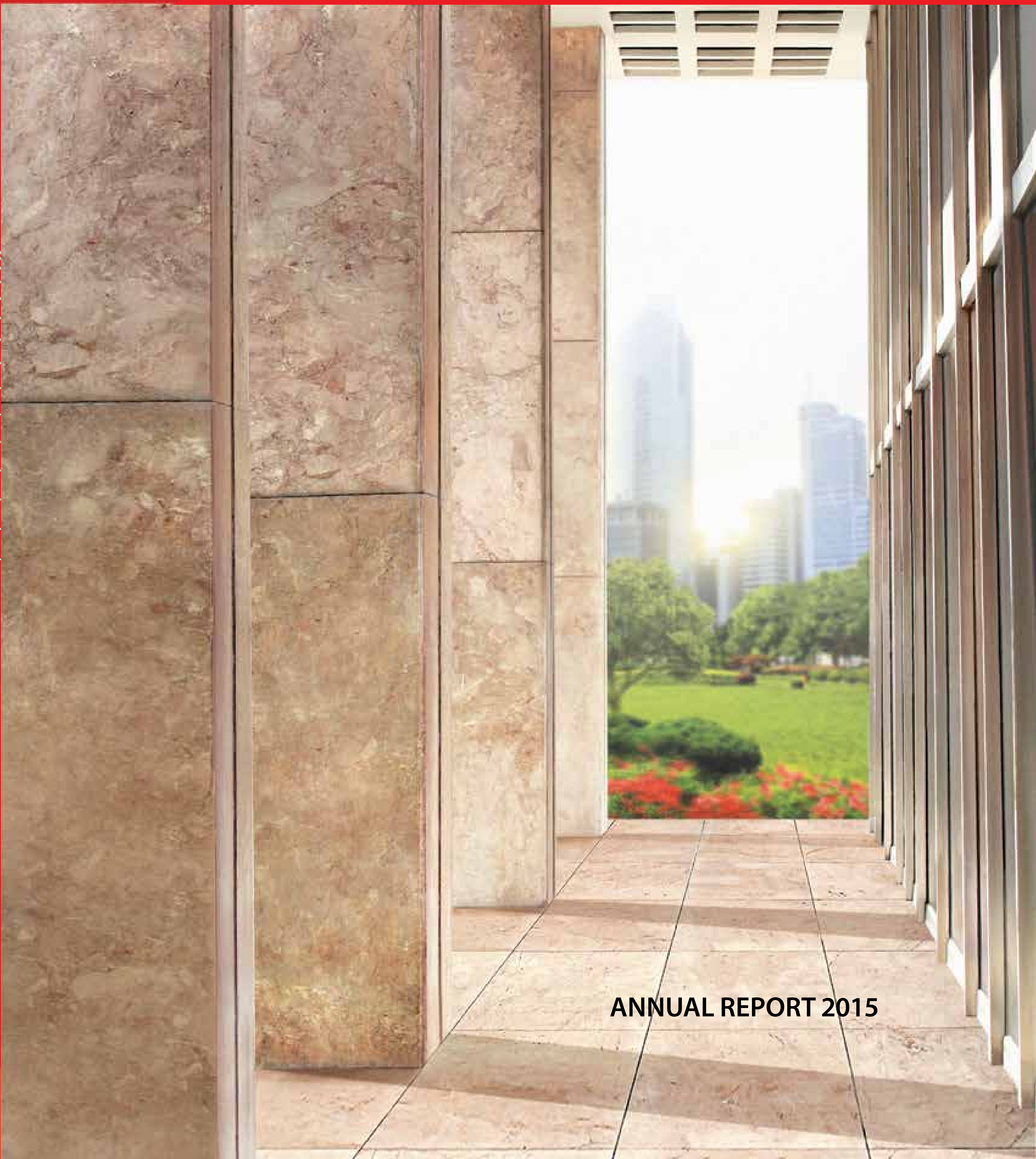
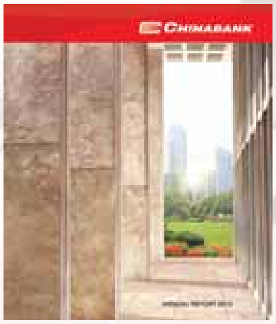
CHINABANK



ANNUAL REPORT 2015

About The Cover



This year's Annual Report cover illustrates China Bank's pillars of strength anchoring a journey of transformation—set upon the foundations of its solid financial strength, rich heritage, and a legacy of enduring partnerships—as the Bank forges ahead towards its centennial year in 2020.

On the horizon, the emerging sunrise heralds a new day full of promise, as the Bank endeavors to sustain its growth, expand its reach, diversify its businesses, deepen existing relationships, start new ones, and continue to strive to be the best bank for our customers—now and for many more years to come.

CONTENTS

Vision

Drawing strength from our rich history, we will be the best, most admired, and innovative financial services institution, partnering with our customers, employees, and shareholders in wealth creation.

Mission

We will be a leading provider of quality services consistently delivered to institutions, entrepreneurs, and individuals, here and abroad, to meet their financial needs and exceed rising expectations.

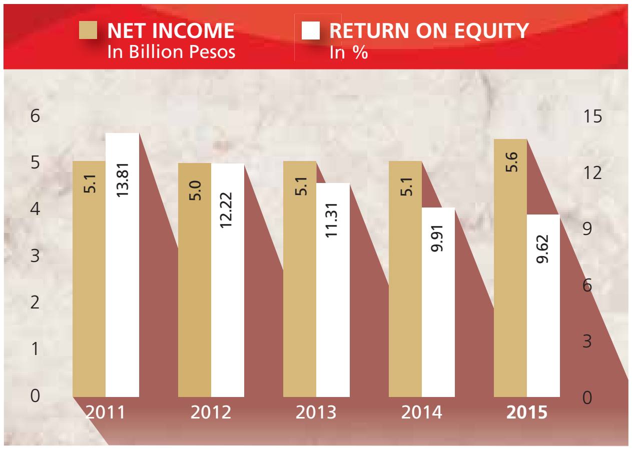
We will be a primary catalyst in the creation of wealth for our customers, driven by a desire to help them succeed, through a highly motivated team of competent and empowered professionals, guided by in-depth knowledge of their needs and supported by leading-edge technology.

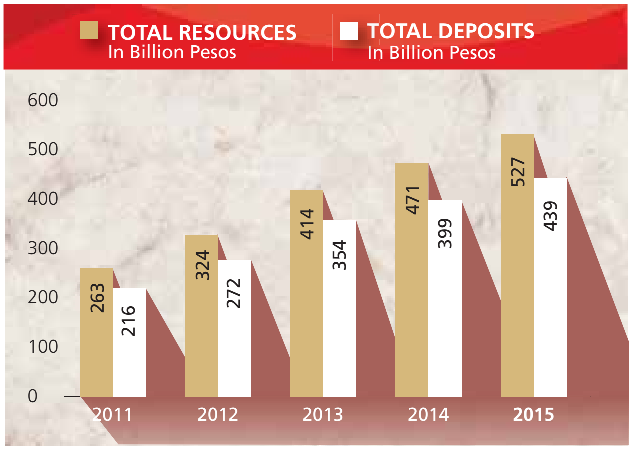
We will maintain the highest ethical standards, sense of responsibility and fairness with respect to our customers, employees, shareholders, and the communities we serve.

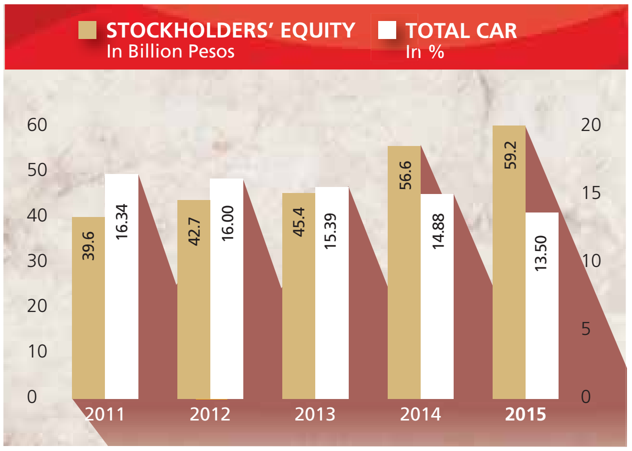
Core Values

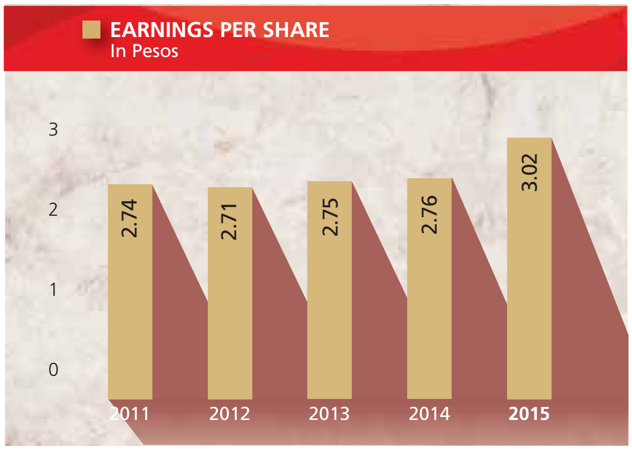
- Integrity
- High Performance Standards
- Commitment to Quality
- Customer Service Focus
- Concern for People
- Efficiency
- Resourcefulness/Initiative

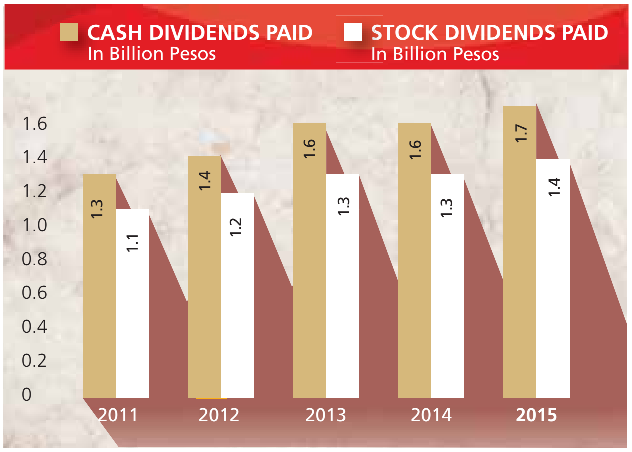
PERFORMANCE HIGHLIGHTS

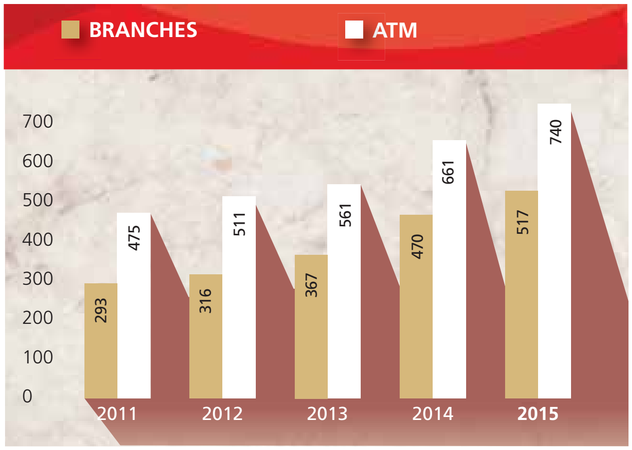












	2013	2014	2015
For the Year (In Thousand Pesos)			
Net Interest Income	9,935,991	14,088,747	**15,085,184**
Non-Interest Income	5,160,592	4,759,277	**4,487,142**
Operating Income	15,096,583	18,848,024	**19,572,326**
Provision for Impairment & Credit Losses	414,336	440,901	**966,574**
Operating Expenses	8,907,264	11,727,211	**12,193,207**
Net Income Attributable to Equity Holders of the Parent Bank	5,103,258	5,117,832	**5,606,666**
At Year End (In Thousand Pesos)			
Total Resources	413,697,923	471,220,813	**526,826,963**
Loan Portfolio(Net)	220,540,903	290,418,730	**309,761,777**
Investment Securities	66,921,227	59,026,895	**71,209,973**
Total Deposits	354,268,203	399,301,544	**439,265,686**
Stockholders' Equity	45,399,699	56,567,483	**59,170,904**
Number of Branches	367	470	**517**
Number of ATMs	561	661	**740**
Number of Employees	5,594	7,245	**7,540**
Key Performance Indicators (in %)			
Profitability			
Return on Average Equity	11.31	9.91	**9.62**
Return on Average Assets	1.45	1.12	**1.17**
Net Interest Margin	2.98	3.30	**3.37**
Cost to Income Ratio	59.00	62.22	**62.30**
Liquidity			
Liquid Assets to Total Assets	42.80	32.89	**36.09**
Loans to Deposit Ratio	62.25	72.73	**70.52**
Asset Quality			
Non-Performing Loans Ratio	1.99	2.24	**2.52**
NPL Cover	146.62	101.25	**87.73**
Capitalization			
Capital Adequacy Ratio (CET 1/Tier 1)	14.50	13.95	**12.58**
Capital Adequacy Ratio (Total CAR)	15.39	14.88	**13.50**
Shareholder Information			
Market Value			
Market Price Per Share (In Pesos)	49.59[1/]	43.52[1/]	**37.20**
Market Capitalization (In Thousand Pesos)	84,232,038	80,671,473	**68,958,700**
Valuation			
Earnings Per Share (In Pesos)	2.75[1/]	2.76[1/]	**3.02**
Book Value Per Share (In Pesos)	24.49[1/]	30.51[1/]	**31.92**
Price to Book Ratio (x)	2.03	1.43	**1.17**
Dividends			
Cash Dividends Paid (In Thousand Pesos)	1,557,449	1,589,272	**1,716,414**
Cash Dividends Per Share (In Pesos)	1.2	1.0	**1.0**
Cash Payout Ratio (In %)	31.04	31.14	**33.54**
Cash Dividend Yield (In %)	2.42	2.30	**2.69**
Stock Dividends Paid (In Thousand Pesos)	1,297,874	1,271,428	**1,373,131**
Stock Dividends Per Share (in %)	10	8	**8**

[1/] Restated to show the cumulative effects of stock dividends.

MESSAGE TO STOCKHOLDERS

TO OUR STOCKHOLDERS AND FRIENDS,

The global economy entered a new phase of volatility and uncertainty, marked by the gradual tightening of US monetary policy, conflict in the Middle East, and plunging oil and commodity prices. Falling demand for petroleum combined with the lack of OPEC production quotas contributed to the oversupply in the oil markets—which adversely affected the energy, construction, and shipping sectors. Concerns over a possible recession triggered a widespread sell-off in the stock markets, a flight to safer investments, and in the case of China, the voluntary suspension of market trading by over half of their listed companies and the devaluation of the Yuan. China's move to shift its economy away from rapid growth fueled by exports, manufacturing, and easy credit has dampened the prospects for many of its trading and investment partners. Given the volatility of the financial and capital markets, the US Federal Reserve carefully calibrated the timing of its policy rate hikes with the pace of the recovery in their labor and property markets.

The stability of the financial system coupled with the low inflation rate gave the Bangko Sentral ng Pilipinas (BSP) ample room to keep its policy rates unchanged even as it opened up the banking industry to six new foreign banks and approved the opening of 227 new branches. The liberalization of the commercial banking sector was among the policy initiatives preparatory to the integration of the ASEAN banking community by 2020.

The year also saw BSP raising its standards on credit management and capital adequacy. By compelling local banks to compete at a higher level — tighten lending standards, limit loan concentrations and build up their common equity base to cushion against business risks — the new regulations would bring the system up to ASEAN best-in-class standards. As of September 2015, industry CAR had improved to 16.40% from 16.19% in December 2014 as banks bolstered their equity base by issuing stocks and Tier 2 notes.

2015 marked a major milestone in China Bank's 95-year history: continued network expansion, China Bank Savings and Plantersbank merger, launching of our credit card, our own investment house, first full-year on bancassurance business with a bigger equity stake, and roll out of a new robust core banking system.

The sustained rebound in the US markets set off capital movements from emerging markets like the Philippines—which saw sharp corrections in its stock market and a 5% depreciation of the peso to P47.17: US$1 by the year-end. Despite the impact of the El Niño phenomenon on the agricultural sector, the country's macro-fundamentals remained sound, with moderate inflation, manageable deficit spending, and rising manufacturing output. As personal consumption and revenues from services remain the bedrock of the country's economy, GDP marginally decelerated from the previous 6.1% to 5.8%—still one of the fastest in the ASEAN.

Besides the evolving regulatory and competitive environment, the banking industry faced volatility in the forex, debt, and equity markets as negative sentiment and scarcity of investment options limited opportunities to generate gains from securities trading and interest accruals. Net margins compressed as market rates fell close to record lows given the accommodative monetary policy and liquidity overhang. Meanwhile, growth rates for the industry's assets decelerated to 8% in 2015 from 12% in the previous year while that for loans sharply declined to 12% from 20% in 2014. This margin compression and slowdown in volume growth dragged the average ROE of the universal & commercial banking industry down to 9.80% from the prior period's 10.96%.

Despite the challenging landscape, 2015 was a milestone in China Bank's 95-year history, as key components of our business plan fell into place: continued branch network expansion, completion of China Bank Savings (CBS) and Planters Development Bank (PDB) merger, launching of credit card services, set-up of our investment house China Bank Capital Corporation, first full-year operations of our bancassurance joint venture MCBLife with our expanded 40% equity stake, and the implementation of the Finacle Core Banking System. These initiatives enabled your Bank to consolidate its presence in the corporate and commercial segments and accelerate market penetration and revenue build-up in the high potential consumer, retail and SME markets.

Net income rose to a new high of P5.6 billion, up 9.53% from the prior year's level, underpinned by the growth in lending and accruing revenues as well as the contribution from our investment banking and asset management businesses. We likewise leveraged on the rapid expansion of our retail banking footprint to establish more client relationships and build up fee-based revenue streams and low-cost funding. This profit performance translated to a 9.62% return on average equity and a 1.17% return on average assets for the year.

- The Bank's total assets grew to P526.83 billion, 11.80% higher year-on-year, mainly from the growth in loans and liquid assets.
- Combined resources of our two thrift bank subsidiaries: CBS and PDB, rose 11% year-on-year to P76 billion, comprising 14% of the total resources.
- Net loan portfolio rose to P309.76 billion from P290.42 billion, with consumer and commercial loans expanding by 24% and 11%, respectively. China Bank gave emphasis to loans quality over credit growth, as we adopted more rigorous credit quality standards in anticipation of BSP Circular 855 implementation. In the same manner, we booked P966.57 million in loan loss provisions, up 119% from the prior year.
- Investment securities portfolio rose 21% with our renewed focus on fixed income securities business including trading and distribution of peso- & dollar-denominated bonds.
- CASA rose 17.77% to a new high of P227.56 billion, driven by the network expansion – with the ratio of CASA to total deposits expanding to 51.80% from 48.39% in 2014. As low-cost funds accounted for half of our asset funding and as loans grew in high-yielding segments, net interest margin improved to 3.37% from 3.30%.
- Cost-to-income ratio was relatively steady at 62.30% from 62.22% last year despite the costs of integrating our thrift bank operations, upgrading banking technology, and sustained pace of opening new branch offices. China Bank's ratio compares favorably with the average industry ratio of 63.59% in 2015.
- Equity levels grew to P 59 billion, with CET 1 and Total CAR ratios of 12.58% & 13.50%, respectively. Market capitalization has more than doubled over the last ten years due to the Bank's consistent bottom-line results and dividend payout and yield.
- Fitch Ratings affirmed the Bank's long-term foreign- and local-currency issuer default rating of 'BB', viability rating of 'bb' and national long term rating of 'AA-(phl)' with a stable outlook. The ratings reflect China Bank's sound levels of capitalization, funding, liquidity, and market share relative to its higher risk appetite. Capital Intelligence likewise maintained its Financial Strength rating at BBB- and Foreign Currency Long-Term Rating at BBB- for the Bank.
- For the fourth straight year, China Bank was recognized by Philippine Stock Exchange at their annual Bell Awards for its commitment to the highest standards of corporate governance. It was the only bank in the publicly-listed company category and the only bank among the top five awardees in each of the four years.

Your Bank embarked on its most rapid pace of network expansion over the last decade: with China Bank and CBS opening 38 and 9 branches for the year, respectively, for a total of 517 branches by the year-end. These continued investment will bolster China Bank's footprint and profitably

HENRY SY, SR.
Honorary Chairman
and Advisor to the Board

improve market share, CASA growth and distribute a broader variety of financial services. As a result, deposit base expanded by 10% to P439 billion from P399 billion on the back of the larger network. Retail Banking Business' (RBB) efforts to build a sales-driven organization while developing the credit underwriting skills of its frontliners bore fruit this year, with the branches accounting for 47% of loans growth, 92% of bancassurance revenues, and 51% of consumer loan bookings.

As before, we endeavored to sustain our financial performance despite the heightened pressure coming from our accelerated business expansion and technology upgrade. Given the tougher standards for credit underwriting and compression in interest spreads, China Bank focused on strengthening its asset and funding structure, building a more valuable customer base, and diversifying its recurring income streams. Net interest margin rose to 3.37% as a result of this balance sheet rationalization and yield enhancement strategy that placed more emphasis on our bond dealership, wealth management, and investment banking businesses.

Due to prudent cost management, the growth of our operating expenses was kept to 4%, keeping our cost-to-income ratio close to their 2014 level. This dovetailed with our drive to efficiently leverage on our capital base as a means of sustaining the Bank's future expansion, growth in shareholder value, and CET 1 capital ratio well above the regulatory minimum.

In contrast to previous periods wherein Corporate Banking actively built up their market share, 2015 centered on the cross-selling to institutional and commercial accounts of fee-based services such as cash management, trade finance, and loans underwriting, besides pricing its loans based on the depth of client relationship. We likewise tightened our credit administration policies to better conform to the new parameters on related party transactions, industry exposure limits, and risk monitoring & reporting. As we applied more rigor to our loan origination process and gradually shifted to a more selective borrower base, the growth in gross loans tapered to 7% from P298 billion last year to P 317 billion.

MESSAGE TO STOCKHOLDERS

The establishment of China Bank Capital Corporation as a separate investment house, complemented our Corporate Banking business by broadening the range of products and service options available to our top 1,000 clients and the top segment of the middle market and by creating opportunities to tap new markets that raised service charges, fees & commissions income by 17% for the year. CBCC would add value to our institutional relationships by providing advisory services, expertise in loans syndication, and giving clients access to China Bank's proven placement capability.

The Bank successfully returned to the capital markets last May 2015 with its US $158 million syndicated loan from international banks—deployed into better yielding assets as well as funding for corporate borrowers and project financing deals.

The Bank embarked on its most ambitious corporate brand refresh program to date, which led to a more modern branch design and layout—with the goal of providing customers with high-quality and consistent banking experience.

Meanwhile, we covered new ground in 2015 with the launching of China Bank MasterCard—a new channel for delivering greater convenience to our clients and becoming an integral part of their lifestyles and aspirations. Our credit cards round out our menu of consumer products by giving clients more flexible payment options and exclusive membership privileges through various loyalty, co-branding, and promotional programs that would support the branches and other business units in their client acquisition and retention programs.

MCBLife, our bancassurance joint venture with Manulife, marked its first year as a full-fledged insurance company developing and marketing its proprietary insurance lines. Bancassurance premiums grew by 22% to P337 million in 2015, from higher sales of variable life investment products at our branches that add more value to our client relationships. We received the necessary regulatory approvals to merge PDB into CBS, the surviving entity. With combined resources of P76 billion and network of 165 branches, our thrift banking operation would have the scale and coverage to compete in the high potential SME and retail segments. The merger was a key component of our market segmentation strategy wherein China Bank's Consumer Banking business would concentrate on branch referrals and developer financing, while CBS would focus on retail account acquisition, community banking, and personal lending.

Our combined network of 517 branches will serve as the primary platform for distributing banking products, growing client base, and providing front-liner service to customers. RBB restructured their branch organization into 28 service areas that report to eight regional centers supported by business processing centers located at key service areas. As configured, the network would be more responsive to market developments and have the necessary credit & operational support at hand to be able to grow their business volume. It would empower the China Bank team in addressing customer feedback and creating more meaningful client relationships. We foresee China Bank's distribution network expanding to 720 branches and over 1,000 ATMs by 2020, supporting the goal of doubling our customer base.

The successful migration of the core banking system to the more powerful Finacle Core Banking platform during the third quarter of 2015 affirms our commitment to continuously enhance operational efficiency and service quality. This latest upgrade provides China Bank with the requisite technology infrastructure to handle the surge in volume and complexity of customer transactions, broader range of financial products and services, as well as the management and analysis of client information. By running all key business applications on the enhanced platform, we expect to shorten the processing cycle for management, middle and back office, and regulatory reports—which should improve our response and decision-making times. The Bank is currently preparing for the adoption of Europay MasterCard Visa (EMV) technology for its ATMs and card products to strengthen the security of client data and processes. Similarly, we have programmed the upgrade of our online and mobile banking, cash management, remittance, Treasury, and Trust systems—enabled by our robust platform—to provide an integrated customer experience.

The Bank embarked on its most ambitious corporate brand refresh program to date, which led to a more modern branch design and layout—with the goal of providing customers with high-quality and consistent banking experience. The centerpiece of this program was the branch redesign project which modernized the look and feel of a China Bank branch and transformed the branch into a customer-friendly, familiar yet efficient venue for delivering and cross-selling the China Bank brand of quality service. We opened our pilot branch at BGC-One World Place branch in August, followed by the Cebu- SM Seaside City branch in November, and expect to omplement this branch design at all our new branches and eventually, at all branch offices nationwide.

Our China Bank family has grown to over 7,500 officers and employees with the ongoing business expansion and series of banking acquisitions. We note that over half of our people are now based in the branches—where the majority is located outside the National Capital Region. With the increasing dispersion, the challenge for our Human Resources Division would be fast-tracking the development of key marketing skills and service orientation among our front-liners as well as nurturing talents for the succession pool and key banking positions. Ultimately, China Bank's ability to be the bank of choice for clients lies in our ability to provide personalized and consistently high level of banking service.

At this juncture, we must acknowledge the key role of the Board of Directors and Management in driving the Bank to a new level of excellence and dynamism while keeping to their vision of building the best bank for our customers. We warmly welcome all new China Bankers to the fold and count on their collective experience and knowledge to enrich and strengthen our organization, as we meet the challenges of a fast-changing and highly competitive industry. We also thank our clients and stakeholders for supporting us throughout our 95 years in business, and sincerely hope to be continuing part of their success in the coming years.

HANS T. SY
Chairman of the Board & the
Executive Committee

GILBERT U. DEE
Vice-Chairman

RICARDO R. CHUA
President & Chief Executive Officer

OPERATING HIGHLIGHTS

China Bank's goal in 2015 and in the next several years is to be a major player in the industry with a sharp focus and sustained commitment to deepen existing relationships and partnerships, acquire customers, and be the best bank for all its stakeholders. This is anchored on our continued passion to be a catalyst for wealth creation and deliver significant customer and shareholder value—our driving force for close to a century.

Accordingly, the Bank is primed to grow in all market segments through continued branch network expansion, enhanced infrastructure, with sizeable presence in institutional, commercial, and middle market segments and with stronger coverage among small and medium enterprise (SME) and consumer accounts.

We confronted 2015 with optimism, focusing on building a customer-centric organization and putting together the foundations for sustainability. With greater agility and hard work, China Bank punctuated the year with several milestones, a fitting homage to 95 fruitful years in the industry. Enhanced resources and capabilities and openness to change have allowed us to provide innovative solutions and offer new products and services. The implementation of new initiatives and completion of major projects all signify also that we are on the road to becoming the best bank for our clients.

2015 was a landmark year of continuing transformation. A more contemporary and dynamic China Bank can now be seen in the redesigned branches and will be seen in more locations, as we continue with our rapid network expansion. The challenges of the current business climate have stimulated us to enter new and exciting business lines. Along with this expansion comes the expected growth of its management team, composed of highly skilled and professional executives who can ably deliver in response to our customers' expanding needs and preferences.

The strong financial performance for the year underscores that we are on the right track. A look into our different businesses' performance in 2015 confirms that our initiatives and programs for profitable and sustainable growth are making headway.

Aligned with our core strategy to reach more markets and acquire new client partners, we pursued the aggressive expansion of our branch network in 2015. We added 47 new branches (inclusive of CBS) in strategic locations and ended the year with a total of 517 branches. Our reach went beyond our branches as we deployed nearly 80 new automated teller machines (ATMs) in populated areas, bringing the total number of ATMs to 740.

China Bank solidified its position as one of the most preferred partners of issuers in the last three years, led by our investment banking team. In 2015, China Bank acted in a lead or joint lead capacity in a number of landmark deals, including the P15B San Miguel Pure Foods preferred shares and P33.5B San Miguel Corporation on preferred shares, the P20B SM Prime bonds and P4B Sta. Lucia Land maiden bonds, the P33.31B Pagbilao 3 project finance and P42.15B San Buenaventura Power project finance, which was recently named by Project Finance International as Asia-Pacific's PowerDeal of the Year.

BALANCE SHEET HIGHLIGHTS

Increased by 10%
P5.6 B
Net Income

Increased by 12%
P527B
Total Assets

Increased by 7%
P317 B
Gross Loans

Increased by 10%
P439 B
Total Deposits

9.62%
Return on Equity

OPERATING HIGHLIGHTS

Our reach went beyond our branches as we deployed nearly 80 ATMs in populated areas, bringing the total number of ATMs to 740.

1.6M Number of Customers/ Accounts
China Bank: 1.33M
China Bank Savings: 0.28M

517 Total Branch Network
China Bank: 352
China Bank Savings: 165

740 ATM Network
China Bank: 590
China Bank Savings: 150

7,540 Total Employees
China Bank: 5,713
China Bank Savings: 1,827

Spurred by these significant growth and contribution, we invested and obtained BSP and SEC approvals to operate our new investment house, China Bank Capital Corporation, which will provide capital raising, merger and acquisitions, financial restructuring, debt and securities underwriting, and advisory services to all types of public and private companies.

GROWING THE ORGANIZATION

While the previous year found us reorganizing a structure to build a more responsive and competitive China Bank, we continued to boost our human resources by hiring 295 new employees in 2015, who along with existing manpower pool, are being constantly trained to deliver personalized and customized service in order to deepen relationships with valued clients. These talented and dynamic China Bankers are led by a very competent management team whose expertise and professionalism are strengthened through continuous customer banking education.

RETAIL BANKING

Our commitment to cultivate stronger relationship and enduring partnerships with our markets has prompted us to engage customer segments that will ultimately benefit not just us, not just the industry but most especially, the entire country.

To ensure efficient client servicing and product delivery and to accelerate business expansion, China Bank maximized value from its rapid branch growth through targeted customer acquisition and retention, developed new market base, and further developed the branch banking organization that will effectively implement our ongoing expansion. To proactively cross sell and nurture customer and employee relationships, we strengthened the organization by developing "super BMs (branch managers)" and expanded our region and area head complement to improve span of control, fortify customer partnerships, and improve market coverage.

We found it necessary to invest in new infrastructure so that we can deliver an enhanced level of service, convenience, and engagement to our customers at the main touchpoint: the branch. As part of our ongoing branch expansion development strategy and corporate image enhancement, we embarked on a "redesign and refresh" project to develop a new look for our branches. We chose a very cosmopolitan location for the pilot branch to display the new design. China Bank Bonifacio Global City-One World Place, at 32nd Avenue, which opened in August 2015, features an open layout, dynamic seating and contemporary counters and fixtures. The new design conveys a more conducive and inviting environment that signals a more progressive future for China Bank. This was

RETAIL BANKING

followed by the opening of Cebu SM Seaside Branch in November, which also sports the new improved look.

We also inaugurated the new China Bank Corporate Center, a PEZA-accredited BPO tower at the Cebu Business Park, on July 16, 2015. The China Bank Corporate Center completes the two-phase development of our operations in the south.

CUTTING-EDGE IT PLATFORM

To support the expanding operations and strengthen our banking platform, China Bank migrated to a new core banking system called Finacle Core Banking Solution (FCBS). FCBS is the core banking transformation project dubbed as China Bank PLUS *(Program to Level Up our Service)* and will be the cornerstone of China Bank's competitive advantage to meet our commitment to build a customer-centric organization and drive business growth.

The FCBS roll out in China Bank Savings on August 10, 2015 is considered one of the most successful core banking system conversion in the country, with marginal service disruption during and after the transition.

Its agile architecture and scalable technology give greater computer power and enhanced capability and flexibility to improve service quality and optimize customer experience. It allows us to manage risk and regulatory compliance more effectively and easily adapt to changing customer demands and market trends.

In the Bank's efforts to have full control and more effective handling of transactions, we are currently enhancing the security features and improving the convenience and functionalities of our corporate internet banking platform through "Project Transcend". Ultimately, this project will allow us to give our business customers a new experience in online banking. Upon completion, our internet banking website will have a streamlined new look with an Integrated Login Page and a Dashboard that fulfills all account information needs like a 'one-stop shop'.

REMITTANCES

In 2015, China Bank continued to develop its remittance services including domestic money transfers. Depositors can send money to their beneficiaries who do not have any bank accounts. More beneficiaries are now taking advantage of our vast network of cash pick-up locations, which include its China Bank branches as well as branches of China Bank Savings, MLhuillier, Cebuana Lhuillier, Palawan Pawnshop, LBC, SM Global Pinoy Centers and One Network Bank.

Meanwhile, international remittances sent through China Bank experienced robust growth, 96% growth in number of transactions and 60% growth in absolute amounts.

	2014	20151	Growth
Remittance Volume in $ Mn	551	883	60%
No. of Transactions ('000)	1,112	2,175	96%

Our remittance teams have also been going around the country to market the Overseas Kababayan Savings Account, a deposit account specially designed for Overseas Filipinos and their beneficiaries. It is the perfect instrument for managing an OFW's hard-earned money and a take-off for growing his savings, later on venturing into investments, and eventually buying or building his own home or and even starting his own business.

LENDING

2015 proved to be a significant year for the Lending Segment. We fortified our presence in the corporate market with big ticket accounts from expanding "new economy" business segments—power and utility, infrastructure (PPP projects), mining, business process outsourcing, logistics/warehousing, payment streams for corporate clients, and telecommunications.

China Bank tapped payment streams of corporate clients through our cash management businesses, participated in more forex-denominated deals by building up our foreign currency deposit unit deposit base, and pursued relationship- and risk-based pricing. We also defended our market share for commercial, middle market, and small-and-medium scale-enterprises (SMEs) by addressing the funding requirements of top-tier commercial clients, and through close collaboration between Investment Banking and Consumer Banking for business development and expanded fee-based businesses. 2015 also saw the launching of our credit cards, building up of our teachers' loans, and the bundling of consumer and remittance services.

CONSUMER BANKING

We are pleased to report that our Consumer Banking Group achieved a remarkable 24% growth in housing loans, more than double that of industry's 10%. A huge chunk of this increase was obtained from a 32% increase in new loans from our Developer Referred Channel. In addition, our housing loan market has gone beyond major developers to now include pocket developers.

Even as our auto loans market catered mainly to existing Bank clients, it saw a significant 13% growth in 2015. During the year, financing for trucks, buses and heavy equipment was initiated in our branches. At the same time, the Branch Customer Survey was administered as branches were given the necessary

LENDING

marketing and support to ensure the consistent delivery of superior customer service.

The strengthening of the Bank's organizational structure also extended its scope to the Consumer Banking Group with the spin-off of a department into a division and the creation of new units and new unit heads as well as the establishment of both marketing and operations function within each consumer banking center. All these changes are aimed at a more streamlined organization that is more focused and with greater control of areas of responsibilities and accountabilities.

CREDIT CARDS

China Bank MasterCard was formally launched during our 95th anniversary celebration. We produced a special 95th anniversary card design that came with another free-for-life promotion as part of the credit card launch and the bank's anniversary celebration.

2015 also saw the launching of one-of-a-kind marketing promos for the China Bank Credit Cards. In March, the Prime, Platinum, and World MasterCard variants were made available to our depositors. More depositors subscribed to our credit cards when we launched the "Dare to Break Free" promo, which offered absolutely zero annual fees for life.

China Bank MasterCard's "2 Million Mabuhay Miles and a Priceless New York Holiday Package" raffle promo launched in September was also a major treat for the year.

We also developed new card features to benefit both buyer and seller. These were in the form of our Merchant Installment Program and Internal Installment programs namely Balance Transfer, Balance Conversion, and Transaction Conversion. We look forward when we add more versatile features and benefits such as cash advance, automatic debit facility, and rewards redemption.

A special anniversary credit card designed with MasterCard was unveiled during the Bank's milestone celebration.

An approved cardholder must have at least twelve (12) transactions per year or must have at least one approved supplementary card activated and used within the first three (3) months from card delivery, and maintained for at least year to join the 2 Million Mabuhay Miles raffle promo.

CMSD also tied up with BancNet and a reliable solutions provider for point of sale (POS) transactions to develop a facility where ATM account holders will be able to send or withdraw at the counters of POS Merchants.

Our marketing promos and new card features drove average monthly spending per month for each active card to more than double the industry average. Despite our infant status in the credit card industry, our first year gross billings of P1.47 billion surpassed those of credit card providers which have been around for several years.

CASH MANAGEMENT

Our Cash Management Service Division (CMSD) is one with the company in its goal of becoming the bank of choice by corporate customers. In 2015, CMSD initiated a project that will replace its cash management platform. It engaged the expertise of SecureMetric and Solutions Exchange Inc., which will allow CMSD to have full control and more effective delivery of cash management transactions for disbursement products such as CheckWrite and Payroll, among others.

CASH MANAGEMENT ACHIEVEMENTS

Fund Level / Portfolio Management target achieved by 102%

Deals Management target over-achieved by 154%

Average Income to Cost ratio of the products is at 7:1 versus the target of 4:1.

FINANCIAL AND CAPITAL MARKETS

The year 2015 was pivotal for the Bank, as various initiatives aimed to rationalize balance sheet and asset/liability management, strengthen our presence in the origination space of capital markets, enhance our ability to serve customers with more robust technologies and efficient processes, and provide a wider range of product choices for the increasingly sophisticated and demanding customer.

INVESTMENT BANKING

Our Investment Banking Group has been providing our clients with a wide range of investment banking services: financial advisory, arranging and underwriting loan syndications, project finance, and debt and equity capital market transactions. Led by First Vice President Virgilio O. Chua, the Group solidified China Bank's position as one of the preferred partners of issuers in the last three years since its inception.

One of the major steps we undertook to become the best bank for our clients and ensure sustainability as we near ASEAN integration was to spin-off our investment banking group into a stand-alone investment house. On May 14, 2015, the BSP approved our application to set up China Bank Capital Corporation, China Bank's

1	2	3	4	5
Acted in a Joint Lead Capacity for the following Preferred Shares Issuances:	**Acted in a Joint Lead Capacity for the following Retail Bonds Issuances:**	**Acted in a Joint Lead/Co-Lead Capacity for the following Project Finance transactions:**	**Acted as sole Issue Manager for a Corporate Note Issuance:**	**Maiden Retail Bonds Issuance of Sta. Lucia Land, Inc. solely arranged by China Bank**
• San Miguel Corporation (Php33.5 Bn) • San Miguel Pure Foods Company, Inc. (Php15.0 Bn)	• SM Prime Holdings, Inc. (Php20.0 Bn) • 8990 Holdings, Inc. (Php9.0 Bn) • Ayala Land, Inc. (Php7.0 Bn)	• San Buenaventura Power Ltd. Co. (Php42.15 Bn) • Therma Visayas, Inc. (Php31.9 Bn) • Panay Energy Development Corporation (Php11.0 Bn) • Del Pilar Steel, Inc. (Php4.4 Bn)	• Petrolift Inc. (Php3.0 Bn) • Moldex Realty Inc. (Php800.0 Mn)	• Sta. Lucia Land, Inc. (Php4.0 Bn)

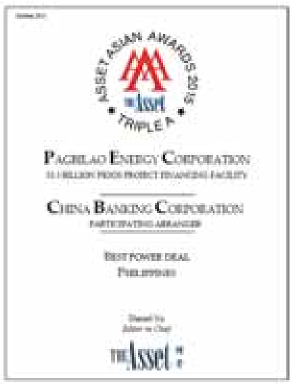
investment house subsidiary. It allows us to further strengthen the origination side on top of our healthy pursuits in the distribution side. Executive Vice President Romeo D. Uyan Jr., was appointed President of China Bank Capital.

Our investment house provides our customers with a wide range of services including debt and equity capital raising and underwriting, project finance, mergers and acquisitions and financial advisory services to all types of public and private companies and played significant roles as sole issue manager, joint lead arranger/lead manager/lead underwriter in a number of landmark deals.

Among the noteworthy landmark deals made in 2015 where China Bank acted in a lead or joint lead capacity include the P15B San Miguel Pure Foods preferred shares and P33.5B San Miguel Corporation preferred shares, the P20B SM Prime bonds and the P4B Sta. Lucia Land maiden retail bonds.

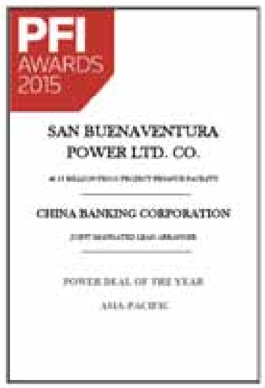
The P33.38 billion Pagbilao Power Plant Project Financing Deal won for us the Best Power Deal in the Philippines. The citation

FINANCIAL AND CAPITAL MARKETS



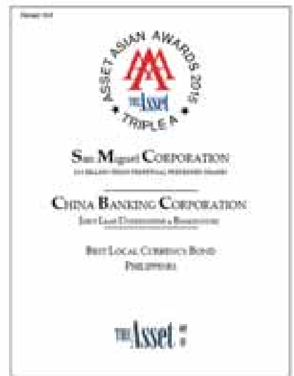
Pagbilao Energy Corporation
PHP 33.3BN
Project Finance Facility

Asset Asian Awards
Best Power Deal 2015



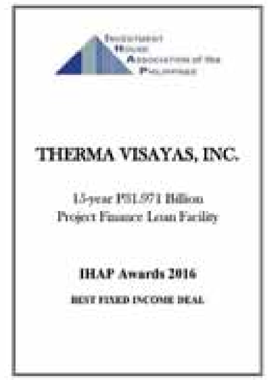
San Buenaventura Power Ltd. Co.
PHP 42.15BN
Project Loan Facility

PFI Awards 2015
Power Deal of the Year
Asia-Pacific



San Miguel Corporation
PHP 33.5BN
Perpetual Preferred Shares

Asset Asian Awards
Best Local Currency Bond 2015



Therma Visayas, Inc.
PHP 31.98BN
Project Finance Loan Facility

IHAP Awards 2016
Best Fixed Income Deal

was given by Hong Kong-based financial publication "The Asset Magazine" at the 2015 Triple A Infrastructure Awards. China Bank acted as Co-Arranger and Lender for this groundbreaking arrangement.

Thomson Reuters Project Finance International (PFI) recognized the P42.15B San Buenaventura Project Loan Facility as the Power Deal of the Year in Asia Pacific during its 2015 PFI Awards held in London. China Bank acted as the Mandated Lead Arranger and Lender for the transaction.

The P31.9B Therma Visayas, Inc. Project Finance Loan Facility was awarded by the Investment House Association of the Philippines (IHAP) as the Best Fixed Income Deal during the IHAP Awards 2016. China Bank acted as Joint Lead Arranger and Lender for this deal. The Asset Magazine also awarded the P33.5B San Miguel Corporation Perpetual Preferred Shares the Best Local Currency Bond for 2015. China Bank acted as Joint Lead Underwriter and Bookrunner for the issuance.

On top of several groundbreaking deals arranged by China Bank and duly recognized by prestigious award-giving institutions, we are one of the top bookrunners for the Peso Preferred Shares Issuance in the Philippine Capital Market including the actual underwriting of San Miguel Pure Foods Corporation and San Miguel Corporation.

According to Bloomberg, we posted a market share of 13.31%. Meanwhile, we garnered a 16.06% market share and was among the Top 5 underwriters for Corporate Bonds for retail bond issues to several companies which included Ayala Land, Inc., 8990 Holdings, Inc., Sta. Lucia Land Inc. and SM Prime Holdings Inc.

China Bank was awarded by the PDS Group as the Top Corporate Issue Manager (Bank Category) for 2015, besting 3 foreign banks in the category.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IDEAS
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China Bank
works.
China Bank Investment Banking Group's select transactions for 2015:
STA. LUCIA LAND INC.
Sta. Lucia Land, Inc.
PHP 4.0 BN
Retail Bonds
Issue Manager, Lead Underwriter & Bookrunner
STA. LUCIA LAND INC.
Sta. Lucia Land, Inc.
PHP 1.0 BN
Term Loan Facility
Arranger
MOLDEX REALTY, INC.
Moldex Realty Inc.
PHP 800.0 MN
Corporate Notes
Issue Manager
SM Prime Holdings, Inc.
PHP 20.0 BN
Retail Bonds
Joint Issue Manager, Joint Bookrunner & Joint Lead Underwriter
San Buenaventura Power Ltd. Co.
PHP 42.15 BN
Project Finance
Mandated Lead Arranger
ALL ASIAN COUNTERTRADE
All Asian Countertrade, Inc.
PHP 1.5 BN
Receivables Financing
Arranger
Petrolift Inc.
PHP 3.0 BN
Term Loan Facilities
Arranger
STEEL ASIA
Del PilarSteel, Inc.
PHP 4.4 BN
Project Finance
Joint Lead Arranger
SMC Global Power Holdings Corp.
USD 300.0 MN
Undated Subordinated Capital Securities
Co-Manager
SAN MIGUEL CORPORATION
San Miguel Corporation
PHP 33.5 BN
Series "2" Preferred Shares
Joint Lead Underwriter & Bookrunner
FILINVEST
Filinvest Land, Inc.
PHP 8.0 BN
Retail Bonds
Co-Lead Underwriter
aboitiz Equity Ventures
Aboitiz Equity Ventures, Inc.
PHP 24.0 BN
Retail Bonds
Co-Lead Underwriter
8990 HOLDINGS, INC.
8990 Holdings, Inc.
PHP 9.0 BN
Retail Bonds
Joint Lead Underwriter & Joint Bookrunner
AboitizPower
Therma Visayas, Inc.
PHP 31.9 BN
Project Finance
Joint Lead Arranger
Hydro Power Company
Private Placement of Quasi-Equity
Arranger
VISTA LAND
VLL International, Inc.
USD 300.0 MN
Reg.S Bonds
Joint Lead Domestic Manager
SOUTH LUZON
South Luzon Tollway Corporation
PHP 7.3 BN
Retail Bonds
Co-Lead Underwriter
AyalaLand
Ayala Land, Inc.
PHP 7.0 BN
Retail Bonds
Joint Lead Underwriter
panay energy
Panay Energy Development Corporation
PHP 11.0 BN
Project Finance
Co-Arranger
San Miguel Pure Foods
San Miguel Pure Foods Company, Inc.
PHP 15.0 BN
Series "2" Preferred Shares
Joint Issue Manager, Joint Lead Underwriter & Joint Bookrunner
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Your Success Is Our Business

FINANCIAL AND CAPITAL MARKETS

TRUST

Our Trust group emerged as the fifth leading domestic bank in terms of Assets Under Management (AUM) ending the year at P83 Billion, a 16% growth from 2014.

In 2015, the Trust Group continued to deliver optimal performance for its clients helping them achieve their investment goals. China Bank Unit Investment Trust Funds (UITF) had consistently been among the top performers in their respective categories, particularly the China Bank Equity Fund which outperformed the PSEi despite the market volatility. The China Bank Intermediate Fixed Income Fund also ranked number one as of end 2015 with Year-On-Year (YoY) return of 4.91% and 1.55% respectively. Another key highlight was the increased participation in new issuances of fixed income investments, directed loans and equities through its Investment Management Accounts which grew by 19%.

TREASURY

China Bank's Treasury group continued to work towards ensuring the Bank's stability and sustained growth through proactive capital, liquidity, and risk management of investments.

The Group worked towards sustaining its active participation in both fixed income and foreign exchange markets, which generated respectable trading and fee-based revenues. In collaboration with the Investment Banking group, it participated heavily in fixed income distribution to serve the needs of the retail and institutional markets for investment-grade bonds issued by some of the country's top corporations. The Bureau of Treasury has duly recognized the group's feat in attaining higher volume and trades in government securities; it was awarded the 8th top performing Government Securities Eligible Dealer (GSED) for 2015.

A major effort to rationalize the matching of asset/liability maturities in the foreign currency books led to the US$158 million 3-year term loan facility agreement with regional and international bank, marking the return of China Bank to the international capital markets for the first time since 1997.

In November 2015, it sought and was granted conditional approval by the BSP for additional Type 2 derivatives authority.

3
UITF Ranked No. 1

TOPPED THEIR RESPECTIVE FUND CATEGORIES IN TERMS OF YoY PERFORMANCE
China Bank Equity Fund – Rank 1 of 27
China Bank Dollar Fund – Rank 1 of 9
China Bank Intermediate FI Fund – Rank of 1 0f 8

P82 Bn
Consolidated AUM

CONSOLIDATED AUM
Php78 Bn – China Bank
Php4.0 Bn – China Bank Savings

9
UITF Variants

LAUNCHED NEW UITFs
China Bank High Dividend Equity Fund
China Bank Institutional Money Market Fund

The new status now allows China Bank to offer a wide array of derivative products to a more experienced clientele in the face of growing competition.

The Group signed a MOA with Calypso Technology, Inc., a San Francisco-based global applications provider of integrated trading and risk applications, implement a new system capable of supporting growing treasury operations. It offers enhanced trading capabilities, a high level of automation and greater flexibility and speed to adapt to regulatory changes and new business trends. The streamlined system will upgrade front-to-back office operations and reduce dependence on custom development and riskier manual operation.

PRIVATE BANKING

In 2015, our team of seasoned and dedicated Relationship Managers continued to give our affluent customers a more rewarding private banking experience. By being "on call" at all times and by utilizing our open architecture banking platform, our Private Banking Group (PBG) was able to deliver highly personalized service and the best-in-class solutions from other financial institutions together with China Bank's products to optimize each customer's portfolio.

China Bank rolled out the SOPRA Wealth Management system, a client management platform that improves client experience by enhancing the processes so that these are more responsive to growing clients' needs. Our private bankers also leveraged on investment banking as well as external counterparties to provide better and viable product solutions.

To be able to reach out to more wealth management clients, we expanded our geographical footprint by opening a new Private Banking Center in Bacolod and expanding the coverage of our Alabang Cluster to include Batangas.

BANCASSURANCE

China Bank entered into a strategic partnership with Manulife Philippines in 2007 to form Manulife China Bank Life Assurance Corpration or MCBLife, giving our clients direct access to innovative financial solutions and products that can help them achieve protection and financial growth. In 2014, China Bank raised its equity stake in MCBLife to 40%.

In 2015, MCBLife launched a new product called Health Choice, one that provides guarateed health funds in the event that the client is diagnosed with a critical illness or get hospitalized.

In the same year, the distribution agreement to offer MCBLife Group Insurance products via China Bank Credit Cards has been signed.

ManuLife is one of the leading insurance companies in the country with P935 billion in assets under management and administration and 20 million customers as of 2015. Known as John Hancock in the United States and Manulife in other countries, it provides financial advice, insurance and wealth and asset management solution for individuals, groups and institutions.

SAVINGS BANK

China Bank Savings (CBS) has come a long way since its humble beginnings in 2007, when it opened its doors to the broad consumer and Small and Medium Enterprise (SME) market. Then a single office in Makati with a little over 50 employees, China Bank Savings is now a big player in its category. It is now the country's fourth largest thrift bank.

Total Assets	Total Loans	Total Deposits
16% increase	13% increase	13% increase
P76B	P52B	P66B

Branch Loan Bookings	Total Capital
	189% increase
P10.7B	P7B

Rank among local thrift banks

No. 4

In barely 10 years, CBS has grown to a network of more than 162 branches nationwide with nearly 2,000 banking professionals. Living up to its brand promise of *"Madaling Kausap"*, CBS continues to level up products and services in the consumer and SME market in the form of value-enhancing and customer-driven solutions, by growing its presence in more accessible locations, including supermarkets, and through secure and convenient electronic banking channels.

While other thrift banks' portfolios are skewed towards Consumer Loans, the CBS loan portfolio is a healthy mix of SME and Consumer accounts, giving us a unique position in the market, providing protection in abrupt changes in business conditions and acting as a cushion from market shocks.

We are confident that we will remain superior in this market, as we have also initiated innovative solutions that will broaden financial access for Filipinos and allow CBS to leverage on mobile technology, and thus compete with the larger industry players. We recently signed a MOA with telecommunications giant PLDT for the country's first online marketplace platform for consumer loans. This project called LENDR will allow consumers to apply for consumer financing and keep track of application status and loan payments anywhere, anytime via SMS, mobile app or online with any device or telecoms provider.

In keeping with China Bank's commitment to our shareholders' vision and its confidence in its business model, a capital infusion of two billion pesos brought our equity base to P7 billion. This provides the solid capital base for CBS to accelerate business growth and contribute significantly to overall group profitability in the next five years.

MERGER WITH PLANTERSBANK

The recent merger of CBS with Planters Development Bank (Plantersbank) received its final approval from the BSP before the year ended, paving the way for expansion plans in the following year. Now bigger, better and stronger, CBS has strengthened our franchise and increased its domestic footprint in the consumer and SME market. This has activated the realization of CBS's goal of becoming the "Preferred Bank for Consumers and SMEs".

With the merger, CBS is now the fourth largest thrift bank in terms of assets, loans and deposits. The new CBS is now bigger with 165 branches in total and 1,857 employees. It also accounts for 14.5% of China Bank's group-wide resources.

MCBL PARTNERSHIP

In living up to our commitment in 2014 of offering bancassurance to our clients, CBS acquired in 2015 its bancassurance license and embarked on a strategic partnership with Manulife China Bank Life Assurance Corporation (MCBLife). This alliance now allows CBS to provide customers in the consumer and SME market with a one-stop shop for short- to long-term needs for protection, health retirement and investments. Moreover, a stronger CBS has been given the BSP go-signal to cross-sell MCBLife products.

After the launch of Health Choice in 2015, CBS will soon offer MCBLife Group Insurance products through China Bank credit cards. Our thrift bank will also undertake a policy review so that it can enhance relationships with existing customers and sharpen its competencies through attendance in international conferences for bank referrers.

HUMAN RESOURCES

What notably sets China Bank apart for decades is how it steadfastly upholds, nurtures, and prioritizes a key driver in building a customer-centric organization and in increasing shareholder value: our people. At China Bank, we ensure that our workforce shares our values and is capable of fulfilling a common commitment to wealth creation for our customers. Hence, we continue to advocate the best practices in human resources management. Aside from securing, nurturing, and retaining the best talents that can effectively support our growing operations, we strive to create a positive working environment for our employees so that they can reach their full potential and contribute to mutual successes.

To effectively support the Bank's rapid business growth, capital ventures, and branch expansion, the China Bank group hired 1,295 employees, closing 2015 with a total of 7,540-strong workforce group-wide. They are composed of dedicated and hardworking men and women possessing diverse talents and perspectives. Together, they form one solid team moving towards one common goal.

RECRUITMENT

It is our policy to recruit qualified individuals who possess an immense potential for growth and advancement, and are capable of handling greater responsibilities. We hire based on the candidate's level of fitness and suitability to pre-determined qualification requirements. Current employees are given the opportunity to apply for vacant positions, but the role is ultimately filled by the most qualified candidate regardless of origin. Employment and appointment of officer level employees are subject to strict compliance with policies, rules and regulations set by the BSP.

COMPENSATION AND BENEFITS

Our high regard for our human resources is reflected in a sound compensation policy. Our employees are fairly and competitively compensated according to the nature of the job and their qualifications, experience and performance.

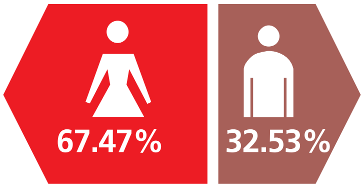
Our salary range rates are at par with industry standards. We reward commendable performance generously. An employee's level in the organization is determined by the Job Grade (for rank and file employees) or Corporate Rank (for officers) identified with his position, which is the basis of compensation and benefits relative to the banking industry. The position title of an employee defines the general description of his function (e.g. Customer Relations Assistant, Branch Head) while the Job Grade and Corporate Rank determine the hierarchy in terms of pay and benefits (e.g. Manager, Senior Manager, Assistant Vice President).

HRD regularly reviews its salary administration programs and recommends to the Board salary range adjustments to reflect current competitive practices. Opportunities for pay increases are related to performance during the year. Promotions, merit increases, profit sharing, and performance bonuses are dependent on the individual employees' performance rating and contributions to the Bank.

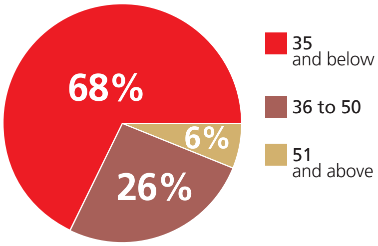
On top of salary, our remuneration package includes fringe benefits comprising medical, dental, and hospitalization programs; car plan (for officers); financial assistance programs (e.g. housing, car, appliance, and personal loans); employee retirement plan; leave privileges (vacation leave, sick leave, maternity/paternity leave, study leave, and other leaves mandated by law); group life and accident insurance coverage; rice subsidy; meal and travel allowances; and bank uniforms.

EMPLOYEE BREAKDOWN

BY GENDER



BY AGE



BY GROUP

5,499 CHINA BANKING CORP.

1,857 CHINA BANK SAVINGS, INC.

15 CHINA BANK CAPITAL CORP.

62 CBC INSURANCE BROKERS, INC.

122 CBC PROPERTY & COMP. CTR., INC.

**China Bank Capital personnel were moved in February 2016.*

HUMAN RESOURCES

These comprehensive and competitive performance-based compensation packages reflect our responsible, long-term approach to working relationships, and our commitment to the best labor practices. Last year, the 2015-2017 Collective Bargaining Agreement (CBA) for China Bank was ratified by union members in November, and is China Bank's 24th CBA in its 95-year history. Similarly, the first CBA of China Bank Savings concluded its negotiations in April 2015. It provides for wage increases, higher insurance coverage, improvements in medical allowance, and a contract signing bonus for all rank and file employees nationwide.

TRAINING

We are committed to the continuous development and education of our employees at all levels. Our training programs aim to equip our officers and staff with the skills and competencies to achieve our strategic objectives—preparing them for higher responsibilities and enabling them to cope with changes in the business environment, banking regulations, and new technology, methods, and procedures. We have designed these programs to be effective and relevant in order to promote excellence in the skills and knowledge needed to obtain and maintain maximum effectiveness in the performance of duties and responsibilities.

EMPLOYEE BREAKDOWN BY GEOGRAPHIC ASSIGNMENT

NCR	4,836
LUZON	1,494
VISAYAS	766
MINDANAO	444

EMPLOYEE BREAKDOWN BY RANK

Rank and File	5,037
Junior Officers	2,246
Senior Officers	257

Opportunities for professional training and development are made available through in-house and company-sponsored external training programs and courses that have a direct relevance to employees' current duties and functions, or will prepare them for a specific new function. We also have a Tuition Refund Program for Graduate Studies wherein our employees are given the opportunity to earn their Masters in Business Administration, Finance, Banking, Economics, Statistics, Computer Science, Business Management, and other courses or subjects related to banking and investments with the financial support of the Bank. As a China Bank scholar, an employee must maintain passing grades, at the same time, a performance rating of "Good" at work.

REWARDS AND RECOGNITION

Our Rewards and Recognition program is in place not only to acknowledge high-performing employees but also to foster a positive and productive working environment where our people are always aiming for excellence. Deserving employees are given promotions and are aptly recognized. For instance, at the Retail Banking Business National Convention, top performing branches and branch managers are honored for their exemplary performance in different categories.

	PROGRAMS CONDUCTED	PARTICIPANTS
Officer Training	152	2,361
Staff Training	225	5,828
New programs/ courses	177	6,186
External	181	333
Executive	51	69
TOTAL	**786**	**14,777***

**Total attendance is more than number of employees as employees participate in several courses during the year.*

Total training hours: 274,509.02

Tuition Refund Program for Graduate Studies
Number of Scholars in 2015: 8

HUMAN RESOURCES

Employee loyalty and dedication also do not go unnoticed. Service awards are given at every China Bank anniversary celebration to employees who have rendered service of 10, 15, 20, 25, 30 and 35 years.

WORK–LIFE BALANCE

At China Bank, we believe in the holistic well-being of our employees, and that integral to having a pleasantly productive workforce is to recognize their need for rest and recreation. To support them in this pursuit, and to ensure that they are always motivated and healthy, we implement a good work-life balance program for our employees.

Our office hours are from 8.30 am to 5.30 pm, with a one-hour lunch break. Employees report to work five days a week. They are entitled to various types of leaves as mandated by law and enjoy breaks during the declared public holidays of the Philippines.

Outside of the workplace, we provide our employees with activities that strengthen camaraderie and promote community participation and personal growth. In 2015, many employees participated in company-sponsored sports activities like bowling and basketball, other forms of recreation, as well as workshops and programs targeted towards employees' health and wellness.

REWARDS & RECOGNITION PROGRAM AWARDS

- Model Employee Award
- Quick Win Award
- Breakthrough Idea Award
- Top Sales and Marketing Award
- Product of the Year
- Deal of the Year
- Project of the Year
- Special Citation Award
- Critical Project Completion Award
- Special Meritorious Circumstances Award

RBB NATIONAL CONVENTION AWARDS

- Branch of the Year
- Top CASA (Checking & Savings Account) Contributors
- Top Sales Associates
- Top Performers / Referrors (for Bancassurance, Consumer Banking Group, Cash Management, Insurance, Private Banking Group, Treasury Group, and Trust Group

EMPLOYEE COMMUNICATIONS

The Board and Management maintain a good relationship with employees so that they remain fully involved in their work and committed to our customers and our goals. We offer them a safe and nurturing work environment where everyone is treated fairly and respectfully, and their opinions, concerns, and suggestions are heard and acted upon. Several policies, resources, and mechanisms help us resolve employee grievances and appeals, handle employee feedback, deal with disciplinary

cases, and promote a better understanding of China Bank's operational policies and procedures, Code of Ethics, as well as the relevant laws and BSP rules and regulations.

The Bank disseminates information on company developments, employee movements as well as events, promos and messages from company officials through its official newsletter called NewsTeller. The publication is released every two months and is distributed to all branches. China Bank likewise produces the CBS NewsTeller that zeroes in on CBS-related events and developments.

SharePoint Café is another channel by which the Bank connects with its employees. It is an informal and cozy venue for the exchange of thoughts, ideas and insights about job concerns, issues and other aspects of employment that help HRD discover what motivates employees to become committed workers.

EMPLOYEE SAFETY AND HEALTH

China Bank applies its Safety and Health Policy to ensure our employees are protected against the dangers of injury, sickness or death, and that the workplace always remains safe, healthy and conducive to productivity. This policy is supported by the Corporate Safety and Health Committee (CSHC) and The Unit Safety and Health Committee (USHC).

The CSHC is our central planning and policy-making group in all matters pertaining to safety and health, which includes updating, as needed, China Bank's emergency procedures and evacuation plans in case of fire or other significant incident. Meanwhile, the USHC has the primary task of directing our accident prevention efforts, including annual fire and earthquake drills, and posting the escape routes, in accordance with the prescribed Bank safety and health programs and pertinent government regulations. Each USHC has its own Red Cross-certified first aider who is duly trained on Adult CPR and Office First Aid to ensure prompt and proper response in case of any emergency in the workplace.

To ensure Bank-wide implementation and observance of Occupational Safety and Health Standards, each branch or department has its own USHC. In case of disasters, the CSHC and the USHC will coordinate with our Operational Risk Department for the disaster contingency plan and the Crisis Management Team.

Our Makati headquarters has a well-stocked clinic and a registered nurse and a doctor that employees can consult with on health concerns. There are also nurses in offices in Philcom Building, VGP Center, Binondo, and Cebu Business Park. The medical team can also provide advice and supervision on occupational health. First aid kits are available in all branches. We post regular health and safety bulletins on accident prevention and minimizing cases of work-related ill health. These are also regularly emailed to all our employees and posted in the Bank's intranet system.

COMPANY CULTURE

Trust is the foundation of China Bank's culture. From the very beginning, China Bankers have treated one another with openness, loyalty, and trust. Despite the size to which the company has grown through the years, the small-company, close-knit-family feel still remains.

Because of this culture of trust, our employees conduct themselves and perform their duties consistently with our core values in mind: Integrity, High performance standards, Commitment to quality, Customer service focus, Concern for people, Efficiency, and Resourcefulness / initiative. They are guided by clearly defined roles and expectations and are assisted by the requisite tools and training we provide them in order to succeed in their careers and contribute to the Bank's success.

Widely embaced by employees are the e-mails released by HRD five days a week called "Values in Practice," messages that are anchored on the Bank's corporate values.

We believe that employees who feel trusted and respected will strive harder to maintain that trust and are less likely to do something that will result in a loss of trust. Thus, our succession plan ensures that there is a sense of purpose and sustainability to employees. HRD conducts periodic reviews of the talent pipeline and implements individual career development plans to ensure that intellectual capital is not lost, but rather transferred from one employee to another.

CORPORATE SOCIAL RESPONSIBILITY

Deeply rooted in the way China Bank conducts its operations is a culture that regards its communities and the environment with as much importance as it does its business. This culture is embodied in our innate sense of obligation to give back and in sustainability efforts aimed at creating value not only for our shareholders, but more importantly, for the nation and for the environment.

In 2015, we were able to integrate corporate social responsibility by motivating our employees to extend personal goals beyond the workplace and share a part of themselves with the needy through community-nurturing programs. We likewise partnered with our customers, various community groups and charitable organizations to deliver aid to disaster victims. We joined a global initiative called ARISE or Alliance for Risk Sensitive Investment spearheaded by the United Nations Office for Risk Reduction (UNISDR) which aims to create risk-resilient societies by boosting the private and public sectors and other stakeholders to deliver the targets of Sendai Framework. This is a 15-year global roadmap that seeks to curb disaster mortality and economic losses substantially.

EMPOWERING THE YOUTH THROUGH EDUCATION

32

China Bank Scholars

- 12 - Gilbert U. Dee Scholarship Fund (High School)
- 3 - Dee C. Chuan Scholarship Fund (College)
- 16 - CFC-ANCOP Child sponsorship program
- 1 - Ateneo de Manila

GROWING AND GOING GREEN

Replaced	Reduced
flourescent lights in branches and signages with LED bulbs, and A/C system with newer, more energy-efficient units	printed reports by 30% and print-as-needed reports by 67%
Implemented	**Optimized**
E-announcements for employee updates	electronic facility to reduce paper trail for certain bank transactions, such as online viewing of statement of accounts

Because we believe in how education can open opportunities that will help people improve their lives, we partnered with the Department of Education (DepEd) in Region 3 to give assistance to public school teachers and non-academic staff. China Bank Savings launched the Easi DepEd Loan and the Affordabundle DepEd Loan which both offer easy-to-avail and low interest loan to this market.

We continue to support the programs of several charities, foundations and associations that represent sectors and communities close to our hearts. We endeavor to promote education through our investment in the Child Sponsorship Program of CFC-ANCOP (Answering the Cry of the Poor, a ministry of Couples for Christ). Through this program, we are able to help provide for primary and secondary education of selected children of indigent families. We also continually give our share to sponsor students under the Ateneo de Manila University scholarship program, as well as for the education of deserving children of our own employees through the Dee C. Chuan and the Gilbert U. Dee Scholarship Funds.

