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March 17, 2017

PHILIPPINE STOCK EXCHANGE, INC.
3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **MR. JOSE VALERIANO B. ZUÑO III**
OIC - Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.
37/F Tower 1, The Enterprise Center
6766 Ayala Avenue cor Paseo de Roxas
Makati City

Attention: **MS. VINA VANESSA S. SALONGA**
Head, Issuer Compliance and Disclosure Department

Gentlemen:

We are pleased to furnish your good office with a copy of our SEC Form 20 Information Statement Preliminary (pursuant to section 20 of the Securities Regulation Code) filed with the Securities and Exchange Commission (SEC).

For your information and guidance.

Thank you.

Very truly yours,

CAEscucha

ALEXANDER C. ESCUCHA
Senior Vice President & Head
Investor & Corporate Relations Group
CHINA BANKING CORPORATION

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						4	4	3

SEC Registration Number

C H I N A B A N K I N G C O R P O R A T I O N

(Company's Full Name)

1 1 F C H I N A B A N K B L D G 8 7 4 5 P A S E O

D E R O X A S C O R V I L L A R S T M A K A T I

(Business Address: No., Street City/ Town / Province)

ATTY. LEILANI B. ELARMO
Contact Person

885-5145
Company Telephone Number

Preliminary Information Statement

0 3	1 7	2 0 - I S	0 5	0 5
Month	Day	FORM TYPE	Month	Day

Annual Meeting

Secondary License Type, If Applicable

C F D
Dept. Requiring this Doc.

Amended Articles Number / Section

Total Amount of Borrowings

1,956
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes

P R O X Y

That I/we, the undersigned stockholder/s of **CHINA BANKING CORPORATION** ("China Bank"), do hereby appoint ____ or in his absence, the Chairman of the meeting, as my/our proxy, to represent me/us and vote all shares of stocks registered in my/our name, at the Annual Meeting of Stockholders of China Bank on May 4, 2017, Thursday, and at any of the adjournments and postponements thereof, for the purpose of acting on the following matters:

1. Election of Directors

   ___ Vote for all nominees listed below:

Hans T. Sy	Harley T. Sy
Gilbert U. Dee	Jose T. Sio
Ricardo R. Chua	Alberto S. Yao [Independent]
Peter S. Dee	Roberto F. Kuan [Independent]
Joaquin T. Dee	Margarita L. San Juan [Independent]
Herbert T. Sy	

   ___ Withhold authority for all nominees listed above

   ___ Withhold authority to vote for the nominees listed below:

   ____________________ ____________________

   ____________________ ____________________

   ____________________ ____________________

2. Approval of Minutes of the May 5, 2016 Annual Meeting of Stockholders

   ___ Yes ___ No ___ Abstain

3. Approval of Annual Report

   ___ Yes ___ No ___ Abstain

4. Approval of financial statements for the year ended December 31, 2016

   ___ Yes ___ No ___ Abstain

5. Ratification of all acts of the Board of Directors, Executive Committee, Other Committees, and Management, including ratification of related party transactions

   ___ Yes ___ No ___Abstain

6. Appointment of SyCip Gorres Velayo & Co. as external auditors

   ___ Yes ___ No ___ Abstain

7. Increase in the Authorized Capital Stock from P25.0 Billion to P33.0 Billion and Amendment of the Sixth Article of the Articles of Incorporation

   ___ Yes ___ No ___ Abstain

8. Such other matters as may properly come before the meeting

   ___ Yes ___ No ___ Abstain

This proxy should be received by the Corporate Secretary on or before April 27, 2017, the deadline for submission of proxies.

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

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

IN WITNESS WHEREOF, I/we have hereunto set my/our hand/s in ____________________ this __________ day of __________, 2017.

SIGNED IN THE PRESENCE OF:

________________________________ ________________________________

Signature of Stockholder/s

________________________________ ________________________________

Name/s in Print

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Please be notified that pursuant to Article III, Section 1 of the Amended By-Laws of China Banking Corporation (China Bank), the annual meeting of stockholders will be held on May 4, 2017, Thursday, 4:00 P.M., at the Penthouse, China Bank Building, 8745 Paseo de Roxas corner Villar St., Makati City, for the following purposes:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Annual Meeting of Stockholders on May 5, 2016
5. Annual Report to Stockholders
6. Approval of the Financial Statements for the year ended December 31, 2016
7. Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2016, including the ratification of related party transactions
8. Election of the Board of Directors
9. Appointment of External Auditors
10. Increase in the Authorized Capital Stock from P25.0 Billion to P33.0 Billion and Amendment of the Sixth Article of the Articles of Incorporation
11. Other Matters
12. Adjournment

For the explanation of each agenda item, please refer to the attached Annex "A". Details of the agenda may also be viewed under Item D.15 of our Information Statement (SEC 20-IS).

Only stockholders of record as of March 17, 2017 shall be entitled to notice of and vote at the meeting. The stock and transfer books of China Bank will be closed from April 18 to May 4, 2017.

In case you cannot personally attend the meeting and you wish to be represented thereat, you may designate your authorized representative by submitting a proxy instrument to the Office of the Corporate Secretary, 11th Floor, China Bank Building, 8745 Paseo de Roxas corner Villar St., Makati City, not later than 5:00 p.m. of April 27, 2017.

Makati City, March 16, 2017.

ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

Annex "A"

EXPLANATION OF AGENDA ITEMS

1. **Call to Order**
   Chairman Hans T. Sy will welcome the stockholders and guests and formally begin the 2017 annual meeting of stockholders of China Bank. He will also highlight that stockholders will be given the opportunity to ask questions or raise their comments prior to submitting each agenda item for their action.

2. **Proof of Notice of Meeting**
   Atty. Corazon I. Morando, Corporate Secretary, will certify the date the notice of meeting with the information statement was sent to stockholders of record as of March 17, 2017 and to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), in accordance with the China Bank by-laws and the SEC and PSE rules and regulations, and the date such notice was published in a newspaper of general circulation.

3. **Certification of Quorum**
   Atty. Morando will certify the existence of quorum. A meeting where the stockholders holding a majority of the outstanding capital stock of China Bank are present, either in person or by proxy, shall constitute a quorum and shall be competent to transact business.

4. **Approval of the Minutes of the Annual Meeting of Stockholders on May 5, 2016**
   Stockholders will be asked to approve the minutes of the stockholders' meeting held on May 5, 2016, which contain, among others, the annual report to stockholders and approval of financial statements, ratification of all acts of the Board of Directors and all acts of the Executive Committee and of the various committees of the Bank and Management, during the fiscal year 2015 and immediately preceding the meeting, election of the Board of Directors, appointment of external and internal auditors, amendment of the articles of incorporation to extend the corporate term of the Bank, and approval/ratification of the declaration of stock and cash dividends. The minutes may be accessed through China Bank website, www.chinabank.ph. Copies of the minutes will also be provided to the stockholders before the meeting.

5. **Annual Report to Stockholders**
   Stockholders will be provided information about the Bank's activities, business and financial performance, and other relevant data for the preceding year. Copies of the annual report will be provided to the stockholders before the meeting.

6. **Approval of the Financial Statements for the year ended December 31, 2016**
   Stockholders will be provided information about the financial position, performance and changes in financial position of the Bank. The financial statements will be included in the Information Statement to be sent to the stockholders prior to the meeting.

7. **Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2016, including the ratification of related party transactions**
   All acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2016, including the ratification of related party transactions, will be presented to the stockholders for their approval and ratification.

8. **Election of the Board of Directors**
   The Chairman will present the nominees for election as members of the Board of Directors, including the independent directors. The list of nominees, with their profiles, will be included in the Information Statement to be sent to the stockholders prior to the meeting.

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

10. **Increase in the Authorized Capital Stock from P25.0 Billion to P33.0 Billion and Amendment of the Sixth Article of the Articles of Incorporation**
    The Board resolution of March 15, 2017, amending the Sixth Article of the Articles of Incorporation to increase the authorized capital stock of the Bank by P8.0 Billion, from P25.0 Billion to P33.0 Billion, will be presented to the stockholders for their approval.

11. **Other Matters**
    All matters that arise after the notice, agenda, and information statement have been sent out, may be presented for the consideration of the stockholders. Other businesses as may properly come before the stockholders may also be raised.

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

:

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter: **China Banking Corporation**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **443**

5. BIR Tax Identification Code: **320-000-444-210**

6. Address of principal office: **China Bank Bldg., 8745 Paseo de Roxas cor. Villar St., Makati City** Postal Code: **1226**

7. Registrant's telephone number, including area code: **(632) 885-5555**

8. Date, time and place of the meeting of security holders:

   Date: **May 4, 2017**
   Time: **4:00 p.m.**
   Place: **Penthouse, China Bank Bldg., 8745 Paseo de Roxas cor. Villar St., Makati City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
   March 30, 2017

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares Outstanding	Amount of Debt Outstanding
Common	2,002,027,836	Short Term : P539,529,591,670 Long Term : P30,282,215,443

11. Are any or all of registrant's securities listed in a Stock Exchange? Yes [✓] No [ ]

    The above common shares are listed in the Philippine Stock Exchange.

A. GENERAL INFORMATION

1. Date, Time and Place of Meeting of Security Holders

Date : May 4, 2017
Time : 4:00 P.M.
Place : Penthouse, China Bank Bldg.
8745 Paseo de Roxas cor. Villar St., Makati City

Mailing address of principal office: China Bank Bldg., 8745 Paseo de Roxas cor. Villar St., Makati City

Approximate date on which copies of the Information Statement
are first to be sent or given to security holders : **March 30, 2017**

We are not asking you for a proxy and you are requested not to send us a proxy.

2. Dissenter's Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair value of his shares in any of the following instances under Section 81 of The Corporation Code (B.P. Blg. 68): (a) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and (c) in case of merger or consolidation.

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

Should any proposed corporate action be passed upon at the meeting which may give rise to the right of appraisal, any stockholder who votes against the proposed corporate action may avail himself of the right of appraisal by making a written demand on the Bank within thirty (30) days after the meeting for the payment of the fair value of his shares. In order to perfect such right, the stockholder shall follow the procedures as described under Sections 81 to 86 of The Corporation Code.

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Securities: 2,002,027,836 common shares entitled to vote as of February 28, 2017

(b) Record Date: Stockholders of record as of March 17, 2017 are entitled to notice of and vote at the meeting

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

In accordance with Sections 23 and 27 of The Corporation Code (B.P. Blg. 68), Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Rule 38 of the Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before February

21, 2017. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.

As to the manner of voting, Article III, Section 7 of the Bank's By-Laws specifies that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations. Following Section 24 of The Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected. Item D.19 of the Information Statement further discusses the voting and tabulation procedures of the Bank.

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

(i) Record and beneficial owners holding 5% or more of voting securities as of February 28, 2017:

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	513,070,793	25.63%
Common	SM Investments Corporation 10th Floor L.V. Locsin Bldg., 6752 Ayala Avenue, Makati City Stockholder	Sy Family PCD Nominee Corporation Stockholders	Filipino	344,493,881	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	296,604,070	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	244,606,202	12.22%

***** Based on the list provided by the Philippine Depository & Trust Corporation to the Bank's transfer agent, Stock Transfer Service, Inc., as of February 28, 2017, The Hongkong and Shanghai Banking Corporation Limited (295,842,164 shares or 14.777%) holds 5% or more of the Bank's securities. The beneficial owers, such as the clients of PCD Nominee Corporation, have the power to decide how their shares are to be voted.

Mr. Henry Sy, Sr.'s family is known to have substantial holdings in SM Investments Corporation and Sysmart Corporation and, as such, could direct the voting or disposition of the shares of said companies.

Except as stated above, the Bank has no knowledge of any person holding more than 5% of the Bank's outstanding shares under a voting trust or similar agreement. The Bank is likewise not aware of any arrangement which may result in a change in control of the Bank, or of any additional shares which the above-listed beneficial or record owners have the right to acquire within thirty (30) days, from options, warrants, rights, conversion privilege or similar obligation, or otherwise.

(ii) Directors and Management as of February 28, 2017:

	Title of Class	Name	Position	Amount & Nature of Beneficial / Record Ownership	Citizenship	Percent
(a)	Directors*					
	Common	Hans T. Sy	Chairman of the Board	2,584,069	Filipino	0.129%
	Common	Gilbert U. Dee	Vice Chairman	10,113,114	Filipino	0.505%
	Common	Ricardo R. Chua	Director, President & CEO	108,659	Filipino	0.005%
	Common	Peter S. Dee	Director	278,986	Filipino	0.014%
	Common	Joaquin T. Dee	Director	38,542,777	Filipino	1.925%
	Common	Herbert T. Sy	Director	380,747	Filipino	0.019%
	Common	Harley T. Sy	Director	194,785	Filipino	0.010%
	Common	Alberto S. Yao	Independent Director	6,619	Filipino	0.000%
	Common	Roberto F. Kuan	Independent Director	25,161	Filipino	0.001%
	Common	Jose T. Sio	Director	2,623	Filipino	0.000%
			Total	52,237,540		2.608%

***** Mr. Dy Tiong was an independent director of the Bank until his passing on September 16, 2016.

(b)	Executive Officers (in addition to Messrs. Gilbert U. Dee and Ricardo R. Chua)					
	Common	William C. Whang	Executive Vice President & COO	13,063	Filipino	0.001%
	Common	Rosemarie C. Gan	Executive Vice President	96,965	Filipino	0.005%
	Common	Patrick D. Cheng	Senior Vice President	457,491	Filipino	0.023%
	Common	Renato K. De Borja, Jr.	First Vice President II	500	Filipino	0.000%
	Common	Delia Marquez	First Vice President II	17,236	Filipino	0.001%
	Common	Lilibeth R. Cariño	First Vice President	3,049	Filipino	0.000%
	Common	Gerard T. Dee	First Vice President	5,864	Filipino	0.000%
	Common	Angela D. Cruz	First Vice President	1,222,851	Filipino	0.061%
	Common	Shirley G.K.T. Tan	First Vice President	11,910	Filipino	0.001%
	Common	Elizabeth C. Say	First Vice President	2,561	Filipino	0.000%
			Total	1,831,490		0.092%
	GRAND TOTAL			54,069,030		2.700%

5. Directors and Executive Officers

(a) Incumbent Directors and Advisor

Hans T. Sy, 61, Filipino, is the Chairman of the Board since May 5, 2011. He first served as member of the China Bank Board on May 21, 1986, until his election as Vice Chairman in 1989. Aside from China Bank, Chairman Sy currently serves in the Boards of SM Prime Holdings, Inc. (as Director and Chairman of the Executive Committee) and SM Investments Corporation (as Adviser to the Board), both of which are listed in the Philippine Stock Exchange (PSE). He likewise occupies positions in various companies of the SM Group. He graduated from the De La Salle University with a degree in Mechanical Engineering. Over the years, Chairman Sy had attended various seminars, among which are the Anti-Money Laundering (AML) Training and Corporate Governance Training Programs conducted by the Bangko Sentral ng Pilipinas (BSP) and the Institute of Corporate Directors (ICD).

Henry Sy, Sr., 92, 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 PSE-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, 81, Filipino, is the Vice Chairman of the Board since May 5, 2011. He was first elected to the China Bank Board on March 6, 1969, and served as Chairman from 1989 to 2011. Aside from PSE-listed China Bank, he also serves as the Chairman of the Boards of Union Motor Corporation and China Bank subsidiary CBC Properties and Computer Center, Inc. (CBC-PCCI), and as Director of Super Industrial Corporation, which are all non-listed companies. He was previously on the boards of Philippine Pacific Capital Corporation, Philex Mining Corporation, and CBC Finance Corporation, and President of GAB Investment Corporation. Vice Chairman 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. His trainings include the Corporate Governance Training Program in November 2016 and AML training in August 2014.

Ricardo R. Chua, 65, Filipino, is a Director of the Bank since May 8, 2008. He is also the President and Chief Executive Officer since September 1, 2014. He currently serves as member of the boards of China Bank subsidiaries China Bank Savings, Inc. (CBSI), Chinabank Insurance Brokers, Inc. (CBC-IBI), CBC-PCCI, and China Bank Capital Corporation (CBCC); Director of Manulife China Bank Life Assurance Corp. (MCBLife), and Banker's Association of the Philippines, and Director and President of BancNet, Inc., CAVACON Corporation, Stonebrothers, Inc., Genricland Properties, Inc., and Sun & Earth Corporation, among others. Apart from China Bank, he does not hold position in any other company listed in the PSE. Previously, President Chua was the Bank's Chief Operating Officer; he was also at the boards of CBC Venture Capital Corporation, Philippine Clearing House Corporation, and CBC Forex Corporation. A Certified Public Accountant, he graduated with a Bachelor of Science degree in Business Administration, Major in Accounting, *cum laude*, from the University of the East, and he holds a Masters in Business Management (MBM) degree from the Asian Institute of Management (AIM). President Chua has had extensive training in banking operations and corporate directorship, which include the Corporate Governance Training Program which he attended in November 2016, and AML Training for Directors in 2014.

Peter S. Dee, 75, Filipino, has been on the China Bank Board since April 14, 1977. He previously served as President and Chief Executive Officer of the Bank from 1985 to 2014. Presently, Director Dee serves as independent director in the following PSE-listed corporations: City & Land Developers, Inc. and Cityland Development Corporation. He also holds directorships in other non-listed companies including China Bank subsidiaries CBC-PCCI and CBC-IBI, Hydee Management & Resources Corporation, Commonwealth Foods, Inc., and GDSK Development Corporation. He was formerly director in companies which include Sinclair (Phils.) Inc., Can Lacquer, Inc., and China Bank subsidiary CBC Forex Corporation. Director Dee is a graduate of the De La Salle University/University of the East with a Bachelor of Science degree in Commerce. He also completed a Special Banking course at the American Institute of Banking. He has had trainings in various aspects of banking, including the Corporate Governance: Towards the Right Direction in November 2016 and the Exclusive Corporate Governance Training for Directors in June 2015.

Joaquin T. Dee, 81, Filipino, has been on the Bank's Board since May 10, 1984. He does not hold directorship position in any PSE-listed company other than China Bank; however, he is currently Director/President of JJACCIS Development Corporation and Enterprise Realty Corporation, and Director/Treasurer of Suntree Holdings Corporation. Previously, he was the Vice President for Sales and Administration of Wellington Flour Mills from 1964 to 1994. Director Dee holds a Bachelor of Science degree in Commerce from the Letran College. He has had extensive training in banking – he attended ICD's Corporate Governance Training Program in 2016, and BSP-AMLC's AMLA training in 2014.

Herbert T. Sy, 60, Filipino, was elected as Director on January 7, 1993. Aside from China Bank, he is also Director of PSE-listed SM Prime Holdings, Inc.; he currently serves in other companies not listed at the PSE – as Chairman in the Boards of Supervalue, Inc., Super Shopping Market, Inc., and Sanford Marketing Corp., and as member of the Board of the National University. He 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. Director Sy is a holder of a Bachelor of Science degree in Management from the De La Salle University. He attended various banking-related trainings, including the Corporate Governance Training Program in November 2016 and AMLA training in August 2014.

Harley T. Sy, 57, Filipino, has been a Director of China Bank since May 24, 2001. He is likewise the President of SM Investments Corporation, the holding company of the SM group and one of the largest publicly listed companies in the Philippines. He also serves as Adviser to the Board of Directors of BDO Private Bank. Mr. Sy holds a Bachelor of Science degree in Commerce, Major in Finance from De La Salle University. He has had extensive training on banking skills, including the Program on Enterprise Risk Management in November 2008, AMLA Training in August 2014 as well as Corporate Governance Training in November 2016. Mr. Sy is a strong advocate of corporate governance as he is actively involved in various initiatives aimed at further strengthening the corporate governance culture of the SM group.

Alberto S. Yao, 70, Filipino, is an Independent Director of the Bank. He was first elected to the China Bank Board on July 7, 2004. 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 as Independent Director of Bank Subsidiaries CBSI and CBCC. He was Vice President for Merchandising of Zenco Sales, Inc. from 1968 to 1975, and Director of Planters Development Bank from 2014 to 2015. Director Yao holds a Bachelor of Science degree in Business Administration from the Mapua Institute of Technology. For his trainings, he recently attended ICD's Corporate Governance Training Program in 2016, and BSP-AMLC's seminar on AMLA in 2014.

Roberto F. Kuan, 68, Filipino, is an Independent Director of the Bank. He was first elected to the China Bank Board on May 5, 2005. Aside from China Bank, he is also an Independent Director of Far Eastern University, Incorporated, a company listed in the PSE. Director Kuan also holds various directorship/trusteeship positions in companies not listed in the PSE – 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. He is the founder and former President of Chowking Food Corporation, and former Chairman/President of Lingnam Enterprises, Inc. 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. Among the banking-related trainings he completed/attended were on Corporate Governance in 2016, and on AMLA in 2015.

Jose T. Sio, 77, Filipino, was first elected as Bank Director on November 7, 2007. He is also presently affiliated with the following companies listed in the PSE: (1) SM Investments Corporation, as Director, Executive Vice President and CFO, Corporate Information Officer, 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) Concrete Aggregates Corporation, as Director; (5) Premium Leisure Corporation as Adviser to the Board; (6) SM Prime Holdings, Inc. as Adviser of Audit Committee / Risk Oversight Committee; and (7) BDO Unibank, Inc., as Adviser to the Board. Mr. Sio also serves as Director in several companies not listed in the PSE, including OCLP Holdings, Inc., Manila North Tollways Corporation, and CityMall Commercial Centers Inc. He is the President of SM Foundation, Inc. and GlobalFund Holdings, Inc. Director Sio was formerly a Senior Partner at 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. Director 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. 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 latest of which was conducted by SyCip Gorres Velayo & Co. (SGV) in 2016, and anti-money laundering seminar conducted by the BSP-AMLC in 2014.

Note: Messrs. Gilbert U. Dee and Peter S. Dee are related within the fifth civil degree of consanguinity. Messrs. Hans T. Sy, Herbert T. Sy, and Harley T. Sy are related within the second civil degree of consanguinity; Mr. Henry Sy, Sr. is their father.

For the period January to December 2016, the Board had 14 meetings, including the organizational meeting. The incumbent directors attended/participated in more than 50% of all the meetings, as follows:

Director	Attendance
Hans T. Sy	12
Gilbert U. Dee	14
Ricardo R. Chua	14
Peter S. Dee	13
Joaquin T. Dee	14
Dy Tiong*	8*
Herbert T. Sy	14
Harley T. Sy	13
Alberto S. Yao	14
Roberto F. Kuan	14
Jose T. Sio	14

*Director Dy Tiong was an independent director of the Bank until his passing on September 16, 2016.

(b) Executive Officers

William C. Whang, 58, Filipino, Executive Vice President, is the Bank's Chief Operating Officer effective February 1, 2017. He is also the Head of Lending Business Segment, and concurrent Head of Institutional Banking Group. He currently serves in the Bank subsidiaries, as Director/Treasurer of China Bank Insurance Brokers, Inc. (CBC-IBI) and CBC Properties and Computer Center, Inc. (CBC-PCCI), and Director of China Bank Capital Corporation (CBCC) and China Bank Savings, Inc. (CBSI). He is also Director of BancNet, Inc. 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. Mr. Whang had attended numerous seminars and conferences on corporate governance, branch based marketing, quality service management, sales management, and corporate strategy.

Rosemarie C. Gan, 59, Filipino, Executive Vice President, is the Segment Head of the Bank's Retail Banking Business. She also serves as Director in the Bank subsidiary CBSI. Ms. Gan has been with the Bank for over 38 years, and had extensive exposure and training in marketing, financial analysis, credit portfolio management, strategic planning and corporate governance. She 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 Asian Institute of Management's (AIM) Advanced Bank Management Program in 2013. She also participated in the BAI Retail Delivery Conference conducted by the Bank Administration Institute in 2012, and Corporate Governance workshops/seminars conducted by the Institute of Corporate Directors (ICD) from 2014 to 2016.

Alberto Emilio V. Ramos, 57, Filipino, Executive Vice President of the Bank, is currently functioning as Director and President of Bank subsidiary CBSI after his secondment in 2011. He also sits in the boards of Manulife China Bank Life Assurance Corporation (MCBLife) and CBCC, and is Trustee/First Vice President of the Chamber of Thrift Banks. Prior to joining the Bank in 2006 as Head of Private Banking Group, Mr. Ramos was President of Philam Asset Management, Inc., and also 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 in Commerce, Major in Marketing Management. He also holds a Masters in Business Management (MBM) degree from the AIM and has a Treasury Professional Certificate from the Bankers Association of the Philippines. He attended numerous training programs on SME Banking, corporate governance, treasury products, asset-liability management, credit and financial analysis, and strategic marketing planning.

Romeo D. Uyan, Jr., 54, Filipino, Executive Vice President, is Treasurer and Head of Financial Markets Segment as well as concurrent President of CBCC. Mr. Uyan was previously an investment banker with over two decades of experience in trading, financing, and structuring in the Asia Pacific region with various foreign investment houses. Most recently, he was Managing Director and Co-Head of Special Situations and Leveraged Capital Markets at UBS AG-Singapore Branch. Prior to this, he was Managing Director and Head of Asia Credit Products in Barclays Capital, where he was member of the Asia Pacific Executive Committee as well as Global Emerging Markets Committee. Mr. Uyan holds a Masters degree in Business Administration and graduated with distinction from the Johnson Graduate School of Management-Cornell University, New York. He earned his Bachelor's degree from the Ateneo de Manila University, where he majored in Management Engineering and graduated c*um laude*.

Patrick D. Cheng, 54, Filipino, Senior Vice President, is the Trust Officer of China Bank. 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 the Philippine Bank of Communications, HSBC Savings Bank (Philippines), HSBC (Philippine Branch), Citicenter Condominium Corp., and Citibank N.A. (Philippine Branch). He was previously the President and Chief Executive Officer of HSBC Savings Bank (Philippines) from 2008 to 2013 and was also a two-term President of the Chamber of Thrift Banks from 2011 to 2012. 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 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. He had extensive training on corporate governance, anti-money laundering, asset liability management, operational risk, and information security.

Alexander C. Escucha, 60, Filipino, Senior Vice President, is the Head of the Bank's Investor and Corporate Relations Group. He is also a Director of Bank subsidiary CBSI, Chairman of the UP Visayas Foundation, Inc., and an international resource person at The Asian Banker. Mr. Escucha served as President of the Philippine Economic Society (PES) and concurrent Chairman of the Federation of ASEAN Economic Associations (FAEA), and President of the Corporate Planning Society of the Philippines, and Bank Marketing Association of the Philippines. 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. Over the years, he had attended various seminars here and abroad, the latest of which were as delegate and session chair at The Asian Banker Summit in 2015 and 2016, participant in the corporate governance orientation conducted by the ICD in 2016, and delegate in various conferences on economics, technology, governance, and analytics.

Benedict L. Chan, 40, Filipino, First Vice President II, is the Trading Head of the Bank's Treasury Group. He has 20 years of experience on trading and portfolio management, having formerly held related positions at Trinitus Asset Management, BNP Paribas Singapore, BNP Paribas London, ING Bank Singapore, ING Bank Hongkong, and ING Bank Manila. Mr. Chan holds a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. He is also a recipient of a Financial Markets Regulatory and Practice Certificate from the Singapore's Institute of Banking and Finance in 2013, and has successfully passed the Hongkong Securities Paper Exam 1 conducted by the HK FEC (Hongkong) in 2016.

Virgilio O. Chua, 50, Filipino, First Vice President II, is currently seconded to Bank subsidiary CBCC functioning as its Managing Director, Treasurer and Head of Investment Banking. He is also Board Director and Vice President, Debt Capital Markets Committee, of the Investment House Association of the Philippines since 2014. He has more than 25 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 holds a Management Engineering degree from the Ateneo de Manila University and has 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.

Ananias S. Cornelio III, 41, Filipino, First Vice President II, is the Bank's Chief Risk Officer. He has 20 years of banking experience, serving in risk, treasury or audit groups of Development Bank of the Philippines, Rizal Commercial Banking Corp., First Metro Investment Corp., and Solidbank Corporation prior to joining China Bank. He is a holder of a Bachelor of Science degree in Commerce, with academic distinction, from the San Beda College, and a Masters in Public Administration, academic scholar, from the National University of Singapore. He has also completed the Bank Management Course from the AIM, and JAVA Programming & DBMS from the NIIT Computer School. Mr. Cornelio has had extensive trainings on corporate governance, macro prudential supervision and regulatory change, risk management, Basel Standards, fixed income, credit derivatives and structured products, interest rate and currency derivatives, ISDA documentation, and economic forecasting, among others. He has been a panelist/speaker in major events in the region which include The Asian Banker Summit, ASEAN Risk Forum, Risk Minds Asia, and ADB Regional Forum on Financial Asset and Liability, and a resource person/lecturer for the Bankers Institute of the Philippines (BAIPHIL), and the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

Renato K. De Borja, Jr., 45, Filipino, First Vice President II, is the Head of the Bank's Consumer Banking Business. He has more than 24 years of banking experience, formerly holding positions as Director of East West Rural Bank and Green Bank (a Rural Bank), Chief Finance Officer (CFO) of East West Banking Corporation, CFO of Citigroup Business Process Solutions and ROHQ, CFO of Metrobank Card Corporation, and various Finance and Accounting roles in Standard Chartered Bank and Far East Bank & Trust Co. He graduated with a Bachelor of Science degree in Commerce, Major in Accounting, from the University of Santo Tomas. He is a Certified Public Accountant (CPA), BAP Certified Treasury Professional for money markets and foreign exchange, and a graduate of Global Executive MBA from the IE Business School. Mr. De Borja attended numerous trainings and seminars on corporate governance, risk management, and other relevant banking subjects.

Delia Marquez, 55, Filipino, First Vice President II, is the Head of the Bank's Controllership Group and concurrent Head of Business Process Management Division. Prior to joining the Bank, she worked as Auditor at SGV & Co. and Transunion Corporation. A Certified Public Accountant, Ms. Marquez obtained her Bachelor of Science degree in Commerce, Major in Accounting, *cum laude*, from the University of Santo Tomas. To enhance her competence, she had attended tax summits and various seminars on corporate governance, Internal Capital Adequacy Assessment Process (ICAAP), risk model validation, Internal Credit Risk Rating System (ICRRS), and Basel, among others.

Victor O. Martinez, 51, Filipino, First Vice President II, is one of the Division Heads of Corporate Banking at Institutional Banking Group. He has more than 25 years of experience in banking and related fields; prior to joining China Bank, he served as Director of Corporate and Institutional Relationships at Australia and New Zealand Banking Group Limited, and held senior management positions in Security Bank Corporation, Saudi British Bank, and Far East Bank. He obtained his Bachelor of Science degree in Commerce/Management of Financial Institutions from the De La Salle University, and finished his Master of Management degree from the Willamette University, Oregon, USA. Mr. Martinez has had extensive training on strategic account planning and management, cash management, credit analysis, treasury products and derivatives, and financial statements analysis, among others.

Lilibeth R. Cariño, 60, Filipino, First Vice President, is the Bank's Consumer Banking Group Head. She graduated from the University of the Philippines with a degree in Bachelor of Science in Statistics, and took up Masters in Business Administration (MBA) at the Ateneo Graduate School of Business. She also attended the Asian Development Bank's seminar on institutional strengthening of financial institution, and Allen Management Program's Professional Management seminar/workshop. Ms. Cariño has been with the Bank for over 35 years, and had extensive exposure and training in corporate planning, treasury, credit, project finance, branch based marketing, consumer banking, and real estate, among others.

Angela D. Cruz, 57, Filipino, First Vice President, is the Head of the Bank's Wealth Management Group (formerly, Private Banking Group). She is also currently Vice President of Suntree Holdings Corporation and JJACCIS Development Corporation. She previously held executive positions at Citibank N.A., Far East Bank and Trust Company, and Equitable PCI Bank. Ms. Cruz holds a Bachelor of Science degree in Commerce, Major in Management of Financial Institutions, from the De La Salle University. She attended trainings related to banking operations, including Bourse Game, account management, and customer service. She is related within the first civil degree of consanguinity to Director Joaquin T. Dee.

Gerard T. Dee, 53, Filipino, First Vice President, is one of the Division Heads of Commercial Banking at Institutional Banking Group. Prior to joining the Bank, he held various positions at Security Bank Corporation, TA Bank of the Philippines, and Banco de Oro. Mr. Dee holds a Bachelor of Science degree in Marketing from the De La Salle University and an MBA degree from the New Hampshire College. He attended trainings in banking and other related fields, including core credit, remedial management and relationship marketing. He is related within the first civil degree of consanguinity to Mr. Gilbert U. Dee, Vice Chairman of the Board.

Jose L. Osmeña, Jr., 57, Filipino, First Vice President, is the Deputy Group Head of Retail Banking Business. He has been with the Bank for 25 years. Prior to joining China Bank, he worked at Insular Bank of Asia and America and Producers Bank. Mr. Osmeña obtained his Bachelor of Science degree in Commerce, Major in Accounting, and Masters of Science in Business Administration, both from the University of San Carlos. He also attended the AIM's Advance Bank Management Program. His various trainings covered export financing, loan documentation, and money market, among others.

Elizabeth C. Say, 58, Filipino, First Vice President, is the Head of Retail Banking Business' Branches Administration Division. She has been with the Bank for over 25 years. Prior to joining the Bank, she was internal auditor at Morrison Forwarding Corporation and money market trader at State Investment House, Inc. Ms. Say obtained her Bachelor of Science degree in Commerce, Major in Accounting, from the University of Santo Tomas. She has had trainings on corporate governance and integrated risk management, foreign exchange, and anti-money laundering, among others.

Shirley G.K.T. Tan, 61, Filipino, First Vice President, is the Retail Banking Business' Metro Manila West Region Head. She has been with the Bank for more than 39 years. A Certified Public Accountant, Ms. Tan graduated from the Philippine School of Business Administration in Manila with a degree in Bachelor of Science in Business Administration, Major in Accounting. She had attended sales management seminars and leadership skills workshop, among others.

Corazon I. Morando, Filipino, is the Vice President and Corporate Secretary of the Bank. She also serves as Senior Legal Adviser to the Board and Consultant on Legal and Corporate Affairs of the SM Group of Companies. In 2014, she was named as "Asian Company Secretary of the Year" by the Corporate Governance Asia in Hongkong, recognizing her vital role in promoting and upholding corporate governance in the Bank. Atty. Morando was formerly a Director of the Corporate Legal Department of the Securities and Exchange Commission of the Philippines. She holds a Bachelor of Laws degree from the University of the Philippines, and took up graduate studies under the MBA-Senior Executive Program from the Ateneo de Manila University. She ensures the continuous development of her competence, having attended various trainings, which include seminars on non-bank financial intermediaries, anti-money laundering, and corporate governance, among others.

Note 1: All the foregoing officers have been involved in the banking industry for more than five (5) years.

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

(c) Nominees for election as Directors and Independent Directors

Nominee as Director	Person who nominated	Nominee as Independent Director	Person who nominated and Relationship with Nominee
Hans T. Sy	Sysmart Corporation	Alberto S. Yao	Lucky Securities, Inc., no relation
Gilbert U. Dee	Linda Susan T. Mendoza	Roberto F. Kuan	Regina Capital Development Corp., no relation
Ricardo R. Chua	Zenaida C. Milan	Margarita L. San Juan	Zenaida C. Milan, no relation
Peter S. Dee	Nancy D. Yang		
Joaquin T. Dee	Christopher T. Dee		
Herbert T. Sy	Sysmart Corporation		
Harley T. Sy	SM Investments Corporation		
Jose T. Sio	SM Investments Corporation		

All the above-mentioned nominees are incumbent members of the Board, except for:

Margarita L. San Juan, 63, Filipino, is a nominee for independent director. She is presently an Independent Director of Bank subsidiary China Bank Savings, Inc. (CBSI). She does not hold directorship position in any PSE-listed company. Ms. San Juan was previously connected with Ayala Investment and Development Corporation and Commercial Bank and Trust Co. She was also Senior Vice President and Group Head of the Bank's Account Management Group until her retirement on February 15, 2012. She holds a Bachelor of Science degree in Business Administration, Major in Financial Management, from the University of the Philippines, and finished the Advance Bank Management Program from the Asian Institute of Management (AIM). She has had various trainings on development financing, international banking operations, financial analysis and control, and corporate governance, among others.

Upon initial determination, based on the Nomination Forms and attachments submitted to the Nominations and Corporate Governance Committees, the nominees for directors and independent directors were found to possess all the qualifications and none of the disqualifications of a director or independent director, and their qualities are aligned with the Bank's strategic directions.

The Nominations Committee is currently composed of Messrs. Alberto S. Yao and Roberto F. Kuan.

(d) Involvement in Legal Proceedings

For the past five (5) years, the Bank, its affiliates, subsidiaries, directors and officers, have not been involved in any legal proceedings that would affect their ability, competence or integrity, and/or would involve a material or substantial portion of their property before any court of law, quasi-judicial body or administrative body in the Philippines or elsewhere, except in the usual routine cases directed against the Bank, arising from the ordinary conduct of its business.

All legal proceedings involving the Bank are efficiently and competently attended to and managed by a group of fifteen (15) in-house lawyers who are graduates of reputable law schools in the country. For its external counsels, the Bank retains the services of respected law firms, among which are, ACCRA Law Office, Britanico Sarmiento & Ringler Law Offices, and Divina Law Office.

(e) Significant Employees

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

(f) Relationships and Related Transactions

In the ordinary course of business, the Bank has loans and other transactions with its directors, officers, stockholders, and related interests (DOSRI), which were made substantially on fair terms or at an arm's length basis, that is, terms not less favorable to the Bank than those offered to others. Full disclosures for these transactions were made through reports with the appropriate regulatory agency.

The Bank has the following subsidiaries or affiliates:

i. *China Bank Savings, Inc. (CBSI)* – formerly known as The Manila Banking Corporation (TMBC), it was incorporated on May 23, 1960 and was formed to carry on, engage in the business of, and exercise the general powers of savings bank as provided by law. In 2008, in pursuance of the Bank's acquisition of TMBC, the BSP and SEC approved the change of name to CBSI. Further, the Monetary Board and SEC gave their approvals on November 21, 2013 and January 20, 2014, respectively, to the merger with Unity Bank, A Rural Bank, Inc. (Unity Bank), a Pampanga-based rural bank, with CBSI as the surviving bank. On August 14, 2014, the stockholders owning at least 2/3 of the outstanding capital stock of CBSI approved the Plan of Merger of Planters Development Bank and CBSI, with the latter as the surviving bank. Simultaneously, the stockholders of CBSI approved the P5.0 Billion increase of the authorized capital stock of CBSI. The requests for the increase of the authorized capital stock and the merger were approved by the BSP on June 25, 2015 and November 6, 2015, respectively, and by the SEC on December 17, 2015. China Bank now owns 98.9384% of the total outstanding capital stock of CBSI. Some of the directors/officers of China Bank sit as concurrent directors and/or officers of CBSI.

ii. *China Bank Capital Corporation (CBCC)* – incorporated on November 27, 2015 primarily to engage in and conduct business as a full-service investment house (with broker/dealer of securities functions). CBCC was also granted license to deal in government securities. It is 100% owned by the Bank, with one (1) share each assigned to Messrs. Ricardo R. Chua, Antonio S. Espedido, Jr., William C. Whang, Romeo D. Uyan, Jr., Alberto Emilio V. Ramos, Roberto F. Kuan, and Alberto S. Yao. On July 13, 2016, the China Bank's Board of Directors approved/confirmed CBCC's action to set up two (2) subsidiaries – a wholly-owned stock brokerage house subsidiary to be name China Bank Securities Corporation, and a special purpose corporation subsidiary. On June 29, 2016, CBCC and the stockholders of ATC Securities, Inc. (ASI) executed a Share Purchase Agreement for the purchase of 100% shares in ASI. On August 23, 2016, the SEC approved the intended purchase of ASI by CBCC subject to certain documentary filing. The acquisition of ASI was eventually approved by the PSE on February 22, 2017 and the closing of the purchase of ASI was completed on March 6, 2017. ASI will be renamed China Bank Securities Corporation, which shall continue to operate as a stock brokerage engaged in dealing, for its own and its customers' accounts, securities listed in the PSE. As for the other subsidiary, the SEC approved the incorporation of CBC Assets One (SPC), Inc. on June 15, 2016. CBC Assets One (SPC), Inc. is a special purpose corporation with primary purpose of securitization of assets which include receivables, mortgage loans and other debt instruments.

iii. *CBC Properties and Computer Center, Inc.* – incorporated on April 14, 1982 to render general services of computer and other computer-related products and services solely to the Bank and its business group. It is 100% owned by the Bank, with one (1) share each assigned to Director Peter S. Dee, and Mr. Ramon R. Zamora, to the following officers of the Bank: Messrs. Gilbert U. Dee, Ricardo R. Chua, and William C. Whang.

iv. *China Bank Insurance Brokers, Inc*. – incorporated on November 3, 1998, with the primary purpose to act as a broker in soliciting, procuring, negotiating, receiving, managing and forwarding applications for fire, casualty, plate glass, automobiles, trucks and other motor vehicles accident, health, burglary, rent, marine, credit, disability, life insurance, and all other kinds of insurance, including reinsurance contracts, or in any other manner aiding in taking out insurance, collecting payments of premiums due on such policies, and doing such other business as may be delegated to brokers or such companies in the conduct of a general insurance brokerage business. It is 100% owned by the Bank, with one (1) share each assigned to Director Peter S. Dee, Ms. Julieta P. Guanlao (Director-President), Ms. Nancy D. Yang, and to Bank officers, Messrs. Ricardo R. Chua and William C. Whang.

v. *Manulife China Bank Life Assurance Corporation* (MCBLife) – the Board approved on August 2, 2006 the joint project proposal of the Bank with The Manufacturers Life Insurance Company (Manulife). In September 2007, the BSP approved the Bank's request to invest in a life insurance company owned by Manulife for the purpose of offering innovative insurance and financial products for health, wealth and education through the Bank'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 (MCBLife) on March 23, 2007. The Bank initially held a 5% interest in MCBLIfe, the minimum stake required by the BSP. On September 12, 2014, the BSP approved the increase of the Bank's capital investment in the venture to 40%, giving the Bank better opportunities to expand its fee-based business.

Further, the Bank has several business relationships with related parties. Transactions with such parties are thoroughly reviewed and verified as having been entered into in the best interest of the Bank, in the ordinary course of business and on substantially same terms as those prevailing at the time for comparable transactions with other parties. As required under BSP Circular No. 749 (Guidelines in Strengthening Corporate Governance in BSP Supervised Financial Institutions), the table below shows the Bank's significant (P50M and above) related party transactions as of December 2016:

Name of Counterparty	Type of Transaction	Amount/Contract Price
JJACCIS Development Corp. Suntree Holdings Corp. (Stockholder)	Line Renewal	P500.0 Mn
	Outstanding	P360.5 Mn
Angela T. Dee-Cruz (Officer of the Bank)	Line Renewal	P51.0 Mn
	Outstanding	P8.5 Mn
China Bank Savings Inc. (Subsidiary)	Special Savings Placement	P669.336 Mn
		P689.0 Mn
	Investment in SSA	P727.861 Mn
		P150.0 Mn
	Bonds	P850.0 Mn
		P450.0 Mn
		P100.0 Mn
		P100.0 Mn
		P110.0 Mn
	Short Term Borrowing	P300.0 Mn
	Line renewal	P200.0 Mn
	Investment in $ CTD	$200.0 Mn
China Bank Savings Inc. – Trust (Subsidiary)	Bonds	P160.0 Mn
BDO Universal Bank (Affiliate)	Bonds/FX	P22.337 Bn
		P19.53 Bn
		P150.0 Mn
		P356.0 Mn
		P1.466 Bn
		P621.50 Mn
		P5.568 Bn
		P200.0 Mn
		P93.240 Mn
		P4.215 Bn
BDO Private Bank, Inc. (Affiliate)	Bonds / FX	P3.443 Bn
		P2.7 Bn
		P50.0 Mn
		P994.4 Mn
CBC Trust Group (A Group in the Bank)	Bonds	P100 Mn
		P654.0 Mn

Manulife Chinabank Life Assurance Corp. (Associate)	Bonds	P54.123 Bn P968 Mn P237.9 Mn P200.0 Mn P310.4 Mn P850.0 Mn P469.4 Mn P801.0 Mn
SM Investments Corp. (Stockholder)/ Multi-Realty Dev't Corp./ Sybase Equity Investments Corp. (Affiliates)	Line Renewal Grant of Term Loan Outstanding	P15.5 Bn P21.5 Bn P2.710 Bn
Sysmart Corp. (Stockholder)	Line Renewal Outstanding	P5 Bn P3.125 Bn
	Trust Investment	P100.0 Mn
SM Prime Holdings Inc./ Costa Del Hamilo, Inc./ SM Hotels and Conventions Corp. (Affiliates)	Line Renewal Renewal of BP Line	P3 Bn P100 Mn
Summerhills Home Development Corp. (Affiliate)	Line Renewal	P500 Mn
Henry Sy (Stockholder)	Line Renewal / Outstanding	P300 Mn
SM Development Corp. (Affiliate)	Line Renewal Renewal of BP Line	P1.0 Bn P50 Mn
	Short Tem Fund Investment	P99.9 Mn
Spouses Irwin Marland & Consuelo Dee Ponce (Related Interest)	Line Renewal Outstanding	P47 Mn P80 Mn P120.638 Mn
Cityland Development Corporation (Related Interest)	Sale of Foreclosed Asset	P84.0Mn
Super Industrial Corp. (Affiliate)	Line Renewal	P50 Mn
China Bank Capital Corporation (Subsidiary)	Money Market Fund Investment	P50.0 Mn
Union Motors Corp. (Affiliate)	Line renewal	P150 Mn
Multi-Realty Dev't Corp./ Sybase Equity Investments Corp. (Affiliates)	Grant of Term Loan	P8.0 Bn
Elizabeth T. Sy (Related Interest)	Trust Placement	P50.0 Mn

Related party transactions are also discussed in Note 28 of the Audited Financial Statements as presented in Annex F.

