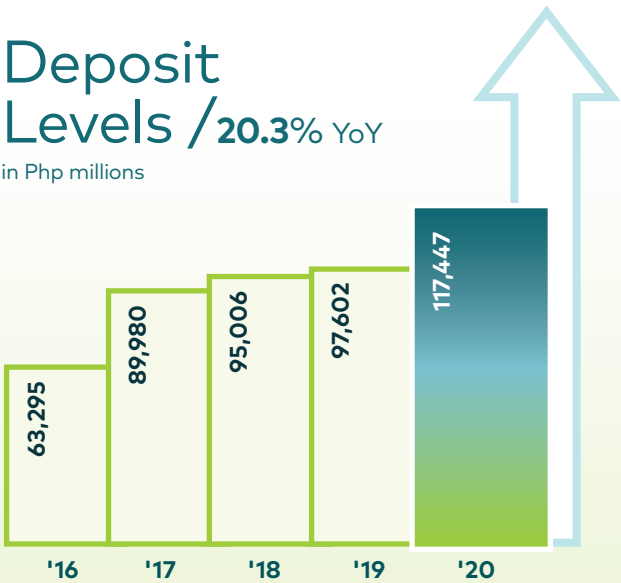
Gross Loan Portfolio /8.2% YoY
in Php millions



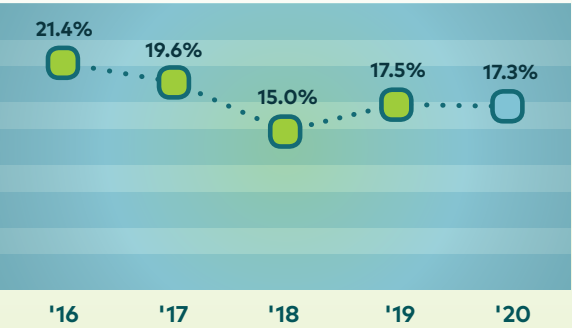
Capital Funds /7.4% YoY
in Php millions



Deposit Levels /20.3% YoY
in Php millions



Capital Adequacy Ratio
Conso (%)

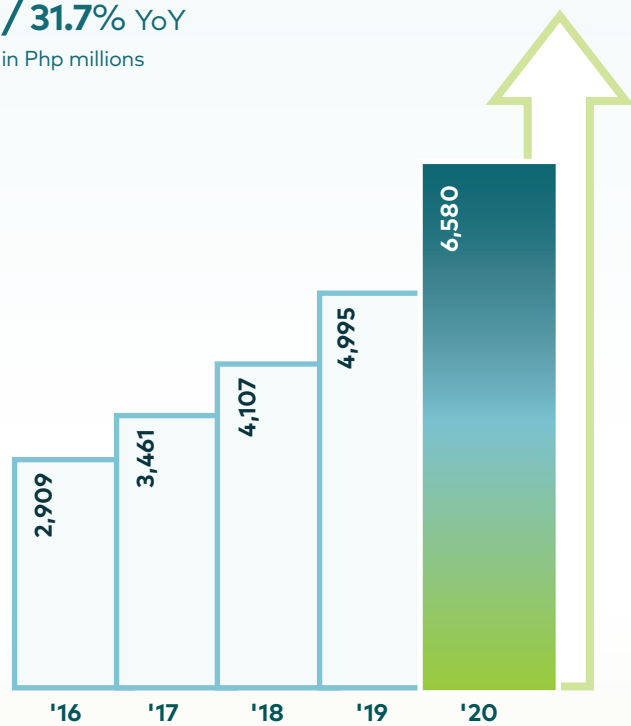


Tier 1 Capital Ratio
Conso (%)

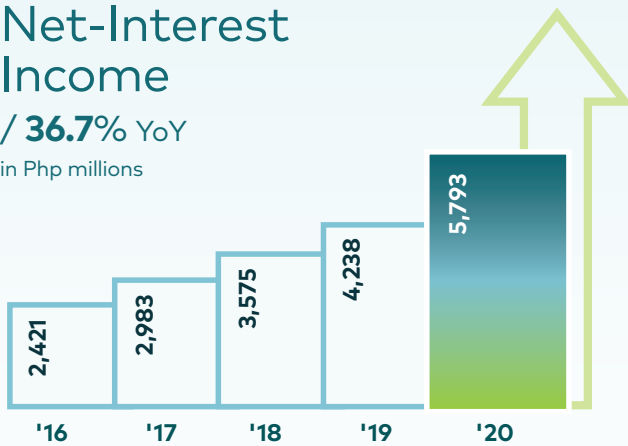


Consolidated Financial Highlights

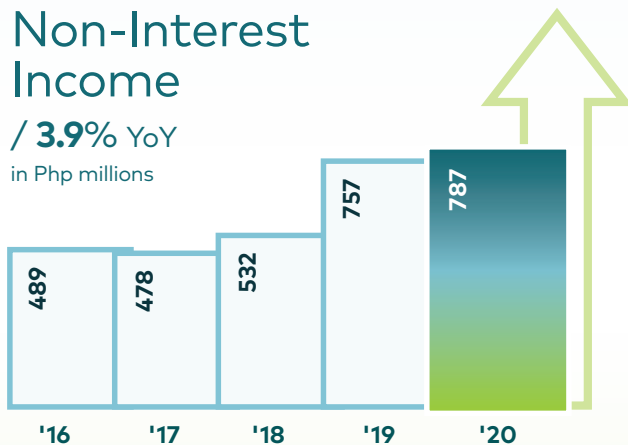
Operating Income
/ **31.7%** YoY
in Php millions



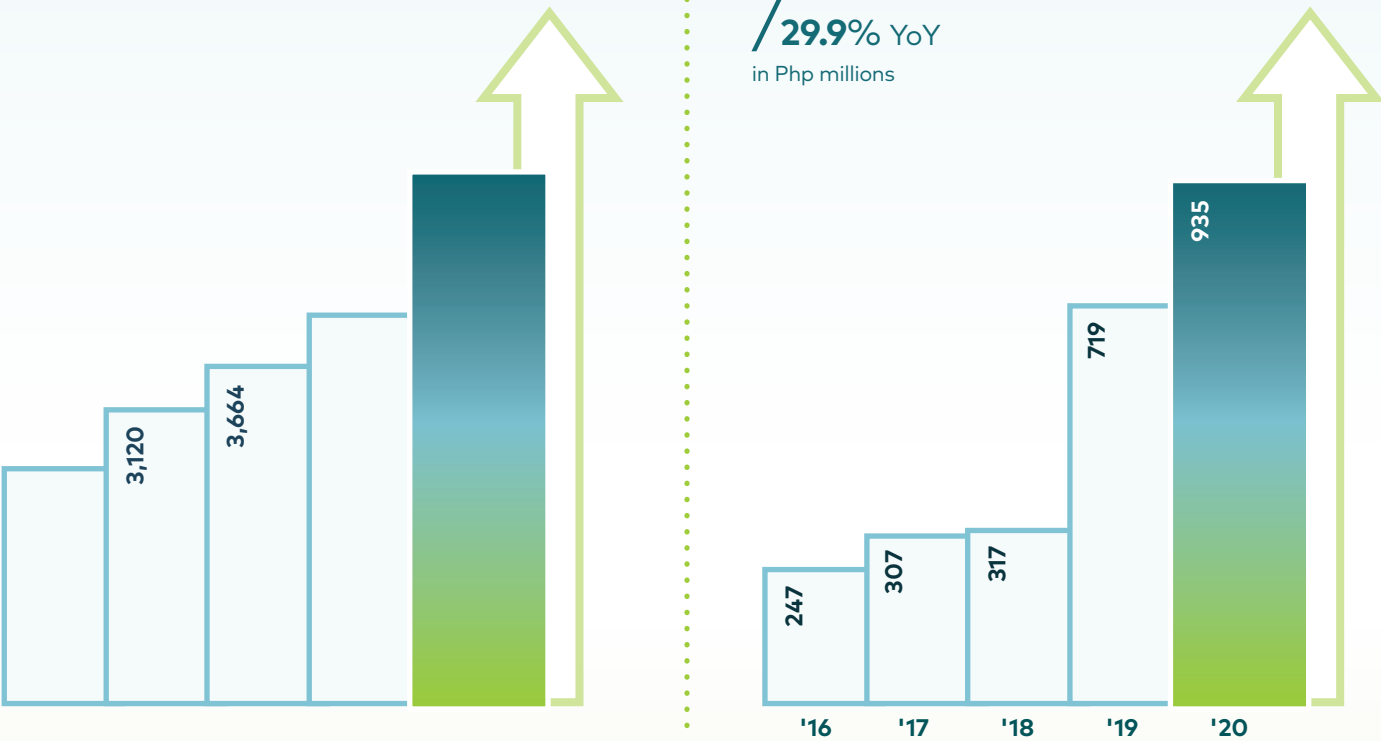
Net-Interest Income
/ **36.7%** YoY
in Php millions



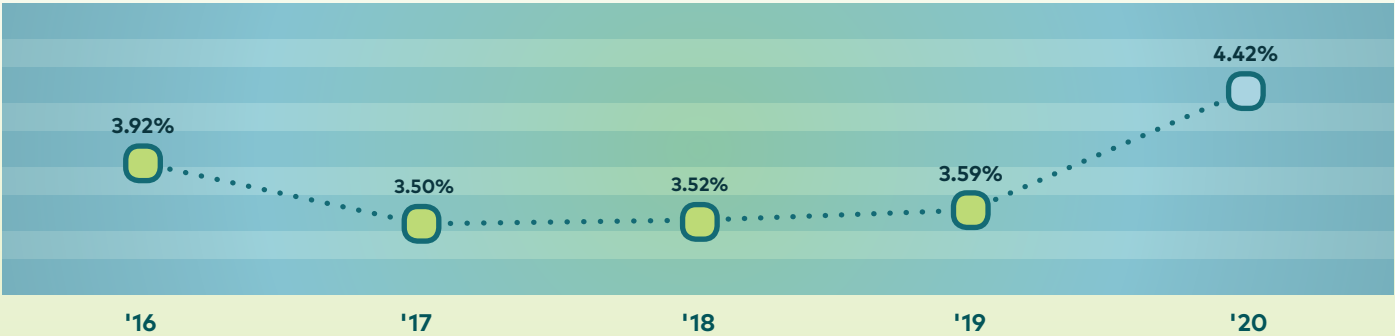
Non-Interest Income
/ **3.9%** YoY
in Php millions



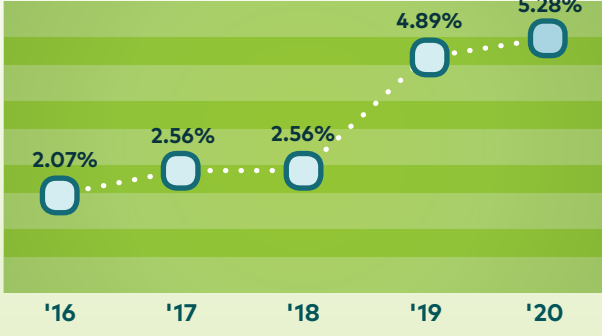
Net Income
/ **29.9%** YoY
in Php millions



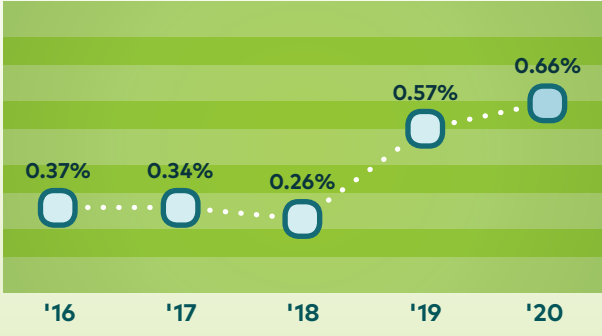
Net Interest Margin in %



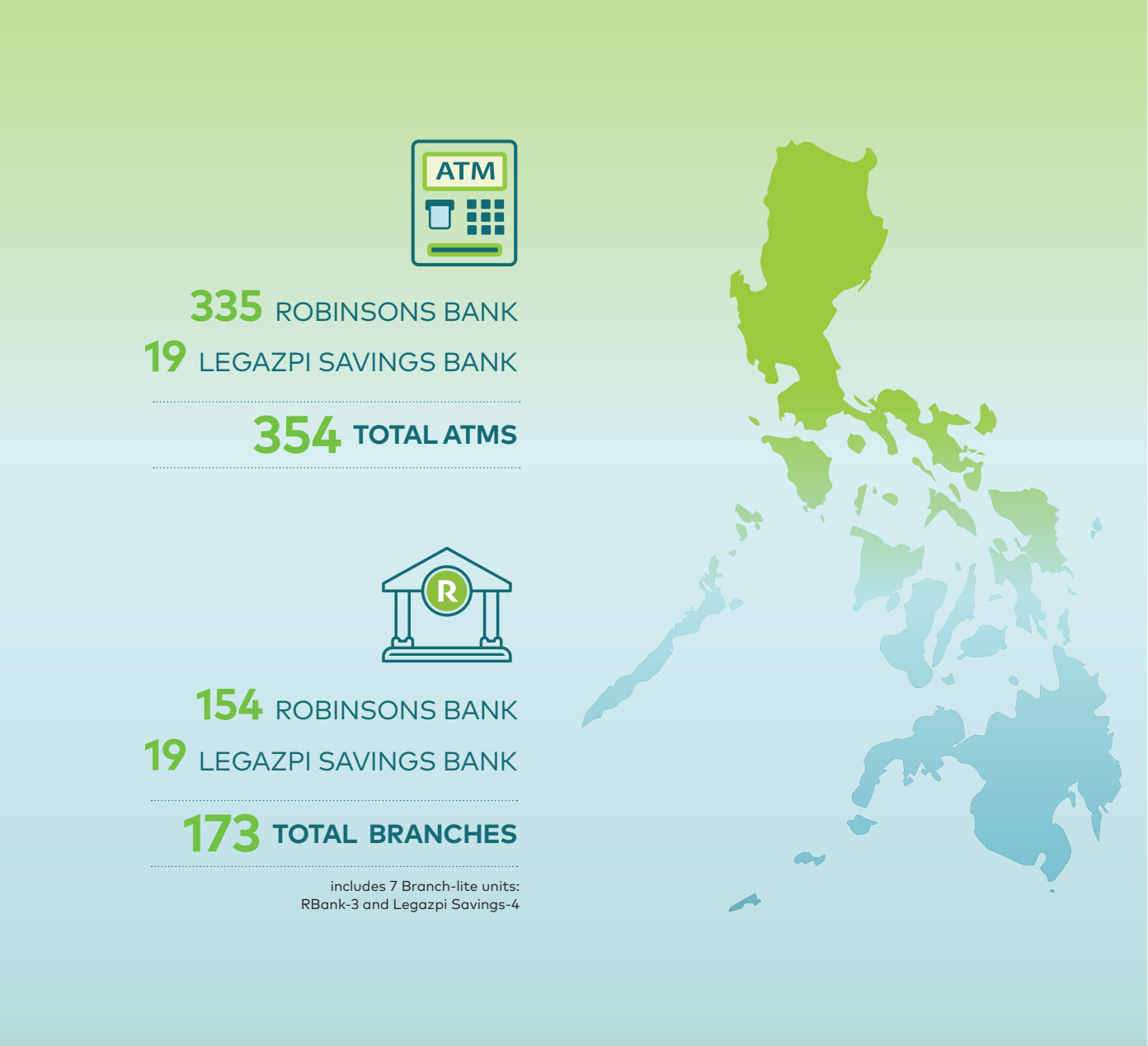
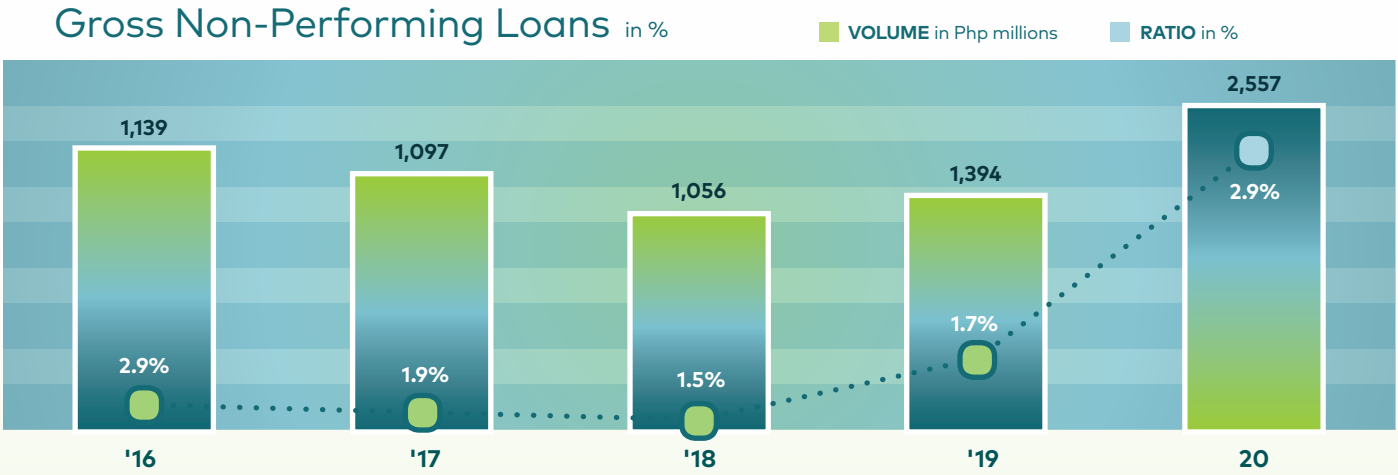
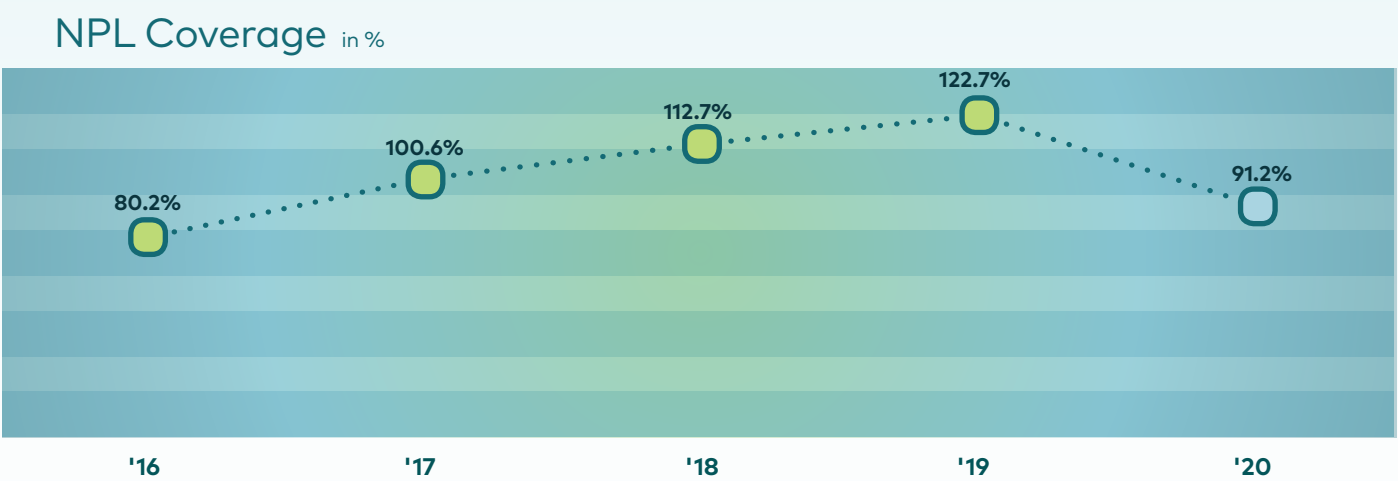
Return on Equity in %



Return on Assets in %



Consolidated Financial Highlights



Consolidated Financial Highlights

	Consolidated		Parent Bank	
FINANCIAL HIGHLIGHTS	2020	2019	2020	2019
Balance Sheet (in PHP million)				
Total Assets	151,147	131,087	148,981	129,002
Trading and Investment Securities	27,452	25,336	27,462	25,166
Liquid Assets	59,083	45,674	58,310	44,883
Gross Loans	86,753	80,166	84,942	78,488
Deposits	117,447	97,602	115,393	95,632
Capital	18,326	17,060	18,326	17,060
Profitability (in PHP million)				
Net Interest Income	5,793	4,238	5,445	3,915
Non-Interest Income	787	757	846	724
Non-Interest Expense	4,573	4,087	4,276	3,779
Pre-Provision Profit	2,007	908	2,015	859
Allowance for Impairment Losses	1,102	127	1,051	127
Net Income	935	719	935	719

	Consolidated		Parent Bank	
FINANCIAL HIGHLIGHTS	2020	2019	2020	2019
KEY FINANCIAL INDICATORS				
Profitability				
Return on Average Equity	5.3%	4.9%	5.3%	4.9%
Return on Average Assets	0.7%	0.6%	0.7%	0.6%
Margins and Liquidity				
Net Interest Margin	4.4%	3.6%	4.2%	3.4%
Gross Loans to Deposit Ratio	73.9%	82.1%	73.6%	82.1%
Liquid Assets to Total Assets	39.1%	34.8%	39.1%	34.8%
Liquidity Coverage Ratio	133.5%	115.8%	131.0%	108.9%
Net Stable Funding Ratio	127%	133%	127%	134%
Cost Efficiency				
Cost to Income Ratio	69.5%	81.8%	68.0%	81.5%
Cost to Average Assets Ratio	3.2%	3.2%	3.1%	3.0%
Asset Quality				
Gross NPL Ratio	2.9%	1.7%	2.7%	1.4%
NPL Cover	91.2%	122.7%	91.7%	146.9%
Capital and Leverage				
Capital Adequacy Ratio	17.3%	17.5%	17.4%	17.6%
CET 1 Capital Ratio	16.4%	16.6%	16.5%	16.7%
Tier 1 Capital Ratio	16.4%	16.6%	16.5%	16.7%
Basel III Leverage Ratio	9.8%	10.8%	9.8%	10.8%
Shareholder Information				
Net Income per Share				
Basic	0.62	0.53	0.62	0.53
Diluted	0.62	0.53	0.62	0.53
Book Value per Share	12.22	12.64	12.22	12.64
Cash Dividends Declared	0	0	0	0
Manpower				
Headcount	2,307	2,226	1,919	1,845
Officers	1,024	919	952	849
Staff	1,283	1,307	967	996
Distribution Network				
Branches	173	168	154	151
ATMs	354	338	335	320

Message from the Chairman and the President & CEO



LANCE Y. GOKONGWEI Chairman

Dear Stakeholders,

Robinsons Bank (RBank) demonstrated resilience in 2020. The Bank navigated the toll of the ongoing global pandemic due to COVID-19 and performed notably well. We provided uninterrupted delivery of all banking services, while safeguarding the welfare of all the RBankers and our customers. Driven by our purpose and commitment to deliver the best customer experience, we braved the challenges with grit and collectively stood to serve in the face of crisis.

DELIVERED A ROBUST FINANCIAL PERFORMANCE IN THIS CHALLENGING TIMES

The COVID-19 pandemic brought incalculable economic damage and social disruption. Globally, lives were affected and businesses were impacted. A great extent remains at risk despite the effort of many governments to provide stimulus packages to cushion the expected recession. The World Bank estimated the global economy to contract by 3.5% in 2020, down from 2.9% growth in 2019.¹ Inflation was muted throughout 2020, but supply-side risk was heightened. Moreover, limited economic activity caused global crude oil prices to lose more than a fifth of their value in the year.

Massive dislocation among businesses took place following the implementation of hard lockdowns which caused almost half of the global workforce vulnerable to losing their jobs. In the Philippines, more than 4.5 million Filipinos lost their jobs, with the unemployment rate hitting 10.3% by December 2020. Unemployment reached 17.6% in April 2020, which was the highest recorded in Philippine history.

Pre-pandemic, the country's gross domestic product has been growing at an average of 6.4% in the last decade. The strong growth was backed by strong macroeconomic fundamentals and sound structural reforms. Despite the government's gradual easing of quarantine restrictions to reopen the economy and for workers to return to their jobs, these were not enough to

¹ IMF estimate at -3.5% in 2020, declining from 2.5% in 2019.

Message from the Chairman and the President & CEO

spur the economy. The Philippines saw a record full-year contraction of 9.6% in 2020, as series of natural calamities exacerbated the adverse impact of the COVID-19 pandemic.

Consumer prices in the country averaged 2.6% in 2020, within the central bank's 2-4% target. Higher food prices and transport cost have elevated inflation after reaching 2.5% in 2019, despite the subdued consumer demand.

The Bangko Sentral ng Pilipinas (BSP) took an accommodative stance to provide support to the economy. The central bank delivered five interest rate cuts totaling 200 basis points (bps) for the whole year of 2020 and lowered the reserve requirement ratio by 200 bps to 12%. With these policies implemented, the BSP injected about Php 2 trillion pesos into the financial system.

The Philippine Banking System (PBS) remained resilient and achieved positive growth in key metrics, despite the challenges in 2020. Total PBS assets increased moderately by 6.1% to Php 19.5 trillion, compared to 8.4%-11.5% annual growths in the last three years. The total PBS loan portfolio (net) suffered a minor contraction amid an unfavorable lending environment, declining by 2.4% to Php 10.5 trillion.

On the other hand, total PBS deposit level grew by 8.9% to Php 14.9 trillion, surpassing last year's growth rate of 7.1%. The liquidity and capital buffers remained intact.

Against this backdrop, RBank continued to deliver a solid financial performance in 2020 notwithstanding the impact of COVID-19 pandemic. RBank posted strong growths in assets, loans, deposits, and profitability.

RBank ended the year with Php 151.1 billion in total assets, increasing by 15.3%, faster than the 8.0% growth in 2019. The Bank's asset base has grown by a compounded annual growth rate (CAGR) of 21.3% since 2015 when

we embarked on the Roadmap 2020, faster than the industry's 6.1% growth. RBank concluded its five-year initiative by achieving its Roadmap 2020 target rank of 18th from 26th in 2014 among universal and commercial banks (UKBs).



The Bank's gross loan portfolio bucked the industry trend and grew by 8.2% to Php 86.8 billion in 2020. This was supported by the 15.3% expansion in consumer loans and 4.0% improvement in commercial loans. Growth in consumer loans was driven by the strong performance of real estate loans, which increased by 25.0% to Php 24.2 billion compared to last year. By end-2020, the Bank's ranking in terms of total loans among UKBs improved by another notch to 15th. Since the beginning of the bank's initial five-year initiative, RBank improved by eight notches.



As the economic impact of the pandemic dragged on, the Bank experienced an uptick in gross non-performing loans (NPLs), which amounted to Php 2.5 billion by end-2020. However, the Bank's Gross NPL ratio of 2.9% remained better than the banking industry's Gross NPL Ratio (net of IBL) of 3.70%. To address the probable credit and impairment losses that may arise in the near term, RBank booked Php 1.1 billion in provisions. This was 8.6 times more than the provisions set aside in the previous year.

In terms of liquidity, the Bank's deposits improved by 20.3% in 2020, to reach the Php 117.4 billion level, faster

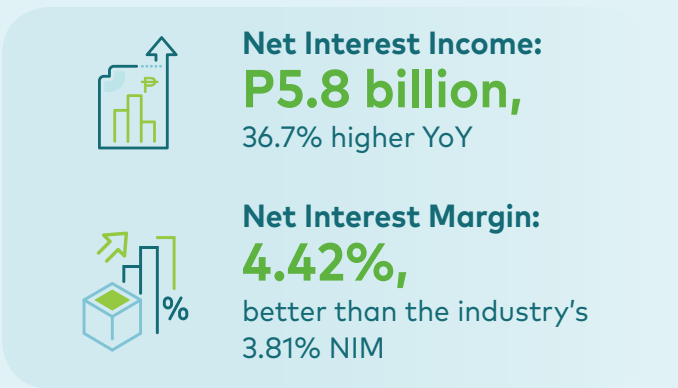
than the industry growth of 8.9%. This was supported by the branches remaining operational at 60-65% during Enhanced Community Quarantine (ECQ) in March, 90% upon easing to Modified ECQ in May, and 100% under General Community Quarantine in June.



RBank ended 2020 with 154 branches and 338 ATMs and cash deposit machines. Despite the lockdowns, the Bank was able to open three new branches: (1) Annapolis Street (San Juan City), (2) Clark Global City (Pampanga), and (3) BF Homes (Paranaque City) and we were able to install 28 ATMs. In 2020, RBank processed close to seven million withdrawal transactions.

In the recent BSP industry ranking report on total deposits, Robinsons Bank kept its rank at 18th among UKBs and is closing the gap to reaching rank 17th.

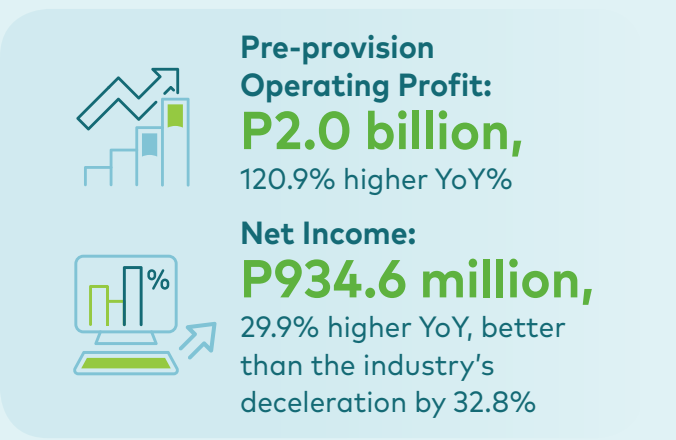
The Bank's remarkable 2020 performance demonstrated the Bank's resilience in a very challenging year. Net interest income grew by 36.7% to Php 5.8 billion in 2020, as interest income and interest expense improved by 8.9% and 31.0%, respectively. As a result, the Bank's net interest margin increased to 4.42%, better than the industry's 3.81% NIM.



Non-interest revenues likewise improved by 29.2% to Php 1.2 billion in 2020, on the back of hefty trading gains. Total trading gains, inclusive of gains on sale of investment securities at amortized cost, amounted to Php 939.2 million, growing more than double the 2019 gains.

2020 was also a pivotal year for RBank, as we optimized our business technology and operations by fast-tracking our digitalization initiatives. Operating expenses modestly increased by 11.9% to Php 4.6 billion, driven by information technology-related expenditures. The Bank's cost-to-income ratio likewise improved to 69.5%, from prior year's 81.8%.

Overall, the Bank performed better than the banking industry in 2020. RBank delivered a net income of Php 934.6 million, growing by 29.9% from previous year, while the industry contracted by 32.8%. Pre-provision operating profit (PPOP) grew by 2.2 times to Php 2.0 billion in 2020, from Php 908.5 million a year ago.



The Bank's return on equity improved by 39 bps to 5.28% in 2020.

The Bank's capital base stood at Php 18.3 billion. The strong earnings performance translated to capital adequacy ratio (CAR) at 17.3% and common equity tier 1 (CET1) ratio at 16.4%, both above the regulatory requirements.

Message from the Chairman and
the President & CEO



ELFREN ANTONIO S. SARTE President & CEO

DRIVEN TO CREATE VALUE:
NEW GROWTH AREAS IN THE NEW NORMAL

Robinsons Bank considered the COVID-19 pandemic as a catalyst. Understanding the new normal, the Bank accelerated rolling out the digital initiatives defined in the Bank’s new five-year strategic plan, Roadmap 2024, and started building digital capabilities. Various products and services were launched during the pandemic to address the direct and immediate needs of our customers. RBank enabled our clients to do banking given the travel restrictions and shifted to digital channels in terms of customer onboarding, transaction services, selling, and other banking activities.

During the heightened lockdowns, Robinsons Bank saw the opportunity to remain relevant and to provide the best customer experience. As a result of the collaborative effort among business units in the Bank, we resolved a major pain point – how will customers go to the branch, queue up, and undergo an account opening process in a quarantine scenario. Moreover, the Bank saw the increase in the number of individuals engaging with online businesses and are finding channels for cashless transactions.



Robinsons Bank was the first bank to launch an online account opening app at the onset of the pandemic. On April 30, 2020, a month after the entire Luzon region was placed under ECQ, RBank Sign Up was introduced. RBank Sign Up allows digital onboarding of customers. The app enabled the Bank’s customers with branch-less account opening, anytime, anywhere. In May 2020, 37% of the new accounts generated by the Bank were through digital onboarding. By end-2020, more than 45,000 customers downloaded the app and 34.5% of those opened accounts using RBank Sign Up. In 2020, 25% of new accounts opened used the digital onboarding channel and generated an outstanding balance of Php 63.8 million. It is a privilege to have onboarded and served thousands of Filipinos for their banking needs during this pandemic.

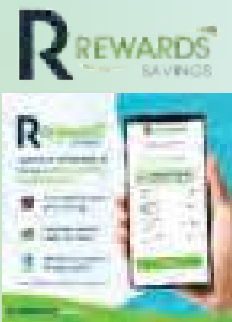
Message from the Chairman and the President & CEO



Last May, we introduced a QR payment capability called RBank QuickR. This is a fast, easy, and convenient cashless payment solution that allows a merchant or small business owner to securely accept contactless payments from any participating bank. The RBank QuickR code is interoperable, meaning that a customer can conveniently scan the QR from his bank's mobile app and make a payment directly from his account to the merchant's account. The transaction is confirmed and completed in real time, while the merchant receives cash quickly without revealing his account number. In 2020, we piloted P2P (Person to Person) QR payments to more than 200 individual merchants.



We rolled out a superior and complete payroll payout service in July. The Digital Payroll Account Opening via RBank Sign Up was the first of its kind in the Philippine market. This reduces the employers' turnaround time in onboarding new employees by taking out some of the manual tasks. The employees, on the other hand, can open their RBank payroll account anytime and without the need to go to a branch. In five months, we onboarded more than 50 companies and more than 3,300 payroll accounts were opened.



We initiated RRewards Savings in early September. This product offers the benefits of a debit card and a rewards card. This is a collaboration between RBank and GoRewards where customers can earn GoRewards Points while saving. For every Php 5,000 monthly average daily balance, the cardholder can earn 1 reward point.



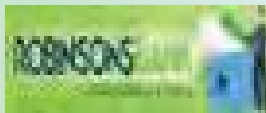
By late September, RBank Digital (RDX) debuted in the market. This is the Bank's retail internet banking platform, available through a web browser or a mobile app. This allows our retail customers to securely check account balances and perform banking transactions like pay bills, transfer funds, pay, and remit funds. RDX, through its mobile app, also allows the customer to pay for purchases via QR in selected merchants. This also allows customers to view their Robinsons Bank credit card information. In three months, there were almost 50,000 enrolled RDX users.



In less than a week after we kicked off RDX, the RBank Mastercard corporate card was introduced to help corporates control their travel and business expenses. This product can help the corporates reduce payment processing expense, control employee spending, improve efficiency and optimize accounts payable through robust transaction level reporting.



By early October, we introduced a solution to help businesses improve their cash flow and their customer experience. Through an automated invoicing, electronic invoice presentment and payment, businesses can shorten invoice collections, thus cutting costs and increasing efficiency.



In early November, the Bank rolled out Corporate ADA (Automatic Debit Arrangements). This facilitates B2B and C2B bills payments via automatic debit from a corporate or retail buyer's accounts.

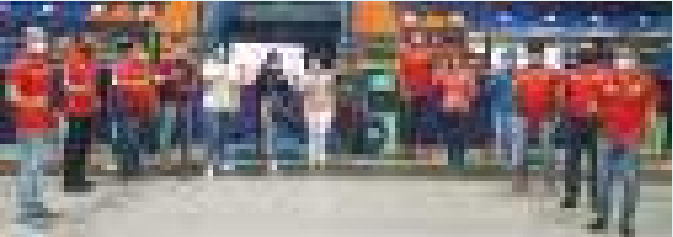
We are also happy to note that the Bank's application of Type-3 Derivatives License with the BSP has been approved last December 21, 2020. With this approval, RBank has solidified further its investment and funding outlets which can be used to generate more revenue. The Bank is now permitted to trade derivatives: Asset Swaps, Cross-Currency Swaps, and Interest Rate Swaps to add to its existing and growing array of funding and investment channels.

RESPONDING TO OUR COMMUNITIES' NEEDS DURING THE COVID-19 PANDEMIC

In RBank, at every available opportunity, we embed financial inclusion into the development of our digital technology and products and services. We believe that our efforts have bigger purpose of uplifting the lives of our fellow Filipinos. We are one with BSP in its commitment to support the unbanked and the underbanked.



L-to-R: RBank Digital Banking Segment Head Agnes Theresa A. Salvador, DSWD Secretary Rolando D. Bautista, and RBank President and CEO Elfren Antonio S. Sarte



San Juan Mayor Francis M. Zamora (6th from right) checking the SAP facilities during the SAP distribution in San Juan.

We, at Robinsons Bank, were grateful when we were tapped by the Department of Social Welfare and Development (DSWD) to partner with them in the distribution of the government's Social Amelioration Program (SAP) to millions of needy families impacted by the pandemic. With this initiative, we created a digital banking solution – the first cardless ATM product of the



SAP beneficiaries from Laurel, Batangas. These beneficiaries used RBank's e-Ayuda facility, a cardless ATM withdrawal.

Bank to eliminate face-to-face interaction with the beneficiaries. This provided a major vote of confidence for the Bank's digital products and services as only financial service providers with a digital cash withdrawal option via cardless ATM was engaged by BSP and DSWD in this activity. The Bank was able to help more than 60,000 beneficiaries, including new accounts creation from the Agta tribe. With this cardless withdrawal solution, RBank did not charge any convenience fee as our assistance to the government and the SAP beneficiaries. As an upshot of this activity, we are honored to be featured in the BSP Financial Inclusion Book – *No One Left Behind*.

These achievements are the true yardstick of the Bank's digital strategies as we navigate through the COVID-19 pandemic.

Message from the Chairman and the President & CEO

In support of the government's "Bayanihan to Heal As One Acts 1 and 2", RBank provided grace period for all consumer, corporate, and credit card payments to provide ease to our customers who were already burdened by the crisis. Over 45,000 customers were given flexible loan payment arrangements and extensions as our customers' health and safety are our top priority.



Moreover, RBank has waived and continued its Piso-fee for online fund transfers of PESONet and InstaPay. The lowered transaction fees from Php 25.00 is our way of helping our clients by providing relief measures as much as we can.

EMBRACING THE DIGITAL REVOLUTION AND FRAMING OUR CAPABILITIES

The entire banking industry was under tremendous pressure to ensure business will be as normal as possible despite disruptions. The operational and technical challenges faced by customers underscored the need for banking systems to build agility during a crisis. The "digital-first customers" have come of age.

With the launch of RDX in 2020, there has been a remarkable increase in the number of digital-first banking customers. The pandemic accelerated the shift of customer behavior towards digital banking as new adopters of online banking increase. This digital adoption compressed years of digital transformation into months and weeks. RBank provided customers with all basic services, digitally.

Another strategic platform that the Bank launched in 2020 was Mobile Online Credit Assessment System. This is a paperless credit investigation report that tracks status and turn-around time of CI requests which resulted to improvement in productivity. This initiative won two international awards as Best Automated Loan Process Philippines 2020 awarded by the International Business Magazine and as Most Innovative Digital Transformation Initiative Philippines 2020 awarded by the Global Economics Award.

Along all these improvements, we continue to invest in key systems in infrastructure and cybersecurity solution. In 2020, we implemented the following information technology and cybersecurity solutions: (1) Security Operations Center, (2) Portwise Two Factor Authentication System, (3) F5 Application Firewall, (4) Checkpoint Next Generation Firewall, and (5) Palo Alto Next Generation Internal Firewall.

The Bank was also quick in shifting to digital media to reach wider markets. Various digital media platforms were tapped to provide visibility and allow more value to RBank. We also made significant improvements in the Bank's website. We are now using data analytics to help us better understand our clients' needs and give us visibility on what will provide them more value. We also made our fillable forms digital and available online.

In carrying out these initiatives, we only have one focus – to continue uplifting the lives of our customers through digitization.

IGNITING OUR PASSION



We are honored to be recognized again by international award-giving bodies. This inspires Robinsons Bank to continuously deliver remarkable products and services to deliver targeted and tailored customer experience to our customers.



In 2020, Robinsons Bank was named as the **Philippines Best Employer Brand** by World HRD Congress and Employer Branding Institute. The Bank was likewise recognized as the **Best Commercial Bank in the Philippines 2020** by the International Business Magazine. For the second consecutive year, the Bank won as the **Fastest Growing Commercial Bank in the Philippines 2020** during the 6th Global Business Outlook Awards. Moreover, our recently launched product RBank Sign Up received two major awards – **Most Innovative Retail Bank Product in the Philippines 2020** awarded by the International Business Magazine and **Omni-Experience Innovator Winner in the Philippines 2020** by IDC DX Awards 2020. Lastly, Go! Salary Loan Online product was named the **Most Innovative Digital Transformation Initiative in the Philippines 2020** by The Global Economics.



MOVING FORWARD

The Bank moved beyond its means when the pandemic hit. Opportunities streamed which allowed us to shift and redesign our purpose, while we remain driven to create value for our stakeholders. It was essential that the Bank entered the crisis with a clear five-year initiative. Guided by Roadmap 2024, the Bank was able to pivot and be agile as we geared towards the Great Reset. We will use our position to take advantage of the new normal. We remain committed to our goal of becoming one of the major banks in the country in the next five years, providing the best customer experience for our customers, a winning culture for our employees, outstanding returns to our owners, and a responsive organization for our community.

With the guidance of the strong and abled leaders of RBank, together with our Board of Directors, we are confident that we will navigate 2021 with great optimism. We would like to thank Directors Esperanza S. Osmeña and Angeles Z. Lorayes for their invaluable contributions in helping steer the Bank over the years until this difficult time and we would like to welcome Directors Catalino S. Abacan and Teodoro M. Panganiban as our new Independent Directors. We look forward to their participation and engagement as we cruise the strategic direction of the Bank ahead.

We look back at 2020 with pride. The strong performance of RBank in 2020 is the product of all 2,306 "RBankHeroes". It is our "malasakit" that kept the lights on. We would also like to express our gratitude to our customers and shareholders for their continued trust and confidence in RBank. We take pride in serving our community, now and towards the future.

In Robinsons Bank, the future is bright.

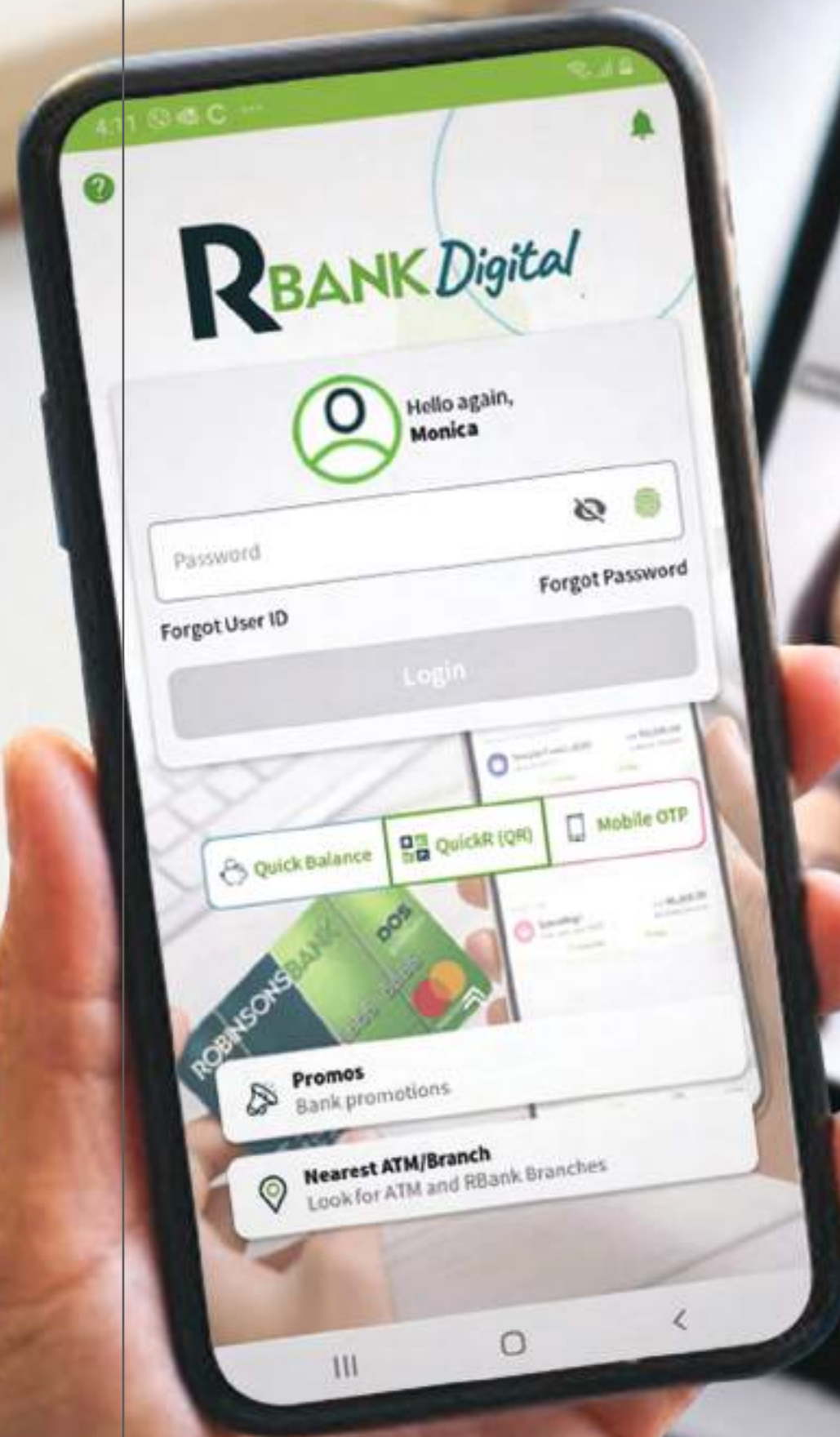
LANCE Y. GOKONGWEI
Chairman

ELFREN ANTONIO S. SARTE
President & CEO

Operational Highlights

REVITALIZED APPROACH TO BANKING.

The unprecedented events brought about by the global pandemic shook the nation to its core. Lockdowns and losses of jobs and businesses were part of a gripping reality that pushed us further to look for opportunities to help our countrymen overcome these difficulties. Given this daunting yet spirited environment, the Bank lived up to our commitment of ensuring continued banking services and operations.



RETAIL BANKING SEGMENT

While the country experienced community quarantines at varying levels towards middle of last year, Robinsons Bank unceasingly ensured business continuity to provide uninterrupted delivery of essential banking services to its clients. In the true "bayanihan" spirit, the Retail Banking Segment (RBS) joined forces with other units of the bank, not only to provide logistical and manpower support to its branches but also to implement precautionary measures to safeguard the health and welfare of both its clients and employees.

At the onset of the pandemic, branches remained operational at 60%-65% capacity, gradually increasing to 90%-100% upon easing of the community quarantines. At a time when customers needed immediate access to funds in the

most convenient way, RBank ensured that its ATMs remained accessible 24/7 at 85%-100% capacity during the various stages of the community quarantine. Despite the challenges of the situation, the Bank did not waver from its passion to practice financial inclusivity. It operated select strategically located branches daily on shortened banking hours, even on Saturdays, to serve the needs of local communities.

As a socially responsive organization, RBS likewise participated, in the pay-out of the DSWD Social Amelioration Program (SAP Subsidy Distribution) for thousands of eligible beneficiaries during the pandemic, covering Pasay, San Juan Mandaluyong, and Batangas areas. RBank's participation as a partner bank of DSWD was successfully carried out in proper coordination with DILG and the respective LGUs to ensure smooth distribution of benefits.



P64.6B

Total RBS deposit balance reached Php64.6Bn as of yearend, increasing by Php11.2Bn or 21% from take-off, better than industry's deposit growth rate of 8.9%



P39.8B

Peso CASA level ended at Php39.8Bn, higher vs. take-off by 25% or Php7.9Bn, vs. industry growth rate of 18.5%



P19.5B

Peso Term deposits likewise increased, reaching P19.5Bn, up by 20% or P3.2Bn from 2019. RBS continued to successfully drive and initiate time deposit campaigns thru the short term and 5-year TD promos.



Responding to clients' evolving banking needs is foremost in these critical times.

RBank's award winning products and strong relationship with clients helped broaden its customer and deposit base. RBS' performance remained remarkable as its total deposit balance reached Php64.6Bn , increasing by Php11.2Bn or 21% from 2019, better than industry's deposit growth rate of 8.9%. Peso CASA level ended at Php39.8Bn , higher vs. 2019 by 25% or Php7.9Bn, and better than the industry's 18.5% growth rate. Peso Term deposits likewise increased , reaching Php19.5Bn, up by 20% or Php3.2Bn from previous year, as RBS continued to successfully drive and initiate time deposit campaigns thru the short term and 5-year TD promos.

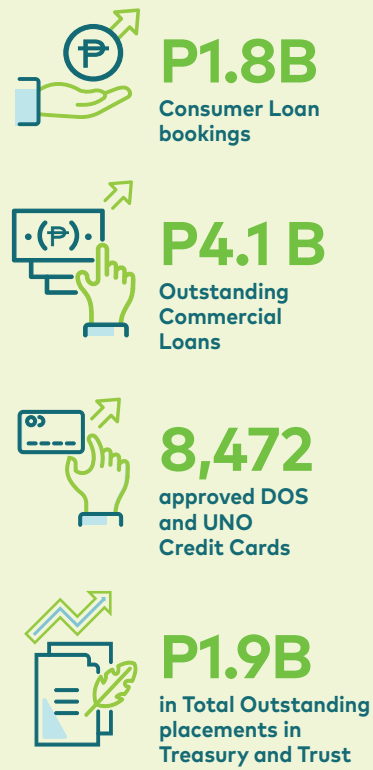
The pandemic also opened many doors to new opportunities, so to speak, which RBank immediately took on. Not only did the situation allow RBankers to

push themselves beyond unusual limits and extraordinary levels of innovation, but also moved them to reach customers in any location: at home, at work, in-transit, or simply anywhere one can be.

The use of digital channels in a growing number of activities such as customer onboarding, on-line transaction servicing, and selling, has helped in broadening the Bank's customer base. Its award-winning RBank Sign Up for that matter, a mobile application specifically created for account opening within 10 minutes, spawned over 17,000 or 25% of its total new deposit customer accounts for the year.

Retail Banking Segment

Robinsons Bank continued to benefit from being allied with one of the country's biggest conglomerates. Its pool of customers, suppliers, and partners, has become another channel for growing its deposit base and generating new accounts. Through intensified cross selling activities across all branches, RBS has contributed significantly in supporting the products and services of the Bank's other business units in 2020, in the form of the following.



Open an
IPN Insurance
account now



RBank's bancassurance through its partnership with Pru Life UK also delivered a significant performance, contributing almost Php58.0Mn in Annual Premium Equivalent in 2020. The success of the initial 3-year Bancassurance Agreement which started in 2018, has paved the way for the renewal of its 3-year Distribution Agreement from 2021-2023. This is attributable to RBank's accomplishment of its 3-year committed targets which was fully supported by Pru Life's various insurance offerings, financial wellness programs, estate planning

seminars, market outlook sessions, webinars, and other activities for RBank's branch customers.

The varying levels of community quarantine in 2020 did not impede the Bank's branch expansion program to reach more people and offer its products to more growing communities. Despite the pandemic, RBS was able to open 3 new branches - Annapolis BLU, Clark Global City, B.F. Homes Paranaque - and relocate 2 branches - Amorsolo (previously Paseo De Roxas Branch), and BGC 32nd St. (previously BGC 7th Avenue Branch). RBank likewise

deployed 28 ATMs (3 onsite & 25 offsite), bringing the total network to 154 branches and 335 ATMs (169 onsite and 166 offsite) as of year-end 2020.

2020 Branch and ATM Network

AREA	BRANCHES	ATM
Metro Manila	72	140
Luzon	49	121
Visayas	21	48
Mindanao	12	26
Total	154	335

Given the year's challenges, RBS shall continuously work towards growing its business under these changing times. The four main drivers that have kept the retail



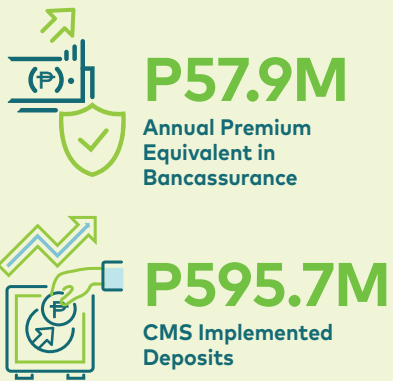
Download the

now



The Bank's award-winning products and stronger relationships with clients helped broaden its customer base and increase deposits.

banking business thriving are : ensuring continuous operations; constant communication and engagement with customers; innovation in terms of new product and service offerings ; and encouraging customers to shift to digital channels. Certainly, responding to clients' evolving banking needs is foremost in these critical times.



CONSUMER AND REGIONAL BANKING SEGMENT

Robinsons Bank assured its clients of the continuity of consumer lending activities even under the new normal. Regardless of the challenges of a troubling environment, the Bank proceeded with its lending operations after a thorough review of its target markets and credit parameters.

Post-lockdown environment saw the immediate resumption of relending activities with RBank's lending teams complementing work-from-home arrangements with split operations and direct to field arrangements. It remained available and accessible and reaffirmed that the interest of all stakeholders remained secure by setting up additional lending safeguards. As such, the RBank saw Consumer Loans growing twice faster than industry, registering a 16% growth for 2020 and a 5-year CAGR of 36.3%.



Responding to clients' evolving banking needs is foremost in these critical times.

The Bank also installed a lending platform that can be easily accessed by direct borrowers and more particularly by its partner channels such as property developers and auto and motorcycle dealers. These teams focused initially on existing clients including top corporations whose employees' needs were urgently addressed. But for the most of 2020, RBank continued to expand in regional areas, particularly in Cebu and Davao, where total customer count has already reached over 185,000.

REGIONAL LENDING GROUP

In July 2015, RBank commenced its lending activities outside Metro Manila where commercial loan opportunities abound. Furthermore, this move supported our provincial branches such that the Bank was able to grow deposits and expand relationships with existing client base. By 2020, total loan portfolio reached P4.4 billion, reflecting an amazing 6-year growth (CAGR) of 93%.

Much like its shift in urban centers, Regional Lending swung its attention from acquisition to maintaining the quality of its portfolio during the pandemic. This led to an improvement in Loan Portfolio by P221 million or 5% more than 2019 level of P4.188 billion. The Group sees more favorable performance as RBank strengthens its regional presence in the areas of Cebu, Davao, Cagayan De Oro, Iloilo, Pampanga, Calamba, Dagupan and in Bicol in the coming years.



Home Loans continued to deliver astounding growth for Robinsons Bank. At 42% CAGR, RBank's home loans has grown four times faster than industry. Notwithstanding the economic downturn resulting from the pandemic, it delivered a Loan Portfolio balance of P23.3 billion at the end of 2020, increasing by 27% over the previous year. Top real estate developers and pocket developers

Consumer and Regional Banking Segment

continued to be the main source of loan applications. Add to this was a successful Broker Referral Program launched during the year and RBank Sign Up customers who were also its Home Loan borrowers.

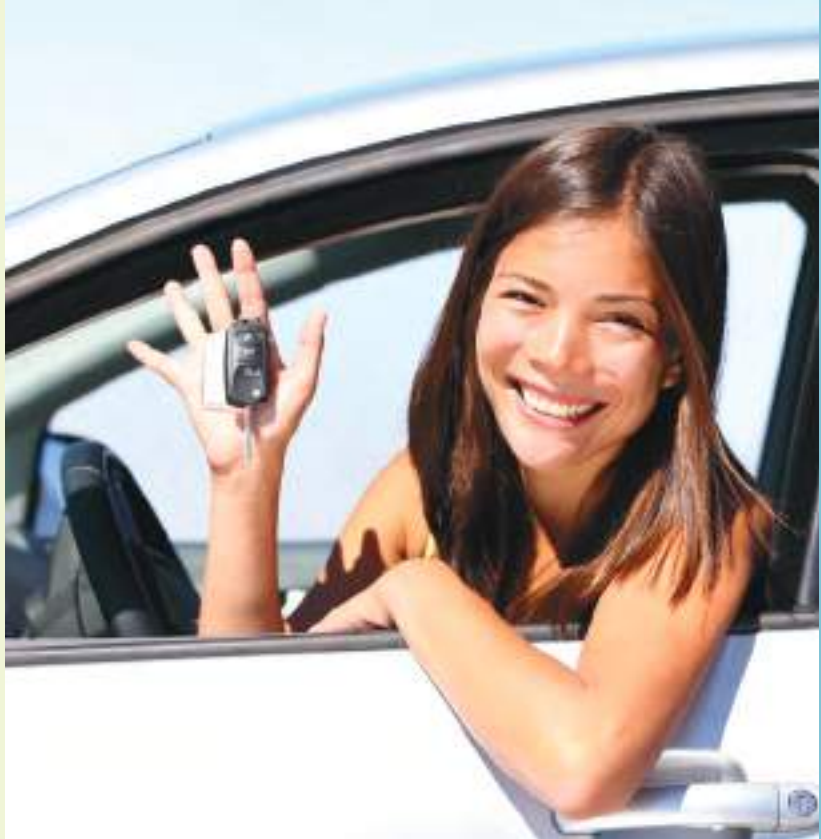
	CLIENT	BROKER	TOTAL
2020 RBANK SIGNUPS	371	75	446
2021 RBANK SIGN UPS	60	7	67

GO!AUTO LOAN

As with nearly all sectors, the automotive industry also impacted heavily by the pandemic, with industry sales reportedly being set back by a 40.26% decline after car manufacturers and dealers shut down operations for two months in shared effort to contain the spread of the covid 19 virus. Consequently, the Bank's new auto loan bookings also took a hit dropping by 31.38% from P1.54 billion in 2019 to P1.06 billion in 2020. When auto loan applications processing resumed, RBank maintained more prudence in its approach so that its auto loan portfolio remains healthy. Like most, the auto loan teams utilized all kinds of digital channels to encode and mobilize the process as well as update clients and business partners on a real-time basis. The situation also gave RBankers the opportunity to encourage clients to "RBank Sign Up" for loan proceeds, incentives and other benefits of its digital features. This cross-selling initiative generated 357 new CASA clients and agents.

GO!MOTORSIKLO LOAN

Nationwide and localized lockdowns dealt a heavy blow to several industries including motorcycle dealerships. RBank put a halt on motorcycle financing activities for nearly the entire second quarter of 2020. And while financing resumed during the second half of the year, the Bank remained cautious and even selective due to perceived risks on highly impacted industries. As a result, loan bookings for this category decreased by 30% and loan portfolio, by 5%.



Nevertheless, as individual mobility became a necessity due to the limitations in public transport, the Bank continued to partner with our accredited motorcycle dealers to provide affordable financing packages for the middle class and the marginalized income market during the pandemic. The use of the Mobile CI Application (MoCA) app has greatly facilitated loan application processing. In fact, it earned recognition through two international awards: being the Best Automated Loan Process and the Most Digitally Transformative Initiative.



GO!SALARY LOAN

The Bank's Go!Salary Loan Program set off with a good starting growth of 10% in the first two months of 2020. Most of these were employee salary-deducted loans. However, the pandemic dealt a heavy blow on the workforce of the Bank's target industries; the country saw employee retrenchment, reduced man-days work resulting in salary decreases and closure of several businesses. The ensuing effect was a painful 55% reduction in overall loan releases for the entire year.

As the country eased community quarantine levels and mobility restrictions, selective lending activities resumed to employees of accredited companies by the second half of the year. The Bank, however, turned its attention to account management and a purposeful response to the government's Bayanihan Act which entails payment assistance to loan clients. As a result, employees from various accredited companies were given affordable payment schemes.

Scan for
GO!Loans
Products

During the interrupted period of lending, the Bank continued to work on digital solutions that will improve its services and promote total customer experience. The offshoot of this program is the Go! Salary Loan Electronic Promissory Note (ePN), which was implemented in May 2020. This automated application platform gave the Bank a customer satisfaction rating of 97% and was awarded the Most Innovative Digital Transformation Initiative in the Global Economics Awards 2020.

Once again, Robinsons Bank's digitalization initiative for its Go! Salary Loan hit it gold and consummated its goal of enhancing the customer experience and improving process efficiency, not only within the Bank but also in nearly all the companies under the John Gokongwei conglomerate. It utilized the agile methodology in developing a digital process for its multi-purpose loan facility that is easy and convenient to use by clients. Unlike the old system which requires burdensome paperwork, the digital web portal now allows fast application progressions and brings about cost savings in man-hours, risk reduction and ultimately, increased efficiency. With Go! Salary Loan digital, processing time was drastically reduced from the usual 1 to 2 weeks to only 1 to 2 days.

Consumer and Regional Banking Segment

CARDS BUSINESS GROUP

Not only did the pandemic bring about an untrodden range of challenges for the Cards Business Group (CBG); it also paved the way for RBank to make the necessary strategic changes to existing and planned programs so that our clients and businesses can acclimatize to and eventually embrace the new normal.

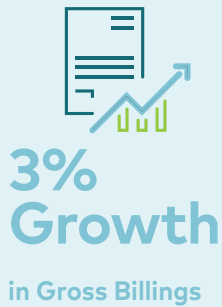
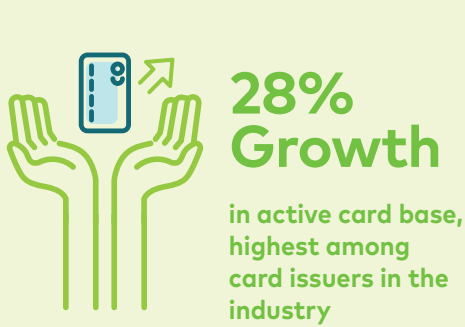
The evolving landscape continued to push the Group to focus on business resilience and adaptiveness while preserving its award-winning status in service excellence and digital innovation. Our digital groundwork for cardless withdrawal led to the launch of a product called e-Ayuda for the Department of Social Welfare and Development's (DSWD) Social Amelioration Program (SAP) funds payout to beneficiaries from Pasay City, San Juan City, Mandaluyong City and Laurel, Batangas.

Meanwhile, through partnerships with Robinsons Retail Holdings Inc. (RRHI), Lazada and other big merchants, the Bank saw the increased visibility in a bigger market of its selection of cards.

The Group also offered a better way to keep card payment obligations lighter. Cardholders can now conveniently manage their cash flow through the Internal Installment Plan, a web-based application portal that gives options for installment payment. These can be through Balance Conversion, Balance Transfer, Conversion to Cash and Transaction Conversion.



Apply for Robinsons DOS Mastercard



Apply for Robinsons Cashback Card



In this new normal landscape, the Bank's Cards Business is fast becoming more than just a gateway to expanding customer relationships. As social distancing has repeatedly emphasized the importance of digital channels, e-commerce and contactless methods are also being utilized to secure and grow its credit card base. Thus, CBG launched the DX QR/Bitly Project for its Cards sales as well as cross-selling opportunities for RBS and the Bank's external and internal sales channels. This project was subsequently followed by other acquisition programs, namely Secured Card and systems developed

by DAVI Precision Marketing and the Philippine Institute of Civil Engineers.

At the end of 2020, the Group saw active card base and gross billings grow by 28% and 3%, respectively. This growth was the highest among all card issuers as reported by the Credit Cards Association of the Philippines (CCAP), a clear evidence of how its initiatives and programs have propelled Robinsons Bank to rank 13th in terms of Cards in Force and 14th in terms of Gross Billings.

ROBINSONS BANK CARD PRODUCTS



ROBINSONS CASHBACK CARD

Shopping just got better with the new Robinsons Cashback! Enjoy up to 3% rebate at Robinsons Stores and up to 1% rebate on all other merchants.



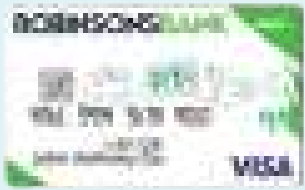
ROBINSONS BANK UNO® MASTERCARD & ROBINSONS BANK DOS® MASTERCARD

Unleash the power of 2-Gives! With Robinsons Bank DOS® Mastercard, all your purchases are automatically converted to a 2-month installment, with no added interest and no minimum amount required!



SIMPLE SAVINGS CARD

Getting a savings account has never been this easy! Robinsons Bank brings you the basic deposit account that requires only Php 100 as initial deposit, one ID card, and simplified Know-Your-Client details. No maintaining balance required!



ROBINSONS BANK VISA DEBIT CARD

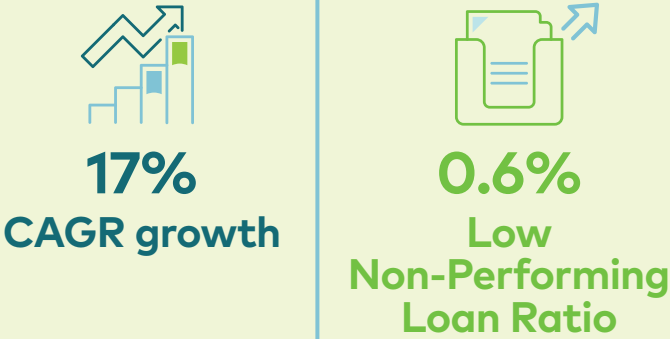
The world, own it! Enjoy the best moments in the limitless world of entertainment, travel leisure and more!

CORPORATE BANKING SEGMENT

Cash management has always been an essential component of financial stability. Accordingly, Corporate Banking Segment provides its corporate and commercial clients first rate cash management services and funding through its Transaction Banking Group (TBG) and Account Management Group (AMG), respectively. AMG offers loan products and financial instruments to corporate and commercial clients in the National Capital Region while TBG complements these clients by offering cash management services that foster stronger relationships.

ACCOUNTS MANAGEMENT GROUP

For the past five years, AMG's loan portfolio continued to grow at a CAGR of 17%, reaching P48 billion. It maintained a very low non-performing loan (NPL) ratio of 0.6% as the Group continued to actively fulfill



the funding requirements of local conglomerates and maintain the growth of its top corporate and commercial clientele. Its trade pool continues to benefit from the Bank's parent, Gokongwei Group, which provides the synergies for supply chain financing.

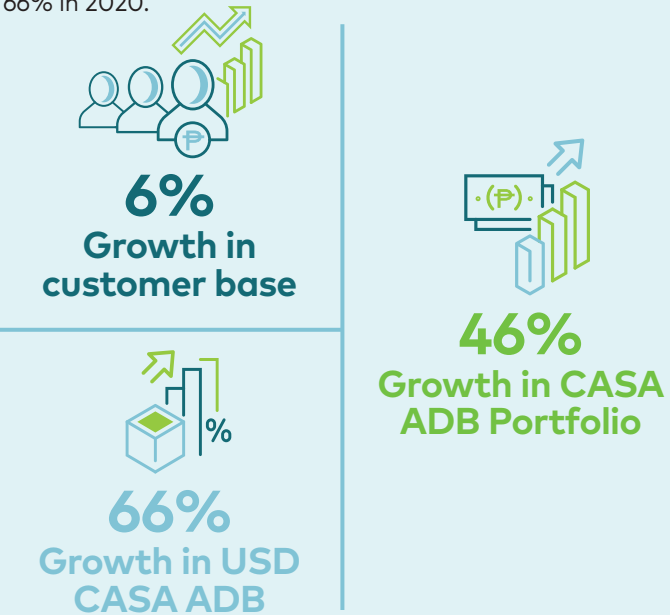
The pandemic held back the growth of AMG's loan portfolio, but its array of loan products continued to fulfill the working capital requirements of its clients, particularly during this challenging times. The Group went beyond its usual exceptional provisions through more attentive financial support and extra working capital requirements. The Bank also continued to be a steadfast partner in its clients' needs during business expansion. One of the most significant initiatives currently is the digitization of our processes which improves customer journey under the "new normal."

TRANSACTION BANKING GROUP

The Transaction Banking Group (TBG) actualizes RBank's cash management services by zeroing in on client's specific needs and formulating tailor-made solutions. With pandemic lockdowns having immediate and discouraging impact on companies' financial operations -- domino-toppling the livelihoods of employees and their communities, TBG's role could not have come at a more crucial time. Its capability of providing customer-centric digital solutions significantly aided the Bank's customers and Gokongwei Group suppliers, particularly those unprepared and unequipped to manage and regain their means of subsistence.

Its catalog of collections, disbursement, and liquidity management solutions has become essential to operations of its existing customer base as well as new ones. Challenging as the year might have been, the Bank's client base was augmented by companies and businesses who need advanced electronic channels that will give their customers more payment and collection flexibility.

Customer base thus increased by 6% with growth coming from beyond the Gokongwei conglomerate ecosystem. peso CASA ADB portfolio also grew significantly by 46% compared to 2019. Notably, USD CASA ADB also grew by 66% in 2020.



Reaching out to customers is vital in enhancing their journey in the new normal.

TREASURY SEGMENT

Government restrictions to combat the virus have led to limited movement of people and reduced business operations worldwide. This trading terrain has made client acquisition challenging for the Treasury Sales team and have thus pushed RBank to pivot its activities to expanding relationships with existing accounts. The Treasury Team made the most of the Bank's shift to digitization, which resulted to seamless and fast execution of trades with clients and counterparties. The move proved to be effective as the Group saw improvement in Securities Trading performance.

As the Bank was rightly positioned in a market replete with opportunities, it made trading gains and engaged into derivatives. Moreover, the Treasury Team also carried on to being an active player in the foreign

exchange (FX) market in pursuit of FX gains and provision of optimum rates to service the requirements of its customers. As it capitalized on the favorable conditions, the Treasury team reported increase in trading gains by P922 million or 122%. Meanwhile, it also witnessed growth in Special Savings Deposit of 2% for Php and 52% for USD.