Our partnerships with these organizations demonstrate to our employees how we want to cultivate a culture of meaningful giving. As such, our branch employees nation-wide have continued to volunteer, assist and build goodwill in their own communities by helping in various fundraising projects, medical missions, and sports and cultural events.

Our ongoing "Going Green" campaign aims to encourage our employees and customers to adopt and promote environment consciousness and sustainable working and living habits. Thus, we practice measures that promote resource and energy efficiency, and minimization of environmental hazards through various conservation strategies. Despite our growing workforce and operations, we continually pursue initiatives in all branches, aimed at minimizing power, water, and paper consumption, as well as to reduce waste.

China Bank has CSR programs and activities that embody our commitment to give back to society who want to benefit as well from the Bank's continued success. We are enhancing a comprehensive corporate social responsibility strategy that will outline relevant social and environmental programs and practices tied up with our business strategy and the bottom-line. On the whole, China Bank will soon have a structured approach where value generated by our operations should benefit our shareholders as well as the communities that we serve, our business and social partners and our employees.

CONSUMER PROTECTION

Beyond the friendly smile and the customary professionalism in handling customer transactions, it has always been China Bank's mission to render fair, honest and equitable service to our customers. We ensure that our customers' interests are protected throughout their relationship with us. China Bank was already compliant with most of the provisions of the BSP Circular 857 on Consumer Protection even before its issuance in December 2015. Nevertheless, we continued to assess and beef up key components for financial education and awareness, fair treatment for all concerned stakeholders, customer handling, and risk management.

SECURITY AND FRAUD PREVENTION

We have control systems in place to protect our customers from security threats and to prevent them from falling prey to financial theft. These systems are designed to ensure the banking transactions are secure, reliable, whether conducted through the branches or e-banking channels.

Our ATMs are regularly checked for PIN/card data skimming devices. We constantly remind our customers to take extra precautions on how to protect their money, PIN, ATM and credit cards through email, posters and social media. We also regularly provide tips on protecting personal information and accounts against fraud and misuse. Our branch personnel are likewise trained to give them advice on these matters as well as on procedures for reporting fraud cases and captured/missing/stolen cards. Our Customer Contact Center, ATM Center, and other frontliners supported by capable IT teams stand ready to respond and give resolution to customers who become victims to phishing and other similar scams.

PROTECTION OF PRIVACY OF INFORMATION

Our clients are assured of the security of account information and other related details through enhanced verification across the available channels of service. Our Online and Tellerphone facilities make use of a multi-level security verification beyond the standard static customer information prior to processing of transactions, while our Customer Contact Center conducts several layers of positive identification before assisting clients with their needs.

We also continuously issue warnings on information security threats to our clients and provide them with practical and useful tips on how to protect themselves against such threats through our website, social media accounts, email announcements, and ATM screen displays.

DISCLOSURES AND TRANSPARENCY

The bank ensures that the information about our products and services are clear, understandable, accurate, and accessible. We give all necessary and relevant information to our customers so that they can make informed decisions when transacting with us. The information is communicated to our customers through the use of different media and channels such as printed materials that are prominently displayed in our branches or directly sent to customers—TV, print, radio and other forms of advertisements; our website and social media channels such as Twitter and Facebook; and our Customer Contact Center. All consumer information required by the BSP are likewise openly displayed at our branches. Our branch personnel are trained to handle inquiries about any information in a professional manner to explain risks relating to our products and services and to provide advice on financial matters.

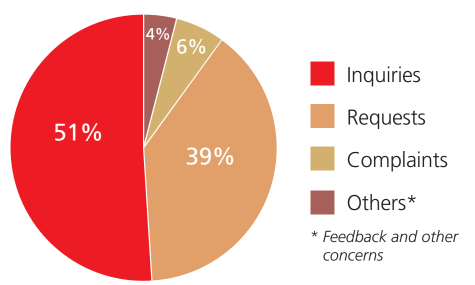
CUSTOMER CONCERN HANDLING

As a customer-centric organization, we continuously create programs and initiatives to ensure our customers are given the excellent service they deserve. Every concern raised is considered a welcome opportunity that will allow us to improve our services and provide corrective actions to make banking with us more convenient, reliable and satisfying to our customers. Our Customer Contact Center may be contacted for concerns and complaints either in person, by mail, email or fax, by telephone, online or social media. Our well trained personnel ensure that customer concerns are documented, studied, and promptly resolved.

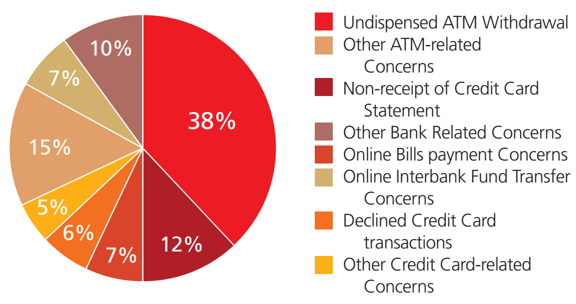
In 2015, bulk of Customer Contact Center assistance was on issues relative to the alternative channels and credit cards such as ATM withdrawals, bills payments, interbank fund transfer and point-of-sale (POS) transactions, status of credit card applications, non-receipt of credit card billing statements and card declined transactions.

With various forms of communication utilized to inform customers, suppliers, regulators, and other stakeholders about the migration to the new core banking system, issues arising from such migration were more than satisfactorily handled at the level of the branches, frontliners, and operations staff. The Customer Contact Center extended its operating hours and added manpower complement to provide speedy response to any customer issues, which proved minimal.

2015 CLIENT INTERACTIONS REPORT



2015 CLIENT REPORTED CONCERNS



* *Undispensed ATM Withdrawals – complaints on cash not dispensed from ATM terminals*
* *Non-receipt of credit card statement – no hard or soft copy statement received by credit cardholder*
* *Online Bills Payment Complaints – complaints on non-posting/late posting or any other related concerns for the bills payment facility*
* *Declined Credit Card Transactions – complaints on credit cards not being able to transact from POS terminals, online or thru other means*
* *Online Interbank Fund Transfer - complaints on late/non-crediting, double debit or any other related concerns for the interbank fund transfer facility*

CORPORATE GOVERNANCE

There is no greater testament to China Bank's commitment to uphold the best governance practices than the accolades it has received in 2015.

For four years in a row, China Bank has been hailed the recipient of the prestigious Bell Award for Corporate Governance by the Philippine Stock Exchange (PSE), the latest one given in 2015 reaffirming, among publicly listed companies and trading participants in the country, its adherence to high standards of corporate governance.

Yet another medal in governance was awarded in 2015: Outstanding Company on Corporate Governance in the Philippines given by regional journal Corporate Governance Asia. With this award, China Bank staked its claim among companies across Asia that demonstrate superior performance in upholding the rights of shareholders, disclosure and transparency, board and management discipline, independent non-executive directors and investor relations practices, and corporate social responsibility and environmental practices.

China Bank also won the Best Investor Relations Company at the 5th Asian Excellence Awards held in Hong Kong on April 27, 2015. Organized by Corporate Governance Asia, it distinguishes the public companies in the region that render consistent excellence in corporate governance based on investor relations, corporate social responsibility, financial performance and business ethics. This was complemented by the Best Investor Relations Professional award given to Senior Vice President for Investor and Corporate Relations Alexander C. Escucha.

Good corporate governance is a pillar of China Bank's success for close to a century, anchored on a strong commitment to doing business the right way. Good corporate governance is key to the Bank's sustainability in the future and is one of the most important cornerstones in ensuring the sustainability of our business.

China Bank is led by a vigilant and high functioning board of directors and management team that fully embrace the Bank's mission, vision and core values, and they chart China Bank's journey to success, guided not only by the Bank's principles, but also by the principles and practices of good corporate governance—fairness, accountability, integrity, and transparency.

Our leaders set the tone of governance and ensure that mechanism for disclosure, protection of the rights of shareholders, the equitable treatment of shareholders, and the accountability of the Board of Directors and Management are in place, while maintaining a collaborative and productive work environment that drives high performance and quality orientation, consistent with our commitment to deliver strong customer and shareholder value.

I. THE BOARD OF DIRECTORS AND THE ORGANIZATIONAL STRUCTURE

The Board of Directors is the highest governing authority at China Bank and is at the core of China Bank's Organizational Structure. The Board represents and is accountable to our shareholders, guides our overall philosophy and direction and sets the pace for our current operations and future developments. Governance by the Board also includes monitoring Management's performance, establishing standards of accountability, and setting our corporate values.

The Bank has an Organizational Structure as presented in page 38 that is reviewed annually and is updated as needed or in light of new regulations that may have an impact on the role and responsibilities of the Board and Senior Management.

BOARD COMPOSITION

The Board consists of individuals with integrity, qualifications, skills, and experience, providing an ideal mixture of core competencies such as finance, legal, accounting, business management, marketing, and investment management for the effective Board oversight of China Bank's business activities and affairs.

The present Board size of eleven Directors and one Adviser is commensurate with the size and complexity of our operations. Of the eleven, two are executive Directors and the rest are non-executive Directors, including the three Independent Directors. An executive Director is a Director who is also the head of a department or unit of the Bank or performs any work related to our operations, while non-executive Directors refer to those who are not part of the day-to-day management of banking operations.

China Bank has no executive Director who serves on more than two boards of listed companies outside of the China Bank Group. We have complied with the regulatory requirements on Board composition. Our Directors profiles are on pages 61 to 63.

INDEPENDENT DIRECTORS

We maintain a strong element of independence on the Board and conduct an annual review of the independence of our Directors. We define an Independent Director as someone holding no interests or relationships with China Bank, the controlling shareholders, or the Management that would influence their decisions or interfere with their exercise of independent judgment.

The present Board has three Independent Directors (ID) and we have fully complied with all the applicable rules on their nomination and election. As stated in our Corporate Governance Manual, the tenure of an ID should not exceed a cumulative term of nine years: five consecutive years, with a two-year cooling off period, then another four years. China Bank is one of the first listed companies to shorten the term up to 9 years. While they are in the China Bank Board, they are not allowed to hold interlocking directorships in more than five listed companies.

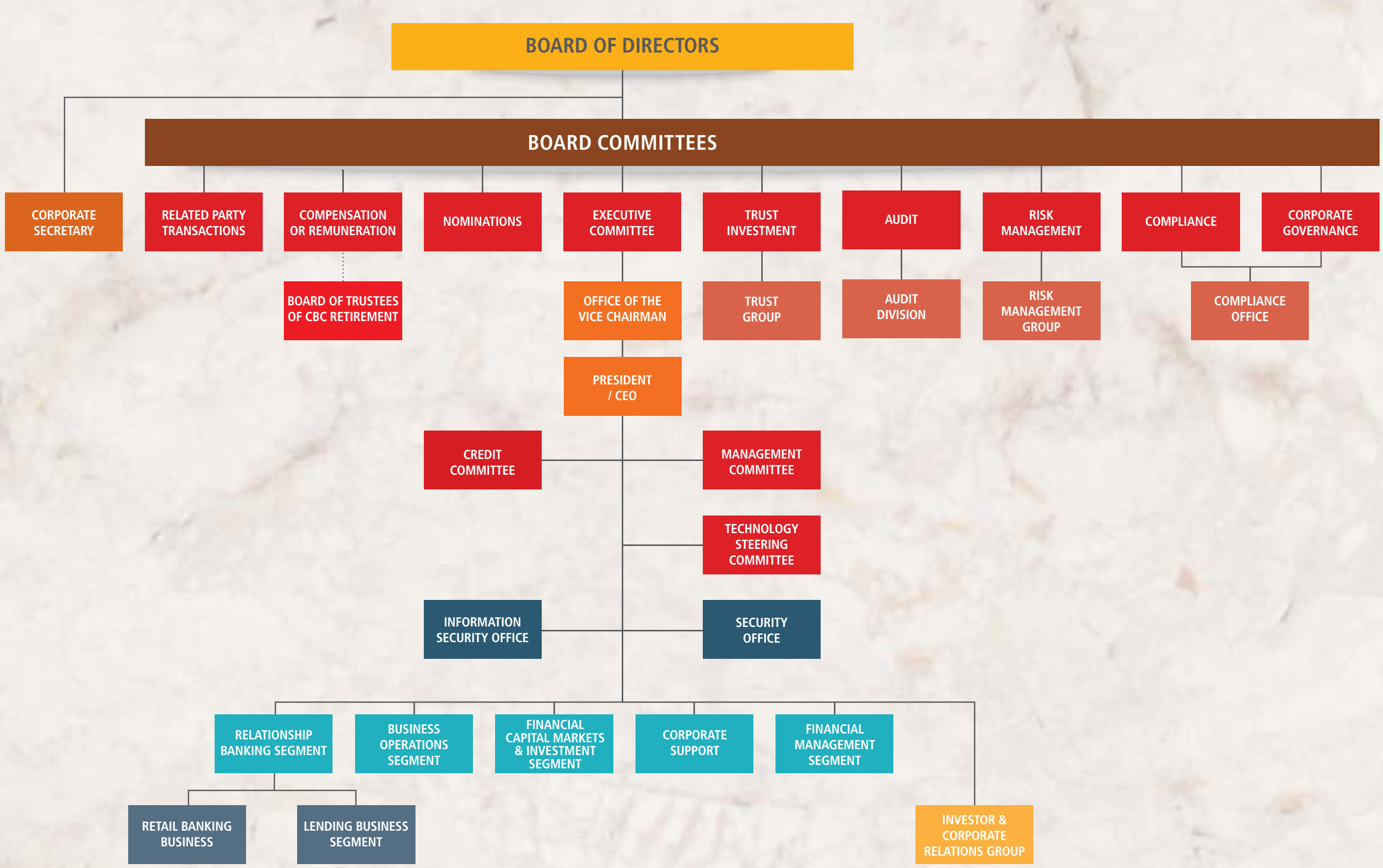
In the annual assessment of Independent Directors for the year ended December 31, 2015, the Board was satisfied that each of the three China Bank IDs continue to be independent and free from any business or other relationship, which could interfere with the exercise of independent judgment.

ELECTION OF THE BOARD AND SUCCESSION

The position of a China Bank Director is a position of trust; thus, the directors are selected for their integrity, credibility, leadership, experience at policy-making, and their ability to render independent judgment. We welcome diversity in our Board. The shareholders nominate candidates by submitting the nomination to any of the members of the Nomination Committee, the Corporate Governance Committee, or the Corporate Secretary on or before the prescribed date.

The Nominations Committee reviews and evaluates the qualifications of the candidates, the full Board confirms these candidates' nomination, and the shareholders elect the directors during the Annual Stockholders' Meeting. Upon their election, the members of the Board are issued a copy of their general and specific duties and responsibilities as prescribed by the *Bangko Sentral ng Pilipinas* Manual of Regulations for Banks (MORB), which they acknowledged to have received and certified that they read and fully understood the same. Copies of the acknowledgement receipt and certification are submitted to the BSP within the prescribed period. Moreover, the directors also individually submit a Sworn Certification that they posses all the qualifications as enumerated in the MORB. These certifications are submitted to BSP after their election. Additional certifications are executed by independent directors to comply with the Securities Regulation Code and BSP rules which are then submitted to the SEC. Succession, replacement or vacancy in the Board is addressed in the Bank's By-Laws. Vacancies in the Board may be filled by appointment or election of the remaining directors. The Board may also use professional search firms or other external sources when searching for ideal candidates for the Board. The stockholders may also fill such vacancy in a regular or special meeting called for this purpose.

ORGANIZATIONAL CHART



SEPARATION OF THE ROLE OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER (CEO)

The position of Chairman of the Board and President and CEO are held by two different people, and their roles are clearly distinct and separate.

Chairman Hans T. Sy, being a non-executive Director, is not involved in the day-to-day operations of China Bank, but is responsible for the leadership and effective running of the Board, including maintaining a relationship of trust with Board members, promoting a sound decision making process by encouraging critical discussion of dissenting views. He chairs Board meetings and arranges regular separate sessions with the non-executive Directors to review Management's performance.

The CEO, who reports to the Board, is ultimately responsible for managing China Bank's day-to-day operations, as well as the development and execution of the corporate and business strategies as established by the Board of Directors.

CORPORATE SECRETARY

To enable our Directors to discharge their duties efficiently and effectively, they have full and unrestricted access to Management and employees of the Bank and affiliated companies, external consultants and advisors, and the Corporate Secretary. The Corporate Secretary is a senior, strategic-level corporate officer who plays a vital role in the Bank's corporate governance.

Our Corporate Secretary is Atty. Corazon I. Morando. She reports operationally to the Chairman and is also accountable to the Board. Alongside her traditional role as the official record keeper responsible for the administrative side of board and committee meetings, Atty. Morando is also a corporate governance gatekeeper responsible for overseeing sound board practices, as well as a board liaison who works and deals fairly and objectively with the board, management, stockholders and other stakeholders. With a deep understanding of China Bank's operations and the principles of good corporate governance, Atty. Morando works closely with the Directors to ensure the continuous improvement of the Board, as well as to uphold Board and annual stockholders' meeting best practices, including releasing meeting notices to shareholders well within the prescribed period, providing explanations to promote better understanding of the agenda, and summarizing the questions asked and the answers given in the minutes, among other things. It is her duty and within her authority to inform and advise the Board of relevant regulatory and compliance trends and developments, to provide expert counsel on governance issues, to facilitate the annual Board and Director evaluation process, to advance the Board's commitment to transparency by ensuring timely and accurate corporate disclosures, and to facilitate orientation of new Directors and professional development of Directors, as required.

The Board, after its annual assessment of the fitness and suitability of the Corporate Secretary in accordance with China Bank's Policy on Fit and Proper, has concluded that it is satisfied with the performance and support rendered by the Corporate Secretary.

BOARD MEETINGS AND SUPPLY OF INFORMATION

As stated in the Bank's By-Laws, the Board meets every 1st Wednesday of the month to review China Bank's financial performance, approve strategies, policies, and business plans, as well as to consider business and other proposals which require the Board's approval. Special Board meetings may also be called to deliberate and assess corporate proposals or business issues that also require Board approval.

The Directors are expected to prepare for, attend, and participate in these meetings, and to act judiciously, in good faith, and in the best interest of China Bank and our shareholders.

The Board is provided with the information and resources needed to effectively discharge its fiduciary duty. The Board is informed on an ongoing basis of the Bank's performance, major business issues, new developments, and the impact of recent developments in the economic and regulatory environment. The Directors are provided Board materials related to the agenda five business days in advance of meetings, by the Corporate Secretary to allow them to prepare for discussion of the items during the meeting. Members of Senior Management are invited to attend Board meetings to provide the Board with detailed explanations and clarifications on proposals tabled to enable the Board to make an informed decision. The meetings of the Board and its committees are recorded in minutes, and all resolutions are documented.

BOARD MEETINGS DECISION

In cases where a decision is to be arrived at by the Board, as a matter of policy, decisions should be made only upon quorum of 2/3 members of the board present, unless a different voting requirement is required by existing laws, rules and regulations. Except for, most compelling reasons, an independent director should always be in attendance in every meeting, recognizing the significant role of an ID in the Board decisions. Members of the Senior Management shall be invited to attend Board meetings to provide the Board with necessary information to enable the Board to make an informed decision.

In 2015, the China Bank Board had sixteen (16) meetings, including the organizational meeting regularly held after the Annual Stockholders' Meeting.

DIRECTOR	ATTENDANCE	%
Hans T. Sy	14	88
Gilbert U. Dee	15	94
Ricardo R. Chua	16	100
Peter S. Dee	13	81
Joaquin T. Dee	16	100
Dy Tiong	16	100
Herbert T. Sy	15	94
Harley T. Sy	14	88
Alberto S. Yao	16	100
Roberto F. Kuan	16	100
Jose T. Sio	15	94

BOARD TRAINING

In place is a full orientation program for newly-elected Directors which includes branch visits and comprehensive training materials and operations manuals. A continuing education process for all the Directors include briefings on relevant new laws, risk management and technology updates, changes on accounting standards. In compliance with the BSP requirements all directors have attended the required Corporate Governance Seminar.

On 03 June 2015, the Board together with the members of the Management Committee, the Chief Compliance Officer, Head of Risk Management and the Chief Audit Executive, among others attended an Exclusive Corporate Governance Training conducted by the Institute of Corporate Directors. This training provided the board with significant and useful insights on Risk Management, Technology and current governance issues.

2015	Exclusive Corporate Governance Training
2014	Exclusive Corporate Governance Workshop Anti-Money Laundering Seminar
2009	Anti-Money Laundering Seminar
2002	Special Seminar on Corporate Governance for Bank Chairmen & CEOs

BOARD COMMITTEES

To enhance the effectiveness of the Board in discharging its fiduciary duties and to complement it in the execution of its responsibilities, the Board has established nine Board-level committees and three Management-level committees. Each committee has a charter and operates within its specific delegated authority and functions. The committee charters, which are reviewed annually and amended when necessary, are posted in our corporate website, www.chinabank.ph.

The members of the different committees are appointed by the Board at the annual organizational meeting, taking into account the optimal mix of skills and experience of the members.

Executive Committee (ExCom)

When the Board is not in session, it shall exercise the powers of the Board in the management of the business and affairs of China Bank between meetings of the Board of Directors, to the fullest extent permitted under Philippine law.

The Executive Committee convened 40 times in 2015, including two joint meetings with the Risk Management Committee.

DIRECTOR	ATTENDANCE	%
Hans T. Sy	36	90
Gilbert U. Dee	36	90
Peter S. Dee	32	80
Joaquin T. Dee	40	100
Ricardo R. Chua	39	98

Risk Management Committee (RMC) is responsible for the oversight and development of all the Bank's risk management functions, including the evaluation of the risk management plan and strategies to ensure its implementation and continued relevance, comprehensiveness, and effectiveness. The RMC is also responsible for the identification and evaluation of exposures and oversee the systems of limits.

The Risk Management Committee convened 14 times in 2015, including two joint meetings with the Executive Committee.

DIRECTOR	ATTENDANCE	%
Joaquin T. Dee	14	100
Hans T. Sy	12	86
Gilbert U. Dee	12	86
Alberto S. Yao	12	86

Audit Committee primarily oversees all matters pertaining to audit, including the evaluation of the adequacy and effectiveness of the Bank's internal control system. It likewise provides oversight on the activities of Management and the internal and external auditors. It appoints, reviews and concurs in the appointment or replacement of The Chief Audit Executive, and is responsible in ensuring that the Chief Audit Executive and internal audit function are free from interference by outside parties, and there is an annual review of the effectiveness of the internal audit function including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and Code of Ethics. The Committee is also empowered to oversee the Bank's external audit functions, financial reporting and policies, by selecting the auditors and approving their fees, reviewing and discussing the scope and plan of annual audit, and reviewing and discussing with management and auditors the annual audited financial statements of the Bank. It also provides oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the Bank, including regular receipts from management of information on risk exposures and risk management activities. The Audit Committee convened 12 times in 2015, including 11 joint meetings with the Compliance and Corporate Governance Committees

The Audit Committee is composed entirely by non-executive directors and the Chairman, Mr. Alberto S. Yao is an Independent Director.

The Audit Committee convened 12 times in 2015, including 11 joint meetings with the Compliance and Corporate Governance Committees.

DIRECTOR	ATTENDANCE	%
Alberto S. Yao	12	100
Joaquin T. Dee	12	100
Dy Tiong	11	92

From left to right: Peter S. Dee, Hans T. Sy, Gilbert U. Dee, and Ricardo R. Chua each holding the trophies for China Bank's four Bell Awards for 2012, 2013, 2014 and 2015.

Compliance Committee is tasked to assist the Board in monitoring compliance and in mitigating business risks to ensure that is in accordance with the prescribed laws, rules, regulations and policies.

The Compliance Committee convened 11 times in 2015, jointly with the Audit and Corporate Governance Committees.

DIRECTOR	ATTENDANCE	%
Hans T. Sy	11	100
Joaquin T. Dee	11	100
Alberto S. Yao	11	100

Corporate Governance Committee: Joaquin T. Dee, Robert F. Kuan, Hans T. Sy, Alberto S. Yao

Nominations Committee is responsible for reviewing and evaluating the qualifications of all persons nominated to the Board and other appointments that require Board approval, including promotions favorably endorsed by the Promotions Review Committee.

Based on the Bank's revised Nominations Committee Charter, it is tasked to undertake the process of identifying the quality of the directors aligned with the Bank's strategic directions. Moreover, it is composed entirely of independent directors. The Charter is available in the Bank's website, www.chinabank.ph.

The Nominations Committee convened ten times in 2015, jointly with the Corporate Governance Committee.

DIRECTOR	ATTENDANCE	%
Dy Tiong	10	100
Hans T. Sy	3	100
Joaquin T. Dee	3	100
Alberto S. Yao	10	100
Roberto F. Kuan	8	80

Hans T. Sy and Joaquin T. Dee are members up to May 6, 2015;
3 joint meetings with the Corporate Governance Committee
from 01 January - 06 May 2015

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

The Corporate Governance Committee convened 21 times in 2015: 11 joint meetings with the Audit and Compliance Committees, and ten joint meetings with the Nominations Committee.

DIRECTOR	ATTENDANCE	%
Roberto F. Kuan	18	86
Joaquin T. Dee	21	100
Hans T. Sy	19	90
Alberto S. Yao	21	100

Compensation or Remuneration Committee provides oversight over the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Bank's culture, strategy and control environment. Three out of the five members, including the chairman, Roberto F. Kuan, are Independent Directors.

The Compensation or Remuneration Committee had three meetings in 2015.

DIRECTOR	ATTENDANCE	%
Roberto F. Kuan	2	67
Hans T. Sy	3	100
Gilbert U. Dee	3	100
Dy Tiong	3	100
Alberto S. Yao	3	100

Trust and Investments Committee is responsible for the investment supervision over all the portfolios or funds under the management of the Trust Group. It acts upon all trust business for acceptance as well as approval of all investments for trust and agency accounts, unless this function is specifically delegated by the Board to the head of the Trust Group or other senior officers of the Bank, consistent with existing regulations.

It convened 11 times in 2015.

DIRECTOR	ATTENDANCE	%
Jose T. Sio	9	82
Herbert T. Sy	10	91
Harley T. Sy	10	91
Ricardo R. Chua	10	91
Rene J. Sarmiento	11	100

Related Party Transactions Committee is responsible for ensuring that the RPT Policy is in place, determine the material threshold for RPT transactions, and in reviewing all related party transactions as defined in the existing policies of the Bank to be conducted at an arm's length basis. The Committee is composed entirely of Independent Directors: Alberto S. Yao (chairman), Dy Tiong, and Roberto F. Kuan.

The Related Party Transaction Committee convened seven times in 2015.

DIRECTOR	ATTENDANCE	%
Alberto S. Yao	7	100
Dy Tiong	7	100
Roberto F. Kuan	7	100

Board of Trustees of CBC Employees' Retirement Fund is responsible for the investment and disbursement of the assets of CBC Employees' Retirement Plan in accordance with SEC regulations and the best interests of the plan holders. The Board of Trustees is composed of Gilbert U. Dee (chairman), Peter S. Dee, and Ricardo R. Chua.

Management Committee (ManCom) formulates the Bank's business plans and budget as directed by the Board and reports to the Board on the implementation of corporate strategies designed to fulfill the Bank's corporate mission and business goals. At the operating level, it covers top management matters such as, but not limited to, environmental assessment, objectives setting, performance and budget review, asset/liability management, organizational and human resource development, product development, and major operating policies. The ManCom is chaired by Ricardo R. Chua. The members are listed on pages 58-59.

Credit Committee (CreCom) reviews and approves all credit applications within its credit approval authority. It also reviews all credit applications exceeding its credit approval authority, and if found acceptable, endorses such to the Executive Committee or the Board of Directors. The CreCom is composed of Gilbert U. Dee (Chairman), Ricardo R. Chua (Vice-Chairman), William C. Whang, Nancy D. Yang, Ramon R. Zamora, Rosemarie C. Gan*, Ananias S. Cornelio III**, and Melissa F. Corpus**.

** Effective April 1, 2015*

*** Non-voting member*

Technology Steering Committee (TSC) oversees and manages the IT resources of the Bank. Except for strategic initiatives and IT expenditures, all matters pertaining to IT resource management and performance measurement

To enhance the effectiveness of the Board in discharging its fiduciary duties and to complement it in the execution of its responsibilities, the Board has established nine Board-level committees and three Management-level committees. Each committee has a charter and operates within its specific delegated authority and functions.

are fully delegated to the Committee as provided for in its Charter, subject to regular reporting to the Board of IT project benefits and status, IT risks, system performance and effectiveness of control measures implemented. The TSC is composed of Ricardo R. Chua (chairman), Alexander C. Escucha, William C. Whang, Ramon R. Zamora, and Rosemarie C. Gan.

BOARD AND CEO EVALUATION

The Board has an annual performance evaluation process to assess the effectiveness of the Board as a whole, the Board Committees, and the individual Directors, by way of a Self-Assessment Questionnaire. The formal self rating system focuses on the level of compliance with leading corporate governance principles and practices. As a process, each member of the Board is required to accomplish the various self-assessments and they are to return the duly accomplished form to the Corporate Governance (CG) Compliance Officer, who in turn summarizes the results for the validation of the Chief Compliance Officer. The final results are summarized and reported with specific recommendations (as the case may be) to the Board. There is also a specific Self-Assessment Questionnaire on the performance of the President and CEO.

Below is the rating system used:

RATING	DESCRIPTION
0	*Poor* - Leading practice or principle is not adopted in the company's Manual of Corporate Governance
1	*Needs Improvement* - Leading practice or principle is adopted in the Manual but compliance has not yet been made
2-3	*Fair* - Leading practice or principle is adopted in the Manual and compliance has been made but with major deviation(s) or incompleteness
4	*Good* - Leading practice or principle is adopted in the Manual and compliance has been made but with minor deviation(s) or incompleteness
5	*Excellent* - Leading practice or principle is adopted in the Manual and full compliance with the same has been made

We also adopted the SEC-prescribed performance assessment for the Audit Committee released by the SEC in 2012. In accordance with SEC Memorandum Circular No. 4, Series of 2012, the results are validated by the CG Compliance Officer and form part of the record of the Bank which may be examined by the Commission from time to time. The results are summarized and reported also to the Board. Based on the results of the 2015 evaluation, there are no significant deviations and in general the Bank has complied with the provisions and requirements of the Code of Corporate Governance, including the fitness and suitability of each of the Directors in accordance with the Bank's Policy on Fit and Proper.

REMUNERATION

In accordance with the Bank's amended By-laws, China Bank Directors are entitled to a per diem of P500.00 for attendance at each Board/Board Committee meeting and to 4% of the Bank's net earnings. Executive Directors are appointed under standard employment terms, which include provisions for basic salary and performance bonus, depending on their performance, banking experience, employment status, position, and rank in the Bank. Nonexecutive Directors, on the other hand, do not receive any performance-related compensation.

For employees, the remuneration policy is to maintain salary range rates which compare favorably with those paid by the banking industry for the same job function, to recognize the relative importance of each job position, and to reward meritorious performance. The Employees' Remuneration Framework, designed to strike a balance between linking rewards to short-term and long-term objectives and maintaining competitiveness in the market, comprises fixed salary, bonuses, benefits and long-term incentives.

CORPORATE GOVERNANCE POLICY

The Board of Directors, Management, employees, and shareholders believe that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake greater effort necessary to create more and continuing awareness within the organization.

VISION AND MISSION

Our Vision and Mission, as stated on the inside front page of this annual report, reflect what China Bank wants to be—a catalyst of wealth creation for our customers and stakeholders. We commit to the principles and best practices of governance in the achievement of this goal. In 2015, the Board reviewed China Bank's Mission and Vision and the corporate strategy to ensure the alignment of our direction and strategies with our operating environment and the needs of our stakeholders.

CORPORATE GOVERNANCE MANUAL

China Bank has an extensive Corporate Governance Manual that embodies our corporate governance policies, governance structure, principles, the specific and general duties and responsibilities of the Board, and the duties of the individual directors. It is updated regularly to ensure that it is aligned with the latest issuances of the BSP, and the rules and regulations of the SEC and the Philippine Stock Exchange (PSE). The Manual is available in China Bank's Intranet system and our corporate website, www.chinabank.ph.

CODE OF ETHICS

We are strongly committed to honest and ethical standards in the conduct of our business as guided by our Core Values—Integrity, High Performance Standards, Commitment to Quality, Customer Service Focus, Concern for People, Efficiency and Resourcefulness / Initiative—China Bank's business has always been anchored on honest and ethical conduct and compliance with applicable laws and regulations. These core values are also the foundation of our Code of Ethics. The Code provides clear guidelines on acceptable and unacceptable behavior and business practices and is available to all employees and posted in the Bank's Website.

Our Board has imposed a policy of full compliance with the Code of Ethics. Our Human Resources Division ensures that every China Bank employee is aware of and upholds the Code. In order to promote compliance with the Code, all new employees are given a copy of the Code of Ethics booklet and undergo the New Employees' Orientation Course (NEOC) wherein the Code is comprehensively discussed.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Board has imposed a policy of full compliance with the Code of Corporate Governance. Our Compliance Office, headed by the Chief Compliance Officer (CCO), Atty. Marissa B. Espino, is responsible for building a compliance culture and awareness in the Bank and ensuring that the system of implementing and monitoring compliance with the Code and the Bank's Corporate Governance Manual are effective. For the year 2015, the Bank has fully complied with all the material requirements of the Code of Corporate Governance.

II. INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the establishment and review of China Bank's system of internal control, while the day-to-day responsibility for internal control rests with Management. All of our employees are involved to a certain degree in our internal control process. The components of our internal control system includes a well-defined management structure with clear authorities, responsibilities, and operating procedures; an enterprise risk management function supported by the Risk Management Committee and the Risk Management Group; a robust compliance function with anti-money laundering and anti-insider trading policies; a comprehensive planning and budgeting process, spearheaded by the Corporate Planning Division, that delivers detailed annual financial forecasts and targets for Board approval; and an internal audit function independently exercised by the Audit Division.

Based on the continuing review and monitoring by the Audit Committee of the adequacy and effectiveness of the internal system of the Bank, and its evaluation of management's activities in managing various risks material to the operations of the Bank, the Committee affirms that the Bank's internal control and risk management systems are adequate and functioning effectively.

INTERNAL AUDIT

Internal audit is a vital part of China Bank's internal control structure. The Internal Audit function covers the independent and objective evaluation of the Bank's risk management, control, and governance processes. This is handled by the Audit Division, headed by the Chief Audit Executive (CAE), Vice President Marilyn G. Yuchenkang.

The CAE has dual reporting lines in order to maintain organizational independence—functionally to the Audit Committee and administratively to the president and CEO.

The appointment and removal of the CAE should be duly approved by the Audit Committee. The Audit Division performs its mandated tasks based on the Board-approved Internal Audit Charter. Its authority cuts across all functions, units, processes, records, and personnel in relation to the conduct of its role. A risk-based audit approach is used for the preparation of the Annual Audit Plan.

In line with the Audit Division's thrust to improve its existing process in gathering and analyzing audit data in order to achieve engagement's objectives, it has acquired in 2014 data analytics solution that will improve the audit approach by moving from traditional auditing to continuous auditing, which provides for a more frequent control and risk assessments; increase audit coverage by providing capability to cover the whole population for testing; and improve audit efficiency and quality by allowing consistent and repeatable test procedures that are not dependent on the available manpower resources thus minimize impact of staff turnover to audit coverage. Related training was conducted by the service provider to equip the designated auditors with the necessary skills and competencies in using this analytics tool.

EXTERNAL AUDIT

The Bank's Audit Committee is responsible for the appointment, re-appointment, and removal of an external auditor to ensure its independence from the internal auditors. SGV & Co./Ernst & Young (SGV) has been China Bank's external auditor for over 20 years, with the partners rotated every five years, as required by law. Vicky Lee Salas was assigned in 2011 as SGV's partner-in-charge for China Bank.

SGV plays a crucial role in ensuring that our financial statements factually represent our accounting records and are treated and presented in accordance with Philippine Financial Reporting Standards (PFRS). Throughout the years that SGV has been auditing the Bank, it has not found any significant exceptions, such as cases of fraud or dishonesty, and any other matters that could potentially result in material losses to the Bank and our stakeholders. SGV representatives are present at the Bank's annual stockholders meeting to respond to matters concerning their audit of the Bank.

FISCAL YEAR	AUDIT FEES	NON-AUDIT FEES
2015	**₱ 2,800,000.00**	**₱ 337,425.60**
2014	₱ 2,046,000.00	--

The above audit fees are inclusive of other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the Bank's financial statements. The matter of the 2015 audit fees was taken up and approved by the Audit Committee at its regular meeting on February 17, 2016.

Apart from the matter of audit fees, the Board/Audit/ Executive/Risk Management Committee likewise discussed/ approved/authorized the engagement of the services of SGV & Co./Ernst & Young in non-audit work in 2015, particularly, for the independent validation of votes in the May 7, 2015 Annual Stockholders' Meeting, and agreed upon procedures for the Annual Summary Report of the application of proceeds from the Bank's stock rights offering issued to the PSE, and compliance certificate as required under the facility agreement issued to the international bank lenders. In the past years, the Bank also engaged their services for the conduct of an independent security assessment of the Bank's systems, independent validation of the Bank's risk measurement and pricing models, and implementation of Internal Capital Adequacy Assessment Process (ICAAP), and strengthening of risk management and audit processes through project engagements which include ICAAP for Internal Audit, ICAAP Phase 2, Risk Model Validation and ICRRS.

SGV is again recommended for appointment at the scheduled 2016 annual stockholders meeting.

COMPLIANCE OFFICE

As one of the Bank's foundation in ensuring good governance, Compliance Office plays a vital function in protecting the rights of stakeholders and in the mitigation of business risk. It has put in place a compliance system for general compliance, governance and anti-money laundering that seeks to ensure the bankwide implementation of the compliance culture where all employees at all levels are aware of and comply with all applicable laws, rules, and regulations, by cascading the Bank's Compliance Plan and disseminating all applicable new laws, regulatory issuances, advisories, and other regulatory matters and by conducting lectures.

Our Compliance Office is headed by the Chief Compliance Officer (CCO) Atty. Marissa B. Espino who ensures that the Bank's Compliance Framework is kept updated and effective in carrying out the compliance system. To foster a culture of compliance, the Compliance Office conducts regular trainings on compliance, corporate governance, bank fraud, anti-money laundering, and other relevant laws and regulations.

The Compliance Office also acts as liaison for the Board and management on regulatory compliance matters with the regulatory agencies; and provides advisory services, including reviewing proposed China Bank products and services. The CCO functionally reports to the Compliance Committee and the Corporate Governance Committee, and administratively to the President and CEO.

The Compliance Office is the home of the Corporate Governance Department which is responsible in monitoring compliance with the Code of Corporate Governance. The Banks recognition on governance served as a testament in carrying out this function.

ANTI-MONEY LAUNDERING

We are committed to complying with the provisions of the Anti-Money Laundering (AML) law. The Compliance Office develops, implements, and monitors programs to prevent China Bank from being used for money laundering.

The Compliance Office conducts regular seminars on the Base60 Automated AML System, the basics of the Anti-Money Laundering Act (AMLA), and current trends to ensure that China Bank employees have sufficient and upto-date knowledge of AML law and regulations, as well as the risks and opportunities for money laundering and the financing of terrorism. The revised Money Laundering and Terrorist Financing Prevention Program (MLPP) Operations Manual is posted in our intranet system for easy reference

RISK MANAGEMENT

We recognize that the business of banking necessarily entails risk, and that proper risk mitigation, not outright risk avoidance, is the key to long-term success. Our risk management principle centers on determining how much risk we are willing to bear for a given return, deciding if the risks represent viable opportunities, and finding intelligent approaches to managing risks. Our corporate governance structure keeps pace with the changing risks that China Bank faces and will be facing in the coming years with a dynamic risk management program that calls for the continuing reassessment of risks and controls and the timely reporting of these risks to the Board.

As mandated under existing regulations, the Board is responsible for the approval and overseeing the implementation of risk management policies. The Board has delegated this function to the Risk Management Committee (RMC) which includes among others, the development of various risk strategies and principles, control guidelines policies and procedures, implementation of risk measurement tools, monitoring of key risk indicators, and the imposition and monitoring of risk limits. The RMC regularly reviews China Bank's risk profile and the effectiveness of risk management systems. Moreover, internal auditors test and evaluate our risk management program to determine effectiveness and communicate the results to the Board and the Audit Committee.

The Risk Management Group (RMG), headed by our chief risk officer, First Vice President Ananias S. Cornelio III, is responsible for executing the risk management function and the guidelines set by the RMC, including the identification and evaluation on a continuous basis of all considerable risks to the business, and challenging business lines on all aspects of risks arising from the Bank's activities.

In 2015, RMG continued to strengthen China Bank's risk management framework to effectively assess, manage, and monitor risks across a broad range of activities. Major initiatives were taken to increase the technical capacity of the group in credit risk model development and validation. Foundation for the Bank's adoption of the Basel III framework on liquidity risk management has been prepared. Core system testing on disaster preparedness was also completed.

MARKET AND LIQUIDITY RISK

The objective of our market risk policies is to obtain the best balance of risk and return while meeting our stakeholders' requirements. Meanwhile, our liquidity risk policies center on maintaining adequate liquidity at all times to be in a position to meet all obligations as they fall due. RMG continued to implement its roadmap in 2015 including enhancements and projects in support of these objectives.

Budget and capital considerations (Pillar II guidelines) are now effectively embedded into risk taking activities via the Value- at-Risk (VaR) limits. The annual VaR Limits review incorporates the impact of VaR on Capital Adequacy Ratio (CAR) as a basis for establishing limits, in addition to the annual trading budget and the Bank's risk tolerance. Aside from using VaR as a risk metric, market risk is adequately managed through a risk management framework comprising of limits, triggers, monitoring and reporting procedures. As part of its roadmap, the Bank is in the process of implementing a market risk system which will enhance and automate the measurement of VaR.

For interest rate risk, the Earnings-at-Risk (EaR) estimates using actual interest rate volatilities and non-parallel yield curve shifts have been included in the regular reporting to the RMC to supplement the Bank's EAR analysis. To further enhance its analysis of the Bank's accrual portfolio the Bank will continue to explore other metrics such as the measurement of Balance Sheet VaR.

Aside from the Maximum Cumulative Outflow (MCO) model used for managing and monitoring liquidity risk, RMG formed a team to spearhead the Bank's adoption of Basel III International Framework for Liquidity Risk Measurement, Standards and Monitoring in 2014. The team includes representatives from Treasury and Accounting who are responsible for managing the Bank's liquidity and financial regulatory reporting. In 2015, RMG began providing Management with regular estimates of the Liquidity Coverage Ratio (LCR) based on the draft guidelines from the BSP.

The measurement of balance sheet interest rate and liquidity risk exposures are automated through the Asset and Liability Management (ALM) system that was implemented in 2013. This important information on the Bank's exposures generates insights that lead to the formulation of timely and effective interest rate strategies and funding plans. The ALM system will undergo version upgrade this year, which include module for generating LCR.

Since 2014, the internal risk measurement models – VaR, EaR and MCO are independently validated by the Bank's Internal Audit Division (IAD) on an annual basis. In the prior year, the Bank engaged the services of an external consultant for the independent validation of these risk measurement models, and included in the engagement was the capacity building of the IAD to perform model validations.

On stress testing, RMG continued using an Integrated Stress Testing framework (IST) for the March 2016 Internal Capital Adequacy Assessment Process (ICAAP) submission in addition to the silo stress tests already in place such as Volatility, Uniform, and Reverse Stress Tests. The IST complements the Internal Models Approach which is the basis for ICAAP capital charge under normal environment. The IST framework allows us to evaluate China Bank's overall vulnerabilities on specific events or crisis and gauge the Bank's ability to withstand stress events.

CREDIT RISK

Our policies for managing credit risk are determined at the business level with specific procedures for different risk environments and business goals.

For 2015, the Bank focused on the development and enhancement of new and existing credit risk rating and scoring models in line with the enterprise-wide roadmap approved by the Board of Directors (BOD). After completing the quantitative and qualitative validation of the Internal Credit Risk Rating System (ICRRS) in 2014, the Bank proceeded with the next phase of the engagement with Moody's Analytics, which is the recalibration of the ICRRS. In addition, the Bank started developing its sovereign risk rating model designed to improve its assessment of country risk for sovereign and corporate exposures.

The Bank continued to strengthen its management of large exposures and concentration risk by recommending the shift from a uniform Management Action Triggers (MAT) on industry exposures to MAT based on actual usage and expected volatility based on historical data. In addition to presenting the results of the Real Estate Stress Test required under BSP Circular No. 839, the Bank also provided the regulators and the BOD with the granular analysis of its real estate exposures.

In 2015, Credit Review and Control Department (CRCD), the credit examination arm of RMG, completed the review of eight lending units from Consumer Banking, Institutional Banking, and Retail Banking Business groups. These lending units accounted for 19% of the Bank's total loan portfolio as of 2015 year-end. The standard credit examination covers the assessment of loan portfolio quality and adherence to existing credit policies and procedures. Areas requiring immediate attention were also covered during the year such as the impairment methodology of Real and Other Properties Acquired (ROPA).

The Bank also focused on determining the gaps and the corresponding roadmap to comply with the BSP Circular No. 855 (Guidelines on Sound Credit Risk Management Practices; Amendment to the Manual of Regulations for Bank sand Non-Bank Financial Institutions). Specific action plans and units responsible have been presented to, and approved by the Board of Directors with the objective of meeting the 2-year timeline set by the regulators.

OPERATIONAL AND IT RISK

We have a framework of policies, procedures, and tools to ensure that China Bank's operational and IT risks are managed in a timely and efficient manner. RMG continued to effectively assess, monitor, control, and report such risks, implementing new projects and improvements with emphasis on improving the Bank's disaster preparedness.

To continuously strengthen the assessment, monitoring, and mitigation of risks, RMG spearheads the bank - wide operational risk identification and self - assessment process. This enables determination of priority risks areas, assessment of mitigating controls in place, and institutionalizing of additional measures to ensure a controlled operating environment for China Bank. Also, the Bank maintains a Centralized Loss Database (CLD) where all the reported incidents of losses are recorded to enable the assessment of weaknesses in the Bank's processes and come up with viable improvements to avoid recurrence. Moreover, China Bank collects data for operational Key Risk Indicators. These indicators include the definition of specific thresholds, which are monitored on a quarterly basis that require prompt attention and appropriate management actions for areas with increasing risks to proactively avert the occurrence of severe incidents.

In 2015, additional investments were made to support technology requirements and network connectivity for both the Disaster Recovery Center (DRC) and the Business Recovery Center (BRC) of the Bank which are located in different areas outside the Makati Central Business District. Both facilities ensure that China Bank is adequately prepared for disaster recovery and business resumption. The BRC can accommodate critical units of the Bank to recover from an unexpected business interruption. Equipped with workspaces, computer and communication systems, the facility can support parallel operations 24x7.

A risk based and scenario driven Business Continuity Management (BCM) Program was approved in 2015 which aims to improve the resiliency of the Bank and includes Recovery and Crisis Management planning, systematic testing and continuous improvement. The BCM's Business Impact Assessment / Analysis (BIA) review and update commenced in November 2015 after a series of BCM briefings were conducted. This analysis aims to prepare for an effective and comprehensive business continuity and disaster recovery plan. It confirms which order recovery of operations are performed and those that shall be delayed for an acceptable period of time. Alongside the Bank's IT Audit and Information Security Office, the disaster preparedness was thoroughly assessed, covering both infrastructure and procedural matters. Standards set under existing regulations and industry best practices were used to benchmark the Bank's ability to respond to pre-determined events.

TRUST RISK

On August 17, 2012, BSP came out with Circular 766, Guidelines in Strengthening Corporate Governance and Risk Management Practices on Trust, Other Fiduciary Business, and Investment Management Activities. The circular mandates Trust entities to "develop and implement a formal, comprehensive, and effective risk management program that outlines, among other things, the risk management processes that effectively identify, measure, monitor and control risks affecting the clients and the Trust Entity." In line with this, RMG continued to strengthen China Bank's risk management practices on Trust by enhancing the policies, processes, and procedures for market risk, liquidity risk, credit risk, operational risk and compliance risks specific to the Trust Group. In 2014, Legal, Strategic and Reputational Risks were also incorporated in the Trust Risk Management Guidelines. In 2015, RMG developed and implemented additional metrics such as the Equity Limit Monitoring and Single Exposure Limit Monitoring for Unit Investment Trust Funds.

III. GOVERNANCE AND ETHICAL OPERATIONAL POLICIES

Guided by the policies in China Bank's By-Laws, Corporate Governance Manual, Compliance Manual, and Code of Ethics, the Board and Senior Management lead, direct, inspire, and control the governance and business conduct of China Bank, ensuring that we are not just consistent with the rule of law, but that China Bank is run soundly and prudently, in a manner that fits the best interests of our stakeholders.

WHISTLEBLOWING

We have a whistle-blowing policy, wherein employees, customers, shareholders, and third party service providers are encouraged to report questionable activity, unethical conduct, fraud or any other malpractice by mail, phone or e-mail, without fear of reprisal or retaliation because the identity of the whistleblower is kept confidential.

Disclosures may be directed to the Chief Compliance Officer (CCO), who is responsible for determining the sufficiency and validity of the report. Disclosures may also be reported to any responsible officer of Bank. If determined sufficient in form and substance, the CCO shall refer the disclosure to the Audit Division and/or Human Resources Division (HRD) for further investigation. If the CCO finds the report baseless, she is required to respond to the whistleblower of its status within 24 hours from receipt thereof. Meritorious disclosure, as may be determined by the CCO, should be given recognition and may be entitled to an award as deemed necessary by the HRD or the Investigation Committee.

Regular reporting is made to the Compliance and Corporate Governance Committees on the disclosures and status thereof.

Reports/disclosures may be sent to any officer of the Bank or to:

CHIEF COMPLIANCE OFFICER
China Banking Corporation
P. O. Box 2182, Makati Central Post Office
1226 Makati City, Philippines
Mobile number: 0947-9960573
E-mail address: whistle_chib@yahoo.com
A disclosure form is also available at
www.chinabank.ph

CONFLICT OF INTEREST

Conflict between the interest of the Bank and the interest of the employees should be avoided at all times. In cases of conflict, the interest of the Bank should prevail. Our employees are not allowed to have direct or indirect financial interests that conflict or appear to conflict with their duties and responsibilities as employees of the Bank; to engage in other work outside of the Bank without the Bank's written permission; and to have work competitive with the Bank.

RESTRICTION IN DEALINGS ON BANK SECURITIES

We adopted a policy on securities transactions to reinforce existing laws against insider trading. Our policy on insider trading prohibits directors, officers, and employees who are considered to have knowledge of material facts or changes in the affairs of China Bank which have not yet been publicly disclosed, including any information likely to affect the share price of the Bank's stock, to directly or indirectly engage in financial transactions as a result of, or primarily relying upon, "insider information." Also covered are consultants and advisers and all other employees who are made aware of undisclosed material information.

The dealings of the directors in the Bank's shares are required to be disclosed within three business days after the transaction.

RELATED PARTY TRANSACTIONS

We recognize that related party transactions may give rise to a conflict of interest. Our Board ensures that such transactions are made substantially on fair terms or at an arm's length basis. The Related Party Transaction Committee thoroughly review and verify all related party transactions as having been entered into in the best interest of the Bank, in the ordinary course of business, and on substantially the same terms as those prevailing at the time for comparable transactions with other parties.

The table on page 52 shows the Bank's significant (P50M and above) related party transactions as of December 2015. Full disclosures for these transactions were made through reports with the appropriate regulatory agency.

EDUCATION AND TRAININGS

We are committed to continually strengthen China Bank's compliance culture through education and training. The Compliance Office regularly conducts briefings to Compliance Coordinators in branches and head office to raise the level of awareness and understanding of the principles, concepts, and elements of good corporate governance and compliance. The Compliance Coordinators are required to cascade their learning to their respective areas. All new employees of the Bank undergo a Basic orientation on Compliance System, Anti-Money Laundering (AML), Whistle-blowing, and Corporate Governance wherein the compliance concept is introduced to them. The Compliance Office also conducts lectures in the Officers Development Program (ODP) and Integrated Supervisory Development Program (ISDP).

SUPPLIER/CONTRACTOR SELECTION

We maintain high legal, ethical, and professional standards in the management of the Bank's resources. We ensure that the goods or services procured are fit for the purpose and provide the Bank with the best value available; that risks to personnel, company assets, and the environment arising from the contracting or supply of materials, equipment, and services are reduced to a level which is as low and

COMMITMENT TO UPHOLD ANTI-MONEY LAUNDERING LAWS & REGULATIONS

The Board and Management team of China Bank affirm their commitment to comply with the Anti-Money Laundering (AML) laws, rules and regulations. The Bank strongly believes that money laundering undermines the integrity of the financial system and the reputation of a bank.

In order to ensure bankwide compliance with the AML laws, rules and regulations, the Bank has adopted a Money Laundering and Terrorist Financing Prevention Program (MLPP) approved by the Board of Directors. The MLPP provides for the requirements to combat money laundering and promotes high ethical and professional standards including the prevention of the bank being used for money laundering and terrorism financing. The MLPP is designed in accordance with the Bank's corporate structure and risk profile. The MLPP is reviewed regularly to incorporate therein recent regulatory issuances to ensure compliance.

To foster compliance, the MLPP is disseminated to all officers and staff who are obligated by law and by the program to implement the same. Regular AML trainings and seminars are being conducted to update all officers and staff of AML requirements. The Bank has also adopted an AML e-Learning platform to expand the reach of AML training nationwide expeditiously. For 2015, AML e-Learning platform has covered almost one hundred percent (100%) of its officers and staff.

The Board and Senior Management regular undergo training on Anti-Money Laundering, among others. The recent AML training was provided by the Anti-Money Laundering Council (AMLC).

The AML Compliance Framework of China Bank is supported by an electronic system capable of monitoring risks associated with money laundering. These AML and KYC measures are constantly subjected to independent and periodic review of our internal auditors as part of their audit program. In addition, a compliance testing is required by the BSP as an additional control to ensure compliance. The results of these audits and testing are reported to the Board through the appropriate board level committees. These systems and measures are regularly evaluated and enhanced by China Bank to keep in pace with the developing standards, current trends and requirements.

China Bank is now one of the largest private domestic universal banks in the Philippines in terms of capital base, assets and market value, and is one of the best-governed publicly-listed companies in the country. With close to a century of solid financials, strong commitment to personal, quality service, significant contribution to the country's financial landscape, and an enduring legacy of successful partnerships with generations of clients trusting the Bank with their wealth and future, China Bank remains to be one of the most respected, trusted, stable and profitable financial institutions in the country.

China Bank affirms that it will uphold compliance with AML laws and regulations.

as reasonably practicable as possible; and that we deal with suppliers and contractors that have the necessary experience, capability, and financial viability to undertake the work safely, economically, and technically correct, in an environmentally sound manner, and in accordance with the contract, schedule, and applicable laws and regulations. We are committed to fair marketplace practices, selecting suppliers and contractors through an open and non-discriminatory process, based on criteria that ensure a thorough and competitive selection process: quality, price, service, and overall value to China Bank. We follow standards of objectivity, impartiality, and equality of opportunity, preventing any favoritism or interference from conflicts of interest in the selection of suppliers and contractors. We have a supplier/contractor accreditation process which is the preliminary step to pre-qualification at China Bank. Suppliers and contractors invited to bid are evaluated accordingly prior to contract award. They are also evaluated on the basis of actual performance as compared to promised delivery dates, quality of work / goods, and adherence to agreed specifications and purchase order prices.

DISCLOSURE AND TRANSPARENCY

We are committed to a high standard of disclosure and transparency to facilitate understanding of the Bank's true financial condition and the quality of our corporate governance. All material information about China Bank is adequately and punctually disclosed, in accordance with SEC and PSE's disclosure policy. In addition to compliance with the reportorial requirements like publishing our quarterly financial statements in leading newspapers and producing a comprehensive annual report for the Annual Stockholders' Meeting, we promptly disclose major and market-sensitive information like dividend declarations, joint ventures and acquisitions, sale and disposition of significant assets, as well as financial and non-financial information that may affect the investment decision of the investing public, in the form of press releases in newspapers and reports in our internal publications. We also electronically file our disclosures through the Electronic Disclosure Generation Technology (Edge) of PSE which are then posted on the PSE website. Our corporate website is likewise regularly updated to include the latest news and current information about the Bank.

SIGNIFICANT RELATED PARTY TRANSACTIONS AS OF DECEMBER 2015

NAME OF COUNTERPARTY	TYPE OF TRANSACTION	AMOUNT/CONTRACT PRICE
Planters Development Bank(Subsidiary)	Treasury Interbank limits	P1.028 Bn
	Renewal of Omnibus Line	P200 Mn
	Bonds	P350 Mn
	Bonds	P50.0 Mn
St. Luke's Medical Center (Global City), Inc. (Related Interest)	Import/domestic L/C Line	USD2.0 Mn
EEI Corporation & Its subsidiaries (EEI Power Corporation EEI Realty Corporation) (Related Interest)	Corporate Buyer's limit	P100.0 Mn
Angela T. Dee-Cruz (Officer of the Bank)	Line renewal	P51.0 Mn
JJACCIS Development Corp. / Suntree Holdings Corp. (SHC) (Stockholder)	Renewal of line	P500.0 Mn
SM Investments Corporation (SMIC) (Stockholder) and its Subsidiaries:	Suppliers Factoring Limit	P1.0 Bn
SM Retail, Inc. & Its subsidiaries (Supervalue, Inc., Sanford Marketing Corp., Super Shopping Market, Inc., SM Mart Inc.) (Affiliates)		
SM Prime, Inc. & Its subsidiaries (SM Land, Inc., SM Development Corp., SM Synergy Property Holdings Corp., SM Residences, Inc.) (Affiliates)		
BDO Unibank & Its subsidiaries (Affiliates)		
SM Hotels & Convention Corp. & Its subsidiaries (Affiliate)		
Kultura Filipino (Affiliate)		
Watson's Personal Care Stores Philippines, Inc. (Affiliate)		
The Manufacturers Life Insurance Co. (Phils.) (Affiliate)	Pre-settlement risk limits	P217.632 Mn
BDO Private Bank, Inc. (Affiliate)	Pre-Settlement lines	P300.0 Mn
SM Investments Corp. (Stockholder)/ Multi-Realty Dev't Corp./ Sybase Equity Investments Corp. (Affiliates)	Renewal of line	P15.5 Bn
Sysmart Corp. (Stockholder)	Renewal of line	P5.0 Bn
SM Prime Holdings Inc./ Costa Del Hamilo, Inc./ SM Hotels and Conventions Corp. (Affiliates)	Renewal of line Renewal of BP line	P1.0 Bn P100.0 Mn
	Increase of line	P3.0 Bn
Summerhills Home Development Corp. (Affiliate)	Renewal of line	P500.0 Mn
Henry Sy (Stockholder)	Renewal of line	P300.0 Mn
SM Development Corp. (Affiliate)	Renewal of line Renewal of line	P200.0 Mn P50.0 Mn
Spouses Irwin Marland & Consuelo Dee Ponce (Related Interest)	Renewal and increase of lines	P47.0 Mn P80.0 Mn
China Bank Savings, Inc. (Subsidiary)	Renewal and reduction of line	USD2.0 Mn
	Bonds	P200 Mn
	Bonds	P114,314,740,000
SM Development Corporation and Affiliates (Affiliates) SM Development Corporation Twenty Two Forty One Properties Inc. SM Synergy Properties Holdings Corporation Intercontinental Development Corporation Vancouver Lands, Inc.	Contract to Sell Purchase Facility	P9,500,000,000 Sub-limit: = P9 Bn
Costa Del Hamilo, Inc.		= P500 Mn
BDO Universal Bank(Affiliate)	Bonds/FX	P38,374,584,000
	Bonds/FX	P69,314,439,500
	Bonds/FX	P48,679,790,958
BDO Private Bank (Affiliate)	Bonds/FX	P2,315,775,000
	Bonds/FX	P2,826,123,200
	Bonds/FX	P3,806,107,500
CBC Trust Group (A Group in the Bank)	Bonds	P250,000,000
	Bonds	P250,000,000
	Bonds	P211,644,807
Manulife Chinabank Life Assurance Corp. (Associate)	Bonds	P677,950,000
	Bonds	P1,288,675,000
	Bonds	P1,113,800,000
Philippine Business Bank, Inc. (Related Interest)	Bonds/FX	P1,394,632,500
Rizal Commercial Banking Corp. (Related Interest)	Bonds/FX	P8,672,405,000
	Bonds/FX	P13,619,459,217
	Bonds/FX	P9,946,855,000
Super Industrial Corp. (Affiliate)	Renewal of line	P50 Mn
SM Prime Holdings, Inc. (SMPH) (Affiliate)	Sale of an acquired property to SMPH	P90.0 Mn
Union Motors Corp. (Affiliate)	Renewal of line	P150 Mn
	Bonds	P114,314,740.00

IV. INFORMATION FOR STOCKHOLDERS

DATE OF FOUNDATION

China Bank was incorporated on July 20, 1920 and opened for business on August 16, 1920. The Bank is registered with the Securities and Exchange Commission under SEC registration number 443. China Bank's amended By-laws may be downloaded from our website, www.chinabank.ph, or requested from the Office of the Corporate Secretary:

ATTY. CORAZON I. MORANDO
Vice President and Corporate Secretary
11/F China Bank Building
8745 Paseo de Roxas corner Villar Street
Makati City 1226, Philippines
Tel. Nos.: (+632) 885-5131, 885-5132
Fax No.: (+632) 885-5135
Email: ocsstocks@chinabank.ph

AUTHORIZED AND ISSUED CAPITAL

Authorized Capital: ₱25 Billion divided into 2.5 Billion shares with a par value of ₱10.00 per share
Issued Shares: 1,853,728,497 common shares

SUMMARY OF FILIPINO AND NON-FILIPINO HOLDINGS AS OF FEBRUARY 28, 2015

NATIONALITY	NUMBER OF STOCKHOLDERS	NUMBER OF SHARES	PERCENTAGE
Non-Filipino (PCD)	1	470,151,531	25.362%
Chinese	49	2,885,408	0.156%
American	20	3,386,624	0.183%
Australian	1	1,676	0.000%
British	2	108,419	0.006%
Canadian	3	539,168	0.029%
Dutch	1	53,324	0.003%
Spanish	1	91	0.000%
Taiwanese	2	422,007	0.023%
TOTAL	1,978	1,853,728,497	100.00%

RECORD AND BENEFICIAL OWNERS HOLDING 5% OR MORE OF VOTING SECURITIES AS OF FEBRUARY 28, 2015

TITLE OF CLASS	NAME, ADDRESS OF RECORD OWNER & RELATIONSHIP WITH ISSUER	NAME OF BENEFICIAL OWNER & RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NO. OF SHARES HELD	PERCENTAGE
Common	PCD Nominee Corporation * 37th Floor Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City Stockholder	Various stockholders/clients	Non-Filipino	470,151,531	25.36%
Common	SM Investments Corporation 10th Floor L.V. Locsin Bldg., 6752 Ayala Avenue, Makati City Stockholder	Sy Family PCD Nominee Corporation Stockholders	Filipino	318,975,815	17.21%
Common	Sysmart Corporation 10th Floor L.V. Locsin Bldg., 6752 Ayala Avenue, Makati City Stockholder	Henry Sy, Sr. and Family Sycamore Pacific Corporation Stockholders	Filipino	274,633,398	14.82%
Common	PCD Nominee Corporation * 37th Floor Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City Stockholder	Various stockholders/clients	Filipino	237,807,892	12.83%

MARKET INFORMATION

Actual Prices:

2015	HIGH	LOW	CLOSE
Jan – Mar	44.40	42.55	46.50
Apr – Jun	44.86	41.67	45.30
Jul – Sept	43.80	40.40	41.00
Oct – Dec	42.00	37.00	37.20

Actual Prices:

2014	HIGH	LOW	CLOSE
Jan – Mar	62.00	57.25	58.45
Apr – Jun	63.00	54.00	55.10
Jul – Sept	56.50	50.00	50.80
Oct – Dec	51.10	45.80	47.00

Adjusted Prices (for 8% stock dividend):

2015	HIGH	LOW	CLOSE
Jan – Mar	41.11	39.39	43.06
Apr – Jun	41.54	38.58	41.94
Jul - Sept	40.55	40.40	41.00
Oct - Dec	42.00	37.00	37.20

Adjusted Prices (for 8% stock dividend):

2014	HIGH	LOW	CLOSE
Jan - Mar	56.28	51.97	53.06
Apr - Jun	57.19	50.00	51.02
Jul - Sept	52.31	47.69	50.80
Oct - Dec	51.10	45.80	47.00

- **Market value as of December 29, 2015 (last trading day): P37.20**
- **Price Information as of February 29, 2016 (latest practicable trading date): P36.10**

TRADING IN COMPANY SHARES BY BANK DIRECTORS

DIRECTOR	SHAREHOLDINGS AS OF JANUARY 1, 2015	NUMBER OF SHARES DISPOSED	NUMBER OF SHARES ACQUIRED*	SHAREHOLDINGS AS OF DECEMBER 31, 2015
Hans T. Sy	2,152,408	0	172,193	2,324,601
Gilbert U. Dee	9,132,984	0	730,640	9,863,624
Ricardo R. Chua	93,155	0	7,454	100,609
Peter S. Dee	1,116,967	0	89,358	1,206,325
Joaquin T. Dee	33,014,215	0	2,673,540	35,687,755
Dy Tiong	158,182	0	12,655	170,837
Herbert T. Sy	326,428	0	26,115	352,543
Harley T. Sy	74,403	0	105,953	180,356
Alberto S. Yao	5,674	0	454	6,128
Roberto F. Kuan	21,570	0	1,727	23,297
Jose T. Sio	2,248	0	180	2,428

2015 TRADING IN COMPANY SHARES BY THE BANK'S PRINCIPAL OFFICERS

NAME OF OFFICER	SHAREHOLDINGS AS OF JANUARY 1, 2015	NUMBER OF SHARES DISPOSED	NUMBER OF SHARES ACQUIRED*	SHAREHOLDINGS AS OF DECEMBER 31, 2015
Nancy D. Yang	1,940,602	0	155,250	2,095,852
Rene J. Sarmiento	16,942	0	1,356	18,298
Rosemarie C. Gan	83,131	0	6,651	89,782
Patrick D. Cheng	371,477	0	29,718	401,195
Gerard T. Dee	5,026	0	403	5,429
Delia Marquez	14,776	0	1,183	15,959
Shirley G.k.t. Tan	10,210	0	817	11,027
Elizabeth C. Say	0	0	2,372	2,372

DIVIDEND POLICY

China Banking Corporation, as a matter of policy, will declare cash dividends at a payout ratio of at least thirty percent of the Net income of the prior year, subject to the conditions and limitations set forth in this policy statement.

The Bank's Dividend Policy is an integral component of its Capital Management Policy and Process rather than a stand-alone process. Its fundamental and overriding philosophy is sustainability.

Dividend pay-outs are reviewed annually. These are referenced against the Bank's Capital Management Process. Based on the Capital Management Process, dividend pay-outs are calibrated based on the prior year's earnings while taking consideration dividend yields, future earnings streams and future business opportunities.

In declaring dividend pay-outs, China Banking Corporation uses a combination of cash or stock dividends as follows:

1. The dividend is increased in response to the Bank's achieving a higher level of sustainable earnings.
2. Dividends may be increased for a specific year to plow back to shareholders a commensurate share of unusually high earnings for a given year.

China Banking Corporation capital management philosophy and process, and consequently its Dividend Policy which comprises an integral component of this undertaking, is driven by the following primary objectives:

1. Ensuring compliance with externally imposed regulatory capital requirements.
2. Maintaining strong credit ratings.
3. Maintaining healthy capital ratios to support its business and maximize shareholder value.

China Banking Corporation manages its capital structure and makes adjustments to it in the light of:

1. Changes in economic conditions.
2. The risk characteristics of its activities.
3. The assessment of prospective business requirements or directions.