6. Compensation of Directors and Executive Officers

Name	Year	Salary	Bonuses & Other Compensation	TOTAL
Total for the 5 most highly compensated executive officers*	2017 (estimates) 2016 (actual) 2015 (actual)	P44,463,549.00 41,626,680.00 39,047,856.00	P47,849,895.00 47,510,141.00 44,342,478.00	P92,313,444.00 89,136,821.00 83,390,334.00
Total for all officers and directors	2017 (estimates) 2016 (actual) 2015 (actual)	P1,120,599,933.00 1,057,169,748.00 908,593,644.00	P666,025,590.00 662,217,927.00 596,156,186.00	P1,786,625,523.00 1,719,387,675.00 1,504,749,830.00

* For years 2017 and 2016: Messrs. Ricardo R. Chua, Gilbert U. Dee, William C. Whang, Romeo D. Uyan, Jr., and Ms. Rosemarie C. Gan.
For year 2015: Messrs. Ricardo R. Chua, Gilbert U. Dee, Antonio S. Espedido, Jr., William C. Whang and Ms. Nancy D. Yang.

Other than those relating to the foregoing figures, there are no actions to be taken as regards any bonus, profit sharing, pension or retirement plan, granting of or extension of any option warrant or right to purchase any securities between the Bank and its directors and officers. The officers receive compensation based on their performance, banking experience, employment status, position and rank in the Bank. On the other hand, the directors are entitled to a per diem of P500.00 for attendance at each meeting of the Board or of any committee and to 4% of the Bank's net earnings, in accordance with Article IV, Section 11, and Article VIII, Section 1 (a) of the Bank's Amended By-Laws. The directors and officers have no other compensatory arrangement with the Bank.

7. Independent Public Accountants

SyCip Gorres Velayo & Co. (SGV & Co.) / Ernst & Young has been the Bank's independent accountant for more than 20 years and is again recommended for appointment at the scheduled annual stockholders' meeting. In compliance with SEC Memorandum Circular No. 8, Series of 2003, and Amendments to SRC Rule 68 on the rotation of external auditors or signing partners of a firm every after five (5) years of engagement, Mr. Ray Francis C. Balagtas was assigned in 2016 as SGV & Co./Ernst & Young's partner-in-charge for the Bank.

None of the Bank's external auditors have resigned during the two (2) most recent fiscal years (2015 and 2016) or any interim period.

Representatives of SGV & Co./ Ernst & Young are expected to be present at the stockholders' meeting to respond to any matter that may be pertinently raised during the meeting. Their representative will be given the opportunity to make a statement if they so desire.

Fiscal Year	Audit Fees and Other Related Fees	Tax Fees
2016	P2,365,000.00	---
2015	P2,800,000.00	---

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 2016 audit fees was taken up and approved by the Audit Committee at its regular meeting on February 15, 2017.

Apart from the matter of audit fees, the Board/Audit Committee likewise discussed, approved, and/or authorized to engage the services of SGV & Co./Ernst & Young in non-audit work in 2016, particularly, for the independent validation of votes in the May 5, 2016 annual stockholders' meeting, review of the interim financial statements of the Group, and issuance of comfort letter in relation to the Long Term Negotiable Certificates of Deposits issuance. In the past years, the Bank also engaged their services for the report on the application of proceeds from the Bank's stock rights offering, compliance certificate as required under the facility agreement issued to the international bank lenders, 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.

The Bank's Audit Committee, which is composed of Messrs. Alberto S. Yao (Chairman), Joaquin T. Dee, and Dy Tiong (until his passing on September 16, 2016), approves the audit fees and fees for non-audit services, if any, of external auditors, as emphasized in Article V.12 of the Committee's Charter.

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

8. Compensation Plans – Not applicable

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

10. Modification or Exchange of Securities – Not applicable

11. Financial and Other Information

(a) Brief Description of the general nature and scope of the business of the Bank, attached as Annex "A"
(b) Market Information, Dividends, and Top 20 Stockholders, attached as Annex "B"
(c) Discussion of Compliance with leading practice on Corporate Governance, attached as Annex "C"
(d) Management's Discussion and Analysis or Plan of Operation, attached as Annex "D"
(e) Statement of Management Responsibility for Financial Statements, attached as Annex "E"
(f) Audited Financial Statements, attached as Annex "F"

12. Mergers, Consolidations, Acquisitions and Similar Matters

On July 13, 2016, the China Bank Board confirmed China Bank Capital Corporation's (CBCC) action to set up two (2) subsidiaries - a wholly-owned stock brokerage house subsidiary to be named China Bank Securities Corporation, and a special purpose corporation subsidiary; and noted/confirmed: (a) the signing on June 29, 2016 of the Share Purchase Agreement between CBCC and stockholders of stock brokerage house ATC Securities, Inc. (ASI) for the purchase of 100% shares in ASI, subject to regulatory approvals; and (b) the approval by the Securities and Exchange Commission on June 15, 2016 of the incorporation of the special purpose corporation subsidiary, CBC Assets One (SPC), Inc.

13. Acquisition or Disposition of Property – Not applicable

14. Restatement of Accounts – Please refer to Audited Financial Statements, attached as Annex "F"

D. OTHER MATTERS

15. Action with Respect to Reports

The following are to be submitted for approval during the stockholders' meeting:

(a) Minutes of the Stockholders' Meeting held on May 5, 2016, which contain, among others, the: (i) annual report to stockholders and approval of financial statements; (ii) ratification of all acts of the Board of Directors, including the approval of the investment in an investment house subsidiary named China Bank Capital Corporation, additional capital infusion to China Bank Savings, Inc., approval of related party transactions, and all acts of the Executive Committee and of the various committees of the Bank and Management, during the fiscal year 2015 and immediately preceding the meeting; (iii) election of the Board of Directors; (iv) appointment of external and internal auditors; (v) amendment of the Third Article of the Bank's Articles of Incorporation to extend the corporate term for another 50 years from and after July 20, 2020; and (vi) approval/ratification of the declaration of 8% stock dividend and 10% cash dividend;

(b) Annual Report to Stockholders – to provide information about the Bank's activities, business and financial performance, and other relevant data for the preceding year;

(c) Approval of the Financial Statements for the year ended December 31, 2016 – to provide information about the financial position, performance and changes in financial position of the Bank;

(d) Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management, including the ratification of related party transactions, during the year 2016 - to further bind the Bank of the actions made for the covered period;

(e) Election of the Board of Directors, who will serve as such for the ensuing year;

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

(g) Amendment of the Sixth Article of the Articles of Incorporation – to increase the authorized capital stock from P25.0 Billion to P33.0 Billion; and

(h) All matters as contained in the agenda of the meeting, and other businesses as may properly come before the stockholders.

16. Matters Not Required to be Submitted – Not applicable

17. Amendment of Charter, By-laws or Other Documents

On March 2, 2016, the Board of Directors approved to amend the Third Article of the Articles of Incorporation to extend the corporate term of the Bank for 50 years from and after July 20, 2020, the expiry date of its extended term. During the regular annual meeting of the stockholders on May 5, 2016, such Board approval was approved, confirmed and ratified by the stockholders owning or representing more than 2/3 of the subscribed capital stock of the Bank. The BSP issued a Certificate of Authority on June 23, 2016, stating that the amendment to the Articles of Incorporation is in accordance with law. The SEC approved such amendment on November 7, 2016.

For 2017, the Board resolution of March 15, 2017, amending the Sixth Articles of the Articles of Incorporation to increase the authorized capital stock from P25.0 Billion to P33.0 Billion, will be presented to the stockholders for their approval.

18. Other Proposed Action – Not applicable

19. Voting Procedures

In accordance with Article III, Section 6 of the Bank's Amended By-Laws, no meeting of stockholders shall be competent to transact business unless a majority of the outstanding capital stock is represented. Unless The Corporation Code of the Philippines requires otherwise, the majority vote of the shares present or represented at the stockholders’ meeting, provided there is a quorum, shall be required to carry a stockholders’ action on any matter taken up during the meeting.

Stockholders as of record date of March 17, 2017 shall be entitled to vote at the annual stockholders’ meeting. Voting will be by ballot. Upon registration and after verification, the registrant (stockholder or representative) shall be issued a ballot, indicating the number of shares represented for purposes of the meeting. The registrant shall indicate in the ballot his voting position for each item in the agenda.

Each common share of stock entitles its holder as of record date to one vote. However, with respect to the election of the members of the Board of Directors, Article III, Section 7 of the Bank's Amended By-Laws specifies that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations. Following Section 24 of The Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected. Eleven (11) nominees receiving the highest number of votes shall be elected directors. For the amendment of Articles of Incorporation, affirmative vote by stockholders representing at least 2/3 of the outstanding capital stock shall be required, in accordance with Sections 16 and 38 of the Corporation Code.

All votes will be counted and tabulated by the Office of the Corporate Secretary, to be assisted by the transfer agent, Stock Transfer Service, Inc., and the results are set to be validated by the external auditor, SGV & Co.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on the 16th day of March 2017.

CHINA BANKING CORPORATION

By:

ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

ANNEX "A"

BUSINESS AND GENERAL INFORMATION

1. Description of Business

China Banking Corporation (stock symbol CHIB, China Bank) was incorporated on July 20, 1920 and commenced business on August 16 of the same year as the first privately-owned local commercial bank in the Philippines. It resumed operations after World War II on July 23, 1945 and played a key role in the post-war reconstruction and economic recovery by providing financial support to businesses and entrepreneurs. CHIB was listed on the local stock exchange by 1927 and acquired its universal banking license in 1991. The Bank started by mainly catering to the Chinese-Filipino commercial sector, but has since expanded its market scope to include the retail and consumer segments. Its core banking franchise stems mainly from its 96-year history in the Philippines, a factor that has enabled it to become deeply entrenched within the socioeconomic fabric of the Chinese-Filipino community. The Bank's market comprises the corporate, commercial, middle, and retail markets. It provides a wide range of domestic and international banking services, and is one of the largest commercial banks in the country in terms of assets and capital.

Key milestones in the China Bank history include:

- 1920 - China Bank established as the first privately owned local commercial bank in the Philippines
- 1927 - China Bank was listed at the Manila Stock Exchange
- 1969 - China Bank became the first bank in Southeast Asia to process deposit accounts on-line
- 1988 - China Bank was the first Philippine bank to offer telephone banking; joined seven other banks in setting up BancNet, the country's largest ATM network
- 1991 - China Bank acquired its universal banking license
- 1996 - China Bank accessed offshore capital markets by issuing USD 50MN FRCD, followed by USD 75MN in 1997
- 2005 - China Bank launched China Bank Online e-banking portal for retail and corporate customers
- 2006 - China Bank completed its first international secondary share offering USD53 MN
- 2007 - China Bank acquired Manila Bank with 75 branch licenses; launched bancassurance joint venture with Manulife Phils. through a 5% equity stake in Manulife China Bank Life Assurance Corp. (MCBLife)
- 2008 - China Bank issued its maiden offering of 5-year long-term negotiable certificate of deposits (LTNCD); former Manila Banking Corporation main office in Ayala Avenue was relaunched as the China Bank Savings headquarters; branch network exceeded the 200-mark
- 2009 - China Bank was cited as one of the 11 Philippine companies and one of two Philippine banks which outperformed their peers of Top 100 publicly-listed ASEAN companies in creating wealth for shareholders, based on the study by Stern Stewart & Co.
- 2010 - Gold awardee on corporate governance, one of the top-scoring Publicly Listed Company by the Institute of Corporate Directors (ICD)
- 2011 - Best Wealth Management House in the Philippines awarded by Asset Triple A Investment Awards in Hong Kong; also cited as a "rising star"—an emerging private banking powerhouse in the country ; Gold awardee (score of at least 95%) for corporate governance from ICD
- 2012 – Bell Award for Corporate Governance conducted by the Philippine Stock Exchange (PSE), the only bank among the five publicly-listed companies awarded, distinguished from among 255; ten-to-one stock split; acquired Unity bank, a Pampanga-based rural bank
- 2013 – China Bank was Bell awardee again, only bank, one of 3 to repeat for corporate governance; breached the 300-mark in branch network; Unity branches merged with the China Bank Savings, Inc.; Memorandum of Agreement (MOA) with Plantersbank
- 2014 – China Bank received approval from the Monetary Board to acquire at least 84.77% of Plantersbank; increased stake on MCB Life from 5% to 40%; conducted an P8.0 billion stock right offering in May; was Bell awardee for the third consecutive year, and the only bank among the top five awardees; considered an *Outstanding Company in Corporate Governance* by Corporate Governance Asia; and ranked among the top 50 publicly-listed companies in the ASEAN Corporate Governance Scorecard Country Reports and Assessments 2013-2014
- 2015 – China Bank launched its investment house subsidiary, China Bank Capital Corporation; merger of China Bank Savings and Plantersbank with the former as the surviving entity; USD 158MN syndicated loan from international banks; publicly launched China Bank MasterCard; migrated to the Finacle Core Banking System; was PSE Bell Awardee for the fourth consecutive year and the only Bank among the top five awardees
- 2016 - Set up China Bank Capital's stock brokerage subsidiary, China Bank Securities Corp, and special purpose company, CBC Assets Once (SPC), Inc.; converted all cards to the Europay MasterCard Visa (EMV) standard ahead of the regulatory deadline; listed the issuance of P20BN worth of LTNCDs and issued the first tranche worth P9.6BN; upgraded personal online banking platform, China Bank Online; named PSE Bell Awardee for the fifth consecutive year and the only Bank among the top five awardees; and received various distinctions from Corporate Governance Asia, CFA Society Philippines, Finance Monthly, Global Banking & Finance Review, Enterprise Asia, and Capital Finance.

China Bank's main business include corporate and SME lending, retail loans (e.g. credit cards, housing, auto, and personal loans), treasury and foreign exchange trading, trust & asset management, invetment banking & advisory services, wealth management, cash management, insurance products through China Bank Insurance Brokers, Inc. & MCBLife, internet banking and remittances through tie-ups in the Middle East, Asia, and major US cities. The Bank also offers foreign currency deposits in three currencies, US Dollar, Euro, and Yuan.

China Bank offers a comprehensive suite of products and services through 541 branches complemented by convenient and secure electronic banking channels which are available 24/7 — 805 ATMs, China Bank Online, and China Bank TellerPhone (phone banking).

Subsidiary	Effective Percentages of Ownership 2016	2015	Country of Incorporation	Principal Activities
Chinabank Insurance Brokers, Inc. (CIBI)	**100.00%**	100.00%	Philippines	Insurance brokerage
China Bank Savings, Inc. (CBSI)	**98.29%**	98.07%	Philippines	Retail and consumer banking
China Bank Capital Corporation (CBCC)	**100.00%**	100.00%	Philippines	Investment house
CBC Properties and Computer Center, Inc. (CBC-PCCI)	**100.00%**	100.00%	Philippines	Computer services
CBC Forex Corporation*	–	100.00%	Philippines	Foreign exchange
CBC Assets One, Inc.**	**100.00%**	–	Philippines	Special purpose corporation

** Liquidated on December 19, 2016*
***Established on June 15 2016, 100% owned through CBCC*

The Parent Company has no ultimate parent company. SM Investments Corporation, its significant investor, has effective ownership in the Parent Company of 19.90% as of December 31, 2016 and 2015.

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

2. Business of Issuer

(a) Principal Products and Services

China Bank's main businesses include deposit taking, corporate and middle market lending, retail loans including mortgage and auto loans, investment banking, insurance products through its subsidiaries, treasury and foreign exchange trading, trust and investment management, wealth management, cash management, internet banking and mobile banking services, inward remittances through tie-ups with remittance companies and exchange houses in the Middle East, Asia and major US cities. The income from these products/services is divided into two categories, namely (1) interest income from the Bank's deposit taking and lending/investment activities which accounts for 81% of revenues and (2) other income (includes service charges, fees & commissions, trading gain, foreign exchange gain, trust fees, income from sale of acquired assets and other miscellaneous income) which account for 19% of revenues.

Percentage of sales or revenues and net income contribution from foreign sales (broken down into major markets such as Western Europe, Southeast Asia, etc.) for each of the last three years. Not applicable.

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, , 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
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. Wealth Management - Investment Management Arrangement, Personal Management Trust. Corporate Trust Services - Escrow Services, Employee Benefit Plan, Collecting and Paying Agency, Loan / Paying Agency

TREASURY SERVICES
Peso-Denominated Government and Corporate Bond Issues, Dollar-Denominated Government and Corporate Bond Issues, Foreign Exchange - Spot, Forward and Swaps, Derivatives - Interest Rate and Cross Currency Swaps

INSURANCE PRODUCTS
Bancassurance: Protection - MCBL Legacy Protect 100 , Base Protect / Base Protect Plus. Education - MCBL Invest. Health - MCBL Health Choice. Wealth - Platinum Invest Elite, MCBL Enrich Max, MCBL Affluence Income. Retirement - MCBL Enrich, MCBL Invest. Term Insurance. Group Life Insurance.
Non-Life Insurance: Fire Insurance – Residential, Commercial, Industrial All- Risk Insurance, Commercial All- Risk Insurance, Condominium Insurance, Trust Receipts. Motor Car Insurance – Individual, Fleet Program. Marine Insurance - Hull Insurance, Cargo Insurance. Engineering Insurance - Contractors ALL-Risk Insurance, Electronic Equipment Insurance, Erectors All- Risk Insurance, Machinery Breakdown Insurance, Equipment Floater. Liability Insurance - Comprehensive General Liability Insurance, Product Liability Insurance, Professional Indemnity Insurance, Directors and Officers Liability Insurance. Crime Insurance - Money, Security & Payroll Insurance, Fidelity Insurance, Cyber Crime Insurance, Kidnap and Ransom Insurance. Bonds : Surety Bonds - Bidders bond, Surety / Downpayment bond, Performance bond, Warranty Bond, Heirs Bond, Fidelity Bonds. Employee Benefit - Group Personal Accident Insurance, Group Life Insurance, HMO, Travel Insurance.

PAYMENT & SETTLEMENT SERVICES
Electronic Banking Channels - China Bank Automated Teller Machine (ATM), China Bank TellerPhone, China Bank Online, Cash Accept Machine, Point-of-Sale

CASH MANAGEMENT SOLUTIONS
Delivery Channel
China Bank Online

Liquidity Management
Account Balance & Transaction Reporting, Sure Sweep, POS Cash-out

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
Corporate Automatic Debit Arrangement (ADA), 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 (powered by BancNet), Automatic Debit Arrangement (ADA), eGovernment Collection, SSS Sickness / Maternity / Employee's Compensation (SSS SMEC)

(b) Distribution Methods of Products and Services:

China Bank's products and services are made available across multiple distribution and delivery channels: 541 branch network (of which 391 are China Bank branches, 150 ChinaBank Savings branches which includes the 78 branches of the former Plantersbank); 805 ATM network (530 in-branch and 275 off-site ATMs nationwide; founding member of the BancNet consortium, access to more than 15,000 ATMs nationwide of BancNet networks; online banking (through the Bank's e-portal www.chinabank.ph); China Bank EZPay Kiosk (tax payment); and TellerPhone (phone banking). Its head office is located at 8745 Paseo de Roxas corner Villar Streets, Makati City.

Metro Manila Branches

1. MAKATI MAIN BRANCH (Head Office) - CBC Bldg., 8745 Paseo de Roxas cor. Villar Sts., Makati City***
2. BINONDO BUSINESS CENTER - CBC Bldg., Dasmariñas cor. Juan Luna Sts. Binondo, Manila*
3. 999 MALL BRANCH (formerly TUTUBAN CENTER BRANCH) – Unit 3D-5 & 3D-7 999 Shopping Mall, Bldg. 2, Recto – Soler Sts., Binondo, Manila*
4 A. BONIFACIO-MAUBAN - G/F Urban Oasis Residences, 423-431., A. Bonifacio Ave., Brgy. San Jose, Quezon City*
5. ALABANG HILLS - G/F RBC-MDC Corporate Center, Don Jesus Blvd., Alabang Hills Village, Muntinlupa City*
6. ANTIPOLO CITY BRANCH - G/F Budget Lane Arcade, No. 6, Provincial Road, Brgy. San Jose, Antipolo City, Rizal*
7. ANTIPOLO- SUMULONG HIGHWAY BRANCH- No. 219 Sumulong Highway, Bgry. Mambugan, Antipolo City, Rizal*
8. ANTIPOLO CITY-TAKTAK - Sumulong Highway corner Taktak Road, Brgy. Dela Paz, Antipolo City, Rizal*
9. ARANETA AVE. BRANCH - Philippine Whithasco Bldg., 420 Araneta Ave., cor. Bayani St., Quezon City*
10. ARRANQUE BRANCH – Don Felipe Bldg., 675 Tomas Mapua St., Sta. Cruz, Manila*
11. ASUNCION BRANCH – Units G6 & G7 Chinatown Steel Towers, Asuncion St., San Nicolas, Manila*
12. AYALA-ALABANG BRANCH - G/F, CBC-Bldg. Acacia Ave., Madrigal Business Park, Ayala Alabang, Muntinlupa City*
13. AYALA-COLUMNS BRANCH – G/F The Columns Tower 3, Ayala Ave., Makati City*
14. BALINTAWAK-BONIFACIO BRANCH - 657 A. Bonifacio Ave., Balintawak, Quezon City*
15. BALUT BRANCH - North Bay Shopping Center, Honorio Lopez Boulevard, Balut, Tondo, Manila*
16. BANAWE BRANCH – CBC Bldg., 680 Banawe Ave., Sta.Mesa Heights, District I, Quezon City*
17. BANAWE-MA.CLARA BRANCH – G/F Prosperity Bldg., Banawe, Quezon City*
18. BEL-AIR BRANCH - 2/F Saville Bldg., 8728 Paseo de Roxas, Makati City*
19. BETTER LIVING SUBD. BRANCH – 128 Doña Soledad Ave., Parañaque City*
20. BF HOMES BRANCH - Aguirre cor. El Grande Aves., United BF Homes, Parañaque City*
21. BF HOMES-AGUIRRE BRANCH – Margarita Centre, Aguirre Ave. cor. Elsie Gaches St., BF Homes, Parañaque City*
22. BF RESORT VILLAGE BRANCH - BF Resort Drive cor. Gloria Diaz St., BF Resort Village Talon Dos, Las Piñas City*
23. BGC-ICON PLAZA - G/F Icon Plaza Bldg., 25th cor 5th Sts. Bonifacio South, Fort Bonifacio Global City, Taguig City
24. BGC- ONE WORLD PLACE BRANCH - G/F One World Place, 32nd Avenue, Fort Bonifacio Global City, Taguig City*
25. BINANGONAN BRANCH - National Highway, Bo. Tagpos, Binangonan, Rizal*
26. BLUMENTRITT BRANCH - 1777-1781 Cavite cor. Leonor Rivera St., Blumentritt, Sta. Cruz, Manila*
27. BO. KAPITOLYO BRANCH - G/F P&E Bldg., 12 United cor. First Sts. Bo. Kapitolyo, Pasig City*
28. BONNY-SERRANO BRANCH – G/F, Greenhills Garden, Garden Square No. 297 Col Bonny Serrano Ave., Quezon City*
29. CAINTA BRANCH - CBC Bldg (Beside Sta. Lucia East Mall), Felix Ave., Cainta, Rizal*
30. CAPITOL HILLS BRANCH - G/F Design Pro Bldg. Capitol Hills, Old Balara, Quezon City*
31. CENTURY CITY-KNIGHTSBRIDGE - Unit 17 & 18 Knightsbridge Residences, Century City, Kalayaan Ave. Makati City
32. COMMONWEALTH AVENUE BRANCH - LGF Ever Gotesco Mall, Commonwealth Center, Commonwealth Ave cor Don Antonio Road, QC*
33. CONGRESSIONAL AVENUE BRANCH – G/F Unit C The Arete Square, Congressional Ave., Project 8, Quezon City*
34. CORINTHIAN HILLS BRANCH - G/F The Clubhouse, Corinthian Hills, Temple Drive Brgy. Ugong Norte, Quezon City*
35. CUBAO-ARANETA BRANCH - Shopwise Arcade Bldg., Times Square St., Araneta Shopping Center, Cubao, Quezon City*
36. CUBAO-AURORA BRANCH - 911 Aurora Boulevard Extension cor. Miami St., Cubao, Quezon City
37. CUBAO- P. TUAZON BRANCH - No. 287 P. Tuazon Ave. near corner 18th Avenue, Brgy. San Roque, Cubao, Quezon City*
38. CULIAT- TANDANG SORA BRANCH - G/F Royal Midway Plaza, No. 419, Tandang Sora Ave. Brgy. Culiat, 1128 Quezon City*
39. D. TUAZON BRANCH - 174 A-B D. Tuazon St., Brgy. Maharlika, Sta.Mesa Heights, Quezon City
40. DAMAR VILLAGE BRANCH - Clubhouse, Damar Village, Quezon City*
41. DASMARIÑAS VILLAGE BRANCH - 2283 Pasong Tamo Ext. cor. Lumbang St., Makati City*
42. DEL MONTE AVENUE BRANCH – No. 497 Del Monte Ave., Brgy. Manresa, Quezon City*
43. DEL MONTE-MATUTUM BRANCH – No. 202 Del Monte Ave. cor. Matutum St., Brgy. St. Peter, Quezon City*
44. DIVISORIA-STA. ELENA BRANCH - Unit G-22 New Divisoria Condominium Ctr. Sta. Elena St. near cor Tabora St., Binondo
45. DON ANTONIO BRANCH - G/F Royale Place, Don Antonio Ave., Brgy. Old Balara, Quezon City*
46. EASTWOOD CITY BRANCH –Unit D, Techno Plaza One, Eastwood City Cyberpark, E. Rodriguez Jr. Ave., (C-5) Bagumbayan, Quezon City*
47. EDSA-KALOOKAN BRANCH - No. 531 (Lot 5 Block 30) EDSA near cor. Biglang Awa St., Kalookan City*
48. EDSA-TIMOG AVE. BRANCH G/F Richwell Corporate Center, 102 Timog Ave., Brgy. Sacred Heart, Quezon City*
49. ELCANO BRANCH – G/F Elcano Tower, Elcano St., San Nicolas, Manila
50. E. RODRIGUEZ- ACROPOLIS BRANCH - G/F Suncrest Building, E. Rodriguez Jr. Ave., Quezon City*
51. E. RODRIGUEZ- CORDILLERA BRANCH - No. 291 (G/F Units 285 & 287) E. Rodriguez Sr. Blvd., Brgy. Doña Josefa, Quezon City*
52. E. RODRIGUEZ-HILLCREST BRANCH – No. 402 E. Rodriguez Sr. Blvd., Cubao, Quezon City*
53. E. RODRIGUEZ SR. BLVD. BRANCH - CBC Bldg., #286 E. Rodriguez Sr. Blvd., Brgy. Damayang Lagi, Quezon City*
54. ERMITA BRANCH – G/F A, Ma. Natividad Bldg., #470 T. M. Kalaw cor. Cortada Sts., Ermita, Manila*
55. ESPAÑA BRANCH - España cor. Valencia Sts., Sampaloc, Manila*
56. EVANGELISTA BRANCH – Evangelista cor. Gen Estrella St., Makati City*
57. EXAMINER BRANCH - No. 1525 Quezon Ave. cor. Examiner St., West Triangle, Quezon City*
58. FAIRVIEW BRANCH - G/F Angelenix House, Fairview Ave. cor. Camaro St., Quezon City*
59. FAIRVIEW TERRACES-LGF Fairview Terraces, Quirino Highway corner Maligaya Drive, Brgy. Pasong Putik, Novaliches, Quezon City
60. FILINVEST CORPORATE CITY BRANCH - G/F Wilcon Depot, Alabang- Zapote Rd cor. Bridgeway Ave. Filinvest Corp City, Alabang, Muntinlupa*
61. FILINVEST CORP. CITY-COMMERCENTER-G/F Commercenter Alabang, Comm. Ave. cor. Filinvest Ave., Filinvest Corp City, Alabang, Muntinlupa
62. FILINVEST CORP. CITY-NORTHGATE-G/F Aeon Centre Building, Northgate Cyberzone, Filinvest Corporate City, Alabang, Muntinlupa City*
63. FIVE E-COM CENTER-G/F Five E-com Center, Harbor Drive, MOA Complex, Pasay City*
64. FORT BONIFACIO GLOBAL CITY BRANCH – G/F Marajo Tower 26th St., Fort Bonifacio Global City, Taguig City*
65. GEN. LUIS-KATIPUNAN-CBC Building, Gen. Luis St. corner Katipunan SB Road, Brgy. Bagong Nayon, Novaliches, Quezon City*
66. GIL PUYAT AVENUE BRANCH - Mitsu Bldg., No. 65 Sen. Gen Gil Puay Ave., Brgy. Palanan, Makati City*
67. GIL PUYAT-ELIZABETH PLACE-G/F Elizabeth Place, Gil Puyat Ave., Makati City
68. GREENBELT 1 BRANCH - G/F Greenbelt 1, Legaspi St. near cor. Paseo de Roxas, Makati City*

69. GREENHILLS BRANCH - G/F Gift Gate Bldg., Greenhills Shopping Center, San Juan, Metro Manila**
70. GREENHILLS- CONNECTICUT BRANCH - G/F Missouri Square Bldg., Missouri cor. Connecticut St. Northeast Greenhills, San Juan City*
71. GREENHILLS-ORTIGAS BRANCH - CBC-Bldg., 14 Ortigas Ave. Greenhills, San Juan, Metro Manila*
72. HEROES HILLS BRANCH – Quezon Ave. cor. J. Abad Santos St., Heroes Hills, Quezon City*
73. HOLY SPIRIT DRIVE BRANCH - CBC Building Lot 18 Block 6 Holy Spirit Drive, Don Antonio Heights, Brgy. Holy Spirit,Quezon City*
74. ILAYA BRANCH - #947 APL-YSL Bldg., Ilaya, Tondo, Manila
75. INTRAMUROS BRANCH - No. 409 A. Soriano Ave, Intramuros Manila*
76. J. ABAD SANTOS AVENUE BRANCH - 2159 J. Abad Santos Ave., cor. Batangas St., Tondo, Manila*
77. JUAN LUNA BRANCH – G/F Aclem Bldg., 501 Juan Luna St., Binondo, Manila*
78. KALAYAAN AVE. BRANCH – G/F PPS Bldg., Kalayaan Ave., Quezon City*
79. KALOOKAN- 8TH AVE.BRANCH - No. 279 Rizal Ave. cor, 8th Ave., Grace Park, Kalookan City*
80. KALOOKAN-10TH AVE.-No. 275 10th Ave. corner 3rd Street, Grace Park, Kalookan City*
81. KALOOKAN BRANCH - CBC Bldg., 167 Rizal Ave. Extension, Grace Park, Kalookan City*
82. KALOOKAN-CAMARIN BRANCH – Annex Bldg., Space No. 3, Zabarte Town Center, No. 588 Camarin Road cor Zabarte Road, Kalookan City*
83. KALOOKAN-MONUMENTO BRANCH - 779 McArthur Highway, Kalookan City*
84. KAMIAS BRANCH – G/F CRM Bldg., 116 Kamias Road cor. Kasing-Kasing St., Quezon City*
85. KAMUNING-#47 SKY47 Bldg., Kamuning Road, Quezon City
86. KARUHATAN BRANCH - No. 248 McArthur Highway, Karuhatan, Valenzuela City*
87. KATIPUNAN AVE.-ST. IGNATIUS BRANCH – CBC Bldg., No. 121 Katipunan Ave., Brgy. St. Ignatius, Quezon City*
88. LAGRO-CBC Building, Lot 32 Blk 125, Quirino Highway, Greater Lagro, Quezon City
89. LAS PIÑAS BRANCH - CBC- Bldg., Alabang-Zapote Road cor. Aries St., Pamplona Park Subd., Las Piñas City*
90. LAS PIÑAS- MANUELA BRANCH - Alabang-Zapote Road cor. Philamlife Ave., Pamplona Dos, Las Piñas City*
91. LEGASPI VILLAGE -AIM BRANCH - G/F Cacho-Gonzales Bldg, 101 Aguirre cor. Trasierra Sts., Legaspi Village, Makati City*
92. LEGASPI VILLAGE- AMORSOLO BRANCH - G/F CAP Bldg. Herrera cor. Amorsolo Sts. Legaspi Village, Makati City*
93. LEGASPI VILLAGE -C. PALANCA BRANCH - Suite A, Basic Petroleum Bldg. 104 C. Palanca Jr. St. Legaspi Village, Makati City*
94. LEGASPI VILLAGE-ESTEBAN-G/F PPI Bldg., No. 109 Esteban St., Legaspi Village, Makati City*
95. LEGASPI VILLAGE-PEREA BRANCH- G/F, Greenbelt Mansion, 106 Perea St., Legaspi Village, Makati City*
96. LEGASPI VILLAGE - SALCEDO BRANCH - G/F Fedman Suites, 199 Salcedo St. Legaspi Village, Makati City*
97. LAVEZARES BRANCH - No. 412 Lavezares Street, San Nicolas, Manila*
98. MAGALLANES VILLAGE BRANCH – G/F, DHI Bldg, # Lapu-Lapu St., cor. EDSA, Magallanes Village, Makati City*
99. MAKATI AVENUE BRANCH - G/F CBC Bldg., Makati Ave. cor. Hercules St. Makati City*
100. MAKATI-COMEMBO-No. 46 JP Rizal Ext., Brgy. Comembo, Makati City*
101. MAKATI- JP RIZAL BRANCH - JP Rizal corner Honradez Streets, Makati City*
102. MALABON-CONCEPCION BRANCH - Gen. Luna cor. Paez Sts., Concepcion, Malabon*
103. MALABON-GOV. PASCUAL BRANCH – CBC Bldg., Gov. Pascual Ave., Malabon City*
104. MALABON-POTRERO BRANCH - CBC Bldg., McArthur Highway, Potrero, Malabon*
105. MALANDAY BRANCH - CBC Bldg. McArthur Highway, Malanday, Valenzuela City*
106. MANDALUYONG-BONI AVE. BRANCH - G/F VOS Bldg. Boni Ave. cor. San Rafael St., Mandaluyong City*
107. MANDALUYONG-D. GUEVARA-G/F 19 Libertad Plaza, Domingo Guevara St., Mandaluyong City*
108. MANDALUYONG-PIONEER BRANCH - UG-05 Globe Telecom Plaza Tower I Pioneer St., Mandaluyong City*
109. MANILA- MACEDA BRANCH - Daguman Bldg., Maceda St., Sampaloc Manila*
110. MARIKINA-FAIRLANE BRANCH– G/F E&L Patricio Bldg., No. 809 J.P. Rizal Ave., Concepcion Uno, Marikina City*
111. MARIKINA-GIL FERNANDO BRANCH Block 9, Lot 14 Gil Fernando Ave., Marikina City*
112. MARIKINA-SSS VILLAGE BRANCH - Lilac cor. Rainbow Sts. SSS Village, Concepcion Dos, Marikina City*
113. MARIKINA-STA. ELENA BRANCH - 250 J.P. Rizal St., Sta. Elena, Marikina City*
114. MASANGKAY BRANCH - 959-961 G. Masangkay St., Binondo, Manila*
115. MASANGKAY-LUZON BRANCH – 1192 G. Masangkay St., Sta. Cruz, Manila*
116. MAYON BRANCH – 480 Mayon St. Maharlika Sta. Mesa Heights, Quezon City *
117. MINDANAO AVE. BRANCH - G/F LJC Building, 189 Mindanao Ave. Bahay Toro, Quezon City*
118. MUNTINLUPA- PUTATAN BRANCH G/F Teknikos Bldg., National Highway, Brgy. Putatan, Muntinlupa City*
119. N. DOMINGO BRANCH – G/F The Main Place, No.1 Pinaglabanan cor. N. Domingo Sts., San Juan City*
120. NAVOTAS BRANCH - No. 500 M. Naval St. near cor. Lacson St. Brgy. North Bay Blvd. North (NBBN) Navotas City*
121. NOVALICHES BRANCH - 954 Quirino Highway, Novaliches Proper, Novaliches, Quezon City*
122. NOVALICHES-SANGANDAAN BRANCH – CBC Bldg., Quirino Highway cor. Tandang Sora Ave., Brgy. Sangandaan, Novaliches, QC*
123. NOVALICHES-TALIPAPA BRANCH - 528 Copengco Bldg., Quirino Highway, Talipapa, Novaliches, Quezon City*
124. NOVALICHES-ZABARTE – G/F C.I. Bldg 1151 Quirino Highway cor. Zabarte Road, Brgy. Kaligayahan, Novaliches, QC*
125. NUEVA BRANCH – Unit Nos. 557 & 559 G/F, Ayson Bldg., Yuchengco St., Binondo, Manila*
126. ONGPIN BRANCH - G/F Se Jo Tong Bldg., 808 Ongpin St., Sta. Cruz, Manila*
127. OROQUIETA BRANCH - 1225-1227, Oroquieta St., Sta. Cruz, Manila*
128. ORTIGAS-ADB AVE. BRANCH - LGF Cityland Mega Plaza Bldg., ADB Ave. cor. Garnet Road, Ortigas Center Pasig City*
129. ORTIGAS-AVE. EXT.-RIVERSIDE BRANCH – Unit 2-3 Riverside Arc Ortigas Ave Ext cor. Riverside Drive, Brgy. Sta. Lucia, Pasig City*
130. ORTIGAS CENTER BRANCH - Unit 101 Parc Chateau Condominium Onyx cor. Sapphire Sts, Ortigas Center, Pasig City*
131. ORTIGAS COMPLEX BRANCH - G/F Padilla Bldg., Emerald Ave. cor. Ruby Road, Ortigas Center, Pasig City*
132. ORTIGAS-JADE DRIVE BRANCH - Unit G-03, Antel Global Corporate Center Jade Drive, Ortigas Center, Pasig*
133. PACO BRANCH - Gen. Luna cor. Escoda St., Paco, Manila*
134. PACO-ANGEL LINAO-Unit 1636 & 1638 Angel Linao St. Paco, Manila*
135. PACO-OTIS BRANCH – G/F Union Motor Corporation Bldg., 1760 Dra. Paz Guanzon St., Paco, Manila*
136. PADRE FAURA BRANCH - G/F, Regal Shopping Center, A. Mabini cor Padre Faura Sts., Ermita Manila*
137. PARAÑAQUE- MOONWALK BRANCH - Milky Way St. cor. Armstrong Avenue, Moonwalk, Parañaque City*

138. PARAÑAQUE-SUCAT BRANCH-No. 8260 Dr. A. Santos Ave.,Brgy. San Isidro Parañaque City*
139. PASAY-LIBERTAD BRANCH - CBC-Bldg., 184 Libertad St., Antonio Arnaiz Ave., Pasay City*
140. PASAY-ROXAS BLVD. BRANCH - GF Unit G-01 Antel Seaview Towers 2626 Roxas Blvd., Pasay City*
141. PASIG-A. MABINI-A. Mabini Street, Brgy. Kapasigan, Pasig City
142. PASIG-C. RAYMUNDO BRANCH – G/F Mic Mar Apartments No. 6353 C. Raymundo Ave.,Brgy. Rosario, Pasig City*
143. PASIG-MERCEDES BRANCH - Commercial Motors Corp. Cpd., Mercedes Ave., Pasig City*
144. PASIG-SAN JOAQUIN BRANCH - No. 43 M. Concepcion Ave., San Joaquin, Pasig City*
145. PASIG-SANTOLAN BRANCH - G/F Felmarc Business Center, Amang Rodriguez Ave., Santolan, Pasig City*
146. PASIG-SM SUPERCENTER BRANCH – SM Supercenter Pasig, Frontera Drive, C-5 Pasig City*
147. PASIG-VALLE VERDE-G/F Reliance IT Center, E. Rodriguez Jr. Ave., Ugong, Pasig City*
148. PASO DE BLAS BRANCH – G/F CYT Bldg, No 178 Paseo de Blas, Valenzuela City*
149. PASONG TAMO-BAGTIKAN BRANCH – G/F Trans-Phil House 1177 Chino Roces Ave. cor. Bagtikan St., Makati City*
150. PASONG TAMO-CITYLAND BRANCH - Units UG29-UG32 Cityland Tower 2210 Pasong Tamo St., Makati City*
151. PATEROS BRANCH - G/F Adela Bldg., M. Almeda St., Brgy. San Roque, Pateros*
152. PHILAM BRANCH - #8 East Lawin Drive, Philam Homes, Quezon City*
153. PROJECT 8-SHORTHORN-Shorthorn Street, Project 8, Quezon City
154. QUEZON AVE. BRANCH - No. 18 G&D Bldg., Quezon Ave. cor. D. Tuazon St., Quezon City*
155. QUIAPO BRANCH - 216-220 Villalobos St., Quiapo, Manila
156. REGALADO AVE.-CBC Building, Regalado Ave., North Fairview, Quezon City*
157. RIZAL-ANGONO-Lot 3 Blk. 4 M.L Quezon Ave. Richmond Subd. Angono, Rizal*
158. RIZAL- SAN MATEO BRANCH - #63 Gen. Luna corner Simon St., Banaba, San Mateo, Rizal*
159. ROOSEVELT AVE. BRANCH - CBC Bldg., #293 Roosevelt Ave., San Francisco Del Monte, Quezon City*
160. ROOSEVELT AVE.-FRISCO-G/F Norita Bldg. #51 H. Francisco St. corner Roosevelt Ave. Brgy. Paraiso, Quezon City*
161. SALCEDO VILLAGE- LP LEVISTE BRANCH - Unit 1-B G/F The Athenaeum San Agustin – LP Leviste St., Salcedo Village, Makati City*
162. SALCEDO VILLAGE-TORDESILLAS BRANCH - G/F Prince Tower Condo 14 Tordesillas St., Salcedo Village, Makati City*
163. SALCEDO VILLAGE-VALERO BRANCH - G/F Valero Tower, 122 Valero St. Salcedo Village, Makati City*
164. SALES-RAON BRANCH – 611 Sales St., Quiapo, Manila*
165. SAN ANTONIO VILLAGE- P. OCAMPO BRANCH - JM Macalino Auto Center, P. Ocampo Street cor. Dungon St., San Antonio Village, Makati*
166. SAN JUAN- J. ABAD SANTOS BRANCH - Unit 3 Citiplace Bldg., 8001 Jose Abad Santos Street, Little Baguio, San Juan City*
167. SAN JUAN BRANCH - 17 F. Blumentritt St., San Juan, Metro Manila*
168. SHAW-HAIG BRANCH – G/F, First of Shaw Bldg, Shaw Blvd, cor. Haig St, Mandaluyong City*
169. SHAW-PASIG BRANCH - G/F RCC Center, No. 104 Shaw Boulevard, Pasig City*
170. SHAW-SUMMIT ONE BRANCH - Unit 102 Summit One Office Tower 530 Shaw Boulevard Mandaluyong City*
171. SM AURA PREMIER – L/G, SM Aura Premier, McKinley Parkway~~s~~, Fort Bonifacio Global City, Taguig City*
172. SM CITY BF PARAÑAQUE BRANCH- G/F SM City~~,~~ BF Parañaque, Dr. A. Santos Ave. cor. President's Ave, Parañaque City*
173. SM CITY BICUTAN BRANCH - LGF, Bldg. B, SM City Bicutan Doña Soledad Ave. cor. West Service Road, Parañaque City**
174. SM CITY FAIRVIEW BRANCH - LGF, SM City Fairview Quirino Ave. cor. Regalado Ave. Fairview, Quezon City*
175. SM CITY MARIKINA BRANCH – G/F SM City Marikina, Marcos Highway, Brgy. Calumpang, Marikina City*
176. SM CITY MASINAG BRANCH SM City Masinag, Marcos Highway, Masinag, Brgy. Mayamot Antipolo City, Rizal*
177. SM CITY NORTH EDSA ANNEX BRANCH – UGF, SM City North EDSA, New Annex Bldg, EDSA, Quezon City*
178. SM CITY SAN LAZARO BRANCH UGF (Units 164-166) SM City San Lazaro, Felix Huertas St cor. A.H. Lacson Ext, Sta. Cruz, Manila*
179. SM CITY TAYTAY - Unit 147 Bldg. B, SM City Taytay, Manila East Road, Brgy. Dolores, Taytay, Rizal*
180. SM MALL OF ASIA - G/F Main Mall Arcade, SM Mall of Asia, Bay Blvd., Pasay City**
181. SM MEGAMALL BRANCH - LGF Bldg. A, SM Megamall, E. delos Santos Ave cor. J. Vargas St., Mandaluyong City*
182. SM NORTH EDSA BRANCH - Cyberzone Carpark Bldg., SM City North Ave cor. EDSA, Quezon City*
183. SM SOUTHMALL BRANCH - SM Southmall, Alabang-Zapote Road Talon 1 Almanza, Las Piñas City *
184. SOLEMARE BRANCH - G-11 Solemare Parksuites, 5A Bradco Avenue, Aseana Business Park, Parañaque City*
185. SOLER-168 BRANCH – G/F R&S Bldg., Soler St., Manila*
186. SOUTH TRIANGLE BRANCH - G/F Sunshine Blvd. Plaza, Quezon Ave. cor. Sct. Santiago and Panay Ave., Bgry. South Triangle, Quezon City*
187. STA. MESA BRANCH-1-B G. Araneta Avenue, Brgy.Doña Imelda, Quezon City*
188. STO. CRISTO BRANCH - 622-39 Sto. Cristo St. Binondo, Manila
189. T. ALONZO BRANCH - Abeleda Business Center 908 T. Alonzo cor. Espeleta Sts, Sta. Cruz, Manila*
190. TAFT AVE.-QUIRINO BRANCH – 2178 Taft Ave. near cor. Quirino Ave., Malate, Manila*
191. TAYTAY-SAN JUAN-Velasquez St., Sitio Bangiad, Brgy. San Juan, Taytay, Rizal*
192. TIMOG AVE. BRANCH - G/F Prince Jun Condominium, 42 Timog Ave., Quezon City*
193. TRINOMA BRANCH - Unit P002, Level P1, Triangle North of Manila, North Ave. cor. EDSA, Quezon City*
194. TOMAS MAPUA-LAGUNA-CBC Building, Tomas Mapua St. Sta. Cruz, Manila
195. TOMAS MORATO EXTENSION-Tomas Morato Ave., Quezon City
196. TUTUBAN PRIME BLOCK BRANCH - Rivera Shophouse, Podium Area, Tutuban Center Prime Block, C.M. Recto Ave. cor. Rivera St, Manila*
197. VILLAGE-MAGINHAWA-LTR Bldg, No. 46 Maginhawa St., UP Village, Quezon City
198. UP TECHNO HUB BRANCH – UP Ayala Land Techno Hub, Commonwealth Ave, Quezon City*
199. VALENZUELA BRANCH - CBC-Bldg., McArthur Highway cor. V. Cordero St., Marulas, Valenzuela City*
200. VALENZUELA- GEN. LUIS BRANCH – AGT Bldg., 425 Gen. Luis St. Paso de Blas, Malinta, Valenzuela City*
201. VALENZUELA-MALINTA-MacArthur Highway, Brgy. Malinta, Valenzuela City
202. VISAYAS AVE. BRANCH - CBC-Bldg., Visayas Ave. cor. Congressional Ave. Ext., Quezon City*
203. V. LUNA-G/F AGGCT Bldg. No. 32 V. Luna cor Matapat Sts., Brgy. Pinyahan, Quezon City*
204. WEST AVE. BRANCH - 82 West Ave., Quezon City*
205. XAVIERVILLE BRANCH - 65 Xavierville Ave., Loyola Heights, Quezon City*