The year also marked the Bank's first deal as a selling agent in a corporate bond issuance when it participated in the Peso Fixed Income Bond issuance of Robinsons Land Corporation. RBank sold Php 3.2 billion, equivalent to 25% of the total issue of Php 13.2 billion.

As a result of growth in trades, the ranking in Peso Fixed Income Bond Securities brokering improved at the Philippine Dealing Exchange.

With the Bangko Sentral ng Pilipinas' (BSP) recent approval of its application for a Type-3 Derivatives License, the Treasury team is pumped up and thrilled to

start engaging in derivatives trading. The license now allows RBank to perform Asset Swaps, Cross-Currency Swaps and Interest Rate Swaps.



Rightly positioned in a market replete with opportunities, the Bank made trading gains and engaged into derivatives .




78%
increase in PH bond
trade performance


2,340%
increase in USD bond
trade performance


122%
trading
gains


2%
growth in PH Special
Savings Deposit


52%
growth in USD Special
Savings Deposit

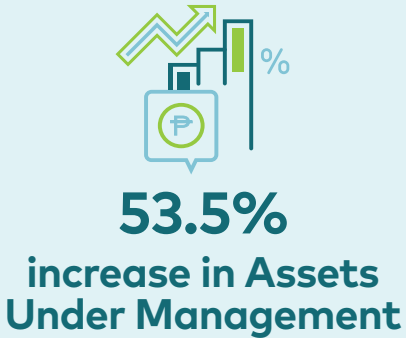
TRUST AND INVESTMENTS GROUP



The unusual environment in 2020 did not spare the Trust and Investments Group (TIG) from external and internal challenges such as shortened financial markets, temporary closure of transportation services and momentary shortage of manpower. TIG, nevertheless, proved that consistency in client servicing and resiliency amidst adversity are key to attaining financial objectives.

During the most crucial times, TIG’s determination pushed it to uphold its commitment by responding quickly and creatively adapting to client servicing activities. Truly, the “bayanihan” spirit continues to be an inherent trait of every RBanker. So once again, the Group displayed robust performance at the end of 2020, posting a 53.5% increase to Assets Under Management which now totaled PHP26.1 billion.

The Group continuously adheres to the Bank’s mission geared towards financial inclusivity by introducing (3) new Unit Investment Trust Funds (UITF) – the Payday Money Market Fund, Equity Index Feeder Fund, and Equity Opportunity Feeder Fund. Beginning 2021, these UITFs will have lower investment amounts -- an investment vehicle designed for beginners as well as savvy investors savers, millennials and professionals.



ENTERPRISE SERVICES SEGMENT

HUMAN RESOURCES MANAGEMENT GROUP

Continuing people development has always been an invaluable medium towards becoming a customer-centric organization. Physical distancing and travel restrictions have now made distance learning and training a part of the new normal. However, even before the pandemic, Robinsons Bank has been engaging in digital learning and virtual training at the RBank Academy and this approach has, in fact, efficiently accomplished far more training programs, increased training hours and more trained bankers.

Resilience in adversity and resoluteness in client engagements are key to achieving our goals .



Enterprise Services Segment

While there were some delays due to lockdowns and mobility limitations, regular training such as the New Hires Orientation Program (NHOP) and the Officers Development Program resumed during the third quarter of 2020. All 24 head office and 26 branch modules of the three-day NHOP training were converted to e-Learning modules which were accessible to newly hired employees any time. "Blended Virtual Learning", on the other hand, was adopted for the Officers Development Program. This approach utilized a combination of modules with virtual classroom training and selected on-the-job training for given group functions. Batch 2020 delivered 26 graduates who are now promoted to Junior Assistant Managers.

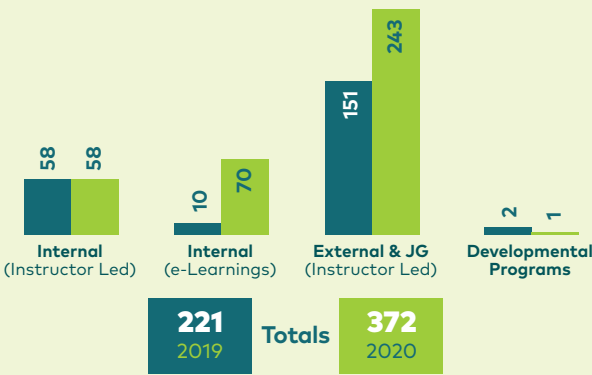
CXF PROGRAM

Under the new normal environment where social distancing and human mobility is restricted, customer-centricity remains to be the fulcrum of our efforts. Our Customer Experience Fortified Program continued to boost customer loyalty and employee engagement for most of 2020.

RBankers continued to receive a good dose of customer-centricity tips and stories through the newly launched CX Fortified Refresh! Not only did these reanimate their knowledge of the Bank's core values but also inspired them to replicate the same behavior and disciplines of the 40 RBankers whose stories were featured. Meanwhile, some 373 RBankers participated in the learning check. The inclusion the 7 Disciplines of Customer Centricity and related topics in morning huddle guide is aimed at further nourishing the strong customer-centric culture now ingrained in the company.

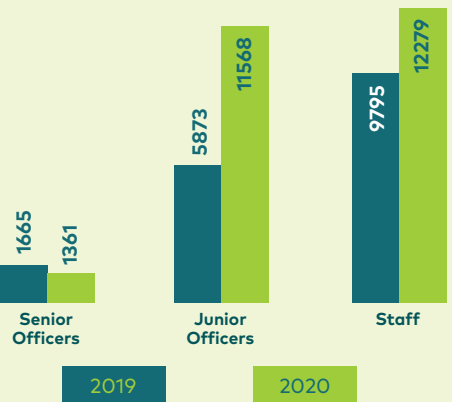
2020 Year End Report

Training Programs



Trained RBankers

25,208 vs 17,333



PRODUCT MANAGEMENT GROUP

DISTINCT AND PERSONALIZED PRODUCTS AND SERVICES

In 2020, Robinsons Bank proved its agility as it continued to develop innovative products and services that respond to the rapidly changing needs of the market. With the community quarantine restrictions in place, there was only limited allowable movement within cities. This prompted the Bank to push for product innovations and services that will make banking services easier, safer, and more accessible to Filipinos.

As branch-banking was temporarily halted during the onset of the pandemic, PMG was able to fast-track the development of an online account opening platform, the RBank Sign Up, which allows Filipinos to full open an account online without having to go to the Branch. RBank Sign Up is the first online account opening application developed during the start of the Covid-19 pandemic. By July 2020, RBank Sign Up has also enabled its digital payroll account opening.

At the end of 2020, more than 45,000 customers downloaded the app and 25% of it opened accounts using RBank Sign Up (new accounts), contributing an outstanding balance of more than Php63 million.

RBank Sign Up has been recognized as the **"Most Innovative Retail Banking Product"** by the *International Business Awards 2020*, and as an **"Omni-Experience Innovator"** by the *IDC Digital Transformation Awards 2020*.



The Bank also launched RBankMo, an agency-banking facility in partnership with PremiumBikes Corporation. This brought banking closer to the homes of many Filipinos as it served communities where there are no nearby branches. Full implementation of RBankMo was awarded by the Bangko Sentral ng Pilipinas in September 2020.

One of the biggest projects that the Bank undertook in 2020 was the distribution of the second tranche DSWD SAP subsidy. RBank was chosen as one of the six financial services providers (FSP). RBank is the only FSP that conducted the distribution that is not face-to-face since it developed the E-Ayuda product in with the Cards Business Group (CBG).

The distribution of the second tranche had a total payout rate of 87%. Approximately 338,000 beneficiaries were assigned to the Bank, more than 159,000 accounts were created, almost 50,000 Filipinos were serviced via cardless ATM.


45,000
Downloads
by end of
2020


87%
Total Payout
Rate

Product Management



eAyuda

is a restricted transaction account scheme code and became the first cardless ATM product for RBank, developed more specifically for the DSWD SAP payout between July and November 2020.



Sprout Solutions

By the end of 2020, RBank launched a Payroll Suite with Premium Bikes/Summit Bikes as Pilot Client. This service offers companies a more efficient payroll solution that automates and simplifies the process from timekeeping to payroll management and all the way to payroll crediting.



RBankMo

With a mobile-savvy yet still highly unbanked financial market in our country, agency banking is the ideal contribution to our advocacy of financial inclusivity. RBank aims to identify reliable agents and make them financial access points within communities who can benefit from this uncomplicated banking solution.



RRewards

is an incentive savings account that eyes the loyalty of our Robinsons Rewards Card member base as well as shoppers and rewards-oriented individuals. It is open to non-RRewards members with a lowered minimum opening balance of P100.



RBank Sign Up

We offered this award-winning digital platform for opening any type of account: ATM, Passbook, RRewards, Payroll, RBank Mo partners and soon IPONsure. This product stood out particularly in the new normal, because the client's account number can almost instantly be generated with a simple yet reliable e-KYC (Know Your Client) feature and without having to fill up forms.



Payroll Payout

This Digital Payroll Account Opening medium was launched to benefit employees, especially onboarding hires, and Human Resources administrators. Employers enjoy the advantage of nationwide servicing without the need to open regional accounts. The product was resoundingly received as the Bank saw 50 corporate clients sign-ups and 3,687 new employee accounts.



EIPP

The Electronic Invoice Presentment and Payment is another vital digital tool that allows RBank to maintain healthy customer, supplier and business partner relationships. This web-based technology is a proven solution to significant cost reduction, time savings for manual or paper-based processing, and simplification of invoicing and payment process for customers, suppliers and partners.

2020 Awards

It is a great year for Robinsons Bank whose aggressive initiatives to improve products and services as it embarked on its "Roadmap 2024" is being repeatedly recognized globally. Its recent string of awards given by prestigious global business institutions and publications can be directly attributed to the fruition of its successfully concluded Roadmap 2019 and unfolding dynamism of its ongoing "Roadmap 2024".

RBank's remarkable growth in recent years manifested in the growth of its general financial standing as well as product advancements and visibility have earned it several international accolades, namely:

FASTEST GROWING RETAIL BANK – 2020

Awarded by Global Banking and Business Review, 2020

FASTEST GROWING COMMERCIAL BANK IN THE PHILIPPINES – 2020

Presented at the 6th Global Business Outlook Awards Ceremony, June 2020

THE PHILIPPINES' BEST EMPLOYER BRAND - 2020

Awarded by the Employer Branding Institute at the World Human Resources (HR) Congress last October 2020

BEST COMMERCIAL BANK IN THE PHILIPPINES – 2020

Awarded by International Business Magazine, 2020

MOST INNOVATIVE RETAIL BANKING PRODUCT (RBANK SIGN UP) – PHILIPPINES, 2020

Awarded by the International Business Magazine, 2020

OMNI-EXPERIENCE INNOVATOR AWARD (RBANK SIGN UP) – PHILIPPINES, 2020

Given at the IDC Digital Transformation Awards 2020 Philippines

MOST INNOVATIVE DIGITAL TRANSFORMATION INITIATIVE: MOCA APP FOR GO!MOTORSIKLO – PHILIPPINES, 2020

Awarded by Global Economics Limited

MOST INNOVATIVE DIGITAL TRANSFORMATION INITIATIVE – PHILIPPINES: GO! SALARY LOAN ONLINE, 2020

Awarded by Global Economics Limited

BEST AUTOMATED LOAN PROCESS – PHILIPPINES, 2020

Corporate Social Responsibility

REAFFIRMING OUR DEDICATION TO SERVE THE COMMUNITY.

THE SUCCESS OF OUR THREE-PHASED CSR ROAD MAP PAVED THE WAY FOR US TO TAKE ON GREATER CHALLENGES IN A COMPLETELY DIFFERENT SOCIAL ENVIRONMENT. EQUIPPED WITH A MOTIVATED MINDSET -- FOR NURTURING GENUINE RELATIONSHIPS WE HAVE BUILT OVER THE YEARS, WE SAW OURSELVES RESPONDING FAST TO THE NEEDS OF THE FAMILIES IN THE COMMUNITIES WE SERVE AND OPERATE IN.

Against the unusual backdrop of lockdowns, health protocols and restrictions in mobility, RBank joined hands with the national government, local government units as well as our partners (allies) in the business in helping the public and businesses cope with the socioeconomic disruption brought about by the pandemic.



Through the big-hearted Gokongwei Brothers Foundation, the Robinson Bank and other strategic business units held relief operations in various locations affected by typhoons and other calamities.



This deserving high school student is all smiles as he receives a learning tablet from Robinsons Bank.



Overjoyed SAP beneficiaries from Laurel, Batangas proudly show their payout withdrawn from RBank ATM in Tagaytay.



Robinsons Bank's assistance in the DSWD's SAP subsidy payout reaches all the way to locations served by its affiliate, Legaspi Savings Bank.

Corporate Social Responsibility

Within our organization, we actively continue to inspire each other and promote volunteerism, not simply to enhance our business performance but at the same time, to deliver assistance that can fuel communities to survive the pandemic and other calamities.

Our CSR activities in 2020 revolved around helping in the delivery of funds and other forms of aid to beneficiaries in selected areas in Metro Manila as well as struggling communities in provincial areas. We increased our contributions to the vulnerable who are at most risk, in terms of health, means of livelihood and general welfare. These initiatives allowed RBank to give back and to maintain the strong and abled existence of families and communities.

SAP (SOCIAL AMELIORATION PROGRAM) SUBSIDY DISTRIBUTION

The months-long lockdowns, particularly during the early stages of the pandemic, have caused dreadful suffering for millions of Filipinos. The government came to the aid of those affected through a subsidy program that would help ease the difficulties of those direly affected in terms of job losses and business closures. Robinsons Bank is privileged to have been one of the banks selected to pay out the government subsidy in funds through its digital payment channels.

Together with the Department of Social Welfare and Development, RBank coordinated with the local government and police in areas in Pasay, San Juan, Mandaluyong, and Batangas to ensure that SAP funds are disbursed in the quickest, safest, most reliable and

efficient way. To ensure that social distancing is practiced in all disbursement channels, we chose several ATM sites and onsite tellers, to be the only stations for the SAP

payout. All eligible beneficiaries naturally went through all health and safety screening procedures prior to claiming of funds.



The Bank ensured the beneficiaries' health and safety during the payout period by complying with social distancing and other health protocols.



The distribution of SAP payout was smoothly conducted in Laurel, Batangas as well as other assigned locations with the concerted efforts of DSWD, PNP, LGU and RBank staff.

DIGITAL PAYMENT CHANNELS

RBank has always taken pride in its advocacy for financial inclusivity. Our continuing initiatives using digital technology to support the unbanked and the underserved segment of society are designed to address these needs particularly in a seamless and successful SAP payout. Almost 53% of beneficiaries are from the National Capital Region while 41% are from the province of Albay.

e-Ayuda: Cardless ATM Withdrawal

Many of these unbanked beneficiaries were able to claim their subsidy through RBank’s newest digital solution,



Thousands of beneficiaries received their Social Amelioration Program payout with ease through Robinsons Bank eAyuda account accessed through hundreds of ATM in assigned locations.

an electronic or “e-wallet” account we called e-Ayuda. E-Ayuda allows accountholders to withdraw from any RBank ATM, even without an ATM card, or over the counter, even without a passbook. These accountholders continue to benefit from electronic cardless withdrawal of personal funds from cash withdrawal machines and onsite tellers at Robinsons Bank and Legazpi Savings Bank branches even long after government aid was given. Beneficiaries also availed of funds via over-the-counter branch withdrawal by presenting withdrawal advices which were sent to official depositors’ mobile numbers. Clear steps for withdrawal in any of the available channels were displayed in Robinsons Bank website.

Extensions in Loan and Credit Card Payment

The “Bayanihan to Heal Act” legislated at the height of the enhanced community quarantine (ECQ) mandated Philippine banks to give grace period for the payment of all types of bank loans in order to alleviate the difficulties of countrymen. While other banks offered varying degrees and length of extension for the payment of loans as well as the waiving of transaction fees, RBank complied and went beyond the minimum 30-day requirement.

Clients of RBank and Legazpi Saving Bank with existing Auto, Housing, Personal, Small Business (Term Loan)

and SME loans were given effectively nearly 90 days extension period from the start of the ECQ. We allowed our clients to refund payments made prior to ECQ, to assuage the impact of loss funds during the extremely difficult times. We also waived penalties and returned check fees as well as discontinued auto-debit and post-dated checks during the ECQ. These initiatives were the least we could do to extend our assistance to society.



SUSTAINING FINANCIAL LITERACY

At the height of pandemic-triggered economic recession, more people continued to rely on generosity of thriving companies even as many businesses have lesser to give. And while RBank has been performing better than many, we continued to extend assistance to employees, partners and communities by diversifying our CSR program during the crisis.

The sustainability circle completed at the end of the CSR Road Map in 2019 generated valuable relationships between RBank and the communities it operates in. Life skills, primarily in the fields of money management and livelihood, were taught to young boys and girls. It is our enduring hope that these skills and the motivation that will drive these children to better the lives of their families in the future be perpetuated regardless of the challenges in any kind of environment, new normal or otherwise.



Several children were among those critically affected by the pandemic-induced move towards online distance learning. They’re happy to be given learning tablets by Robinsons Bank.

However, education is one of the sectors hit hard by the pandemic. Learning came to a halt for about seven months with schools all over the country closing during the lockdowns. Resumption of schooling through a new setup using remote learning methods have left families to struggle further while faced with other challenges. Families were at a loss since many have no means to access to the internet nor have gadgets to connect digitally.

With the hope of ensuring that school children will have a better future, RBank stepped up its crusade for financial literacy, inclusivity and equity by investing in the tools that will help mitigate the disruption and thus enable more families to sustain the education of their children. Rather than traditional giveaways, RBank chose to spread the Christmas cheer by donating electronic tablets to school children in selected communities nationwide. Along with these tablets were loaded SIM cards so that these hope-filled youngsters can have access to the internet for their online schooling. The recipients of these electronic tablets were the children of selected TODA (Tricycle Operators and Drivers Associations) drivers.

Relief Operations with the Gokongwei Brothers Foundation

RELIEF AND AID DURING CRISES AND CALAMITIES

2020 was not scarce of disasters. In just a year, the country has endured Taal's eruption, several typhoons, and the pandemic. Robinsons Bank, together with the Gokongwei Brothers Foundation, reached out to hospitals, communities, local government units (LGUs) and even affected employees to provide relief and aid during the challenging times.



Relief goods, consisting of basic necessities, were distributed to hundreds of families in temporary shelter zones, following the eruption of Taal Volcano which displaced many communities.

Relief to Batangas evacuees

In the thick of the Taal Volcano eruption and evacuation activities in January, GBF assembled volunteer employees to help displaced residents who were accommodated in different evacuation centers in Batangas. We supported the efforts of local government units (LGUs) by giving out relief goods, most of which were basic necessities such as water, rice, canned food, medicines, toiletries and new underwear to the hundreds of families in these temporary shelter zones.

PPE Donation

At the onset of the national crisis, the Gokongwei Brothers Foundation, mobilized the establishment of a P100-million fund to address the most immediate needs of the country. Robinsons Bank, together with other business units of Gokongwei Group, activated its pool of volunteers, to alleviate the urgent requirements of medical frontline health workers in national and local public hospitals where Covid-19 victims are being treated, as well as those in communities where the different business units operate.



Together with Premium Bikes and Legazpi Savings Bank, RBank volunteers purchased over P500 thousand worth of personal protective equipment items (PPEs) for health care front liners of 8 government hospitals nationwide. These PPEs included hair cap, goggles, mask, face shield, laboratory gown, gloves and shoe cover. A total of 614 sets of PPEs were donated to benefit 4,447 frontline health workers in these hospitals.

TYPHOON RELIEF

Once again, RBank, in partnership with GBF came to the rescue of thousands of families grimly affected by typhoons that hit Luzon and the Visayas, one after another. Employee volunteers organized efforts in the repacking and distribution of relief goods through the respective LGUs of the areas that GBF reached out to.



Super Typhoon Rolly

Naga City was among the most severely hit when Super Typhoon Rolly battered Southern Luzon. With several hundred families being displaced due to damaged homes, GBF set out to donate 1,926 relief packs in 12 barangays in Naga City. Among these were Barangay Sabang and Barangay Triangulo where 320 affected families received relief. On top of this, 11,626 relief packs containing food, beverages and essential hygiene products from Universal Robina Corporation (URC) and Robinsons Supermarket were distributed as of November 15, 2020.

Typhoon Ulysses

Still reeling from Super Typhoon, the country was once again struck by another calamity. In true GBF manner, RBank and its sister companies, devoted its relief initiatives to hard-hit areas in Pasig City and Marikina City. Significant donations were likewise given to Tuguegarao City, the provinces of Isabela and Bulacan as well as various communities in Metro Manila. All in all, 9,200 relief packs were given to beneficiaries.

Even if the difficulties of the 2020 seemed insurmountable, the bayanihan spirit among Gokongwei Group's employees have given brighter smiles to thousands of families. Our volunteers who dedicated time, treasures and effort to help their fellow countrymen found their reward in seeing the communities and beneficiaries feel not only care and comfort but also love and hope.



Sustainability Highlights

REINFORCING SUSTAINABILITY FOR 2020 AND BEYOND.



THE INTEGRATION OF SUSTAINABILITY IN BANKING LARGELY FOCUSES ON THE PURSUIT OF ENVIRONMENTAL AND SOCIAL RESPONSIBILITY. WITH ROBINSONS BANK'S (RBANK) VISION OF FULFILLING THE CUSTOMERS' CHANGING NEEDS, SOCIALLY RESPONSIBLE INITIATIVES ARE BEING INTEGRATED INTO PRODUCT DESIGNS, ENSURING THAT IT CREATES A POSITIVE IMPACT IN THE LIVES OF CUSTOMERS. ADDITIONALLY, AS ROBINSONS BANK CHARTED ITS PATH TOWARDS DIGITALIZATION, IT ALSO BROUGHT ABOUT POSITIVE ENVIRONMENTAL AND SOCIAL IMPACTS SUCH AS REDUCED PAPER CONSUMPTION, MANPOWER EFFICIENCY, RISK MITIGATION AND MORE.



At the onset of the COVID-19 pandemic, we swiftly activated our business continuity plans and with our employees' unwavering support, found ways to keep our products and services available to our clients given the limitations with ECQ restrictions. The Bank implemented Covid-19 Strategies and Management which included daily health monitoring for employees and even third party personnel, signages / reminder on health and safety protocols, physical distancing measures, limited face to face interaction and meeting. The Bank together with its parent company has instituted a Telemedicine service aimed at monitoring employees and providing swift medical consultations. This enabled the Bank to track and monitor incidents of Covid-19 and do the necessary with respect to health and even business continuity measures. We also set aside pre-emptive provisions to help cushion the blow to our bottom-line, keeping in mind how the pandemic would affect the economy as well as our partners and clients.



CREATING AN ENVIRONMENTALLY SUSTAINABLE BUSINESS

RBank recognizes that one of the most pressing environmental concerns in climate change is brought by the accelerated economic growth and globalization. With increased carbon emissions come heightened environmental and social risks. The Philippines being one of the countries most vulnerable to climate change has bear witness to sea levels rising, extreme weather and natural conditions. The Bank, together with the Gokongwei Group (GG) has taken steps to mitigate risks arising from climate change. The Bank has taken efforts to manage its resources, limit emission of greenhouse gases in its operations and has raised consciousness and awareness with respect to energy consumption.

DEVELOPMENT OF SUSTAINABLE FINANCE.

In 2020, the Bank embarked on the sustainable finance journey in relation to the issuance of BSP Circular 1085 which mandates all banks to transition to a sustainable finance framework. This basically calls for the integration of sustainability in the Bank's overall governance and risk management system, operations and strategy. RBank is currently in the assessment process with respect to activities that will enable it to transition into a sustainable finance framework and the establishment of the Environmental and Social Risk Management System (ESRMS).

SUSTAINABLE OPERATIONS.

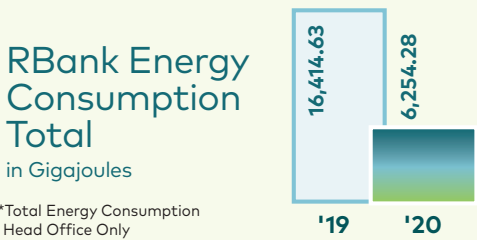
With the constantly evolving business landscape amidst climate change and environment concerns, RBank has been working to measure, manage and reduce the direct environmental impacts of our own operations. Our environmental impacts through a centralized environmental management system and annual report on global energy use, greenhouse gas (GHG) emissions, water use, waste-to-landfill, and green building initiatives and the like are being tracked and monitored. These are hinged on the UN Sustainable Development Goals, as well as the sustainability framework of the Gokongwei Group.

CLIMATE ACTION. REDUCTION OF CARBON EMISSIONS.



Managing energy consumption.

Setting a benchmark in 2019, RBank began to be more conscious of the environmental impacts of its operations in order to measure its current energy consumption and formulate strategies from thereon to make its energy-saving initiatives more efficient and effective. RBank's total energy consumption* recorded in 2020 is 6,254.28 Gigajoules.



Transitioning to Lower Carbon Power.

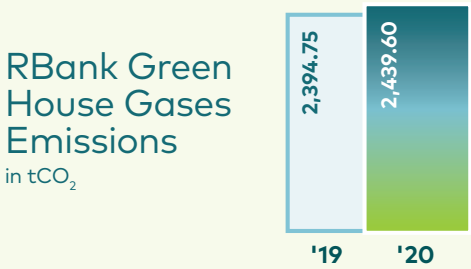
RBank has been using LED lights in all its rented offices and newly constructed branches. Unlike traditional lighting such as fluorescent lamps, LED lights are more efficient as it lasts longer, are more durable and provide better light quality. 95% of the energy is converted into light while only 5% is emitted as heat. Furthermore, to

realize energy savings, RBank carefully chooses the brand and wattage of the LED lights to suit the office and branch space.

RBank has also invested on inverter-type air-conditioning units. While it is at a huge expense, the Bank recognizes that this investment will be cost-efficient in the long run. Moreover, inverter-type air conditioning units reduce power consumption by 40% than traditional ones; and with the absence of constantly turning the unit on and off, power surges and fluctuations are avoidable.

Tracking GHG Emissions.

In addition to managing energy usage, Green House Gases (GHG) emissions are also important to track and reduce as these pose adverse effects to the environment. In 2019, RBank's *total recorded GHG emissions for head office only were at 2,439.60 tCO₂.



RESOURCE EFFICIENCY AND CIRCULARITY. OPTIMIZE THE USE OF NATURAL RESOURCES AND PROMOTE CIRCULARITY.

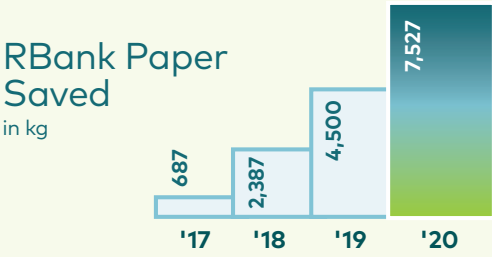
Waste Reduction and ensuring Resource Efficiency.

Following the GG's directive towards adopting a circular mindset, RBank ensures that all resources are used efficiently with minimum to zero waste that is also handled in a responsible manner.

In RBank, paper is a primary resource as it is used for numerous purposes such as account statements for clients. The Roadmap 2020 of the Bank includes chartering the path towards digitalization to streamline products and services. With this initiative, RBank was able to save paper usage that is equivalent to 4,500 kg of paper for 2019. The onset of the Covid-19 Pandemic led

Sustainability Highlights

to an acceleration of digital initiatives and development of contact-less products and services to which the Bank has pivoted towards. Internal processes have likewise been enhanced to adapt to the current working environment --- invoking skeletal workforce and split sites for business critical units / function, and work from home where possible. Given the accelerated shift in 2020 to the digital workspace, 7,527 kilos of paper were saved in 2020.



EMPLOYEE ENGAGEMENT AND DEVELOPMENT

Investing in the institution's greatest asset, our people, enabling them to thrive in the future.



Leadership and People Development.

RBank takes pride in its customer-centric culture that is greatly reflected in the quality of service that the employees are giving to its clients. The bank's Human Resource Management Group continues to be a strategic business partner to the organization. Key training programs are designed to ensure constant growth, as well as, engagement of its people, and alignment to Robinsons Bank's thrust of going digital. These learning exposures included internal programs, external, e-learning, virtual trainings, and development programs.

Encouraging Diversity In Employment.

RBank sources its talents nationwide, with the highest share in the National Capital Region (NCR), the center of its operations.

The Bank has a higher female population in its manpower pool --- that has been the behavior in the past years. Majority of its employees are also millennials and mostly

are from the National Capital Region. The large number on NCR can be attributed to the location of the Bank's Head Office and the number of branches located in NCR.

PERMANENT EMPLOYEE	
Total number of permanent employees	1,919
By gender	1,818
Male	680
Female	1,138
Unknown	-
By age group	1,818
Gen Z	194
Millenial	1,225
Gen X	359
Baby Boomer	40
By place of origin	1,818
Local	1,818
National Capital Region	1,317
Luzon (outside NCR)	291
Visayas	142
Mindanao	68

NEW HIRES	
Total new hires for permanent employees	101
By gender	101
Male	51
Female	50
Unknown	-
By Age Group	101
Gen Z	26
Millenial	66
Gen X	9
Baby Boomer	-
By place of origin	101
Local	101
National Capital Region	81
Luzon (outside NCR)	15
Visayas	3
Mindanao	2

In 2021, the Bank had 101 new hires for permanent employees, 51% of which are males,while 49% are females, and majority of them are millennials. Welcoming the young generation in the Bank also encourages alternative ideas, innovations and out-of-the-box creativity.

Talent Development.

In 2020, RBankers recorded a total of 50,683.22 hours of training, offering 372 programs for its employees. Moreover, in 2020 the Bank sponsored a series of webinars on stress management during Covid-19, mental health awareness programs and the like, cognizant that good health and well-being are paramount for its pool of talents.

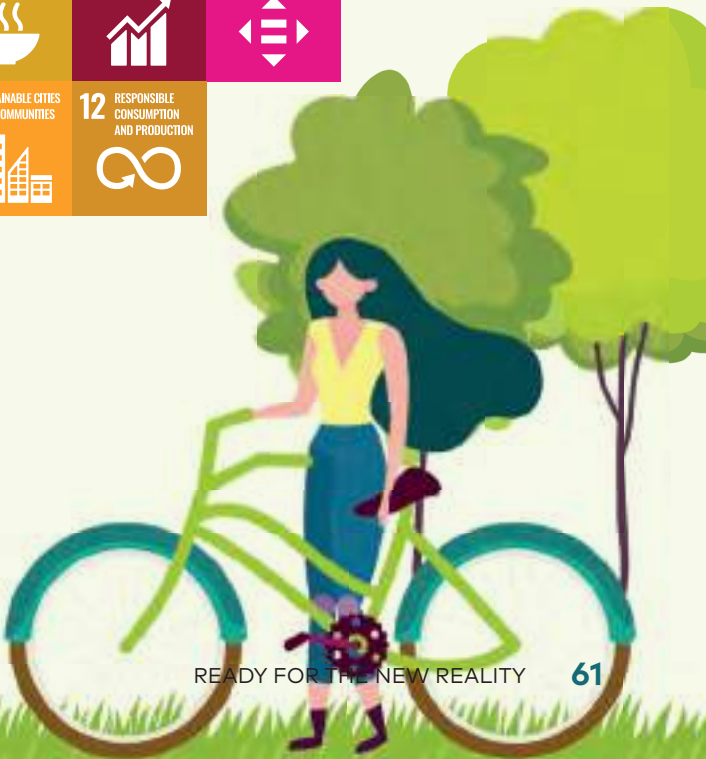
Total training hours provided to employees	50,683.22
Count of Programs	372

Investing in learning and development are also provided to prepare employees for a higher role. In 2019, we have seen 314 employees, 95% of whom came from staff to junior officer level while 5% came from senior officer level. These are talents who have qualified to take on bigger roles and responsibilities. Promoting these deserving employees is one of the ways we recognize, value, and encourage outstanding employee performance.

Training of development of our leaders was likewise undertaken in 2020 with the LinkedIn Learning series which ran from October 2020 to March 2021. There is a wide range of topics available for self-development --- this ranges from technical skills, leadership topics, communication, resiliency and the like.

BETTER CHOICES AND SHARED SUCCESS.

The Bank invests in products and services that improve the quality of life and will eventually enable shared success across all stakeholders.



Sustainability Highlights

PROMOTING SOCIAL SUSTAINABILITY THROUGH PRODUCTS AND SERVICES

Accessible banking and easy onboarding

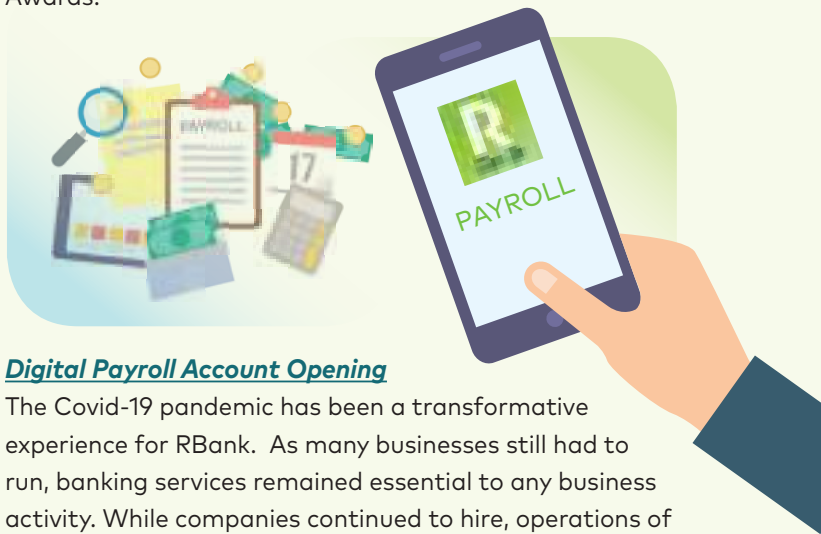
As the COVID-19 pandemic hit the Philippines in March 2020, it disrupted the accustomed flow of businesses. The government responded to the COVID-19 pandemic with quarantine measures. Restricted mass transportation imposed social distancing, and mandated stay at home measures brought unprecedented challenges to the entire financial system to deliver services to customers. Branch-banking, the most prominent operation of financial institutions, instantly became out of the question with the limited mobility and implemented enhanced community quarantine (nationwide lockdown).

The COVID-19 pandemic has reshaped the banking industry, making digital banking no longer an option but a necessity. With this challenge, Robinsons Bank (RBank) sought to push digitalization further, and with urgency, to address these rapidly changing needs of the Filipino people and continue to provide them with their needed financial services during this critical time.

On April 30, 2020, a month after the entire Luzon region was placed under enhanced community quarantine, RBank Sign Up was introduced, allowing digital onboarding of customers. The app enabled the Bank's customers with branch-less account opening, anytime,

anywhere. In May 2020, 37% of the new accounts generated were through digital onboarding. By end-2020, more than 45,000 customers downloaded the app and 15,518 (25% of new accounts) opened accounts using RBank Sign Up, with an outstanding balance of more than Php63 million.

RBank Sign Up has received global recognition from the International Business Magazine as it was named as the "Most Innovative Retail Banking Product" and the "Omni-Experience Innovator" in the IDC Digital Transformation Awards.



Digital Payroll Account Opening

The Covid-19 pandemic has been a transformative experience for RBank. As many businesses still had to run, banking services remained essential to any business activity. While companies continued to hire, operations of bank branches were curtailed because of the lockdowns and the risk of contamination of personnel. Newly hired employees experienced challenges in opening their payroll accounts due to limited banking hours, fewer accessible branches, and fear of going out.

True to its vision of being a Bank of Choice driven to fulfill our customer's changing needs, RBank Sign Up Payroll was conceptualized. Having recently launched RBank Sign Up, our digital facility to onboard retail customers, the Bank leveraged on the platform to offer digital onboarding to company employees to address the pain points and changing needs that were a result of the pandemic. And we were the first bank to do so. RBank Sign Up Payroll, launched on July 23, 2020, was the first of its kind in the market.

As a first mover, the Bank immediately reaped the benefits of the facility because of the low touch, high tech approach to onboarding. Using any smartphone, an employee can open an account with RBank in a matter of minutes without having to go to the branch. For the employer, the legacy practices which entailed manual collection of Bank forms and long turn-around-times to receive the employee's account number was suddenly optimized and became digital.

There was immediate traction in adopting the RBank Sign Up Payroll with our existing customers. Moreover, because it addressed real needs at that time, the Bank was able to onboard new payroll payout corporates.

This facility benefitted both Employer and Employee where the benefits for:

CORPORATE HR:

- Supported just-in-time onboarding of new employees where usual Payroll account opening typically takes 2 weeks
- Eliminated need to pay using Manager's Check for first pay while waiting for the account to be opened
- Eliminated any administrative tasks related to ensuring that an employee opens an account since the opening of account is now dependent on the employee
- For Employers with nationwide operations, payroll onboarding process became streamlined

EMPLOYEE:

- Can open a bank account anywhere, anytime using a valid Employer Code
- Eliminated the tedious task of filling out hardcopies of account opening forms
- Eliminated submission pictures and photocopies of valid IDs because those were replaced with electronic KYC
- Account was opened within 10 minutes or less, thus employees were able to immediately send the account number to their HR

RBank and LSB SAP distribution in the Bicol Region

Robinsons Bank was selected as one of the six financial service providers to disburse the emergency subsidy under the second tranche of the government's Social Amelioration Program (SAP). Among the areas assigned

to RBank was Albay in the Bicol region. Poverty incidence in Albay in 2018 is 21.2%, with an annual per capita of near-poverty threshold at Php24,902.

Albay province, assigned to RBank, is mostly mountainous, with scattered plains and valleys. Transportation within the Albay province is very limited, partly because of the terrain, making some municipalities remote and inaccessible. Target DSWD beneficiary population, those living below or within the poverty line, have low mobile ownership. Low mobile ownership ruled out digital banking, and in addition to the challenges in accessing bank branches because of the remote locations of the municipalities RBank was assigned to, the DSWD Field Office then decided to conduct community-based face-to-face SAP payouts.

To ensure better service in the Bicol region, Robinsons Bank collaborated with Legazpi Savings Bank (LSB) to execute the face-to-face distribution of SAP to around 60,000 beneficiaries. LSB, with Legazpi, Albay as its headquarters, has 13 branches servicing the Bicol region.

Participating in the SAP Payout has provided a rare opportunity for Robinsons Bank and Legazpi Savings Bank to give back and make a difference in the communities where we operate by way of our time, resources and expertise in handling disbursements benefitting the poor and marginalized population in these communities. The Bank was able to provide assistance to the government in expediting the timely release of the cash subsidy, reaching the hands of those in need during the time they need it most.

Bringing the Bank to the beneficiary's doorstep, the SAP Payout in Albay brought RBank and LSB branches literally close to every marginalized Bicolano who did not have to travel 1-2 hours and spend extra money for fare to go to the bank branch from the barrios where they live.

LSB was able to complete the activity covering 13 towns in 38 days. Meeting the objective of distributing the ayuda in cash, with a high payout rate of 94%, in even the remotest barrios in Albay without delay resulted to more than 60,000 grateful residents who were able to receive their cash ayuda in a most convenient and safe manner.

Corporate Governance

RAISING THE BAR ON GOOD GOVERNANCE ALWAYS.

THE BOARD AND ITS MANAGEMENT BELIEVE THAT CORPORATE GOVERNANCE IS NECESSARY COMPONENT OF WHAT CONSTITUTES SOUND BUSINESS MANAGEMENT AND THEREFORE UNDERTAKE EVERY EFFORT NECESSARY TO CREATE AWARENESS WITHIN THE BANK.

BOARD GOVERNANCE

The Board of the Bank represents the owners' interests in the Bank's objective to sustainably increase shareholder value and to ensure the long term success of the business. The Board is actively responsible in ensuring that the Bank is properly managed in attaining this objective. In addition to fulfilling the Board's obligations for increased shareholder value, it also has the responsibility to protect the interests of other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.



The Board is primarily responsible for the observance of governance, including business and risk strategies, organization and financial soundness of the Bank. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent checking and effective oversight of the Management.

COMPOSITION OF THE BOARD

The Board is composed of 11 members elected by the stockholders. All members of the Board are Filipinos and possess all the qualifications and none of the disqualifications to hold a directorship as prescribed under the Corporation Code and existing rules and regulations of the Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC). They all passed the fit and proper test for the position of director of the Bank, taking into account their integrity and probity, physical and mental fitness, competence, relevant education, financial literacy and training, diligence and knowledge and expertise. They are known for their independence and professionalism, and for making decisions with complete fidelity to the Bank while cognizant of their responsibilities under existing applicable laws, rules and regulations.

The Board is composed of three (3) types of directors: executive, non-executive and independent directors. Five (5) of the members are independent; two (2) are executive and the rest are non-executive directors. Majority of the membership of the Board is composed of independent and non-executive directors.

The five (5) independent directors (ID) are independent of Management and free from any business or other

relationship which could or could reasonably be perceived to materially interfere with their exercise of independent judgement in carrying out their responsibilities as a director. They hold no interest or relationship with the Bank that may hinder their independence from the Bank of Management or will interfere with the exercise of independent judgment in fulfilling their responsibilities. They are compliant with all the qualifications required of an independent director and none of the disqualifications as provided in the MORB. An independent director only serves as such for a minimum cumulative term of nine (9) years reckoned from the time of his election but or 2012, whichever is later; after which he shall be perpetually barred from serving as independent director but may continue to serve as a regular director.

The executive directors are either part of the Senior Management (i.e., President) or have a hand in the day-to-day operation (being a member of a management committee).

Non-executive members of the Board are those who are not part of the day-to-day management of banking operations. A sufficient number of qualified non-executive members have been elected to promote the independence of the Board from views of the Senior Management.

There was no change in composition of the Board of Directors for the year.



Responding to clients' evolving banking needs is foremost in these critical times.

CORPORATE SECRETARY

The Bank's Corporate Secretary assists the Board in its duties and responsibilities primarily to the corporation and its shareholders. His duties and responsibilities, among others, include assistance to the Board and the Board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar and assisting the chairs of the Board and its committees to set agendas for these meetings; safekeeps and preserves the integrity of the minutes of the Board and its committees, as well as other documents such as

corporate seal, stock certificates, stock and transfer books, records, documents and papers of the Bank. Prepare ballots of annual election and keep a complete and updates list of the stockholders and their addresses. Keep abreast with on relevant laws, all governance issuances, relevant industry developments and operations of the Bank, and advises the Board and the Chairman relevant issues as may arise. The Bank also makes sure that the Corporate Secretary annually attends relevant trainings on corporate governance and other related topics.

Corporate Governance

CHAIRMAN OF THE BOARD

The Chairman of the Board ensures that the meetings of the Board are held in accordance with the by-laws; makes certain that the meeting agenda focus on the strategic matters, including all the overall risk appetite of the bank; and guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable to make sound decisions. Likewise, the Chairman makes sure that performance of the Board is evaluated at least once a year and discussed/followed-up on.

BOARD MEETINGS AND SUPPLY OF INFORMATION

As provided for in the Bank's By-Laws, the Board schedules and holds regular monthly meetings and convenes special meetings when necessary. The Corporate Secretary provides the directors the notice, agenda and meeting materials prior to each meeting. Proceedings of the meeting are properly documented and duly minuted.

In accordance the rules and regulations of the SEC and BSP, the members of the Board attend regular and/or special meetings in person or through teleconferencing and video conferencing which allows the directors to actively participate in the deliberations or matters taken. The Board ensures availability of teleconferencing facilities if and when a director cannot physically attend the meetings by submitting written comments on the agenda to the Corporate Secretary and the Chairman prior to the meeting pursuant to Section 132 of the MORB.

In 2020, all members of the Board have substantially complied with the attendance requirement and actively participated in the deliberations on matters taken up during the regular and/or special meetings.

BOARD OF DIRECTORS Members	Number of Meetings	Meetings Present	Percentage of Attendance
Lance Y. Gokongwei	13	13	100.00%
Frederick D. Go	13	13	100.00%
Elfren Antonio S. Sarte	13	13	100.00%
Patrick Henry C. Go	13	13	100.00%
Robina Y. Gokongwei-Pe	13	13	100.00%
Roberto S. Gaerlan	13	13	100.00%
David C. Mercado	13	13	100.00%
Hermogenes S. Roxas	13	13	100.00%
Angeles Z. Lorayes	13	13	100.00%
Esperanza S. Osmeña	13	13	100.00%
Omar Byron T. Mier	13	13	100.00%

EXECUTIVE COMMITTEE Members	Number of Meetings	Meetings Present	Percentage of Attendance
Lance Y. Gokongwei Chairman	50	50	100.00%
Frederick D. Go Vice Chairman	50	50	100.00%
Elfren Antonio S. Sarte Member	50	50	100.00%
Omar Byron T. Mier Alternate Member	50	49	98.00%

CORPORATE GOVERNANCE COMMITTEE Members	Number of Meetings	Meetings Present	Percentage of Attendance
Angeles Z. Lorayes Chairman	12	12	100.00%
Roberto S. Gaerlan Vice Chairman	12	12	100.00%
Patrick Henry C. Go Member	12	12	100.00%
Omar Byron T. Mier	12	12	100.00%
Esperanza S. Osmeña Member	12	12	100.00%

RELATED PARTY TRANSACTIONS COMMITTEE Members	Number of Meetings	Meetings Present	Percentage of Attendance
Esperanza S. Osmeña Chairman	11	11	100.00%
Hermogenes S. Roxas Vice Chairman	11	11	100.00%
Angeles Z. Lorayes Member	11	11	100.00%
David C. Mercado Member	11	11	100.00%

AUDIT COMMITTEE Members	Number of Meetings	Meetings Present	Percentage of Attendance
David C. Mercado Chairman	12	12	100.00%
Angeles Z. Lorayes Vice Chairman	12	12	100.00%
Roberto S. Gaerlan Member	12	12	100.00%
Hermogenes S. Roxas Member	12	12	100.00%
Omar Byron T. Mier	12	12	100.00%

RISK OVERSIGHT COMMITTEE Members	Number of Meetings	Meetings Present	Percentage of Attendance
Roberto S. Gaerlan Chairman	13	13	100.00%
Esperanza S. Osmeña Vice Chairman	13	12	92.31%
David C. Mercado Member	13	13	100.00%
Elfren Antonio S. Sarte Member	13	12	92.31%
Omar Byron T. Mier Member	13	13	100.00%

TRUST COMMITTEE Members	Number of Meetings	Meetings Present	Percentage of Attendance
Robina Y. Gokongwei-Pe Chairman	11	11	100.00%
Patrick Henry C. Go Vice Chairman	11	11	100.00%
Lance Y. Gokongwei Member	11	11	100.00%
Esperanza S. Osmeña Member	11	11	100.00%
Lalaine C. Sta Ana Member	11	11	100.00%

IT-STEERING COMMITTEE Members	Number of Meetings	Meetings Present	Percentage of Attendance
Hermogenes S. Roxas Chairman	12	12	100.00%
Omar Byron T. Mier Vice Chairmnr	12	12	100.00%
Exequiel T. Tua Member	12	11	91.67%
Eric C. Macalintal Member	12	12	100.00%

BOARD COMMITTEES

In order to increase efficiency and gain deeper focus in specific areas, the Board has created committees, which are relative and consistent to the size, complexity of operations, long term strategies and risk tolerance level of the Bank. The scope, authority and responsibility of these committees are defined in their respective board-approved charter which is subject to regular review and updated at least annually or whenever there are significant changes.

The Board has appointed the members of the Committees taking into account the optimal mix of skills and experience which would allow them to fully understand, be critical and objectively evaluate the issues discussed in the different committees. To promote objectivity, the Board has appointed independent directors and non-executive directors to the greatest extent possible and ensure that such mix will not impair the collective skills, experience and effectiveness of

the committees. Each of these committees maintains appropriate records (e.g. minutes of meetings) of their deliberations and decisions, subject to the notation and/ or confirmation of the Board. The records document the committees' fulfillment of their responsibilities and facilitate the assessment of the effective performance of their functions which is regularly and periodically conducted.

The Board has established and delegated responsibilities to seven committees, namely: the Executive Committee, the Corporate Governance Committee, the Risk Oversight Committee, the Audit Committee, the Trust Committee, the Related Party Transactions Committee and the IT Steering Committee.

SELECTION PROCESS FOR BOARD AND SENIOR MANAGEMENT

The Bank has transparent procedure for the nomination and election of directors to the Board. Shareholders regularly nominate candidates who shall be evaluated based on qualifications provided under the MORB and a shortlist of candidates from the nominations. The eleven



(11) board seats shall be filled through an election of the shortlisted candidates. Any vacancies in the Board of Directors shall be filled up by appointment from a list of nominee-directors recommended by the Chairman and the President and who has undergone evaluation by the Corporate Governance Committee based on the qualifications provided under the MORB for directors/ independent directors.

For Senior Management, the selection process undergo the regular HR process which includes meeting the fit and proper rule and strict background investigation. Appointment of selected senior officers are submitted for the approval of the Board.

PRESIDENT & CEO EVALUATION

The performance of the President and CEO is evaluated as a member of the Board and Senior Management where the results are discussed and approved by the Chairman of the Board of Directors.

BOARD AND COMMITTEE PERFORMANCE EVALUATION

Annual performance evaluation of the Board and board committees is conducted through the Corporate Governance Secretariat. Performance evaluation is through a Peer Assessment Questionnaire being accomplished by the Directors of their fellow Directors and, for members of the different board committees wherein the evaluating director is a member.

EDUCATION AND TRAINING

In accordance with Corporate Governance Manual and Section 132 of the MORB, the Corporate Governance Committee is responsible for making recommendations to the Board on the required trainings and continuing education of the directors. Relative thereto, members of the Board are required to attend seminar on corporate governance for bank directors from a BSP-accredited training provider upon assumption of the position. The members of the Senior Management likewise regularly attend seminars on corporate governance, Anti-Money Laundering laws and regulations and risk management for updates in these areas.

The Bank is committed to continually strengthen its compliance culture through education and training. The Compliance Group, in coordination with HRMG Training Department regularly conducts briefings to employees to raise the level of awareness and understanding of the principles, concepts, and elements of good corporate governance and compliance. All new employees of the Bank undergo basic orientation on Compliance System, Anti-Money Laundering (AML), Risk Awareness, Information Security, Data Privacy and Corporate Governance. Refresher courses on these topics are annually given to all employees. In addition, tidbits and bulletins are also sent out to all employees as reminders of critical areas on these mandatory topics.

COMPENSATION POLICY

The Board of Directors compensation is a fee or per diem in an amount as may be determined by the Board which shall be paid to each director for attendance to any meeting of the Board, subject to the approval of the stockholders; provided, however, that nothing herein contained shall be construed to preclude any directors from serving in any capacity and receiving compensation therefor. The Board, as may be delegated by the stockholder, shall fix the compensation and other remunerations. Pursuant to a delegated authority, the Board may fix the compensation and other remuneration of any Director of any other officer of the Bank should they be designated to perform executive functions or any special service to the Bank. In no case shall the total yearly compensation of directors, as such directors, exceed ten percent (10%) of the net income before income tax of the Bank during the preceding year.

The Bank’s Senior Management and Key Executive remuneration program encourages the attraction and retention of high caliber professionals possessing the required experience and capabilities to drive success of the business. The compensation structure is designed



to be at par with the prevailing banking industry rates. Consistent with the Bank’s principle of pay for performance or meritocracy and Remuneration Policy, the Board-approved compensation and BSP approved fringe benefit program consists of car plan, various types of leave benefits, allowances and financial assistance in the form of employee loans, are provided to Senior Management and Key Executives. The health and well-being of Senior Management and Executives are likewise given importance as their Group Hospitalization Plan/ HMO provides for extensive Executive Check-up Packages.

Granting of compensation agreements/offer, recommendations for annual merit increases and promotion increases, variable bonuses are approved by the Chairman of the Board.

REMUNERATION POLICY FOR EMPLOYEES

The Bank’s employees compensation structure is designed to be at par with the prevailing banking industry rates. The compensation package composed of guaranteed compensation, inclusive of statutory and company-initiated bonuses and variable monetary benefits based on the performance for a particular year. Its policy is pay for performance or meritocracy, highlighted by a competitive salary scale, annual merit increase and employee promotion which are hinged on employee performance and attainment of the Bank’s Key indicator. On top of the regular compensation, certain sales personnel are provided with the variable



Reacting dynamically to the rapid changes in the environment .



compensation scheme based on their achievement of the defined categories and their contributions to the Bank’s objectives. Competitive fringe benefit programs such as various types of leave benefits, uniform assistance, financial assistance programs in the form of employee personal loan, car plan, vehicle loan, motorcycle plan and housing loan are provided to eligible employees aimed to assist them in their time of financial need and to improve their standard of living. The health and well-being of the employees are given importance in the form of Group Hospitalization Plan or HMO Card, the Group Life Insurance and Personal Accident Insurance, Hazard Pay and Medical Assistance.

RETIREMENT AND SUCCESSION POLICY

Except for independent directors who are subject to maximum term limit to remain so, directors may remain on the Board for as long as he/she remains to be physically and mentally fit and proper for the position of director, able to discharge his duties pursuant to regulatory requirements for banks. For succession, replacement or vacancy, the Bank’s By-Laws provides that vacancies in the Board may be filled by appointment or election of the remaining directors, if still constituting a quorum; otherwise, the stockholders shall fill such vacancy in a regular or special meeting called for this purpose.

Members of the Senior Management are covered by the Bank’s Multi-Employer Retirement Plan under its parent company JG Summit; it is a non-contributory defined benefit plan covering all regular and permanent

employees of the conglomerate. The Retirement Policy covers compulsory, early retirement as well as resignation payment schemes for qualified employees based on set criteria.

The Bank has a Succession Management Program for Senior Management whereby high potential candidates from critical functions were identified by the incumbent officers and, in coordination with the Human Resources Management Group, came up with an Individual Development Plan to prepare such candidates to take on the critical positions in case of vacancies. The development plan is updated annually.

RELATED PARTY TRANSACTIONS

In compliance with BSP Circular 895, as amended, the Bank has created a Related Party Transactions (RPT) Committee that supports the Board in managing

exposures to related parties. Under its policy, the Bank defined related parties to include directors, officers, stockholders, or related interests (DOSRI) of the Bank and their close family members. It also includes corresponding persons in affiliated companies, subsidiaries and affiliates, any party that the Bank exerts control over the Bank, and such other entity whose interest may pose potential conflict with the interest of the Bank.

The Committee evaluates material RPTs to ensure that these are not undertaken on more favourable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties that similar transactions with non-related parties are under similar circumstances and that no corporate or business resources of the Bank are misappropriated or misapplied,

and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

All material RPTs are evaluated and endorsed by the Committee to the Board for approval. Refer to the Notes to Financial Statements for the Bank’s related party transactions.

SELF-ASSESSMENT FUNCTIONS:
COMPLIANCE SYSTEM

The BSP issued Circular No. 747 “Revised Compliance Framework for Banks” as amended by Circular No. 972, in order to actively promote the safety and soundness of the Philippine Banking System through an enabling policy and oversight environment. Such an environment is governed by the high standards and accepted practices of good corporate governance as collectively designed by the BSP and its supervised institutions. Towards this end, a robust, dynamically responsive and distinctly appropriate Compliance Risk Management System has been put in place as an integral component of the Bank’s culture and risk governance framework. In this respect, it is the responsibility and shared accountability of all personnel, officers, and the board of directors.

Part of the Compliance Risk Management System is the Bank’s strong compliance infrastructure. The Board of Directors, through the Corporate Governance Committee, exercises oversight implementation of compliance policy, ensuring policies and procedures are followed and corrective actions are taken by the management to address breaches, failures and control deficiencies identified. In its effort to address compliance risk effectively, the Board established the Compliance function and appointed a Chief Compliance Officer who is the lead operating officer on compliance

The Senior Management sees to it that applicable law and regulations are complied with and, through the Chief Compliance Officer, render periodic reporting of compliance issues that the Bank is beset with. As Bank employee, everyone should conduct business activities in adherence to high standards of honesty and integrity and shall abide by the laws, regulations, rules, standards and codes of conduct and good governance applicable to our banking activities. This may cover observing market rules, managing conflict of interest, proper accounting and recording, applying best practices, compliance with tax laws, developing new products and electronic delivery channels, providing e-banking services ad may also include specific areas such as prevention of money laundering and terrorist financing.

The Bank’s Compliance Risk Management System is anchored on a program that ensures proper dissemination of laws, rules and regulation, self-assessment of compliance therewith, validation of self-assessment and monitoring to esure that all are compliant therewith. The Compliance Group disseminates laws, rules and regulations, including revisions or updates thereon, which are affecting the different operational areas of the Bank. The different business units conduct periodic self-assessment of its compliance of their compliance with relevant laws, rules and regulations through the Compliance Self-Assessment Checklist. Results of the self-assessment shall then be validated by an independent testing conducted by the Compliance Group. Any exceptions found in the self-assessment as well as the independent testing are then properly reported to the Corporate Governance Committee and subject of close monitoring to ensure they are properly addressed to be compliant with laws, rules and regulations. The compliance program is subject to review and revision as maybe necessary to be updated with new issuances and depending on its effectiveness to achieving excellent compliance and monitoring of compliance risks.



MONEY LAUNDERING AND TERRORIST
FINANCING PREVENTION PROGRAM

As approved by the Board and as required by BSP, the Bank implements a program to combat money laundering and terrorist financing. The Program has been issued ad is regularly updated to comply with RA No. 9160, as amended, BSP Circular No. 1022 and other policies of the State. The Program is intended to protect the integrity and confidentiality of the accounts of the clients, and ensure that the Bank is not used as money laundering site for the proceeds of any unlawful activities, taking into consideration best practices to combat terrorist financing.

The Program has been developed to disseminate information which will help the employees understand and prevent money laundering activities, detect and report suspicious transactions and know better

the Bank’s customers, understand the penalties of noncompliance; take the required AML training for responsible officers and personnel of the Bank; satisfy legal and ethical responsibilities with a minimal adverse impact on the Bank’s overall daily business responsibilities and performance goals. Moreover, the Program has been promulgated to protect the Bank as well as its employee’s interests.

Laws governing secrecy on bank deposits have been strictly complied with by the Bank when implementing procedures related to combating money laundering and terrorist financing. The Program provides guidance in complying with the Anti-Money Laundering Law as well as other applicable regulations without violating relevant laws and without losing legitimate business or clients in the process.

INTERNAL CONTROL AND AUDIT

The Bank has implemented its internal control processes which are designed and effected by its Board of Directors, senior management and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations, reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, supervisory requirements and the Bank’s policies and procedures.

The Bank has put in place an adequate and effective internal control framework for the conduct of its business taking into account the size, risk profile and complexity operations. The framework embodies management oversight and control culture, risk recognition and assessment, control activities; information and communication; and monitoring activities and correcting deficiencies.

The control environment of the Bank consists of: (a) the Board which ensures that the Bank is properly and effectively managed and supervised; (b) Management that actively manages and operates the Bank in a

sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management support systems; and (d) an independent audit mechanism to monitor the accuracy and effectiveness of the Bank’s governance, operations and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with laws, rules and regulations and contracts.

The Bank has an internal audit system that reasonably assures the Board, Management and stockholders that the Bank’s key organizational and operational controls are faithfully complied with. The Board appointed an Internal Auditor to perform the function, and required the Auditor to report to the Audit Committee, a board-level committee, which allows the internal audit activity to fulfill its mandate. The Internal Auditor is guided by the International Standards on Professional Practice of Internal Auditing and existing laws, rules and regulations. With the Board appointment, the Chief Audit Officer oversees the implementation of the internal audit system.



OTHER GOVERNANCE POLICIES



WHISTLE BLOWING

Employees of the Bank are encouraged to perform the duty of disclosing to their immediate superior the existing or potential violations and wrongdoings that they are or may become aware of. The Bank’s Policy on Timely Reporting of Concerns and incidents, otherwise known as the Whistleblowing Policy, serves as a guide for all employees for reporting matters that breach integrity and the Bank’s Code of Conduct.



CORPORATE GOVERNANCE MANUAL

The Board adopted the Corporate Governance Manual (Manual) that embodies the rules, systems and processes in the Bank. The framework governs the performance of the Board and management of their respective duties and responsibilities to stockholders and other stakeholders. The Manual is periodically reviewed with the objective of continually aligning the Bank’s policies with the BSP and SEC circulars or issuance on corporate governance including best practices issued by the Basel Committee on Banking Supervision. This ensures that the stockholders, directors, officers and employees are aware of their responsibilities and the business of the Bank is conducted in a safe and sound manner.



CODE OF ETHICS AD POLICY ON CONFLICT OF INTEREST

The Bank’s Code of Conduct for Employees exists to develop or pattern behavior in accordance to the Bank’s standards, to instill professional conduct, and to enforce discipline and order. The Code is implemented by the Human Resources and Management Group. Copies of the Code of Conduct are given to employees upon hiring, while seminars are conducted regularly to further expound on the subject.



DIVIDEND POLICY

Subject to the provisions of the Bank’s by-laws and the resolution of the Bank’s Board, dividends may be declared annually. The Board, however, may only declare dividends out of its surplus profits or unrestricted retained earnings after making due provisions for the necessary reserves (losses and bad debts) in accordance with the Corporation Code, Securities Regulation Code, General Banking Law, MORB, and all regulations and circulars issued by the BSP.

CONSUMER PROTECTION RISK MANAGEMENT SYSTEM (CPRMS)

Pursuant to the BSP Circular No. 857 entitled BSP Regulations on Financial Consumer Protection, Robinsons Bank released Consumer Protection and Risk Management System (CPRMS) Guidelines. Several revisions were made to include recommendations from the internal and external audits (BSP).

The CPRMS Guidelines aim to identify, measure, monitor and control consumer protection risks inherent in its operations. These include both risk to the financial consumer and the Bank.

The Bank also issued other consumer protection policies such as Electronic Banking Consumer Awareness Policy and Trust and Investments Accounts.

RBC adopted below the following changes in the CPRMS Framework in 2020:

- Addition of guidelines on the conduct of the customer satisfaction survey and existing risk assessment strategies to resolve repeated issues related to complaints;
- Addition of the retention period for customer related records (e.g., emails, phone recordings);
- Inclusion of the new BSP portals and channels which allows consumers to escalate concerns against financial institutions (BSP M-2020-059); and
- Specific actions of the Bank to promote cybersecurity awareness to the clients (BSP M-2020-066, M-2020-053)

CONSUMER PROTECTION OVERSIGHT FUNCTION

The Risk Oversight Committee Corporate Governance Committee and Board of Directors are primarily responsible for approving and periodically (at least annually) reviewing the Bank's financial consumer

protection risk management policies, procedures, and/or system, as well as the oversight to ensure compliance with the said policies. They are responsible in monitoring and overseeing the Senior Management's performance in managing the consumer protection activities of the Bank.

The Senior Management is responsible for the implementation of the consumer protection policies approved by the Board. They are also in charge of managing the day-to-day consumer protection activities of he Bank.

The Enterprise Risk Management Group Customer Care Center (C3) provides foundation for ensuring that the Bank's consumer protection policies, procedures and practices address and prevent identified risk to the Bank and associated risk of financial loss to consumers.

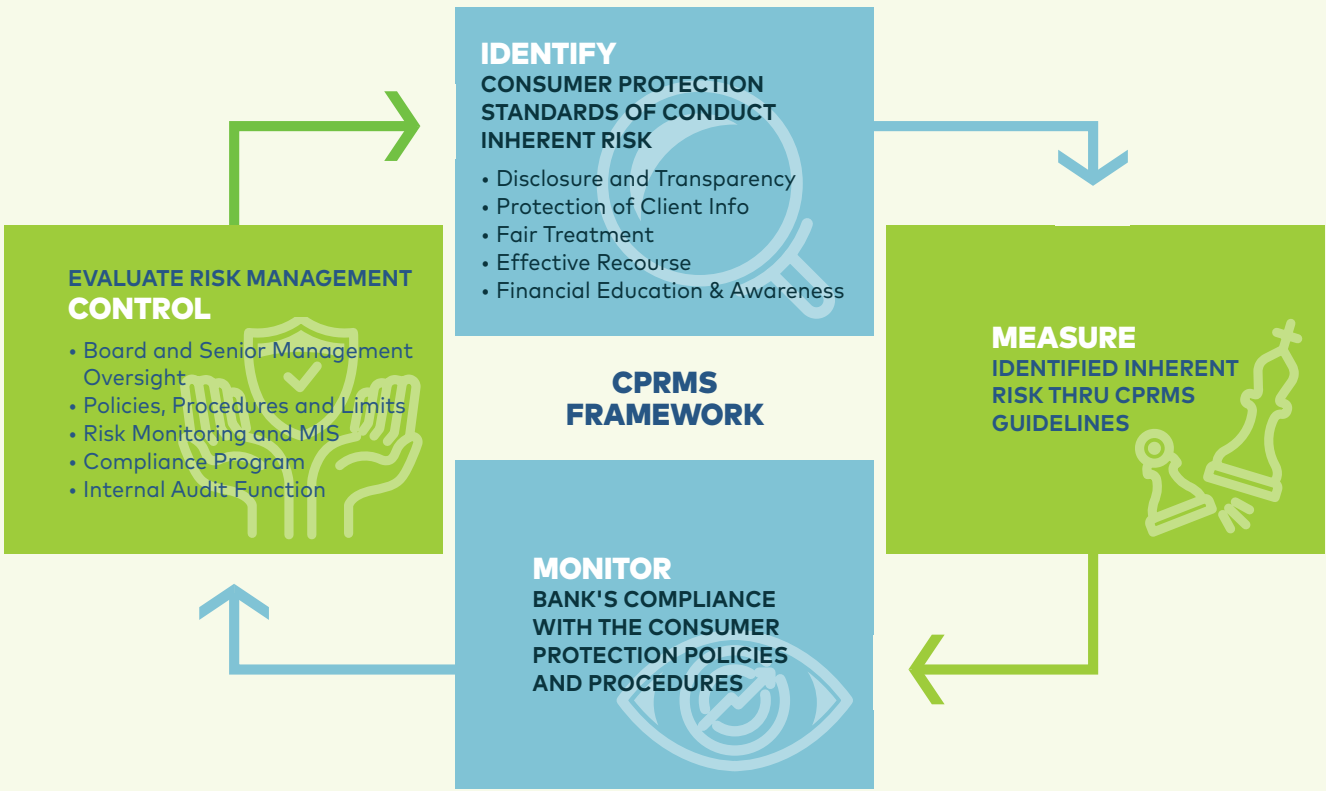
The Compliance Group ensures that the policies and procedures are consistent with the consumer protection policies approved by the Board and address compliance with the consumer protection laws, rules and regulations.

The Internal Audit Group provides the Senior Management and the Board with analysis, findings and corrective actions or recommendations in meeting the consumer protection objectives.

All business units are responsible in the complete and timely reporting resolution of all requests, queries and complaints (ROCs) received from all contact points of the Bank. They ensure that all ROCs received are forwarded to the Bank's Customer Care Center (C3) for consolidation and reporting the Corporate Governance Committee.

SERVICE QUALITY DEPARTMENT

Consumer Assistance Management is handled by the Service Quality Department Customer Care Center. Digitization has opened pathways for Robinsons Bank to build relationships to its customers in order to serve them better. Obsessed with the customer at the heart of service, the Bank received inquiries, requests, feedbacks and complaints from customers regarding it products and services through digital platforms. Various communication channels through the Customer Care Center (C3) such as the hotline, email feedback forms, website, social media, etc. are made available to clients so they can easily contact the Bank regarding these concerns.



Contact Customer Care



MONITORS

daily inquiries, requests, and complaints received from customers and reports these to the management to provide solutions on the Bank's products and services to ensure service quality at all times.



MANAGES

the issues received from customers through the different channels, coordinate with concerned units, and respond to clients in efficient and professional manner within the committed turn-around time to ensure customer satisfaction.