DIVIDEND HISTORY

	2014	2013	2012	2011	2010
Stock Dividend	8%	10%	10%	10%	10%
Cash Dividend	10%	12%	12%	12%	12%

AUTHORIZED AND ISSUED CAPITAL

Authorized Capital - ₱25.0 Billion divided into 2.5 Billion shares with a par value of ₱10.00 per share
Issued Shares - 1,853,728,497 common shares

Management of and adjustments to the capital structure are accomplished through the following principal means:

1. Adjustments of dividend pay-outs to shareholders
2. Adjustments in form of dividend pay-outs (cash vs. stock)
3. The issuance or conversely reduction of capital securities.

Capital Management broadly follows the process outlined below:

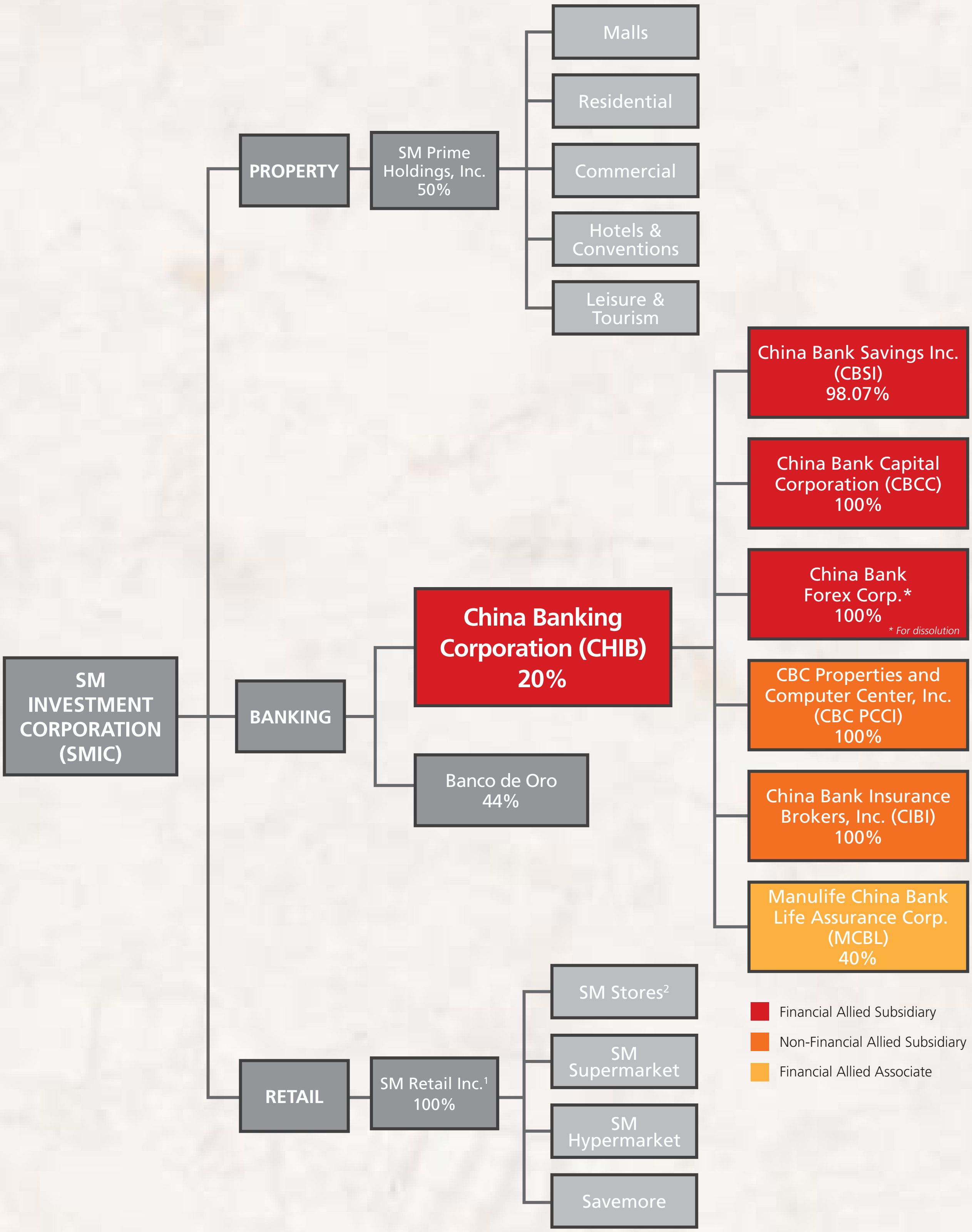
1. An assessment of regulatory capital and capital adequacy measures.
2. Determination of the optimal capital structure based on an a risk-based capital planning approach that considers:
   a. Planned levels and risk appetite for business activity with a focus on the implication of these plans on the resulting credit, market and operational risk exposure.
   b. An analysis of the implications of macroeconomic activity or industry developments and probability of a corresponding improvement or deterioration in the bank's risk exposures.
   c. Provision of a capital buffer to mitigate against an unforeseen deterioration in the bank's asset portfolio quality, or an increase in business risk, or business opportunities that arise over the course of its business activities.
   d. Desired capital mix, leverage, and target return on equity.
   e. Accretive or dilutive effects of incremental capital build up programs.
   f. Developments or opportunities in the capital markets or regulatory environment that have a direct relation to the Bank's ability to build up or reduce its capital levels.
   g. Sustainability of internally generated capital and consequently sustainability of dividend payouts.

INVESTOR RELATIONS

Inquiries from investors, analysts, and the financial community are handled by the Investor & Corporate Relations Group:

ALEXANDER C. ESCUCHA
Senior Vice President and Head
Investor & Corporate Relations Group
28/F BDO Equitable Tower
8751 Paseo de Roxas
Makati City 1226, Philippines
Tel. No.: (+632) 885-5609
Email: investor-relations@chinabank.ph

CONGLOMERATE MAP



[1] *Pre-merger of related retail businesses*
[2] *80 % owned*

AWARDS AND **RECOGNITION**

1. **2015 PSE Bell Award for Corporate Governance**
   Philippine Stock Exchange (PSE) - Top 5 listed companies
   - China Bank is the only awardee to have won for four years in a row
   - China Bank is the only bank among the awardees, in each of the four years

2. **Outstanding Company on Corporate Governance - Philippines**
   2015 Best of Asia Awards - *Corporate Governance Asia*
   - the 2nd time that China Bank won the award

3. **Top Corporate Issue Manager/ Arranger - Bank Category**
   11th Philippine Dealing System (PDS) Annual Awards

4. **P33.3 B Pagbilao Power Plant Project Financing Deal - Best Power Deal - Philippines**
   2015 Triple A Infrastructure Awards - *The Asset Magazine*

5. **P42.15B San Buenaventura Power Project Finance, Asia-Pacific's Power Deal of the Year**
   Project Finance International

6. **Best Local Currency Bond 2015, San Miguel Corporation P33.5B Perpetual Preferred Shares**
   The Asset Asian Awards

7. **Best Investor Relations Company - Philippines (China Bank)**
   Best Investor Relations Professional - Philippines (SVP Alexander C. Escucha)
   5th Asian Excellence Awards - *Corporate Governance Asia*

BOARD OF **DIRECTORS**

Photo this page, left to right;
Standing, Gilbert U. Dee, Ricardo R. Chua,
and Hans T. Sy. Seated, Henry Sy, Sr.

Photo this page, left to right;
Standing, Joaquin T. Dee, Herbert T. Sy, Peter S. Dee
and Jose T. Sio. Seated, Dy Tiong

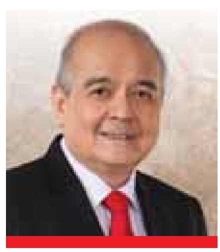
Photo this page, left to right;
Standing, Roberto F. Kuan, Harley T. Sy,
and Alberto S. Yao.

BOARD OF DIRECTORS

HANS T. SY, 60, Filipino, is the Chairman of the Board since May 5, 2011. He was first elected to the China Bank Board as Director on May 21, 1986, and served as Vice Chairman from 1989 to 2011. Over the years, Chairman Sy had completed various training programs, the most recent of which were the Exclusive Annual Corporate Governance Training facilitated by the Institute of Corporate Directors (ICD) in June 2015, and the Anti-Money Laundering Training conducted by the Bangko Sentral ng Pilipinas (BSP) Anti-Money Laundering Council (AMLC) Secretariat in August 2014. In addition to China Bank, he is the Director and President of SM Prime Holdings, Inc., and serves as Adviser to the Board of SM Investments Corporation, which are listed in the Philippine Stock Exchange (PSE), as well as occupies positions in various companies of the SM Group. He graduated from the De La Salle University with a degree in Mechanical Engineering.

HENRY SY, SR., 91, Filipino, is the Honorary Chairman and Advisor to the Board since 1997. His election as Honorary Chairman on May 18, 2006 was formalized on February 7, 2007 after clearances from the BSP and the Securities and Exchange Commission (SEC) were obtained. He is also the Chairman of listed companies SM Investments Corporation, BDO Unibank, Inc. (*Emeritus*), and SM Prime Holdings, Inc. (*Emeritus*). Mr. Sy holds an Associate in Commercial Science degree from the Far Eastern University and was conferred a doctorate degree in Business Management *Honoris Causa* by the De La Salle University.

GILBERT U. DEE, 80, Filipino, is the Vice Chairman of the Board since May 5, 2011. He was elected as member of the Board on March 6, 1969, and served as Chairman from 1989 to 2011. He attended trainings on corporate governance in June 2015 and January 2014 conducted by ICD, and on anti-money laundering in August 2014 by BSP-AMLC. For his past positions, Vice Chairman Dee was Director of Philippine Pacific Capital Corporation, Philex Mining Corporation, and CBC Finance Corporation. At present, he does not hold directorship position in other PSE-listed company; he is the Chairman of the Boards of Union Motor Corporation and China Bank subsidiary CBC Properties and Computer Center, Inc. (CBC-PCCI), and Director of Super Industrial Corporation, all non-listed companies. Mr. Dee holds a Bachelor of Science degree in Banking from the De La Salle University, and a Masters in Business Administration (MBA) degree in Finance from the University of Southern California.



RICARDO R. CHUA, 64, Filipino, is a Director of the Bank since May 8, 2008. He was China Bank's Chief Operating Officer from 1995, until he was elected as President and Chief Executive Officer effective September 1, 2014. He is a member of the board of the Bankers Association of the Philippines (BAP) and President of BancNet Inc. He has had extensive training in banking operations and corporate directorship, which include those relating to Corporate Governance in 2002, 2014 and 2015, and Anti-Money Laundering Act in 2008, 2009 and 2014. He was the Director/Treasurer of CBC Venture Capital Corp. from 1989 to 2003, and Director of the Philippine Clearing House Corp. from 2005 to 2011. He is currently a member of the Boards of China Bank subsidiaries China Bank Savings, Inc. (CBSI), Chinabank Insurance Brokers, Inc. (CBC-IBI), CBC-PCCI, CBC

BOARD OF DIRECTORS

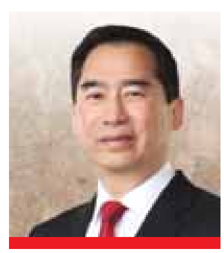
Forex Corporation (CBC Forex), and Chinabank Capital Corporation (CBCC); Director of Manulife China Bank Life Assurance Corp. (MCBLife), CAVACON Corporation, and Sun & Earth Corporation. Apart from China Bank, he does not hold position in any other company listed in the PSE. A Certified Public Accountant, Director Chua graduated with a Bachelor of Science degree in Business Administration, Major in Accounting, *cum laude*, from the University of the East, and he holds Masters in Business Management (MBM) degree from the Asian Institute of Management (AIM).

PETER S. DEE, 74, Filipino, is a member of the Board since April 14, 1977. He was President and Chief Executive Officer of the Bank from 1985 to 2014. Director Dee completed a Special Banking course at the American Institute of Banking. He has had trainings in various aspects of banking, including the Exclusive Corporate Governance Workshop in January 2014 and Anti-Money Laundering Training in August 2014. He was formerly director in companies which include Sinclair (Phils.) Inc. and Can Laquer, Inc. Presently, Director Dee holds directorships in China Bank subsidiaries CBC-PCCI, CBC-IBI, and CBC Forex, in Hydee Management & Resources Corporation, Commonwealth Foods, Inc., and GDSK Development Corporation, as well as independent directorships in the following PSE-listed corporations: City & Land Developers, Inc. and Cityland Development Corporation. He is a graduate of the De La Salle University/University of the East with a Bachelor of Science Degree in Commerce.

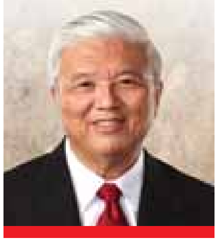
JOAQUIN T. DEE, 80, Filipino, has been on the Bank's Board since May 10, 1984. He attends continuing education programs related to banking, including ICD's Corporate Governance trainings in 2002, 2014, and 2015, and BSP-AMLC's Update on AMLA training in 2014. Director Dee was the Vice President for Sales and Administration of Wellington Flour Mills from 1964 to 1994. He is currently Director/President of JJACCIS Development Corporation and Enterprise Realty Corporation, and Director/Treasurer of Suntree Holdings Corporation – all of which are not listed in the PSE. Director Dee holds a Bachelor of Science degree in Commerce from the Letran College.

DY TIONG, 86, Filipino, is an Independent Director for four (4) years in accordance with SEC Memorandum Circular No. 9, Series of 2011. He was first elected to the China Bank Board on May 9, 1985. Over the years, he had attended seminars on banking, the most recent of which were on Corporate Governance in June 2015 and January 2014, and the Update on AMLA training in August 2014. Director Dy Tiong was formerly a Director of CBC Finance, Inc. from 1980 to 2001 and President of Panelon Development Corporation from 1990 to 1994. He is currently Vice Chairman of Panelon Philippines, Inc., Honorary Chairman of Chiang Kai Shek College, and Chairman *Emeritus* of the Dr. Sun Yat Sen Society, all of which are not listed in the PSE. He is a graduate of the National Jean Kuan College with a degree of Bachelor of Science in Business Administration.

HERBERT T. SY, 59, Filipino, was first elected Director on January 7, 1993. He attended various banking-related trainings, including the Orientation Course on Corporate Governance for Bank Directors in 2002, Anti-Money Laundering Act of 2001 Seminar in 2009, Exclusive Corporate Governance Workshop in January 2014, Update on AMLA training in August 2014, and Annual Corporate Governance Training in June 2015. Director Sy has been a director and/or officer for more than five (5) years in companies engaged in food retailing, investment, real estate development and mall operations. He is currently Director of Supervalue, Inc., Super Shopping Market, Inc., Sondrik, Inc., National University, and Sanford Marketing Corp., all non-listed companies; and Director of PSE-listed SM Prime Holdings, Inc. Director Sy holds a Bachelor of Science degree in Management from the De La Salle University.



HARLEY T. SY, 56, Filipino, has been a Director since May 24, 2001. He had attended various trainings and workshops to enhance his banking skills, including the Orientation Course on Corporate Governance for Bank Directors in 2002, Enterprise Risk Management in 2008, Anti-Money Laundering Act (AMLA) of 2001 Seminar in 2009, Exclusive Corporate Governance Workshop in January 2014, AMLA training in August 2014, and Corporate Governance training in June 2015. Director Sy presently serves as President of PSE-listed company SM Investments Corporation, and also holds positions in various companies not listed in the PSE, such as Director of SM Synergy Properties Holdings Corporation, Sybase Equity Investments Corporation, and Tagaytay Resort Development Corporation. He holds a Bachelor of Science degree in Commerce, Major in Finance, from the De La Salle University.



ALBERTO S. YAO, 69, Filipino, is an Independent Director for four (4) years in accordance with SEC Memorandum Circular No. 9, Series of 2011. He was first elected to the China Bank Board on July 7, 2004. He attended ICD's Director Orientation Course in 2004, and corporate governance workshops/seminars in 2014 and 2015; and, BSP-AMLC's seminars on Anti-Money Laundering Act in 2009 and 2014. He was Vice President for Merchandising of Zenco Sales, Inc. from 1968 to 1975. He currently serves in companies not listed in the PSE – as President & CEO of Richwell Trading Corporation, Richwell Philippines, Inc., Europlay Distributor Co., Inc., and Internationale Globale Marques, Inc.; President of Richphil House Incorporated, and Megarich Property Ventures Corp.; and Director of Bank Subsidiaries CBSI and CBCC. Director Yao holds a Bachelor of Science degree in Business Administration from the Mapua Institute of Technology.

ROBERTO F. KUAN, 67, Filipino, is an Independent Director for four (4) years in accordance with SEC Memorandum Circular No. 9, Series of 2011. He was first elected to the China Bank Board on May 5, 2005. He completed the Orientation Course on Corporate Governance in 2005, seminar on Anti-Money Laundering Act of 2001 in 2009, Corporate Governance workshop/training in 2014 and 2015, and AMLA trainings in 2014 and 2015. Director Kuan is the founder and former President of Chowking Food Corporation, and former Chairman/ President of Lingnam Enterprises, Inc. He holds various directorship/trusteeship positions; among others, he is presently member of the Boards of Trustees of St. Luke's Medical Center, SLMC Global City, Inc., St. Luke's College of Medicine – William H. Quasha Memorial, and Brent International School, Inc., independent director of Seaoil Phils., Inc. and Towers Watson Insurance Brokers Philippine Inc., and of Bank subsidiaries CBSI and CBCC, all non PSE-listed companies. He is also an Independent Director of Far Eastern University, Incorporated, a company listed in the PSE. Director Kuan is a graduate of the University of the Philippines with a Bachelor of Science degree in Business Administration, obtained his MBM from the AIM, and was conferred a Doctorate degree in Humanities *Honoris Causa* by the Lyceum Northwestern University. He also attended the Top Management Program conducted by the AIM in Bali, Indonesia.

JOSE T. SIO, 76, Filipino, was first elected as Bank Director on November 7, 2007. He has completed various trainings here and abroad, including debt and equity financing during the Euromoney Conference in China in 2005, corporate governance seminars/ workshops conducted by the De La Salle University in 2003 and by the ICD in 2014, forum on good governance, business ethics, and compliance by the Good Governance Advocates and Practitioners of the Philippines in 2014, and anti-money laundering seminar conducted by BSP in 2014. He is affiliated with the following companies listed in the PSE: (1) SM Investments Corporation, as Director, Executive Vice President and CFO, and member of the Executive Committee; (2) Atlas Consolidated Mining and Development Corporation, as Director and Member of the Executive Committee; (3) Belle Corporation, as Director; (4) BDO Unibank, Inc. as Adviser to the Board of Directors; (5) Premium Leisure Corporation, as Adviser to the Board; and (6) SM Prime Holdings, Inc., as Adviser of Audit and Risk Management Committee. Mr. Sio also serves as Director in several companies not listed in the PSE, including OCLP (Ortigas) Holdings, Inc., Manila North Tollways Corporation, and CityMall Commercial Centers Inc. He is the President of SM Foundation, Inc. and GlobalFund Holdings, Inc. Mr. Sio was formerly a Senior Partner at SyCip Gorres Velayo & Co. (SGV). He was voted as CFO of the Year in 2009 by the Financial Executives of the Philippines (FINEX). He was also awarded as Best CFO (Philippines) in various years by Hong Kong-based business publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia and The Asset. Mr. Sio is a Certified Public Accountant and holds a Bachelor of Science degree in Commerce, major in Accounting, from the University of San Agustin. He obtained his Master's degree in Business Administration from the New York University, U.S.A.

MANAGEMENT COMMITTEE

Gilbert U. Dee, Director and Vice Chairman of the Board

Ricardo R. Chua, Director, President and CEO; Management Committee Chairman

Antonio S. Espedido, Jr., 60, Filipino, Executive Vice President, is the Head of Financial Capital Markets & Investment Segment, and concurrent Head of Treasury Group. He is also a Director of China Bank subsidiaries, China Bank Savings, Inc. (CBSI), and China Bank Capital Corporation (CBCC), and CBC Forex Corporation (CBC Forex). Mr. Espedido has had extensive trainings on fund transfer pricing, strategic thinking, project and portfolio management, and corporate governance. Prior to joining China Bank, he held officership positions in the Bank of the Philippine Islands (BPI) and Citytrust/BPI, among others. He is a graduate of the University of San Francisco, USA with a Bachelor of Science degree in Business Administration.

Romeo D. Uyan, Jr., 53, Filipino, Executive Vice President, is President of China Bank Capital Corporation, subject to approval of the Monetary Board. Mr. Uyan served in various senior management positions at UBS AG Singapore, Barclays Singapore, Credit Suisse Singapore, ING Barings Hongkong, Philippine Commercial International Bank, ING Manila, Citytrust Banking Corporation, and Far East Bank and Trust Company, and had attended banking-related seminars on corporate governance, among others. He holds a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University and a Masters in Business Administration (MBA) degree from the Cornell University.

William C. Whang, 57, Filipino, Executive Vice President, is the Head of Lending Business Segment, and concurrent Head of Institutional Banking Group. He also holds positions in Bank subsidiaries, currently as Director/Treasurer of China Bank Insurance Brokers, Inc. (CBC-IBI) and CBC Properties and Computer Center, Inc. (CBC-PCCI), and Director of CBCC. He is a former Director and currently a member of the Operations Committee of BancNet, Inc. Over the years, Mr. Whang attended trainings in banking and related fields, including branch based marketing, quality service management, sales management, and corporate

From left to right: Alberto Emilio V. Ramos, Ramon R. Zamora, Virgilio O. Chua, Alexander C. Escucha, Nancy D. Yang, William C. Whang ,Gilbert U. Dee, Ricardo R. Chua (Management Committee Chairman), Antonio S. Espedido, Jr., Carlos M. Borromeo, Rosemarie C. Gan, Patrick D. Cheng, Romeo D. Uyan, Jr., and Rene J. Sarmiento.

governance. He has more than 30 years of banking experience, formerly holding senior management positions in Metrobank, Republic National Bank of New York, International Exchange Bank, Security Bank, Sterling Bank of Asia, and other financial institutions. He holds a Bachelor of Science degree in Commerce, Major in Business Management, from the De La Salle University.

Carlos M. Borromeo, 50, Filipino, Senior Vice President, is Chief Financial Officer and Head of Financial Management Segment of the Bank effective January 1, 2016, subject to the approval of the Monetary Board. He is also a Director of Megalink Corporation. Mr. Borromeo had attended various trainings in banking and related fields, including Treasury Management, financial engineering and advanced derivatives, asset liability and risk management, Anti-Money Laundering Act (AMLA), investor relations, and corporate governance. In the past, he served in the Boards of Security Finance Inc. and SB Cards Corporation, handled senior management positions at Security Bank Corporation, Standard Chartered Bank, and was the President and COO of Planters Development Bank (PDB). He is a graduate of the Ateneo de Manila University with a degree in Bachelor of Arts Major in Economics. He obtained his Masters in Business Management (MBM) from the Asian Institute of Management (AIM).

Patrick D. Cheng, 53, Filipino, Senior Vice President, is Head of Trust Group and the Bank's Officer effective December 16, 2015, subject to approval of the Monetary Board. He is also a Director of Manila Overseas Commercial Inc. and SR Holdings Corporation. Prior to joining the Bank, Mr. Cheng held various senior management positions at Philippine Bank of Communications, HSBC Savings Bank (Philippines), HSBC (Philippine Branch), and Citibank N.A. (Philippine Branch). He was previously the President of HSBC Savings Bank (Philippines) and was also a two-term President of the Chamber of Thrift Banks from 2012 to 2013. He had extensive training on corporate governance, anti-money laundering, asset liability management, operational risk, and information security. He graduated from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy, magna cum laude. He also holds an MS Management degree, with Distinction, from

MANAGEMENT COMMITTEE

the Hult International Business School in Cambridge, Massachusetts, and finished the Trust Operations and Investment Management course, with Distinction, from the Trust Institute of the Philippines. He is a Certified Public Accountant, having placed 7th in the National Exams. In 2010, he was a Distinguished Alumnus Awardee of the Virata School of Business (VSB) of the University of the Philippines – Diliman.

Alexander C. Escucha, 59, Filipino, Senior Vice President, is Head of the Bank's Investor and Corporate Relations Group. He is also a Director of CBSI, and Chairman of the UP Visayas Foundation, Inc., and is an international resource person at The Asian Banker. Mr. Escucha has served as President of the Philippine Economic Society and concurrent Chairman of the Federation of ASEAN Economic Associations (FAEA), and as President of the Corporate Planning Society of the Philippines, and Bank Marketing Association of the Philippines. He had attended various seminars such as the corporate governance orientation conducted by the ICD in 2015, and had been a delegate in various economic briefings and conferences, such as the JP Morgan Philippines Conference and The Asian Banker Summit in 2015. Prior to joining China Bank, he was Vice President at International Corporate Bank. He obtained his Bachelor of Arts degree in Economics, cum laude, from the University of the Philippines.

Rosemarie C. Gan, 58, Filipino, Senior Vice President, is Deputy Group Head of the Bank's Retail Banking Business. She is also a Director in the Bank subsidiary CBSI. She has been with the Bank for over 37 years, and had extensive exposure and training in marketing, financial analysis, credit portfolio management, strategic planning and corporate governance. She attended the BAI Retail Delivery Conference conducted by the Bank Administration Institute in 2012, and Corporate Governance workshops/seminars conducted by the ICD in 2014 and 2015. Ms. Gan graduated magna cum laude from the University of Santo Tomas with a Bachelor of Science degree in Business Administration, Major in Management, and was a recipient of the distinguished Rector's Award. She attended the AIM's Advanced Bank Management Program in 2013.

Alberto Emilio V. Ramos, 56, Filipino, Senior Vice President, is the President of China Bank Savings, Inc. (seconded in 2011). He also sits in the boards of Manulife China Bank Life Assurance Corporation (MCBLife) and CBCC, and is Trustee/Treasurer of the Chamber of Thrift Banks. He completed numerous trainings related to banking such as on SME Banking, corporate governance, treasury products, asset-liability management, credit and financial analysis, and strategic marketing planning. Prior to joining the Bank in 2006 as Head of Private Banking Group, Mr. Ramos was President of Philam Asset Management, Inc., and held key positions in local and international banks, including the Bank of the Philippine Islands and Citytrust Banking Corporation. He graduated from the De La Salle University with a Bachelor of Arts degree in Political Science and Bachelor of Science degree in Marketing Management. He also holds an MBM degree from the AIM and has a Treasury Professional Certificate from the Bankers Association of the Philippines.

Nancy D. Yang, 76, Filipino, Senior Vice President, is Head of the Bank's Retail Banking Business. She also serves in the boards of CBSI as Vice Chairman and CBC-IBI as director. Mrs. Yang had attended several training programs here and abroad, including the Allen Management Program, BAI Retail Delivery Conference in Arizona and Florida, USA, Environmental Risk Management for Bankers conducted by the Bank of America, Branch Based Marketing, Internal Credit Risk Rating, and Corporate Governance seminars conducted by Bangko Sentral ng Pilipinas (BSP) and The Institute of Corporate Directors (ICD). She holds a Bachelor of Arts degree from the Philippine Women's University and a post graduate scholarship grant in Human Development & Child Psychology from the Merrill Palmer Institute in Detroit, Michigan, USA. She is related within the second civil degree of consanguinity to Director Peter S. Dee.

Ramon R. Zamora, 67, Filipino, is Senior Vice President and Head of the Bank's Centralized Operations Group, Remittance Business Operations, and Correspondent Banking. He is also a Director of Bank Subsidiaries CBC-PCCI, CBC Forex, and CBSI. Mr. Zamora had extensive training on financial products, credit risk management, IFRS, electronic banking, and corporate governance, among others. He was formerly a Vice President at Citibank N.A. He holds a Bachelor of Arts degree in Economics from the Ateneo de Manila University.

Virgilio O. Chua, 49, Filipino, First Vice President, is Managing Director, Treasurer and Head of Investment Banking of China Bank Capital Corp. (CBCC) effective February 5, 2016 (seconded on same date), subject to Monetary Board approval. He is also Board Director, Vice President, Debt Capital Markets Committee of the Investment House Association of the Philippines from 2014 to present. He has 28 years of experience in the fields of investment banking, corporate banking, and credit risk management, and held senior executive positions at Citibank N.A., First Metro Investment Corp., and ING Bank, N.V. Mr. Chua had extensive training on capital markets and investment banking, project finance, mergers and acquisitions, account management, financial markets, corporate risk assessment, anti-money laundering and corporate governance. He holds a Management Engineering degree from the Ateneo de Manila University.

Rene J. Sarmiento, 62, Filipino, was Senior Vice President of the Bank until his retirement on December 31, 2015. He was the former Head of the Bank's Trust Group and also Director of Bank subsidiary CBSI. He attended seminars and trainings including those relating to corporate governance, estate planning, risk management practices on trust, other fiduciary business and investment management activities. He has over 30 years of investment and trust operations experience gained from Ayala Investment and Development Corporation, Far East Bank & Trust Company, and Security Bank Corporation. A Certified Public Accountant, Mr. Sarmiento obtained his Bachelor of Science degree in Commerce, Major in Accounting, magna cum laude, from the De La Salle University. He also holds an MBM degree from the AIM.

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** With interlocking position in China Bank*

95 Years OF TRUST AND PARTNERSHIP


















1920 Dee C. Chuan leads a group of top Filipino-Chinese businessmen to found China Bank, which opens for business on August 16, 1920.

1924 Albino SyCip joins China Bank on a full-time basis and will be its chairman for decades; over the next 53 years, he will define and exemplify its distinctive values.

1925 From the beginning, it maintains an international perspective. China Bank opens its Xiamen branch.

1927 China Bank is listed in the Manila Stock Exchange.

1929 The Bank opens a branch in Shanghai.

1931 The Great Depression hits the Philippine banking sector; hit by runs, a rival bank goes under, but China Bank weathers the crisis unshaken.

1935 China Bank has P21.537 M in resources and is by now one of the country's biggest banks. It provides key financing for many of the country's biggest conglomerates.

1940 On October 27, Bank founder Dee C. Chuan, at the age of 52, dies of tuberculosis in California. His son George Dee Se Kiat takes over as head of the Dee family.

1941 On December 8, the Pacific War begins with the bombing of Pearl Harbor. On December 21, the Philippines is invaded.

1942 In April, the Japanese military shuts down China Bank and liquidates its assets. Albino SyCip and George Dee Se Kiat are arrested and spend months in jail.

1945 On July 23, Albino SyCip and around 50 of the Bank's old employees reopen China Bank. Albino is president and general manager; George Dee Se Kiat is VP.

1948 China Bank has lent heavily to build the local economy, extending P182.84 M to various reconstruction efforts and economically strategic sectors; opens its first Cebu branch

1952 Albino, who is now 64, gives up the China Bank presidency to George Dee Se Kiat, but remains chairman and general manager. DK Chiong becomes SVP.

1954 Dong-Pao Loh becomes manager of the Bank's Cebu branch. DP Loh becomes an institution in Cebu business, becoming friend and banker to many local tycoons.

1955 China Bank breaches the P100 M mark for the first time, with P109.597 M in resources and P70.292 M in deposits. It is the biggest private commercial local bank.

1960 China Bank is still the biggest private commercial local bank. It has 7.2% of all the assets in the commercial banking system, with P174.417 M in resources.

1965 China Bank has P287.446 M in resources and P207.933 M in deposits. It has a profit of P7.144 M on gross income of P24.663

1968 China Bank introduces the first mainframe computer, an IBM 360, to Philippine banking, enabling its customers to do their transactions online.

1969 China Bank building was constructed along Paseo de Roxas, Makati

1970 China Bank is still the biggest private commercial local bank, with P565.997 M in resources. It has 4.1% of the assets in the commercial banking system.

1975 The Bank increases its Filipino ownership up to the 70% level required by Central Bank regulations. This paves the way for the Bank's major branch expansion program.

1978 On May 2, 1978, Albino SyCip, 91, passes away due to pneumonia. His successor as chairman George Dee Se Kiat passes away the following year.

1980 On December 24, Bank chairman DK Chiong passes away due to a heart attack. The next generation of leadership, Gilbert and Peter Dee, begin to take over the reins.

1988 Introduced Tellerphone, the first phone banking service in the country.

1990 Head office officially transferred to Makati.

1996 Accessed offshore capital markets by issuing US$50 MN FRCD

1997 In July, the Asian economic crisis begins. The peso's devaluation hurts importers and manufacturers badly; as they struggle to adjust, China Bank finds ways to help its clients.

2004 Henry Sy of the SM Group acquires significant stake in China Bank.

2005 Offered Internet Banking and Remittance services.

2006 Completed its first international US$53 MN secondary share offering (3,388,284 common shares)

2007 Signed a bancassurance joint venture with Manulife; acquired Manila Banking Corp with 75 branch licenses

2008 Launched China Bank Savings, Inc. (savings bank subsidiary)

- As the crisis hits the world economy, several local banks take a significant hit from bets on subprime mortgage derivatives. China Bank, with its conservative policies, is unaffected.

2009 The Bank has P234 B in assets, P193 B in deposits, net income of P4.1 B, 247 branches, and 374 ATMs. Its profitability and market cap rival those of the biggest players.

- Cited by Stern, Stewart and Co. as one of the top 100 ASEAN companies in terms of delivering shareholder value for 2002-2008

2010 The Bank marks its 90th year; it is still one of the strongest and most profitable banks in the country.

2011 Best Wealth Management House in the Philippines, awarded by The Asset

- Hans T. Sy becomes chairman of China Bank.
- China Bank is awarded Best Wealth Management House in the Philippines by The Asset Magazine and receives for the second time the Gold Award in Corporate Governance from the Institute of Corporate Directors (ICD).

2012 China Bank acquires a new core banking system—the more powerful Infosys Finacle Solution.

- The Bank also acquires Pampanga-based Rural Bank Unity Bank to be merged with its thrift bank subsidiary China Bank Savings (CBS) in 2013.
- Wins Philippine Stock Exchange's 1st Bell Awards

2013 China Bank signs up partnership with MasterCard in its foray into the credit card business

- China Bank wins PSE's Bell Award for Corporate Governance for the second consecutive year.
- The Bank strengthens its operations with a new wealth management system developed by Sopra Banking Software; a leading-edge ATM/payment switch and Authentic from Alaric

2014 Ricardo R. Chua succeeds Peter S. Dee as the new president & chief executive officer on September 1, 2014.

- China Bank acquires Planters Development Bank
- China Bank raises P8 billion from stock rights offer to strengthen capital base and pursue expansion programs.
- China Bank increases its ownership stake from 5% to 40% in Manulife China Bank Life Assurance Corp. (MCBLife), its bancassurance joint venture with Manulife Philippines.
- China Bank wins a Bell Award for Corporate Governance for the third year in a row—the only bank among the awardees and one of only two companies to have won three times—and wins Corporate Governance Asia's Outstanding Company on Corporate Governance Award.

2015 BSP, PDIC and SEC gave final approval of the China Bank Savings and Plantersbank merger

- China Bank MasterCard Prime, Platinum, and World credit cards are officially launched during China Bank's 95th Anniversary
- China Bank Capital Corporation, China Bank's investment house subsidiary, gets BSP approval on May 14 and by the SEC on November 27; EVP Romeo D. Uyan, Jr. is appointed president
- China Bank upgrades its treasury system with the Calypso front-to-back trade processing solution to support growing treasury operations and trading capabilities
- China Bank embarks on a "Branch Re-Design Project" as part of its brand-building and branch development and expansion strategies
- For the 4th consecutive time, China Bank wins PSE's Bell Award—the only bank among the awardees and the only awardee to have won for four years in a row (listed companies category), and for the 2nd time, wins Outstanding Company on Corporate Governance – Philippines at 2015 Best of Asia Awards - Corporate Governance Asia

FINANCIAL STATEMENTS CONTENT

Management's Discussion on Result of Operations and Financial Condition

RESULT OF OPERATIONS

China Bank registered a consolidated net income of ₱5.60 billion for full-year 2015, up by 9.53% from the ₱5.11 billion earned for full year 2014. This translated to a 9.62% return on average equity and 1.17% return on average assets.

Total operating income consisting of net interest income and fee-based income increased by 3.84% or ₱0.72 billion to ₱19.57 billion. Total operating expenses (including provision for impairment and credit losses) increased by 8.15% or ₱0.99 billion as the Bank continued to pursue its expansion strategy.

Net interest income was higher by 7.07% to ₱15.09 billion from ₱14.09 billion due to larger volume of loans and securities portfolio coupled with an improved share of low-cost deposits to total deposits, resulting in a net interest margin of 3.37% from last year's 3.30%.

Total fee-based income decreased by 5.72% to ₱4.49 billion from ₱4.76 billion last year due to lower trading gains and miscellaneous income. Trading and securities gain of ₱466.83 million were 12.78% below last year's ₱535.26 million as adverse market conditions resulted in subdued trading opportunities. Trust fees grew by ₱24.75 million to ₱276.24 million because of the higher volume of assets under management. Gain on asset foreclosure and dacion transactions reached ₱274.98 million, up by 98.46% from last year because of the higher mark-to-market revaluation gain of the Bank's foreclosed assets. Furthermore, gain on sale of investment properties of ₱375.75 million was up by 5.83% due to higher ROPA sales vis-à-vis last year. Service charges, fees, and commissions registered a 17.45% improvement to ₱1.83 billion because of significant contributions from investment banking, remittance business, and branch-based fees. The Bank also booked a share in the net loss of MCBLife amounting to ₱37.89 million, significantly higher year-on-year as MCBLife started to absorb the cost of underwriting insurance policies. Miscellaneous income declined by 39.12% to ₱966.86 million, mainly due to the one-time gain in 2014 from the Bank's increased stake in MCBLife from 5.00% to 40.00%.

Despite the on-going expansion, total operating expenses (excluding provision for impairment and credit losses) only increased by 3.97% to ₱12.19 billion for a cost-to-income ratio of 62.30%. Compensation and fringe benefits, which accounts for 38.34% of the total operating expenses increased by 12.08% mainly from the higher manpower complement and salary adjustments from the recent collective bargaining agreement. The on-going business and network expansion also increased the following costs: depreciation and amortization (up by 6.25%), stationary, supplies and postage (up by 23.53%), insurance including PDIC payments (up by 10.30%), and professional fees, marketing and other related services (up by 7.31%). With the growth in the Bank's loan portfolio, provision for impairment and credit losses increased to ₱966.57 million resulting in a loan loss coverage ratio of 87.73%.

The Bank's sustained profitability contributed to its capital strength and enabled it to consistently pay dividends to stockholders. For 2015, China Bank paid cash dividends of ₱1.00 per share or a total of ₱1.72 billion, which represents a total payout of 33.54% of prior year's net income. The Bank also declared an 8.00% stock dividend amounting to ₱1.37 billion.

FINANCIAL CONDITION

The Bank's total assets expanded by 11.80% to ₱526.83 billion from ₱471.22 billion mainly from the robust growth in liquid assets and loans.

The Bank's loan portfolio (net, inclusive of UDSCL) grew by 6.66% to ₱309.76 billion from ₱290.42 billion mainly from higher demand across all customer segments (corporate, commercial and consumer). The Bank's non-performing loans ratio for the period was 2.52% while loan loss coverage ratio registered at 87.73%.

The Bank's liquidity ratio stood at 36.09%, better than last year's 32.89%. Total investment securities which consist of Financial Assets at Fair Value through Profit or Loss, Available-for-Sale and Held-to-Maturity Financial Assets reached ₱71.21 billion, representing 13.52% of total assets as the Bank expanded its bond holdings.

On the liabilities side, total deposits increased by 10.01% to ₱439.27 billion from ₱399.30 billion with the expansion in the branch network. Total low-cost deposits (demand and savings) grew by 17.77% to ₱227.56 billion from ₱193.23 billion improving the low-cost funding mix to 51.80% from 48.39% in 2014. Bills payable tripled to ₱19.09 billion mainly from the booking of US$158.00 million syndicated three-year term placement. The year also saw the retirement of the subordinated debt by the thrift bank subsidiary which amounted to ₱1.19 billion at the end of 2014.

Total capital funds grew to ₱59.17 billion, 4.60% higher than last year's ₱56.57 billion primarily from higher retained profits. The Bank's Common Equity Tier 1 (CET 1) and total CAR were computed at 12.58% and 13.50%, respectively. This year's CAR remained higher than the 10-percent regulatory requirement.

Disclosure On Capital Structure and Capital Adequacy

Capital Fundamentals

We believe that China Bank can only achieve sustainable growth by maintaining strong capital fundamentals. Major business initiatives are undertaken with the appropriate capital planning which also takes into consideration constraints and changes in the regulatory environment. This is necessary to ensure that the Bank's commercial objectives are equally aligned with its ability to maintain a capital position superior to the industry. The Board and Senior Management recognizes that a balance should be achieved with respect to China Bank's earnings outlook vis-à-vis capital fundamentals that can take advantage of growth opportunities while maintaining sufficient capacity to absorb shocks.

Risk-based capital components, including deductions, on a parent and consolidated basis:

Qualifying Capital (Basel III) In PhP Million	Consolidated	Parent Company
	2015	
Common Equity Tier 1 Capital		
Paid-up common stock	18,537.29	18,537.29
Additional paid-in capital	6,987.56	6,987.56
Retained Earnings	29,370.35	29,399.17
Other Comprehensive Income	(857.79)	(787.78)
Minority Interest	34.01	-
Less: Unsecured DOSRI	(422.94)	(420.69)
Less: Deferred Tax Assets	(2,128.35)	(2,128.35)
Less: Goodwill	(567.25)	(222.84)
Less: Other Intangible Assets	(2,439.68)	(442.12)
Less: Defined Benefit Pension Fund Assets/Liabilities	(771.49)	(771.49)
Less: Investment in Subsidiary	(291.24)	(7,084.02)
Less: Significant Minority Investment	(44.91)	(44.91)
Less: Other Equity Investment	(12.20)	(10.01)
Total CET 1 Capital	47,393.36	43,011.81
Additional Tier 1 Capital	-	-
Total Tier 1 Capital	47,393.36	43,011.81
Tier 2 Capital		
General Loan Loss Provision	3,486.40	2,954.86
Total Tier 2 Capital	3,486.40	2,954.86
Total Qualifying Capital	50,879.76	45,966.67

Qualifying Capital (Basel III) In PhP Million	Consolidated	Parent Company
	2014	
Common Equity Tier 1 Capital		
Paid-up common stock	17,164.14	17,164.14
Additional paid-in capital	6,987.56	6,987.56
Retained Earnings	28,828.35	27,722.26
Other Comprehensive Income	93.56	93.05
Minority Interest	31.71	-
Less: Unsecured DOSRI	(350.33)	(349.45)
Less: Deferred Tax Assets	(1,837.63)	(1,288.61)
Less: Goodwill	(376.64)	(222.84)
Less: Other Intangible Assets	(949.68)	(442.12)
Less: Defined Benefit Pension Fund Assets/Liabilities	(1,373.67)	(1,373.67)
Less: Investment in Subsidiary	(249.33)	(3,990.61)
Less: Significant Minority Investment	(106.03)	(106.03)
Less: Other Equity Investment	(4.95)	(2.76)
Total CET 1 Capital	47,857.06	44,190.92
Additional Tier 1 Capital	-	-
Total Tier 1 Capital	47,857.06	44,190.92
Tier 2 Capital		
General Loan Loss Provision	3,196.08	2,685.86
Total Tier 2 Capital	3,196.08	2,685.86
Total Qualifying Capital	51,053.14	46,876.78

Risk-based capital ratios:

Basel III	Consolidated	Parent Company
	2015	
	In PhP Million	
CET 1 capital	54,071.41	54,136.24
Less regulatory adjustments	6,678.05	11,124.43
Total CET 1 capital	47,393.36	43,011.81
Additional Tier 1 capital	-	-
Total Tier 1 capital	47,393.36	43,011.81
Tier 2 capital	3,486.40	2,954.86
Total qualifying capital	50,879.76	45,966.67
Risk weighted assets	376,825.22	319,859.48
CET 1 capital ratio	12.58%	13.45%
Tier 1 capital ratio	12.58%	13.45%
Total capital ratio	13.50%	14.37%

Basel III	Consolidated	Parent Company
	2014	
	In PhP Million	
CET 1 capital	53,105.33	51,967.01
Less regulatory adjustments	5,248.27	7,776.09
Total CET 1 capital	47,857.06	44,190.92
Additional Tier 1 capital	-	-
Total Tier 1 capital	47,857.06	44,190.92
Tier 2 capital	3,196.08	2,685.86
Total qualifying capital	51,053.14	46,876.78
Risk weighted assets	343,187.87	291,020.63
CET 1 capital ratio	13.95%	15.18%
Tier 1 capital ratio	13.95%	15.18%
Total capital ratio	14.88%	16.11%

The regulatory Basel III qualifying capital of the Group consists of Common Equity Tier 1 capital (going concern capital), which comprises paid-up common stock, additional paid-in capital, surplus including current year profit, other comprehensive income and minority interest less required deductions such as unsecured credit accommodations to DOSRI, deferred income tax, other intangible assets, goodwill, defined benefit pension fund assets/liabilities, and investment in subsidiaries. The other component of regulatory capital is Tier 2 capital (gone-concern capital), which includes general loan loss provision. A capital conservation buffer of 2.5% comprised of CET 1 capital is likewise imposed in the Basel III capital ratios.

Full reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements is presented below:

	Consolidated					
	2015			2014		
In Php Million	**Qualifying Capital**	**Reconciling Items**	**Audited Financial Statements**	**Qualifying Capital**	**Reconciling Items**	**Audited Financial Statements**
Common stock	**18,537.29**	**-**	**18,537.29**	17,164.14	-	17,164.14
Additional paid-in capital	**6,987.56**	**-**	**6,987.56**	6,987.56	-	6,987.56
Retained earnings	**29,370.35**	**(5,258.80)**	**34,629.15**	28,828.35	(3,283.70)	32,112.04
Net unrealized gains or losses on AFS securities	**(1,032.83)**	**93.25**	**(1,126.08)**	114.39	(8.53)	122.92
Cumulative foreign currency translation and others	**175.03**	**26.51**	**148.52**	(20.83)	(199.59)	178.76
Non-controlling interest	**34.01**	**39.55**	**(5.54)**	31.71	29.66	2.05
Deductions	**(6,678.05)**	**(6,678.05)**	**-**	(5,248.27)	(5,248.27)	-
Tier 1 (CET1) capital/Total equity	**47,393.36**	**(11,777.54)**	**59,170.90**	47,857.06	(8,710.42)	56,567.48
Tier 2 capital	**3,486.40**	**3,486.40**	**-**	3,196.08	3,196.08	-
Total qualifying capital/Total equity	**50,879.76**	**(8,291.14)**	**59,170.90**	51,053.14	(5,514.35)	56,567.48

In Php Million	Parent					
	2015			2014		
	Qualifying Capital	Reconciling Items	Audited Financial Statements	Qualifying Capital	Reconciling Items	Audited Financial Statements
Common stock	**18,537.29**	**-**	**18,537.29**	17,164.14	-	17,164.14
Additional paid-in capital	**6,987.56**	**-**	**6,987.56**	6,987.56	-	6,987.56
Retained earnings	**29,399.17**	**(5,647.72)**	**35,046.89**	27,722.26	(4,567.73)	32,289.98
Net unrealized gains or losses on AFS securities	**(1,032.79)**	**(53.18)**	**(979.61)**	114.39	(0.08)	114.50
Cumulative foreign currency translation and others	**245.01**	**(12.48)**	**257.49**	(21.37)	(283.74)	262.37
Deductions	**(11,124.43)**	**(11,124.43)**	**-**	(7,776.09)	(7,776.09)	-
Tier 1 (CET1) capital/Total equity	**43,011.81**	**(16,837.80)**	**59,849.61**	44,190.92	(12,627.64)	56,818.56
Tier 2 capital	**2,954.86**	**2,954.86**	**-**	2,685.86	2,685.86	-
Total qualifying capital/Total equity	**45,966.67**	**(13,882.94)**	**59,849.61**	46,876.78	(9,941.78)	56,818.56

The capital requirements for Credit, Market and Operational Risk are listed below, on a parent and consolidated basis:

Capital Requirement in PhP Million	Consolidated		Parent	
	2015	2014	2015	2014
Credit Risk	**34,814.92**	31,950.78	**29,488.30**	26,835.85
Market Risk	**276.95**	265.52	**227.36**	238.88
Operational Risk	**2,590.65**	2,102.49	**2,270.29**	2,027.33
Total Capital Requirements	**37,682.52**	34,318.79	**31,985.95**	29,102.06

Credit Risk

On-balance sheet exposures, net of specific provisions and not covered by CRM (in PhP million):

December 2015

On-Balance Sheet Assets	Consolidated		Parent	
	Exposures, net of Specific Provisions	Exposures not Covered by CRM	Exposures, net of Specific Provisions	Exposures not Covered by CRM
Cash on Hand	11,315.70	11,315.70	9,997.94	9,997.94
Checks and Other Cash Items	128.93	128.93	125.72	125.72
Due from BSP	86,107.22	86,107.22	76,791.60	76,791.60
Due from Other Banks	20,727.94	20,727.94	18,721.97	18,721.97
Financial Assets at FVPL	2,309.16	2,299.97	2,309.16	2,299.97
Available-for-Sale Financial Assets	49,212.27	48,293.27	47,349.01	46,430.01
Held-to-Maturity Financial Assets	16,449.17	16,449.17	14,228.65	14,228.65
Unquoted Debt Securities Classified as Loans	1,291.55	1,291.55	1,021.55	1,021.55
Loans and Receivables	312,709.73	296,968.77	262,396.76	251,552.50
Loans and Receivables arising from Repurchase Agreements	0	0	0	0
Sales Contract Receivables	977.75	977.75	251.54	251.54
Real and Other Properties Acquired	3,415.27	3,415.27	721.69	721.69
Other Assets	11,525.08	11,525.08	8,665.47	8,665.47
Total On-Balance Sheet Assets	**516,169.78**	**499,500.62**	**442,581.07**	**430,808.62**

December 2014

On-Balance Sheet Assets	Consolidated		Parent	
	Exposures, net of Specific Provisions	Exposures not Covered by CRM	Exposures, net of Specific Provisions	Exposures not Covered by CRM
Cash on Hand	10,707.42	10,707.42	9,267.54	9,267.54
Checks and Other Cash Items	119.20	119.20	111.71	111.71
Due from BSP	67,207.59	67,207.59	60,285.41	60,285.41
Due from Other Banks	17,553.19	17,553.19	15,836.70	15,836.70
Financial Assets at FVPL	3,927.24	3,918.50	3,927.24	3,918.50
Available-for-Sale Financial Assets	38,551.58	37,678.28	37,439.35	36,566.05
Held-to-Maturity Financial Assets	12,382.49	12,382.49	11,615.19	11,615.19
Unquoted Debt Securities Classified as Loans	1,367.14	1,367.14	1,021.59	1,021.59
Loans and Receivables	292,638.78	275,390.26	247,720.38	234,820.38
Loans and Receivables arising from Repurchase Agreements	-	-	-	-
Sales Contract Receivables	1,229.79	1,229.79	342.55	342.55
Real and Other Properties Acquired	3,361.29	3,361.29	987.59	987.59
Other Assets	12,377.92	12,377.92	7,052.65	7,052.65
Total On-Balance Sheet Assets	**461,423.62**	**443,293.07**	**395,607.91**	**381,825.88**

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

Off-balance Sheet Assets	2015				2014			
	Consolidated		Parent		Consolidated		Parent	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent
Direct Credit Substitutes	-	-	-	-	-	-	-	-
Transaction-related contingencies	18,642.19	9,321.10	18,312.08	9,156.04	17,876.53	8,938.26	17,562.68	8,781.34
Trade-related contingencies arising from movement of goods	8,780.79	1,756.16	4,168.27	833.65	8,452.35	1,690.47	5,201.96	1,040.39
Other commitments (which can be unconditionally cancelled at any time by the bank without prior notice)	134,164.24	-	130,113.86	-	126,251.16	-	120,816.41	-
Total Notional Principal and Credit Equivalent Amount	**161,587.22**	**11,077.26**	**152,594.21**	**9,989.70**	**152,580.04**	**10,628.74**	**143,581.05**	**9,821.73**

Credit equivalent amount for counterparty credit risk in the trading book, broken down by type of exposures (in PhP million):

December 2015

Standardized Approach	Consolidated		Parent	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent
Interest Rate Contracts	6,950.00	31.62	6,950.00	31.62
Exchange Rate Contracts	29,022.60	551.18	29,022.60	551.18
Equity Contracts	-	-	-	-
Credit Derivatives	-	-	-	-
Total Notional Principal and Credit Equivalent Amount	**35,972.60**	**582.80**	**35,972.60**	**582.80**

December 2014

Standardized Approach	Consolidated		Parent	
	Notional Principal	Credit Equivalent	Notional Principal	Credit Equivalent
Interest Rate Contracts	4,700.00	31.12	4,700.00	31.12
Exchange Rate Contracts	45,654.80	724.19	45,654.80	724.19
Equity Contracts	-	-	-	-
Credit Derivatives	-	-	-	-
Total Notional Principal and Credit Equivalent Amount	**50,354.80**	**755.31**	**50,354.80**	**755.31**

Net Exposures after CRM for counterparty credit risk in the banking book, broken down by type of exposures (in PhP million):

December 2015

Standardized Approach	Consolidated		Parent	
	Fair Value/ Carrying Amount	Net Exposures after CRM	Fair Value/ Carrying Amount	Net Exposures after CRM
Derivative Transactions	-	-	-	-
Repo-Style Transactions	13,020.27	1,967.19	13,020.27	1,967.19
Total Fair Value/Carrying Amount and Net Exposures after CRM	**13,020.27**	**1,967.19**	**13,020.27**	**1,967.19**

December 2014

Standardized Approach	Consolidated		Parent	
	Fair Value/ Carrying Amount	Net Exposures after CRM	Fair Value/ Carrying Amount	Net Exposures after CRM
Derivative Transactions	-	-	-	-
Repo-Style Transactions	4,664.53	393.49	4,664.53	393.49
Total Fair Value/Carrying Amount and Net Exposures after CRM	**4,664.53**	**393.49**	**4,664.53**	**393.49**

The following credit risk mitigants are used in the December 2015 CAR Report:
- ROP warrants
- ROP guarantees
- Holdout vs. Peso deposit / Deposit substitute
- Holdout vs. FCDU deposit of resident
- Holdout vs. FCDU deposit of non-resident
- Assignment / Pledge of Government Securities

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

Weight Band	2015							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	220,502.35	966.22	2,369.43	223,838.01	193,175.37	43.72	2,369.43	195,588.52
100% and Above	278,998.27	10,111.03	180.55	289,289.86	237,633.25	9,945.98	180.55	247,759.78
Total	**499,500.62**	**11,077.26**	**2,549.99**	**513,127.87**	**430,808.62**	**9,989.70**	**2,549.99**	**443,348.31**

Weight Band	2014							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	180,932.75	723.04	833.06	182,488.84	160,073.15	72.96	833.06	160,979.16
100% and Above	262,360.32	9,905.70	315.73	272,581.76	221,752.73	9,748.77	315.73	231,817.24
Total	**443,293.07**	**10,628.74**	**1,148.79**	**455,070.60**	**381,825.88**	**9,821.73**	**1,148.79**	**392,796.40**

Total credit risk-weighted assets, broken down by type of exposures (in PhP million):

Weight Band	2015							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	54,350.83	8.74	900.65	55,260.22	45,237.43	8.74	900.65	46,146.81
100% and Above	283,011.77	10,111.03	180.55	293,303.36	239,142.00	9,945.98	180.55	249,268.53
Covered by CRM	76.21	-	-	76.21	71.18	-	-	71.18
Excess GLLP				(490.54)				(603.52)
Total	**337,438.81**	**10,119.78**	**1,081.20**	**348,149.25**	**284,450.60**	**9,954.72**	**1,081.20**	**249,883.00**

Weight Band	2014							
	Consolidated				Parent Company			
	On-balance sheet	Off-balance sheet	Counterparty	Total	On-balance sheet	Off-balance sheet	Counterparty	Total
Below 100%	42,493.94	14.59	378.54	42,887.08	34,942.11	14.59	378.54	35,335.24
100% and Above	265,917.10	9,905.70	315.73	276,138.54	223,072.93	9,748.77	315.73	233,137.44
Covered by CRM	582.00	-	-	582.00	113.20	-	-	113.20
Excess GLLP				(99.81)				(227.33)
Total	**308,993.05**	**9,920.29**	**694.27**	**319,507.80**	**258,128.24**	**9,763.37**	**694.27**	**268,358.55**

The credit ratings given by the following rating agencies were used to determine the credit risk weight of On-balance sheet, Off-balance sheet, and Counterparty exposures:

For all rated credit exposures regardless of currency
Standard & Poor (S&P)
Moody's
Fitch

For PHP-denominated debts of rated domestic entities
Philratings

Market Risk-Weighted Assets

The Standardized Approach is used in China Bank's market risk-weighted assets. The total market risk-weighted asset of the Bank as of December 2015 is ₱2.27 billion and ₱2.77 billion for parent company and consolidated basis, respectively. This is composed of Interest Rate exposures amounting to ₱1.40 billion and Foreign Exposures amounting to ₱0.87 billion for the parent bank, while it is composed of Interest Rate exposures amounting to ₱1.86 billion and Foreign Exposures amounting to ₱0.91 billion on a consolidated basis.

Interest Rate Exposures (in PhP Mn)	Consolidated	Parent Company	Consolidated	Parent Company
	2015		2014	
Specific Risk	**42.80**	**36.50**	**34.06**	**31.91**
General Market Risk				
PHP	**49.18**	**37.78**	**110.64**	**96.22**
USD	**56.51**	**38.15**	**24.31**	**19.56**
Total Capital Charge	**148.49**	**112.43**	**169.01**	**147.69**
Adjusted Capital Charge	**185.61**	**140.53**	**211.26**	**184.62**
Subtotal Market Risk-Weighted Assets	**1,856.11**	**1,405.33**	**2,112.60**	**1,846.21**

Foreign Exchange Exposures	Consolidated	Parent Company	Consolidated	Parent Company
	2015		2014	
Total Capital Charge	**73.07**	**69.46**	**43.40**	**43.40**
Adjusted Capital Charge	**91.34**	**86.83**	**54.26**	**54.26**
Subtotal Market Risk-Weighted Assets	**913.40**	**868.27**	**542.55**	**542.55**
Total Market Risk-Weighted Assets	**2,769.51**	**2,273.60**	**2,655.15**	**2,388.77**

Operational, Legal, and Other Risks

For operational risk, the exposure of the Bank is profiled using a number of methodologies which also include a scenario analysis exercise as part of the internal capital adequacy assessment process (ICAAP) to validate if the computed capital requirement using the Basic Indicator Approach (BIA) is enough to cover estimated losses arising from very adverse operating conditions and major incidents. For the 2016 ICAAP submission, the Bank allocated the amount of ₱2.59 billion as capital for operational risk which is more than adequate to cover the exposure from our scenario analysis exercise. In fact, the BIA provides a capital buffer of as much as ₱2.21 billion.

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

Operational Risk-Weighted Assets

The BIA is used to determine the equivalent operational risk-weighted assets of China Bank. On a parent basis, the Bank's operational risk-weighted assets as of December 2015 is ₱22.70 billion while on a consolidated basis, the Bank's operational risk-weighted assets is ₱25.91 billion. On a parent basis, the Bank's operational risk-weighted assets as of December 2014 is ₱20.27 billion while on a consolidated basis, the Bank's operational risk-weighted assets is ₱21.02 billion.

Internal measurement of interest rate risk in the banking book

The Bank's interest rate risk (IRR) originates from its holdings of interest rate sensitive assets and interest rate sensitive liabilities. Internally, the Earnings-at-Risk (EaR) method is used to determine the effects of adverse interest rate change on the Bank's interest earnings. The Bank's loans is assumed affected by interest rate movements on its repricing date for floating rates and on its maturity for fixed rates. Demand and savings deposits, on the other hand, is generally not interest rate sensitive. Provided in the table below are the approximate reduction in annualized interest income of a 100bps adverse change across the PhP and USD yield curves.

Earnings-at-Risk in PhP Million	Consolidated		Parent Company	
	2015	2014	**2015**	2014
PhP IRR Exposures	**(577)**	(901)	**(664)**	(734)
USD IRR Exposures	**(55)**	(50)	**(47)**	(51)

Report of the Audit Committee

The Committee's oversight function considers the overall financial reporting, internal controls, and internal and external audits of the Bank during 2015 to be adequate, effective and efficient.

Authority and Composition

As a subset of the Board of Directors in providing independent oversight, the Audit Committee is primarily responsible for monitoring and reviewing internal control framework, financial reporting, and internal and external audit. It ensures that the Bank's systems and processes are designed to provide reasonable assurance in areas including reporting, monitoring compliance with laws, regulations, internal policies and ethics, efficiency and effectiveness of operations, and safeguarding of assets. The full terms of reference are available on the Bank's corporate governance website, www.chinabank.ph.

Three non-executive directors comprise the Audit Committee. Two of the members are independent directors, including the Chairman.

Conduct of Business in 2015

The Committee met 12 times during the year ended December 31, 2015. The main activities conducted for the covered period are set out below.

Internal control

Understanding the scope of auditor's review of internal control, the Committee reviewed the audit findings and issues noted by Chief Audit Executive Marilyn G. Yuchenkang and her team during their regular and special audit of branches and Head Office units of the Bank, and their review of other audit projects including the effectiveness of information technology security and control. In order to more effectively discharge its functions, it invited officers to attend meetings to enable the further understanding of issues and gathering of immediate feedback on relevant ones, considered management's responses to the findings, including updates on administrative case management, monitored any outstanding issues relating to the audit, and determined that appropriate actions have been taken to address significant control deficiencies and weaknesses.

To further enhance the objective of the Committee in the Bank's governance, risk management and control processes, which adds value to the overall Bank operations, the Committee endeavored to put in place additional (a) guidelines for reporting of significant audit issues, escalation of un-responded, unresolved, long outstanding and disputed audit issues or findings and acceptance of risk, (b) framework in handling fraud investigation, and (c) records management policy. The Committee also revised and updated its charter and approved the revision of the audit manual to incorporate regulatory changes and rationalization of audit processes. The matters taken up by the Committee, including the results of the Bangko Sentral ng Pilipinas examination, were elevated to the Board for information on a regular basis.

Financial reporting

The Committee reviewed and discussed with management and external auditors the annual financial statements before submission to the Board, focusing particularly on any change/s in accounting policies and practices, standards and interpretations and related impact, reasonableness of estimates and assumptions used in the preparation of financial statements, adjustments resulting from the audit, going concern assumption, and compliance with accounting and auditing standards. It also discussed the management letter submitted by the external auditors in connection with their audit of the financial statements.

After determining that the audited financial statements of the Bank and subsidiaries present fairly, in all material respects, the financial position of the group and of the parent bank, the Committee recommended to the Board of Directors that the audited financial statements and related schedules be approved, included and/or incorporated in the Annual Report for the year ended December 31, 2015.

Internal and external audit

The Committee assessed the performance of the Chief Audit Executive and the effectiveness of the internal audit function. It reviewed how the internal audit function was performing against the relevant standards, and confirmed the independence and objectivity of the internal auditors, including their compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA-ISPPIA), other supplemental standards, and Code of Ethics. It reviewed and acted upon Internal Audit Division's plan, scope and budget after ensuring their conformity with the Bank's objectives. Every semester, it discussed the accomplishments versus plan and budget.

During the year, the Committee also received validation on the effectiveness of internal audit function when an independent and qualified external service provider conducted an external quality assessment review of the Internal Audit Division, in accordance with the standards for the quality assessment of internal audit activities. The Committee took note of the results that the Internal Audit Division generally conforms to the definition of internal auditing, the code of ethics, and the international standards for the professional practice of internal auditing; including its current maturity state and the recommendations that would further improve the quality of audit services.

With respect to the external auditors, the Committee reviewed and monitored the qualifications, performance, competence and independence of the external auditor, and endorsed the re-election/re-appointment of SyCip Gorres Velayo & Co. (SGV & Co.) / Ernst & Young as the Bank's external auditor for 2015. Aside from approving the fees for the auditor's engagement, discussions also ensued regarding the external auditor's annual audit plan, and the results of the audit versus plan.

The Committee also discussed with the internal and external auditors, new issuances by the Bureau of Internal Revenue, Securities and Exchange Commission, and/or Bangko Sentral ng Pilipinas, and their significance or impact on the operations of the Bank.

Audit Committee self-assessment
Consistent with the guidelines of the Securities and Exchange Commission for the assessment of performance of the committee and its members, and with global standards and practices, the members conducted self-assessment of the performance effectiveness of the Committee.

Makati City, March 2, 2016.

ALBERTO S. YAO Chairman	**JOAQUIN T. DEE** Member	**DY TIONG** Member

Statement of Management's Responsibility for Financial Statements

The Management of China Banking Corporation (the Bank) is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has examined the consolidated 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 examination.

Hans T. Sy	**Ricardo R. Chua**	**Carlos M. Borromeo**
Chairman of the Board	President & CEO	Senior Vice President and CFO

Republic of the Philippines
City of Makati } S. S.

Signed this 4th day of March 2016, affiants exhibiting to me their Social Security System Nos. as follows:

Name	**SSS Nos.**
Hans T. Sy	03-43011743
Ricardo R. Chua	03-24163898
Carlos M. Borromeo	03-88602188

Doc. No.: 47
Page No.: 11
Book No.: 2
Series of: 2016

JUNI H. GOTAMCO
Notary Public for Makati City
Appt. No. M-450 (2015-2016)
4/F Philcom Building
8755 Paseo de Roxas, Makati City
PTR No. 53[illegible]; 01.05.2016; Makati City
IBP No. 1016939; 12.28.2015; Quezon City
Roll of Attorney's No. 53504

Notary Public
Until December 31, 2016
PTR No.
Place

Independent Auditors' Report

The Stockholders and the Board of Directors
China Banking Corporation
8745 Paseo de Roxas corner Villar Street
Makati City

SGV
Building a better working world

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of China Banking Corporation and Subsidiaries (the Group) and the parent company financial statements of China Banking Corporation (the Parent Company), which comprise the consolidated and parent company balance sheets as of December 31, 2015 and 2014, and the consolidated and parent company statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and the parent company financial statements present fairly, in all material respects, the financial position of the Group and of the Parent Company as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under 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 Revenue Regulation 15-2010 in Note 36 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of China Banking 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.

SYCIP GORRES VELAYO & CO.