Provincial Branches

1. ANGELES CITY BRANCH - CBC-Bldg., 949 Henson St., Angeles City*
2. ANGELES CITY-MARQUEE MALL BRANCH – G/F Marquee Mall, Angeles City, Pampanga*
3. ANGELES - MCARTHUR HIGHWAY BRANCH – CBC Bldg. San Pablo St. cor. McArthur Highway, Angeles City*
4. ANGELES CITY-BALIBAGO- Diamond Square, Service Rd, McArthur Highway cor. Charlotte St., Balibago, Angeles City*
5. ANGELES- STO. ROSARIO BRANCH – Angeles Business Center Bldg., Teresa Ave., Nepo Mart Complex, Angeles City, Pampanga*
6. ANTIQUE- SAN JOSE BRANCH - Felrosa Bldg., Gen. Fullon St. cor. Cerdena St., San Jose, Antique*
7. APALIT BRANCH – CBC Bldg., McArthur Highway, San Vicente, Apalit, Pampanga*
8. BACOLOD-ARANETA BRANCH - CBC-Bldg., Araneta cor. San Sebastian Sts., Bacolod City, Negros Occidental*
9. BACOLOD- LIBERTAD BRANCH - Libertad St., Bacolod City, Negros Occidental*
10. BACOLOD – MANDALAGAN BRANCH - Lacson St., Mandalagan, Bacolod City, Negros Occidental*
11. BACOLOD-NORTH DRIVE BRANCH - Anesa Bldg., B.S. Aquino Drive, Bacolod City, Negros Occidental*
12. BAGUIO CITY BRANCH - G/F Juniper Bldg., A. Bonifacio Rd., Baguio City*
13. BAGUIO CITY-ABANAO BRANCH – G/F Paladin Hotel, No. 136 Abanao Ext. cor. Cariño St., Baguio City, Benguet*
14. BALANGA CITY BRANCH - G/F Dilig Bldg., Don Manuel Banzon St., Balanga City, Bataan*
15. BALER BRANCH- Provincial Road, Barrio Suklayain, Baler, Aurora**
16. BALIWAG BRANCH – Km 51, Doña Remedios Trinidad (DRT) Highway, Baliwag Bulacan*
17. BATANGAS CITY BRANCH - P. Burgos St., Poblacion, Batangas City*
18. BATANGAS- BAUAN - 62 Kapitan Ponso St., Bauan, Batangas*
19. BATANGAS-LEMERY – Miranda Bldg., Ilustre Ave. Lemery, Batangas*
20. BATANGAS- ROSARIO BRANCH- Dr. Gualberto Ave., Brgy. Namunga, Rosario, Batangas*
21. BATANGAS- TANAUAN BRANCH- J.P Laurel Highway, Tanauan City, Batangas*
22. BAYBAY CITY BRANCH – Magsaysay Ave, Baybay, Leyte*
23. BORONGAN BRANCH – Balud II, Poblacion Borongan, Eastern Samar*
24. BULACAN- BALAGTAS BRANCH- McArthur Highway, Brgy. San Juan, Balagtas, Bulacan*
25. BULACAN- PLARIDEL BRANCH - CBC Building, Cagayan Valley Road, Plaridel, Bulacan*
26. BULACAN- STA. MARIA BRANCH - J.P Rizal cor. C. de Guzman St. , Poblacion, Sta. Maria, Bulacan*
27. BUTUAN CITY BRANCH - CBC Building J.C. Aquino Avenue, Butuan City, Agusan del Norte*
28. CABANATUAN CITY - Melencio cor. Sanciangco Sts. Cabanatuan City, Nueva Ecija*
29. CABANATUAN-MAHARLIKA BRANCH - CBC-Bldg., Maharlika Highway Cabanatuan City, Nueva Ecija*
30. CAGAYAN DE ORO-BORJA BRANCH - J. R. Borja St., Cagayan de Oro City*
31. CAGAYAN DE ORO-CARMEN BRANCH - G/F GT Realty Bldg, Max Suniel St. cor. Yakal St., Carmen, Cagayan de Oro City*
32. CAGAYAN DE ORO- DIVISORIA BRANCH - RN Abejuela St., South Divisoria, Cagayan de Oro City*
33. CAGAYAN DE ORO- GAISANO CITY MALL BRANCH - G/F Gaisano City Mall, C. M. Recto cor. Corrales Ext, Cagayan de Oro City*
34. CAGAYAN DE ORO-LAPASAN BRANCH - CBC Bldg, Claro M. Recto Ave., Lapasan, Cagayan de Oro City*
35. CAGAYAN DE ORO- PUERTO BRANCH - Luis A.S. Yap Building, Zone 6, Brgy. Puerto, Cagayan de Oro City, Misamis Oriental*
36. CALAPAN BRANCH – J.P. Rizal St., Calapan City, Mindoro*
37. CANDON CITY BRANCH- CBC Bldg., National Road, Poblacion, Candon City, Ilocos Sur*
38. CARMONA BRANCH – CBC Bldg, Paseo de Carmona, Brgy. Maduya, Carmona, Cavite*
39. CATARMAN BRANCH – Cor. Rizal & Quirino Sts, Catarman, Northern Samar*
40. CATBALOGAN BRANCH - CBC Bldg. Del Rosario St. cor. Taft Ave., Catbalogan City, Samar*
41. CAUAYAN CITY BRANCH - G/F Prince Christopher Bldg. Maharlika Highway, Cauayan City, Isabela*
42. CAVITE-DASMARIÑAS BRANCH - G/F CBC Bldg., Gen. E. Aguinaldo Highway, Dasmarinas, Cavite**
43. CAVITE-IMUS BRANCH - G/F CBC Bldg., Nueno Ave. Tanzang Luma, Imus, Cavite*
44. CAVITE- MOLINO BRANCH - Patio Jacinto, Molino Road, Molino 3, Bacoor, Cavite*
45. CAVITE-ROSARIO BRANCH - G/F CBC Bldg., Gen Trias Drive, Rosario, Cavite*
46. CAVITE- SILANG BRANCH - CBC Building, J.P Rizal St. Poblacion, Silang, Cavite*
47. CAVITE- SM CITY BACOOR BRANCH - LGF SM City Bacoor Tirona Highway cor. Aguinaldo Highway Bacoor, Cavite*
48. CEBU-AYALA-Unit 101 G/F Insular Life Cebu Business Center,Mindanao Ave. cor. Biliran Road, Cebu Business Park, Cebu City*
49. CEBU- BANAWA BRANCH - G/F The J Block, Duterte St., Banawa, Guadalupe, Cebu City, Cebu*
50. CEBU-BANILAD BRANCH - CBC Bldg., A.S. Fortuna St., Banilad, Cebu City, Cebu*
51. CEBU- BASAK- SAN NICOLAS BRANCH - N. Bacalso Ave. Basak San Nicolas, Cebu City, Cebu*
52. CEBU- BOGO BRANCH- Sim Bldg. P. Rodriguez St., Bogo City Cebu*
53. CEBU BUSINESS CENTER-CBC Bldg., Samar Loop cor. Panay Rd., Cebu Business Park, Cebu City, Cebu*
54. CEBU-CARCAR BRANCH – Dr. Jose Rizal St, Barrio Poblacion, Carcar, Cebu City, Cebu*
55. CEBU-CONSOLACION BRANCH – G/F SM City Consolacion, Brgy. Lamac, Consolacion, Cebu*
56. CEBU- ESCARIO BRANCH - Units 3 & 5 Escario Central, Escario Road, Cebu City, Cebu*
57. CEBU-F. RAMOS BRANCH - F. Ramos St., Cebu City, Cebu*
58. CEBU-GORORDO BRANCH– No 424, Gorordo Ave., Bo. Camputhaw, Lahug District, Cebu City, Cebu*
59. CEBU-GUADALUPE BRANCH – CBC Bldg., M. Velez St., cor. V. Rama Ave., Guadalupe, Cebu City, Cebu*
60. CEBU-IT PARK BRANCH– G/F, The Link, Cebu IT Park, Bo. Apas, Lahug, Cebu City, Cebu*
61. CEBU-LAHUG BRANCH - JY Square Mall, No. 1 Salinas Dr., Lahug, Cebu City, Cebu*
62. CEBU-LAPU LAPU PUSOK BRANCH G/F Goldberry Suites, President Quezon National Highway, Pusok, Lapu-Lapu City*
63. CEBU- LAPU LAPU CENTRO BRANCH - G.Y dela Serna St., Opon, Poblacion, Lapu Lapu City, Cebu*
64. CEBU-MAGALLANES BRANCH - CBC Bldg., Magallanes cor. Jakosalem Sts., Cebu City, Cebu*
65. CEBU-MANDAUE BRANCH – O & M Plaza, A. Del Rosario St., Mandaue City, Cebu*
66. CEBU MANDAUE CABANCALAN BRANCH - M.L. Quezon St., Cabancalan, Mandaue City, Cebu*
67. CEBU-MANDAUE – J. CENTRE MALL BRANCH – LGF Centre Mall, A.S. Fortuna Ave., Mandaue City, Cebu*
68. CEBU-MANDAUE NORTH ROAD BRANCH- 447 Tabok North Road, Mandaue City*

69. CEBU-MANDAUE NRA-G/F Bai Hotel Cebu Ouano Ave. cor. Seno Blvd, North Reclamation Area, Mandaue City, Cebu
70. CEBU-MINGLANILLA BRANCH – Unit 9 Plaza Margarita, Lipata, Minglanilla, Cebu*
71. CEBU-NAGA BRANCH - Leah's Square, National South highway, East Poblacion, Naga City, Cebu*
72. CEBU-SM CITY BRANCH - Upper G/F, SM City Cebu, Juan Luna cor. A. Soriano Ave., Cebu City, Cebu**
73. CEBU- SM SEASIDE CITY BRANCH - LGF SM Seaside City Cebu, South Road Properties, 6000, Cebu City, Cebu*
74. CEBU-SUBANGDAKU BRANCH - G/F A.D. Gothong I.T. Center, Subangdaku, Mandaue City, Cebu*
75. CEBU-TALAMBAN BRANCH - Unit UG-7 Gaisano Grand Mall, Gov Cuenco Ave., Nasipit, Brgy. Talamban, Cebu City, Cebu*
76. CEBU-TALISAY BRANCH - CBC Bldg., 1055 Cebu South National Road Bulacao, Talisay City, Cebu*
77. CLARK FREEPORT ZONE-Stotsenberg Lifestyle Center, Quirino Sr. cor. N. Aquino Streets, Clark Freeport Zone, Angeles City, Pampanga
78. COTABATO CITY BRANCH - No. 76 S.K. Pendatun Ave., Cotabato City, Province of Maguindanao*
79. DAET–Vinzons Ave., Daet, Camarines Norte*
80. DAGUPAN-M.H.DEL PILAR BRANCH – Carried Realty Bldg., No. 28 M.H. del Pilar St., Dagupan City*
81. DAGUPAN-PEREZ BRANCH - 209 Perez Boulevard, Pogo Chico, Dagupan City*
82. DAVAO-BAJADA BRANCH - Km. 3, J.P. Laurel Ave., Bajada, Davao City*
83. DAVAO-BUHANGIN BRANCH - Buhangin Road, Davao City*
84. DAVAO-CALINAN-Davao- Bukidnon National Highway – Riverside, Calinan Proper, Davao City**
85. DAVAO-INSULAR VILLAGE BRANCH – Insular Village I, Km. 8, Lanang, Davao City*
86. DAVAO- MA-A BRANCH- G/F Lapeña Bldg., McArthur Highway, Matina, Davao City*
87. DAVAO-MATINA BRANCH – Km. 4 McArthur Highway, Matina, Davao City*
88. DAVAO-PANABO – PJ Realty, Brgy. New Pandan, Panabo City, Davao Del Norte*
89. DAVAO-RECTO BRANCH - CBC Bldg., C.M. Recto Ave. cor. J. Rizal St. Davao City*
90. DAVAO- SM LANANG BRANCH - G/F SM Lanang Premier, J.P. Laurel Ave., Davao City*
91. DAVAO-STA. ANA BRANCH - R. Magsaysay Ave. cor. F. Bangoy St., Sta. Ana District, Davao City*
92. DAVAO-TAGUM BRANCH - 153 Pioneer Ave., Tagum, Davao del Norte*
93. DAVAO-TORIL – McArthur highway cor. St. Peter St., Crossing Bayabas, Toril Davao City*
94. DIPOLOG CITY BRANCH – CBC Bldg., Gen Luna cor. Gonzales Sts. Dipolog City, Zamboanga del Norte*
95. DOLORES BRANCH - CBC Bldg., McArthur Highway, Dolores, City of San Fernando, Pampanga*
96. DUMAGUETE CITY BRANCH - Du An Sim Bldg., Legaspi St., Dumaguete City*
97. GAPAN BRANCH – G/F Waltermart Ctr, Gapan, Maharlika Highway, Brgy. Bayanihan, Gapan, Nueva Ecija*
98. GEN. SANTOS CITY BRANCH - CBC Bldg., I. Santiago Blvd., Gen. Santos City South Cotabato*
99. GEN. SANTOS CITY – DADIANGAS BRANCH - M. Roxas Ave. corner Lapu-Lapu Street, Brgy. Dadiangas East, GenSan City, South Cotabato*
100. GUAGUA – Yabut Bldg., Plaza Burgos, Guagua, Pampanga*
101. IRIGA CITY-Highway 1, JP Rizal St., San Roque, Iriga City, Camarines Sur*
102. ILOCOS NORTE- SAN NICOLAS BRANCH - National Highway, Brgy. 2 San Baltazar, San Nicolas, Ilocos Norte*
103. ILIGAN CITY BRANCH – Lai Bldg., Quezon Ave. Extension Pala-o, Iligan City, Lanao del Norte*
104. ILOILO-IZNART BRANCH - G/F John A. Tan Bldg., Iznart St., Iloilo City, Iloilo*
105. ILOILO-JARO – CBC Bldg., E. Lopez St., Iloilo City, Iloilo*
106. ILOILO-MABINI BRANCH - A. Mabini St., Iloilo City, Iloilo*
107. ILOILO-MANDURRIAO BRANCH - Benigno Aquino Ave., Brgy, San Rafael, Mandurriao, Iloilo City, Iloilo*
108. ILOILO-RIZAL BRANCH – CBC Bldg., Rizal cor. Gomez Sts., Brgy. Ortiz, Iloilo City, Iloilo*
109. ISABELA-ILAGAN BRANCH - G/F North Star Mall, Maharlika Highway, Brgy. Alibagu, Ilagan, Isabela*
110. ISABELA-ROXAS – National Road, Brgy. Bantug, Roxas, Isabela*
111. KALIBO BRANCH – Waldorf Garcia Bldg, Osmeña Ave., Kalibo, Aklan*
112. KIDAPAWAN CITY BRANCH- G/F EVA Bldg., Quezon Blvd. cor. Tomas Claudio St., National Highway, Kidapawan City*
113. KORONADALCITY – Gen. Santos Drive cor. Aquino St. Koronadal City, South Cotabato*
114. LA TRINIDAD BRANCH - G/F SJV Bulasao Bldg., Km. 4, La Trinidad, Benguet*
115. LA UNION- AGOO BRANCH - National Highway, San Jose Norte, Agoo, La Union*
116. LA UNION-SAN FERNANDO BRANCH - Quezon Ave., National Highway, San Fernando, La Union*
117. LAGUNA-BIÑAN BRANCH - G/F Raja Cordelle Bldg, National Highway, Brgy. San Vicente, Biñan, Laguna*
118. LAGUNA-CABUYAO BRANCH - G/F Centro Mall, Cabuyao City, Laguna*
119. LAGUNA-CALAMBA BRANCH - CBC-Bldg., National Highway, Crossing, Calamba, Laguna*
120. LAGUNA-STA. CRUZ BRANCH - A. Regidor St., Sta. Cruz, Laguna*
121. LAOAG CITY BRANCH - Liberato Abadilla St., Brgy 17 San Francisco, Laoag City*
122. LEGAZPI CITY BRANCH - G/F Emma Chan Bldg., F. Imperial St., Legazpi City, Albay*
123. LUCENA CITY BRANCH - 223 Quezon Ave., Lucena City, Quezon*
124. MABALACAT-DAU BRANCH - R.D. Policarpio Bldg., McArthur Highway, Dau, Mabalacat, Pampanga*
125. MARILAO BRANCH- G/F, SM City Marilao Km. 21, Brgy. Ibayo, Marilao, Bulacan*
126. MASBATE BRANCH - Espinosa Bldg., Zurbito St., Masbate City, Masbate*
127. MAASIN CITY BRANCH- G/F, SIC Bldg., Tomas Oppus St., Brgy. Tunga-Tunga, Maasin, City, Southern Leyte*
128. MALAYBALAY CITY BRANCH – Bethelda Bldg., Sayre Highway, Malaybalay City, Bukidnon*
129. MALOLOS CITY BRANCH - G/F Graceland Mall, BSU Grounds, McArthur Highway, Guinhawa, Malolos City, Bulacan
130. MEYCAUAYAN BRANCH- CBC Bldg., Malhacan Road, Meycauayan, Bulacan*
131. MIDSAYAP BRANCH - CBC Building, Quezon Ave., Poblacion 2, Midsayap, Cotabato*
132. NAGA CITY BRANCH - Centro - Penafrancia cor. Panganiban Sts., Naga City*
133. NEGROS OCCIDENTAL - KABANKALAN BRANCH- CBC Bldg., National Highway, Brgy. 1, Kabankalan, Negros Occidental*
134. NEGROS OCCIDENTAL – SAN CARLOS BRANCH – Rizal cor. Carmona Sts., San Carlos, Negros Occidental*
135. NUEVA ECIJA – STA ROSA BRANCH- CBC Bldg., Maharlika Highway, Poblacion Sta Rosa, Nueva Ecija*
136. OCCIDENTAL MINDORO- SAN JOSE BRANCH- Liboro cor. Rizal St., San Jose, Occidental Mindoro*
137. ORMOC CITY BRANCH – CBC Bldg., Real cor. Lopez Jaena Sts., Ormoc City, Leyte*

138. OZAMIZ CITY BRANCH - Gomez corner Kaamino Streets, Ozamiz City*
139. PAGADIAN CITY BRANCH – Marasigan Bldg., F.S. Pajares Ave., Pagadian City*
140. PANGASINAN-ALAMINOS CITY BRANCH – Marcos Ave., Brgy, Palamis, Alaminos City*
141. PANGASINAN- BAYAMBANG BRANCH- CBC Bldg., No. 91, Poblacion Sur, Bayambang, Pangasinan*
142. PANGASINAN- ROSALES BRANCH - CBC Building, Calle Dewey, Rosales, Pangasinan*
143. PANGASINAN-URDANETA BRANCH – EF Square Bldg., MacArthur Highway, Poblacion, Urdaneta City, Pangasinan*
144. PASEO DE STA. ROSA BRANCH - Unit 3, Paseo 5, Paseo de Sta. Rosa, Sta. Rosa City, Laguna*
145. PUERTO PRINCESA CITY BRANCH - Malvar St. near cor. Valencia St. Puerto Princesa City, Palawan*
146. ROXAS CITY BRANCH - 1063 Roxas Ave. cor. Bayot Drive, Roxas City*
147. SAN FERNANDO BRANCH - CBC Bldg., V. Tiomico St. City of San Fernando, Pampanga*
148. SAN FERNANDO-SINDALAN BRANCH – Jumbo Jenra Sindalan, Brgy. Sindalan, San Fernando City, Pamnpanga*
149. SAN JOSE CITY BRANCH - Maharlika Highway, Brgy. Malasin, San Jose City*
150. SAN PABLO CITY BRANCH - M. Paulino St., San Pablo City*
151. SANTIAGO CITY BRANCH - Navarro Bldg., Maharlika Highway near cor. Bayaua St., Santiago City, Isabela*
152. SILAY CITY BRANCH - Rizal St., Silay City, Negros Occidental*
153. SM CITY CLARK BRANCH - G/F SM City Clark, M. Roxas St., CSEZ, Angeles City, Pampanga**
154. SM CITY DASMARIÑAS BRANCH – LGF SM City Dasmariñas, Gov Drive, Pala-Pala, City of Dasmariñas, Cavite*
155. SM CITY LIPA BRANCH - G/F SM City Lipa, Ayala Highway, Brgy. Maraouy, Lipa City, Batangas*
156. SM CITY NAGA BRANCH - SM City Naga, CBD II, Brgy. Triangulo Naga City*
157. SM CITY OLONGAPO BRANCH - SM City Olongapo Magsaysay Dr. cor. Gordon Ave., Brgy. Pag-asa, Olongapo City, Zambales*
158. SM CITY PAMPANGA - Unit AX3 102, Bldg. 4, SM City Pampanga, Mexico, Pampanga*
159. SM CITY SAN JOSE DEL MONTE-UGF SM City San Jose Del Monte, San Jose Del Monte City, Bulacan*
160. SM CITY SAN PABLO BRANCH - G/F SM City San Pablo National Highway, Brgy. San Rafael, San Pablo City, Laguna*
161. SM CITY STA. ROSA BRANCH - G/F SM City Sta. Rosa, Bo. Tagapo, Sta. Rosa, Laguna*
162. SOLANO BRANCH – National Highway, Brgy. Quirino, Solano, Nueva Vizcaya*
163. SORSOGON BRANCH - CBC Bldg., Ramon Magsaysay Ave., Sorsogon City, Sorsogon*
164. SUBIC BAY FREEPORT ZONE BRANCH – CBC Bldg, Subic Bay Gateway Park, Subic Bay Freeport Zone, Subic, Zambales*
165. SURIGAO CITY BRANCH – CBC Bldg., Amat St., Barrio Washington, Surigao City, Surigao Del Norte*
166. TABACO CITY BRANCH - Ziga Ave. cor. Berces St., Tabaco City, Albay*
167. TACLOBAN CITY BRANCH-Carlos Chan Bldg., P. Zamora St., Tacloban City *
168. TAGAYTAY CITY BRANCH – Foggy Heights Subdivision, E. Aguinaldo Highway, Tagaytay City, Cavite*
169. TAGBILARAN CITY BRANCH - G/F Melrose Bldg. Carlos P. Garcia Ave., Tagbilaran City, Bohol*
170. TALAVERA BRANCH – CBC Bldg., Marcos District, Talavera, Nueva Ecija*
171. TARLAC-BAMBAN-National Road, Bgry. Anupul, Bamban, Tarlac*
172. TARLAC- CAMILING BRANCH- Savewise Super Marker, Poblacion, Camiling Tarlac*
173. TARLAC- CONCEPCION BRANCH- G/F Descanzo Bldg. F. Timbol St. San Nicolas, Poblacion, Concepcion, Tarlac*
174. TARLAC- PANIQUI BRANCH- Cedasco Bldg., M. H del Pilar St., Poblacion, Paniqui, Tarlac*
175. TARLAC BRANCH – CBC Bldg., Panganiban near cor. F. Tañedo St., Tarlac City, Tarlac*
176. THE DISTRICT IMUS BRANCH- G/F The District Imus, Anabu II, Imus, Cavite*
177. TRECE MARTIRES BRANCH - G/F Waltermart, Governor's Drive cor. City Hall Road, Brgy. San Agustin, Trece Martires City, Cavite*
178. TUGUEGARAO- BALZAIN BRANCH - Balzain Highway, Tuguegarao City, Cagayan*
179. TUGUEGARAO CITY BRANCH - A. Bonifacio St., Tuguegarao, Cagayan *
180. VALENCIA BRANCH - A. Mabini St., Valencia, Bukidnon*
181. VIGAN CITY BRANCH – Burgos St. near cor. Rizal St., Vigan City, Ilocos Sur*
182. VIRAC-MQS Bldg., Brgy. Salvacion, Virac, Catanduanes
183. ZAMBALES-BOTOLAN-Botolan, Zambales
184. ZAMBOANGA CITY BRANCH - CBC-Bldg., Gov. Lim Ave. cor. Nuñez St., Zamboanga City**
185. ZAMBOANGA-GUIWAN BRANCH - G/F Yang's Tower, M.C. Lobregat National Highway, Guiwan, Zamboanga City*
186. ZAMBOANGA- SAN JOSE GUSU BRANCH- Yubenco Star Mall, San Jose Gusu, Zamboanga City, Zamboanga del Sur*

CHINA BANK SAVINGS, INC.
Metro Manila Branches

1. AYALA BRANCH - 6772 Ayala Ave., Makati City**
2. ADRIATICO -SM HYPERMARKET BRANCH – Adriatico St., Malate, Manila*
3. ALABANG- GF / Common Goal Bldg., Finance cor. Industry Sts., Madrigal Business Park, Ayala Alabang, Muntinlupa City*
4. AMANG RODRIGUEZ- SAVEMORE BRANCH – Amang Rodriguez Ave. cor. Evangelista St. Brgy. Santolan, Pasig City*
5. ANONAS - SAVEMORE BRANCH - V. Luna St. corner Anonas Extension, Sikatuna Village, Quezon City*
6. ARANETA CENTER COD - SAVEMORE BRANCH - Gen. Romulo St., Araneta Center, Cubao, Quezon City*
7. AVENIDA -SAVEMORE BRANCH - Jenet and Lord Theater, Rizal Ave. Sta. Cruz, Manila*
8. BANAWE- Nos. 247-249 Banawe St., Sta. Mesa Heights, Brgy. Lourdes, Quezon City*
9. BANGKAL- GF / Amara Bldg., 1661 Evangelista St., Bangkal, Makati City*
10. BUENDIA- Main Branch, 314 Sen. Gil J. Puyat Ave., Makati City*
11. COMMONWEALTH AVENUE - JocFer Building, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City *
12. CUBAO- Fernandina 88 Suites, 222 P. Tuazon Boulevard, Cubao, Quezon City*
13. DEL MONTE- 392 Del Monte Ave., Brgy. Sienna, Quezon City*
14. E. RODRIGUEZ SR. - HEMADY - E. Rodriguez, Sr. cor Hemady St., QC *
15. ESPAÑA - SUNMALL, Espana Boulevard corner Mayon St., Manila *
16. FELIX HUERTAS - JT Centrale Mall, 1686 V. Fugoso St. corner Felix Huertas St., Sta. Cruz, Manila *

17. FILINVEST CORPORATE CITY BR - BC Group Bldg., East Asia Drive near cor. Comm. Ave., Filinvest Corp City, Alabang, Muntinlupa City*
18. FTI-TAGUIG -SM HYPERMARKET BRANCH - DBP Avenue, Food Terminal Inc., Western Bicutan, Taguig*
19. GREENHILLS-ORTIGAS AVENUE - VAG Bldg., Ortigas Ave., Greenhills, San Juan, Metro Manila*
20. GREENHILLS-WILSON BRANCH - 219 Wilson St., Greenhills, San Juan*
21. KALOOKAN BRANCH - Augusto Bldg., Rizal Ave., Grace Park, Kalookan City*
22. KALOOKAN-A. MABINI- AJ Bldg., 353 A. Mabini St., Kalookan City*
23. KAPASIGAN- A. Mabini St., Kapasigan, Pasig City*
24. LAGRO- Bonanza Bldg., Quirino Highway, Greater Lagro, Novaliches, Quezon City*
25. LAS PIÑAS – ALMANZA UNO BRANCH - Alabang Zapote Road, Almanza Uno, Las Piñas City*
26. LAS PIÑAS BRANCH - G/F Parco Supermarket, J. Aguilar Ave., Las Piñas City*
27. MAKATI-CHINO ROCES BRANCH - 2176 Chino Roces Ave., Makati City*
28. MAKATI-J.P. RIZAL BRANCH - 882 J.P. Rizal St., Makati City*
29. MALABON -SAVEMORE - Francis Market, Governor Pascual corner M.H. Del Pilar Sts., Malabon*
30. MANDALUYONG- Paterno's Bldg., 572 New Panaderos St., Brgy. Pag-asa, Mandaluyong City*
31. MANDALUYONG-SHAW BOULEVARD BRANCH – 500 Shaw Tower, 500 Shaw Boulevard, Mandaluyong City*
32. MANILA - STA.ANA - SAVEMORE BRANCH - Savemore, Pedro Gil St., Sta. Ana, Manila *
33. MARIKINA BRANCH - 33 Bayan-Bayanan Ave., Brgy. Concepcion 1, Marikina City*
34. MARIKINA-GIL FERNANDO AVENUE - CTP Bldg., Gil Fernando Ave., Brgy. San Roque, Marikina City*
35. MCKINLEY HILL BRANCH - U-B Commerce & Industry Plaza, McKinley Town Center, Fort Bonifacio, Taguig City*
36. MUÑOZ - JACKMAN -SAVEMORE BRANCH - Jackman Plaza, Lower Ground Floor, EDSA-Munoz, Quezon City*
37. NEPA-Q-MART -SAVEMORE BRANCH - Rose Bldg., 770 St. EDSA and K-G St., West Kamias, Quezon City*
38. NINOY AQUINO AVENUE- Ground Floor Skyfreight Bldg., Ninoy Aquino Ave. cor. Pascor Drive, Parañaque City*
39. NOVA PLAZA MALL - SAVEMORE BRANCH - Nova Plaza Mall, Quirino Highway cor. Ramirez St., Novaliches Proper, Quezon City*
40. ORTIGAS BRANCH - Ground Floor, Hanston Square, San Miguel Ave., Ortigas Center, Pasig City*
41. ORTIGAS-CITRA- OMM Citra Bldg., San Miguel Ave., Ortigas Center, Pasig City*
42. PARAÑAQUE - BETTER LIVING - 90 Dona Soledad Avenue, Better Living Subdivision, Parañaque*
43. PARAÑAQUE - BF HOMES BRANCH - 284 Aguirre Ave., B.F. Homes, Paranaque*
44. PARAÑAQUE-JAKA - Jaka Plaza Center, Dr. A. Santos Ave. (Sucat Road), Brgy. San Isidro, Parañaque City*
45. PARAÑAQUE - LA HUERTA – 1070 Quirino Ave., La Huerta, Paranaque City*
46. PASIG CANIOGAN - KSN Building, C. Raymundo Avenue, Caniogan, Pasig City *
47. PASIG – PADRE BURGOS BRANCH - 114 Padre Burgos St., Kapasigan, Pasig City*
48. PASO DE BLAS- Andok's Bldg., 629 General Luis St., Malinta Interchange-NLEX, Paso de Blas, Valenzuela City*
49. PATEROS BRANCH - 500 Elisco Rd., Sto. Rosario, Pateros*
50. PATEROS-ALMEDA - 120 Almeda St., Pateros, Metro Manila*
51. PEDRO GIL -SAVEMORE BRANCH - Pedro Gil cor. Singalong Sts., Manila*
52. QUEZON AVENUE BRANCH - G/F GJ Bldg., 385 Quezon Ave., Quezon City*
53. QUEZON AVENUE-PALIGSAHAN - 1184-A Ben-Lor Bldg., Quezon Ave., Brgy. Paligsahan, Quezon City*
54. RADA- LEGASPI - HRC Center , 104 Rada St., Legaspi Village, Makati City*
55. SAN JUAN - Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan*
56. TAFT-MASAGANA - SAVEMORE BRANCH - Parkview Plaza, Trida Bldg., Taft Ave. cor. T.M. Kalaw St., Ermita, Manila*
57 TAGUIG-ACACIA ESTATES -SAVEMORE BRANCH - Acacia Town Center, Acacia Estates, Ususan, Taguig City*
58. TIMOG- Jenkinsen Towers, 80 Timog Ave., Brgy. Sacred Heart, Quezon City*
59. TWO E-COM – Two E-Com Center Tower B, Ocean Drive near cor. Bayshore Ave., Mall of Asia Complex, Pasay City*
60. UN AVENUE- 552 U.N. Ave., Ermita, Manila*
61. VALENZUELA BRANCH - 385 McArthur Highway, Malinta, Valenzuela City*
62. VALENZUELA-MARULAS- Ong-Juanco Bldg., 92 - J McArthur Highway, Marulas, Valenzuela City*
63. VISAYAS AVENUE- Wilcon City Center Mall, Visayas Ave., Quezon City*

Provincial Branches

1. ANGELES-RIZAL AVENUE - 639 Rizal St., Angeles City*
2. ANGONO- M.L. Quezon Ave., Angono, Rizal*
3. ANTIPOLO- EMS Bldg., M.L. Quezon St. cor. F. Dimanlig St., Antipolo City, Rizal*
4. ARAYAT BRANCH - Cacutud, Arayat, Pampanga*
5. BACOLOD BRANCH - SKT Saturn Bldg., Lacson cor. Rizal Sts., Bacolod City*
6. BACOLOD- LUZURIAGA - F. Soliman Bldg., Lacson St. cor. Luzuriaga St., Bacolod City, Negros Oriental
7. BACOOR BRANCH - FRC Mall, Gen. Evangelista St., Talaba V, Bacoor, Cavite*
8. BACOOR - TALABA - Coastal Road cor. Aguinaldo Highway, Brgy. Talaba VII, Bacoor City, Cavite
9. BAGUIO - SESSION - B108 Lopez Bldg., Session Road, Baguio City*
10. BALAGTAS- McArthur Highway, Wawa, Balagtas, Bulacan*
11. BALANGA - DM BANZON - D.M. Banzon St., Balanga City*
12. BALIBAGO- JEV Bldg., McArthur Highway, Balibago, Angeles City*
13. BALIUAG- Plaza Naning, Poblacion, Baliuag, Bulacan*
14. BATANGAS - P. BURGOS - No. 3 P. Burgos St., Batangas City*
15. BIÑAN- Nepa Highway, San Vicente, Biñan, Laguna*
16. CABANATUAN BRANCH - Km. 115 Cagayan Valley Rd., Maharlika Highway near cor., Sanciangco St., Cabanatuan City*
17. CABANATUAN-BAYAN - Burgos Ave., Cabanatuan City, Nueva Ecija*
18. CAGAYAN DE ORO BRANCH - Sergio Osmeña St., Cogon District, Cagayan de Oro City*
19. CALAMBA BRANCH - HK Bldg II, National Highway, Brgy. Halang, Calamba, Laguna*
20. CALAMBA - CROSSING - Ground Floor, AS Bldg., National Highway, Barangay Uno Crossing, Calamba City*

21. CAVITE CITY - 485 P. Burgos St., Brgy. 34, Caridad, Cavite City*
22. CEBU – MANDAUE BRANCH - A. Del Rosario Ave., Mantuyong, Mandaue City, Cebu*
23. CEBU – MANGO AVENUE, JSP Mango Plaza, Gen. Maxilom Ave. cor. Echavez St., Cebu City*
24. CEBU-LAHUG BRANCH - G/F Skyrise IT Bldg., Brgy. Apas, Lahug, Cebu City*
25. CEBU-MANDAUE BASAK - Co Tiao King Bldg., Cebu North Road Basak, Mandaue City*
26. DAGUPAN BRANCH - G/F Lyceum-Northwestern University, Tapuac District, Dagupan City*
27. DAGUPAN-PEREZ BLVD. - Burgos Extension, cor. Perez Boulevard and Lingayen Highway Junction, Dagupan City*
28. DARAGA BRANCH - Rizal St., Brgy. San Roque, Daraga, Albay, Bicol*
29. DASMARIÑAS- Veluz Plaza Bldg., Zone I, Aguinaldo Highway, Dasmariñas City, Cavite*
30. DAU BRANCH - MacArthur Highway, Dau, Mabalacat, Pampanga*
31. DAVAO – RECTO- C. M Ville Abrille Bldg., C. M. Recto St. Davao City*
32. DAVAO BRANCH - G/F 8990 Corporate Center, Quirino Ave., Davao City*
33. DOLORES- STCI Bldg., McArthur Highway, San Agustin, City of San Fernando, Pampanga*
34. FILOIL TANAUAN – SUPLANG BRANCH – Fil Oil Gas Station, Brgy. Suplang, Tanauan, Batangas*
35. GENERAL SANTOS- I. Santiago Boulevard General, Santos City*
36. GUAGUA BRANCH - Plaza Burgos, Guagua, Pampanga*
37. GUAGUA - STO NINO - Sto Niño, Guagua, Pampanga
38. ILOILO – QUEZON BRANCH - Ground Floor, 132 Quezon St., Iloilo City*
39. IMUS BRANCH - Gen. Emilio Aguinaldo Highway, Anabu II, Imus, Cavite*
40. IMUS- TANZANG LUMA - Tanzang Luma, Aguinaldo Highway, Imus City, Cavite*
41. LA UNION- AG Zambrano Bldg., Quezon Ave., San Fernando City, La Union*
42. LAGUNA-STA. CRUZ - E & E Building, Pedro Guevarra St., Sta. Cruz, Laguna.*
43. LAOAG - J.P Rizal St. corner Balintawak St. Laoag City, Ilocos Norte*
44. LIPA - CM RECTO - C.M. Recto Ave., Lipa City*
45. ILOILO – JARO BRANCH - Lopez Jaena cor. EL 98 Sts., Jaro, Iloilo*
46. LOS BAÑOS-CROSSING- Lopez Ave., Batong Malaki, Los Baños, Laguna*
47. LUCENA- Merchan cor., Evangelista St., Lucena City*
48. MACABEBE BRANCH - Poblacion, Macabebe, Pampanga*
49. MALOLOS BRANCH - Canlapan St., Sto. Rosario, Malolos City, Bulacan*
50. MALOLOS-CATMON - Paseo del Congreso, Catmon, City of Malolos, Bulacan*
51. MASANTOL- San Nicolas, Masantol, Pampanga*
52. MEYCAUAYAN- Mancon Bldg., McArthur Highway, Calvario, Meycauayan, Bulacan*
53. MOLINO-BACOOR - 817 Molino Road Molino III, Bacoor, Cavite*
54. MOUNT CARMEL- AMB Bldg., Km. 78 McArthur Highway, Brgy. Saguin, City of San Fernando, Pampanga*
55. NAGA BRANCH - RL Bldg., Panganiban St., Lerma, Naga City*
56. OLONGAPO BRANCH - Ground Floor, City View Hotel, 25 Magsaysay Drive, New Asinan, Olongapo City*
57. ORANI BRANCH - Brgy. Balut, Orani, Bataan*
58. ORANI-CALLE REAL BRANCH - Calle Real, Orani, Bataan*
59. PLARIDEL- 0226 Cagayan Valley Road, Banga 1st, Plaridel, Bulacan*
60. PORAC BRANCH - Cangatba, Porac, Pampanga*
61. SAN FERNANDO BRANCH - KHY Trading Bldg., San Fernando-Gapan Rd., San Fernando City, Pampanga*
62. SAN FERNANDO – BAYAN BRANCH - JSL Building, Consunji St., San Fernando, Pampanga*
63. SAN JOSE ANGELES BRANCH - Sto. Rosario St., San Jose, Angeles City*
64. SAN JOSE DEL MONTE BRANCH - Ground Floor, Giron Bldg., Gov. Halili Ave., Tungkong Mangga, City of San Jose Del Monte, Bulacan*
65. SAN MIGUEL- Norberto St., San Jose, San Miguel, Bulacan*
66. SAN NARCISO BRANCH - Brgy. Libertad, San Narciso, Zambales*
67 SAN PABLO BRANCH - P. Zamora St. Brgy. VII - B, San Pablo City*
68. SAN PEDRO BRANCH - Gen - Ber Bldg. National Highway Landayan, San Pedro Laguna*
69. SAN RAFAEL BRANCH - Cagayan Valley cor. Cruz na Daan Roads, San Rafael, Bulacan*
70. SANTIAGO - VICTORY NORTE - JECO Bldg., Maharlika Highway cor. Quezon St., Victory Norte, Santiago City*
71. SAVEMORE SAN ILDEFONSO BRANCH - Savemore San Ildefonso, Poblacion, San Ildefonso, Bulacan*
72. SAVEMORE TAGAYTAY-MENDEZ - Mendez Crossing West, Tagaytay-Nasugbu Highway corner Mendez - Tagaytay Road, Tagaytay City*
73. SAVEMORE TALISAY-NEGROS BRANCH – Talisay, Mabini St., zone 12 Paseo Mabini Talisay City Negros Occidental*
74. STA. ANA BRANCH - Poblacion, Sta. Ana, Pampanga*
75. STA. MARIA- JC De Jesus cor. M. De Leon, Poblacion, Sta. Maria, Bulacan*
76. STA. RITA BRANCH - San Vicente, Sta. Rita, Pampanga*
77. STA. ROSA BRANCH - Sta. Rosa-Tagaytay Highway, Sta. Rosa, Laguna*
78. STA. ROSA-BALIBAGO - National Highway cor. Lazaga St. Balibago, Sta. Rosa, Laguna*
79. STO. TOMAS- MAHARLIKA - Agojo Bldg., Maharlika Highway, Sto. Tomas, Batangas*
80. SUBIC BRANCH - Baraca, Subic, Zambales*
81. TARLAC - MAC ARTHUR - McArthur Highway, San Nicolas, Tarlac City*
82. TAYTAY BRANCH - C. Gonzaga Bldg. II, Manila East Road, Taytay, Rizal*
83. TUGUEGARAO- Metropolitan Cathedral Parish, Rectory Complex, Rizal St., Tuguegarao City*
84. U.P. LOS BAÑOS- Kanluran Road, UPLB Campus, Los Baños, Laguna*
85. URDANETA- MacArthur Highway, Nancayasan, Urdaneta City, Pangasinan*
86. VIGAN- Agdamag Bldg., Quezon Ave. cor. Calle, Mabini, Vigan City, Ilocos Norte*
87. ZAMBOANGA BRANCH - Nuñez Extension, Camino Nuevo, Zamboanga City*