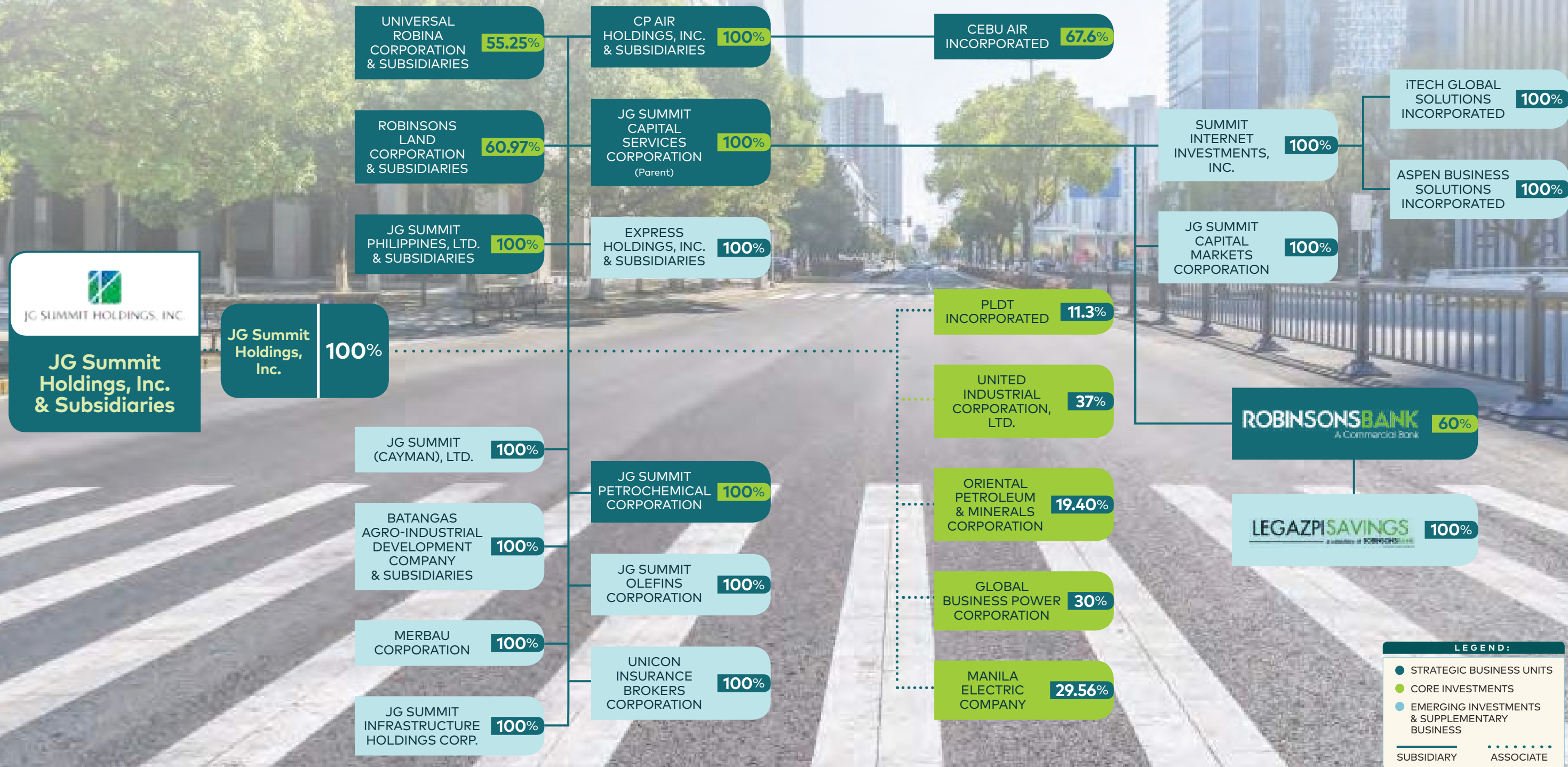


RECORDS

issues raised by employees regarding concerns within the Bank, and suggestions for improvement. Reports are included in the concerned units performance evaluation.

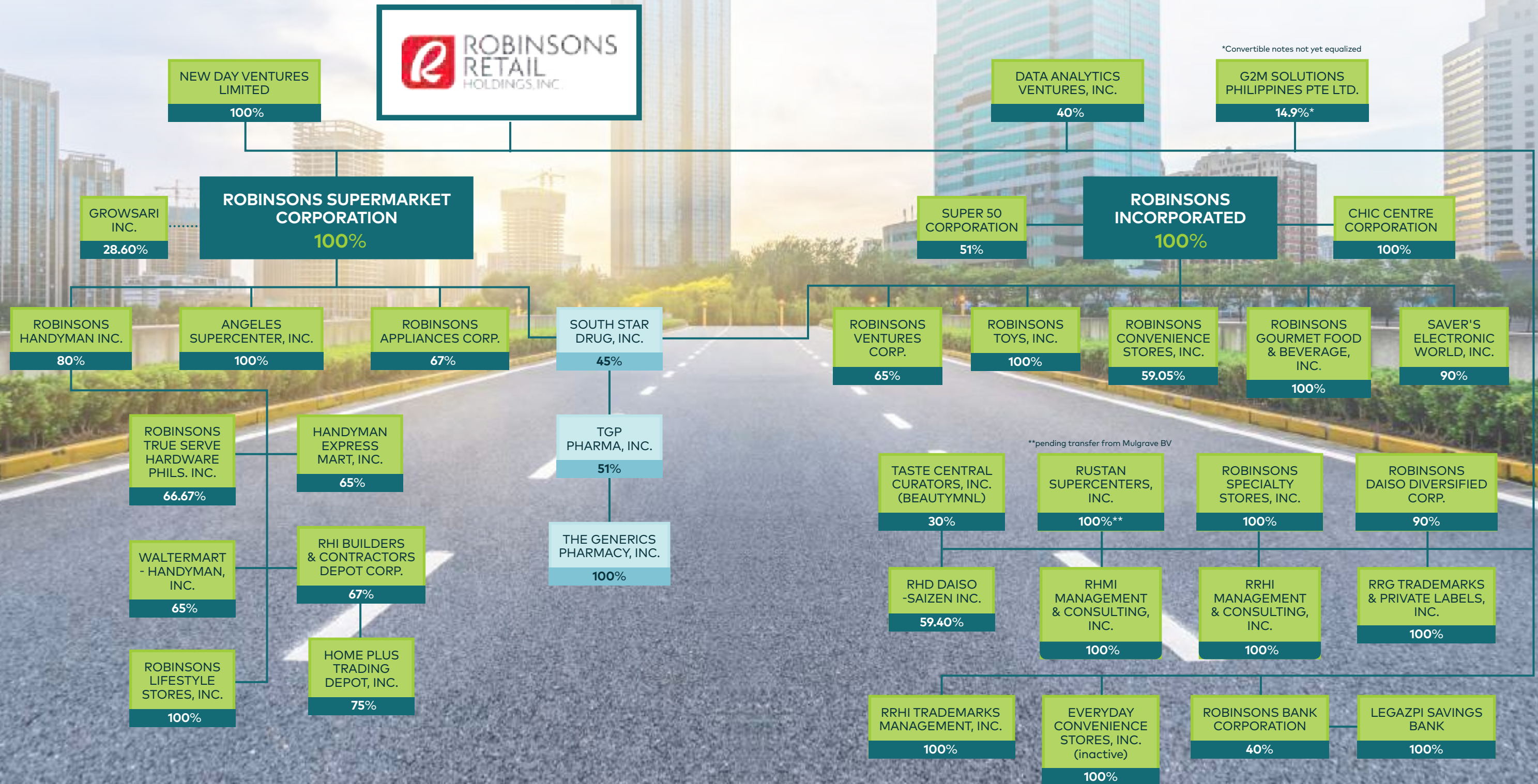
Conglomerate Map

JG SUMMIT HOLDINGS, INC.



Conglomerate Map

ROBINSONS RETAIL HOLDINGS, INC.



Risk Management

REALIGNING BEST STRATEGY WITH SOUND ASSESSMENT.

ROBINSONS BANK CORPORATION (RBANK) AIMS TO BE ONE OF THE TOP BANKS IN THE PHILIPPINES VIA AGGRESSIVE ORGANIC GROWTH, OFFERING INNOVATIVE AND COMPETITIVE FINANCIAL PRODUCTS AND SERVICES TO ITS CLIENTS.

The Bank's strategic risk management is guided by the Bank's Vision, Mission, Core Values, and planned objectives in the formulation of its business plans.

The Bank's Risk Management is headed by the Chief Risk Officer (CRO) and is responsible for oversight of enterprise risk management, risk governance and control, framework, policies and practices. The CRO is supported by a dedicated team of risk management professionals organized to oversee risks arising from each of the Bank's risk categories.

The Bank takes a comprehensive approach to Risk Management with a defined framework and an articulated Risk Appetite Statement, approved by the Risk Oversight Committee (ROC) and the Board of Directors (BOD).



EXPOSURE AND ASSESSMENT

The major risks inherent to the Bank's operations are credit, market and operational. In addition, considering the Bank's assets and liability structure, other attendant risks include credit concentration, interest rate risk in the banking book, liquidity risks, strategic risk and business risk.

The Bank's risk management process involves risk identification, quantification, proactive monitoring and control through established processes, policies, guidelines, measurement models and limits, among others.

MAJOR ENHANCEMENTS

RBank adopts a risk management framework that is forward-looking and dynamic. Major steps have been taken in response to a new accounting standard, that is the IFRS 9 – Financial Instruments: Recognition and



Measurement. The PFRS 9 – Expected Credit Loss (ECL) and Behavioral Scoring (B-Score) models have been enhanced to take into account the extensive changes in economic condition and outlook, and the Bank's loan portfolio status. This ensures that all possible scenarios are covered, and that loan loss provisions calculated are appropriate.

To allow a more efficient and timely generation of ECL and B-Score reports on a monthly basis, an automated ECL and B-Score calculator will be implemented in 2021.

In compliance with RA 10173 – Data Privacy Act, the Bank has taken the following steps to comply with the Data Privacy Act: Appointed Data Protection Officer (DPO), registered the Bank as Personal Information Controller (PIC) with NPC, and engaged third party to conduct Privacy Impact Assessment (PIA), among others.

The Bank has enhanced its various operational tools such as Business Process Mapping (BPM), Risk & Control Self-Assessment (RCSA), Key Risk Indicators (KRI), and Loss Event Database (LED) in compliance with BSP Circular 900.

Market, IRRBB, and Liquidity risks policies have been updated in compliance to new regulations issued by the BSP such as BSP Circulars 981, 1042 and 1044. New measurement models such as Value-at-Risk (VaR) and Pre-Settlement Risk (PSR) for interest rate derivatives, as well as behavioral cash flow model for loan repayment have also been established.

Finally, in response to BSP Circular 854 and to support the "Roadmap 2024" of the Bank, RBank increased its authorized capital stock from Php15Bn to Php27Bn approved by the Securities and Exchange Commission in March 2019. The Php12Bn increase was composed of 1.2 million shares of common stock with a par value of Php10 each.

Credit Risk

The Bank's credit risk policies intend to maximize the return on the risk-adjusted capital by maintaining a credit risk exposure within defined parameters including asset quality and portfolio mix, among others.



The Bank has several credit risk mitigation practices:

- The Bank offers a variety of loan products with substantial collateral values. The latter part of this credit risk section discusses collateral and other credit enhancements.
- Limits are set on the amount of credit risk that the Bank is willing to take for customers and counterparties, and exposures are monitored against such credit limits.
- The Bank also observes related regulatory limits such as industry, portfolio, single borrower's limit (SBL) and directors, officers, stockholders and related interests (DOSRI) ceiling, among others.

- To protect against settlement risk, the Bank employs a delivery-versus-payment (DvP) settlement system, wherein payment is applied only when the corresponding asset has been delivered.
- For Commercial loan borrowers, there is an internal credit risk rating system (ICRRS) in place, providing a structured format for collating and analyzing borrower data to arrive at a summary indicator of credit risk. Rating models have been established for both loan accounts with asset size of more than P15Million and loan accounts with asset size of P15Million and below. These rating models have undergone both internal and external independent validation.
- For Consumer loans, the Bank utilizes application credit scoring models, which were defined in the loans originations systems, to measure the level of credit risk of each loan applicant. These were developed using statistical modeling techniques considering historical data, credit policies, results of portfolio quality review and expert judgment. To ensure the adequacy of the scoring models, the Bank regularly conducts model performance tracking and reports the results to the Credit Committee (CRECOM) and ROC.
- Further, the Bank takes into account risk acceptance criteria and deviation guidelines established for each product in the evaluations of loan applications.
- With the implementation of PFRS 9 - Expected Credit Loss (ECL) models, the Bank has started calculating behavioral scores (B-score) and assessing changes in credit risk of existing accounts on a monthly basis to determine the risk profiles of all portfolios. The B-Score model is subjected to regular model back testing. This is to ensure that its predictive capability is still at an acceptable level.
- Past due and non-performing loan (NPL) ratios are also used to measure and monitor the quality of the loan portfolio.

Risk Management

To proactively manage risk, the ERMG conducts portfolio quality review (PQR) for both commercial and consumer loan products. In 2018, ERMG has started credit review of Investment outlets for Trust and Treasury groups.

Credit review of Investment outlets is a detailed individual review of accounts which covers financial analysis, credit ratings, bond performance, industry and risk analysis to assess the inherent risk associated with the investment instrument.

PQR for Commercial Loans is a comprehensive credit review of the Bank's commercial loan portfolio. Individual borrowers are reviewed in detail and portfolio analysis is being prepared to assess not only the quality of the whole portfolio but the management of the credit process as well. One of the measures undertaken is the rating migration analysis wherein rating history of each account is being monitored to determine the account's loan performance and its probability of default. In addition to this, ECL staging analysis as well as risk rating validation is being conducted to assess appropriateness of calculated loan loss provisioning vis-à-vis the risk profile of each borrower, on a sampling basis.

PQR for Consumer Loans provides a snapshot of the Bank's portfolio per consumer loan product. It focuses predominantly on the performance of the accounts based on various indicators across different demographics. Result of the PQR is used by the Bank as a reference in establishing business objectives and strategies for its consumer lending business. Likewise, analysis of accounts based on ECL staging is conducted to measure and monitor the level of risk per portfolio.

The highlights of the PQRs are discussed and presented to the loan originating units, CRECOM and the ROC. The results of the deliberation are then used to improve existing products, design new products, define new market strategies, formulate action plans on asset quality management as well as calibration of existing policies.

The responsibility of the credit risk management function rests upon the following bodies:



RISK OVERSIGHT COMMITTEE (ROC) — tasked to develop and provide oversight on the credit risk management program of the Bank.



CREDIT COMMITTEE (CRECOM) — provides the strategic framework that would govern the loan/credit activities of the Bank, manage the risk of loans in general, assure the safety of depositors' money, earns sufficient returns of the loan portfolio of the Bank, preserves the capital/deposit of stakeholders, maintains a healthy loan portfolio and enable customers/partners to prosper.



CREDIT EVALUATION DEPARTMENT (CED) — implements the pre-approval review of all loan accounts and all collection efforts for all past due accounts. CED likewise submits its reports to senior management on a periodic basis. It also acts as the independent credit risk control unit which handles the review of Credit Applications (CAs) for renewal and new transactions.



FINANCIAL REPORTING DEPARTMENT (FRD) — monitors the Bank's SBL, submits regulatory reports on credit and also provides information on industry exposures and large exposures.



ENTERPRISE RISK MANAGEMENT GROUP (ERMG) —in charge of the implementation and execution of the Risk Management Plan as approved by the ROC.

The ERMG proposes recommendations and submits various regular and regulatory reports to the ROC on risk management matters affecting the Bank. The ERMG coordinates with the various units in the Bank, which include originating units, FRD and Corporate Planning Department (CorPlan) in monitoring the established credit risk limits and performance of each product.

The ERMG is also responsible for preparing the Credit Risk Reporting Package to monitor and report the Bank's credit risk profile and Regulatory Compliance Monitoring report which monitors adherence to various supervisory credit requirements and limits. This reporting package is submitted to the Bank's Management Committee

Credit Concentration Risk

The Bank aims to minimize the potential adverse effect of credit risks that are particular to a single borrower or family of borrowers through adequate diversification of loan portfolio.

The Bank monitors credit concentration by single borrower limit (SBL), large exposures and individual exposures as well as credit concentration per industry.

In order to mitigate risk, the Bank sets its internal SBL (ISBL) at 20% of its qualifying capital versus the 25% BSP-imposed SBL. The 5% is a cushion or allowance to absorb market volatility that affects the qualifying capital of the Bank.

On the other hand, details of the industry concentration and top borrowers' concentration are covered in the yearly ICAAP of the Bank. The Bank uses the simplified option in computing the capital charge for credit concentration risk. This option involves the computation of the Sectoral Concentration Index (SCI) and Individual

(MANCOM) and Risk Oversight Committee (ROC) on a regular basis. The report covers the following: Portfolio Mix, Risk Appetite and Tolerance, NPL Trend, Large Exposures Monitoring, SBL Monitoring, TOFA Exposures, Commercial Loan Details, Consumer Loan Details, among others. The regulatory compliance monitoring report includes monitoring of regulatory limits such as Capital Adequacy Ratio (CAR), Real Estate Stress Test limit (BSP Cir.839), Real Estate Loan Limit (BSP Cir.600), Agri-Agra and MSME compliance, among others. The summary report is submitted regularly to Assets-Liabilities Committee (ALCO) and ROC on a regular basis.

Concentration Index (ICI) of the Bank's credit portfolio and further validates by using the Herfindahl-Hirschman Index (HHI). The rationale in using these tools lies with the need to be commensurate with the growing complexity of the bank's business and the environment in which it operates.

The following units are involved in managing credit concentration risk:



FRD — provides the information on large exposures (group and individual) single borrower's limit (SBL) on a periodic basis and other regulatory reports.



ERMG —includes large exposure in its risk reporting package and conducts credit stress testing on large exposures, industry, and economic activity.



CRECOM — evaluates credit proposal considering issue on concentration risk and endorses to BOD for decision.



BOARD OF DIRECTORS – deliberates and decides on the credit proposal.

Market Risk

The Bank’s market risk policies seek to ensure that the market risk exposures from its traded portfolios of financial instruments satisfy its expressed risk appetite and risk capacity.

For initial risks taken, risk-taking personnel and business units follow the Product Approval Process for new market risk exposures due to different types of financial instruments. The risk-taking personnel make proposals for evaluation and/or approval by different committees (ALCO, CRECOM, ROC and BOD). The proposals are formalized by these risk sponsors into a Product Manual.

Approved guidelines are being followed whether to accept or reject an investment proposal. Some of the evaluation criteria include risk acceptance criteria, yield analysis, credit rating, and market liquidity, among others.

Risk mitigation continues even after acceptance of risks, through the monitoring of compliance with approved limits which serve as boundaries within which the Bank can expose itself.



One of the many market risk exposures measured, monitored and controlled daily by the Bank is the Value-at-Risk (VaR). It measures the potential loss of value resulting from unlikely, adverse event in the normal market environment in a specified period of time within a specified probability of occurrence. It allows management to react quickly and adjust its portfolio strategies in different market conditions in accordance with its risk philosophy and appetite. Our VaR models have been validated by both external and internal auditors.

The Enterprise Risk Management Group prepares a daily risk reporting package to provide Treasury, senior management, ALCO and ROC with timely and relevant covering actual exposures, limits compliance and facilitate regularization, when any breach is noted.

The Bank has established structure and organization to manage market risks with the involvement of the following units:



TREASURY — initiates the limits proposal, taking into consideration strategies, target budgets, market volatility forecasts and opportunities.



ERMG — evaluates the proposed limits considering historical data, strategies, overall risk appetite of the Bank and possible impact on the capital adequacy.



ROC — reviews proposed limits considering the risk appetite set by the Board of Directors and overall direction and endorses for confirmation.



BOARD OF DIRECTORS — reviews and confirms approval of the ROC.

Interest Rate Risk in the Banking Book

The Bank’s lending activities, taking deposits with different maturities and interest rates and investing in a portfolio of fixed income securities expose it to interest rate risk.

In this case, the Bank aims to achieve the optimum level of net interest income while managing its volatility and susceptibility to changes in interest rates.

The Bank utilizes a repricing gap analysis as a tool for measuring interest rate risk. The analysis is created by distributing the Bank’s inflows/assets and outflows/liabilities into time bands according to each instrument’s remaining term to next repricing.

Specific assumptions are used to reflect the behavior of interest-sensitive assets and liabilities in the preparation of repricing gap:

The repricing gap per time band is derived by computing the difference between the rate-sensitive assets (RSA) and the rate-sensitive liabilities (RLA) within the time band.

To control interest rate risk arising from repricing gaps, maximum repricing gap and Earnings at Risk (EaR) limits are set for time bands up to one year. Earnings-at-Risk is a statistical measure derived from the repricing gaps, and calculates the likely impact of changes in interest rates to the net interest income (NII). Based on December 31, 2020 figures, the increase (decrease) in NII for upward and downward rate shocks of 100 basis points is as follows (in Php Millions):



LOANS — Performing loans are bucketed according to either the maturity date (for accounts paying fixed interest rate) or next repricing date (for accounts paying floating interest rate). No prepayment is assumed. Non-performing loans are placed under “Non-rate sensitive”.



DEPOSITS — Non-maturity deposits such as Current Accounts and Savings Account are placed under “Non-rate sensitive” while Time Deposits and Special Savings Account are bucketed based on their contractual maturity.

Earnings at Risk	Up 100bps Rate shock	Down 100bps Rate shock
Instruments sensitive to local interest rates	(152.24)	152.24
Instruments sensitive to foreign interest rates	(94.35)	94.35
Total	(246.59)	246.59

The repricing gap analysis is reported regularly to the ROC and ALCO.

The following is the management structure and the units involved in the management of interest rate risk:

- 

ERMG —does regular repricing gap analysis to measure interest rate risk. The analysis is benchmarked on (EaR) limits set by the BOD.
- 

TREASURY —submits its explanation, justification and proposed strategy to manage the breach, if any.
- 

ALCO —utilizes the repricing gap report to manage the matching of interest rate sensitive assets and liabilities.
- 

MANCOM/ APPROVING AUTHORITY — reviews and approves the breach given the justification and proposed strategy of Treasury.
- 

ROC/BOD — reviews and deliberates on the result of repricing gap report considering the repricing gap limits set by the BOD.



Liquidity Risk

The objective of the Bank’s liquidity risk policies is to ensure that all future obligations, anticipated or not, can be met when due with little or no impact to the Bank’s capital and earnings.

The Bank seeks to lengthen liability maturities, diversify existing fund sources, and continuously develop new instruments that cater to different segments of the market. It also keeps credit lines with financial institutions, as well as a pool of liquid or highly marketable securities. Reserves management is another specialized function within the Bank, complying with BSP reserve requirements, which may be a buffer against unforeseen liquidity drains.

The Bank employs the liquidity or maturity gap report for measuring liquidity risk. Although available contractual maturity dates are generally used for slotting instruments into time bands, expected liquidation periods, often based on historical data, are used if more representative of the account’s behavioral cashflows. Unreserved and liquid government securities under FVTPL and FVOCI are placed in the earlier buckets. Deposits are bucketed based on their historical behavior as observed through statistical analysis of their balances.

The Senior Management and the Board are kept well-informed for them to be able to make decisions on the sufficiency and diversity of their funding sources. Likewise, breaches in limits are properly identified, reported to Senior Management and ROC/BOD on a timely basis, and preventive measures and/or corrective actions are taken via breach regularization memorandum.

The Bank has a defined structure and organization to manage liquidity risk, as follows:

- 

ERMG — helps monitor market and regulatory developments pertinent to interest rates and liquidity position; Does regular maturity gap analysis to measure the maximum cumulative outflow (MCO). The analysis is benchmarked on the MCO limits and liquidity ratios set by the BOD.
- 

TREASURY —measures the liquidity and reserves position of the Parent Company. It also submits its explanation, justification and proposed strategy to manage the breach, if any.
- 

MANCOM/ APPROVING AUTHORITY —reviews and approves the breach given the justification and proposed strategy of Treasury.
- 

ALCO — utilizes the maturity gap report to manage the matching of assets and liabilities. The Parent Company’s ALCO is composed of some members of the Senior Management including the Lending Banks and Treasury Bank Heads. ALCO conducts weekly meetings.
- 

ROC/BOD — reviews and deliberates on the result of maturity gap report considering the MCO limit and liquidity ratios set by the BOD.

Operational Risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems; or from external events. Operational risk is inherent in all activities, products and services, and cuts across multiple activities and business lines within the financial institution and across the different entities in a banking group or conglomerate where the financial institution belongs.

The Bank uses various operational risk management tools in the identification and quantification of its operational risk exposures. The levels of operational risk exposure of the various units of the Bank are captured by the following operational risk management tools:



RISK & CONTROL SELF-ASSESSMENT (RCSA)



KEY RISK INDICATORS (KRI)



LOSS EVENTS DATABASE (LED)



BUSINESS IMPACT ANALYSIS (BIA)



RESULTS OF INTERNAL /EXTERNAL AUDIT AND SUPERVISORY ISSUES RAISED IN BSP REPORT ON EXAMINATION

Part of the Bank's action plans for 2021 is to digitize the notification, accomplishment and consolidation of the Bank-wide rollout of the aforementioned risk management tools and activities thru the implementation of a web-based system. The digitization aims to increase productivity by reducing man hours taken to perform repetitive and manual tasks including sending emails, monitoring, follow-ups and escalations; and to achieve consistency and reduce manual errors during accomplishment and consolidation.

Based on the results of the 2020 RCSA exercise, it can be concluded that the capital allocated by the Bank based on regulatory-based approach (BIA) is adequate to cover for its operational risk exposures for 2020.

Operational Risk Management has different types or levels of control measures to properly address the organization's operational risks on different phases. These controls are classified based on function as follows:



DIRECTIVE – provides a degree of direction or guidance to the organization – typically policies, procedures and/or manuals;



PREVENTIVE – acts to prevent the risk the from happening or deter its likelihood and/or impact;



DETECTIVE – designed to monitor, identify, detect the risk or event which has occurred; and



CORRECTIVE – designed to mitigate the loss or effect of the event that has occurred thru remedial actions.

Identified risks which require monitoring of their risk level status and control adequacy are made through risk reporting facilities such as the risk reporting package and the aid of the operational risk management tools such as Key Risk Indicators, Risk and Control Self-Assessment and Loss Events Reporting.

The following are the structure and the major units involved in operational risk management:



THE BOARD OF DIRECTORS, THROUGH THE RISK OVERSIGHT COMMITTEE (ROC), defines the risk culture and exercises oversight.



BUSINESS AND SERVICE UNITS, as first line of defense, take ownership of the risk by identifying, assessing and managing the risks from the new activities, processes, products and the systems they use. Management, Operations and IT Steering Committees are venues to communicate the risk environment.



ERMG, second line of defense, oversees Fraud Risk, Information Technology Risk, Business Continuity Management, and the implementation of the ORM framework by designing risk assessment methodology and tools, coordinating risk management activities across the organization, and consolidating and reporting risk information/reports to the Board, thru the Risk Oversight Committee, and Senior Management.



COMPLIANCE GROUP complements the Bank's second line of defense by conducting an independent assessment of the Bank's compliance with relevant laws, rules and regulations, as well as internal policies to determine areas that may potentially result in losses due to non-compliance.



INTERNAL AUDIT, the third line of defense, provides independent assessments of the adequacy and effectiveness of the overall risk management framework and governance structures. ORM liaises with Internal Audit, through the former's reports, to perform validation and development of accurate assessment and analysis of events, incidents and indicators.

Information Technology Risk

As the Bank embraces digitization to match its offerings with customer needs, protecting corporate and personal information across digital assets becomes a fundamental need. It is vital in maintaining customers' trust and confidence with the Bank.

The Bank takes information security seriously, and in line with this, its existing Risk Management practice has evolved to specifically consider privacy and security requirements, especially when undertaking initiatives related to digital business.

The mandate of Information Technology (IT) Risk Management Department is to cultivate a culture of information security and data privacy across the Bank. It provides and drives the framework needed to effectively manage and address risks associated with emerging trends in technology and growing concerns on cyber-

security. The framework defines the responsibilities related to the risk management function, the reporting line, the tools employed, and the risk management cycle designed to address technology risks. The department constantly reviews and updates processes to ensure the effectiveness and adequacy of the framework, and more importantly, maintains an information security and data privacy awareness program across the Bank.

To further strengthen the Bank's IT Risk management practice and to reinforce the organization's check-and-balance system, the Bank has put in place different types and levels of control measures. These are defined in the policies, procedures, systems and organizational structures, which are designed to provide reasonable assurance that the business and security objectives are achieved and undesired events are appropriately detected and managed. Independent reviews are also regularly conducted by different groups to ensure that these controls are in place and functioning effectively as intended.



All corporate and personal information is appropriately handled by the Bank to ensure that they are adequately protected from the time they are collected up to their disposal. The Bank is fully aware that any data breach could result in litigation and loss of customer confidence, leading to a loss of business.

Risk management, business continuity, awareness, and well-functioning security services are all important building blocks for establishing cybersecurity resilience. The Bank's Senior Management and Board of Directors (BOD) are engaged in the discussions about cybersecurity risks, and ensure that resources are appropriately

allocated to manage these risks. The enterprise-level responsibility for security and data privacy activities are managed by the Chief Information Security Officer (CISO) and Chief Risk Officer (CRO). The CRO heads the enterprise risk management function. The Bank's risk officers regularly monitor key risk indicators and report exposures against carefully-established risk metrics and limits approved by the IT Steering Committee (ITSC) and Risk Oversight Committee (ROC). The overall information security and data privacy posture of the Bank are periodically reported to the Bank's Leadership Team, the Board of Directors' IT Steering Committee (ITSC), and Risk Oversight Committee (ROC).

The following stakeholders have relevant roles in the implementation of the information and technology risk programs:



THE BOARD OF DIRECTORS, THROUGH THE RISK OVERSIGHT COMMITTEE (ROC), defines the risk culture and exercises oversight.



BUSINESS AND SERVICE UNITS, take ownership of the risk by identifying, assessing and managing the risks from the new activities, processes, products and systems they conduct and use.



ERMG, provides the tools and the consistency in risk management language. Guided by the Bank's Policies and Procedure, Rules and Regulations and with the aid of Technology and Systems as well as promotion of Risk awareness and establishment of culture and ethics, ERMG assists business units in defining the target risk exposure and reporting adequate risk-related information throughout the organization.



COMPLIANCE GROUP, identifies the relevant laws and regulation applicable to Information Technology operations, conducting periodic compliance testing, and reporting to the Corporate & Governance Committee.



INTERNAL AUDIT, provides comprehensive assurance based on the highest level of independence and objectivity within the organization. ERMG liaises with Internal Audit, through former's reports, to perform validation and development of accurate assessment and analysis of events, incidents and indicators.

With this framework in place, the Bank assures its stakeholders and customers that risks related to digital operations are appropriately managed.

Risk Management

CAPITAL ADEQUACY AND CAPITAL MANAGEMENT

The primary objective of RBank's capital management is to ensure that RBank remains compliant with externally imposed capital requirements, all while maximizing shareholders value. RBank assesses its overall capital adequacy proportionate with the Bank's risk appetite, along with the strategy to maintain its targeted capital levels. This assessment is summarized in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) document and is submitted to the BSP. The document highlights the Bank's three-year term plans, the minimum capital it expects to maintain, capital triggers and contingency plans.

Presented on the next page are the risk-based capital components, including regulatory deductions, on solo and consolidated bases.



Qualifying Capital (In Php Million)	Consolidated		Parent Company	
	2020	2019	2020	2019
Tier 1 Capital				
Paid-up common stock	15,000.00	15,000.00	15,000.00	15,000.00
Additional paid-in-capital	-	-	-	-
Deposit for Common Stock Subscription	-	-	-	-
Retained Earnings	1,496.93	710.39	1,585.66	792.45
Undivided profits	854.96	702.26	852.83	661.03
Net unrealized gains or losses on AFS securities	219.71	(25.24)	220.23	(25.24)
Cumulative Foreign Currency Translation	(126.45)	(111.52)	(126.45)	(111.52)
Others	(22.76)	9.30	(39.17)	(0.36)
Minority Interest	-	-	-	-
Less: Regulatory adjustments				
DOSRI	64.71	44.43	64.71	44.14
Deferred income tax	640.90	495.34	511.80	451.53
Goodwill	244.33	244.33	-	-
Other Intangible Assets	1,002.17	1,001.26	379.83	379.33
Investments in subsidiary	-	-	1,359.31	1,236.74
Total Common Equity Tier 1 Capital	15,470.29	14,499.83	15,177.46	14,204.63
Additional Tier 1 Capital	-	-	-	-
Instruments issued by the bank that are eligible as AT1 Capital	-	-	-	-
Total Tier 1 Capital	15,470.29	14,499.83	15,177.46	14,204.63
Less: Investment in Subsidiary - 50%				
Net Tier 1 Capital	15,470.29	14,499.83	15,177.46	14,204.63
Tier 2 Capital				
Redeemable preferred stock	-	-	-	-
General Loan Loss Provision (GLLP)	862.04	802.78	843.10	783.33
Unrealized Gain AFS Equity Securities	-	-	-	-
Total Tier 2 Capital	862.04	802.78	843.10	783.33
Less: Investment in Subsidiary - 50%	-	-	-	-
Net Tier 2 Capital	862.04	802.78	843.10	783.33
Total Gross Qualifying Capital	16,332.33	15,302.60	16,020.56	14,987.96
Less: Total Investment in Subsidiary	-	-	-	-
Total Qualifying Capital	16,332.33	15,302.60	16,020.56	14,987.96

Risk Management

Risk exposures and corresponding capital requirements vis-à-vis current levels are periodically reviewed, ensuring risk and capital are aligned with the Bank’s appetite and activities, as well as with regulatory standards.

Risk-based Capital Ratios are as follows:

Qualifying Capital (In Php Million)	Consolidated		Parent Company	
	2020	2019	2020	2019
Tier 1 Capital	15,470.29	14,499.83	15,177.46	14,204.63
Common Equity Tier 1	15,470.29	14,499.83	15,177.46	14,204.63
Additional Tier 1 Capital	-	-	-	-
Tier 2 Capital	862.04	802.78	843.10	783.33
Gross Qualifying Capital	16,332.33	15,302.60	16,020.56	14,987.96
Less: Required deductions	-	-	-	-
Total Qualifying Capital	16,332.33	15,302.60	16,020.56	14,987.96
Risk Weighted Assets	94,481.92	87,628.78	92,106.44	85,303.48
Common Equity Tier 1 Ratio	16.37%	16.55%	16.48%	16.65%
Capital Conservation Buffer	10.37%	10.55%	10.48%	10.65%
Tier 1 Capital Ratio	16.37%	16.55%	16.48%	16.65%
Capital Adequacy Ratio	17.29%	17.46%	17.39%	17.57%

The capital requirements for Credit, Market and Operational Risks are provided below, on solo and consolidated bases:

Capital Requirement in Php Million	Consolidated		Parent Company	
	2020	2019	2020	2019
Credit Risk	86,168.94	80,264.24	84,277.91	78,315.76
Market Risk	416.11	887.35	416.11	887.35
Operational Risk	7,896.87	6,477.19	7,412.42	6,100.37
Total Capital Requirements	94,481.92	87,628.78	92,106.44	85,303.48

Credit Risk

The Bank uses the Standardized Approach in computing its exposure for credit risk. Credit Risk-Weighted Asset (CRWA) is an important risk measure of the Bank, primarily because it is used to determine the Bank’s minimum capital requirement. The Bank’s minimum capital requirement for credit risk is defined as 10% of the CRWA.

The following table summarizes the result of the risk quantification and capital assessment of the Bank’s credit risk using the standardized approach.

CREDIT RISK-WEIGHTED ASSETS (In Php Million)	CONSOLIDATED		PARENT COMPANY	
	2020	2019	2020	2019
Credit Risk-Weighted Assets				
Total Risk Weighted On-Balance Sheet Assets	83,245.04	76,679.18	81,350.78	74,734.70
Total Risk-Weighted Off-Balance Sheet Assets	2,959.42	3,595.12	2,959.42	3,595.12
Total Counterparty Risk-Weighted Assets in the Trading Book (Derivatives and Repo-style Transactions)	-	3.29	-	3.29
Total Gross Risk-Weighted Assets	86,204.45	80,277.58	84,310.20	78,333.11
Deductions:				
General loan loss provision [in excess of the amount permitted to be included in Upper Tier 2	35.51	13.34	32.28	17.35
Unbooked valuation reserves and other capital adjustments affecting asset accounts based on the latest report of examination as approved by the Monetary Board	-	-	-	-
TOTAL CREDIT RISK-WEIGHTED ASSETS	86,168.94	80,264.24	84,277.91	78,315.76

The Bank’s total CRWA as of December 31, 2020 stood at Php84,277.91 Million and Php86,168.94Million, on solo and consolidated basis, respectively.

Presented below is the total credit exposure, on a solo and consolidated basis, broken down by type of exposures and risk buckets:

RISK-WEIGHTED ON-BALANCE SHEET ASSETS - PARENT 2019											
Nature of Item	Exposures, Net of Specific Provisions 2/	Exposures Covered by CRM, Gross of Materiality Threshold (Part III.1a)		Exposures not Covered by CRM	Risk Weights 10/, 12/						
					0%	20%	50%	75%	100%	150%	TOTAL
	1	2		3=1-2	4	5	6	7	8	9	[Sum of 4 to 9]
Cash on Hand	2,749,147.33	00.00		2,749,147.33	2,749,147.33						2,749,147.33
Checks and Other Cash Items	00.00	00.00		00.00		00.00					00.00
Due from Bangko Sentral ng Pilipinas (BSP)	19,923,502.04	00.00		19,923,502.04	19,923,502.04		00.00		00.00		19,923,502.04
Due from Other Banks	3,596,746.56	00.00		3,596,746.56		00.00	3,577,523.75		19,222.82	00.00	3,596,746.56
Financial Assets Designated at Fair Value through Profit or Loss	00.00	00.00		00.00	00.00	00.00	00.00		00.00	00.00	00.00
Available-for-Sale (AFS) Financial Assets	195,433,046.70	00.00		195,433,046.70	6,247,232.96	4,108,963.41	4,967,967.31		4,219,140.99	00.00	195,433,046.70
Held-to-Maturity (HTM) Financial Assets	8,073,141.84	00.00		8,073,141.84	5,876,070.27	1,812,095.19	3,849,763.80		00.00	00.00	8,073,141.84
Unquoted Debt Securities Classified as Loans	00.00	00.00		00.00	00.00	00.00	00.00		00.00	00.00	00.00
Loans and Receivables	84,665,125.85	587,759,540.00		78,787,530.44	00.00	3,098,057.31	19,596,686.19	00.00	55,495,747.79	597,039.15	78,787,530.44
1. Interbank Loans Receivable	00.00	00.00		00.00		00.00	00.00		00.00	00.00	00.00
a. Interbank Call Loans Receivable 8/	00.00	00.00		00.00		00.00					00.00
b. Interbank Term Loans Receivable	00.00	00.00		00.00		00.00	00.00		00.00	00.00	00.00
2. Loans and Receivables -Others	84,665,125.85	587,759,540.00		78,787,530.44	00.00	3,098,057.31	19,596,686.19	00.00	55,495,747.79	597,039.15	78,787,530.44
a. Non-defaulted exposures	82,988,723.07	5,847,335.78		77,141,387.28	00.00	3,098,057.31	19,596,686.19	00.00	54,446,643.79	00.00	77,141,387.28
a.1. Sovereign Exposures	00.00	00.00		00.00	00.00	00.00	00.00		00.00	00.00	00.00
a.2. LGUs and Public Sector Entities	43,383.00	00.00		43,383.00		00.00	00.00		43,383.00	00.00	43,383.00
a.3. Government Corporation	00.00	00.00		00.00		00.00	00.00		00.00	00.00	00.00
a.4. Corporates	47,410,964.37	3,794,731.50		43,616,232.87		3,098,057.31	788,708.49		397,294,670.70	00.00	43,616,232.87
a.5. Microfinance/Small and Medium Enterprises	5,869,990.00	26,186.00		5,843,804.01		00.00	5,843,804.01	00.00	00.00	00.00	5,843,804.01
a.6. Loans to individuals for Housing Purposes (includes similar items under DIL)	22,118,286.90	1,635,130.27		20,483,156.63			12,964,173.69		7,518,982.94		20,483,156.63
a.7. Loans to Individuals	75,460,988.00	391,288.02		7,154,810.79					7,154,810.79		7,154,810.79
b. Defaulted exposures 7/	1,676,402.78	30,259.62		1,646,143.16					1,049,104.01	597,039.15	1,646,143.16
b.1. Housing Loans	1,077,040.56	27,936.55		1,049,104.01					1,049,104.01		1,049,104.01
b.2. Other than Housing Loans	599,362.22	2,323.07		597,039.15						597,039.15	597,039.15
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	4,366,706.55	00.00		4,366,706.55	3,353,726.16	00.00	1,012,980.39		00.00	00.00	4,366,706.55
Sales Contract Receivable (SCR)	25,334.32	00.00		25,334.32		00.00	00.00		16,085.55	9,248.76	25,334.32
Real and Other Properties Acquired	454,126.86	00.00		454,126.86						454,126.86	454,126.86
Total Exposures Excluding Other Assets	143,397,136.02	587,759,540.00		137,519,540.62	38,149,678.76	9,019,115.91	29,540,134.01	00.00	597,501,971.60	1,060,414.78	137,519,540.62
Other Assets	3,436,069.53			3,436,069.53	00.00				3,436,069.53		3,436,069.53
Total Exposures, Including Other Assets	146,833,205.55	587,759,540.00		140,955,610.15	38,149,678.76	9,019,115.91	29,540,134.01	00.00	631,862,666.90	1,060,414.78	140,955,610.15
Total Risk-weighted On-Balance Sheet Assets not covered by CRM					00.00	1,803,823.18	14,770,067.00	00.00	631,862,666.90	15,906,221.60	81,350,779.04
Total risk-weighted On-Balance Sheet Assets covered by CRM					00.00	00.00	00.00		00.00		00.00
TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS					00.00	1,803,823.18	14,770,067.00	00.00	631,862,666.90	15,906,221.60	81,350,779.04

Risk Management

RISK-WEIGHTED ON-BALANCE SHEET ASSETS - CONSOLIDATED 2020											
Nature of Item	Exposures, Net of Specific Provisions ^{2/}	Exposures Covered by CRM, Gross of Materiality Threshold (Part III.1a)		Exposures not Covered by CRM	Risk Weights ^{10/, 12/}						
					0%	20%	50%	75%	100%	150%	TOTAL
	1	2		3=1-2	4	5	6	7	8	9	[Sum of 4 to 9]
Cash on Hand	2,863,723.45	00.00		2,863,723.45	2,863,723.45						2,863,723.45
Checks and Other Cash Items	00.00	00.00		00.00		00.00					00.00
Due from Bangko Sentral ng Pilipinas (BSP)	20,368,505.33	00.00		20,368,505.33	20,368,505.33		00.00		00.00		20,368,505.33
Due from Other Banks	3,695,923.37	00.00		3,695,923.37		00.00	3,577,523.75		118,399.63	00.00	3,695,923.37
Financial Assets Designated at Fair Value through Profit or Loss [Sum of E.1 and E.2]	00.00	00.00		00.00	00.00	00.00	00.00		00.00	00.00	00.00
Available-for-Sale (AFS) Financial Assets	19,532,623.39	00.00		19,532,623.39	6,247,232.96	4,128,482.13	4,967,967.31		4,188,940.99	00.00	19,532,623.39
Held-to-Maturity (HTM) Financial Assets	8,073,141.84	00.00		8,073,141.84	5,876,070.27	1,812,095.19	3,849,763.80		00.00	00.00	8,073,141.84
Unquoted Debt Securities Classified as Loans	00.00	00.00		00.00	00.00	00.00	00.00		00.00	00.00	00.00
Loans and Receivables	86,242,545.23	58,785,231.70		80,364,022.06	00.00	3,141,440.30	19,897,075.47	00.00	56,679,369.42	646,136.86	80,364,022.06
1. Interbank Loans Receivable	00.00	00.00		00.00		00.00	00.00		00.00	00.00	00.00
a. Interbank Call Loans Receivable 8/	00.00	00.00		00.00		00.00					00.00
b. Interbank Term Loans Receivable	00.00	00.00		00.00		00.00	00.00		00.00	00.00	00.00
2. Loans and Receivables -Others	86,242,545.23	58,785,231.70		80,364,022.06	00.00	3,141,440.30	19,897,075.47	00.00	56,679,369.42	646,136.86	80,364,022.06
a. Non-defaulted exposures	84,515,400.37	5,848,263.55		78,667,136.82	00.00	3,141,440.30	19,897,075.47	00.00	55,628,621.05	00.00	78,667,136.82
a.1. Sovereign Exposures	00.00	00.00		00.00	00.00	00.00	00.00		00.00	00.00	00.00
a.2. LGUs and Public Sector Entities	43,383.00	00.00		43,383.00		43,383.00	00.00		00.00	00.00	43,383.00
a.3. Government Corporation	00.00	00.00		00.00		00.00	00.00		00.00	00.00	00.00
a.4. Corporates	47,410,964.37	3,794,731.50		43,616,232.87		3,098,057.31	788,708.49		39,729,467.07	00.00	43,616,232.87
a.5. Microfinance/Small and Medium Enterprises	6,087,243.39	26,186.00		6,061,057.39		00.00	6,061,057.39	00.00	00.00	00.00	6,061,057.39
a.6. Loans to individuals for Housing Purposes (includes similar items under DIL)	22,201,422.80	1,635,130.27		20,566,292.53			13,047,309.59		7,518,982.94		20,566,292.53
a.7. Loans to Individuals	8,772,386.82	392,215.78		8,380,171.04					8,380,171.04		8,380,171.04
b. Defaulted exposures 7/	1,727,144.85	30,259.62		1,696,885.23					1,050,748.37	646,136.86	1,696,885.23
b.1. Housing Loans	1,078,684.92	27,936.55		1,050,748.37					1,050,748.37		1,050,748.37
b.2. Other than Housing Loans	648,459.93	2,323.07		646,136.86						646,136.86	646,136.86
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	4,496,372.72	00.00		4,496,372.72	3,483,392.33	00.00	1,012,980.39		00.00	00.00	4,496,372.72
Sales Contract Receivable (SCR)	46,176.48	00.00		46,176.48		00.00	00.00		36,024.38	10,152.10	46,176.48
Real and Other Properties Acquired	567,481.44	00.00		567,481.44						567,481.44	567,481.44
Total Exposures Excluding Other Assets	145,886,493.25	58,785,231.70		140,007,970.08	38,838,924.34	9,082,017.62	29,840,523.29	00.00	61,022,734.42	1,223,770.40	140,007,970.08
Other Assets	3,649,980.46			3,649,980.46	00.00				3,649,980.46		3,649,980.46
Total Exposures, Including Other Assets	149,536,473.71	58,785,231.70		143,657,950.54	38,838,924.34	9,082,017.62	29,840,523.29	00.00	64,672,714.88	1,223,770.40	1,436,579,505.40
Total Risk-weighted On-Balance Sheet Assets not covered by CRM					00.00	1,816,403.52	14,920,261.65	00.00	64,672,714.88	1,835,655.60	83,245,035.65
Total risk-weighted On-Balance Sheet Assets covered by CRM					00.00	00.00	00.00		00.00		00.00
TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS					00.00	1,816,403.52	14,920,261.65	00.00	64,672,714.88	1,835,655.60	83,245,035.65



Credit equivalent amount for off-balance sheet items, broken down by type of exposures (in Php million):

Off-balance Sheet Assets (In Php Million)	Consolidated				Parent			
	2020		2019		2020		2019	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent
Direct Credit Substitutes	2,158.23	2,158.23	3,388.06	3,388.06	2,158.23	2,158.23	3,388.06	3,388.06
Transaction-related contingencies	-	-	-	-	-	-	-	-
Trade-related contingencies arising from movement of goods	4,005.92	801.18	5,176.48	207.06	4,005.92	801.18	5,176.48	207.06
Other commitments (which can be done unconditionally cancelled at any time by the bank without prior notice)	34,006.66	-	24,985.96	-	34,005.99	-	24,985.34	-
Total Notional Principal and Credit Equivalent Amount	40,170.81	2,959.42	33,550.50	3,595.12	40,170.14	2,959.42	33,549.88	3,595.12

Credit equivalent amount for counterparty risk-weighted items, broken down by type of exposures (in Php million)

COUNTERPARTY RISK-WEIGHTED ASSETS IN THE TRADING BOOK (In Php Million)	Consolidated				Parent			
	2020		2019		2020		2019	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent
Derivatives Exposures								
Exchange Rate Contracts	-	-	558.04	3.29	-	-	558.04	3.29
Total Notional Amount	-	-	558.04	3.29	-	-	558.04	3.29
Total Counterparty Risk-Weighted Assets of Derivative Transaction	-		3.29		-		3.29	

Pursuant to the Bank’s policy, the credit ratings given by foreign and local rating agencies were used to determine the credit risk weights of On-balance sheet, Off-balance sheet and counter party exposures.

For all rated credit exposures, regardless of currency, the Bank used the ICRRS and the ratings of Standard & Poor's (S&P); Moody's and Fitch Ratings. On the other hand, the credit rating given by Phil Ratings was used for Unquoted Debt Securities, certain Corporate Bonds, Peso-denominated exposures and loans to rated domestic private entities.

The Bank neither uses credit derivatives as credit risk mitigants nor provides credit protection through credit derivatives. The Bank has no outstanding exposure to securitization structures and other types of structured products issued or purchased by the Bank



Risk Management

MARKET RISK-WEIGHTED ASSETS

The Standardized Approach is utilized by the Bank in determining it market risk-weighted assets. At the end of December 2020, computed total market risk-weighted assets on consolidated basis stood at Php416.11 Million. This consisted of Php44.96 million interest rate risk exposure and Php371.15 Million foreign exchange exposures.

Market Risk Weighted Assets (in Php million)	Consolidated		Parent	
	2020	2019	2020	2019
Interest Rate Exposures				
Specific Risk	.289	.063	.289	.063
General Market Risk				
PHP	2.630	.000	2.630	.000
USD	.678	.148	.678	.148
Total Capital Charge	3.308	.148	3.308	.148
Adjusted Capital Charge	4.496	.211	4.496	.211
Total Risk Weighted Interest Rate Exposures	44.959	2.637	44.959	2.637
Total Risk Weighted Equity Exposures	.000	.000	.000	.000
Foreign Exchange Exposures				
Total Capital Charge	29.692	70.777	29.692	70.777
Adjusted Capital Charge	37.115	88.472	37.115	88.472
Total Risk Weighted Foreign Exchange Exposures	371.149	884.716	371.149	884.716
Total Risk Weighted Exposures on Options	.000	.000	.000	.000
Total Market Risk-Weighted Assets	416.107	887.353	416.107	887.353

OPERATIONAL RISK-WEIGHTED ASSETS

The Bank uses the Basic Indicator approach in computing its operational risk-weighted assets. Operational risk-weighted assets as of December 2020 were Php7.412 billion and Php7.897 billion, on solo and consolidated basis, respectively. In 2019, they were Php6.100 billion and Php6.477 billion, on solo and consolidated basis, respectively.

Management of Other Risks

RBank also recognizes other risks that can impact its operations such as business risks (compliance, legal and reputational) and strategic risks.

BSP Circular No. 972 provides that the Bank should establish a dynamic and responsive compliance risks management system which 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 and related self-regulatory organization standards, and codes of conduct applicable to its

activities. Compliance risks may also arise from failure to manage conflict of interest, treat customers fairly, or effectively manage risks arising from money laundering and terrorist financing activities. Compliance risks management should be an integral part of the culture and risks governance framework of the Bank. In this respect, it shall be the responsibility and shared accountability of all personnel, officers, and the board of directors.

The Bank's Risks Assessment process is covered in its Compliance Program, approved by the Board of Directors. The main procedures performed are summarized as follows:



IDENTIFICATION

The Bank identified all historical risks events from all of the Bank's business units. In addition, it identified other business risks and their sources.



MEASUREMENT

The Bank analyzed the level of risks associated for each risks event. The level of risks has been determined using both quantitative and qualitative measures. Quantitative measures refer to loss amounts determined to be the consequence of non-compliance. In cases where data is inadequate, qualitative measures had been used.



MITIGATION AND CONTROL

Based on the identified risks, Senior Management takes corrective actions in order to maintain the level risks exposures within the tolerance level. Mitigants are in place in order to control the risks exposures.



MONITORING

Senior Management with the assistance of Compliance Group monitors the Bank's exposure to business risks and determines whether the said exposure is still within the level of risks that management is willing to take.

AUTHORITY AND RESPONSIBILITY



BOARD OF DIRECTORS/CORPORATE GOVERNANCE COMMITTEE –

The Board is ultimately responsible and accountable for overseeing the management of the Bank's compliance with the applicable regulations and managing the risk of failure to comply with these standards.



CHIEF COMPLIANCE OFFICER -

On a day to day basis, the Chief Compliance Officer (CCO) is responsible for assisting the senior management in ensuring the implementation of the Bank's Compliance Policy.



ALL BUSINESS UNITS –

The responsibilities of various business units will help ensure that the Bank is able to observe proper standards and avoid unnecessary supervisory sanctions. Compliance should form part of the Bank's culture in such a way that each employee must be aware and perform his compliance responsibilities. Business Units of the Bank must adhere with applicable regulations, policies and procedures governing their respective activities.



INTERNAL AUDIT –

The Compliance Unit shall be subjected to periodic examination of the Bank's Internal Audit Group and the established audit program must cover the adequacy and effectiveness of the Bank's compliance function. The Compliance Officer must be informed of the results of the independent review.



REPUTATIONAL RISK

By the nature of its business, the Bank's existence depends on the trust and confidence of the depositing public. Any event or series of events that tend to tarnish the Bank's reputation can affect such confidence and create an impact on the business. It is therefore of extreme importance that the Bank maintains its health and create in the mind of the public a stature of strength, profitability, and trustworthiness. For the management of reputational risk, the Bank has a Customer Protection Risk Management System (CPRMS) in place to ensure that customer concerns are properly handled. The CPRMS is discussed in another portion of this disclosure. There is also a unit in the Bank tasked with marketing and corporate communication to address publicity on the bank and another unit that caters to customer complaints and other concerns.

COMPLIANCE RISK

Compliance Risk refers the current and prospective risk to earnings or capital arising from violations of, or nonconformance with law, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards. The Bank manages Compliance Risk with a board-approved Compliance Program as mentioned in the disclosure on the Compliance System herein. There is an independent Compliance Unit tasked to oversee the implementation of the Compliance Program in the Bank.



LEGAL RISK

Legal risk refers to the extent that changes in the interpretation or provisions of regulations directly affect a bank’s business model. Legal risk also covers the Bank’s current and potential losses from lawsuits. The Bank has a unit devoted in ensuring that the Bank is protected legally in all transactions and from potential dispute risk and to protect the Bank in case of dispute.

BUSINESS RISK QUANTIFICATION AND ASSESSMENT

In assessing for the Bank’s loss exposure under Business Risk, capital charge was used as a metric to cover for the potential losses that may arise from the three specific risks included in the computation of Business Risk namely, Compliance, Reputational and Legal Risk.

The Bank based the loss exposure for Legal Risk on the potential losses from cases filed by the Bank. The Bank assumes a yearly capital charge growth rate of 20%. The Bank’s Loss Exposure to Business Risk as of December 2019 is shown in the table below:

Type of Risk	Capital Charge (in Php Millions)	
	Consolidated	Parent
Compliance Risk	11.759	10.601
Legal Risk	14.266	14.266
Reputational Risk	3.140	0.463
Total Capital Charge	29.165	25.330



STRATEGIC RISK

The Bank identified strategic risk that may pose negative impact to the Bank’s earnings or capital arising from adverse developments in the business environment and/ or improper implementation of business decisions. The Bank embedded this risk in its strategic and business planning undertakings. As the Bank ventures to achieve its objective, strategic risk is measured in terms of impact and likelihood and the Bank will only pursue strategies whose foreseeable risks have been considered and/or mitigated.

The Bank evaluates the business strategies and strategic objectives it carries out against the impact of economic, competitive, regulatory, and environmental challenges. Advanced quantitative and qualitative techniques are considered to materialize the Bank’s strategies given its available resources. Strategic risk management is a continual process, an integral part in strategy setting, strategy execution, and strategic management, in order for the Bank to achieve its objectives.

AUTHORITY AND RESPONSIBILITY



BOARD OF DIRECTORS

is responsible for reviewing and guiding corporate strategy, major plans of action, risk policies, annual budgets and business plans; monitoring of corporate performance; overseeing major capital allocations such as acquisitions and major expenditures; while still retaining full and effective control over the Bank.



SENIOR MANAGEMENT,

together with the CEO, collectively owns the Bank’s strategic risk management. They assist the Board of Directors in formulating and articulating strategies to meet the Bank’s objectives. During the annual business planning, these proposals are discussed, drafted and then presented to the Board for approval. Senior management likewise is responsible for the overall execution of the plans approved by the Board.



INTERNAL AUDIT

performs a comprehensive process of systems and business audits across the spectrum of business entities. They assist management to identify shortcomings in processes that augment the effectiveness of the Bank’s strategic risk management process.

Board of Directors

All directors have nominal share of one (1) unit of the Bank's stockholdings.



LANCE Y. GOKONGWEI
Chairman



FREDERICK D. GO
Vice-Chairman



ROBINA Y. GOKONGWEI-PE
Director



PATRICK HENRY C. GO
Director



ELFREN ANTONIO S. SARTE
President and CEO/Director



OMAR BYRON T. MIER
Director



ANGELES Z. LORAYES
Independent Director



ESPERANZA S. OSMEÑA
Independent Director



DAVID C. MERCADO
Independent Director



ROBERTO S. GAERLAN
Independent Director



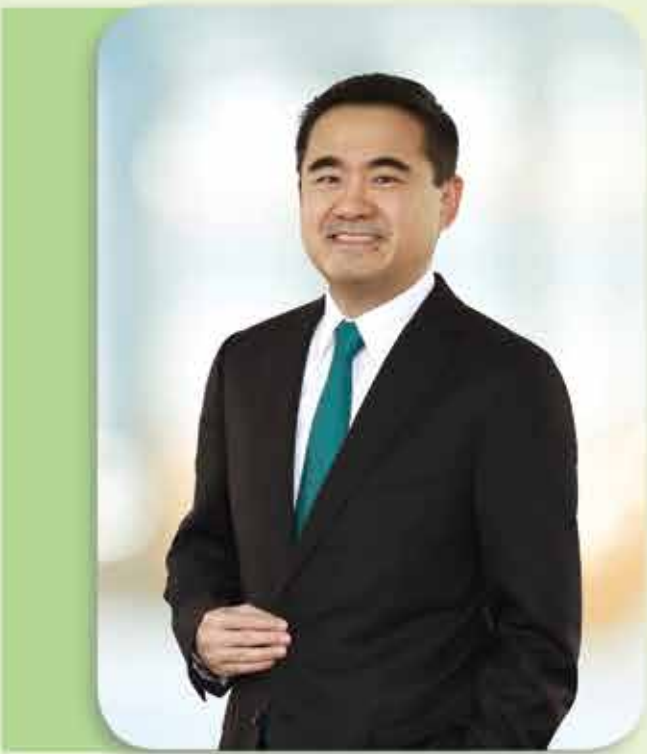
HERMOGENES S. ROXAS
Independent Director

Board of Directors' Profiles



LANCE Y. GOKONGWEI
Chairman of the Board, Filipino, 54 years old.
Tenure: 11

He is also the President and Chief Executive Officer of JG Summit Holdings Inc. (JGSHI). He likewise sits as the Chairman of Robinsons Retail Holdings, Inc., Universal Robina Corporation, Robinsons Land Corporation, Altus Property Ventures, Inc., JG Summit Petrochemical Corporation, and JG Summit Olefins Corporation. He is also the President and Chief Executive Officer of Cebu Air, Inc. He is a director and Vice Chairman of Manila Electric Company and is a Director of Oriental Petroleum and Minerals Corporation, United Industrial Corporation Limited, and Meralco Powergen Corporation. He is a member of the Board of Global Reporting Initiative. He is a trustee and Chairman of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.



FREDERICK D. GO
Vice-Chairman, Filipino, 52 years old.
Tenure: 11

He is the Vice Chairman of the Board and of the Executive Committee. Presently, he is the President and Chief Executive Officer of Robinsons Land Corporation. He is the Chairman and President of Altus Property Ventures, Inc. He is the Group General Manager of Shanghai Ding Feng Real Estate Development Company Limited, Xiamen Pacific Estate Investment Company Limited, Chengdu Ding Feng Real Estate Development Company Limited, Taicang Ding Feng Real Estate Development Company Limited, Taicang Ding Sheng Real Estate Development Company Limited, Chongqing Robinsons Land Real Estate Company Limited, and Chongqing Ding Hong Real Estate Development Company Limited. He is the Chairman of Luzon International Premier Airport Development Corporation. He also serves as a director of Cebu Air, Inc., Manila Electric Company, JG Summit Petrochemical Corporation, JG Summit Olefins Corporation, and Cebu Light Industrial Park. He is the Vice Chairman of the Philippine Retailers Association. He received a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

ROBINA Y. GOKONGWEI-PE
Director, Filipino, 59 years old.
Tenure: 11

She is the Chairman of the Bank's Trust Committee. She is presently the President and CEO of Robinsons Retail Holdings, Inc. (RRHI) which operates six business segments; namely supermarkets, department stores, do-it-yourself stores, convenience stores, drugstores, and specialty stores. RRHI also has 40% minority stake in Robinsons Bank. Ms. Pe is also a Director of JG Summit Holdings, Inc., Robinsons Land Corporation, and Cebu Air, Inc. She is a Trustee of the Gokongwei Brothers Foundation Inc. and Immaculate Conception Academy Scholarship Fund. She is member of the Board of Trustees of Xavier School. She attended the University of the Philippines-Diliman from 1978 to 1981 and obtained a Bachelor of Arts degree (Journalism) from New York University in 1984.



Board of Directors' Profiles



PATRICK HENRY C. GO
Director, Filipino, 51 years old.
Tenure: 11

He is the Vice Chairman of the Bank's Trust Committee and a member of its Corporate Governance Committee. He is also the President and Chief Executive Officer of JG Summit Petrochemical Corp., JG Summit Olefins Corp. and the Vice President and Managing the URC Packaging Division and URC Flexible Packaging Division. He is a Director of JG Summit Holdings Inc., Robinsons Land Corp and Universal Robina Corp. He has a Bachelor of Science degree in Management from the Ateneo de Manila University and took The General Manager Program from the Harvard Business School.



OMAR BYRON T. MIER
Director, Filipino, 73 years old.
Tenure: 6

He was appointed as a Director of the Bank in 2015. Apart from sitting as a Director of the Bank, he also serves as the Vice-Chairman of its IT Steering Committee, a member of Risk Oversight Committee and an alternate member of its Executive Committee. Mr. Mier likewise sits as the Chairman of Legazpi Savings Bank Inc.. He also serves as an independent director of RCBC Leasing and Finance Corporation (since 2018) and Paymaya Corp. where he also sits as the chairman and member of its Audit Committee and of its Risk and Compliance Committee, respectively, since 2016. Before joining the Bank, he holds around four decades of experience in the banking industry, including Citibank N.A., where he served as Country Risk Manager in Manila (1983 to 1985), Public Sector Group Head (1985 to 1987), Country Risk Officer in Malaysia (1992 to 1995), Head of Risk Management Group and World Corporate Group Head (1992 to 1995); Deutsche Bank, as Deputy General Manager and Corporate Banking Head (1995 to 2002); and Philippine National Bank (2005-2014), where he held various senior positions the last of which as President and CEO. He has a Bachelor of Science degree in Business Administration Major in Accounting, Bachelor of Arts degree in Economics, and Master of Arts in Economics from the University of the Philippines. He is also a Certified Public Accountant.

ELFREN ANTONIO S. SARTE
President and CEO/Director, Filipino, 61 years old.
Tenure: 7

He is the President and Chief Executive Officer of the Bank and is a member of its Executive Committee and Risk Oversight Committee. He is also the Vice-Chairman of the Board of Directors of Legazpi Savings Bank and the Chairman of its Executive Committee. He is also the Chairman of the Board of Directors of Philippine Clearing House Corporation. Prior to joining the Bank in November 2014, he was the President, Director and CEO of Allied Savings Bank (2013 to 2014); Consumer Finance Group Head (2013) and Head of Consumer Credit and Collection Division (2010 to 2013) of Philippine National Bank; and Head of Consumer Credit Risk Management Division (2006 to 2010), Credit Services Division (1996 to 2006) and Credit Investigation and Appraisal Division (1995 to 1996) of Union Bank of the Philippines. He was also a Manager at the Credit Information Bureau (1983 to 1995). He has a Bachelor of Science degree in Industrial Management Engineering minor in Mechanical Engineering from the De La Salle University.



ANGELES Z. LORAYES
Independent Director, Filipino, 70 years old.
Tenure: 9

She is the Chairman of the Bank's Corporate Governance Committee, Vice Chairman of the Audit, and a member of the RPT Committee. She honed her skills in banking by spending her career in Citibank as Head of its Financial Analysis and Engineering Department (1971 to 1978). She also headed the Credit Policy and Supervision of Equitable PCI Bank (1978 to 2000) and Philippine National Bank (2005 to 2010). She has a degree in Business Administration from the University of the Philippines and earned MBA units at the Ateneo Graduate School of Business.



Board of Directors' Profiles



ESPERANZA S. OSMEÑA
Independent Director, Filipino, 69 years old.
Tenure: 11

She is the Chairman of the Bank’s RPT Committee, Vice-Chairman of Risk Oversight Committee and a member of the Corporate Governance Committee and Trust Committee. She has held various senior positions at Asian Savings Bank (1984-1987) and Equitable PCI bank and its subsidiaries (1988-2000). She was an Executive Vice President at Equitable PCI Bank (1998-2000), and was Director at PCI Capital Inc., PCI Leasing Inc., PCI Insurance Brokers Inc., and Bankard Inc (1988-1999). She graduated with a Bachelor of Arts degree in Commerce from the Colegio de Santa Anna in Zaragoza, Spain.



ROBERTO S. GAERLAN
Independent Director, Filipino, 67 years old.
Tenure: 8

He is the Chairman of the Bank’s Risk Oversight Committee and Vice-Chairman of the Corporate Governance Committee, and Member of the Audit Committee. His career in banking spans over three decades, working with First United Bank (1973 to 1979) and with United Coconut Planters Bank (1979 to 2003) where he was the Vice President for Branch Banking (2001 to 2003). He graduated with a Bachelor of Arts degree in Economics from the University of Santo Tomas and Advanced Bank Management from the Asian Institute of Management.

DAVID C. MERCADO
Independent Director, Filipino, 69 years old.
Tenure: 7

He is the Chairman of the Bank’s Audit Committee and member of the Risk Oversight Committee and RPT Committee. He has more than three decades of experience in banking and has held various senior positions in Allied Banking Corporation and United Coconut Planters Bank. At UCPB, he became their Assistant Vice President- Account Management Division (1986 to 1987), Assistant Vice President - Deposit Services Department (1987 to 1993), Vice President and Regional Branch Head (1993 to 2004), Vice President and Head of Branch Banking Group (2004 to 2006) and lastly, as First Vice President of Consumer Banking Group (2006 to 2011). He earned his Business Administration degree from the Philippine School of Business Administration. He is also a Certified Public Accountant.



HERMOGENES S. ROXAS
Independent Director, Filipino, 68 years old.
Tenure: 8

He is the Chairman of the Bank’s IT Steering Committee and a Vice-Chairman of its RPT Committee. Mr. Roxas is also a Director of LSB where he chairs its Audit Committee, sat as the vice-chair of its Corporate Governance Committee, and a member of its Risk Oversight Committee. He has more than three decades of experience in banking and has held various senior positions at Commercial Banking & Trust Company and United Coconut Planters Bank and its subsidiaries. He was also the President of UCPB Savings Bank; a Director at UCPB Leasing & Finance Corp., UCPB Foreign Exchange Corp., UCPB Capital Corp., UCPB Rural Bank, and UCPB Securities Inc. He has a Bachelor of Science degree in Business Administration from the University of the Philippines.



Senior Board Advisers



JAMES L. GO

Member, Filipino, 81 years old.

He is the Chairman of JGSHI and Cebu Air, Inc. He is the Chairman and Chief Executive Officer of Oriental Petroleum and Minerals Corporation. He is the Chairman Emeritus of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Vice Chairman of Robinsons Retail Holdings, Inc. and a Director of Meralco Powergen Corporation. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the PLDT Inc. (PLDT) since November 3, 2011. He is a member of the Technology Strategy and Risk Committees and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.



LISA Y. GOKONGWEI-CHENG

Member, Filipino, 52 years old

She is the President and Director of Summit Media (2011 to present). General Manager of Gokongwei Brothers Foundation Inc. (2011) and President of i-Tech Global Business Solutions, Inc. She is Senior Vice President and Head of the Digital Transformation Office and Corporate Services for JG Summit Holdings, Inc. She has a Bachelor of Arts degree from Ateneo de Manila University, and obtained her Master's degree in Journalism at Columbia University in 1993.

BRIAN M. GO

Member, Filipino, 47 years old.

He is currently the Vice President & General Manager of URC Global Exports and Managing Director of JG Digital Capital Pte Ltd of JG Digital Equity Ventures. He joined URC in January of 2003, and again in February of 2015. He started with JGDEV in early 2019. Universal Robina Corporation is a major branded consumer foods company in South East Asia, and Oceania, and one of the leading companies listed on the Philippine Stock Exchange. Brian has led the creation of global export organization for URC kicking off in February 2019. JGDEV is the corporate Venture Capital entity of JG Summit Holdings and its subsidiaries and affiliates. Brian was part of the establishment of this team in early 2014, including the setup of the Singapore arm, known as JG Digital Capital, as well as being a member of the Investment Committee. Brian Started his career in New York City with Booz Allen Hamilton in 1996. He returned to Manila in 1998, starting at Digitel/Sun Cellular, a telecom company, and subsidiary of JG Summit Holdings in Corporate Planning, and eventually becoming Managing Director of the datacom business. He moved to China in 2003, initially serving as Finance Director for the food and real estate operations of the family business in China. In late 2007, he assumed the General Manager Role for the food business (URC China), while concurrently taking on the CFO role for the real estate business (Ding Feng Real Estate). After relocating to Singapore, he took on the role of General Manager for the URC Malaysia and Singapore subsidiaries of URC from 2015- 2018. He is also a director for JG Summit Petrochemical Corporation, and a member of the Senior Advisory Board of Robinsons Bank. Brian Graduated from Harvard College in 1996. He completed the Executive MBA program at Kellogg-HKUST in Hong Kong in 2007 and passed the CFA Level III Exam in 2013.