Vicky Lee Salas

Vicky Lee Salas
Partner
CPA Certificate No. 86838
SEC Accreditation No. 0115-AR-3 (Group A),
February 14, 2013, valid until April 30, 2016
Tax Identification No. 129-434-735
BIR Accreditation No. 08-001998-53-2015,
March 17, 2015, valid until March 16, 2018
PTR No. 5321647, January 4, 2016, Makati City

March 2, 2016

Balance Sheets

(Amounts in Thousands)

	Consolidated		Parent Company	
	December 31			
	2015	2014 (As restated - Note 10)	2015	2014
ASSETS				
Cash and Other Cash Items	**₱11,377,101**	₱10,734,059	**₱10,052,891**	₱9,295,130
Due from Bangko Sentral ng Pilipinas (Notes 7 and 16)	**86,318,501**	67,451,648	**77,003,616**	60,543,867
Due from Other Banks (Note 7)	**21,243,492**	17,552,823	**19,200,544**	15,836,701
Interbank Loans Receivables	**–**	223,600	**–**	223,600
Financial Assets at Fair Value through Profit or Loss (Note 8)	**6,244,593**	8,440,699	**5,465,417**	8,012,435
Available-for-Sale Financial Assets (Note 8)	**48,829,233**	38,476,852	**46,834,199**	37,075,238
Held-to-Maturity Financial Assets (Note 8)	**16,136,147**	12,109,344	**13,945,645**	11,353,788
Loans and Receivables (Notes 9 and 28)	**309,761,777**	290,418,730	**259,645,008**	245,257,221
Accrued Interest Receivable (Note 15)	**2,621,737**	2,236,981	**2,201,247**	1,910,677
Investment in Subsidiaries (Note 10)	**–**	–	**10,019,471**	6,016,950
Investment in Associates (Note 10)	**373,591**	534,881	**166,273**	166,273
Bank Premises, Furniture, Fixtures and Equipment (Note 11)	**6,354,119**	6,250,652	**4,997,202**	4,748,199
Investment Properties (Note 12)	**5,398,139**	5,449,530	**1,899,862**	1,901,363
Deferred Tax Assets (Note 26)	**1,381,280**	848,686	**1,369,147**	842,367
Intangible Assets (Notes 10 and 13)	**3,972,308**	3,677,100	**762,808**	455,000
Goodwill (Notes 10 and 13)	**839,748**	839,748	**222,841**	222,841
Other Assets (Note 14)	**5,975,197**	5,975,480	**3,949,430**	3,639,729
	₱526,826,963	₱471,220,813	**₱457,735,601**	₱407,501,379
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities (Notes 16 and 28)				
Demand	**₱113,511,283**	₱97,703,744	**₱103,024,840**	₱88,942,591
Savings	**114,046,323**	95,526,360	**104,135,171**	86,798,098
Time	**211,708,080**	206,071,440	**166,443,405**	165,343,946
	439,265,686	399,301,544	**373,603,416**	341,084,635
Bills Payable (Note 17)	**19,085,180**	6,320,580	**18,422,650**	5,177,601
Manager's Checks	**1,456,498**	1,221,395	**741,479**	822,179
Income Tax Payable	**375,780**	10,944	**345,312**	1,397
Accrued Interest and Other Expenses (Note 18)	**1,584,274**	1,630,748	**1,260,995**	1,312,475
Derivative Liabilities (Note 24)	**66,373**	101,610	**66,373**	101,610
Deferred Tax Liabilities (Note 26)	**1,116,147**	1,241,938	**–**	–
Subordinated Debt (Note 17)	**–**	1,188,762	**–**	–
Other Liabilities (Note 19)	**4,706,121**	3,635,809	**3,445,764**	2,182,919
	467,656,059	414,653,330	**397,885,989**	350,682,816
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock (Note 22)	**18,537,285**	17,164,143	**18,537,285**	17,164,143
Capital paid in excess of par value (Note 22)	**6,987,564**	6,987,564	**6,987,564**	6,987,564
Surplus reserves (Notes 22 and 27)	**828,406**	800,006	**827,231**	800,006
Surplus (Notes 22 and 27)	**33,800,748**	31,312,038	**34,219,656**	31,489,977
Net unrealized gains (losses) on available-for-sale financial assets (Note 8)	**(1,126,080)**	122,920	**(979,614)**	114,499
Remeasurement gain on defined benefit asset or liability (Note 23)	**183,155**	199,151	**293,771**	283,741
Cumulative translation adjustment	**(34,634)**	(20,392)	**(36,281)**	(21,367)
	59,176,444	56,565,430	**59,849,612**	56,818,563
Non-controlling Interest	**(5,540)**	2,053	**–**	–
	59,170,904	56,567,483	**59,849,612**	56,818,563
	₱526,826,963	₱471,220,813	**₱457,735,601**	₱407,501,379

See accompanying Notes to Financial Statements.

Statements of Income

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014 (As restated - Note 10)	2013	**2015**	2014	2013
INTEREST INCOME						
Loans and receivables (Notes 9 and 28)	**₱15,900,727**	₱14,674,211	₱10,372,075	**₱12,324,959**	₱11,295,416	₱9,729,506
Trading and investments (Note 8)	**3,100,802**	3,021,786	3,227,341	**2,946,914**	2,872,124	3,158,296
Due from Bangko Sentral ng Pilipinas and other banks (Note 7)	**315,805**	701,142	481,737	**182,662**	465,089	408,150
	19,317,334	18,397,139	14,081,153	**15,454,535**	14,632,629	13,295,952
INTEREST EXPENSE						
Deposit liabilities (Notes 16 and 28)	**4,008,288**	4,016,718	4,047,245	**2,881,166**	2,904,698	3,737,550
Bills payable and other borrowings (Note 17)	**223,862**	291,674	97,917	**184,280**	141,825	97,918
	4,232,150	4,308,392	4,145,162	**3,065,446**	3,046,523	3,835,468
NET INTEREST INCOME	**15,085,184**	14,088,747	9,935,991	**12,389,089**	11,586,106	9,460,484
Service charges, fees and commissions (Note 20)	**1,834,318**	1,561,807	1,156,460	**1,456,140**	1,220,649	1,004,074
Trading and securities gain - net (Notes 8 and 20)	**466,834**	535,263	1,904,885	**459,996**	458,896	1,614,808
Gain on sale of investment properties	**375,754**	355,065	462,743	**353,249**	363,192	467,217
Foreign exchange gain (loss) - net (Note 24)	**330,056**	329,944	(89,663)	**306,541**	335,848	(96,190)
Trust fee income (Note 27)	**276,240**	251,489	420,721	**272,251**	249,371	416,287
Gain on asset foreclosure and dacion transactions (Note 12)	**274,978**	138,557	219,471	**150,177**	82,306	191,126
Share in net losses of an associate (Note 10)	**(37,893)**	(912)	–	**–**	–	–
Miscellaneous (Notes 20 and 28)	**966,855**	1,588,064	1,085,975	**891,953**	1,017,928	1,082,833
TOTAL OPERATING INCOME	**19,572,326**	18,848,024	15,096,583	**16,279,396**	15,314,296	14,140,639
Compensation and fringe benefits (Notes 23 and 28)	**4,674,469**	4,170,574	3,112,589	**3,532,596**	3,030,719	2,762,462
Occupancy cost (Notes 25 and 28)	**1,723,277**	1,669,408	1,229,980	**1,207,677**	1,206,551	1,059,665
Taxes and licenses	**1,587,118**	1,737,435	1,371,299	**1,252,878**	1,406,652	1,294,912
Insurance	**990,788**	898,228	690,030	**827,026**	751,526	664,179
Depreciation and amortization (Notes 11, 12 and 13)	**979,412**	921,764	752,886	**676,286**	630,577	595,747
Provision for impairment and credit losses (Note 15)	**966,574**	440,901	414,336	**487,485**	100,920	278,541
Transportation and traveling	**311,587**	371,653	344,080	**222,276**	285,042	321,264
Entertainment, amusement and recreation	**276,809**	323,537	221,736	**156,289**	207,048	190,674
Professional fees, marketing and other related services	**245,760**	229,015	174,075	**187,773**	165,534	157,803
Stationery, supplies and postage	**241,151**	195,209	156,533	**150,956**	149,155	138,315
Repairs and maintenance	**160,902**	188,589	164,317	**102,882**	131,855	162,285
Miscellaneous (Notes 20 and 28)	**1,001,934**	1,021,799	689,739	**800,742**	725,313	680,378
TOTAL OPERATING EXPENSES	**13,159,781**	12,168,112	9,321,600	**9,604,866**	8,790,892	8,306,225
INCOME BEFORE INCOME TAX	**6,412,545**	6,679,912	5,774,983	**6,674,530**	6,523,404	5,834,414
PROVISION FOR INCOME TAX (Note 26)	**809,969**	1,564,927	674,536	**828,070**	1,408,832	649,928
NET INCOME	**₱5,602,576**	₱5,114,985	₱5,100,447	**₱5,846,460**	₱5,114,572	₱5,184,486
Attributable to:						
Equity holders of the Parent Company (Note 31)	**₱5,606,666**	₱5,117,832	₱5,103,258			
Non-controlling interest	**(4,090)**	(2,847)	(2,811)			
	₱5,602,576	₱5,114,985	₱5,100,447			
Basic/Diluted Earnings Per Share (Note 31)	**₱3.02**	₱2.76*	₱2.75*			

* Restated to show the effects of stock dividends distributed in 2015 (Note 22).

See accompanying Notes to Financial Statements.

Statements of Comprehensive Income

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014 (As restated - Note 10)	2013	**2015**	2014	2013
NET INCOME	**₱5,602,576**	₱5,114,985	₱5,100,447	**₱5,846,460**	₱5,114,572	₱5,184,486
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that recycle to profit or loss in subsequent periods:						
Changes in fair value of available-for-sale financial assets:						
Fair value gain (loss) for the year, net of tax	**(487,124)**	752,517	565,027	**(464,471)**	730,007	297,493
Gains taken to profit or loss (Note 20)	**(638,723)**	(544,094)	(2,006,392)	**(629,642)**	(541,653)	(1,716,314)
Share in changes in net unrealized gain on available-for-sale financial assets of an associate (Note 10)	**(123,397)**	(5,970)	–	**–**	–	–
Cumulative translation adjustment	**(14,242)**	(86,686)	131,859	**(14,914)**	(87,715)	131,858
Items that do not recycle to profit or loss in subsequent periods:						
Remeasurement gain (loss) on defined benefit asset or liability, net of tax (Note 23)	**(16,734)**	(405,854)	428,205	**10,030**	(312,902)	400,214
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(1,280,220)**	(290,087)	(881,301)	**(1,098,997)**	(212,263)	(886,749)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱4,322,356**	₱4,824,898	₱4,219,146	**₱4,747,463**	₱4,902,309	₱4,297,737
Total comprehensive income attributable to:						
Equity holders of the Parent Company	**₱4,327,428**	₱4,827,707	₱4,222,468			
Non-controlling interest	**(5,072)**	(2,809)	(3,322)			
	₱4,322,356	₱4,824,898	₱4,219,146			

See accompanying Notes to Financial Statements.

Statements of Changes in Equity

(Amounts in Thousands)

	Capital Stock (Note 22)	Capital Paid in Excess of Par Value (Note 22)	Surplus Reserves (Notes 22 and 27)	Surplus (Notes 22 and 27)
Balance at January 1, 2015 as previously reported	**₱17,164,143**	**₱6,987,564**	**₱800,006**	**₱31,310,603**
Effect of restatement on the purchase price allocation of Planters Development Bank (Note 10)	**–**	**–**	**–**	**1,435**
Balance at January 1, 2015, as restated	**17,164,143**	**6,987,564**	**800,006**	**31,312,038**
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**5,606,666**
Additional acquisition of non-controlling interest	**–**	**–**	**–**	**–**
Transfer from surplus to surplus reserves	**–**	**–**	**28,400**	**(28,400)**
Stock dividends - 8.00%	**1,373,142**	**–**	**–**	**(1,373,142)**
Cash dividends - ₱1.00 per share	**–**	**–**	**–**	**(1,716,414)**
Balance at December 31, 2015	**₱18,537,285**	**₱6,987,564**	**₱828,406**	**₱33,800,748**
Balance at January 1, 2014	₱14,276,616	₱671,505	₱775,069	₱29,079,843
Total comprehensive income (loss) for the year	–	–	–	5,117,832
Transfer from surplus to surplus reserves	–	–	24,937	(24,937)
Issuance of common shares (₱49.50 per share)	1,616,099	6,383,590	–	–
Transaction costs on the issuance of common shares	–	(67,531)	–	–
Stock dividends - 8.00%	1,271,428	–	–	(1,271,428)
Cash dividends - ₱1.00 per share	–	–	–	(1,589,272)
Balance at December 31, 2014	₱17,164,143	₱6,987,564	₱800,006	₱31,312,038
Balance at January 1, 2013	₱12,978,742	₱671,505	₱733,440	₱26,873,537
Total comprehensive income (loss) for the year	–	–	–	5,103,258
Additional acquisition of non-controlling interest	–	–	–	–
Transfer from surplus to surplus reserves	–	–	41,629	(41,629)
Stock dividends - 10.00%	1,297,874	–	–	(1,297,874)
Cash dividends - ₱1.20 per share	–	–	–	(1,557,449)
Balance at December 31, 2013	₱14,276,616	₱671,505	₱775,069	₱29,079,843

See accompanying Notes to Financial Statements.

	Capital Stock (Note 22)	Capital Paid in Excess of Par Value (Note 22)	Surplus Reserves (Notes 22 and 27)
Balance at January 1, 2015	**₱17,164,143**	**₱6,987,564**	**₱800,006**
Total comprehensive income (loss) for the year	**–**	**–**	**–**
Transfer from surplus to surplus reserves	**–**	**–**	**27,225**
Stock dividends - 8.00%	**1,373,142**	**–**	**–**
Cash dividends - ₱1.00 per share	**–**	**–**	**–**
Balance at December 31, 2015	**₱18,537,285**	**₱6,987,564**	**₱827,231**
Balance at January 1, 2014	₱14,276,616	₱671,505	₱775,069
Total comprehensive income (loss) for the year	–	–	–
Transfer from surplus to surplus reserves	–	–	24,937
Issuance of common shares (₱49.50 per share)	1,616,099	6,383,590	–
Transaction costs on the issuance of common shares	–	(67,531)	–
Stock dividends - 8.00%	1,271,428	–	–
Cash dividends - ₱1.00 per share	–	–	–
Balance at December 31, 2014	₱17,164,143	₱6,987,564	₱800,006
Balance at January 1, 2013	₱12,978,742	₱671,505	₱733,440
Total comprehensive income (loss) for the year	–	–	–
Transfer from surplus to surplus reserves	–	–	41,629
Stock dividends - 10.00%	1,297,874	–	–
Cash dividends - ₱1.20 per share	–	–	–
Balance at December 31, 2013	₱14,276,616	₱671,505	₱775,069

See accompanying Notes to Financial Statements.

	Consolidated					
	Equity Attributable to Equity Holders of the Parent Company					
	Net Unrealized Gains (Losses) on Available-for-Sale Financial Assets (Note 8)	**Remeasurement Gain on Defined Benefit Asset or Liability** (Note 23)	**Cumulative Translation Adjustment**	**Total**	**Non-controlling Interest** (Note 10)	**Total Equity**
	₱122,920	**₱199,151**	**(₱20,392)**	**₱56,563,995**	**₱2,053**	**₱56,566,048**
	–	**–**	**–**	**1,435**	**–**	**1,435**
	122,920	**199,151**	**(20,392)**	**56,565,430**	**2,053**	**56,567,483**
	(1,249,000)	**(15,996)**	**(14,242)**	**4,327,428**	**(5,072)**	**4,322,356**
	–	**–**	**–**	**–**	**(2,521)**	**(2,521)**
	–	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**(1,716,414)**	**–**	**(1,716,414)**
	(₱1,126,080)	**₱183,155**	**(₱34,634)**	**₱59,176,444**	**(₱5,540)**	**₱59,170,904**
	(₱79,258)	₱604,715	₱66,347	₱45,394,837	₱4,862	₱45,399,699
	202,178	(405,564)	(86,739)	4,827,707	(2,809)	4,824,898
	–	–	–	–	–	–
	–	–	–	7,999,689	–	7,999,689
	–	–	–	(67,531)	–	(67,531)
	–	–	–	–	–	–
	–	–	–	(1,589,272)	–	(1,589,272)
	₱122,920	₱199,151	(₱20,392)	₱56,565,430	₱2,053	₱56,567,483
	₱1,360,625	₱177,480	(₱65,511)	₱42,729,818	₱8,387	₱42,738,205
	(1,439,883)	427,235	131,858	4,222,468	(3,322)	4,219,146
	–	–	–	–	(203)	(203)
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	–	–	(1,557,449)	–	(1,557,449)
	(₱79,258)	₱604,715	₱66,347	₱45,394,837	₱4,862	₱45,399,699

	Parent Company				
	Surplus (Notes 22 and 27)	**Net Unrealized Gains (Losses) on Available-for-Sale Financial Assets** (Note 8)	**Remeasurement Gain on Defined Benefit Asset or Liability** (Note 23)	**Cumulative Translation Adjustment**	**Total Equity**
	₱31,489,977	**₱114,499**	**₱283,741**	**(₱21,367)**	**₱56,818,563**
	5,846,460	**(1,094,113)**	**10,030**	**(14,914)**	**4,747,463**
	(27,225)	**–**	**–**	**–**	**–**
	(1,373,142)	**–**	**–**	**–**	**–**
	(1,716,414)	**–**	**–**	**–**	**(1,716,414)**
	₱34,219,656	**(₱979,614)**	**₱293,771**	**(₱36,281)**	**₱59,849,612**
	₱29,261,042	(₱73,855)	₱596,643	₱66,348	₱45,573,368
	5,114,572	188,354	(312,902)	(87,715)	4,902,309
	(24,937)	–	–	–	–
	–	–	–	–	7,999,689
	–	–	–	–	(67,531)
	(1,271,428)	–	–	–	–
	(1,589,272)	–	–	–	(1,589,272)
	₱31,489,977	₱114,499	₱283,741	(₱21,367)	₱56,818,563
	₱26,973,508	₱1,344,966	₱196,429	(₱65,510)	₱42,833,080
	5,184,486	(1,418,821)	400,214	131,858	4,297,737
	(41,629)	–	–	–	–
	(1,297,874)	–	–	–	–
	(1,557,449)	–	–	–	(1,557,449)
	₱29,261,042	(₱73,855)	₱596,643	₱66,348	₱45,573,368

Statements of Cash Flows

(Amounts in Thousands)

	Consolidated			Parent Company		
	December 31					
	2015	2014 (As restated - Note 10)	2013	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱6,412,545**	₱6,679,912	₱5,774,983	**₱6,674,530**	₱6,523,404	₱5,834,414
Adjustments for:						
Depreciation and amortization (Notes 11, 12 and 13)	**979,412**	921,764	752,886	**676,286**	630,577	595,747
Provision for impairment and credit losses (Note 15)	**966,574**	440,901	414,336	**487,485**	100,920	278,541
Trading and securities gain on available-for-sale financial assets (Note 20)	**(638,723)**	(544,094)	(2,006,392)	**(629,642)**	(541,653)	(1,716,314)
Gain on sale of investment properties	**(375,754)**	(355,065)	(462,743)	**(353,249)**	(363,192)	(467,217)
Unrealized market valuation loss on derivative assets and liabilities (Note 24)	**(316,442)**	(51,292)	(877,330)	**(316,442)**	(51,292)	(877,330)
Gain on asset foreclosure and dacion transactions (Note 12)	**(274,978)**	(138,557)	(219,471)	**(150,177)**	(82,306)	(191,126)
Gain on acquisition of additional shares of an associate (Note 10)	–	(373,297)	–	–	–	–
Share in net losses of an associate (Note 10)	**37,893**	912	–	–	–	–
Gain on sale of investments in associates (Note 10)	–	(64,557)	–	–	–	–
Amortization of transaction costs	–	(61,855)	–	–	–	–
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Financial assets at FVPL	**2,477,311**	5,793,596	2,206,818	**2,828,223**	2,407,081	2,206,818
Loans and receivables	**(21,441,441)**	(37,385,288)	(31,031,274)	**(15,073,046)**	(35,121,670)	(25,818,526)
Other assets	**(444,632)**	(2,397,839)	192,306	**(1,230,264)**	(639,817)	172,768
Increase (decrease) in the amounts of:						
Deposit liabilities	**39,964,142**	463,406	82,290,963	**32,518,781**	1,252,781	76,757,744
Manager's checks	**235,103**	189,248	58,684	**(80,700)**	117,691	(31,601)
Accrued interest and other expenses	**(46,474)**	(304,814)	(120,308)	**(51,480)**	(133,146)	(111,217)
Other liabilities	**1,070,310**	(199,381)	288,882	**1,262,845**	(778,487)	205,798
Net cash generated from (used in) operations	**28,604,848**	(27,386,300)	57,262,340	**26,563,150**	(26,679,109)	56,838,499
Income taxes paid	**(507,801)**	(565,202)	(495,207)	**(414,842)**	(487,634)	(477,122)
Net cash provided by (used in) operating activities	**28,097,047**	(27,951,502)	56,767,133	**26,148,308**	(27,166,743)	56,361,377
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to bank premises, furniture, fixtures and equipment (Note 11)	**(1,493,982)**	(1,063,905)	(1,165,241)	**(1,400,741)**	(895,274)	(994,536)
Proceeds from disposal of bank premises, furniture, fixtures and equipment (Note 11)	**567,758**	304,304	10,529	**571,677**	325,410	3,716
Proceeds from sale of investment properties	**1,137,792**	1,449,958	1,183,655	**327,682**	954,913	1,138,047
Acquisition through business combination - net of cash acquired (Note 10)	–	4,051,917	–	–	–	–
Additions to equity investments (Note 10)	–	–	–	**(4,002,521)**	(4,089,200)	–
Proceeds from sale of investments in associates (Note 10)	–	283,599	–	–	–	–
Purchases of:						–
Held-to-maturity financial assets	**(4,490,149)**	(696,783)	–	**(3,081,425)**	–	–
Available-for-sale financial assets	**(54,192,915)**	(22,893,153)	(54,203,925)	**(53,870,729)**	(22,211,530)	(51,487,633)
Proceeds from sale/maturity of:						
Held-to-maturity financial assets	**463,346**	804,157	542,687	**489,568**	768,801	542,737
Available-for-sale financial assets	**43,031,164**	29,570,640	51,992,308	**43,647,299**	29,062,490	49,266,835
Net cash provided by (used in) investing activities	**(14,976,986)**	11,810,734	(1,639,987)	**(17,319,190)**	3,915,610	(1,530,834)

(Forward)

	Consolidated			Parent Company		
	December 31					
	2015	2014 (As restated - Note 10)	2013	**2015**	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills payable	**₱19,151,089**	₱4,629,728	₱49,461,140	**₱18,488,559**	₱4,335,248	₱49,461,140
Settlement of bills payable	**(6,386,489)**	(8,480,028)	(44,688,754)	**(5,243,510)**	(7,456,841)	(44,688,754)
Settlement of subordinated debt (Note 17)	**(1,188,762)**	(525,000)	–	–	–	–
Payments of cash dividends (Note 22)	**(1,716,414)**	(1,589,272)	(1,557,449)	**(1,716,414)**	(1,589,272)	(1,557,449)
Acquisitions of non-controlling interest (Note 10)	**(2,521)**	–	(203)	–	–	(203)
Proceeds from issuance of common shares (Note 22)	**–**	7,932,158	–	–	7,932,158	–
Net cash provided by financing activities	**9,856,903**	1,967,586	3,214,734	**11,528,635**	3,221,293	3,214,734
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**22,976,964**	(14,173,182)	58,341,880	**20,357,753**	(20,029,840)	58,045,277
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**10,734,059**	7,281,641	6,160,372	**9,295,130**	7,035,251	5,996,786
Due from Bangko Sentral ng Pilipinas (Note 7)	**67,451,648**	78,968,133	40,659,683	**60,543,867**	75,678,312	37,597,455
Due from other banks (Note 7)	**17,552,823**	23,885,538	4,527,377	**15,836,701**	23,215,575	4,289,620
Interbank loans receivables	**223,600**	–	446,000	**223,600**	–	–
	95,962,130	110,135,312	51,793,432	**85,899,298**	105,929,138	47,883,861
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**11,377,101**	10,734,059	7,281,641	**10,052,891**	9,295,130	7,035,251
Due from Bangko Sentral ng Pilipinas (Note 7)	**86,318,501**	67,451,648	78,968,133	**77,003,616**	60,543,867	75,678,312
Due from other banks (Note 7)	**21,243,492**	17,552,823	23,885,538	**19,200,544**	15,836,701	23,215,575
Interbank loans receivables	**–**	223,600	–	**–**	223,600	–
	₱118,939,094	₱95,962,130	₱110,135,312	**₱106,257,051**	₱85,899,298	₱105,929,138

OPERATING CASH FLOWS FROM INTEREST

	Consolidated			Parent Company		
	December 31					
	2015	2014	2013	**2015**	2014	2013
Interest paid	**₱4,240,401**	₱4,304,420	₱4,314,900	**₱3,020,972**	₱3,159,848	₱4,007,534
Interest received	**18,932,577**	18,059,567	14,016,511	**15,163,965**	14,523,547	13,283,813

See accompanying Notes to Financial Statements.

Notes to Financial Statements

1. CORPORATE INFORMATION

China Banking Corporation (the Parent Company) is a publicly listed commercial bank incorporated in the Philippines. The Parent Company acquired its universal banking license in 1991. It provides expanded commercial banking products and services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury products, trust products, foreign exchange, corporate finance and other investment banking services through a network of 352 and 314 local branches as of December 31, 2015 and 2014, respectively.

The Parent Company acquired its original Certification of Incorporation issued by the Securities and Exchange Commission (SEC) on July 20, 1920. On December 4, 1963, the Board of Directors (BOD) of the Parent Company approved the Amended Articles of Incorporation to extend the corporate term of the Parent Company for another 50 years or until July 20, 2020, which was confirmed by the stockholders on December 23, 1963, and approved by the SEC on October 5, 1964. On March 2, 2016, the BOD approved the amendment of the Third Article of the Parent Company's Articles of Incorporation, to further extend the corporate term for another 50 years from and after July 20, 2020, the expiry date of its extended term. The approval shall be subject to the ratification by the stockholders during their scheduled annual meeting on May 5, 2016, and thereafter to be submitted to the regulatory agencies for evaluation and approval.

The Parent Company has the following subsidiaries:

Subsidiary	Effective Percentages of Ownership 2015	2014	Country of Incorporation	Principal Activities
Chinabank Insurance Brokers, Inc. (CIBI)	**100.00%**	100.00%	Philippines	Insurance brokerage
CBC Properties and Computer Center, Inc. (CBC-PCCI)	**100.00%**	100.00%	Philippines	Computer services
CBC Forex Corporation*	**100.00%**	100.00%	Philippines	Foreign exchange
China Bank Savings, Inc. (CBSI)	**98.07%**	98.00%	Philippines	Retail and consumer banking
Planters Development Bank (PDB) **	**99.86%**	99.85%	Philippines	Retail and consumer banking
China Bank Capital Corporation (CBCC)***	**100.00%**	–	Philippines	Investment house

** In the process of liquidation and awaiting clearance from regulatory bodies to effect dissolution*
*** Merged with CBSI (Note 10)*
****Established in 2015 (Note 10)*

The Parent Company has no ultimate parent company. SM Investments Corporation, its significant investor, has effective ownership in the Parent Company of 19.90% and 20.01% as of December 31, 2015 and 2014, respectively.

The Parent Company's principal place of business is at 8745 Paseo de Roxas cor. Villar St., Makati City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation
The accompanying consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (collectively referred to as "the Group").

The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) financial assets, and derivative financial instruments that have been measured at fair value. The financial statements are presented in Philippine peso, and all values are rounded to the nearest thousand peso except when otherwise indicated.

The financial statements of the Parent Company reflect the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The financial statements of these units are combined after eliminating inter-unit accounts.

Statement of Compliance
The financial statements of the Group and the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Presentation of Financial Statements
The Group and the Parent Company present its balance sheets in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 21.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheets only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. 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.

Basis of Consolidation and Investments in Subsidiaries

The consolidated financial statements of the Group are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intra-group balances, transactions and income and expenses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Parent Company.
The Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the related OCI recorded in equity and recycle the same to profit or loss or surplus
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes the remaining difference in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be recognized if the Group had directly disposed of the related assets or liabilities

Non-Controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company.

Non-controlling interest is presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Any losses applicable to the non-controlling interest are allocated against the interests of the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new, amendments and improvements to PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation which became effective as of January 1, 2015. 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 PAS 19, *Defined Benefit Plans: Employee Contributions*
- *Annual Improvements to PFRSs (2010 – 2012 Cycle)*
    - PFRS 2, *Share-based Payment* - Definition of Vesting Condition
    - PFRS 3, *Business Combinations* - Accounting for Contingent Consideration in a Business Combination

Notes to Financial Statements

   - PFRS 8, *Operating Segments* - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets
   - PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets* - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization
   - PAS 24, *Related Party Disclosures* - Key Management Personnel
- *Annual Improvements to PFRSs (2011 – 2013 Cycle)*
   - PFRS 3, *Business Combinations* - Scope Exceptions for Joint Arrangements
   - PFRS 13, *Fair Value Measurement* - Portfolio Exception
   - PAS 40, *Investment Property*

Significant Accounting Policies

Foreign Currency Translation
The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Parent Company's subsidiaries is the Philippine peso.

Transactions and balances
The books of accounts of the RBU are maintained in Philippine peso, the RBU's functional currency, while those of the FCDU are maintained in United States (US) dollars (USD), the FCDU's functional currency. For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Philippine Dealing System (PDS) closing rate prevailing at end of the year, and foreign currency-denominated income and expenses, at the PDS weighted average rate (PDSWAR) for the year. Foreign exchange differences arising from restatements of foreign currency-denominated assets and liabilities are credited to or charged against operations in the period in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU
As at the reporting date, the assets and liabilities of the FCDU are translated into the Parent Company's presentation currency (the Philippine Peso) at the PDS closing rate prevailing at the reporting date, and its income and expenses are translated at the PDSWAR for the year. Exchange differences arising on translation are taken directly to the statement of comprehensive income under 'Cumulative translation adjustment'.

Fair Value Measurement
The Group measures financial instruments, such as financial assets at FVPL and AFS financial assets at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 5.

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

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

The principal or the most advantageous market must be accessible 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.

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 input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP and other banks, and interbank loans receivables that are convertible to known amounts of cash which have original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in value.

Financial Instruments - Initial Recognition and Subsequent Measurement
Date of recognition
Purchases or sales of financial assets, except for derivatives, that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Settlement date accounting refers to (a) the 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 such asset is delivered by the Group. Any change in fair value of unrecognized financial asset is recognized in the statement of income for assets classified as financial assets at FVPL, and in equity for assets classified as AFS financial assets. Derivatives are recognized on a trade date basis. Deposits, amounts due to banks and customers loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Initial recognition of financial instruments
All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) financial assets, AFS financial assets, and loans and receivables while financial liabilities are classified as financial liabilities at FVPL and financial liabilities carried at amortized cost. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial assets and financial liabilities at FVPL
Financial assets and financial liabilities at FVPL include financial assets and liabilities held for trading purposes, financial assets and financial liabilities designated upon initial recognition as at FVPL, and derivative instruments.

Financial instruments held for trading
Financial instruments held for trading (HFT) include government debt securities and quoted equity securities purchased and held principally with the intention of selling them in the near term. These securities are carried at fair value, and realized and unrealized gains and losses on these instruments are recognized as 'Trading and securities gain - net' in the statement of income. Interest earned or incurred on financial instruments held for trading is reported in the statement of income under 'Interest income' (for financial assets) and 'Interest expense' (for financial liabilities).

Financial instruments designated at FVPL
Financial assets and financial liabilities are designated as at FVPL by management on initial recognition when any of the following criteria is met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the balance sheet at fair value. Changes in fair value are recognized in 'Trading and securities gain - net' in the statement of income. Interest earned or incurred is reported in the statement of income under 'Interest income' or 'Interest expense', respectively, while dividend income is reported in the statement of income under 'Miscellaneous income' when the right to receive payment has been established.

Derivatives recorded at FVPL
The Parent Company is a party to derivative instruments, particularly, forward exchange contracts, interest rate swaps (IRS) and warrants. These contracts are entered into as a service to customers and as a means of reducing and managing the Parent Company's foreign exchange risk, and interest rate risk as well as for trading purposes, but are not designated as hedges. Such derivative financial instruments are stated at fair value through profit or loss.

Any gains or losses arising from changes in fair value of derivative instruments that do not qualify for hedge accounting are taken directly to the statement of income under 'Foreign exchange gain (loss) - net' for forward exchange contracts and 'Trading and securities gain - net' for IRS, warrants and embedded credit derivatives.

Embedded derivatives that are bifurcated from the host financial and non-financial contracts are also accounted for at FVPL.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at fair value through profit or loss.

Notes to Financial Statements

The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group first becomes a party to the contract. Reassessment of embedded derivatives is only done when there are changes in the contract that significantly modifies the contractual cash flows that would otherwise be required.

Held-to-maturity financial assets
HTM financial assets are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group would sell other than an insignificant amount of HTM financial assets, the entire category would be tainted and reclassified as AFS financial assets.

After initial measurement, these investments are subsequently measured at amortized cost using the effective interest method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included in 'Interest income' in the statement of income. Gains and losses are recognized in income when the HTM financial assets are derecognized and impaired, as well as through the amortization process. The losses arising from impairment of such investments are recognized in the statement of income under 'Provision for impairment and credit losses'. The effects of translation of foreign currency-denominated HTM financial assets are recognized in the statement of income.

Loans and receivable
This accounting policy relates to the balance sheet captions 'Due from BSP', 'Due from other banks', 'Interbank loans receivables', 'Loans and receivables', and 'Accrued interest receivable'. It also applies to accounts receivable and other financial instruments shown under 'Other assets'. These are financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Group intends to sell immediately or in the near term and those that the Group, upon initial recognition, designates as FVPL;
- those that the Group, upon initial recognition, designates as AFS; and
- those for which the Group may not cover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, these are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included under 'Interest income' in the statement of income. The losses arising from impairment are recognized under 'Provision for impairment and credit losses' in the statement of income.

Available-for-sale financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified as financial assets at FVPL, HTM financial assets, or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers and other debt instruments.

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of translation of foreign currency-denominated AFS debt securities, is reported in the statement of income. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded, net of tax, from reported earnings and are reported as 'Net unrealized gains (losses) on AFS financial assets' under OCI.

When the security is disposed of, the cumulative gain or loss previously recognized in OCI is recognized as 'Trading and securities gain - net' in the statement of income. Interest earned on holding AFS debt securities are reported as 'Interest income' using the EIR. Dividends earned on holding AFS equity instruments are recognized in the statement of income as 'Miscellaneous income' when the right to the payment has been established. The losses arising from impairment of such investments are recognized as 'Provision for impairment and credit losses' in the statement of income.

Other financial liabilities
These are issued financial instruments or their components which are not designated as at FVPL and where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities not qualified and not designated as at FVPL are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

This accounting policy relates to the balance sheet captions 'Deposit liabilities', 'Bills payable', 'Manager's checks', 'Subordinated debt', and financial liabilities presented under 'Accrued interest and other expenses' and 'Other liabilities'.

Reclassification of Financial Assets
The Group may reclassify, in rare circumstances, non-derivative financial assets out of the HFT investments category and into the AFS financial assets, Loans and Receivables or HTM financial assets categories. The Group may also reclassify, in certain circumstances, financial instruments out of the AFS financial assets to loans and receivables category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost.

The Group may reclassify a non-derivative trading asset out of HFT investments and into the Loans and Receivable category if it meets the definition of loans and receivables, the Group has the intention and ability to hold the financial assets for the foreseeable future or until maturity and only in rare circumstances. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

For a financial asset reclassified out of the AFS financial assets category, any previous gain or loss on that asset that has been recognized in OCI is amortized to profit or loss over the remaining life of the investment using the effective interest method. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired then the amount recorded in OCI is recycled to the statement of income. Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Group does not reclassify any financial instrument into the FVPL category after initial recognition. An analysis of reclassified financial assets is disclosed in Note 8.

Derecognition of Financial Assets and Liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the 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 the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of 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, and the difference in the respective carrying amounts is recognized in the statement of income.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the statement of income. Interest income continues to be recognized based on the original EIR of the asset. The financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized.

If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

Notes to Financial Statements

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to 'Provision for impairment and credit losses'.

Financial assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of income - is removed from OCI and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized directly in OCI.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of 'Interest income' in the statement of income. If, in subsequent years, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

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 past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for impairment and credit losses' in the statement of income.

Investment in Subsidiaries
In the parent company financial statements, investment in subsidiaries is carried at cost, less accumulated impairment in value. Dividends earned on this investment is recognized in the Parent Company's statement of income as declared by the respective BOD of the investee.

Investment in Associates
Associates pertain to all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20.00% and 50.00% of the voting rights. In the consolidated financial statements, investments in associates are accounted for under the equity method of accounting.

Under the equity method, an investment in an associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associates. Goodwill, if any, relating to an associate is included in the carrying value of the investment and is not amortized. The statement of income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits or losses resulting from transactions between the Group and an associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the parent company financial statements, investments in associates are carried at cost, less accumulated impairment in value. Dividends earned on these investments are recognized in the Parent Company's statement of income as declared by the respective BOD of the investees.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree' s identifiable net assets. Acquisition costs incurred are charged to profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39, either in profit or loss or as a charge to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's CGUs, or groups of CGUs, that 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 or group of units. Each unit or group of units 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 identified for segment reporting purposes.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Cash Dividend and Non-cash Distribution to Equity Holders of the Parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognized directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of income.

Bank Premises, Furniture, Fixtures and Equipment

Land is stated at cost less any impairment in value while depreciable properties such as buildings, leasehold improvements, and furniture, fixtures and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Such cost includes the cost of replacing part of the bank premises, furniture, fixtures and equipment when that cost is incurred and if the recognition criteria are met, but excluding repairs and maintenance costs.

Notes to Financial Statements

Construction-in-progress is stated at cost less any impairment in value. The initial cost comprises its construction cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs. Construction-in-progress is not depreciated until such time that the relevant assets are completed and put into operational use.

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

	EUL
Buildings	50 years
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements	Shorter of 6 years or the related lease terms

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of bank premises, furniture, fixtures and equipment and leasehold improvements.

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

Investment Properties

Investment properties include real properties acquired in settlement of loans and receivables which are measured initially at cost, including certain transaction costs. Investment properties acquired through a nonmonetary asset exchange is measured initially at fair value unless (a) the exchange lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. Subsequent to initial recognition, depreciable investment properties are stated at cost less accumulated depreciation and any accumulated impairment in value except for land which is stated at cost less impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining EUL of the building and improvement components of investment properties which ranged from 10 to 33 years from the time of acquisition of the investment properties.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the derecognition of an investment property are recognized as 'Gain on sale of investment properties' in the statement of income in the year of derecognition.

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.

Intangible Assets

Intangible assets include software cost and branch licenses resulting from the Parent Company's acquisition of CBSI, Unity Bank and PDB (Notes 10 and 13).

Software costs

Costs related to software purchased by the Group for use in operations are amortized on a straight-line basis over 3 to 10 years. The amortization method and useful life are reviewed periodically to ensure that the method and period of amortization are consistent with the expected pattern of economic benefits embodied in the asset.

Branch licenses

The branch licenses are initially measured at fair value as of the date of acquisition and are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group.

Such intangible assets are not amortized, instead they are tested for impairment annually either individually or at the CGU level. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the intangible asset relates. Recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

Gains and losses arising from 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 earnings when the asset is derecognized.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (e.g., investment in associates, investment properties, bank premises, furniture, fixtures and equipment and intangible 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.

For nonfinancial assets, excluding goodwill and branch licenses, an assessment is made at each reporting 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, except for goodwill, 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 is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, 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 expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Leases

The 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:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement; or
(b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term; or
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

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 a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term and included in 'Occupancy cost' in the statement of income.

Group as a lessor

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 period in which they are earned.

Capital Stock

Capital stocks are recorded at par. Proceeds in excess of par value are recognized under equity as 'Capital paid in excess of par value' in the balance sheet. Incremental costs incurred which are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Notes to Financial Statements

The following specific recognition criteria must also be met before revenue is recognized:

Interest income
For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as FVPL and AFS financial assets, interest income is recorded at 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, as applicable, but not future credit losses. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as 'Interest income'.

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.

Loan fees and service charges
Loan commitment fees are recognized as earned over the terms of the credit lines granted to each borrower. Loan syndication fees are recognized upon completion of all syndication activities and where the Group does not have further obligations to perform under the syndication agreement.

Service charges and penalties are recognized only upon collection or accrued where there is a reasonable degree of certainty as to their collectability.

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

Trading and securities gain
This represents results arising from trading activities including all gains and losses from changes in fair value of financial assets held for trading and designated at FVPL. It also includes gains and losses realized from sale of AFS financial assets.

Other income
Income from sale of service is recognized upon rendition of the service. Income from sale of properties is recognized upon completion of the earning process and when the collectability of the sales price is reasonably assured.

Rental income
Rental income arising on 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
Expense is recognized when it is probable that a decrease in future economic benefits related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Revenues and expenses that relate to the same transaction or other event are recognized simultaneously.

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

Other Expenses
Expenses encompass losses as well as those expenses that arise in the ordinary course of business of the Group. Expenses are recognized when incurred.

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

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

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

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

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

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

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

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

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

<u>Provisions and Contingencies</u>
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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the 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 an interest expense.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

<u>Income Taxes</u>
Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the reporting date.

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

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

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes to Financial Statements

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognized directly in equity is also recognized in equity and not in the statement of income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

Earnings per Share
Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock splits, stock dividends declared and stock rights exercised during the year, if any.

The Parent Company has no outstanding dilutive potential common shares.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Parent Company and its subsidiaries. Dividends declared during the year that are approved after the reporting date are dealt with as an event after the reporting date.

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. Financial information on business segments is presented in Note 30. The Group's revenue producing assets are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Fiduciary Activities
Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Parent Company acts in a fiduciary capacity such as nominee, trustee or agent.

Events after the Reporting Period
Any post year-end events that provide additional information about the Group's position at the reporting date (adjusting event) are reflected in the Group's financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

New and Amended Standards and Interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2015.

The nature and the impact of each new standard and amendment are described below:

Amendments to PAS 19, *Defined Benefit Plans: Employee Contributions*
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014

This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs 2010–2012 Cycle
These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the Group's consolidated financial statements. They include:

PFRS 2, *Share-based Payment – Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement.*

PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The adoption of this amendment did not have any impact in the Group's consolidated financial statements as the Group's property, plant and equipment and intangible assets are not carried at revalued amounts.

PAS 24, *Related Party Disclosures – Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011–2013 Cycle)
These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the Group's consolidated financial statements. They include:

PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

- Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

PFRS 13, *Fair Value Measurement – Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

PAS 40, *Investment Property*
The description of ancillary services in PAS 40 differentiates between the investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Standards Issued but Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

<u>Deferred</u>

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group.

Notes to Financial Statements

Effective January 1, 2016

PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures* – Investment Entities: Applying the Consolidation Exception (Amendments)
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not applicable to the Group since none of the entities within the Group is an investment entity nor does the Group have investment entity associates or joint venture.

PAS 27, *Separate Financial Statements - Equity Method in Separate* Financial Statements (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

PFRS 11, *Joint Arrangements* - Accounting for Acquisitions of Interests (Amendments) The amendments to PFRS 11 require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3), to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

PAS 1, *Presentation of Financial Statements* – Disclosure Initiative (Amendments)
The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
- That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate- regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate- regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

PAS 16, *Property, Plant and Equipment,* and PAS 41, *Agriculture* - Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets* - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

PAS 19, *Employee Benefits – regional market issue regarding discount rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

PFRS 9, *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Group did not early adopt PFRS 9.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses. The Group is currently assessing the impact of adopting this standard.

International Financial Reporting Standard (IFRS) 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 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 principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

Notes to Financial Statements

IFRS 16, *Leases*
On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, Revenue from Contracts with Customers. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

Judgments

a. *Functional currency*
PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment in determining the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Group considers the following:

- the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

b. *Fair value of financial instruments*
The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination of whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions conducted on an arm's length basis.

Where the fair values of financial assets and financial liabilities recorded on the balance sheet or disclosed in the notes cannot be derived from active markets, they are determined using a variety of valuation techniques acceptable to the market as alternative valuation approaches that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

c. *HTM financial assets*
The classification to HTM financial assets requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than in certain specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire portfolio as part of AFS financial assets. The investments would therefore be measured at fair value and not at amortized cost.

d. *Embedded derivatives*
The Group assesses the existence of an embedded derivative when it first becomes a party to the contract and performs reassessment if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

An embedded derivative is separated from the host financial or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;

- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized at FVPL.

The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flows on the contract.

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets or liabilities at FVPL. Changes in fair values of embedded derivatives are included in the statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The carrying values of the Group's financial assets designated at FVPL are disclosed in Note 8.

e. *Operating leases*
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined based on the evaluation of the terms and conditions of the arrangements (i.e., the lease does not transfer the ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable and the lease term is not for the major part of the asset's economic life), that it retains all the significant risks and rewards of ownership of these properties which are leased out under operating leases.

The Group has also entered into leases on premises it uses for its operations. The Group has determined, based on the evaluation of the lease agreement, that all significant risks and rewards of ownership of the properties it leases are not transferrable to the Group.

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

g. *Going concern*
The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

<u>Estimates</u>

a. *Fair value of financial instruments*
The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (e.g., financial models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All financial models are certified before they are used and are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, the financial models use only observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments (Note 5).

b. *Credit losses on loans and receivables*
The Group reviews its loans and receivables at each reporting date to assess whether an allowance for credit losses should be recorded in the balance sheet and any changes thereto in the statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors. Actual results may also differ, resulting in future changes to the allowance.

In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment assessment on exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. The resulting collective allowance is based on any deterioration in the internal rating of the loan or investment since it was granted or acquired. These internal ratings take into consideration factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

The carrying values of loans and receivables and the related allowance for credit losses of the Group and the Parent Company are disclosed in Notes 9 and 15.

c. *Impairment of AFS equity investments*
The Group treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair values below their costs or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20.00% or more of the original cost of investment, and 'prolonged' as greater than 12 months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and future cash flows and discount factors for unquoted equities.

Notes to Financial Statements

The carrying values of AFS equity investments and the related allowance for impairment of the Group and the Parent Company are disclosed in Notes 8 and 15.

d. *Impairment of HTM and AFS debt investments*
The Group determines that AFS debt investments are impaired based on the same criteria as loans and receivables.

As of December 31, 2015 and 2014, HTM and AFS debt investments were unimpaired. The carrying values of HTM and AFS debt investments are disclosed in Note 8.

e. *Estimated useful lives of bank premises, furniture, fixtures and equipment, and investment properties*
The Group estimates the useful lives of its bank premises, furniture, fixtures and equipment, and investment properties. These estimates are reviewed periodically to ensure that the period of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of bank premises, furniture, fixtures and equipment, and investment properties.

A reduction in the estimated useful lives of bank premises, furniture, fixtures and equipment, and investment properties would increase the recorded depreciation and amortization expense and decrease noncurrent assets. The estimated useful lives of bank premises, furniture, fixtures and equipment, and investment properties are disclosed in Note 2.

f. *Impairment on investments in subsidiaries and associates and other nonfinancial assets*
The Parent Company assesses impairment on its investments in subsidiaries and associate whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Among others, the factors that the Parent Company considers important which could trigger an impairment review on its investments in subsidiaries and associate include the following:

- deteriorating or poor financial condition;
- recurring net losses; and
- significant changes on the technological, market, economic, or legal environment which had an adverse effect on the subsidiary or associate during the period or in the near future, in which the subsidiary operates.

The Group also assesses impairment on its nonfinancial assets (e.g., investment properties and bank premises, furniture, fixtures and equipment) and considers the following impairment indicators:

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

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Except for investment properties where recoverable amount is determined based on fair value less cost to sell, the recoverable amount of all other nonfinancial assets is determined based on the asset's value in use computation which considers the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

The carrying values of the Group's investments in subsidiaries and associate and other nonfinancial assets are disclosed in Notes 10, 11 and 12, respectively.

g. *Impairment of goodwill and branch licenses*
The Group conducts an annual review for any impairment in the value of goodwill and branch licenses. Goodwill and branch licenses are written down for impairment where the recoverable value is insufficient to support their carrying value. The recoverable amount of goodwill and branch licenses is the higher between its fair value less costs of disposal and its value in use. For value in use, the Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital. Future cash flows from the business are estimated based on the theoretical annual income of the CGUs. Average growth rate is derived from the average increase in annual income of the CGUs during the last 5 years. The recoverable amount of the CGU is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. Key assumptions in value-in-use calculation of CGUs are most sensitive to discount rates and growth rates used to project cash flows.

The carrying values of the Group's goodwill and branch licenses are disclosed in Note 13.

h. *Net plan assets and retirement expense*
The determination of the Group's net plan assets and annual retirement expense is dependent on the selection of certain assumptions used in calculating such amounts. These assumptions include, among others, discount rates, and salary increase.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the balance sheets date. Refer to Note 23 for the details on the assumptions used in the calculation.

The present value of the retirement obligation and fair value of plan assets are disclosed in Note 23.

i. *Recognition of deferred income taxes*
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management discretion is required to determine the amount of deferred tax assets that can be recognized, based on the forecasted level of future taxable profits and the related future tax planning strategies.

The Group believes it will be able to generate sufficient taxable income in the future to utilize its recorded deferred tax assets. Taxable income is sourced mainly from interest income from lending activities and earnings from service charge, fees, commissions and trust activities.

The recognized and unrecognized deferred tax assets are disclosed in Note 26.

4. FINANCIAL INSTRUMENT CATEGORIES

The following table presents the total carrying amount of the Group's and the Parent Company's financial instruments per category:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Financial assets				
Cash and other cash items	**₱11,377,101**	₱10,734,059	**₱10,052,891**	₱9,295,130
Financial assets at FVPL	**6,244,593**	8,440,699	**5,465,417**	8,012,435
AFS financial assets	**48,829,233**	38,476,852	**46,834,199**	37,075,238
HTM financial assets	**16,136,147**	12,109,344	**13,945,645**	11,353,788
Loans and receivables:				
Due from BSP	**86,318,501**	67,451,648	**77,003,616**	60,543,867
Due from other banks	**21,243,492**	17,552,823	**19,200,544**	15,836,701
Interbank loans receivables	**–**	223,600	**–**	223,600
Loans and receivables	**309,761,777**	290,418,730	**259,645,008**	245,257,221
Accrued interest receivable	**2,621,737**	2,236,981	**2,201,247**	1,910,677
Other assets	**4,235,672**	3,701,779	**2,693,764**	1,782,761
	424,181,179	381,585,561	**360,744,179**	325,554,827
Total financial assets	**₱506,768,253**	₱451,346,515	**₱437,042,331**	₱391,291,418

* Other assets include accounts receivables, sales contract receivable, returned checks and other cash items and miscellaneous financial assets (Note 14).

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Financial liabilities				
Other financial liabilities:				
Deposit liabilities	**₱439,265,686**	₱399,301,544	**₱373,603,416**	₱341,084,635
Bills payable	**19,085,180**	6,320,580	**18,422,650**	5,177,601
Manager's checks	**1,456,498**	1,221,395	**741,479**	822,179
Accrued interest and other expenses*	**670,265**	553,810	**355,436**	293,850
Subordinated debt	**–**	1,188,762	**–**	–
Other liabilities**	**4,404,342**	3,228,576	**3,337,858**	2,115,169
	464,881,971	411,814,667	**396,460,839**	349,493,434
Financial liabilities at FVPL:				
Derivative liabilities	**66,373**	101,610	**66,373**	101,610
Total financial liabilities	**₱464,948,344**	₱411,916,277	**₱396,527,212**	₱349,595,044

* Accrued interest and other expenses exclude accrued payable for employee benefits, accrued lease payable and accrued taxes and other licenses (Note 18).

**Other liabilities exclude withholding taxes payable and retirement liabilities (Note 19).

5. FAIR VALUE MEASUREMENT

The Group has assets and liabilities in the consolidated balance sheets that are measured at fair value on a recurring and non-recurring basis after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated balance sheet at the end of each financial reporting period. These include financial assets and liabilities at FVPL and AFS financial assets. Non-recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated balance sheet in particular circumstances. For example, PFRS 5 requires an entity to measure an asset held for sale at the lower of its carrying amount and fair value less costs to sell. Since the asset's fair value less costs to sell is only recognized in the balance sheet when it is lower than its carrying amount, that fair value measurement is non-recurring.

Notes to Financial Statements

As of December 31, 2015 and 2014, except for the following financial instruments, the carrying values of the Group's financial assets and liabilities as reflected in the balance sheets and related notes approximate their respective fair values:

	Consolidated			
	2015		2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
HTM financial assets (Note 8)				
Government bonds	**₱13,162,777**	**₱14,273,659**	₱11,754,049	₱13,214,634
Private bonds	**2,973,370**	**3,324,907**	355,295	394,752
Loans and receivables (Note 9)				
Corporate and commercial loans	**250,661,528**	**255,872,291**	234,134,056	236,479,682
Consumer loans	**46,421,426**	**53,331,599**	42,040,197	42,006,980
Trade-related loans	**12,360,222**	**13,564,618**	13,961,117	14,282,127
Others	**318,601**	**293,602**	283,360	190,151
Sales contracts receivable (Note 14)	**967,329**	**974,123**	1,233,339	1,217,094
Financial Liabilities				
Deposit liabilities	**439,265,686**	**429,639,806**	399,301,544	388,897,198
Bills payable	**19,085,180**	**18,993,875**	6,320,580	6,219,515
Subordinated debt	**–**	**–**	1,188,762	1,160,253

	Parent Company			
	2015		2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
HTM financial assets (Note 8)				
Government bonds	**₱11,422,275**	**₱12,532,769**	₱10,998,493	₱12,429,750
Private bonds	**2,523,370**	**2,877,180**	355,295	394,752
Loans and receivables (Note 9)				
Corporate and commercial loans	**220,451,670**	**223,257,420**	206,096,458	206,200,831
Consumer loans	**28,364,417**	**30,991,571**	26,764,113	28,188,018
Trade-related loans	**10,757,421**	**11,559,856**	12,315,857	12,555,690
Others	**71,500**	**74,319**	80,793	81,899
Sales contracts receivable (Note 14)	**257,473**	**264,268**	352,361	380,300
Financial Liabilities				
Deposit liabilities	**373,603,416**	**363,221,514**	341,084,635	330,299,420
Bills payable	**18,422,650**	**18,330,913**	5,177,601	5,075,936

The methods and assumptions used by the Group and Parent Company in estimating the fair values of the financial instruments follow:

Cash and other cash items, due from BSP and other banks, interbank loans receivables and accrued interest receivable - The carrying amounts approximate their fair values in view of the relatively short-term maturities of these instruments.

Debt securities - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Equity securities - For publicly traded equity securities, fair values are based on quoted prices published in the Philippine equity markets. For unquoted equity securities for which no reliable basis for fair value measurement is available, these are carried at cost net of impairment, if any.

Loans and receivables and sales contracts receivable (SCR) included in other assets - Fair values of loans and receivables and SCR are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental lending rates for similar types of loans and receivables.

Accounts receivable, returned checks and other cash items (RCOCI) and other financial assets included in other assets - Quoted market prices are not readily available for these assets. These are reported at cost and are not significant in relation to the Group's total portfolio of securities.

Derivative instruments (included under FVPL) - Fair values are estimated based on quoted market prices provided by independent parties or accepted valuation models (either based on discounted cash flow techniques or option pricing models, as applicable).

Derivative assets and liabilities - Fair values are calculated by reference to the prevailing interest differential and spot exchange rate as of the reporting date, taking into account the remaining term to maturity of the derivative assets and liabilities.

Bifurcated embedded derivatives (included under derivative assets) - Fair values are estimated based on a valuation model from Bloomberg using inputs provided by counterparty banks.

Deposit liabilities (time, demand and savings deposits) - Fair values of time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable.

Bills payable - Fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued.

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

Subordinated debt - Fair value is estimated using the discounted cash flow methodology using current credit spread for similar types of borrowings.

Other liabilities - Quoted market prices are not readily available for these liabilities. These are reported at cost and are not significant in relation to the Group's total portfolio.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets or liabilities;
Level 2: 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); and
Level 3: inputs that are not based on observable market data or unobservable inputs.

As of December 31, 2015 and 2014, the fair value hierarchy of the Group's and Parent Company's assets and liabilities are presented below:

	Consolidated			
	2015			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	**₱1,241,674**	**₱144,850**	**₱–**	**₱1,386,524**
Treasury notes	**385,269**	**720,983**	**–**	**1,106,252**
Treasury bills	**388**	**594,963**	**–**	**595,351**
Private bonds	**556,570**	**–**	**–**	**556,570**
Financial assets designated at FVPL	**2,299,970**	**–**	**–**	**2,299,970**
Derivative assets	**–**	**299,926**	**–**	**299,926**
AFS financial assets				
Government bonds	**29,258,609**	**10,934,809**	**–**	**40,193,418**
Quoted private bonds	**8,213,921**	**–**	**–**	**8,213,921**
Quoted equity shares	**111,470**	**–**	**–**	**111,470**
	42,067,871	**12,695,531**	**–**	**54,763,402**
Financial liabilities at FVPL				
Derivative liabilities	**–**	**66,373**	**–**	**66,373**
	₱–	**₱66,373**	**₱–**	**₱66,373**
Fair values of assets carried at amortized cost/cost[(a)]				
HTM financial assets				
Government bonds	**₱14,273,659**	**₱–**	**₱–**	**₱14,273,659**
Private bonds	**3,324,907**	**–**	**–**	**3,324,907**
Loans and receivables				
Corporate and commercial loans	**–**	**–**	**255,872,291**	**255,872,291**
Consumer loans	**–**	**–**	**53,331,599**	**53,331,599**
Trade-related loans	**–**	**–**	**13,564,618**	**13,564,618**
Others	**–**	**–**	**293,602**	**293,602**
Sales contracts receivable	**–**	**–**	**974,123**	**974,123**
Investment properties[(b)]				
Land	**–**	**–**	**7,117,231**	**7,117,231**
Buildings and improvements	**–**	**–**	**2,401,016**	**2,401,016**
	₱17,598,566	**₱–**	**₱333,554,480**	**₱351,153,046**
Fair values of liabilities carried at amortized cost[(a)]				
Deposit liabilities	**–**	**–**	**429,639,806**	**429,639,806**
Bills payable	**–**	**–**	**18,993,875**	**18,993,875**
	₱–	**₱–**	**₱448,633,681**	**₱448,633,681**

(a) valued as of December 31, 2015
(b) valued at various dates in 2015 and 2014

Notes to Financial Statements

	Consolidated 2014 Level 1	Level 2	Level 3	Total
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	₱600,848	₱324,000	₱–	₱924,848
Treasury notes	641,897	1,668,189	–	2,310,086
Treasury bills papers	–	72	–	72
Private bonds	997,632	–	–	997,632
Financial assets designated at FVPL	3,918,504	–	–	3,918,504
Derivative assets	–	289,557	–	289,557
AFS financial assets			–	
Government bonds	16,640,651	18,843,398	–	35,484,049
Quoted private bonds	2,277,687	–	–	2,277,687
Quoted equity shares	150,124	–	–	150,124
	25,227,343	21,125,216	–	46,352,559
Financial liabilities at FVPL				
Derivative liabilities	–	101,610	–	101,610
	₱–	₱101,610	₱–	₱101,610
Fair values of assets carried at amortized cost/cost[(a)]				
HTM financial assets				
Government bonds	₱13,167,730	₱46,904	₱–	₱13,214,634
Private bonds	394,752	–	–	394,752
Loans and receivables				
Corporate and commercial loans	–	–	236,479,682	236,479,682
Consumer loans	–	–	42,006,980	42,006,980
Trade-related loans	–	–	14,282,127	14,282,127
Others	–	–	190,151	190,151
Sales contracts receivable	–	–	1,217,094	1,217,094
Investment properties[(b)]				
Land	–	–	7,472,846	7,472,846
Buildings and improvements	–	–	2,368,785	2,368,785
	₱13,562,482	₱46,904	₱304,017,665	₱317,627,051
Fair values of liabilities carried at amortized cost[(a)]				
Deposit liabilities	–	–	388,897,198	388,897,198
Bills payable	–	–	6,219,515	6,219,515
Subordinated debt	–	–	1,160,253	1,160,253
	₱–	₱–	₱396,276,966	₱396,276,966

(a) valued as of December 31, 2014
(b) valued at various dates in 2014 and 2013

	Parent Company 2015 Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	**₱847,767**	**₱144,850**	**₱–**	**₱992,617**
Treasury notes	**–**	**720,983**	**–**	**720,983**
Treasury bills	**388**	**594,963**	**–**	**595,351**
Private bonds	**556,570**	**–**	**–**	**556,570**
Financial assets designated at FVPL	**2,299,970**	**–**	**–**	**2,299,970**
Derivative assets	**–**	**299,926**	**–**	**299,926**
AFS financial assets				
Government bonds	**27,728,240**	**10,934,809**	**–**	**38,663,049**
Quoted private bonds	**7,766,369**	**–**	**–**	**7,766,369**
Quoted equity shares	**111,470**	**–**	**–**	**111,470**
	39,310,774	**12,695,531**	**–**	**52,006,305**
Financial liabilities at FVPL				
Derivative liabilities	**–**	**66,373**	**–**	**66,373**
	₱–	**₱66,373**	**₱–**	**₱66,373**

(Forward)

	Parent Company			
	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Fair values of assets carried at amortized cost/cost[a]				
HTM financial assets				
Government bonds	**₱12,532,769**	**₱–**	**₱–**	**₱12,532,769**
Private bonds	**2,877,180**	**–**	**–**	**2,877,180**
Loans and receivables				
Corporate and commercial loans	**–**	**–**	**223,257,420**	**223,257,420**
Consumer loans	**–**	**–**	**30,991,571**	**30,991,571**
Trade-related loans	**–**	**–**	**11,559,856**	**11,559,856**
Others	**–**	**–**	**74,319**	**74,319**
Sales contracts receivable	**–**	**–**	**264,268**	**264,268**
Investment properties[b]				
Land	**–**	**–**	**4,427,761**	**4,427,761**
Buildings and improvements	**–**	**–**	**1,217,191**	**1,217,191**
	₱15,409,949	**₱–**	**₱271,792,386**	**₱287,202,335**
Fair values of liabilities carried at amortized cost				
Deposit liabilities	**–**	**–**	**363,211,514**	**363,211,514**
Bills payable	**–**	**–**	**18,330,913**	**18,330,913**
	₱–	**₱–**	**₱381,542,427**	**₱381,542,427**

(a) valued as of December 31, 2015
(b) valued at various dates in 2015 and 2014

	Parent Company			
	2014			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements[a]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	₱600,141	₱213,755	₱–	₱813,896
Treasury notes	603,231	1,389,543	–	1,992,774
Treasury bills	–	72	–	72
Private bonds	997,632	–	–	997,632
Financial assets designated at FVPL	3,918,504	–	–	3,918,504
Derivative assets	–	289,557	–	289,557
AFS financial assets				
Government bonds	15,463,159	18,790,261	–	34,253,420
Quoted private bonds	2,123,878	–	–	2,123,878
Quoted equity shares	149,358	–	–	149,358
	23,855,903	20,683,188	–	44,539,091
Financial liabilities at FVPL				
Derivative liabilities	–	101,610	–	101,610
	₱–	₱101,610	₱–	₱101,610
Fair values of assets carried at amortized cost/cost[a]				
HTM financial assets				
Government bonds	₱12,429,750	₱–	₱–	₱12,429,750
Private bonds	394,752	–	–	394,752
Loans and receivables				
Corporate and commercial loans	–	–	206,200,831	206,200,831
Consumer loans	–	–	28,188,018	28,188,018
Trade-related loans	–	–	12,555,690	12,555,690
Others	–	–	81,899	81,899
Sales contracts receivable	–	–	380,300	380,300
Investment properties[b]				
Land	–	–	4,454,158	4,454,158
Buildings and improvements	–	–	1,270,864	1,270,864
	₱12,824,502	₱–	₱253,131,760	₱265,956,262
Fair values of liabilities carried at amortized cost				
Deposit liabilities	–	–	330,299,420	330,299,420
Bills payable	–	–	5,075,936	5,075,936
	₱–	₱–	₱335,375,356	₱335,375,356

(a) valued as of December 31, 2014
(b) valued at various dates in 2014 and 2013

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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 2015 and 2014.

The inputs used in the fair value measurement based on Level 2 are as follows:

Government securities - interpolated rates based on market rates of benchmark securities as of reporting date.

Private bonds and commercial papers - quoted market price of comparable investments with credit risk premium that is insignificant to the entire fair value measurement.

Derivative assets and liabilities - fair values are calculated by reference to the prevailing interest differential and spot exchange rate as of the reporting date, taking into account the remaining term to maturity of the derivative assets and liabilities.

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

The fair values of the Group's and Parent Company's investment properties have been determined by the appraisal method by independent external and in-house appraisers based on highest and best use of property being appraised. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

The table below summarizes the valuation techniques used and the significant unobservable inputs valuation for each type of investment properties held by the Group and the Parent Company:

	Valuation Techniques	**Significant Unobservable Inputs**
Land	Market Data Approach	Price per square meter, size, location, shape, time element and corner influence
Land and Building	Market Data Approach and Cost Approach	Reproduction Cost New

Description of the valuation techniques and significant unobservable inputs used in the valuation of the Group and the Parent Company's investment properties are as follows:

Valuation Techniques

Market Data Approach	A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.
Cost Approach	It is an estimate of the investment required to duplicate the property in its present condition. It is reached by estimating the value of the building "as if new" and then deducting the depreciated cost. Fundamental to the Cost Approach is the estimate of Reproduction Cost New of the improvements.

Significant Unobservable Inputs

Reproduction Cost New	The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.
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 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 investors' 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.
Corner influence	Bounded by two (2) roads.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are principally related to the profitable use of financial instruments. Risks are inherent in these activities but are managed by the Group through a rigorous, comprehensive and continuous process of identification, measurement, monitoring and mitigation of these risks, partly through the effective use of risk and authority limits and thresholds, process controls and monitoring, and independent controls. As reflected in its corporate actions and organizational improvements, the Group has placed due importance on expanding and strengthening its risk management process and considers it as a vital component to the Group's continuing profitability and financial stability. Central to the Group's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate unavoidable risks and maximize returns from taking acceptable risks necessary to sustain its business viability and good financial position in the market.

The key financial risks that the Group faces are: credit risk, market risk (i.e. interest rate risk, foreign currency risk and equity price risk) and liquidity risk. The Group's risk management objective is primarily focused on controlling and mitigating these risks. The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries, particularly CBSI and PDB, have their own risk management processes but are structured similar to that of the Parent Company. To a certain extent, the respective risk management programs and objectives are the same across the Group. The gravity of the risks, the magnitude of the financial instruments involved, and regulatory requirements are primary considerations to the scope and extent of the risk management processes put in place for the subsidiaries.

Risk Management Structure
The BOD of the Parent Company is ultimately responsible for the oversight of the Parent Company's risk management process. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BODs. The BOD of the Parent Company created a separate board-level independent committee with explicit authority and responsibility for managing and monitoring risks.

The BOD has delegated to the Risk Management Committee (RMC) the implementation of the risk management process which includes, among others, the development of various risk strategies and principles, control guidelines policies and procedures, implementation of risk measurement tools, monitoring of key risk indicators, and the imposition and monitoring of risk limits and thresholds. The RMC is composed of four members of the BOD.

The Risk Management Group (RMG) is the direct support of the RMC in the day-to-day risk management and the implementation of the risk management strategies approved by the RMC. The implementation cuts across all departments of the Parent Company and involves all of the Parent Company's financial instruments, whether "on-books" or "off-books." The RMG is likewise responsible for monitoring the implementation of specific risk control procedures and enforcing compliance thereto. The RMG is also directly involved in the day-to-day risk measurement and monitoring to make sure that the Parent Company, in its transactions and dealings, engages only in acceptable and manageable financial risks. The RMG also ensures that risk measurements are accurately and completely captured on a timely basis in the management reporting system of the Parent Company. The RMG regularly reports the results of the risk measurements to the RMC. The RMG is headed by the Chief Risk Officer (CRO).

Apart from RMG, each business unit has created and put in place various process controls which ensure that all the external and internal transactions and dealings of the unit are in compliance with the unit's risk management objectives.