* One (1) ATM
** Two (2) ATMs
*** Three (3) ATMs

China Bank - Off Branch ATM Directory

Metro Manila

1 168 MALL -3/F Food Court, 168 Mall Sta. Elena St. Binondo, Manila
2 999 MALL 2 – Recto cor. Soler St., Binondo, Manila
3 999 SHOPPING MALL - Basement Lobby, Soler St., Brgy. 293, Binondo, Manila
4 ALABANG MALL - Alabang Town Center, Alabang - Zapote Road, Muntinlupa City
5 ALFAMART MAAX-Unit 111 Mall Of Asia Annex Bldg(MAAX)Seaside Blvd, San Rafael, Pasay Philippines
6 ALFAMART NAGA ROAD LAS PINAS - Naga Road Pulang Lupa 2, Las Piñas City
7 ALI MALL - ATM Booth # 1 Upper G/F Ali Mall P. Tuazon Boulevard, Araneta Center, Quezon City
8 ALI MALL 2 - Lower G/F, Times Square Entrance, Ali Mall, P. Tuazon Blvd., Araneta Center, Quezon City
9 ATENEO DE MANILA UNIVERSITY - G/F Kostka Hall, Ateneo De Manila University, Katipunan Ave., Loyola Heights, Quezon City
10 CASH & CARRY – 2/F, Cash and Carry Mall, Located bet. South Super Highway & Filmore near cor. Buendia, Makati City
11 CHIANG-KAI-SHEK - Chiang Kai Shek College, 1274 P. Algue, Manila
12 CHINA BANK ONLINE CENTER - Starbucks, China Bank Bldg. 8745 Paseo de Roxas cor. Villar St., Makati City
13 COMEMBO COMMERCIAL COMPLEX - J.P. Rizal Ext. cor. Sampaguita St., Comembo, Makati City
14 COMMERCE CENTER - Commerce Ave Filinvest Ayala Alabang, Muntinlupa City
15 CONRAD S MAISON MALL-Conrad Hotel 2nd floor Coral ave. SM Moa Pasay City
16 DASMARIÑAS VILLAGE ASSOCIATION OFFICE - 1417 Campanilla St. Dasmariñas Village, Makati City
17 EASTWOOD CITY WALK 2 - G/F ATM 1 Eastwood City Walk Phase 2, Eastwood City Cyberpark,. 188 E. Rod Jr. Ave., Bagumbayan, QC
18 EASTWOOD CYBERMALL - 2/F Eastwood Cyber Mall Eastwood Ave., Eastwood City Cyber Park, Bagumbayan, Quezon City
19 EASTWOOD MALL - Level 1 ATM 2 Phase 2, Eastwood Mall, E. Rodriguez Jr. Ave. C-5, Bagumbayan, Quezon City
20 GATEWAY MALL - Booth 4, Level 2 Gateway Mall, Cubao, Quezon City
21 GLORIETTA 4 - Between Tequilla Joe's and Banana Leaf, Glorietta 4, Makati City
22 GLORIETTA 5 - Ground Floor, Glorietta 5, Ayala Center, Makati City
23 GREENBELT 3 - Greenbelt 3 Makati Ave. Drop-off Area Makati City
24 GREENHILLS THEATER MALL - Main Entrance, Greenhills Theater Mall, San Juan, Metro Manila
25 JACKMAN EMPORIUM - Jackman Emporium Department Store Bldg. (beside LRT Station and Gotesco Grand Central) Grace Park, Kalookan City
26 JACKMAN PLAZA – MUÑOZ - along EDSA near cor. Congressional Ave., Muñoz, Quezon City
27 JGC ALABANG - JGC PHILS. Bldg., Prime St., Madrigal Business Park-Phase III Ayala Alabang, Muntinlupa City
28 KATARUNGAN VILLAGE-Katarungan Village admin office, F. reria cor university Rd Muntinlupa city
29 KIMSTON PLAZA - P. Victor St. cor P. Burgos St. Guadalupe, Nuevo, Makati City
30 LANDMARK – TRINOMA - ATM Slot #4, 3rd floor, Landmark - Trinoma, EDSA cor. Mindanao Ave. Extension, Pagasa, Quezon City
31 LANDMARK MAKATI - The Landmark Bldg., Makati Ave., Ayala Center, Makati City
32 LIANAS SAMPALOC- 537 M. Earnshaw, Sampaloc, Manila
33 MALABON CITISQUARE - Malabon Citisquare C4 Road cor. Dagat-Dagatan Ave., Malabon City
34 MARKET! MARKET! 1 - Market! Market! Bonifacio Global City Taguig, Metro Manila
35 MARKET! MARKET! 2 - 2/F, Market! Market! Bonifacio Global City Taguig, Metro Manila
36 MARKET! MARKET! 3 - G/F ATM Center in Fiesta Market Market! Market! Bonifacio Global City Taguig, Metro Manila
37 MEDICAL CITY - Medical City, Ortigas Ave. Pasig City
38 METRO POINT MALL - 3/F, Metro Point Mall EDSA cor. Taft Ave. Pasay City
39 METROWALK - ATM 1 Bldg. C, G/F Metrowalk Commercial Complex Meralco Ave., Pasig City
40 MIDAS HOTEL - previously Hyatt Hotel 2702 Roxas Blvd., Pasay City
41 MRT – BONI - MRT - Boni Station, EDSA, Mandaluyong City
42 MRT – CUBAO - MRT – Cubao Station, EDSA, Quezon City
43 MRT - NORTH AVE. - MRT - North Ave. Station, EDSA, Quezon City
44 MRT – SHAW - MRT - Shaw Station, EDSA, Mandaluyong City
45 MULTINATIONAL CLUBHOUSE - Clubhouse- Nazareth cor Judea St., Multinational Village Paranaque City
46 NEWPORT MALL 4F-4th floor Newport Mall, Resorts World Newport City Villamor Pasay City
47 NOVA SQUARE - G/F Nova Square, 689 Quirino Highway cor. P. Dela Cruz Brgy. San Bartolome, Novaliches, Quezon City
48 ONE E-COM CENTER - G/F One E-Com Center, Harbor Drive, SM Mall of Asia Complex, Pasay City
49 PEOPLE SUPPORT - ROCKWELL BUSINESS CENTER - Rockwell Business Center Ortigas Ave. Pasig City
50 PUREGOLD – BLUMENTRITT - 286 Blumentritt St., Sta. Cruz, Manila
51 PUREGOLD - E. RODRIGUEZ - ATM # 1 - Cosco Bldg. E. Rodriguez Ave. cor. G. Araneta Ave., Quezon City
52 PUREGOLD – LAKEFRONT- Presidio Subdivision, Lakefront, Muntinlupa City
53 PUREGOLD - PASO DE BLAS - cor. Gen. Luis St., Malinta Exit, Valenzuela City
54 PUREGOLD JR. – PANDACAN - West J. Zamora St., Brgy. 851, Zone 093, Pandacan, Manila
55 RESORT WORLD GAMING AREA-GF Casino gaming area Resorts World Pasay
56 ROBINSONS FORUM PIONEER - ATM Center Pioneer Side , Pioneer St cor Edsa, Mandaluyong City
57 ROBINSON'S GALLERIA - L1-181 Robinson's Galleria EDSA cor. Ortigas Ave., Pasig City
58 ROBINSON'S GALLERIA 2 - L1-181 Robinson's Galleria EDSA cor. Ortigas Ave., Pasig City
59 ROBINSONS GALLERIA 3 - West Wing, EDSA cor. Ortigas Ave., Pasig City
60 ROBINSONS PLACE – MANILA - G/F Padre Faura Entrance, Robinsons Place Manila Pedro Gil cor. Adriatico St. Ermita, Manila
61 ROCKWELL - P1 (CONCOURSE) - Stall No. 060 Ground Level Power Plant Mall, Makati City
62 SAVERS CENTER- Ground Floor, Right Side of Main Entrance, Along EDSA near cor. Taft Ave., Pasay City
63 SHOP AND RIDE - #248 Gen. Luis St., Novaliches, Quezon City
64 SHOP AND RIDE 2 - ATM 2, Gen. Luis St., Brgy. Nova Proper, Novaliches, Quezon City
65 SHOPWISE – ANTIPOLO - ML. Quezon St. cor. Circumferential Road, San Roque, Antipolo City

66 SHOPWISE COMMONWEALTH - Blk. 17, Commonwealth Ave., Don Antonio, Quezon City
67 SM CENTER LAS PINAS - G/F SM Center, Las Piñas City
68 SM HYPERMARKET - Ground Floor, SM Hypermarket, SM Mall of Asia, Pasay City
69 SM HYPERMARKET – MANDALUYONG - 121 Shaw Boulevard cor. E. Magalona St., Mandaluyong City
70 SM MANILA - ATM-3 UG/F Main Entrance, Arroceros Side, SM City Manila
71 SM MEGAMALL BLDG. B - Level 2, Bldg. B, SM Megamall, EDSA cor. Julia Vargas St. Mandaluyong City
72 SM MOA SEASIDE FERRY TERMINAL - SM MOA Seaside Blvd., Pasay City
73 SM MUNTINLUPA - G/F ATM 2 (beside Rear Entrance), Brgy. Tunasan, National Road, SM Muntinlupa, Muntinlupa City
74 SM TAYTAY – 2nd Floor Bldg. A, SM City Taytay, Manila East Road, Brgy. Dolores, Taytay, Rizal
75 SOLAIRE RESORT AND CASINO – Entertainment City, Aseana Blvd. Parañaque City
76 SOUTHGATE MALL - Southgate Mall EDSA cor. Pasong Tamo Extension, Makati City
77 ST. FRANCIS SQUARE - Basement 1, Doña Julia Vargas Ave. cor. Bank Drive, Ortigas Center, Mandaluyong City
78 ST. JUDE COLLEGE - Dimasalang St. cor Don Quijote St., Sampaloc, Manila
79 ST. LUKE'S - QUEZON CITY - St. Luke's Medical Center, Medical Arts Bldg., E. Rodriguez Sr. Boulevard, Quezon City
80 ST. LUKE'S - THE FORT - Basement, St. Lukes Medical Center 5th Ave., The Fort, Taguig City
81 ST. LUKE'S - THE FORT 2-Basement, St. Luke's Medical Center, 5th Ave., The Fort, Taguig City
82 STI – DELOS SANTOS MEDICAL CENTER – 201 E. Rodriguez Sr. Blvd. Brgy. Pamayong Lagi, Quezon City
83 TAFT - U.N. - G/F Times Plaza, T.M. Kalaw cor. Gen. Luna St., Manila
84 THE A VENUE - G/F Valdez Site, The A Venue, 7829 Makati Ave., Makati City
85 TIENDESITAS - Frontera Verde Ortigas Ave. cor. C-5, Pasig City
86 TRINOMA OFF 1 - Level 1 (near Landmark and Chowking), North Ave., cor. Edsa, Quezon City
87 TRINOMA OFF 2 - Level 1 Near X Boutique, North Ave. cor. EDSA, Quezon City
88 TWO SHOPPING CENTER - Two Shopping Center, Pasay Taft Ave. near cor. EDSA, Pasay City
89 UP TOWN CENTER - 2F Phase 1B Katipunan Ave. Brgy. UP Campus Diliman, Quezon city
90 UPMC – PGH - Faculty Medical Arts Bldg., PGH Compound, Taft Ave., Manila
91 UST - DOCTOR'S CLINIC - UST Hospital, Vestibule and New Doctor's Clinic, España, Manila
92 UST HOSPITAL - University of Sto. Tomas Hospital, España, Manila
93 UST HOSPITAL 3 - G/F UST Hospital Clinic Division, A.H. Lacson Ave., Sampaloc, Manila
94 VICTORY CENTRAL MALL - G/F, ATM 2 Below Escalator, 717 Old Victory Compound, Rizal Ave., Monumento, Caloocan City
95 VICTORY PASAY MALL – Taft Ave. cor. Libertad St., Pasay City
96 WACK - WACK GOLF AND COUNTRY CLUB - Main Lobby Club house, Wack - Wack Golf and Country Club Shaw Blvd., Mandaluyong City
97 WALTER MART NORTH EDSA - Walter Mart Bldg., EDSA, Quezon City
98 WALTERMART – MAKATI - G/F Waltermart Makati (near Mercury Drug) 790 Chino Roces Ave. cor. Antonio Arnaiz, Makati City
99 WALTERMART – SUCAT - Brgy. San Isidro, Dr. A. Santos Ave., Sucat, Parañaque City
100 ZABARTE TOWN CENTER - 588 Camarin Road, cor. Zabarte Road, North Caloocan City

Provincial

1 2 MANGO AVENUE – 2 Mango Ave., Solara Bldg. General Maxilom Ave., Cebu City
2 268 MALL - 268 Mall CK Bldg., Plaridel Extension, Sto. Rosario, Angeles City
3 A. BONIFACIO-MCDONALD'S BAGUIO - Villanueva building Bonifacio sty Baguio city
4 ABREEZA MALL - J.P. Laurel Ave., Bajada, Davao City
5 ADVENTIST UNIVERSITY OF THE PHILIPPINES - Adventist University of the Philippines Puting Kahoy Silang, Cavite City
6 AG&P - Atlantic, Gulf and Pacific Company of Manila, Inc., San Roque, Bauan, Batangas
7 ALFAMART - ILANG ILANG - Ilang-ilang St., De Roman Subd., Daang Amaya 1, Tanza Cavite
8 ALFAMART - LUMINA - Aguinaldo Highway corner Nueno Avenue, Imus, Cavite 4603
9 ALFAMART - PACITA COMPLEX - Phase 3A, Block 3, Pacita Complex, San Pedro, Laguna
10 ALFAMART - POBLACION ROSARIO – Ground floor, 153 Gen. Trias Drive, Rosario, Brgy. Poblacion, Cavite
11 ALFAMART - TRECE MARTIRES- CPC Bldg., Hugo Perez, Trece Martires, Cavite
12 ALFAMART - VILLA CATALINA- Lot 6123, San Agustin, Dasmariñas, Cavite
13 ALFAMART - YAKAL- Ground floor, 137 Pedro Montoya St., cor. Yakal, San Miguel, Silang, Cavite
14 ALFAMART FILINVEST TANZA-Filinvest Ave. Westwood Place Subd., Ph.2, Brgy.Paradahan, Tanza, City
15 ALFAMART GOLDEN CITY-Molino-paliparan Rd Dasmarinas Cavite
16 ALFAMART LANCASTER-MCS Bldg, Advincula Ave., Alapan II-A, Imus Cavite
17 ALFAMART L'PASEO ARCADE INDANG-Lower Ground Flr., L'Paseo Arcade, Poblacion, Indang, Cavite
18 ALLEN AVENUE CATBALOGAN-Allen Ave Brgy 04 Catbalogan city
19 ALWANA BUSINESS PARK – National Highway, Brgy. Cugman, Cagayan De Oro
20 ANGEL SUPERMARKET- Luna St., cor. Burgos St., Brgy. Quirino, Solano, Nueva Viscaya
21 ANGELES UNIVERSITY FOUNDATION MEDICAL CENTER - Basement, Angeles Univ Found. Med Ctr, McArthur Highway, Angeles, Pampanga
22 ARAULLO UNIVERSITY - Maharlika Highway, Bitas, Cabanatuan City
23 ATENEO DE DAVAO UNIVERSITY - Near Main Entrance Along Roxas Ave., Davao City
24 AVENUE HOTEL BACOLOD-12th lacson St. Bacolod City
25 BUDGET WISE SUPERMARKET - Veterans Ave., Zamboanga City
26 CALTEX - SLEX 1 - South Luzon Expressway - Northbound Brgy. San Antonio, San Pedro, Laguna
27 CAMAYAN RESORT- Camayan Beach Resort & Hotel, Camayan Wharf, West Ilanim Forest Area, Subic Bay Freeport Zone
28 CB MALL URDANETA - McArthur Highway, Nancayasan, Urdaneta City, Pangasinan
29 CDO MEDICAL CENTER - CDO Medical Center Bldg. 2 Tiano cor. Nacalaban St., Cagayan de Oro City
30 CEBU DOCTORS' HOSPITAL - Cebu Doctors' Hospital, Osmeña Blvd., Cebu City
31 CEBU DOCTORS' UNIVERSITY - #1 Potenciano Larrazabal Ave., North Reclamation Area, Mandaue City
32 CELEBES COCONUT BUTUAN-P-4 Brgy. Banza Butuan City

33 CENTRIO MALL – G/F C.M. Recto cor. Corrales St. Cagayan de Oro City
34 CLARK GATEWAY - Clark Gateway Commercial Complex, Velasquez Street San Francisco, Mabalacat, Pampanga
35 CORPUS CHRISTI - Corpus Christi School, Tomas Saco St., Macasandig, Cagayan de Oro City
36 DAVAO ADVENTIST HOSPITAL - KM 7, McArthur Highway, Bangkal, Davao City
37 DAVAO METRO SHUTTLE-Pereyras Terminal 1, Magugpo West, Tagum City
38 DIPOLOG CENTER MALL - Dipolog Center Mall, 138 Rizal Ave., Dipolog City
39 DIPSSCOR- DIPSSCOR Bldg. International Port of Davao, Sasa Wharf, Km10 Sasa Davao City
40 DLSU – DASMARIÑAS - College of Engineering De La Salle University Dasmariñas, Cavite
41 DLSU - HEALTH SCIENCE CAMPUS -De La Salle University Health Campus, Inc. Congressional Road Dasmariñas, Cavite
42 DLSU MAC-G/F MAC building, DLSU medical center compound Congressional Rd Dasmarinas, Cavite
43 EAGLE RIDGE COUNTRY CLUB-Club House Brgy Javalera Gen Trias Cavite
44 ECCO BLDG- Ground Floor Fil-Am Friendship Highway, Barangay Anunas, Angeles City
45 EMBARCADERO DE LEGAZPI - Ground Level, Victory Village, Legazpi City
46 FRIENDSHIP SUPERMARKET MUNOZ NE-T. Delos Santos St., Science City of Muñoz, Nueva Ecija
47 GAISANO LAPU - LAPU CITY - Gaisano Mactan Mall, Pusok, Lapu-Lapu City, Cebu
48 GAISANO MALL - BAJADA DAVAO - Gaisano Mall of Davao, J.P. Laurel Ave., Bajada, Davao City
49 GAISANO MALL – BULUA - Bulua St., Cagayan De Oro City
50 GAISANO MALL - CAGAYAN DE ORO - Unit # 3, 2/L Atrium Gaisano Mall Corrales Extension cor. CM Recto Ave., Cagayan de Oro City
51 GAISANO MALL – ILIGAN - G/F Gaisano Citi Super Mall, Iligan City
52 GAISANO MALL – TALISAY - G/F Gaisano Fiesta Mall, Tabunok Talisay, Cebu City
53 GAISANO MASBATE-Quezon st. Crossing Masbate City
54 GAISANO PUERTO-Unit #1 ATM-Second Level - Gaisano Puerto, Cagayan de Oro City
55 GALERIA VICTORIA - Balanga, Bataan
56 GOOD SAMARITAN HOSPITAL - Good Samaritan Compound, Burgos Ave., Cabanatuan City
57 GROSVENOR SQUARE - Josefa St, Angeles City
58 HOLY ANGEL UNIVERSITY 2 - G/F Holy Angel University Student's Center Sto. Rosario St., Angeles City, Pampanga
59 JENRA MALL - JENRA Grand Mall, Angeles City, Pampanga
60 JOLLIBEE MABALACAT- McArthur Hi-way, Brgy. San Francisco, Mabalacat City, Pampanga
61 KCC MALL – GENSAN - G/F KCC Mall - GenSan J. Catolico Sr. Ave., General Santos City, South Cotabato
62 KCC MALL DE ZAMBOANGA-Gov. Camins, Camino Nuevo Zamboanga City
63 KMSCI - Kidapawan Medical Specialist Center Inc., Sudapin, Kidapawan City
64 LA NUEVA MINGLANILLA - La Nueva Supermarket, Poblacion, Minglanilla, Cebu
65 LA NUEVA SUPERMART - La Nueva Supermart, Inc., G.Y. Dela Serna St. Lapu-Lapu, Cebu City
66 LB SUPERMARKET – ZAMBOANGA - Veteran's Ave. Extension, Zamboanga City
67 LCC SUPERMARKET - Peñaranda cor. Rizal St., Legaspi City
68 LEE HYPERMARKET - G/F Lee Hypermarket Valencia Road Bagacay, Dumaguete City, Negros Oriental
69 LEE SUPER PLAZA - G/F Lee Super Plaza, M. Perdices cor. San Jose St., Dumaguete City
70 LIM KET KAI MALL - M4-193B Lim Ket Kai Mall Cagayan de Oro City
71 LOPUE'S EAST CENTER - Lopue's East Centre, Burgos St., cor. Carlos Hilado National Highway, Bacolod City
72 LORMA HOSPITAL - Lorma Hospital City of San Fernando, La Union
73 LOTUS CENTRAL MALL - G/F Lotus Central Mall Nueno Ave., Imus, Cavite
74 MAAP-Kamaya Point Road Mariveles Bataan
75 MACTAN MARINA MALL - Ground Floor, Mactan Marina Mall, MEPZ1, Lapu-Lapu City
76 MAGIC MALL - G/F cor. ITTI Shoes (Entrance B), Magic Mall, Alexander St., Poblacion, Urdaneta City, Pangasinan
77 MAGIC STARMALL - Upper G/F, Magic Star Mall, Romulo Boulevard, Barangay Cut-Cut 1 Tarlac City
78 MALOLOS - G/F Graceland Mall, BSU Grounds, McArthur Highway, Malolos City, Bulacan
79 MALTA HOSPITAL TORIL-Mc. Arthur Hway Toril Davao
80 MARIA REYNA HOSPITAL - Beside Hospital Entrance/Exit, Maria Reyna Hospital T.J. Hayes St., Cagayan De Oro City
81 MARITON GROCERY - Mariton Grocery, Buntun, Tuguegarao City, Cagayan Valley
82 MARITON GROCERY DON DOMINGO-Don Domingo Tuguegarao City
83 MARKET CITY - Market City Bldg., Bus Terminal, Agora, Cagayan De Oro
84 MARQUEE MALL 1 - G/F Activity Center Marquee Mall, Don Bonifacio Road, Angeles City, Pampanga
85 MATINA TOWN SQUARE- G/F, Strip Bldg., Matina Town Center, along McArthur Highway, Matina, Davao
86 MCIA-DOMESTIC CHECK IN AREA - Airport Road, Lapu -Lapu City, Cebu, Philippines 6016
87 MCIA-DOMESTIC DEPARTURE HALL - Airport Road, Lapu -Lapu City, Cebu, Philippines 6016
88 MINDANAO SANITARIUM AND HOSPITAL - Mindanao Sanitarium and Hospital, Tibanga Highway, Iligan City
89 MJS HOSPITAL - Montilla Boulevard, Butuan City
90 NAGALAND E-MALL-P. Diaz cor Elias Angeles st. San francisco Naga city
91 NEPO MALL ANGELES - Nepo Mall Angeles Doña Teresa Ave. cor. St. Joseph St., Nepo Mart Complex, Angeles City
92 NEPO MALL DAGUPAN - G/F Nepo Mall Dagupan, Arellano St., Dagupan City
93 NORTHSIDE DOCTORS HOSPITAL - Bantay Vigan Ilocos Sur
94 NOTRE DAME DE CHARTRES HOSPITAL - Notre Dame De Chartres Hospital, No. 25 Gen. Luna Road, Baguio City
95 NUEVA ECIJA DOCTORS HOSPITAL - Maharlika Highway, Cabanatuan City
96 NUVALI SOLENAD 2 - G/F Soledad 2 Nuvali, Sta. Rosa-Tagaytay Road
97 NUVALI SOLENAD 3 BLDG B G/F-GF bldg B Soledad 3 Nuvali, sta. rosa-tagaytay Rd
98 NUVALI SOLENAD HAWKERS MARKET-Hawkers Market, Soledad 3 Nuvali Sta. Rosa-Tagaytay Rd
99 ORCHARD GOLF AND COUNTRY CLUB - Gate 2, The Orchard Golf and Country Club Inc., Aguinaldo Highway, Dasmarinas, Cavite
100 OSPA - FMC – Carlota Hills, Brgy. Can-Adieng, Ormoc City, Leyte
101 OUR LADY OF THE PILLAR - G/F near Emergency Room, Tamsui Ave., Bayan Luma, Imus, Cavite

102 PACIFIC MALL - Landco Business Park, F. Imperial St. cor. Circumferential Road, Legaspi City
103 PACIFIC MALL 2- Pacific Mall Bldg., Landco Business Park, F. Imperial St., Legazpi City
104 PANGASINAN MEDICAL CENTER - Nable St., Dagupan City
105 PAVILION MALL - G/F Bldg. A, Pavilion Mall Km. 35 Brgy. San Antonio, Biñan, Laguna
106 PORTA VAGA MALL- Along Session Road, Baguio City
107 PRINCE MALL – BAYBAY - Andres Bonifacio & Manuel L. Quezon St., Baybay, Leyte
108 PUREGOLD – DAU - Lot 9 Blk 19, McArthur Highway, Dau, Mabalacat, Pampanga
109 PURISIMO L. TIAM COLLEGE - PLT Bldg., Dumlao Blvd., Bayombong, Nueva Vizcaya
110 QUICKMART DARAGA -Quick Mart Rizal St. Daraga Albay
111 ROBINSONS CALASIAO – San Miguel, Calasiao Pangasinan
112 ROBINSONS GENSAN - G/F near Foodcourt, Robinsons Gensan, Jose Catolico Sr. Ave. Lagao, General Santos City
113 ROBINSONS TAGUM-National Hway, Brgy Magugpo Tagum Davao del norte
114 ROYAL DUTY FREE - Subic Bay Freeport Zone, Zambales
115 ROYCE HOTEL 1-Manuel Roxas st cor Ninoy Aquino Ave CSEZ
116 RPGMC TUGUEGARAO-Enrile Blvd, Carig, Tuguegarao City, Cagayan
117 SAMULCO- Sta. Ana Multi-Purpose Cooperative, Bldg. 1, Monteverde St.,
118 SAN FERNANDINO HOSPITAL - along McArthur Highway, Dolores, City of San Fernando, Pampanga
119 SAVEWISE – POZORRUBIO- Caballero St., Brgy. Cablong, Pozorrubio, Pangasinan
120 SHOPWISE – CEBU - N. Bacalso Ave., Basak, San Nicolas, Cebu City
121 SHOPWISE - SAN PEDRO - Along National Highway, Brgy. Landayan, Pacita, San Pedro
122 SKYRISE REALTY - Skyrise Realty Development Corporation Lobby G/F Skyrise IT Bldg., Gorordo Ave. cor. N. Escario St. Cebu City
123 SM CITY BACOLOD - G/F Bldg. A, ATM # 3, SM City Bacolod Reclamation Area, Bacolod City
124 SM CITY BAGUIO - SM Baguio Luneta Hill, Upper Session Road cor. Governor Park Road Baguio City, Benguet
125 SM CITY BALIWAG - 1/F near Hypermarket SM City Baliwag DRT Highway, Brgy. Pagala, Baliwag, Bulacan
126 SM CITY BATANGAS - ATM-1 SM City Batangas Pallocan West, Batangas City
127 SM CITY BATANGAS COVERED WALK 2 - SM Batangas Covered walk - Covered walk SM City Batangas Pallocan West, Batangas City
128 SM CITY CABANATUAN - ATM center, Maharlika Highway Cabanatuan
129 SM CITY CAGAYAN DE ORO - ATM Center (2), Main Entrance, SM City Cagayan de Oro
130 SM CITY CALAMBA - Ground Floor, National Road Brgy. Real, Calamba City, Laguna
131 SM CITY CALAMBA 2 - Second Floor, National Road Brgy. Real, Calamba City Laguna
132 SM CITY CALAMBA 3 - Near Main Entrance, National Road, Brgy. Real, Calamba City, Laguna
133 SM CITY CAUAYAN-San Fermin, Cauayan Isabela
134 SM CITY CLARK OFF-BRANCH - ATM # 1 SM City Clark, (Fronting Transport Terminal) M. Roxas St., CSEZ, Angeles City, Pampanga
135 SM CITY DASMARIÑAS - Offsite ATM 2 SM City Dasmariñas Cavite City
136 SM CITY DAVAO - ATM Center (1), SM City Davao, Quimpo Boulevard, Ecoland Subdivision, Barangay Matina, Davao City
137 SM CITY GENERAL SANTOS - SM City General Santos cor. Santiago Blvd. And San Miguel St., Brgy. Lagao, General Santos City, South Cotabato
138 SM CITY LIPA OFF-BRANCH - ATM 2 (near Transport Terminal) SM City Lipa, Ayala Highway, Lipa City
139 SM CITY TARLAC - G/F SM City Tarlac, McArthur Highway, San Roque, Tarlac City
140 SM LANANG OFF-BRANCH – UGF SM Lanang Premier J.P. Laurel Ave., Davao City
141 SM MARILAO OFFSITE - ATM-1 SM City Marilao, Marilao, Bulacan
142 SM MARKET MALL- Congressional Ave., Dasmarinas Bagong Bayan, Dasmarinas, Cavite
143 SM SUPERCENTER MOLINO - G/F SM Supercenter Molino, SCMC, Brgy. Molino 4, Molino Road, Bacoor, Cavite
144 SOCSARGEN COUNTY HOSPITAL- Socsargen County Hospital, Bula-Lagao Road cor. L. Arradaza St., General Santos City
145 SOUTHTOWN TALISAY - South Gate Mall Cebu Tabunok Talisay Cebu
146 SOUTHWAY MALL - Southway Square Mall cor. Gov. Lim Purisima and Magno Sts., Zamboanga City
147 STA. ROSA HOSPITAL - RSBS Blvd., Balibago, City of Sta. Rosa, Laguna
148 SUPER METRO CARCAR - N. Bacalso Avenue, Carcar city
149 TARGET MALL 1 - G/F near Star Search Sta. Rosa Commercial Complex, Brgy. Balibago, Sta. Rosa, Laguna
150 TARGET MALL 2 - ATM-04, Canopy Area Sta. Rosa Commercial Complex, Brgy. Balibago, Sta. Rosa, Laguna
151 THE DISTRICT - G/F, Molino-Paliparan Road Dasmarinas Cavite
152 THE DISTRICT- Aguinaldo Hi-way cor. Daang Hari Road, Brgy. Anabu II-D, Imus Cavite
153 UNION CHRISTIAN COLLEGE - Widdoes St. Brgy. II San Fernando La Union City
154 UNIV. OF BAGUIO-Assumption Rd Baguio City benguet
155 UNIV.OF PERPERTUAL-BINAN - Doctor Jose Tamayo Medical Building,University of Perpetual Help Biñan Brgy. Sto. Niño, Biñan, Laguna
156 UNIVERSITY OF BOHOL - University of Bohol along M. Clara St., Tagbilaran City
157 UNIVERSITY OF SAN CARLOS - University of San Carlos Main University Bldg. P. del Rosario St. Cebu City
158 USJR BASAK CEBU-University of San Jose recoletos Basak, N. Bacalso Ave. Basak pardo Cebu city
159 WALTERMART - CABANATUAN - Barangay Dicarma, Maharlika Hway Cabanatuan Nueva Ecija
160 WALTERMART - CALAMBA - G/F Waltermart Calamba Real St., Brgy. Real, Calamba City, Laguna
161 WALTERMART – CARMONA – G/F, Waltermart Center - Carmona, Macaria Business Center, Governor's Drive, Mabuhay, Carmona, Cavite
162 WALTERMART - DASMARIÑAS - G/F Barrio Burol, Aguinaldo Highway, Dasmariñas, Cavite
163 WALTERMART - GEN. TRIAS - Governor's Drive, Gen. Trias, Cavite
164 WALTERMART - SAN FERNANDO - Brgy. San Agustin, McArthur Highway, San Fernando, Pampanga
165 WALTERMART - STA. ROSA 1-Upper G/F Waltermart Ctr - Sta. Rosa Natl Hway Mall Entrance San Lorenzo Vill., Balibago Rd, Sta. Rosa,Laguna
166 WALTERMART - STA. ROSA 2-Upper G/F Waltermart Center-Between Goldilocks and Mall Exit San Lorenzo Vill., Balibago Rd, Sta. Rosa, Laguna
167 WALTERMART - STA. ROSA BELAIR - Sta. Rosa-Tagaytay Road Laguna Belair, Sta. Rosa
168 WALTERMART - TAGAYTAY - G/F Silang junction road Tagaytay-Nasugbu Highway
169 WALTERMART – TANAUAN- J. P. Laurel National Highway, Brgy. Darasa, Tanauan, Batangas
170 WESLEYAN UNIVERSITY - Wesleyan University of the Philippines, Mabini Extension, Cabanatuan City

171 WNU STI UNIVERSITY-Burgos cor Hilado Sts. Bacolod City
172 XAVIER UNIVERSITY - G/F Library Annex, Xavier University, Corrales Ave., Cagayan De Oro City
173 YUBENCO STARMALL - MCLL Highway, Putik, Zamboanga City
174 YU-YU CAFÉ & DESSERT SHOPPE TAGUM-National Hway cor Quirante II St. Magugpo Poblacion Tagum City
175 ZAMBOANGA PENINSULA- MCLL Putik Highway, Putik, Zamboanga City

China Bank Savings - Off Branch ATM Directory

1. ICMC BALANGA, Balanga Bataan
2. LA SALLE COLLEGE ANTIPOLO – Las Salle San Jose Campous Antipolo, (near Antipolo Triangle Mall & Max's restaurant)
3. MUNICIPALITY OF MABALACAT, Mabalacat Pampanga
4. RIS - RIS DEVELOPMENT CORPORATION - 168 Mercado St Tabe, Guiguinto, Bulacan 03015 (Balagtas Branch)
5. ZAMECO - ZAMECO II Head Office Compound, National Road, Brgy. Magsaysay, Castillejos, Zambales (Olongapo Branch).

3. Status of Publicly Announced New Products and Services

Product	*Status*
Cash Management Services	
POS Cash Out	Fully operational
Securities Clearing Solution	Fully operational
Corporate Automatic Debit Arrangement (ADA)	Fully operational

4. Competition

The challenging business landscape in 2017 compelled banks to continually improve service quality, broaden product menus, and invest in technological innovation to sustain their competitive edge. Banks endeavored to offer better service customization and convenience while protecting the integrity and security of client information.

Assets of the U/KB industry as of December 2016 expanded by 12.9% to P13.3 trillion, mainly driven by the 17.1% growth in net loan portfolio to P7.35 trillion SECB, UBP, and CHIB recorded the fastest asset growth rates of 30.5%, 20.0%, and 19.1%, respectively, among the top ten commercial banks. U/KB industry deposits grew by 14.1% to P10.2 trillion for a 72.0% loans-to-deposit ratio. Given the tighter credit standards for the banking industry, solo NPL ratio improved to 1.4% from 1.6% with loan loss coverage ratio even increasing to 144.5% from 141.1%.

Funding & capital raising activities were on the upswing, in step with faster pace of lending and market expansion. Between 2015 and 2017, major players raised about P300 billion in fresh funds with about half set aside as capital buffer. Industry equity went up by 10.6% to P1.3 trillion as industry CET1/ Tier 1 and total CAR improved to 15.40% and 16.15% in September 2016, respectively.

The BSP continued to tighten its regulatory oversight and performance standards over the U/KB industry in the areas of credit underwriting, capital adequacy, anti-money laundering, and liquidity management. Implementing guidelines were issued for the reporting of liquidity coverage, allocation of capital buffer for Domestic Systemically Important Banks (DSIBs), and the adoption of Europay MasterCard Visa (EMV) technology for enhanced security of card transactions. BSP likewise updated its package of incentives for the merger and acquisition of smaller banks through Memorandum 2016-023, complementing the liberalization of the entry of qualified overseas banks under RA 10641. These initiatives aim to strengthen and align the banking industry with the regional players.

As of December 2016, there were 41 domestic universal and commercial banks operating domestically—17 private domestic banks, 19 foreign bank branches, three government banks, and two foreign bank subsidiaries, inclusive of the seven foreign entrants approved by the BSP. China Bank believes that local players would maintain a solid foothold in the domestic market despite the tougher competition.

Based on the published Statement of Condition (SOC) as of December 2016, China Bank recorded a P101 billion expansion in assets to P628 billion, making it the country's sixth largest private commercial bank. It also reported above-industry loan portfolio growth of 24.8% to P384 billion, in tandem with the improvement in solo gross NPL ratio to 1.12% from 1.89%. China Bank's clients can now personally do their banking at 541 branches and 805 ATMs nationwide, as well as through alternative platform like phone and online banking channels.

5. **<u>Transactions with and/or dependence on related parties</u>**

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

6. **<u>Trademarks, Licenses, Franchises, etc.</u>**

China Bank is operating under a universal banking license obtained in 1991. Over the years, China Bank has registered its corporate brand, slogan and product trademarks with the Intellectual Property Office (IPO) of the Philippines – Bureau of Trademarks, as follows:

- CBC China Bank On-Time Remittance Logo
- CBC Chinabank Treasury Investments Logo
- CBC Chinabank GS Fund Logo
- CBC Chinabank Private Banking Logo
- China Bank Online Logo
- CBC Chinabank Diamond Savings Account
- CBC Chinabank Dollar Fund Logo
- China Check Plus And Device
- CBC Chinabank Tellerphone Logo
- CBC Chinabank Tellercard Logo
- China Bank HomePlus Logo
- China Bank AutoPlus
- China Bank Your Success Is Our Business More Than Your Banker, The Right Partner
- CBC Chinabank Trust Group Logo
- China Bank Capital
- CBC Chinabank Platinum
- CBC Chinabank Prime
- CBC Chinabank World
- CBC China Bank Money Plus Savings Logo
- China Bank Peso Savings Account Logo
- China Bank Online Center Logo
- CBC China Bank Check Write Plus & Device
- CBC China Bank Check Write Plus Outsourcing
- CBC China Bank Check Write Plus Software
- CBC China Bank Payroll Processing
- CBC China Bank Check Depot & Service
- CBC China Bank Upload Pro & Device
- CBC China Bank Sure Sweep & Device
- CBC China Bank Sure Collect & Device
- CBC China Bank Bills Pay Plus & Device
- Chinabank Corporate IBFT
- China Bank ACA Auto-Credit Arrangement
- China Bank ACA Auto-Debit Arrangement

All the Bank's trademark registrations are valid for 10 years with expiration dates varying from 2020 to 2025. The Bank closely monitors the expiry and renewal dates of these trademark names to protect the Bank's brand equity.

7. **<u>Sources and Availability of raw materials and the names of principal suppliers</u>.** Not applicable.

8. **<u>Disclose how dependent the business is upon a single customer or a few customers</u>.** Not applicable.

9. **<u>Need for any government approval of principal products or services</u>.**
The Bank secures BSP approval of all its products and services, as required.

10. **<u>Effect of existing or probable governmental regulations on the business</u>.**
The Bank strictly complied with the Bangko Sentral ng Pilipinas (BSP) requirements in terms of reserves, liquidity position, capital adequacy, limits on loan exposure, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other reportorial requirements.

11. Amount spent on research and development activities

(In '000)	2016	2015	2014
Education & Training	47,405	37,038	35,545
Advertising Expenses	53,716	41,958	40,639
Technology	416,688	646,808	442,372

12. Cost and effect of compliance with environmental laws. Not applicable.

13. Total number of employees

Below is the breakdown of the manpower complement in 2015 as well as the projected headcount for 2016:

	2017			2016		
	Officers	Staff	Total	Officers	Staff	Total
Marketing	1,857	617	2,474	1.326	449	1.775
Operations	1,077	4,076	5,153	751	3642	4.393
Support	698	1,341	2,039	489	976	1.465
Technical	293	423	716	202	289	491
Grand Total	3,925	6,457	10,382	2.768	5.356	8,124

The CBC Employees Association (CBCEA) members have an existing Collective Bargaining Agreement with the CBC Employees Association (CBCEA) for the period 01 August 2015 to 01 August 2017.

ANNEX "B"

MARKET INFORMATION AND RELATED MATTERS

(1) Market Information

- **Principal market where the equity is traded** – Philippine Stock Exchange, Inc. (PSE)
- **Market Value**

Actual Prices:

2016	HIGH	LOW	CLOSE
Jan – Mar	39.50	33.50	39.15
Apr – Jun	40.25	37.00	38.00
Jul – Sept	39.00	37.60	38.00
Oct – Dec	38.30	37.60	38.00

Adjusted Prices (due to 8% stock dividend):

2016	HIGH	LOW	CLOSE
Jan – Mar	36.57	31.02	36.25
Apr – Jun	38.50	35.23	38.00
Jul - Sept	39.00	37.60	38.00
Oct - Dec	38.30	37.60	38.00

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

Adjusted Prices (due to 8% stock dividend):

2015	HIGH	LOW	CLOSE
Jan - Mar	38.06	36.48	39.87
Apr - Jun	38.46	35.72	38.84
Jul - Sept	37.55	37.41	37.96
Oct - Dec	38.89	34.26	34.44

- **Market value as of December 29, 2016 (last trading day): P38.00**
- **Price Information as of February 28, 2017 (latest practicable trading date): P40.00**

(2) Holders

- **Top 20 Stockholders**
  (As of February 28, 2017)

	Name of Stockholder	Number of Shares	Percentage
1.	PCD Nominee Corporation (Non-Fil)	513,070,793	25.628%
2.	SM Investments Corporation	344,493,881	17.207%
3.	Sysmart Corporation	296,604,070	14.815%
4.	PCD Nominee Corporation (Filipino)	244,606,202	12.218%
5.	Shoe Mart, Inc.	86,885,206	4.340%
6.	CBC Employees Retirement Plan	47,750,808	2.385%
7.	JJACCIS Development Corporation	42,467,370	2.121%
8.	Joaquin T. Dee &/or Family	39,578,641	1.977%
9.	GDSK Development Corporation	27,528,317	1.375%
10.	SM Development Corporation	16,371,205	0.818%
11.	Suntree Holdings Corporation	14,090,467	0.704%
12.	Hydee Management & Resource Corporation	12,248,935	0.612%
13.	Gilbert U. Dee	9,569,460	0.478%
14.	Domingo T. Dee	7,891,011	0.394%
15.	Syntrix Holdings, Inc.	5,602,160	0.280%
16.	The First Resources Mgt. and Sec. Corp.	5,522,434	0.276%
17.	Kuan Yan Tan's Charity (Phils.), Inc.	5,501,182	0.275%
18.	Reliance Commodities, Inc.	5,243,192	0.262%
19.	Robert Y. Dee, Jr.	5,106,258	0.255%
20.	Ansaldo, Godinez & Co., Inc.	4,664,350	0.233%
	TOTAL	**1,734,795,942**	**86.653%**

- **Total number of shareholders** (as of February 28, 2017) – 1,956

- **Summary of Filipino and Non-Filipino Holdings** (as of February 28, 2017)

Nationality	Number of Stockholders	Number of Shares	Percentage
Filipino	1,879	1,482,483,430	74.049%
Non-Filipino (PCD)	1	513,070,793	25.628%
Chinese	48	3,102,937	0.155%
American	19	2,182,715	0.109%
Australian	1	1,811	0.000%
British	1	90,390	0.005%
Canadian	3	582,303	0.029%
Dutch	1	57,590	0.003%
Spanish	1	99	0.000%
Taiwanese	2	455,768	0.023%
TOTAL	**1,956**	**2,002,027,836**	**100.00%**

(3) Dividend History

	2016	2015	2014	2013	2012
Stock Dividend	8%	8%	8%	10%	10%
Cash Dividend	10%	10%	10%	12%	12%

Authorized and Issued Capital

Authorized Capital	-	P25.0 Billion divided into 2.5 Billion shares with a par value of P10.00 per share
Issued Shares	-	2,002,027,836 common shares

There is no restriction that limits the ability of the Bank to pay dividends other than what is required under The Corporation Code. However, any dividends declared by the Bank are subject to notice to/approval by Bangko Sentral ng Pilipinas, Philippine Stock Exchange, and/or Securities and Exchange Commission. The Dividend Policy of the Bank is discussed under Annex C of the Information Statement.

(4) Unregistered Securities

There were no unregistered securities sold by the Bank for the past three (3) years. However, there were new securities issued resulting from the stock rights offering of 161,609,878 common shares in 2014, and declaration of 8% stock dividend to comply with the minimum subscription and paid-up requirements on the increase in the capital stock of the Bank from P20 Billion to P25 Billion in 2014, and declarations of 8% stock dividend in 2015 and 2016 to come from the Bank's unissued shares. These securities distributions were exempt from registration requirement under Sections 10.1 (d), 10.1 (e), and/or 10.1 (l) of the Securities Regulation Code.

(5) Free Float Level

Based on the Public Ownership Report of the Bank as of December 31, 2016, 58.525% of the total outstanding shares are owned by the public.

ANNEX “C”

COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

Principled leadership - doing what is right, firmly anchored on the principles of Fairness, Accountability, Transparency and Integrity - is the corner stone upon which China Bank’s commitment to be more than just a banker to its customers is built. Guided by its Mission to be a reliable and dependable partner for its customers, employees and shareholders in the creation of wealth for a more resilient and sustainable future, the Bank will continue to strengthen its governance practices, as regulatory landscape continues to change with increased competition not just locally but globally.