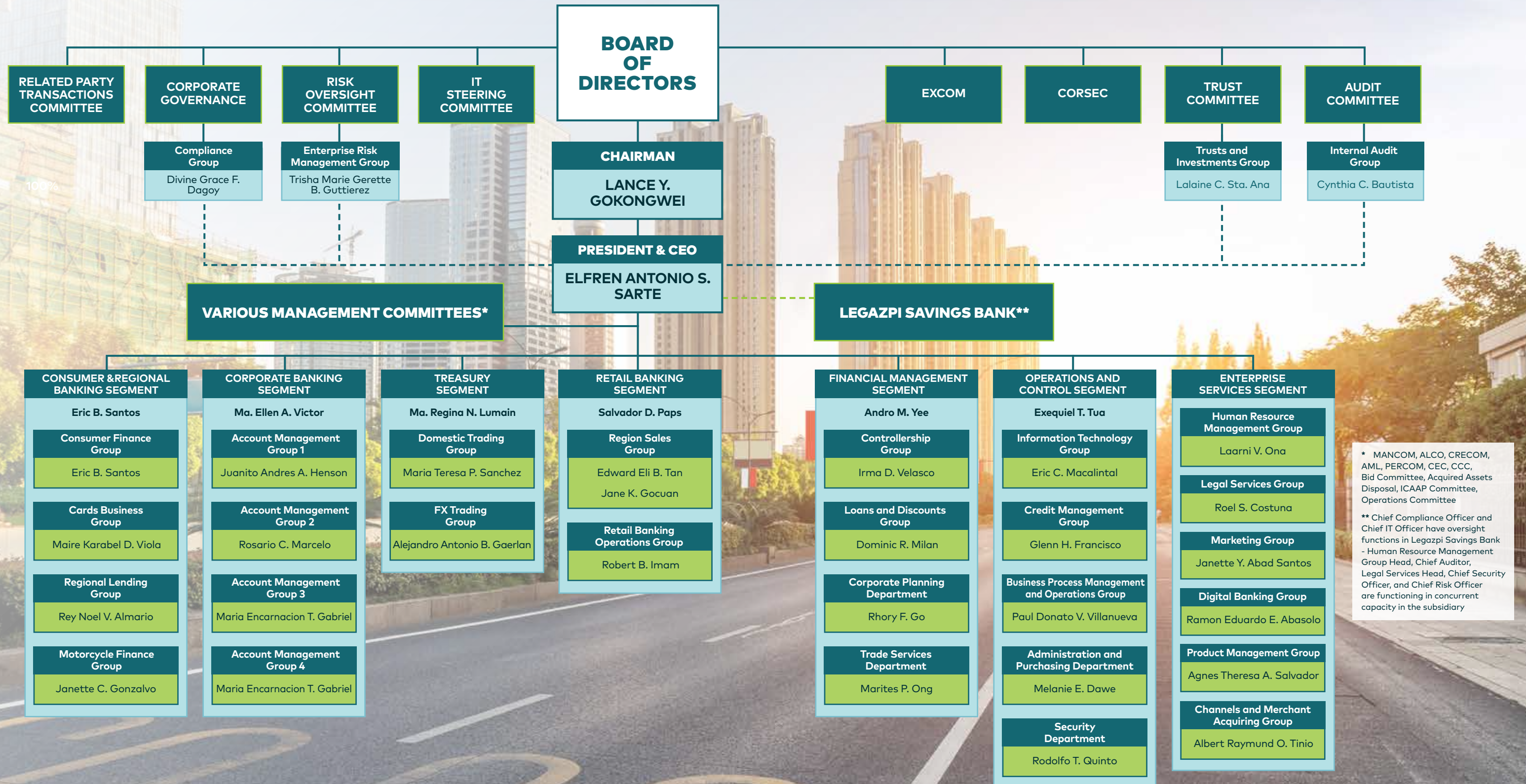
JOHNSON ROBERT G. GO, JR.

Member, Filipino, 56 years old.

He presently serves as Director of JG Summit Holdings, Inc., Universal Robina Corporation, A. Soriano Corporation, and Robinsons Land Corporation, among others. He has served as President of Robinsons Convenience Stores, Inc. (2002) and as Vice President of Robinsons Daiso Diversified Corp. (2010). He is also a trustee of the Gokongwei Brothers Foundation, Inc.. His banking experience spans around 17 years, when he was elected as a Director of the Bank. He has Bachelor of Arts degree in Interdisciplinary Studies from the Ateneo de Manila University.



ORGANIZATIONAL STRUCTURE



Key Officers



ELFREN ANTONIO S. SARTE

61, Filipino, President and Chief Executive Officer of the Bank and is a member of its Executive Committee and Risk Oversight Committee.

He is also the Vice-Chairman of the Board of Directors of Legazpi Savings Bank and the Chairman of its Executive Committee. He is also the Chairman of the Board of Directors of Philippine Clearing House Corporation. Prior to joining the Bank in November 2014, he was the President, Director and CEO of Allied Savings Bank (2013 to 2014); Consumer Finance Group Head (2013) and Head of Consumer Credit and Collection Division (2010 to 2013) of Philippine National Bank; and Head of Consumer Credit Risk Management Division (2006 to 2010), Credit Services Division (1996 to 2006) and Credit Investigation and Appraisal Division (1995 to 1996) of Union Bank of the Philippines. He was also a Manager at the Credit Information Bureau (1983 to 1995). He has a Bachelor of Science degree in Industrial Management Engineering minor in Mechanical Engineering from the De La Salle University.



EXEQUIEL T. TUA

63, Filipino, Senior Vice President, and the Bank's Chief Operating Officer.

He has been designated as the Bank's Chief Operating Officer since 1 October 2019. He has been in the banking industry for more than 30 years. Prior to joining the Bank in 2006, he has worked with several financial institutions such as Banco Filipino, PAIC Bank, Small Business Guarantee Corp., National Commercial Bank (KSA), Philippine National Bank, and Citibank Savings, Inc. He also had extensive trainings on anti-money laundering, information security, risks and compliance trainings, Basel regulations, and has completed the Asian Institute of Management's (AIM) Enterprise Risk Management program in 2011. He obtained his Bachelor of Science degree in Economics from University of Sto. Tomas (UST), MBA from DLSU Graduate School and completed his core subjects in PhD Commerce at UST.



ERIC B. SANTOS

61, Filipino, Executive Vice President, the head of the Bank's Consumer and Regional Banking Segment.

He has been with the banking industry for over 40 years and has held senior management positions in various banks such as United Coconut Planters Bank (UCPB), UCPB Savings Bank, Planters Development Bank and Premiere Development Bank prior to joining the Bank in 2012 as Chief Credit Officer. He was also elected as a Director of LSB in 2012 to 2013 and was re-elected in 2016 to present. He graduated from the Polytechnic University of the Philippines (PUP) with a degree of Bachelors of Science in Accountancy. He has attended extensive trainings on corporate governance, risk management, anti-money laundering, leadership, credit, and equity and debt financing.



MA. ELLEN A. VICTOR

63, Filipino, Senior Vice President, and is the head of the Bank's Corporate Banking Segment in charge of corporate loans and cash management services.

Ms. Victor finished her Bachelor of Science degree in Accounting in De La Salle University Manila and is a Certified Public Accountant. She has more than 30 years of banking experience and previously held various positions such as Credit Evaluation Head of RCBC, Senior Lending Officer in UCPB and Eastwest Bank, Trust Investments Head of UCPB, Trust Head and Customer Service Head of Standard Chartered Bank, and Credit Administration Division Head of UCPB Savings Bank. She continuously updates her knowledge and had attended several trainings and seminars in the fields of Corporate Lending and Finance, Credit, Trust banking and AMLA, among others.

Key Officers



ANDRO M. YEE

56, Filipino, Executive Vice President, and is the Bank's Chief Financial Officer.

He joined the Bank in 1997 and became the Bank's Compliance Officer (concurrent Chief Audit Executive) (1997-2009), Chief Audit Executive (2009-2010), and Controller (2010-2013). He also sat as a Director of Bancnet, Inc. (2009-2011) and currently sits as one of the Directors of LSB and UIBC. He was also the head of the Bank's Community Banking Group (2013-2018) that spearheaded the Bank's effort to offer financially inclusive products (i.e., Microfinance and Motorcycle Loans) to the unbanked and underbanked sector of the society in the country. Over the years, he has had numerous trainings and seminars on anti-money laundering, compliance, corporate governance, internal auditing, trust operations and investment management, IT security, corporate fraud control, and risk-based audit. He earned his Bachelor of Science degree in Business Administration, Major in Accounting, from the University of the Philippines in the Visayas. He is also a Certified Public Accountant.



MA. REGINA N. LUMAIN

58, Filipino, Executive Vice President, Treasurer of Robinsons Bank.

Prior to joining the Bank in 2000, she held senior management positions in PCI Bank and PCIB Savings Bank. She graduated cum laude from the University of the East with a Bachelor of Arts degree in Economics. She also brings with her an extensive experience in Treasury and Investments. Over the years, she had attended trainings on corporate governance, anti-money laundering, BSP issuances, Camels Rating, risk management, market reading, data privacy, asset and liability management and other Treasury related seminars. She is also an SEC licensed for Fixed Income Salesman.



MYKEL D. ABAD

52, Filipino, Executive Vice President of the Bank and also the President of LSB.

Prior to becoming the President of LSB, he has held senior management positions in UCPB, International Bank Exchange, and Robinsons Savings Bank. He finished his Bachelor of Science degree in Statistics from the University of the Philippines and he has a Masters degree in Applied Business Economics from the University of Asia and the Pacific. He has attended numerous trainings abroad such as the Youth Marketing Seminar conducted in Kuala Lumpur Malaysia and ICAAP Master Class and Asset Liability Management seminars, both of which were conducted in Singapore. He also underwent extensive trainings on antimoney laundering, corporate governance, treasury operations, and risk management. He has also completed the Executive Development Program of JG Summit, conducted by visiting professors from Harvard and INSEAD among others.



SALVADOR DH. PAPS

58, Filipino, Executive Vice President, and the head of the Bank's Retail Banking Segment.

His experience in the banking sector now span for more than 30 years. He has worked as the Bank's Business Center Head, Cluster Head, and Area Head before becoming the Bank's Retail Banking Group Head in 2016. Prior to joining the Bank, he already held senior management positions in ABN-AMRO Savings Bank and BA Savings Bank. He earned his Bachelor of Arts degree in Economics from San Beda College and has attended extensive trainings on customer experience management, business building and account servicing, Internal Capital Adequacy Assessment Process (ICAAP) training, Related Party Transaction (RPT) Training, Coaching for Effectiveness Workshop, and Finance for Senior Executive (AIM) to name a few.

List of Officers

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Sarte, Elfren Antonio Jr. S.
President & CEO

EXECUTIVE VICE PRESIDENTS

Abad, Mykel D.
LSB President Seconded to LSB

Lumain, Ma. Regina N.
Treasury Segment Head/Treasurer

Santos, Eric B.
Consumer and Regional Banking Segment Head, Consumer Finance Group Head

Yee, Andro M.
Chief Financial Officer (CFO)/ Concurrent Financial Management Segment Head

SENIOR VICE PRESIDENTS

Abasolo, Ramon Eduardo E.
Chief Digital Officer

Costuna, Roel S.
Head, Legal Services Group & Corporate Secretary

Gaerlan, Alejandro Antonio B.
FX Trading Group Head

Gocuan, Jane K.
Region Head (VisMin)

Gonzalvo, Janette C.
Motorcycle Finance Group Head

Henson, Juanito Andres A.
Account Management Group 1 Head

Macalintal, Eric C.
Information Technology Group Head / Chief Information Technology Officer

Marcelo, Rosario C.
Account Management Group 2 Head

Paps, Salvador DH.
Retail Banking Segment Head

Sanchez, Maria Teresa P.
Domestic Trading Group Head

Salvador, Agnes Theresa A.
Product Management Group Head

Tinio, Albert Raymond O.
Channels and Merchant Acquiring Group Head

Tua, Exequiel T.
COO/Operations and Control Segment Head

Victor, Ma. Ellen A.
Corporate Banking Segment Head

FIRST VICE PRESIDENTS

Almario, Rey Noel V.
Regional Lending Group Head

Barredo, Manuel Joseph B.
Area Head - Western Visayas

Bautista, Cynthia C.
Chief Audit Officer

Cruz, Reynaldo Jr. S.
Transaction Banking Group Head

Francisco, Glenn H.
Credit Management Group Head/ Concurrent Head - Credit Policy and MIS Department

Imam, Robert B.
Retail Banking Operations Group Head

Meniado, Romel D.
Chief Operating Officer - Seconded to LSB

Ona, Laarni V.
Human Resource Management Group Head

Orozco, Eduardo E.
Auto Loans Department Head

Santos, Pia Marie M.
Home Loans Division Head

Sta. Ana, Lalaine C.
Trust Officer and Trust and Investments Group Head

Sy, Lynn L.
Area Head - Metro Manila 3

Tan, Edward Eli B.
Region Head (NCR/Luzon)

Velasco, Irma DR.
Controller

Villanueva, Paul Donato V.
Business Process Management and Operations Group Head

Viola, Maire Karabel D.
Cards Business Group Head

Yabut, Galo P.
Dealership PESO Fixed Income Division Head

VICE PRESIDENTS

Abad Santos, Janette Y.
Marketing Group Head

Acebuche, Rene B.
IT Operations, Network and Infrastructure Division Head

Amante, Xavier Marc C.
Region Head - VisMin

Casaul, Allan H.
CI, Collection and Asset Recovery Division Head

Ching, Engelbert C.
Cluster Head - 5 / BCH Kaloocan

Cruz, Donna Jane O.
Operations Department Head

Dagoy, Divine Grace F.
Chief Compliance Officer

Dela Cruz, Victor Jr. C.
LSB Lending Head

Durano, Nerissa S.
Total Rewards and HR Services Department Head

Estrellado, Cherre S.
Small Business Loan, Personal Loan Program, mSME Department Head

Fernando, Eugenio Jr. G.
Area Head - Mindanao Area

Garcia, Manuel Antonio S.
Area Head - South Luzon

Go, Rhory F.
Corporate Planning Department Head

Gutierrez, Trisha Marie Gerette B.
Chief Risk Officer and Enterprise Risk Management Group Head

Infante, Reynante R.
FX Trading Division Head (PESO/FCDU)

VICE PRESIDENTS

Lim, Jeremy Jay V.
Business Process Management Department Head

Milan, Dominic R.
Loans and Discounts Group Head

Miranda, Bessie DJ.
Area Head - Metro Manila 1

Monje, Martha Melody D.
Project Management Office (PMO) Department Head

Quinto, Rodolfo T.
Chief Security Officer/Concurrent Field Collection & Asset Recovery Unit Head

Santos, Edward B.
Credit Management Division II Head

Tengco, Sareena R.
Area Head - Metro Manila 2

Vergara, John Roger Niño S.
Operational Risk Management Division Head

Villareal, Kareen R.
Compliance Officer/Seconded to LSB

Yap, Jean J.
Cluster Head - 1

Yu, Tommy Y.
Area Head - Eastern Visayas/ Cluster Head 12 (Concurrent)

Zoleta, Ma. Bernadette B.
Support and Shared Services Division Head

Products & Services



DEPOSITS

SAVINGS ACCOUNT

PHILIPPINE PESO

- PASSBOOK SAVINGS ACCOUNT
- ATM SAVINGS ACCOUNT
- TYKECOON SAVINGS ACCOUNT
- SPECIAL SAVINGS ACCOUNT
- SIMPLE SAVINGS ACCOUNT
- IPONSURANCE

FOREIGN CURRENCY

- US DOLLAR SAVINGS ACCOUNT
- THIRD CURRENCY ACCOUNT (EUR, JPY)
- RREWARDS SAVINGS ACCOUNT

CHECKING ACCOUNT

- REGULAR CHECKING ACCOUNT
- CORPORATE CHECKING ACCOUNT

TIME DEPOSIT

- PESO TIME DEPOSIT
- US DOLLAR TIME DEPOSIT
- THIRD CURRENCY TIME DEPOSIT (EUR, JPY)

LOANS

CORPORATE AND SME LOANS

SHORT TERM REVOLVING FACILITIES

- REVOLVING PROMISSORY NOTE LINE (RPNL)
- TRADE CHECK DISCOUNTING LINE
- DOMESTIC BILLS PURCHASING LINE

LONG-TERM LOAN



SME LOANS

- GO! MSME LOAN
- GO! SMALL BIZ LOAN GROWING OPPORTUNITIES

TRADE FACILITIES

- IMPORT/DOMESTIC TRADE FACILITIES
- LETTER OF CREDIT LINE
- TRUST RECEIPT (TR) LINE
- SHIPPING GUARANTEE
- EXPORT FINANCING
- EXPORT BILLS PURCHASE LINE
- OTHERS
- STANDBY LC FACILITY
- BANK GUARANTEE

CONSUMER LOANS

- GO! HOUSING LOAN GROWING OPPORTUNITIES
- GO! AUTO LOAN GROWING OPPORTUNITIES
- GO! PERSONAL LOAN GROWING OPPORTUNITIES
- GO! MOTORSIKLO LOAN
- VEHICLE FLEET FINANCING

CREDIT CARDS

- UNO® MASTERCARD
- UNO® PLATINUM MASTERCARD
- DOS® MASTERCARD
- DOS® PLATINUM MASTERCARD
- ROBINSONS CASHBACK CARD
- CARD ACQUIRING SERVICES

TREASURY AND GLOBAL MARKETS

FOREIGN EXCHANGE

- FX SPOT
- FX FORWARDS

FIXED INCOME

- PESO DENOMINATED GOVERNMENT SECURITIES AND OTHER DEBT INSTRUMENTS
- PESO SOVEREIGN BONDS (TREASURY BILLS, FXTNS, RTBS)
- PESO CORPORATE BONDS

- FOREIGN CURRENCY DENOMINATED BONDS
- US\$ SOVEREIGN BONDS (ROPS AND OTHER SOVEREIGN BONDS)
- US\$ CORPORATE BONDS

INVESTMENTS

- PESO, US\$, EUR TIME DEPOSIT

CASH MANAGEMENT

PAYABLES

- PAYROLL SERVICES
- ELECTRONIC CREDITING
- EGOV
- OUTSOURCED MANAGER'S CHECK PRINTING
- OUTSOURCED CORPORATE CHECK PRINTING
- SME BUILDER CHECK PRO
- SME BUILDER HRIS

COLLECTIONS

- BILLS PAYMENT (OVER-THE-COUNTER, ATM, ONLINE BANKING)
- POST DATED CHECK WAREHOUSING
- REFERENCE ACCOUNT COLLECTION
- CORPORATE AUTO DEBIT ARRANGEMENT

REMITTANCE

- WESTERN UNION REMITTANCE FACILITY

PAYMENTS

- DIRECT2BANK PESONET
- DIRECT2BANK INSTAPAY
- REAL-TIME GROSS SETTLEMENT (RTGS)
- PHILIPPINE DOMESTIC DOLLAR TRANSFER SYSTEM (PDDTS)
- SWIFT
- QUICKR



TRUST SERVICES

- UNIT INVESTMENT TRUST FUND
- PERSONAL MANAGEMENT FUND
- PERSONAL & CORPORATE INVESTMENT MANAGEMENT
- ESCROWS
- RETIREMENT FUND MANAGEMENT
- MORTGAGE TRUST INDENTURES
- SAFEKEEPING

ELECTRONIC BANKING CHANNELS

- ATM
- RBANK DIGITAL
- WEBSITE
- MOBILE BANKING APP
- RBANK SIGN UP – ONLINE ACCOUNT OPENING APP
- CORPORATE E2BANKING
- RBANKMO MALAPIT SAYO – AGENCY BANKING
- RBANK REMIT

BANCASSURANCE

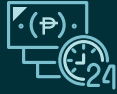
- PRU PERSONAL ACCIDENT
- PRU WELLNESS
- PRU SHIELD
- PRU LIFE CARE SERIES
- PRU TERM 15
- MORTGAGE REDEMPTION INSURANCE (MRI)

ANCILLIARY SERVICES

- MANAGER'S CHECK
- CASH ACCEPTANCE MACHINE (DAY & NIGHT DEPOSITORY)
- DEPOSIT PICK-UP AND DELIVERY
- FOREIGN CURRENCY CONVERSION
- SAFETY DEPOSIT BOX

Branch Directory

24R HUB



Withdraw and deposit cash through RBank's anytime banking facility

Digital Self-Service Hub



Apply for Simple Savings and credit card products, and access your Personal Online Banking account for bills payment, fund transfers, and more.

Collaborative Hub



Meet with bank representatives to discuss future plans, businesses and partnerships.

Online Assistance Platform



Meet with bank representatives to discuss future plans, businesses and partnerships.



METRO MANILA BRANCHES

A. ARNAIZ AVENUE

Unit 7A Commercial Space,
The Beacon Makati, A. Arnaiz Avenue corner
Chino Roces Ave, Makati City
☎ Tel. No.: 894-1667 / 894-1671 / 894-1758
✉ ArnaizAve@robinsonsbank.com.ph

ACACIA LANE - SHAW BOULEVARD

G/F Padilla Bldg. 333 Shaw Boulevard,
Brgy. Bagong Silang, Mandaluyong City
☎ Tel. No.: 668-2534 / 668-2510 / 997-2757
✉ AccaciaLane@robinsonsbank.com.ph

ADRIATICO

G/F Robinsons Place Manila,
Adriatico Street, Ermita, Manila City
☎ Tel. No.: 310-2210 / 243-8969 / 243-8971
✉ adriatico@robinsonsbank.com.ph

ALABANG

G/F Unit 4, El Molito Commercial Complex,
Madrigal Avenue cor Alabang-Zapote Road,
Alabang, Muntinlupa City
☎ Tel. No.: 850-9529 / 850-7665 / 772-1565
807-2508 / 822 -0940
✉ Alabang@robinsonsbank.com.ph

AMORSOLO

G/F Don Pablo Building, 114 Amorsolo Street,
Legaspi Village, Makati City
☎ Tel. No.: 804-2629/ 804-2621 / 804-2624
✉ Amorsolo@robinsonsbank.com.ph

ANNAPOLIS

The Meridien Condominium,
29 Annapolis Street, Greenhills, San Juan City
☎ Tel. No.: 02-85117196
✉ annapolisstreet@robinsonsbank.com.ph

ASUNCION - BINONDO

G/F Don Norberto & Doña Salustiana Ty
Building, #403 Asuncion Street corner
San Nicolas Street, Binondo, Manila
☎ Tel. No.: 241-2061 / 241-2610 / 241-3044
✉ Asuncion@robinsonsbank.com.ph

AYALA

6780 G/F JAKA 1 Building,
Ayala Avenue, Makati City
☎ Tel. No.: 822-7980 / 822-7964 / 822-7965
✉ Ayala@robinsonsbank.com.ph

BANAWA

Store No. 2, LI Commercial Building,
Lot 5 Block 240, Banawe Street,
Brgy. Tatalon, Quezon City
☎ Tel. No.: 516-8644 / 516-8674 / 411-1834
✉ Banawe@robinsonsbank.com.ph

BETTER LIVING

G/F Triple M Commercial Building,
Doña Soledad Avenue corner Australia Street,
Better Living Subd, Parañaque City
☎ Tel. No.: 823-2503 / 823-2572 / 823-2510
✉ BetterLivingParanaque@robinsonsbank.com.ph

BF HOMES PARAÑAQUE

180 J. Elizalde corner Concha Cruz Drive,
BF Homes Executive Village, Parañaque City
bfhomesparanaque@robinsonsbank.com.ph

BGC - BURGOS CIRCLE

G/F Unit B, The Cresent Park Residences,
30th Street corner 2nd Avenue, Bonifacio
Global City, Taguig City
☎ Tel. No.: 553-7204 / 553-7205 / 553-7206
✉ burgoscircletaguig@robinsonsbank.com.ph

BGC - RIZAL DRIVE

G/F UDENNA tower, Rizal Drive corner 4th
Avenue, Bonifacio South District, Bonifacio
Global City, Taguig City
☎ Tel. No.: (02) 332-3466 / (02) 352-4708
(02) 352-4710
✉ bgcrizaldrive@robinsonsbank.com.ph

BGC 32ND STREET

One World Place, 32nd Street,
Bonifacio Global City, Taguig City
☎ Tel. No.: 887-5648 / 887-5649 / 887-5654
✉ BonifacioGlobalCity32ndstreet@robinsonsbank.com.ph

BGC 34TH STREET

Shop 1 Panorama Tower, 34th Street corner
Lane A, Bonifacio Global City, Taguig City
☎ Tel. No.: 310-1339 / 869-6407 / 869-6406
✉ BonifacioGlobalCity34thStreet@robinsonsbank.com.ph

BINONDO

GF01 MZ01 Pacific Centre Building,
460 Quintin Paredes corner
Sabino Padilla Street, Binondo, Manila
☎ Tel. No.: 242-4413 / 242-4430 / 242-4443
242-4445 / 251-3635
✉ Binondo@robinsonsbank.com.ph

BONIFACIO GLOBAL CITY

Ground Level, Market Market Mall,
Bonifacio Global City, Taguig City
☎ Tel. No.: 856-0693 / 856-0694 / 856-0695
✉ BonifacioGlobalCity@robinsonsbank.com.ph

BRIDGETOWNE - C5

G/F Tera Tower, Ortigas Avenue Extension
corner C5, Quezon City
☎ Tel. No.: 650-4440 / 650-4386 / 281-3564
✉ Bridgetowne-C5@robinsonsbank.com.ph

CALOOCAN

G/F Dona Lolita Bldg., 363 Rizal Avenue
Extension, Caloocan City
☎ Tel. No.: 363-4654 / 363-3449 / 363-3758
✉ Caloocan@robinsonsbank.com.ph

CHINO ROCES AVENUE EXTENSION

G/F 2308 Natividad Building,
Chino Roces Avenue Extension, Makati City
☎ Tel. No.: 519-8063 / 519-7809 / 403-7057
✉ ChinoRoces@robinsonsbank.com.ph

CUBAO-P. TUAZON

G/F & Mezzanine, Genato Building,
250 P. Tuazon Cor. 15th Avenue,
Cubao, Quezon City
☎ Tel. No.: 912-0053 / 912-0046 / 355-3715
✉ PTuazon@robinsonsbank.com.ph

D. GUEVARA MANDALUYONG

G/F RL Building, 50 D. Guevara Street,
Mandaluyong City
☎ Tel. No.: 531-0855 / 531-1478 / 531-1604
✉ D.Guevara@robinsonsbank.com.ph

DEL MONTE

G/F EWELL Square Bldg., Del Monte Ave
corner Biak-na-Bato, Quezon City
☎ Tel. No.: 354-8582 / 354-8583 / 354-8584
✉ DelMonte@robinsonsbank.com.ph

DOMESTIC ROAD

G/F Cebu Pacific Airline Operations Center
Building, Domestic Road, Pasay City
☎ Tel. No.: 893-5968 / 893-5971 / 893-5972
✉ DomesticRoad@robinsonsbank.com.ph

E. RODRIGUEZ SR. AVE

G/F JCA Building, No. 1166 E. Rodriguez Sr.
Avenue, New Manila, Quezon City
☎ Tel. No.: 571-5745 / 571-6754
✉ E.Rodriguez@robinsonsbank.com.ph

EASTWOOD CITY

G/F IBM Plaza Building, Eastwood City,
E. Rodriguez Jr. Avenue, Bagumbayan,
Quezon City
☎ EastwoodCityBC@robinsonsbank.com.ph
✉ Tel. No.: 395-1336 / 395-1337 / 913-1517

EDSA CALOOCAN

G/F Insular Life Building, 462 EDSA
near corner Boni Serrano Street, Caloocan City
☎ Tel. No.: 931-9430 / 932-0959 / 990-1799
✉ EdsaCaloocan@robinsonsbank.com.ph

ERMITA

Level 1 Padre Faura Wing, Robinsons Place
Ermita, Ermita, Manila
☎ Tel. No.: 397-7027 / 397-7028 / 536-1138
✉ Ermita@robinsonsbank.com.ph

FILINVEST-ALABANG

Unit 104, Civic Place Condominium,
2301 Civic Drive, Filinvest Corporate City,
Alabang, Muntinlupa City
☎ Tel. No.: 659-0492 / 659-5014 / 659-0494
✉ Filinvest@robinsonsbank.com.ph

GALLERIA SOUTH

L2, Robinsons Galleria South,
Manila South Road, Nueva, San Pedro, Laguna
☎ Tel. No.: (02) 256-2797 / (02) 256-2790
(02) 256-2787
✉ galleriasouthsanpedro@robinsonsbank.com.ph

GAMMA

G/F Cyberscape Gamma, Ruby Street
Ortigas Center, Brgy. San Antonio, Pasig City
☎ Tel. No.: (02) 8362-4854 / (02) 8362-4855
✉ (02) 8287-3894
gamma@robinsonsbank.com.ph

JP RIZAL ST. - MAKATI

G/F Mendoza Building, 834 J. P. Rizal Street
corner E. Zobel Street, Makati City
☎ Tel. No.: 807-1240 / 815-1279 / 807-1236
✉ J.PRizal@robinsonsbank.com.ph

KABANKALAN

G/F NZ Business Center (NZBC) Building,
JY Perez Highway, Kabankalan City,
Negros Occidental
☎ Tel. No.: (034) 471-0030 / (034) 471-0053
✉ Kabankalan@robinsonsbank.com.ph

KATIPUNAN

G/F Torres Building, 321 Katipunan Avenue,
Loyola Heights, Quezon City
☎ Tel. No.: 426-2594 / 426-5604 / 920-4018
✉ Katipunan@robinsonsbank.com.ph

LAS PIÑAS

G86-G87 Robinsons Place Las Piñas,
345 Alabang-Zapote Road, Barangay Talon,
Las Piñas City
☎ Tel. No.: 872-0936 / 875-6872 / 875-6875
✉ LasPinas@robinsonsbank.com.ph

LAS PIÑAS - DAANG HARI

Southbend Building, Versailles Subdivision,
Daang Hari, Brgy. Almanza Dos, Las Piñas City
☎ Tel. No.: (02) 310-2072 / (02) 310-2073
(02) 310-2074
✉ laspinasdaanghari@robinsonsbank.com.ph

LAS PIÑAS - PAMPLONA

G/F South Park Highs, 262 Alabang-Zapote
Road, Pamplona, Las Piñas City
☎ Tel. No.: 872-6944 / 872-3016 / 478-2031
✉ LasPinas-Pamplona@robinsonsbank.com.ph

LEGAZPI STREET, MAKATI

G/F, Office 1, Man Tower Legazpi Building,
153 Legazpi Street, Legazpi Village, Makati City
☎ Tel. No.: 892-6807 / 893-9395 / 818-4263
✉ LegazpiStreet@robinsonsbank.com.ph

MAGINHAWA ST.

Stalls A & B #143 Maginhawa Street,
Barangay Teachers Village, Quezon City
☎ Tel. No.: 283-7276 / 285-5420 / 285-5419
✉ maginhawastreet@robinsonsbank.com.ph

MAGNOLIA TOWN CENTER

LGF - LG026 Robinsons Magnolia Town Center,
Aurora Blvd. cor Dona Hemady and
N. Domingo Streets, New Manila, Quezon City
☎ Tel. No.: 961-6040 / 961-6041 / 961-6042
✉ Magnolia@robinsonsbank.com.ph

MAIN OFFICE BRANCH

G/F Galleria Corporate Center,
EDSA corner Ortigas Avenue, Quezon City
☎ Tel. No.: 702-9593 / 395-2212
✉ MainOfficeBranch@robinsonsbank.com.ph

MAKATI - EVANGELISTA

G/F #1861 Evangelista Street,
Brgy. Pio Del Pilar, Makati City
☎ Tel. No.: 815-7946 / 815-7433 / 815-1430
✉ MakatiEvangelista@robinsonsbank.com.ph

MARIKINA

VC Chan Bldg. No. 8 Bayan-Bayanan Avenue,
Concepcion Uno, Marikina City
☎ Tel. No.: 948-6890 / 997-3004 / 948-7121
✉ Marikina@robinsonsbank.com.ph

MCKINLEY WEST

Lower G/F Cyber Sigma, Lawton Avenue,
Bonifacio South, Taguig City
☎ Tel. No.: 845-2286 / 845-2287 / 845-2294
✉ MckinleyWest@robinsonsbank.com.ph

MERALCO AVENUE

G01 & G02, Robins Design Center,
31 Meralco Avenue, Ortigas, Pasig City
☎ Tel. No.: 942-1853 / 706-0454 / 663-0788
✉ MeralcoAvenue@robinsonsbank.com.ph

MALABON

Level 1 – 01127, Robinsons Town Mall Malabon,
#5 Governor Pascual Avenue corner Crispin
Street, Tinajeros, Malabon City
☎ Tel. No.: 287-7997 / 287-7758 / 287-3635
✉ Malabon@robinsonsbank.com.ph

MOA COMPLEX

Unit 101, Tower 1 Oceanaire Residences,
Sunshine Drive corner Road 23, Coral Way,
MOA Complex, Pasay City
☎ Tel. No.: 801-0243 / 801-0245 / 815-1456
✉ MOAComplex@robinsonsbank.com.ph

MUNTINLUPA BAYAN

G/F Joval 1 Bldg. #52 National Highway
Putatan, Muntinlupa City
☎ Tel. No.: 310-0826 / 310-0827 / 310-0830
✉ muntinlupabayan@robinsonsbank.com.ph

N.S. AMORANTO SR. AVENUE

G/F Unit 102 "R" Place Building,
#255 N.S. Amoranto Sr. Avenue, Quezon City
☎ Tel. No.: 521-0997 / 521-0936
✉ N.S.Amoranto@robinsonsbank.com.ph

NINYO AQUINO AVENUE

G/F, Rooms 2 & 3, Sky Freight Building,
Sky Freight Center, Ninoy Aquino Avenue,
Parañaque City
☎ Tel. No.: 851-1066 / 851-1025 / 851-0981
✉ NinoyAquino@robinsonsbank.com.ph

Branch Directory

NOVALICHES

Level 1 - ERS1-016, Robinsons Novaliches, Barangay Pasong Putik, Quirino Highway, Novaliches, Quezon City
📞 Tel. No.: 935-3409 / 935-3412 / 935-3414
✉️ Novaliches@robinsonsbank.com.ph

ORTIGAS GREENHILLS

G/F Limketkai Building, Ortigas Avenue corner Roosevelt Street, Brgy. Greenhills, San Juan City
📞 Tel. No.: 726-3360 / 721-2336 / 725-6390
✉️ Ortigas-Greenhills@robinsonsbank.com.ph

PASAY - LIBERTAD

G/F Cementina Corporation Building, 160 A. Arnaiz Avenue corner Cuenca Street, Pasay City
📞 Tel. No.: 834-7836 / 833-7718 / 865-6628
✉️ PasayLibertad@robinsonsbank.com.ph

PASIG

L/G Robinsons Metro East, Marcos Highway, Barangay De la Paz, Pasig City
📞 Tel. No.: 532-3353 / 646-8835 / 249-1173
✉️ Pasig@robinsonsbank.com.ph

PASIG - C. RAYMUNDO

G/F Marius Arcadia Building, C. Raymundo Avenue corner Pag-Asa Street, Pasig City
📞 Tel. No.: 477-5949 / 477-5948 / 477-5947
✉️ C.Raymundo@robinsonsbank.com.ph

PASO DE BLAS

491 ESA Building, Paso De Blas Road, Brgy. Paso De Blas, Valenzuela City
📞 Tel. No.: 310-1159 / 310-1160 / 310-1162
✉️ pasodeblas@robinsonsbank.com.ph

PIONEER CYBERGATE

Upper G/F, Robinsons Pioneer Cybergate Center 1, Pioneer Street, Mandaluyong City
📞 Pioneer-Cybergate@robinsonsbank.com.ph
✉️ Tel. No.: 395-2749 / 395-2756

QUEZON AVENUE

G/F Q.C Avenue Mall, Quezon Avenue cor. Scout Borromeo St., South Triangle, Quezon City
📞 Tel. No.: 310-1056 / 310-1057 / 310-1058
✉️ quezonave@robinsonsbank.com.ph

REGALADO

RS137-05 Robinsons Townville Regalado Fairview, Quezon City
📞 Tel. No.: 376-6359 / 376-6063 / 376-6091
✉️ RegaladoAvenue@robinsonsbank.com.ph

ROOSEVELT AVENUE

G/F MCCM Bldg. 311 Roosevelt Avenue, Quezon City
📞 Tel. No.: 709-8213 / 709-8429 / 376-5672
✉️ RooseveltAvenue@robinsonsbank.com.ph

SAMSON ROAD

G/F Units 3, 4 & 5 Samson Square Bldg., Samson Road corner Dagohoy Street, Caloocan City
📞 Tel. No.: 287-3596 / 287-3597 / 287-3598
✉️ SamsonRoad@robinsonsbank.com.ph

SAN MIGUEL

G/F Octagon Building, San Miguel Avenue, Ortigas Center, Pasig City
📞 Tel. No.: 637-6165 / 636-3048 / 636-3074
✉️ SanMiguel@robinsonsbank.com.ph

SANTOLAN - PASIG

G/F AD Center Square, Amang Rodriguez corner Evangelista Street, Santolan, Pasig City
📞 Tel. No.: 632-7394 / 632-7396
✉️ Santolan@robinsonsbank.com.ph

SEDEÑO SALCEDO VILLAGE

G/F, Unit G-104, 88 Corporate Center, #141 Sedeño corner Valero Street, Salcedo Village, Makati City
📞 Tel. No.: 551-4194 / 551-3125 / 550-2262
✉️ Sedeno@robinsonsbank.com.ph

SEN. GIL PUYAT AVE.

G/F New Solid Realty Inc. Building, 357 Sen. Gil Puyat Avenue, Makati City
📞 Tel. No.: 897-1189 / 897-9440 / 897-9443
877-8963
✉️ Sen.GilPuyat@robinsonsbank.com.ph

SHAW BOULEVARD

G/F Pelbel Building I, #2019 Shaw Boulevard, Pasig City
📞 Tel. No.: 570-1920 / 631-2210 / 570-2391
✉️ ShawBlvd@robinsonsbank.com.ph

SOLER

G/F Filamco Building, #1220-1222, Soler corner Masangkay Streets, Binondo, Manila
📞 Tel. No.: 243-0972 / 243-2086 / 243-2099
✉️ Soler@robinsonsbank.com.ph

SUCAT

Units B13 & B17, JAKA Plaza Mall, Dr. A. Santos Avenue, Parañaque City
📞 Tel. No.: 808-2966 / 808-3279 / 478-7170
✉️ Sucat@robinsonsbank.com.ph

OLONGAPO

G/F 1370 Rizal Avenue Extension, East Tapinac, Olongapo City, Zambales
📞 Tel. No.: (047) 222-7521 / (047) 222-7522
(047) 222-7281
✉️ Olongapo@robinsonsbank.com.ph

TOMAS MORATO

JSB Building, Tomas Morato Avenue corner Scout Delgado Street, Quezon City
📞 Tel. No.: 412-7980 / 412-7981 / 374-8422
✉️ TomasMorato@robinsonsbank.com.ph

VALENZUELA

Unit A South Supermarket, McArthur Highway, Karuhatan, Valenzuela City
📞 Tel. No.: 293-9629 / 293-0557 / 294-0562
✉️ Valenzuela@robinsonsbank.com.ph

VISAYAS AVENUE

G/F M & L Building, Visayas Avenue corner Road 1, Quezon City
📞 Tel. No.: 374-0112 / 374-0113
✉️ VisayasAve@robinsonsbank.com.ph

WEST AVENUE

G/F Prosperity West Center Building, 92 A West Avenue, Quezon City
📞 Tel. No.: 332-3998 / 211-3242 / 332-7954
✉️ WestAvenue@robinsonsbank.com.ph

WHITE PLAINS

Francisco Santos Building, 138 Katipunan Avenue, Barangay Saint Ignatius, Quezon City
📞 Tel. No.: 438-7260 / 439-2497 / 439-4633
✉️ WhitePlains@robinsonsbank.com.ph

WILSON ST. - GREENHILLS

G/F, Wilson Corporate Center, Wilson Street, Greenhills, San Juan City
📞 Tel. No.: 239-0803 / 358-4843 / 358-6202
310-0001
✉️ WilsonStreet@robinsonsbank.com.ph

ORMOC

Robinsons Place Ormoc, Palo Carigara, Ormoc City Road, Brgy. Cogon, Ormoc City, Leyte
ormoc@robinsonsbank.com.ph
📞 Tel. No. (053) 832-3699 / (053) 832-3700 / (053) 832-3697

PROVINCIAL BRANCHES

ANGELES

Level 1 Robinsons Place Angeles, McArthur Highway, Balibago, Angeles City, Pampanga
📞 Tel. No.: (045) 892-8052 / (045) 892-8053
✉️ Angeles@robinsonsbank.com.ph

ANTIPOLO

Unit 169-A, Robinsons Place Antipolo, Sumulong Highway, Circumference Avenue, Dela Paz, Antipolo City
📞 Tel. No.: (02) 630-4241 / (02) 630- 4246
(02) 630-4249
✉️ Antipolo@robinsonsbank.com.ph

ANTIQUE

Level 1-116, 117 & 118 Robinsons Place Antique, Brgy. Maybato, San Jose de Buenavista, Antique
📞 Tel. No.: (036) 641-0021 / (036) 641-0022
(036) 641-0023
✉️ Antique@robinsonsbank.com.ph

BACOLOD

Level 1 C2002, The Central Citywalk, Robinsons Place Bacolod, Lacson Street, Mandalagan, Bacolod City, Negros Occidental
📞 Tel. No.: (034) 441-2372 / (034) 441-2494
✉️ Bacolod@robinsonsbank.com.ph

BACOLOD - CAPITOL SHOPPING CENTER

R. Performance Building A 62-64 Narra Avenue, Capitol Shopping Center, Bacolod City
📞 Tel. No.: (034) 435-5207, (034) 441-1824
✉️ bacolodcapitol@robinsonsbank.com.ph

BACOR

Units 1 & 2, Apollo Mart Building, 369 Gen. Aguinaldo Highway, Talaba 4, Bacoor, Cavite
📞 Tel. No.: (046) 416-1478 / (046) 416-6145
(046) 416-1549
✉️ bacoor@robinsonsbank.com.ph

BACOR - MOLINO BLVD.

G/F Main Square Bacoor, Molino Boulevard, Bacoor City, Cavite
📞 Tel. No.: (074) 443-3047 / (046) 461-3054
(046) 416-3064
✉️ bacoormolino@robinsonsbank.com.ph

BAGUIO

G/F, ECCO/Edgardomco Realty Corp. Bldg., #43 Assumption Road, Baguio City
📞 Tel. No.: (074) 443-8312 / (074) 443-8313
(074) 443-8314 / (074) 443-8315
✉️ Baguio@robinsonsbank.com.ph

BAIS

Corner Quezon and Burgos Streets, Bais City, Negros Oriental
📞 Tel. No.: (035) 402-3026 / (035) 402-3028
(035) 402 -3029
✉️ Bais@robinsonsbank.com.ph

BALAGTAS

G/F 103-1 Balagtas Town Center, McArthur Highway, Borol 1st, Balagtas, Bulacan
📞 Tel. No.: (044) 693-2079 / (044) 693-3741
(044)769-0251
✉️ Balagtas@robinsonsbank.com.ph

BALANGA

G/F, R & R Building, Don Manuel Banzon Avenue, Doña Francisca, Balanga City, Bataan
📞 Tel. No.: (047) 237-1097 / (047) 237-1099
(047) 237-1100
✉️ Balanga@robinsonsbank.com.ph

BALAYAN

G/F Stalls Numbers 2, 3 & 4 Balayan Public Market, Plaza Mabini Street, Balayan, Batangas
📞 Tel. No.: (043) 774-7660 / (043) 744-7662
(043) 774-7664
✉️ balayan@robinsonsbank.com.ph

BATANGAS CITY

G/F Odeste Building, P. Burgos St., Brgy. 15, Batangas City
📞 Tel. No.: (043) 723-9972 / (043) 723-5113
(043)300-0293
✉️ Batangas@robinsonsbank.com.ph

BAYAWAN

Shop 3, Bollos Street corner National Highway, Brgy. Poblacion, Bayawan City, Negros Oriental
📞 Tel. No.: (035) 522-8415 / (035) 522-8416
(035) 522-8417
✉️ bayawan@robinsonsbank.com.ph

BUTUAN

Level 1 - 01160, Robinsons Place Butuan, Km. 3 J.C Aquino Avenue, Brgy Libertad, Butuan City, Agusan del Norte
📞 Tel. No.: (085) 342-5415 / (085) 342-6858
(085) 815-0878
✉️ Butuan@robinsonsbank.com.ph

CABANATUAN

G/F Franklin de Guzman Building, Km. 114 Maharlika Highway, Barangay Zulueta, Cabanatuan City, Nueva Ecija
📞 Tel. No.: (044) 464-7628 / (044) 464-7877
(044) 600-2050 / (044)600-2430
✉️ Cabanatuan@robinsonsbank.com.ph

CAGAYAN DE ORO

Level 1 Robinsons Supercenter, Rosario Street, Lim Ket Kai Drive, Lapasan, Cagayan De Oro City
📞 Tel. No.: (088) 745-5134 / (088) 857-4168
✉️ CagayandeOro@robinsonsbank.com.ph

CAINTA

G/F Gusali 888 Building, Ortigas Avenue Extension, Cainta, Rizal
📞 Tel. No.: 631-9856 / 655-4727
✉️ Cainta@robinsonsbank.com.ph

CALAMBA

G/F FP Perez Building, National Highway, Parian, Calamba City, Laguna
📞 Tel. No.: (049) 536-0398 / (049) 536-0390
(049)536-0365
✉️ calamba@robinsonsbank.com.ph

CALAPAN

G/F Neo Calapan Mall, LS 008, Roxas Drive, Barangay Sto. Niño, Calapan, Oriental Mindoro
📞 Tel. No.: (043) 441-0027 / (043) 441-0028
(043)441-0030
✉️ Calapan@robinsonsbank.com.ph

CALASIAO

Level 1 - 01134, Robinsons Place Pangasinan, Mac Arthur Highway, Brgy. San Miguel, Calasiao, Pangasinan
📞 Tel. No.: (075) 632-0578 / (075) 517-3202
✉️ Calasiao@robinsonsbank.com.ph

CDO-DIVISORIA

G/F Pelaez Commercial Arcade 1 corner Tiano Bros. and Cruz Taal Streets, Divisoria, Cagayan De Oro City, Misamis Oriental
📞 Tel. No.: (088) 323-4261 / (088) 323-4262
(088) 323-4263
✉️ CDODivisoria@robinsonsbank.com.ph

CEBU - BANILAD

South Arcade 102, Banilad Town Centre, Gov. M. Cuenco Avenue, Banilad, Cebu City
📞 Tel. No.: (032) 239-1029 / (032) 239-1039
(032) 239-1037
✉️ cebubanilad@robinsonsbank.com.ph

CEBU MANDAUE

G/F Cotiaoking Bldg, North Road, Tabok, Mandaue City, Cebu
📞 Tel. No.: (032) 346-6452 / (032) 346-6970
✉️ CebuMandaue@robinsonsbank.com.ph

CEBU OSMENA

2nd Level Robinsons Place Cebu, Fuente Osmeña Avenue, Cebu City
📞 Tel. No.: (032) 253-1370 / (032) 253-8857
✉️ CebuOsmena@robinsonsbank.com.ph

CEBU, GARCIA - LLORENTE

G/F Robinsons Cybergate, Don Gil Garcia corner J. Llorente Street, Capitol Site, Cebu City
📞 Tel. No.: (032) 236-0271 / (032) 238-6304
✉️ Cebu.Garcia-Llorente@robinsonsbank.com.ph

CEBU-GALLERIA

B101 Robinsons Galleria Cebu, Maxilom-Osmeña Boulevard, 13th Avenue & Benedicto Street, North Reclamation Area, Cebu City
📞 Tel. No.: (032) 231-4942 / (032) 231-4944
(032) 231-4946
✉️ CebuGalleria@robinsonsbank.com.ph

CLARK GLOBAL CITY

Two West Aeropark, Gatwick Gateway, Clark Global City, Clark Freeport Zone, Mabalacat, Pampanga
📞 Tel. No.: 0454993486 / 0454993485
✉️ clarkglobalcity@robinsonsbank.com.ph

DAGUPAN

Guanzon Building, Perez Blvd. Dagupan City, Pangasinan
Dagupan@robinsonsbank.com.ph
📞 Tel. No.: (075) 522-7444 / (075) 515-2252

DASMARIÑAS

Level 1 01302 Robinsons Place Dasmariñas, E. Aguinaldo Hi-way corner Governor’s Drive, Pala-Pala, Dasmariñas, Cavite
📞 Tel. No.: (046) 852-2216 / (046) 852-2217
(046) 436-3253
✉️ Dasmariñas@robinsonsbank.com.ph

Branch Directory

DAVAO

Door 1 & 2, Edward V. A. Lim Building,
Sta. Ana Avenue, Davao City
📞 Tel. No.: (082) 227-8054 / (082) 226-3565
(082) 226-3567
✉ DavaoSta.Ana@robinsonsbank.com.ph

DAVAO - BUHANGIN

G/F Gaisano Grand City Gate Davao,
Tigatto Road corner Cabantian Road,
Brgy. Buhangin, Davao City
📞 Tel. No.: (082) 221-0230, (082) 285-3423
(082) 285-3431
✉ davaobuhangin@robinsonsbank.com.ph

DAVAO CYBERGATE

Level 1, Unit 109, Robinsons Cybergate Davao,
J.P Laurel Ave, Davao City
📞 Tel. No.: (082) 305-4990 / (082) 305-3875
(082) 305-4775
✉ DavaoCybergate@robinsonsbank.com.ph

DAVAO-MONTEVERDE

HAW Building, T. Monteverde Avenue,
Davao City
📞 Tel. No.: (082) 225-0553 / (082) 297-6137
(082) 225-0538
✉ DavaoMonteverde@robinsonsbank.com.ph

DOLORES - SFDO

Franda Building, McArthur Highway, Barrio
Dolores, City of San Fernando, Pampanga
📞 Tel. No.: (045) 435-8652 / (045) 435-8675
(045) 435-9130 / (045) 435-9378
✉ Dolores@robinsonsbank.com.ph

DUMAGUETE

Stall AF 25-27 Robinsons Dumaguete,
Dumaguete South Road corner Perdices Street,
Dumaguete City, Negros Oriental
📞 Tel. No.: (035) 421-1748 / (035) 421-0740
(035) 532-0013
✉ Dumaguete@robinsonsbank.com.ph

GENERAL SANTOS

Robinsons Place General Santos,
cor. J. Catolico Ave. and Bula-Lagao Rd.,
General Santos City
📞 Tel. No.: (083) 301-3579 / (083) 301-8623
(083) 553-1494 / (083) 553-1487
✉ GeneralSantos@robinsonsbank.com.ph

GENERAL TRIAS

Level 1 - 155 & 156 Robinsons Place General
Trias Mall, Antero Soriano, EPZA-Bacao
Diversion Road, Brgy. Tejero, General Trias,
Cavite
📞 Tel. No.: (046) 437-2592 / (046) 437-2593
(046) 437-2594
✉ GeneralTrias@robinsonsbank.com.ph

ILIGAN

Level 1 L1 136 & 137 Robinsons Place Iligan,
Barangay Tubod, Iligan City, Lanao Del Norte
📞 Tel. No.: (063) 224-6737 / (063) 224-6738
(063) 224-6740
✉ iligan@robinsonsbank.com.ph

ILOCOS NORTE

Level 2, Robinsons Place San Nicolas,
Barangay 1, San Nicolas, Ilocos Norte
📞 Tel. No.: (077) 781-2595 / (077) 781-2794
(077) 781-2970
✉ IlocosNorte@robinsonsbank.com.ph

ILOILO

Unit 189-190, G/F Robinsons Place Iloilo,
Corner Mabini-Del Leon Streets, Iloilo City, Iloilo
📞 Tel. No.: (033) 336-9625 / (033) 336-9637
✉ Iloilo@robinsonsbank.com.ph

IMUS

G/F Robinsons Place Imus, Emilio Aguinaldo
Highway, Imus, Cavite City
📞 Tel. No.: (046) 875-2331 / (046) 875-2333
✉ Imus@robinsonsbank.com.ph

JARO

Level 1 – Unit G-17 B, Robinsons Place Jaro,
E. Lopez Street, Brgy. San Vicente, Jaro, Iloilo
📞 Tel. No.: (033) 320-2701 / (033) 320-2704
320-2705
✉ Jaro@robinsonsbank.com.ph

LEGAZPI CITY

G/F, Yuzon Commercial Building,
Quezon Avenue, Legazpi City, Albay
📞 Tel. No.: (052) 481-3585 / (052) 481-0802
(052) 481-3235
✉ LegazpiCity@robinsonsbank.com.ph

LIPA

G/F Robinsons Place Lipa, Expansion Wing,
J.P. Laurel Highway, Mataas na Lupa,
Lipa City, Batangas
📞 Tel. No.: (043) 756-2240 / (043) 312-2057
✉ Lipa@robinsonsbank.com.ph

LIPA - J.P. LAUREL

G/F Mhikai Building 1, J.P. Laurel Highway,
Marawoy, Lipa City Batangas
📞 Tel. No.: (043) 756-0020 / (043) 756-0007
(043) 756-0004
✉ LipaJPLaurel@robinsonsbank.com.ph

LOS BAÑOS

G/F LBDHMC Medical Arts III Building,
Lopez Avenue, Batong Malake,
Los Baños, Laguna
📞 Tel. No.: (049) 557-7624 / (049) 557-7626
(049) 557-7629
✉ losbanos@robinsonsbank.com.ph

LUCENA

G/F AZDEMARK Building,
11 Quezon Avenue, Lucena City
📞 Tel. No.: (042) 322-0082 / (042) 322-0083
(042) 322-0084
✉ Lucena@robinsonsbank.com.ph

LUISITA TARLAC

Unit 102 Robinsons Luisita,
McArthur Highway, San Miguel, Tarlac City
📞 Tel. No.: (045) 985-2001 / (045) 985-2003
✉ LuisitaTarlac@robinsonsbank.com.ph

MALOLOS

Level 1 – 01123 Robinsons Place Malolos,
Mc Arthur Highway, Barangay Mabolo,
Malolos, Bulacan
📞 Tel. No.: (044) 796-1635 / (044) 796-1636
(044) 796-1637
✉ Malolos@robinsonsbank.com.ph

MEYCAUAYAN

G/F Sterling Square, Sterling Industrial Park,
Brgy. Iba, Meycauayan City, Bulacan
📞 Tel. No.: (044) 721-2712 / (044) 721-2713
(04) 721-2714
✉ Meycauayan@robinsonsbank.com.ph

NAGA

G/F Crown Hotel Building,
Peña Francia Avenue, Naga City
📞 Tel. No.: (054) 881-0786 / (054) 472-4556
✉ Naga@robinsonsbank.com.ph

PALAWAN

Unit 220-222, 2/F, Robinsons Place Palawan
Mall, Puerto Princesa City, Palawan
📞 Tel. No.: (048) 433-0054 / (048) 433-0055
✉ Palawan@robinsonsbank.com.ph

PASSI

Units G5-G6, Ground Floor, Gaisano Capital -
Passi, Simeon Aguilar Street, Passi City, Iloilo
📞 Tel. No.: (033) 536-7041 / (033) 536-7042
(033) 311-6339
✉ Passi@robinsonsbank.com.ph

PAVIA

G/F Robinsons Place Pavia, Vice President
Fernando Lopez Ave., Pavia, Iloilo City
📞 Tel. No.: (033) 328-1511/ (033) 328-1509
(033) 328-1510
✉ Iloilo@robinsonsbank.com.ph

ROBINSONS NORTH TACLOBAN

G/F Robinsons North Tacloban,
Brgy. Abucay, Tacloban City
📞 Tel. No.: (053) 832-3487 / (053) 832-3488
(053) 832-3489
✉ RNTacloban@robinsonsbank.com.ph

ROBINSONS PLACE NAGA

Level 1 Unit 101 Robinsons Place Naga,
Roxas Avenue corner Almeda Highway,
Brgy. Triangulo, Naga City, Camarines Sur
📞 Tel. No.: (054) 881-1282 / (054) 881-1535
(054) 881-0040
✉ RPNaga@robinsonsbank.com.ph

ROBINSONS PLACE TUGUEGARAO

G/F Robinsons Place Tuguegarao,
Brgy. Tanza, Tuguegarao City, Cagayan
📞 Tel. No.: (078) 377-4964 / (078) 377-4965
(078) 377-4966
✉ rptuguegarao@robinsonsbank.com.ph

ROXAS

Level 1-1133B, Robinsons Place Roxas, Pueblo de
Panay, Barangay Lawa-an, Roxas City, Capiz
📞 Tel. No.: (036) 651-0023 / (036) 651-0144
(036) 651-0188
✉ Roxas@robinsonsbank.com.ph

SAN FERNANDO

Level I Robinsons Star Mills, Candaba Gate,
Olongapo-Gapan Road, San Jose,
San Fernando City, Pampanga
📞 Tel. No.: (045) 636-3660
(045) 636-3587 (045) 875-2934
✉ SanFernando@robinsonsbank.com.ph

SAN JOSE CITY

Belena Building, San Jose-Carmen Road
(Romano St. corner Bonifacio St.),
Brgy. Rafael Rueda, San Jose City, Nueva Ecija
📞 Tel. No.: (044) 958-7258/958-7253 / 958-7254
✉ sjcne@robinsonsbank.com.ph

SAN JOSE DEL MONTE

Quirino Highway, Tungkong Mangga,
San Jose Del Monte City, Bulacan
📞 Tel. No.: (044)764-2598 / (044) 816-7314
✉ sanjosedelmonte@robinsonsbank.com.ph

SAN PABLO

G/F Estrellado Building, Paulino Street,
San Pablo City, Laguna
📞 Tel. No.: (049) 562-1043 / (049) 562-0711
✉ SanPablo@robinsonsbank.com.ph

SAN PEDRO

G/F Space 102, ETG Business Center,
A. Mabini Street, Barangay Poblacion,
San Pedro City, Laguna
📞 Tel. No.: (02) 520-1869, (02) 520-1991
✉ SanPedro@robinsonsbank.com.ph

SANTIAGO

Level 1-01103, Robinsons Place Santiago,
Barangay Mabini, Santiago City, Isabela
📞 Tel. No.: (078) 323-0243 / (078) 323-0890
✉ Santiago@robinsonsbank.com.ph

STA ROSA

Level 1 Robinsons Sta. Rosa Market,
Old National Highway, Bo. Tagapo,
Sta. Rosa City, Laguna
📞 Tel. No.: (049) 837-1693 / (02) 520-8527
✉ Sta.Rosa@robinsonsbank.com.ph

STA. ROSA ESTATES 2

Sta. Rosa-Tagaytay Road,
Sta. Rosa City, Laguna
📞 Tel. No.: (049) 544-4482 / (049) 544-4039
(049) 544-6193
✉ Sta.RosaEstates2@robinsonsbank.com.ph

STO. TOMAS

GF Unit 3, Sierra Makiling Commercial
Complex, Maharlika Highway,
Brgy. San Antonio, Sto. Tomas, Batangas
📞 Tel. No.: (043) 406-4273 / (043) 406-4275
✉ StoTomas@robinsonsbank.com.ph

TACLOBAN

Robinsons Place Tacloban, Level 1-00103,
National Highway, Tabuan, Marasbaras,
Tacloban City
📞 Tel. No.: (053) 327-5880 / (053) 327-5881
(053) 327-5884
✉ Tacloban@robinsonsbank.com.ph

TAGAYTAY

Space 2-00210, Robinsons Tagaytay,
National Road, Barrio Maharlika, Tagaytay City
📞 Tel. No.: (046) 860-2916 / (046) 860-2917
✉ Tagaytay@robinsonsbank.com.ph

TAGBILARAN

G/F Castelcelo Building 1, C. Gallares Street
corner J. S. Torralba Street, Poblacion II,
Tagbilaran City, Bohol
📞 Tel. No.: (038) 411-1267 / (038) 411-1268
(038) 411-1269
✉ Tagbilaran@robinsonsbank.com.ph

TAGUM

Level 1 – Unit 167 Robinsons Place Tagum,
National Highway, Brgy. Visayan Village,
Tagum, Davao del Norte
📞 Tel. No.: (084) 218-8028 / (084) 218-8030
(084) 218-8031
✉ Tagum@robinsonsbank.com.ph

TAYTAY

Red Ribbon Uptown Building, Manila East Road,
Barangay San Juan, Taytay, Rizal
📞 Tel. No.: 661-5673 / 661-5676 / 661-5678
✉ Taytay@robinsonsbank.com.ph

TUGUEGARAO

G/F, Lui Building, Bonifacio Street,
Centro 04, Tuguegarao City, Cagayan Valley
📞 Tel. No.: (078) 375-0722 / (078) 375-0721
(078) 396-0896
✉ Tuguegarao@robinsonsbank.com.ph

URDANETA

G/F S-Plaza Building, McArthur Highway,
Urdaneta, Pangasinan
📞 Tel. No.: (075) 568-1290 / (075) 568-1292
(075) 568-1291
✉ Urdaneta@robinsonsbank.com.ph

VALENCIA CITY

G/F Robinsons Place Valencia,
Valencia City, Bukidnon
📞 Tel. No.: (088) 828-2131
✉ valenciacity@robinsonsbank.com.ph

VIGAN

LS1-08-2, Xentro Mall Vigan, Quezon Avenue,
Brgy. III, Vigan City, Ilocos Sur
📞 Tel. No.: (077) 679-9937 / (077) 679-9938
(077) 679-9939
✉ vigan@robinsonsbank.com.ph

ZAMBOANGA CITY

G/F The Grand Astoria Hotel,
Mayor Jaldon Street, Zamboanga City
📞 Tel. No.: (062) 993-6684/ (062) 993-7539
✉ zamboanga@robinsonsbank.com.ph

72
Total Metro
Manila Branches

82
Total Provincial
Branches

154
Total RBC Branches
including 5 branch lite units

Legazpi Savings Bank



Legazpi Savings Bank (LSB), a wholly owned subsidiary of the Bank, is a thrift bank primarily engaged in deposit-taking and lending activities. LSB was acquired in 2012 by the Bank under the BSP strengthening program for thrift and rural banks. LSB implemented various key expansion initiatives. In its nearly five decades of operating in the Bicol region, LSB took the opportunity to span its countryside reach in two of the fastest growing regions in the country – CALABARZON and the Central Luzon. This move made LSB’s total network consisting of 14 branches and 5 Branch-Lite Units.

LSB continues to focus on ramping up its high-yielding loan portfolio by aggressively growing the: Department of Education’s Automatic Payroll Deduction System (DepEd APDS), Microfinance, and Consumer Loans. It can be recalled that LSB acquired accreditation for providing teacher’s salary loans under the DepEd APDS in 2018.



While LSB was not spared from the pandemic cloud that dampened the banking industry’s performance universally, it was still able to contribute to RBank, its parent, P125.7 million in earnings even with a reported net loss. Despite the inopportune 2020 performance in income generation and loan production performance, LSB dauntlessly upheld its expansion program. To widen its reach and serve clients in DepEd Automatic Payroll Deduction System (APDS) and Microfinance, one full branch was inaugurated in Rizal while another one, a branch-lite unit, was opened in Bulacan. This brings its branch network total to 19. LSB’s ATM count is now at 19.

BOARD OF DIRECTORS / OFFICERS

DIRECTORS

Omar Byron T. Mier Chairman	Andro M. Yee Director
Elfren Antonio S. Sarte Vice Chairman	Roberto S. Gaerlan Independent Director
Mykel D. Abad Director	Victor V. Laynes Independent Director
Angelito V. Evangelista Director	Hermogenes S. Roxas Independent Director
Eric B. Santos Director	

KEY OFFICERS

Mykel D. Abad President*	Trisha Marie Gerette B. Guttierrez Risk Management Unit Head	Ma. Socorro S. Liganor Retail Banking Group Head
Romel D. Meniado Chief Operating Officer*	Kareen R. Villareal Chief Compliance Officer*	Erlinda O. Del Villar Operations Head
Roel S. Costuna Corporate Secretary and Legal Unit Head	Cynthia C. Bautista Chief Audit Officer	Victor C. Dela Cruz Jr. Lending Head*
Aileen Mary C. Ejercito Asst. Corporate Secretary	Laarni V. Ona Human Resource Management Group Head	Abundio B. Blanquisco, Jr. Branch and Administration Operations
Eleanor Leni M. Ante Treasurer		

DEPARTMENT HEAD

Jason-Dennis R. Sambitan Information Technology Department Head	Carmela Monica C. Borromeo Officer-in-Charge for Controllorship
Adrian T. Llana Credit Cycle & Operations Head	Rodolfo T. Quinto Chief Security Officer

*Seconded



LEGAZPI SAVINGS
a subsidiary of **ROBINSONSBANK**
A Commercial Bank

Board of Directors

from left: Omar Byron T. Mier, Elfren Antonio S. Sarte,
Mykel D. Abad, Roberto S. Gaerlan

from left: Angelito V. Evangelista, Andro M. Yee, Eric B. Santos,
Hermogenes S. Roxas, Victor V. Leynes



OMAR BYRON T. MIER

Director, Filipino,
73 years old.

He was appointed as a Director of the Bank in 2015. Apart from sitting as a Director of the Bank, he also serves as the Vice-Chairman of its IT Steering Committee, a member of Risk Oversight Committee and an alternate member of its Executive Committee. Mr. Mier likewise sits as the Chairman of Legazpi Savings Bank Inc.. He also serves as an independent director of RCBC Leasing and Finance Corporation (since 2018) and Paymaya Corp. where he also sits as the chairman and member of its Audit Committee and of its Risk and Compliance Committee, respectively, since 2016. Before joining the Bank, he holds around four decades of experience in the banking industry, including Citibank N.A., where he served as Country Risk Manager in Manila (1983 to 1985), Public Sector Group Head (1985 to 1987), Country Risk Officer in Malaysia (1992 to 1995), Head of Risk Management Group and World Corporate Group Head (1992 to 1995); Deutsche Bank, as Deputy General Manager and Corporate Banking Head (1995 to 2002); and Philippine National Bank (2005-2014), where he held various senior positions the last of which as President and CEO. He has a Bachelor of Science degree in Business Administration Major in Accounting, Bachelor of Arts degree in Economics, and Master of Arts in Economics from the University of the Philippines. He is also a Certified Public Accountant.

ELFREN ANTONIO S. SARTE

President and CEO/Director,
Filipino, 61 years old.

He is the President and Chief Executive Officer of the Bank and is a member of its Executive Committee and Risk Oversight Committee. He is also the Vice-Chairman of the Board of Directors of Legazpi Savings Bank and the Chairman of its Executive Committee. He is also the Chairman of the Board of Directors of Philippine Clearing House Corporation. Prior to joining the Bank in November 2014, he was the President, Director and CEO of Allied Savings Bank (2013 to 2014); Consumer Finance Group Head (2013) and Head of Consumer Credit and Collection Division (2010 to 2013) of Philippine National Bank; and Head of Consumer Credit Risk Management Division (2006 to 2010), Credit Services Division (1996 to 2006) and Credit Investigation and Appraisal Division (1995 to 1996) of Union Bank of the Philippines. He was also a Manager at the Credit Information Bureau (1983 to 1995). He has a Bachelor of Science degree in Industrial Management Engineering minor in Mechanical Engineering from the De La Salle University.



MYKEL D. ABAD

52, Filipino, Executive Vice President of the Bank
and also the President of LSB.

Prior to becoming the President of LSB, he has held senior management positions in UCPB, International Bank Exchange, and Robinsons Savings Bank. He finished his Bachelor of Science degree in Statistics from the University of the Philippines and he has a Masters degree in Applied Business Economics from the University of Asia and the Pacific. He has attended numerous trainings abroad such as the Youth Marketing Seminar conducted in Kuala Lumpur Malaysia and ICAAP Master Class and Asset Liability Management seminars, both of which were conducted in Singapore. He also underwent extensive trainings on anti-money laundering, corporate governance, treasury operations, and risk management. He has also completed the Executive Development Program of JG Summit, conducted by visiting professors from Harvard and INSEAD among others.

ROBERTO S. GAERLAN

Independent Director, Filipino,
67 years old.

He is the Chairman of the Bank's Risk Oversight Committee and Vice-Chairman of the Corporate Governance Committee, and Member of the Audit Committee. His career in banking spans over three decades, working with First United Bank (1973 to 1979) and with United Coconut Planters Bank (1979 to 2003) where he was the Vice President for Branch Banking (2001 to 2003). He graduated with a Bachelor of Arts degree in Economics from the University of Santo Tomas and Advanced Bank Management from the Asian Institute of Management.



HERMOGENES S. ROXAS

Independent Director, Filipino,
68 years old.

He is the Chairman of the Bank's IT Steering Committee and a Vice-Chairman of its RPT Committee. Mr. Roxas is also a Director of LSB where he chairs its Audit Committee, sat as the vice-chair of its Corporate Governance Committee, and a member of its Risk Oversight Committee. He has more than three decades of experience in banking and has held various senior positions at Commercial Banking & Trust Company and United Coconut Planters Bank and its subsidiaries. He was also the President of UCPB Savings Bank; a Director at UCPB Leasing & Finance Corp., UCPB Foreign Exchange Corp., UCPB Capital Corp., UCPB Rural Bank, and UCPB Securities Inc. He has a Bachelor of Science degree in Business Administration from the University of the Philippines.

Board of Directors' Profiles



ANDRO M. YEE

56, Filipino, Executive Vice President, and is the Bank's Chief Financial Officer.