The Internal Audit Division also plays a crucial role in risk management primarily because it is independent of the business units and reports exclusively to the Audit Committee which, in turn, is comprised of independent directors. The Internal Audit Division focuses on ensuring that adequate controls are in place and on monitoring compliance to controls. The regular audit covers all processes and controls, including those under the risk management framework handled by the RMG. The audit of these processes and controls is undertaken at least annually. The audit results and exceptions, including recommendations for their resolution or improvement, are discussed initially with the business units concerned before these are presented to the Audit Committee.

Risk Management Reporting
The CRO and other members of the RMG report to the RMC and are a resource to the Management Committee (ManCom) on a monthly and a weekly basis, respectively. The CRO reports on key risk indicators and specific risk management issues that would need resolution from top management. This is undertaken after the risk issues and key risk indicators have been discussed with the business units concerned.

The key risk indicators were formulated on the basis of the financial risks faced by the Parent Company. The key risk indicators contain information from all business units that provide measurements on the level of the risks taken by the Parent Company in its products, transactions and financial structure. Among others, the report on key risk indicators includes information on the Parent Company's aggregate credit exposure, credit metric forecasts, hold limit exceptions, Value-at-Risk (VaR) analysis, utilization of market and credit limits, liquidity ratios, overall loan loss provisioning and risk profile changes. Loan loss provisioning and credit limit utilization are, however, discussed in more detail in the Credit Committee. On a monthly basis, detailed reporting of single-name and sectoral concentration is included in the discussion with the RMC. On the other hand, the Chief Internal Auditor reports to the Audit Committee on a monthly basis on the results of branch or business unit audits and for the resolution of pending but important internal audit issues.

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The Asset and Liability Management (ALM) system, which was implemented in 2013, for measuring and reporting liquidity risk and interest rate risk will be upgraded in 2016 and will include new modules for calculating Basel III's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Similarly, the Market Risk Management System, which was acquired in 2014 to enhance risk measurement and automate reporting of market risk metrics, will be implemented in 2016.

Risk Mitigation
The Parent Company uses derivatives to manage exposures in its financial instruments resulting from changes in interest rates and foreign currencies exposures. However, the nature and extent of use of these financial instruments to mitigate risks are limited to those allowed by the BSP for the Parent Company and its subsidiaries.

To further mitigate risks throughout its different business units, the Parent Company formulates risk management policies and continues to improve its existing policies. These policies further serve as the framework and set of guidelines in the creation or revisions of operating policies and manuals for each business unit. In the process design and implementation, preventive controls are preferred over detection controls. Clear delineation of responsibilities and separation of incompatible duties among officers and staff, as well as, among business units are reiterated in these policies. To the extent possible, reporting and accounting responsibilities are segregated from units directly involved in operations and front line activities (i.e., players must not be scorers). This is to improve the credibility and accuracy of management information. Any inconsistencies in the operating policies and manuals with the risk framework created by the RMG are taken up and resolved in the RMC and ManCom.

Based on the approved Operational Risk Assessment Program, RMG spearheaded the bankwide (all Head Office units and branches) risk identification and self-assessment process. This would enable determination of priority risk areas, assessment of mitigating controls in place, and institutionalization of additional measures to ensure a controlled operating environment. RMG was also mandated to maintain and update the Parent Company's Centralized Loss Database wherein all reported incidents of losses shall be encoded to enable assessment of weaknesses in the processes and come up with viable improvements to avoid recurrence.

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

The Group's Management identified the need for an ALM application to strategically manage risks arising from mismatches between the Parent Company's assets and liabilities, particularly in the areas of liquidity risk and interest rate risk. An ALM would support high-level decisions with regard to funds pricing and resource allocation.

Liquidity and interest rate risk exposures are measured and monitored through reports from the ALM system which was implemented in 2013. The system also has a Funds Transfer Pricing module used by the Treasury Group and Corporate Planning Group.

For the measurement of market risk exposures, the Bank uses Historical Simulation VaR approach for derivative instruments, including IRS, foreign exchange swaps and forwards, while Parametric VaR is used for fixed income securities products. A Market Risk Management module that was acquired to enhance risk measurement and automate reporting of risk metrics will be implemented in 2016.

BSP issued Circular No. 639 dated January 15, 2009 which mandated the use of the Internal Capital Adequacy Assessment Process (ICAAP) by all universal and commercials banks to determine their minimum required capital relative to their business risk exposures. In this regard, the Board approved the engagement of the services of a consultant to assist in the bank-wide implementation and embedding of the ICAAP, as provided for under Pillar 2 of Basel II and BSP Circular No. 639.

On February 4, 2015, the BOD affirmed that the priority risks set in the 2009 Risk Self-assessment Survey and voting conducted among selected members of the BOD and Senior Management remain the same. In addition, the BOD also approved the trigger events for the review of Priority Risks and Capital Ratios threshold.

The Parent Company submitted its ICAAP document, in compliance with BSP requirements on January 30, 2015. The document disclosed that the Parent Company has an appropriate level of internal capital relative to the Group's risk profile.

For the ICAAP document submitted on January 30, 2015, the Parent Company retained the Pillar 1 Plus approach using the Pillar 1 capital as the baseline. The process of allocating capital for all types of risks above the Pillar 1 capital levels was primarily based on the results of the Integrated Stress Test (IST). The adoption of the IST allows the Parent Company to quantify its overall vulnerability to market shocks and operational losses in a collective manner driven by events rather than in silo. The capital assessment in the document discloses that the Group and the Parent Company have appropriate and sufficient level of internal capital.

For the 2016 submission, the Parent Company shall present in the ICAAP document two separate computations of capital buffer under the Pillar 1 Plus approach: (1) under normal business conditions and (2) under stress event (using IST framework).

Credit Risk
Credit Risk and Concentration of Assets and Liabilities and Off-Balance Sheet Items
Credit risk is the risk of financial loss on account of a counterparty to a financial product failing to honor its obligation. The Group faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (i.e., investment securities issued by either sovereign or corporate entities) or enters into either market-

traded or over-the-counter derivatives, through implied or actual contractual agreements (i.e., on or off-balance sheet exposures). The Group manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual credit or transaction).

The Group established risk limits and thresholds for purposes of monitoring and managing credit risk from individual counterparties and/or groups of counterparties, as well as industry divisions. It also conducts periodical assessment of the creditworthiness of its counterparties. In addition, the Group obtains collateral where appropriate, enters into master netting agreements and collateral arrangements with counterparties, and limits the duration of exposures.

In compliance with BSP requirements, the Group established an internal Credit Risk Rating System (CRRS) for the purpose of measuring credit risk for corporate borrowers in a consistent manner, as accurately as possible, and thereafter uses the risk information for business and financial decision making. The CRRS covers corporate borrowers with total assets, total facilities, or total credit exposures amounting to ₱15.00 million and above.

Further, the CRRS was designed within the technical requirements defined under BSP Circular No. 439. It has two components, namely: a) Borrower Risk Rating which provides an assessment of the creditworthiness of the borrower, without considering the proposed facility and security arrangements, and b) Loan Exposure Rating which provides an assessment of the proposed facilities as mitigated or enhanced by security arrangements. The CRRS rating scale consists of ten grades, six of which fall under unclassified accounts, with the remaining four falling under classified accounts in accordance with regulatory provisioning guidelines.

On March 5, 2015, the Parent Company approved the engagement of a third-party consultant, Moody's Analytics, for the quantitative and qualitative validation of the internal CRRS. The validation engagement was completed in December 2014 followed by the model recalibration, closing the project in December 2015.

Aside from the internal CRRS, the Parent Company launched in 2011 the Borrower Credit Score (BCS), a credit scoring system designed for retail small and medium entities and individual loan accounts. The BCS is currently implemented on a test run basis. The scheduled live implementation was deferred after the surface-level review of the model showed a need for recalibration. To further validate the results of the review, the data quality assessment and statistical validation of the BCS were started in 2015 and is still ongoing. This is being done using the same methodology applied to the validation of the corporate risk rating model.

Excessive Risk Concentration

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

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

The distribution of the Group's and Parent Company's assets, liabilities, and credit commitment items (Note 29) by geographic region as of December 31, 2015 and 2014 (in millions) follows:

	Consolidated					
	2015			2014		
	Assets	**Liabilities**	**Credit Commitments**	Assets	Liabilities	Credit Commitments
Geographic Region						
Philippines	**₱476,778**	**₱450,788**	**₱154,944**	₱417,659	₱408,561	₱145,546
Asia	**5,896**	**14,038**	**2,956**	4,806	329	3,922
Europe	**598**	**16**	**498**	1,032	2,041	936
United States	**21,390**	**87**	**3,174**	27,501	984	2,180
Others	**2,106**	**19**	**19**	349	1	20
	₱506,768	**₱464,948**	**₱161,591**	₱451,347	₱411,916	₱152,604

	Parent Company					
	2015			2014		
	Assets	**Liabilities**	**Credit Commitments**	Assets	Liabilities	Credit Commitments
Geographic Region						
Philippines	**₱407,221**	**₱382,367**	**₱145,950**	₱357,603	₱346,240	₱136,527
Asia	**5,896**	**14,038**	**2,956**	4,806	329	3,922
Europe	**598**	**16**	**498**	1,032	2,041	936
United States	**21,221**	**87**	**3,174**	27,501	984	2,180
Others	**2,106**	**19**	**20**	349	1	19
	₱437,042	**₱396,527**	**₱152,598**	₱391,291	₱349,595	₱143,584

Notes to Financial Statements

Information on credit concentration as to industry of loans and receivables is presented in Note 9 to the financial statements.

Maximum exposure to credit risk
The table below provides the analysis of the maximum exposure to credit risk of the Group and the Parent Company's financial instruments, excluding those where the carrying values as reflected in the balance sheets and related notes already represent the financial instrument's maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancements:

	Consolidated		
	2015		
	Gross maximum exposure	**Net exposure**	**Financial effect of collateral or credit enhancement**
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	**₱309,761,777**	**₱177,020,802**	**₱132,740,975**
Sales contracts receivable	**967,329**	**–**	**967,329**
	₱310,729,106	**₱177,020,802**	**₱133,708,304**

	Consolidated		
	2014		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	₱290,418,730	₱148,834,282	₱141,584,448
Sales contracts receivable	1,233,339	–	1,233,339
	₱291,652,069	₱148,834,282	₱142,817,787

	Parent Company		
	2015		
	Gross maximum exposure	**Net exposure**	**Financial effect of collateral or credit enhancement**
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	**₱259,645,008**	**₱161,244,693**	**₱98,400,315**
Sales contracts receivable	**257,473**	**–**	**257,473**
	₱259,902,481	**₱161,244,693**	**₱98,657,788**

	Parent Company		
	2014		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows			
Loans and receivables	₱245,257,221	₱136,284,199	₱108,973,022
Sales contracts receivable	352,361	–	352,361
	₱245,609,582	₱136,284,199	₱109,325,383

For the Group, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱149.00 billion and ₱2.70 billion, respectively, as of December 31, 2015 and ₱130.64 billion and ₱2.05 billion, respectively, as of December 31, 2014.

For the Parent Company, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱123.76 billion and ₱1.24 billion, respectively, as of December 31, 2015 and ₱94.22 billion and ₱1.07 billion, respectively, as of December 31, 2014.

Credit risk, in respect of derivative financial products, is limited to those with positive fair values, which are included under financial assets at FVPL (Note 8). As a result, the maximum credit risk, without taking into account the fair value of any collateral and netting agreements, is limited to the amounts on the balance sheet plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others as disclosed in Note 29 to the financial statements.

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

The main types of collateral obtained are as follows:
- For securities lending and reverse repurchase transactions - cash or securities
- For consumer lending - real estate and chattel over vehicle
- For corporate lending and commercial lending- real estate, chattel over properties, assignment of deposits, shares of stocks, bonds, and guarantees

Management requests additional collateral in accordance with the underlying agreement and takes into consideration the market value of collateral during its review of the adequacy of allowance for credit losses.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In most cases, the Parent Company does not occupy repossessed properties for business use.

Collaterals foreclosed in 2015 and 2014 and are still held by the Group as of December 31, 2015 and 2014 amounted to ₱848.48 million and ₱1.04 billion, respectively. These collaterals comprised of real estate properties and stock securities.

Credit quality per class of financial assets
The credit quality of financial assets is managed by the Group 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 Group uses this information as a tool for business and financial decision making. Aside from the periodic credit process review by the Bank's Internal Audit Group, the Bank likewise engaged the services of third-party consultants in 2014 and 2015 for purposes of conducting an independent validation of the credit risk rating model.

It is the Parent Company's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Parent Company's rating policy. The attributable risk ratings are assessed and monitored regularly. The standard credit rating equivalent grades are relevant only for certain exposures in each risk rating class.

The following table shows the description of the internal CRRS grade:

CRRS Grade	Description
1	Excellent
2	Strong
3	Good
4	Satisfactory
5	Acceptable
6	Watchlist
7	Especially Mentioned
8	Substandard
9	Doubtful
10	Loss

The credit grades are defined as follows:

Excellent - This category applies to a borrower with a very low probability of going into default in the coming year. The borrower has a high degree of stability, substance, and diversity. It has access to raise substantial amounts of funds through the public markets at any time. The borrower has a very strong debt service capacity and a conservative use of balance sheet leverage. The track record in profit terms is very good. The borrower is of highest quality under virtually all economic conditions.

Strong - This category applies to a borrower with a low probability of going into default in the coming year. The borrower normally has a comfortable degree of stability, substance, and diversity. Under normal market conditions, the borrower in this category has good access to public markets to raise funds. The borrower has a strong market and financial position with a history of successful performance. The overall debt service capacity as measured by cash flow to total debt service is deemed very strong; the critical balance sheet ratios (vis-à-vis industry) are conservative.

Good - This category covers the smaller corporations with limited access to public capital markets or access to alternative financial markets. This access is however limited to favorable economic and/or market conditions. Typical for this type of borrower is the combination of comfortable asset protection and acceptable balance sheet structure (vis-à-vis industry). The debt service capacity, as measured based on cash flows, is strong.

Notes to Financial Statements

Satisfactory - This category represents the borrower where clear risk elements exist and the probability of default is somewhat greater. This probability is reflected in volatility of earnings and overall performance. The borrower in this category normally has limited access to public financial markets. The borrower should be able to withstand normal business cycles, but any prolonged unfavorable economic period would create deterioration beyond acceptable levels. Typical for this kind of borrower is the combination of reasonably sound asset and cash flow protection. The debt service capacity as measured by cash flow is deemed adequate. The borrower has reported profits for the past fiscal year and is expected to report a profit in the current year.

Acceptable - The risk elements for the Parent Company are sufficiently pronounced, although the borrower should still be able to withstand normal business cycles. Any prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels.

Watchlist - This category represents the borrower for which unfavorable industry or company-specific risk factors represent a concern. Operating performance and financial strength may be marginal and it is uncertain whether the borrower can attract alternative sources of financing. The borrower will find it very hard to cope with any significant economic downturn and a default in such a case is more than a possibility. It includes the borrower where the credit exposure is not a risk of loss at the moment, but the performance of the borrower has weakened, and unless present trends are reversed, could lead to losses.

Especially Mentioned - This category applies to the borrower that is characterized by a reasonable probability of default, manifested by some or all the following: (a) evidence of weakness in the borrower's financial condition or creditworthiness; (b) unacceptable risk is generated by potential or emerging weaknesses as far as asset protection and/or cash flow is concerned; (c) the borrower has reached a point where there is a real risk that the borrower's ability to pay the interest and repay the principal timely could be jeopardized; (d) the borrower is expected to have financial difficulties and exposure may be at risk. Closer account management attention is warranted.
Concerted efforts should be made to improve lender's position (e.g., demanding additional collateral or reduction of account exposure). These potential weaknesses, if left uncorrected or unmitigated, would affect the repayment of the loan and, thus, increase credit risk to the Parent Company.

Substandard - This category represents the borrower where one or more of the following factors apply: (a) the collection of principal or interest becomes questionable regardless of scheduled payment date, by reason of adverse developments on account of a financial, managerial, economic, or political nature, or by important weaknesses in cover; (b) the probability of default is assessed at up to 50%. Substandard loans are loans or portions thereof which appear to involve a substantial and unreasonable degree of risk to the Parent Company because of unfavorable record or unsatisfactory characteristics. There exists in such loans the possibility of future loss to the Parent Company unless given closer supervision.

Doubtful - This category includes the borrower with "non-performing loan" status or with any portion of interest and/or principal payment is in arrears for more than ninety (90) days. The borrower is unable or unwilling to service debt over an extended period of time and near future prospects of orderly debt service is doubtful. Doubtful loans are loans or portions thereof which have the weaknesses inherent in those classified as "Substandard", with the added characteristics that existing facts, conditions, and values make collection or liquidation in full highly improbable and in which substantial loss is probable.

Loss - This category represents the borrower whose prospect for re-establishment of creditworthiness and debt service is remote. It also applies where the Parent Company will take or has taken title to the assets of the borrower and is preparing a foreclosure and/or liquidation of the borrower's business. These loans or portions thereof which are considered uncollectible or worthless and of such little value that their continuance as bankable assets is not warranted although the loans may have some recovery or salvage value.

The Group's receivables from customers were classified according to credit quality as follows:

Credit Quality Rating	**Criteria**
Neither Past Due Nor Impaired	
High	Loans with risk rating of 1 and 2
Standard	Loans with risk rating of 3 to 5
Sub-Standard	Generally, loans with risk rating of 6 to 8
Past Due or Impaired	
Past Due but not Impaired	Those that were classified as Past Due per BSP guidelines and have no objective evidence of impairment
Impaired	Generally loans with risk rating of 9 to 10 and include both past due and current loans which have objective evidence of impairment

The table below shows the Group's and the Parent Company's loans and receivables, excluding other receivables (gross of allowance for impairment and credit losses and unearned discounts) as of December 31, 2015 and 2014 (in millions) classified according to credit quality:

	Consolidated						
	2015						
	Neither Past Due nor Impaired						
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Past Due But Not Impaired**	**Past Due or Impaired**	**Total**
Corporate and commercial lending	**₱48,206**	**₱136,561**	**₱46,151**	**₱17,107**	**₱2,022**	**₱5,904**	**₱255,951**
Consumer lending	**15,306**	**7,294**	**1,595**	**20,600**	**2,243**	**975**	**48,013**
Trade-related lending	**1,694**	**10,047**	**418**	**20**	**258**	**313**	**12,750**
Others	**46**	**–**	**–**	**261**	**6**	**8**	**321**
Total	**₱65,252**	**₱153,902**	**₱48,164**	**₱37,988**	**₱4,529**	**₱7,200**	**₱317,035**

	Consolidated						
	2014						
	Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Unrated	Past Due But Not Impaired	Past Due or Impaired	Total
Corporate and commercial lending	₱33,755	₱139,229	₱45,132	₱14,825	₱849	₱5,410	₱239,200
Consumer lending	13,694	5,598	2,465	19,529	1,770	442	43,498
Trade-related lending	1,860	10,913	1,177	77	19	624	14,670
Others	16	64	–	192	3	8	283
Total	₱49,325	₱155,804	₱48,774	₱34,623	₱2,641	₱6,484	₱297,651

	Parent Company						
	2015						
	Neither Past Due nor Impaired						
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Past Due But Not Impaired**	**Past Due or Impaired**	**Total**
Corporate and commercial lending	**₱23,311**	**₱134,385**	**₱45,862**	**₱16,927**	**₱1,752**	**₱3,268**	**₱225,505**
Consumer lending	**22**	**6,283**	**1,192**	**20,112**	**1,269**	**363**	**29,241**
Trade-related lending	**91**	**10,047**	**418**	**21**	**258**	**313**	**11,148**
Others	**–**	**–**	**–**	**69**	**2**	**–**	**71**
Total	**₱23,424**	**₱150,715**	**₱47,472**	**₱37,129**	**₱3,281**	**₱3,944**	**₱265,965**

	Parent Company						
	2014						
	Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Unrated	Past Due But Not Impaired	Past Due or Impaired	Total
Corporate and commercial lending	₱10,036	₱136,558	₱44,915	₱14,866	₱682	₱3,882	₱210,939
Consumer lending	33	4,421	2,329	19,529	1,272	97	27,681
Trade-related lending	220	10,907	1,177	77	19	624	13,024
Others	–	–	–	77	–	4	81
Total	₱10,289	₱151,886	₱48,421	₱34,549	₱1,973	₱4,607	₱251,725

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

Notes to Financial Statements

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

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

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

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

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

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

BBB and below:

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

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

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

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

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

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

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

The table below shows the credit quality of deposits and investments as of December 31, 2015 and 2014 (in millions), based on external risk ratings (gross of allowance for credit losses).

	Consolidated			
	2015			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Due from BSP	**₱–**	**₱86,319**	**₱–**	**₱86,319**
Due from other banks	**2,587**	**15,038**	**1,262**	**18,887**
Financial assets at FVPL	**102**	**3,169**	**306**	**3,577**
AFS financial assets	**1,252**	**35,934**	**4,318**	**41,504**
HTM financial assets	**–**	**13,507**	**483**	**13,990**
	₱3,941	**₱153,967**	**₱6,369**	**₱164,277**

	Consolidated			
	2014			
	High Grade	Standard Grade	Substandard Grade	Total
Due from BSP	₱–	₱67,452	₱–	₱67,452
Due from other banks	6,944	7,779	1,234	15,957
Interbank loans receivables	–	224	–	224
Financial assets at FVPL	55	3,389	106	3,550
AFS financial assets	887	34,437	2,355	37,679
HTM financial assets	–	12,109	–	12,109
	₱7,886	₱125,390	₱3,695	₱136,971

	Parent Company			
	2015			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Due from BSP	**₱–**	**₱77,004**	**₱–**	**₱77,004**
Due from other banks	**2,489**	**15,038**	**1,553**	**19,080**
Financial assets at FVPL	**102**	**2,466**	**306**	**2,874**
AFS financial assets	**1,249**	**35,798**	**4,318**	**41,365**
HTM financial assets	**–**	**11,422**	**483**	**11,905**
	₱3,840	**₱141,728**	**₱6,660**	**₱152,228**

	Parent Company			
	2014			
	High Grade	Standard Grade	Substandard Grade	Total
Due from BSP	₱–	₱60,544	₱–	₱60,544
Due from other banks	6,924	7,779	1,028	15,731
Interbank loans receivables	–	224	–	224
Financial assets at FVPL	55	2,960	106	3,121
AFS financial assets	885	33,212	2,353	36,450
HTM financial assets	–	11,354	–	11,354
	₱7,864	₱116,073	₱3,487	₱127,424

Due from other banks and government securities

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

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

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

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

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

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

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

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

Notes to Financial Statements

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

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

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

The table below shows the credit quality of deposits and investments, by class, as of December 31, 2015 and 2014 (in millions), based on risk grades of a local rating agency (gross of allowance for credit losses).

	Consolidated			
	2015			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Due from other banks	**₱836**	**₱–**	**₱–**	**₱836**
Financial assets at FVPL	**187**	**–**	**–**	**187**
AFS financial assets	**2,160**	**17**	**–**	**2,177**
HTM financial assets	**106**	**–**	**–**	**106**
Total	**₱3,289**	**₱17**	**₱–**	**₱3,306**

	Consolidated			
	2014			
	High Grade	Standard Grade	Substandard Grade	Total
Due from other banks	₱–	₱29	₱–	₱29
Financial assets at FVPL	651	–	–	651
AFS financial assets	557	1	–	558
Total	₱1,208	₱30	₱–	₱1,238

	Parent Company			
	2015			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Due from other banks	**₱119**	**₱–**	**₱–**	**₱119**
Financial assets at FVPL	**111**	**–**	**–**	**111**
AFS financial assets	**320**	**–**	**–**	**320**
Total	**₱550**	**₱–**	**₱–**	**₱550**

	Parent Company			
	2014			
	High Grade	Standard Grade	Substandard Grade	Total
Financial assets at FVPL	₱651	₱–	₱–	₱651
AFS financial assets	403	–	–	403
Total	₱1,054	₱–	₱–	₱1,054

The table below shows the breakdown of unrated deposits and investments (gross of allowance for credit losses) as of December 31, 2015 and 2014 (in millions):

	Consolidated		**Parent Company**	
	2015	2014	**2015**	2014
Due from other banks	**₱1,520**	₱1,567	**₱2**	₱106
Financial assets at FVPL	**2,481**	4,240	**2,480**	4,240
AFS financial assets	**5,187**	279	**5,156**	229
HTM financial assets	**2,040**	–	**2,041**	–
Other assets*	**4,977**	4,408	**3,320**	2,424
Total	**₱16,205**	₱10,494	**₱12,999**	₱6,999

* Other assets include accounts receivables, sales contract receivable, returned checks and other cash items and miscellaneous financial assets (Note 14).

The table below shows the aging analysis of gross past due but not impaired loans and receivables that the Group and Parent Company held as of December 31, 2015 and December 31, 2014 (in millions). Under PFRS 7, a financial asset is past due when a counterparty has failed to make a payment when contractually due.

	Consolidated				
December 31, 2015	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total**
Loans and receivables					
Corporate and commercial lending	**₱532**	**₱122**	**₱162**	**₱1,206**	**₱2,022**
Consumer lending	**350**	**67**	**107**	**1,719**	**2,243**
Trade-related lending	**157**	**–**	**5**	**96**	**258**
Others	**1**	**1**	**1**	**3**	**6**
Total	**₱1,040**	**₱190**	**₱275**	**₱3,024**	**₱4,529**

	Consolidated				
December 31, 2014	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
Loans and receivables					
Corporate and commercial lending	₱227	₱96	₱127	₱399	₱849
Consumer lending	420	83	37	1,230	1,770
Trade-related lending	7	–	–	12	19
Others	–	–	–	3	3
Total	₱654	₱179	₱164	₱1,644	₱2,641

	Parent Company				
December 31, 2015	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total**
Loans and receivables					
Corporate and commercial lending	**₱492**	**₱101**	**₱112**	**₱1,047**	**₱1,752**
Consumer lending	**303**	**38**	**35**	**893**	**1,269**
Trade-related lending	**157**	**–**	**5**	**96**	**258**
Others	**1**	**–**	**–**	**1**	**2**
Total	**₱953**	**₱139**	**₱152**	**₱2,037**	**₱3,281**

	Parent Company				
December 31, 2014	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
Loans and receivables					
Corporate and commercial lending	₱217	₱91	₱108	₱266	₱682
Consumer lending	397	56	20	799	1,272
Trade-related lending	7	–	–	12	19
Others	–	–	–	–	–
Total	₱621	₱147	₱128	₱1,077	₱1,973

The following table presents the carrying amount of financial assets of the Group and Parent Company as of December 31, 2015 and 2014 that would have been considered past due or impaired if not renegotiated:

	Consolidated		**Parent Company**	
	2015	2014	**2015**	2014
Loans and advances to customers				
Corporate and commercial lending	**₱937,398**	₱1,405,182	**₱436,322**	₱396,018
Consumer lending	**12,020**	43,266	**7,478**	39,061
Total renegotiated financial assets	**₱949,418**	₱1,448,448	**₱443,800**	₱435,079

Impairment assessment

The main considerations for the loan impairment assessment include whether any payment of principal or interest is overdue by more than 90 days, or there are known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

Notes to Financial Statements

Individually assessed allowances
The Group determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realizable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances
Allowances are assessed collectively for losses on loans and advances that are not individually significant (including residential mortgages and unsecured consumer lending) and for individually significant loans and advances where there is no objective evidence of individual impairment yet. Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

The collective assessment takes account of impairment that is likely to be present in the portfolio even though there is no objective evidence of the impairment yet per an individual assessment. Impairment losses are estimated by taking into consideration the following information: historical losses on the portfolio, current economic conditions, the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance, and expected receipts and recoveries once impaired.

Management is responsible for deciding the length of this period which can extend for as long as one year. The impairment allowance is then reviewed by credit management to ensure alignment with the Group's overall policy.

Market Risk
Market risk is the risk of loss that may result from changes in the value of a financial product. The Parent Company's market risk originates from its holdings of domestic and foreign-denominated debt securities, foreign exchange instruments, equities, foreign exchange derivatives and interest rate derivatives.

The RMG of the Parent Company is responsible for assisting the RMC with its responsibility for identifying, measuring, managing and controlling market risk. Market risk management measures the Parent Company market risk exposures through the use of VaR. VaR is a statistical measure that estimates the maximum potential loss from a portfolio over a holding period, within a given confidence level.

VaR assumptions
The Parent Company calculates the Bankwide VaR in certain trading activities. The Parent Company uses the Parametric Variance-Covariance and Duration-Based approach to VaR for domestic- and foreign- denominated debt securities and Delta Approximation Historical Simulation approach to VaR for foreign exchange instruments, equities, foreign exchange derivatives and interest rate derivatives, using a 99% confidence level and a 1-day holding period.

The use of a 99% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days. The validity of the VaR model is verified through back testing, which examines how frequently actual and hypothetical daily losses exceeds daily VaR. The Parent Company measures and monitors the VaR and profit and loss on a daily basis.

Since VaR is an integral part of the Parent Company's market risk management, VaR limits have been established for all trading positions and exposures are reviewed daily against the limits by management. Further, stress testing is performed in monitoring extreme events.

Limitations of the VaR Methodology
The VaR models are designed to measure market risk in a normal market environment using equally weighted historical data. The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow the same distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the assumptions. VaR may also be under- or over-estimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level.

In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that the Group would withstand an extreme market event.

A summary of the VaR position of the trading portfolio of the Parent Company is as follows:

	Interest Rate[1]	Foreign Exchange[2]	Equity[3]	Interest Rate[4]	Interest Rate[5]
			(In Millions)		
2015					
31 December	**₱29.09**	**₱8.15**	**N/A**	**₱3.58**	**₱1.14**
Average daily	**64.98**	**10.52**	**38.98**	**5.31**	**2.18**
Highest	**112.23**	**21.83**	**47.82**	**9.98**	**4.69**
Lowest	**29.09**	**3.94**	**1.32**	**2.49**	**1.05**
2014					
31 December	₱41.98	₱7.63	₱43.20	₱4.44	₱3.10
Average daily	53.56	12.19	57.74	9.56	10.13
Highest	100.85	30.29	76.99	18.01	18.62
Lowest	28.33	1.52	40.34	2.84	3.10

[1] Interest rate VaR for debt securities (Interest rate VaR for foreign currency denominated debt securities are translated to PHP using prior month's closing rate)
[2] FX VaR is the bankwide foreign exchange risk
[3] No outstanding equity shares as of December 31, 2015
[4] Interest rate VaR for FX swaps and FX forwards
[5] Interest rate VaR for IRS

Interest Rate Risk
The Group's interest rate risk originates from its holdings of interest rate sensitive assets and interest rate sensitive liabilities. The Parent Company follows prudent policies in managing its exposures to interest rate fluctuations, and constantly monitors its assets and liabilities.

As of December 31, 2015 and 2014, 58.48% and 79.49% of the Group's total loan portfolio, respectively, comprised of floating rate loans which are repriced periodically by reference to the transfer pool rate which reflects the Group's internal cost of funds. In keeping with banking industry practice, the Group aims to achieve stability and lengthen the term structure of its deposit base, while providing adequate liquidity to cover transactional banking requirements of customers.

Interest is paid on demand accounts, which constituted 27.61% and 26.08% of total deposits of the Parent Company as of December 31, 2015 and 2014, respectively.

Interest is paid on savings accounts and time deposits accounts, which constitute 27.77% and 44.62%, respectively, of total deposits of the Parent Company as of December 31, 2015, and 25.45% and 48.47%, respectively, as of December 31, 2014.

Savings account interest rates are set by reference to prevailing market rates, while interest rates on time deposits and special savings accounts are usually priced by reference to prevailing rates of short-term government bonds and other money market instruments, or, in the case of foreign currency deposits, inter-bank deposit rates and other benchmark deposit rates in international money markets with similar maturities.

The Group is likewise exposed to fair value interest rate risk due to its holdings of fixed rate government bonds as part of its AFS and FVPL portfolios. Market values of these investments are sensitive to fluctuations in interest rates.

The following table provides for the average effective interest rates of the Group and of the Parent Company as of December 31, 2015 and 2014:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Peso				
Assets				
Due from BSP	**0.29%**	0.69%	**0.26%**	0.61%
Due from banks	**0.80%**	1.73%	**0.25%**	0.35%
Investment securities*	**4.22%**	4.51%	**4.26%**	4.37%
Loans and receivables	**5.85%**	6.55%	**5.46%**	5.52%
Liabilities				
Deposit liabilities	**0.92%**	1.05%	**0.73%**	0.76%
Bills payable	**4.12%**	4.69%	**5.13%**	5.00%
Subordinated debt	**4.12%**	5.92%	**–**	–

(Forward)

Notes to Financial Statements

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
USD				
Assets				
Due from banks	**0.12%**	0.19%	**0.04%**	0.04%
Investment securities*	**4.66%**	5.55%	**4.71%**	5.45%
Loans and receivables	**3.03%**	3.06%	**2.98%**	2.99%
Liabilities				
Deposit liabilities	**1.32%**	1.41%	**1.30%**	1.37%
Bills payable	**1.57%**	1.47%	**1.53%**	1.47%

* Consist of financial assets at FVPL, AFS financial assets and HTM financial assets.

The asset-liability gap analysis method is used by the Group to measure the sensitivity of its assets and liabilities to interest rate fluctuations. This analysis measures the Group's susceptibility to changes in interest rates. The repricing gap is calculated by first distributing the assets and liabilities contained in the Group's balance sheet into tenor buckets according to the time remaining to the next repricing date (or the time remaining to maturity if there is no repricing), and then obtaining the difference between the total of the repricing (interest rate sensitive) assets and the total of repricing (interest rate sensitive) liabilities.

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

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

The following table sets forth the repricing gap position of the Group and Parent Company as of December 31, 2015 and 2014 (in millions):

	Consolidated			
	2015			
	Up to 3 Months	**>3 to 12 Months**	**>12 Months**	**Total**
Financial Assets				
Due from BSP	**₱86,319**	**₱–**	**₱–**	**₱86,319**
Due from other banks	**21,243**	**–**	**–**	**21,243**
Investment securities	**2,165**	**384**	**68,661**	**71,210**
Loans and receivables	**180,611**	**45,507**	**83,644**	**309,762**
Total Financial Assets	**290,338**	**45,891**	**152,305**	**488,534**
Financial Liabilities				
Deposit liabilities	**178,913**	**14,027**	**246,326**	**439,266**
Bills payable	**7,383**	**2,042**	**9,660**	**19,085**
Total Financial Liabilities	**186,296**	**16,069**	**255,986**	**458,351**
Repricing gap	**₱104,042**	**₱29,822**	**(₱103,681)**	**₱30,183**

	Consolidated			
	2014			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets				
Due from BSP	₱67,452	₱–	₱–	₱67,452
Due from other banks	17,553	–	–	17,553
Interbank loans receivables	224	–	–	224
Investment securities	2,960	502	55,565	59,027
Loans and receivables	221,671	36,449	32,299	290,419
Total Financial Assets	309,860	36,951	87,864	434,675
Financial Liabilities				
Deposit liabilities	161,552	10,025	227,725	399,302
Bills payable	877	2,048	3,396	6,321
Subordinated debt	892	297	–	1,189
Total Financial Liabilities	163,321	12,370	231,121	406,812
Repricing gap	₱146,539	₱24,581	(₱143,257)	₱27,863

	Parent Company 2015			
	Up to 3 Months	**>3 to 12 Months**	**>12 Months**	**Total**
Financial Assets				
Due from BSP	**₱77,004**	**₱–**	**₱–**	**₱77,004**
Due from other banks	**19,201**	**–**	**–**	**19,201**
Investment securities	**1,440**	**330**	**64,475**	**66,245**
Loans and receivables	**165,200**	**32,346**	**62,099**	**259,645**
Total Financial Assets	**262,845**	**32,676**	**126,574**	**422,095**
Financial Liabilities				
Deposit liabilities	**147,010**	**8,728**	**217,865**	**373,603**
Bills payable	**7,377**	**2,039**	**9,007**	**18,423**
Total Financial Liabilities	**154,387**	**10,767**	**226,872**	**392,026**
Repricing gap	**₱108,458**	**₱21,909**	**(₱100,298)**	**₱30,069**

	Parent Company 2014			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets				
Due from BSP	₱60,544	₱–	₱–	₱60,544
Due from other banks	15,837	–	–	15,837
Interbank loans receivables	224	–	–	224
Investment securities	1,361	481	54,599	56,441
Loans and receivables	188,602	30,488	26,167	245,257
Total Financial Assets	266,568	30,969	80,766	378,303
Financial Liabilities				
Deposit liabilities	148,690	8,731	183,664	341,085
Bills payable	877	2,048	2,253	5,178
Total Financial Liabilities	149,567	10,779	185,917	346,263
Repricing gap	₱117,001	₱20,190	(₱105,151)	₱32,040

The Group also monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its interest income. This is done by modeling the impact to the Group's interest income and interest expenses to parallel changes in the interest rate curve in a given 12-month period.

The following table sets forth the estimated change in the Group's and Parent Company's annualized net interest income due to a parallel change in the interest rate curve as of December 31, 2015 and 2014:

	Consolidated 2015			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱1,264,082**	**₱632,041**	**(₱632,041)**	**(₱1,264,082)**
As a percentage of the Group's net interest income for the year ended December 31, 2015	**8.38%**	**4.19%**	**(4.19%)**	**(8.38%)**

	Consolidated 2014			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱1,647,494	₱823,747	(₱823,747)	(₱1,647,494)
As a percentage of the Group's net interest income for the year ended December 31, 2014	11.69%	5.85%	(5.85%)	(11.69%)

	Parent Company 2015			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱1,248,875**	**₱624,438**	**(₱624,438)**	**(₱1,248,875)**
As a percentage of the Parent Company's net interest income for the year ended December 31, 2015	**10.08%**	**5.04%**	**(5.04%)**	**(10.08%)**

Notes to Financial Statements

	Parent Company			
	2014			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱1,319,185	₱659,592	(₱659,592)	(₱1,319,185)
As a percentage of the Parent Company's net interest income for the year ended December 31, 2014	11.39%	5.69%	(5.69%)	(11.39%)

The following table sets forth the estimated change in the Group's and Parent Company's income before tax and equity due to a reasonably possible change in the market prices of quoted bonds classified under financial assets at FVPL and AFS financial assets, brought about by movement in the interest rate curve as of December 31, 2015 and 2014 (in millions):

	Consolidated			
	2015			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱71,536)**	**(₱28,914)**	**₱28,688**	**₱72,479**
Change in equity	**(828,441)**	**(333,862)**	**336,429**	**847,543**

	Consolidated			
	2014			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱50,051)	(₱20,142)	₱20,306	₱51,078
Change in equity	(670,424)	(270,077)	272,656	686,542

	Parent Company			
	2015			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱58,889)**	**(₱23,721)**	**₱23,740**	**₱59,771**
Change in equity	**(782,086)**	**(315,040)**	**317,720**	**799,961**

	Parent Company			
	2014			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱44,703)	(₱17,994)	₱18,147	₱45,659
Change in equity	(650,481)	(262,055)	264,572	666,216

Foreign Currency Risk
The Group's foreign exchange risk originates from its holdings of foreign currency-denominated assets (foreign exchange assets) and foreign currency-denominated liabilities (foreign exchange liabilities).

Foreign exchange liabilities generally consist of foreign currency-denominated deposits in the Group's FCDU account made in the Philippines or generated from remittances to the Philippines by persons overseas who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Group.

Foreign currency liabilities are generally used to fund the Group's foreign exchange assets which generally consist of foreign currency-denominated loans and investments in the FCDU. Banks are required by the BSP to match the foreign currency-denominated assets with liabilities held in the FCDU that are denominated in the same foreign currency. In addition, the BSP requires a 30.00% liquidity reserve on all foreign currency-denominated liabilities held in the FCDU.

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

The table below summarizes the Group's and Parent Company's exposure to foreign exchange risk. Included in the table are the Group's and Parent Company's assets and liabilities at carrying amounts (stated in US Dollars), categorized by currency:

	Consolidated							
	2015				2014			
	USD	**Other Currencies**	**Total**	**PHP**	USD	Other Currencies	Total	PHP
Assets								
Cash and other cash items	**$11,464**	**$2,854**	**$14,318**	**₱674,996**	$11,362	$2,973	$14,335	₱641,021
Due from other banks	**332,199**	**20,698**	**352,897**	**16,615,197**	328,267	23,670	351,937	15,738,635
Financial assets at FVPL	**81,763**	**1,417**	**83,180**	**3,915,125**	14,994	1,354	16,348	731,071
AFS financial assets	**492,412**	**–**	**492,412**	**23,172,924**	316,732	1,277	318,009	14,221,324
HTM financial assets	**315,835**	**2,932**	**318,767**	**14,966,432**	265,450	3,187	268,637	12,013,432
Loans and receivables	**720,262**	**986**	**721,248**	**33,942,299**	904,055	730	904,785	40,461,999
Accrued interest receivable	**18,280**	**217**	**18,497**	**870,570**	15,447	286	15,733	703,616
Other assets	**37,145**	**22**	**37,167**	**1,749,078**	54,187	11	54,198	2,452,322
	2,009,360	**29,126**	**2,038,486**	**95,906,621**	1,910,494	33,488	1,943,982	86,963,420
Liabilities								
Deposit liabilities	**1,405,689**	**18,222**	**1,423,911**	**67,017,476**	1,614,063	18,601	1,632,664	73,012,742
Bills payables	**392,872**	**–**	**392,872**	**18,488,559**	115,506	–	115,506	5,165,440
Accrued interest and other expenses	**2,788**	**7**	**2,795**	**131,546**	2,756	11	2,767	123,776
Other liabilities	**53,478**	**830**	**54,308**	**2,556,035**	61,571	743	62,314	2,786,707
	1,854,827	**19,059**	**1,873,886**	**88,193,616**	1,793,896	19,355	1,813,251	81,088,665
Currency spot	**8,000**	**–**	**8,000**	**376,480**	6,000	–	6,000	268,045
Currency forwards	**(153,326)**	**(4,345)**	**(157,671)**	**(7,422,016)**	(132,295)	(2,000)	(134,295)	(6,192,153)
Net Exposure	**$9,207**	**$5,722**	**$14,929**	**₱667,469**	($9,697)	$12,133	$2,436	(₱49,353)

	Parent Company							
	2015				2014			
	USD	**Other Currencies**	**Total**	**PHP**	USD	Other Currencies	Total	PHP
Assets								
Cash and other cash items	**$10,287**	**$2,854**	**$13,141**	**₱619,609**	$10,692	$2,973	$13,665	₱611,049
Due from other banks	**314,210**	**20,698**	**334,908**	**15,768,625**	310,161	23,670	333,831	14,928,926
Financial assets at FVPL	**73,393**	**1,417**	**74,810**	**3,521,218**	11,991	1,354	13,345	596,784
AFS financial assets	**477,612**	**–**	**477,612**	**22,476,428**	309,739	1,277	311,016	13,908,615
HTM financial assets	**294,301**	**2,932**	**297,233**	**13,953,016**	250,699	3,187	253,886	11,353,788
Loans and receivables	**710,627**	**986**	**711,613**	**33,488,871**	888,738	730	889,468	39,777,016
Accrued interest receivable	**17,543**	**217**	**17,760**	**835,871**	14,963	286	15,249	681,963
Other assets	**34,213**	**22**	**34,235**	**1,611,107**	54,122	11	54,133	2,449,398
	1,932,186	**29,126**	**1,961,312**	**92,274,745**	1,851,105	33,488	1,884,593	84,307,539
Liabilities								
Deposit liabilities	**1,343,583**	**18,222**	**1,361,805**	**64,094,780**	1,564,418	18,601	1,583,019	70,792,606
Bills payables	**392,872**	**–**	**392,872**	**18,488,559**	115,506	–	115,506	5,165,440
Accrued interest and other expenses	**2,682**	**7**	**2,689**	**126,557**	2,698	11	2,709	121,169
Other liabilities	**46,024**	**830**	**46,854**	**2,205,239**	58,786	743	59,529	2,662,132
	1,785,161	**19,059**	**1,804,220**	**84,915,135**	1,741,408	19,355	1,760,763	78,741,347
Currency spot	**8,000**	**–**	**8,000**	**376,480**	6,000	–	6,000	268,045
Currency forwards	**(153,326)**	**(4,345)**	**(157,671)**	**(7,422,016)**	(132,295)	(2,000)	(134,295)	(6,192,153)
Net Exposure	**$1,699**	**$5,722**	**$7,421**	**₱314,074**	($16,598)	$12,133	($4,465)	(₱357,916)

Notes to Financial Statements

The following table sets forth, for the period indicated, the impact of the range of reasonably possible changes in the US$ exchange rate and other currencies per Philippine peso on the pre-tax income and equity (in millions).

	Consolidated		
	Change in Foreign Exchange Rate	**Sensitivity of Pretax Income**	**Sensitivity of Equity**
2015			
USD	**2%**	**₱83**	**₱547**
Other	**1%**	**1**	**1**
USD	**(2%)**	**(83)**	**(547)**
Other	**(1%)**	**(1)**	**(1)**
2014			
USD	2%	₱13	₱296
Other	1%	1	1
USD	(2%)	(13)	(296)
Other	(1%)	(1)	(1)

	Parent Company		
	Change in Foreign Exchange Rate	**Sensitivity of Pretax Income**	**Sensitivity of Equity**
2015			
USD	**2%**	**₱75**	**₱525**
Other	**1%**	**1**	**1**
USD	**(2%)**	**(75)**	**(525)**
Other	**(1%)**	**(1)**	**(1)**
2014			
USD	2%	₱11	₱287
Other	1%	1	1
USD	(2%)	(11)	(287)
Other	(1%)	(1)	(1)

The impact in pre-tax income and equity is due to the effect of foreign currency behaviour to Philippine peso.

Equity Price Risk

Equity price risk is the risk that the fair values of equities change as a result of movements in both the level of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on the Group and Parent Company's equity as a result of a change in the fair value of equity instruments held as AFS due to a reasonably possible change in equity indices, with all other variables held constant, is as follows (in millions):

	Consolidated	
	Change in equity index	Effect on Equity
2015	**+10%**	**₱10.6**
	-10%	**(41.0)**
2014	+10%	₱23.6
	-10%	0.4

	Parent Company	
	Change in equity index	Effect on Equity
2015	**+10%**	**₱10.6**
	-10%	**(41.0)**
2014	+10%	₱23.6
	-10%	0.4

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

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

The table below shows the maturity profile of the Parent Company's assets and liabilities, based on contractual undiscounted cash flows (in millions):

	December 31, 2015					
	On demand	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Total**
Financial Assets						
Cash and other cash items	**₱10,053**	**₱–**	**₱–**	**₱–**	**₱–**	**₱10,053**
Due from BSP	**77,004**	**–**	**–**	**–**	**–**	**77,004**
Due from other banks	**19,201**	**–**	**–**	**–**	**–**	**19,201**
Financial assets at FVPL	**–**	**284**	**179**	**237**	**5,035**	**5,735**
AFS financial assets	**–**	**3,386**	**3,042**	**3,032**	**53,207**	**62,667**
Loans and receivables	**–**	**143,283**	**27,523**	**26,998**	**104,990**	**302,794**
	106,258	**146,953**	**30,744**	**30,267**	**163,232**	**477,454**
Financial Liabilities						
Deposit liabilities						
Demand	**103,025**	**–**	**–**	**–**	**–**	**103,025**
Savings	**104,137**	**–**	**–**	**–**	**–**	**104,137**
Time	**–**	**154,580**	**1,187**	**3,212**	**8,522**	**167,501**
Bills payable	**–**	**11,291**	**–**	**7,369**	**–**	**18,660**
Manager's checks	**–**	**741**	**–**	**–**	**–**	**741**
Accrued interest and other expenses	**–**	**355**	**–**	**–**	**–**	**355**
Derivative liabilities	**–**	**66**	**–**	**–**	**–**	**66**
Other liabilities:						
Accounts payable	**–**	**1,262**	**–**	**–**	**–**	**1,262**
Acceptances payable	**–**	**997**	**–**	**–**	**–**	**997**
Due to PDIC	**–**	**346**	**–**	**–**	**–**	**346**
Margin deposits	**–**	**3**	**–**	**–**	**–**	**3**
Other credits - dormant	**–**	**214**	**–**	**–**	**–**	**214**
Due to the Treasurer of the Philippines	**–**	**96**	**–**	**–**	**–**	**96**
Miscellaneous	**–**	**419**	**–**	**–**	**–**	**419**
Total liabilities	**207,162**	**170,370**	**1,187**	**10,581**	**8,522**	**397,822**
Net Position	**(₱100,904)**	**(₱23,417)**	**₱29,557**	**₱19,686**	**₱154,710**	**₱79,632**

	December 31, 2014					
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Financial Assets						
Cash and other cash items	₱9,295	₱–	₱–	₱–	₱–	₱9,295
Due from BSP	60,544	–	–	–	–	60,544
Due from other banks	15,837	–	–	–	–	15,837
Financial assets at FVPL	–	342	1,797	5,154	3,634	10,927
AFS financial assets	–	2,444	3,922	2,462	50,165	58,993
Loans and receivables	–	130,977	20,509	15,847	124,264	291,597
	85,676	133,763	26,228	23,463	178,063	447,193

(Forward)

Notes to Financial Statements

	December 31, 2014					
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
Financial Liabilities						
Deposit liabilities						
Demand	88,943	–	–	–	–	88,943
Savings	86,960	–	–	–	–	86,960
Time	–	158,414	3,097	1,193	3,917	166,621
Bills payable	–	2,993	2,345	–	9	5,347
Manager's checks	–	822	–	–	–	822
Accrued interest and other expenses	–	294	–	–	–	294
Derivative liabilities	–	102	–	–	–	102
Other liabilities:						
Accounts payable	–	976	–	–	–	976
Acceptances payable	–	334	–	–	–	334
Due to PDIC	–	334	–	–	–	334
Margin deposits	–	3	–	–	–	3
Other credits - dormant	–	192	–	–	–	192
Due to the Treasurer of the Philippines	–	25	–	–	–	25
Miscellaneous	–	251	–	–	–	251
Total liabilities	175,903	164,740	5,442	1,193	3,926	351,204
Net Position	(₱90,227)	(₱30,977)	₱20,786	₱22,270	₱174,137	₱95,989

Liquidity risk is monitored and controlled primarily by a gap analysis of maturities of relevant assets and liabilities reflected in the MCO report, as well as an analysis of available liquid assets. Instead of relying solely on contractual maturities profile, the Parent Company uses Behavioral MCO to capture a going concern view. Furthermore, internal liquidity ratios and monitoring of large funds providers have been set to determine sufficiency of liquid assets over deposit liabilities. Liquidity is managed by the Parent and subsidiaries on a daily basis, while scenario stress tests are conducted periodically.

7. DUE FROM BSP AND OTHER BANKS

Due from BSP
This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Demand deposit account	**₱68,886,859**	₱57,088,508	**₱61,433,089**	₱52,514,038
Special deposit account	**17,291,115**	10,315,000	**15,430,000**	7,990,000
Others	**140,527**	48,140	**140,527**	39,829
	₱86,318,501	₱67,451,648	**₱77,003,616**	₱60,543,867

Due from Other Banks
This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Local banks	**₱12,237,681**	₱11,649,877	**₱10,859,956**	₱9,953,079
Foreign banks	**9,005,811**	5,902,946	**8,340,588**	5,883,622
	₱21,243,492	₱17,552,823	**₱19,200,544**	₱15,836,701

Interest Income on Due from BSP and Other Banks
This account consists of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Due from BSP	**₱220,406**	₱554,802	₱450,734	**₱159,792**	₱432,703	₱396,819
Due from other banks	**95,399**	146,340	31,003	**22,870**	32,386	11,331
	₱315,805	₱701,142	₱481,737	**₱182,662**	₱465,089	₱408,150

8. TRADING AND INVESTMENT SECURITIES

Financial Assets at FVPL

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Held for trading				
Government bonds	**₱1,386,524**	₱924,848	**₱992,617**	₱813,896
Treasury notes	**1,106,252**	2,310,086	**720,983**	1,992,774
Treasury bills	**595,351**	72	**595,351**	72
Private bonds	**556,570**	997,632	**556,570**	997,632
	3,644,697	4,232,638	**2,865,521**	3,804,374
Financial assets designated at FVPL	**2,299,970**	3,918,504	**2,299,970**	3,918,504
Derivative assets (Note 24)	**299,926**	289,557	**299,926**	289,557
Total	**₱6,244,593**	₱8,440,699	**₱5,465,417**	₱8,012,435

Financial assets designated at FVPL of the Parent Company consist of investments in shares which contain multiple embedded derivatives which are deemed not clearly and closely related to its equity host. In this regard, PAS 39 provides that if a contract contains one or more embedded derivatives, an entity may designate the entire hybrid contract at FVPL unless the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract, or it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative is prohibited. On this basis, management has determined that the investments shall be designated as at FVPL.

Dividends earned by the Parent Company from its investment in shares designated at FVPL amounted to ₱247.10 million, ₱301.58 million and ₱478.25 million in 2015, 2014 and 2013, respectively (Note 20).

As of December 31, 2015 and 2014, HFT securities include fair value loss of ₱14.47 million and ₱17.62 million, respectively, for the Group, and fair value loss of ₱16.89 million and ₱17.64 million, respectively, for the Parent Company. Both realized and unrealized gains and losses on HFT and financial assets designated at FVPL are included under 'Trading and securities gain - net' (Note 20).

Effective interest rates for peso-denominated financial assets at FVPL range from 1.63% to 13.75% in 2015, 2014, and 2013. Effective interest rates for foreign currency-denominated financial assets at FVPL range from 2.50% to 10.63% in 2015, from 2.75% to 10.63% in 2014, and from 1.25% to 10.63% in 2013.

AFS Financial Assets

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Quoted				
Government bonds (Notes 17 and 27)	**₱40,193,418**	₱35,484,049	**₱38,663,049**	₱34,253,420
Private bonds	**8,213,921**	2,277,687	**7,766,369**	2,123,878
Equities	**111,470**	150,124	**111,470**	149,358
	48,518,809	37,911,860	**46,540,888**	36,526,656
Unquoted				
Private bonds and commercial papers - net	**290,256**	529,169	**273,898**	529,169
Equities - net *	**20,168**	35,823	**19,413**	19,413
	310,424	564,992	**293,311**	548,582
Total	**₱48,829,233**	₱38,476,852	**₱46,834,199**	₱37,075,238

* *Includes fully impaired equity investments with acquisition cost of ₱38.74 million for the Group and ₱6.32 million for the Parent Company as of December 31, 2015 and 2014.*

Unquoted equity securities

This account comprises of shares of stocks of various unlisted private corporations.

Net unrealized gains (losses)

AFS financial assets include fair value losses of ₱1.13 billion and ₱979.61 million for the Group and Parent Company, respectively, as of December 31, 2015, and fair value gains of ₱122.92 million and ₱114.50 million for the Group and Parent Company, respectively, as of December 31, 2014. The fair value gains or losses are recognized under OCI. Impairment loss on AFS financial assets of the Group, which was charged to operations, amounted to ₱0.06 million in 2015. No impairment loss was recognized in 2014 and 2013.

Notes to Financial Statements

Effective interest rates for peso-denominated AFS financial assets range from 2.14% to 7.25% in 2015 and from 1.63% to 8.92% in 2014 and 2013. Effective interest rates for foreign currency-denominated AFS financial assets range from 1.50% to 7.45% in 2015, from 1.50% to 5.71% in 2014, and from 1.30% to 7.79% in 2013.

HTM Financial Assets
This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Government bonds (Note 17)	**₱12,891,098**	₱11,662,922	**₱11,306,923**	₱10,940,807
Private bonds	**2,806,247**	361,561	**2,356,247**	361,561
	15,697,345	12,024,483	**13,663,170**	11,302,368
Unamortized premium - net	**438,802**	84,861	**282,475**	51,420
	₱16,136,147	₱12,109,344	**₱13,945,645**	₱11,353,788

Effective interest rates for peso-denominated HTM financial assets range from 4.13% to 9.13% in 2015 and 2014 and from 6.00% to 7.50% in 2013.

Effective interest rates for foreign currency-denominated HTM financial assets range from 2.26% to 10.72% in 2015, from 4.61% to 11.55% in 2014, and from 2.36% to 11.55% in 2013.

Reclassification of Financial Assets
In 2008, as approved by its BOD, the Parent Company identified assets for which it had a clear change of intent to hold the investments to maturity rather than to exit or trade these investments in the foreseeable future and reclassified those investments from AFS financial assets to HTM financial assets effective October 2, 2008.

As of October 2, 2008, the total carrying value of AFS financial assets reclassified to HTM financial assets amounted to ₱9.04 billion, with unrealized losses of ₱47.44 million deferred under 'Net unrealized gains (losses) on AFS financial assets'.

HTM financial assets reclassified from AFS financial assets with total face amount of ₱244.24 million and ₱56.35 million matured in 2015 and 2014, respectively.

As of December 31, 2015 and 2014, HTM financial assets reclassified from AFS financial assets have the following balances:

	Face Value	Original Cost	Carrying Value	Fair Value	Unamortized Net Unrealized Gain (Loss) Deferred in Equity	Amortization
2015						
Government bonds*	**₱2,325,370**	**₱2,637,212**	**₱2,390,697**	**₱2,771,976**	**(₱1,088)**	**(₱35,901)**
Private bonds**	**378,362**	**378,344**	**375,305**	**393,996**	**(3,055)**	**19,628**
	₱2,703,732	**₱3,015,556**	**₱2,766,002**	**₱3,165,972**	**(₱4,143)**	**(₱16,273)**
2014						
Government bonds*	₱2,454,372	₱2,780,337	₱2,555,197	₱2,842,462	₱4,952	(₱27,413)
Private bonds**	359,549	359,531	353,408	392,555	(6,136)	15,420
	₱2,813,921	₱3,139,868	₱2,908,605	₱3,235,017	(₱1,184)	(₱11,993)

*Consist of US dollar-denominated bonds with face value of $46.44 million and $51.63 million as of December 31, 2015 and 2014, respectively, and euro-denominated bonds with face value of €2.71 million as of December 31, 2015 and 2014
**Consist of US dollar-denominated bonds with face value of $8.04 million

Had these securities not been reclassified to HTM financial assets, additional mark-to-market gain that would have been credited to the statement of comprehensive income amounted to ₱395.74 million, ₱324.67 million and ₱421.40 million in 2015, 2014 and 2013, respectively.

Effective interest rates on the reclassified securities range from 5.68% to 8.99%. The Parent Company expects to recover 100.00% of the principal and interest due on the reclassified investments totaling ₱3.09 million and ₱3.15 billion, as of December 31, 2015 and 2014, respectively. No impairment loss was recognized on these securities in 2015, 2014 and 2013.

Interest Income on Trading and Investment Securities
This account consists of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Financial assets at FVPL	**₱262,027**	₱277,144	₱352,134	**₱232,464**	₱239,537	₱352,134
AFS financial assets	**1,840,978**	1,776,157	1,811,975	**1,785,184**	1,683,205	1,744,705
HTM financial assets	**997,797**	968,485	1,063,232	**929,266**	949,382	1,061,457
	₱3,100,802	₱3,021,786	₱3,227,341	**₱2,946,914**	₱2,872,124	₱3,158,296

9. LOANS AND RECEIVABLES

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Loans and discounts				
Corporate and commercial lending	**₱255,950,751**	₱239,200,179	**₱225,505,499**	₱210,939,350
Consumer lending	**48,012,782**	43,497,555	**29,240,653**	27,680,871
Trade-related lending	**12,750,550**	14,669,504	**11,147,748**	13,024,244
Others*	**320,699**	283,460	**71,514**	80,807
	317,034,782	297,650,698	**265,965,414**	251,725,272
Unearned discounts	**(278,335)**	(497,418)	**(168,620)**	(242,963)
	316,756,447	297,153,280	**265,796,794**	251,482,309
Allowance for impairment and credit losses (Note 15)	**(6,994,670)**	(6,734,550)	**(6,151,786)**	(6,225,088)
	₱309,761,777	₱290,418,730	**₱259,645,008**	₱245,257,221

*Others include employee loans and foreign bills purchased.

The Group's and Parent Company's loans and discounts under corporate and commercial lending include unquoted debt securities with carrying amount of ₱1.37 billion and ₱1.00 billion as of December 31, 2015, respectively, and ₱1.72 billion and ₱1.00 billion as of December 31, 2014, respectively.

Outstanding loans of the Group and the Parent Company amounting to ₱760.38 million and ₱0.21 million, respectively in 2015 and ₱1.30 billion and ₱14.45 million, respectively, in 2014, are funded by relending facilities with local government agencies (Note 17).

The separate valuation allowance of acquired loans and receivables from PDB amounting to ₱1.59 billion was not recognized by the Group on the effectivity date of acquisition as these receivables were measured at fair value on acquisition date. Any uncertainties about future cash flows of these receivables were included in their fair value measurement (Note 10).

BSP Reporting
Information on the amounts of secured and unsecured loans and receivables (gross of unearned discounts and allowance for impairment and credit losses) of the Group and Parent Company are as follows:

	Consolidated				Parent Company			
	2015		2014		**2015**		2014	
	Amounts	**%**	Amounts	%	**Amounts**	**%**	Amounts	%
Loans secured by								
Real estate	**₱64,153,568**	**20.23**	₱55,764,189	18.73	**₱41,243,643**	**15.51**	₱32,491,766	12.91
Chattel mortgage	**26,271,491**	**8.29**	22,998,122	7.73	**19,272,656**	**7.25**	17,024,833	6.76
Deposit hold out	**3,710,591**	**1.17**	5,948,020	2.00	**1,764,664**	**0.66**	3,537,858	1.41
Shares of stock of other banks	**4,948,073**	**1.56**	14,059,284	4.72	**4,948,073**	**1.86**	14,059,284	5.58
Guarantee by the Republic of the Philippines	**9,153,000**	**2.89**	9,163,500	3.08	**9,153,000**	**3.44**	9,163,500	3.64
Others	**24,504,252**	**7.73**	33,651,333	11.31	**22,018,279**	**8.28**	32,695,781	12.99
	132,740,975	**41.87**	141,584,448	47.57	**98,400,315**	**37.00**	108,973,022	43.29
Unsecured loans	**184,293,807**	**58.13**	156,066,250	52.43	**167,565,099**	**63.00**	142,752,250	56.71
	₱317,034,782	**100.00**	₱297,650,698	100.00	**₱265,965,414**	**100.00**	₱251,725,272	100.00

Notes to Financial Statements

Information on the concentration of credit as to industry of the Group and Parent Company follows:

	Consolidated			
	2015		2014	
	Amounts	**%**	Amounts	%
Real estate, renting and business services	**₱73,904,956**	**23.31**	₱69,241,216	23.26
Wholesale and retail trade	**45,524,686**	**14.36**	36,917,310	12.40
Manufacturing	**37,854,608**	**11.94**	38,152,286	12.82
Electricity, gas and water	**26,924,936**	**8.49**	20,036,404	6.73
Transportation, storage and communication	**23,046,395**	**7.27**	21,267,210	7.14
Financial intermediaries	**22,164,997**	**6.99**	21,817,761	7.33
Construction	**9,973,878**	**3.15**	6,813,145	2.29
Public administration and defense	**8,200,000**	**2.59**	8,200,000	2.75
Arts, entertainment and recreation	**7,603,811**	**2.40**	7,435,222	2.50
Professional, scientific and technical activities	**7,563,543**	**2.39**	8,384,612	2.82
Agriculture	**6,100,963**	**1.92**	10,297,107	3.46
Accommodation and food service activities	**5,953,404**	**1.88**	4,809,548	1.62
Education	**4,312,472**	**1.36**	3,772,581	1.27
Mining and quarrying	**1,479,981**	**0.47**	1,504,774	0.51
Others*	**36,426,152**	**11.48**	39,001,522	13.10
	₱317,034,782	**100.00**	₱297,650,698	100.00

*Others consist of administrative and support service, health, household and other activities.

	Parent Company			
	2015		2014	
	Amounts	**%**	Amounts	%
Real estate, renting and business services	**₱57,640,859**	**21.67**	₱57,121,204	22.69
Wholesale and retail trade	**38,336,067**	**14.41**	35,066,881	13.93
Manufacturing	**33,704,510**	**12.67**	35,051,788	13.92
Electricity, gas and water	**26,653,354**	**10.02**	18,897,359	7.51
Transportation, storage and communication	**21,288,949**	**8.00**	17,599,794	6.99
Financial intermediaries	**19,014,800**	**7.15**	21,461,780	8.53
Construction	**8,490,130**	**3.19**	4,912,031	1.95
Public administration and defense	**8,200,000**	**3.08**	8,200,000	3.26
Arts, entertainment and recreation	**7,570,591**	**2.85**	7,418,220	2.95
Professional, scientific and technical activities	**7,397,503**	**2.78**	8,337,358	3.31
Agriculture	**4,076,266**	**1.53**	3,997,278	1.59
Accommodation and food service activities	**4,310,755**	**1.62**	3,375,340	1.34
Education	**3,424,162**	**1.29**	2,768,335	1.10
Mining and quarrying	**1,479,981**	**0.56**	1,504,082	0.60
Others*	**24,377,487**	**9.18**	26,013,822	10.33
	₱265,965,414	**100.00**	₱251,725,272	100.00

*Others consist of administrative and support service, health, household and other activities.

The BSP considers that loan concentration exists when the total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio. As of December 31, 2015 and 2014, the Parent Company does not have credit concentration in any particular industry.

As of December 31, 2015 and 2014, secured and unsecured non-performing loans (NPLs) of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Secured	**₱4,125,042**	₱3,523,173	**₱1,741,816**	₱1,925,864
Unsecured	**3,884,797**	3,128,196	**3,256,796**	2,030,454
	₱8,009,839	₱6,651,369	**₱4,998,612**	₱3,956,318

Generally, NPLs refer to loans whose principal and/or interest is unpaid for thirty (30) days or more after due date or after they have become past due in accordance with existing BSP rules and regulations. This shall apply to loans payable in lump sum and loans payable in quarterly, semi-annual, or annual installments, in which case, the total outstanding balance thereof shall be considered nonperforming.

In the case of loans that are payable in monthly installments, the total outstanding balance thereof shall be considered nonperforming when three (3) or more installments are in arrears.

In the case of loans that are payable in daily, weekly, or semi-monthly installments, the total outstanding balance thereof shall be considered nonperforming at the same time that they become past due in accordance with existing BSP regulations, i.e., the entire outstanding balance of the receivable shall be considered as past due when the total amount of arrearages reaches twenty percent (20.00%) of the total loan balance.

Loans are classified as nonperforming in accordance with BSP regulations, or when, in the opinion of management, collection of interest or principal is doubtful. Loans 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.

Loans which do not meet the requirements to be treated as performing loans shall also be considered as NPLs. Effective January 1, 2014, the exclusion of NPLs classified as loss but are fully covered by allowance was removed by the BSP through Circular No. 772. Previous banking regulations allow banks that have no unbooked valuation reserves and capital adjustments to exclude from nonperforming classification those loans classified as Loss in the latest examination of the BSP which are fully covered by allowance for credit losses, provided that interest on said receivables shall not be accrued.

Based on the revised definition of NPL under Circular No. 772, gross and net NPLs of the Parent Company as reported to BSP amounted to ₱5.00 billion and ₱1.82 billion, respectively, in 2015 and ₱3.96 billion and ₱0.46 billion, respectively, in 2014. Gross and net NPL ratios of the Parent Company are 1.89% and 0.69%, respectively, in 2015 and 1.58% and 0.18%, respectively, in 2014.