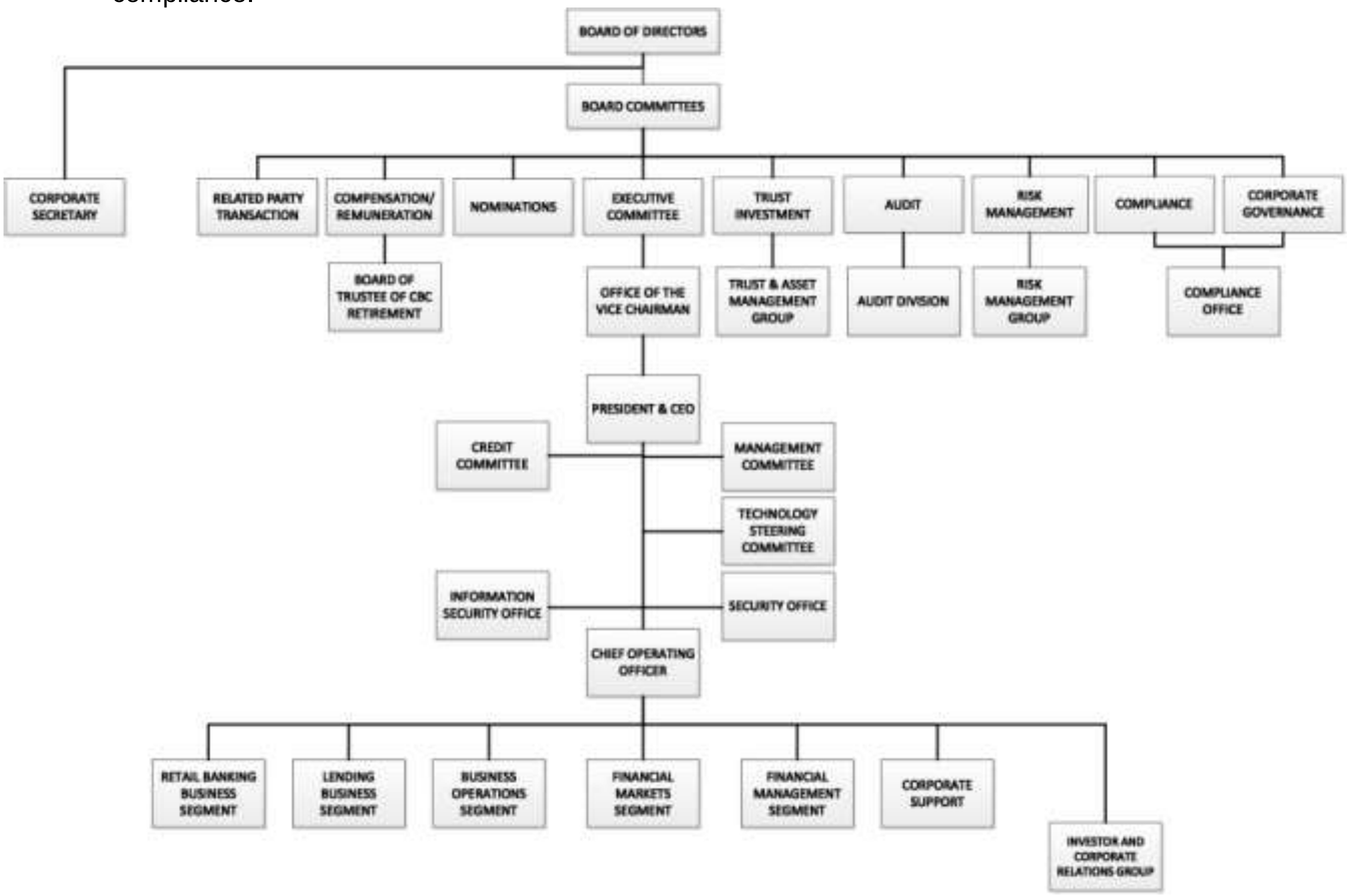
The Board being at the core of our governance structure is continuously providing the Management the strategic leadership and oversight of the Bank. The Board sets the tone of operations, future developments and strategies and has control or makes decision concerning Bank affairs, its strategic plans, and performance targets.

In delivering a more principled banking, China Bank in 2016 further enhanced its governance practices through the following:

- Updating of the Bank’s Corporate Governance Manual to align with laws, rules and regulations including best and international practices.
- Enhancement of the related party transaction policy, processes, practices and committee charter to comply with recent rules and regulations.
- Enhancement of the Corporate Social Responsibility Framework through ESG (Environment, Social and Governance) initiatives, processes and practices.
- Enhancement of the corporate governance section in the Bank’s website for transparency in disclosure.
- Improvements in its annual report for prompt, complete and transparent disclosure on its business, operations and other regulatory requirements.
- Conduct of the annual assessment of the Board, Board level committees and the President and CEO (Chief Executive Officer).
- Continuous training for its directors on corporate governance and anti-money laundering.

Organizational Structure

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



Board of Directors

The Bank has eleven (11)* directors and one (1) advisor. Two (2) of the directors are executive directors and the rest are non-executive directors. In accordance with the Bank's Manual on Corporate Governance aligned with laws, rules and regulations, the members of the Board are selected from a pool of qualified candidates after considering, among other things, their integrity, competence, independence, leadership, ability to exercise sound judgment, and experience at policy-making levels involving issues affecting business, government, as well as other areas relevant to the Bank's operations.

Acknowledging the significant and crucial roles of Independent Directors, China Bank has three (3)* independent non-executive directors in the Board to ensure a strong element of independence. The Bank's Independent Directors are independent of management and major/substantial shareholders, and free from any business, family or any other relationship with China Bank, which could affect their judgment.

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

*****Mr. Dy Tiong was an independent director of the Bank until his passing on September 16, 2016.

Board Meetings and Supply of Information

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

The Directors are expected to prepare for, attend and participate in these meetings, and to act judiciously, in good faith and in the interest of China Bank and our shareholders, thus, they are provided Board materials related to the agenda at least five (5) days in advance of meetings, by the Corporate Secretary.

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

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

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

In 2016, the Board had 14 meetings, including the organizational meeting:

Director	Attendance	%
Hans T. Sy	12	86
Gilbert U. Dee	14	100
Ricardo R. Chua	14	100
Peter S. Dee	13	93
Joaquin T. Dee	14	100
Dy Tiong*	8	73
Herbert T. Sy	14	100
Harley T. Sy	13	93
Alberto S. Yao	14	100
Roberto F. Kuan	14	100
Jose T. Sio	14	100

*For Director Dy Tiong, who passed away on September 16, 2016, he was able to attend 8 out of 11 Board meetings.

Board Committees

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

- **Executive Committee** when the Board is not in session has the powers of the Board in the management of the business and affairs of China Bank, to the fullest extent permitted under Philippine law. The Executive Committee had 42 meetings in 2016, including 4 joint meetings with the Risk Management Committee.

Director	Attendance	%
Hans T. Sy (Chairman)	35	83
Gilbert U. Dee	42	100
Peter S. Dee	37	88
Joaquin T. Dee	42	100
Ricardo R. Chua	39	93

- **Corporate Governance Committee** is responsible for ensuring the Board's effectiveness and due observance of Corporate Governance principles and guidelines, and oversees the periodic evaluation of the Board and its Committees, as well as of the Executive Management. The Corporate Governance Committee had 23 meetings in 2016: 10 joint meetings with the Audit and Compliance Committees, and 13 joint meetings with the Nominations Committee.

Director	Attendance	%
Roberto F. Kuan (Chairman)	20	87
Joaquin T. Dee	23	100
Hans T. Sy	21	91
Alberto S. Yao	23	100

- **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 had 12 meetings in 2016, including 10 joint meetings with the Compliance and Corporate Governance Committees.

Director	Attendance	%
Alberto S. Yao (Chairman)	12	100
Joaquin T. Dee	12	100
Dy Tiong	9*	100

*For Director Dy Tiong (†), he attended 9 out of 9 meetings.

- **Compliance Committee** is tasked to monitor compliance with established bank laws, rules and regulations specifically in the mitigation of business risks and ensures that Management is doing business in accordance with the said prescribed laws, rules and regulations including policies, procedures, guidelines and best practices. The Compliance Committee convened 10 times in 2016, jointly with the Audit and Corporate Governance Committees.

Director	Attendance	%
Hans T. Sy (Chairman)	9	90
Joaquin T. Dee	10	100
Alberto S. Yao	10	100

- **Risk Management Committee** is responsible for the oversight and development of all the Bank's risk management functions, including the evaluation of the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. The Risk Management Committee had 16 meetings in 2016, including 4 joint meetings with the Executive Committee.

Director	Attendance	%
Joaquin T. Dee (Chairman)	16	100
Hans T. Sy	15	94
Gilbert U. Dee	16	100
Alberto S. Yao	14	88

- **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. It also has the task of identifying the qualities of the nominees/appointees to the Board aligned with the Bank's strategic directions. The Committee is composed entirely of Independent Directors. The Nominations Committee convened 13 times in 2016, jointly with the Corporate Governance Committee.

Director	Attendance	%
Dy Tiong (Chairman)	8*	73
Alberto S. Yao	13	100
Roberto F. Kuan	11	85

*For Director Dy Tiong (†), he attended 8 out of 11 meetings.

- **Compensation or Remuneration Committee** provides oversight on the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Bank's culture, strategy and control environment. Three out of the five members, including the chairman, Roberto F. Kuan, are Independent Directors. The Compensation or Remuneration Committee had 3 meetings in 2016.

Director	Attendance	%
Roberto F. Kuan (Chairman)	2	67
Hans T. Sy	3	100
Gilbert U. Dee	3	100
Dy Tiong	3*	100
Alberto S. Yao	3	100

*Director Dy Tiong (†) attended 3 out of 3 meetings.

- **Related Party Transaction Committee** is responsible for reviewing all material related party transactions to ensure that they are conducted in accordance with the arm's length principles. The Committee is composed entirely of Independent Directors. The Related Party Transaction Committee had 11 meetings in 2017.

Director	Attendance	%
Alberto S. Yao (Chairman)	11	100
Dy Tiong	6*	75
Roberto F. Kuan	11	100

*Director Dy Tiong (†) attended 6 out of 8 meetings.

Additional details on the committees and their charters can be accessed through the Bank's website at www.chinabank.ph.

Corporate Secretary

Assisting the Board of Directors in the discharge of their duties efficiently and effectively is 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, Atty. Corazon I. Morando, reports operationally to the Chairman and is accountable to the Board. Her duties and responsibilities are clearly stated in the Corporate Governance Manual. 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.

Board Training

In compliance with existing rules and regulations and as part of the continuing education program, last November 2, 2016, the members of the Board have attended the required annual Corporate Governance Seminar as conducted by the Institute of Corporate Directors. Any new member of the Board is required to attend an orientation program from accredited training providers of the BSP and the SEC.

Board and Committee Performance Evaluation

There is an annual evaluation of the performance of the Board, the individual directors, and the various committees as facilitated by the Corporate Governance Committee with the assistance of Compliance Office. The evaluation seeks to assess the effectiveness and collective performance of the Board through a self-assessment. The results are summarized by the Chief Compliance Officer, discussed by the Corporate Governance Committee, and reported to the Board. The Board, on the other hand, reviews the results and evaluates the enhancements needed in order to improve the performance of the Board collectively, the individual directors, and the various committees.

In 2016, there are no significant deviations and, in general, the Bank has fully complied with the provisions and requirements of the Corporate Governance Manual.

President & CEO Evaluation

The performance of the President & CEO is also evaluated through a self-assessment where the results are discussed and reported to the Board.

Compliance System

The Bank has in place a Compliance System designed to specifically identify and mitigate business risks which may erode the franchise value of the Bank. In compliance with BSP's requirements under Circular No. 747, the Board has approved the Compliance Manual on July 4, 2012 and it is updated regularly to align with recent regulatory requirements.

The Bank's Compliance Office plays a crucial role in ensuring bank-wide compliance culture in all facets of the Bank that seeks to protect the Bank's reputation and the interest of the stakeholders.

As required under the Code of Corporate Governance for Publicly Listed Companies, the Bank's Board is assisted in its duties by a Compliance Officer. The Bank's Chief Compliance Officer (CCO) is Atty. Marissa B. Espino who is tasked to ensure and monitor that the provisions in the Corporate Governance Manual and Compliance Manual, Plans and Program are complied with.

Under the Bank's Compliance System, all units in the Bank have a Compliance Coordinator whose task is to ensure that all risks attendant to the operations and business of said unit are identified, monitored and mitigated. Compliance Office ensures the Compliance System is effective, robust and dynamically-responsive by designing and adopting a compliance program that assures the safety and soundness of the Bank. Towards this end, the Compliance Office sees to it that employees at all levels are aware of and comply with all applicable laws, rules and regulations, by cascading the compliance plan to them and disseminating all latest issuances, advisories, notices, and other regulatory matters. The Compliance Office also acts as liaison for the Board and Management on regulatory compliance matters with regulatory agencies. At the helm of this function is the Regulatory Compliance Unit in Compliance Office.

The Corporate Governance Unit within Compliance Office is tasked to assist the CCO in carrying out the mandate on good corporate governance.

- **Education and Trainings**

The Bank is committed to continually strengthen its 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).

Governance Policies

- **Corporate Governance Manual**

In place is an extensive Corporate Governance Manual that contains our corporate governance policies, structure, principles, as well as the general and specific duties and responsibilities of the Board and the individual directors. The Manual is kept updated to ensure that it is aligned with latest regulatory issuances. To enjoin bankwide compliance and for easy access, a copy of the Manual is available in the Bank's intranet under the Compliance Office Public Folder. The CCO is primarily tasked to monitor compliance with the Manual. The CCO is always available to respond to inquiries from bank officials and personnel as regards good corporate governance policies and practices.

In 2016, the Bank has fully complied with the provisions of the Corporate Governance Manual.

- **Board Compensation Policy**

China Bank directors shall receive a *per diem* of five hundred pesos (P500.00) for attendance at each meeting of the board of directors or of any committee, or as may be determined from time to time by stockholders owning or representing a majority of the subscribed capital stock at any regular or special meeting. In accordance with Article VIII of the Bank's By-Laws, a portion of the net earnings shall be given to the members of the Board of Directors.

- **Dividend Policy**

China Bank, 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 standalone 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 payouts are calibrated based on the prior year's earnings while taking into consideration dividend yields, future earnings streams and future business opportunities.

In declaring dividend pay-outs, China Bank 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 Bank 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 Bank, 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.

- **Whistleblowing**

Without fear of any retaliation, our employees, customers, shareholders, and third party service providers are encouraged to report questionable or illegal activity, unethical behavior, fraud or any other malpractice by mail, phone or e-mail as the identity of the whistleblower is kept confidential. The Chief Compliance Officer is the primary driver in the implementation of the Whistleblowing Policy of the Bank and disclosures are directed to her attention or her duly designated compliance officer who is responsible to determine the sufficiency and validity of the report. The policy also allows reporting of any disclosure to the Chief Audit Executive, Chief Risk Officer and the Head of Human Resources Division. If determined sufficient in form and substance, the disclosure shall be referred either to the Audit Division or Human Resources Division (HRD) for further investigation. If the report is found to be baseless, the Whistleblower shall be informed of its status within 24 hours from receipt thereof. Meritorious disclosure, as may be determined, should be given recognition and may be entitled to an award as deemed necessary by the HRD or the Investigation Committee.

- **Code of Ethics and Policy on Conflict of Interest**

The Bank is committed to conduct its business in an honest and ethical manner, well guided by its Core Values, namely: Integrity, High Performance Standards, Commitment to Quality, Customer Service Focus, Concern for People, Efficiency and Resourcefulness / Initiative in carrying out its functions and in dealing with its clients. These core values also are the foundation of our existing Code of Ethics. To ensure that business is carried out in compliance with relevant laws and in the protection of the interest of our customers, shareholders and other stakeholders, our HRD has disseminated our Code of Ethics to all employees, especially to the new hires. Employees are required to sign the acknowledgement receipt that they have a copy of the Code. A copy of the Code is made available in our Intranet for easy access of all employees as well as in the Bank's website. A comprehensive discussion about the Code is conducted to the new employees of the Bank to foster a culture of awareness of these values. The content of the Code such as standard behavior, business conduct, and corresponding sanctions for violations are highlighted in the discussions. Embodied in the Bank's Code of Ethics is the principle of ensuring that the Bank's interest is superior to the personal interest of directors and officers. The directors and officers should not obtain personal gain or profit by reason of their position in the Bank.

Item 6. Management Discussion and Analysis or Plan of Operation
(Last Three Years 2016, 2015, and 2014)

(a) Financial and Operating Highlights

Balance Sheet

In Million Pesos	**Dec 31, 2016 Audited**	Dec 31, 2015 Audited	Dec 31, 2014 Audited
Assets	**633,198**	526,827	471,221
Investment Securities	**98,982**	71,210	59,027
Loan Portfolio (Net)	**386,827**	309,762	290,419
Total Deposits	**541,583**	439,266	399,302
Capital	**63,386**	59,171	56,567

Balance Sheet – 2016 vs. 2015

Total assets expanded by 20.19% to P633.20 billion from P526.83 billion mainly from the robust growth in investment securities and loans supported by funding growth.

Cash and other cash item increased by 5.57% to P12.01 billion from P11.38 billion due to the cash build-up following the branch network expansion. **Due from *Bangko Sentral ng Pilipinas*** grew by 6.54% to P91.96 billion from P86.32 billion as higher reserves were allotted to cover for the bigger deposit volume. **Due from other banks** went down by 46.66% to P11.33 billion from P21.24 billion because of the decline in inter-bank corporate deposits. **Interbank loans receivables** mainly composed of overnight placements with the BSP amounted to P3.45 billion.

The Bank inflated its **investment securities** portfolio by 39.00% to P98.98 billion from P71.21 billion, resulting in a higher share to total assets of 15.63% from 13.52% in 2015. **Financial assets at fair value through profit & loss (FAVPL)** amounted to P7.70 billion, P1.46 billion or 23.37% larger due to the purchase of tradable securities. The Group transferred certain securities from **available-for-sale (AFS) financial assets** to **held-to-maturity (HTM) financial assets** in order to reduce sensitivity of the balance sheet to market risks without decreasing the portfolio of liquid assets. The HTM portfolio recorded a P41.27 billion increase to P57.40 billion, while AFS shrank by 30.63% or P14.96 billion to P33.87 billion.

Liquidity ratio stood at 34.39%, slightly lower than last year's 36.09%.

The Bank's **gross loan portfolio (inclusive of UDSCL)** grew 24.19% to P393.74 billion from P317.03 billion mainly from higher demand across all customer segments (corporate, commercial, and consumer). **Loans (net, inclusive of UDSCL)** grew by 24.88% to P386.83 billion from P309.76 billion.

Accrued interest receivables grew by 14.98% to P3.01 billion from P2.62 billion with the rise in receivables from earning assets. **Investment in associates** decreased to P276.56 million from P371.40 million with the higher insurance policy underwriting costs incurred by Manulife-China Bank Life Assurance Corporation (MCBLife). On the other hand, additional provision for probable losses raised **deferred tax assets** by P284.99 million to P1.67 billion. **Other assets** expanded by 15.38% or P919.26 million to P6.90 billion mainly because of higher accounts receivables.

On the liabilities side, **total deposits** increased by 23.29% to P541.58 billion from P439.27 billion mainly from the growth in customer acquisition efforts and branch expansion. Total low-cost deposits were P48.86 billion or 21.47% higher at P276.42 billion and comprised 51.04% of total deposits. Time deposits also grew by 25.25% or P53.46 billion to P265.16 billion, inclusive of the first tranche of LTNCD amounting to P9.59 billion. **Bills payable** declined by P2.13 billion or 11.16% to P16.95 billion because of the drop in foreign currency- denominated borrowings. Meanwhile, **manager's checks** grew by 39.36% to P2.03 billion from P1.46 billion due to the upswing in customer demand. **Income tax payable** saw a P61.52 million rise to P437.30 million from the booking of higher corporate income tax payable for the year. **Accrued interest and other expenses** were up by 17.92%

to P1.87 billion due to the setup of accruals and payroll expenses. **Deferred tax liabilities** recorded a 4.06% increase to P1.16 billion due to allocations for foreclosure gains and unrealized foreign exchange revaluation. **Derivative liabilities** significantly expanded to P243.20 million from P66.37 million with the spike in currency swaps. **Other liabilities** grew by P827.79 million or 17.59% to P5.53 billion with higher accounts and acceptances payable.

Total capital funds (including non-controlling interest) grew to P63.39 billion, 7.12% higher than last year's P59.17 billion primarily from the increase in capital stock and retained profits. **Capital stock** rose to P20.02 billion from P18.54 billion because of the 8% stock dividends declared within the year. **Surplus** increased by P3.09 billion or 9.14% to P36.89 billion arising mainly from retained earnings, net of total cash dividends worth P1.85 billion and stock dividends of P1.48 billion.

Net unrealized loss on available-for-sale securities widened to (P1.60) billion from (P1.13) billion because of the mark-to-market revaluation loss on the Bank's unsold securities. **Remeasurement gain on defined benefit asset or liability** registered a 38.65% rise to P253.94 million because of actuarial adjustments to the valuations of retirement plans. **Cumulative translation adjustment** improved to (P22.50) million from (P34.63) million due to the exchange rate differences arising from the conversion to base currency of income and expenses related to foreign currency-denominated positions.

The Bank's Common Equity Tier 1 (CET 1) and total CAR were computed at 11.30% and 12.21%, respectively. The difference was accounted by the general loan loss provision limited to 1% of credit risk weighted assets as buffer for potential losses.

Balance Sheet – 2015 vs. 2014

Total assets expanded by 11.80% to P526.83 billion from P471.22 billion mainly from the robust growth in liquid assets and loans.

Cash and other cash items increased by 5.99% to P11.38 billion from P10.73 billion because of the higher cash requirements from the branch network expansion. **Due from *Bangko Sentral ng Pilipinas*** grew by 27.97% to P86.32 billion from P67.45 billion because of higher reserve requirements for the Bank's outstanding deposits and the higher placements in the BSP's SDA facility. **Due from other banks** went up by 21.03% to P21.24 billion from P17.55 billion from the build-up of deposit balances with correspondent banks.

Investment securities totaled P71.21 billion, up 20.64% from P59.03 billion. **Financial assets at fair value through profit & loss (FAVPL)** was at P6.24 billion, P2.20 billion or 26.02% below last year's volume due to lower holdings of tradable securities. Meanwhile, **available for sale financial assets (AFS)** was up 26.91% to P48.83 billion from P38.48 billion with **held-to-maturity financial assets (HTM)** recording a P4.03 billion or 33.25% growth to P16.14 billion as the Bank expanded its bond holdings. The ratio of investment securities to total assets inched up to 13.52% from 12.53% last year.

The Bank's **liquidity ratio** stood at 36.09%, better than last year's 32.89%.

The **Bank's gross loan portfolio (inclusive of UDSCL)** grew 6.51% year-on-year to P317.03 billion from P297.65 billion mainly from the higher credit demand across all customer segments (corporate, commercial, and consumer). **Loans (net, inclusive of UDSCL)** grew by 6.66% to P309.76 billion from P290.42 billion.

Accrued interest receivables grew by 17.20% to P2.62 billion from P2.24 billion from the higher volume of interest earning assets such as AFS, HTM, and loans. **Investment in associates** decreased to P371.40 million from P534.88 million from the higher expenses incurred by Manulife-China Bank Life Assurance Corporation (MCBLife) for 2015 as it started to absorb the cost of underwriting the insurance policies. **Deferred tax assets** added P532.59 million to its 2014 balance to reach P1.38 billion from the higher provision for probable losses. **Intangible assets** rose by 8.03% or P295.21 million to P3.97 billion from the acquisition of software.

On the liabilities side, **total deposits** increased by 10.01% to P439.27 billion from P399.30 billion with the expansion in the branch network. Total low-cost deposits (demand and savings deposits) grew by 17.77% to P227.56 billion from P193.23 billion improving the low-cost funding mix to 51.80% from 48.39% in 2014. **Bills payable** tripled to P19.09 billion from P6.32 billion mainly from the booking of US$158 million syndicated three-year term placement. **Manager's checks** increased by 19.25% to P1.46 billion from P1.22 billion with the growth in customer demand. **Income tax payable** significantly increased to P375.78 million from P10.94 million due to the higher regular corporate income tax payable for the year. **Derivative liabilities** shrunk by 34.68% to P66.37

million from P101.61 million due to the decrease in volume of currency swaps. **Deferred tax liabilities** of P1.12 billion recorded a 10.13% reduction due to fair value adjustments in foreclosed properties. The year also saw the retirement of **subordinated debt** by the thrift bank subsidiary which amounted to P1.19 billion at the end of 2014. **Other liabilities** increased to P4.71 billion from P3.64 billion mainly from the growth in accounts and acceptances payable.

Total capital funds (including non-controlling interest) grew to P59.17 billion, 4.60% higher than last year's P56.57 billion primarily from bigger capital stock levels and higher retained profits. **Capital stock** rose to P18.54 billion from P17.16 billion because of the 8% stock dividend distributed in 2015. **Surplus** increased by P2.49 billion or 7.95% to P33.80 billion mainly from retained earnings, net of total cash dividends amounting to P1.72 billion and stock dividends of P1.37 billion.

Net unrealized gain on available for sale securities recorded a loss of P1.13 billion from a gain of P122.92 million last year because of the mark-to-market revaluation on the Bank's AFS securities. **Cumulative translation adjustment** registered a higher negative balance at (P34.63) million from (P20.39) million last year due to the exchange rate differences arising from the conversion of income and expenses related to foreign currency-denominated positions to base currency.

The Bank's Common Equity Tier 1 (CET 1) and total CAR were computed at 12.58% and 13.50%, respectively. The difference was accounted for by the general loan loss provision limited to 1% of credit risk weighted assets as buffer for potential losses.

Income Statement

In Million Pesos	**2016 Audited**	2015 Audited	2014 Audited
Interest Income	**21,892**	19,317	18,397
Interest Expense	**5,197**	4,232	4,308
Net Interest Income	**16,694**	15,085	14,089
Non-Interest Income	**5,095**	4,487	4,759
Provision for Impairment & Credit Losses	**851**	967	441
Operating Expenses	**13,351**	12,193	11,727
Net Income	**6,461**	5,603	5,115

Income Statement – For the years ended December 31, 2016 and 2015

The Bank recorded a 15.32% improvement in **net income** to P6.46 billion for 2016, which translated to a 10.42% return on equity (ROE) and 1.16% return on assets (ROA).

Total interest income increased by 13.33% to P21.89 billion from P19.32 billion, largely from the 12.51% uptick in **interest income from loans and receivables** to P17.89 billion from P15.90 billion driven by the loan portfolio expansion. **Interest income from trading and investments** was 5.87% higher at P3.28 billion due to additional accruals resulting from the larger volume of securities portfolio. **Interest income from due from BSP and other banks** registered a 127.80% hike to P719.41 million from P315.81 million with the bigger BSP and interbank placements made within the year.

Total interest expense amounted to P5.20 billion, P965.28 million larger than last year due to the following: 1) increase in **interest expense on deposit liabilities** by 20.54% to P4.83 billion arising from funds build-up; and 2) increase in **interest expenses on bills payable and other borrowings** by P142.02 million or 63.44% to P365.88 million because of more foreign currency-denominated borrowings.

Despite the 10.67% improvement in **net interest income** to P16.69 billion, consolidated **net interest margin** fell to 3.20% from 3.37% from the full-year impact of rising funding costs.

Provision for impairment and credit losses was recorded at P850.55 million, P116.03 million or 12.00% lower from the significant reduction in past due loans.

Total **non-interest income** improved by P607.60 million or 13.54% to P5.09 billion following significant trading gains and fees/ commissions. **Trading and securities gain** almost doubled to P918.09 million from P466.83 million because of increased dealership business and gains on sale of AFS. **Service charges, fees, and commissions** grew by 15.76% to P2.12 billion because of higher remittance fees and loan-related charges. **Trust fee income** exceeded last year's gains by P53.96 million or 19.53% and reached P330.20 million because of the expansion in managed assets. **Gain on sale of investment properties** improved by 17.98% to P443.32 million on the back of larger sales of foreclosed properties. However, this was offset by P102.50 million or 37.27% annual decline in **gain on asset foreclosure and *dacion* transactions** resulting from negative mark-to-market revaluation on foreclosed assets. **Miscellaneous income** dipped 9.14% to P878.45 million from lower dividend income.

The growth rate of **operating expenses** (excluding provision for impairment and credit losses) to P13.35 billion was controlled at 9.49% or P1.16 billion, improving the consolidated cost-to-income ratio to 61.27% from 62.30% last year. **Compensation and fringe benefits** increased by 6.60% to P4.98 billion from P4.67 billion mainly from the increase in human resource complement and salary adjustments. **Taxes and licenses** increased by 26.04% to P2.00 billion from higher documentary stamp, gross receipts, and other business taxes. Meanwhile, the continued outlays and investments related to the network expansion increased **occupancy costs** by 6.23% and **depreciation and amortization** by 14.84% to P1.83 billion and P1.12 billion, respectively. **Insurance**, which includes PDIC premium payments, was up 17.43% to P1.16 billion due to the build-up in deposits. **Professional fees, marketing, and other related services** likewise increased by P22.63 million or 9.21% to P268.39 million as the Bank ramped up its marketing activities. **Miscellaneous expenses** grew by 7.19% to P1.07 billion from higher costs related to litigation and other cost items. On the other hand, the Bank recorded savings on **entertainment, amusement and recreation** (12.32%) amounting to P242.71 million due to lower sales-related costs. **Repairs and maintenance** worth P123.03 million was 23.54% lower than the previous year which saw bookings of significant technology expansion costs.

Income Statement – For the years ended December 31, 2015 and 2014

The Bank recorded a **net income** of P5.60 billion for 2015, which translated to a 9.62% return on equity (ROE) and 1.17% return on assets (ROA).

Total interest income increased by 5.00% to P19.32 billion from P18.40 billion, largely from the 8.36% increase in **interest income from loans and receivables** to P15.90 billion from P14.67 billion because of the expansion in loan portfolio. **Interest income on due from BSP and other banks** recorded a P385.34 million or 54.96% reduction because of lower levels of interbank placements for 2015.

Total interest expense totaled P4.23 billion, slightly lower than last year's P4.31 billion due to an improved funding mix and the drop in **interest expense on bills payable and other borrowings** by 23.25% to P223.86 million following the retirement of the subsidiary's subordinated debt.

As a result, **net interest income** improved by 7.07% to P15.09 billion as **net interest margin** inched up to 3.37% from 3.30% last year.

Provision for impairment and credit losses grew by P525.67 million to P966.57 million because of higher provisioning for the Bank's risk assets, mainly attributed to growth in the loan book.

Non-interest income dropped by 5.72% to P4.49 billion due to lower trading gains and miscellaneous income. **Trading and securities gain** of P466.83 million were 12.78% below last year's as adverse market conditions resulted in subdued trading opportunities. The Bank also booked a **share in the net loss** of MCBLife amounting to P37.89 million, significantly higher year-on-year as MCBLife started to absorb the cost of underwriting the insurance policies. **Miscellaneous income** declined by 39.12% to P966.86 million due to the one-time gain in 2014 accounting for the increase in the Bank's stake in MCBLife from 5% to 40%.

On the upside, **service charges, fees, and commissions** registered a 17.45% improvement to P1.83 billion because of significant contributions from the remittance business and loan operations. **Gain on sale of investment properties** of P375.75 million was up by 5.83% due to higher ROPA sales vis-à-vis last year. **Trust fees** grew by P24.75 million to P276.24 million because of the higher assets under management. **Gains on asset foreclosure and *dacion* transactions** reached P274.98 million, up 98.46% from last year because of the higher mark-to-market revaluation gain of the Bank's foreclosed assets. The share of non-interest income to gross revenues fell to 18.85% from last year's 20.55%.

Despite the ongoing expansion of the banking organization, **operating expenses** (excluding provision for impairment and credit losses) only increased by 3.97% to P12.19 billion resulting in a cost-to-income ratio of 62.30% versus 62.22% last year. **Compensation and fringe benefits** increased by 12.08% to P4.67 billion from P4.17 billion mainly from the increase in human resource complement and salary adjustments from the recent collective bargaining agreement.

The ongoing business expansion also increased the following costs: 1) **depreciation and amortization** of bank premises amounting to P979.41 million, up 6.25%; 2) **stationery, supplies, and postage** worth P241.15 million, up 23.53%; 3) **insurance**, including PDIC premium payments, amounting to P990.79 million, up 10.30%; and 4) **professional fees, marketing and other related services** of P245.76 million, up 7.31%.

Meanwhile, savings in operating expenses include: 1) **taxes and licenses** of P1.59 billion, down 8.65%; 2) **transportation and traveling** of P311.59 million, down 16.16%; 3) **entertainment, amusement, and recreation** of P276.81 million, down 14.44%; and 4) **repairs and maintenance** of P160.90 million, down 14.68%.

Total Comprehensive Income
For the years ended December 31, 2016, 2015, and 2014

Total comprehensive income for 2016 stood at P6.07 billion, up by 40.42% or P1.75 billion from P4.32 billion in 2015 mainly from higher net income and improvement in net unrealized gain on AFS financial assets to P449.11 million from (P487.12) million in 2015. Total other comprehensive loss for 2016 was lower at (P391.49) million from (P1.28) billion last year.

On the other hand, total comprehensive income fell by 10.42% or P502.54 million to P4.32 billion from P4.82 billion in 2014 mainly from the P1.24 billion drop in net unrealized loss on AFS to (P487.12) million from P752.52 million.

(b) Key Performance Indicators

Definition of Ratios

Profitability Ratios:

Return on Average Equity	-	Net Income after Income Tax / Average Total Equity
Return on Average Assets	-	Net Income after Income Tax / Average Total Assets
Cost-to-Income Ratio		Operating Expenses Less Provision for Impairment and Credit Losses / Total Operating Income
Net Interest Margin	-	Net Interest Income / Average Interest Earning Assets

Liquidity Ratios:

Liquid Assets to Total Assets	-	Total Liquid Assets / Total Assets
Loans to Deposit Ratio	-	Loans (Net) / Deposit Liabilities

Asset Quality Ratios:

Gross NPL Ratio	-	Gross Non-Performing Loans / Gross Loans
Non-Performing Loan (NPL) Cover	-	Gross Loan Loss Reserves / Gross Non-Performing Loans

Solvency Ratios

Debt to Equity Ratio	-	Total Liabilities / Total Equity
Asset to Equity Ratio	-	Total Assets / Total Equity
Interest Rate Coverage Ratio	-	Net Income Before Tax and Interest Expense / Interest Expense

Capital Adequacy Ratios:

Capital to Risk Assets Ratio	-	BSP prescribed formula:
CET1 / Tier 1 CAR	-	CET 1 / Tier 1 Capital / Total Risk Weighted Assets
Total CAR	-	Total Qualifying Capital / Total Risk Weighted Assets

	2016	2015	2014
PROFITABILITY (%)			
Return on Assets	**1.16**	1.17	1.12
Return on Equity	**10.42**	9.62	9.91
Net Interest Margin	**3.20**	3.37	3.30
Cost-to-Income Ratio	**61.27**	62.30	62.22
LIQUIDITY (%)			
Liquid Assets to Total Assets	**34.39**	36.09	32.89
Loans (net)-to-Deposit Ratio	**71.43**	70.52	72.73
ASSET QUALITY (%)			
Gross Non-Performing Loans Ratio	**1.86**	2.53	2.24
Non-performing Loan (NPL) Cover	**91.00**	87.33	101.25
SOLVENCY RATIOS			
Debt-to-Equity Ratio	**8.99**	7.90	7.33
Asset-to-Equity Ratio	**9.99**	8.90	8.33
Interest Rate Coverage Ratio	**2.46**	2.52	2.55
CAPITALIZATION (%)			
Capital Adequacy Ratio			
CET 1 / Tier 1	**11.30**	12.58	13.95
Total CAR	**12.21**	13.50	14.88

Profitability

CHIB's net income of P6.46 billion resulted in a ROE of 10.42% and ROA of 1.16%. Cost-to-income ratio of 61.27% fared better than 62.30% in 2015 and 62.22% in 2014 given improvements in operating income. Net interest margin was at 3.20%, lower than last year's 3.37% with the rise in funding cost.

Liquidity

Liquid assets comprised 34.39% of the Bank's total resources, lower than 36.09% in 2015 but higher than 32.89% in 2014, with the build-up in investment securities tempered by the decline in outstanding placements with the BSP. Loans (net)-to-deposit ratio was higher at 71.43% from 70.52%.

Asset Quality

Gross NPL ratio significantly dropped to 1.86% from 2.53% in 2015 and 2.24% in 2014 as the Bank continued to review and clean-up past due loans. Together with the booking of loan loss reserves, NPL coverage ratio improved to 91.00% from 87.33% in 2015. The Parent Bank's coverage was at 153.10% from 123.07% in 2015.

Solvency Ratios

Debt-to-equity ratio for the year was computed at 8.99, higher than 7.90 in 2015 and 7.33 in 2014 because of the surge in outstanding loans. This also raised the asset-to-equity ratio to 9.99 from 8.90 in 2015 and 8.33 in 2014. Interest rate coverage ratio was computed at 2.46 from 2.52 in 2015.

Capitalization

The Bank maintained a sound capital position given its CET 1 / Tier 1 and Total CAR ratio of 11.30% and 12.21%, respectively. The Bank's continued profitability contributed to its capital strength as well as its capacity to regularly pay dividends to shareholders.

(c) Past Financial Conditions and Results of Operations

Global economic expansion remained sluggish in 2016 amid deceleration in the US economy and divergent growth trends in emerging markets. Growth in the US slowed to 1.6% year-on-year from weaker private fixed investments and stronger dollar that clipped demand for exports. The recovery in both the labor market and price levels prompted the US Federal Reserve to raise its interest rate target range to 0.50% - 0.75%. China's GDP growth of 6.7% remained driven by government stimulus and credit expansion despite efforts to rebalance their economy from industry- to services-based. Meanwhile, the Eurozone and Japan maintained their accommodative stance on monetary policy to boost demand and spending. Oil prices gradually recovered after the OPEC members agreed to cut oil production to arrest the supply glut.

The Philippine economy's growth of 6.8% was anchored on strong macroeconomic fundamentals, with inflation remaining at a manageable 1.8%. Business expansion created two million jobs and pushed unemployment down to 5.5%. Household spending grew by 6.9% from the stronger purchasing power and a 5.0% increase in inward remittances to $26.9 billion, while capital formation rose 20.8% from an upswing in real investments. On the production side, the industrial sector expanded by 8.0% because of the significant increases in the construction and manufacturing sectors while services sector was up 7.5% from buoyant real estate & business processing sectors.

The government's budget deficit amounted to P235.2 billion for year-to-date November, five times larger than the P46.5 million recorded in the same period in 2015. Around 87% of fiscal expenditures were related to the government's infrastructure and social development projects, while the rest were allocated for interest payments. Debt-to-GDP ratio fell to 42.1% from 44.7% from more prudent liability management.

The rebound in imports and shift of investments to the US market resulted in a 5.3% depreciation of the peso-dollar exchange rate to $1.00: P49.81. Consequently, the Philippine Stock Exchange Index (PSEi) declined to 6,841 by year-end from its peak of 8,102 in July. Market liquidity expanded by 12.4% with funds channeled to loans (up 16.9% to P6.8 trillion) and the BSP's Term Deposit Funds (weekly average of P183 billion). The Monetary Board kept policy rates unchanged, considering the manageable inflation and ample liquidity in the system,

In line with its drive to strengthen the banking system, the BSP issued implementing guidelines for liquidity coverage, Domestic Systemically Important Banks (DSIBs), and the adoption of Europay MasterCard Visa (EMV) technology for enhanced card security. Total industry CAR improved to 16.15% in September from 15.78% in December 2015 as banks' strengthened their capital base.

China Bank leveraged on its 96-year franchise to build up its credit, treasury, and financial advisory businesses that increased net income to P6.46 billion and return on equity to 10.42% from 9.62% in 2015. The 15% profit improvement was driven by a P2.22 billion rise in net revenues, particularly the P1.61 billion improvement in net interest income and P451.26 million uptick in trading gains. Aggregate resources expanded to P633.20 billion as net loans expanded by 24.88% to P386.83 billion due to robust demand across all market segments. The network expansion drove the 23.29% deposit build-up to P541.58 billion. Asset quality as measured by gross NPL ratio significantly improved to 1.86% from 2.53%, while loan loss coverage rose to 91.00% from 87.33%. Capital adequacy remained well above the regulatory floor with CET 1/ Tier 1 and Total CAR at 11.30% and 12.21%, respectively. *Fitch Ratings* upgraded China Bank's Long-Term Issuer Default rating to 'BB+' from 'BB' and its viability rating to 'bb+' from 'bb', both with a 'stable' outlook, on the back of the Bank's broadly steady asset quality, adequate capital buffers, and stable funding & liquidity profile.

To support its strategic initiatives and business growth, China Bank issued the first tranche (P9.59 billion) of its Long-Term Negotiable Certificates of Deposits (LTNCDs) in November, marking its return to the Peso debt market after the successful maiden release of five-year, P5 billion LTNCDs in 2008.

The Bank remains committed to its branch expansion project by opening 39 new branches. The consolidated business footprint now boasts a network of 541 branches and 805 ATMs. Our branch offices are complemented by alternative distribution channels such as the upgraded online banking platform for a more convenient, customized and secure banking experience. The success of China Bank's branch-based marketing program supported customer onboarding efforts, boding positively for the Bank's core businesses and cross-selling initiatives

China Bank's investment banking subsidiary, China Bank Capital (CBCC), made significant headway this year by participating and leading several underwriting deals, becoming the industry's top investment house in term of RTB issuance on its first year of operation. CBCC acted as joint lead underwriter for Ayala Land, Inc.'s P50 billion retail bond issuance, San Miguel Corporation's P30 billion preferred shares release and as well as underwriter for 8990 Holdings Inc.'s P5 billion in asset-backed securities. The Asset recognized CBCC as the *"Best Bond House" and the "Best Power Deal"* for the San Buenaventura Power Limited Company refinancing deal, *"Most Innovative Deal"* for the Therma Visayas project finance, and *"Best Local Currency Bonds"* for the San Miguel Brewery papers. Lastly, CBCC laid the groundwork for the equity distribution and securitization spinoffs with the setup of China Bank Securities Corporation and CBC Asset One (SPC), Inc., respectively.

With the implementation of the Finacle Core Banking System, the Bank embarked on a program to upgrade its treasury, trust, and credit cards platform to provide superior front-end and backroom service support to all users. The China Bank online personal banking platform was enhanced last July, with a fresh look and wider functionality for easier and safer electronic transactions. China Bank also led the shift to the more secure EMV card technology by rolling out EMV-enabled ATMs and ATM cards ahead of the regulatory deadline.

For the fifth straight year, China Bank won PSE's *"Bell Award for Corporate Governance"*, a recognition given to publicly-listed companies and trading participants that adhere to the highest standard of corporate governance. China Bank was, again, the only bank among the awardees in the publicly-listed company category, and the only company to have been recognized at all Bell Awards. The Trust Group's Dollar Fund was also named *"Best Managed Fund for Bond Fund (Long-Term Dollar Category)"* at the inaugural search conducted by CFA Society Philippines. CBC also received the following distinctions during the year: *"Asian Corporate Director Recognition Award"* given to Chairman Hans T. Sy at the 2016 Corporate Governance Asia Annual Recognition Awards by Corporate Governance Asia; *"Best Investor Relations Company - Philippines"*, *"Asia's Best CEO (Investor Relations) - Philippines"*; and *"Best Investor Relations Professional - Philippines"* awarded at the 6th Asian Excellence Awards by Corporate Governance Asia; *"Banking & Finance Firm of the Year - Philippines"* awarded by UK-based magazine Finance Monthly; *"Best Investor Relations Bank - Philippines"*, *"Best Bank for Debt Capital Markets - Philippines"*, and *"Best Core Banking Implementation – Philippines"* given by Global Banking & Finance Review; *"Asia Pacific Entrepreneurship Award – Financial Services Sector"* given to President & CEO Ricardo R. Chua by Enterprise Asia; *"Banking & Finance Firm of the Year - Philippines"* awarded at the 7th Finance Monthly Global Awards; and *"Best Bank Governance – Philippines"* given at the Capital Finance International Awards.

(d) Future Prospects

Global economic performance will slightly pick up in 2017 from an expected turnaround in major economies. Despite increasingly protectionist policies, the United States is poised for growth as the government pump primes the economy through infrastructure spending and tax cuts. As inflation rises and the labor market sustains its growth, the US Federal Reserve may raise policy rates by at most three times, at most, within the year. This decision may elicit a hawkish response from other central banks as they mitigate potential capital outflows. The Chinese economy may rebound in the near term from fiscal stimulus, but with the risk of a ballooning debt level. Meanwhile, oil prices are anticipated to firm up as producers continue to limit market supply.

The Philippine economic outlook also remains positive given robust household consumption and investment spending. Purchasing power will be strong on the back of a benign inflation environment, healthy remittance inflows, and sustained revenues from the BPO sector. Business expansion, infrastructure improvement, and roll out of the PPP are seen to boost real investments, while potential downside risks from trade protectionism would be offset by investment pledges from China and Japan. The ASEAN Integration will encourage domestic firms to improve the quality of their products & services to be able to compete against regional players.

Amid a challenging banking environment, China Bank aims to strengthen its banking franchise in 2017 through its commitment to become the top banking partner for entrepreneurs and trusted financial services provider for the retail market. Given its ambitious growth trajectory, the Bank has to sustain asset quality and capital strength as it expands market position, grows risk-weighted assets with a focus on the SME and consumer segments, and extends the depth and breadth of retail distribution network. China Bank will conduct a rights issue totaling P15 billion by way of offering common shares from the unissued portion of its authorized capital stock to its shareholders. The rights issue will increase the visibility and trading liquidity of the Bank's common shares in the Philippine Stock exchange.

China Bank will actively undertake customer acquisition and retention programs, as well as deepen existing relationships, with the goal of becoming the Bank of choice for clients. A segmented market strategy will ensure the matching of necessary expertise and products with each of the target markets— corporate, commercial, and consumer customers. The business will expand in high-growth sectors like utilities, infrastructure & real estate development, business process outsourcing, and telecommunication, among others. China Bank will continue to capitalize on its experience in the Filipino-Chinese segment, while building greater synergy with the supply chains and payments streams of the SM Group. On the retail front, the Bank will strengthen both its internal client sourcing and branch referral programs, as well as effectively bundle housing & auto loan products and credit cards with mainstream banking services.

The rapid pace of network expansion will continue with the opening of 50 branches at both developed and unbanked regions, complemented by over 900 ATMs and other electronic banking channels. Management sees the network growing to more than 700 branches over the next five years.

The year 2017 marks the 10th year China Bank's aggressive expansion project which began with the acquisition of Manila Bank in 2007 and its subsequent conversion into the thrift bank subsidiary, China Bank Savings (CBS). Since then, the venture has provided opportunities to consolidated China Bank's presence in the commercial and retail sectors. The savings bank further strengthened its foothold in the SME space with its merger in 2014 with Planters Development Bank (PDB), the largest development bank at that time. Following its turnaround to profitability in 2016, CBS is positioned to contribute significantly to the bottomline in 2017, with its network of 160 branches and assets of P83 billion. It will fortify its credit capabilities and backroom support in specialized SME finance in order to tap fast-growing markets, as well as ramp up retail credit, including teachers' loans, while maintaining healthy asset quality. CBS will continue to employ training programs to develop the marketing, credit, and technical skills of the workforce to deliver quality customer service.