He joined the Bank in 1997 and became the Bank's Compliance Officer (concurrent Chief Audit Executive) (1997-2009), Chief Audit Executive (2009-2010), and Controller (2010-2013). He also sat as a Director of Bancnet, Inc. (2009-2011) and currently sits as one of the Directors of LSB and UIBC. He was also the head of the Bank's Community Banking Group (2013-2018) that spearheaded the Bank's effort to offer financially inclusive products (i.e., Microfinance and Motorcycle Loans) to the unbanked and underbanked sector of the society in the country. Over the years, he has had numerous trainings and seminars on anti-money laundering, compliance, corporate governance, internal auditing, trust operations and investment management, IT security, corporate fraud control, and risk based audit. He earned his Bachelors of Science degree in Business Administration, Major in Accounting, from the University of the Philippines in the Visayas. He is also a Certified Public Accountant.



ERIC B. SANTOS

61, Filipino, Executive Vice President, the head of the Bank's Consumer and Regional Banking Segment.

He has been with the banking industry for over 40 years and has held senior management positions in various banks such as United Coconut Planters Bank (UCPB), UCPB Savings Bank, Planters Development Bank and Premiere Development Bank prior to joining the Bank in 2012 as Chief Credit Officer. He was also elected as a Director of LSB in 2012 to 2013 and was re-elected in 2016 to present. He graduated from the Polytechnic University of the Philippines (PUP) with a degree of Bachelors of Science in Accountancy. He has attended extensive trainings on corporate governance, risk management, anti-money laundering, leadership, credit, and equity and debt financing.

ANGELITO V. EVANGELISTA

69, Filipino, Director of Legazpi Saving Bank, Inc. and a member of its Board level committees.

He is also currently a consultant of Robinsons Bank Corporation. He has been in the banking industry for more than 45 years. He started his career with Bank of Asia, which later became Insular Bank of Asia and America (IBAA) and has held senior management positions in PCIBANK and PCI Savings Bank. He was part of the original team that organized Robinsons Savings Bank Corporation in 1997. He was once an Executive Vice President & Chief Operating Officer of Robinsons Bank Corporation. He was a former Independent Director of Meycauayan College and was previously a Director of Bancnet where he currently sits as Bancnet's OPSCOM adviser. He graduated from the University of the East where he earned his Bachelors of Science degree in Business Administration, Major in Accounting. He also has a Masters degree in Business Administration from the University of the Philippines Diliman. Over the years, he has attended numerous trainings and seminars conducted in the Philippines and abroad such as the ATM Debit & Prepaid Forum held in Las Vegas, Nevada, U.S.A. and the Bank Administration Institute's (BAI) Retail Delivery Conference in Boston, Massachusetts, U.S.A., among others. He is also a Certified Public Accountant.



VICTOR V. LAYNES

Independent Director, Filipino, 50 years old.

He was appointed as an Independent Director of the Bank on September 22, 2012. Apart from sitting as an Independent Director of the Bank, he also serves as a Chairman of its Risk Management Committee, Vice-Chairman of the Audit Committee and a member of the Corporate Governance Committee. He is also the Manager of Sea Breeze Restaurant, Island Scrap Center and Anika Construction, which businesses he also owns. Before joining the Bank, his career in banking spanned fifteen (15) years, including Equitable Banking Corporation, where he initially served as Junior Management Trainee and eventually rose to be Manager (1991 to 1997); Export and Industry Bank, as Senior Manager (1997); and Robinsons Savings Bank where he served as IT Head (1997 to 2004). He was also an Independent Director of Vision Bank (Catanduanes) from 2007 to 2009. He has a Bachelor of Science degree in Computer Science from the University of the Philippines.



DEPOSIT AND LOAN PRODUCTS

DEPOSIT PRODUCTS

NOW Account

The NOW account is a 2-in-1 checking account that allows you to settle your day-to-day payables through its check book and conveniently allows you to monitor your check issuances through passbook.

Savings Account

Regular Savings

An interest bearing savings account that allows the customer the flexibility of accessing funds anytime through over-the-counter (OTC) for both savings and transactional purposes.

Bulilit Savings

An interest bearing savings account designed specifically for minors aging from seven (7) to twelve (12) years old. Like the Regular Savings Account, it allows the customer the flexibility of accessing funds anytime through over-the-counter (OTC) for savings and transactional purposes.

Friendly Savings

A Savings Account that allows clients to earn higher than regular savings rates by maintaining high deposit balances. The earnings potential is largely influenced by the amount of deposit maintained and the prevailing Market Interest Rates.

Special Savings Account

A Peso Term Deposit account that allows clients to earn higher than regular savings rates by maintaining their deposit balances for a specified period of time. The earnings potential is largely influenced by the amount of deposit maintained, the tenor of deposit, and the prevailing Market Interest Rates.

Time Deposit Account

A Peso Term Deposit account that is evidenced by a certificate of Time Deposit (CTD). It allows clients to earn higher than regular savings rates by maintaining their deposit balances for a specified period of time. The earnings potential is largely influenced by the amount of deposit maintained, the tenor of deposit, and the prevailing Market Interest Rates.

LOAN PRODUCTS

Consumer Loans

Microfinance Loan (Go Micro Regular, Go Micro Plus, Go Micro SME, Power Up)

A loan product managed by the Retail Banking Group that is targeted to microenterprises. It is created to provide an affordable credit facility that will help micro entrepreneurs expand their present business activities that will eventually increase their income. It offers better interest rates and easier payment schemes as compared to the informal money lenders that micro-entrepreneurs currently deal with.

APDS Loans for teachers

A multi-purpose loan product managed by the Retail Banking Group (RBG) that is targeted to DepEd's teaching and non-teaching personnel. Repayment for APDS obligation is drawn against DepEd teaching personnel's salaries thru automatic payroll deduction.

Professional Salary Loan

A multi-purpose loan program managed by the Retail Banking Group (RBG) that is targeted to employed individuals. The loan is granted based on the paying capacity of the borrower. Repayment is drawn against the borrower's salaries and other payroll credits.

Housing Loan

An amortizing term loan facility secured by real estate properties under the borrower's name.

Auto Loan

A peso loan available to individuals or entrepreneurs to finance the purchase of brand-new or second-hand vehicles. Re-financing of units already owned by the applicant is also covered by the product.

Jewelry Loan

A multi-purpose loan facility offered to individuals and secured by jewelry or gold items. The loan is payable via advance monthly interest payments with the loan principal payable monthly or upon maturity.

Commercial Loan

Small and Medium Enterprise Loan

A loan program that helps build business by providing short and long term facilities to Small and Medium Enterprise to support liquidity or capital build-up, expansion and acquisitions or buyouts, among and other business needs.

Small Business Loan

A loan product that is a fully-secured credit facility (either by real estate or deposits) targeted to Small and Medium Enterprises (SMEs). In the current market, SMEs have limited access to credit.

The SBL product aims to address this need by providing SMEs the cash they need to grow their business. Extending loans to this target market will also help the Bank in increasing its deposits, given that SMEs represent a huge CA/SA market.



BRANCH NETWORK

ALBAY

738 Building, Rizal, Street,
Old Albay District 4500 Legazpi City
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80006; 80106
0919-0630-0932

CAINTA

ECCOI Corporate Center
Ortigas Extension,
St. Anthony Subdivision, Cainta, Rizal
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80018
0998-565-8893

CALAUAG

Rizal St. Brgy. Sta. Maria,
Calauag Quezon
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80013
(042) 717-6763
0919-0630-0937

DAET

A. Subia Bldg. J Lukban Ext. Daet,
Camarines Norte
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80008; 80108
0919-0630-0934

DARAGA

Perete Bldg., Sta Maria Street,
Brgy. San Roque,
Daraga, Albay 4501
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 8002
0919-0630-0928

DASMARIÑAS

G/F Wincorp Bldg., Molino, Paliparan Rd.,
Brgy. Salawag, Dasmariñas City, Cavite
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80016
0998-565-8874

GOA

J. Quinzon Building, Bagumbayan
Pequeño, Rizal St., Goa, Camarines Sur
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80012; 80112
0919-0630-0938

GUINOBATAN

T. Paulate Street, Guinobatan, Albay
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80007
0919-0630-0933

IRIGA

DLS Building, 121-Zone 6, Hi-Way 1,
San Isidro, Iriga City
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80017
0998-565-8876

LEGAZPI

Rizal Corner & Mabini Streets,
4500 Legazpi City
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 8001
(052) 742-1380
0919-0630-0927

LUCENA

A.M. Lubi Bldg. ML. Tagarao St.
Corner Ellias St., Brgy. 5, Lucena City
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80014; 80114
(042) 717-6765
0919-0630-0940

MALOLOS

MKTJ Building M2, Fausta,
Subdivision, Mabolo, Malolos, Bulacan
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 82506
0919-063-0946

MASBATE

Units 8 & 9 S&T Bldg. Cagba St.
Brgy Tugbo, Masbate City
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80010
(056)333-5744
0919-0630-0935

NAGA

NEA Building, Triangulo, Naga City
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80011; 80111
0919-0630-0936

PAMPANGA

4 & 2 Bldg., Mc Arthur Highway,
Sindalan, City of San Fernando,
Pampanga
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80015
(045) 436-60005
0998-565-8865

POLANGUI

National Road, Basud,
Polangui, Albay
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80004
0919-0630-0930

SORSOGON

CBA Bldg. Jamoralin Street,
Burabod, Sorsogon City
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80005
0919-0630-0931

TABACO

Ground Floor, N.N. Building,
AA Berces Street, Basud, Tabaco City
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 8003
0919-0630-0929

VIRAC

G/F D&L Building, Corner Surtida &
Rizal Streets, San Jose, Virac,
Catanduanes 4800
TL- (052) 732-3000 to 30005
(02) 8396-7460; 0919-063-0926
0919-0630- 944/945 local 80009
0919-0630-0919



JG SUMMIT HOLDINGS, INC.

FOOD, AGRO-INDUSTRIAL AND COMMODITIES

Universal Robina Corporation

8th Floor, Tera Tower, Bridgetowne
E. Rodriguez Jr. Avenue (C5 Road)
Ugong Norte, Quezon City
Tel. Nos.: (632) 633-7631 to 40
/ (632) 240-8801
Fax Nos.: (632) 633-9207
/ (632) 240-9106
Hotline: 559-8URC (827)
Toll Free: 1800-10URCCARE
(8722273)

AIR TRANSPORTATION

Cebu Air, Inc.

Cebu Pacific Building
Domestic Road, Barangay 191
Zone 20 Pasay City
Tel No.: (02) 802-7000

REAL ESTATE AND HOTELS

Robinsons Land Corporation

Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue
Quezon City
Tel. No.: (632) 397-1888

BANKING & FINANCIAL SERVICES

Robinsons Bank Corporation

17th Floor, Galleria Corporate Center
EDSA corner Ortigas Avenue
Quezon City
Tel. Nos.: (632) 702-9500
/ (632) 637-2273

PETROCHEMICALS

JG Summit Petrochemical Corporation

Ground Floor, Cybergate Tower 1
EDSA corner Pioneer Street
Mandaluyong City
Tel. No.: (632) 230-5000

JG Summit Olefins Corporation

Ground Floor, Cybergate Tower 1
EDSA corner Pioneer Street
Mandaluyong City
Tel. No.: (632) 397-3200

CORE INVESTMENTS

TELECOMMUNICATIONS

PLDT Inc.

Ramon Cojuangco Building
Makati Avenue corner
Dela Rosa Street, Makati City
Tel. No.: (02) 816-8024

REAL ESTATE AND PROPERTY DEVELOPMENT

United Industrial Corporation Limited

24 Raffles Place, #22-01/06
Clifford Center
Singapore 048621
Tel. No.: (65) 622-0135-2

POWER

Manila Electric Company (Meralco)

Ortigas Avenue, Barangay Ugong
Pasig City 1605
Tel Nos.: (632) 632-2222 / (632) 16220

Global Business Power Corporation

22nd Floor, GT Tower International
6813 Ayala Avenue corner
H.V. Dela Costa Street
1227 Makati City, Philippines
Tel. No.: (632) 464-1600

SUPPLEMENTARY BUSINESS

INSURANCE BROKERAGE SERVICES

Unicon Insurance Brokers Corporation

34th Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City
Tel. Nos.: (632) 633-7631

AFFILIATES

Robinsons Retail Holdings, Inc.

43rd Floor, Robinsons
Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City
Tel. No.: (632) 635-0751 to 64

Summit Publishing Company Inc.

6th & 7th Floor
Robinsons Cybergate Center
Tower 3, Robinsons Pioneer Complex
Pioneer Street, Mandaluyong City
Tel. No.: (632) 451-8888

i-Tech Global Business Solutions Inc.

3rd Floor, Robinsons Otis
1536 P. Guazon Street
Paco, Manila
Tel. No.: (632) 249-4305

ADVOCACY

Gokongwei Brothers Foundation

7th Floor, Robinsons
Cybergate Tower 3
Pioneer Street, Mandaluyong City
Tel. No.: (632) 451-8888 ext. 1118

GBF Technical Training Center

Litton Mills Compound
Amang Rodriguez Avenue
Rosario, Pasig City
Tel. No.: (632) 640-1820

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Statement of Management's Responsibility

The management of Robinsons Bank Corporation (the Bank) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, 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 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.

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

The BOD reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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



Lance Y. Gokongwei
Chairman of the Board

Elfren Antonio S. Sarte
President and Chief Executive Officer



Andro M. Yee
Executive Vice President
and Chief Financial Officer

Irma D. Velasco
First Vice President and Controller

Independent Auditor's Report

The Stockholders and the Board of Directors
Robinsons Bank Corporation

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Robinsons Bank Corporation and its subsidiary (the Group) and the parent company financial statements of Robinsons Bank Corporation (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2020 and 2019, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2020 and 2019, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2020 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 Consolidated and Parent Company Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated and parent company 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent company financial statements.

Applicable to the Audit of the Consolidated and Parent Company Financial Statements

Allowance for Credit Losses on Loans and Receivables

The Group's and the Parent Company's application of the expected credit loss (ECL) model in calculating the allowance for credit losses on loans and receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's and the Parent Company's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality, taking into account extension of payment terms and payment holidays provided as a result of the coronavirus pandemic; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts, and impact of credit enhancements extended by any party; and incorporating forward-looking information, including the impact of the coronavirus pandemic, in calculating ECL.

Allowance for credit losses on loans and receivables as of December 31, 2020 for the Group and the Parent Company amounted to ₱1.80 billion and ₱1.57 billion, respectively. Provision for credit losses on loans and receivables of the Group and the Parent Company in 2020 amounted to ₱1.10 billion and ₱1.05 billion, respectively.

The disclosures in relation to the allowance for credit losses on loans and receivables are included in Note 14 to the financial statements.

Audit Response

We updated our understanding of the board approved methodologies and models used for the Group's and the Parent Company's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments* to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information.

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place, and management's assessment of the impact of the coronavirus pandemic on the counterparties; (c) tested the Group's and Parent Company's application of internal credit risk rating system, including the impact of the coronavirus pandemic on the borrowers, by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and Parent Company's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and effects of credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) checked the reasonableness of forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge, including the impact of the coronavirus pandemic; and (h) tested the effective interest rate used in discounting the expected loss.

Further, we checked the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re- performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We reviewed the disclosures made in the financial statements.

We involved our internal specialists in the performance of the above procedures.

Accounting for the disposal of investment securities under the hold-to-collect business model

In May 2020, the Parent Company disposed PHP-denominated government securities managed under hold-to-collect (HTC) business model with carrying amount of 3.35 billion. The disposals resulted in a gain of 190.91 million. Investment securities held under a hold-to-collect business model, which are classified as 'Investment securities at amortized cost', are managed to realize cash flows by collecting contractual payments over the life of the instrument.

The accounting for the disposals is significant to our audit because the amounts involved are material (41.65% and 41.76% of the total investment securities at amortized cost and 2.95% and 3.03% of the total operating income of the Group and Parent Company, respectively). Moreover, it involves the exercise of significant judgment by management in assessing that the disposals are consistent with the HTC business model and that it would not impact the measurement of the remaining securities in the affected portfolio.

The Parent Company's disclosures relating to the disposals from its HTC portfolio are included in Note 3 to the consolidated and parent company financial statements.

Audit Response

We updated our understanding of the Parent Company's objectives for disposals of investment securities at amortized cost through inquiries with management and review of approved internal documentations, including governance over the disposals. We evaluated management's assessment of the impact of the disposals on the affected portfolio/s in reference to the Parent Company's business models, relevant risk policies and the provisions of the relevant accounting standards and regulatory issuances. We also reviewed the calculation of the gains on the disposals and the measurement of the remaining securities in the affected portfolio,

We reviewed the disclosures related to the disposals based on the requirements of PFRS 7, *Financial Instruments: Disclosures* and *Philippine Accounting Standard (PAS 1), Presentation of Financial Statements*.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A for the year ended December 31, 2020, but does not include the consolidated and parent company financial statements and our auditor's report thereon, which we obtained prior to the date of the auditor's report, and the Annual Report for the year ended December 31, 2020 which are expected to be made available to us after the date of this auditor's report.

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

In connection with our audits of the consolidated and parent company 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 consolidated and parent company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated and parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company financial statements, management is responsible for assessing the Group's and the Parent 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 Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company 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 consolidated and parent company 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 consolidated and parent company 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company'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 consolidated and parent company 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other amatters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

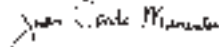
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Reports on the Supplementary Information Required Under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 and Revenue Regulations 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 34 and Revenue Regulations 15-2010 in Note 33 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 Security Bank Corporation. 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.

The engagement partner on the audit resulting in this independent auditor's report is Juan Carlo Maminta.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta

Partner

CPA Certificate No. 115260

Accreditation No. 115260-SEC (Group A)

Valid to cover audit of 2020 to 2024

financial statements of SEC covered institutions

Tax Identification No. 210-320-399

BIR Accreditation No. 08-001998-132-2018,

February 9, 2018, valid until February 8, 2021

PTR No. 8534323, January 4, 2021, Makati City

SEC accreditation issued on January 19, 2021

April 12, 2021

	Consolidated		Parent Company	
	December 31			
	2020	2019	2020	2019
ASSETS				
Cash and Other Cash Items	₱2,863,029,038	₱3,249,359,133	₱2,749,958,446	₱3,176,490,713
Due from Bangko Sentral ng Pilipinas (Note 15)	20,367,518,731	12,216,191,774	19,922,550,239	11,824,524,807
Due from Other Banks (Note 6)	3,904,608,310	2,463,991,767	3,809,357,748	2,374,076,786
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (Notes 6)	4,495,757,260	2,408,705,460	4,366,091,085	2,342,127,432
Financial Assets at Fair Value Through Profit or Loss (Note 7)	87,076,733	4,935,882	87,076,733	4,935,882
Financial Assets at Fair Value Through Other Comprehensive Income (Notes 7 and 27)	19,315,805,963	13,973,461,843	19,346,005,963	14,003,661,843
Investment Securities at Amortized Cost (Notes 7)	8,049,365,423	11,357,261,241	8,029,367,323	11,156,952,059
Loans and Receivables (Note 8)	86,880,366,557	80,805,805,712	85,270,984,824	79,240,326,174
Investment in a Subsidiary (Note 9)	–	–	1,305,019,936	1,357,178,340
Property and Equipment (Note 10)	1,357,662,566	1,308,628,049	1,219,213,655	1,165,797,623
Investment Properties (Note 11)	464,890,897	382,355,004	359,077,184	266,464,925
Branch Licenses (Note 12)	1,000,737,944	999,928,369	379,827,944	379,328,369
Goodwill (Note 9)	244,327,006	244,327,006	–	–
Deferred Tax Asset - net (Note 25)	761,032,257	458,920,202	798,705,161	511,814,656
Other Assets (Note 13)	1,354,575,272	1,212,839,592	1,337,392,783	1,198,608,191
	₱151,146,753,957	₱131,086,711,034	₱148,980,629,024	₱129,002,287,800
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities (Notes 15 and 26)				
Demand	₱21,792,821,094	₱17,054,484,841	₱21,624,134,226	₱16,880,570,300
Savings	73,394,200,507	58,931,747,324	71,870,501,340	57,516,406,672
Time	16,322,680,395	15,687,802,834	15,960,403,645	15,306,981,464
Long-term negotiable certificates of deposit	5,937,710,710	5,927,592,846	5,937,710,710	5,927,592,846
	117,447,412,706	97,601,627,845	115,392,749,921	95,631,551,282
Bonds Payable (Note 17)	9,951,888,873	9,889,835,356	9,951,888,873	9,889,835,356
Bills Payable (Note 18)	–	2,040,505,751	–	2,040,505,751
Manager's Checks	1,152,343,055	1,074,514,545	1,152,343,055	1,074,514,545
Accrued Expenses (Note 19)	1,026,878,765	733,106,591	1,006,227,172	706,156,177
Other Liabilities (Note 19)	3,242,616,181	2,686,646,578	3,151,805,626	2,599,250,321
	132,821,139,580	114,026,236,666	130,655,014,647	111,941,813,432
Equity				
Common stock (Note 21)	15,000,000,000	15,000,000,000	15,000,000,000	15,000,000,000
Surplus	2,621,857,074	1,672,850,201	2,621,857,074	1,672,850,201
Surplus reserves (Notes 21 and 27)	535,376,596	549,796,552	535,376,596	549,796,552
Remeasurement losses on retirement plan (Note 22)	(31,841,311)	(39,171,510)	(26,750,527)	(35,205,102)
Remeasurement losses on subsidiary's retirement plan (Note 22)	–	–	(5,090,784)	(3,966,408)
Net unrealized gains (losses) on financial assets at FVOCI (Note 7)	223,680,755	(12,124,355)	223,680,755	(12,124,355)
Cumulative translation adjustments	(23,458,737)	(110,876,520)	(23,458,737)	(110,876,520)
	18,325,614,377	17,060,474,368	18,325,614,377	17,060,474,368
	₱151,146,753,957	₱131,086,711,034	₱148,980,629,024	₱129,002,287,800

See accompanying Notes to Financial Statements

Statements of
Income

	Consolidated			Parent Company		
	Years Ended December 31					
	2020	2019	2018	2020	2019	2018
INTEREST INCOME ON						
Loans and receivables (Note 8)	₱6,610,326,864	₱6,060,079,146	₱4,566,977,784	₱6,242,583,242	₱5,729,777,274	₱4,370,912,893
Investment securities (Note 7)	963,915,243	1,041,551,648	1,071,783,404	960,320,904	1,033,201,341	1,063,545,546
Due from Bangko Sentral ng Pilipinas and other banks (Note 6)	85,998,369	32,594,850	40,306,233	76,355,724	22,261,229	22,294,497
Interbank loans receivable/Securities purchased under resale agreements (Note 6)	176,769,283	64,535,367	82,553,113	172,755,151	58,732,167	77,478,252
	7,837,009,759	7,198,761,011	5,761,620,534	7,452,015,021	6,843,972,011	5,534,231,188
INTEREST EXPENSE ON						
Deposit liabilities (Notes 15 and 26)	1,375,240,744	2,482,399,046	2,071,202,108	1,343,523,076	2,455,641,962	2,052,180,171
Bills payable (Note 18)	83,744,050	285,373,713	115,700,011	83,744,050	285,373,713	115,700,011
Bonds payable (Note 17)	538,439,589	141,116,925	–	538,439,589	141,116,925	–
Lease liability (Note 23)	46,351,280	51,627,485	–	41,572,352	47,292,619	–
	2,043,775,663	2,960,517,169	2,186,902,119	2,007,279,067	2,929,425,219	2,167,880,182
NET INTEREST INCOME	5,793,234,096	4,238,243,842	3,574,718,415	5,444,735,954	3,914,546,792	3,366,351,006
Service fees and commission income (Note 24)	398,347,991	462,302,868	352,463,888	396,966,418	460,630,646	351,037,512
Service fees and commission expense (Note 24)	166,465,129	192,232,154	89,323,918	162,637,217	183,879,745	84,897,404
NET SERVICE FEE AND COMMISSION INCOME	231,882,862	270,070,714	263,139,970	234,329,201	276,750,901	266,140,108
Trading and securities gains-net (Note 7)	748,311,268	397,719,878	18,298,145	748,311,268	397,719,878	18,298,145
Loss on loan modification (Note 8)	(273,536,633)	–	–	(194,323,399)	–	–
Gains on sale of investment securities at amortized cost (Note 7)	193,846,467	62,879,198	–	190,914,608	62,879,198	–
Foreign exchange gains (losses) - net	(93,066,592)	50,966,589	174,406,811	(93,066,592)	50,966,589	174,406,811
Miscellaneous (Note 24)	(20,796,077)	(24,592,824)	75,992,748	(39,973,015)	(64,392,723)	61,279,486
TOTAL OPERATING INCOME	6,579,875,391	4,995,287,397	4,106,556,089	6,290,928,025	4,638,470,635	3,886,475,556
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 22 and 26)	1,438,673,152	1,301,011,664	1,101,098,121	1,312,593,031	1,182,876,007	1,025,213,290
Provision for credit and impairment losses (Note 14)	1,102,054,520	127,472,603	100,133,645	1,050,618,813	126,876,761	99,094,504
Depreciation and amortization (Note 10)	686,938,574	635,540,354	355,087,357	644,224,626	598,557,494	331,409,645
Taxes and licenses (Note 25)	615,142,199	580,554,943	512,286,383	597,714,584	554,997,936	497,083,053
Information technology	336,216,069	169,702,015	153,748,905	321,227,844	159,445,700	146,018,436
Insurance	244,027,024	173,895,313	235,188,313	236,180,659	167,358,089	229,448,403
Security, messengerial and janitorial	237,278,850	285,094,136	244,807,942	201,519,001	238,237,964	226,662,876
Occupancy and equipment-related costs (Notes 23 and 26)	255,422,315	268,852,494	475,362,477	236,460,734	246,358,925	453,623,377
Communication	117,167,165	118,926,128	104,888,217	113,683,485	114,073,623	102,830,377
Entertainment, amusement, and recreation (Note 25)	97,929,702	96,414,705	90,280,647	96,087,509	94,335,734	88,101,616
Management and professional fees	24,870,525	29,872,898	38,575,286	22,878,680	27,875,761	36,713,777
Miscellaneous (Note 24)	518,947,164	426,923,664	252,502,146	493,797,443	395,190,872	226,579,076
TOTAL OPERATING EXPENSES	5,674,667,259	4,214,260,917	3,663,959,439	5,326,986,409	3,906,184,866	3,462,778,430
INCOME BEFORE SHARE IN NET INCOME OF A SUBSIDIARY	905,208,132	781,026,480	442,596,650	963,941,616	732,285,769	423,697,126
SHARE IN NET INCOME (LOSS) OF A SUBSIDIARY	–	–	–	(51,034,028)	125,666,513	9,872,906
INCOME BEFORE INCOME TAX	905,208,132	781,026,480	442,596,650	912,907,588	857,952,282	433,570,032
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)	(29,378,785)	61,599,972	125,482,848	(21,679,329)	138,525,774	116,456,231
NET INCOME	₱934,586,917	₱719,426,508	₱317,113,802	₱934,586,917	₱719,426,508	₱317,113,801

See accompanying Notes to Financial Statements.

Statements of
Comprehensive Income

	Consolidated			Parent Company		
	Years Ended December 31					
	2020	2019	2018	2020	2019	2018
NET INCOME	₱934,586,917	₱719,426,508	₱317,113,802	₱934,586,917	₱719,426,508	₱317,113,801
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX						
Item that may not be reclassified to profit or loss						
Change in remeasurement gains (losses) on retirement plan net of tax (Note 22)	7,330,199	(39,529,507)	13,825,054	8,454,575	(34,300,897)	13,344,985
Change in remeasurement gains (losses) on subsidiary's retirement plan net of tax (Note 22)	–	–	–	(1,124,376)	(5,228,610)	480,069
Change in net unrealized gains (losses) on equity financial assets at fair value through other comprehensive income (Note 7)	(4,014,940)	11,007,376	(6,642,436)	(4,014,940)	11,007,376	(6,642,436)
Items that may be reclassified to profit or loss						
Change in allowance (losses) on debt financial assets at fair value through other comprehensive income (Note 7)	1,364,730	2,070,586	–	1,364,730	2,070,586	–
Change in net unrealized gains (losses) on debt financial assets at fair value through other comprehensive income (Note 7)	238,455,320	1,010,804,502	(942,796,440)	238,455,320	1,010,804,502	(942,796,440)
Translation adjustments	87,417,783	9,141,111	(17,420,981)	87,417,783	9,141,111	(17,420,981)
	330,553,092	993,494,068	(953,034,803)	330,553,092	993,494,068	(953,034,803)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱1,265,140,009	₱1,712,920,576	(₱635,921,001)	₱1,265,140,009	₱1,712,920,576	(₱635,921,002)

See accompanying Notes to Financial Statements.

	Consolidated				
	Common Stock (Note 21)	Surplus (Note 21)	Surplus Reserves (Notes 21 and 27)	Net Unrealized Gains (Losses) on Financial Assets	
				Remeasurement Gains (Losses) on Retirement Plan (Note 22)	Cumulative Translation Adjustments
Balance at January 1, 2020	₱15,000,000,000	₱1,672,850,201	₱549,796,552	(₱39,171,510)	(₱110,876,520)
Total comprehensive income (loss) for the year	-	934,586,917	-	7,330,199	87,417,783
Appropriations for expected credit losses (Note 21)	-	14,419,956	(14,419,956)	-	-
Balance at December 31, 2020	₱15,000,000,000	₱2,621,857,074	₱535,376,596	(₱31,841,311)	(₱23,458,737)
Balance at January 1, 2019	₱12,000,000,000	₱1,427,893,601	₱105,326,644	₱357,997	(₱120,017,631)
Total comprehensive income (loss) for the year	-	719,426,508	-	(39,529,507)	9,141,111
Conversion of deposit for future stock subscription to equity (Note 21)	3,000,000,000	(30,000,000)	-	-	-
Appropriations for expected credit losses (Note 21)	-	(444,469,908)	444,469,908	-	-
Balance at December 31, 2019	₱15,000,000,000	₱1,672,850,201	₱549,796,552	(₱39,171,510)	(₱110,876,520)
Balance at January 1, 2018	₱12,000,000,000	₱1,210,117,731	₱5,988,712	(₱13,467,057)	(₱102,596,650)
Total comprehensive income (loss) for the year	-	317,113,802	-	13,825,054	(17,420,981)
Appropriation for expected credit losses (Note 21)	-	(98,721,038)	98,721,038	-	-
Appropriation for trust reserves (Notes 21 and 27)	-	(616,894)	616,894	-	-
Balance at December 31, 2018	₱12,000,000,000	₱1,427,893,601	₱105,326,644	₱357,997	(₱120,017,631)
See accompanying Notes to Financial Statements					

	Parent				
	Common Stock (Note 21)	Surplus (Note 21)	Surplus Reserves (Notes 21 and 27)	Net Unrealized Gains (Losses) on Financial Assets	
				Remeasurement Gains (Losses) on Retirement Plan (Note 22)	Cumulative Translation Adjustments
Balance at January 1, 2020	₱15,000,000,000	₱1,672,850,201	₱549,796,552	(₱3,966,408)	(₱110,876,520)
Total comprehensive income for the year	-	934,586,917	-	(1,124,376)	87,417,783
Appropriations for expected credit losses (Note 21)	-	14,419,956	(14,419,956)	-	-
Balance at December 31, 2020	₱15,000,000,000	₱2,621,857,074	₱535,376,596	(₱5,090,784)	(₱23,458,737)
Balance at January 1, 2019	₱12,000,000,000	₱1,427,893,601	₱105,326,644	₱1,262,202	(₱120,017,631)
Total comprehensive income for the year	-	719,426,508	-	(5,228,610)	9,141,111
Conversion of deposit for future stock subscription to equity (Note 21)	3,000,000,000	(30,000,000)	-	-	-
Appropriations for expected credit losses (Note 21)	-	(444,469,908)	444,469,908	-	-
Balance at December 31, 2019	₱15,000,000,000	₱1,672,850,201	₱549,796,552	(₱3,966,408)	(₱110,876,520)
Balance at January 1, 2018	₱12,000,000,000	₱1,210,117,731	₱5,988,712	₱782,133	(₱102,596,650)
Total comprehensive income (loss) for the year	-	317,113,802	-	480,069	(17,420,981)
Appropriation for expected credit losses (Note 21)	-	(98,721,038)	98,721,038	-	-
Appropriation for trust reserves (Notes 21 and 27)	-	(616,894)	616,894	-	-
Balance at December 31, 2018	₱12,000,000,000	₱1,427,893,601	₱105,326,644	₱1,262,202	(₱120,017,631)
See accompanying Notes to Financial Statements.					

Statements of Cash Flows

	Consolidated			Parent Company		
	Years Ended December 31					
	2020	2019	2018	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱905,208,132	₱781,026,480	₱442,596,650	₱912,907,588	₱857,952,282	₱433,570,033
Adjustments for:						
Provision for credit and impairment losses (Notes 7 and 14)	1,102,054,520	127,472,603	100,133,645	1,050,618,813	126,876,761	99,094,504
Gain on sale of financial assets at FVOCI (Note 7)	(719,488,025)	(331,145,509)	(15,217,295)	(719,488,025)	(331,145,509)	(15,217,295)
Depreciation and amortization (Note 10)	686,938,574	635,540,354	355,087,357	644,224,626	598,557,494	331,409,645
Loss on sale of repossessed chattels (Note 24)	240,203,900	102,709,347	8,116,298	120,922,822	102,752,315	8,116,298
Gain on sale of investment securities at amortized cost (Note 7)	(193,846,467)	(62,879,198)	–	(190,914,608)	(62,879,198)	–
Amortization of premium or discount on financial assets and liabilities (Notes 17 and 18)	71,547,766	19,131,555	9,174,586	71,547,766	19,131,555	9,174,586
Loss (gain) on sale of investment properties (Note 24)	(3,560,023)	(17,356,519)	29,285,940	(3,560,023)	(5,144,094)	30,677,975
Retirement expense (Note 22)	60,060,465	67,805,248	34,909,418	55,587,638	63,397,367	32,929,041
Loss (gain) on initial recognition of investment properties (Note 24)	48,301,239	(33,889,780)	(4,152,421)	48,659,416	(21,471,508)	(47,181)
Interest on lease liability (Note 23)	46,351,280	51,627,485	–	41,572,352	47,292,619	–
Gain on sale of property and equipment (Notes 10 and 24)	(1,909,732)	(7,251,188)	(2,442,750)	(1,705,218)	(6,490,889)	(2,434,254)
Net unrealized (gain) loss on fair value of financial assets at fair value through profit or loss and derivative assets (Note 7)	1,019,209	(1,196,873)	137,387	1,019,209	(1,196,873)	137,387
Loss on initial recognition of repossessed chattels (Note 24)	511,114	81,969,450	–	511,114	81,969,450	–
Net unrealized (gain) loss on derivative liability (Note 7)	–	462,908	336,698	–	462,908	336,698
Share in net loss (income) of a subsidiary	–	–	–	51,034,028	(125,666,513)	(9,872,906)
Changes in operating assets and liabilities:						
Decrease (increase) in:						
Financial assets at fair value through profit or loss	(83,160,060)	4,467,134	(38,436,809)	(83,160,060)	4,467,134	(8,310,660)
Interbank Loans Receivable/Securities Purchased under Resale Agreements	–	23,500,000	250,000	–	23,500,000	250,000
Loans and receivables	(7,994,265,224)	(13,162,413,820)	(11,260,911,630)	(7,899,218,857)	(12,602,106,707)	(11,227,713,859)
Other assets	199,535,193	(135,146,899)	(121,009,935)	(57,871,322)	(135,577,310)	(123,351,633)
Increase (decrease) in:						
Deposit liabilities	19,845,784,861	2,595,234,110	3,261,120,617	19,761,198,639	2,232,602,436	3,450,246,809
Manager's checks	77,828,510	354,613,209	(4,145,822)	77,828,510	354,613,209	(4,145,822)
Accrued expenses and other liabilities	856,769,634	(194,812,825)	676,223,831	870,598,744	(216,585,038)	670,713,669
Net cash provided by (used in) operations	15,145,884,866	(9,100,532,728)	(6,528,944,235)	14,752,313,152	(8,994,688,109)	(6,324,436,965)
Income taxes paid	(273,884,962)	(256,312,142)	(210,492,705)	(265,809,493)	(244,400,553)	(203,204,553)
Contributions paid on retirement plan	(528,706,790)	–	(2,160,408)	(264,353,395)	–	–
Net cash provided by (used in) operating activities	14,343,293,114	(9,356,844,870)	(6,741,597,348)	14,222,150,264	(9,239,088,662)	(6,527,641,518)

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2020	2019	2018	2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Financial assets at FVOCI	(P24,733,662,297)	(P19,958,612,995)	(P8,282,281,155)	(P24,733,662,297)	(P19,958,612,995)	(P8,312,481,155)
Investment securities at amortized cost (Note 7)	(860,922,314)	(129,009,307)	(796,741,357)	(860,922,314)	(129,089,188)	(796,741,357)
Software costs (Note 13)	(111,931,805)	(45,775,767)	(111,276,126)	(110,572,277)	(44,666,874)	(109,114,062)
Property and equipment (Notes 10 and 30)	(119,669,900)	(215,147,471)	(257,860,347)	(99,074,005)	(181,834,691)	(207,556,987)
Branch license (Note 12)	(809,575)	(46,589)	(817,441)	(499,575)	(46,589)	(617,441)
Proceeds from sale of:						
Financial assets at FVOCI	20,343,881,852	20,454,895,615	2,474,454,411	20,343,881,852	20,454,895,615	2,474,454,411
Investment securities at amortized cost	3,727,059,369	1,174,374,755	–	3,543,816,428	1,174,374,755	–
Property and equipment	3,593,886	16,078,471	23,135,259	3,352,387	13,987,306	21,153,844
Investment properties	18,176,350	52,526,662	19,175,113	8,212,177	19,038,051	7,055,893
Repossessed chattels	254,814,691	261,277,560	199,594,978	374,095,767	260,850,561	199,465,034
Proceeds from maturity of:						
Investment securities at amortized cost (Note 7)	633,340,923	257,010,000	171,000,000	633,340,923	257,010,000	171,000,000
Net cash provided by (used in) investing activities	(846,128,820)	1,867,570,934	(6,561,616,665)	(898,030,934)	1,865,905,951	(6,553,381,820)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from deposit for future stock subscription (Note 21)	–	–	3,000,000,000	–	–	3,000,000,000
Proceeds from bonds payable (Note 17)	–	9,874,305,237	–	–	9,874,305,237	–
Proceeds from bills payable (Note 18)	–	400,000,000	7,435,000,000	–	400,000,000	7,435,000,000
Proceeds from issuance of LTNCD (Note 15)	–	–	1,758,415,048	–	–	1,758,415,048
Payments of bills payable (Note 18)	(2,050,000,000)	(5,800,000,000)	–	(2,050,000,000)	(5,800,000,000)	–
Payments of lease liability (Note 23)	(241,916,872)	(279,375,984)	–	(230,799,333)	(271,088,889)	–
Payments for issuance of common stock	–	(30,000,000)	–	–	(30,000,000)	–
Net cash provided by (used in) financing activities	(2,291,916,872)	4,164,929,253	12,193,415,048	(2,280,799,333)	4,173,216,348	12,193,415,048
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	87,417,783	9,141,111	(17,420,981)	87,417,783	9,141,111	(17,420,981)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,292,665,205	(3,315,203,572)	(1,127,219,946)	11,130,737,780	(3,190,825,252)	(905,029,271)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	3,249,359,133	2,370,171,189	1,639,300,590	3,176,490,713	2,300,112,472	1,597,057,290
Due from Bangko Sentral ng Pilipinas	12,216,191,774	16,108,207,737	16,017,675,837	11,824,524,807	15,586,846,184	15,621,432,509
Due from other banks	2,463,991,767	3,010,162,780	3,820,050,486	2,374,076,786	2,944,176,334	3,749,409,945
Interbank loans receivable and Securities purchased under resale agreements (Note 6)	2,408,705,460	2,164,910,000	3,303,644,739	2,342,127,432	2,076,910,000	2,845,174,517
	20,338,248,134	23,653,451,706	24,780,671,652	19,717,219,738	22,908,044,990	23,813,074,261
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	2,863,029,038	3,249,359,133	2,370,171,189	2,749,958,446	3,176,490,713	2,300,112,472
Due from Bangko Sentral ng Pilipinas	20,367,518,731	12,216,191,774	16,108,207,737	19,922,550,239	11,824,524,807	15,586,846,184
Due from other banks	3,904,608,310	2,463,991,767	3,010,162,780	3,809,357,748	2,374,076,786	2,944,176,334
Interbank loans receivable and Securities purchased under resale agreements (Note 6)	4,495,757,260	2,408,705,460	2,164,910,000	4,366,091,085	2,342,127,432	2,076,910,000
	P31,630,913,339	P20,338,248,134	P23,653,451,706	P30,847,957,518	P19,717,219,738	P22,908,044,990
OPERATIONAL CASH FLOWS FROM INTEREST						
Interest received	P7,341,053,981	P7,071,263,588	P5,601,755,743	P7,004,365,929	P6,715,151,747	P5,372,979,425
Interest paid	2,109,289,105	2,941,451,067	2,133,193,817	2,072,101,259	2,914,000,598	2,114,253,601

See accompanying Notes to Financial Statements

Notes to Financial Statements

1. CORPORATE INFORMATION

Robinsons Bank Corporation (the Parent Company or the Bank) was domiciled and incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on April 28, 1966 and acquired its license from Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank on March 1, 2002. On March 21, 2013, the SEC granted the license extending the Bank’s corporate life for another fifty (50) years.

The registered address and principal place of business of the Parent Company is at 17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City.

The Parent Company is 60.00% and 40.00% owned by JG Summit Capital Services Corp. (JGSCSC) and Robinsons Retail Holdings, Inc. (RRHI), respectively. The ultimate parent company of the Bank is JG Summit Holdings, Inc. On June 16, 2017, the Parent Company issued 4.18 billion long-term negotiable certificate of deposits (LTNCD) carried at a tenor of 5.5 years with a coupon of 4.125%. The issuance of LTNCD represents the Parent Company’s initial entry into the debt capital market. On July 6, 2018, the Parent Company issued additional LTNCD amounting to ₱1.78 billion with nominal interest rate of 4.875% and effective interest rate (EIR) of 5.15% payable every quarter which will mature on January 6, 2024. On August 13, 2019, the Parent Company issued ₱5.00 billion worth of Peso Corporate Bond carried at a tenor of 2.0 years with a coupon of 5.125%. Also, on November 14, 2019, the Parent Company issued ₱5.00 billion worth of Corporate Bonds carried at a tenor of 2.0 years tenor with a coupon rate of 4.300%. The issuances were listed in the Philippine Dealing and Exchange Corporation (PDEX). The Parent Company has several debt issuances that were listed in the Philippine Dealing and Exchange Corporation (PDEX).

As of December 31, 2020 and 2019, the Parent Company has a 99.93% controlling interest in Legazpi Savings Bank, Inc. (LSB).

LSB was incorporated and registered with the SEC on May 8, 1976 and acquired license from the BSP to operate as a thrift bank. LSB’s registered address and principal place of business is at 738 Building, Rizal Street, Barangay Sagpon, Old Albay, Legazpi City. LSB operates and provides its services through a network of eighteen (18) banking units including head office and a main branch in the area of Albay.

The Parent Company and its subsidiary (the Group) is engaged in commercial and thrift banking, respectively, whose principal activities include deposit-taking, lending, treasury, foreign exchange dealing and fund transfers or remittance servicing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying financial statements of the Group and of the Parent Company have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value.

The financial statements of the Parent Company reflect the accounts of the Regular Banking Unit (RBU) and the Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine Peso (PHP) and 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 PHP (see accounting policy on Foreign Currency Translation). The financial statements individually prepared for these units are combined and inter-unit accounts and transactions are eliminated.

The financial statements are presented in PHP, and all amounts are rounded to the nearest peso (₱), except when otherwise indicated.

Statement of Compliance

The financial statements of the Group and of the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Presentation of Financial Statements

The Group and the Parent Company present its statements of financial position broadly in the order of liquidity. An analysis regarding recovery or settlement within twelve (12) months after the statement of financial position date (current) and more than twelve (12) months after the statement of financial position date (non-current) is presented in Note 20.

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 Group and of the Parent Company. This is not generally the case with master-netting agreements, where the related assets and liabilities are presented gross in the statement of financial position.

Basis of Consolidation

The consolidated financial statements of the Group are prepared for the same reporting period as the subsidiary, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full in the consolidation.

A subsidiary is fully consolidated from the date on which control is transferred to the Parent Company. Control is achieved where the Parent Company is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary ceases when control is transferred out of the Parent Company. The results of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

A change in the Parent Company’s ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest of a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

- derecognizes the related assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to statement of income or surplus;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in statement of income.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020. Except as otherwise indicated, these changes in the accounting policies did not have any significant impact on the financial position or performance of the Group:

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to PFRS 16, *Leases, COVID-19-related Rent Concessions*

Significant Accounting Policies

Fair Value Measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or a liability at initial measurement date or at each statement of financial position date. Fair value is the estimated 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 Group. 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 the asset or liability measured at fair value has a bid and ask price, the price within the bid-ask spread that is the 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 Group 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 of 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 of 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 measurement is unobservable.

External appraisers are involved for valuation of significant non-financial assets such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For purposes of the fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy (see Note 5).

Notes to Financial Statements

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each statement of financial position).

Foreign Currency Translation

The consolidated financial statements are presented in Philippine peso (PHP), which is the Parent Company's functional currency.

Transactions and balances

The books of accounts of the RBU are maintained in PHP, while those of the FCDU are maintained in USD. For financial reporting purposes, FCDU accounts and the foreign currency-denominated monetary assets and liabilities in the RBU are translated into their PHP equivalents based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the statement of financial position date and for, foreign currency-denominated income and expenses based on the spot exchange rate at the date of the transaction. Foreign exchange differences arising from restatements of foreign currency-denominated assets and liabilities in the RBU are credited to or charged against the statement of income under 'Foreign exchange gain (loss) - net' in the year in which the rates change. Foreign exchange differences arising on translation of FCDU accounts to peso are taken to other comprehensive income (OCI) under 'Translation adjustments'.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from BSP and other banks, interbank loans receivable and Securities Purchased Under Resale Agreements (SPURA) with original maturities of three (3) months or less from dates of placements and that are subject to insignificant risk of changes in value. Due from BSP includes the statutory reserves required by the BSP which the Group considers as cash equivalents wherein withdrawals can be made to meet the Group's cash requirements as allowed by the BSP.

Repurchase and Reverse Repurchase Agreements

Securities sold under agreements to repurchase at a specified future date ('repos') are not derecognized from the statement of financial position. The corresponding cash received, including accrued interest, is recognized in the statement of financial position as 'Securities sold under repurchase agreements (SSURA)', reflecting the economic substance of such transaction.

Conversely, securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the statement of financial position. The corresponding cash paid, including accrued interest, is recognized in the statement of financial position as SPURA, and is considered a loan to the counterparty.

The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the effective interest rate (EIR) method.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Purchases or sales of financial instruments that require delivery of assets within the time frame established by regulation or convention in the market are recognized on the settlement date. Settlement date accounting refers to (a) recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group. Deposits, amounts due from banks and customers and loans are recognized when cash is received by the Group or advanced to the borrowers. Derivatives are recognized on a trade date - the date that the Group becomes a party to the contractual provisions of the instrument. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at FVTPL, 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 computed based on valuation technique whose variables include only data from observable markets, the Group 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 or liability. In cases where fair value is determined using data which are not observable from the market, the difference between the transaction price and the 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 Group determines the appropriate method of recognizing the amount of 'Day 1' difference.

Classification and Measurement of Financial Assets

Classification and measurement

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

As part of its classification process, the Group 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).

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but 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
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stresscase' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group 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 Group'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 Group'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.

As of December 31, 2020 and 2019, the Group's investment securities at amortized cost are presented in the statement of financial position as 'Due from BSP', 'Due from other banks', 'Interbank loans receivable and SPURA', 'Investment securities at amortized cost', 'Loans and receivables', 'Accrued interest receivables' and certain accounts under 'Other assets'.

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

Financial Assets at FVTPL

Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL.

Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include government securities, corporate bonds and equity securities which are held for trading purposes.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are measured at fair value. Related transaction costs are recognized directly as expense in profit or loss. Gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL and gains or losses arising from disposals of these instruments are included in 'Trading and securities gains - net' account in the statements of income.

Interest recognized based on the modified effective interest rate of these investments is reported in statements of income under 'Interest income' account while dividend income is reported in statements of income under 'Miscellaneous income' account when the right of payment has been established.

Financial Assets at FVOCI - Equity Investments

At initial recognition, the Group 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 Group for trading. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Notes to Financial Statements

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 FVOCI' in the statements of financial position. When the asset is disposed of, the cumulative gain or loss previously recognized in the Net unrealized fair value gains (losses) on financial assets at FVOCI account is not reclassified to profit or loss, but is reclassified directly to Surplus free account. Any dividends earned on holding these equity instruments are recognized in profit or loss under 'Miscellaneous Income' account.

Financial Assets at FVOCI - Debt Investments

The Group applies the new category under PFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

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

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

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL 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 the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Derivatives recorded at FVTPL

The Parent Company is a counterparty to derivative contracts, such as currency forwards and currency swaps. These derivatives are entered into as a service to customers and as a means of reducing or managing their respective foreign exchange exposures, as well as for trading purposes. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives are taken directly to the statement of income and are included in 'Trading and securities gains - net'. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Reclassification of financial assets

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets:

(i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL 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 the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group and the Parent Company assess that they have 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 Group, the Parent Company and all of the counterparties.

Income and expenses 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 Group and the Parent Company.

Derecognition of Financial Assets and Liabilities

Financial asset

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group 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 substantially all the risks and rewards of the asset, but has transferred control over the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control over the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay.

Modification of financial assets

The Group 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 Group 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 Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered SPPI

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group 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 Group 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).

Financial liability

A financial liability (or a part of 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 an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Exchange or modification of financial liabilities

The Group 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 Group 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.

Notes to Financial Statements

Impairment of Financial Assets

The Group and the Parent Company record the allowance for expected credit losses for all loans and receivables and other debt financial assets not held at FVTPL, all referred to as 'financial instruments'. Equity instruments are not subject to impairment under PFRS 9.

ECL represents 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 will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

Staging assessment

A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The criteria for determining whether an account should be assessed under Stage 1 are as follows: (i) past due up to 30 days except for microfinance loans wherein days past due for Stage 1 accounts is 0 - 6 days; (ii) accounts tagged as 'Current' are tagged as Stage 1 accounts; (iii) no significant increase in the probability of default. The Group recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all financial instruments which have experienced a SICR since initial recognition. A SICR is generally deemed present in accounts with: (i) more than 30 days up to 90 days past due, except for microfinance loans; (ii) loan especially mentioned or substandard; or (iii) with significant increase in PD. For the consumer loans, stage 2 criteria (i), (ii), and (iii) are considered; The Group recognizes a lifetime ECL for Stage 2 financial instruments. The Group recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Stage 3 is comprised of all financial assets that have 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 Group recognizes a lifetime ECL for Stage 3 financial instruments.

Definition of "default" and "restored"

The Group classifies a financial instrument as in default when it is credit impaired, or becomes past due on its contractual payments for more than 90 days. As part of a qualitative assessment of whether a customer is in default, the Group considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e. restored) if there is sufficient evidence to support that full collection is probable and payments are received for at least six months.

Credit risk at initial recognition

The Group 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.

Significant increase in credit risk

The assessment of whether there has been a significant increase in credit risk is based on an increase in the probability of a default occurring since initial recognition. The SICR criteria vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including 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 Group'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, 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. Due dates are determined without considering any grace period that might be available to the borrower. 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 Group shall revert to recognizing a 12-month ECL.

ECL parameters and methodologies

ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD is an estimate of the likelihood of default over a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group 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.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It makes use of defaulted accounts that have either been identified as cured, restructured, or liquidated. The Group segmented its LGD based on homogenous risk characteristics and calculated the corresponding averages based on security.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as GDP growth, exchange rate, interest rate, inflation rate and other economic indicators. 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 reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group applied the general approach for its receivable from customer. The Group used sophisticated method on its large-scale and medium-scale businesses and motorcycle loans. While simplified models using vintage loss rate approach was used for the remaining portfolios (i.e., home, auto, personal loans (secured and unsecured), microfinance and small-scale business).

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets are measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

Consumer loans and credit card receivables

The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behavior, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products, is up to five years.

Restructured loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered as past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur.

Write-offs

Financial assets are written off either partially or in their entirety when the Group 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 'Provision for impairment and credit losses' account.

Investment in a Subsidiary

Subsidiary pertains to entity over which the Parent Company has control. Investment in a subsidiary in the separate financial statements is accounted for using the equity method. Under the equity method, the investment in a subsidiary is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group and the Parent Company's share of net assets of the subsidiary since the acquisition date. Goodwill relating to the subsidiary is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of income reflects the Parent Company's share of the results of operations of the subsidiary. Any change in OCI of the investee is presented as part of the Group and the Parent Company's OCI. In addition, when there has been a change recognized directly in the equity of the subsidiary, the Parent Company recognizes its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Parent Company's share of profit or loss of a subsidiary is shown on the face of the statement of income under 'Share in net income (loss) of a subsidiary' and represents profit or loss after tax in the subsidiary.

The financial statements of the subsidiary are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Parent Company determines whether it is necessary to recognize an impairment loss on its investment in a subsidiary. At each statement of financial position date, the Parent Company determines whether there is objective evidence that the investment in a subsidiary is impaired. If there is such evidence, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value, then recognizes the loss in the statement of income.

Upon loss of control over the subsidiary, the Parent Company measures and recognizes any retained investment at its fair value.

As of December 31, 2020 and 2019, the sole and wholly owned subsidiary of the Parent Company is LSB (see Note 9).

Notes to Financial Statements

Property and Equipment

Land is stated at cost less any impairment in value. Depreciable property and equipment are carried at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization is calculated using the straight-line method over the estimated useful life of the depreciable assets. Leasehold improvements are amortized over the shorter of the terms of the covering leases and the estimated useful lives of the improvements.

The estimated useful lives of property and equipment follow:

Building	25 years
Transportation equipment	5 years
Leasehold improvements	5 years
Furniture, fixtures and equipment	3 to 5 years

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

The carrying values of the property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized in the statement of income (see accounting policy on Impairment of Non-financial Assets).

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from 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.

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. Transaction costs represent nonrefundable taxes such as capital gains tax and documentary stamp tax that are for the account of the Group. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up. Foreclosed properties are classified as 'Investment properties' upon: a) entry of judgment in case of judicial foreclosure; b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or c) notarization of the Deed of Dacion in case of dation in payment (dacion en pago).

The difference between the fair value of the asset acquired and the carrying amount of the asset given up is recognized as 'Gain (loss) on initial recognition of investment properties' under 'Miscellaneous income' in the statement of income.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value.

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 their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income under 'Miscellaneous income' in the year of retirement or disposal.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged against income in the year in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed ten (10) years for buildings and condominium units.

Transfers are made to investment properties 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 properties 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.

For a transfer from investment property to owner-occupied property, the deemed cost of the property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in compliance with the policy stated under property and equipment up to the date of change in use.

Other Assets - Repossessed Chattels

Repossessed chattels represent other properties acquired in settlement of loan receivables comprising mainly of repossessed vehicles. Repossessed chattels are stated at cost less accumulated depreciation and impairment in value. Depreciation is calculated on a straight-line basis using the remaining useful lives of the vehicles from the time of acquisition. The useful lives of repossessed chattels are estimated to be three (3) to five (5) years.

Business Combinations and Goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognized directly in the statement of income in the year of acquisition.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Parent Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if event or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated at each of the Parent Company's cash-generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with PFRS 8, *Operating Segments*.

Where goodwill has been allocated to a CGU and part of the operation within the unit is disposed of, the goodwill associated with the operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

When subsidiaries are sold, the difference between the selling price and net assets plus cumulative translation differences and goodwill is recognized in the statement of income.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of income in the year in which the expenditure is incurred.

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 and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date. 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 method, as appropriate, and treated as change in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite 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.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized.

Branch licenses

Branch licenses arise from the acquisition of branches and lincenses of a local bank by the Parent Company. The Parent Company's branch licenses have indefinite useful lives and are subject to annual individual impairment testing. These are tested for impairment annually either individually or at the CGU level. Such intangibles are not amortized. The useful life is reviewed annually to determine whether indefinite useful life assessment continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

Notes to Financial Statements

Software costs

Software costs are carried at cost less accumulated amortization and any impairment loss.

Software costs are amortized on a straight-line basis over the estimated useful life which ranges from three (3) to seven (7) years.

Impairment of Non-financial Assets

Property and equipment, right-of-use assets, investment in a subsidiary, investment properties and repossessed chattels

At each statement of financial position date, the Group assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group 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 from 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 charged to operations in the year in which it arises. An assessment is made at each statement of financial position date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. 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 since the last impairment loss was recognized. If that is the case, the carrying amount of the asset (or CGU) is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation and amortization 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.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually at the statement of financial position date either individually or at the CGU level, as appropriate. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Revenue Recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

The Group concluded that it is acting as a principal in all of its revenue arrangements except for commission income arrangements.

PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

Under PFRS 15, revenue is recognized 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 standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The following specific recognition criteria must also be met before revenue is recognized:

Revenues within the scope of PFRS 15

Service fees and commission income

Fees earned for the provision of services over a period of time are accrued over that period. These fees include investment fund fees, custodian fees, fiduciary fees, portfolio fees, commission income, credit-related fees and other service and management fees. Fees on deposit-related accounts are recognized only upon collection or accrued when there is reasonable degree of certainty as to its collection.

Income from sale of property and equipment, investment property and repossessed chattels

Income from sale of property and equipment, investment property and repossessed chattels is recognized at point-in-time upon completion of the earning process and the collectability of the sales price is reasonably assured.

Other income

Other income is recognized when earned at a point in time and is recorded under 'Miscellaneous income' in the statement of income.

Revenues outside the scope of PFRS 15

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial instruments, interest income is recorded at the 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. 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, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income'.

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

Interest income - finance lease

The excess of aggregate lease rentals plus the estimated residual value over the cost of the leased investment property constitutes the unearned lease income. Residual values represent estimated proceeds from the disposal of investment property at the time lease is estimated. The unearned lease income is amortized over the term of the lease, commencing on the month the lease is executed using the EIR method.

Unearned lease income ceases to be amortized when the lease contract receivables become past due for more than three months.

Dividend income

Dividend income, included in 'Miscellaneous income', is recognized when the Group's right to receive payment is established.

Trading and securities gains - net

Trading and securities gains - net represents results arising from disposal of AFS and HTM investments and trading activities including all gains and losses from changes in fair value of financial assets at FVTPL.

Gains on sale of investment securities at amortized cost

Gains on sale of investment securities at amortized cost is recognized when the risk and rewards of the amortized cost securities are transferred to the buyer at an amount equal to the difference of the selling price and the carrying amount of the securities.

Rental income

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

Expense Recognition

Expenses are recognized when it is probable that decrease in future economic benefits related to the decrease in asset or an increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Expenses that may arise in the course of ordinary regular activities of the Group include, among others, the operating expenses on the Group's operation.

Operating expenses

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

Taxes and licenses

This includes all other taxes, local and national, including gross receipts taxes (GRT), documentary stamp taxes, real estate taxes, licenses and permit fees and are recognized when incurred.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- there is a change in contractual terms, other than a renewal or extension of the arrangement;
- a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- there is a substantial change to the asset.

Notes to Financial Statements

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as lessor

Finance leases, where the Group transfers substantially all the risks and benefits incidental to ownership of the leased item to the lessee, are included in the statement of financial position under 'Loans and receivables' account. A lease receivable is recognized at an amount equal to the net investment in the lease. All income resulting from the receivables is included in 'Interest income on loans and receivables' in the statement of income.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the year in which they are earned.

Group as lessee

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

Right-of-use assets

The Group 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, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are presented under 'Property and equipment' in the consolidated statement of financial position and are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Lease liabilities are presented under 'Other liabilities' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (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), except for office/building, parking and ATM spaces. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below 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.

Retirement Cost

The Group has a noncontributory defined benefit retirement plan. The retirement cost of the Group is actuarially determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. 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 plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- 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 the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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 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 the statement of income.

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 Group, nor can they be paid directly to the Group. 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). 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.

The Group'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.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of assets 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 Group 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 'Interest expense' in the statement of income.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of assets 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 liabilities for the current period 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, at the statement of financial position date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on all temporary differences at the statement of financial position 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, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused net operating loss carryover (NOLCO) and carryforward of used tax benefits from excess of the minimum corporate income tax (MCIT) over regular corporate income tax (RCIT).

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Notes to Financial Statements

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settles, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. If the Group changes the structure of its internal organization in a manner that causes the composition of its reportable segment to change, the corresponding information for earlier periods, including interim periods, shall be restated unless the information is not available and the cost to develop it would be excessive. Financial information on business segments is presented in Note 29.

Events after the Reporting Period

Post year-end events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective:

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*
The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
 - o Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
 - o Relief from discontinuing hedging relationships
 - o Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- o The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- o Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, Levies, if incurred separately. It also clarified that contingent assets do not qualify for recognition at the acquisition date. The Group applies these amendments prospectively for annual reporting periods beginning on or after January 1, 2022.

Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to PAS 37, *Onerous Contract – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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*

The amendments permit a subsidiary, joint venture or associate that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Effective beginning on or after January 1, 2023

PFRS 17, *Insurance Contracts*

PFRS 17 provides updated information about the obligation, risks and performance of insurance contracts, increases transparency in financial information reported by insurance companies, and introduces consistent accounting for all insurance contracts based on a current measurement model. The standard is effective for annual periods beginning on or after January 1, 2023. Early application is permitted but only if the entity also applies PFRS 9 and PFRS 15.

Amendments to PAS 1, *Classification of Liabilities as Current and Non-Current*

The amendments clarify the following to specify the requirements for classifying liabilities as current or non-current:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

Deferred effectivity

- Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires the management of the Group and the Parent Company to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities at the statement of financial position date. Future events may occur which can 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.

Notes to Financial Statements

The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Judgments

a) *Estimating the incremental borrowing rate - leases*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the credit spread for a stand-alone credit rating, or to reflect the terms and conditions of the lease).

b) *Contingencies*

The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the outside legal counsel handling the Group's defense in this matter and is based upon an analysis of potential results. Management does not believe that the outcome of this matter will affect the results of operations.

It is probable, 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 (see Note 28).

c) *Evaluation of business model in managing financial instruments*

The Group 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 Group developed business models which reflect how it manages its portfolio of financial instruments. The Group'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 Group) 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 under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group, various risks and key performance indicators being reviewed and monitored by responsible officers, as well as the manner of compensation for them.

The Parent Company's BOD approved its documentation of business models which contains broad categories of business models. The business model includes the Parent Bank's lending activities as well as treasury business activities broken down into liquidity and investment portfolios.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual 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 Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

In 2020, the Parent Company sold peso-currency denominated securities under HTC portfolio with carrying value of 3.35 billion resulting in a gain on disposal amounting to ₱190.91 million. Prior to the disposal, the Parent Company noted significant withdrawals from depositors because of the imposition of the community quarantine protocols. The Parent Company anticipated further pressures to liquidity because of the implementation of the Republic Act No. 11468 or the "Bayanihan To Heal as One Act" which grants a moratorium on all loan payments falling due within the period of enhanced community quarantine for a minimum of thirty (30) days without incurring interests, penalties, fees, or other charges. The remaining HTC securities of the Parent Company will remain to be under a HTC business model. Details of the disposal of HTC are included in Note 7.

In 2019, the Parent Company sold various foreign-currency denominated securities under its HTC portfolio. The sale was driven by the change in investment policy with respect to additional Risk Acceptance Criteria (RAC) for bonds booked under HTC. This is in anticipation of new regulations in country risk and Interest Rate Risk in the Banking Books (IRRBB) to be issued that push for a more robust risk management for investments. The Parent Company disposed all of its foreign-currency denominated HTC securities with tenor of more than fifteen (15) years. Effectively, the Parent Company abandoned its foreign currency denominated HTC portfolio with a tenor of more than 15 years. The remaining securities in the HTC portfolio will continue to be measured at amortized cost. Details of the disposal of foreign-currency denominated securities under HTC portfolio are included in Note 7.

d) *Uncertainties over income tax treatments*

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a highly regulated environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

The Group applies significant judgment whether it is probable that a particular uncertain income tax treatment will be acceptable to the taxation authority. The Group considers the following:

- Past experience related to similar tax treatments
- Legal advice or case law related to other entities
- Practice guidelines published by the taxation authority that are applicable to the case

The Group reassesses the judgement if the facts and circumstances on which the judgement was based change or as a result of new information that affects the judgement.

Estimates

a) *Expected credit losses on financial assets*

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

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

In 2020, the Group also identified specific accounts within industries that would need to be assessed separately for ECL purposes. The status of the accounts and the potential impact of the pandemic to these accounts were considered by the Group in the assessment. The group also considered the potential direction of the macroeconomic indicators because of the pandemic in the scenario generation and the assignment of probabilities for each scenario.

The details of the expected credit losses on financial assets are presented in Notes 7, 8, and 14.

b) *Impairment of non-financial assets*

Investment properties and repossessed chattels

The Group assesses impairment on investment properties and repossessed chattels whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

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

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the fair value less costs to sell for investment properties and repossessed chattels. Recoverable amounts are estimated for individual assets.

The carrying values of and the allowance for impairment losses, if any, on investment properties and repossessed chattels of the Group and of the Parent Company are disclosed in Notes 11, 13 and 14.

Branch licenses

Branch License is considered an intangible asset with an indefinite useful life and it is required to be tested for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication that it may be impaired. The recoverable amount of the CGU, the Branch Banking Unit, has been determined based on a value in use calculations using cash flow projections from financial budgets approve by senior management covering a five-year period. The Group used the cost of equity as discount rate. Key assumptions used in the value in use calculation are pre-tax discount rate and growth rate, which are at 12.89% and 4.90%, respectively in 2020 and 10.54% and 5.00%, respectively in 2019. Management believes that no reasonably possible change in any of the key assumptions used would cause the carrying value of the CGUs to exceed their recoverable amount. The carrying values of and allowance for impairment losses on branch licenses of the Group are disclosed in Note 12.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events of changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. The Group estimated the discount rate used for the computation of the net present value be referenced to industry cost of capital. The recoverable amount of the CGU, the Investment in Subsidiary, has been determined based on a value in use calculations using cash flow projections from financial budgets approve by senior management covering a five-year period. Average growth rate was derived from the average increase in annual income during the last five (5) years. Key assumptions used in the value in use calculation are pre-tax discount rate and growth rate, which are at 12.51% and 4.90%, respectively in 2020 and 10.13% and 5.00%, respectively in 2019. Management believes that no reasonably possible change in any of the key assumptions used would cause the carrying value of the CGUs to exceed their recoverable amount.

Notes to Financial Statements

The carrying values of goodwill of the Group are disclosed in Note 9.

c) *Recoverability of deferred taxes*

Deferred tax assets are recognized for temporary differences, unused tax losses and excess of MCIT over RCIT to the extent that it is probable that future taxable profit will be available against which the temporary 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 available which is primarily derived from interest income on loans and receivables and affected by expected future market or economic conditions and the expected performance of the Group and the Parent Company together with future tax planning strategies.

The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The primary source of the income of the Group and Parent Company is coming from interest income from loans and receivables, Management uses historical information and future economic conditions as basis of growth in projecting future taxable income. Growth rate applied to the projections in 2020 and 2019 are 33.88% and 48.59%, respectively. Details of recognized and unrecognized deferred tax on temporary differences are disclosed in Note 25.

d) *Present value of retirement liability*

The cost of defined benefit retirement plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumed discount rates were determined using market yields on Philippine government bonds with terms consistent with the expected employee benefit payouts as of the statement of financial position date.

The present values of the Group and the Parent Company's defined benefit obligation as of December 31, 2020 and 2019 are disclosed in Note 22.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The main risks arising from the Group's financial instruments are credit, market and liquidity risks. In general, the Group's risk management objective is to ensure that risks taken are within the Group's risk appetite, which is assessed based on the Group's capital adequacy framework. The risk management process involves risk identification, measurement, control and monitoring.

The Group recognizes that risk management is the responsibility of the entire organization. Accordingly, all employees are expected to manage risks relating to their own responsibilities. Still, there are specialized entities within the Group that perform certain risk management functions.

The Board of Directors (BOD) ultimately oversees and approves significant matters related to risk management throughout the Parent Company, upon the review and recommendation of various committees composed of members of the BOD and Senior Management. Among the Parent Company's committees are:

- the Corporate Governance Committee, which ensures the BOD's effectiveness and due observance of the corporate governance principles and guidelines;
- the Risk Oversight Committee (ROC), which is responsible for the development and oversight of the Parent Company's risk management program;
- the Audit Committee, which examines the Parent Company's framework of risk management, control and governance process to ensure that these are adequate and functional; and
- the Credit Committee, which recommends credit policies and evaluates credit applications.

The following units within the Parent Company jointly perform risk management functions on a daily basis:

- Compliance for regulatory risk;
- Treasury for funding and liquidity risk;
- Credit Management Group for credit risk;
- Enterprise Risk Management Group (ERMG) for various risks, including market risk; credit and operational risks; and
- Internal Audit for the evaluation of the adequacy of internal control systems, covering operational risk.

These units submit various risk reports to the Management Committee, the ROC and the BOD, among others.

Further specific risk management disclosures, including mitigation, measurement and control, are in the succeeding sections.

Credit Risk

Credit risk may be defined as the possibility of loss due to the failure of a customer/borrower or counterparty to perform its obligation to the Group.