Interest Income on Loans and Receivables

This account consists of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Receivables from customers	**₱15,813,206**	₱14,515,093	₱10,190,949	**₱12,257,457**	₱11,158,515	₱9,570,641
Unquoted debt securities	**87,521**	159,118	181,126	**67,502**	136,901	158,865
	₱15,900,727	₱14,674,211	₱10,372,075	**₱12,324,959**	₱11,295,416	₱9,729,506

As of December 31, 2015 and 2014, 58.86% and 67.75%, respectively, of the total receivables from customers of the Group were subject to interest repricing. As of December 31, 2015 and 2014, 62.10% and 79.01%, respectively, of the total receivables from customers of the Parent Company were subject to interest repricing. Remaining receivables carry annual fixed interest rates ranging from 1.82% to 8.00% in 2015, from 0.98% to 10.50% in 2014, and from 1.95% to 10.65% in 2013 for foreign currency-denominated receivables and from 1.00% to 30.00% in 2015, from 1.25% to 29.00% in 2014, and from 1.00% to 23.38% in 2013 for peso-denominated receivables.

10. EQUITY INVESTMENTS

This account consists of investments in:

	Parent Company	
	2015	2014
Subsidiaries		
CBSI	**₱9,665,532**	₱2,986,311
PDB	**–**	2,976,700
CBCC	**300,000**	–
CBC Forex Corporation	**50,000**	50,000
CBC-PCCI	**2,439**	2,439
CIBI	**1,500**	1,500
	10,019,471	6,016,950
Associate		
Manulife China Bank Life Assurance Corporation (MCB Life)	**166,273**	166,273
	₱10,185,744	₱6,183,223

The movement of investment in associate follows:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Balances at beginning of year	**₱534,881**	₱21,246	**₱166,273**	₱21,246
Additional acquisition	**–**	520,517	**–**	145,027
Share in net losses	**(37,893)**	(912)	**–**	–
Share in net unrealized losses on AFS financial assets	**(123,397)**	(5,970)	**–**	–
Balances at end of year	**₱373,591**	₱534,881	**₱166,273**	₱166,273

The foregoing balances represent the acquisition cost of the Parent Company's subsidiaries and associate.

Notes to Financial Statements

CBSI
Cost of investment includes the original amount incurred by the Parent Company from its acquisition of CBSI in 2007 amounting to ₱1.07 billion and additional acquisition of non-controlling interest in 2015 of ₱2.52 million. The additional acquisition brought up the Parent Company's interest in CBSI to 98.07% as of December 31, 2015.

On December 16, 2015, the Executive Committee approved the capital infusion to CBSI amounting to ₱2.00 billion, as mandated by the BSP for its final approval of the plan of merger between CBSI and PDB.

As of December 31, 2015, included in the investment in CBSI are the cost of CBSI shares received in connection with the merger of CBSI and PDB. The plan of merger provides for the issuance of 1.23 PDB common shares for every CBSI common share.

Merger of CBSI with PDB
The BOD of both CBSI and PDB, in their meeting held on June 26, 2014, approved the proposed merger of PDB with CBSI, with the latter as the surviving bank. The terms of the Plan of Merger of CBSI with PDB were approved by CBSI and PDB's stockholders owning at least 2/3 of each corporation's outstanding common stocks in separate meetings held on August 14, 2014.

On November 6, 2015, the BSP issued the Certificate of Authority on the Articles of Merger and the Plan of Merger, as amended, of CBSI and PDB.

On December 17, 2015, CBSI obtained SEC's approval of its merger with PDB, whereby the entire assets and liabilities of PDB shall be transferred to and absorbed by CBSI.

Acquisition of PDB
On various dates in 2014, the Parent Company made tender offers to non-controlling stockholders of PDB. As of December 31, 2014, the Parent Company owns 99.85% and 100.00% of PDB's outstanding common and preferred stocks, respectively.

As of December 31, 2014, the Parent Company's cost of investment in PDB consists of:

Acquisition of majority of PDB's capital stock	₱1,421,346
Additional capital infusion	1,300,000
Tender offers	255,354
	₱2,976,700

On March 31, 2015, the Parent Company made additional capital infusion to PDB amounting to ₱1.70 billion. In connection with the merger of CBSI and PDB, the investment in PDB was reclassified to investment in CBSI.

Of the total cost of investment, the consideration transferred for the acquisition of PDB follows:

Acquisition of majority of PDB's capital stock	₱1,421,346
Tender offers	255,354
	₱1,676,700

The final allocation of purchase price for each major class of PDB's identifiable assets and liabilities follow:

	Fair Value (As restated)
Assets	
Cash and other cash items	₱494,669
Due from BSP	3,577,555
Due from other banks	1,656,393
Financial assets at FVPL	3,814,778
AFS financial assets	52,566
HTM financial assets	66,171
Loans and receivables	34,146,744
Accrued interest receivable	387,444
Investments in subsidiary and associates	221,234
Bank premises, furniture, fixtures and equipment (Note 11)	1,014,822
Investment properties (Note 12)	2,765,003
Branch licenses (Note 13)	289,500
Other assets	354,547
Total assets	48,841,426

(Forward)

	Fair Value (As restated)
Liabilities	
Deposit liabilities	
Demand	7,057,104
Savings	5,628,038
Time	31,884,793
	44,569,935
Bills payable	1,871,685
Manager's checks	172,255
Accrued interest and other expenses	433,637
Deferred tax liability (Note 26)	347,160
Subordinated debt	1,775,617
Other liabilities	396,344
Total liabilities	49,566,633
Net liabilities	₱725,207

As permitted under the standards, the Parent Company finalized its purchase price allocation to consider additional information in 2015. The following items have been considered in the final allocation exercise and were retroactively adjusted in the 2015 financial statements.

In 2015, the Parent Company received the final valuation report for certain items of investment properties resulting in a decrease of fair value in the initial reported amount, totaling to ₱318.73 million, gross of deferred tax effects of ₱95.62 million. In 2014, depreciation expense of these items of investment properties decreased by ₱1.44 million as a result of the adjustments.

In 2015, the MB of the BSP granted to the Group investment and merger incentives in the form of waiver of special licensing fees for 67 additional branch licenses in restricted areas. This is in addition to the initial investment and merger incentives of 30 new branches in restricted areas and 35 branches to be transferred from unrestricted to restricted areas granted to the Parent Company by the MB in 2014. These branch licenses were granted under the Strengthening Program for Rural Bank (SPRB) Plus Framework.

The branch licenses have the following fair values:

	As restated
114 branch licenses to Parent Company	₱2,280,000
18 branch licenses to CBSI	270,000
	2,550,000
Deferred tax liability	765,000
	₱1,785,000

The Parent Company's rearrangement has approved the allocation of the 67 additional branch licenses in restricted areas as follows: 49 to the Parent company and 18 to CBSI. This allocation will be presented to the BOD for approval this April 2016. The Parent Company's management does not anticipate changes on its recommended allocation.

Goodwill from acquisition is computed as follows:

		As restated
Consideration transferred		₱1,676,700
Less: Fair value of identifiable assets and liabilities acquired		
Net liabilities of PDB	(₱725,207)	
Branch licenses, net of deferred tax liability (Note 13)	1,785,000	1,059,793
		₱616,907

In 2014, acquisition-related costs amounting to ₱6.39 million are included under various operating expenses in the statements of income.

Since the acquisition date, the amounts of revenue and net losses of PDB included in the consolidated statement of income for the year ended December 31, 2014 amounted to ₱2.78 billion and ₱265.49 million, respectively.

Had the acquisition of PDB occurred at the beginning of 2014, the Group's revenue and net income for the year ended December 31, 2014 would have increased by ₱215.24 million and decreased by ₱158.32 million, respectively.

Cash flow on acquisition follows:

Cash and cash equivalents acquired from PDB*	₱5,728,617
Less: Cash paid	1,676,700
Net cash inflow	₱4,051,917

* Includes cash and other cash items, due from BSP and other banks.

Notes to Financial Statements

CBCC

On April 1, 2015, the BOD approved the investment of the Parent Company in an investment house subsidiary, China Bank Capital Corporation (CBCC), up to the amount of ₱500.00 million, subject to the requirements of relevant regulatory agencies.

On April 30, 2015, the BSP approved the request of the Parent Company to invest up to 100.00% or up to ₱500.00 million common shares in CBCC, subject to certain conditions.

On November 27, 2015, the SEC approved the Articles of Incorporation and By-Laws of CBCC. It also granted CBCC the license to operate as an investment house.

As of December 31, 2015, actual capital infusion to CBCC amounted to ₱300.00 million.

Investment in Associates

Investment in associates in the consolidated financial statements pertain to the Parent Company's investment in MCB Life and CBC-PCCI's investment in Urban Shelters (accounted for by CBC-PCCI in its financial statements as an investment in an associate) which is carried at nil amount as of December 31, 2015 and 2014.

The following table shows the summarized financial information of the Group's investment in associate:

	2015	2014
Total assets	**₱21,439,732**	₱21,773,954
Total liabilities	**20,498,841**	20,429,838
Equity	**940,891**	1,344,116

	2015	2014
Revenues	**₱5,370,875**	₱5,263,953
Benefits, claims and operating expenses	**5,459,395**	5,338,969
Loss before income tax	**(88,520)**	(75,016)
Net loss	**(94,733)**	(95,002)

In 2014, the Group agreed to sell, transfer, and convey its investments in PDB Properties, Inc. and PDB Insurance Agency, Inc. to a former significant investor. The sale was duly approved by PDB's BOD and duly reported to the BSP. The Group recognized gain on the sale transaction amounting to ₱64.56 million included under 'Miscellaneous income' (Note 20).

MCB Life

On August 2, 2006, the BOD approved the joint project proposal of the Parent Company with Manufacturers Life Insurance Company (Manulife). Under the proposal, the Parent Company will invest in a life insurance company owned by Manulife, and such company will be offering innovative insurance and financial products for health, wealth and education through the Parent Company's branches nationwide. The life insurance company was incorporated as The Pramerica Life Insurance Company Inc. in 1998 but the name was changed to Manulife China Bank Life Assurance Corporation on March 23, 2007. The Parent Company acquired 5.00% interest of MCB Life on August 8, 2007. This investment is accounted for as an investment in an associate by virtue of the Bancassurance Alliance Agreement which provides the Parent Company to be represented in MCB Life's BOD and, thus, exercise significant influence over the latter.

The BSP requires the Parent Company to maintain a minimum of 5.00% ownership over MCB Life in order for MCB Life to be allowed to continue distributing its insurance products through the Parent Company's branches.

On September 12, 2014, the BSP approved the request of the Parent Company to raise its capital investment in MCB Life from 5.00% to 40.00% of its authorized capital through purchase of ₱1.75 million common shares.

Commission income earned by the Parent Company from its bancassurance agreement amounting to ₱337.41 million, ₱277.14 million and ₱294.80 million in 2015, 2014 and 2013, respectively, is included under 'Miscellaneous income' in the statements of income (Note 20).

11. BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The composition of and movements in this account follow:

	Consolidated					
	Land	**Furniture, Fixtures and Equipment**	**Buildings**	**Leasehold Improvements**	**Construction-in-Progress**	**2015 Total**
Cost						
Balance at beginning of year	**₱2,882,702**	**₱5,993,877**	**₱1,919,398**	**₱1,165,793**	**₱45,997**	**₱12,007,767**
Additions	**494,304**	**738,969**	**20,614**	**90,212**	**149,883**	**1,493,982**
Disposals/transfers*	**(29,784)**	**(130,927)**	**(107,178)**	**82,255**	**(105,007)**	**(290,641)**
Balance at end of year	**3,347,222**	**6,601,919**	**1,832,834**	**1,338,260**	**90,873**	**13,211,108**

(Forward)

	Consolidated					
	Land	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction-in-Progress	2015 Total
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	4,255,780	835,065	663,527	–	5,754,372
Depreciation and amortization	–	619,062	75,345	128,350	–	822,757
Disposals/transfers*	–	222,812	(14,551)	69,529	–	277,790
Balance at end of year	–	5,097,654	895,859	861,406	–	6,854,919
Allowance for Impairment Losses (Note 15)						
Balance at beginning of year	–	360	2,383	–	–	2,743
Reclassification	–	(360)	(313)	–	–	(673)
Balance at end of year	–	–	2,070	–	–	2,070
Net Book Value at End of Year	₱3,347,222	₱1,504,265	₱934,905	₱476,854	₱90,873	₱6,354,119

*Includes transfers from investment properties amounting to ₱2.20 million.

	Consolidated					
	Land	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction-in-Progress	2014 Total
Cost						
Balance at beginning of year	₱2,471,835	₱5,109,524	₱1,544,283	₱973,244	₱388,026	₱10,486,912
Additions due to business combination (Note 10)	409,059	166,849	360,229	64,511	14,174	1,014,822
Additions	15,698	875,030	22,509	99,287	51,381	1,063,905
Disposals/transfers*	(13,890)	(157,526)	(7,623)	28,751	(407,584)	(557,872)
Balance at end of year	2,882,702	5,993,877	1,919,398	1,165,793	45,997	12,007,767
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	3,905,013	749,474	547,857	–	5,202,344
Depreciation and amortization	–	597,036	80,174	126,500	–	803,710
Disposals/transfers*	–	(246,269)	5,417	(10,830)	–	(251,682)
Balance at end of year	–	4,255,780	835,065	663,527	–	5,754,372
Allowance for Impairment Losses (Note 15)						
Balance at beginning of year	–	4,629	–	–	–	4,629
Reclassification	–	(4,269)	2,383	–	–	(1,886)
Balance at end of year	–	360	2,383	–	–	2,743
Net Book Value at End of Year	₱2,882,702	₱1,737,737	₱1,081,950	₱502,266	₱45,997	₱6,250,652

*Includes transfers from investment properties amounting to ₱372.14 million.

	Parent Company					
	Land	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction-in-Progress	2015 Total
Cost						
Balance at beginning of year	₱2,321,830	₱5,386,709	₱1,111,114	₱909,764	₱45,294	₱9,774,711
Additions	494,304	653,246	17,443	89,898	145,850	1,400,741
Disposals/transfers*	(29,784)	(427,478)	(101,321)	157	(103,090)	(661,516)
Balance at end of year	2,786,350	5,612,477	1,027,236	999,819	88,054	10,513,936
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	3,987,316	446,545	592,651	–	5,026,512
Depreciation and amortization	–	479,408	30,090	70,563	–	580,061
Disposals/transfers*	–	(80,667)	(14,083)	4,911	–	(89,839)
Balance at end of year	–	4,386,057	462,552	668,125	–	5,516,734
Net Book Value at End of Year	₱2,786,350	₱1,226,420	₱564,684	₱331,694	₱88,054	₱4,997,202

*Includes transfers from investment properties amounting to ₱2.20 million.

Notes to Financial Statements

	Parent Company					
	Land	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction-in-Progress	2014 Total
Cost						
Balance at beginning of year	₱2,321,830	₱4,757,901	₱1,105,491	₱827,864	₱388,026	₱9,401,112
Additions	–	773,106	5,843	73,937	42,388	895,274
Disposals/transfers*	–	(144,298)	(220)	7,963	(385,120)	(521,675)
Balance at end of year	2,321,830	5,386,709	1,111,114	909,764	45,294	9,774,711
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	3,733,736	417,883	523,846	–	4,675,465
Depreciation and amortization	–	452,723	27,038	67,552	–	547,313
Disposals/transfers*	–	(199,143)	1,624	1,253	–	(196,266)
Balance at end of year	–	3,987,316	446,545	592,651	–	5,026,512
Net Book Value at End of Year	₱2,321,830	₱1,399,393	₱664,569	₱317,113	₱45,294	₱4,748,199

*Includes transfers from investment properties amounting to ₱372.14 million.

The Group adopted the deemed cost model as of January 1, 2004 and considered the carrying value of the land determined under its previous accounting method (revaluation method) as the deemed cost of the asset as of January 1, 2005. Accordingly, revaluation increment amounting to ₱1.28 billion was closed to surplus (Note 22) in 2011.

As of December 31, 2015 and 2014, the gross carrying amount of fully depreciated furniture, fixtures and equipment still in use amounted to ₱2.36 billion and ₱2.00 billion, respectively, for the Group and ₱1.99 billion and ₱1.75 billion, respectively, for the Parent Company.

Gain on sale of furniture, fixtures and equipment amounting to ₱0.89 million, ₱1.52 million and ₱0.36 million in 2015, 2014 and 2013, respectively, for the Group and ₱0.50 million, ₱1.49 million and ₱0.36 million in 2015, 2014 and 2013, respectively, for the Parent Company are included in the statements of income under 'Miscellaneous income' account (Note 20).

In 2013, depreciation and amortization amounting to ₱645.53 million and ₱506.03 million for the Group and Parent Company, respectively, are included in the statements of income under 'Depreciation and amortization' account.

12. INVESTMENT PROPERTIES

The composition of and movements in this account follow:

	Consolidated		
	Land	**Buildings and Improvements**	**2015 Total**
Cost			
Balance at beginning of year	**₱5,077,262**	**₱2,367,671**	**₱7,444,933**
Additions	**588,667**	**371,665**	**960,332**
Disposals/write-off/transfers*	**(855,801)**	**(150,491)**	**(1,006,292)**
Balance at end of year	**4,810,128**	**2,588,845**	**7,398,973**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**–**	**652,099**	**652,099**
Depreciation and amortization	**–**	**142,277**	**142,277**
Disposals/write-off/transfers*	**–**	**(81,353)**	**(81,353)**
Balance at end of year	**–**	**713,023**	**713,023**
Allowance for Impairment Losses (Note 15)			
Balance at beginning of year	**1,092,234**	**251,070**	**1,343,304**
Provisions during the year	**–**	**6,633**	**6,633**
Disposals/write-off/reclassification*	**(68,397)**	**6,271**	**(62,126)**
Balance at end of year	**1,023,837**	**263,974**	**1,287,811**
Net Book Value at End of Year	**₱3,786,291**	**₱1,611,848**	**₱5,398,139**

*Includes transfers to bank premises amounting to ₱2.20 million.

	Consolidated		
	Land	Buildings and Improvements	2014 Total
Cost			
Balance at beginning of year	₱3,275,158	₱1,241,342	₱4,516,500
Additions due to business combination (Note 10)	2,147,951	617,052	2,765,003
Additions	721,705	763,377	1,485,082
Disposals/write-off/transfers*	(1,067,552)	(254,100)	(1,321,652)
Balance at end of year	5,077,262	2,367,671	7,444,933
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	665,643	665,643
Depreciation and amortization	–	118,054	118,054
Disposals/write-off/transfers*	–	(131,598)	(131,598)
Balance at end of year	–	652,099	652,099
Allowance for Impairment Losses (Note 15)			
Balance at beginning of year	1,233,158	207,169	1,440,327
Provisions during the year	18,480	37,601	56,081
Disposals/write-off/reclassification*	(159,404)	6,300	(153,104)
Balance at end of year	1,092,234	251,070	1,343,304
Net Book Value at End of Year	₱3,985,028	₱1,464,502	₱5,449,530

*Includes transfers to bank premises amounting to ₱372.14 million.

	Parent Company		
	Land	**Buildings and Improvements**	**2015 Total**
Cost			
Balance at beginning of year	**₱2,321,888**	**₱1,382,401**	**₱3,704,289**
Additions	**134,311**	**123,540**	**257,851**
Disposals/write-off/transfers*	**(279,725)**	**14,076**	**(265,649)**
Balance at end of year	**2,176,474**	**1,520,017**	**3,696,491**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**–**	**588,689**	**588,689**
Depreciation and amortization	**–**	**81,847**	**81,847**
Disposals/write-off/transfers*	**–**	**(80,325)**	**(80,325)**
Balance at end of year	**–**	**590,211**	**590,211**
Allowance for Impairment Losses (Note 15)			
Balance at beginning of year	**1,011,848**	**202,389**	**1,214,237**
Reclassification	**(7,119)**	**(700)**	**(7,819)**
Balance at end of year	**1,004,729**	**201,689**	**1,206,418**
Net Book Value at End of Year	**₱1,171,745**	**₱728,117**	**₱1,899,862**

*Includes transfers to bank premises amounting to ₱2.20 million.

	Parent Company		
	Land	Buildings and Improvements	2014 Total
Cost			
Balance at beginning of year	₱3,017,441	₱1,130,536	₱4,147,977
Additions	57,868	440,387	498,255
Disposals/write-off/transfers*	(753,421)	(188,522)	(941,943)
Balance at end of year	2,321,888	1,382,401	3,704,289
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	636,785	636,785
Depreciation and amortization	–	83,264	83,264
Disposals/write-off/transfers*	–	(131,360)	(131,360)
Balance at end of year	–	588,689	588,689
Allowance for Impairment Losses (Note 15)			
Balance at beginning of year	1,230,710	202,389	1,433,099
Reclassification	(218,862)	–	(218,862)
Balance at end of year	1,011,848	202,389	1,214,237
Net Book Value at End of Year	₱1,310,040	₱591,323	₱1,901,363

*Includes transfers to bank premises amounting to ₱372.14 million.

Notes to Financial Statements

The Group's investment properties consist entirely of real estate properties acquired in settlement of loans and receivables. The difference between the fair value of the investment property upon foreclosure and the carrying value of the loan is recognized under 'Gain on asset foreclosure and dacion transactions' in the statements of income.

The separate valuation allowance of acquired investment properties from PDB amounting to ₱199.15 million was not recognized by the Group on the effectivity date of acquisition as these properties were measured at fair value on acquisition date (Note 10).

In 2013, depreciation and amortization amounting to ₱107.36 million and ₱89.72 million for the Group and Parent Company, respectively, are included in the statements of income under 'Depreciation and amortization' account.

Details of rental income earned and direct operating expenses incurred on investment properties follow:

	Consolidated		
	2015	2014	2013
Rent income on investment properties	**₱31,100**	₱29,167	₱13,393
Direct operating expenses on investment properties generating rent income	**2,392**	21,801	6,734
Direct operating expenses on investment properties not generating rent income	**52,429**	61,121	74,096

	Parent Company		
	2015	2014	2013
Rent income on investment properties	**₱7,020**	₱5,903	₱8,834
Direct operating expenses on investment properties generating rent income	**1,069**	4,174	6,734
Direct operating expenses on investment properties not generating rent income	**35,270**	43,010	71,791

Rent income earned from leasing out investment properties is included under 'Miscellaneous income' in the statements of income (Note 20).

As of December 31, 2015 and 2014, fair values of investment properties amounted to ₱9.52 billion and ₱9.84 billion, respectively, for the Group and ₱5.64 billion and ₱5.73 billion, respectively, for the Parent Company.

On August 26, 2011, the Parent Company was registered as an Economic Zone Information Technology (IT) Facilities Enterprise with the Philippine Economic Zone Authority (PEZA) to operate and maintain a proposed 17-storey building located inside the CBP-IT Park in Barangays Mabolo, Luz, Hipodromo, Carreta, and Kamputhaw, Cebu City, for lease to PEZA-registered IT enterprises, and to be known as Chinabank Corporate Center. This registration is under PEZA Registration Certificate No. 11-03-F.

Under this registration, the Parent Company is entitled to five percent (5.00%) final tax on gross income earned from locator IT enterprises and related operations in accordance with existing PEZA rules. The Parent Company shall also be exempted from the payment of all national and local taxes in relation to this registered activity.

13. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the acquisition costs over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

Branch Licenses

Branch licenses arose from the acquisitions of CBSI, Unity Bank, and PDB.

	2015	2014
Branch license from CBSI acquisition	**₱477,600**	₱477,600
Branch license from Unity Bank acquisition	**347,400**	360,000
Branch license from PDB acquisition (Note 10)	**2,839,500**	2,839,500
Total	**₱3,664,500**	₱3,677,100

The Group attributed the goodwill arising from its acquisition of CBSI and PDB to factors such as increase in geographical presence and customer base due to the branches acquired. None of the goodwill recognized is expected to be deductible for income tax purposes.

The Parent Company's Branch Banking Group (BBG) has been identified as the CGU for impairment testing of the goodwill. The BBG has also been identified as the CGU for impairment testing of the branch licenses.

The recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period, which do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The discount rate applied to cash flow projections is 8.84% in 2015 and 9.87% in 2014 for the goodwill and branch licenses arising from the acquisition of CBSI. Cash flows beyond the five-year period are extrapolated using a steady growth rate of 1.00% in 2015 and 2014, which does not exceed the long-term average growth rate for the industry.

The recoverable amount of the CGU for impairment testing of the branch licenses from Unity Bank acquisition has been determined based on the fair value less cost to sell calculations, using estimated cost to sell of 3.50%, net of DTA.

The calculation of the value-in-use of the CGU is most sensitive to the following assumptions:

- Interest margin
- Discount rates
- Market share during the budget period
- Steady growth rate used to extrapolate cash flows beyond the budget period
- Local inflation rates

With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill and branch licenses to materially exceed its recoverable amount as of December 31, 2015 and 2014.

Capitalized software costs
As of December 31, 2015, the cost and accumulated amortization of capitalized software costs amounted to ₱322.19 million and ₱14.38 million, respectively.

14. OTHER ASSETS

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Financial assets				
Accounts receivable	**₱3,197,971**	₱2,537,642	**₱2,706,935**	₱1,727,382
SCR	**1,022,116**	1,267,563	**283,282**	378,170
RCOCI	**122,019**	170,539	**122,019**	141,196
Others	**635,155**	432,217	**207,631**	177,671
	4,977,261	4,407,961	**3,319,867**	2,424,419
Nonfinancial assets				
Net plan assets (Note 23)	**₱785,818**	₱926,671	**₱785,818**	₱926,671
Prepaid expenses	**264,745**	188,933	**130,925**	65,952
Creditable withholding taxes	**188,574**	657,434	**49,983**	635,093
Security deposit	**142,345**	144,150	**115,025**	115,288
Documentary stamps	**129,067**	119,176	**127,195**	78,412
Sundry debits	**51,113**	56,156	**46,720**	35,552
Miscellaneous	**177,863**	181,181	**–**	–
	1,739,525	2,273,701	**1,255,666**	1,856,968
	6,716,786	6,681,662	**4,575,533**	4,281,387
Allowance for impairment and credit losses (Note 15)	**(741,589)**	(706,182)	**(626,103)**	(641,658)
	₱5,975,197	₱5,975,480	**₱3,949,430**	₱3,639,729

Accounts receivable
As of December 31, 2015 and 2014, about 49.69% and 68.60%, respectively, of the Group's accounts receivable represents final withholding taxes (FWT) imposed by the Bureau of Internal Revenue (BIR) and withheld by the Bureau of Treasury (BTr) from the proceeds collected by the Group upon maturity of the Poverty Eradication and Alleviation Certificates (PEACe) bonds on October 18, 2011.

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On October 17, 2011, the Parent Company together with seven other banks filed a joint petition against the BIR's decision to impose 20.00% FWT on PEACe bonds. The Supreme Court (SC) issued a temporary restraining order in favor of these banks on the same day and ordered these banks to place in escrow an amount equivalent to the disputed withholding tax until final decision is rendered. However, the government withheld the 20.00% FWT from the proceeds of the PEACe bonds and held it in an escrow account with the Land Bank of the Philippines.

On January 13, 2015, the SC ordered the BTr to release to the investor banks the amount corresponding to the 20.00% final withholding tax. On March 13, 2015, the respondents filed a motion for reconsideration and clarification. Pursuant to a resolution dated April 21, 2015 by the SC, the public filed a consolidated comment on the motions filed by the respondents. As of December 31, 2015, SC has yet to issue its final decision on the matter.

As discussed in more detail in Note 2, the Parent Company considers several factors in determining whether a financial asset is impaired, including the present value of the expected future cash flows discounted at the asset's original EIR. As of December 31, 2015 and 2014, the Parent Company, in consultation with its legal counsel, has determined that the said accounts receivable is collectible.

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

Miscellaneous
Miscellaneous consists mainly of unissued stationery and supplies, inter-office float items, and deposits for various services.

The following tables present the reconciliation of the movement of the allowance for impairment and credit losses on other assets:

	Consolidated			
	Accounts Receivable	**SCR**	**Miscellaneous**	**2015 Total**
Balance at beginning of year	**₱513,416**	**₱34,224**	**₱158,542**	**₱706,182**
Provisions (recoveries) during the year (Note 15)	**16,384**	**19,703**	**3,813**	**39,900**
Transfers/others	**(8,095)**	**860**	**2,742**	**(4,493)**
Balance at end of year	**₱521,705**	**₱54,787**	**₱165,097**	**₱741,589**

	Consolidated			
	Accounts Receivable	SCR	Miscellaneous	2014 Total
Balance at beginning of year	₱531,499	₱22,196	₱207,941	₱761,636
Provisions during the year (Note 15)	76,642	7,925	645	85,212
Transfers/others	(94,725)	4,103	(50,044)	(140,666)
Balance at end of year	₱513,416	₱34,224	₱158,542	₱706,182

	Parent Company			
	Accounts Receivable	**SCR**	**Miscellaneous**	**2015 Total**
Balance at beginning of year	**₱459,950**	**₱25,809**	**₱155,899**	**₱641,658**
Provisions (recoveries) during the year (Note 15)	**(434)**	**–**	**76**	**(358)**
Transfers/others	**(15,072)**	**–**	**(125)**	**(15,197)**
Balance at end of year	**₱444,444**	**₱25,809**	**₱155,850**	**₱626,103**

	Parent Company			
	Accounts Receivable	SCR	Miscellaneous	2014 Total
Balance at beginning of year	₱519,628	₱21,760	₱201,661	₱743,049
Provisions (recoveries) during the year (Note 15)	38	–	(804)	(766)
Transfers/others	(59,716)	4,049	(44,958)	(100,625)
Balance at end of year	₱459,950	₱25,809	₱155,899	₱641,658

15. ALLOWANCE FOR IMPAIRMENT AND CREDIT LOSSES

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

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Balances at beginning of year				
Loans and receivables	**₱6,734,550**	₱6,633,080	**₱6,225,088**	₱6,316,980
Investment properties	**1,343,304**	1,440,327	**1,214,237**	1,433,099
Accrued interest receivable	**79,077**	97,974	**78,532**	97,429
AFS financial assets	**38,742**	39,615	**6,323**	6,323
Bank premises, furniture, fixtures and equipment	**2,743**	4,629	**–**	–
Other assets	**706,182**	761,636	**641,658**	743,049
	8,904,598	8,977,261	**8,165,838**	8,596,880
Provisions charged to operations	**966,574**	440,901	**487,485**	100,920
Accounts charged off and others	**(736,959)**	(513,564)	**(594,351)**	(531,962)
	229,615	(72,663)	**(106,866)**	(431,042)
Balances at end of year				
Loans and receivables (Note 9)	**6,994,670**	6,734,550	**6,151,786**	6,225,088
Investment properties (Note 12)	**1,287,811**	1,343,304	**1,206,418**	1,214,237
Accrued interest receivable	**69,331**	79,077	**68,342**	78,532
AFS financial assets (Note 8)	**38,742**	38,742	**6,323**	6,323
Bank premises, furniture, fixtures and equipment (Note 11)	**2,070**	2,743	**–**	–
Other assets (Note 14)	**741,589**	706,182	**626,103**	641,658
	₱9,134,213	₱8,904,598	**₱8,058,972**	₱8,165,838

At the current level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance to cover any losses that may be incurred from the non-collection or non-realization of its loans and receivables and other risk assets.

A reconciliation of the allowance for credit losses on loans and receivables from customers, AFS financial assets and accrued interest receivable follows:

	Consolidated 2015						
	Loans and Receivables					**AFS Financial Assets**	
	Corporate and Commercial Lending	**Consumer Lending**	**Trade-related Lending**	**Others**	**Total**	**Unquoted Equity Securities**	**Accrued Interest Receivable**
Balance at beginning of year	**₱5,066,065**	**₱959,999**	**₱708,387**	**₱99**	**₱6,734,550**	**₱38,742**	**₱79,077**
Provisions (recoveries) during the year	**318,146**	**593,478**	**6,874**	**2,085**	**920,583**	**59**	**(601)**
Transfers/others	**(94,989)**	**(240,454)**	**(324,935)**	**(85)**	**(660,463)**	**(59)**	**(9,145)**
Balance at end of year	**₱5,289,222**	**₱1,313,023**	**₱390,326**	**₱2,099**	**₱6,994,670**	**₱38,742**	**₱69,331**
Individual impairment	**2,082,499**	**837,178**	**261,589**	**14**	**3,181,280**	**38,742**	**69,331**
Collective impairment	**3,206,723**	**475,845**	**128,737**	**2,085**	**3,813,390**	**–**	**–**
	₱5,289,222	**₱1,313,023**	**₱390,326**	**₱2,099**	**₱6,994,670**	**₱38,742**	**₱69,331**

	Consolidated 2014						
	Loans and Receivables					AFS Financial Assets	
	Corporate and Commercial Lending	Consumer Lending	Trade-related Lending	Others	Total	Unquoted Equity Securities	Accrued Interest Receivable
Balance at beginning of year	₱5,177,809	₱719,544	₱735,545	₱182	₱6,633,080	₱39,615	₱97,974
Provisions (recoveries) during the year	133,070	170,117	(3,251)	(290)	299,646	–	(38)
Transfers/others	(244,814)	70,338	(23,907)	207	(198,176)	(873)	(18,859)
Balance at end of year	₱5,066,065	₱959,999	₱708,387	₱99	₱6,734,550	₱38,742	₱79,077
Individual impairment	₱2,486,398	₱633,035	₱579,650	₱99	3,699,182	₱38,742	₱79,077
Collective impairment	2,579,667	326,964	128,737	–	3,035,368	–	–
	₱5,066,065	₱959,999	₱708,387	₱99	₱6,734,550	₱38,742	₱79,077

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	Parent Company 2015						
	Loans and Receivables					AFS Financial Assets	
	Corporate and Commercial Lending	**Consumer Lending**	**Trade-related Lending**	**Others**	**Total**	**Unquoted Equity Securities**	**Accrued Interest Receivable**
Balance at beginning of year	**₱4,842,834**	**₱673,853**	**₱708,387**	**₱14**	**₱6,225,088**	**₱6,323**	**₱78,532**
Provisions (recoveries) during the year	**282,013**	**200,000**	**6,874**	**–**	**488,887**	**–**	**(1,044)**
Transfers/others	**(71,017)**	**(166,237)**	**(324,935)**	**–**	**(562,189)**	**–**	**(9,146)**
Balance at end of year	**₱5,053,830**	**₱707,616**	**₱390,326**	**₱14**	**₱6,151,786**	**₱6,323**	**₱68,342**
Individual impairment	**₱1,856,131**	**₱440,394**	**₱261,589**	**₱14**	**₱2,558,128**	**₱6,323**	**₱68,342**
Collective impairment	**3,197,699**	**267,222**	**128,737**	**–**	**3,593,658**	**–**	**–**
	₱5,053,830	**₱707,616**	**₱390,326**	**₱14**	**₱6,151,786**	**₱6,323**	**₱68,342**

	Parent Company 2014						
	Loans and Receivables					AFS Financial Assets	
	Corporate and Commercial Lending	Consumer Lending	Trade-related Lending	Others	Total	Unquoted Equity Securities	Accrued Interest Receivable
Balance at beginning of year	₱4,961,518	₱619,735	₱735,545	₱182	₱6,316,980	₱6,323	₱97,429
Provisions (recoveries) during the year	104,975	–	(3,251)	–	101,724	–	(38)
Transfers/others	(223,659)	54,118	(23,907)	(168)	(193,616)	–	(18,859)
Balance at end of year	₱4,842,834	₱673,853	₱708,387	₱14	₱6,225,088	₱6,323	₱78,532
Individual impairment	₱2,276,277	₱420,683	₱579,650	₱14	₱3,276,624	₱6,323	₱78,532
Collective impairment	2,566,557	253,170	128,737	–	2,948,464	–	–
	₱4,842,834	₱673,853	₱708,387	₱14	₱6,225,088	₱6,323	₱78,532

16. DEPOSIT LIABILITIES

As of December 31, 2015 and 2014, 40.66% and 43.80% respectively, of the total deposit liabilities of the Group are subject to periodic interest repricing. The remaining deposit liabilities bear annual fixed interest rates ranging from 0.13% to 2.75% in 2015 and 2014, and from 0.13% to 8.25% in 2013.

On March 29, 2012, BSP Circular No. 753 was issued providing unification of the statutory and liquidity reserve requirement, non-remuneration of the unified reserve requirement, exclusion of cash in vault and demand deposits as eligible forms of reserve requirement compliance, and reduction in the unified reserve requirement ratios. In 2014, the BSP issued Circular No. 830 effective April 11, 2014 increasing the required reserves against deposit liabilities to 19.00%. As of December 31, 2015 and 2014, the Parent Company is in compliance with such regulation.

As of December 31, 2015 and 2014, due from BSP amounting to ₱61.43 billion and ₱52.35 billion, respectively, were set aside as reserves for deposit liabilities per latest report submitted by the Parent Company to the BSP.

17. BILLS PAYABLE AND SUBORDINATED DEBT

Bills Payable
The Group's and the Parent Company's bills payable consist of:

	Consolidated		**Parent Company**	
	2015	2014	**2015**	2014
Interbank loans payable	**₱18,422,442**	₱5,165,440	**₱18,422,442**	₱5,165,440
Government lending programs	**662,738**	1,155,140	**208**	12,161
	₱19,085,180	₱6,320,580	**₱18,422,650**	₱5,177,601

Interbank loans payable

This account consists of the dollar-denominated borrowings of the Group and the Parent Company from the following:

Counterparty	Average term	Rates	2015	2014
Citibank N.A. Manila	1.5 years	1.32%	**₱4,702,695**	₱2,236,000
Hongkong Bank Hongkong	11 months	1.22%	**4,310,207**	–
ING Bank Amsterdam	6 months	1.18%	**2,040,177**	–
Barclays Bank London	2 years	1.40%	**–**	2,035,040
Wells Fargo Miami	30 days	0.92%	**–**	894,400
			₱11,053,079	₱5,165,440

As of December 31, 2015, the carrying amount of foreign currency-denominated HTM and AFS financial assets pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱8.09 billion and ₱4.72 billion, respectively. The fair value of HTM financial assets pledged as collateral amounted to ₱8.66 billion as of December 31, 2015 (Note 8).

As of December 31, 2014, the carrying amount of foreign currency-denominated HTM financial assets pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱4.66 billion. The fair value of HTM financial assets pledged as collateral amounted to ₱5.33 billion as of December 31, 2014 (Note 8).

As of December 31, 2015 and 2014, margin deposits amounting to ₱561.21 million and ₱338.10 million, respectively, are deposited with various counterparties to meet the collateral requirements for its interbank bills payable.

Interbank loans payable includes a US$158.00 million unsecured, three-year term loan facility from regional and international banks. The facility carries an interest margin of 1.40% per annum over 3-month LIBOR. The term of the loan provides for a financial covenant such that the Parent Company shall ensure that its minimum capital adequacy ratio (CAR) will, at all times, be equal to or greater of (a) the percentage prescribed by BSP from time to time and (b) 10.00%. Otherwise, the loan shall become immediately due and payable. The borrowing was measured initially at fair value and carried at amortized cost of ₱7.05 billion and ₱7.37 billion respectively, as of December 31, 2015.

Government lending programs

This account consists of:

	Consolidated			
Counterparty	Average term	Rates	2015	2014
Land Bank of the Philippines	10 years	3.50% to 8.66%	**₱460,768**	₱746,143
Social Security Services	6 years	2.50% to 5.25%	**178,056**	355,203
Small Business Guaranty and Finance Corporation	4 years	5.00% to 6.50%	**23,914**	40,790
Development Bank of the Philippines	8 years	4.00% to 8.25%	**–**	13,004
			₱662,738	₱1,155,140

	Parent Company			
Counterparty	Average term	Rates	2015	2014
Land Bank of the Philippines	5 years	5.13%	**₱208**	₱657
Development Bank of the Philippines	6 years	4.00% to 6.50%	**–**	11,504
			₱208	₱12,161

Loans and receivables of the Group and the Parent Company amounting to ₱760.38 million and ₱0.21 million, respectively, as of December 31, 2015 and ₱1.30 billion and ₱14.45 million as of December 31, 2014, respectively, are pledged as collateral for the rediscounting facilities (Note 9). Loans and receivables pledged as collateral shall be released by the rediscounting institution once the rediscounted loan has been fully paid upon maturity. In case a particular loan account pledged as collateral is paid in full by the borrower before it matures, the equivalent discount value shall be paid by the Group to the rediscounting institution before the pledged collateral can be released.

Subordinated Debt

The Group's subordinated debt in 2014 consists of Upper Tier 2 Notes and Lower Tier 2 Notes (the Notes). The Upper Tier 2 Notes bears interest rate at 10.25% per annum payable semi-annually and will mature in 2020 provided that the Notes are not previously redeemed by PDB in 2015. The Lower Tier 2 Notes bears interest rate at 8.75% per annum payable semi-annually in arrears. Unless the Lower Tier 2 Notes are previously redeemed, the interest rate from the issuances will be reset at the equivalent of the 5-year PDST-F Benchmark bid yield plus 5.62% which shall be payable semi-annually in arrears starting 2015.

On January 15, 2014, the Parent Company obtained control over PDB, and the latter became a subsidiary of the former. Based on existing regulations applicable to universal and commercial banks, including their subsidiary banks, the Notes of PDB shall no longer be qualified as tier 2 capital in the computation of CAR. Given this, PDB sought approval from the BSP to redeem the Notes, which was granted on September 18, 2014.

The Notes were fully redeemed in 2015.

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18. ACCRUED INTEREST AND OTHER EXPENSES

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Accrued payable for employee benefits	**₱725,273**	₱868,629	**₱724,134**	₱810,316
Accrued interest payable	**384,114**	392,365	**293,213**	248,738
Accrued lease payable	**111,078**	60,914	**107,237**	60,914
Accrued taxes and other licenses	**77,658**	147,395	**74,188**	147,395
Accrued other expenses payable	**286,151**	161,445	**62,223**	45,112
	₱1,584,274	₱1,630,748	**₱1,260,995**	₱1,312,475

19. OTHER LIABILITIES

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Financial liabilities				
Accounts payable	**₱2,107,169**	₱1,560,046	**₱1,261,933**	₱975,543
Acceptances payable	**997,418**	334,337	**997,418**	334,337
Due to PDIC	**345,805**	334,449	**345,805**	334,449
Other credits-dormant	**218,635**	191,978	**214,220**	191,978
Due to the Treasurer of the Philippines	**95,838**	24,629	**95,838**	24,629
Margin deposits	**3,356**	2,761	**3,356**	2,761
Miscellaneous	**636,121**	780,376	**419,288**	251,472
	4,404,342	3,228,576	**3,337,858**	2,115,169
Nonfinancial liabilities				
Withholding taxes payable	**137,523**	101,460	**107,906**	67,750
Retirement liabilities (Note 23)	**164,256**	305,773	**–**	–
	301,779	407,233	**107,906**	67,750
	₱4,706,121	₱3,635,809	**₱3,445,764**	₱2,182,919

Accounts payable includes payables to suppliers and service providers, and loan payments and other charges received from customers in advance.

Miscellaneous mainly includes sundry credits, inter-office float items, and dormant deposit accounts.

20. OTHER OPERATING INCOME AND MISCELLANEOUS EXPENSES

Service Charges, Fees and Commissions
Details of this account are as follows:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Service and collection charges						
Deposits	**₱628,191**	₱659,597	₱505,554	**₱572,448**	₱610,332	₱485,210
Loans	**170,070**	97,683	85,300	**34,785**	30,743	35,839
Remittances	**248,615**	132,939	63,322	**248,615**	132,939	63,322
Others	**169,744**	176,556	134,435	**90,019**	70,257	45,161
Fees and commissions	**617,698**	495,032	367,849	**510,273**	376,378	374,542
	₱1,834,318	₱1,561,807	₱1,156,460	**₱1,456,140**	₱1,220,649	₱1,004,074

Trading and Securities Gain - Net
This account consists of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Financial assets at FVPL:						
Held-for-trading (Note 8)	**(₱50,330)**	₱28,505	(₱93,905)	**(₱48,087)**	(₱45,421)	(₱93,904)
Financial assets designated at FVPL (Note 8)	**(120,134)**	(40,401)	73,750	**(120,134)**	(40,401)	73,750
Derivative assets (Note 24)	**(1,425)**	3,065	(81,352)	**(1,425)**	3,065	(81,352)
AFS financial assets	**638,723**	544,094	2,006,392	**629,642**	541,653	1,716,314
	₱466,834	₱535,263	₱1,904,885	**₱459,996**	₱458,896	₱1,614,808

Miscellaneous Income
Details of this account are as follows:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Bancassurance (Note 10)	**₱337,521**	₱277,138	₱294,797	**₱337,407**	₱277,138	₱294,797
Dividends (Note 8)	**263,330**	311,073	486,382	**255,407**	311,073	486,382
Fund transfer fees	**56,621**	48,792	104,614	**56,621**	48,792	104,614
Rental on bank premises	**51,731**	56,183	28,693	**39,516**	28,642	28,693
Rental safety deposit boxes	**23,139**	20,017	14,479	**22,768**	19,385	14,479
Late fees	**20,714**	30,836	18,842	**20,714**	30,836	18,842
Recovery of charged off assets	**15,620**	93,797	293	**7,943**	79,256	293
Participation fee	**–**	–	32,779	**–**	–	32,779
Miscellaneous income (Notes 10, 11 and 12)	**198,179**	750,228	105,096	**151,577**	222,806	101,954
	₱966,855	₱1,588,064	₱1,085,975	**₱891,953**	₱1,017,928	₱1,082,833

Miscellaneous Expenses
Details of this account are as follows:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Information technology	**₱371,949**	₱326,718	₱208,503	**₱280,973**	₱236,261	₱206,865
Service charges	**181,216**	86,067	36,425	**181,216**	86,067	36,425
Litigations	**100,947**	149,996	119,596	**26,486**	61,452	114,608
Freight	**25,534**	18,405	12,021	**21,338**	13,970	12,021
Broker's fee	**22,970**	52,215	61,273	**22,970**	25,959	61,273
Membership fees and dues	**17,012**	19,228	15,436	**14,861**	17,698	15,436
Clearing and processing fee	**14,337**	23,143	18,354	**11,591**	16,784	18,354
Miscellaneous expense	**267,969**	346,027	218,131	**241,307**	267,122	215,396
	₱1,001,934	₱1,021,799	₱689,739	**₱800,742**	₱725,313	₱680,378

21. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following tables present both the Group's and Parent Company's assets and liabilities as of December 31, 2015 and 2014 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from the respective reporting date:

	Consolidated					
	2015			2014		
	Within Twelve Months	**Over Twelve Months**	**Total**	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	**₱11,377,101**	**₱–**	**₱11,377,101**	₱10,734,059	₱–	₱10,734,059
Due from BSP	**86,318,501**	**–**	**86,318,501**	67,451,648	–	67,451,648
Due from other banks	**21,243,492**	**–**	**21,243,492**	17,552,823	–	17,552,823
Interbank loans receivables	**–**	**–**	**–**	223,600	–	223,600
Financial assets at FVPL	**3,156,256**	**3,088,337**	**6,244,593**	4,085,411	4,355,288	8,440,699
AFS financial assets - gross	**1,370,480**	**47,497,495**	**48,867,975**	570,908	37,944,686	38,515,594
HTM financial assets	**8,596,143**	**7,540,004**	**16,136,147**	1,008,033	11,101,311	12,109,344
Loans and receivables - gross	**155,520,631**	**161,514,151**	**317,034,782**	142,905,974	154,744,724	297,650,698
Accrued interest receivable - gross	**2,691,068**	**–**	**2,691,068**	2,316,058	–	2,316,058
Other assets - gross	**3,955,145**	**1,022,116**	**4,977,261**	3,140,398	1,267,563	4,407,961
	294,228,817	**220,662,103**	**514,890,920**	249,988,912	209,413,572	459,402,484

(Forward)

Notes to Financial Statements

	Consolidated					
	2015			2014		
	Within Twelve Months	**Over Twelve Months**	**Total**	Within Twelve Months	Over Twelve Months	Total
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment - net of accumulated depreciation and amortization	**–**	**6,356,189**	**6,356,189**	–	6,253,395	6,253,395
Investment properties - net of accumulated depreciation	**–**	**6,685,950**	**6,685,950**	–	6,792,834	6,792,834
Deferred tax assets	**–**	**1,381,280**	**1,381,280**	–	848,686	848,686
Investments in associates	**–**	**373,591**	**373,591**	–	534,881	534,881
Intangible assets	**–**	**3,972,308**	**3,972,308**	–	3,677,100	3,677,100
Goodwill	**–**	**839,748**	**839,748**	–	839,748	839,748
Other assets - gross	**775,844**	**963,681**	**1,739,525**	1,165,849	1,107,852	2,273,701
	775,844	**20,572,747**	**21,348,591**	1,165,849	20,054,496	21,220,345
Allowance for impairment and credit losses (Note 15)			**(9,134,213)**			(8,904,598)
Unearned discounts (Note 9)			**(278,335)**			(497,418)
			(9,412,548)			(9,402,016)
			₱526,826,963			₱471,220,813
Financial liabilities						
Deposit liabilities	**₱412,650,027**	**₱26,615,659**	**₱439,265,686**	₱373,561,333	₱25,740,211	₱399,301,544
Bills payable	**11,062,703**	**8,022,477**	**19,085,180**	3,070,485	3,250,095	6,320,580
Manager's checks	**1,456,498**	**–**	**1,456,498**	1,221,395	–	1,221,395
Accrued interest and other expenses*	**670,265**	**–**	**670,265**	553,810	–	553,810
Derivative liabilities	**66,373**	**–**	**66,373**	101,610	–	101,610
Subordinated debt	**–**	**–**	**–**	1,188,762	–	1,188,762
Other liabilities	**4,404,342**	**–**	**4,404,342**	3,228,576	–	3,228,576
	430,310,208	**34,638,136**	**464,948,344**	382,925,971	28,990,306	411,916,277
Nonfinancial liabilities						
Accrued interest and other expenses	**802,931**	**111,078**	**914,009**	1,016,024	60,914	1,076,938
Deferred tax liabilities	**–**	**1,116,147**	**1,116,147**	–	1,241,938	1,241,938
Income tax payable	**375,780**	**–**	**375,780**	10,944	–	10,944
Other liabilities	**137,523**	**164,256**	**301,779**	101,460	305,773	407,233
	₱431,626,442	**₱36,029,617**	**₱467,656,059**	₱384,054,399	₱30,598,931	₱414,653,330

*Accrued interest and other expenses include accrued interest payable and accrued other expenses payable (Note 18).

	Parent Company					
	2015			2014		
	Within Twelve Months	**Over Twelve Months**	**Total**	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	**₱10,052,891**	**₱–**	**₱10,052,891**	₱9,295,130	₱–	₱9,295,130
Due from BSP	**77,003,616**	**–**	**77,003,616**	60,543,867	–	60,543,867
Due from other banks	**19,200,544**	**–**	**19,200,544**	15,836,701	–	15,836,701
Interbank loans receivables	**–**	**–**	**–**	223,600	–	223,600
Financial assets at FVPL	**3,156,256**	**2,309,161**	**5,465,417**	4,085,197	3,927,238	8,012,435
AFS financial assets - gross	**1,205,447**	**45,635,075**	**46,840,522**	369,003	36,712,558	37,081,561
HTM financial assets	**8,515,233**	**5,430,412**	**13,945,645**	995,806	10,357,982	11,353,788
Loans and receivables - gross	**134,470,413**	**131,495,001**	**265,965,414**	123,283,601	128,441,671	251,725,272
Accrued interest receivable - gross	**2,269,589**	**–**	**2,269,589**	1,989,209	–	1,989,209
Other assets - gross	**3,036,585**	**283,282**	**3,319,867**	2,046,249	378,170	2,424,419
	258,910,574	**185,152,931**	**444,063,505**	218,668,363	179,817,619	398,485,982

(Forward)

	Parent Company					
	2015			2014		
	Within Twelve Months	**Over Twelve Months**	**Total**	Within Twelve Months	Over Twelve Months	Total
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment - net of accumulated depreciation and amortization	**₱–**	**₱4,997,202**	**₱4,997,202**	₱–	₱4,748,199	₱4,748,199
Investment properties - net of accumulated depreciation	**–**	**3,106,280**	**3,106,280**	–	3,115,600	3,115,600
Deferred tax assets	**–**	**1,369,147**	**1,369,147**	–	842,367	842,367
Investments in subsidiaries	**–**	**10,019,471**	**10,019,471**	–	6,016,950	6,016,950
Investment in associates	**–**	**166,273**	**166,273**	–	166,273	166,273
Intangible assets	**–**	**762,808**	**762,808**	–	455,000	455,000
Goodwill	**–**	**222,841**	**222,841**	–	222,841	222,841
Other assets - gross	**469,848**	**785,818**	**1,255,666**	930,297	926,671	1,856,968
	469,848	**21,429,840**	**21,899,688**	930,297	16,493,901	17,424,198
Allowances for impairment and credit losses (Note 15)			**(8,058,972)**			(8,165,838)
Unearned discounts (Note 9)			**(168,620)**			(242,963)
			(8,227,592)			(8,408,801)
			₱457,735,601			₱407,501,379
Financial liabilities						
Deposit liabilities	**₱368,242,423**	**₱5,360,993**	**₱373,603,416**	₱333,559,117	₱7,525,518	₱341,084,635
Bills payable	**11,053,287**	**7,369,363**	**18,422,650**	2,933,883	2,243,718	5,177,601
Manager's checks	**741,479**	**–**	**741,479**	822,179	–	822,179
Accrued interest and other expenses*	**355,436**	**–**	**355,436**	293,850	–	293,850
Derivative liabilities	**66,373**	**–**	**66,373**	101,610	–	101,610
Other liabilities	**3,337,858**	**–**	**3,337,858**	2,115,169	–	2,115,169
	383,796,856	**12,730,356**	**396,527,212**	339,825,808	9,769,236	349,595,044
Nonfinancial liabilities						
Accrued interest and other expenses	**798,322**	**107,237**	**905,559**	957,711	60,914	1,018,625
Income tax payable	**345,312**	**–**	**345,312**	1,397	–	1,397
Other liabilities	**107,906**	**–**	**107,906**	67,750	–	67,750
	₱385,048,396	**₱12,837,593**	**₱397,885,989**	₱340,852,666	₱9,830,150	₱350,682,816

*Accrued interest and other expenses include accrued interest payable and accrued other expenses payable (Note 18).

22. EQUITY

The Parent Company's capital stock consists of (amounts in thousands, except for number of shares):

	2015		2014	
	Shares	**Amount**	Shares	Amount
Common stock - 10.00 par value				
Authorized - shares	**2,500,000,000**		2,500,000,000	
Issued and outstanding				
Balance at beginning of year	**1,716,414,317**	**₱17,164,143**	1,427,661,658	₱14,276,616
Stock rights	**–**	**–**	161,609,878	1,616,099
Stock dividends*	**137,314,180**	**1,373,142**	127,142,781	1,271,428
	1,853,728,497	**₱18,537,285**	1,716,414,317	₱17,164,143

*The stock dividends declared include fractional shares equivalent to 1,035 shares in 2015 and 1,058 shares in 2014.

Notes to Financial Statements

The Parent Company shares are listed in the Philippine Stock Exchange.

On March 5, 2014, the BOD authorized the Parent Company to conduct a rights issue, by way of offering common shares to certain eligible shareholders. The BSP approved the stock rights offering on March 18, 2014.

The stock rights offering yielded a subscription of 161,609,878 common shares which were listed at the Philippine Stock Exchange on May 13, 2014. The total proceeds of the stock rights offering amounted to ₱7.93 billion, net of stock issuance cost of ₱67.53 million which was deducted from additional paid in capital.

The additional capital will enable the Parent Company to pursue growth strategies while ensuring that its capital adequacy levels remain above the new Basel III requirements, particularly in light of the recent acquisition of PDB.

On May 8, 2014, the BOD approved and the stockholders ratified the increase in the Parent Company's authorized capital stock from ₱20.00 billion to ₱25.00 billion, or from ₱2.00 billion to ₱2.50 billion shares with par value of ₱10.00 per share. The increase in the Parent Company's authorized capital stock was subsequently approved by the BSP and the SEC on August 7, 2014 and August 29, 2014, respectively.

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

Date of SEC Approval	Authorized Shares*
April 12, 1991	100,000
October 7, 1993	150,000
August 30, 1994	200,000
July 26, 1995	250,000
September 12, 1997	500,000
September 5, 2005	1,000,000
September 14, 2007	1,600,000
September 5, 2008	2,000,000
August 29, 2014	2,500,000

**Restated to show the effects of the ten-for-one stock split in 2012*

As reported by the Parent Company's transfer agent, Stock Transfer Service, Inc., the total number of stockholders is 1,980 as of December 31, 2015 and 2014.

<u>Dividends</u>
On May 7, 2015, the BOD approved the declaration of 8.00% stock and ₱1.00 per share cash dividends to stockholders of record as of August 12, 2015. The BSP and SEC approved the dividend declaration on July 10, 2015.

On May 8, 2014, the BOD approved the declaration of 8.00% stock and ₱1.00 per share cash dividends to stockholders of record as of September 19, 2014. The BSP and SEC approved the dividend declaration on July 2, 2014.

On May 2, 2013, the BOD approved the declaration of 10.00% stock and ₱1.20 per share cash dividends to stockholders of record as of July 19, 2013. The BSP and SEC approved the dividend declaration on June 21, 2013.

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines.

As of December 31, 2015 and 2014, surplus includes the amount of ₱1.28 billion, net of deferred tax liability of ₱547.40 million, representing transfer of revaluation increment on land which was carried at deemed cost when the Group transitioned to PFRS in 2005 (Note 11). This amount will be available to be declared as dividends upon sale of the underlying land.

In the consolidated financial statements, a portion of the Group's surplus corresponding to the net earnings of the subsidiaries and associates amounting to ₱296.00 million and ₱233.28 million as of December 31, 2015 and 2014, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon declaration and receipt of cash dividends from the investees.

<u>Reserves</u>
In compliance with BSP regulations, 10.00% of the Parent Company's profit from trust business is appropriated to surplus reserve. This annual appropriation is required until the surplus reserves for trust business equals 20.00% of the Parent Company's authorized capital stock.

Capital Management
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 light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes as of December 31, 2015 and 2014.

Regulatory Qualifying Capital

Under existing BSP regulations, 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 capital) as reported to the BSP. This is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets (RWA), 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 but excluding insurance companies). Qualifying capital and RWA are computed based on BSP regulations. RWA consists of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board of the BSP.

On August 4, 2006, the BSP, under BSP Circular No. 538, issued the prescribed guidelines implementing the revised risk-based capital adequacy framework for the Philippine banking system to conform to Basel II capital adequacy framework. The BSP guidelines took effect on July 1, 2007. Thereafter, banks were required to compute their CAR using these guidelines.

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

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

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

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), starting January 1, 2011 and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital until December 31, 2015. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

The CAR of the Group and the Parent Company as of December 31, 2015 as reported to the BSP are shown in the table below.

	Consolidated		**Parent Company**	
	2015	2014	**2015**	2014
	(Amounts in Million Pesos)			
CET 1 Capital	**₱54,071**	₱53,105	**₱54,136**	₱51,967
Less: Regulatory Adjustments	**6,678**	5,248	**11,124**	7,776
	47,393	47,857	**43,012**	44,191
Additional Tier 1 Capital	**–**	–	**–**	–
Less: Regulatory Adjustments	**–**	–	**–**	–
	–	–	**–**	–
Net Tier 1 Capital	**47,393**	47,857	**43,012**	44,191
Tier 2 Capital	**3,486**	3,196	**2,955**	2,686
Less: Regulatory Adjustments	**–**	–	**–**	–
Net Tier 2 Capital	**3,486**	3,196	**2,955**	2,686
Total Qualifying Capital	**₱50,879**	₱51,053	**₱45,967**	₱46,877

	Consolidated		**Parent Company**	
	2015	2014	**2015**	2014
	(Amounts in Million Pesos)			
Credit RWA	**₱348,149**	₱319,508	**₱294,883**	₱268,359
Market RWA	**2,770**	2,655	**2,274**	2,389
Operational RWA	**25,906**	21,025	**22,703**	20,273
Total RWA	**₱376,825**	₱343,188	**₱319,860**	₱291,021

Notes to Financial Statements

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
	(Amounts in Million Pesos)			
CET 1 capital ratio	**12.58%**	13.95%	**13.45%**	15.18%
Tier 1 capital ratio	**12.58%**	13.95%	**13.45%**	15.18%
Total capital ratio	**13.50%**	14.88%	**14.37%**	16.11%

On August 14, 2015, the MB of the BSP, in its Resolution No. 1292 approved the request of the Parent Company that PDB's compliance with the minimum capital ratios prescribed under Basel III framework be assessed based on the consolidated capital position of the Parent Company, CBSI and PDB up to one (1) year or upon issuance of the certified true copy of the Articles of Merger and Plan of Merger by the SEC, whichever comes earlier.

The Parent Company has complied with all externally imposed capital requirements throughout the period.

The issuance of BSP Circular No. 639 covering the ICAAP in 2009 supplements the BSP's risk-based capital adequacy framework under Circular No. 538. In compliance with this circular, the Parent Company has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Parent Company. The level and structure of capital are assessed and determined in light of the Parent Company'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 has complied with this requirement.

23. RETIREMENT PLAN

The Group has separate funded noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. The retirement plans are administered by the Parent Company's Trust Group which acts as the trustee of the plans. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The latest actuarial valuation studies of the retirement plans were made as of December 31, 2015.

The Group's annual contribution to the retirement plan consists of a payment covering the current service cost, unfunded actuarial accrued liability and interest on such unfunded actuarial liability.

The amounts of net defined benefit asset in the balance sheets follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Net plan assets (Note 14)	**₱785,818**	₱926,671	**₱785,818**	₱926,671
Retirement liabilities (Note 19)	**(164,256)**	(305,773)	**–**	–
	₱621,562	₱620,898	**₱785,818**	₱926,671

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

	Consolidated											
	2015											
			Net benefit cost				Remeasurements in other comprehensive income					
	January 1, 2015	PVO transfer	Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2015
	(a)	(b)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)	(j) = g + h + i	(k)	(l) = a + b + e + f + j + k
Fair value of plan assets	₱4,678,994	₱–	₱–	₱212,682	₱212,682	(₱253,042)	(₱402,428)	₱–	₱–	(₱402,428)	₱236,784	₱4,472,990
Present value of defined benefit obligation	4,058,096	–	386,634	139,272	525,906	(253,042)	–	(257,512)	(222,020)	(479,532)	–	3,851,428
Net defined benefit asset	₱620,898	₱–	(₱386,634)	₱73,410	(₱313,224)	₱–	(₱402,428)	₱257,512	₱222,020	₱77,104	₱236,784	₱621,562

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

Consolidated

2014

			Net benefit cost				Remeasurements in other comprehensive income					
	January 1, 2014	PVO transfer	Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2014
	(a)	(b)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)	(j) = g + h + i	(k)	(l) = a + b + e + f + j + k
Fair value of plan assets	₱4,549,601	₱438,746	₱–	₱250,652	₱250,652	(₱249,985)	(₱420,263)	₱–	₱–	(₱420,263)	₱110,243	₱4,678,994
Present value of defined benefit obligation	3,092,008	585,280	327,056	154,165	481,221	(249,985)	–	(32,082)	181,654	149,572	–	4,058,096
Net defined benefit asset	₱1,457,593	(₱146,534)	(₱327,056)	₱96,487	(₱230,569)	₱–	(₱420,263)	₱32,082	(₱181,654)	(₱569,835)	₱110,243	₱620,898

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

Parent Company

2015

			Net benefit cost				**Remeasurements in other comprehensive income**					
	January 1, 2015	**PVO transfer**	**Current service cost**	**Net interest**	**Net pension expense***	**Benefits paid**	**Return on plan assets (excluding amount included in net interest)**	**Actuarial changes arising from experience adjustments**	**Actuarial changes arising from changes in financial assumptions**	**Changes in remeasurement gains (losses)**	**Contribution by employer**	**December 31, 2015**
	(a)	**(b)**	**(c)**	**(d)**	**(e) = c + d**	**(f)**	**(g)**	**(h)**	**(i)**	**(j) = g + h + i**	**(k)**	**(l) = a + b + e + f + j + k**
Fair value of plan assets	**₱4,234,605**	**₱–**	**₱–**	**₱192,251**	**₱192,251**	**(₱209,041)**	**(₱377,193)**	**₱–**	**₱–**	**(₱377,193)**	**₱51,727**	**₱3,892,349**
Present value of defined benefit obligation	**3,307,934**	**–**	**294,405**	**104,755**	**399,160**	**(209,041)**	**–**	**(165,875)**	**(225,647)**	**(391,522)**	**–**	**3,106,531**
Net defined benefit asset	**₱926,671**	**₱–**	**(₱294,405)**	**₱87,496**	**(₱206,909)**	**₱–**	**(₱377,193)**	**₱165,875**	**₱225,647**	**₱14,329**	**₱51,727**	**₱785,818**

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

Parent Company

2014

			Net benefit cost				Remeasurements in other comprehensive income					
	January 1, 2014	PVO transfer	Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2014
	(a)	(b)	(c)	(d)	(e) = c + d	(f)	(g)	(h)	(i)	(j) = g + h + i	(k)	(l) = a + b + e + f + j + k
Fair value of plan assets	₱4,496,669	₱–	₱–	₱228,232	₱228,232	(₱125,301)	(₱397,682)	₱–	₱–	(₱397,682)	₱32,687	₱4,234,605
Present value of defined benefit obligation	2,994,227	3,532	261,914	124,241	386,155	(125,301)	–	(96,142)	145,463	49,321	–	3,307,934
Net defined benefit asset	₱1,502,442	(₱3,532)	(₱261,914)	₱103,991	(₱157,923)	₱–	(₱397,682)	₱96,142	(₱145,463)	(₱447,003)	₱32,687	₱926,671

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

The Parent Company does not expect to contribute to its defined benefit pension plan in 2016.

In 2015 and 2014, the major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Consolidated		**Parent Company**	
	2015	2014	**2015**	2014
Parent Company shares	**36.77%**	41.12%	**42.26%**	45.44%
Equity instruments	**17.49%**	10.78%	**19.17%**	11.70%
Cash and cash equivalents	**16.44%**	15.40%	**6.70%**	9.34%
Debt instruments	**15.30%**	29.33%	**16.44%**	29.98%
Other assets	**14.00%**	3.37%	**15.43%**	3.54%
	100.00%	100.00%	**100.00%**	100.00%

Notes to Financial Statements

The following table shows the breakdown of fair value of the plan assets:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Due from BSP	**₱189,819**	₱580,384	**₱187,484**	₱279,980
Deposits in banks	**545,480**	140,148	**73,437**	115,381
Financial assets at FVPL	**754,054**	487,016	**739,208**	479,894
AFS financial assets				
Quoted debt securities	**566,644**	735,864	**545,799**	694,609
Quoted equity securities	**28,117**	17,319	**6,781**	15,455
Parent Company shares	**1,644,750**	1,978,052	**1,644,750**	1,924,115
Investments in unit investment trust fund	**109,098**	106,730	**85,382**	106,730
Corporate bonds	**8,750**	475,635	**8,750**	468,266
Loans and receivable	**454,738**	541	**453,881**	504
Investment properties*	**161,148**	143,960	**136,568**	136,568
Other assets	**10,392**	13,345	**10,309**	13,103
	₱4,472,990	₱4,678,994	**₱3,892,349**	₱4,234,605

* Investment properties comprise properties located in Manila.

The carrying value of the plan assets of the Group and Parent Company amounted to ₱4.47 billion and ₱3.89 billion, respectively, as of December 31, 2015, and ₱4.68 billion and ₱4.23 billion, respectively, as of December 31, 2014.