MCBLife, China Bank's bancassurance joint venture with Manulife will mark a decade of successful operations by August 2017. In 2014, China Bank increased its stake in the associate to 40% from 5% in 2007 as part of the Bank's commitment to grow the insurance business and meet customers' needs. The business accounted for around 6% to total fee-based revenues in 2016. In the coming year, the bancassurance team will widen its branch network coverage by adding more financial services advisers (FSAs) to cross-sell life insurance and investment products.

Our investment house subsidiary, China Bank Capital, will continue to build momentum in the capital markets by actively participating in more underwriting deals, loan syndications, preferred shares issuance, project finance, and advisory services. In April 2016, China Bank Capital established a special purpose corporation CBC Assets One (SPC), Inc. and acquired ATC Securities Inc., a stock brokerage house, which will be renamed to China Bank Securities Corporation which will enable the Bank to process and distribute shares from Initial Public Offerings (IPOs) to clients, as well as list these shares in the PSE. Meanwhile, the special purpose vehicle, China Bank Assets One (SPC), Inc., will carry assets involved in the CBCC's securitization transactions. CBCC will lead the latest stock rights offering of the Parent Bank in 2017.

Building on the success of its migration to a new core banking system, the upgrade of its personal online banking portal, the shift to the new EMV card technology, and the continual upgrade of its business solutions platform, China Bank will lay the groundwork for its digital banking project to transform its traditional banking model into a customer-centric, process efficient, and technologically-driven business. This groundbreaking project would integrate backroom processing, channel management, customer engagement, and branch redesign initiatives into a coherent and highly automated business over time. It has engaged Allen International Inc. to craft a comprehensive blueprint to transform China Bank into a cutting-edge and highly competitive bank of choice for customers.

China Bank will strengthen its franchise by building a flexible and service-oriented organization that meets the challenges of a more competitive banking landscape. The expansion in new businesses and branch network could increase the Bank's staffing to 10,000 in the upcoming year. Guided by the goal of creating a pool of competent and customer-oriented employees, China Bank Academy will roll out training programs related to the digitization project as well as customer engagement, leadership skills, sales management, and branch operations, among others.

(e) Material Changes

1) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

   There were no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

2) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

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	
	2016	2015	**2016**	2015
Trust department accounts	**₱104,373,741**	₱82,677,515	**₱102,734,390**	₱78,663,914
Unused commercial letters of credit	**17,801,390**	18,440,951	**17,801,205**	18,431,395
Future exchange sold	**11,267,749**	21,031,257	**11,267,749**	21,031,257
IRS receivable	**10,823,400**	6,950,000	**10,823,400**	6,950,000
Future exchange bought	**8,922,411**	13,407,792	**8,922,411**	13,407,792
Credit card lines	**8,883,196**	7,435,851	**8,883,196**	7,435,851
Outstanding guarantees issued	**4,827,530**	5,725,655	**1,140,440**	792,581
Standby credit commitment	**3,029,782**	3,259,734	**3,029,782**	3,259,734
Spot exchange sold	**558,487**	753,930	**558,487**	753,930
Late deposits/payments received	**417,559**	245,924	**405,838**	210,993
Spot exchange bought	**409,940**	1,130,390	**409,940**	1,130,390
Deficiency claims receivable	**294,632**	297,073	**294,632**	297,073
Inward bills for collection	**234,588**	144,155	**234,588**	144,155
Outward bills for collection	**73,702**	76,230	**57,227**	74,508
Others	**2,575**	14,125	**2,348**	13,991

3) Any Material Commitments for Capital Expenditure and Expected Funds

Branch network expansion and technology upgrades will account for the bulk of the Bank's capital expenditures for 2017. Capital expenditures will be funded from either internal sources or part of the proceeds from the planned stock rights offering in 2017 (approved by the Board as of Feb. 22, 2017)

UNDERTAKING

The Bank undertakes to furnish a copy of its Annual Report (SEC Form 17-A) exclusive of attachments, free of charge, upon the written request of the stockholder addressed to the Office of the Corporate Secretary, 11^{th} Floor China Bank Building, 8745 Paseo de Roxas cor. Villar St., Makati City.

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 including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited 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 audit.

Hans T. Sy
Chairman of the Board

Ricardo R. Chua
President & CEO

Delia Marquez
First Vice President-Controller

Republic of the Philippines
Makati City S.S

Signed this day of MAR 0 1 2017 2017, affiants exhibiting to me their Social Security System Nos. as follows:

Name	SSS Nos.
Hans T. Sy	03-43011743
Ricardo R. Chua	03-24163898
Delia Marquez	03-7205726-0

ALVIN A. QUINTANILLA
Notary Public for Makati City
Appt. No. [illegible] until December 2017
Notary Public
Until December 31, 2017
[illegible]
8755 [illegible] Roxas, Makati City
PTR No.
PTR No. [illegible], 01.04.2017; Makati City
Place
IBP No. 1055829; 01.04.2017; Cavite
Roll of Attorney's No. 40925

Doc. No.: 300
Page No: 60
Book No: 44
Series of: 2017

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4	4	3								

COMPANY NAME

CHINA BANKING CORPORATION AND SUBSIDIARIES

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

8745 Paseo de Roxas cor. Villar St., Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	885-5555	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,959	05/05	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Delia Marquez	dmarquez@chinabank.ph	885-5801	

CONTACT PERSON's ADDRESS

8745 Paseo de Roxas cor. Villar St., Makati City

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

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

China Banking Corporation and Subsidiaries

Financial Statements
December 31, 2016, 2015
and January 1, 2015
and for the years ended December 31, 2016,
2015 and 2014

and

Independent Auditor's Report

SGV
Building a better working world

A member firm of Ernst & Young Global Limited

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
China Banking Corporation

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of China Banking Corporation and its subsidiaries (the Group) and the parent company financial statements of China Banking Corporation, which comprise the consolidated and parent company balance sheets as at December 31, 2016 and 2015, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2016 and 2015, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent company financial statements.

Applicable to the audit of the Consolidated and Parent Company Financial Statements

Adequacy of allowance for credit losses on loans and receivables

Loans and receivables comprise 61.09% and 58.86% of the total assets of the Group and the Parent Company as of December 31, 2016, respectively. Reflecting these assets and the related allowance for credit losses at their appropriate amounts is a key area of judgment for the management. The Group determines the allowance for credit losses on an individual basis for individually significant loans and receivables. In contrast, allowance for credit losses on loans and receivables that are not individually significant or are not specifically impaired are collectively determined. The identification of impairment and the determination of the recoverable amount are inherently uncertain processes involving various factors such as the financial condition of the borrower, the borrower's payment behavior and expectation of amounts and timing of collections or liquidation of collateral. The use of assumptions could produce significantly different estimates of allowance for credit losses. The disclosures in relation to allowance for credit and impairment losses are included in Notes 3, 5 and 15 of the financial statements.

Audit Response
We obtained an understanding of the Group's credit monitoring and impairment process and tested the relevant key controls for these processes, including the underlying data and systems. For allowance for credit losses calculated on an individual basis, we obtained sample loan accounts and tested the assumptions underlying the impairment identification following the Group's internal risk rating and accounts' age. We also tested the allowance quantification by comparing forecasts of future cash flows with the accounts' historical collection, including any collections after yearend, repayment agreements and availability of collateral. For impaired accounts expecting recovery through foreclosure of collateral, we checked mortgage documents and tested for any other outstanding encumbrances, and agreed values of collaterals used to the appraisal reports and historical sales. We also checked the discount rates used if they are based on the loans' original effective interest rate (EIR) for fixed-rate loans, and the current EIR adjusted for the original credit risk premium for floating-rate loans, and re-performed impairment calculation.

For allowance for credit losses calculated on a collective basis, we tested the underlying impairment model and related inputs (e.g., historical loss rates). We performed said testing by checking credit risk groupings and agreeing model inputs to subsidiary ledgers, reports on aging and historical recoveries on fully impaired accounts.

Recoverability of Goodwill
Under PFRS, the Group and the Parent Company are required to annually test the amount of goodwill for impairment. Goodwill recognized in the consolidated and parent company financial statements

amounting to ₱222.84 million is attributed to the Parent Company's Retail Banking Business (RBB) segment, while goodwill of ₱616.91 million in the consolidated financial statements is attributed to the subsidiary bank, China Bank Savings, Inc. (CBSI). The annual impairment test, which is performed by determining the recoverable amounts of the cash generating units (CGUs) based on value-in-use (VIU) calculation, is significant to our audit because the management's assessment process requires significant judgment and is based on assumptions. The assumptions used in the calculation are sensitive to estimates of future cash flows from the relevant CGUs, growth rates used to project future cash flows beyond the budget period and the discount rates. The disclosures in relation to goodwill are included in Notes 3 and 13 of the financial statements.

Audit Response

We obtained an understanding of the Group's impairment process and related controls. We evaluated the financial forecast used by the management for the VIU calculation by comparing key assumptions used in the financial forecast. This includes comparing the loan and deposit growth rates against the historical performance of the CGUs, banking industry outlook, and other relevant external data. We also involved our internal specialist in assessing the methodology and other key assumptions used by the Group in the VIU calculation – particularly those relating to growth rates used to project future cash flows beyond the forecast period and testing the parameters used to derive discount rates. We also checked the Group's disclosures with regard to assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Realizability of deferred tax assets
As disclosed in Notes 3 and 26 of the financial statements, as of December 31, 2016, the Parent Company has recognized deferred tax assets on all temporary differences, while the Group has recognized and unrecognized deferred tax assets. The realizability of deferred tax assets recognized depends on the Group's ability to continuously generate sufficient future taxable income. The realizability of deferred tax assets' analysis was significant to our audit because the assessment process is based on assumptions that are affected by expected future market or economic conditions, and the expected performance of the Group and the Parent Company.

Audit Response

We obtained an understanding of the Group's deferred income tax calculation process, including the applicable tax regulations. We reviewed the management's assessment on the availability of future taxable income considering the Group's financial forecast and tax strategies. We also discussed the business plans supporting such forecast with the management. We evaluated the forecast by comparing key assumptions, such as loans and deposit growth rates, with the Group's historical performance and the market outlook for the banking industry. We also reviewed the availability of taxable income and the reversal of temporary differences' timing to which the deferred tax assets are attributed to.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Group's and Parent Company financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Regulations 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.

The engagement partner on the audit resulting in this independent auditor's report is Ray Francis C. Balagtas.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
SEC Accreditation No. 1510-A (Group A),
October 1, 2015, valid until September 30, 2018
Tax Identification No. 216-950-288
BIR Accreditation No. 08-001998-107-2015,
March 4, 2015, valid until March 3, 2018
PTR No. 5908666, January 3, 2017, Makati City

March 1, 2017

CHINA BANKING CORPORATION AND SUBSIDIARIES

BALANCE SHEETS

(Amounts in Thousands)

	Consolidated		Parent Company		
	December 31				January 1
				2015	2015
	2016	2015	**2016**	(As restated – Note 2)	
ASSETS					
Cash and Other Cash Items	**₱12,010,543**	₱11,377,101	**₱10,580,748**	₱10,052,891	₱9,295,130
Due from Bangko Sentral ng Pilipinas (Notes 7 and 16)	**91,964,495**	86,318,501	**85,307,128**	77,003,616	60,543,867
Due from Other Banks (Note 7)	**11,332,236**	21,243,492	**9,689,165**	19,200,544	15,836,701
Interbank Loans Receivables and Securities Purchased under Resale Agreements	**3,451,543**	–	**2,958,465**	–	223,600
Financial Assets at Fair Value through Profit or Loss (Note 8)	**7,703,899**	6,244,593	**7,232,882**	5,465,417	8,012,435
Available-for-Sale Financial Assets (Note 8)	**33,873,723**	48,829,233	**31,153,750**	46,834,199	37,075,238
Held-to-Maturity Financial Assets (Note 8)	**57,404,800**	16,136,147	**54,069,021**	13,945,645	11,353,788
Loans and Receivables (Notes 9 and 28)	**386,827,300**	309,761,777	**329,069,859**	259,645,008	245,257,221
Accrued Interest Receivable (Note 15)	**3,014,529**	2,621,737	**2,666,353**	2,201,247	1,910,677
Investment in Subsidiaries (Notes 2 and 10)	–	–	**12,169,037**	9,141,177	5,397,402
Investment in Associates (Notes and 10)	**276,559**	371,399	**276,559**	371,399	532,689
Bank Premises, Furniture, Fixtures and Equipment (Note 11)	**6,496,268**	6,354,119	**5,143,981**	4,997,202	4,748,199
Investment Properties (Note 12)	**5,349,739**	5,398,139	**1,760,876**	1,899,862	1,901,363
Deferred Tax Assets (Note 26)	**1,666,267**	1,381,280	**1,508,150**	1,369,147	842,367
Intangible Assets (Notes 10 and 13)	**4,089,715**	3,972,308	**805,582**	762,808	455,000
Goodwill (Notes 10 and 13)	**839,748**	839,748	**222,841**	222,841	222,841
Other Assets (Note 14)	**6,896,647**	5,977,389	**4,504,100**	3,949,430	3,639,729
	₱633,198,011	₱526,826,963	**₱559,118,497**	₱457,062,433	₱407,248,247
LIABILITIES AND EQUITY					
Liabilities					
Deposit Liabilities (Notes 16 and 28)					
Demand	**₱135,263,113**	₱113,511,283	**₱122,265,663**	₱103,024,840	₱88,942,591
Savings	**141,155,766**	114,046,323	**132,772,300**	104,135,171	86,798,098
Time	**265,164,139**	211,708,080	**215,924,029**	166,443,405	165,343,946
	541,583,018	439,265,686	**470,961,992**	373,603,416	341,084,635
Bills Payable (Note 17)	**16,954,998**	19,085,180	**16,954,998**	18,422,650	5,177,601
Manager's Checks	**2,029,778**	1,456,498	**1,445,585**	741,479	822,179
Income Tax Payable	**437,303**	375,780	**354,212**	345,312	1,397
Accrued Interest and Other Expenses (Note 18)	**1,868,190**	1,584,274	**1,561,351**	1,260,995	1,312,475
Derivative Liabilities (Note 24)	**243,198**	66,373	**243,198**	66,373	101,610
Deferred Tax Liabilities (Note 26)	**1,161,414**	1,116,147	–	–	–
Other Liabilities (Note 19)	**5,533,908**	4,706,121	**4,205,745**	3,445,764	2,182,919
	569,811,807	467,656,059	**495,727,081**	397,885,989	350,682,816
Equity					
Equity Attributable to Equity Holders of the Parent Company					
Capital stock (Note 22)	**20,020,278**	18,537,285	**20,020,278**	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	6,987,564
Surplus reserves (Notes 22 and 27)	**861,630**	828,406	**861,630**	828,406	800,006
Surplus (Notes 22 and 27)	**36,889,099**	33,800,748	**36,889,099**	33,800,748	31,312,038
Net unrealized gains (losses) on available-for-sale financial assets (Note 8)	**(1,598,600)**	(1,126,080)	**(1,598,600)**	(1,126,080)	122,920
Remeasurement gain on defined benefit asset (Note 23)	**253,945**	183,155	**253,945**	183,155	199,152
Cumulative translation adjustment	**(22,500)**	(34,634)	**(22,500)**	(34,634)	(20,392)
	63,391,416	59,176,444	**63,391,416**	59,176,444	56,565,431
Non-controlling Interest	**(5,212)**	(5,540)	–	–	–
	63,386,204	59,170,904	**63,391,416**	59,176,444	56,565,431
	₱633,198,011	₱526,826,963	**₱559,118,497**	₱457,062,433	₱407,248,247

See accompanying Notes to Financial Statements.

CHINA BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF INCOME

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years ended December 31					January 1
					2015	2015
	2016	2015	2014	**2016**	(As restated – Note 2)	
INTEREST INCOME						
Loans and receivables (Notes 9 and 28)	**₱17,889,252**	₱15,900,727	₱14,674,211	**₱14,122,287**	₱12,324,959	₱11,295,416
Trading and investments (Note 8)	**3,282,963**	3,100,802	3,021,786	**3,060,325**	2,946,914	2,872,124
Due from Bangko Sentral ng Pilipinas and other banks (Note 7)	**719,414**	315,805	701,142	**555,788**	182,662	465,089
	21,891,629	19,317,334	18,397,139	**17,738,400**	15,454,535	14,632,629
INTEREST EXPENSE						
Deposit liabilities (Notes 16 and 28)	**4,831,555**	4,008,288	4,016,718	**3,629,127**	2,881,166	2,904,698
Bills payable and other borrowings (Note 17)	**365,879**	223,862	291,674	**354,961**	184,280	141,825
	5,197,434	4,232,150	4,308,392	**3,984,088**	3,065,446	3,046,523
NET INTEREST INCOME	**16,694,195**	15,085,184	14,088,747	**13,754,312**	12,389,089	11,586,106
Service charges, fees and commissions (Note 20)	**2,123,469**	1,834,318	1,561,807	**1,319,448**	1,456,140	1,220,649
Trading and securities gain - net (Notes 8 and 20)	**918,089**	466,834	535,263	**852,870**	459,996	458,896
Gain on sale of investment properties	**443,315**	375,754	355,065	**338,088**	353,249	363,192
Foreign exchange gain - net (Note 24)	**318,135**	330,056	329,944	**299,113**	306,541	335,848
Trust fee income (Note 27)	**330,197**	276,240	251,489	**326,091**	272,251	249,371
Gain on asset foreclosure and dacion transactions (Note 12)	**172,480**	274,978	138,557	**140,747**	150,177	82,306
Share in net income (losses) of subsidiaries (Note 10)	**–**	–	–	**464,999**	(201,901)	(369,126)
Share in net losses of an associate (Note 10)	**(89,384)**	(37,893)	(912)	**(89,384)**	(37,893)	(912)
Miscellaneous (Notes 20 and 28)	**878,445**	966,855	1,588,064	**800,097**	891,953	1,391,226
TOTAL OPERATING INCOME	**21,788,941**	19,572,326	18,848,024	**18,206,381**	16,039,602	15,317,556
Compensation and fringe benefits (Notes 23 and 28)	**4,982,934**	4,674,469	4,170,574	**3,752,229**	3,532,596	3,030,719
Occupancy cost (Notes 25 and 28)	**1,830,675**	1,723,277	1,669,408	**1,281,107**	1,207,677	1,206,551
Taxes and licenses	**2,000,404**	1,587,118	1,737,435	**1,573,887**	1,252,878	1,406,652
Insurance	**1,163,507**	990,788	898,228	**991,179**	827,026	751,526
Depreciation and amortization (Notes 11, 12 and 13)	**1,124,786**	979,412	921,764	**775,210**	676,286	630,577
Provision for impairment and credit losses (Note 15)	**850,546**	966,574	440,901	**521,475**	487,485	100,920
Transportation and traveling	**298,666**	311,587	371,653	**218,136**	222,276	285,042
Professional fees, marketing and other related services	**268,394**	245,760	229,015	**182,275**	187,773	165,534
Entertainment, amusement and recreation	**242,710**	276,809	323,537	**146,993**	156,289	207,048
Stationery, supplies and postage	**241,786**	241,151	195,209	**193,232**	150,956	149,155
Repairs and maintenance	**123,025**	160,902	188,589	**87,734**	102,882	131,855
Miscellaneous (Notes 20 and 28)	**1,073,986**	1,001,934	1,021,799	**941,489**	800,742	725,313
TOTAL OPERATING EXPENSES	**14,201,419**	13,159,781	12,168,112	**10,664,946**	9,604,866	8,790,892
INCOME BEFORE INCOME TAX	**7,587,522**	6,412,545	6,679,912	**7,541,435**	6,434,736	6,526,664
PROVISION FOR INCOME TAX (Note 26)	**1,126,552**	809,969	1,564,927	**1,083,139**	828,070	1,408,832
NET INCOME	**₱6,460,970**	₱5,602,576	₱5,114,985	**₱6,458,296**	₱5,606,666	₱5,117,832

Attributable to:			
Equity holders of the Parent Company (Note 31)	**₱6,458,296**	₱5,606,666	₱5,117,832
Non-controlling interest	**2,674**	(4,090)	(2,847)
	₱6,460,970	₱5,602,576	₱5,114,985
Basic/Diluted Earnings Per Share (Note 31)	**₱3.23**	₱2.80*	₱2.55*

* Restated to show the effects of stock dividends distributed in 2016 (Note 22).

See accompanying Notes to Financial Statements.

CHINA BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years ended December 31					January 1
					2015	2015
	2016	2015	2014	**2016**	(As restated – Note 2)	
NET INCOME	**₱6,460,970**	₱5,602,576	₱5,114,985	**₱6,458,296**	₱5,606,666	₱5,117,832
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	**449,110**	(487,124)	752,517	**512,561**	(464,471)	730,007
Gains taken to profit or loss (Note 20)	**(918,673)**	(638,723)	(544,094)	**(856,031)**	(629,642)	(541,653)
Share in changes in net unrealized gain on available-for-sale financial assets of an associate (Note 10)	**(5,457)**	(123,397)	(5,970)	**(5,457)**	(123,397)	(5,970)
Share in changes in other comprehensive income of subsidiaries (Note 10)	**–**	–	–	**(87,594)**	(56,844)	(71,892)
Cumulative translation adjustment	**12,455**	(14,242)	(86,686)	**(3,636)**	(14,914)	(87,715)
Items that do not recycle to profit or loss in subsequent periods:						
Remeasurement gain (loss) on defined benefit asset, net of tax (Note 23)	**71,075**	(16,734)	(405,854)	**50,560**	10,030	(312,902)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(391,490)**	(1,280,220)	(290,087)	**(389,596)**	(1,279,238)	(290,125)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱6,069,480**	₱4,322,356	4,824,898	**₱6,068,700**	₱4,327,428	₱4,827,707
Total comprehensive income attributable to:						
Equity holders of the Parent Company	**₱6,068,700**	₱4,327,428	₱4,827,707			
Non-controlling interest	**780**	(5,072)	(2,809)			
	₱6,069,480	₱4,322,356	₱4,824,898			

See accompanying Notes to Financial Statements.

CHINA BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Consolidated									
	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 22)	**Capital Paid in Excess of Par Value** (Note 22)	**Surplus Reserves** (Notes 22 and 27)	**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**	**Non-controlling Interest** (Note 10)	**Total Equity**
Balance at January 1, 2016	**₱18,537,285**	**₱6,987,564**	**₱828,406**	**₱33,800,748**	**(₱1,126,080)**	**₱183,155**	**(₱34,634)**	**₱59,176,444**	**(₱5,540)**	**₱59,170,904**
Total comprehensive income (loss) for the year	–	–	–	**6,458,296**	**(472,520)**	**70,790**	**12,134**	**6,068,700**	**780**	**6,069,480**
Additional acquisition of non-controlling interest	–	–	–		–	–	–	–	**(452)**	**(452)**
Transfer from surplus to surplus reserves	–	–	**33,224**	**(33,224)**	–	–	–	–	–	–
Stock dividends - 8.00%	**1,482,993**	–	–	**(1,482,993)**	–	–	–	–	–	–
Cash dividends - ₱1.00 per share	–	–	–	**(1,853,728)**	–	–	–	**(1,853,728)**	–	**(1,853,728)**
Balance at December 31, 2016	**₱20,020,278**	**₱6,987,564**	**₱861,630**	**₱36,889,099**	**(₱1,598,600)**	**₱253,945**	**(₱22,500)**	**₱63,391,416**	**(₱5,212)**	**₱63,386,204**
Balance at January 1, 2015	₱17,164,143	₱6,987,564	₱800,006	₱31,312,038	₱122,920	₱199,151	(₱20,392)	₱56,565,430	₱2,053	₱56,567,483
Total comprehensive income (loss) for the year	–	–	–	5,606,666	(1,249,000)	(15,996)	(14,242)	4,327,428	(5,072)	4,322,356
Additional acquisition of non-controlling interest	–	–	–	–	–	–	–	–	(2,521)	(2,521)
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)	–	–	–	(1,716,414)	–	(1,716,414)
Balance at December 31, 2015	₱18,537,285	₱6,987,564	₱828,406	₱33,800,748	(₱1,126,080)	₱183,155	(₱34,634)	₱59,176,444	(₱5,540)	₱59,170,904
Balance at January 1, 2014	₱14,276,616	₱671,505	₱775,069	₱29,079,843	(₱79,258)	₱604,715	₱66,347	₱45,394,837	₱4,862	₱45,399,699
Total comprehensive income (loss) for the year	–	–	–	5,117,832	202,178	(405,564)	(86,739)	4,827,707	(2,809)	4,824,898
Transfer from surplus to surplus reserves	–	–	24,937	(24,937)	–	–	–	–	–	–
Issuance of common shares (₱49.50 per share)	1,616,099	6,383,590	–	–	–	–	–	7,999,689	–	7,999,689
Transaction costs on the issuance of common shares	–	(67,531)	–	–	–	–	–	(67,531)	–	(67,531)
Stock dividends - 8.00%	1,271,428	–	–	(1,271,428)	–	–	–	–	–	–
Cash dividends - ₱1.00 per share	–	–	–	(1,589,272)	–	–	–	(1,589,272)	–	(1,589,272)
Balance at December 31, 2014	₱17,164,143	₱6,987,564	₱800,006	₱31,312,038	₱122,920	₱199,151	(₱20,392)	₱56,565,430	₱2,053	₱56,567,483

See accompanying Notes to Financial Statements.

CHINA BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Parent Company							
	Capital Stock (Note 22)	**Capital Paid in Excess of Par Value** (Note 22)	**Surplus Reserves** (Notes 22 and 27)	**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**
Balance at January 1, 2016, as previously reported	**₱18,537,285**	**₱6,987,564**	**₱827,231**	**₱34,219,656**	**(₱979,614)**	**₱293,771**	**(₱36,281)**	**₱59,849,612**
Effect of retroactive application of PAS 27 (Amendment) (Note 2)	–	–	1,175	(418,908)	(146,466)	(110,616)	1,647	(673,168)
Balance at January 1, 2016, as restated	18,537,285	6,987,564	828,406	33,800,748	(1,126,080)	183,155	(34,634)	59,176,444
Total comprehensive income (loss) for the year	–	–	–	6,458,296	(472,520)	70,790	12,134	6,068,700
Transfer from surplus to surplus reserves	–	–	33,224	(33,224)	–	–	–	–
Stock dividends - 8.00%	1,482,993	–	–	(1,482,993)	–	–	–	–
Cash dividends - ₱1.00 per share	–	–	–	(1,853,728)	–	–	–	(1,853,728)
Balance at December 31, 2016	**₱20,020,278**	**₱6,987,564**	**₱861,630**	**₱36,889,099**	**(₱1,598,600)**	**₱253,945**	**(₱22,500)**	**₱63,391,416**
Balance at January 1, 2015, as previously reported	₱17,164,143	₱6,987,564	₱800,006	₱31,489,977	₱114,499	₱283,741	(₱21,367)	₱56,818,563
Effect of retroactive application of PAS 27 (Amendment) (Note 2)	–	–	–	(177,939)	8,421	(84,589)	975	(253,132)
Balance at January 1, 2015, as restated	17,164,143	6,987,564	800,006	31,312,038	122,920	199,152	(20,392)	56,565,431
Total comprehensive income (loss) for the year	–	–	–	5,606,666	(1,249,000)	(15,997)	(14,242)	4,327,427
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)	–	–	–	(1,716,414)
Balance at December 31, 2015	₱18,537,285	₱6,987,564	₱828,406	₱33,800,748	(₱1,126,080)	₱183,155	(₱34,634)	₱59,176,444
Balance at January 1, 2014	₱14,276,616	₱671,505	₱775,069	₱29,261,042	(₱73,855)	₱596,643	₱66,348	₱45,573,368
Effect of retroactive application of PAS 27 (Amendment) (Note 2)	–	–	–	(181,199)	(5,403)	8,072	–	(178,530)
Balance at January 1, 2014, as restated	14,276,616	671,505	775,069	29,079,843	(79,258)	604,715	66,348	45,394,838
Total comprehensive income (loss) for the year	–	–	–	5,117,832	202,178	(405,563)	(86,740)	4,827,707
Transfer from surplus to surplus reserves	–	–	24,937	(24,937)	–	–	–	–
Issuance of common shares (₱49.50 per share)	1,616,099	6,383,590	–	–	–	–	–	7,999,689
Transaction costs on the issuance of common shares	–	(67,531)	–	–	–	–	–	(67,531)
Stock dividends - 8.00%	1,271,428	–	–	(1,271,428)	–	–	–	–
Cash dividends - ₱1.00 per share	–	–	–	(1,589,272)	–	–	–	(1,589,272)
Balance at December 31, 2014	₱17,164,143	₱6,987,564	₱800,006	₱31,312,038	₱122,920	₱199,152	(₱20,392)	₱56,565,431

See accompanying Notes to Financial Statements.

CHINA BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years ended December 31					January 1
					2015	2015
	2016	2015	2014	**2016**	(As restated – Note 2)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱7,587,522**	₱6,412,545	₱6,679,912	**₱7,541,435**	₱6,434,736	₱6,526,664
Adjustments for:						
Depreciation and amortization (Notes 11, 12 and 13)	**1,124,786**	979,412	921,764	**775,210**	676,286	630,577
Provision for impairment and credit losses (Notes 12 and 14)	**84,758**	46,592	988,201	**25,065**	358	(766)
Trading and securities gain on available-for-sale financial assets (Note 20)	**(918,673)**	(638,723)	(544,094)	**(856,031)**	(629,642)	(541,653)
Gain on sale of investment properties	**(443,315)**	(375,754)	(355,065)	**(338,088)**	(353,249)	(363,192)
Gain on asset foreclosure and dacion transactions (Note 12)	**(172,480)**	(274,978)	(138,557)	**(140,747)**	(150,177)	(82,306)
Gain on acquisition of additional shares of an associate (Note 10)	–	–	(373,297)	–	–	(373,297)
Share in net losses of an associate (Notes 2 and 10)	**89,384**	37,893	912	**89,384**	37,893	912
Share in net losses (income) of subsidiaries (Notes 2 and 10)	–	–	–	**(464,999)**	201,900	369,126
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	**(1,282,482)**	2,160,869	5,742,304	**(1,590,640)**	2,511,781	2,355,789
Loans and receivables	**(78,070,247)**	(20,521,459)	(37,932,588)	**(70,046,054)**	(14,585,919)	(35,019,984)
Other assets	**(1,225,573)**	(444,632)	(2,397,839)	**(882,576)**	(1,230,263)	(639,817)
Increase (decrease) in the amounts of:						
Deposit liabilities	**102,317,332**	39,964,142	463,406	**97,358,575**	32,518,781	1,252,781
Manager's checks	**573,280**	235,103	189,248	**704,106**	(80,700)	117,691
Accrued interest and other expenses	**283,916**	(46,474)	(304,814)	**300,356**	(51,480)	(133,146)
Other liabilities	**827,790**	1,070,312	(199,381)	**759,981**	1,262,845	(778,487)
Net cash generated from (used in) operations	**30,776,000**	28,604,848	(27,386,300)	**33,234,977**	26,563,150	(26,679,108)
Income taxes paid	**(973,575)**	(507,801)	(565,202)	**(863,477)**	(414,842)	(487,635)
Net cash provided by (used in) operating activities	**29,802,425**	28,097,047	(27,951,502)	**32,371,500**	26,148,308	(27,166,743)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to bank premises, furniture, fixtures and equipment (Note 11)	**(1,258,911)**	(1,493,982)	(1,063,905)	**(1,065,308)**	(1,400,741)	(895,274)
Acquisition through business combination - net of cash acquired (Note 10)	–	–	4,051,917	–	–	–
Additions to equity investments (Note 10)	–	–	–	**(2,700,452)**	(4,002,521)	(4,089,200)
Liquidation of a subsidiary (Note 10)	–	–	–	**50,000**	–	–
Purchases of:						
Held-to-maturity financial assets	**(41,647,865)**	(4,490,149)	(696,783)	**(41,007,909)**	(3,081,425)	–
Available-for-sale financial assets	**(89,249,294)**	(54,192,915)	(22,893,153)	**(87,747,373)**	(53,870,729)	(22,211,530)
Proceeds from sale/maturity of:						
Held-to-maturity financial assets	**374,569**	463,346	804,157	**884,532**	489,568	768,801
Available-for-sale financial assets	**104,653,914**	43,031,164	29,570,640	**103,940,382**	43,647,299	29,062,490
Investment properties	**977,963**	1,137,792	1,449,958	**675,003**	327,682	954,913
Bank premises, furniture, fixtures and equipment	**151,286**	567,758	304,304	**199,460**	571,677	325,410
Investments in associates (Note 10)	–	–	283,599	–	–	–
Net cash provided by (used in) investing activities	**(25,998,338)**	(14,976,986)	11,810,734	**(26,771,665)**	(17,319,190)	3,915,610
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills payable	**18,588,791**	19,151,089	4,629,728	**18,588,791**	18,488,559	4,335,248
Settlement of bills payable	**(20,718,973)**	(6,386,489)	(8,480,028)	**(20,056,443)**	(5,243,510)	(7,456,841)
Settlement of subordinated debt (Note 17)	–	(1,188,762)	(525,000)	–	–	–
Payments of cash dividends (Note 22)	**(1,853,728)**	(1,716,414)	(1,589,272)	**(1,853,728)**	(1,716,414)	(1,589,272)
Acquisitions of non-controlling interest (Note 10)	**(452)**	(2,521)	–	–	–	–
Proceeds from issuance of common shares (Note 22)	–	–	7,932,158	–	–	7,932,158
Net cash provided by (used in) financing activities	**(3,984,362)**	9,856,903	1,967,586	**(3,321,380)**	11,528,635	3,221,293
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(₱180,277)**	₱22,976,964	(₱14,173,182)	**₱2,278,455**	₱20,357,753	(₱20,029,840)

CHINA BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Consolidated			Parent Company		
	Years ended December 31					January 1
	2016	2015	2014	**2016**	2015 (As restated – Note 2)	2015 (As restated – Note 2)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(₱180,277)**	₱22,976,964	(₱14,173,182)	**₱2,278,455**	₱20,357,753	(₱20,029,840)
CASH AND CASH EQUIVALENTS AT BEGINNING 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
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**12,010,543**	11,377,101	10,734,059	**10,580,748**	10,052,891	9,295,130
Due from Bangko Sentral ng Pilipinas (Note 7)	**91,964,495**	86,318,501	67,451,648	**85,307,128**	77,003,616	60,543,867
Due from other banks (Note 7)	**11,332,236**	21,243,492	17,552,823	**9,689,165**	19,200,544	15,836,701
Interbank loans receivables	**3,451,543**	–	223,600	**2,958,465**	–	223,600
	₱118,758,817	₱118,939,094	₱95,962,130	**₱108,535,506**	₱106,257,051	₱85,899,298

OPERATING CASH FLOWS FROM INTEREST AND DIVIDENDS

	Consolidated			Parent Company		
	As of December 31					January 1
	2016	2015	2014	**2016**	2015 (As restated – Note 2)	2014 (As restated – Note 2)
Interest paid	**₱5,028,667**	₱4,240,401	₱4,304,420	**₱3,812,560**	₱3,020,972	₱3,159,848
Interest received	**21,498,837**	18,932,577	18,059,567	**17,273,294**	15,163,965	14,523,547

See accompanying 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 391 and 352 local branches as of December 31, 2016 and 2015, 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 was ratified by the stockholders during their scheduled annual meeting on May 5, 2016. On November 7, 2016, the SEC issued the Certificate of Filing of Amended Articles of Incorporation, amending the Third Article thereof to extend the term of corporate existence of the Parent Company.

The Parent Company has the following subsidiaries:

Subsidiary	Effective Percentages of Ownership **2016**	2015	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%	Philippines	Foreign exchange
China Bank Savings, Inc. (CBSI)	**98.29%**	98.07%	Philippines	Retail and consumer banking
China Bank Capital Corporation (CBCC)	**100.00%**	100.00%	Philippines	Investment house
CBC Assets One, Inc.**	**100.00%**	–	Philippines	Special purpose corporation

** Liquidated on December 19, 2016*
***Established in 2016, 100% owned through CBCC*

On May 19, 2016, the BOD of CBCC approved the acquisition of ATC Securities, Inc. (ASI). On June 29, 2016, CBCC and the stockholders of ASI signed the Share Purchase Agreement (SPA) covering the purchase of CBCC of the 100.00% shares of ASI. The stock brokerage house shall be known as China Bank Securities Corporation. On the same date, 10% of the purchase price has been paid. On February 22, 2017, the Philippine Stock Exchange approved the transfer of shares of ASI to CBCC pursuant to Article III, Section 4 of the Rules Governing Trading Rights and Trading Participants. With the regulatory approval, the Group obtained control of ASI effective February 22, 2017.

The Parent Company has no ultimate parent company. SM Investments Corporation, its significant investor, has effective ownership in the Parent Company of 17.21% and 19.90% as of December 31, 2016 and 2015, 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 instruments at fair value through profit or loss (FVPL) and available-for-sale (AFS) financial assets. 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.

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.

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 balance sheets of the Group and of the Parent Company are presented 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. The Group and the Parent Company assess that they have currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group, the Parent Company and all of the counterparties.

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

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. 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, 2016. 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:

- *New and Amended Standards*
    - Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Investment in Associates and Joint Ventures* - Investment Entities: Applying the Consolidation Exception
    - Amendments to PFRS 11, *Joint Arrangements* - Accounting for Acquisitions of Interests in Joint Operations
    - Amendments to PAS 1, *Presentation of Financial Statements* - Disclosure Initiative
    - PFRS 14, *Regulatory Deferral Accounts*
    - Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants*
    - Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization*

- *Annual Improvements to PFRSs (2012 – 2014 Cycle)*
    - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
    - PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*
    - PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
    - PAS 19, *Employee Benefits – Regional Market Issue Regarding Discount Rate*
    - PAS 34, *Interim Financial Reporting – Disclosure of Information 'Elsewhere in the Interim Financial Report'*

On January 1, 2016, the Group adopted the amendments to PAS 27, *Separate Financial Statements* – Equity Method in Separate Financial Statements (Amendments). The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Parent Company elected to use the equity method in its separate financial statements in line with BSP Circular 910, issued in April 22, 2016, which provides guidance for banks on financial reporting requirements. The effects of the adoption of the amended PAS 27 are detailed below:

	Parent Company		
	As previously reported	Restatement adjustments	As restated
Balance sheets			
December 31, 2015			
Asset			
Investment in subsidiaries	₱10,019,471	₱(878,294)	₱9,141,177
Investment in associate	166,273	205,126	371,399
Equity			
Surplus	34,219,656	(418,908)	33,800,748
Surplus reserves	827,231	1,175	828,406
Net unrealized losses on AFS financial assets	(979,614)	(146,466)	(1,126,080)
Remeasurement gain on defined benefit asset	293,771	(110,616)	183,155
Cumulative translation adjustment	(36,281)	1,647	(34,634)

	Parent Company		
	As previously reported	Restatement adjustments	As restated
January 1, 2015			
Asset			
Investment in subsidiaries	₱6,016,950	₱(619,548)	₱5,397,402
Investment in associate	166,273	366,416	532,689
Equity			
Surplus	31,489,977	(177,939)	31,312,038
Surplus reserves	800,006	–	800,006
Net unrealized gains (losses) on AFS	114,499	8,421	122,920
Net unrealized losses on defined benefit financial asset	283,741	(84,589)	199,152
Cumulative translation adjustment	(21,367)	975	(20,392)
Statements of income			
For the year ended December 31, 2015			
Share in net losses of subsidiaries	₱–	₱(201,900)	₱(201,900)
Share in net losses of an associate	–	(37,893)	(37,893)
For the year ended December 31, 2014			
Share in net losses of subsidiaries	–	(369,126)	(369,126)
Share in net losses of an associate	–	(912)	(912)
Statements of comprehensive income			
For the year ended December 31, 2015			
Share in net losses of subsidiaries	₱–	₱(201,900)	₱(201,900)
Share in net losses of an associate	–	(37,893)	(37,893)
Share in changes in other comprehensive income of subsidiaries	–	(126,068)	(126,068)
Share in changes in net unrealized gain on available-for-sale financial assets of an associate	–	(129,367)	(129,367)
For the year ended December 31, 2014			
Share in net losses of subsidiaries	–	(369,126)	(369,126)
Share in net losses of an associate	–	(912)	(912)
Share in changes in other comprehensive income of subsidiaries	–	(69,223)	(69,223)
Share in changes in net unrealized gain on available-for-sale financial assets of an associate	–	(5,970)	(5,970)

Significant Accounting Policies

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

Transactions and balances
The books of accounts of the RBU are maintained in Philippine peso, the RBU's functional currency, while those of the FCDU are maintained in United States (US) dollars (USD), the FCDU's functional currency. For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Philippine Dealing System (PDS) closing rate prevailing at end of the year, and foreign currency-denominated income and expenses, at the exchange rates on transaction dates. Foreign exchange differences arising from restatements of foreign currency-denominated assets and liabilities are credited to or charged against operations in the period in which the rates change. Non-monetary

items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU
As at the reporting date, the assets and liabilities of the FCDU are translated into the 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'. Upon actual remittance or transfer of the FCDU income to RBU, the related exchange difference arising from translation lodged under 'Cumulative translation adjustment' is recognized in the statement of income of the RBU books.

Fair Value Measurement
The Group measures financial instruments, such as financial instruments 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.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid - ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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. Due from BSP includes the statutory reserves required by the BSP which the Group considers as cash equivalents wherein withdrawals can be made to meet the Group's cash requirements as allowed by the BSP.

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.

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

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 and warrants.

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.

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', 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.

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, the recovery is credited to 'Miscellaneous income'.

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 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 and parent company 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.

Dividends earned on this investment are recognized in the Parent Company's statement of income as a reduction from the carrying value of the investment.

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.

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.

Investment in Subsidiaries
In the parent company financial statements, investment in subsidiaries is accounted for under the equity method of accounting similar to the investment in associates.

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.

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. 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 statement of income. 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, goodwill 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.

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.

Fee and commission income
The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

a. *Fee income earned from services that are provided over a certain period of time*
   Fees earned for the provision of services over a period of time that are accrued over that period. These fees include investment fund fees, custodian fees, fiduciary fees, commission income, credit related fees, asset management fees, portfolio and other management fees, and advisory fees. Loan commitment fees for loans that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the EIR on the loan. If the commitment expires without the Group making the loan, the commitment fees are recognized as other income on expiry.

b. *Fee income from providing transactions services*
   Fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as underwriting fees, corporate finance fees and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses - are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. Loan syndication fees are recognized in the statement of income when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same EIR as for the other participants.

Service charges and penalties
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.

<u>Expense Recognition</u>
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.

<u>Retirement Benefits</u>
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.

Provisions and Contingencies
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.

Income Taxes
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.

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.

Standards Issued but Not Yet Effective

Effective beginning on or after January 1, 2017
Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

Amendments to PAS 7, *Statement of Cash Flows*, *Disclosure Initiative*
The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

Application of amendments will result in additional disclosures in the 2017 financial statements of the Group and the Parent Company.

Amendments to PAS 12, *Income Taxes*, *Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

These amendments are not expected to have any impact on the Group.

Effective beginning on or after January 1, 2018
Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*
The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

The above amendments have no impact on the Group's financial statements.

Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

These amendments are not expected to have any impact on the Group.

PFRS 9, *Financial Instruments*
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.

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 and application of hedge accounting. The adoption will also have an effect on the amount of its credit losses.

The Group is currently assessing the impact of adopting this standard.

PFRS 15, *Revenue from Contracts with Customers*
PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 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 PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Group is currently assessing the impact of adopting this standard.

Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

The Group is currently assessing the impact of adopting this standard.

Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

The Group is currently assessing the impact of adopting this standard.

Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019
PFRS 16, *Leases*
Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. 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 PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 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 adopting this standard.

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. *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. 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. *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.

   Details of AFS financial assets reclassified in HTM are disclosed in Note 8.

c. *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.

Estimates

a. *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.

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.

b. *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, 2016 and 2015, HTM and AFS debt investments were unimpaired. The carrying values of HTM and AFS debt investments are disclosed in Note 8.

c. *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.

d. *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 the carrying value. The recoverable amount of goodwill and branch licenses is the higher between fair value less costs of disposal (FVLCD) and its value-in-use (VIU). FVLCD of branch licenses is based on the special licensing fee of BSP on branches operating on identified restricted areas. For VIU, 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 VIU calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. Key assumptions in VIUcalculation 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.

e. *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 rates.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the reporting date. 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.

f. *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	
	2016	2015	**2016**	2015
Financial assets				
Cash and other cash items	**₱12,010,543**	₱11,377,101	**₱10,580,748**	₱10,052,891
Financial assets at FVPL	**7,703,899**	6,244,593	**7,232,882**	5,465,417
AFS financial assets	**33,873,723**	48,829,233	**31,153,750**	46,834,199
HTM financial assets	**57,404,800**	16,136,147	**54,069,021**	13,945,645
Loans and receivables:				
Due from BSP	**91,964,495**	86,318,501	**85,307,128**	77,003,616
Due from other banks	**11,332,236**	21,243,492	**9,689,165**	19,200,544
Interbank loans receivables	**3,451,543**	–	**2,958,465**	–
Loans and receivables	**386,827,300**	309,761,777	**329,069,859**	259,645,008
Accrued interest receivable	**3,014,529**	2,621,737	**2,666,353**	2,201,247
Other assets	**4,933,768**	4,235,672	**2,990,134**	2,693,764
	501,523,871	424,181,179	**432,681,104**	360,744,179
Total financial assets	**₱612,516,836**	₱506,768,253	**₱535,717,505**	₱437,042,331

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

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Financial liabilities				
Other financial liabilities:				
Deposit liabilities	**₱541,583,018**	₱439,265,686	**₱470,961,991**	₱373,603,416
Bills payable	**16,954,998**	19,085,180	**16,954,998**	18,422,650
Manager's checks	**2,029,778**	1,456,498	**1,445,585**	741,479
Accrued interest and other expenses*	**870,204**	670,265	**577,550**	355,436
Other liabilities**	**5,238,408**	4,404,342	**4,089,817**	3,337,858
	566,676,406	464,881,971	**494,029,941**	396,460,839
Financial liabilities at FVPL:				
Derivative liabilities	**243,198**	66,373	**243,198**	66,373
Total financial liabilities	**₱566,919,604**	₱464,948,344	**₱494,273,139**	₱396,527,212

*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 and Parent Company 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.