The Group has several credit risk mitigation practices:

- The Group offers a variety of loan products with substantial collateral values. The latter part of this credit risk section discusses collateral and other credit enhancements.
- Limits are set on the amount of credit risk that the Group is willing to take for customers and counterparties, and exposures are monitored against such credit limits.
- The Group also observes related regulatory limits such as the single borrower's limit (SBL) and directors, officers, stockholders and related interests (DOSRI) ceiling.
- To protect against settlement risk, the Group employs a delivery-versus-payment (DvP) settlement system, wherein payment is effected only when the corresponding asset has been delivered.

- There is an internal credit risk rating system (ICRRS) in place, providing a structured format for collating and analyzing borrower data to arrive at a summary indicator of credit risk.
- Past due and non-performing loan (NPL) ratios are also used to measure and monitor the quality of the loan portfolio

In view of the heightened credit risk arising from the pandemic, at the start of the Enhanced Community Quarantine (ECQ), the Group conducted a credit risk assessment or rapid review process to assess the effect of the pandemic on loan portfolios. Account assessment during the onset of the pandemic is an inherent process in the conduct of credit assessment of borrowers within the bounds of the existing credit policies. The Group identified and segmented borrowers based on the following major factors: (a) ownership, (b) payment performance, (c) financials or financial condition of borrower, (d) industry where the borrower operates in, as well as industry prospects, (e) the effect of the pandemic and the ECQ on the operations of the borrower, and (f) collateral position. This has enabled the Group to focus on potential major risks and the comparison of all borrowers or credit exposures across business lines and borrower credit worthiness. The Group also revisited the credit risk rating to capture risk level.

Maximum exposure to credit risk

The table below shows the Group's net credit risk exposure for financial assets with maximum exposure to credit risk different from its carrying amounts after considering the financial effect of collateral and other credit enhancements:

	Consolidated			
	December 31, 2020			
	Carrying Amount	Fair Value of Collateral	Financial Effect of Collateral	Maximum Exposure to Credit Risk
Interbank loans receivables and SPURA	₱4,495,757,260	₱4,356,755,246	₱4,356,755,246	₱139,002,014
Loans and receivables:				
Receivables from customers:				
Commercial	50,675,925,746	20,609,092,071	20,254,834,500	30,519,870,805
Real estate	23,693,225,684	25,812,580,155	19,131,128,527	4,562,097,157
Consumption	9,884,643,409	9,377,871,442	6,448,470,383	3,346,322,242
Domestic bills purchased	447,884,707	447,884,707	447,884,707	–
Other receivables:				
Accrued interest receivable	1,365,866,959	–	–	1,365,866,959
Accounts receivable	771,218,230	–	–	771,218,230
Sales contract receivable	47,780,134	197,231,123	52,290,582	–
	₱91,382,302,129	₱60,801,414,744	₱50,691,363,945	₱40,704,377,407
	Parent Company			
	December 31, 2020			
	Carrying Amount	Fair Value of Collateral	Financial Effect of Collateral	Maximum Exposure to Credit Risk
Interbank loans receivables and SPURA	₱4,366,091,085	₱4,356,755,246	₱4,356,755,246	₱9,335,839
Loans and receivables:				
Receivables from customers:				
Commercial	50,677,307,096	20,328,513,674	20,197,720,179	30,479,586,917
Real estate	23,609,739,288	25,614,887,630	19,047,642,131	4,562,097,156
Consumption	8,462,649,904	9,172,357,896	6,307,299,696	2,155,350,208
Domestic bills purchased	447,884,707	447,884,707	447,884,707	–
Other receivables:				
Accrued interest receivable	1,313,141,054	–	–	1,313,141,054
Accounts receivable	732,990,953	–	–	732,990,953
Sales contract receivable	27,271,822	84,350,341	31,782,270	–
	₱89,637,075,909	₱60,004,749,494	₱50,389,084,229	₱39,252,502,127

Notes to Financial Statements

	Consolidated			
	December 31, 2019			
	Carrying Amount	Fair Value of Collateral	Financial Effect of Collateral	Maximum Exposure to Credit Risk
Interbank loans receivables and SPURA	₱2,408,705,460	₱1,603,350,278	₱1,603,350,278	₱805,355,182
Loans and receivables:				
Receivables from customers:				
Commercial	57,341,200,915	13,987,243,724	12,243,098,112	45,098,102,803
Real estate	19,067,998,568	20,073,949,576	10,462,536,023	8,605,462,545
Consumption	12,391,266,516	9,693,487,573	5,702,215,994	6,689,050,522
Domestic bills purchased	495,192,826	-	-	495,192,826
Other receivables:				
Accrued interest receivable	850,258,038	-	-	850,258,038
Accounts receivable	1,050,173,005	-	-	1,050,173,005
Sales contract receivable	73,433,537	190,577,389	73,433,537	-
	₱93,678,228,865	₱45,548,608,540	₱30,084,633,944	₱63,593,594,921

	Parent Company			
	December 31, 2019			
	Carrying Amount	Fair Value of Collateral	Financial Effect of Collateral	Maximum Exposure to Credit Risk
Interbank loans receivables and SPURA	₱2,342,127,432	₱1,536,772,250	₱1,536,772,250	₱805,355,182
Loans and receivables:				
Receivables from customers:				
Commercial	57,160,149,323	13,916,347,785	12,221,076,818	44,939,072,505
Real estate	19,021,295,006	20,070,091,876	10,461,836,172	8,559,458,834
Consumption	11,116,495,285	9,507,255,241	5,696,782,843	5,419,712,442
Domestic bills purchased	495,192,826	-	-	495,192,826
Other receivables:				
Accrued interest receivable	838,769,184	-	-	838,769,184
Accounts receivable	1,028,012,253	-	-	1,028,012,253
Sales contract receivable	46,365,590	125,754,429	46,365,590	-
	₱92,048,406,899	₱45,156,221,581	₱29,962,833,673	₱62,085,573,226

Offsetting of financial assets and financial liabilities

The Parent Company has derivative financial instruments with various counterparties transacted under the International Swaps and Derivatives Association (ISDA) which are subject to enforceable master netting agreements. Under the agreements, the Parent Company has the right to settle its derivative financial instruments either: (1) upon election of the parties; or (2) in the case of default and insolvency or bankruptcy. The Parent Company, however, has no intention to net settle or to gross settle the accounts simultaneously.

The following table shows the effect of rights of set-off associated with the recognized financial assets and financial liabilities of the Parent Company:

	Consolidated					
	Gross amounts of recognized financial instruments	Gross amounts set-off in accordance with the PAS 32 offsetting criteria	Net amount presented in statements of financial position	Effect of remaining rights of set-off that do not meet PAS 32 offsetting criteria		Net exposure
				Financial instruments	Financial collateral	
2020						
Financial Assets						
SPURA (Note 6)	₱3,482,833,472	₱-	₱3,482,833,472	₱-	₱3,482,833,472	₱-
Derivative assets (Note 7)	556,022		556,022	-	-	556,022
Total	₱3,483,389,494	₱-	₱3,483,389,494	₱-	₱3,482,833,472	₱556,022
Financial Liabilities						
Derivative liabilities (Note 7)	₱-	₱-	₱-	₱-	₱-	₱-

(Forward)

	Consolidated					
	Gross amounts of recognized financial instruments	Gross amounts set-off in accordance with the PAS 32 offsetting criteria	Net amount presented in statements of financial position	Effect of remaining rights of set-off that do not meet PAS 32 offsetting criteria		Net exposure
				Financial instruments	Financial collateral	
2019						
Financial Assets						
SPURA (Note 6)	₱871,933,210	₱-	₱871,933,210	₱-	₱871,933,210	₱-
Derivative assets (Note 7)	992,618	-	992,618	-	-	992,618
Total	₱872,925,828	₱-	₱872,925,828	₱-	₱871,933,210	₱992,618
Financial Liabilities						
Derivative liabilities (Note 7)	₱462,908	₱-	₱462,908	₱-	₱-	₱462,908

	Parent Company					
	Gross amounts of recognized financial instruments	Gross amounts set-off in accordance with the PAS 32 offsetting criteria	Net amount presented in statements of financial position	Effect of remaining rights of set-off that do not meet PAS 32 offsetting criteria		Net exposure
				Financial instruments	Financial collateral	

2020						
Financial Assets						
SPURA (Note 6)	₱3,353,167,297	₱-	₱3,353,167,297	₱-	₱3,353,167,297	₱-
Derivative assets (Note 7)	556,022		556,022	-	-	556,022
Total	₱3,353,723,319	₱-	₱3,353,723,319	₱-	₱3,353,167,297	₱556,022

Financial Liabilities						
Derivative liabilities (Note 7)	-	-	-	-	-	-
Financial Assets						
SPURA (Note 6)	805,355,182	-	805,355,182	-	805,355,182	-
Derivative assets (Note 7)	992,618	-	992,618	-	-	992,618
Total	₱806,347,800	₱-	₱806,347,800	₱-	₱805,355,182	₱992,618

Financial Liabilities						
Derivative liabilities (Note 7)	462,908	-	462,908	-	-	462,908

2019						
Financial Assets						
SPURA (Note 6)	₱805,355,182	₱-	₱805,355,182	₱-	₱805,355,182	₱-
Derivative assets (Note 7)	992,618	-	992,618	-	-	992,618
Total	₱806,347,800	₱-	₱806,347,800	₱-	₱805,355,182	₱992,618
Financial Liabilities						
Derivative liabilities (Note 7)	₱462,908	₱-	₱462,908	₱-	₱-	₱462,908

Collateral and other credit enhancement

The amount and type of collateral required depends on an assessment of credit risk. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- Mortgages over real estate and vehicle for consumer lending
- Chattels over inventory and receivable for commercial lending
- Government securities for interbank lending

It is the Group's policy to dispose repossessed properties in an orderly fashion. In general, the proceeds are used to reduce or repay the outstanding claim, and are not occupied for business use.

Concentration of credit

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 Group's performance to developments affecting a particular industry.

Notes to Financial Statements

The tables below show the distribution of maximum exposure to credit risk by industry sector of the Group before taking into account collateral held and other credit enhancements (in millions):

	Consolidated		
	2020		
	Loans and Receivables*	Investment Securities**	Total
Real estate, renting and business services	₱27,214	₱1,338	₱28,552
Financial intermediaries	34,280	215	34,495
Wholesale and retail	11,067	–	11,067
Personal consumption	8,364	1,016	9,380
Electricity, gas and water	7,144	4,681	11,825
Transport, storage and communication	4,400	–	4,400
Manufacturing	7,511	–	7,511
Construction	3,569	–	3,569
Agriculture, hunting and forestry	7,043	–	7,043
Government institutions	43	15,372	15,415
Others	15,670	4,833	20,503
	126,305	27,455	153,760
Less allowance for credit losses	1,804	3	1,807
	₱124,501	₱27,452	₱151,953

*All financial assets other than investment securities and cash on hand (net of UID), including guarantees issued and committed credit lines

**Financial assets at FVTPL, FVOCI and amortized cost

	Parent Company		
	2020		
	Loans and Receivables*	Investment Securities**	Total
Real estate, renting and business services	₱27,090	₱1,338	₱28,428
Financial intermediaries	33,610	245	33,855
Wholesale and retail	10,855	–	10,855
Personal consumption	7,380	1,016	8,396
Electricity, gas and water	7,150	4,681	11,831
Transport, storage and communication	4,397	–	4,397
Manufacturing	7,502	–	7,502
Construction	3,547	–	3,547
Agriculture, hunting and forestry	6,964	–	6,964
Government institutions	43	15,372	15,415
Others	15,249	4,813	20,063
	123,787	27,465	151,253
Less allowance for credit losses	1,568	3	1,571
	₱122,219	₱27,462	₱149,682

*All financial assets other than investment securities and cash on hand (net of UID), including guarantees issued and committed credit lines

**Financial assets at FVTPL, FVOCI and amortized cost

	Consolidated		
	2019		
	Loans and Receivables*	Investment Securities**	Total
Real estate, renting and business services	₱27,077	₱3,176	₱30,253
Financial intermediaries	21,519	389	21,908
Wholesale and retail	12,257	–	12,257
Personal consumption	11,671	447	12,118
Electricity, gas and water	9,361	2,866	12,227
Transport, storage and communication	7,939	660	8,599
Manufacturing	6,096	–	6,096
Construction	2,946	–	2,946
Agriculture, hunting and forestry	873	–	873
Government institutions	282	17,782	18,064
Others	9,569	16	9,585
	109,590	25,336	134,926
Less allowance for credit losses	1,167	–	1,167
	₱108,423	₱25,336	₱133,759

*All financial assets other than investment securities and cash on hand (net of UID), including guarantees issued and committed credit lines

**Financial assets at FVTPL, FVOCI and amortized cost

	Parent Company		
	2019		
	Loans and Receivables*	Investment Securities**	Total
Real estate, renting and business services	₱27,000	₱3,161	₱30,161
Financial intermediaries	20,960	239	21,199
Wholesale and retail	11,983	–	11,983
Personal consumption	11,033	447	11,480
Electricity, gas and water	9,361	2,866	12,227
Transport, storage and communication	7,936	660	8,596
Manufacturing	6,088	–	6,088
Construction	2,923	–	2,923
Agriculture, hunting and forestry	766	–	766
Government institutions	282	17,782	18,064
Others	9,036	11	9,047
	107,368	25,166	132,534
Less allowance for credit losses	1,059	–	1,059
	₱106,309	₱25,166	₱131,475

*All financial assets other than investment securities and cash on hand (net of UID), including guarantees issued and committed credit lines

**Financial assets at FVTPL, FVOCI and amortized cost

Credit quality

Parent Company

The credit quality of financial assets is managed by the Parent Company using an internal credit rating system for the purpose of measuring credit risk in a consistent manner as accurately as possible. The model on risk ratings is assessed regularly because the Parent Company uses this information as a tool for business and financial decision making.

The rating categories are further described below.

Grades	Categories	Description
High grade		
	Risk rating 1	Excellent
	Risk rating 2	Super Prime
	Risk rating 3	Prime
Standard	Risk rating 4	Very Good
	Risk rating 5	Good
	Risk rating 6	Satisfactory
	Risk rating 7	Average
Sub-standard grade	Risk rating 8	Fair
	Risk rating 9	Marginal
	Risk rating 10	Watchlist
	Risk rating 11	Special mention
	Risk rating 12	Substandard

Notes to Financial Statements

Grades	Categories	Description
Past due and impaired		
<i>Risk rating 13</i>	Doubtful	Weaknesses similar to "Substandard", but with added characteristics that make liquidation highly improbable.
<i>Risk rating 14</i>	Loss	Uncollectible or worthless.

The Parent Company's ICRR system intends to provide a structure to define the credit portfolio, and consists of an initial rating for the borrower risk adjusted for the facility risk. Inputs include an assessment of management, credit experience, financial condition, industry outlook, documentation, security and term.

Below is the staging parameters adopted by the Parent Company:

Staging Parameter	Stage	Description
Staging by Days Past Due		<i>Applicable to all loan products.</i>
	1	Accounts with 0 – 30 days past due (applicable for all loan products except for microfinancing loans wherein days past due for Stage 1 accounts is 0 – 6 days).
	2	Accounts with 31 – 90 days past due (applicable for all loan products except for microfinancing loans wherein days past due for Stage 2 accounts is 7 – 10 days).
	3	Accounts with days past due of 91 days and above (applicable for all loan products except for microfinancing loans wherein days past due for Stage 3 accounts is 11 days and above).
Staging by Status		<i>Applicable to all loan products except for Microfinance.</i>
	1	Accounts tagged as Current in its Status are classified under Stage 1.
	2	Accounts tagged as Past due performing in its Status are classified under Stage 2.
	3	Accounts tagged as ITL and NPL in its Status are classified under Stage 3.
Staging by Origination Rating vs Current Rating		<i>Applicable to Commercial Loans (Large Scale and Medium Scale) only.</i>
	1	If no movement in the ratings from origination rating against the latest rating, the staging will be based on the current ICRRS rating. If the account's current rating is either Excellent, Super Prime, Prime, Very Good, Good, Satisfactory, Average, Fair, the account will be tagged under Stage 1.
	2	If the account's current rating/equivalent Risk Level deteriorates by 2 notches from its origination rating/equivalent Risk Level, the account is tagged under Stage 2. If no movement in the ratings from origination rating against the latest rating, the staging will be based on the latest ICRRS rating. If the account's latest Rating is either Marginal, Watchlist or Especially Mentioned, account will be tagged under Stage 2.
	1	If maturity date of the account is after the cut-off date of the ECL Calculation and if the days leading up to the cut-off date of the ECL Calculation from the maturity date is less than 30 days, the account is tagged under Stage 1 (For Microfinance loans, if maturity date of the account is after the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is less than 10 days, the account is tagged under Stage 1).
	3	If maturity date of the account is prior to the cut-off date of the ECL Calculation and if the days leading up to the cut-off date of the ECL Calculation from the maturity date is more than 30 days, the account is tagged under Stage 3 (For Microfinance loans, if maturity date of the account is prior the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is more than 10 days, the account is tagged under Stage 3).

The following tables show the credit quality per class of loans and receivables, gross of allowance for credit losses and unearned interest and discount of the Group and Parent Company (in millions):

	Consolidated			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Commercial				
Neither Past Due nor Impaired				
High grade	P19,997	P2,590	P–	P22,587
Standard	20,851	3,271	–	24,122
Substandard	2,215	1,837	–	4,052
Unrated	194	–	–	194
Past due but not impaired	–	89	–	89
Past due and impaired	–	–	470	470
	43,257	7,787	470	51,514

(Forward)

	Consolidated			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Real estate				
Neither Past Due nor Impaired				
High grade	P18	P–	P–	P18
Standard	147	7	–	154
Substandard	12	–	–	12
Unrated	20,848	547	198	21,593
Past due but not impaired	–	1,211	1,159	2,370
Past due and impaired	–	–	10	10
	P21,025	P1,765	P1,367	P24,157
Consumption				
Neither Past Due nor Impaired				
High grade	127	–	–	127
Standard	1,268	–	–	1,268
Substandard	132	–	–	132
Unrated	7,316	207	40	7,563
Past due but not impaired	2	540	766	1,308
Past due and impaired	–	–	204	204
	P8,845	P747	P1,010	P10,602
Domestic bills purchased				
Neither Past Due nor Impaired				
High grade	–	–	–	–
Standard	460	–	–	460
Substandard	20	–	–	20
Unrated	–	–	–	–
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	–	–
	P480	P–	P–	P480
Total receivable from customers	P73,607	P10,299	P2,847	P86,753
Other receivables:				
Neither Past Due nor Impaired				
High grade	451	433	–	884
Standard	507	70	–	577
Substandard	70	42	–	112
Unrated	424	27	–	451
Past due but not impaired	(6)	74	–	68
Past due and impaired	–	–	210	210
	1,446	646	210	2,302
	P75,053	P10,945	P3,057	P89,055

	Parent Company			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Commercial				
Neither Past Due nor Impaired				
High grade	P19,997	P2,590	P–	P22,587
Standard	20,775	3,271	–	24,046
Substandard	2,281	1,837	–	4,118
Unrated	193	–	–	193
Past due but not impaired	–	83	–	83
Past due and impaired	–	–	403	403
	43,246	7,781	403	51,430
Real estate				
Neither Past Due nor Impaired				
High grade	18	–	–	18
Standard	77	7	–	84
Substandard	–	–	–	–
Unrated	20,847	547	197	21,591
Past due but not impaired	–	1,211	1,159	2,370
Past due and impaired	–	–	9	9
	P20,942	P1,765	P1,365	P24,072

(Forward)

Notes to Financial Statements

	Parent Company			
	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Consumption				
Neither Past Due nor Impaired				
High grade	P127	P-	P-	P127
Standard	48	-	-	48
Substandard	16	-	-	16
Unrated	7,226	207	40	7,473
Past due but not impaired	2	518	766	1,286
Past due and impaired	-	-	9	9
	P7,419	P725	P815	P8,959
Domestic bills purchased				
Neither Past Due nor Impaired				
High grade	-	-	-	-
Standard	460	-	-	460
Substandard	20	-	-	20
Unrated	-	-	-	-
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	-	-
	480	-	-	480
Total receivable from customers	P72,087	P10,271	P2,583	P84,941
Other receivables:				
Neither Past Due nor Impaired				
High grade	451	433	-	884
Standard	457	70	-	527
Substandard	27	42	-	69
Unrated	423	27	-	450
Past due but not impaired	1	71	-	72
Past due and impaired	-	-	161	161
	1,359	643	161	2,163
	P73,447	P10,914	P2,743	P87,104

	Consolidated			
	December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Commercial				
Neither Past Due nor Impaired				
High grade	P18,717	P7	P-	P18,724
Standard	25,695	2,585	-	28,280
Substandard	711	1,240	-	1,951
Unrated	21	-	-	21
Past due but not impaired	15	29	155	199
Past due and impaired	-	-	340	340
	P45,159	P3,861	P495	P49,515
Real estate				
Neither Past Due nor Impaired				
High grade	P21	P-	P-	P21
Standard	132	-	-	132
Substandard	10	-	-	10
Unrated	17,874	-	-	17,874
Past due but not impaired	-	1,035	242	1,277
Past due and impaired	-	-	14	14
	P18,037	P1,035	P256	P19,328
Consumption				
Neither Past Due nor Impaired				
High grade	92	-	-	92
Standard	1,405	-	-	1,405
Substandard	48	-	-	48
Unrated	7,993	-	-	7,993
Past due but not impaired	-	598	484	1,082
Past due and impaired	-	-	207	207
	P9,538	P598	P691	P10,827

(Forward)

	Consolidated			
	December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Domestic bills purchased				
Neither Past Due nor Impaired				
High grade	491	-	-	491
Standard	-	-	-	-
Substandard	-	-	-	-
Unrated	4	-	-	4
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	-	-
	495	-	-	495
Total receivable from customers	P73,229	P5,494	P1,442	P80,165
Other receivables:				
Neither Past Due nor Impaired				
High grade	P1,193	P-	P-	P1,193
Standard	426	-	-	426
Substandard	31	-	-	31
Unrated	95	-	-	95
Past due but not impaired	68	110	123	301
Past due and impaired	-	-	89	89
	1,813	110	212	2,135
	P75,042	P5,604	P1,654	P82,300

	Parent Company			
	December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Commercial				
Neither Past Due nor Impaired				
High grade	P18,717	P7	P-	P18,724
Standard	25,641	2,585	-	28,226
Substandard	775	1,240	-	2,015
Unrated	21	-	-	21
Past due but not impaired	15	16	155	186
Past due and impaired	-	-	235	235
	P45,169	P3,848	P390	P49,407
Real estate				
Neither Past Due nor Impaired				
High grade	21	-	-	21
Standard	89	-	-	89
Substandard	7	-	-	7
Unrated	17,874	-	-	17,874
Past due but not impaired	-	1,035	242	1,277
Past due and impaired	-	-	8	8
	P17,991	P1,035	P250	P19,276

	Consolidated			
	December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Consumption				
Neither Past Due nor Impaired				
High grade	P92	P-	P-	P92
Standard	66	-	-	66
Substandard	22	-	-	22
Unrated	8,070	-	-	8,070
Past due but not impaired	-	575	484	1,059
Past due and impaired	-	-	1	1
	P8,250	P575	P485	P9,310
Domestic bills purchased				
Neither Past Due nor Impaired				
High grade	491	-	-	491
Standard	-	-	-	-
Substandard	-	-	-	-
Unrated	4	-	-	4
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	-	-
	495	-	-	495
Total receivable from customers	P71,905	P5,458	P1,125	P78,488

Notes to Financial Statements

	Parent Company December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Other receivables:				
Neither Past Due nor Impaired				
High grade	P1,190	P–	P–	P1,190
Standard	398	–	–	398
Substandard	7	–	–	7
Unrated	95	–	–	95
Past due but not impaired	74	103	123	300
Past due and impaired	–	–	62	62
	1,764	103	185	2,052
	P73,669	P5,561	P1,310	P80,540

External ratings

In ensuring a quality investment portfolio, the Parent Company monitors credit risk from investments using credit ratings primarily based on Standard and Poor (S&P), Moody's and/or Fitch when available; otherwise, rating is based on mapped internal credit risk ratings (ICRRS). When the counterparty has no available external or internal ratings, it is included under "Unrated".

Credit quality of due from BSP and other banks and interbank loans receivable are based on available accredited international and local credit raters using Fitch as standard of rating.

The Parent Company assigns the following credit quality groupings based on ratings prior to PFRS 9 adoption as follows:

Credit Quality	Fitch	Moody's	S&P	Stage
High Grade	AAA to A-	Aaa to A3	AAA to A-	1
Standard Grade	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	1
Substandard Grade	B+ to C-	B1 to Ca	B+ to C	2
Past due and impaired	D	C	D	3

The following tables show the credit quality per class of financial assets other than receivables from customers and other receivables of the Group and Parent Company (in millions):

	Consolidated December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVTPL				
Standard	P66	P–	P–	P66
Financial assets at FVOCI				
Government securities				
Standard	8,704	–	–	8,704
Private bonds				
High	5,411	–	–	5,411
Standard	4,564	74	–	4,638
Investment securities at amortized cost				
Government securities				
Standard	5,834	–	–	5,834
Private bonds				
High	900	–	–	900
Standard	900	–	–	900
Loans and receivables:				
Due from BSP				
Standard	20,368	–	–	20,368
Due from other banks				
Standard	3,907	–	–	3,907
Interbank loans receivable and SPURA				
Standard	4,366	–	–	4,366
Other assets:				
Refundable deposits				
Standard	68	–	–	68
Unrated	–	–	–	–
	P55,088	P74	P–	P55,162

	Parent Company December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVTPL				
Standard	P66	P–	P–	P66
Financial assets at FVOCI				
Government securities				
High	–	–	–	–
Standard	8,704	–	–	8,704
Private bonds				
High	5,411	–	–	5,411
Standard	4,564	74	–	4,638
Investment securities at amortized cost				
Government securities				
Standard	5,814	–	–	5,814
Private bonds				
High	900	–	–	900
Standard	900	–	–	900
Loans and receivables:				
Due from BSP				
Standard	19,923	–	–	19,923
Due from other banks				
Standard	3,809	–	–	3,809
Interbank loans receivable and SPURA				
Standard	4,366	–	–	4,366
Other assets:				
Refundable deposits				
Standard	66	–	–	66
	P54,523	P74	P–	P54,596

	Consolidated December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVTPL				
Standard	P5	P–	P–	P5
Financial assets at FVOCI				
Government securities				
High	111	–	–	111
Standard	8,100	210	–	8,310
Private bonds				
High	2,896	–	–	2,896
Standard	2,373	75	–	2,448
Investment securities at amortized cost				
Government securities				
Standard	9,507	–	–	9,507
Private bonds				
High	1,335	–	–	1,335
Standard	515	–	–	515
Loans and receivables:				
Due from BSP				
Standard	12,216	–	–	12,216
Due from other banks				
Standard	2,464	–	–	2,464
Interbank loans receivable and SPURA				
Standard	2,409	–	–	2,409
Other assets:				
Refundable deposits				
Standard	61	–	–	61
Unrated	1	–	–	1
	P41,993	P285	P–	P42,278

Notes to Financial Statements

	Parent Company December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVTPL				
Standard	P5	P–	P–	P5
Financial assets at FVOCI				
Government securities				
High	111	–	–	111
Standard	8,100	210	–	8,310
Private bonds				
High	2,896	–	–	2,896
Standard	2,373	75	–	2,448
Investment securities at amortized cost				
Government securities				
Standard	9,357	–	–	9,357
Private bonds				
High	1,300	–	–	1,300
Standard	500	–	–	500
Loans and receivables:				
Due from BSP				
Standard	11,825	–	–	11,825
Due from other banks				
Standard	2,374	–	–	2,374
Interbank loans receivable and SPURA				
Standard	2,342	–	–	2,342
Other assets:				
Refundable deposits				
Standard	61	–	–	61
	P41,244	P285	P–	P41,529

As of December 31, 2020, the Group's and Parent Company's commitments amounting to P4.61 billion, P1.21 billion and P2.96 billion have a risk rating class of High Grade, Standard Grade and Unrated, respectively (Note 28).

As of December 31, 2019, the Group's and Parent Company's commitments amounting to P2.87 billion, P3.99 billion and P3.61 billion have a risk rating class of High Grade, Standard Grade and Unrated, respectively (see Note 28).

Liquidity Risk

Liquidity risk may be defined as the possibility of loss due to the Group's inability to meet its financial obligations when they become due. Liquidity risk is considered in the Group's assets and liabilities management. The Group seeks to lengthen liability maturities, diversify existing fund sources, and continuously develop new instruments that cater to different segments of the market. The Parent Company's Assets and Liabilities Committee (ALCO) is composed of some members of the Senior Management including the Lending Groups and Treasury Group Heads. ALCO conducts weekly meetings. The Parent Company also has specialized units that help monitor market and regulatory developments pertinent to interest rates and liquidity position, as well as prepare cash position reports as needed to measure the liquidity and reserves position of the Parent Company.

The Parent Company also keeps credit lines with financial institutions, as well as a pool of liquid or highly marketable securities. Reserves management is another specialized function within the Bank, complying with BSP reserve requirements, which may be a buffer against unforeseen liquidity drains.

The liquidity or maturity gap report is another tool for measuring liquidity risk. Although available contractual maturity dates are generally used for putting instruments into time bands, expected liquidation periods, often based on historical data, are used if contractual maturity dates are unavailable. The liquidity gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive liquidity gap is an estimate of the Group's net excess funds for the time band. A negative liquidity gap is an estimate of a future funding requirement of the Group. Although such gaps are a normal part of the business, a significant negative amount may bring significant liquidity risk.

To help control liquidity risk arising from negative liquidity gaps, maximum cumulative outflow (MCO) targets are set for time bands up to one (1) year.

Analysis of financial instruments by remaining maturities

The table below summarized the maturity profile of the Group's financial instruments based on contractual undiscounted cash flows except for financial assets at FVTPL which and based on expected disposal (in millions):

	Consolidated 2020					
	On demand	Up to 3 months	Over 3 up to 12 months	Over 1 to 5 Years	Over 5 years	Total
Financial Assets						
Cash and other cash items	P2,823	P–	P–	P–	P–	P2,823
Due from BSP	19,985	383	–	–	–	20,368
Due from other banks	98	3,809	–	–	–	3,907
Interbank loans receivable and SPURA	–	4,496	–	–	–	4,496
Financial assets at FVTPL	–	86	–	–	1	87
Financial assets at FVOCI	–	7,151	1,282	5,794	10,384	24,611
Investment securities at amortized cost	–	190	614	5,637	3,261	9,702
Loans and receivables	283	20,218	17,605	37,060	36,610	111,776
Other assets	–	–	–	1	4,077	4,078
	23,189	36,333	19,501	48,492	54,333	181,848
Financial Liabilities						
Deposit liabilities	P50,304	P48,137	P8,411	P10,672	P5	P117,529
Bonds payable	–	78	10243	–	–	10,321
Manager's checks	1,152	–	–	–	–	1,152
Lease liabilities	2	6	35	896	39	978
Accrued expenses and other liabilities	14	3,203	–	31	–	3,248
	51,472	51,424	18,689	11,599	44	133,228
Commitments	6,945	–	–	–	–	6,945
	58,417	51,424	18,689	11,599	44	140,173
	(P35,228)	(P15,091)	P812	P36,893	P54,289	P41,675

	Parent Company 2020					
	On demand	Up to 3 months	Over 3 up to 12 months	Over 1 to 5 Years	Over 5 years	Total
Financial Assets						
Cash and other cash items	P2,750	P–	P–	P–	P–	P2,750
Due from BSP	19,923	–	–	–	–	19,923
Due from other banks	–	3,809	–	–	–	3,809
Interbank loans receivable and SPURA	–	4,366	–	–	–	4,366
Financial assets at FVTPL	–	86	–	–	1	87
Financial assets at FVOCI	–	7,151	1,282	5,772	10,384	24,589
Investment securities at amortized cost	–	190	614	5,637	3,261	9,702
Loans and receivables	–	20,117	17,324	35,533	36,448	109,422
Other assets	–	–	–	–	4,076	4,076
	22,673	35,719	19,220	46,942	54,170	178,724
Financial Liabilities						
Deposit liabilities	49,017	47,886	8,197	10,316	3	115,419
Bonds payable	–	78	10,243	–	–	10,321
Manager's checks	1,152	–	–	–	–	1,152
Lease liabilities	2	4	27	863	25	921
Accrued expenses and other liabilities	–	3,182	–	–	–	3,182
	50,171	51,150	18,467	11,179	28	130,995
Commitments	6,945	–	–	–	–	6,945
	57,116	51,150	18,467	11,179	28	137,940
	(P34,443)	(P15,431)	P753	P35,763	P54,142	P40,784

Notes to Financial Statements

	Consolidated					Total
	2019					
	On demand	Up to 3 months	Over 3 up to 12 months	Over 1 to 5 Years	Over 5 years	
Financial Assets						
Cash and other cash items	₱3,249	₱–	₱–	₱–	₱–	₱3,249
Due from BSP	11,901	315	–	–	–	12,216
Due from other banks	2,464	–	–	–	–	2,464
Interbank loans receivable and SPURA	–	3,215	–	–	–	3,215
Financial assets at FVTPL	–	4	–	–	1	5
Financial assets at FVOCI	–	6,676	282	4,500	6,501	17,959
Investment securities at amortized cost	–	232	445	7,452	6,272	14,401
Loans and receivables	63	19,696	13,006	33,024	25,239	91,028
Other assets	–	1	2	16	44	63
	17,677	30,139	13,735	44,992	38,057	144,600
Financial Liabilities						
Deposit liabilities	39,641	42,090	5,794	11,799	3	99,327
Bills payable	–	499	281	1,500	–	2,280
Bonds payable	–	78	368	10,345	–	10,791
Manager's checks	1,075	–	–	–	–	1,075
Lease liabilities	–	73	182	515	28	798
Accrued expenses and other liabilities	677	952	1,563	–	–	3,192
	41,393	43,692	8,188	24,159	31	117,463
Commitments	7,260	–	–	–	–	7,260
	48,653	43,692	8,188	24,159	31	124,723
	(₱30,976)	(₱13,553)	₱5,547	₱20,833	₱38,026	₱19,877

	Parent Company					
	2019					
	On demand	Up to 3 months	Over 3 up to 12 months	Over 1 to 5 Years	Over 5 years	Total
Financial Assets						
Cash and other cash items	₱3,176	₱–	₱–	₱–	₱–	₱3,176
Due from BSP	11,825	–	–	–	–	11,825
Due from other banks	2,374	–	–	–	–	2,374
Interbank loans receivable and SPURA	–	3,148	–	–	–	3,148
Financial assets at FVTPL	–	4	–	–	1	5
Financial assets at FVOCI	–	6,676	282	4,500	6,501	17,959
Investment securities at amortized cost	–	232	445	7,320	6,170	14,167
Loans and receivables	–	19,624	12,720	31,417	25,059	88,820
Other assets	–	1	2	15	44	62
	17,375	29,685	13,449	43,252	37,775	141,536
Financial Liabilities						
Deposit liabilities	38,285	41,927	5,656	11,486	–	97,354
Bills payable	–	499	281	1,500	–	2,280
Bonds payable	–	78	368	10,345	–	10,791
Manager’s checks	1,075	–	–	–	–	1,075
Lease liabilities	–	72	178	486	9	745
Accrued expenses and other liabilities	556	925	1,563	–	–	3,044
	39,916	43,501	8,046	23,817	9	115,289
Commitments	7,259	–	–	–	–	7,259
	47,175	43,501	8,046	23,817	9	122,548
	(₱29,800)	(₱13,816)	₱5,403	₱19,435	₱37,766	₱18,988

Market Risk

Market risk may be defined as the possibility of loss due to adverse movements in market factors such as rates and prices. Market risk is present in both trading and non-trading activities. These are the risk to earnings or capital arising from changes in the value of traded portfolios of financial instruments. The risk arises from market-making, dealing and position-taking in quoted debt securities and foreign exchange.

The Parent Company observes market risk limits, which are approved by the BOD and reviewed at least annually. Limits are set in such a way as to ensure that risks taken are based on the Parent Company's existing capital adequacy framework, and corresponding monitoring reports are prepared regularly by an independent risk management unit.

When limits are breached, approval is sought from successive levels of authority depending on the amount of the excess. Limit breaches are periodically presented to the BOD.

Value-at-Risk (VaR) is computed to estimate potential losses arising from market movements. The Parent Company calculates and monitors VaR and profit or loss on a daily basis.

VaR objectives and methodology

VaR is used by the Parent Company to measure market risk exposure from its trading and investment activities. VaR is an estimate of the maximum decline in value on a given position over a specified holding period in a normal market environment, with a given probability of occurrence. The Parent Company uses the historical simulation method in estimating VaR. The historical simulation method is a non-parametric approach to VaR calculation, in which asset returns are not subject to any functional distribution assumption. VaR is estimated directly from historical data without deriving parameters or making assumptions about the entire data distribution.

In employing the historical simulation method, the Parent Company assumes a 500 historical data (approximately 2 years). The Parent Company updates its dataset on a daily basis per Parent Company policy, VaR is based on a 1-day holding period and a confidence level of 99%.

VaR methodology limitations and assumptions

Discussed below are the limitations and assumptions applied by the Parent Company on its VaR methodology:

- VaR is a statistical estimate; thus, it does not give the precise amount of loss the Parent Company may incur in the future;
- VaR is not designed to give the probability of bank failure, but only attempts to quantify losses that may arise from a Parent Company's exposure to market risk;
- Since VaR is computed from end-of-day positions and market factors, VaR does not capture intraday market risk.
- VaR systems depend on historical data. It attempts to forecast likely future losses using past data. As such, this assumes that past relationships will continue to hold in the future. Therefore, market shifts (i.e., an unexpected collapse of the market) will not be captured and may inflict losses larger than VaR; and
- The limitation relating to the pattern of historical returns being indicative of future returns is addressed by supplementing VaR with daily stress testing reported to the ROC, ALCO and the concerned risk-takers.

VaR back testing is the process by which financial institutions periodically compare ex-post profit or loss with the ex-ante VaR figures to gauge the robustness of the VaR model. The Parent Company performs quarterly back testing.

The Parent Company's VaR figures are as follows (in millions):

	2020			
	Average Daily	Lowest	Highest	December 31
Local interest rates	₱1.2249	₱12.5745	₱0.0103	₱0.9802
Foreign interest rate	\$0.0041	\$0.0294	\$0.0004	\$0.0047

	2019			
	Average Daily	Lowest	Highest	December 31
Local interest rates	₱0.1622	₱1.8121	₱0.0005	₱–
Foreign interest rate	\$0.0018	\$0.0034	\$0.0005	\$0.0020

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The sensitivity analysis below shows the impact of movement in interest rates on FVOCI investments of the Parent Company as of December 31, 2020 and 2019 (in millions).

	Net Carrying Value	+100 bps parallel shift in yield curve	-100 bps parallel shift in yield curve
December 31, 2020			
Peso Denominated FVOCI	₱9,689	(₱410)	₱410
Dollar Denominated FVOCI (in PHP)	9,501	(901)	901

	Net Carrying Value	+100 bps parallel shift in yield curve	-100 bps parallel shift in yield curve
December 31, 2019			
Peso Denominated FVOCI	₱9,774	(₱558)	₱558
Dollar Denominated FVOCI (in PHP)	3,995	(466)	466

The effects of the movement in interest rates on FVOCI investments are recorded under 'other comprehensive income'.

The Parent Company's ALCO surveys the interest rate environment, adjusts the interest rates for the Parent Company's loans and deposits, assesses investment opportunities and reviews the structure of assets and liabilities. The Parent Company uses Earnings-at-Risk (EaR) as a tool for measuring and managing interest rate risk in the banking book.

Notes to Financial Statements

Equity price risk

Equity price risk is the risk that the fair values of the equities will decrease as a result of changes in the levels of equity indices and the value of the individual stocks. As of December 31, 2020 and 2019, the Group's FVOCI equity investments amounted to ₱180.25 million and ₱175.88 million, respectively. Management assessed that the equity price risk on these equity securities to be insignificant.

Earnings-at-Risk objectives and methodology

EaR is a statistical measure of the likely impact of changes in interest rates to the Bank's net interest income (NII). To do this, repricing gaps (difference between interest rate-sensitive assets and liabilities) are classified according to time to repricing and multiplied with applicable historical interest rate volatility, although available contractual repricing dates are generally used for putting instruments into time bands, contractual maturity dates (e.g., for fixed rate instruments) or expected liquidation periods often based on historical data are used alternatively. The repricing gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive repricing gap implies that the Parent Company's NII could decline if interest rates decrease upon repricing. A negative repricing gap implies that the Parent Company's NII could decline if interest rates increase upon repricing. Although such gaps are a normal part of the business, a significant change may bring significant interest rate risk.

To help control interest rate risk arising from repricing gaps, maximum repricing gap and EaR/NII targets are set for time bands up to one year. EaR is prepared and reported to the ROC monthly.

Economic value of equity or EVE, a complement of EaR, will soon be utilized by the Bank in measurement of IRRBB in compliance with new regulations. EVE, as a measure, compute a change in the net present value of the bank's assets, liabilities, and off-balance sheet items subject to specific interest rate shock and stress scenarios throughout their remaining life. To measure EVE, the Bank will establish behavioral and modelling assumptions, shock scenarios, and develop policies pertaining to them.

The Parent Company's EaR figures are as follows (in millions):

	2020			
	Average	Highest	Lowest	December 31
Instruments sensitive to local interest rates	₱292.75	₱450.47	₱197.00	₱450.47
Instruments sensitive to foreign interest rates	\$1.32	\$2.16	\$0.17	\$2.16
	2019			
	Average	Highest	Lowest	December 31
Instruments sensitive to local interest rates	₱292.65	₱361.38	₱195.18	₱302.75
Instruments sensitive to foreign interest rates	\$0.18	\$0.25	\$0.11	\$0.18

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The BOD has set limits on positions by currency. In accordance with the Parent Company's policy, positions are monitored on a daily basis and are used to ensure positions are maintained within established limits.

December 31, 2020		Statement of Comprehensive Income
+10% USD appreciation	USD	(₱33,301,868)
	Other Foreign Currencies*	(3,481,676)
-10% USD depreciation	USD	33,301,868
	Other Foreign Currencies*	3,481,676
December 31, 2019		Statement of Comprehensive Income
+10% USD appreciation	USD	(₱64,889,289)
	Other Foreign Currencies*	(813,063)
-10% USD depreciation	USD	64,889,289
	Other Foreign Currencies*	813,063

*Significant position held in EUR, GBP and AUD

5. FAIR VALUE MEASUREMENT

The methods and assumptions used by the Group in estimating the Group's assets and liabilities are:

Cash and other cash items, due from BSP, due from other banks, interbank loans receivable/securities purchased under resale agreements, accrued interest receivables, accounts receivable, savings and demand deposits

Carrying value approximates fair value given the short-term nature of these financial assets and financial liabilities and insignificant risk of changes in value.

Trading and investment securities

Fair values of debt securities and equity investments are generally based on quoted market prices. If the fair value of financial assets cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models using inputs from observable markets subject to a degree of judgment.

For equity investments that are not quoted, the fair value are derived using the net asset value method.

Derivative instruments

Fair values of quoted warrants are based on quoted market prices. Other derivative products are valued using valuation techniques using market observable inputs including foreign exchange rates and interest rate curves prevailing at the statements of financial position date. For interest rate swaps, cross-currency swaps and foreign exchange contracts, discounted cash flow model is applied. This valuation model discounts each cash flow of the derivatives at a rate that is dependent on the tenor of the cash flow.

Receivables from customers

Fair values are estimated using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of receivables at current market rates ranging from 4.38% to 42% in 2020 and 7.58% to 42% in 2019. Where the instruments reprice on a short-term basis or have a relatively short maturity, the carrying amounts approximate fair values.

Other receivables - Accounts receivable and accrued interest receivable

Carrying amounts approximate fair values given their short-term nature.

Investment properties

Fair value of investment properties are based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties have been determined by appraisers, including independent external appraisers, in the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

Refundable deposits

Fair values are estimated using the discounted cash flow methodology, using the average market price for similar types of receivables with maturities consistent to the receivable being valued. Where the instruments reprice on a short-term basis or have a relatively short maturity, the carrying amounts approximate fair values.

Time deposits

Fair values are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

Long-term negotiable certificates of deposit (LTNCD)

Fair values of LTNCD are estimated using quoted price for identical assets or liabilities in markets that are not active.

Bonds payable

Fair Values of the bonds payable are estimated using quoted price for identical assets or liabilities in markets that are not active.

Other financial liabilities

Carrying amounts approximate fair values due to either the demand nature or the relatively short-term maturities of these liabilities.

The following tables show the Group's assets and liabilities carried at fair value and those whose fair value are required to be disclosed, analyzed among those whose fair value is based on:

- Quoted market prices in active markets for identical assets or liabilities (Level 1); and
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Notes to Financial Statements

	Consolidated 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
At FVTPL	₱87,076,733	₱79,888,254	₱7,188,479	₱–	₱87,076,733
At FVOCI:					
Government securities	9,055,104,132	8,206,318,663	848,785,469	–	9,055,104,132
Private bonds	10,048,183,691	8,339,427,854	1,708,755,837	–	10,048,183,691
Quoted equity securities	180,250,000	180,250,000	–	–	180,250,000
Unquoted equity securities	32,268,140	–	–	32,268,140	32,268,140
	₱19,402,882,696	₱16,805,884,771	₱2,564,729,785	₱32,268,140	₱19,402,882,696
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost	8,049,365,423	3,315,813,283	4,734,104,150	–	8,049,917,433
Loans and receivables:					
Receivables from customers:					
Commercial	50,634,079,692	–	–	51,486,066,085	51,486,066,085
Real estate	23,692,354,265	–	–	26,119,095,618	26,119,095,618
Consumption	9,843,355,861	–	–	10,356,323,964	10,356,323,964
Domestic bills purchased	444,528,161	–	–	444,528,161	444,528,161
Other receivables:					
Sales contract receivable	52,290,582	–	–	48,798,357	48,798,357
Accrued interest receivables	52,725,905	–	–	52,725,905	52,725,905
Accounts receivable	38,227,277	–	–	38,227,277	38,227,277
Refundable deposits	67,694,161	–	–	67,151,383	67,151,383
Non-Financial Assets					
Investment properties	464,497,172	–	–	569,963,320	569,963,320
	₱93,339,118,499	₱3,315,813,283	₱4,734,104,150	₱89,182,880,070	₱97,232,797,503
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Demand	₱21,792,821,094	₱–	₱–	₱21,792,821,094	₱21,792,821,094
Savings	73,394,200,507	–	–	73,846,765,925	73,846,765,925
Time	16,322,680,395	–	–	16,413,031,945	16,413,031,945
Long-term negotiable certificates of deposits	5,937,710,710	–	6,100,494,209	–	6,100,494,209
Bonds payable	9,951,888,873	10,132,484,510	–	–	10,132,484,510
	₱127,399,301,579	₱10,132,484,510	₱6,100,494,209	₱112,052,618,964	₱128,285,597,683
	Parent Company 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
At FVTPL	₱87,076,733	₱79,888,254	₱7,188,479	₱–	₱87,076,733
At FVOCI:					
Government securities	9,055,104,132	8,206,318,663	848,785,469	–	9,055,104,132
Private bonds	10,048,183,691	8,339,427,854	1,708,755,837	–	10,048,183,691
Quoted equity securities	180,250,000	180,250,000	–	–	180,250,000
Unquoted equity securities	62,468,140	–	–	62,468,140	62,468,140
	₱19,433,082,696	₱16,805,884,771	₱2,564,729,785	₱62,468,140	₱19,433,082,696

(Forward)

	Parent Company 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost	8,029,367,323	3,296,370,815	4,734,104,150	–	8,030,474,965
Loans and receivables:					
Receivables from customers:					
Commercial	50,604,332,322	–	–	51,313,102,927	51,313,102,927
Real estate	23,608,876,990	–	–	25,999,397,171	25,999,397,171
Consumption	8,452,486,436	–	–	8,632,904,359	8,632,904,359
Domestic bills purchased	444,528,161	–	–	444,528,161	444,528,161
Other receivables:					
Sales contract receivable	31,782,270	–	–	31,782,270	31,782,270
Refundable deposits	65,725,442	–	–	65,725,442	65,725,442
Non-Financial Assets					
Investment properties	359,077,184	–	–	359,077,184	359,077,184
	₱91,596,176,128	₱3,296,370,815	₱4,734,104,150	₱86,846,517,514	₱94,876,992,479
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Demand	21,624,134,226	–	–	21,624,134,226	21,624,134,226
Savings	71,870,501,340	–	–	71,870,501,340	71,870,501,340
Time	15,960,403,645	–	–	15,960,403,645	15,960,403,645
Long-term negotiable certificates of deposits	5,937,710,710	–	6,100,494,209	–	6,100,494,209
Bonds payable	9,951,888,873	10,132,484,510	–	–	10,132,484,510
	₱125,344,638,794	₱10,132,484,510	₱6,100,494,209	₱109,455,039,211	₱125,688,017,930
	Consolidated 2019				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
At FVTPL	₱4,935,882	₱3,943,264	₱992,618	₱–	₱4,935,882
At FVOCI:					
Government securities	8,421,114,497	8,367,728,123	53,386,374	–	8,421,114,497
Private bonds	5,344,204,206	4,910,995,793	433,208,413	–	5,344,204,206
Quoted equity securities	175,875,000	175,875,000	–	–	175,875,000
Unquoted equity securities	32,268,140	–	–	32,268,140	32,268,140
	₱13,978,397,725	₱13,458,542,180	₱487,587,405	₱32,268,140	₱13,978,397,725
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost	₱11,357,261,241	₱3,954,282,864	₱7,126,636,855	₱–	₱11,080,919,719
Loans and receivables:					
Receivables from customers:					
Commercial	49,174,334,783	–	–	42,588,556,509	42,588,556,509
Real estate	19,068,816,886	–	–	18,556,376,219	18,556,376,219
Consumption	10,165,626,272	–	–	9,955,355,261	9,955,355,261
Domestic bills purchased	444,884,387	–	–	444,884,387	444,884,387

(Forward)

Notes to Financial Statements

	Consolidated				
	2019				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Other receivables:					
Sales contract receivable	₱82,767,162	₱–	₱–	₱75,667,608	₱75,667,608
Refundable deposits	62,313,746	–	–	62,236,208	62,236,208
<i>Non-Financial Assets</i>					
Investment properties	382,355,004	–	–	671,273,189	671,273,189
	₱90,738,359,481	₱3,954,282,864	₱7,126,636,855	₱72,354,349,381	₱83,435,269,100
Liabilities for which Fair Values are Disclosed					
<i>Financial Liabilities</i>					
Derivative liabilities	₱462,908	₱–	₱462,908	₱–	₱462,908
Deposit liabilities:					
Demand	17,054,484,841	–	–	17,054,203,891	17,054,203,891
Savings	58,931,747,324	–	–	58,852,787,140	58,852,787,140
Time	15,687,802,834	–	–	15,670,406,621	15,670,406,621
Long-term negotiable certificates of deposits	5,927,592,846	–	5,859,723,907	–	5,859,723,907
Bonds payable	9,889,835,356	10,054,821,503	–	–	10,054,821,503
Bills payable	2,040,505,751	–	–	2,040,505,751	2,040,505,751
	₱109,532,431,860	₱10,054,821,503	₱5,860,186,815	₱93,617,903,403	₱109,532,911,721

	Parent Company				
	2019				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
<i>Financial Assets</i>					
At FVTPL	₱4,935,882	₱3,943,264	₱992,618	₱–	₱4,935,882
At FVOCI:					
Government securities	8,421,114,497	8,367,728,123	53,386,374	–	8,421,114,497
Private bonds	5,344,204,206	4,910,995,793	433,208,413	–	5,344,204,206
Quoted equity securities	175,875,000	175,875,000	–	–	175,875,000
Unquoted equity securities	62,468,140	–	–	62,468,140	62,468,140
	₱14,008,597,725	₱13,458,542,180	₱487,587,405	₱62,468,140	₱14,008,597,725

Assets for which Fair Values are Disclosed					
<i>Financial Assets</i>					
Investment securities at amortized cost	₱11,156,952,059	₱3,857,949,366	₱7,026,215,188	₱–	₱10,884,164,554
Loans and receivables:					
Receivables from customers:					
Commercial	48,993,283,191	–	–	42,405,026,261	42,405,026,261
Real estate	19,022,113,324	–	–	18,480,454,224	18,480,454,224
Consumption	8,860,045,099	–	–	8,171,271,748	8,171,271,748
Domestic bills purchased	444,884,387	–	–	444,884,387	444,884,387
Other receivables:					
Sales contract receivable	55,699,215	–	–	55,699,215	55,699,215
Refundable deposits	61,066,765	–	–	61,066,765	61,066,765
<i>Non-Financial Assets</i>					
Investment properties	266,464,925	–	–	489,821,931	489,821,931
	₱88,860,508,965	₱3,857,949,366	₱7,026,215,188	₱70,108,224,531	₱80,992,389,085

Liabilities for which Fair Values are Disclosed					
<i>Financial Liabilities</i>					
Derivative liabilities	462,908	–	462,908	–	462,908
Deposit liabilities:					
Demand	16,880,570,300	–	–	16,878,334,700	16,878,334,700
Savings	57,516,406,672	–	–	57,438,382,008	57,438,382,008
Time	15,306,981,464	–	–	15,306,981,382	15,306,981,382
Long-term negotiable certificates of deposits	5,927,592,846	–	5,859,723,907	–	5,859,723,907
Bonds payable	9,889,835,356	10,054,821,503	–	–	10,054,821,503
Bills payable	2,040,505,751	–	–	2,207,219,540	2,207,219,540
	₱107,562,355,297	₱10,054,821,503	₱5,860,186,815	₱91,830,917,630	₱107,745,925,948

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each statement of financial position).

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements in 2020 and 2019.

Description of significant unobservable inputs to valuation:

Consolidated		
Accounts	Valuation Technique	Significant Unobservable Inputs
Loans and receivables	Discounted cash flow method	4.00% - 42.00% risk premium rate
Investment properties		
Land	Market data approach	Price per square meter, size, shape, location, time element and discount
Building	Cost approach	Cost per square meter, size, shape, location, condition and time element
Refundable deposits	Discounted cash flow method	0.25% - 11.00% risk premium rate
Time deposits	Discounted cash flow method	0.25% - 3.90% risk premium rate
Unquoted equity instruments	Adjusted net asset value method	30% degree of lack of marketability

Parent Company		
Accounts	Valuation Technique	Significant Unobservable Inputs
Loans and receivables	Discounted cash flow method	4.77% - 42% risk premium rate
Investment properties		
Land	Market data approach	Price per square meter, size, shape, location, time element and discount
Building	Cost approach	Cost per square meter, size, shape, location, condition and time element
Refundable deposits	Discounted cash flow method	0.00% - 2.00% risk premium rate
Unquoted equity instruments	Adjusted net asset value method	30% degree of lack of marketability

Significant increases (decreases) in price per square meter and size of investment properties would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in discount would result in a significantly lower (higher) fair value of the properties. Significant increase (decrease) in degree of lack of marketability would result in lower (higher) fair value of unquoted equity securities. Significant increase (decrease) in the risk premium would result in lower (higher) fair value of loans and receivables and refundable deposits.

Significant Unobservable Inputs

Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Degree of lack of marketability	Marketability is the degree to which ownership interest can be converted to cash quickly without unreasonable experience and with certainty of the amount of proceeds.
Risk premium	A risk premium is the investment return an asset is expected to yield in excess of the risk-free rate of return.

Notes to Financial Statements

6. DUE FROM OTHER BANKS, INTERBANK LOANS RECEIVABLE AND SECURITIES PURCHASED UNDER RESALE AGREEMENT

Due from Other Banks

This account consists of:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Foreign banks	₱2,484,030,720	₱1,462,853,252	₱2,484,030,720	₱1,462,853,252
Local banks	1,420,577,590	1,001,138,515	1,325,327,028	911,223,534
	₱3,904,608,310	₱2,463,991,767	₱3,809,357,748	₱2,374,076,786

For the years ended December 31, 2020, 2019 and 2018, peso-denominated due from other banks bear nominal interest rates ranging from 0.05% to 0.25%, 0.10% to 1.00%, and 0.10% to 1.00%, respectively, while foreign currency-denominated due from other banks bear nominal interest rates ranging from 0.03% to 0.25%.

Total interest income on 'Due from other banks' earned by the Group amounted to ₱4.79 million, ₱20.59 million and ₱13.05 million for the years ended December 31, 2020, 2019 and 2018, respectively, while total interest income earned by the Parent Company amounted to ₱4.69 million, ₱20.47 million and ₱12.99 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Total interest income on 'Due from Bangko Sentral ng Pilipinas (BSP)' earned by the Group amounted to ₱81.20 million, ₱12.00 million and ₱27.25 million for the years ended December 31, 2020, 2019 and 2018, respectively, while total interest income earned by Parent Company earned ₱71.66 million, ₱1.79 million and ₱9.30 million for the years ended December 31, 2020, 2019 and 2018, respectively, presented in 'Interest income on Due from Bangko Sentral ng Pilipinas (BSP) and other banks' in the statements of income.

Interbank Loans and Receivable and Securities Purchased Under Resale Agreement

This account consists of:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Securities purchased under resale agreements	₱3,482,833,472	₱66,578,028	₱3,353,167,297	₱–
Interbank loans receivable	1,012,923,788	2,342,127,432	1,012,923,788	2,342,127,432
	₱4,495,757,260	₱2,408,705,460	₱4,366,091,085	₱2,342,127,432

Interbank loans receivable of the Parent Company from a local savings bank has a remaining maturity of one (1) to five (5) days and two (2) days to six (6) days in 2020 and 2019, respectively.

The Securities Purchased under Resale Agreement (SPURA) of the Group is composed of reverse repurchase placements (RRP) with the BSP. As of December 31, 2020 and 2019, placement on SPURA with the BSP had a remaining maturity of one (1) day to six (6) days and six (6) days, respectively. The fair value of the related collateral of SPURA is disclosed in Note 5.

The interest income of the Group in 2020, 2019 and 2018 from interbank loan receivable and SPURA amounted to ₱176.77 million, ₱64.54 million and ₱82.55 million, respectively.

The interest income of Parent Company in 2020, 2019, and 2018 from interbank loan receivable and SPURA amounted to ₱172.76 million, ₱58.73 million and ₱77.48 million, respectively.

7. INVESTMENT SECURITIES

Financial Assets at FVTPL

This account consists of investments by the Parent Company in:

	2020	2019
Government securities	₱86,520,711	₱3,943,264
Derivatives assets	556,022	992,618
	₱87,076,733	₱4,935,882

Derivative assets are composed of foreign currency swaps. Currency swaps represent commitments to purchase/sell foreign currency on a future date at an agreed exchange rate.

The nominal annual interest rates of peso-denominated government securities is at 8.00% in 2020, 3.25% to 8.00% in 2019 and from 2.13% to 8.00% in 2018. The nominal annual interest rates of foreign currency-denominated government securities is 3.00% to 3.75% in 2020, and range from 3.00% to 8.38% in 2019 and from 3.00% to 3.70% in 2018.

The table below shows the fair values of derivative financial instruments entered into by the Parent Company, recorded as derivative assets/liabilities, together with the notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2020 and 2019 and are not indicative of either market risk or credit risk.

			2020		
	Assets	Liabilities (Note 19)	Average Forward Rate	Notional Amount	Maturity Date
Freestanding Derivatives					
Currency Swaps					
Sold:					
JPY/USD	₱242,143	₱–	103.67	\$4,823,043	January 12, 2021
JPY/USD	313,879	–	103.64	\$4,824,536	January 12, 2021
	₱556,022	₱–			

			2019	Notional Amount	Maturity Date
	Assets	Liabilities (Note 19)	Average Forward Rate		
Freestanding Derivatives					
Currency Swaps					
Sold:					
AUD/USD	P–	P382,636	0.69	\$687,243	January 3, 2020
EUR/USD	–	80,272	1.11	\$1,108,915	January 2, 2020
USD/JPY	992,618	–	109.38	¥9,142,606	January 21, 2020
	P992,618	P462,908			

Movements in the Group's and Parent Company's derivative financial instruments follow:

	2020	2019
Balance at beginning of the year	₱529,710	(₱336,698)
Fair value changes during the year	17,078,269	45,381,998
Settled transactions	(17,051,957)	(44,515,590)
Balance at end of the year	₱556,022	₱529,710

The Parent Company's subsidiary has nil financial assets at FVTPL as of December 31, 2020 and 2019.

Financial Assets at Fair Value through Other Comprehensive Income

The financial assets at fair value through other comprehensive income of the Group and Parent Company consist of the following as of:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Private bonds	₱10,048,183,691	₱5,344,204,206	₱10,048,183,691	₱5,344,204,206
Government securities	9,055,104,132	8,421,114,497	9,055,104,132	8,421,114,497
Quoted equity securities	180,250,000	175,875,000	180,250,000	175,875,000
Unquoted equity securities	32,268,140	32,268,140	62,468,140	62,468,140
	₱19,315,805,963	₱13,973,461,843	₱19,346,005,963	₱14,003,661,843

As of December 31, 2020 and December 31, 2019, the quoted equity securities of the Group consist of preferred shares of stocks in a publicly listed corporation.

Investments in unquoted equity securities include investment in shares of stock of Philippine Clearing House Corporation (PCHC), BancNet, and LGU Guarantee Corporation. These investments are required to be held by the Parent Company as part of its operations. The Parent Company does not have any plans to sell these shares in the future. Fair values of these securities are derived based on the adjusted net asset value method.

As of December 31, 2020 and 2019, the unquoted equity securities of the Parent Company include redeemable preferred shares of LSB amounting to ₱30.20 million equivalent to 30,200 shares.

The range of the Group's effective interest rate on government securities are as follows:

	2020	2019	2018
Peso-denominated securities	1.89%-5.09%	3.29%-8.00%	3.62%-7.20%
Foreign currency-denominated securities	2.86%-6.47%	3.83%-7.75%	3.16%-6.47%

Notes to Financial Statements

The range of the Group's effective interest rate on the private bonds are as follows:

	2020	2019	2018
Peso-denominated securities	3.15%-5.32%	4.20%-6.49%	4.20%-7.82%
Foreign currency-denominated securities	1.92%-7.25%	4.38%-7.38%	4.01%-6.02%

In 2020, 2019 and 2018, dividend income from equity securities presented under 'Miscellaneous income - others' of the Group amounted to ₱14.89 million, ₱10.18 million and ₱11.21 million, respectively (see Note 24).

Movements in net unrealized losses of the Group included in the carrying value of 'FVOCI investments' follow:

	2020	2019
Balance at beginning of year	(₱12,124,355)	(₱1,036,006,819)
Changes in fair value	953,928,405	1,352,957,387
Realized gains taken to profit or loss	(719,488,025)	(331,145,509)
Change in unrealized losses on FVOCI investments	222,316,025	(14,194,941)
Provision for impairment loss	1,364,730	2,070,586
Balance at end of year	₱223,680,755	(₱12,124,355)

The Parent Company's subsidiary has nil financial assets at FVOCI as of December 31, 2020 and 2019.

Investment Securities at Amortized Cost

The investment securities at amortized cost of the Group and Parent Company consist of the following as of:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Government securities (Note 18)	₱6,251,706,056	₱9,507,201,849	₱6,231,706,056	₱9,356,915,213
Private bonds	1,800,257,800	1,850,398,340	1,800,257,800	1,800,369,072
	8,051,963,856	11,357,600,189	8,031,963,856	11,157,284,285
Less allowance for impairment losses (Note 12)	2,598,433	338,948	2,596,533	332,226
	₱8,049,365,423	₱11,357,261,241	₱8,029,367,323	₱11,156,952,059

In 2020 and 2019, investment securities at amortized cost were carried at Stage 1 and there were no transfers into and out of Stage 1.

The effective interest rates for peso-denominated investment securities at amortized cost of the Group range from 0.00% to 5.80% in 2020, from 3.25% to 8.13% in 2019 and 2.08% to 6.00% in 2018. The effective interest rates for foreign currency-denominated investment securities at amortized cost of the Group range from 2.62% to 5.31% in 2020, 2.75% in 2019 and 2.76% to 5.31% in 2018. Interest income on investment securities of the Group and the Parent Company consists of:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Financial assets at FVOCI	₱600,818,834	₱550,579,895	₱706,749,553	₱599,893,471	₱550,579,895	₱706,749,553
Investment securities at amortized cost	359,266,259	486,140,405	364,317,419	356,597,283	477,790,098	356,079,561
Financial assets at FVTPL	3,830,150	4,831,348	716,432	3,830,150	4,831,348	716,432
	₱963,915,243	₱1,041,551,648	₱1,071,783,404	₱960,320,904	₱1,033,201,341	₱1,063,545,546

'Trading and securities gains - net' of the Group and Parent Company consist of:

	2020	2019	2018
Net realized gains on financial assets at FVOCI taken to profit or loss	₱719,488,025	₱331,145,509	₱15,217,295
Realized gain (losses) on derivatives	16,495,935	44,515,590	(1,178,920)
Net realized gains (losses) on sale of financial assets at FVTPL	13,346,517	21,324,814	4,596,322
Unrealized mark-to-market gains (losses) on financial assets at FVTPL	(1,575,231)	204,255	146
Net unrealized gains (losses) on derivatives	556,022	529,710	(336,698)
	₱748,311,268	₱397,719,878	₱18,298,145

In 2020, the Parent Company sold peso-currency denominated securities under HTC portfolio with carrying value of ₱3.35 billion resulting in a gain on disposal amounting to ₱190.91 million. Prior to the disposal, the Parent Company noted significant withdrawals from depositors because of the imposition of the community quarantine protocols. The Parent Company anticipated further pressures to liquidity because of the implementation of the Republic Act No. 11468 or the "Bayanihan To Heal as One Act" which grants a moratorium on all loan payments falling due within the period of enhanced community quarantine for a minimum of thirty (30) days without incurring interests, penalties, fees, or other charges. The remaining HTC securities of the Parent Company will remain to be under a HTC business model. Furthermore, LSB also disposed peso-currency denominated securities under the HTC portfolio with carrying value of ₱180.98 million, resulting in a gain on disposal amounting to ₱2.93 million in 2020. The sale was due to a change in intention to hold and collect principal and interest from the securities. The remaining HTC securities of the Parent Company will remain to be under a HTC business model.

In 2019, the Parent Company disposed USD-denominated securities under HTC portfolio with carrying value of ₱1.11 billion resulting in a gain on disposal amounting to ₱62.88 million. As a result of the Parent Company's change in investment policy to prepare for the implementation of IRRBB measured using EVE in accordance with the provisions under BSP Circular No. 1044, *Guidelindes on the Management of Interest Rate Risk in the Banking Book and amendment of the Guidelines on Market Risk Management*, it abandoned the HTC business model for its foreign currency denominated HTC securities with tenor of more than fifteen (15) years. The remaining HTC securities of the Parent Company amounting to USD8 million remained to be under a HTC business model.

8. LOANS AND RECEIVABLES

This account consists of:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Receivables from customers:				
Commercial (Note 26)	₱51,513,965,048	₱49,514,835,477	₱51,430,098,318	₱49,406,873,364
Real estate	24,157,056,273	19,328,435,011	24,072,333,415	19,276,101,474
Consumption	10,602,028,512	10,827,271,508	8,959,088,079	9,309,822,493
Domestic bills purchased (Note 26)	480,028,717	495,192,826	480,028,717	495,192,826
	86,753,078,550	80,165,734,822	84,941,548,529	78,487,990,157
Less: Unearned interest and discount	370,769,671	328,181,769	265,368,658	240,737,163
	86,382,308,879	79,837,553,053	84,676,179,871	78,247,252,994
Other receivables:				
Accrued interest receivable	₱1,446,205,550	950,249,772	₱1,369,602,414	921,953,322
Accounts receivable	802,116,021	1,101,982,028	761,739,902	1,074,175,868
Sales contract receivable	53,593,782	82,942,164	31,782,270	55,699,215
	88,684,224,232	81,972,727,017	86,839,304,457	80,299,081,399
Less: Allowance for credit losses (Note 14)	1,803,857,675	1,166,921,305	1,568,319,633	1,058,755,225
	₱86,880,366,557	₱80,805,805,712	₱85,270,984,824	₱79,240,326,174

On May 26, 2017, the Parent Company entered into a purchase of receivables agreement with Robinsons Land Corporation (RLC) whereby, the Parent Company will purchase, on a without recourse basis, certain finance lease receivables of RLC up to an aggregate amount of ₱2.00 billion. On June 29, 2018, the Bank entered into an agreement with RLC thereby increasing the aggregate amount of lease receivables to be purchased to ₱3.00 billion. In 2020 and 2019, total lease receivable purchased by the Parent Company amounted ₱8.9 million to and ₱33.0 million, respectively.

The Parent Company's acquisition cost of the lease receivables approximate the fair value at the acquisition date. As of December 31, 2020 and 2019 the carrying amount of these receivables amounting to ₱1.47 billion and ₱1.76 billion, respectively, is included under 'Real Estate' loans of the Parent Company.

Interest income on loans and receivables consists of:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Receivables from customers:						
Commercial	₱3,264,858,500	₱3,173,161,721	₱2,488,181,208	₱3,245,475,026	₱3,162,141,109	₱2,435,437,049
Consumption	1,918,354,973	1,806,095,578	1,334,075,467	1,578,947,654	1,491,361,934	1,193,095,355
Real estate	1,422,641,207	1,076,020,078	741,540,449	1,416,120,522	1,073,851,062	741,044,086
Domestic bills purchased	73,149	459,690	278,928	73,149	459,690	278,928
Others	4,399,035	4,342,079	2,901,732	1,966,891	1,963,479	1,057,475
	₱6,610,326,864	₱6,060,079,146	₱4,566,977,784	₱6,242,583,242	₱5,729,777,274	₱4,370,912,893

Receivables from customers earns annual effective interest rates, as follow:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Effective interest rate	2.00%- 56.10%	2.00%- 60.95%	2.00%- 54.06%	2.00%- 56.10%	2.00%- 60.95%	2.00%- 54.06%

Others consist of sales contract receivables and lease receivables.