The principal actuarial assumptions used in 2015 and 2014 in determining the retirement liability for the Group's and Parent Company's retirement plans are shown below:

	2015				
	Parent	**CBSI**	**PDB**	**CIBI**	**CBC-PCCI**
Discount rate:					
January 1	**4.54%**	**4.66%**	**4.60%**	**4.49%**	**4.56%**
December 31	**4.45%**	**4.99%**	**4.23%**	**5.10%**	**5.10%**
Salary increase rate	**5.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**

	2014				
	Parent	CBSI	PDB	CIBI	CBC-PCCI
Discount rate:					
January 1	5.08%	5.77%	4.83%	5.88%	5.76%
December 31	4.54%	4.66%	4.60%	4.49%	4.56%
Salary increase rate	6.00%	6.00%	4.00%	6.00%	6.00%

The sensitivity analysis below has been determined based on the impact of reasonably possible changes of each significant assumption on the defined benefit liability as of the end of the reporting period, assuming all other assumptions were held constant:

December 31, 2015	**Parent**	**CBSI**	**PDB**	**CIBI**	**CBC-PCCI**
Discount rate					
(+1%)	**(₱186,222)**	**(₱11,058)**	**(₱30,271)**	**(₱1,072)**	**(₱3,644)**
(-1%)	**267,709**	**14,179**	**44,939**	**1,566**	**7,690**
Salary increase rate					
(+1%)	**252,451**	**13,577**	**41,921**	**1,496**	**7,354**
(-1%)	**(181,218)**	**(10,864)**	**(29,362)**	**(1,059)**	**(3,596)**

December 31, 2014	Parent	CBSI	PDB	CIBI	CBC-PCCI
Discount rate					
(+1%)	(₱261,371)	(₱12,832)	(₱55,340)	(₱1,760)	(₱8,403)
(-1%)	306,542	16,118	64,629	2,190	10,432
Salary increase rate					
(+1%)	284,376	15,302	132,209	2,086	9,818
(-1%)	(248,373)	(12,496)	(101,134)	(1,719)	(8,097)

24. DERIVATIVE FINANCIAL INSTRUMENTS

Occasionally, the Parent Company enters into forward exchange contracts as an accommodation to its clients. These derivatives are not designated as accounting hedges. The aggregate notional amounts of the outstanding buy US dollar currency forwards as of December 31, 2015 and 2014 amounted to US$287.67 million and US$453.42 million, respectively, while the sell US dollar forward contracts amounted to US$440.00 million and US$585.71 million, respectively. Weighted average buy US dollar forward rates as of December 31, 2015 and 2014 are ₱46.76 and ₱44.60, respectively, while the weighted average sell US dollar forward rates are ₱47.32 and ₱44.95, respectively.

The aggregate notional amounts of the outstanding sell Euro currency forwards as of December 31, 2015 amounted to €241.02 million. Weighted average sell Euro forward rates as of December 31, 2015 is ₱51.68.

The aggregate notional amounts of the outstanding sell Japanese yen (JPY) currency forwards as of December 31, 2014 amounted to JPY241.02 million. Weighted average sell JPY forward rates as of December 31, 2014 is ₱0.37.

The aggregate notional amounts of the outstanding IRS as of December 31, 2015 and 2014 amounted to ₱6.95 billion and ₱4.70 billion, respectively.

As of December 31, 2015 and 2014, the fair values of derivatives follow:

	2015		2014	
	Derivative Asset	**Derivative Liability**	Derivative Asset	Derivative Liability
Currency forwards	**₱283,112**	**₱35,876**	₱268,455	₱67,794
IRS	**7,624**	**30,497**	12,369	33,816
Warrants	**9,190**	**–**	8,733	–
	₱299,926	**₱66,373**	₱289,557	₱101,610

Fair Value Changes of Derivatives

The net movements in fair value changes of derivative instruments are as follows:

	2015	2014
Balance at beginning of year	**₱187,947**	₱340,706
Fair value changes during the year	**316,442**	51,291
Settled transactions	**(270,836)**	(204,051)
Balance at end of year	**₱233,553**	₱187,947

The net movements in the value of the derivatives are presented in the statements of income under the following accounts:

	2015	2014	2013
Foreign exchange gain (loss)	**₱47,031**	(₱155,824)	₱740,294
Trading and securities gain (loss)* (Note 20)	**(1,425)**	3,065	(81,352)
	₱45,606	(₱152,759)	₱658,942

*Net movements in the value related to embedded credit derivatives and IRS.

25. LEASE CONTRACTS

The lease contracts are for periods ranging from one to 25 years from the dates of contracts and are renewable under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5.00% to 10.00%.

Annual rentals on these lease contracts included in 'Occupancy cost' in the statements of income in 2015, 2014 and 2013 amounted to ₱615.00 million, ₱522.00 million and ₱296.00 million, respectively, for the Group, and ₱396.88 million, ₱349.00 million and ₱229.00 million, respectively, for the Parent Company.

Future minimum rentals payable of the Group and the Parent Company under non-cancelable operating leases follow:

	Consolidated		**Parent Company**	
	2015	2014	**2015**	2014
Within one year	**₱468,972**	₱530,258	**₱394,965**	₱373,763
After one year but not more than five years	**1,465,118**	1,460,492	**1,204,976**	1,060,264
After five years	**785,931**	497,144	**484,064**	407,164
	₱2,720,021	₱2,487,894	**₱2,084,005**	₱1,841,191

Notes to Financial Statements

The Group and the Parent Company have also entered into commercial property leases on its investment properties (Note 12).

Future minimum rentals receivable under noncancellable operating leases follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Within one year	**₱5,465**	₱8,360	**₱2,792**	₱2,986
After one year but not more than five years	**38,575**	81,045	**5,670**	7,200
After more than five years	**23,867**	–	**–**	–
	₱67,907	₱89,405	**₱8,462**	₱10,186

26. INCOME AND OTHER TAXES

Income taxes include corporate income tax and FCDU final taxes, as discussed below, and final tax paid at the rate of 20.00% on gross interest income from government securities and other deposit substitutes. These income taxes, as well as the deferred tax benefits and provisions, are presented as 'Provision for income tax' in the statements of income.

Republic Act (RA) No. 9337, An Act Amending National Internal Revenue Code, provides that RCIT rate shall be 30.00% while interest expense allowed as a deductible expense is reduced to 33.00% of interest income subject to final tax.

An MCIT of 2.00% on modified gross income is computed and compared with the RCIT. Any excess MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, the NOLCO is allowed as a deduction from taxable income in the next three years from the year of inception.

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

Interest income on deposit placements with other FCDUs and OBUs is taxed at 7.50%, while all other income of the FCDU is subject to the 30.00% corporate tax.

On March 15, 2011, the BIR issued Revenue Regulation (RR) No. 4-2011 which prescribes the attribution and allocation of expenses between FCDUs/EFCDUs or OBU and RBU and within RBU. Pursuant to the regulations, the Parent Company made an allocation of its expenses in calculating income taxes due for RBU and FCDU.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the Parent Company's net revenue.

The provision for income tax consists of:

	Consolidated			Parent Company		
	2015	2014 (As restated - Note 10)	2013	**2015**	2014	2013
Current						
Final tax	**₱435,649**	₱575,434	₱474,708	**₱417,227**	₱472,387	₱474,690
RCIT	**1,007,447**	888,188	367,640	**941,923**	871,033	345,599
MCIT	**29,935**	34,693	–	**–**	–	–
	1,473,031	1,498,315	842,348	**1,359,150**	1,343,420	820,289
Deferred	**(663,062)**	66,612	(167,812)	**(531,080)**	65,412	(170,361)
	₱809,969	₱1,564,927	₱674,536	**₱828,070**	₱1,408,832	₱649,928

The details of net deferred tax assets (liabilities) follow:

	Consolidated		Parent Company	
	2015	2014 (As restated - Note 10)	**2015**	2014
Deferred tax assets (liabilities) on				
Allowance for impairment and credit losses	**₱2,149,489**	₱1,667,492	**₱2,123,705**	₱1,641,350
Fair value adjustments on net assets (liabilities) of PDB and Unity Bank	**(1,115,661)**	(1,173,530)	**–**	–
Revaluation increment on land (Notes 11 and 22)	**(547,405)**	(547,405)	**(547,405)**	(547,405)
Fair value adjustment on asset foreclosure and dacion transactions - net of depreciated portion	**(108,762)**	(142,381)	**(102,637)**	(102,637)
Unrealized gain on FVPL and AFS	**(100,784)**	(100,784)	**(100,784)**	(100,784)
Net defined benefit asset	**(79,348)**	(91,171)	**(79,348)**	(121,602)
Accrued rent	**39,218**	24,827	**32,171**	30,002
Unamortized past service cost	**231**	877	**233**	231
Others	**28,155**	(31,177)	**43,212**	43,212
	₱265,133	(₱393,252)	**₱1,369,147**	₱842,367

The Group did not set up deferred tax assets on the following temporary differences as it believes that it is highly probable that these temporary differences will not be realized in the near foreseeable future:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Allowance for impairment and credit losses	**₱1,969,250**	₱3,346,291	**₱979,955**	₱2,694,671
NOLCO	**467,368**	1,979,436	**–**	–
Accrued compensated absences	**291,386**	282,863	**65,993**	64,855
Excess of MCIT over RCIT	**97,607**	102,549	**–**	–
Others	**43,688**	38,658	**–**	–
	₱2,869,299	₱5,749,797	**₱1,045,948**	₱2,759,526

As of December 31, 2015, details of the Group's NOLCO are as follows:

Inception Year	Original Amount	Used Amount	Expired Amount	Remaining Balance	Expiry Year
2012	₱1,635,735	₱95,584	₱1,540,151	₱–	2015
2013	238,439	–	–	238,439	2016
2014	177,085	–	–	177,085	2017
2015	51,844	–	–	51,844	2018
	₱2,103,103	₱95,584	₱1,540,151	₱467,368	

As of December 31, 2015, details of the excess of MCIT over RCIT of the Group follow:

Inception Year	Original Amount	Used Amount	Expired Amount	Remaining Balance	Expiry Year
2012	₱27,765	₱–	₱27,765	₱–	2015
2013	37,783	–	–	37,783	2016
2014	37,001	–	–	37,001	2017
2015	22,823	–	–	22,823	2018
	₱125,372	₱–	₱27,765	₱97,607	

Notes to Financial Statements

The reconciliation of the statutory income tax to the provision for income tax follows:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Statutory income tax	**₱1,923,764**	₱2,003,974	₱1,732,495	**₱2,002,359**	₱1,957,021	₱1,750,324
Tax effects of						
FCDU income	**(459,351)**	(524,178)	(407,004)	**(472,787)**	(479,306)	(407,254)
Non-taxable income	**(300,817)**	(618,351)	(730,180)	**(330,074)**	(349,137)	(715,564)
Interest income subjected to final tax	**(168,700)**	(453,824)	(246,574)	**(180,071)**	(230,809)	(234,211)
Nondeductible expenses	**(63,433)**	1,234,635	596,864	**(232,661)**	532,835	501,389
Others	**(121,494)**	(77,329)	(271,065)	**41,304**	(21,772)	(244,756)
Provision for income tax	**₱809,969**	₱1,564,927	₱674,536	**₱828,070**	₱1,408,832	₱649,928

27. TRUST OPERATIONS

Securities and other properties (other than deposits) held by the Parent Company in fiduciary or agency capacities for clients and beneficiaries are not included in the accompanying balance sheets since these are not assets of the Parent Company (Note 29).

In compliance with the requirements of current banking regulations relative to the Parent Company's trust functions: (a) government bonds included under AFS financial assets in the balance sheets with a total face value of ₱250.62 million and ₱1.22 billion as of December 31, 2015 and 2014, respectively, are deposited with the BSP as security for the Parent Company's faithful compliance with its fiduciary obligations (Note 8); and (b) a certain percentage of the Parent Company's trust fee income is transferred to surplus reserve. This yearly transfer is required until the surplus reserve for trust function equals 20.00% of the Parent Company's authorized capital stock.

28. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members,
- significant investors
- subsidiaries, joint ventures and associates and their respective subsidiaries, and
- post-employment benefit plans for the benefit of the Group's employees.

The Group has several business relationships with related parties. Transactions with such parties are normally made in the ordinary course of business and based on the terms and conditions discussed below.

<u>Transactions with Retirement Plans</u>

Under PFRS, certain post-employment benefit plans are considered as related parties. The Group has business relationships with a number of its retirement plans pursuant to which it provides trust and management services to these plans. Income earned by the Group and Parent Company from such services amounted to ₱44.19 million and ₱41.35 million, respectively, in 2015, ₱46.91 million and ₱44.05 million, respectively, in 2014, and ₱42.67 million and ₱42.39 million, respectively, in 2013. The Group's retirement funds may hold or trade the Parent Company's shares or securities. Significant transactions of the retirement fund, particularly with related parties, are approved by the Trust Investment Committee (TIC) of the Parent Company. The members of the TIC are directors and key management personnel of the Parent Company.

A summary of transactions with related party retirement plans follows:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Deposits in banks	**₱75,278**	₱415,585	**₱73,437**	₱103,511
AFS financial assets	**1,644,750**	1,978,052	**1,644,750**	1,924,115
Dividend income	**40,939**	37,906	**40,939**	37,906
Interest income	**697**	734	**511**	664
Number of shares held	**44,214**	40,939	**44,214**	40,939
Total market value	**1,644,750**	1,978,052	**1,644,750**	1,924,115

In 2013, dividend income and interest income of the retirement plan from investments and placements in the Parent Company amounted to ₱35.17 million and ₱5.01 million, respectively, for the Group, and ₱35.17 million and ₱4.79 million, respectively, for the Parent Company.

AFS financial assets represent shares of stock of the Parent Company. Voting rights over the Parent Company's shares are exercised by an authorized trust officer.

Remunerations of Directors and other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the ManCom to constitute key management personnel for purposes of PAS 24.

Total remunerations of key management personnel are as follows:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Short-term employee benefits	**₱411,833**	₱400,318	₱344,566	**₱325,324**	₱313,469	₱311,417
Post-employment benefits	**6,526**	7,646	3,736	**3,946**	3,645	2,499
	₱418,359	₱407,964	₱348,302	**₱329,270**	₱317,114	₱313,916

Members of the BOD are entitled to a per diem of ₱500.00 for attendance at each meeting of the Board or of any committees and to four percent of the Parent Company's net earnings, with certain deductions in accordance with BSP regulation. Non-executive directors do not receive any performance-related compensation. Directors' remuneration covers all China Bank Board activities and membership of committees and subsidiary companies.

The Group also provides banking services to directors and other key management personnel and persons connected to them. These transactions are presented in the tables below.

Other Related Party Transactions

Transactions between the Parent Company and its subsidiaries meet the definition of related party transactions. Transactions between the Group and its associated companies also qualify as related party transactions. Details of the Parent Company's subsidiaries and associate are disclosed in Notes 1 and 10.

Group

Related party transactions of the Group by category of related party are presented below.

	December 31, 2015		
Category	**Amount / Volume**	**Outstanding Balance**	**Terms and Conditions**
Significant Investor			
Loans and receivables			These are secured loans with interest rate of 5.13% and maturity of four years; collateral includes shares of stocks with fair value of ₱28.44 billion.
Issuances	**₱–**	**₱2,710,000**	
Repayments	**(290,000)**		
Deposit liabilities		**8,216,412**	These are checking accounts with annual average rate of 0.13%.
Deposits	**3,633,465**		
Withdrawals	**–**		
Associate			
Loans and receivables		**–**	Contract-to-sell loans with annual interest rate from 15.00% to 21.00%.
Issuances	**–**		
Repayments	**(14,311)**		
Deposit liabilities		**948,449**	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**61,703**		
Withdrawals	**(93,953)**		
Key Management Personnel			
Loans and receivables		**16,121**	This includes secured and unsecured loans amounting to ₱16.12 million and ₱8.02 million, respectively. Secured loans bear annual interest rate of 6.00% and maturity of 15 years. Collateral includes real properties with fair value of ₱32.82 million.
Issuances	**7,901**		
Repayments	**(13,458)**		
Deposit liabilities		**35,438**	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**106,168**		
Withdrawals	**(107,432)**		
Other Related Parties			
Deposit liabilities		**25,681,538**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**49,896**		
Withdrawals	**(4,029,046)**		

Notes to Financial Statements

Category	Amount / Volume	Outstanding Balance	Terms and Conditions
	December 31, 2014		
Significant Investor			
Loans and receivables		₱3,000,000	These are secured loans with interest rate of 5.13% and maturity of five years; collateral includes shares of stocks with fair value of ₱22.11 billion.
Issuances	₱3,000,000		
Repayments	(2,400,000)		
Deposit liabilities		4,582,947	These are checking accounts with annual average interest rate of 0.13%.
Deposits	4,582,888		
Withdrawals	(1)		
Associate			
Loans and receivables		14,311	Contract-to-sell loans with annual interest rates ranging from 15.00% to 21.00%.
Issuances	–		
Repayments	481,872		
Deposit liabilities		980,699	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	16,760,465		
Withdrawals	(15,931,839)		
Key Management Personnel			
Loans and receivables		₱21,678	These are secured loans with interest rates ranging from 5.50% to 8.00% and maturity of 15 years. Collateral includes real properties with fair value of ₱31.08 million.
Issuances	₱9,091		
Repayments	(30,163)		
Deposit liabilities		36,702	These are checking, savings and time deposit accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	281,250		
Withdrawals	(362,831)		
Other Related Parties			
Deposit liabilities		₱29,660,688	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	₱37,294,856		
Withdrawals	(7,791,869)		

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2015, 2014, and 2013 follow:

	Significant Investor			Associate		
	2015	2014	2013	**2015**	2014	2013
Interest income	**₱142,662**	₱146,695	₱20,556	**₱1,288**	₱14,341	₱–
Interest expense	**8**	1	4	**2,411**	1,332	172
	Key Management Personnel			**Other Related Parties**		
	2015	2014	2013	**2015**	2014	2013
Interest income	**₱1,039**	₱1,133	₱316	**₱–**	₱42,660	₱–
Interest expense	**1,270**	466	107	**125**	199	120

Related party transactions of the Group with significant investor, associate and other related parties pertain to transactions of the Parent Company with these related parties.

Parent Company
Related party transactions of the Parent Company by category of related party, except those already presented in the Group disclosures, are presented below.

Category	**Amount / Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
	December 31, 2015		
Subsidiaries			
Deposit liabilities		**₱6,508,157**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**₱35,001**		
Withdrawals	**(50,340)**		
Associate			
Deposit liabilities		**4,550,697**	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**61,703**		
Withdrawals	**(93,953)**		

(Forward)

Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
	December 31, 2015		
Key Management Personnel			
Loans and receivables		**1,752**	Loans with interest rates ranging from 6.00% to 8.00% and maturity of 15 years.
Issuances	**453**		
Repayments	**(856)**		
Deposit liabilities		**12,901**	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**99,867**		
Withdrawals	**(100,466)**		
Other Related Parties			
Deposit liabilities		**25,609,152**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**12,718**		
Withdrawals	**(4,029,046)**		

Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
	December 31, 2014		
Subsidiaries			
Deposit liabilities		₱6,523,496	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	₱9,082,347		
Withdrawals	(3,005,426)		
Associate			
Deposit liabilities		4,582,947	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	4,582,888		
Withdrawals	(1)		
Key Management Personnel			
Deposit liabilities		13,500	These are savings account with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	263,274		
Withdrawals	(326,665)		
Other Related Parties			
Deposit liabilities		29,625,480	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	37,261,605		
Withdrawals	(7,791,869)		

In 2015, PDB sold its investment property to the Parent Company for a total selling price of ₱464.52 million. PDB recognized gain on such sale amounting to ₱55.30 million. PDB's gain on sale was eliminated at the group level. In addition, CBSI assigned its portfolio of receivables to PDB amounting to ₱2.83 billion.

As of December 31, 2014, CBSI has an outstanding letters of credit (LC) line with the Parent Company amounting to US$10.00 million to accommodate the LC requirement of its clients (Note 29).

The related party transactions shall be settled in cash. There are no provisions for credit losses in 2015, 2014 and 2013 in relation to amounts due from related parties.

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2015, 2014 and 2013 follow:

	Subsidiaries			**Associate**		
	2015	2014	2013	**2015**	2014	2013
Interest expense	**₱137**	₱203	₱224	**₱19**	₱1,081	₱–

	Key Management Personnel			**Other Related Parties**		
	2015	2014	2013	**2015**	2014	2013
Interest income	**₱78**	₱98	₱316	**₱–**	₱42,660	₱–
Interest expense	**76**	55	107	**27**	106	–

Outstanding loan balances with related parties are unimpaired as at year-end, thus no impairment allowance was recorded.

Notes to Financial Statements

Outright purchases and outright sale of debt securities of the Parent Company with its subsidiaries in 2015 and 2014 follow:

	Subsidiaries	
	2015	2014
Peso-denominated		
Outright purchase	**₱277,420**	₱637,890
Outright sale	**603,000**	558,567
Dollar-denominated		
Outright purchase	**US$9,000**	US$1,800
Outright sale	**5,934**	1,400

The following table shows the amount and outstanding balance of other related party transactions included in the financial statements:

	Subsidiaries		
	2015	2014	**Nature, Terms and Conditions**
Balance Sheet			
Accounts receivable	**₱3,301**	₱1,724	This pertains to various expenses advanced by CBC in behalf ofCBSI
Security deposits	**2,445**	2,193	This pertains to the rental deposits with CBSI for office space leased out to the Parent Company
Accounts payable	**3,303**	6,683	This pertains to various unpaid rental to CBSI

	Subsidiaries			
	2015	2014	2013	**Nature, Terms and Conditions**
Income Statement				
Miscellaneous income	**₱1,800**	₱1,800	₱1,800	Human resources functions provided by the Parent Company to its subsidiaries (except CBC Forex and Unity Bank) such as recruitment and placement, training and development, salary and benefits development, systems and research, and employee benefits. Under the agreement between the Parent Company and its subsidiaries, the subsidiaries shall pay the Parent Company an annual fee
Occupancy cost	**16,266**	16,411	18,240	Certain units of the condominium owned by CBSI are being leased to the Parent Company for a term of five years, with no escalation clause
Miscellaneous expense	**122,260**	103,364	93,348	This pertains to the computer and general banking services provided by CBC-PCCI to the Parent Company to support its reporting requirements

Regulatory Reporting
As required by the BSP, the Group discloses loan transactions with its and affiliates and investees and with certain directors, officers, stockholders and related interests (DOSRI). Under existing banking regulations, the limit on the amount of individual loans to DOSRI, of which 70.00% must be secured, should not exceed the regulatory capital or 15.00% of the total loan portfolio, whichever is lower. These limits do not apply to loans secured by assets considered as non-risk as defined in the regulations.

BSP Circular No. 423, dated March 15, 2004, amended the definition of DOSRI accounts. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to said Circular, and new DOSRI loans, other credit accommodations granted under said Circular:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Total outstanding DOSRI loans	**₱5,022,503**	₱6,202,178	**₱4,997,513**	₱6,136,700
Percent of DOSRI loans granted under regulations existing prior to BSP Circular No. 423	**–**	–	**–**	–
Percent of DOSRI loans granted under BSP Circular No. 423	**–**	–	**–**	–
Percent of DOSRI loans to total loans	**1.59%**	2.09%	**1.88%**	2.44%
Percent of unsecured DOSRI loans to total DOSRI loans	**3.05%**	5.65%	**3.02%**	5.69%

The amounts of loans disclosed for related parties above differ with the amounts disclosed for key management personnel since the composition of DOSRI is more expansive than that of key management personnel.

BSP Circular No. 560 provides that the total outstanding loans, other credit accommodation and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/ quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank.

On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty-five (25.00%) of the net worth of the lending bank/quasi-bank to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation.

29. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. Management does not anticipate any material losses as a result of these transactions.

The following is a summary of contingencies and commitments of the Group and the Parent Company with the equivalent peso contractual amounts:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Trust department accounts (Note 27)	**₱82,677,515**	₱71,201,164	**₱78,663,914**	₱65,826,813
Future exchange sold	**21,031,257**	26,415,835	**21,031,257**	26,415,835
Unused commercial letters of credit (Note 28)	**18,440,951**	19,520,001	**18,431,395**	19,185,364
Future exchange bought	**13,407,792**	20,223,682	**13,407,792**	20,223,682
Credit card lines	**7,435,851**	58,410	**7,435,851**	58,410
IRS receivable	**6,950,000**	4,700,000	**6,950,000**	4,700,000
Outstanding guarantees issued	**5,725,655**	930,028	**792,581**	929,378
Standby credit commitment	**3,259,734**	5,902,400	**3,259,734**	2,652,657
Spot exchange bought	**1,130,390**	1,207,450	**1,130,390**	1,207,450
Spot exchange sold	**753,930**	939,405	**753,930**	939,405
Deficiency claims receivable	**297,073**	297,073	**297,073**	297,073
Late deposits/payments received	**245,924**	713,738	**210,993**	655,130
Inward bills for collection	**144,155**	242,966	**144,155**	242,966
Outward bills for collection	**76,230**	246,692	**74,508**	245,055
Others	**14,125**	4,738	**13,991**	4,587

30. SEGMENT INFORMATION

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the markets served, with each segment representing a strategic business unit. In 2014, the Group's organization structure was realigned in a manner that caused the composition of its reportable segments to change. From four major groups (Consumer Banking, Institutional Banking, Branch Banking and Treasury), the Group now has three major business segments, namely:

The Group's business segments are as follows:

a. Lending Business – principally handles all the lending, trade finance and corollary banking products and services offered to corporate and institutional customers as well as selected middle market clients. It also handles home loans, contract-to-sell receivables and auto loans for individual and corporate customers. Aside from the lending business, it also provides cash management services and remittance transactions;

b. Retail Banking Business – principally handles retail and commercial loans, individual and corporate deposits, overdrafts and funds transfer facilities, trade facilities and all other services for retail customers;

c. Financial Capital Markets and Investments – principally provides money market, trading and treasury services, manages the Group's funding operations by the use of government securities, placements and acceptances with other banks as well as offers advisory and capital-raising services to corporate clients and wealth management services to high-net-worth customers; and

d. Others – handles other services including but not limited to trust and investment management services, asset management, insurance brokerage, credit management, thrift banking business, operations and financial control, and other support services.

Notes to Financial Statements

The Group's businesses are organized to cater to the banking needs of market segments, facilitate customer engagement, ensure timely delivery of products and services as well as achieve cost efficiency and economies of scale. Accordingly, the corresponding segment information for all periods presented herein are restated to reflect such change.

The Group reports its primary segment information to the Chief Operating Decision Maker (CODM) on the basis of the above-mentioned segments. The CODM of the Group is the Chief Operating Officer.

Segment assets are those operating assets that are employed by a segment in its operating activities that are either 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 segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on a pool rate which approximates the marginal cost of funds.

Other operating income mainly consists of trading and securities gain (loss) - net, service charges, fees and commissions, trust fee income and foreign exchange gain - net. Other operating expense mainly consists of compensation and fringe benefits, provision for impairment and credit losses, taxes and licenses, occupancy, depreciation and amortization, stationery, supplies and postage and insurance. Other operating income and expense are allocated between segments based on equitable sharing arrangements.

The Group has no significant customers which contributes 10.00% or more of the consolidated revenues.

The Group's asset producing revenues are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is no longer presented.

The following tables present relevant financial information regarding business segments measured in accordance with PFRS as of and for the years ended December 31, 2015, 2014 and 2013 (with corresponding items of segment information for earlier periods restated to reflect the new composition of reportable segments):

	Lending Business			**Retail Banking Business**		
	2015	2014	2013	**2015**	2014	2013
Results of Operations						
Net interest income						
Third party	**₱9,884,601**	₱8,972,673	₱7,451,694	**₱247,320**	(₱187,269)	(₱544,700)
Intersegment	**(5,226,806)**	(3,102,914)	(3,233,697)	**6,377,212**	4,564,274	4,150,825
	4,657,795	5,869,759	4,217,997	**6,624,532**	4,377,005	3,606,125
Other operating income	**885,555**	633,077	657,680	**1,420,568**	1,296,578	1,186,744
Total revenue	**5,543,350**	6,502,836	4,875,677	**8,045,100**	5,673,583	4,792,869
Other operating expense	**(1,361,427)**	(1,172,810)	(1,078,260)	**(5,472,577)**	(5,109,623)	(4,770,170)
Income before income tax	**4,181,923**	5,330,026	3,797,417	**2,572,523**	563,960	22,699
Provision for income tax	**–**	(3,612)	–	**(5,000)**	(6,550)	(4,650)
Net income	**₱4,181,923**	₱5,326,414	₱3,797,417	**₱2,567,523**	₱557,410	₱18,049
Total assets	**₱200,906,783**	₱196,097,393	₱168,272,868	**₱124,073,281**	₱239,928,734	₱229,840,578
Total liabilities	**₱1,050,634**	₱775,648	₱896,570	**₱336,671,277**	₱296,507,001	₱276,074,955
Depreciation and amortization	**₱39,019**	₱21,879	₱12,160	**₱300,010**	₱309,589	₱345,769
Provision for impairment and credit losses	**₱258,725**	₱377,664	₱412,468	**₱217,447**	₱264,341	₱173,267
Capital expenditures	**₱15,713**	₱9,341	₱11,740	**₱15,880**	₱92,164	₱87,630

	Financial Capital Markets and Investments			Other Business and Support Units		
	2015	2014	2013	**2015**	2014	2013
Results of Operations						
Net interest income						
Third party	**₱2,446,783**	₱2,599,321	₱2,273,313	**₱2,506,480**	₱2,704,022	₱755,684
Intersegment	**(567,059)**	(541,263)	(665,313)	**(583,347)**	(920,097)	(251,815)
	1,879,724	2,058,058	1,608,000	**1,923,133**	1,783,925	503,869
Other operating income	**1,393,658**	1,413,239	2,240,750	**787,361**	1,416,383	1,075,418
Total revenue	**3,273,382**	3,471,297	3,848,750	**2,710,494**	3,200,308	1,579,287
Other operating expense	**(651,534)**	(601,704)	(694,222)	**(5,674,243)**	(5,283,975)	(2,778,948)
Income before income tax	**2,621,848**	2,869,593	3,154,528	**(2,963,749)**	(2,083,667)	(1,199,661)
Provision for income tax	**(357,864)**	(451,402)	(445,260)	**(447,105)**	(1,103,363)	(224,626)
Net income	**₱2,263,984**	₱2,418,191	₱2,709,268	**(₱3,410,854)**	(₱3,187,030)	(₱1,424,287)
Total assets	**₱104,004,670**	₱69,282,581	₱101,335,787	**₱97,842,229**	(₱34,087,895)	(₱85,751,310)
Total liabilities	**₱59,108,627**	₱43,584,546	₱64,108,438	**₱70,825,521**	₱73,786,135	₱27,218,261
Depreciation and amortization	**₱20,199**	₱13,950	₱8,612	**₱620,184**	₱576,346	₱386,345
Provision for impairment and credit losses	**₱–**	₱–	₱–	**₱490,402**	(₱201,104)	(₱171,399)
Capital expenditures	**₱8,799**	₱66,145	₱5,922	**₱1,453,590**	₱896,254	₱1,059,949

	Total		
	2015	2014	2013
Results of Operations			
Net interest income			
Third party	**₱15,085,184**	₱14,088,747	₱9,935,991
Intersegment	**–**	–	–
	15,085,184	14,088,747	9,935,991
Other operating income	**4,487,142**	4,759,277	5,160,592
Total revenue	**19,572,326**	18,848,024	15,096,583
Other operating expense	**(13,159,781)**	(12,168,112)	(9,321,600)
Income before income tax	**6,412,545**	6,679,912	5,774,983
Provision for income tax	**(809,969)**	(1,564,927)	(674,536)
Net income	**₱5,602,576**	₱5,114,985	₱5,100,447
Total assets	**₱526,826,963**	₱471,220,813	₱413,697,923
Total liabilities	**₱467,656,059**	₱414,653,330	₱368,298,224
Depreciation and amortization	**₱979,412**	₱921,764	₱752,886
Provision for impairment and credit losses	**₱966,574**	₱440,901	₱414,336
Capital expenditures	**₱1,493,982**	₱1,063,904	₱1,165,241

31. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year (adjusted for stock dividends).

The following reflects the income and share data used in the basic earnings per share computations:

	2015	2014	2013
a. Net income attributable to equity holders of the parent	**₱5,606,666**	₱5,117,832	₱5,103,258
b. Weighted average number of common shares outstanding* (Note 22)	**1,853,728**	1,853,728	1,853,728
c. EPS (a/b)	**₱3.02**	₱2.76	₱2.75

*Weighted average number of outstanding common shares in 2014 and 2013 was recomputed after giving retroactive effect to stock rights and stock dividends distributed in 2015 (Note 22).

As of December 31, 2015, 2014 and 2013, there were no outstanding dilutive potential common shares. Before consideration of the 8.00% stock dividends distributed in 2015, the EPS for 2014 and 2013 were ₱3.08 and ₱3.27, respectively.

Notes to Financial Statements

32. FINANCIAL PERFORMANCE

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2015	2014	2013	2015	2014	2013
Return on average equity	**9.62%**	9.91%	11.31%	9.97%	9.90%	11.53%
Return on average assets	**1.17%**	1.12%	1.45%	1.41%	1.30%	1.53%
Net interest margin	**3.37%**	3.30%	2.98%	3.20%	3.20%	2.94%

33. NON-CASH INVESTING ACTIVITIES

The following is a summary of certain non-cash investing activities that relate to the analysis of the statements of cash flows:

	Consolidated		
	2015	2014	2013
Addition to investment properties from settlement of loans	**₱960,332**	₱1,485,082	₱504,758
Fair value gain in AFS financial assets	**(610,521)**	202,452	(1,441,364)
Addition to equity investment	**–**	145,028	–
Cumulative translation adjustment	**(16,734)**	(86,686)	131,858
Addition to chattel mortgage from settlement of loans	**112,056**	22,943	16,391
Addition to investment properties from settlement of loans	**₱257,851**	₱498,255	₱419,629
Fair value gain in AFS financial assets	**(464,471)**	188,354	(1,418,821)
Addition to equity investment	**–**	145,028	–
Cumulative translation adjustment	**(14,914)**	(87,715)	131,858
Addition to chattel mortgage from settlement of loans	**₱2,244**	₱7,817	₱9,810

34. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The amendments to PFRS 7 require the Group to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding table.

December 31, 2015

Financial instruments recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effects of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Financial assets						
Currency forwards	**₱109,265**	**₱–**	**₱109,265**	**₱2,926**	**₱–**	**₱106,339**
IRS	**7,624**	**–**	**7,624**	**7,243**	**–**	**381**
	₱116,889	**₱–**	**₱116,889**	**₱10,169**	**₱–**	**₱106,720**
Financial liabilities						
Bills payable	**₱11,053**	**₱–**	**₱11,053**	**₱12,806**	**₱561,212**	**₱–**
Currency forwards	**2,926**	**–**	**2,926**	**2,926**	**–**	**–**
IRS	**30,497**	**–**	**30,497**	**7,243**	**20,267**	**2,987**
	₱44,476	**₱–**	**₱44,476**	**₱22,975**	**₱581,479**	**₱2,987**

December 31, 2014						
				Effects of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
Financial instruments recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Financial instruments	Fair value of financial collateral	Net exposure [c-d]
	[a]	[b]	[c]	[d]		[e]
Financial assets						
Currency forwards	₱120,866	₱–	₱120,866	₱12,974	₱–	₱107,892
IRS	12,369	–	12,369	9,689	–	2,680
	₱133,235	₱–	₱133,235	₱22,663	₱–	₱110,572
Financial liabilities						
Bills payable	₱4,271,040	₱–	₱4,271,040	₱5,328,708	₱338,097	₱–
Currency forwards	12,974	–	12,974	12,974	–	–
IRS	33,816	–	33,816	9,689	4,976	19,151
	₱4,317,830	₱–	₱4,317,830	₱5,351,371	₱343,073	₱19,151

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. These include amounts related to financial collateral both received and pledged, whether cash or non-cash collateral, excluding the extent of over-collateralization.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying consolidated and parent company financial statements were authorized for issue by the Parent Company's BOD on March 2, 2016.

36. SUPPLEMENTARY INFORMATION REQUIRED UNDER RR NO. 15-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the details of percentage and other taxes paid or accrued by the Parent Company in 2015.

Gross receipts tax	₱662,694
Documentary stamps tax	474,759
Local taxes	54,236
Fringe benefit tax	5,424
Others	22,492
Balance at end of year	₱1,219,605

Withholding Taxes

Details of total remittances of withholding taxes in 2015 and amounts outstanding as of December 31, 2015 are as follows:

	Total remittances	Amounts outstanding
Final withholding taxes	₱541,857	₱45,116
Withholding taxes on compensation and benefits	485,447	52,165
Expanded withholding taxes	98,288	8,312
	₱1,125,592	₱105,593

China Bank Branches

MAKATI MAIN BRANCH (HO)
CBC Bldg., 8745 Paseo de Roxas
cor. Villar Sts., Makati City
Trunkline: 885-5555
(Private Exchange Connecting All Departments)
Fax Nos.: 892-0220; 817-1325
Marissa A. Auditor

BINONDO BUSINESS CENTER
CBC Bldg., Dasmariñas
cor. Juan Luna Sts., Binondo, Manila
Trunklines: 247-5388; 8855-222
(Private Exchange Connecting All Departments)
Fax Nos.: 241-7058; 242-7225
Shirley T. Tan

METRO MANILA

999 MALL BRANCH
Unit 3D-5; 3D-7 999 Shopping Mall
Bldg. 2 Recto-Soler Sts. Binondo, Manila
Tel. Nos.: 523-1216 to 19
Fax No.: 523-1215
Arnold S. Castillo

ANTIPOLO CITY BRANCH
G/F BudgetLane Arcade
No. 6, Provincial Road
Brgy. San Jose, Antipolo City, Rizal
Tel. Nos.: 650-3277; 650-2087
695-1509
Fax No.: 650-2640
Judy Kristine N. Achacoso

ANTIPOLO- SUMULONG HIGHWAY BRANCH
No. 219 Sumulong Highway
Brgy. Mambugan, Antipolo City, Rizal
Tel. Nos.: 632-7309; 632-7573
655-8087
Irene S. Lopez

ARANETA AVE. BRANCH
Philippine Whithasco Bldg.
420 Araneta Avenue, cor. Bayani St.
Quezon City
Tel. Nos.: 731-2252; 731-2261
732-4153; 731-2179
731-2216; 410-6753
Fax No.: 410-3026
Arlene T. Uy

ARRANQUE BRANCH
Don Felipe Building
675 Tomas Mapua St., Sta. Cruz, Manila
Tel. Nos.: 733-3477; 734-4777
733-7704; 733-8335 to 40
734-4497; 734-4501/06
Fax No.: 733-3481
Flora C. Peña

ASUNCION BRANCH
Units G6 & G7 Chinatown Steel Towers
Asuncion St., San Nicolas, Manila
Tel. Nos.: 241-2311/52/59/61
Fax No.: 241-2352
Mary Ann E. Tiu

AYALA-ALABANG BRANCH
G/F, CBC-Building Acacia Ave.
Madrigal Business Park
Ayala Alabang, Muntinlupa City
Tel. Nos.: 807-0673 to 74
850-3785/9640/8888
Fax No.: 850-8670
Victoria G. Capacio

AYALA-COLUMNS BRANCH
G/F The Columns Tower 3
Ayala Avenue, Makati City
Tel. Nos.: 915-3672 to 75
Fax No.: 915-3672
Lorela M. Guillermo

BALINTAWAK-BONIFACIO BRANCH
657 A. Bonifacio Avenue
Balintawak, Quezon City
Tel. Nos.: 361-3449; 361-7825
362-3660; 361-0450
Fax No.: 361-0199
Vivian T. Kho

BALUT BRANCH
North Bay Shopping Center
Honorio Lopez Boulevard
Balut, Tondo, Manila
Tel. Nos.: 253-9921/29; 253-9620
251-1182/86
Fax No.: 253-9917
Sonny T. Padua

BANAWE BRANCH
CBC Building, 680 Banawe Avenue
Sta. Mesa Hts. District I, Quezon City
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BANAWE- MA. CLARA BRANCH
G/F Prosperity Bldg., Banawe St.
Quezon City
Tel. Nos.: 732-1060; 740-4864
743-8967
Fax No.: 740-4864
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BEL-AIR BRANCH
G/F Avant Building, 48 Jupiter
cor. Mars Streets, Bel-Air Village
Makati City
Tel. Nos.: 897-2212; 899-4186
899-0685
Fax No.: 890-4062
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128 Doña Soledad Ave., Parañaque City
Tel. Nos.: 556-3467; 556-3468
556-3470
Fax No.: 556-3470
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BF HOMES BRANCH
Aguirre cor. El Grande Aves.
United BF Homes, Parañaque City
Tel. Nos.: 825-6138/6891/6828
Fax No.: 825-5979
Charity N. Santos

BF HOMES-AGUIRRE BRANCH
Margarita Centre, Aguirre Ave. corner
Elsie Gaches Street
BF Homes, Parañaque City
Tel. Nos.: 799-4707/4942
659-3359/60; 556-5845
Fax No.: 659-3359
Maria Adelfa E. Bolivar

BF RESORT VILLAGE BRANCH
BF Resort Drive cor. Gloria Diaz St.
BF Resort Village Talon Dos
Las Piñas City
Tel. Nos.: 873-4540 to 42
Fax No.: 873-4543
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BGC- ONE WORLD PLACE BRANCH
G/F One World Place, 32nd Avenue
Fort Bonifacio Global City, Taguig City
Tel. Nos.: 869-6309;843-2448
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BINANGONAN BRANCH
National Highway, Bo. Tagpos
Binangonan, Rizal
Tel. Nos.: 669-1530; 669-1659
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BLUMENTRITT BRANCH
1777-1781 Cavite corner Leonor Rivera
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Tel. Nos.: 742-0254; 711-8589
Fax No.: 711-8541
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BO. KAPITOLYO BRANCH
G/F P&E Building, 12 United
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Tel. Nos.: 634-8370/8915/3697
Fax No.: 634-7504
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G/F Greenhills Garden Square, 297
Col. Bonny Serrano Ave., Quezon City
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Tel. Nos.: 646-0691/93; 645-9974
682-1795
Fax No.: 646-0050
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G/F 88 Design Pro Building, Capitol Hills
Old Balara, Quezon City
Tel. Nos.: 952-7776/7805/7804
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LGF Ever Gotesco Mall
Commonwealth Center
Commonwealth Avenue corner
Don Antonio Road, Quezon City
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G/F The Clubhouse, Corinthian Hills
Temple Drive Brgy. Ugong Norte
Quezon City
Tel. Nos.: 637-3170/3180/1915
Fax No.: 637-1905
Ma. Anacleta B. Gloria

CUBAO-ARANETA BRANCH
Shopwise Arcade Building
Times Square St., Araneta Shopping
Center, Cubao, Quezon City
Tel. Nos.: 911-2369/70
438-3830 to 32; 911-2397
Fax No.: 911-2432
Arnulfo C. Tongson

CUBAO-AURORA BRANCH
911 Aurora Boulevard Extension corner
Miami Street, Cubao, Quezon City
Tel. Nos.: 912-5164/57
913-4675/76; 911-3524
Fax No.: 912-5167
Ramiro Mateo D. Valdivia

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No. 287 P. Tuazon Ave. near
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Cubao, Quezon City
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No. 419, Tandang Sora Ave.
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Fax No.: 731-0592
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Clubhouse, Damar Village, Quezon City
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2283 Pasong Tamo Ext.
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Tel. Nos.: 894-2392/93; 813-2958
Fax No.: 894-2355
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New Divisoria Condominium Center
632 Sta. Elena St., Binondo, Manila
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Fax No.: 247-1436
Mary Elizabeth Uy

DON ANTONIO BRANCH
G/F Royale Place, Don Antonio Ave.
Brgy. Old Balara, Quezon City
Tel. Nos.: 932-9477; 952-9678/9354
Fax No.: 952-9344
Lilibeth M. David

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No. 497 Del Monte Ave.
Bgry. Manresa, Quezon City
Tel. Nos.: 413-2826; 413-2825
916-8828; 871-2745
Fax No.: 361-1101
Wendy C. Tan

DEL MONTE-MATUTUM BRANCH
No. 202 Del Monte Avenue near corner
Matutum St. Brgy St. Peter, Quezon City
Tel. Nos.: 731-2535; 731-2571
413-2118; 416-7791
Fax No.: 416-7791
Stella A. Lim

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G/F Suncrest Building
E. Rodriguez Jr. Ave., Quezon City
Tel. Nos.: 654-3607; 654-3586
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No. 291 (G/F Units 285 & 287)
E. Rodriguez Sr. Blvd., Brgy. Doña Josefa
Quezon City
Tel. Nos.: 257-1512; 256-5292
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No. 402 E. Rodriguez Sr. Blvd.
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Tel. Nos.: 571-8927 to 29
Fax No.: 571-8927
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E. RODRIGUEZ SR. BLVD. BRANCH
CBC Bldg., #286 E. Rodriguez Sr. Blvd.
Brgy. Damayang Lagi, Quezon City
Tel. Nos.: 416-3166; 722-5860
722-5893;
725-9641 (MCB)
Fax No.: 726-2865
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Unit D, Techno Plaza One, Eastwood City
Cyberpark, E. Rodriguez Jr. Ave.
(C-5) Bagumbayan, Quezon City
Tel. Nos.: 706-3491/3493/1979
706-3320/3448
Fax No.: 438-5531
Ramiro A. Amanquiton

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No. 531 (Lot 5 Block 30)
EDSA near corner Biglang Awa Street
Kalookan City
Tel. Nos.: 442-4338 to 40
Fax No.: 442-4339
Dolores L. Chua Tan Guat

EDSA-TIMOG AVE. BRANCH
G/F Richwell Corporate Center
102 Timog Ave., Brgy. Sacred Heart
Quezon City
Tel. Nos.: 441-5225 to 27
Fax No.: 441-5228
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G/F Elcano Tower, Elcano Street
San Nicolas, Manila
Tel. Nos.: 244-6760; 244-6765
244-6779
Fax No.: 244-6760
Gervie Roy S. Mendoza

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Ground Floor A, Ma. Natividad Bldg.
#470 T. M. Kalaw cor. Cortada Sts.
Ermita, Manila
Tel. Nos.: 525-6477;536-7794
525-6544;523-0074
523-9862
Fax No.: 525-8137
Gloria G. Mañosca

ESPAÑA BRANCH
España corner Valencia Sts.
Sampaloc, Manila
Tel. Nos.: 741-9572/6209/6208/9565
Fax No.: 741-6207
Jose Omar S. Yuan

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No. 1525 Quezon Ave. cor. Examiner St.
West Triangle, Quezon City
Tel. Nos.: 376-3313/3314/3317/3318
Fax No.: 376-3315
Crislyn R. David

EVANGELISTA BRANCH
Evangelista corner Gen. Estrella Sts.
Bangkal, Makati City
Tel. Nos.: 759-5095; 759-5096
856-0434; 856-0433
Fax No.: 759-5096
Sheijan A. Baladji

FAIRVIEW BRANCH
G/F Angelenix House, Fairview Ave.
corner Camaro St., Quezon City
Tel. Nos.: 937-5597; 938-9636
937-8086;461-3004
Fax No.: 937-8086
Anna Mercedes B. Flores

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G/F Wilcon Depot, Alabang- Zapote road
cor. Bridgeway Ave., Filinvest Corporate
City, Alabang, Muntinlupa
Tel. Nos.: 775-0097/0126
842-1993/2198
807-2657
Fax No.: 775-0322
Mary Grace D.P. Macaraig

FIVE E-COM CENTER BRANCH
G/F Five E-Com Center, Harbor Drive
MOA Complex, Pasay City
Tel. Nos.: 815-1883/84/87
Charmaine V. Santos

FORT BONIFACIO GLOBAL CITY BRANCH
G/F Marajo Tower, 26th Street
corner 4th Avenue Fort Bonifacio
Global City, Taguig City
Tel. Nos.: 799-9072/9074
856-4416/4891/5196
403-1558
Fax No.: 856-4416
Shellane S. Salgatar

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Mitsu Bldg., No. 65 Sen. Gil Puyat Ave.
Brgy. Palanan, Makati City
Tel. Nos.: 844-0492/94
844-0688/90
Fax No.: 844-0497
Juvy P. Caguiat

GIL PUYAT AVE. – ELIZABETH PLACE BRANCH
G/F Elizabeth Place, Gil Puyat Ave.
Makati City
Opening Date: April 5, 2016
Lorella M. Guillermo

GREENBELT 1 BRANCH
G/F Greenbelt 1, Legaspi Street near
corner Paseo de Roxas, Makati City
Tel. Nos.: 836-1387; 836-1405
836-1406
Fax No.: 836-1406
Lorena M. Calpito

GREENHILLS BRANCH
G/F Gift Gate Bldg.
Greenhills Shopping Center
San Juan, Metro Manila
Tel. Nos.: 721-0543/56; 721-3189
727-9520; 724-5078
724-6173; 727-2798
Fax No.: 726-7661
Maria Marta Theresa S. Suarez

GREENHILLS-CONNECTICUT BRANCH
G/F Missouri Square Bldg.
Missouri cor. Connecticut St.
Northeast Greenhills, San Juan City
Tel. Nos.: 997-3452; 997-3455
Clara C. Sy

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CBC-Building, 14 Ortigas Avenue
Greenhills, San Juan, Metro Manila
Tel. Nos.: 723-0530/01
723-0502/04
726-1492; 727-4163
Fax Nos.: 723-0556; 725-9025
Jose Redentor V. Trinidad

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Quezon Ave. corner J. Abad Santos
Street, Heroes Hills, Quezon City
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411-3375; 412-5697
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Mirasol C. Ruiz

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CBC Building Lot 18 Block 6 Holy Spirit
Drive, Don Antonio Heights
Brgy. Holy Spirit, Quezon City
Tel. No.: 355-8665
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#947 APL-YSL Bldg.
Ilaya, Tondo, Manila
Tel. Nos.: 245-2416; 245-2548
245-2557
Fax No.: 245-2545
Jefferson G. Ching

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No. 409 A. Soriano Avenue
Intramuros, Manila
Tel. Nos.: 528-4241; 536-1044
536-5971; 310-5122
Fax No.: 536-1044
Shirley L. Coquinco

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2159 J. Abad Santos Ave.
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Josephine D. Paredes

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Fax No.: 332-3859
Rowena C. Lagman

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CBC Bldg., 167 Rizal Avenue Extension
Grace Park, Kalookan City
Tel. Nos.: 364-0515/35
364-0717/31; 364-0494
364-9948; 366-9457
Fax No.: 364-9864
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No. 279 Rizal Avenue corner 8th Ave.
Grace Park, Kalookan City
Tel. Nos.: 287-0001; 287-0262
Fax No.: 287-0262
Catherine Ann H. Chua- Baylon

KALOOKAN-CAMARIN BRANCH
Annex Bldg. Space No. 3, Zabarte Town Center, No. 588 Camarin Road corner Zabarte Road, Kalookan City
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LAS PIÑAS BRANCH
CBC- Bldg., Alabang-Zapote Road cor. Aries St., Pamplona Park Subd.
Las Piñas City
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Alabang-Zapote Road cor. Philamlife Ave., Pamplona Dos, Las Piñas City
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G/F CAP Bldg. Herrera cor. Amorsolo Sts.
Legaspi Village, Makati City
Tel. Nos.: 832-6871; 833-5668
Marissa T. Tan

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G/F Cacho-Gonzales Building
101 Aguirre cor. Trasierra Streets
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Tel. Nos.: 818-8156; 818-0734
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G/F DHI Bldg., No. 2 Lapu-Lapu Ave.
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Tel. Nos.: 757-0272/0240
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Isidro B. Mamuri

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Fax No.: 733-8964
Dolly C. Diu

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Josie T. Chua

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ADB Ave. cor. Garnet Rd.
Ortigas Center, Pasig City
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Jossef Dennis Z. Timbol

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Tita C. Ibarbia

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Onyx corner Sapphire Streets
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Tel. Nos.: 526-6492; 536-6630/31/72
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PACO – ANGEL LINAO BRANCH
Units 1636 & 1638 Angel Linao Street
Paco, Manila
Tel. Nos.: 242-2849; 242-3416
Opened Date: April 5, 2016
Josephine D. Paredes

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Tel. Nos.: 561-6902; 561-6981
564-2247
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G/F Regal Shopping Center, A. Mabini
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Tel. Nos.: (085) 341-5159; 341-7445
(085) 815-3454/55
225-2081
Fax No.: (085) 815-3455
Sheelah A. Kho

CAGAYAN DE ORO-BORJA BRANCH
J. R. Borja Street, Cagayan de Oro City
Tel. Nos.: (08822) 724-832/33
726-076
(088) 857-3742
Fax No.: (088) 857-2212
Janet G. Tan

CAGAYAN DE ORO-CARMEN BRANCH
G/F GT Realty Building, Max Suniel St.
corner Yakal St., Carmen
Cagayan de Oro City
Tel. Nos.: (08822) 723-091; 724-372
(088) 858-3902/03
Fax Nos.: (088) 858-3903
(08822) 724-372
Jane Byzallel G. Quirante

CAGAYAN DE ORO-DIVISORIA BRANCH
RN Abejuela St., South Divisoria
Cagayan de Oro City
Tel. Nos.: (08822) 722-641
(088) 857-5759
Fax No.: (088) 857-4200
Crescencio Al C. Co Untian

CAGAYAN DE ORO-LAPASAN BRANCH
CBC Building, Claro M. Recto Avenue
Lapasan, Cagayan de Oro City
Tel. Nos.: (08822) 722-240; 724-540
726-242
(088) 856-1325/1326
Fax No.: (088) 856-1325/1326
James M. Bomediano

China Bank Branches

CAGAYAN DE ORO-PUERTO BRANCH
Luis A.S. Yap Building, Zone 6
Brgy. Puerto, Cagayan de Oro City
Misamis Oriental
Tel. Nos.: (088) 880-7183/85
Fax No.: (088) 880-7185
Jasmine L. Soriano

CDO-GAISANO CITY MALL BRANCH
G/F Gaisano City Mall, C. M. Recto corner
Corrales Extension, Cagayan de Oro City
Tel. Nos.: (08822)745-877/880
(088) 880-1051/52
Fax No.: (08822)745-880
Gina C. Telow

COTABATO CITY BRANCH
No. 76 S.K. Pendatun Avenue
Cotabato City, Maguindanao
Tel. Nos.: (064) 421-4685/4653
Fax No.: (064) 421-4686
Ariel Cesar O. Romero

DAVAO-BAJADA BRANCH
B.I. Zone Building, J.P. Laurel Ave.
Bajada, Davao City
Tel. Nos.: (082) 221-0184; 221-0319
Fax No.: (082) 221-0568
Abigail O. Sintos

DAVAO-BUHANGIN BRANCH
Buhangin Road, Davao City
Tel. Nos.: (082) 300-8335; 227-9764
221-5970
Fax No.: (082) 221-5970
Roberto A. Alag

DAVAO-LANANG BRANCH
Insular Village I, Km. 8
Lanang, Davao City
Tel. Nos.: (082) 300-1892; 234-7166
234-7165
Fax No.: (082) 300-1892
Joselito S. Crisostomo

DAVAO-MA-A BRANCH
G/F Lapeña Building, Mac Arthur
Highway, Matina, Davao City
Tel. Nos.: (082) 295-0472; 295-1072
Maria Eloise D. Maniti

DAVAO-MATINA BRANCH
Km. 4 McArthur Highway
Matina, Davao City
Tel. Nos.: (082) 297-4288; 297-4455
297-5880/81
Fax No.: (082) 297-5880
Petronila G. Narvaez

DAVAO-PANABO CITY BRANCH
PJ Realty, Barangay New Pandan
Panabo City, Davao del Norte
Tel. Nos.: (084) 628-4057; 628-4065
Fax No.: (084) 628-4053
Chris G. Dolar

DAVAO-RECTO BRANCH
CBC Bldg., C.M. Recto Ave.
cor. J. Rizal St., Davao City
Tel. Nos.: (082) 221-4481/7028/6021
221-6921/4163; 226-3851
226-2103
Fax No.: (082) 221-8814
Carlos C. Tan

DAVAO-STA. ANA BRANCH
R. Magsaysay Avenue
corner F. Bangoy Street
Sta. Ana District, Davao City
Tel. Nos.: (082) 227-9501/51
227-9601; 221-1054/55
221-6672
Fax No.: (082) 226-4902
Elinor U. Toe

DAVAO-SM LANANG BRANCH
G/F SM Lanang Premier
J. P. Laurel Avenue, Davao City
Tel. Nos.: (082) 285-1064
285-1053
Fax No.: (082) 285-1520
Janice S. Laburada

DAVAO-TAGUM BRANCH
153 Pioneer Avenue, Tagum
Davao del Norte
Tel. Nos.: (084) 655-6307/08
400-2289/90
Fax No.: (084) 400-2289
Ernesto A. Santiago, Jr.

DAVAO-TORIL BRANCH
McArthur Highway corner St. Peter
Street, Crossing Bayabas, Toril, Davao City
Tel. Nos.: (082) 303-3068; 295-2334
295-2332
Fax No.: (082) 295-2332
Gregorio E. Cuta

DIPOLOG CITY BRANCH
CBC Building, Gen Luna corner
Gonzales Streets, Dipolog City
Zamboanga del Norte
Tel. Nos.: (065) 212-6768 to 69
908-2008
Fax No.: (065) 212-6769
Ma.Jesusa Perpetua F. Recentes

GEN. SANTOS CITY BRANCH
CBC Bldg., I. Santiago Blvd.
Gen. Santos City, South Cotabato
Tel. Nos.: (083) 553-1618; 552-8288
Fax No.: (083) 553-2300
Helen Grace L. Fernandez

GEN. SANTOS CITY-DADIANGAS BRANCH
M. Roxas Ave. corner Lapu-Lapu Street
Brgy. Dadiangas East, Gen. Santos City
South Cotabato
Tel. No.: (083) 552-8576
Fax No.: (083) 552-8290
Helen Grace L. Fernandez

ILIGAN CITY BRANCH
Lai Building, Quezon Avenue Extension
Pala-o, Iligan City, Lanao del Norte
Tel. Nos.: (063) 221-5477/79
492-3009; 221-3009
Fax No.: (063) 492-3010
Ronald O. Lua

KIDAPAWAN CITY BRANCH
G/F EVA Building, Quezon Blvd.
cor. Tomas Claudio Street
National Highway, Kidapawan City
North Cotabato
Tel. Nos.: (064) 278-3509; 278-3510
Fax No.: (064) 278-3509
Wilbert R. Baus

KORONADAL CITY BRANCH
Gen. Santos Drive corner Aquino St.
Koronadal City, South Cotabato
Tel. Nos.: (083) 228-7838/39
520-1788
Fax No.: (083) 228-7839
Rizkie E. Zaragoza

MALAYBALAY CITY BRANCH
Bethelda Building, Sayre Highway
Malaybalay City, Bukidnon
Tel. No.: (088) 813-3372
Fax No.: 813-3373
Randolf M. Corrales

MIDSAYAP BRANCH
CBC Building, Quezon Ave.
Poblacion 2, Midsayap, Cotabato
Tel. No.: (064) 229-9700
Fax No.: (064) 229-9750
Ma. Estrella B. Velasco

OZAMIZ CITY BRANCH
Gomez corner Burgos Streets
Ozamiz City, Misamis Occidental
Tel. Nos.: (088) 521-2658 to 60
Fax No.: (088) 521-2659
Jefferson A. Go

PAGADIAN CITY BRANCH
Marasigan Building, F.S. Pajares Avenue
Pagadian City, Zamboanga del Sur
Tel. Nos.: (062) 215-2781/82
925-1116
Fax No.: (062) 214-3877
Jumilito A. Dayuna

SURIGAO CITY BRANCH
CBC Building, Amat St.
Barrio Washington, Surigao City
Surigao del Norte
Tel. Nos.: (086) 826-3958/68
Fax No.: (086) 826-3958
Eivith Shenir C. Florendo

VALENCIA BRANCH
A. Mabini Street, Valencia, Bukidnon
Tel. Nos.: (088) 828-2048/49
222-2356/2417
Fax No.: (088) 828-2048
Gilmar L. Villaruel

ZAMBOANGA CITY BRANCH
CBC-Building, Gov. Lim Avenue
corner Nuñez Street, Zamboanga City
Tel. Nos.: (062) 991-2978/79
991-1266
Fax No.: (062) 991-1266
Jaime G. Asuncion

ZAMBOANGA-GUIWAN BRANCH
G/F Yang's Tower, M.C. Lobregat National
Highway, Guiwan, Zamboanga City
Tel. Nos.: (062) 984-1751/54
Fax No.: (062) 984-1751
Alexander B. Lao

ZAMBOANGA-SAN JOSE GUSU BRANCH
Yubenco Supermarket, San Jose Gusu
Zamboanga City, Zamboanga del Sur
Tel. Nos.: (062) 995-6154/55
Dennis T. Wiong Yat

SOON-TO-OPEN BRANCHES

ALABANG HILLS BRANCH
G/F RBC-MDC Corporate Center
Don Jesus Blvd., Alabang Hills Village
Muntinlupa City
Opening Date: May 2016

FILINVEST CORPORATE CITY – COMMERCENTER BRANCH
G/F Commercenter Alabang, Commerce
Ave. corner Filinvest Ave., Filinvest
Corporate City, Alabang, Muntinlupa City
Opening Date: April 21, 2016
Clara R. Buan

FILINVEST CORPORATE CITY – NORTHGATE BRANCH
G/F Aeon Centre Building, Northgate
Cyberzone, Filinvest Corporate City
Alabang, Muntinlupa City
Tel. Nos.: 776-0502; 776-3234
Opening Date: April 21, 2016
Ma. Concepcion Masangkay

CEBU – AYALA BRANCH
G/F Insular Life Cebu Bldg.
Mindanao Ave. corner Biliran Road
Cebu IT Park, Cebu City, Cebu
Opening Date: April 21, 2016
Sharon Rose L. Onrejas

China Bank Savings Branches

METRO MANILA

ACACIA ESTATES – SAVEMORE
Acacia Taguig Town Center
Acacia Estates, Ususan, Taguig City
Tel. No.: (02) 964-1318
Mobile No.: 0917-510-6013
Susan Cabalonga (OIC)

ADRIATICO – HYPERMARKET
M.H. del Pilar, Adriatico
Malate, Manila
Tel. No.: (02) 525-6282
January Ann Tapeño

ALABANG
Common Goal Bldg.
Finance cor. Industry St.
Madrigal Business Park
Alabang, Muntinlupa City
Tel. Nos.: (02) 842-0761; 842-1016

ALABANG HILLS
Alabang Commercial Citi Arcade
Don Jesus Boulevard
Alabang, Muntinlupa City
Tel. No.: (02) 403-2801
Dimples O. Dacio (OIC)

AMANG RODRIGUEZ – SAVEMORE
Amang Rodriguez Avenue
corner Evangelista Street
Santolan, Pasig City
Tel. Nos.: (02) 654-0564; 645-4710
Shane Michelle Gueco

ANONAS – SAVEMORE
Maamo Street, Road Lot 30
V. Luna Street and Anonas Extension
Sikatuna, Quezon City
Tel. No.: (02) 351-4928
Mobile No.: 0917-863-6157
Visha Prima Bauayan

ARANETA CENTER COD – SAVEMORE
Gen. Romulo Street
Araneta Center, Cubao, Quezon City
Tel. Nos.: (02) 921-3147; 502-1437
Mobile No.: 0917-809-9670
Wendell M. Gaza (OIC)

AVENIDA – SAVEMORE
Jenet and Lord Theater
Rizal Avenue
Sta. Cruz, Manila
Tel. No.: (02) 734-0534
Erlinda C. Sia (OIC)

AYALA
VGP Center
6772 Ayala Avenue, Makati City
Tel. Nos.: (02) 864-5011; 864-5017
864-5065
Francisco C. Buenaflor

BANAWE
Nos. 247-249 Banawe Street
Sta. Mesa Heights
Brgy. Lourdes, Quezon City
Tel. No.: (02) 412-4941; 412-6249
Marites B. Nubla (OIC)

BANGKAL
Amara Building
1661 Evangelista Street
Bangkal, Makati City
Tel. Nos.: (02) 621-3459; 621-3461
Marydyl V. Aguirre (OIC)

BETTER LIVING – PARAÑAQUE
90 Doña Soledad Avenue
Better Living Subdivision
Parañaque City
Tel. Nos.: (02) 507-4116; 551-3600;
831-8507
Mobile No.: 0917-561-5576
Dimples O. Dacio

BF HOMES – PARAÑAQUE
284 Aguirre Avenue
B.F. Homes, Parañaque City
Tel. Nos.: (02) 553-5414; 964-1292
Mobile No.: 0917-510-5911
Maria Francesca J. Corporal

BUENDIA MAIN
CBS Building
314 Sen. Gil J. Puyat Avenue
Makati City
Tel. No.: (02) 812-9359
Trunklines: (02) 884-7600
locals 3900, 3902 and 7645
Maridyl V. Aguirre

CHINO ROCES
2176 Chino Roces Avenue
Makati City
Tel. Nos.: (02) 831-0477; 964-1322
Cristina Sanchez (OIC)

CUBAO
Fernandina 88 Suites
222 P. Tuazon Boulevard
Cubao, Quezon City
Tel. No.: (02) 913-5209
Fax No.: (02) 913-4903
Wendell M. Gaza

DEL MONTE
392 Del Monte Avenue
Brgy. Sienna, Quezon City
Tel. No.: (02) 741-2447
Fax No.: (02) 741-8285
Maria Victoria I. Calderon

E. RODRIGUEZ SR. - HEMADY
Hemady Square
E. Rodriguez Sr. Avenue
corner Doña Hemady Street
New Manila, Quezon City
Tel. Nos.: (02) 987-4966; 531-9676
531-9680
Mobile No.: 0917-808-5214
Jasmin P. Laqueo

FILINVEST CORPORATE CITY
BC Group Building
East Asia Drive near corner
Commerce Avenue
Filinvest Corporate City
Alabang, Muntinlupa City
Tel. Nos.: (02) 511-1152; 217-3069
Mobile No.: 0917-804-6443

FTI – TAGUIG SM HYPERMARKET
DBP Avenue Western Bicutan
Food Terminal Incorporated
Western Bicutan, Taguig City
Tel. Nos.: (02) 507-4090; 834-0408
Marvann Tenedero

GREENHILLS – ORTIGAS
VAG Building
Ortigas Avenue
Greenhills, San Juan City
Tel. Nos.: (02) 721-0105; 724-7523
724-7528
Maria Jennifer V. Bondoc

GREENHILLS – WILSON
219 Wilson Street
Greenhills, San Juan City
Tel. Nos.: (02) 748-7625; 584-5946
Josephine Joy T. Rillera

J.P. RIZAL
882 J.P. Rizal Street
Poblacion, Makati City
Tel. No.: (02) 890-1026; 890-1027
Mobile No.: 0917-510-5919

JUAN LUNA
694-696 Juan Luna Street
Binondo, Manila
Tel. Nos.: (02) 254-0371; 254-7337
964-1327
Erlinda Sia

KALOOKAN
Augusto Building
Rizal Avenue, Grace Park
Kalookan City
Tel. No.: (02) 365-7593
Jude Torribio

KALOOKAN – MABINI
AJ Building, 353 A. Mabini Street
Kalookan City
Tel. Nos.: (02) 709-3435; 961-2628
Abner B. Aballa

KAPASIGAN
A. Mabini Street, Kapasigan
Pasig City
Tel. No.: (02) 642-2870
Fax No.: (02) 640-7085
Edgardo N. Alejandro

LAGRO
Bonanza Building
Quirino Highway, Greater Lagro
Novaliches, Quezon City
Tel. Nos. (02) 461-7214; 936-4988
Marcelino G. Sison

LA HUERTA - PARAÑAQUE
1070 Quirino Avenue
La Huerta, Parañaque City
Tel. No.: (02) 893-1226
Marilet Valerio

LAS PIÑAS
Parco Supermarket
J. Aguilar Avenue, Las Piñas City
Tel. No.: (02) 548-0368
Mobile No.: 0917-830-3268
Geraldine Diwa

LAS PIÑAS – ALABANG ZAPOTE
459 DMR Building
Gonzales Compound
Alabang-Zapote Road, Almanza
Las Piñas City
Tel. No.: (02) 800-8893
Benjamin T. Cuyos

LAS PIÑAS – ALMANZA UNO
Alabang-Zapote Road
Brgy. Almanza Uno, Las Piñas City
Tel. Nos.: (02) 551-4724; 966-9001
Mobile No.: 0917-817-3526
Eleanor B. Montemayor

MALABON – FRANCIS MARKET
Savemore Francis Market
Governor Pascual corner
M.H. del Pilar Street, Malabon City
Tel. No.: (02) 931-6326

MANDALUYONG
Paterno's Building
572 New Panaderos Street
Brgy. Pag-asa, Mandaluyong City
Tel. Nos.: (02) (02) 238-3744
238-3745
Dean I. Martin

MANILA – STA. ANA SAVEMORE
Savemore Pedro Gil Street
Sta. Ana, Manila
Tel. Nos.: (02) 523-8574; 523-8606
Enrica Farahnaz G. Abulencia

MARIKINA
33 Bayan-Bayanan Avenue
Brgy. Concepcion 1, Marikina City
Tel. Nos.: (02) 477-2445; 943-6037
Razelyn J. Afuang

MARIKINA – GIL FERNANDO AVENUE
CTP Building
Gil Fernando Avenue
Brgy. San Roque, Marikina City
Tel. Nos.: (02) 645-8169; 681-2810
Cecilia Sta. Maria

MCKINLEY HILL
Unit B Commerce & Industry Plaza
McKinley Towncenter, McKinley Hill
Fort Bonifacio, Taguig City
Tel. Nos.: (02) 403-0425; 798-0357
Domingo Ortiz (OIC)

MUÑOZ – JACKMAN SAVEMORE
Jackman Plaza, Lower Ground Floor
EDSA-Muñoz, Quezon City
Tel. No.: (02) 442-6282
Jeanette Michelle Belino

NEPA-Q-MART SAVEMORE
770 Saint Rose Building
EDSA and K-G Street
West Kamias, Quezon City
Tel. No.: (02) 351-4883
Mobile No.: 0917-863-6069
Rowea Archangel

NINOY AQUINO AVENUE
Skyfreight Building
Ninoy Aquino Avenue corner
Pascor Drive, Parañaque City
Tel. Nos.: (02) 293-0574; 843-2447
Rafael Ma. C. Guerra III

China Bank Savings Branches

NOVA PLAZA MALL – SAVEMORE
Novaliches Plaza Mall
Quirino Highway
corner Ramirez Street
Novaliches Proper, Quezon City
Tel. No.: (02) 983-1512

ORTIGAS CENTER
Hanston Square
San Miguel Avenue
Ortigas Center, Pasig City
Tel. No.: (02) 654-1912
Mobile No.: 0917-807-8394
Gilda Alunan

ORTIGAS – CITRA
Unit B1, OMM Citra Building
San Miguel Avenue
Ortigas Center, Pasig City
Tel. Nos.: (02) 637-2018; 637-9778
637-9824
Irmina V. Dator

PARAÑAQUE – JAKA PLAZA
Jaka Plaza Center
Dr. A. Santos Avenue (Sucat Road)
Brgy. San Isidro, Parañaque City
Tel. No.: (02) 820-6093
Fax No.: (02) 820-6091
Ma. Fracesca S. Corporal

PASIG – PADRE BURGOS
114 Padre Burgos Street
Kapasigan, Pasig City
Tel. Nos.: (02) 650-3356; 650-3361
650-3362
Joseph Arnold Miraflor

PASO DE BLAS
Andok's Building
629 General Luis Street
Malinta Interchange-NLEX
Paso de Blas, Valenzuela City
Tel. No.: (02) 984-8258
Fax No.: (02) 443-5069
Carmelita D. P. Apalisoc

PATEROS
500 Elisco Road
Sto. Rosario, Pateros City
Tel. Nos.: (02) 641-9556; 655-2349
Santos F. Guadines, Jr. (OIC)

PATEROS – ALMEDA
120 Almeda Street
Pateros, Metro Manila
Tel. No.: (02) 641-6768
Fax No.: (02) 641-6760
Santos F. Guadines, Jr.