As of December 31, 2016 and 2015, 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			
	2016		2015	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
HTM financial assets (Note 8)				
Government bonds	**₱42,638,409**	**₱40,492,328**	₱13,162,777	₱14,273,659
Private bonds	**14,766,391**	**14,581,086**	2,973,370	3,324,907
Loans and receivables (Note 9)				
Corporate and commercial loans	**315,140,091**	**294,494,449**	250,661,528	255,872,291
Consumer loans	**58,528,805**	**53,251,627**	46,421,426	53,331,599
Trade-related loans	**12,767,908**	**12,945,460**	12,360,222	13,564,618
Others	**390,496**	**309,048**	318,601	293,602
Sales contracts receivable (Note 14)	**893,084**	**876,406**	967,329	974,123
Financial Liabilities				
Deposit liabilities	**541,583,018**	**534,102,368**	439,265,686	429,639,806
Bills payable	**16,954,998**	**16,409,581**	19,085,180	18,993,875

	Parent Company			
	2016		2015	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
HTM financial assets (Note 8)				
Government bonds	**₱39,952,630**	**₱37,832,994**	₱11,422,275	₱12,532,769
Private bonds	**14,116,391**	**13,939,793**	2,523,370	2,877,180
Loans and receivables (Note 9)				
Corporate and commercial loans	**283,740,901**	**264,258,587**	220,451,670	223,257,420
Consumer loans	**34,149,927**	**29,357,086**	28,364,417	30,991,571
Trade-related loans	**11,110,851**	**11,289,013**	10,757,421	11,559,856
Others	**68,180**	**79,805**	71,500	74,319
Sales contracts receivable (Note 14)	**224,149**	**267,688**	257,473	264,268
Financial Liabilities				
Deposit liabilities	**470,961,992**	**462,544,056**	373,603,416	363,221,514
Bills payable	**16,954,998**	**16,409,581**	18,422,650	18,330,913

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. 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).

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.

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 assets and liabilities 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, 2016 and 2015, the fair value hierarchy of the Group's and the Parent Company's assets and liabilities are presented below:

	Consolidated 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	**₱2,322,038**	**₱82,011**	**₱–**	**₱2,404,049**
Treasury notes	**307,455**	**724,220**	–	**1,031,675**
Treasury bills	–	**994,203**	–	**994,203**
Private bonds	**594,798**	–	–	**594,798**
Financial assets designated at FVPL	**2,462,886**	–	–	**2,462,886**
Derivative assets	–	**216,288**	–	**216,288**
AFS financial assets				
Government bonds	**21,822,016**	–	–	**21,822,016**
Quoted private bonds	**4,735,050**	**6,682,562**	–	**11,417,612**
Quoted equity shares	**80,947**	–	–	**80,947**
	₱32,325,190	**₱8,699,284**	**₱–**	**₱41,540,049**
Financial liabilities at FVPL				
Derivative liabilities	–	**243,198**	–	**243,198**
	₱–	**₱243,198**	**₱–**	**₱243,198**
Fair values of assets carried at amortized cost/cost[(a)]				
HTM financial assets				
Government bonds	**₱40,492,328**	**₱–**	**₱–**	**₱40,492,328**
Private bonds	**14,581,086**	–	–	**14,581,086**
Loans and receivables				
Corporate and commercial loans	–	–	**294,494,449**	**294,494,449**
Consumer loans	–	–	**53,251,627**	**53,251,627**
Trade-related loans	–	–	**12,945,460**	**12,945,460**
Others	–	–	**309,048**	**309,048**
Sales contracts receivable	–	–	**876,406**	**876,406**
Investment properties[(b)]				
Land	–	–	**6,763,387**	**6,763,387**
Buildings and improvements	–	–	**2,221,151**	**2,221,151**
	₱55,073,414	**₱–**	**₱370,861,528**	**₱425,934,942**
Fair values of liabilities carried at amortized cost[(a)]				
Deposit liabilities	**₱–**	**₱–**	**₱534,102,368**	**₱534,102,368**
Bills payable	–	–	**16,409,581**	**16,409,581**
	₱–	**₱–**	**₱550,511,949**	**₱550,511,949**

(a) valued as of December 31, 2016
(b) valued at various dates in 2016 and 2015

	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 papers	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

	Consolidated			
	2015			
	Level 1	Level 2	Level 3	Total
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

	Parent Company			
	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	**₱2,158,476**	**₱82,012**	**₱–**	**₱2,240,488**
Treasury notes	**–**	**724,219**	**–**	**724,219**
Treasury bills	**–**	**994,203**	**–**	**994,203**
Private bonds	**594,798**	**–**	**–**	**594,798**
Financial assets designated at FVPL	**2,462,886**	**–**	**–**	**2,462,886**
Derivative assets	**–**	**216,288**	**–**	**216,288**
AFS financial assets				
Government bonds	**20,561,662**	**–**	**–**	**20,561,662**
Quoted private bonds	**3,809,166**	**6,682,562**	**–**	**10,157,258**
Quoted equity shares	**80,947**	**–**	**–**	**80,947**
	29,667,935	**8,699,284**	**–**	**38,032,749**
Financial liabilities at FVPL				
Derivative liabilities	**–**	**243,198**	**–**	**243,198**
	₱–	**₱ 243,198**	**₱–**	**₱ 243,198**
Fair values of assets carried at amortized cost/cost[(a)]				
HTM financial assets				
Government bonds	**₱ 37,832,994**	**₱–**	**₱–**	**₱ 37,832,994**
Private bonds	**13,939,793**	**–**	**–**	**13,939,793**
Loans and receivables				
Corporate and commercial loans	**–**	**–**	**264,258,587**	**264,258,587**
Consumer loans	**–**	**–**	**29,357,086**	**29,357,086**
Trade-related loans	**–**	**–**	**11,289,013**	**11,289,013**
Others	**–**	**–**	**79,805**	**79,805**
Sales contracts receivable	**–**	**–**	**267,688**	**267,688**
Investment properties[(b)]				
Land	**–**	**–**	**4,526,165**	**4,526,165**
Buildings and improvements	**–**	**–**	**1,074,228**	**1,074,228**
	₱ 51,772,787	**₱–**	**₱ 310,852,572**	**₱ 362,625,359**
Fair values of liabilities carried at amortized cost				
Deposit liabilities	**₱–**	**₱–**	**₱ 462,544,056**	**₱ 462,544,056**
Bills payable	**–**	**–**	**16,409,581**	**16,409,581**
	₱–	**₱–**	**₱ 478,953,637**	**₱ 478,953,637**

(a) valued as of December 31, 2016
(b) valued at various dates in 2016 and 2015

	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
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

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 2016 and 2015.

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.

Significant Unobservable Inputs

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 CBS, have their own risk management processes but are structured similar to that of the Parent Company. To a large 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 and thresholds, liquidity risk limits and 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.

In 2016, the Asset and Liability Management (ALM) system of the Parent Company, measures and reports liquidity risk and interest rate risk was upgraded in 2016 and will include new modules for calculating Basel III's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) in 2017. Similarly, the Market Risk Management System, enhances risk measurement and automates reporting of market risk metrics, has been 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.

Liquidity and interest rate risk exposures are measured and monitored through reports from the ALM system. 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 all treasury traded instruments, including fixed income bonds, foreign exchange swaps and forwards, interest rate swaps and equity securities. Market risk exposures are measured and monitored through reports from the Market Risk Management System which has been implemented in 2016 to enhance risk measurement and automate daily reporting.

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 April 6, 2016, 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 on the basis that there is no significant change in either the business model of the Bank or its ownership structure. In addition, the BOD also approved the CET1 ratio limit and the revised Management Action Trigger (MAT) on capital ratios, as well as the metrics for determining significant change in the balance sheet. There were no changes made in the approved trigger events for the review of Priority Risks and Capital Ratios threshold.

The Parent Company submitted its annually updated ICAAP document, in compliance with BSP requirements on March 31, 2016. 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 March 31, 2016, 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 enhanced to include quantification of capital buffer for Pillar 2 risks under normal business cycle/condition, in addition to the quantification 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 has appropriate and sufficient level of internal capital.

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, 2014, 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. In 2016, RMG completed the statistical validation of the BCS using the same methodology applied to the validation of the corporate risk rating model. The validation process was conducted with the assistance of Teradata which provided the analytics platform, tools and technical guidance for both credit model performance assessment and recalibration.

Furthermore, RMG also developed a Sovereign Risk Rating Model, which provided the tool for the Bank to assess the strength of the country rated in reference to its economic fundamentals, fiscal policy, institutional strength, and vulnerability to extreme events. The Model was approved by the Board on September 7, 2016.

The Group has not yet applied the above models for its loan loss provisioning.

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 and liabilities, and credit commitment items (Note 29) by geographic region as of December 31, 2016 and 2015 (in millions) follows:

	Consolidated					
	2016			2015		
	Assets	**Liabilities**	**Commitment**	Assets	Liabilities	Commitment
Geographic Region						
Philippines	**₱557,597**	**₱549,944**	**₱161,187**	₱476,778	₱450,788	₱154,944
Asia	**8,065**	**13,200**	**3,629**	5,896	14,038	2,956
Europe	**3,608**	**1,050**	**808**	598	16	498
United States	**33,336**	**1,240**	**6,287**	21,390	87	3,174
Others	**9,911**	**1,486**	**14**	2,106	19	19
	₱612,517	**₱566,920**	**₱171,925**	₱506,768	₱464,948	₱161,591

	Parent Company					
	2016			2015		
	Assets	**Liabilities**	**Commitment**	Assets	Liabilities	Commitment
Geographic Region						
Philippines	**₱480,892**	**₱477,297**	**₱155,828**	₱407,221	₱382,367	₱145,950
Asia	**8,065**	**13,200**	**3,629**	5,896	14,038	2,956
Europe	**3,608**	**1,050**	**808**	598	16	498
United States	**33,242**	**1,240**	**6,287**	21,221	87	3,174
Others	**9,911**	**1,486**	**14**	2,106	19	20
	₱535,718	**₱494,273**	**₱166,566**	₱437,042	₱396,527	₱152,598

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 tables below provide 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		
	2016		
	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	**₱386,827,300**	**₱209,916,716**	**₱176,779,137**
Sales contracts receivable	**893,084**	**–**	**893,084**
	₱387,720,384	**₱209,916,716**	**₱177,672,221**

	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

	Parent Company		
	2016		
	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	**₱329,069,859**	**₱189,224,249**	**₱139,845,609**
Sales contracts receivable	**224,149**	**–**	**224,149**
	₱329,294,008	**₱189,224,249**	**₱140,069,758**

	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

For the Group, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱250.62 billion and ₱1.60 billion, respectively, as of December 31, 2016 and ₱149.00 billion and ₱2.70 billion, respectively, as of December 31, 2015.

For the Parent Company, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱202.74 billion and ₱1.36 billion, respectively, as of December 31, 2016 and ₱123.76 billion and ₱1.24 billion, respectively, as of December 31, 2015.

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 2016 and 2015 and are still held by the Group as of December 31, 2016 and 2015 amounted to ₱835.30 million and ₱848.48 million, 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 review by the Bank’s Internal Audit Group, the Bank likewise engaged the services of third-party consultants in 2014, 2015, and 2016 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.

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 are 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 ratings of the borrowers covered by the BCS were mapped to the abovementioned CRRS grades in accordance with the approved guidelines by the BOD.

The Group's loans and 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 and Impaired	
Past Due but not Impaired Impaired	Those that were classified as Past Due per BSP guidelines or those that are still in current status but have objective evidence of impairment; Generally, loans with risk rating of 9 to 10

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, 2016 and 2015 (in millions) classified according to credit quality:

	Consolidated						
	2016						
	Neither Past Due nor Impaired						
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Past Due But Not Impaired**	**Past Due and Impaired**	**Total**
Corporate and commercial lending	**₱51,949**	**₱194,211**	**₱63,431**	**₱2,941**	**₱1,051**	**₱6,150**	**₱319,733**
Consumer lending	**22,997**	**5,989**	**3,308**	**24,388**	**3,155**	**579**	**60,416**
Trade-related lending	**2,122**	**9,861**	**961**	**20**	**6**	**76**	**13,046**
Others	**317**	**1**	**–**	**212**	**5**	**8**	**543**
Total	**₱77,385**	**₱210,062**	**₱67,700**	**₱27,561**	**₱4,217**	**₱6,813**	**₱393,738**

	Consolidated						
	2015						
	Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Unrated	Past Due But Not Impaired	Past Due and 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

	Parent Company						
	2016						
	Neither Past Due nor Impaired						
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Past Due But Not Impaired**	**Past Due and Impaired**	**Total**
Corporate and commercial lending	**₱23,263**	**₱194,185**	**₱63,039**	**₱2,942**	**₱761**	**₱3,932**	**₱288,122**
Consumer lending	**10**	**5,968**	**3,308**	**24,388**	**1,157**	**578**	**35,409**
Trade-related lending	**453**	**9,861**	**961**	**20**	**6**	**76**	**11,377**
Others	**–**	**1**	**–**	**68**	**–**	**–**	**69**
Total	**₱23,726**	**₱210,015**	**₱67,308**	**₱27,418**	**₱1,924**	**₱4,586**	**₱334,977**

	Parent Company						
	2015						
	Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Unrated	Past Due But Not Impaired	Past Due and 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

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.

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, 2016 and 2015 (in millions), based on external risk ratings (gross of allowance for credit losses).

	Consolidated			
	2016			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Due from BSP	**₱–**	**₱91,964**	**₱–**	**₱91,964**
Due from other banks	**1,527**	**6,569**	**875**	**8,971**
SPURA	–	**3,452**	–	**3,452**
Financial assets at FVPL	**36**	**4,622**	**237**	**4,895**
AFS financial assets	**10,119**	**13,970**	**1,593**	**25,682**
HTM financial assets	**318**	**48,513**	**3,056**	**51,887**
	₱12,000	**₱169,090**	**₱5,761**	**₱186,851**

	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

	Parent Company			
	2016			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Due from BSP	**₱–**	**₱85,307**	**₱–**	**₱85,307**
Due from other banks	**1,527**	**6,394**	**1,624**	**9,545**
SPURA	–	**2,958**	–	**2,958**
Financial assets at FVPL	**36**	**4,151**	**237**	**4,424**
AFS financial assets	**10,117**	**11,614**	**1,592**	**23,323**
HTM financial assets	**319**	**45,177**	**3,056**	**48,552**
	₱11,999	**₱155,601**	**₱6,509**	**₱174,109**

	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

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

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

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

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

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

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

The table below shows the credit quality of deposits and investments, by class, as of December 31, 2016 and 2015 (in millions), based on risk grades of a local rating agency (gross of allowance for credit losses).

	Consolidated			
	2016			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Due from other banks	**₱145**	**₱–**	**₱–**	**₱145**
Financial assets at FVPL	**487**	**–**	**–**	**487**
AFS financial assets	**1,470**	**–**	**–**	**1,470**
HTM financial assets	**534**	**–**	**–**	**534**
Total	**₱2,636**	**₱–**	**₱–**	**₱2,636**

	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

	Parent Company			
	2016			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Due from other banks	**₱144**	**₱-**	**₱-**	**₱144**
Financial assets at FVPL	**487**	**–**	**–**	**487**
AFS financial assets	**1,435**	**–**	**–**	**1,435**
HTM financial assets	**534**	**–**	**–**	**534**
Total	**₱2,600**	**₱–**	**₱–**	**₱2,600**

	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

The table below shows the breakdown of unrated deposits and investments (gross of allowance for credit losses)as of December 31, 2016 and 2015 (in millions):

	Consolidated		**Parent Company**	
	2016	2015	**2016**	2015
Due from other banks	**₱2,216**	₱1,520	**₱–**	₱2
Financial assets at FVPL	**2,322**	2,481	**2,322**	2,480
AFS financial assets	**6,760**	5,187	**6,402**	5,156
HTM financial assets	**4,983**	2,040	**4,983**	2,041
Other assets*	**5,652**	4,977	**3,605**	3,320
Total	**₱21,933**	₱16,205	**₱17,312**	₱12,999

*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, 2016 and 2015 (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, 2016	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total**
Loans and receivables					
Corporate and commercial lending	**₱567**	**₱70**	**₱86**	**₱ 328**	**₱1051**
Consumer lending	**296**	**113**	**317**	**2,429**	**3,155**
Trade-related lending	–	–	–	**6**	**6**
Others	–	–	–	**5**	**5**
Total	**₱863**	**₱183**	**₱403**	**₱2,768**	**₱4,217**

	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

	Parent Company				
December 31, 2016	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total**
Loans and receivables					
Corporate and commercial lending	**₱530**	**₱69**	**₱71**	**₱ 91**	**₱761**
Consumer lending	**213**	**56**	**204**	**684**	**1,157**
Trade-related lending	–	–	–	**6**	**6**
Total	**₱743**	**₱125**	**₱275**	**₱781**	**₱1,924**

	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

The following table presents the carrying amount of financial assets of the Group and Parent Company as of December 31, 2016 and 2015 that would have been considered past due or impaired if not renegotiated:

	Consolidated		**Parent Company**	
	2016	2015	**2016**	2015
Loans and advances to customers				
Corporate and commercial lending	**₱773,888**	₱937,398	**₱358,760**	₱436,322
Consumer lending	**14,669**	12,020	**9,777**	7,478
Total renegotiated financial assets	**₱788,557**	₱949,418	**₱368,537**	₱443,800

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.

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 Historical Simulation Full Valuation approach to measure VaR for all treasury traded instruments, 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 for 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)		
2016					
31 December	**₱44.79**	**₱24.31**	**₱11.70**	**₱6.17**	**₱8.95**
Average daily	**52.60**	**7.79**	**18.43**	**3.72**	**1.82**
Highest	**109.59**	**29.59**	**53.39**	**10.12**	**9.17**
Lowest	**16.00**	**1.30**	**0.01**	**0.77**	**0.55**
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

[1] Interest rate VaR for debt securities (Interest rate VaR for foreign currency denominated debt securities are translated to PHP using daily closing rate)
[2] FX VaR is the bankwide foreign exchange risk
[3] No outstanding equity shares as of year-end
[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, 2016 and 2015, 51.89% and 58.48% 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 25.96% and 27.61% of total deposits of the Parent Company as of December 31, 2016 and 2015, respectively.

Interest is paid on savings accounts and time deposits accounts, which constitute 28.19% and 45.85%, respectively, of total deposits of the Parent Company as of December 31, 2016, and 27.77% and 44.62%, respectively, as of December 31, 2015.

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, 2016 and 2015:

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Peso				
Assets				
Due from BSP	**0.39%**	0.29%	**0.30%**	0.26%
Due from banks	**0.24%**	0.80%	**0.22%**	0.25%
Investment securities*	**4.00%**	4.22%	**3.95%**	4.26%
Loans and receivables	**5.65%**	5.85%	**5.34%**	5.46%
Liabilities				
Deposit liabilities	**1.01%**	0.92%	**0.85%**	0.73%
Bills payable	**7.86%**	4.12%	**7.86%**	5.13%
USD				
Assets				
Due from banks	**0.11%**	0.12%	**0.08%**	0.04%
Investment securities*	**4.36%**	4.66%	**4.90%**	4.71%
Loans and receivables	**3.56%**	3.03%	**3.48%**	2.98%
Liabilities				
Deposit liabilities	**1.23%**	1.32%	**1.24%**	1.30%
Bills payable	**1.94%**	1.57%	**1.91%**	1.53%

* Consisting 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, 2016 and 2015 (in millions):

	Consolidated			
	2016			
	Up to 3 Months	**>3 to 12 Months**	**>12 Months**	**Total**
Financial Assets				
Due from BSP	**₱91,964**	**₱–**	**₱–**	**₱91,964**
Due from other banks	**11,332**	**–**	**–**	**11,332**
Investment securities	**11,216**	**77**	**87,689**	**98,982**
Loans and receivables	**195,911**	**38,156**	**152,760**	**386,827**
Total financial assets	**310,423**	**38,233**	**240,449**	**589,105**
Financial Liabilities				
Deposit liabilities	**236,806**	**15,099**	**289,678**	**541,583**
Bills payable	**13,685**	**2,718**	**552**	**16,955**
Total financial liabilities	**250,491**	**17,817**	**290,230**	**558,538**
Repricing gap	**₱59,932**	**₱20,416**	**(₱49,781)**	**₱30,567**

	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

	Parent Company			
	2016			
	Up to 3 Months	**>3 to 12 Months**	**>12 Months**	**Total**
Financial Assets				
Due from BSP	**₱85,307**	**₱–**	**₱–**	**₱85,307**
Due from other banks	**9,689**	**–**	**–**	**9,689**
Investment securities	**9,678**	**–**	**82,778**	**92,456**
Loans and receivables	**179,102**	**26,169**	**123,799**	**329,070**
Total financial assets	**283,776**	**26,169**	**206,577**	**516,522**
Financial Liabilities				
Deposit liabilities	**199,467**	**12,083**	**259,412**	**470,962**
Bills payable	**13,685**	**2,718**	**552**	**16,955**
Total financial liabilities	**213,152**	**14,801**	**259,964**	**487,917**
Repricing gap	**₱70,624**	**₱11,368**	**(₱53,387)**	**₱28,605**

	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

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, 2016 and 2015:

	Consolidated			
	2016			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱752**	**₱376**	**(₱376)**	**(₱752)**
As a percentage of the Group's net interest income for the year ended December 31, 2016	**4.48%**	**2.24%**	**(2.24%)**	**(4.48%)**

	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	₱632	(₱632)	(₱1,264)
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%)

	Parent Company			
	2016			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱791**	**₱396**	**(₱396)**	**(₱791)**
As a percentage of the Parent Company's net interest income for the year ended December 31, 2016	**5.70%**	**2.85%**	**(2.85%)**	**(5.70%)**

	Parent Company			
	2015			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱1,249	₱624	(₱624)	(₱1,249)
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%)

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, 2016 and 2015 (in millions):

	Consolidated			
	2016			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱47)**	**(₱19)**	**₱19**	**₱47**
Change in equity	**(377)**	**(151)**	**151**	**377**

	Consolidated			
	2015			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱71)	(₱29)	₱29	₱72
Change in equity	(828)	(334)	336	848

	Parent Company			
	2016			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱40)**	**(₱16)**	**₱16**	**₱40**
Change in equity	**(339)**	**(136)**	**136**	**339**

	Parent Company			
	2015			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱59)	(₱24)	₱24	₱60
Change in equity	(782)	(315)	317	800

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 who 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							
	2016				2015			
	USD	**Other Currencies**	**Total**	**PHP**	USD	Other Currencies	Total	PHP
Assets								
Cash and other cash items	**$15,366**	**$2,781**	**$18,147**	**₱896,335**	$11,464	$2,854	$14,318	₱674,996
Due from other banks	**141,279**	**8,623**	**150,352**	**7,422,444**	332,199	20,698	352,897	16,615,197
Financial assets at FVPL	**95,587**	**7**	**95,594**	**4,752,967**	81,763	1,417	83,180	3,915,125
AFS financial assets	**460,901**	**–**	**460,901**	**22,859,924**	492,412	–	492,412	23,172,924
HTM financial assets	**702,957**	**8,560**	**711,517**	**35,252,391**	315,835	2,932	318,767	14,966,432
Loans and receivables	**658,657**	**913**	**659,570**	**32,771,104**	720,262	986	721,248	33,942,299
Accrued interest receivable	**18,691**	**55**	**18,746**	**929,765**	18,280	217	18,497	870,570
Other assets	**38,175**	**7**	**38,182**	**1,898,142**	37,145	22	37,167	1,749,078
	2,132,064	**20,941**	**2,153,011**	**106,783,072**	2,009,360	29,126	2,038,486	95,906,621
Liabilities								
Deposit liabilities	**1,631,011**	**18,875**	**1,649,886**	**81,835,829**	1,405,689	18,222	1,423,911	67,017,476
Bills payables	**341,865**	**–**	**341,865**	**16,997,522**	392,872	–	392,872	18,488,559
Accrued interest and other expenses	**2,897**	**2**	**2,899**	**143,929**	2,788	7	2,795	131,546
Other liabilities	**60,462**	**840**	**61,302**	**2,981,638**	53,478	830	54,308	2,556,035
	2,036,235	**19,717**	**2,055,952**	**101,958,918**	1,854,827	19,059	1,873,886	88,193,616
Currency spot	**(3,027)**	**51**	**(2,976)**	**(148,562)**	8,000	–	8,000	376,480
Currency forwards	**(59,371)**	**10,790**	**(48,581)**	**(2,414,102)**	(153,326)	(4,345)	(157,671)	(7,422,016)
Net Exposure	**$32,980**	**$12,070**	**$45,050**	**₱2,261,490**	$9,207	$5,722	$14,929	₱667,469

	Parent Company							
	2016				2015			
	USD	**Other Currencies**	**Total**	**PHP**	USD	Other Currencies	Total	PHP
Assets								
Cash and other cash items	**$13,224**	**$2,781**	**$16,005**	**₱795,534**	$10,287	$2,854	$13,141	₱619,609
Due from other banks	**121,834**	**8,62**	**130,457**	**6,486,192**	314,210	20,698	334,908	15,768,625
Financial assets at FVPL	**95,587**	**7**	**95,594**	**4,752,967**	73,393	1,417	74,810	3,521,218
AFS financial assets	**439,821**	**–**	**439,821**	**21,867,906**	477,612	–	477,612	22,476,428
HTM financial assets	**670,955**	**8,560**	**679,515**	**33,746,382**	294,301	2,932	297,233	13,953,016
Loans and receivables	**650,077**	**913**	**650,990**	**32,367,332**	710,627	986	711,613	33,488,871
Accrued interest receivable	**17,827**	**55**	**17,882**	**889,109**	17,543	217	17,760	835,871
Other assets	**38,098**	**7**	**38,105**	**1,894,483**	34,213	22	34,235	1,611,107
	2,047,423	**20,946**	**2,068,370**	**102,799,905**	1,932,186	29,126	1,961,312	92,274,745
Liabilities								
Deposit liabilities	**1,557,612**	**18,875**	**1,576,487**	**78,381,671**	1,343,583	18,222	1,361,805	64,094,780
Bills payables	**341,865**	**–**	**341,865**	**16,997,522**	392,872	–	392,872	18,488,559
Accrued interest and other expenses	**2,825**	**2**	**2,827**	**140,518**	2,682	7	2,689	126,557
Other liabilities	**54,153**	**840**	**54,993**	**2,684,710**	46,024	830	46,854	2,205,239
	1,956,455	**19,717**	**1,976,172**	**98,204,421**	1,785,161	19,059	1,804,220	84,915,135
Currency spot	**(3,027)**	**51**	**(2,976)**	**(148,562)**	8,000	–	8,000	376,480
Currency forwards	**(59,371)**	**10,790**	**(48,581)**	**(2,414,102)**	(153,326)	(4,345)	(157,671)	(7,422,016)
Net Exposure	**$28,570**	**$12,070**	**$40,640**	**₱2,032,020**	$1,699	$5,722	$7,421	₱314,074

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**
2016			
USD	**2%**	**₱54**	**₱164**
Other	**1%**	**–**	**–**
USD	**(2%)**	**(54)**	**(164)**
Other	**(1%)**	**–**	**–**

	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)

	Parent Company		
	Change in Foreign Exchange Rate	**Sensitivity of Pretax Income**	**Sensitivity of Equity**
2016			
USD	**2%**	**₱51**	**₱143**
Other	**1%**	**–**	**–**
USD	**(2%)**	**(51)**	**(143)**
Other	**(1%)**	**–**	**–**
2015			
USD	2%	75	525
Other	1%	1	1
USD	(2%)	(75)	(525)
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
2016	**+10%**	**₱19.8**
	-10%	**12.1**
2015	+10%	10.6
	-10%	(41.0)

	Parent Company	
	Change in equity index	Effect on Equity
2016	**+10%**	**₱19.8**
	-10%	**12.1**
2015	+10%	10.6
	-10%	(41.0)

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 of deposits reserves and high quality securities, the securing of money market lines, and the maintenance of repurchase facilities to address any unexpected liquidity situations.

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, 2016					
	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	₱10,581	₱–	₱–	₱–	₱–	₱10,581
Due from BSP	85,307	–	–	–	–	85,307
Due from other banks	9,689	–	–	–	–	9,689
Interbank loans receivable and SPURA	–	2,958	–	–	–	2,958
Financial assets at FVPL	–	583	326	1,484	5,400	7,793
AFS financial assets	–	12,192	1,676	3,705	19,709	37,282
Loans and receivables	–	141,925	17,948	21,115	195,228	376,216
	105,577	157,658	19,950	26,304	220,337	529,826
Financial Liabilities						
Deposit liabilities						
Demand	122,266	–	–	–	–	122,266
Savings	132,772	–	–	–	–	132,772
Time	–	211,755	3,440	724	962	216,881
Bills payable	–	9,236	7,813	–	–	17,049
Manager's checks	–	1,446	–	–	–	1,446
Accrued interest and other expenses	–	578	–	–	–	758
Derivative liabilities	–	243	–	–	–	243
Other liabilities:	–		–	–	–	
Accounts payable	–	1,731	–	–	–	1,731
Acceptances payable	–	1,172	–	–	–	1,172
Due to PDIC	–	428	–	–	–	428
Margin deposits	–	2	–	–	–	2
Other credits - dormant	–	304	–	–	–	304
Due to the Treasurer of the Philippines	–	24	–	–	–	24
Miscellaneous	–	429	–	–	–	289
Total liabilities	255,038	227,348	11,253	724	962	495,325
Net Position	(₱149,461)	(₱69,690)	₱8,697	₱25,580	₱219,375	₱34,501

	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

(Forward)

	December 31, 2015					
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Total
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

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. In 2016, the Bank started submitting quarterly Liquidity Coverage Ratio as prescribed by the BSP for a 2 year observation period. 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	
	2016	2015	**2016**	2015
Demand deposit account	**₱84,480,394**	₱68,886,859	**₱78,773,027**	₱61,433,089
Special deposit account	**7,450,000**	17,291,115	**6,500,000**	15,430,000
Others	**34,101**	140,527	**34,101**	140,527
	₱91,964,495	₱86,318,501	**₱85,307,128**	₱77,003,616

Due from Other Banks
This account consists of:

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Local banks	**₱6,296,727**	₱12,237,681	**₱4,747,467**	₱10,859,956
Foreign banks	**5,035,509**	9,005,811	**4,941,698**	8,340,588
	₱11,332,236	₱21,243,492	**₱9,689,165**	₱19,200,544

Interest Income on Due from BSP and Other Banks

This account consists of:

	Consolidated			Parent Company		
	2016	2015	2014	**2016**	2015	2014
Due from BSP	**₱497,571**	₱220,406	₱554,802	**₱440,260**	₱159,792	₱432,703
Due from other banks	**221,843**	95,399	146,340	**115,528**	22,870	32,386
	₱719,414	₱315,805	₱701,142	**₱555,788**	₱182,662	₱465,089

8. Trading and Investment Securities

Financial Assets at FVPL
This account consists of:

	Consolidated		Parent Company	
	2016	**2015**	2016	**2015**
Held for trading				
Government bonds (Note 27)	**₱2,404,049**	₱1,386,524	**₱2,240,488**	₱992,617
Treasury notes	**1,031,675**	1,106,252	**724,219**	720,983
Treasury bills	**994,203**	595,351	**994,203**	595,351
Private bonds	**594,798**	556,570	**594,798**	556,570
	5,024,725	3,644,697	**4,553,708**	2,865,521
Financial assets designated at FVPL	**2,462,886**	2,299,970	**2,462,886**	2,299,970
Derivative assets (Note 24)	**216,288**	299,926	**216,288**	299,926
Total	**₱7,703,899**	₱6,244,593	**₱7,232,882**	₱5,465,417

Financial assets designated at FVPL of the Parent Company consist of investments in shares of stocks 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 ₱182.13 million, ₱247.10 million and ₱301.58 million in 2016, 2015 and 2014, respectively (Note 20).

As of December 31, 2016 and 2015, HFT securities include fair value loss of ₱63.97 million and ₱14.47 million, respectively, for the Group, and fair value loss of ₱51.06 million and ₱16.89 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 for both the Group and the Parent Company range from 2.08% to 6.88% in 2016, and from 1.63% to 13.75% in 2015 and 2014. Effective interest rates for foreign currency-denominated financial assets at FVPL for the Group range from 0.99% to 7.24% in 2016, and from 1.37% to 10.63% in 2015 and 2014.

Effective interest rates for foreign currency-denominated financial assets at FVPL for the Parent Company range from 0.99% to 6.80% in 2016, from 2.50% to 10.63% in 2015, and from 2.75% to 10.63% in 2014.

AFS Financial Assets
This account consists of:

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Quoted				
Government bonds (Notes 17 and 27)	**₱22,337,592**	₱40,193,418	**₱20,561,662**	₱38,663,049
Private bonds	**11,417,612**	8,213,921	**10,491,728**	7,766,369
Equities	**80,947**	111,470	**80,947**	111,470
	33,836,150	48,518,809	**31,134,337**	46,540,888
Unquoted				
Private bonds and commercial papers - net	**–**	290,256	**–**	273,898
Equities - net *	**37,572**	20,168	**19,413**	19,413
	37,572	310,424	**19,413**	293,311
Total	**₱33,873,722**	₱48,829,233	**₱31,153,750**	₱46,834,199

** 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 31,2016 and 2015.*

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 ₱1.47 billion and ₱1.32 billion for the Group and Parent Company, respectively, as of December 31, 2016, and fair value losses of ₱1.13 billion for the Group and Parent Company, as of December 31, 2015. 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 2016 and 2014.

Effective interest rates for peso-denominated AFS financial assets for the Group range from 1.34% to 7.00% in 2016, from 2.14% to 7.25% in 2015 and from 1.63% to 8.92% 2014. Effective interest rates for peso-denominated AFS financial assets for the Parent Company range from 2.08% to 7.00% in 2016, from 2.14% to 7.25% in 2015 and from 1.63% to 8.92% 2014.

Effective interest rates for foreign currency-denominated AFS financial assets for both the Group and Parent Company range from 0.37% to 7.45% in 2016, from 1.50% to 7.45% in 2015, and from 1.50% to 5.71% in 2014.

HTM Financial Assets
This account consists of:

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Government bonds (Note 17)	**₱38,610,521**	₱12,891,098	**₱36,243,699**	₱11,306,923
Private bonds	**12,180,159**	2,806,247	**11,530,159**	2,356,247
	50,790,680	15,697,345	**47,773,858**	13,663,170
Unamortized premium - net	**6,614,120**	438,802	**6,295,163**	282,475
	₱57,404,800	₱16,136,147	**₱54,069,021**	₱13,945,645

Effective interest rates for peso-denominated HTM financial assets for the Group range from 2.05% to 6.63% in 2016, from 1.35% to 9.13% in 2015 and from 2.15 to 9.13% in 2014. Effective interest rates for foreign currency-denominated HTM financial assets range from 0.21% to 8.93% in 2016, from 2.26% to 10.72% in 2015, and from 3.11% to 11.55% in 2014.

Effective interest rates for peso-denominated HTM financial assets of the Parent Company range from 2.82% to 5.25% in 2016 and from 4.13% to 9.13% in 2015 and 2014. Effective interest rates for foreign currency-denominated HTM financial assets range from 0.21% to 8.93% in 2016, from 2.26% to 10.72% in 2015, and from 4.61% to 11.55% in 2014.

Reclassification of Financial Assets

2016 Reclassification

The Group transferred certain securities from AFS financial assets to HTM financial assets on various dates ranging from November 11 to 21, 2016 (reclassification date). The decision to effect this transfer was reached by balancing the need to reduce the market risk sensitivity of the balance sheet without reducing the portfolio of liquid assets.

Details of reclassified financial assets follows:

	Consolidated					
	Face Value	**Carrying Value at Reclassification Date**	**Carrying Value**	**Fair Value**	**Unamortized Net Unrealized Loss Deferred in Equity**	**Amortization**
(in original currency)						
Philippine peso denominated government bonds	**₱10,106,378**	**₱11,874,068**	**₱11,032,214**	**₱10,855,315**	**(₱591,635)**	**₱5,052**
US dollar denominated government bonds	**USD103,371**	**136,735**	**128,776**	**127,305**	**(6,731)**	**56**

	Parent					
	Face Value	**Carrying Value at Reclassification Date**	**Carrying Value**	**Fair Value**	**Unamortized Net Unrealized Loss Deferred in Equity**	**Amortization**
(in original currency)						
Philippine peso denominated government bonds	**₱9,856,378**	**₱11,588,081**	**₱10,758,190**	**₱10,586,090**	**(₱579,859)**	**₱4,964**
US dollar denominated government bonds	**USD96,871**	**127,088**	**120,063**	**118,776**	**(5,812)**	**52**

Had these securities not been transferred to HTM, additional fair value loss that would have been charged against the statement of comprehensive income amounted to ₱768.82 million and ₱752.26 million in 2016 on Philippine peso denominated government bonds for the Group and the Parent Company, respectively. Additional fair value loss of USD8.21 million (₱408.20 million) and USD7.11 million (₱353.51 million) would have been charged against to the statement of comprehensive income in 2016 on US dollar denominated government bonds for the Group and Parent Company, respectively.

The effective interest rates on the reclassified assets at reclassification dates range from 3.28% to 5.06% and 4.06% to 5.06% for Philippine peso denominated government bonds for the Group and Parent Company, respectively. The effective interest rates on the transferred assets range from 1.77% to 4.16% for US dollar denominated bonds at the time of their reclassification for both the Group and Parent Company. The Group and Parent Company expect to recover 100% of the principal and the interest due on these transferred assets. These securities are also unimpaired as of December 31, 2016.

Fair value changes taken to OCI in 2016 for these reclassified securities amounted to ₱584.82 million and USD4.99 million for Philippine peso denominated and US dollar denominated government bonds, respectively.

2008 Reclassification
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 ₱1.57 billion and ₱244.24 million matured in 2016 and 2015, respectively.

As of December 31, 2016 and 2015, HTM financial assets reclassified from AFS financial assets have the following balances:

	Face Value	Original Cost	Carrying Value	Fair Value	Unamortized Net Unrealized Deferred in Equity	Amortization
2016						
Government bonds*	**₱1,284,516**	**₱1,553,572**	**₱1,311,014**	**₱1,367,155**	**(₱8,127)**	**₱6,496**
Private bonds**						
	₱1,284,516	**₱1,553,572**	**₱1,311,014**	**₱1,367,155**	**(₱8,127)**	**₱6,496**
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)

* Consist of US dollar-denominated bonds with face value of $25.84 million and $46.44 million as of December 31, 2016 and 2015, respectively, and euro-denominated bonds with face value of €2.71 million as of December 31, 2015.
** Consist of US dollar-denominated bonds with face value of $35.0 million and $8.04 million as of December 31, 2016 and 2015, respectively.

Had these securities not been reclassified to HTM financial assets, additional fair value gain that would have been credited to the statement of comprehensive income amounted to ₱47.93 million, ₱395.74 million, and ₱324.67 million in 2016, 2015 and 2014, respectively. Effective interest rates on the reclassified securities range from 6.16% to 8.93%. The Parent Company expects to recover 100.00% of the principal and interest due on the reclassified investments. No impairment loss was recognized on these securities in 2016, 2015 and 2014.

Interest Income on Trading and Investment Securities
This account consists of:

	Consolidated			Parent Company		
	2016	2015	2014	**2016**	2015	2014
Financial assets at FVPL	**₱204,882**	₱262,027	₱277,144	**₱179,406**	₱232,464	₱239,537
AFS financial assets	**1,538,173**	1,840,978	1,776,157	**1,439,037**	1,785,184	1,683,205
HTM financial assets	**1,539,908**	997,797	968,485	**1,441,882**	929,266	949,382
	₱3,282,963	₱3,100,802	₱3,021,786	**₱3,060,325**	₱2,946,914	₱2,872,124

9. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2016	**2015**	**2016**	**2015**
Loans and discounts				
Corporate and commercial lending	**₱319,733,478**	₱255,950,751	**₱288,122,032**	₱225,505,499
Consumer lending	**60,416,106**	48,012,782	**35,409,327**	29,240,653
Trade-related lending	**13,045,531**	12,750,550	**11,376,697**	11,147,748
Others*	**543,021**	320,699	**68,870**	71,514
	393,738,136	317,034,782	**334,976,926**	265,965,414
Unearned discounts	**(255,841)**	(278,335)	**(198,042)**	(168,620)
	393,482,295	316,756,447	**334,778,884**	265,796,794
Allowance for impairment and credit losses (Note 15)	**(6,654,995)**	(6,994,670)	**(5,709,025)**	(6,151,786)
	₱386,827,300	₱309,761,777	**₱329,069,859**	₱259,645,008

*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 ₱4.08 billion and ₱3.98 billion as of December 31, 2016, respectively, and ₱1.37 billion and ₱1.00 billion as of December 31, 2015, respectively.

Outstanding loans of the Group and the Parent Company amounting to ₱760.38 billion and ₱0.21 million, respectively, in 2015, are funded by relending facilities with local government agencies (Note 17).

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**			
	2016		2015		**2016**		2015	
	Amounts	**%**	Amounts	%	**Amounts**	**%**	Amounts	%
Loans secured by								
Real estate	**₱55,840,410**	**14.18**	₱64,153,568	20.23	**₱33,443,459**	**9.98**	₱41,243,643	15.51
Chattel mortgage	**29,496,094**	**7.49**	26,271,491	8.29	**19,713,062**	**5.88**	19,272,656	7.25
Deposit hold out	**3,806,062**	**0.97**	3,710,591	1.17	**2,251,423**	**0.67**	1,764,664	0.66
Shares of stock of other banks	**2,710,000**	**0.69**	4,948,073	1.56	**2,710,000**	**0.81**	4,948,073	1.86
Guarantee by the Republic of the Philippines	**8,487,000**	**2.16**	9,153,000	2.89	**8,487,000**	**2.53**	9,153,000	3.44
Others	**76,814,028**	**19.49**	24,504,252	7.73	**73,171,797**	**21.86**	22,018,279	8.28
	177,153,594	**44.98**	132,740,975	41.87	**139,776,741**	**41.73**	98,400,315	37.00
Unsecured loans	**216,584,543**	**55.02**	184,293,807	58.13	**195,200,185**	**58.27**	167,565,099	63.00
	₱393,738,136	**100.00**	₱317,034,782	100.00	**₱334,976,926**	**100.00**	₱265,965,414	100.00

Information on the concentration of credit as to industry of the Group and Parent Company follows:

	Consolidated			
	2016		2015	
	Amounts	**%**	Amounts	%
Real estate, renting and business services	**₱97,201,490**	**24.69**	₱73,904,956	23.31
Wholesale and retail trade	**57,498,702**	**14.60**	45,524,686	14.36
Financial intermediaries	**40,750,252**	**10.35**	22,164,997	6.99
Electricity, gas and water	**40,385,429**	**10.26**	26,924,936	8.49
Transportation, storage and communication	**33,885,852**	**8.61**	23,046,395	7.27
Manufacturing	**27,602,087**	**7.01**	37,854,608	11.94
Construction	**10,167,766**	**2.58**	9,973,878	3.15
Accommodation and food service activities	**8,227,872**	**2.09**	5,953,404	1.88
Public administration and defense	**7,544,000**	**1.92**	8,200,000	2.59
Arts, entertainment and recreation	**7,511,725**	**1.91**	7,603,811	2.40
Agriculture	**5,782,267**	**1.47**	6,100,963	1.92
Professional, scientific and technical activities	**5,760,184**	**1.46**	7,563,543	2.39
Education	**3,819,309**	**0.97**	4,312,472	1.36
Mining and quarrying	**1,419,481**	**0.36**	1,479,981	0.47
Others*	**46,181,720**	**11.73**	36,426,152	11.48
	₱393,738,136	**100.00**	₱317,034,782	100.00

*Others consist of administrative and support service, health, household and other activities.