Notes to Financial Statements

The range of effective interest rates of the Group's sales contract receivables are as follows:

Year	Interest Rate
2020	6.50% to 54.18%
2019	6.50% to 54.18%
2018	7.00% to 12.00%

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 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 sixty (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.

In 2020, the Group, in addition to the reliefs provided under Bayanihan 1 Act and Bayanihan 2 Act, has offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the following:

- Restructuring of existing receivables including extension of payment terms
- Relief for principal and interest repayments

Based on the Group's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets. Total modification loss on receivables from customers recognized in the statement of income amounted to ₱273.54 million for the Group and ₱194.32 for the Parent Company. Accretion of interest on receivables from customers amounted to ₱147.55 million for the Group and ₱92.11 million for the Parent Company.

9. INVESTMENT IN A SUBSIDIARY

On December 26, 2012, the MB of the BSP approved the share purchase agreement (SPA) covering the Parent Company's acquisition of the 100.00% common shares of LSB. The deeds of sale to implement the SPA were executed afterwards.

In addition to the approval of the acquisition, the MB of the BSP approved the following merger incentives:

1. Grant of several branch licenses to the Parent Company in restricted areas and waiver of corresponding ₱20.00 million special branch licensing fee for each restricted branch license, subject to the following conditions: (a) the establishment of the awarded branches in restricted areas shall be subject to compliance with all other applicable provisions on branch establishment prescribed under Section X151 of the Manual of Regulations for Banks (MORB); and (b) branches shall be opened within three (3) years from BSP final approval of the Parent Company's acquisition of LSB.
2. Waiver of (a) the monetary penalties aggregating ₱6.40 million as of November 30, 2012 for violation of laws assessed by BSP on LSB, except penalties accruing to other parties, e.g., Micro, Small and Medium Enterprises Development Council Fund. Such waiver shall not preclude BSP from pursuing watchlisting and imposition of non-monetary and administrative sanctions (e.g., fines, disqualifications, suspensions and/or removal from office) against the directors and officers of LSB in accordance with applicable banking laws and regulations, without prejudice to the filing of criminal cases against liable persons under Section 34, 35 and 36 of Republic Act No. 7653 (the New Central Bank Act); (b) the applicable restrictions/ceilings on transactions between the Parent Company and LSB, for a period of three months, with respect to the Parent Company's liquidity support to LSB (through deposits to and/or purchase of receivables from LSB).
3. Staggered booking, up to five (5) years from final BSP approval of the Parent Company's acquisition of LSB, of the ₱274.10 million required allowance for probable losses on LSB's risk assets. The periodic amortization shall be charged against current operations, in accordance with the regulatory accounting guidelines for deferred loss recognition under Appendix 56a (to Subsection X394.10) of the MORB. The unamortized losses shall be deducted from qualifying capital for purposes of capital adequacy ratio computation and from computation of LSB's unimpaired capital under Subsection X116.1 of the MORB.
4. Retention of the thrift branch license of LSB on its existing eleven (11) branches, for its operations as a wholly-owned subsidiary of the Parent Company to pursue microfinance and country-side banking.
5. Approval of the following interlocking positions:
 - a. concurrent assignment of the Parent Company's Head of Legal Services as Corporate Secretary of LSB;
 - b. secondment of the officers of the Parent Company to LSB to assume the position of President and Chief Compliance Officer subject to the condition that these officers shall (i) relinquish all their duties, responsibilities, and signing authorities in the Parent Company and (ii) receive compensation/salaries and other emoluments from LSB; and
 - c. notation of the interlocking directorships and officership-directorships of the Parent Company.

Based on the foregoing events, the Parent Company acquired effective control and management of LSB as of December 26, 2012. Accordingly, in accordance with PFRS 3, *Business Combinations*, the Parent Company's date of acquisition of LSB is December 26, 2012. However, for convenience purposes, the Group used December 31, 2012 as the cut-off in determining the fair value of the net assets of LSB. Therefore, only the fair values of the identifiable assets and liabilities of LSB as December 31, 2012 were consolidated and the profit and loss of LSB for the year ended December 31, 2012 were excluded from the Group's consolidated financial statements as of December 31, 2012.

The acquisition resulted in recognition of goodwill amounting to ₱244.33 million. As of December 31, 2020 and 2019, goodwill amounted to ₱244.33 million.

As of December 31, 2020 and 2019, the Parent Company's investment in LSB consists of:

	2020	2019
Cost		
Balance at beginning and end of year	₱1,131,000,000	₱1,131,000,000
Accumulated equity in net income		
Balance at beginning of year	230,144,748	104,478,235
Share in net income (loss) of a subsidiary	(51,034,028)	125,666,513
Balance at end of year	179,110,720	230,144,748
Accumulated equity in OCI		
Balance at beginning of year	(3,966,408)	1,262,202
Remeasurement gain on retirement liability	(1,124,376)	(5,228,610)
Balance at end of year	(5,090,784)	(3,966,408)
	₱1,305,019,936	₱1,357,178,340

The financial highlights of LSB as of and for the years ended December 31, 2020 and 2019 follow:

	2020	2019
Total assets	₱2,821,392,805	₱2,789,961,044
Total liabilities	2,205,910,893	2,122,320,728
Net assets	615,481,912	667,640,316
Net income (loss)	(51,034,028)	125,666,513

10. PROPERTY AND EQUIPMENT

The composition of and the movements in this account follow:

	Consolidated						
	2020						
	Land	Building	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Right-of-Use of Asset (Note 23)	Total
Cost							
Balance at beginning of year	₱43,945,323	₱76,811,547	₱188,956,231	₱905,155,985	₱1,057,286,029	₱927,408,627	₱3,199,563,742
Additions	-	73,000	20,084,553	52,863,202	46,649,145	408,039,623	527,709,523
Disposals	-	-	(8,605,607)	(59,000)	(21)	-	(8,664,628)
Reclassification (Notes 11 and 13)	-	-	2,044,236	-	-	853,542	2,897,778
Balance at end of year	43,945,323	76,884,547	202,479,413	957,960,187	1,103,935,153	1,336,301,792	3,721,506,415
Accumulated depreciation and amortization							
Balance at beginning of year	-	36,048,768	143,425,269	618,276,579	831,476,351	248,849,807	1,878,076,774
Depreciation and amortization	-	4,653,729	19,234,435	92,328,509	88,565,980	275,105,977	479,888,630
Disposals	-	-	(6,921,475)	(58,999)	-	-	(6,980,474)
Balance at end of year	-	40,702,497	155,738,229	710,546,089	920,042,331	523,955,784	2,350,984,930
Allowance for impairment losses (Note 14)							
Balance at beginning and end of year	11,385,054	1,194,537	-	-	279,328	-	12,858,919
Net Book Value at End of the Year	₱32,560,269	₱34,987,513	₱46,741,184	₱247,414,098	₱183,613,494	₱812,346,008	₱1,357,662,566

Notes to Financial Statements

	Parent Company 2020						
	Land	Building	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Right-of Use of Asset (Note 23)	Total
Cost							
Balance at beginning of year	₱23,590,796	₱57,709,845	₱171,135,164	₱832,812,795	₱944,688,282	₱867,857,167	₱2,897,794,049
Additions	-	-	18,722,653	44,614,378	35,736,974	396,508,761	495,582,766
Disposals	-	-	(6,847,660)	(59,000)	(21)	-	(6,906,681)
Reclassification (Notes 11 and 13)	-	-	1,022,292	-	-	-	1,022,292
Balance at end of year	23,590,796	57,709,845	184,032,449	877,368,173	980,425,235	1,264,365,928	3,387,492,426
Accumulated depreciation and amortization							
Balance at beginning of year	-	27,421,469	133,335,650	588,914,393	742,538,510	239,507,076	1,731,717,098
Depreciation and amortization	-	3,374,202	16,961,102	82,330,676	75,729,103	263,146,774	441,541,857
Disposals	-	-	(5,200,513)	(58,999)	-	-	(5,259,512)
Balance at end of year	-	30,795,671	145,096,239	671,186,070	818,267,613	502,653,850	2,167,999,443
Allowance for impairment losses (Note 14)							
Balance at beginning and end of year	-	-	-	-	279,328	-	279,328
Net Book Value at End of the Year	₱23,590,796	₱26,914,174	₱38,936,210	₱206,182,103	₱161,878,294	₱761,712,078	₱1,219,213,655

	Consolidated 2019						
	Land	Building	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Right-of-Use of Asset (Note 23)	Total
Cost							
Balance at beginning of year	₱35,605,323	₱75,895,770	₱186,519,745	₱813,355,101	₱964,265,910	₱635,203,495	₱2,710,845,344
Additions	-	765,777	20,729,436	92,900,208	100,752,050	292,205,132	507,352,603
Disposals	-	-	(23,042,137)	(1,099,324)	(7,731,931)	-	(31,873,392)
Reclassification (Notes 11 and 13)	8,340,000	150,000	4,749,187	-	-	-	13,239,187
Balance at end of year	43,945,323	76,811,547	188,956,231	905,155,985	1,057,286,029	927,408,627	3,199,563,742
Accumulated depreciation and amortization							
Balance at beginning of year	-	31,483,112	135,174,522	525,851,294	747,228,193	-	1,439,737,121
Depreciation and amortization	-	4,565,656	23,989,615	93,235,517	90,745,167	248,849,807	461,385,762
Disposals	-	-	(15,738,868)	(810,232)	(6,497,009)	-	(23,046,109)
Balance at end of year	-	36,048,768	143,425,269	618,276,579	831,476,351	248,849,807	1,878,076,774
Allowance for impairment losses (Note 14)							
Balance at beginning and end of year	11,385,054	1,050,745	-	-	279,328	-	12,715,127
Reclassification (Notes 11 and 13)	-	143,792	-	-	-	-	143,792
Balance at end of year	11,385,054	1,194,537	-	-	279,328	-	12,858,919
Net Book Value at End of the Year	₱32,560,269	₱39,568,242	₱45,530,962	₱286,879,406	₱225,530,350	₱678,558,820	₱1,308,628,049

	Parent Company 2019						
	Land	Building	Transportation Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Right-of Use of Asset (Note 23)	Total
Cost							
Balance at beginning of year	₱23,590,796	₱57,709,845	₱169,879,756	₱753,581,127	₱865,528,419	₱587,515,373	₱2,457,805,316
Additions	-	-	15,617,157	80,289,172	85,529,553	280,341,794	461,777,676
Disposals	-	-	(19,110,936)	(1,057,504)	(6,369,690)	-	(26,538,130)
Reclassification (Notes 11 and 13)	-	-	4,749,187	-	-	-	4,749,187
Balance at end of year	23,590,796	57,709,845	171,135,164	832,812,795	944,688,282	867,857,167	2,897,794,049
Accumulated depreciation and amortization							
Balance at beginning of year	-	24,047,267	123,672,820	505,254,643	670,156,977	-	1,323,131,707
Depreciation and amortization	-	3,374,202	22,055,980	84,467,659	78,222,187	239,507,076	427,627,104
Disposals	-	-	(12,393,150)	(807,909)	(5,840,654)	-	(19,041,713)
Balance at end of year	-	27,421,469	133,335,650	588,914,393	742,538,510	239,507,076	1,731,717,098
Allowance for impairment losses (Note 14)							
Balance at beginning and end of year	-	-	-	-	279,328	-	279,328
Net Book Value at End of the Year	₱23,590,796	₱30,288,376	₱37,799,514	₱243,898,402	₱201,870,444	₱628,350,091	₱1,165,797,623

Gain on sale of property and equipment included in 'Miscellaneous income' amounted to ₱1.91 million, ₱7.25 million and ₱2.44 million in 2020, 2019 and 2018, respectively, for the Group, and ₱1.71 million, ₱6.49 million and ₱2.43 million in 2020, 2019 and 2018, respectively, for the Parent Company (see Note 24).

The details of depreciation and amortization follow:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Property and equipment (Note 10)	₱204,782,654	₱212,535,955	₱205,490,395	₱178,395,084	₱188,120,028	₱187,783,044
Right-of-use of asset (Note 10)	275,105,976	248,849,807	-	263,146,773	239,507,076	-
Software costs (Note 13)	99,151,169	93,616,013	91,165,641	97,549,258	91,886,690	88,132,100
Repossessed chattels (Note 13)	76,637,228	56,400,520	36,744,920	75,147,030	56,128,078	36,602,627
Investment properties (Note 11)	31,261,547	24,138,059	21,686,401	29,986,481	22,915,622	18,891,874
	₱686,938,574	₱635,540,354	₱355,087,357	₱644,224,626	₱598,557,494	₱331,409,645

As of December 31, 2020 and 2019, the cost of fully depreciated items of property and equipment still in use by the Group amounted to ₱1.29 billion and ₱1.10 billion, respectively.

As of December 31, 2020 and 2019, the cost of fully depreciated items of property and equipment still in use by the Parent Company amounted to ₱1.20 billion and ₱1.02 billion, respectively.

11. INVESTMENT PROPERTIES

The movements in this account follow:

	Consolidated		
	2020		
	Land	Building	Total
Cost			
Balances at beginning of year	₱179,951,111	₱309,076,087	₱489,027,198
Additions (Note 30)	66,956,080	61,610,814	128,566,894
Disposals	(10,265,804)	(8,994,280)	(19,260,084)
Balances at end of year	236,641,387	361,692,621	598,334,008
Accumulated depreciation			
Balances at beginning of year	-	79,341,778	79,341,778
Depreciation (Note 10)	-	31,261,547	31,261,547
Disposals	-	(3,886,148)	(3,886,148)
Balances at end of year	-	106,717,177	106,717,177
Allowance for impairment losses (Note 14)			
Balances at beginning of year	25,930,193	1,400,223	27,330,416
Provisions	8,679	144,448	153,127
Disposals	(733,483)	(24,126)	(757,609)
Balances at end of year	25,205,389	1,520,545	26,725,934
Net Book Value at End of the Year	₱211,435,998	₱253,454,899	₱464,890,897

	Parent Company 2020		
	Land	Building	Total
Cost			
Balances at beginning of year	₱49,675,249	₱280,304,367	₱329,979,616
Additions (Note 30)	66,236,080	61,014,814	127,250,894
Disposals	(3,246,996)	(4,829,280)	(8,076,276)
Balances at end of year	112,664,333	336,489,901	449,154,234
Accumulated depreciation			
Balances at beginning of year	-	60,345,995	60,345,995
Depreciation (Note 10)	-	29,986,481	29,986,481
Disposals	-	(3,257,653)	(3,257,653)
Balances at end of year	-	87,074,823	87,074,823
Allowance for impairment losses (Note 14)			
Balances at beginning of year	2,047,582	1,121,114	3,168,696
Disposals	(166,469)	-	(166,469)
Balances at end of year	1,881,113	1,121,114	3,002,227
Net Book Value at End of the Year	₱110,783,220	₱248,293,964	₱359,077,184

Notes to Financial Statements

	Consolidated		
	2019		
	Land	Building	Total
Cost			
Balances at beginning of year	₱192,258,950	₱249,313,337	₱441,572,287
Additions (Note 30)	15,891,065	88,822,365	104,713,430
Disposals	(19,858,904)	(28,909,615)	(48,768,519)
Reclassifications (Note 10)	(8,340,000)	(150,000)	(8,490,000)
Balances at end of year	179,951,111	309,076,087	489,027,198
Accumulated depreciation			
Balances at beginning of year	–	65,839,241	65,839,241
Depreciation (Note 10)	–	24,138,059	24,138,059
Disposals	–	(10,635,522)	(10,635,522)
Balances at end of year	–	79,341,778	79,341,778
Allowance for impairment losses (Note 14)			
Balances at beginning of year	₱29,086,118	₱5,573,378	₱34,659,496
Recoveries	(470,209)	(3,353,416)	(3,823,625)
Disposals	(2,195,305)	(767,549)	(2,962,854)
Reclassifications (Note 10)	(490,411)	(52,190)	(542,601)
Balances at end of year	25,930,193	1,400,223	27,330,416
Net Book Value at End of the Year	₱154,020,918	₱228,334,086	₱382,355,004

	Parent Company		
	2019		
	Land	Building	Total
Cost			
Balances at beginning of year	₱48,449,646	₱214,601,881	₱263,051,527
Additions (Note 30)	2,363,165	84,507,365	86,870,530
Disposals	(1,137,562)	(18,804,879)	(19,942,441)
Balances at end of year	49,675,249	280,304,367	329,979,616
Accumulated depreciation			
Balances at beginning of year	–	43,478,857	43,478,857
Depreciation (Note 10)	–	22,915,622	22,915,622
Disposals	–	(6,048,484)	(6,048,484)
Balances at end of year	–	60,345,995	60,345,995
Allowance for impairment losses (Note 14)			
Balances at beginning of year	2,916,600	4,474,530	7,391,130
Recoveries	(470,209)	(3,353,416)	(3,823,625)
Reclassification (Note 10)	(398,809)	–	(398,809)
Balances at end of year	2,047,582	1,121,114	3,168,696
Net Book Value at End of the Year	₱47,627,667	₱218,837,258	₱266,464,925

Investment properties include real estate properties acquired in settlement of loans and receivables. The difference between the fair value of the asset upon foreclosure and the carrying value of the loan is recognized as gain or loss on initial recognition recorded included under 'Miscellaneous Income'.

The fair values of investment properties are disclosed in Note 5.

Direct operating expenses on investment properties (recorded in 'Litigation expense' under 'Miscellaneous expense') amounted to ₱19.68 million, ₱18.62 million and ₱12.07 million in 2020, 2019 and 2018, respectively, for the Group, and ₱18.84 million, ₱14.51 million and ₱11.07 million in 2020, 2019 and 2018, respectively, for the Parent Company (see Note 24).

Gain (loss) on initial recognition of investment properties included in 'Miscellaneous income' of the Group amounted to (₱48.30) million, ₱33.89 million and ₱4.15 million in 2020, 2019 and 2018, respectively, for the Group, and (₱48.66) million, ₱21.47 million and ₱0.05 million in 2020, 2019 and 2018, respectively, for the Parent Company (see Note 24).

Gain (loss) on sale of investment properties included in 'Miscellaneous income' amounted to ₱3.56 million, ₱17.36 million and (₱29.29) million in 2020, 2019 and 2018, respectively for the Group and ₱3.56 million, ₱5.14 million and (₱30.68) million in 2020, 2019 and 2018, respectively, for the Parent Company (see Note 24).

12. BRANCH LICENSES

The movements in this account follow:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Cost				
Balance at beginning of year	₱1,232,655,298	₱1,232,408,709	₱612,055,298	₱611,808,709
Additions	809,575	246,589	499,575	246,589
Balance at end of year	1,233,464,873	1,232,655,298	612,554,873	612,055,298
Allowance for impairment losses (Note 14)				
Balance at beginning and end of year	232,726,929	232,726,929	232,726,929	232,726,929
	₱1,000,737,944	₱999,928,369	₱379,827,944	₱379,328,369

The allowance for impairment losses amounting to ₱232.53 million relates to branches that the Parent Company ceased to operate in 2010.

13. OTHER ASSETS

This account consists of:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Creditable withholding tax	₱502,476,165	₱435,473,067	₱502,476,165	₱435,473,067
Software costs - net	312,654,144	299,873,508	311,446,461	298,423,442
Reposessed chattels - net	232,984,343	161,266,891	229,173,195	158,980,575
Prepaid expenses	87,033,076	72,543,068	82,701,720	67,094,699
Refundable deposits	67,694,161	62,313,746	65,725,442	61,066,765
Bills payment - contra	59,638,026	16,064,097	59,638,026	16,064,097
Advance payment to suppliers	23,837,263	26,089,718	23,837,263	26,089,718
Retirement asset (Note 22)	18,507,380	–	18,507,380	–
Sundry debits	969,678	45,269,074	969,678	45,269,074
Documentary stamp tax on hand	943,118	6,360,875	428,704	5,572,536
Others	60,902,123	100,649,753	53,029,120	95,114,589
	1,367,639,477	1,225,903,797	1,347,933,154	1,209,148,562
Allowance for impairment losses (Note 14)	(13,064,205)	(13,064,205)	(10,540,371)	(10,540,371)
	₱1,354,575,272	₱1,212,839,592	₱1,337,392,783	₱1,198,608,191

Software costs - net represent the carrying amount of software purchased by the Group for use in operations, net of amortization.

Advance payment to suppliers consists of various down payments made to various suppliers and contractors in connection with the Group's and the Parent Company's operation and other projects such as branch expansions.

Bills payment-contra is the contra account of bills payment under 'Accrued expenses and other liabilities' (see Note 18).

The Group's 'Others' include stationeries and office supplies amounting to ₱11.07 million in 2020 and ₱19.98 million in 2019, margin calls amounting to ₱40.68 million in 2020 and ₱60.61 million in 2019, and other miscellaneous assets amounting to ₱79.41million in 2020 and ₱20.06 million in 2019.

The Parent Company's 'Others' include stationeries and office supplies amounting to ₱6.23 million in 2020 and ₱17.88 million in 2019, margin calls amounting to ₱40.68 million in 2020 and ₱60.61 million in 2019, and other miscellaneous assets amounting to ₱71.54million in 2020 and ₱16.62 million in 2019.

Notes to Financial Statements

The composition of and the movements in 'Repossessed chattels - net' of the Group and the Parent Company follow:

	Consolidated 2020		
	Cars	Others	Total
Cost			
Balances at beginning of year	₱46,695,000	₱169,219,871	₱215,914,871
Additions (Note 30)	98,070,000	549,074,700	647,144,700
Disposals	(60,800,000)	(487,961,039)	(548,761,039)
Reclassifications (Note 10)	(3,950,000)	(1,761,904)	(5,711,904)
Balances at end of year	80,015,000	228,571,628	308,586,628
Accumulated depreciation			
Balances at beginning of year	7,118,599	46,453,739	53,572,338
Depreciation (Note 10)	19,270,265	57,366,963	76,637,228
Disposals	(15,145,947)	(38,573,030)	(53,718,977)
Reclassifications (Note 10)	(1,673,056)	(490,442)	(2,163,498)
Balances at end of year	9,569,861	64,757,230	74,327,091
Allowance for impairment losses (Note 14)			
Balances at beginning of year	23,471	1,052,171	1,075,642
Recoveries	-	223,024	223,024
Disposals	(23,471)	-	(23,471)
Balances at end of year	-	1,275,195	1,275,195
Net Book Value at End of the Year	₱70,445,139	₱162,539,203	₱232,984,342

	Parent Company 2020		
	Cars	Others	Total
Cost			
Balances at beginning of year	₱46,695,000	₱166,487,381	₱213,182,381
Additions (Note 30)	98,070,000	544,814,700	642,884,700
Disposals	(60,800,000)	(487,877,039)	(548,677,039)
Reclassifications (Note 10)	(3,950,000)	(306,904)	(4,256,904)
Balances at end of year	80,015,000	223,118,138	303,133,138
Accumulated depreciation			
Balances at beginning of year	7,118,599	46,011,448	53,130,047
Depreciation (Note 10)	19,270,265	55,876,765	75,147,030
Disposals	(15,145,947)	(38,489,032)	(53,634,979)
Reclassifications (Note 10)	(1,673,056)	(57,386)	(1,730,442)
Balances at end of year	9,569,861	63,341,795	72,911,656
Allowance for impairment losses (Note 14)			
Balances at beginning of year	23,471	1,048,288	1,071,759
Recoveries	-	-	-
Disposals	(23,471)	-	(23,471)
Balances at end of year	-	1,048,288	1,048,288
Net Book Value at End of the Year	₱70,445,139	₱158,728,055	₱229,173,194

	Consolidated 2019		
	Cars	Others	Total
Cost			
Balances at beginning of year	₱20,880,000	₱120,439,129	₱141,319,129
Additions (Note 30)	67,370,000	417,904,889	485,274,889
Disposals	(35,910,000)	(368,958,752)	(404,868,752)
Reclassifications (Note 10)	(5,645,000)	(165,395)	(5,810,395)
Balances at end of year	46,695,000	169,219,871	215,914,871

(Forward)

	Consolidated 2019		
	Cars	Others	Total
Accumulated depreciation			
Balances at beginning of year	3,207,855	35,712,317	38,920,172
Depreciation (Note 10)	11,488,950	44,911,570	56,400,520
Disposals	(6,582,586)	(34,146,844)	(40,729,430)
Reclassifications (Note 10)	(995,620)	(23,304)	(1,018,924)
Balances at end of year	7,118,599	46,453,739	53,572,338
Allowance for impairment losses (Note 14)			
Balances at beginning of year	36,588	1,365,844	1,402,432
Recoveries	(12,258)	(123,228)	(135,486)
Disposals	(98,746)	(53,669)	(152,415)
Reclassifications (Note 10)	97,887	(136,776)	(38,889)
Balances at end of year	23,471	1,052,171	1,075,642
Net Book Value at End of the Year	₱39,552,930	₱121,713,961	₱161,266,891

	Parent Company 2019		
	Cars	Others	Total
Cost			
Balances at beginning of year	₱20,880,000	₱120,179,532	₱141,059,532
Additions (Note 30)	67,370,000	415,013,000	482,383,000
Disposals	(35,910,000)	(368,543,151)	(404,453,151)
Reclassifications (Note 10)	(5,645,000)	(162,000)	(5,807,000)
Balances at end of year	46,695,000	166,487,381	213,182,381
Accumulated depreciation			
Balances at beginning of year	3,207,855	35,519,552	38,727,407
Depreciation (Note 10)	11,488,950	44,639,128	56,128,078
Disposals	(6,582,586)	(34,123,928)	(40,706,514)
Reclassifications (Note 10)	(995,620)	(23,304)	(1,018,924)
Balances at end of year	7,118,599	46,011,448	53,130,047
Allowance for impairment losses (Note 14)			
Balances at beginning of year	36,588	1,357,190	1,393,778
Recoveries	(12,258)	(127,111)	(139,369)
Disposals	(98,746)	(45,015)	(143,761)
Reclassifications (Note 10)	97,887	(136,776)	(38,889)
Balances at end of year	23,471	1,048,288	1,071,759
Net Book Value at End of the Year	₱39,552,930	₱119,427,645	₱158,980,575

In 2020, loss on initial recognition of repossessed chattels included in 'Miscellaneous income' amounted to ₱0.51 million for the Group and the Parent Company. In 2019 and 2018, loss on initial recognition of repossessed chattels included in 'Miscellaneous income' amounted to ₱81.97 million and nil, respectively, for the Group and ₱81.97 million and nil, respectively, for the Parent Company (Note 24).

In 2020, loss on sale of repossessed chattels included in 'Miscellaneous income' amounted to ₱119.28 million and ₱120.92 million, respectively, for the Group and the Parent Company. In 2019 and 2018, loss on sale of repossessed chattels included in 'Miscellaneous income' amounted to ₱102.71 million and ₱8.12 million, respectively, for the Group and ₱102.75 million and ₱8.12 million, respectively for the Parent Company (see Note 24).

Movements in 'Software costs - net' follow:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Cost				
Balance at beginning of year	₱810,713,276	₱764,937,509	₱791,469,001	₱746,802,127
Additions	111,931,805	45,775,767	110,572,277	44,666,874
	922,645,081	810,713,276	902,041,278	791,469,001
Accumulated amortization				
Balance at beginning of year	510,839,768	417,223,755	493,045,559	401,158,869
Amortization (Note 10)	99,151,169	93,616,013	97,549,258	91,886,690
Balance at end of year	609,990,937	510,839,768	590,594,817	493,045,559
Net Book Value at the End of the Year	₱312,654,144	₱299,873,508	₱311,446,461	₱298,423,442

Notes to Financial Statements

14. ALLOWANCE FOR CREDIT AND IMPAIRMENT LOSSES

Movements in the allowance for credit and impairment losses follow:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Balance at beginning of period:				
Loans and receivables (Note 8)	₱1,166,921,305	₱1,090,655,715	₱1,058,755,225	₱962,251,007
Branch licenses (Note 12)	232,726,929	232,526,929	232,726,929	232,526,929
Investment properties (Note 11)	27,330,416	34,659,496	3,168,696	7,391,130
Property and equipment (Note 10)	12,858,919	12,715,127	279,328	279,328
Reposessed chattels (Note 13)	1,075,642	1,402,432	1,071,759	1,393,778
Financial asset at amortized cost (Note 7)	338,948	795	332,226	-
Other assets (Note 13)	13,064,205	14,017,023	10,540,371	11,493,189
	1,454,316,364	1,385,977,517	1,306,874,534	1,215,335,361
Provision for the year	1,100,689,790	125,402,017	1,049,254,083	124,806,175
Disposals	(420,717,277)	(52,934,656)	(420,121,305)	(32,109,997)
Foreclosures/others	(41,181,587)	(4,128,514)	(117,494,003)	(1,157,005)
	638,790,926	68,338,847	511,638,775	91,539,173
Balances at end of year				
Loans and receivables (Note 8)	1,803,857,675	1,166,921,305	1,568,319,633	1,058,755,225
Branch licenses (Note 12)	232,726,929	232,726,929	232,726,929	232,726,929
Investment properties (Note 11)	26,725,934	27,330,416	3,002,227	3,168,696
Property and equipment (Note 10)	12,858,919	12,858,919	279,328	279,328
Reposessed chattels (Note 13)	1,275,195	1,075,642	1,048,288	1,071,759
Financial asset at amortized cost (Note 7)	2,598,433	338,948	2,596,533	332,226
Other assets (Note 13)	13,064,205	13,064,205	10,540,371	10,540,371
	₱2,093,107,290	₱1,454,316,364	₱1,818,513,309	₱1,306,874,534

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to commercial loans follow:

	Consolidated			
	2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱45,159,289,004	₱3,860,868,821	₱494,677,652	₱49,514,835,477
New assets originated or purchased	51,233,107,623	-	-	51,233,107,623
Assets derecognized or repaid (excluding write offs)	(47,786,579,303)	(1,212,937,454)	(50,291,635)	(49,049,808,392)
Transfers to Stage 1	₱2,624,185,861	(₱2,624,185,861)	₱-	₱-
Transfers to Stage 2	(7,778,789,915)	7,779,213,426	(423,511)	-
Transfers to Stage 3	(194,153,166)	(15,926,417)	210,079,583	-
Amounts written off	-	-	(184,169,660)	(184,169,660)
	₱43,257,060,104	₱7,787,032,515	₱469,872,429	₱51,513,965,048
ECL allowance as at January 1, 2020	135,020,487	73,137,283	195,807,295	403,965,065
Provisions for (recovery of) credit losses	436,703,296	(72,488,778)	13,427,770	377,642,288
Transfers to Stage 1	2,415,898	(2,415,898)	-	-
Transfers to Stage 2	(319,260,165)	319,260,165	-	-
Transfers to Stage 3	(20,126,290)	2,137,101	17,989,189	-
Amounts written off/reversals/others	-	-	12,959,724	12,959,724
	₱234,753,226	₱319,629,873	₱240,183,978	₱794,567,077

	Parent Company			
	2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱45,169,260,379	₱3,847,533,831	₱390,079,154	₱49,406,873,364
New assets originated or purchased	51,151,176,954	-	-	51,151,176,954
Assets derecognized or repaid (excluding write offs)	(47,767,552,082)	(1,198,282,764)	(22,972,164)	(48,988,807,010)
Transfers to Stage 1	2,620,597,488	(2,620,597,488)	-	-
Transfers to Stage 2	(7,766,342,506)	7,766,766,017	(423,511)	-
Transfers to Stage 3	(160,640,098)	(14,875,310)	175,515,408	-
Amounts written off/reversals/others	-	-	(139,144,990)	(139,144,990)
	₱43,246,500,135	₱7,780,544,286	₱403,053,897	₱51,430,098,318
ECL allowance as at January 1, 2020	168,152,153	78,710,724	235,840,235	482,703,112
Provisions for (recovery of) credit losses	434,438,148	(72,488,778)	11,602,753	373,552,123
Transfers to Stage 1	2,415,898	(2,415,898)	-	-
Transfers to Stage 2	(317,627,665)	317,627,665	-	-
Transfers to Stage 3	(52,918,500)	(3,436,340)	56,354,840	-
Amounts written off/reversals/others	-	-	(114,145,872)	(114,145,872)
	₱234,460,034	₱317,997,373	₱189,651,956	₱742,109,363

	Consolidated			
	2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2019	₱42,149,016,419	₱1,967,149,606	₱406,964,981	₱44,523,131,006
New assets originated or purchased	49,489,572,259	-	-	49,489,572,259
Assets derecognized or repaid (excluding write offs)	(43,809,440,560)	(670,285,867)	(9,653,851)	(44,489,380,278)
Transfers to Stage 1	19,042,241	(18,262,028)	(780,213)	-
Transfers to Stage 2	(2,606,146,389)	2,606,146,389	-	-
Transfers to Stage 3	(82,754,966)	(23,879,279)	106,634,245	-
Amounts written off/reversals/others	-	-	(8,487,510)	(8,487,510)
	₱45,159,289,004	₱3,860,868,821	₱494,677,652	₱49,514,835,477
ECL allowance as at January 1, 2019	83,537,302	100,794,487	166,440,628	350,772,417
Provisions for (recovery of) credit losses	117,899,120	(55,321,666)	(19,441,269)	43,136,185
Transfers to Stage 1	563,644	(555,842)	(7,802)	-
Transfers to Stage 2	(41,030,960)	41,030,960	-	-
Transfers to Stage 3	(25,948,619)	(12,810,656)	38,759,275	-
Amounts written off/reversals/others	-	-	10,056,463	10,056,463
	₱135,020,487	₱73,137,283	₱195,807,295	₱403,965,065

	Parent Company			
	2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2019	₱42,074,366,564	₱1,943,193,988	₱301,925,996	₱44,319,486,548
New assets originated or purchased	49,407,533,259	-	-	49,407,533,259
Assets derecognized or repaid (excluding write offs)	(43,649,242,716)	(667,583,641)	(3,320,086)	(44,320,146,443)
Transfers to Stage 1	16,710,557	(16,710,557)	-	-
Transfers to Stage 2	(2,598,748,766)	2,598,748,766	-	-
Transfers to Stage 3	(81,358,519)	(10,114,725)	91,473,244	-
	₱45,169,260,379	₱3,847,533,831	₱390,079,154	₱49,406,873,364
ECL allowance as at January 1, 2019	116,451,662	97,537,072	201,825,421	415,814,155
Provisions for (recovery of) credit losses	118,056,289	(55,174,073)	(14,537,232)	48,344,984
Transfers to Stage 1	540,327	(540,327)	-	-
Transfers to Stage 2	(40,971,079)	40,971,079	-	-
Transfers to Stage 3	(25,925,046)	(4,083,027)	30,008,073	-
Amounts written off/reversals/others	-	-	18,543,973	18,543,973
	₱168,152,153	₱78,710,724	₱235,840,235	₱482,703,112

Notes to Financial Statements

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to real estate loans follow:

	Consolidated			
	2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱18,037,358,389	₱1,035,203,454	₱255,873,168	₱19,328,435,011
New assets originated or purchased	6,742,515,755	-	-	6,742,515,755
Assets derecognized or repaid (excluding write offs)	(1,688,283,992)	(178,506,781)	(42,028,093)	(1,908,818,866)
Transfers to Stage 1	401,241,820	(388,251,781)	(12,990,039)	-
Transfers to Stage 2	(1,573,059,045)	1,585,630,709	(12,571,664)	-
Transfers to Stage 3	(894,730,346)	(288,647,710)	1,183,378,056	-
Amounts written off/reversals/others	-	-	(5,075,627)	(5,075,627)
	₱21,025,042,581	₱1,765,427,891	₱1,366,585,801	₱24,157,056,273
ECL allowance as at January 1, 2020	11,981,918	1,382,174	6,354,917	19,719,009
Provisions for (recovery of) credit losses	127,243,046	32,421,610	21,587,455	181,252,111
Transfers to Stage 1	493,931	(488,257)	(5,674)	-
Transfers to Stage 2	(7,595,069)	7,645,728	(50,659)	-
Transfers to Stage 3	(99,184,762)	(32,964,698)	132,149,460	-
Amounts written off/reversals/others	-	-	(6,787,445)	(6,787,445)
	₱32,939,064	₱7,996,557	₱153,248,054	₱194,183,675

	Parent Company			
	2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱17,990,665,281	₱1,035,150,339	₱250,285,854	₱19,276,101,474
New assets originated or purchased	6,684,219,755	-	-	6,684,219,755
Assets derecognized or repaid (excluding write offs)	(1,667,659,735)	(178,453,666)	(41,874,413)	(1,887,987,814)
Transfers to Stage 1	401,241,820	(388,251,781)	(12,990,039)	-
Transfers to Stage 2	(1,573,059,045)	1,585,630,709	(12,571,664)	-
Transfers to Stage 3	(893,035,605)	(288,647,710)	1,181,683,315	-
Amounts written off/reversals/others	-	-	-	-
	₱20,942,372,471	₱1,765,427,891	₱1,364,533,053	₱24,072,333,415
ECL allowance as at January 1, 2020	11,939,256	1,382,174	1,066,340	14,387,770
Provisions for (recovery of) credit losses	127,126,857	32,421,611	21,419,027	180,967,495
Transfers to Stage 1	493,931	(488,257)	(5,674)	-
Transfers to Stage 2	(7,595,069)	7,645,728	(50,659)	-
Transfers to Stage 3	(99,183,126)	(32,964,698)	132,147,824	-
Amounts written off/reversals/others	-	-	(2,010,554)	(2,010,554)
	₱32,781,849	₱7,996,558	₱152,566,304	₱193,344,711

	Consolidated			
	2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2019	₱13,754,241,696	₱523,087,026	₱98,961,237	₱14,376,289,959
New assets originated or purchased	6,971,027,197	-	-	6,971,027,197
Assets derecognized or repaid (excluding write offs)	(1,864,917,020)	(131,983,754)	(21,981,371)	(2,018,882,145)
Transfers to Stage 1	153,185,241	(145,123,078)	(8,062,163)	-
Transfers to Stage 2	(869,062,811)	870,508,779	(1,445,968)	-
Transfers to Stage 3	(107,115,914)	(81,285,519)	188,401,433	-
	₱18,037,358,389	₱1,035,203,454	₱255,873,168	₱19,328,435,011
ECL allowance as at January 1, 2019 under PFRS 9	3,192,152	77,690	21,255,559	24,525,401
Provisions for (recovery of) credit losses	10,278,182	178,556	(15,024,227)	(4,567,489)
Transfers to Stage 1	65,712	(62,917)	(2,795)	-
Transfers to Stage 2	(1,258,639)	1,259,253	(614)	-
Transfers to Stage 3	(295,489)	(70,408)	365,897	-
Amounts written off/reversals/others	-	-	(238,903)	(238,903)
	₱11,981,918	₱1,382,174	₱6,354,917	₱19,719,009

	Parent Company			
	2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2019	₱13,741,340,565	₱523,087,026	₱93,215,087	₱14,357,642,678
New assets originated or purchased	6,935,403,126	-	-	6,935,403,126
Assets derecognized or repaid (excluding write offs)	(1,863,230,834)	(131,890,961)	(21,822,535)	(2,016,944,330)
Transfers to Stage 1	153,185,241	(145,123,078)	(8,062,163)	-
Transfers to Stage 2	(868,916,903)	870,362,871	(1,445,968)	-
Transfers to Stage 3	(107,115,914)	(81,285,519)	188,401,433	-
	₱17,990,665,281	₱1,035,150,339	₱250,285,854	₱19,276,101,474
ECL allowance as at January 1, 2019 under PFRS 9	3,050,680	77,690	15,966,982	19,095,352
Provisions for (recovery of) credit losses	10,376,992	178,556	(15,024,227)	(4,468,679)
Transfers to Stage 1	65,712	(62,917)	(2,795)	-
Transfers to Stage 2	(1,258,639)	1,259,253	(614)	-
Transfers to Stage 3	(295,489)	(70,408)	365,897	-
Amounts written off/reversals/others	-	-	(238,903)	(238,903)
	₱11,939,256	₱1,382,174	₱1,066,340	₱14,387,770

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to consumer loans follow:

	Consolidated			
	2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱9,538,185,825	₱598,101,501	₱690,984,182	₱10,827,271,508
New assets originated or purchased	9,352,916,141	-	-	9,352,916,141
Assets derecognized or repaid (excluding write offs)	(8,830,588,112)	(358,713,493)	(106,979,566)	(9,296,281,171)
Transfers to Stage 1	59,847,348	(57,417,110)	(2,430,238)	-
Transfers to Stage 2	(693,865,898)	696,575,111	(2,709,213)	-
Transfers to Stage 3	(581,767,700)	(131,613,319)	713,381,019	-
Amounts written off/reversals/others	-	-	(281,877,966)	(281,877,966)
	₱8,844,727,604	₱746,932,690	₱1,010,368,218	₱10,602,028,512
ECL allowance as at January 1, 2020	101,753,032	7,632,508	474,777,905	584,163,445
Provisions for (recovery of) credit losses	367,354,919	65,302,782	64,980,472	497,638,173
Transfers to Stage 1	1,017,925	(936,923)	(81,002)	-
Transfers to Stage 2	(50,202,822)	50,348,449	(145,627)	-
Transfers to Stage 3	(293,702,781)	(69,392,454)	363,095,235	-
Amounts written off/reversals/others	-	-	(389,923,039)	(389,923,039)
	₱126,220,273	₱52,954,362	₱512,703,944	₱691,878,579

	Parent Company			
	2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱8,249,819,828	₱575,177,700	₱484,824,965	₱9,309,822,493
New assets originated or purchased	8,001,014,102	-	-	8,001,014,102
Assets derecognized or repaid (excluding write offs)	(7,702,405,559)	(336,682,815)	(63,643,310)	(8,102,731,684)
Transfers to Stage 1	58,940,598	(56,602,787)	(2,337,811)	-
Transfers to Stage 2	(670,334,909)	673,044,122	(2,709,213)	-
Transfers to Stage 3	(518,235,885)	(129,666,633)	647,902,518	-
Amounts written off/reversals/others	-	-	(249,016,832)	(249,016,832)
	₱7,418,798,175	₱725,269,587	₱815,020,317	₱8,959,088,079
ECL allowance as at January 1, 2020	84,274,675	7,348,296	331,359,993	422,982,964
Provisions for (recovery of) credit losses	350,725,676	65,525,795	55,099,138	471,350,609
Transfers to Stage 1	960,705	(935,921)	(24,784)	-
Transfers to Stage 2	(50,006,971)	50,152,598	(145,627)	-
Transfers to Stage 3	(272,422,257)	(69,308,016)	341,730,273	-
Amounts written off/reversals/others	-	-	(351,188,773)	(351,188,773)
	₱113,531,828	₱52,782,752	₱376,830,220	₱543,144,800

Notes to Financial Statements

	Consolidated 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2019	₱7,576,153,808	₱424,836,811	₱544,067,941	₱8,545,058,560
New assets originated or purchased	13,901,492,269	-	-	13,901,492,269
Assets derecognized or repaid (excluding write offs)	(11,191,694,736)	(300,530,355)	(113,801,863)	(11,606,026,954)
Transfers to Stage 1	37,818,753	(33,334,187)	(4,484,566)	-
Transfers to Stage 2	(555,784,021)	560,260,790	(4,476,769)	-
Transfers to Stage 3	(229,800,248)	(53,131,558)	282,931,806	-
Amounts written off/reversals/others	-	-	(13,252,367)	(13,252,367)
	₱9,538,185,825	₱598,101,501	₱690,984,182	₱10,827,271,508
ECL allowance as at January 1, 2019	94,119,653	29,016,475	429,825,444	552,961,572
Provisions for (recovery of) credit losses	81,102,019	(6,372,457)	7,066,879	81,796,441
Transfers to Stage 1	714,750	(591,394)	(123,356)	-
Transfers to Stage 2	(6,887,238)	7,005,271	(118,033)	-
Transfers to Stage 3	(67,296,152)	(21,425,387)	88,721,539	-
Amounts written off/reversals/others	-	-	(50,594,568)	(50,594,568)
	₱101,753,032	₱7,632,508	₱474,777,905	₱584,163,445

	Parent Company 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2019	₱6,868,579,903	₱406,155,574	₱347,230,159	₱7,621,965,636
New assets originated or purchased	11,763,809,217	-	-	11,763,809,217
Assets derecognized or repaid (excluding write offs)	(9,712,017,391)	(285,343,087)	(69,933,548)	(10,067,294,026)
Transfers to Stage 1	37,133,815	(33,071,561)	(4,062,254)	-
Transfers to Stage 2	(531,718,368)	536,079,632	(4,361,264)	-
Transfers to Stage 3	(175,967,348)	(48,642,858)	224,610,206	-
Amounts written off/reversals/others	-	-	(8,658,334)	(8,658,334)
	₱8,249,819,828	₱575,177,700	₱484,824,965	₱9,309,822,493
ECL allowance as at January 1, 2019 under PFRS 9	77,866,135	27,103,972	285,958,655	390,928,762
Provisions for (recovery of) credit losses	79,138,684	(5,835,873)	4,751,924	78,054,735
Transfers to Stage 1	637,162	(588,768)	(48,394)	-
Transfers to Stage 2	(6,805,703)	6,850,070	(44,367)	-
Transfers to Stage 3	(66,561,603)	(20,181,105)	86,742,708	-
Amounts written off/reversals/others	-	-	(46,000,533)	(46,000,533)
	₱84,274,675	₱7,348,296	₱331,359,993	₱422,982,964

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other receivables follow:

	Consolidated 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱1,813,300,091	₱110,104,395	₱211,769,478	₱2,135,173,964
New assets originated or purchased	7,518,832,620	-	-	7,518,832,620
Assets derecognized or repaid (excluding write offs)	(7,590,377,145)	371,907,417	(117,947,617)	(7,336,417,345)
Transfers to Stage 1	43,645,018	(42,527,826)	(1,117,192)	-
Transfers to Stage 2	(224,074,576)	226,108,481	(2,033,905)	-
Transfers to Stage 3	(115,253,116)	(19,694,589)	134,947,705	-
Amounts written off/reversals/others	-	-	(15,673,886)	(15,673,886)
	₱1,446,072,892	₱645,897,878	₱209,944,583	₱2,301,915,353
ECL allowance as at January 1, 2020	5,044,587	2,557,564	151,471,635	159,073,786
Provisions for (recovery of) credit losses	66,070,344	6,215,674	(30,769,268)	41,516,750
Transfers to Stage 1	162,841	(101,033)	(61,808)	-
Transfers to Stage 2	(11,324,453)	11,368,551	(44,098)	-
Transfers to Stage 3	(39,564,637)	(7,377,512)	46,942,149	-
Amounts written off/reversals/others	-	-	(77,362,192)	(77,362,192)
	₱20,388,682	₱12,663,244	₱90,176,418	₱123,228,344

	Parent Company 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2020	₱1,763,555,263	₱103,249,463	₱185,023,679	₱2,051,828,405
New assets originated or purchased	7,425,833,162	-	-	7,425,833,162
Assets derecognized or repaid (excluding write offs)	(7,566,955,498)	377,795,984	(116,985,605)	(7,306,145,119)
Transfers to Stage 1	42,820,163	(42,333,644)	(486,519)	-
Transfers to Stage 2	(222,930,696)	223,827,745	(897,049)	-
Transfers to Stage 3	(83,261,654)	(19,416,139)	102,677,793	-
Amounts written off	-	-	(8,391,862)	(8,391,862)
	₱1,359,060,740	₱643,123,409	₱160,940,437	₱2,163,124,586
ECL allowance as at January 1, 2020	4,370,792	1,948,574	132,362,013	138,681,379
Provisions for (recovery of) credit losses	49,506,827	6,670,502	(35,057,780)	21,119,549
Transfers to Stage 1	112,198	(100,837)	(11,361)	-
Transfers to Stage 2	(11,163,720)	11,207,818	(44,098)	-
Transfers to Stage 3	(23,329,175)	(7,228,971)	30,558,146	-
Amounts written off/reversals/others	-	-	(70,080,169)	(70,080,169)
	₱19,496,922	₱12,497,086	₱57,726,751	₱89,720,759

	Consolidated 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2019	₱1,376,553,881	₱72,111,102	₱190,189,580	₱1,638,854,563
New assets originated or purchased	2,341,390,051	-	-	2,341,390,051
Assets derecognized or repaid (excluding write offs)	(1,779,831,428)	(29,273,871)	(36,880,570)	(1,845,985,869)
Transfers to Stage 1	2,472,781	(2,381,126)	(91,655)	-
Transfers to Stage 2	(82,169,378)	82,424,142	(254,764)	-
Transfers to Stage 3	(45,115,816)	(12,775,852)	57,891,668	-
Amounts written off/reversals/others	-	-	915,219	915,219
	₱1,813,300,091	₱110,104,395	₱211,769,478	₱2,135,173,964
ECL allowance as at January 1, 2019	3,174,997	4,519,229	154,702,099	162,396,325
Provisions for (recovery of) credit losses	21,233,009	(724,723)	(11,666,502)	8,841,784
Transfers to Stage 1	14,951	(13,637)	(1,314)	-
Transfers to Stage 2	(2,287,719)	2,293,955	(6,236)	-
Transfers to Stage 3	(17,090,651)	(3,517,260)	20,607,911	-
Amounts written off/reversals/others	-	-	(12,164,323)	(12,164,323)
	₱5,044,587	₱2,557,564	₱151,471,635	₱159,073,786

	Parent Company 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2019	₱1,344,785,704	₱68,258,285	₱159,175,894	₱1,572,219,883
New assets originated or purchased	2,285,236,499	-	-	2,285,236,499
Assets derecognized or repaid (excluding write offs)	(1,750,333,405)	(29,154,725)	(34,798,181)	(1,814,286,311)
Transfers to Stage 1	1,539,027	(1,449,484)	(89,543)	-
Transfers to Stage 2	(75,322,577)	75,573,632	(251,055)	-
Transfers to Stage 3	(42,349,985)	(9,978,245)	52,328,230	-
Amounts written off/reversals/others	-	-	8,658,334	8,658,334
	1,763,555,263	103,249,463	185,023,679	2,051,828,405
ECL allowance as at January 1, 2019	3,050,257	4,338,166	129,024,315	136,412,738
Provisions for (recovery of) credit losses	19,555,395	(1,000,396)	(11,871,077)	6,683,922
Transfers to Stage 1	14,455	(13,550)	(905)	-
Transfers to Stage 2	(1,663,527)	1,666,054	(2,527)	-
Transfers to Stage 3	(16,585,788)	(3,041,700)	19,627,488	-
Amounts written off/reversals/others	-	-	(4,415,281)	(4,415,281)
	₱4,370,792	₱1,948,574	₱132,362,013	₱138,681,379

Notes to Financial Statements

Below is the breakdown of provision for credit and impairment losses:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Loans and receivables	₱1,098,049,322	₱129,206,921	₱116,241,948	₱1,046,989,776	₱128,614,962	₱115,230,526
Investment properties	153,127	(3,823,625)	(9,770,214)	–	(3,823,625)	(9,770,214)
HTC securities	2,264,317	154,207	–	2,264,307	154,207	–
FVOCI	1,364,730	2,070,586	–	1,364,730	2,070,586	–
Reposessed chattels	223,024	(135,486)	(6,392,365)	–	(139,369)	(6,365,808)
Property and equipment	–	–	54,276	–	–	–
	₱1,102,054,520	₱127,472,603	₱100,133,645	₱1,050,618,813	₱126,876,761	₱99,094,504

15. DEPOSIT LIABILITIES

The breakdown of Group's deposit liabilities account as to currency follows:

	2020	2019
Philippine pesos	₱102,925,617,299	₱88,309,776,577
Foreign currencies	14,521,795,407	9,291,851,268
	₱117,447,412,706	₱97,601,627,845

Outstanding deposit liabilities of the Group bear annual fixed interest rates ranging from nil to 5.75% in 2020, from nil to 6.75%, 2019 and from nil to 6.90% in 2018.

The Group's liquidity and statutory reserves as reported to the BSP follow:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Due from BSP	₱10,466,518,730	₱11,900,726,219	₱10,404,550,238	₱11,824,059,252

As of December 31, 2020 and 2019, the Group is in compliance with the regulations.

Details of interest expense on deposit liabilities follow:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Demand	₱2,053,285	₱4,334,999	₱3,062,044	₱2,053,285	₱4,334,999	₱3,062,044
Savings	632,859,634	1,717,487,944	1,521,200,688	618,181,980	1,703,702,694	1,510,869,332
Time	469,426,389	492,682,489	327,337,429	452,386,375	479,710,655	318,646,848
LTNCD	270,901,436	267,893,614	219,601,947	270,901,436	267,893,614	219,601,947
	₱1,375,240,744	₱2,482,399,046	₱2,071,202,108	₱1,343,523,076	₱2,455,641,962	₱2,052,180,171

Long-Term Negotiable Certificates of Deposit (LTNCD)

On May 4, 2017, the BSP approved the Parent Company's issuance of the ₱3.00 billion LTNCD, with a right to increase the aggregate issue up to ₱5.0 billion in the event of over subscription.

On June 16, 2017, the Parent Company listed its LTNCD issuance amounting to ₱4.18 billion through the PDEX. The minimum investment was ₱50,000 with increments of ₱10,000 thereafter. The peso-denominated issue will mature on December 16, 2022 with nominal interest rate of 4.125% and EIR of 4.29%, payable every quarter. On July 6, 2018, the Parent Company issued additional LTNCD amounting to ₱1.78 billion with nominal interest rate of 4.875% and EIR of 5.15% payable every quarter which will mature on January 6, 2024. The proceeds were used to diversify the Parent Company's maturity profile and funding sources and for general corporate purposes.

The BSP approved the decrease in reserve requirements on non-FCDU deposit liabilities through the following circulars:

- Circular 1041 dated May 23, 2019 to 17.00% effective May 31, 2019; 16.50% effective June 28, 2019; 16.00% effective July 26, 2019 for the Parent Company and from 7.00% to 6.50% and 6.00% respectively for LSB.
- Circular 1056 dated October 3, 2019 to 15.00% for the Parent Company and 5.00% for LSB effective November 1, 2019.
- Circular No. 1063 to 14.00% for the Parent Company and 4.00% for LSB effective December 06, 2019.

On May 27, 2020, the BSP through Circular 1087 approved the *Alternative Compliance with the Reserve Requirements of Banks and Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBs)* effective May 29, 2020, subject to certain requirements provided by the MORB, the following alternative compliance with the required reserves against deposit and deposit substitute liabilities shall be allowed:

- Peso-denominated loans that are granted to micro-, small-, and medium enterprises ("MSME"), banks and NBQBs that meet the definition of a small and medium enterprise;
- Peso-denominated loans that are granted to large enterprises, excluding banks and NBQBs that meet the definition of a large enterprise.

16. REDEEMABLE PREFERRED SHARES

In 2013, the Parent Company acquired 29,000 redeemable preferred shares at 1,000 par value from LSB (see Note 7). In 2016, the Parent Company acquired additional 1,200 redeemable preferred shares amounting to ₱1.20 million. Details of LSB's redeemable preferred shares as of December 31, 2020 and 2019 follow:

	Shares	Amount
Preferred shares – ₱1,000 par value		
Authorized	50,000	₱50,000,000
Issued and outstanding		
Balances at beginning and end of year	30,200	₱30,200,000

The preferred shares has the following features:

- The minimum subscription is 100 shares and payable in cash;
- The shares shall earn monthly interest at a rate to be fixed by the BOD, but such interest shall not be less than the prevailing market interest rates and said shares shall not be treated as time deposit, deposit substitute or as other form of borrowings;
- The interest shall be paid in the form of dividends cumulatively, which may be declared annually or as often as the BOD may determine;
- The shares shall have preference in the distribution of dividends and in the distribution of assets in case of liquidation or dissolution, provided, however that no dividend shall be declared or paid on redeemable shares in the absence of sufficient undivided profits, free surplus and approval of the BSP;
- The shares are non-voting on matters provided for in the last paragraph of Section 6 of the Corporation Code;
- Pre-emptive rights are not available on preferred shares nor shall they be subject to one and the shares shall be held for five (5) years with a right of alienation or encumbrance of the same to any third person within the period of five years from the original date of subscription, provided, however, that on the 5th year the holder shall be obliged to surrender the same to the corporation and upon prior approval of the BSP and in compliance with the provisions of the MORB and the BSP's circulars regarding this matter, the corporation shall be obliged to take up the subscription at the price when the preferred shares of stock were originally subscribed. Provided that shares redeemed are replaced with at least an equivalent amount of newly paid-in shares so that the total paid-in capital stock is maintained at the same level immediately prior to redemption and provided further, that the corporation is not insolvent or if such redemption will not cause insolvency, impairment of capital or inability of the corporation to meet its debts as they mature; and
- As of December 31, 2013, LSB has not yet created a sinking fund pending request from BSP to redeem and retire the preferred shares. The fund that will be used to redeem the preferred shares will be taken from the equity infused by the Parent Company.
As discussed in Note 9, the SEC's approved LSB's application for increase in authorized capital stock on January 13, 2016.

The shares may again be disposed of by LSB for a price fixed by the BOD. Based on the BOD resolution on March 6, 2013, the entire redeemable preferred shares of LSB will be retired after its redemption subject to BSP's approval. As of December 31, 2020 and 2019, the entire redeemable preferred shares of LSB has not been redeemed and any redemption shall be subject to BSP's approval.

17. BONDS PAYABLE

On August 13, 2019, the Parent Company issued 5.00 billion fixed rate bonds due on August 13, 2021. The bond, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 5.125% fixed rate (EIR of 5.82%) payable on a quarterly basis.

On November 14, 2019, the Parent Company issued another ₱5.00 billion fixed rate bonds due on November 14, 2021. The bond, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 4.3% fixed rate (EIR of 4.94%) payable on a quarterly basis.

Interest expense on bonds payable amounted to ₱538.44 million in 2020, ₱141.12 million in 2019 and nil in 2018.

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18. BILLS PAYABLE

As of December 31, 2020 and 2019, Bills payable consist of long-term peso denominated borrowing with Development Bank of the Philippines (DBP) wholesale lending facility amounting to nil and ₱1.64 billion with interest rate of 5.00% and BSP rediscounting amounting to ₱400 million with interest rate of 4.88%, respectively.

DBP wholesale lending facility is unsecured while BSP rediscounting is secured by government securities. Carrying value and fair value of the government securities classified as HTC amounted to nil in 2020 and ₱800.00 million and ₱769.45 million, respectively, as of 2019 (see Note 7).

19. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses account consist of:

	Consolidated		Parent	
	2020	2019	2020	2019
Accrued expenses	₱867,824,581	₱508,538,965	₱850,637,504	₱485,744,317
Accrued interest payable	159,054,184	224,567,626	155,589,668	220,411,860
	₱1,026,878,765	₱733,106,591	₱1,006,227,172	₱706,156,177

Accrued expenses consist of accruals and provisions for general expenses, bonuses and insurance on deposits, fees and advertisements.

Other liabilities include:

	Consolidated		Parent	
	2020	2019	2020	2019
Accounts payable	₱1,524,353,049	₱1,043,336,941	₱1,515,070,752	₱1,028,377,292
Lease liability	910,388,202	720,007,104	852,537,551	667,575,337
Bills purchased - contra (Note 8)	480,028,717	495,192,826	480,028,717	495,192,826
Withholding taxes payable	123,928,997	124,432,295	122,589,788	123,534,232
Dormant manager's checks	120,151,300	36,502,279	120,151,300	36,502,279
Retirement liability (Note 22)	22,642,535	218,899,798	-	202,336,341
Acceptances payable	2,438,112	3,198,400	2,438,112	3,198,400
Income tax payable	1,548,361	2,700,053	527,406	1,125,723
Redeemable preferred shares (Note 16)	500,000	500,000	-	-
Derivative liabilities (Note 7)	-	462,908	-	462,908
Others	56,636,908	41,413,974	58,462,000	40,944,983
	₱3,242,616,181	₱2,686,646,578	₱3,151,805,626	₱2,599,250,321

Accounts payable consists of payables to service providers, advance payments from customers and unreleased checks.

Bills purchased-contra is the contra account of bills purchased under loans. Bills purchased are receivables from customers from converting checks and bank drafts to cash. As of December 31, 2020 and 2019, bills purchased-contra consists mainly of DOSRI accounts.

The Group's 'Others' consist mainly of sundry credits amounting to ₱0.78 million in 2020 and ₱0.32 million in 2019, escheat accounts amounting to ₱7.73 million in 2020 and ₱12.90 million in 2019, unearned income amounting to ₱23.41 million in 2020 and ₱11.26 million in 2019, payables to agencies servicing employee welfare such as Social Security System, Home Development Mutual Fund and Medicare amounting to ₱8.82 million in 2020 and ₱8.09 million in 2019, and other miscellaneous liabilities amounting to ₱15.90 million in 2020 and ₱8.48 million in 2019.

The Parent Company's 'Others' consist mainly of sundry credits amounting to ₱0.78 million in 2020 and ₱0.32 million in 2019, escheat accounts amounting to ₱7.73 million in 2020 and ₱12.90 million in 2019, unearned income amounting to ₱23.41 million in 2020 and ₱11.26 million in 2019, payables to agencies servicing employee welfare such as Social Security System, Home Development Mutual Fund and Medicare amounting to ₱7.61 million in 2020 and ₱6.89 million in 2019, and other miscellaneous liabilities amounting to ₱18.93 million in 2020 and ₱3.29 million in 2019.

20. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following table shows an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from statements of financial position date:

	Consolidated					
	2020		Total	2019		Total
	Due Within One Year	Due Beyond One Year		Due Within One Year	Due Beyond One Year	
Financial Assets						
Cash and other cash items	₱2,863,029,038	₱-	₱2,863,029,038	₱3,249,359,133	₱-	₱3,249,359,133
Due from BSP	20,367,518,731	-	20,367,518,731	12,216,191,774	-	12,216,191,774
Due from other banks	3,904,608,310	-	3,904,608,310	2,463,991,767	-	2,463,991,767
Interbank loans receivable/SPURA	4,495,757,260	-	4,495,757,260	2,408,705,460	-	2,408,705,460
Financial assets at FVTPL	87,076,733	-	87,076,733	3,943,264	992,618	4,935,882
Financial assets at FVOCI	1,447,738,489	17,868,067,474	19,315,805,963	6,595,199,030	7,378,262,813	13,973,461,843
Investment securities at amortized cost	484,150,599	7,565,214,824	8,049,365,423	193,400,238	11,163,861,003	11,357,261,241
Loans and receivables - gross	29,796,611,959	59,258,381,944	89,054,993,903	25,569,306,917	56,731,601,869	82,300,908,786
Other assets	-	67,694,161	67,694,161	16,817,554	45,496,193	62,313,747
	63,446,491,119	84,759,358,403	148,205,849,522	52,716,915,137	75,320,214,496	128,037,129,633
Non-financial Assets						
Property and equipment - net	2,711,977	1,354,950,589	1,357,662,566	-	1,308,628,049	1,308,628,049
Investment properties - net	-	464,890,897	464,890,897	-	382,355,004	382,355,004
Branch licenses - net	-	1,000,737,944	1,000,737,944	-	999,928,369	999,928,369
Deferred tax asset	-	761,032,257	761,032,257	-	458,920,202	458,920,202
Goodwill	-	244,327,006	244,327,006	-	244,327,006	244,327,006
Other assets	737,242,057	549,639,054	1,286,881,111	699,925,818	450,600,026	1,150,525,844
	₱64,186,445,153	89,134,936,150	₱153,321,381,303	₱53,416,840,955	₱79,164,973,152	₱132,581,814,107
Less:						
Unearned interest and discounts (loans)			370,769,671			328,181,769
Allowance for credit and impairment losses - loans and receivables			1,803,857,675			1,166,921,305
			₱151,146,753,957			₱131,086,711,033
Financial Liabilities						
Deposit liabilities	₱106,581,732,411	₱10,865,680,295	₱117,447,412,706	₱87,092,747,246	₱10,508,880,599	₱97,601,627,845
Bonds payable	9,951,888,873	-	9,951,888,873	-	9,889,835,356	9,889,835,356
Bills payable	-	-	-	400,000,000	1,640,505,751	2,040,505,751
Manager's checks	1,152,343,055	-	1,152,343,055	1,074,514,545	-	1,074,514,545
Accrued expenses	1,021,035,222	5,843,543	1,026,878,765	733,106,591	-	733,106,591
Lease liability	872,603	909,515,599	910,388,202	5,051,558	714,955,546	720,007,104
Redeemable preference shares	-	500,000	500,000	-	-	-
Other liabilities	2,126,619,318	-	2,126,619,318	1,576,214,591	-	1,576,214,591
	120,834,491,482	11,781,539,437	132,616,030,919	90,881,634,531	22,754,177,252	113,635,811,783
Non-financial Liabilities						
Other liabilities	185,531,312	19,577,349	205,108,661	172,293,471	218,131,412	390,424,883
	₱121,020,022,794	₱11,801,116,786	₱132,821,139,580	₱91,053,928,002	₱22,972,308,664	₱114,026,236,666

	Parent					
	2020		Total	2019		Total
	Due Within One Year	Due Beyond One Year		Due Within One Year	Due Beyond One Year	
Financial Assets						
Cash and other cash items	₱2,749,958,446	₱-	₱2,749,958,446	₱3,176,490,713	₱-	₱3,176,490,713
Due from BSP	19,922,550,239	-	19,922,550,239	11,824,524,807	-	11,824,524,807
Due from other banks	3,809,357,748	-	3,809,357,748	2,374,076,786	-	2,374,076,786
Interbank loans receivable/SPURA	4,366,091,085	-	4,366,091,085	2,342,127,432	-	2,342,127,432
Financial assets at FVTPL	87,076,733	-	87,076,733	3,943,264	992,618	4,935,882
Financial assets at FVOCI	1,447,738,489	17,898,267,474	19,346,005,963	6,595,199,030	7,408,462,813	14,003,661,843
Investment securities at amortized cost	484,150,599	7,545,216,724	8,029,367,323	193,400,238	10,963,551,821	11,156,952,059
Loans and receivables - gross	29,258,006,041	57,846,667,074	87,104,673,115	24,946,249,836	55,593,568,726	80,539,818,562
Other assets	-	65,725,442	65,725,442	16,817,554	44,249,211	61,066,765
	62,124,929,380	83,355,876,714	145,480,806,094	51,472,829,660	74,010,825,189	125,483,654,849

(Forward)

Notes to Financial Statements

	Parent					
	2020			2019		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Non-financial Assets						
Property and equipment - net	P–	P1,219,213,655	P1,219,213,655	P–	P1,165,797,623	P1,165,797,623
Investment properties - net	–	359,077,184	359,077,184	–	266,464,925	266,464,925
Branch licenses - net	–	379,827,944	379,827,944	–	379,328,369	379,328,369
Deferred tax asset	–	798,705,161	798,705,161	–	511,814,656	511,814,656
Investment in a subsidiary	–	1,305,019,936	1,305,019,936	–	1,357,178,340	1,357,178,340
Other assets	723,080,676	548,586,665	1,271,667,341	690,677,780	446,863,646	1,137,541,426
	P62,848,010,056	P87,966,307,259	P150,814,317,315	P52,163,507,440	P78,138,272,748	P130,301,780,188
Less:						
Unearned interest and discounts (loans)			265,368,658			240,737,163
Allowance for credit and impairment losses - loans and receivables			1,568,319,633			1,058,755,225
			P148,980,629,024			P129,002,287,800
Financial Liabilities						
Deposit liabilities	P104,833,519,755	P10,559,230,166	P115,392,749,921	P85,436,199,761	P10,195,351,521	P95,631,551,282
Bonds payable	9,951,888,873	–	9,951,888,873	–	9,889,835,356	9,889,835,356
Bills payable	–	–	–	400,000,000	1,640,505,751	2,040,505,751
Manager's checks	1,152,343,055	–	1,152,343,055	1,074,514,545	–	1,074,514,545
Accrued expenses	1,000,383,629	5,843,543	1,006,227,172	638,367,322	67,788,855	706,156,177
Lease liability	–	852,537,551	852,537,551	–	667,575,337	667,575,337
Other liabilities	2,115,778,175	–	2,115,778,175	1,560,535,305	–	1,560,535,305
	119,053,913,487	11,417,611,260	130,471,524,747	89,109,616,933	22,461,056,820	111,570,673,753
Non-financial Liabilities						
Other liabilities	183,489,900	–	183,489,900	168,803,338	202,336,341	371,139,679
	P119,237,403,387	P11,417,611,260	P130,655,014,647	P89,278,420,271	P22,663,393,161	P111,941,813,432

21. EQUITY

As of December 31, 2020 and 2019, the Parent Company’s capital stock consists of:

	Shares		Amount	
	2020	2019	2020	2019
Common shares - P10 par value				
Authorized	2,700,000,000	2,700,000,000	P27,000,000,000	P27,000,000,000
Issued and outstanding				
Issued and outstanding	1,500,000,000	1,500,000,000	P15,000,000,000	P15,000,000,000
Issued during the year	–	–	–	–
Balances at end of year	1,500,000,000	1,500,000,000	P15,000,000,000	P15,000,000,000

Surplus Reserves

In compliance with existing BSP regulations, 10.00% of the net profits realized by the Parent Company from its trust business is appropriated to surplus reserve. The yearly appropriation is required until the surplus reserve for trust business equals 20.00% of the Parent Company’s regulatory capital.