PEDRO GIL – SAVEMORE
Pedro Gil corner Singalong Street
Paco, Manila
Tel. Nos.: (02) 354-3117; 521-4056
Mary Faith Fausto

QUEZON AVENUE
GJ Building
385 Quezon Avenue, Quezon City
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Mobile No.: 0917-538-2423
Helen Rowena Abanto

QUEZON AVENUE – PALIGSAHAN
1184-A Ben-Lor Building
Quezon Avenue
Brgy. Paligsahan, Quezon City
Tel. Nos.: (02) 376-4544; 376-4546
376-4548
Maria Antonette C. Fuentes

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HRC Center
104 Rada Street
Legaspi Village, Makati City
Tel. Nos.: (02) 810-9369; 812-2577
818-2368
Fax No.: (02) 810-9370
Amapola A. Guina

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Madison Square
264 N. Domingo Street
Brgy. Pasadena, San Juan City
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Mobile No.: 0917-561-5639
Jeanette May Castillo

SHAW BOULEVARD
500 Shaw Tower
500 Shaw Boulevard
Mandaluyong City
Tel No.: (02) 941-9412
Mobile No.: 0917-580-6593
Stephanie Villanueva

TAFT – MASAGANA SAVEMORE
Parkview Plaza, Trida Building
Taf Avenue corner T.M. Kalaw Street
Ermita, Manila
Tel. No.: (02) 554-0617
Mobile No.: 0917-538-2421
Wilhelmina Go

UN AVENUE
552 U.N. Avenue
Ermita, Manila
Tel. Nos.: (02) 400-5467; 400-5468
Edward Lyndon Dimapilis

TIMOG
Jenkinsen Towers
80 Timog Avenue
Brgy. Sacred Heart, Quezon City
Tel. Nos.: (02) 371-8303; 371-8304
371-8305
Randal Ignatius Z. Razo

TWO E-COM CENTER
Two E-Com Center Tower B
Ocean Drive corner Bayshore Avenue
Mall of Asia Complex, Pasay City
Tel. Nos.: (02) 587-4753; 802-3068
802-5583
Mobile No.: 0917-506-8303
Elizabeth P. Munda

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385 MacArthur Highway
Malinta, Valenzuela City
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Jobel Arana

VALENZUELA – MARULAS
921 MacArthur Highway
Marulas, Valenzuela City
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Jobel Arana

VISAYAS AVENUE
Wilcon City Center Mall
Upper Ground Floor
Visayas Avenue, Quezon City
Tel. Nos.: (02) 990-6543
990-6544; 990-7717
Ericson A. Albano

NORTH LUZON

ANGELES
Miranda Extension
corner Asuncion Street
Angeles City
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Mobile No.: 0917-830-3296
Maria Beata P. Larin

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639 Rizal Street, Angeles City
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625-9722
Fax No.: (045) 888-4971
Annalyn L. Tolentino

ANGELES – SAN JOSE
Sto. Rosario Street
San Jose, Angeles City
Tel Nos.: (045) 409-0234
888-2048
Maria Beata P. Larin

ARAYAT
Cacutud, Arayat, Pampanga
Tel No.: (045) 885-2390
Rowena C. Cura

BAGUIO
KDC Building, Upper Ground Floor
91 Marcos Highway, Baguio City
Tel. Nos.: (074) 424-1245; 424-6414
Mobile No.: 0917-868-3506

BAGUIO – SESSION
B108 Lopez Building
Session Road
corner Assumption Road
Baguio City
Tel. No.: (074) 446-3993
Fax No.: (074) 446-3994
Maria Elena F. Estira

BALAGTAS
MacArthur Highway
Wawa, Balagtas, Bulacan
Tel. No.: (044) 693-1849
Adelaida P. Dumlao

BALANGA
Capitol Drive
Balanga City, Bataan
Tel. No.: (047) 237-4138
Mary Jane L. Sazon

BALANGA – D.M. BANZON
D.M. Banzon Ave. corner
Sto. Domingo St., Balanga City
Bataan
Tel. Nos.: (047) 237-3666
237-3667
Mary Jane L. Sazon

BALIBAGO
JEV Building
MacArthur Highway
Balibago, Angeles City
Tel. No.: (045) 892-3325
Maricel E. Manalang

BALIUAG
Plaza Naning, Poblacion
Baliuag, Bulacan
Tel. No.: (044) 766-2014
Fax No.: (044) 673-1338
Maria Editha D. Gatmaitan

CABANATUAN
Km 115 Cagayan Valley Road
Maharlika Highway near corner
Sanciangco Street
Cabanatuan City, Nueva Ecija
Tel. Nos.: (044) 940-6942
940-6943; 940-6944
Theresa Padiernos

CABANATUAN – BAYAN
Burgos Avenue
Cabanatuan City
Nueva Ecija
Tel. No.: (044) 600-2888
Fax No.: (044) 463-0441
Joy Marie C. Nolasco

DAGUPAN
Lyceum – Northwestern University
Tapuac District, Dagupan City
Tel. No.: (075) 523-3637
Gingin T. Aquino

DAGUPAN – PEREZ BOULEVARD
Burgos Extension, corner Perez
Boulevard and Lingayen Highway
Junction, Dagupan City
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Fax No.: (075) 522-9586
Maria Suzette D. R. Ramos

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Dau, Mabalacat, Pampanga
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Editha C. Gomez

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Alexander Serrano

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901-0966
Betty L. Bacani

GUAGUA – STO. NIÑO
Sto. Niño, Guagua, Pampanga
Tel. No.: (045) 900-2326
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Betty L. Bacani

China Bank Savings Branches

LA UNION
AG Zambrano Building
Quezon Avenue
San Fernando City, La Union
Tel. No.: (072) 700-3800
Fax No.: (072) 242-0414
Eloisa B. Chan

LAOAG
LC Square Building
J.P. Rizal corner M.V. Farinas Streets
Laoag City, Ilocos Norte
Tel. No.: (077) 234-3776
Mobile No.: 0917-816-2456

MACABEBE
Poblacion, Macabebe, Pampanga
Tel. No.: (045) 435-5507
Mobile No.: 0917-821-8102
Christopher G. Benitez

MALOLOS
Canlapan Street, Sto. Rosario
City of Malolos, Bulacan
Tel. No.: (044) 794-2830
Mobile No.: 0917-835-4684
Rosanna Martinez

MALOLOS – CATMON
Paseo del Congreso, Catmon
City of Malolos, Bulacan
Tel. No.: (044) 791-2461
Fax No.: (044) 662-7819
Romeo G. Esteban

MASANTOL
San Nicolas, Masantol, Pampanga
Tel. No. (045) 435-2906
Jona C. Bernarte

MEYCAUAYAN
Mancon Building
MacArthur Highway
Calvario, Meycauayan, Bulacan
Tel. Nos.: (044) 228-2416
840-0099
Roberto S.R. Evangelista

MOUNT CARMEL
AMB Building
Km. 78 MacArthur Highway
Brgy. Saguin, City of San Fernando
Pampanga
Tel. No.: (045) 861-1066
Fax No.: (045) 435-6055
Regina S. Dayrit

OLONGAPO
City View Hotel
25 Magsaysay Drive
New Asinan, Olongapo City
Tel. Nos.: (047) 222-1891; 222-2504
Mobile No.: 0917-807-8509
Ricardo Chua

OLONGAPO – RIZAL AVENUE
R&P Guevarra Building 2
2043 Rizal Avenue, Olongapo City
Tel. No.: (047) 222-2131
Fax No.: (047) 222-2020
Ricardo R. Chua

ORANI
Brgy. Balut, Orani, Bataan
Tel. Nos.: (047) 638-1281; 638-1282
Elsie B. Dimalanta

ORANI – CALLE REAL
Calle Real, Orani, Bataan
Tel. Nos.: (047) 431-1275; 638-1130
Maria Cristina T. Fermin

PLARIDEL
0226 Cagayan Valley Road
Banga 1st, Plaridel, Bulacan
Tel. Nos.: (044) 670-1067
795-0105
Rolando R. Peralta

PORAC
Cangatba, Porac, Pampanga
Tel. No.: (045) 329-3188
Mobile No.: 0917-870-3305
Mariano Valencia Garcia Jr.

SAN FERNANDO
KHY Trading Building
San Fernando-Gapan Road
City of San Fernando, Pampanga
Tel. Nos.: (045) 961-1415
961-1416
Mary Ann Jaquelyn S. Tiongson

SAN FERNANDO – BAYAN
JSL Building
Consunji Street
City of San Fernando, Pampanga
Tel. No.: (045) 280-7818
Mobile No.: 0917-584-4429
Misael M. Velasquez

SAN ILDEFONSO – SAVEMORE
Savemore Building
Cagayan Valley Road
San Ildefonso, Bulacan
Tel. Nos.: (044) 797-0742; 797-0974
Ledwina D.C. Villafuerte

SAN JOSE DEL MONTE
Giron Building
Gov. Halili Avenue
Tungkong Mangga
City of San Jose Del Monte, Bulacan
Tel. Nos.: (044) 815-8396
815-6616
Mobile No.: 0917-835-4675
Othello C. Mendoza

SAN MIGUEL
Norberto Street
San Jose, San Miguel, Bulacan
Tel. No.: (044) 764-0162
Fax No.: (044) 764-0826
Imelda D. Villamor

SAN NARCISO
Brgy. Libertad, San Narciso
Zambales
Tel. No.: (047) 913-2245
Johnest N. Monsalud

SAN RAFAEL
Cagayan Valley Road
corner Cruz na Daan
San Rafael, Bulacan
Tel. No.: (044) 913-7629
Samuel Pagsibigan

STA. ANA
Poblacion, Sta. Ana, Pampanga
Tel. No.: (045) 409-0335
Lita P. Gomez

STA. MARIA
Gen. Luna corner M. De Leon
Poblacion, Sta. Maria, Bulacan
Tel. Nos.: (044) 288-2453
893-0587
Fax No.: (044) 641-1150
Helen O. Cabuhat

STA. RITA
San Vicente, Sta. Rita, Pampanga
Tel. Nos.: (045) 900-0658
434-0131
Gloria S. Cunanan

SANTIAGO
City Road Centro East
Santiago City, Isabela
Tel. No.: (078) 305-0580
258-0017

SANTIAGO – VICTORY NORTE
JECO Building
Maharlika Highway
corner Quezon Street
Victory Norte, Santiago City, Isabela
Tel. Nos.: (078) 305-0260
305-0252

SUBIC
Baraca, Subic, Zambales
Tel. No.: (047) 232-6104
Cheryl Comandante

TARLAC
RIC Building
Bypass Road
San Sebastian, Tarlac City
Tel. No.: (045) 628-0754
Ma Thelma Isais (OIC)

TARLAC – MACARTHUR
MacArthur Highway
San Nicolas, Tarlac City
Tel. No.: (045) 982-9652
Fax No.: (045) 982-9653
Ma Thelma Isais

TUGUEGARAO
Metropolitan Cathedral Parish
Rectory Complex
Rizal Street, Tuguegarao City
Tel. No.: (078) 844-0484
Mario P. Allauigan

URDANETA
MacArthur Highway, Nancayasan
Urdaneta City, Pangasinan
Tel. Nos.: (075) 624-2331
522-0498
Loreto V. Muñoz Jr.

VIGAN
Agdamag Building
Quezon Avenue corner Calle Mabini
Vigan City, Ilocos Norte
Tel. No.: (077) 674-0300
Melvin R. Aguinaldo

SOUTH LUZON

ANGONO
M. L. Quezon Ave., Angono, Rizal
Tel. No.: (02) 651-1779
Lourdes V. Quitoriano

ANTIPOLO
EMS Bldg., M. L. Quezon Ave.
cor. Dimailig Street, Antipolo, Rizal
Tel. Nos.: (02) 697-1066
697-0224
Ma. Cecilia C. Oxales

BACOOR
FRC Mall
Gen. Evangelista Street
Talaba V, Bacoor City, Cavite
Tel. No.: (046) 417-4504
May G. Tan

BACOOR – MOLINO
Avon Building
817 Molino Road
Molino III, Bacoor City, Cavite
Tel. Nos.: (046) 232-7542
431-9906
Mobile No.: 0917-561-5883
May G. Tan

BACOOR – TALABA
Coastal Road
corner Aguinaldo Highway
Brgy. Talaba VII, Bacoor City, Cavite
Tel. No.: (046) 417-5940
Fax No.: (046) 417-5930
Maria Victoria G. Baloy

BATANGAS CITY
Miriel's Place
National Road, Pallocan West
Batangas City
Tel No.: (043) 980-0544
Edwin Guevarra (OIC)

BATANGAS – P. BURGOS
No. 4 P. Burgos Street
Batangas City
Tel. Nos.: (043) 723-1510; 723-7652
Edwin R. Guevarra

BIÑAN
Nepa Highway
San Vicente, Biñan City, Laguna
Tel. No.: (049) 511-3638
Fax No.: (02) 429-4878
Lilibeth A. Carandang

CALAMBA
HK Building II
National Highway
Brgy. Halang, Calamba City, Laguna
Tel. Nos.: (049) 306-0234
306-0238
Mobile No.: 0917-817-3609
Rodel B. Solomon

CALAMBA – CROSSING
AS Building
National Highway corner Sto.
Domingo Street, Brgy. Uno, Crossing
Calamba City, Laguna
Tel. Nos.: (049) 545-5310
545-3670; (02) 520-8808
Rodel B. Solomon

China Bank Savings Branches

CAVITE CITY
485 P. Burgos Street
Brgy. 34, Caridad, Cavite
Tel. No.: (046) 417-3100
Rosewedi L. Baltero Cruz

DARAGA - ALBAY
Rizal Street
Brgy. San Roque, Daraga, Albay
Tel. Nos.: (052) 483-0706
204-0024; 204-0025
Timoteo D. De Villa Jr.

DASMARIÑAS
Veluz Plaza Building
Zone I, Aguinaldo Highway
Dasmariñas City, Cavite
Tel. Nos.: (046) 416-0501; 416-0510
Cecilia S. Gutierrez

FILOIL TANAUAN SUPLANG
FiOil Gas Station
Brgy. Suplang, Tanauan City,
Batangas
Tel. No.: (043) 502-7144
Mobile No.: 0917-863-6160

IMUS
Aguinaldo Highway
Anabu II, Imus City, Cavite
Tel. No.: (046) 471-0178
Joe Marcel M. Ponseca (OIC)

IMUS – TANZANG LUMA
Aguinaldo Highway
Tanzang Luma, Imus City, Cavite
Tel. Nos.: (046) 471-4715; 476-0927
Fax No.: (046) 471-7413
Joe Marcel M. Ponseca

LAGUNA – STA. CRUZ
E & E Building
Pedro Guevarra Avenue
Sta. Cruz, Laguna
Tel. No.: (049) 501-4327
Roman Villacorta

LOS BAÑOS – CROSSING
Lopez Avenue, Batong Malaki
Los Baños, Laguna
Tel. No.: (049) 536-2596
Fax No.: (049) 536-0549
Cherry Jane O. Pamplona (OIC)

LIPA
Tibayan Building
1705 C.M. Recto Avenue
corner Rizal Street, Lipa City
Tel. Nos.: (043) 751-5107; 981-3602
Rolando Castillo

LIPA – C.M. RECTO
C.M. Recto Avenue, Lipa City
Tel. Nos.: (043) 756-1414; 756-1022
Rolando Castillo (OIC)

LUCENA
Merchan corner Evangelista Street
Lucena City
Tel. No.: (042) 660-6964
Fax No.: (042) 710-6964
Simplicia Elizabeth C. Kalaw (OIC)

NAGA
RL Building
Panganiban Street
Lerma, Naga City, Camarines Sur
Tel. No.: (054) 472-1947
Albert B. Tan

NAGA – P. BURGOS
P. Burgos corner Gen. Luna Street
Naga City, Camarines Sur
Tel. Nos.: (054) 473-6321
473-6322
Albert B. Tan (OIC)

SAN PABLO
P. Zamora Street
Brgy. VII-B, San Pablo City
Tel. No.: (049) 503-2890
Simplicia Elizabeth C. Kalaw (OIC)

SAN PABLO – RIZAL AVENUE
Rizal Avenue
corner Lopez Jaena Street
San Pablo City
Tel. No.: (049) 562-7738
Fax No.: (049) 562-0697
Simplicia Elizabeth C. Kalaw

SAN PEDRO
Gen-Ber Building
National Highway
Landayan, San Pedro City, Laguna
Tel. Nos.: (02) 869-8221; 869-8220
Quenie Umil (OIC)

STA. ROSA
Lot 2 Block 5 Phase 2A
Avida Commercial
Sta. Rosa-Tagaytay Road
Sto. Domingo, Sta. Rosa City, Laguna
Tel. No.: (049) 502-9134
Mobile No.: 0917-510-5951
Amor F. Cajucom

STA. ROSA – BALIBAGO
National Highway
corner Lazaga Street
Balibago, Sta. Rosa City, Laguna
Tel. Nos.: (049) 534-1167
(02) 520-8448
Sonny L. Triviño

STO. TOMAS – MAHARLIKA
Agojo Lifestyle Strip
Maharlika Highway
Sto. Tomas City, Batangas
Tel. No.: (043) 318-0582
Fax No.: (043) 778-3247
Myla L. Mapalad

TAGAYTAY – MENDEZ SAVEMORE
Mendez Crossing West
Tagaytay-Nasugbu Highway
corner Mendez-Tagaytay Road
Tagaytay City
Tel. Nos.: (046) 413-3871; 413-3872
Mobile No.: 0917-561-5334
Genelyn Chua

TAYTAY
C. Gonzaga Building II
Manila East Road, Taytay, Rizal
Tel. Nos.: (02) 623-6113; 650-3367
Mobile No.: 0917-578-6978
Mary Joy D. Surla

TAYTAY – TIKLING
East Road Arcade
Manila East corner Cabrera Road
Taytay, Rizal
Tel. No.: (02) 658-6409
Fax No.: (02) 658-0850
Mary Joy D. Surla

U.P. LOS BAÑOS
Kanluran Road, UPLB Campus
College, Los Baños, Laguna
Tel. Nos.: (049) 536-3058
536-3682
Cherry Jane O. Pamplona

VISAYAS

BACOLOD
SKT Saturn Building
Lacson Street corner Rizal Street
Bacolod City, Negros Occidental
Tel. Nos.: (034) 435-6983
435-7143
Katrina Maquiran

BACOLOD – LUZURIAGA
F. Soliman Building
Lacson Street
corner Luzuriaga Street
Bacolod City, Negros Occidental
Tel. Nos.: (034) 704-1084; 704-1089
Katrina Maquiran (OIC)

CEBU – LAHUG
Skyrise IT Building
Brgy. Apas, Lahug, Cebu City
Tel. Nos.: (032) 236-0809
236-0810
Mary Ryan E. Sy

CEBU – MANGO
JSP Mango Realty Building
Gen. Maxilom Avenue corner
Echavez Street
Cebu City
Tel. Nos.: (032) 231-4304
231-4736
Maria Theresa L. Tan

ILOILO
Cua Building
Quezon Street
Iloilo City
Tel. Nos.: (033) 336-9752
336-9753
Elly Beth L. Amparo (OIC)

ILOILO – JARO
Lopez Jaena corner EL 98 Streets
Jaro, Iloilo
Tel. Nos.: (033) 320-0370
320-0426
Elly Beth L. Amparo

ILOILO – QUEZON
132 Quezon Street
Iloilo City
Tel. No.: (033) 321-0940
Elly Beth L. Amparo (OIC)

MANDAUE
A. Del Rosario Avenue
Mantuyong, Mandaue City, Cebu
Tel. Nos.: (032) 520-2780
422-8019
Kristine Marie M. Diores

MANDAUE – BASAK
Co Tiao King Building
Cebu North Road
Basak, Mandaue City, Cebu
Tel. No.: (032) 346-6959
Fax No.: (032) 346-8814
Pia Monica C. Alturas

TALISAY – NEGROS SAVEMORE
Savemore Talisay
Mabini Street, Zone 12, Paseo Mabini
Talisay City, Negros Occidental
Tel. Nos.: (034) 441-6264
441-6267
Jaime Javier D. Torre

MINDANAO

CAGAYAN DE ORO
Sergio Osmeña Street
Cogon District, Cagayan de Oro City
Tel. No.: (088) 323-1507
Maria Socorro D. Cosme

CAGAYAN DE ORO – TIANO BROTHERS
Tiano Brothers Street
Cagayan de Oro City
Tel. Nos.: (088) 727-082; 727-083
857-2879
Maria Socorro D. Cosme

DAVAO
8990 Corporate Center
Quirino Avenue
Davao City
Tel. Nos.: (082) 321-0273; 321-0274
Mae D. Hipolito

DAVAO – RECTO
C. M Ville Abrille Building
C. M. Recto Street
Davao City
Tel. Nos.: (082) 227-1802
305-5808
Leah O. Lim

GENERAL SANTOS
I. Santiago Boulevard
General Santos City
Tel. No.: (083) 552-6329
Fax No.: (083) 552-6330
Maria Theresa S. Pacheco

ZAMBOANGA – CITY MALL
City Mall Don Alfaro Street
Tetuan, Zamboanga City
Tel. No.: (062) 955-8709
Mobile No.: 0917-809-6799
Jennifer Marie R. De Leon

China Bank Off-Branch ATM Directory

METRO MANILA

168 Mall
3/F Food Court, 168 Mall
Sta. Elena Street, Binondo, Manila

999 Mall 2
Recto corner Soler St.
Binondo, Manila

999 Shopping Mall
Basement front, 1002-1062
Soler Street, Brgy. 293, Zone 28
District 3, Binondo

Alabang Town Center
Alabang - Zapote Road
Muntinlupa City

Alfamart - Naga Road Las Piñas
Naga Road, Pulang Lupa 2
Las Piñas City

Ali Mall
ATM Booth #1 Upper G/F Ali Mall
P. Tuazon Boulevard, Araneta Center
Quezon City

Ali Mall 2
Times Square Entrance Ali Mall
P. Tuazon Blvd., Araneta Center
Quezon City

Ateneo De Manila University
G/F Kostka Hall, Katipunan Avenue
Loyola Heights, Quezon City

Cash & Carry
2nd Floor Cash & Carry Mall
Filmore, Makati City

Chiang Kai Shek College
1274 P. Algue, Manila

China Bank Online Center
Starbucks, China Bank Building
8745 Paseo de Roxas cor. Villar St.
Makati City

Comembo Commercial Complex
J.P. Rizal Ext. corner Sampaguita St.
Comembo, Makati City

Commerce Center
Commerce Ave., Filinvest
Ayala Alabang, Muntinlupa

Dasmariñas Village Association Office
1417 Campanilla Street
Dasmariñas Village, Makati City

Eastwood City Walk 2
G/F Eastwood City Walk Phase II
Eastwood City Cyberpark
188 E. Rodriguez Jr. Ave.
Bagumbayan, Q.C.

Eastwood CyberMall
2/F Eastwood CyberMall
Eastwood Avenue, Eastwood City
Cyberpark, Bagumbayan, Quezon City

Eastwood Mall
Level 1 ATM 2 Phase 2
Eastwood Mall, E. Rodriguez Jr. Ave.
Bagumbayan, Q.C.

Gateway Mall
Booth 4 Level 2 Gateway Mall
Cubao, Quezon City

Glorietta 4
Between Tequilla Joe's and
Banana Leaf, Glorietta 4, Makati City

Glorietta 5
G/F Glorietta 5, Ayala Center
Makati City

Greenbelt 3
Greenbelt 3 Makati Avenue
Drop-off Area, Makati City

Greenhills Theater Mall
Main Entrance Greenhills Theater Mall
San Juan, Metro Manila

Jackman Emporium
Rizal Ave. Ext. (beside LRT-Monumento
Station), Grace Park, Kalookan City

Jackman Plaza - Muñoz
EDSA near cor. Congressional Avenue
Muñoz, Q.C.

JGC Alabang
JGC PHILS Building, Prime Street
Madrigal Business Park Phase III
Ayala Alabang, Muntinlupa City

Kimston Plaza
P. Victor St. cor. P. Burgos St.
Guadalupe Nuevo, Makati City

Landmark - Makati
The Landmark Building
Makati Ave., Ayala Center

Landmark - Trinoma
ATM Slot #4, 3rd floor Landmark -
Trinoma, EDSA cor. Mindanao Ave.
Ext., Pag-asa, Quezon City

Liana's - Sampaloc
537 M. Earnshaw, Sampaloc, Manila

Malabon Citisquare
G/F ATM 4, C4 Road
corner Dagat-dagatan Avenue
Malabon City

Market! Market! 1
Bonifacio Global City
Taguig, Metro Manila

Market! Market! 2
2/F Market! Market!
Bonifacio Global City
Taguig, Metro Manila

Market! Market! 3
G/F ATM Center - Fiesta Market!
Market!, Bonifacio Global City
Taguig, Metro Manila

Medical City
Medical City, Ortigas Avenue
Pasig City

Metro Point Mall
3/F Metro Point Mall
EDSA cor. Taft Ave., Pasay City

Metrowalk
ATM 1 Building C, G/F Metrowalk
Commercial Complex
Meralco Avenue, Pasig City

Midas Hotel
(previously Hyatt Hotel)
2702 Roxas Boulevard, Pasay City

MRT - Boni
MRT - Boni Station
EDSA, Mandaluyong City

MRT - Cubao
MRT - Cubao Station
EDSA, Quezon City

MRT - North Ave.
MRT - North Avenue Station
EDSA, Quezon City

MRT - Shaw
MRT - Shaw Station
EDSA, Mandaluyong City

Multinational Clubhouse
Nazareth cor Judea St.
Multinational Village, Parañaque City

Nova Square
G/F Nova Square
689 Quirino Highway
cor. P. Dela Cruz, Brgy. San Bartolome
Novaliches, Quezon City

One E-Com Center
SM Mall of Asia, Palm Coast Avenue
(facing Esplanade), Pasay City

People Support - Rockwell
Rockwell Business Center
Ortigas Avenue, Pasig City

Puregold - E. Rodriguez
ATM # 1 - Cosco Building
E. Rodriguez Avenue
cor. G. Araneta Ave., Quezon City

Puregold - Lakefront
Presidio Sudvision, Lakefront
Muntinlupa City

Puregold - Paso de Blas
Paso de Blas corner Gen. Luis St.
Malinta Exit, Valenzuela City

Puregold Jr. - Blumentritt
286 Blumentrit Street
Sta Cruz, Manila

Puregold Jr. - Pandacan
West J. Zamora St., Brgy. 851
Zone 093, Pandacan, Manila

Resorts World
G/F Casino Gaming Area
Resorts World, Pasay City

Robinsons Forum Pioneer
ATM Center Pioneer side, Pioneer St.
corner EDSA, Mandaluyong

Robinsons Galleria
L1-181 Robinsons Galleria
EDSA corner Ortigas Ave., Pasig City

Robinsons Galleria 2
L1-181 Robinsons Galleria
EDSA corner Ortigas Ave., Pasig City

Robinsons Galleria 3
West Wing, EDSA cor. Ortigas Ave.
Pasig City

Robinsons Place - Manila
G/F Padre Faura Entrance
Robinsons Place Manila, Pedro Gil
cor. Adriatico St., Ermita, Manila

Rockwell - P1 (Concourse)
Stall No. 060, Ground Level Power
Plant Mall, Makati City

Savers Center
Ground Floor, Right Side of
Main Entrance, EDSA near corner
Taft Avenue, Pasay City

Shop and Ride
248 Gen. Luis Street, Novaliches
Quezon City

Shop and Ride 2
248 Gen. Luis Street, Brgy. Nova
Proper, Novaliches, Quezon City

Shopwise - Antipolo
M.L. Quezon St. cor. Circumferential
Road, San Roque, Antipolo City

Shopwise - Commonwealth
Blk. 17, Commonwealth Ave.
Don Antonio, Quezon City

SM Center - Las Piñas
G/F SM Center Las Piñas
(near elevator), Alabang-Zapote Road
Pamplona, Las Piñas

SM City - Manila
ATM-3 UG/F Main Entrance
Arroceros Side, Manila

China Bank Off-Branch ATM Directory

SM City - Taytay
2nd Floor Bldg. A SM City Taytay
Manila East Road, Brgy. Dolores
Taytay, Rizal

SM Hypermarket
Ground Floor SM Hypermarket
SM Mall of Asia, Pasay City

SM Hypermarket - Mandaluyong
121 Shaw Blvd. corner
E. Magalona St., Mandaluyong City

SM Megamall B
Level 2 Building B, SM Megamall
EDSA cor. Julia Vargas St.
Mandaluyong City

SM MOA Seaside Ferry Terminal
SM MOA Seaside Blvd.
near Esplanade, Pasay City

SM Muntinlupa
G/F ATM 2 (beside Rear Entrance)
Bgy. Tunasan, National Road
Muntinlupa City

Solaire Manila
Entertainment City, Aseana Avenue
Parañaque City

Southgate Mall
EDSA corner Pasong Tamo Extension
Makati City

St. Francis Square
Basement 1, Dona Julia Vargas Avenue
cor. Bank Drive, Ortigas Center
Mandaluyong City

St. Jude College
Dimasalang St. cor. Don Quijote St.
Sampaloc, Manila

St. Luke's - Q.C.
St. Luke's Medical Center, Medical Arts
Building, E. Rodriguez Sr. Boulevard
Q.C.

St. Luke's - The Fort 1
Basement, St. Luke's Medical Center
5th Ave., The Fort, Taguig City

STI Delos Santos
201 E. Rodriguez Sr. Blvd.
Brgy. Pamayong Lagi, Quezon City

Taft - U.N.
G/F Times Plaza,T.M. Kalaw
cor. Gen. Luna St., Manila

The A.Venue
G/F Valdez Site, The A.Venue
7829 Makati Avenue, Makati City

Tiendesitas
Frontera Verde, Ortigas Avenue
cor. C-5, Pasig City

Trinoma 1
Level 1 (near Landmark and
Chowking), North Ave.
cor. EDSA, Quezon City

Trinoma 2
Level 1 (near Bench & McDo)
North Avenue cor. EDSA, Quezon City

Two Shopping Center
Taft Avenue near corner EDSA
Pasay City

UP Town Center
2F Phase 1B Katipunan Ave.
Brgy. UP Campus, Diliman
Quezon City

UPM - PGH
Faculty Medical Arts Bldg.
PGH Compound, Taft Avenue, Manila

UST - Doctor's Clinic
UST Hospital, Vestibule and
New Doctor's Clinic, España, Manila

UST Hospital
UST Hospital, España Street, Manila

UST Hospital 3
G/F UST Hospital Clinic Division
A.H. Lacson Avenue, Sampaloc
Manila

Victory Central Mall
G/F ATM 2 below escalator
#717 Old Victory Compound
Rizal Avenue, Monumento
Caloocan City

Victory Pasay Mall
Libertad corner Taft Avenue
Pasay City

Wack Wack Golf & Country Club
Shaw Blvd., Mandaluyong City

Walter Mart - Makati
G/F Walter Mart Makati (near Mercury
Drug), 790 Chino Roces Avenue
cor. Antonio Arnaiz, Makati City

Walter Mart - N. EDSA
Walter Mart Bldg., EDSA, Q.C.

Walter Mart - Sucat
Brgy. San Isidro, Dr. A. Santos Avenue
Sucat, Parañaque

Zabarte Town Center
588 Camarin Road corner Zabarte
Road North, Caloocan City

PROVINCIAL

2 Mango Avenue
2 Mango Avenue - Solara Bldg.
General Maxilom Avenue, Cebu City

268 Mall
268 Mall CK Building, Plaridel
Extension, Sto. Rosario, Angeles City

A. Bonifacio-McDonald's Baguio
Villanueva Building, Bonifacio St.
Baguio City

Abreeza Mall
J.P. Laurel Avenue, Bajada, Davao City

Adventist University of the Philippines
Sta. Rosa-Tagaytay Road
Puting Kahoy, Silang, Cavite City

AG&P
Atlantic, Gulf And Pacific Company
of Manila, Inc., San Roque, Bauan
Batangas

Alfamart - Ilang-Ilang Tanza
Ilang-Ilang St., De Roman Subd.
Daang Amaya 1, Tanza, Cavite

Alfamart - Lumina
Aguinaldo Highway corner Nueno
Avenue, Imus, Cavite 4603

Alfamart - Pacita Complex
Phase 3A, Block 3, Pacita Complex
San Pedro, Laguna

Alfamart - Poblacion Rosario
Ground Floor, 153 Gen. Trias Drive
Rosario, Brgy. Poblacion, Cavite

Alfamart - Trece Martires
CPC Bldg., Hugo Perez
Trece Martires, Cavite

Alfamart - Villa Catalina
Lot 6123, San Agustin, Dasmariñas
Cavite

Alfamart - Yakal Silang
Ground Floor, 137 Pedro Montoya St.
Cor. Yakal, San Miguel, Silang, Cavite

Alwana Business Park
National Highway, Barangay Cugman
Cagayan De Oro City

Angel Supermarket
Luna St. corner Burgos St.
Brgy. Quirino, Solano, Nueva Vizcaya

Angeles University Foundation
McArthur Highway
corner San Pablo St., Angeles City

Araullo University
Maharlika Highway
Bitas, Cabanatuan City

Ateneo de Davao University
Near Main Entrance
Along Roxas Avenue, Davao City

Avenue Hotel Bacolod
12th St. cor. Lacson St.
Bacolod City

Budget Wise Supermarket
Veterans Ave., Zamboanga City

Caltex - SLEX 1
South Luzon Expressway -
Northbound, Brgy. San Antonio
San Pedro, Laguna

Camayan Beach Resort
Camayan Wharf, West Ilanin
Forest Area, Subic Bay Freeport Zone

CB Mall
McArthur Highway, Nancayasan
Urdaneta City, Pangasinan

CDO Medical Center
CDO Medical Center Building 2
Tiano cor. Nacalaban St.
Cagayan De Oro City

Cebu Doctors' Hospital
Osmeña Boulevard, Cebu City

Cebu Doctors' University
1 Potenciano Larrazabal Ave.
North Reclamation Area, Mandaue City

Celebes Coconut Butuan
P-4 Brgy. Banza, Butuan City

Centrio Mall
G/F CM Recto Cor. Corrales St.
Cagayan De Oro

Clark Gateway
Clark Gateway Commercial Complex
Velasquez Street, San Francisco
Mabalacat, Pampanga

Corpus Christi School
Corpus Christi School
Tomas Saco Street, Macasandig
Cagayan De Oro City

Davao Adventist Hospital
Km. 7 McArthur Highway
Bangkal, Davao City

Dipolog Center Mall
Dipolog Center Mall,138 Rizal Avenue
Dipolog City

DIPSSCOR
DIPSSCOR Bldg., International Port
of Davao, Sasa Wharf, Km10, Sasa
Davao City

China Bank Off-Branch ATM Directory

DLSU - Dasmariñas
College of Engineering, De La Salle University, DBB-B, Dasmariñas, Cavite

DLSU - Health Science Campus
De La Salle University Health Campus, Inc., Congressional Road Dasmariñas, Cavite

ECCO Building
G/F Beside Unit A, Fil-Am Friendship Highway, Brgy. Anunas, Angeles City Pampanga

Embarcadero de Legazpi
Ground Level, Victory Village Embarcadero De Legazpi Mall Legazpi City

Gaisano - Bulua
Bulua Street, Cagayan De Oro City

Gaisano - Iligan
G/F Gaisano Citi Super Mall Roxas Ave., Iligan City

Gaisano - Lapu-Lapu City
Gaisano Mactan Mall, Pusok Lapu-Lapu City, Cebu

Gaisano Mall - Bajada Davao
Gaisano Mall of Davao, J.P. Laurel Avenue, Bajada, Davao City

Gaisano Mall - Cagayan de Oro
Unit 3 2/L Atrium, Gaisano Mall Corrales Extension cor. C.M. Recto Ave., Cagayan De Oro City

Gaisano Mall - Talisay
G/F Gaisano Fiesta Mall Tabunok, Talisay, Cebu City

Galeria Victoria
J.P. Rizal St., Balanga, Bataan

Good Samaritan Hospital
Good Samaritan Compound, Burgos Avenue, Cabanatuan City

Grosvenor Square
Josefa St., Angeles City

Holy Angel University 2
G/F Holy Angel University Student's Center, Sto. Rosario St., Angeles City Pampanga

Jenra Mall
Jenra Grand Mall, Sto. Rosario St. Angeles City, Pampanga

Jollibee - Mabalacat
McArthur Hi-Way, Brgy. San Francisco Mabalacat City, Pampanga

KCC Mall - GenSan
G/F KCC Mall - GenSan, J. Catolico Sr. Avenue, General Santos City South Cotabato

KMSCI
Kidapawan Medical Specialist Center, Inc., Sudapin, Kidapawan City

La Nueva - Minglanilla
La Nueva Supermart, Poblacion Minglanilla, Cebu

La Nueva Supermart
La Nueva Supermart, Inc., G.Y. Dela Serna Street, Lapu-Lapu, Cebu City

LB Supermarket - Zamboanga
Veteran's Avenue Extension Zamboanga City

LCC Peñaranda
LCC Supermarket, Peñaranda corner Rizal St., Legazpi City

Lee Hypermarket
G/F Lee Hypermarket, Valencia Road Bagacay, Dumaguete City Negros Oriental

Lee Super Plaza
G/F Lee Super Plaza, M. Perdices cor. San Jose St., Dumaguete City

Lim Ket Kai Mall
1st Level Service Arcade M4-193B Lim Ket Kai Mall, Lim Ket Kai Dr. Cagayan De Oro City

Lopue's East Center
Burgos St. corner Carlos Hilado National Highway, Bacolod City

Lorma Medical Center
Carlatan, McArthur Highway San Fernando, La Union

Lotus Central Mall
G/F Lotus Central Mall, Nueno Avenue Imus, Cavite

Mactan Marina Mall
Ground Floor Mactan Marina Mall MEPZ 1, Lapu-Lapu City, Cebu

Magic Mall
G/F cor. Itti Shoes (Entrance B) Magic Mall, Alexander St., Poblacion Urdaneta City, Pangasinan

Magic Starmall
Upper G/F, Magic Star Mall Romulo Boulevard, Barangay Cut-Cut Tarlac City

Malolos
G/F Graceland Mall, BSU Grounds McArthur Highway, Guinhawa Malolos City, Bulacan

Maria Reyna Hospital
Hospital Entrance, Maria Reyna Hospital, T.J. Hayes St. Cagayan De Oro

Mariton Grocery
Buntun, Tuguegarao City Cagayan Valley

Mariton Grocery - Don Domingo
Don Domingo, Tuguegarao City

Market City
Market City Building, Bus Terminal Agora, Cagayan De Oro City

Marquee Mall 1
G/F Activity Center Marquee Mall Don Bonifacio Road, Angeles City Pampanga

Matina Town Square
G/F Strip Bldg., Matina Town Center McArthur Highway, Matina, Davao

MCIA-Domestic Check-In Area
Airport Road, Lapu-Lapu City, Cebu

MCIA-Domestic Departure Hall
Airport Road, Lapu -Lapu City, Cebu

Mindanao Sanitarium and Hospital
Tibanga Highway, Iligan City

MJS Hospital
Montilla Boulevard, Butuan City

Nagaland E-Mall
P. Diaz cor. Elias Angeles St. San Francisco, Naga City

Nepo Mall - Angeles
Doña Teresa Ave., cor. St. Joseph St. Nepo Mart Complex, Angeles City

Nepo Mall - Dagupan
G/F Nepo Mall, Arellano St. Dagupan City

Northside Doctors Hospital
Bantay, Vigan, Ilocos Sur

Notre Dame de Chartres Hospital
No. 25 General Luna Road, Baguio City

Nueva Ecija Doctors Hospital
Maharlika Highway, Cabanatuan City

Nuvali Solenad 2
G/F Soledad 2 Nuvali, Sta. Rosa-Tagaytay Road, Sta. Rosa, Laguna

Nuvali Solenad 3 Bldg B
G/F Bldg B, Solenad 3, Nuvali Sta. Rosa-Tagaytay Road, Sta. Rosa Laguna

Nuvali Solenad Hawkers Market
Hawkers Market, Solenad 3 Nuvali, Sta. Rosa-Tagaytay Road Sta. Rosa, Laguna

Orchard Golf and Country Club
Gate 2 The Orchard Golf and Country Club Inc., Aguinaldo Highway Dasmariñas, Cavite

OSPA - FMC
Ormoc Sugarcane Planters Association - Farmers Medical Center Ormoc City, Leyte

Our Lady of the Pillar
G/F Near Emergency Room,Tamsui Avenue, Bayan Luma, Imus, Cavite

Pacific Mall
Landco Business Park, F. Imperial Street cor. Circumferential Road Legazpi City

Pacific Mall 2
Landco Business Park F. Imperial St., Legazpi City

Pangasinan Medical Center
Nable St., Dagupan City

Pavilion Mall
G/F Building A Pavilion Mall, Km. 35 Brgy. San Antonio, Biñan, Laguna

Porta Vaga Mall
Session Road, Baguio City

Prince Mall - Baybay
Andres Bonifacio & Manuel L. Quezon Sts., Baybay, Leyte

Puregold - Dau
Cosco Bldg., McArthur Highway Dau, Mabalacat, Pampanga

Purisimo L. Tiam College
PLT Building, Dumlao Boulevard Bayombong, Nueva Vizcaya

Robinsons - Calasiao
San Miguel, Calasiao, Pangasinan

Robinsons - GenSan
G/F Foodcourt, Jose Catolico Sr. Ave. Lagao, General Santos City

Royal Duty Free
Subic Bay Freeport Zone Zambales City

Royce Hotel
Manuel Roxas St. cor. Ninoy Aquino Ave., CSEZ

RPGMC Tuguegarao
Enrile Boulevard, Carig Tuguegarao City, Cagayan

China Bank Off-Branch ATM Directory

SAMULCO
Sta Ana Multi Purpose Cooperative
Bldg. 1, Monteverde St., Davao City

San Fernandino Hospital
McArthur Highway, Dolores, City of
San Fernando, Pampanga

Save Wise - Pozorrubio
Caballero St., Brgy. Cablong
Pozorrubio, Pangasinan

Shopwise - Cebu
N. Bacalso Ave., Basak, San Nicolas
Cebu City

Shopwise - San Pedro
National Highway, Brgy. Landayan
Pacita, San Pedro

Skyrise Realty
G/F Skyrise IT Building, Gorordo
Avenue cor. N. Escario St., Cebu City

SM Batangas Covered Walk 2
SM City Batangas, Pallocan West
Batangas City

SM City - Bacolod
G/F Building A, ATM #3
SM City Bacolod, Reclamation Area
Bacolod City

SM City - Baguio
Luneta Hill, Upper Session Road
cor. Governor Park Road, Baguio City
Benguet

SM City - Baliwag
ATM 2, DRT Highway, Brgy. Pagala
Baliwag, Bulacan

SM City - Batangas
ATM-1 Sm City Batangas, Pallocan
West, Batangas City

SM City - Cabanatuan
ATM Center, Maharlika Highway
Cabanatuan

SM City - Cagayan De Oro
ATM Center (2), Main Entrance
SM City, Cagayan De Oro

SM City - Calamba 1
Ground Floor, National Road
Brgy. Real, Calamba City, Laguna

SM City - Calamba 2
Second Floor, National Road
Brgy. Real, Calamba City, Laguna

SM City - Calamba 3
Near Main Entrance, National Road
Brgy. Real, Calamba City, Laguna

SM City - Clark
ATM # 1 SM City Clark, (Fronting
Transport Terminal) M. Roxas Street
CSEZ, Angeles City, Pampanga

SM City - Dasmariñas 2
Ground Floor near Gen. E. Aguinaldo
Highway Entrance, Governor's Drive
Brgy. Sampalok, Dasmariñas, Cavite

SM City - Davao
ATM Center (1), SM City Davao
Quimpo Boulevard, Ecoland
Subdivision, Brgy. Matina, Davao City

SM City - General Santos
corner Santiago Blvd. & San Miguel
St., Brgy. Lagao, General Santos City
South Cotabato

SM City - Lipa
ATM 2 (Near Transport Terminal)
SM City Lipa, Ayala Highway, Lipa City

SM City - Marilao
ATM-1 SM City Marilao, Marilao
Bulacan

SM Lanang Premier
Upper Ground Floor, J.P. Laurel
Avenue, Brgy. San Antonio
Agdao District, Davao City

SM Market Mall
Congressional Avenue, Dasmariñas
Bagong Bayan, Dasmariñas, Cavite

SM Molino
G/F SM Supercenter Molino
Brgy. Molino 4, Molino Road
Bacoor, Cavite

SM Tarlac
G/F McArthur Highway, San Roque
Tarlac City

SOCSARGEN County Hospital
Bula-Lagao Road cor. L. Arradaza St.
General Santos City

South Town Center Talisay
Tabunok, Talisay, Cebu

Southway Mall
cor. Gov. Lim Purisima and
Magno Sts., Zamboanga City

Sta. Rosa Hospital
RSBS Blvd., Balibago, City of
Sta. Rosa, Laguna

Super Metro Carcar
N. Bacalso Avenue, Carcar City

Target Mall 1
G/F near Star Search, Sta. Rosa
Commercial Complex, Brgy. Balibago
Sta. Rosa, Laguna

Target Mall 2
ATM-04 Canopy Area, Sta. Rosa
Commercial Complex, Brgy. Balibago
Sta. Rosa, Laguna

The District
Aguinaldo Hi-Way cor. Daang Hari
Road, Brgy. Anabu Ii-D, Imus, Cavite

The District - Dasmariñas
G/F, Molino-Paliparan Road
Dasmariñas, Cavite

Union Christian College
Widdoes Street, Brgy. Ii
San Fernando, La Union City

University of Baguio
Assumption Road, Baguio City
Benguet

University of Bohol
Along Ma. Clara St., Tagbilaran City

University of Perpetual Help - Biñan
Doctor Jose Tamayo Medical Building
University Of Perpetual Help Biñan
Brgy. Sto. Niño, Biñan, Laguna

University of San Carlos
Main University Building
P. Del Rosario Street, Cebu City

University of San Jose Recoletos - Basak
N. Bacalso Ave.
Basak, Pardo, Cebu City

Walter Mart - Cabanatuan
Barangay Dicarma, Maharlika Highway
Cabanatuan, Nueva Ecija

Walter Mart - Calamba
Real St., Brgy. Real, Calamba, Laguna

Walter Mart - Carmona
Macaria Business Center, Governor's
Drive, Mabuhay, Carmona, Cavite

Walter Mart - Dasmariñas
G/F, Barrio Burol Aguinaldo Highway
Dasmariñas, Cavite

Walter Mart - Gen. Trias
Governor's Drive, Gen. Trias, Cavite

Walter Mart - San Fernando
Brgy. San Agustin, McArthur Highway
San Fernando, Pampanga

Walter Mart - Sta. Rosa 1
Upper G/F Waltermart Center Mall
Entrance, National Highway
San Lorenzo Village, Balibago Road
Sta. Rosa, Laguna

Walter Mart - Sta. Rosa 2
Upper G/F Waltermart Center,
Between Goldilocks and Mall Exit, San
Lorenzo Village, Balibago Road, Sta.
Rosa, Laguna

Walter Mart - Sta. Rosa Belair
Sta. Rosa-Tagaytay Road
Laguna Belair, Sta. Rosa

Walter Mart - Tagaytay
G/F Waltermart, Brgy. Junction East
Nasugbu Road, Tagaytay City, Cavite

Walter Mart - Tanauan
J.P. Laurel National Highway
Brgy. Darasa, Tanauan, Batangas

Wesleyan University
Mabini Extension, Cabanatuan City

Xavier University
G/F Library Annex, Xavier University
Corrales Ave., Cagayan De Oro City

Yubenco Starmall
MCLL Highway, Putik, Zamboanga City

Zamboanga Peninsula Medical Center
MCLL Putik Highway
Putik, Zamboanga City

Business Offices

CONSUMER BANKING CENTERS

CBG BACOLOD CENTER
China Bank - Bacolod Araneta
2/F CBC Bldg., Araneta Street
Bacolod City
Tel. No.: (034) 435-0250
Fax No.: (034) 435-0647
Email: jmedelasalas@chinabank.ph
Center Head: **Jasmin Mae E. De Las Alas**

CBG BATANGAS CENTER
China Bank - Batangas City Branch
3/F CBC Bldg., P. Burgos Street
Batangas City
Tel. No.: (043) 723-7127 / 723-4294
Fax No.: (02) 520-6161
Email: egricardo@chinabank.ph
Center Head: **Evelyn G. Ricardo**

CBG CABANATUAN CENTER
China Bank – Cabanatuan, Maharlika Branch
2/F CBC Bldg., Brgy. Dicarma, Maharlika Highway
Cabanatuan City, Nueva Ecija
Tel. No.: (044) 463-1063 / 600-1575
Fax No.: (044) 464-0099
Email: ergatdula@chinabank.ph
Contact Person: **Emilie R. Gatdula**

CBG CAGAYAN DE ORO CENTER
China Bank - Cagayan de Oro-Lapasan Branch
2/F CBC Bldg. C.M. Recto Avenue
Lapasan, Cagayan de Oro
Tel. No.: (08822) 72-81-95
Fax No.: (088) 856-2409
Email: rdmatela@chinabank.ph
Center Head: **Rhea D. Matela**

CBG CEBU CENTER
China Bank - Cebu Business Branch
2/F CBC Corporate Center, Samar Loop
cor. Panay Road, Cebu Business Park, Cebu City
Tel. Nos.: (032) 416-1606; (032) 346-4448
Fax No.: (032) 346-4450
Email: jfvparaon@chinabank.ph
Center Head: **James Frances V. Paraon**

CBG DAGUPAN CENTER
China Bank - Dagupan-Perez Branch
Siapno Bldg., Perez Boulevard
Dagupan City
Tel. No.: (075) 522-8471
Fax No.: (075) 522-8472
Email: mbfernandez@chinabank.ph
Center Head: **Michael B. Fernandez**

CBG DAVAO CENTER
China Bank - Davao-Recto Branch
2/F CBC Bldg. C.M. Recto
corner J. Rizal Streets, Davao City
Tel. Nos.: (082) 226-2103/ (082) 221-4163
(082) 222-5761
Fax No.: (082) 222-5021
Email: rcsanchez@chinabank.ph
Center Head: **Renato C. Sanchez II**

CBG ILOILO CENTER
China Bank - Iloilo-Rizal Branch
2/F CBC Bldg. Rizal corner Gomez Streets
Brgy. Ortiz, Iloilo City
Tel. No.: (033) 336-7918
(033) 503-2845
Fax No.: (033) 336-7909
Email: mdcelajes@chinabank.ph
Center Head: **Marvin D. Celajes**

CBG PAMPANGA CENTER
China Bank - San Fernando Branch
2/F CBC Bldg. V. Tiomico Street
Sto. Rosario Poblacion, City of San Fernando
Pampanga
Tel. Nos.: (045) 961-5344; (045) 961-0467
Fax No.: (045) 961-8351
Email: vgguintu@chinabank.ph
Center Head: **Verna G. Guintu**

PRIVATE BANKING GROUP

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BACOLOD OFFICE
2/F CBC Building, Bacolod Araneta Branch
Lacson cor. San Sebastian Sts.
Bacolod City

Marie Jo J. Peornato
(034) 431-5549 / mjjpeornato@chinabank.ph

CEBU OFFICE
CBC Building, Samar Loop cor. Panay Road
Cebu Business Park, Cebu City

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Kristian Caesar P. Ditan
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Rosemarie T. Guingona
(032) 415-5881; (032) 239-3742
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DAVAO OFFICE
Km. 4 McArthur Highway, Matina, Davao City

Mc Queen Benigno-Jamora
(082) 297-6268
mqbjamora@chinabank.ph

China Bank Savings
A subsidiary of China Banking Corporation

China Bank Savings, Inc. (CBS) began operations on September 8, 2008 following the acquisition of Manila Bank by China Bank in 2007. Subsequent mergers with Unity Bank and Planters Development Bank have bolstered CBS' position as the fourth largest thrift bank in the industry. With over 160 branches nationwide and a strong platform for retail banking, auto, housing and enterprise finance, CBS is able to service the growing needs of the broader consumer and Small and Medium Enterprise (SME) market. It is committed to promoting financial inclusiveness, and uplifting the quality of life of consumers and entrepreneurs in line with its *Madaling Kausap* personalized brand of service.

VGP Center, 6772 Ayala Avenue
Makati City 1226, Philippines
Tel. No.: (632) 988-9555
www.cbs.com.ph

BOARD OF DIRECTORS

CHAIRMAN
Ricardo R. Chua

VICE CHAIR
Nancy D. Yang

PRESIDENT
Alberto Emilio V. Ramos

INDEPENDENT DIRECTORS
Roberto F. Kuan
Margarita L. San Juan
Alberto S. Yao

DIRECTORS
Carlos M. Borromeo
Alexander C. Escucha
Antonio S. Espedido, Jr.
Rosemarie C. Gan
Ramon R. Zamora

CORPORATE SECRETARY
Edgar D. Dumlao

Chinabank Capital

China Bank Capital Corporation is the investment house subsidiary of China Bank. This investment arm aims to provide clients with a wide range of services that include debt and equity capital raising and underwriting, project finance, mergers and acquisitions, financial advisory services to all public and private companies. China Bank's Investment Banking Group now folds into China Bank Capital, acting as issue manager, arranger or underwriter in various landmark deals.

9/F China Bank Building
8745 Paseo de Roxas corner Villar St.
Makati City 1226, Philippines
Tel. No.: (632) 885-5009
Fax No.: (632) 556-6712

BOARD OF DIRECTORS

CHAIRMAN
Ricardo R. Chua

PRESIDENT
Romeo D. Uyan, Jr.

INDEPENDENT DIRECTORS
Robert F. Kuan
Alberto S. Yao

DIRECTORS
Antonio S. Espedido, Jr.
Alberto Emilio V. Ramos
William C. Whang

CORPORATE SECRETARY
Divine Grace F. Dagoy

Manulife China Bank
Life Assurance Corporation
a joint venture between Manulife Philippines and China Banking Corporation

24/F LKG Tower, 6801 Ayala Ave.
Makati City 1226 Philippines
Tel. No. : (632) 884-5433
Fax No. : (632) 845-0980
Customer Care Line: (632) 884-7000
E-mail : phcustomercare@manulife.com
www.manulife-chinabank.com.ph

Manulife China Bank Life Assurance Corporation, established on March 23, 2007, is a strategic alliance between Manulife Philippines and China Bank, providing a wide range of innovative insurance products and services to China Bank customers. The aim is to ensure that every client receives the best possible solution to meet his or her individual financial and insurance needs. In 2014, China Bank raised its equity stake from 5% to 40% in Manulife China Bank Life.

PRESIDENT AND CHIEF EXECUTIVE OFFICER
Robert D. Wyld

CHINABANK
PROPERTIES AND
COMPUTER CENTER, INC.

4/F & 15/F China Bank Building
8745 Paseo de Roxas corner Villar St.
Makati City 1226, Philippines
Tel. Nos.: (632) 885-5555; 885-5053
885-5060; 885-5051; 885-5052
Fax No.: (632) 885-5047: 885-9458

CBC Properties and Computer Center, Inc. (PCCI) was created on April 14,1982 to provide computer-related services solely to the China Bank group. It manages the Bank's electronic banking and e-commerce requirements, including sourcing, developing and maintaining software and hardware, financial systems, access devices and networks to foster the safety and soundness of China Bank's technology infrastructure and keep its processing capabilities in top shape.

GENERAL MANAGER
Phillip M. Tan

CHIEF TECHNOLOGY OFFICER
Editha N. Young

CHINABANK
INSURANCE BROKERS, INC.

8/F VGP Center, 6772 Ayala Ave.
Makati City 1226, Philippines
Tel. No.: (632) 885-5555
VGP Center: (632) 751-6000

Chinabank Insurance Brokers, Inc. (CIBI) is a wholly-owned subsidiary of the Bank established on November 3, 1998 as a full service insurance brokerage. It provides direct insurance broking for retail and corporate customers, with a wide and comprehensive range of plans for life and non-life insurance. The life insurance retail products include Whole Life, Endowment, Investment-Linked, Education, Term and Life Protection with Hospitalization and Critical Illness Cover. Under the Non-Life insurance category, programs for residential, personal, corporate and industrial clients are available, with insurance coverages such as Property, Motor, Marine, Accident and Liability.

PRESIDENT
Julieta P. Guanlao

Products and Services

DEPOSITS & RELATED SERVICES

Peso Deposits
Checking
– ChinaCheck Plus
Savings
– Passbook Savings
– ATM Savings
– MoneyPlus Savings
– SSS Pensioner's Account
Time
– Regular Time Deposit
– Diamond Savings
– Money L.I.F.T.
Foreign Currency Deposits (USD, Euro and Yuan)
– Savings
– Time
Manager's/Gift Check/Demand Draft
Safety Deposit Box
Direct Deposit Facility for US Pensioner
Night Depository Services
Cash Delivery and Deposit Pick-up Services
Out-of-town Checks

LOANS & CREDIT FACILITIES

Corporate Loans and Commercial Loans
Loan Syndication
Factoring Receivables
Special Lending Programs
- BSP Rediscounting
- Industrial Guarantee Loan Fund
- Environmental Development Program
- Sustainable Logistics Development
- Industrial and Large Projects

Guarantee Programs
Consumer Loans
- HomePlus Real Estate Loans
- Contract to Sell Financing
- AutoPlus Vehicle Loans

Credit Cards
- China Bank Prime Mastercard
- China Bank Platinum Mastercard
- China Bank World Mastercard

INTERNATIONAL BANKING PRODUCTS & SERVICES

Import and Export Financing
Foreign and Domestic Commercial Letters of Credit
Standby Letters of Credit
Collection of Clean and Documentary Bills
Bank Guaranty (Shipside Bond)
Purchase and Sale of Foreign Exchange
Travel Funds
Servicing of Foreign Loans and Investments
Trade Inquiry
Trust Receipt Facility
Correspondent Banking Services

INVESTMENT BANKING SERVICES

Debt Financing
- Bonds
- Syndicated Loan
- Corporate Notes
- Structured Loan

Equity Financing
- Initial Public Offering (Common Shares)
- Follow On Offering (Common Shares)
- Preferred Shares
- Convertible/Exchangeable Shares

Project Finance
Mergers & Acquisition / Financial Advisory / Corporate Restructuring/ Valuation Securitization

OVERSEAS KABABAYAN SERVICES

- China Bank On-Time Remittance
- Overseas Kababayan Savings Account (OKs) Account
- China Bank Money Transfer

TRUST SERVICES

Corporate and Institutional Trust
- Fund Management
  - Employee Benefit Planning
  - Retirement Plan
  - Provident/Savings Plan
- Escrow Services
- Collateral/Mortgage Trust
- Loan Agency Services

Wealth Management
- Estate Planning
- Living Trust
- Life Insurance Trust
- Investment Management Arrangement
  - Investment Advisory
  - Investment Agency

Unit Investment Trust Funds
- China Bank Money Market Fund
- China Bank Institutional Money Market Fund
- China Bank Short Term Fund
- China Bank Intermediate Fixed Income Fund
- China Bank GS Fund
- China Bank Balanced Fund
- China Bank Equity Fund
- China Bank High Dividend Equity Fund
- China Bank Dollar Fund

TREASURY SERVICES

Peso-Denominated Instruments
- Government and Corporate Bond Issues

Dollar-Denominated Instruments
- Government and Corporate Bond Issues

Foreign Exchange
- Spot, Forward and Swaps

Derivatives
- Interest Rates and Cross Currency Swaps

INSURANCE PRODUCTS

Bancassurance
- Life and Income Protection
- Critical Illness with Life Cover
- Endowment
- Retirement
- Education
- Investment - Linked
- Term Insurance

Group Life Insurance
Non-Life Insurance
- Fire Insurance - Residential, Commercial & Trust Receipts
- Motor Car Insurance
- Aviation Insurance
- Marine Insurance - Hull/Vessel and Cargo
- Electronic Equipment Insurance
- Liability Insurance - Comprehensive General Liability, Products, etc.
- Directors and Officers Liability Insurance
- Accident and Health
  - Medical Insurance - HMO
  - Personal Accident - Individual & Group
  - Travel Insurance

Casualty - Money Insurance, Fidelity Guarantee, Property Floater
- All Risks Insurance - Contractor's All Risk (CAR) Insurance/Erector's All Risk Insurance
- Bonds (Judicial/Performance/Fidelity/ Surety, etc.)

Specialized Insurance Programs

PAYMENT & SETTLEMENT SERVICES

Electronic Banking Channels
- China Bank Automated Teller Machine (ATM)
- China Bank TellerPhone
- China Bank Online (Full and Mobile Version)
- China Bank Mobile Banking (Beta Version)
- Cash Accept Machine
- Point-Of-Sale (POS)

CASH MANAGEMENT SOLUTIONS

Delivery Channel
China Bank Online

Liquidity Management
Account Balance & Transaction Reporting
Sure Sweep

Disbursement
Check Write Plus Manager's Check (Outsourced)
Check Write Plus Corporate Check (Outsourced)
Check Write Plus (Software)
Corporate Inter-Bank Fund Transfer (Corporate IBFT)
TellerCard Payroll Crediting
ChinaPay (Payroll Software)
Payroll Processing
Automatic Crediting Arrangement (ACA)
eGovernment Payments (powered by BancNet):
- BIR eFPS Online Tax Payments
- SSS Monthly Contribution and Loan Payment
- Philhealth Monthly Contribution
- Pag-IBIG Monthly Contribution and Loan Payments

Receivables
Check Depot (Post-Dated Check Warehousing)
Bills Pay Plus
- Over-the-Counter
- ATM
- Internet
- Mobile
- Phone
- BancNet Bills Pay ATM

China Debit Point-of-Sale (POS) (Powered by BancNet))
Automatic Debit Arrangement (ADA)
eGovernment Collection
- SSS Sickness / Maternity / Employee's Compensation (SSS SMEC)

Investors Information

ANNUAL STOCKHOLDERS' MEETING

May 5, 2016, Thursday, 4:00 p.m.
Penthouse, China Bank Building
8745 Paseo de Roxas corner Villar Street
Makati City 1226, Philippines

SHAREHOLDER SERVICES

For inquiries or concerns regarding dividend payments, account status, change of address or lost or damaged stock certificates, please get in touch with:

Stocks and External Relations
Office of the Corporate Secretary
China Banking Corporation
11/F China Bank Building
8745 Paseo de Roxas corner Villar St.
Makati City 1226, Philippines

Contact persons:
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Fax No.: (+632) 403-2414

We welcome letters or all such communications on matters pertaining to the management of the Bank, stockholders' rights, or any other bank-related issues of importance. Stockholders who wish to communicate with any or all of the members of the China Bank Board of Directors may send letters to:

Atty. Corazon I. Morando
Vice President and Corporate Secretary
China Banking Corporation
11/F China Bank Building
8745 Paseo de Roxas corner Villar St.
Makati City 1226, Philippines
Email: ocsstocks@chinabank.ph

INVESTOR INQUIRIES

We welcome inquiries from investors, analysts, and the financial community. For information about the developments at China Bank, please contact:

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Website: www.chinabank.ph

CUSTOMER INFORMATION

We welcome inquiries from customers and other stakeholders. Please contact:

Customer Contact Center
Customer Experience Management Division
China Bank Tellerphone (Available 7AM-10PM daily)
Hotline # (632) 88-55-888
Domestic Toll-Free #s:
1-800-1888-5888 (PLDT)
1-800-3888-5888 (Digitel)

Fax No: (632) 519-0143
Email: online@chinabank.ph
Facebook Page:
www.facebook.com/chinabank.ph
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www.twitter.com/chinabankph

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