In 2020, the Parent Company’s BOD approved to reverse the appropriation of reserves for expected credit losses amounting to P14.42 million. In 2019, the Parent Company’s BOD approved to appropriate reserves for expected credit losses amounting to P444.47 million, in compliance with the requirements of the BSP Circular No. 1011. Under this BSP Circular, the Bank shall treat Stage 1 provisions for loan accounts as General Provisions (GP) while Stage 2 and 3 provisions shall be treated as Specific Provisions (SP). The Bank shall set up GLLP equivalent to 1% of all outstanding Stage 1 on-balance sheet loan accounts, except for accounts considered as credit risk-free under existing regulations. In cases when the computed allowance for credit losses on Stage 1 accounts is less than the 1% required GP, the deficiency shall be recognized by appropriating the ‘Surplus’ account. GP recognized in profit or loss as allowance for credit losses for Stage 1 accounts and the amount appropriated in surplus shall be considered as Tier 2 capital subject to the limit provided under the CAR framework.

Capital Management

The Group considers the equity attributable to the equity holders of the Parent Company as the capital base of the Group. The primary objectives of the Group’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 Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities and assessment of prospective business requirements or directions. In order to maintain or adjust the capital structure, the Group may adjust the amount and mode of dividend payment to shareholders, issue capital securities or undertake a share buy-back. The processes and policies guiding the determination of the sufficiency of capital for the Group relative to its business risks are the very same methodology that have been incorporated into the Group’s Internal Capital Adequacy Assessment Process (ICAAP) in compliance with the requirements of BSP Circular No. 639 for its adoption. 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 Group. The level and structure of capital are assessed and determined in light of the Group’s business environment, plans, performance, risks and budget, as well as regulatory edicts. BSP requires submission of an ICAAP document every March 31.

The Group had complied with all externally imposed capital requirements throughout the year.

Regulatory Qualifying Capital

In 2013, the determination of the Parent Company’s compliance with regulatory requirements and ratios is based on the amount of the Parent Company’s ‘unimpaired capital’ (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies. 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% for both solo basis (head office and branches) and consolidated basis (parent company and subsidiaries engaged in financial allied undertakings). Qualifying capital and risk-weighted assets are computed based on BSP regulations.

The regulatory Gross Qualifying Capital of the Parent Company consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprises share capital, retained earnings (including current year profit) and non-controlling interest less required deductions such as deferred tax and unsecured credit accommodations to DOSRI. Tier 2 capital includes unsecured subordinated note, revaluation reserves and general loan loss provision. Certain items are deducted from the regulatory Gross Qualifying Capital, such as but not limited to equity investments in unconsolidated subsidiary banks and other financial allied undertakings, but excluding investments in debt capital instruments of unconsolidated subsidiary banks (for solo basis) and equity investments in subsidiary non-financial allied undertakings.

Risk-weighted assets are determined by assigning defined risk weights to statement of financial position exposures and to the credit equivalent amounts of off-balance sheet exposures. Certain items are deducted from risk-weighted assets, such as the excess of general loan loss provision over the amount permitted to be included in Tier 2 capital. The risk weights vary from 0.00% to 150.00% depending on the type of exposure, with the risk weights of off-balance sheet exposures being subjected further to credit conversion factors.

Following is a summary of risk weights and selected exposure types:

Risk weight	Exposure/Asset type*
0%	Cash on hand; claims collateralized by securities issued by the non-government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation
20%	COCI, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation
50%	Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation
75%	Direct loans of defined Small Medium Enterprise and microfinance loans portfolio; nonperforming housing loans fully secured by first mortgage
100%	All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred tax)
150%	All NPLs (except nonperforming housing loans fully secured by first mortgage) and all nonperforming debt securities

* Not all inclusive

With respect to off-balance sheet exposures, the exposure amount is multiplied by a credit conversion factor (CCF), ranging from 0.00% to 100.00%, to arrive at the credit equivalent amount, before the risk weight factor is multiplied to arrive at the risk-weighted exposure. Direct credit substitutes (e.g., guarantees) have a CCF of 100.00%, while items not involving credit risk has a CCF of 0.00%.

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 is effective 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 these ratios 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, 2016. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

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On June 27, 2014, the BSP issued Circular No. 839, *REST Limit for Real Estate Exposures* which provides the implementing guidelines on the prudential REST limit for universal, commercial, and thrift banks on their aggregate real estate exposures. The Circular sets out a minimum REST limit of 6.00% CET1 capital ratio and 10.00% risk-based capital adequacy ratio, on a solo and consolidated basis, under a prescribed write-off rate of 25.00% on the Group's real estate exposure. These limits shall be complied with at all times.

On June 9, 2016, the BSP issued Circular No. 881, *Implementing Guidelines on the Basel III Leverage Ratio Framework*, which provides implementing guidelines for universal, commercial, and their subsidiary banks/quasi banks. The circular sets out a minimum leverage ratio of 5.00% on a solo and consolidated basis and shall be complied with at all times.

The CAR of the Group and of the Parent Company as reported to the BSP as of December 31, 2020 and 2019 follows (in millions):

	Consolidated		Parent Company	
	2020	2019	2020	2019
Common Equity Tier 1 Capital	₱15,470	₱14,500	₱15,177	₱14,205
Additional Tier 1 Capital	–	–	–	–
Tier 1 capital	15,470	14,500	15,177	14,205
Tier 2 capital	862	803	843	783
Total qualifying capital	₱16,332	₱15,303	₱16,021	₱14,988
Credit RWA	86,169	80,264	84,278	78,316
Market RWA	416	887	416	887
Operational RWA	7,897	6,477	7,412	6,100
Total RWA	₱94,482	87,628	₱92,106	₱85,303
Common Equity Tier 1 Ratio 1	16.37%	16.55%	16.48%	16.65%
Additional Tier 1 Ratio	0.00%	0.00%	0.00%	0.00%
Tier 1 capital ratio	16.37%	16.55%	16.48%	16.65%
Tier 2 capital ratio	0.91%	0.92%	0.92%	0.92%
Risk-based capital adequacy ratio	17.29%	17.46%	17.39%	17.57%

As of December 31, 2020 and 2019, the Group was in compliance with the required CAR.

On October 29, 2014, the BSP issued amendments to Circular No. 854 which required a new minimum capitalization for Banks. The Parent Company, as a commercial bank with more than 100 branches, was required to increase its capitalization to ₱15.00 billion.

On January 28, 2016 and February 25, 2016, the BOD of the Parent Company and the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, respectively, approved the issuance of the remaining 46,070,226 unissued preferred shares (A and B) at ₱10.00 par value in favor of JGSCSC and RRHI as follows:

Stockholder	Types of Shares	No. of Shares Subscribed	Par Value	Amount
JGSCSC	Preferred A	27,404,962	10	₱274,049,620
	Preferred B	237,174	10	2,371,740
RRHI	Preferred A	18,269,974	10	182,699,740
	Preferred B	158,116	10	1,581,160
Total		46,070,226		₱460,702,260

Furthermore, the BOD also approved the following resolutions:

- Conversion of all preferred shares of the Parent Company, whether issued or unissued, particularly the 356.32 million preferred shares A and the 210.00 million preferred shares B, into common shares, and removal of all the other class of shares of the Parent Company, except common shares.
- Increase in the Parent Company's authorized capital stock from ₱6.10 billion divided into ₱610.00 million common shares with par value of ₱10.00 each.
- The total authorized stock of the Parent Company is 15.00 billion divided into 1.50 billion common shares with a par value of ₱10.00 each.

On March 15, 2016, JGSCSC acquired additional preferred shares A and B of 27,404,962 shares and 237,174 shares, respectively.

In 2016, RRHI acquired additional preferred shares A and B of 18,269,974 shares and 158,116 shares, respectively.

On June 17, 2016, RRHI subscribed to an additional 297,094,118 common shares at ₱10.00 per share.

On July 8, 2016, JGSCSC subscribed to an additional 292,905,882 common shares at ₱10.00 per share.

On July 9, 2016, the Parent Company BOD approved the increase in authorized capital stock amounting to 8.90 billion composed of 890.00 million common shares at 10.00 per share. Out of the ₱8.90 billion increase, ₱5.90 billion was paid-up and subscribed as follows:

Stockholder	No. of Shares Subscribed	Amount
JGSCSC	292,905,882	₱2,929,058,820
RRHI	297,094,118	2,970,941,180
Total	590,000,000	₱5,900,000,000

On November 15, 2016, the BSP approved the Parent Company's capital build-up program with the following milestones:

1. Capital infusion from unissued shares up to the existing authorized capital stock of ₱6.10 billion.
2. Capital infusion from the increase in authorized capital stock from ₱6.10 billion to ₱15.00 billion of which ₱12.00 billion is paid up.
3. Internally generated capital based on the Parent Company's financial projections for the period 2016 to 2019.

The approval of BSP to the capital build-up program further provides that the Parent Company shall:

1. Refrain from declaring and distributing cash dividends until the 15.00 billion minimum capital requirement is attained;
2. Call on its stockholders to infuse additional capital in case of shortfall in internally-generated income to meet the target capital levels; and
3. Submit progress reports with supporting documents, duly noted by its BOD, to the Central Point of Contact Department II, within 20 banking days from end of December of each tear until the Bank is deemed by the BSP to have fully complied with its capital build-up program.

On December 15, 2016, the Parent Company filed its application for the increase in its authorized capital stock as approved by the BOD and the BSP with the SEC.

On January 29, 2017, the SEC approved the Parent Company's application for the increase in authorized capital stock from ₱6.10 billion divided into 43.68 million common shares, 356.32 million preferred shares A and 210.00 million preferred shares B of ₱10.00 par value each, to ₱12.00 billion divided into 633.64 million common shares, 356.32 million preferred shares A and 210.00 million preferred shares B of ₱10.00 par value each.

In 2017, the Parent Company issued 590.00 million common shares amounting to ₱5.90 billion in exchange for the deposits for future subscriptions.

In 2017, the Parent Company removed all the other classes of shares, except common shares, and converted its 356.32 million preferred shares A and 210.00 million preferred shares B to 566.32 million common shares with ₱10.00 par value.

Leverage Ratio

On June 9, 2015, BSP issued circular No. 881, which approved the guidelines for the implementation of the Basel III Leverage Ratio in the Philippines. The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements. 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 was implemented as a Pillar 1 minimum requirement effective on 1 July 2018.

The BLR of the Group and the Parent Company as of December 31, 2020 and 2019 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2020	2019	2020	2019
	(Amounts in Million Pesos)			
Tier 1 Capital	₱15,470	₱14,500	₱15,177	₱14,205
Exposure Measure	157,625	134,332	155,033	131,686
Leverage Ratio	9.81%	10.79%	9.79%	10.79%

Liquidity Coverage Ratio

On 18 February 2016, 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 III'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, 2020 and 2019, the LCR in single currency is 133.47% and 115.78%, respectively, for the Group and 130.97% and 108.87%, respectively, for the Parent Company.

Net Stable Funding Ratio

On 24 May 2018, 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 III's Net Stable Funding Ratio (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 Liquidity Coverage Ratio (LCR), which promotes short-term resilience of a Bank's liquidity profile. The Bank started monitoring and reporting NSFR to the BSP in 2019. As of December 31, 2020 and 2019, the NSFR is 127% and 133%, respectively, for the Group and 127% and 134%, respectively, for the Parent Company.

Notes to Financial Statements

Capital stock

On June 27, 2018, the Parent Company's BOD approved the increase in authorized capital stock from ₱15.00 billion to ₱27.00 billion or an increase of ₱12.00 billion composed of 1.2 billion common shares at ₱10.00 par value per share. On July 16, 2018, the Bank received the subscription from its stockholders amounting to ₱3.00 billion and recorded it as 'Deposit for Future Subscription' in the liability section of the statement of financial position. On August 23, 2018, the said increase in authorized capital stock was approved by the stockholders of Parent Company in a special meeting held for that purpose. Out of the ₱12.00 billion increase, ₱3.00 billion was subscribed and paid-up as follows:

Stockholder	No. of Shares Subscribed	Amount
JGSCSC	180,000,000	₱1,800,000,000
RRHI	120,000,000	1,200,000,000
Total	300,000,000	₱3,000,000,000

On August 29, 2018, the Parent Company filed with the BSP the request for authority and endorsement to SEC of the proposed increase in authorized capital stock.

On December 12, 2018, BSP approved the proposed increase and issued to the corresponding Certificate of Authority.

On February 4, 2019, the Parent Company filed with the SEC the request for approval of the aforementioned proposed increase in authorized capital stock as approved by the BOD, stockholders, and BSP.

On March 18, 2019, the SEC approved the increase in authorized capital stock of the Parent Company from ₱15.00 billion to ₱27.00 billion.

On March 22, 2019, the Parent Company converted the ₱3.00 billion 'Deposit for Future Stock Subscription' to 'Common Stock'. The transaction cost amounting to ₱30.00 million related to the issuance of common stock is treated as a deduction to 'Surplus' account.

22. RETIREMENT PLAN

The Parent Company has a noncontributory defined benefit retirement covering substantially all its officers and regular employees. Under this retirement plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. In 2008, the Parent Company established a plan asset for its defined benefit retirement plan. On April 1, 2019, the retirement plan was amended to increase the previous benefit pay of 22.5 days to 26.08 days for every year of credited service based on the final daily basic salary for all service years until separation. The effect of the change in retirement plan amounting to ₱0.83 million is reflected as 'Past service cost' and recognized as 'Retirement expense' in 2020.

LSB has funded noncontributory retirement plan covering all its regular permanent employees. Under the retirement plan, all employees are entitled to cash benefits after satisfying certain age and service requirements.

The latest actuarial valuation of the retirement plan of the Group was made as of December 31, 2020. The principal actuarial assumptions used in determining retirement liability of the Group as of January 1 follow:

	Parent Company		LSB	
	2020	2019	2020	2019
Average remaining working life in years	26.9	27.7	28.6	29.4
Discount rate	3.64%	4.95%	3.94%	4.99%
Salary rate increase	5.70%	5.70%	5.70%	5.70%

The amounts recognized in the statements of financial position follow:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Present value of defined benefit obligation	₱337,719,712	₱288,376,525	₱313,744,478	₱270,554,168
Fair value of plan assets	(333,584,557)	(69,476,727)	(332,251,858)	(68,217,827)
Retirement liability	₱4,135,155	₱218,899,798	(₱18,507,380)	₱202,336,341

The amounts of 'Retirement expense' included in 'Compensation and other benefits' in the statements of income follow:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Current service cost	₱55,647,715	₱42,307,642	₱30,227,421	₱52,001,405	₱39,653,004	₱28,562,456
Past service cost	826,517	16,784,998	-	-	15,622,294	-
Net interest cost	3,586,233	8,712,608	4,681,997	3,586,233	8,122,069	4,366,585
	₱60,060,465	₱67,805,248	₱34,909,418	₱55,587,638	₱63,397,367	₱32,929,041

Changes in net defined benefit obligation (DBO) of funded funds follow:

Consolidated	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability
January 1, 2020	₱288,376,525	₱69,476,727	₱218,899,798
Net Benefit Cost in Consolidated			
Statement of Income			
Current service cost	55,647,715	-	55,647,715
Past service cost/(credit)	889,336	62,819	826,517
Net interest cost	13,392,431	9,806,198	3,586,233
Sub-total	69,929,482	9,869,017	60,060,465
Benefits paid	(4,579,024)	(4,579,024)	-
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	-	(5,535,558)	5,535,558
Changes in the effect of the asset ceiling	673,669	-	673,669
Actuarial changes arising from experience adjustments	(2,362,649)	-	(2,362,649)
Actuarial changes arising from changes in financial/ demographic assumptions	(14,318,291)	-	(14,318,291)
Sub-total	(16,007,271)	(5,535,558)	(10,471,713)
Contributions	-	264,353,395	(264,353,395)
December 31, 2020	₱337,719,712	₱333,584,557	₱4,135,155

Consolidated	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability
January 1, 2019	₱172,506,477	₱77,882,651	₱94,623,826
Net Benefit Cost in Consolidated			
Statement of Income			
Current service cost	42,307,642	-	42,307,642
Past service cost/(credit)	16,784,998	-	16,784,998
Net interest cost	13,012,006	4,299,398	8,712,608
Sub-total	72,104,646	4,299,398	67,805,248
Benefits paid	(22,675,901)	(22,675,901)	-
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	-	9,970,579	(9,970,579)
Actuarial changes arising from experience adjustments	2,819,436	-	2,819,436
Actuarial changes arising from changes in financial/ demographic assumptions	63,621,867	-	63,621,867
Sub-total	66,441,303	9,970,579	56,470,724
Contributions	-	-	-
December 31, 2019	₱288,376,525	₱69,476,727	₱218,899,798

Parent Company	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability
January 1, 2020	₱270,554,168	₱68,217,827	₱202,336,341
Net Benefit Cost Statement of Income			
Current service cost	52,001,405	-	52,001,405
Past service cost	-	-	-
Net interest cost	13,392,431	9,806,198	3,586,233
Sub-total	65,393,836	9,806,198	55,587,638
Benefits paid	(4,579,024)	(4,579,024)	-
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	-	(5,546,538)	5,546,538
Changes in the Effect of the Asset Ceiling	673,669	-	673,669
Actuarial changes arising from experience adjustments	(1,102,664)	-	(1,102,664)
Actuarial changes arising from changes in financial/ demographic assumptions	(17,195,507)	-	(17,195,507)
Sub-total	(17,624,502)	(5,546,538)	(12,077,964)
Contributions	-	264,353,395	(264,353,395)
December 31, 2020	₱313,744,478	₱332,251,858	(₱18,507,380)

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Parent Company	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability
January 1, 2019	₱165,800,184	₱75,862,491	₱89,937,693
Net Benefit Cost Statement of Income			
Current service cost	39,653,004	–	39,653,004
Past service cost	15,622,294	–	15,622,294
Net interest cost	12,325,361	4,203,292	8,122,069
Sub-total	67,600,659	4,203,292	63,397,367
Benefits paid	(22,139,594)	(22,139,594)	–
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	–	10,291,638	(10,291,638)
Actuarial changes arising from experience adjustments	(394,091)	–	(394,091)
Actuarial changes arising from changes in financial/ demographic assumptions	59,687,010	–	59,687,010
Sub-total	59,292,919	10,291,638	49,001,281
December 31, 2019	₱270,554,168	₱68,217,827	₱202,336,341

The Parent Company's major categories of plan assets as a percentage of the fair value of total plan assets follow:

	2020	2019
Deposits in banks	0.72%	2.72%
Debt securities:		
Government securities	6.05%	5.57%
Private securities	0.48%	32.02%
	6.53%	37.59%
Equity securities	0.10%	0.43%
Investment in UITF	92.56%	58.95%
Other assets	0.09%	0.31%
	100%	100.00%

Investment in UITF pertains to investments in the RBank Tax-Exempt Retirement Fund (A Balanced UITF). The portfolio is invested in peso-denominated fixed income and exchange-listed preferred shares, with the option to invest a portion in USD-denominated securities.

Movements in "Remeasurement gains (losses) on retirement plan" in OCI follow:

	Consolidated	
	2020	2019
Balance at beginning of year	(₱39,171,510)	₱357,997
Remeasurement gains (losses) on retirement plan in OCI		
Return on plan assets (excluding amount included in net interest)	(5,535,558)	9,970,579
Changes in the effect of the asset ceiling	(673,669)	
Due to experience adjustments	2,362,649	(2,819,436)
Due to changes in financial/demographic assumptions	14,318,291	(63,621,867)
Remeasurement gains (losses) during the year	10,471,713	(56,470,724)
Tax effect	(3,141,514)	16,941,217
Remeasurement gains (losses) during the year, net of tax	7,330,199	(39,529,507)
Balance at end of year, net of tax	(₱31,841,311)	(₱39,171,510)

	Parent Company	
	2020	2019
Balance at beginning of year	(₱39,171,510)	₱357,997
Remeasurement gains (losses) on retirement plan in OCI		
Return on plan assets (excluding amount included in net interest)	(5,546,538)	10,291,638
Changes in the effect of the asset ceiling	(673,669)	
Due to experience adjustments	1,102,664	394,091
Due to changes in financial/demographic assumptions	17,195,507	(59,687,010)
Remeasurement gains (losses) during the year	12,077,964	(49,001,281)
Tax effect	(3,623,389)	14,700,384
Remeasurement gains (losses) during the year, net of tax	8,454,575	(34,300,897)
Share in OCI of the subsidiary	(1,124,376)	(5,228,610)
	7,330,199	(39,529,507)
Balance at end of year, net of tax	(₱31,841,311)	(₱39,171,510)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the DBO as of December 31, 2020 and 2019, assuming if all other assumptions were held constant:

		2020	
		Consolidated	Parent Company
		Impact to DBO	Impact to DBO
+/- basis points (bps)			
Discount rate	+100 bps	(₱26,754,363)	₱24,002,387
	-100 bps	30,743,918	27,442,319
Salary increase rate	+100 bps	29,809,692	26,601,516
	-100 bps	(26,508,395)	(23,774,691)
		2019	
		Consolidated	Parent Company
		Impact to DBO	Impact to DBO
+/- basis points (bps)			
Discount rate	+100 bps	(₱27,088,496)	(₱25,106,994)
	-100 bps	31,838,029	29,477,205
Salary increase rate	+100 bps	32,673,987	30,264,990
	-100 bps	(28,298,092)	(26,240,307)

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

	Consolidated		Parent Company	
	2020	2019	2020	2019
Less than 1 year	₱19,347,378	₱12,407,174	₱19,042,949	₱12,159,143
More than 1 year to 5 years	139,245,068	112,659,428	137,473,496	107,771,274
More than 5 years to 10 years	308,867,135	240,208,802	307,927,886	223,574,970
More than 10 years to 15 years	340,996,077	439,557,653	339,355,413	414,717,153
More than 15 years to 20 years	221,510,340	365,889,941	219,688,559	332,226,569
More than 20 years	376,309,500	1,270,761,917	356,880,122	1,171,584,436

The Parent Company's weighted average duration of the defined benefit obligation is equivalent to 8.2 years and 19.49 years in 2020 and 2019, respectively.

23. LEASES

The Group's leases mostly pertain to building and parking spaces and generally have terms ranging from 2 to 10 years. The lease contracts are cancellable upon mutual agreement of the parties or renewable at the Group's option under certain terms and conditions. Various lease contracts include escalation clauses. As of December 31, 2020 and 2019, the Group has neither a contingent rent payable nor an asset restoration obligation in relation with these lease agreements.

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2020:

	Consolidated	Parent
	2020	2020
1 year or less	₱336,702,857	₱321,974,490
More than 1 year to 5 years	644,448,747	593,466,216
More than 5 years to 10 years	12,699,566	6,549,578
	₱993,851,170	₱921,990,284

The Group also has certain leases of building and parking spaces with lease terms of 12 months or less and leases with low value. The Group applies the recognition exemptions for these type of leases.

Right-of-use Assets

Details of the carrying amounts of ROU assets recognized and the movements during the year ended December 31, 2020 are disclosed in Note 10.

Lease Liabilities

Details of the rollforward analysis of the Group's and Parent Company's lease liabilities as at December 31, 2020 and 2019 are as follows:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Balance at beginning of year	₱720,007,104	₱655,550,471	₱667,575,337	₱611,029,813
Additions	385,946,690	288,537,011	374,189,195	276,816,221
Accretion	46,351,280	51,627,485	41,572,352	47,292,619
Payments	(241,916,872)	(275,707,863)	(230,799,333)	(267,563,316)
Balance at end of year	₱910,388,202	₱720,007,104	₱852,537,551	₱667,575,337

Notes to Financial Statements

24. INCOME AND EXPENSES

Net service fees and commission income consists of:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Service fees and commission income:						
Credit-related	₱227,873,006	₱288,490,349	₱216,219,087	₱227,873,006	₱288,490,349	₱216,219,087
Deposit-related	69,778,956	65,563,650	54,533,131	68,421,098	63,952,403	53,158,485
Commissions	61,209,657	70,688,636	48,259,738	61,185,942	70,627,661	48,208,008
Utility and store payment charges	21,707,522	21,456,252	18,898,411	21,707,522	21,456,252	18,898,411
Trust and other fiduciary	17,778,850	16,103,981	14,553,521	17,778,850	16,103,981	14,553,521
	398,347,991	462,302,868	352,463,888	396,966,418	460,630,646	351,037,512
Service charges and commission expense:						
Banking fees	25,682,056	28,144,406	38,052,033	25,682,056	28,144,406	38,052,033
Cards fees and commissions	133,319,702	141,456,076	34,334,259	133,319,702	141,456,076	34,334,259
Brokerage and commissions	7,463,371	22,631,672	16,937,626	3,635,459	14,279,263	12,511,112
	166,465,129	192,232,154	89,323,918	162,637,217	183,879,745	84,897,404
	₱231,882,862	₱270,070,714	₱263,139,970	₱234,329,201	₱276,750,901	₱266,140,108

Credit-related service fees and commission income include merchant discount and interchange fees from the credit card business of the Bank totaling to ₱95.77 million, ₱152.19 million and ₱53.63 million for the period ended December 31, 2020, 2019 and 2018, respectively.

Miscellaneous income consists of:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Penalties	₱80,533,609	₱39,330,748	₱39,059,762	₱80,533,609	₱39,330,748	₱39,059,762
Recovery on charged-off assets	2,646,750	2,680,358	1,823,272	2,459,620	2,607,521	1,448,223
Gain on sale of property and equipment (Note 10)	1,909,732	7,251,188	2,442,750	1,705,218	6,490,889	2,434,254
Gain (loss) on sale of investment properties (Note 11)	3,560,023	17,356,519	(29,285,940)	3,560,023	5,144,094	(30,677,975)
Gain (loss) on initial recognition of investment properties (Note 11)	(48,301,239)	33,889,780	4,152,421	(48,659,416)	21,471,508	47,181
Gain (loss) on sale of repossessed chattels (Note 13)	(119,281,078)	(102,709,347)	(8,116,298)	(120,922,822)	(102,752,315)	(8,116,298)
Gain (loss) on initial recognition of repossessed chattels (Note 11)	(511,114)	(81,969,450)	–	(511,114)	(81,969,450)	–
Others	58,647,240	59,577,380	65,916,779	41,861,867	45,284,282	57,084,339
	(₱20,796,077)	(₱24,592,824)	₱75,992,746	(₱39,973,015)	(₱64,392,723)	₱61,279,486

Others include other bank charges amounting ₱23.17 million in 2020, ₱27.64 million in 2019 and ₱19.03 million in 2018, dividend income amounting to ₱14.89 million in 2020, ₱10.18 million in 2019 and ₱11.21 million in 2018, rental income from safety deposit box and night depository amounting to ₱1.13 million in 2020, ₱2.99 million in 2019 and ₱3.27 million in 2018 and other miscellaneous income amounting to ₱19.46 million in 2020, ₱18.77 million in 2019 and ₱32.41 million in 2018.

Miscellaneous expenses consist of:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Advertising	₱151,703,925	₱76,128,492	₱41,080,496	₱150,555,292	₱75,087,172	₱40,206,385
Fines, penalties and other charges	75,361,949	95,128,532	25,754,072	74,232,939	94,645,408	25,347,577
Transportation and travel	48,694,997	68,002,449	56,301,105	37,339,584	50,751,471	45,338,283
BSP Supervisory fees	45,091,449	41,429,429	32,792,069	44,351,360	40,897,575	32,220,716
Share in corporate center expenses	43,000,000	–	–	43,000,000	–	–
Stationery and supplies	40,263,575	47,803,913	39,761,779	33,601,689	44,152,095	36,703,926
COVID - related expenses	27,070,643	–	–	27,070,643	–	–
Appraisal fees	22,435,776	17,650,770	8,641,816	22,435,776	17,650,770	8,641,816
Litigation expense (Note 11)	19,680,093	18,622,491	12,068,320	18,843,812	14,509,141	11,067,770
Freight and courier service fees	13,542,083	12,359,769	9,463,644	13,542,083	12,359,769	9,463,644
Membership dues	11,515,064	9,307,987	9,012,731	11,100,415	8,791,614	8,624,770
Merchant acquiring fees	6,568,390	3,376,675	199,300	6,568,390	3,376,675	199,300
Filing fees	929,444	24,861,154	579,427	929,444	24,861,154	579,427
Others	13,089,776	12,252,003	16,847,387	10,226,016	8,108,028	8,185,462
	₱518,947,164	₱426,923,664	₱252,502,146	₱493,797,443	₱395,190,872	₱226,579,076

Share in corporate center expenses refer to service fees related to human resource services, other support services and administrative expenses shared by affiliates within JG Group. Others consist mainly of bills payment fee, statement rendition, rewards redemption fee, and other miscellaneous expenses.

25. INCOME AND OTHER TAXES

Under Philippine tax laws, the Parent Company is subject to percentage and other taxes (presented as 'Taxes and licenses' in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp taxes.

Breakdown of taxes and licenses of the Group and Parent Company consists of:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Gross receipts tax	₱245,701,275	₱243,253,507	₱162,200,977	₱230,567,771	₱222,552,358	₱150,771,107
Documentary stamps used	338,172,507	310,836,158	329,747,775	338,172,507	310,836,158	329,747,775
Permits	31,268,417	26,465,278	20,337,631	28,974,306	21,609,420	16,564,171
	₱615,142,199	₱580,554,943	₱512,286,383	₱597,714,584	₱554,997,936	₱497,083,053

Income taxes consist of final withholding taxes on gross interest income from government securities, deposits and other deposit substitutes, tax on the FCDU income and RCIT, as discussed below, on net taxable income. These income taxes, as well as the deferred tax benefit, are presented in the statement of income as 'Provision for income tax'.

Current tax regulations provide that the RCIT rate shall be 30.00%. Interest allowed as deductible expense shall be 33.00% of interest income subjected to final tax.

The optional standard deduction (OSD) equivalent to 40.00% of gross income may be claimed as an alternative deduction in computing for the RCIT. In 2018, the Parent Company elected to claim itemized expense deductions instead of the OSD in the RCIT computation.

The regulations also provide for MCIT of 2.00% of modified gross income and allow a NOLCO benefit. Both the excess of over the RCIT and NOLCO may be applied against the regular tax liability and taxable income, respectively, over three (3) years from the year of inception.

Current tax regulations also provide for the ceiling on the amount of entertainment and representation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. EAR expenses of the Parent Company amounted to ₱96.09 million, ₱94.34 million and ₱88.10 million in 2020, 2019 and 2018, respectively.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is generally subject to 10.00% income tax. In addition, interest income on deposit placement with other FCDUs and offshore banking units (OBUs) is taxed at 7.50%.

Current tax regulations provide that the income derived by the FCDU from foreign currency-denominated transactions with non-residents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency-denominated loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax. FCDUs' all other income is subject to 30.00% income tax.

Relevant Tax Updates

Revenue Regulations No. 25-2020

On September 30, 2020, the Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 of Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act", allowing qualified businesses or enterprises which incurred net operating loss for taxable years 2020 and 2021 to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

CREATE Bill

The Corporate Recovery and Tax Incentives for Enterprise (CREATE) bill aims to reduce the corporate income tax rate from 30% to 25% starting July 2020 and to rationalize the current fiscal incentives.

On February 3, 2021, the Bicameral Conference Committee approved the reconciled version of the CREATE Bill of the House of Representatives and the Senate. On March 26, 2021, the bill was signed by the President for it to become a law (see Note 31).

Notes to Financial Statements

Provision for income tax of the Group and Parent Company consists of:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Current:						
Final	₱201,413,025	₱178,961,223	₱176,665,322	₱197,943,717	₱174,143,850	₱170,810,970
MCIT	68,850,714	52,851,638	40,325,963	68,850,714	52,851,638	37,545,317
RCIT	5,611,045	11,195,136	1,595,059	2,040,134	2,869,176	1,595,059
	275,874,784	243,007,997	218,586,344	268,834,565	229,864,664	209,951,346
Deferred	(305,253,569)	(181,408,025)	(93,103,496)	(290,513,894)	(91,338,890)	(93,495,115)
	(₱29,378,785)	₱61,599,972	₱125,482,848	(₱21,679,329)	₱138,525,774	₱116,456,231

The provision for deferred taxes charged to other comprehensive income of the Group as of 2020, 2019 and 2018 amounted to ₱3.62 million, nil, and ₱5.93 million, respectively. The benefit for deferred taxes charged to other comprehensive income for the year 2020, 2019 and 2018 amounted nil, ₱16.94 million and nil, respectively.

The provision for deferred taxes charged to other comprehensive income of the Parent Company as of 2020, 2019 and 2018 amounted to ₱3.62 million, nil, and ₱5.72 million, respectively. The benefit for deferred taxes charged to other comprehensive income as of 2020, 2019 and 2018 amounted to nil, ₱14.70 million and nil respectively.

Net deferred tax assets of the Group and the Parent Company consist of the following:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Deferred tax assets on:				
Allowance for credit and impairment losses	₱669,686,789	₱523,526,016	₱548,696,451	₱391,970,270
Provision for employee benefits	11,567,930	21,263,333	11,567,930	21,263,333
Retirement liability	6,792,761	63,429,107	-	60,700,902
Accumulated depreciation on investment properties and repossessed chattels	54,313,281	39,874,235	47,995,944	34,042,813
Accrued rent	-	91,529	-	-
Lease liability- net	29,388,187	12,434,485	27,247,642	11,767,574
Accrued sick leave and vacation leave	32,317,357	22,033,160	32,317,357	22,033,160
Impairment loss on FVOCI	1,030,595	621,176	1,030,595	621,176
Unrealized loss on foreign exchange	4,915,191	5,909,577	4,915,191	5,909,577
Unamortized past service cost on retirement plan	57,335,037	-	57,335,037	-
Loan modification loss - net	55,061,234	-	30,664,144	-
Unrealized loss on FVPL	472,569	-	472,569	-
Excess of MCIT over RCIT	95,515,929	-	95,515,929	-
	1,018,396,860	689,182,618	857,758,789	548,308,805
Deferred tax liabilities on:				
Branch licenses	186,000,000	186,000,000	-	-
Unrealized gain on initial recognition of investment properties and repossessed chattels	65,812,389	44,201,096	53,501,414	36,432,829
Unrealized foreign exchange gain	-	-	-	-
Unrealized income on finance lease receivable	-	-	-	-
Retirement liability	5,552,214	-	5,552,214	-
Unrealized gain on financial assets at FVTPL	-	61,320	-	61,320
	257,364,603	230,262,416	59,053,628	36,494,149
	₱761,032,257	₱458,920,202	₱798,705,161	₱511,814,656

The Group did not set up deferred tax assets on the following temporary differences since management believes that it is not highly probable that these differences will be realized in the future:

	Consolidated		Parent Company	
	2020	2019	2020	2019
NOLCO	₱9,333,182	₱-	₱-	₱-
Allowance for credit and impairment losses	9,246,335	201,557,853	-	-
Excess of MCIT over RCIT	3,088,457	57,498,747	-	57,498,747
	₱21,667,974	₱259,056,600	₱-	₱57,498,747

Details of NOLCO follow:

Inception Year	Amount	Subsidiary		
		Used	Balance	Expiry Year
2020	₱79,783,402	₱-	₱79,783,402	2025

Details of the excess of MCIT over RCIT follow:

Inception Year	Amount	Consolidated		
		Used	Balance	Expiry Year
2020	₱41,105,639	₱-	₱41,105,639	2023
2019	28,672,636	-	28,672,636	2022
2018	28,826,111	-	28,826,111	2021
	₱98,604,386	₱-	₱98,604,386	

Inception Year	Amount	Parent Company		
		Used	Balance	Expiry Year
2020	₱38,017,182	₱-	₱38,017,182	2023
2019	28,672,636	-	28,672,636	2022
2018	28,826,111	-	28,826,111	2021
	₱95,515,929	₱-	₱95,515,929	

A reconciliation of statutory income tax rate to the effective income tax rate of the Group and the Parent Company follows:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Statutory income tax rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Tax effect of:						
Tax paid and tax-exempt income	(26.51)	(18.66)	(28.51)	(26.70)	(16.70)	(28.58)
Non-deductible expenses	(17.09)	17.02	45.08	(0.57)	15.05	43.59
Unrecognized deferred tax assets	23.53	(11.03)	(15.60)	6.3	0.79	(14.80)
FCDU income	(13.17)	(9.44)	(2.62)	(13.05)	(8.60)	(2.67)
Others - net	-	-	-	1.65	(4.39)	(0.68)
Effective income tax rate	(3.25%)	7.89%	28.35%	(2.37%)	16.15%	26.86%

26. 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 or if they are subjected to common control of common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities.

The Parent Company has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time of comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

The significant transactions and outstanding balances of the Parent Company and the Subsidiary with its related parties follow:

Nature of Transaction	Parent Company				Terms and Conditions/Nature
	2020		2019		
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance	
Subsidiary					
Advances from a subsidiary	₱61,200	₱2,296,800	₱362,900	₱2,235,600	Settlement account of ATM transactions using LSB terminal
Accounts receivable	(1,312,584)	3,881,512	2,708,634	5,194,096	Unsecured, non-interest bearing, payable on demand
Receivable from customers - bills purchased	15,000,000	15,000,000	–	–	Non-interest bearing domestic bills purchased
Deposit liabilities	6,897,736	35,922,930	4,006,119	29,025,194	Regular checking account, non-interest bearing

(Forward)

Notes to Financial Statements

Nature of Transaction	Parent Company				
	2020		2019		Terms and Conditions/Nature
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance	
Affiliates					
Accrued expense	43,000,000	43,000,000	-	-	Unsecured, non-interest bearing, Share in coporate expenses of affiliates within JG Group
Receivable from customers - commercial loans	1,224,984,562	4,245,667,500	(848,280,812)	3,020,682,938	Secured loans with interest ranging from 2.80% to 6.75% and from 4.71% to 7.59% in 2020 and 2019, respectively.
Receivable from customers - bills purchased	(39,728,365)	455,464,461	(308,995,424)	495,192,826	Non-interest bearing domestic bills purchased
Deposit liabilities	(13,019,064,032)	23,430,141,929	14,014,806,786	36,449,205,960	Various terms and with annual interest rates ranging from nil to 6.375%
Interest expense	9,734,546	-	37,664,071	-	Interest expense on deposit liabilities
Interest income	137,234,287	-	171,478,041	-	Interest income from secured commercial loans
Service fee income	51,734	-	188,673	-	Income from non-interest bearing domestic bills purchased
Rent expense	13,424,400	-	25,860,861	-	Office rental paid to affiliates and JG Summit Holdings Inc.
ROU assets	67,144,591	354,366,952	287,222,361	287,222,361	Lease renewed every 5 years with 5% escalation rate
Depreciation expense on ROU assets	109,617,631	-	103,671,794	-	Lease renewed every 5 years with 5% escalation rate
Lease liability	107,965,463	412,392,159	304,426,696	304,426,696	Lease renewed every 5 years with 5% escalation rate
Interest expense on lease liability	18,339,779	-	21,471,425	-	Lease renewed every 5 years with 5% escalation rate
Board of Directors					
Deposit liabilities	₱5,699,655,491	₱18,265,559,604	₱12,009,889,059	₱12,565,904,113	Various terms and with annual interest rates ranging from nil to 8.50%
Interest expense	325,570,905	-	34,753,005	-	Interest expense on deposit liabilities
Key Officers					
Deposit liabilities	82,254,700	115,704,398	26,791,849	33,449,698	Various terms and with annual interest rates ranging from nil to 6.50%
Interest expense	4,069,633	-	171,254	-	Interest expense on deposit liabilities

Details on significant related party transactions of the Subsidiary with its other related parties follow:

Nature of Transaction	Subsidiary				Terms and Conditions/Nature
	2020		2019		
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance	
Key employees					
Receivables from customers	₱191,793	₱4,545,044	(₱20,555,447)	₱4,353,251	Loans of directors, officers and stockholders
Interest income	191,793	–	101,045	–	Interest earned from loans of directors, officers and stockholders
Deposit liabilities	1,051,458	1,339,827	(8,617,646)	288,369	Deposits of directors, officers and stockholders
Interest expense	1,757	–	2,783	–	Interest expense on deposit liabilities

Nature of Transaction	Subsidiary				Terms and Conditions/Nature
	2020		2019		
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance	
Compensation and fringe benefits	15,240,975	–	14,537,909	–	Remuneration and benefits to directors and key management personnel
Post-employment benefits	856,109	–	772,446	–	Post-employment benefits

The retirement fund of the Parent Company's employees amounted to P332.25 million and P68.22 million as of December 31, 2020 and 2019, respectively (see Note 22). The fund is being managed by JG Summit Multi-Employer Retirement Plan (MERP), a corporation created for the purpose of managing the funds of the Group, with Robinsons Bank Corporation (RBC)-Trust and Investment Group (TIG) as the trustee. Income earned by the Parent Company through its TIG from managing these funds amounted to P6.67 milion, P3.00 million and P3.47 million in 2020, 2019 and 2018, respectively.

Details of the transactions of the Parent Company with its retirement plan follow:

		2020		
Related Party	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Retirement plan	Contribution, benefits paid and interest earned	₱264,034,031	₱332,251,858	Contributions to the Fund plus interest earned during the year
		2019		
Related Party	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Retirement plan	Contribution, benefits paid and interest earned	(₱7,644,664)	₱68,217,827	Contributions to the Fund plus interest earned during the year

The retirement plan under the MERP has an Executive Retirement Committee, which is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the plan. Certain members of the BOD of the Parent Company are represented in the Executive Retirement Committee. RBC Trust and Investment Group manages the plan based on the mandate as defined in the trust agreement.

Details of remuneration of directors and other key management personnel of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Short-term benefits	P213,574,060	P192,148,981	P122,635,794	P112,402,307
Post-employment benefits	12,607,338	14,352,430	11,751,229	13,540,331
	P226,181,398	P206,501,411	P134,387,023	P125,942,638

27. TRUST OPERATIONS

Properties held by the Parent Company in fiduciary or agency capacity for their customers are not included in the accompanying statement of financial position since these are not assets of the Parent Company (see Note 28).

In compliance with the requirements of the General Banking Law relative to the Parent Company's trust functions, treasury bills with a total face value of P285.00 million and P195.00 million included under Financial Assets at Fair Value through OCI as of December 31, 2020 and as of December 31, 2019, respectively, were deposited with the BSP (see Note 7).

An appropriation of 10.00% of the Parent Company's income from trust operations is set aside as surplus reserve to absorb any losses that may arise from its trust functions.

28. COMMITMENTS AND CONTINGENCIES

- The Group is also involved in a number of legal proceedings. The estimate of the probable costs for the resolutions of these claims has been developed in consultation with outside counsel handling the Group's defense and is based on an analysis of potential results. The Group does not believe that these proceedings will have a material adverse effect on the financial statements.
- In the normal course of the Group's operations, there are various outstanding commitments, contingent liabilities and bank guarantees which are not reflected in the accompanying financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

Notes to Financial Statements

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

	Consolidated		Parent Company	
	2020	2019	2020	2019
Trust and investment group accounts (Note 26)	₱26,192,113,492	₱17,739,157,589	₱26,192,113,492	₱17,739,157,589
Committed credit lines	6,945,067,250	7,258,540,906	6,945,067,250	7,258,540,906
Spot exchange - foreign currency	2,083,121,571	2,654,047,816	2,083,121,571	2,654,047,816
Guarantees issued	1,839,592,801	3,207,412,389	1,839,592,801	3,207,412,389
Contingent - foreign currency swap	1,092,920,578	1,284,358,910	1,092,920,578	1,284,358,910
Outward bills for collection	161,088,252	–	161,088,252	–
Inward bills for collection	1,450,730,126	984,396,933	1,450,730,126	984,396,933
Letters of credit	343,954,891	328,561,049	343,954,891	328,561,049
Late deposit/payment received	61,959,354	93,764,025	61,315,263	93,165,552
Items held for safekeeping	77,158	79,472	61,667	63,338
Other contingent account	184,784	183,907	178,686	178,686

29. SEGMENT INFORMATION

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with segment representing a strategic business unit. The Group's business segments follow:

- Consumer Banking - principally providing consumer type loans and support for effective sourcing and generation of consumer business;
- Corporate Banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and corporate banking;
- Branch Banking - principally handling branch deposits and providing loans and other loan related businesses for domestic middle market clients; and
- Others - principally handling other services including but not limited to trust operations, remittances, leasing, account financing, and other support services. Other operations of the Group comprise the operations and financial control groups.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The General Ledger system of the Bank captures the transactions on a segment level, and segment performance is evaluated based on net income before taxes.

In 2019, the Parent Company incorporated the use of Transfer Pool Rate (TPR) in monitoring the performance of the business units where the fund generating segments such as Treasury and Branch Banking charge the net fund users such as Consumer Banking and Corporate Banking for the excess funds provided.

TPR is reviewed and set by the Bank's Asset and Liabilities Committee. It is the blended cost of interest bearing funds including all funding-related costs such as reserves, document stamp taxes, and other intermediary costs.

This segment performance review is regularly provided to the Bank's Chief Operating Decision maker who is the Parent Company's President and Chief Executive Officer.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location), therefore, geographical segment information is no longer presented.

The Group has no significant customers which contributes 10.00% or more of the consolidated revenue net of interest expense. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds.

The following table presents revenue and income information of operating segments presented in accordance with PFRSs and segment assets and liabilities (amounts in millions):

	December 31, 2020					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Income						
Net interest income:						
Third party	₱3,094	₱2,898	(₱35)	(₱553)	₱389	₱5,793
Intersegment	(627)	(1,847)	(208)	1,992	690	-
	₱2,467	₱1,051	(₱243)	₱1,439	₱1,079	₱5,793
Noninterest income	125	(26)	950	135	(397)	787
Revenue - net of interest expense	2,592	1,025	707	1,574	682	6,580
Noninterest expense	1,469	646	395	1,374	1,791	5,675
Income (loss) before income tax	₱1,123	₱379	₱312	₱200	(₱1,109)	₱905
Provision for income tax						(29)
Net income						₱934

	December 31, 2020					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Financial Position						
Total assets	₱43,448	₱41,436	₱50,845	₱8,659	₱6,759	₱151,147
Total liabilities	₱626	₱2,006	₱60,641	₱65,487	₱4,061	₱132,821
Other Segment Information						
Capital expenditures	₱12	₱32	₱4	₱87	₱76	₱211
Depreciation and amortization	₱62	₱56	₱4	₱116	₱449	₱687
Provision for (recovery of) credit and impairment losses	₱535	₱415	₱–	₱–	₱152	₱1,102

	December 31, 2019					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Income						
Net interest income:						
Third party	₱2,902	₱2,723	(₱943)	(₱662)	₱218	₱4,238
Intersegment	(1,490)	(2,548)	882	2,164	992	–
	₱1,412	₱175	(₱61)	₱1,502	₱1,210	₱4,238
Noninterest income	177	(19)	492	142	(35)	757
Revenue - net of interest expense	1,589	156	431	1,644	1,175	4,995
Noninterest expense	904	222	314	1,222	1,552	4,214
Income (loss) before income tax	₱685	(₱66)	₱117	₱422	(₱377)	₱781
Provision for income tax						62
Net income						₱719

	December 31, 2019					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Financial Position						
Total assets	₱40,363	₱38,040	₱41,521	₱4,561	₱6,656	₱131,141
Total liabilities	₱1,555	₱2,691	₱52,203	₱54,225	₱3,405	₱114,079
Other Segment Information						
Capital expenditures	₱13	₱12	₱15	₱131	₱89	₱260
Depreciation and amortization	₱51	₱41	₱3	₱115	₱426	₱636
Provision for (recovery of) credit and impairment losses	₱44	₱16	₱–	₱–	₱67	₱127

Notes to Financial Statements

	December 31, 2018					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Income						
Net interest income:						
Third party	₱1,772	₱2,436	(₱504)	(₱382)	₱252	₱3,574
	1,772	2,436	(504)	(382)	252	3,574
Noninterest income	126	–	162	71	262	621
Revenue - net of interest expense	1,898	2,436	(342)	(311)	514	4,195
Noninterest expense	443	156	411	1,284	1,459	3,753
Income (loss) before income tax	₱1,455	₱2,280	(₱753)	(₱1,595)	(₱945)	₱442
Provision for income tax						125
Net income						₱317
Statement of Financial Position						
Total assets	₱18,664	₱45,233	₱47,003	₱3,507	₱6,944	₱121,351
Total liabilities	₱829	₱287	₱51,847	₱51,378	₱4,632	₱108,973
Other Segment Information						
Capital expenditures	₱20	₱2	₱4	₱215	₱128	₱369
Depreciation and amortization	₱68	₱2	₱1	₱101	₱183	₱355
Provision for credit and impairment losses	₱15	₱100	₱–	₱–	(₱15)	₱100

Non-interest income consists of service charges, fees and commissions, profit from assets sold, trading and securities gains - net, foreign exchange gain - net, income from trust operations, leasing, dividends and miscellaneous income. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, provision for credit and impairment losses, depreciation and amortization, occupancy and equipment-related cost, amortization of software costs, income (loss) attributable to non-equity non-controlling interest and miscellaneous expense.

30. NOTES TO STATEMENTS OF CASH FLOWS

Details of non-cash investing/financing activities follow:

	Consolidated			Parent Company		
	2020	2019	2018	2020	2019	2018
Increase in capital stock due to conversion of deposit for future stock subscription	₱–	₱3,000,000,000	₱–	₱–	₱3,000,000,000	₱–
Decrease in investment securities at amortized cost due to reclassification of allowance for losses from other assets	–	(178,019)	–	–	(178,019)	–
Additions to investment properties due to foreclosure	128,566,894	104,713,430	116,847,000	127,250,894	86,870,530	107,576,918
Disposal of investment properties and repossessed chattels through sales contract receivable	(1,504,170)	395,414	13,560,422	–	–	–
Increase in property and equipment due to reclassifications	2,897,778	13,239,187	5,035,240	1,022,292	4,749,187	5,035,240
Increase in repossessed chattels due to foreclosure	647,144,700	485,274,889	254,137,176	642,884,700	482,383,000	254,137,176
Recognition of new ROU of asset and lease liability	408,039,623	292,205,132	–	396,508,761	280,341,794	–

Presented below is the supplemental information on the Group's and the Parent Company's liabilities arising from financing activities:

	Consolidated					
	LTNCD	Bills Payable	Bonds Payable	Lease Liabilities	Deposit for Stock Subscription	Total
Balances at January 1, 2020	₱5,927,592,846	₱2,040,505,751	₱9,889,835,356	₱720,007,104	₱–	₱18,577,941,057
Cashflows from financing activities:						
Additions	–	–	–	400,314,535	–	400,314,535
Repayment of borrowings	–	(2,050,000,000)	–	(256,284,717)	–	(2,306,284,717)
Non-cash financing activities:						
Adoption of PFRS 16	–	–	–	–	–	–
Amortization of debt issue costs and accretion of interest	10,117,864	9,494,249	62,053,517	46,351,280	–	128,016,910
Balances at December 31, 2020	₱5,937,710,710	₱–	₱9,951,888,873	₱910,388,202	₱–	₱16,799,987,785

	Parent Company					
	LTNCD	Bills Payable	Bonds Payable	Lease Liabilities	Deposit for Stock Subscription	Total
Balances at January 1, 2020	₱5,927,592,846	₱2,040,505,751	₱9,889,835,356	₱667,575,337	₱–	₱18,525,509,290
Cashflows from financing activities:						
Additions	–	–	–	389,410,582	–	389,410,582
Repayment of borrowings	–	(2,050,000,000)	–	(246,020,720)	–	(2,296,020,720)
Non-cash financing activities:						
Amortization of debt issue costs and accretion of interest	10,117,864	9,494,249	62,053,517	41,572,352	–	123,237,982
Balances at December 31, 2020	₱5,937,710,710	₱–	₱9,951,888,873	₱852,537,551	₱–	₱16,742,137,134

	Consolidated					
	LTNCD	Bills Payable	Bonds Payable	Lease Liabilities	Deposit for Stock Subscription	Total
Balances at January 1, 2019	₱5,917,925,850	₱7,436,904,315	₱–	₱–	₱3,000,000,000	₱16,354,830,165
Cashflows from financing activities:						
Additions	–	400,000,000	9,874,305,237	292,205,132	–	10,566,510,369
Repayment of borrowings	–	(5,800,000,000)	–	(279,375,984)	–	(6,079,375,984)
Non-cash financing activities:						
Adoption of PFRS 16				655,550,471	–	655,550,471
Amortization of debt issue costs and accretion of interest	9,666,996	3,601,436	15,530,119	51,627,485	–	80,426,036
Conversion of deposit for future stock subscription	–	–	–	–	(3,000,000,000)	(3,000,000,000)
Balances at December 31, 2019	₱5,927,592,846	₱2,040,505,751	₱9,889,835,356	₱720,007,104	₱–	₱18,577,941,057

	Parent Company					
	LTNCD	Bills Payable	Bonds Payable	Lease Liabilities	Deposit for Stock Subscription	Total
Balances at January 1, 2019	₱5,917,925,850	₱7,436,904,315	₱–	₱–	₱3,000,000,000	₱16,354,830,165
Cashflows from financing activities:						
Additions	–	400,000,000	9,874,305,237	280,341,794	–	10,554,647,031
Repayment of borrowings	–	(5,800,000,000)	–	(271,088,889)	–	(6,071,088,889)
Non-cash financing activities:						
Adoption of PFRS 16				611,029,813	–	611,029,813
Amortization of debt issue costs and accretion of interest	9,666,996	3,601,436	15,530,119	47,292,619	–	76,091,170
Conversion of deposit for future stock subscription	–	–	–	–	(3,000,000,000)	(3,000,000,000)
Balances at December 31, 2019	₱5,927,592,846	₱2,040,505,751	₱9,889,835,356	₱667,575,337	₱–	₱18,525,509,290

31. SUBSEQUENT EVENTS

Purchase of Unicon Insurance Brokers Corporation

On February 01, 2021, the Board of Directors of the Parent Company and Unicon Insurance Brokers Corporation (UNICON) have approved the Parent Company's subscription of 85,667 to UNICON's unissued authorized capital stock, which resulted in the Parent Company's owning of forty percent (40%) of UNICON's issued and outstanding shares of stock, subject to approval of the Bangko Sentral ng Pilipinas. The parties agreed that the subscription price will be finalized based on UNICON's Audited Financial Statements (AFS) as of December 31, 2020.

Joint Venture Agreement

On February 18, 2021, the Parent Company entered into a joint venture agreement with Robinsons Land Corporation (RLC), Robinsons Retail Holdings, Inc (RRHI) and Tyme Global Limited (TGL) to establish a joint venture company (JVC) which will operate a digital bank in the Philippines and have its own banking license and independent governance structure, subject to the approval of the Bangko Sentral ng Pilipinas (BSP). The initial funding and capital structure required the Parent Company, RLC and RRHI, named as the founding shareholders, to contribute a pro rata portion up to ₱1.25 billion. The shareholder percentage of the Parent Company, RLC, RRHI and TGL upon incorporation shall be 20%, 20%, 20% and 40%, respectively of the share capital and voting rights of the JVC.

Passing of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding 5 million and with total assets not exceeding 100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
 - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
 - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
 - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Parent Company would have been subjected to lower regular corporate income tax rate of 25% and lower minimum corporate income tax rate of 1% effective July 1, 2020. For LSB, the Company would have been subjected lower minimum corporate income tax rate of 1% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated RCIT/MCIT rate of the Parent Company for CY2020 is 1.5% for the RBU and 27.5% for the FCDU and 1.5% for LSB. This will result in lower provision for current income tax for the year ended December 31, 2020 and an income tax credit as of December 31, 2020, amounting to ₱51,638,035 and ₱17,212,678, respectively, or a reduction of ₱17,212,678 for the Parent Company RBU. For the Parent Company FCDU, this will result in lower provision for current income tax for the year ended December 31, 2020 and a lower income tax payable as of December 31, 2020, amounting to ₱1,870,122, or a reduction of ₱170,111. For LSB, this will result in lower provision for current income tax for the year ended December 31, 2020 and an income tax credit as of December 31, 2020, amounting to ₱2,678,183 and ₱91,411, respectively, or a reduction of 892,728, respectively. The reduced amounts will be reflected in the Parent Company's and LSB's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.
- This will result in lower deferred tax assets and liabilities as of December 31, 2020 by ₱131,841,423 for the Parent Company and 6,693,425 for LSB. These reductions will be recognized in the 2021 financial statements.

32. APPROVAL OF THE RELEASE OF THE FINANCIAL STATEMENTS

The accompanying financial statements of the Group and of the Parent Company were approved and authorized for issue by the BOD on April 12, 2021.

33. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATION (RR) 15-2010

The BIR issued RR No. 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. This RR include provisions for additional disclosure requirements in the notes to the financial statements, particularly on composition of taxes, duties, licenses paid or accrued during the year.

Supplementary Information Required Under RR No. 15-2010

The Parent Company reported and/or paid the following types of taxes for the year:

Gross Receipts Tax (GRT)

The National Internal Revenue Code (NIRC) of 1997 provides for the imposition of GRT on gross receipts derived by banks from sources within the Philippines. Accordingly, the Parent Company's gross receipts are subject to GRT as re-imposed in RA No. 9238 beginning January 1, 2004.

Details of the Parent Company's gross receipts and GRT due declared and paid for taxable year 2020 follow:

	Gross Receipts	GRT Due
Interest income	₱6,772,278,362	₱213,215,142
Other income	247,894,693	17,352,629
	₱7,020,173,055	₱230,567,771

Documentary Stamp Tax:

The Documentary stamp tax (DST) paid or accrued on the following transactions are:

Transaction	Amount	DST thereon
Deposits	₱1,123,407,949,847	₱299,694,293
Loan instruments	30,533,333,333	229,000,000
	₱1,153,941,283,180	₱528,694,293

Part of the DST remitted to the BIR are shouldered/ charged to clients/borrowers.

Other Taxes and Licenses

This includes all other taxes, local and national, including local business tax, licenses and permit fees lodged under the 'Taxes and Licenses' account in the statement of income and expenses.

Permits	₱27,286,151
Real property taxes	1,688,155
	₱28,974,306

Withholding Taxes

The following table shows the breakdown of taxes withheld and remitted in 2020:

	Total Withheld	Total Remitted
Withholding tax on deposits	₱239,142,706	₱220,948,053
Withholding taxes on compensation and benefits	157,058,924	131,696,596
Expanded withholding taxes	153,124,143	133,294,293
Final withholding taxes – others	313,631	313,631
	₱549,639,404	₱486,252,573

As of December 31, 2020, there are no outstanding tax cases under investigation, litigation or prosecution in courts or bodies outside BIR.

Notes to Financial Statements

34. SUPPLEMENTARY INFORMATION REQUIRED UNDER BSP CIRCULAR NO. 1074

On February 7, 2020, the BSP issued Circular No. 1074 to amend certain provisions of the MORB and Manual of Regulations for Foreign Exchange Transactions (MORFXT). The Circular provides for new and amended disclosure requirements to the audited financial statements, which are to be presented either (i) on specific notes to the financial statements, or (ii) in a separate note containing supplementary information as required by the BSP. This supplementary information is not a required disclosure under PFRS.

In compliance with the requirements set forth by Circular No. 1074, hereunder are the supplementary information:

Financial performance indicators

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Return on average equity	5.28%	4.89%	5.28%	4.89%
Return on average assets	0.66%	0.57%	0.67%	0.58%
Net interest margin on average earnings assets	4.42%	3.59%	4.21%	3.36%

The following formulas were used to compute the indicators:

Performance Indicator	BSP Prescribed Formula
Return on Average Equity	$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}^*}$
Return on Average Assets	$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Assets}^*}$
Net Interest Margin	$\frac{\text{Net Income Income} \times 100}{\text{Average Interest Earning Assets}^*}$

*Average amount is calculated based on current year-end and previous year-end balances

Capital instruments

As of December 31, 2020 and 2019, the Parent Company has outstanding capital stock shown below:

	Shares		Amount	
	2020	2019	2020	2019
Common shares - ₱10 par value				
Authorized	2,700,000,000	2,700,000,000	₱27,000,000,000	₱27,000,000,000
Issued and outstanding				
Issued and outstanding	1,500,000,000	1,500,000,000	15,000,000,000	15,000,000,000
Issued during the year	-	-	-	-
Balances at end of year	1,500,000,000	1,500,000,000	₱15,000,000,000	₱15,000,000,000

Breakdown of total loans as to security and status

The following table shows the breakdown of receivable from customers as to secured and secured and the breakdown of secured receivables from customers as to the type of security as of December 31, 2020 and 2019:

	Consolidated			
	2020		2019	
	Amount	%	Amount	%
Secured by:				
Real estate	₱30,000,960,014	34.58	₱17,942,714,917	22.38
Chattel	7,105,278,707	8.19	4,783,022,909	5.97
Deposit hold-outs	3,393,492,088	3.91	3,822,824,753	4.77
Others	2,852,003,871	3.29	9,555,083,218	11.92
	43,351,734,680	49.97	36,103,645,797	45.04
Unsecured	43,401,343,870	50.03	44,062,089,025	54.96
	₱86,753,078,550	100.00	₱80,165,734,822	100.00

	Parent Company			
	2020		2019	
	Amount	%	Amount	%
Secured by:				
Real estate	₱29,826,870,584	35.11	₱17,782,237,003	22.66
Chattel	6,977,177,416	8.21	4,629,495,300	5.90
Deposit hold-outs	3,392,564,324	3.99	3,822,311,941	4.87
Others	2,830,825,893	3.33	9,539,857,698	12.15
	43,027,438,217	50.66	35,773,901,942	45.58
Unsecured	41,914,110,312	49.34	42,714,088,215	54.42
	₱84,941,548,529	100	₱78,487,990,157	100.00

Others include jewelry, mortgage trust indenture, company guarantees, deed of assignments of receivables and deed of suretyships.

As of December 31, 2020 and 2019, details of status of loans follow:

	Consolidated			
	Performing		Non-Performing	
	2020	2019	2020	2019
Commercial loan	₱51,024,476,239	₱49,020,083,658	₱444,682,516	₱494,677,651
Consumption	9,586,072,055	10,076,813,061	959,639,991	662,769,544
Domestic bills purchased	480,028,717	495,192,826	-	-
Real estate	22,734,751,992	18,851,873,001	1,152,657,369	236,143,312
	₱83,825,329,003	₱78,443,962,546	₱2,556,979,876	₱1,393,590,507

	Parent			
	Performing		Non-Performing	
	2020	2019	2020	2019
Commercial loan	₱51,008,928,389	₱49,016,794,211	₱378,344,060	₱390,079,153
Consumption	8,247,580,507	8,839,398,807	758,214,198	470,105,222
Domestic bills purchased	480,028,717	495,192,826	-	-
Real estate	22,652,454,343	18,805,126,778	1,150,629,657	230,555,997
	₱82,388,991,956	₱77,156,512,622	₱2,287,187,915	₱1,090,740,372

Notes to Financial Statements

Under banking regulations, loans, investments, receivables, or any financial asset 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 nonperforming 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. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

The Group classifies its loans and receivables as NPL in compliance with BSP regulations, or when, in the opinion of management, collection of interest or principal is doubtful. Loans and receivables are not reclassified as performing until interest and principal payments are brought current or the loans are restructured in accordance with existing BSP regulations and future payments appear assured.

As of December 31, 2020 and 2019, details of gross NPLs follow:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Secured	₱657,586,849	₱394,830,210	₱611,847,574	₱341,449,668
Unsecured	1,899,393,027	998,760,297	1,675,340,341	749,290,704
	₱2,556,979,876	₱1,393,590,507	₱2,287,187,915	₱1,090,740,372

As of December 31, 2020, 2019 and 2018, 67.61%, 40.91% and 45.51%, respectively, of the Group's total receivables from customers are subject to periodic interest repricing.

As of December 31, 2020, 2019 and 2018, 68.93%, 41.72% and 46.40%, respectively of the Parent Company's total receivables from customers are subject to periodic interest repricing.

As of December 31, 2020 and 2019, net NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Total NPLs	₱2,556,979,876	₱1,393,590,507	₱2,287,187,915	₱1,090,740,372
Deductions as required by the BSP*	1,003,487,084	741,102,342	1,008,188,024	656,882,379
	₱1,553,492,792	₱652,488,165	₱1,278,999,891	₱433,857,993

*Allowance for credit losses per BSP

	Consolidated		Parent Company	
	2020	2019	2020	2019
Total NPLs	₱2,556,979,876	₱1,393,590,507	₱2,287,187,915	₱1,090,740,372
Specific allowance for credit losses on NPL*	780,634,037	741,102,342	790,957,943	656,882,379
	₱1,776,345,839	₱652,488,165	₱1,496,229,972	₱433,857,993

*for NPL Cover ratio computation

Restructured receivables which do not meet the requirements to be treated as performing receivables shall also be considered as NPLs.

Significant credit exposures as to industry/economic sector

As of December 31, 2020 and 2019, information on the concentration of credit as to industry follows (in millions):

	Consolidated				Parent Company			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Real estate activities	₱27,146	31.43	₱23,531	29.47	₱27,024	31.92	₱23,470	29.99
Wholesale and retail trade, repair of motor vehicles, motorcycles	9,697	11.23	12,190	15.27	9,485	11.20	11,916	15.23
Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use	8,355	9.67	8,739	10.95	7,371	8.71	8,099	10.35
Manufacturing	7,510	8.69	8,679	10.87	7,501	8.86	8,671	11.08
Electricity, gas, steam and air conditioning supply	5,899	6.83	6,043	7.57	5,899	6.97	6,043	7.72
Transportation and storage	2,939	3.40	5,198	6.51	2,937	3.47	5,195	6.64
Financial and insurance activities	4,751	5.50	3,441	4.31	4,751	5.61	3,433	4.39
Arts, entertainment and recreation	3,479	4.03	3,368	4.22	3,479	4.11	3,368	4.30
Accommodation and food service activities	1,110	1.28	2,039	2.55	1,110	1.31	2,033	2.60
Agriculture, forestry and fishing	7,035	8.14	1,539	1.93	6,956	8.21	1,435	1.83
Information and communication	348	0.40	1,188	1.49	348	0.41	1,188	1.52
Construction	3,098	3.59	778	0.97	3,076	3.63	745	0.95
Administrative and support service activities	316	0.36	514	0.64	316	0.37	514	0.66
Water supply, sewerage, waste management and remediation services	1,048	1.21	321	0.40	1,048	1.24	321	0.41
Other service activities	3,651	4.23	2,271	2.85	3,375	3.99	1,816	2.32
	₱86,382	100	₱79,839	100.00	₱84,676	100	₱78,247	100.00

Other service activities include public administration and defense, compulsory social security, education, human health, social work, professional, scientific, technical, mining and quarrying activities.

The BSP considers that concentration risk exists when the total loan exposure to a particular industry or economic sector exceeds 30.00% of the total loan portfolio.

Real Estate Activities accounted for bulk of industry / economic sector credit exposures. However, 78% of this exposure is comprised of Housing Loans which per BSP Circular 600 Limit on Real Estate Loans of Universal Banks (UB) / Commercial Banks (KB), is excluded from the computation of real estate loans for UBs and KBs. The Bank's Real Estate exposure is compliant with BSP Circular 600 which stipulates that loans extended to individual households for purposes of financing the acquisition of any associated land that is or will be occupied by the borrower and those extended to developers/construction companies for acquisition/development of land, construction/ sale of buildings and/or residential properties including housing units should not exceed 20% of total loan portfolio net of interbank loans.

Restructured receivables of the Parent Company as of December 31, 2020 and 2019 amounted to ₱61.13 million and ₱247.77 million, respectively.

Information on related party loans

In the ordinary course of business, the Parent Company has loan transactions with affiliates and with certain DOSRI. Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the Parent Company. In the aggregate, loans to DOSRI generally should not exceed the Bank's total regulatory capital or 15.00% of total loan portfolio, whichever is lower.

Notes to Financial Statements

On January 31, 2007, BSP Circular No. 560 was issued providing the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said circular, the total outstanding exposures to each of the bank's subsidiaries and affiliates shall not exceed 10.00% of bank's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank. BSP Circular No. 560 is effective on February 15, 2007.

The following table shows information relating to DOSRI accounts of the Group and Parent Company:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Total outstanding DOSRI accounts	₱4,771,777,692	₱3,572,664,382	₱4,771,730,711	₱3,572,376,013
Percent of DOSRI accounts to total loans	5.54%	4.48%	5.63%	4.57%
Percent of past due DOSRI loans to total DOSRI loans	0.00%	0.02%	0.00%	0.02%
Percent of nonperforming DOSRI loans to total DOSRI loans	0.02%	0.02%	0.01%	0.02%
Percent of unsecured DOSRI loans to total DOSRI loans	1.38%	1.24%	1.38%	1.24%

The Parent Company has no assets pledged as collaterals on its liabilities.

Commitments and contingent liabilities

Following is a summary of the Group's commitments and contingent liabilities at their equivalent peso contractual amounts:

	Consolidated		Parent Company	
	2020	2019	2020	2019
Trust and investment group accounts	₱26,192,113,492	₱17,739,157,589	₱26,192,113,492	₱17,739,157,589
Committed credit lines	6,945,067,250	7,258,540,906	6,945,067,250	7,258,540,906
Spot exchange - foreign currency	2,083,121,571	2,654,047,816	2,083,121,571	2,654,047,816
Guarantees issued	1,839,592,801	3,207,412,389	1,839,592,801	3,207,412,389
Contingent - foreign currency swap	1,092,920,578	1,284,358,910	1,092,920,578	1,284,358,910
Outward bills for collection	161,088,252	–	161,088,252	–
Inward bills for collection	1,450,730,126	984,396,933	1,450,730,126	984,396,933
Letters of credit	343,954,891	328,561,049	343,954,891	328,561,049
Late deposit/payment received	61,959,354	93,764,025	61,315,263	93,165,552
Items held for safekeeping	77,158	79,472	61,667	63,338
Other contingent account	184,784	183,907	178,686	178,686



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