	Parent Company			
	2016		2015	
	Amounts	**%**	Amounts	%
Real estate, renting and business services	**₱76,873,563**	**22.95**	₱57,640,859	21.67
Wholesale and retail trade	**49,143,056**	**14.67**	38,336,067	14.41
Electricity, gas and water	**40,103,651**	**11.97**	26,653,354	10.02
Financial intermediaries	**37,826,049**	**11.29**	19,014,800	7.15
Transportation, storage and communication	**31,858,356**	**9.51**	21,288,949	8.00
Manufacturing	**23,465,857**	**7.01**	33,704,510	12.67
Construction	**8,829,298**	**2.64**	8,490,130	3.19
Public administration and defense	**7,544,000**	**2.25**	8,200,000	3.08
Arts, entertainment and recreation	**7,470,098**	**2.23**	7,570,591	2.85
Accommodation and food service activities	**6,511,668**	**1.94**	4,310,755	1.62
Professional, scientific and technical activities	**5,318,354**	**1.59**	7,397,503	2.78
Agriculture	**3,762,789**	**1.12**	4,076,266	1.53
Education	**2,807,735**	**0.84**	3,424,162	1.29
Mining and quarrying	**1,257,731**	**0.38**	1,479,981	0.56
Others*	**32,204,721**	**9.61**	24,377,487	9.18
	₱334,976,926	**100.00**	₱265,965,414	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, 2016 and 2015, the Parent Company does not have credit concentration in any particular industry.

As of December 31, 2016 and 2015, secured and unsecured non-performing loans (NPLs) of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Secured	**₱3,038,413**	₱4,125,042	**₱1,086,882**	₱1,741,816
Unsecured	**4,274,659**	3,884,797	**2,642,103**	3,256,796
	₱7,313,072	₱8,009,839	**₱3,728,985**	₱4,998,612

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. Gross and net NPLs of the Parent Company as reported to BSP amounted to ₱3.73 billion and ₱1.42 billion, respectively, in 2016 and ₱5.00 billion and ₱1.82 billion, respectively, in 2015. Gross and net NPL ratios of the Parent Company are 1.12% and 0.43%, respectively, in 2016 and 1.89% and 0.69%, respectively, in 2015.

<u>Interest Income on Loans and Receivables</u>
This account consists of:

	Consolidated			Parent Company		
	2016	2015	2014	**2016**	2015	2014
Receivables from customers	**₱17,812,793**	₱15,813,206	₱14,515,093	**₱14,055,123**	₱12,257,457	₱11,158,515
Unquoted debt securities	**76,459**	87,521	159,118	**67,164**	67,502	136,901
	₱17,889,252	₱15,900,727	₱14,674,211	**₱14,122,287**	₱12,324,959	₱11,295,416

As of December 31, 2016 and 2015, 52.53% and 58.86%, respectively, of the total receivables from customers of the Group were subject to interest repricing. As of December 31, 2016 and 2015, 53.29% and 62.10%, 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 1.00% to 11.00% in 2016, from 1.82% to 8.00% in 2015, and from 0.98% to 10.50% in 2014 for foreign currency-denominated receivables and from 1.00% to 30.00% in 2016 and 2015, and from 1.25% to 29.00% in 2014 for peso-denominated receivables.

10. **Equity Investments**

This account consists of investments in:

	Parent Company		
	December 31	January 1	
	2016	2015	2015
Investment cost			
Subsidiaries			
CBSI	**₱12,165,984**	₱9,665,532	2,986,311
PDB (merged with CBSI in 2015)	–	–	2,976,700
CBCC	**500,000**	300,000	–
CBC Forex Corporation	–	50,000	50,000
CBC-PCCI	**2,439**	2,439	2,439
CIBI	**1,500**	1,500	1,500
	12,669,923	10,019,471	6,016,950
Associate			
Manulife China Bank Life Assurance Corporation (MCB Life)	**166,273**	166,273	166,273
	₱12,836,196	10,185,744	6,183,223
Accumulated equity in net income (loss)			
Balance at beginning of the year	**(417,732)**	(177,939)	192,098
Share in net income (loss)			
Subsidiaries	**464,999**	(201,900)	(369,125)
Associate	**(89,384)**	(37,893)	(912)
	375,615	(239,793)	(370,037)
Balance at end of the year	**(42,117)**	(417,732)	(177,939)
Equity in net unrealized loss on measurement of retirement plan and translation adjustment and others			
Subsidiaries	**(213,661)**	(126,068)	(69,223)
Associate	**(134,823)**	(129,367)	(5,970)
	(348,484)	(255,435)	(75,193)
Carrying value			
Subsidiaries	**12,169,037**	9,141,177	5,397,402
Associate	**276,559**	371,399	532,689
	₱12,445,596	₱9,512,576	₱5,930,091

	Parent Company		
	December 31, 2016	December 31, 2015	January 1, 2015
Investment cost			
Subsidiaries			
CBSI	**₱12,165,984**	₱9,665,532	₱2,986,311
PDB (merged with CBSI in 2015)			2,976,700
CBCC	**500,000**	300,000	–
CBC Forex Corporation	**–**	50,000	50,000
CBC-PCCI	**2,439**	2,439	2,439
CIBI	**1,500**	1,500	1,500
	12,669,923	10,019,471	6,016,950
Associate			
Manulife China Bank Life Assurance Corporation (MCB Life)	**166,273**	166,273	166,273
	₱12,836,196	10,185,744	6,183,223
Accumulated equity in net income (loss)			
Balance at beginning of the year	**(417,732)**	(177,939)	192,098
Share in net income (loss)			
Subsidiaries	**464,999**	(201,900)	(369,125)
Associate	**(89,384)**	(37,893)	(912)
	375,615	(239,793)	(370,037)
Balance at end of the year	**(42,117)**	(417,732)	(177,939)
Equity in net unrealized loss on measurement of retirement plan and translation adjustment and others			
Subsidiaries	**(213,661)**	(126,068)	(69,223)
Associate	**(134,823)**	(129,367)	(5,970)
	(348,484)	(255,435)	(75,193)
Carrying value			
Subsidiaries	**12,169,037**	9,141,177	5,397,402
Associate	**276,559**	371,399	532,689
	₱12,445,596	₱9,512,576	₱5,930,091

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, additional acquisition of non-controlling interest in 2015 of ₱2.52 million, capital infusion of ₱1.5 billion, ₱1.0 billion, and ₱2.0 billion on December 31, 2016, September 29, 2016, and December 16, 2015, respectively, and ₱4.68 billion worth of CBSI common shares received in connection with the merger of CBSI and PDB on December 31, 2015.

The capital infusions to CBSI were approved by the Parent Company's Executive Committee on December 1, 2016, September 21, 2016, and December 16, 2016. The December 16, 2015 infusion was made to comply with the BSP's mandate for the final approval of the merger between CBSI and PDB.

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. The Plan of Merger permits the issuance of 1.23 PDB common shares for every CBSI common share.

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
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. 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

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 Commercial Bank branch licenses	₱2,280,000
18 Thrift Bank branch licenses	270,000
	2,550,000
Deferred tax liability	765,000
	₱1,785,000

On April 6, 2016, the Parent Company's BOD has approved the allocation of the 67 additional branch licenses in restricted areas as follows: 49 to the Parent Company and 18 to CBSI. Pursuant to memorandum dated March 18, 2016, the 67 branch licenses were awarded as incentives by the Monetary Board as a result of the Parent Company's acquisition of PDB. Goodwill from acquisition of PDB 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 statements 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.

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% 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.

In 2016 and 2015, actual capital infusion to CBCC amounted to ₱200.00 million and ₱300.00 million, respectively.

CBC Assets One, Inc.

CBC Assets One, Inc. was incorporated on June 15, 2016 as a wholly-owned special purpose company of CBCC for asset-backed securitization. It has not yet commenced commercial operations.

CBC Forex Corporation
On May 5, 2009, the BOD approved to dissolve the operations of CBC Forex by shortening its corporate life until December 31, 2009. On December 28, 2015, the Parent Company obtained the approval from the SEC of its Certificate of Filing of Amended Articles of Incorporation (Amending the Article IV by shortening the term of its existence, thereby dissolving the Corporation) dated November 6, 2015. On December 19, 2016, the Parent Company's investment with CBC Forex Corporation amounting ₱50.0 million was liquidated.

Investment in Associates
Investment in associates in the consolidated and Parent Company's financial statements pertain to 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, 2016 and 2015.

The following table shows the summarized financial information of MCB Life:

	2016	2015
Total assets	**₱26,419,046**	₱21,439,732
Total liabilities	**25,727,647**	20,498,841
Equity	**691,398**	940,891

	2016	2015
Revenues	**₱7,663,417**	₱5,370,875
Benefits, claims and operating expenses	**7,860,618**	5,459,395
Loss before income tax	**(197,201)**	(88,520)
Net loss	**(223,460)**	(94,733)

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 in 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 ₱383.48 million, ₱337.41 million and ₱277.14 million in 2016, 2015 and 2014, 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 (Note 22)	**Furniture, Fixtures and Equipment**	**Buildings**	**Leasehold Improvements**	**Construction-in-Progress**	**2016 Total**
Cost						
Balance at beginning of year	**₱3,347,222**	**₱6,601,919**	**₱1,832,834**	**₱1,338,260**	**₱90,873**	**₱13,211,108**
Additions	–	**809,311**	**99,911**	**215,122**	**11,307**	**1,135,651**
Disposals/transfers*	**(1,818)**	**(247,493)**	**(39,220)**	**(70,967)**	**(15,775)**	**(375,273)**
Balance at end of year	**3,345,404**	**7,163,737**	**1,893,525**	**1,482,415**	**86,405**	**13,971,486**
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	**5,097,654**	**895,859**	**861,406**	–	**6,854,919**
Depreciation and amortization	–	**624,690**	**114,196**	**103,330**	–	**842,216**
Disposals/transfers*	–	**(159,842)**	**3,241**	**(67,687)**	–	**(224,288)**
Balance at end of year	–	**5,562,502**	**1,013,296**	**897,049**	–	**7,472,847**
Allowance for Impairment Losses (Note 15)	–	–				
Balance at beginning of year	–	–	**2,070**	–	–	**2,070**
Reclassification	–	–	**301**	–	–	**301**
Balance at end of year	–	–	**2,371**	–	–	**2,371**
Net Book Value at End of Year	**₱3,345,404**	**₱1,601,235**	**₱877,858**	**₱585,366**	**₱86,405**	**₱6,496,268**

*Includes transfers from investment properties amounting to ₱4.69 million.

	Consolidated					
	Land (Note 22)	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
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.

	Parent Company					
	Land (Note 22)	**Furniture, Fixtures and Equipment**	**Buildings**	**Leasehold Improvements**	**Construction-in-Progress**	**2016 Total**
Cost						
Balance at beginning of year	**₱2,786,350**	**₱ 5,612,477**	**₱ 1,027,236**	**₱ 999,819**	**₱ 88,054**	**₱10,513,936**
Additions	–	**675,734**	**89,359**	**169,256**	**7,701**	**942,050**
Disposals/transfers*	**(40)**	**(206,202)**	**(38,987)**	**(75,581)**	**(15,616)**	**(336,426)**
Balance at end of year	**2,786,310**	**6,082,009**	**1,077,608**	**1,093,494**	**80,139**	**11,119,560**
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	**4,386,057**	**462,552**	**668,125**	–	**5,516,734**
Depreciation and amortization	–	**482,832**	**27,819**	**85,160**	–	**595,811**
Disposals/transfers*	–	**(93,512)**	**27,120**	**(70,574)**	–	**(136,966)**
Balance at end of year	–	**4,775,377**	**517,491**	**682,711**	–	**5,975,579**
Net Book Value at End of Year	**₱ 2,786,310**	**₱1,306,632**	**₱ 560,117**	**₱ 410,783**	**₱80,141**	**₱5,143,981**

*Includes transfers from investment properties amounting to ₱4.69 million.

	Parent Company					
	Land (Note 22)	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.

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, 2016 and 2015, the gross carrying amount of fully depreciated furniture, fixtures and equipment still in use amounted to ₱2.89 billion and ₱2.36 billion , respectively, for the Group and ₱2.31 billion and ₱1.99 billion, respectively, for the Parent Company.

Gain on sale of furniture, fixtures and equipment amounting to ₱2.97 million, ₱0.89 million and ₱1.52 million in 2016, 2015 and 2014, respectively, for the Group and ₱2.17 million, ₱0.50 million and ₱1.49 million in 2016, 2015 and 2014, respectively, for the Parent Company are included in the statements of income under 'Miscellaneous income' account (Note 20).

In 2014, depreciation and amortization amounting to ₱803.71 million and ₱547.31million 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	2016 Total
Cost			
Balance at beginning of year	**₱4,810,128**	**₱2,588,845**	**₱7,398,973**
Additions	**363,175**	**421,240**	**784,415**
Disposals/write-off/transfers*	**(443,227)**	**(221,688)**	**(664,915)**
Balance at end of year	**4,730,076**	**2,788,397**	**7,518,473**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**–**	**713,023**	**713,023**
Depreciation and amortization	**–**	**173,007**	**173,007**
Disposals/write-off/transfers*	**–**	**(130,267)**	**(130,267)**
Balance at end of year	**–**	**755,763**	**755,763**
Allowance for Impairment Losses (Note 15)			
Balance at beginning of year	**1,023,837**	**263,974**	**1,287,811**
Provisions during the year	**–**	**(797)**	**(797)**
Disposals/write-off/reclassification*	**4,176**	**121,781**	**125,957**
Balance at end of year	**1,028,013**	**384,958**	**1,412,971**
Net Book Value at End of Year	**₱3,702,063**	**₱1,647,676**	**₱5,349,739**

*Includes transfers to bank premises amounting to ₱4.69 million.

	Consolidated		
	Land	Buildings and Improvements	2015 Total
Cost			
Balance at beginning of year	₱5,077,262	₱2,367,671	₱7,444,933
Additions due to business combination (Note 10)	–	–	–
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.

	Parent Company		
	Land	**Buildings and Improvements**	**2016 Total**
Cost			
Balance at beginning of year	**₱2,176,474**	**₱1,520,017**	**₱3,696,491**
Additions	**164,833**	**132,011**	**296,844**
Disposals/write-off/transfers*	**(322,242)**	**(140,679)**	**(462,921)**
Balance at end of year	**2,019,065**	**1,511,349**	**3,530,414**
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	**590,211**	**590,211**
Depreciation and amortization	–	**98,915**	**98,915**
Disposals/write-off/transfers*	–	**(126,006)**	**(126,006)**
Balance at end of year	–	**563,120**	**563,120**
Allowance for Impairment Losses (Note 15)			
Balance at beginning of year	**1,004,729**	**201,689**	**1,206,418**
Reclassification	–	–	–
Balance at end of year	**1,004,729**	**201,689**	**1,206,418**
Net Book Value at End of Year	**₱1,014,336**	**₱746,540**	**₱1,760,876**

*Includes transfers tobank premises amounting to ₱4.69 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.

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.

In 2014, depreciation and amortization amounting to ₱118.05 million and ₱83.26 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		
	2016	2015	2014
Rent income on investment properties	**₱20,190**	₱31,100	₱29,167
Direct operating expenses on investment properties generating rent income	**4,767**	2,392	21,801
Direct operating expenses on investment properties not generating rent income	**67,619**	52,429	61,121

	Parent Company		
	2016	2015	2014
Rent income on investment properties	**₱39,734**	₱7,020	₱5,903
Direct operating expenses on investment properties generating rent income	**886**	1,069	4,174
Direct operating expenses on investment properties not generating rent income	**44,089**	35,270	43,010

Rent income earned from leasing out investment properties is included under 'Miscellaneous income' in the statements of income (Note 20).

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.

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. CBSI as surviving entity from the merger with PDB, is the identified CGU for this goodwill. The Parent Company's Retail Banking Business (RBB) has been identified as the CGU for impairment testing of the goodwill from its acquisition of CBSI.

As of December 31, 2016 and 2015, amount of goodwill per CGU follows:

	Consolidated	Parent Company
Retail Banking Business (RBB)	₱222,841	₱222,841
CBSI	616,907	−
Total	₱839,748	₱222,841

The recoverable amount of the CGUs have 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 significant assumptions used in computing for the recoverable values of the CGUs follow:

	RBB	CBSI
Growth rates		
Loans	9.30%	18.50%
Deposits	12.20%	18.00%
Discount rate	8.70%	8.70%
Terminal value growth rate	1.00%	1.00%

The calculation of the value-in-use of the CGU is most sensitive to the following assumptions:

- Discount rates
- Steady growth rate used to extrapolate cash flows beyond the budget period

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 to materially exceed its recoverable amount as of December 31, 2016 and 2015.

Branch Licenses

Branch licenses of the Group arose from the acquisitions of CBSI, Unity Bank, and PDB. As of December 31, 2016 and 2015, details of branch licenses in the Group's and Parent Company's financial statements follow:

	Consolidated	Parent Company
Branch license from CBSI acquisition	₱477,600	₱455,000
Branch license from Unity Bank acquisition	347,400	−
Branch license from PDB acquisition (Note 10)	2,839,500	−
Total	₱3,664,500	₱455,000

The individual branches have been identified as the CGU for impairment testing of the branch licenses. The recoverable amounts of the CGUs for impairment testing of the branch licenses have been determined based on the fair value less cost to sell calculations.

Capitalized software costs
As of December 31, 2016 and 2015, the capitalized software costs of the Group amounted to ₱549.16 million and ₱322.19 million, respectively. Related accumulated amortization amounted to ₱123.94 million and ₱14.38 million as of December 31, 2016 and 2015, respectively. Additions for the year 2016 and 2015 amounted to ₱226.97 million and ₱322.19 million, respectively. Amortization expense for the year 2016 and 2015 amounted to ₱109.56 million and ₱14.38 million, respectively.

As of December 31, 2016 and 2015, the capitalized software costs of the Parent Company amounted to ₱445.45 million and ₱322.19 million, respectively. Related accumulated amortization amounted to ₱94.86 million and ₱14.38 million as of December 31, 2016 and 2015, respectively. Additions for the year 2016 and 2015 amounted to ₱123.26 million and ₱322.19 million, respectively. Amortization expense for the year 2016 and 2015 amounted to ₱80.48 million and ₱14.38 million, respectively.

14. **Other Assets**

This account consists of:

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Financial assets				
Accounts receivable	**₱4,153,356**	₱3,197,971	**₱3,120,990**	₱2,706,935
SCR	**953,734**	1,022,116	**254,485**	283,282
RCOCI	**107,193**	122,019	**92,651**	122,019
Others	**437,919**	635,155	**136,374**	207,631
	5,652,202	4,977,261	**3,604,500**	3,319,867
Nonfinancial assets				
Net plan assets (Note 23)	**754,754**	785,818	**754,754**	785,818
Prepaid expenses	**155,016**	264,745	**146,036**	130,925
Creditable withholding taxes	**266,599**	188,574	**211,159**	49,983
Security deposit	**194,043**	142,345	**175,224**	115,025
Documentary stamps	**244,272**	129,067	**164,057**	127,195
Sundry debits	**84,824**	51,113	**62,736**	46,720
Miscellaneous	**263,371**	180,055	**–**	–
	1,962,879	1,741,717	**1,513,966**	1,255,666
	7,615,081	6,718,978	**5,118,466**	4,575,533
Allowance for impairment and credit losses (Note 15)	**(718,434)**	(741,589)	**(614,366)**	(626,103)
	₱6,896,647	₱5,977,389	**₱4,504,100**	₱3,949,430

Accounts receivable
As of December 31, 2016 and 2015, about 41.92% and 54.45%, 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.

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 BTr 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% final withholding tax. On March 13, 2015, the BIR filed a motion for reconsideration and clarification. Pursuant to a resolution dated April 21, 2015 by the SC, the banks filed a consolidated comment on the motions filed by the respondents.

In an en banc ruling received on October 5, 2016, the SC upheld its October 2011 decision ordering the BTr to return the ₱4.97 billion to the petitioners and for the BTr to pay legal interest for failure to comply with the SC's earlier ruling in favor of the holders of the said bonds. In late October 2016, the Government filed a motion for partial reconsideration with regard to the October 2016 ruling.

In an en banc ruling received on January 17, 2017, the SC denied the motion for partial reconsideration. No further pleadings or motions shall be entertained by the SC.

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**	**2016 Total**
Balance at beginning of year	**₱521,705**	**₱54,787**	**₱165,097**	**₱741,589**
Provisions (recoveries) during the year (Note 15)	**49,453**	**75**	**36,027**	**85,555**
Transfers/others (Note 9)	**(134,407)**	**5,788**	**19,909**	**(108,710)**
Balance at end of year	**₱436,751**	**₱60,650**	**₱221,033**	**₱718,434**

	Consolidated			
	Accounts Receivable	SCR	Miscellaneous	2015 Total
Balance at beginning of year	₱513,416	₱34,224	₱158,542	₱706,182
Provisions during the year (Note 15)	16,384	19,703	3,813	39,900
Transfers/others (Note 9)	(8,095)	860	2,742	(4,493)
Balance at end of year	₱521,705	₱54,787	₱165,097	₱741,589

	Parent Company			
	Accounts Receivable	**SCR**	**Miscellaneous**	**2016 Total**
Balance at beginning of year	**₱444,444**	**₱25,809**	**₱155,850**	**₱626,103**
Provisions (recoveries) during the year (Note 15)	**24,986**	–	**79**	**25,065**
Transfers/others (Note 9)	**(72,838)**	**4,527**	**31,509**	**(36,802)**
Balance at end of year	**₱396,592**	**₱30,336**	**₱187,438**	**₱614,366**

	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 (Note 9)	(15,072)	–	(125)	(15,197)
Balance at end of year	₱444,444	₱25,809	₱155,850	₱626,103

15. Allowance for Impairment and Credit Losses

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

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Balances at beginning of year				
Loans and receivables	**₱6,994,670**	₱6,734,550	**₱6,151,786**	₱6,225,088
Investment properties	**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	**38,742**	38,742	**6,323**	6,323
Bank premises, furniture, fixtures and equipment	**2,070**	2,743	–	–
Other assets	**741,589**	706,182	**626,103**	641,658
	9,134,213	8,904,598	**8,058,972**	8,165,838
Provisions charged to operations	**850,546**	966,574	**521,475**	487,485
Accounts charged off and others	**(977,248)**	(736,959)	**(912,296)**	(594,351)
	(126,702)	229,615	**(390,821)**	(106,866)
Balances at end of year				
Loans and receivables (Note 9)	**6,654,995**	6,994,670	**5,709,025**	6,151,786
Investment properties (Note 12)	**1,412,971**	1,287,811	**1,206,418**	1,206,418
Accrued interest receivable	**179,339**	69,331	**62,019**	68,342
AFS financial assets (Note 8)	**38,742**	38,742	**6,323**	6,323
Bank premises, furniture, fixtures and equipment (Note 11)	**2,371**	2,070	–	–
Other assets (Note 14)	**718,434**	741,589	**614,366**	626,103
	₱9,006,852	₱9,134,213	**₱7,598,151**	₱8,058,972

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.

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 at acquisition date. Any uncertainties about future cash flows of these receivables were included in their fair value measurement. Also, 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.

A reconciliation of the allowance for credit losses on loans and receivables from customers, AFS financial assets and accrued interest receivable follows:

	Consolidated						
	2016						
	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	₱5,289,222	₱1,313,023	₱390,326	₱2,099	₱6,994,670	₱38,742	₱69,331
Provisions (recoveries) during the year	311,242	410,941	(258)	689	722,614	-	43,174
Transfers/others	(1,007,077)	(92504)	(112,445)	149,737	(1,062,289)	(4,464)	66,834
Balance at end of year	₱4,593,387	₱1,631,460	₱277,623	₱152,525	₱6,654,995	₱34,298	₱179,339
Individual impairment	₱1,462,699	₱729,796	₱145,476	₱151,836	₱2,489,807	₱38,302	₱179,339
Collective impairment	3,130,688	901,664	132,147	689	4,165,188	-	-
	₱4,593,387	₱1,631,460	₱277,623	₱152,525	₱6,654,995	₱38,298	₱179,339

	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

	Parent Company						
	2016						
	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	₱5,053,830	₱707,616	₱390,327	₱14	₱6,151,786	₱6,323	₱68,342
Provisions (recoveries) during the year	266,007	230,000	(258)	689	496,437	-	(27)
Transfers/others	(938,711)	123,749	(124,222)	(14)	(939,198)	-	(6,296)
Balance at end of year	₱4,381,126	₱1,061,364	₱265,846	₱689	₱5,709,025	₱6,323	₱62,019
Individual impairment	1,292,911	729,796	137,109	-	2,159,816	6,323	₱62,019
Collective impairment	3,088,214	331,569	128,737	689	3,549,209	-	-
	₱4,381,126	₱1,061,364	₱265,846	₱689	₱5,709,025	₱6,323	₱62,019

	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

16. **Deposit Liabilities**

As of December 31, 2016 and 2015, 39.42% and 40.66% 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 3.25% in 2016, 0.13% to 2.75% in 2015 and 2014.

Interest Expense on Deposit Liabilities
This account consists of:

	Consolidated			Parent Company		
	2016	2015	2014	**2016**	2015	2014
Demand	**₱197,595**	₱ 165,228	₱147,535	**₱143,917**	₱122,277	₱ 109,131
Savings	**2,635,565**	1,823,468	1,810,273	**2,383,021**	1,570,706	1,638,312
Time	**1,998,395**	2,019,592	2,058,910	**1,102,189**	1,188,183	1,157,255
	₱4,831,555	₱4,008,288	₱4,016,718	**₱3,629,127**	₱2,881,166	₱2,904,698

BSP Circular No. 830 requires reserves against deposit liabilities. As of December 31, 2016 and 2015, due from BSP amounting to ₱78.78 billion and ₱61.43 billion, respectively, were set aside as reserves for deposit liabilities per latest report submitted by the Parent Company to the BSP. As of December 31, 2016 and 2015, the Parent Company is in compliance with such regulation.

On August 3, 2016, the BOD of the Parent Company approved the issuance of Long Term Negotiable Certificates of Deposits (LTNCD) of up to 20.00 billion in tranches of 5.00 billion to 10.00 billion each and with tenors ranging from 5 to 7 years to support the Group's strategic initiatives and business growth. October 27, 2016, the Monetary Board of the BSP approved the LTNCD issuances. On November 18, 2016, the Parent Company issued at par LTNCDs with aggregate principal amount of ₱9.58 billion due May 18, 2022. The LTNCDs are included under the 'Time deposit liabilities' account. The LTNCDs bear a fixed coupon rate of 3.25% per annum, payable quarterly in arrears.

17. **Bills Payable**

Bills Payable
The Group's and the Parent Company's bills payable consist of:

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Interbank loans payable	**₱16,954,998**	₱18,422,442	**₱16,954,998**	₱18,422,442
Government lending programs	–	662,738	–	208
	₱16,954,998	₱19,085,180	**₱16,954,998**	₱18,422,650

Interbank loans payable
Interbank loans payable consists of short-term dollar-denominated borrowings of the Group and the Parent Company with annual interest ranging from 1.25% to 1.68% in 2016 and 2015.

As of December 31, 2016, 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 ₱8.96 billion and ₱0.53 billion, respectively. The fair value of HTM financial assets pledged as collateral amounted to ₱8.41 billion as of December 31, 2016 (Note 8).

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, 2016 and 2015, margin deposits amounting to ₱74.68 million and ₱561.21million, 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 was subsequently carried at amortized cost. As of December 31, 2016 and 2015, the carrying value of the loan amounted to ₱7.81 billion and ₱7.37 billion respectively.

Government lending programs
As of December 31, 2015, this account consists of:

Counterparty	Average term	Rates	Consolidated	Parent Company
Land Bank of the Philippines	5 -10 years	3.50% to 8.66%	₱460,768	₱208
Social Security Services	6 years	2.50% to 5.25%	178,056	–
Small Business Guaranty and Finance Corporation	4 years	5.00% to 6.50%	23,914	–
			₱662,738	₱208

Loans and receivables of the Group and the Parent Company amounting to ₱760.38 million and ₱0.21 million as of December 31, 2015, 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.

18. Accrued Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2016	2015	**2016**	**2015**
Accrued payable for employee benefits	**₱789,691**	₱725,273	**₱786,014**	₱724,134
Accrued interest payable	**552,881**	384,114	**464,741**	293,213
Accrued lease payable	**121,139**	111,078	**119,950**	107,237
Accrued taxes and other licenses	**87,156**	77,658	**77,837**	74,188
Accrued other expenses payable	**317,323**	286,151	**112,809**	62,223
	₱1,868,190	₱1,584,274	**₱1,561,351**	₱1,260,995

19. **Other Liabilities**

This account consists of:

	Consolidated		Parent Company	
	2016	**2015**	2016	**2015**
Financial liabilities				
Accounts payable	**₱2,801,269**	₱2,107,169	**₱1,731,365**	₱1,261,933
Acceptances payable	**1,172,158**	997,418	**1,172,158**	997,418
Due to PDIC	**428,308**	345,805	**428,308**	345,805
Other credits-dormant	**318,701**	218,635	**304,036**	214,220
Due to the Treasurer of the Philippines	**28,131**	95,838	**23,716**	95,838
Margin deposits	**1,702**	3,356	**1,702**	3,356
Miscellaneous	**488,139**	636,121	**428,532**	419,288
	5,238,408	4,404,342	**4,089,817**	3,337,858
Nonfinancial liabilities				
Withholding taxes payable	**150,814**	137,523	**115,928**	107,906
Retirement liabilities (Note 23)	**144,686**	164,256	–	–
	295,500	301,779	**115,928**	107,906
	₱5,533,908	₱4,706,121	**₱4,205,745**	₱3,445,764

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		
	2016	2015	2014	**2016**	2015	2014
Service and collection charges						
Deposits	**₱597,294**	₱628,191	₱659,597	**₱535,397**	₱572,448	₱610,332
Loans	**214,237**	170,070	97,683	**40,301**	34,785	30,743
Remittances	**302,184**	248,615	132,939	**302,184**	248,615	132,939
Others	**114,791**	169,744	176,556	**93,452**	90,019	70,257
Fees and commissions	**894,963**	617,698	495,032	**348,114**	510,273	376,378
	₱2,123,469	₱1,834,318	₱1,561,807	**₱1,319,448**	₱1,456,140	₱1,220,649

Trading and Securities Gain - Net
This account consists of:

	Consolidated			Parent Company		
	2016	2015	2014	**2016**	2015	2014
Financial assets at FVPL:						
Held-for-trading (Note 8)	**(₱135,709)**	(₱50,330)	₱28,505	**(₱138,286)**	(₱48,087)	(₱45,421)
Financial assets designated at FVPL (Note 8)	**111,615**	(120,134)	(40,401)	**111,615**	(120,134)	(40,401)
Derivative assets (Note 24)	**23,510**	(1,425)	3,065	**23,510**	(1,425)	3,065
AFS financial assets	**918,673**	638,723	544,094	**856,031**	629,642	541,653
	₱918,089	₱466,834	₱535,263	**₱852,870**	₱459,996	₱458,896

Miscellaneous Income

Details of this account are as follows:

	Consolidated			Parent Company		
	2016	2015	2014	**2016**	2015	2014
Bancassurance (Note 10)	**₱383,483**	₱337,521	₱277,138	**₱383,483**	₱337,407	₱277,138
Dividends (Note 8)	**193,229**	263,330	311,073	**193,229**	255,407	311,073
Rental on bank premises	**91,591**	51,731	56,183	**67,134**	39,516	28,642
Fund transfer fees	**50,658**	56,621	48,792	**50,658**	56,621	48,792
Rental safety deposit boxes	**24,627**	23,139	20,017	**24,269**	22,768	19,385
Recovery of charged off assets	**18,734**	15,620	93,797	**10,523**	7,943	79,256
Miscellaneous income (Notes 10, 11 and 12)	**116,123**	218,893	781,064	**70,801**	172,291	626,940
	₱878,445	₱966,855	₱1,588,064	**₱800,097**	₱891,953	₱1,391,226

Miscellaneous Expenses

Details of this account are as follows:

	Consolidated			Parent Company		
	2016	2015	2014	**2016**	2015	2014
Service charges	**₱225,889**	₱181,216	₱86,067	**₱225,889**	₱181,216	₱86,067
Information technology	**108,458**	371,949	326,718	**227,627**	280,973	236,261
Litigations	**117,363**	100,947	149,996	**43,261**	26,486	61,452
Freight	**34,331**	25,534	18,405	**27,354**	21,338	13,970
Membership fees and dues	**29,329**	17,012	19,228	**28,135**	14,861	17,698
Clearing and processing fee	**27,379**	14,337	23,143	**24,525**	11,591	16,784
Broker's fee	**12,403**	22,970	52,215	**12,403**	22,970	25,959
Miscellaneous expense	**518,834**	267,969	346,027	**352,295**	241,307	267,122
	₱1,073,986	₱1,001,934	₱1,021,799	**₱941,489**	₱800,742	₱725,313

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					
	2016			2015		
	Within Twelve Months	**Over Twelve Months**	**Total**	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	**₱12,010,543**	**₱–**	**₱12,010,543**	₱11,377,101	₱–	₱11,377,101
Due from BSP	**91,964,495**	**–**	**91,964,495**	86,318,501	–	86,318,501
Due from other banks	**11,332,236**	**–**	**11,332,236**	21,243,492	–	21,243,492
Interbank loans receivables	**3,451,543**	**–**	**3,451,543**	–	–	–
Financial assets at FVPL	**7,703,899**	**–**	**7,703,899**	6,244,593	–	6,244,593
AFS financial assets - gross	**11,849,322**	**22,063,143**	**33,912,465**	1,370,480	47,497,495	48,867,975
HTM financial assets	**2,112,503**	**55,292,297**	**57,404,800**	8,596,143	7,540,004	16,136,147
Loans and receivables - gross	**150,962,924**	**242,775,212**	**393,738,136**	155,520,631	161,514,151	317,034,782
Accrued interest receivable - gross	**3,193,868**	**–**	**3,193,868**	2,691,068	–	2,691,068
Other assets - gross	**4,698,468**	**953,734**	**5,652,202**	3,955,145	1,022,116	4,977,261
	299,279,801	**321,084,386**	**620,364,187**	297,317,154	217,573,766	514,890,920
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment - net of accumulated depreciation and amortization	**–**	**6,498,639**	**6,498,639**	–	6,356,189	6,356,189
Investment properties - net of accumulated depreciation	**–**	**6,762,710**	**6,762,710**	–	6,685,950	6,685,950
Deferred tax assets	**–**	**1,666,267**	**1,666,267**	–	1,381,280	1,381,280
Investments in associates	**–**	**278,752**	**278,752**	–	371,399	371,399
Intangible assets	**–**	**4,089,715**	**4,089,715**	–	3,972,308	3,972,308
Goodwill	**–**	**839,748**	**839,748**	–	839,748	839,748
Other assets - gross	**944,754**	**1,015,932**	**1,960,686**	775,844	965,873	1,741,717
	944,754	**21,151,763**	**22,096,517**	775,844	20,572,747	21,348,591
Allowance for impairment and credit losses (Note 15)			**(9,006,852)**			(9,134,213)
Unearned discounts (Note 9)			**(255,841)**			(278,335)
			(9,262,693)			(9,412,548)
			₱633,198,011			₱526,826,963
Financial liabilities						
Deposit liabilities	**₱513,517,732**	**₱28,065,286**	**₱541,583,018**	₱412,650,027	₱26,615,659	₱439,265,686
Bills payable	**16,954,998**	**–**	**16,954,998**	11,062,703	8,022,477	19,085,180
Manager's checks	**2,029,778**	**–**	**2,029,778**	1,456,498	–	1,456,498
Accrued interest and other expenses*	**870,204**	**–**	**870,204**	670,265	–	670,265
Derivative liabilities	**243,198**	**–**	**243,198**	66,373	–	66,373
Other liabilities	**5,238,408**	**–**	**5,238,408**	4,404,342	–	4,404,342
	538,854,318	**28,065,286**	**566,919,604**	430,310,208	34,638,136	464,948,344
Nonfinancial liabilities						
Accrued interest and other expenses	**87,156**	**910,830**	**997,986**	802,931	111,078	914,009
Deferred tax liabilities	**–**	**1,161,414**	**1,161,414**	–	1,116,147	1,116,147
Income tax payable	**437,303**	**–**	**437,303**	375,780	–	375,780
Other liabilities	**150,814**	**144,686**	**295,500**	137,523	164,256	301,779
	₱539,529,591	**₱30,282,216**	**₱569,811,807**	₱431,626,442	₱36,029,617	₱467,656,059

*Accrued interest and other expenses include accrued interest payable and accrued other expenses payable (Note 18).

	Parent Company					
	2016			2015		
	Within Twelve Months	**Over Twelve Months**	**Total**	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	**₱10,580,748**	**₱–**	**₱10,580,748**	₱10,052,891	₱–	₱10,052,891
Due from BSP	**85,307,128**	**–**	**85,307,128**	77,003,616	–	77,003,616
Due from other banks	**9,689,165**	**–**	**9,689,165**	19,200,544	–	19,200,544
Interbank loans receivables/SPURA	**2,958,465**	**–**	**2,958,465**	–	–	–
Financial assets at FVPL	**7,232,882**	**–**	**7,232,882**	5,465,417	–	5,465,417
AFS financial assets - gross	**11,159,904**	**20,000,169**	**31,160,073**	1,205,447	45,635,075	46,840,522
HTM financial assets	**2,087,861**	**51,981,160**	**54,069,021**	8,515,233	5,430,412	13,945,645
Loans and receivables - gross	**131,527,458**	**203,449,468**	**334,976,926**	134,470,413	131,495,001	265,965,414
Accrued interest receivable - gross	**2,728,373**	**–**	**2,728,373**	2,269,589	–	2,269,589
Other assets - gross	**3,350,015**	**254,485**	**3,604,500**	3,036,585	283,282	3,319,867
	266,621,999	**275,685,282**	**542,307,281**	261,219,735	182,843,770	444,063,505
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment - net of accumulated depreciation and amortization	**–**	**5,143,981**	**5,143,981**	–	4,997,202	4,997,202
Investment properties - net of accumulated depreciation	**–**	**2,967,294**	**2,967,294**	–	3,106,280	3,106,280
Deferred tax assets	**–**	**1,508,150**	**1,508,150**	–	1,369,147	1,369,147
Investments in subsidiaries	**–**	**12,169,037**	**12,169,037**	–	9,164,601	9,164,601
Investment in associates	**–**	**276,559**	**276,559**	–	371,399	371,399
Intangible assets	**–**	**805,582**	**805,582**	–	762,808	762,808
Goodwill	**–**	**222,841**	**222,841**	–	222,841	222,841
Other assets - gross	**759,212**	**754,754**	**1,513,966**	469,848	785,818	1,255,666
	759,212	**23,848,198**	**24,607,410**	469,848	20,780,096	21,249,944
Allowances for impairment and credit losses (Note 15)			**(7,598,152)**			(8,058,972)
Unearned discounts (Note 9)			**(198,042)**			(168,620)
			(7,796,194)			(8,227,592)
			₱559,143,914			₱457,085,857
Financial liabilities						
Deposit liabilities	**₱ 455,816,577**	₱15,145,414	**₱470,961,991**	₱368,242,423	₱5,360,993	₱373,603,416
Bills payable	**16,954,998**	**–**	**16,954,998**	11,053,287	7,369,363	18,422,650
Manager's checks	**1,445,585**	**–**	**1,445,585**	741,479	–	741,479
Accrued interest and other expenses*	**577,550**	**–**	**577,550**	355,436	–	355,436
Derivative liabilities	**243,198**	**–**	**243,198**	66,373	–	66,373
Other liabilities	**4,089,817**	**–**	**4,089,817**	3,337,858	–	3,337,858
	479,127,725	**15,145,414**	**494,273,139**	383,796,856	12,730,356	396,527,212
Nonfinancial liabilities						
Accrued interest and other expenses	**77,836**	**905,965**	**983,801**	798,322	107,237	905,559
Income tax payable	**354,212**	**–**	**354,212**	345,312	–	345,312
Other liabilities	**115,928**	**–**	**115,928**	107,906	–	107,906
	₱479,675,701	**₱16,051,379**	**₱495,727,080**	₱385,048,396	₱12,837,593	₱397,885,989

*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):

	2016		2015	
	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	**1,853,728,497**	**₱18,537,285**	1,716,414,317	₱17,164,143
Stock dividends*	**148,299,339**	**1,482,993**	137,314,180	1,373,142
	₱2,002,027,836	**₱20,020,278**	₱1,853,728,497	₱18,537,285

*The stock dividends declared include fractional shares equivalent to 1,060 shares in 2016 and 1,035 shares in 2015.

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 enabled 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 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 1,959 and 1,980 as of December 31, 2016 and 2015, respectively.

Subsequent Events
On January 19, 2017, the BOD of CBCC approved the increase in authorized capital stock of CBCC from ₱500.00 million to ₱2.00 billion to enable CBCC to handle bigger deals. The approval was ratified by the BOD of the Parent Company on February 1, 2017. On the same date, the BOD of the Parent Company approved the capital infusion of ₱500.00 million to be paid within the first quarter of 2017.

On Febuary 22, 2017, the BOD of the Parent Company approved to undertake a stock rights offering through the issuance of new shares from the unissued shares of the Parent Company's authorized capital stock that will generate the aggregate issue of approximately ₱15.00 billion to all eligible stockholders.

Dividends
Details of the Parent Company's cash dividend payments follow:

Date of Declaration	Date of Record	Date of Payment	Stock Dividend Per Share	Cash Dividend Per Share
May 05, 2016	May 23, 2016	June 03, 2016	8%	1.00
May 07, 2015	August 12, 2015	September 09, 2015	8%	1.00
May 08, 2014	September 19, 2014	October 15, 2014	8%	1.00
May 02, 2013	July 19, 2013	August 14, 2013	10%	1.20

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, 2016 and 2015, 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 ₱607.74 million and ₱296.00 million as of December31, 2016 and 2015, 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.

Reserves
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, 2016 and 2015.

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, 2016 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
	(Amounts in Million Pesos)			
CET 1 Capital	**₱58,170**	₱54,071	**₱57,409**	₱54,136
Less: Regulatory Adjustments	**7,338**	6,678	**13,169**	11,124
	50,832	47,393	**44,240**	43,012
Additional Tier 1 Capital	–	–	–	–
Less: Regulatory Adjustments	–	–	–	–
	–	–	–	–
Net Tier 1 Capital	**50,832**	47,393	**44,240**	43,012
Tier 2 Capital	**4,076**	3,486	**3,514**	2,955
Less: Regulatory Adjustments	–	–	–	–
Net Tier 2 Capital	**4,076**	3,486	**3,514**	2,955
Total Qualifying Capital	**₱54,909**	₱50,879	**₱47,754**	₱45,967

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
	(Amounts in Million Pesos)			
Credit RWA	**₱414,381**	₱348,149	**₱352,651**	₱294,883
Market RWA	**4,575**	2,770	**4,339**	2,274
Operational RWA	**30,727**	25,906	**25,689**	22,703
Total RWA	**₱449,683**	₱376,825	**₱382,679**	₱319,860
CET 1 capital ratio	**11.30%**	12.58%	**11.56%**	13.45%
Tier 1 capital ratio	**11.30%**	12.58%	**11.56%**	13.45%
Total capital ratio	**12.21%**	13.50%	**12.48%**	14.37%

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, 2016.

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**	
	2016	2015	**2016**	2015
Net plan assets (Note 14)	**₱754,754**	₱785,818	**₱754,754**	₱785,818
Retirement liabilities (Note 19)	**(144,686)**	(164,256)	**–**	–
	₱610,068	₱621,562	**₱754,754**	₱785,818

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

	Consolidated											
	2016											
						Remeasurements in other comprehensive income						
		Net benefit cost										
	January 1, 2016	**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**	**Actuarial changes arising from changes in demographic assumptions**	**Changes in remeasurement gains (losses)**	**Contribution by employer**	**December 31, 2016**
	(a)	**(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	**₱4,472,990**	**₱–**	**₱179,522**	**₱179,522**	**(₱644,384)**	**₱278,115**	**₱–**	**₱–**	**₱–**	**₱278,115**	**₱234,867**	**₱4,521,109**
Present value of defined benefit obligation	**3,851,428**	**302,347**	**148,206**	**450,553**	**(₱644,384)**	**–**	**72,293**	**165,252**	**15,900**	**253,444**	**–**	**3,911,041**
Net defined benefit asset	**₱621,562**	**(₱302,347)**	**₱31,316**	**(₱271,031)**	**₱–**	**₱278,115**	**(₱72,293)**	**(₱165,252)**	**(₱15,900)**	**₱24,671**	**₱234,867**	**₱610,068**

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

	Consolidated										
	2015										
			Remeasurements in other comprehensive income								
		Net benefit cost									
	January 1, 2015	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)	(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.*

Parent Company

2016

	January 1, 2016	Net benefit cost: Current service cost	Net benefit cost: Net interest	Net benefit cost: Net pension expense*	Benefits paid	Remeasurements in other comprehensive income: Return on plan assets (excluding amount included in net interest)	Remeasurements in other comprehensive income: Actuarial changes arising from experience adjustments	Remeasurements in other comprehensive income: Actuarial changes arising from changes in financial assumptions	Remeasurements in other comprehensive income: Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2016
	(a)	(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	₱3,892,350	₱–	₱173,210	₱173,210	(₱183,784)	₱284,221	₱–	₱–	₱284,221	₱150,000	₱4,315,997
Present value of defined benefit obligation	3,106,532	288,262	138,241	426,503	(183,784)		49,966	162,025	211,991		3,561,243
Net defined benefit asset	₱785,818	₱(288,262)	₱34,969	₱ (253,293)	₱–	₱284,221	(₱49,966)	₱(162,025)	₱72,230	₱150,000	₱754,754

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

Parent Company

2015

	January 1, 2015	Net benefit cost: Current service cost	Net benefit cost: Net interest	Net benefit cost: Net pension expense*	Benefits paid	Remeasurements in other comprehensive income: Return on plan assets (excluding amount included in net interest)	Remeasurements in other comprehensive income: Actuarial changes arising from experience adjustments	Remeasurements in other comprehensive income: Actuarial changes arising from changes in financial assumptions	Remeasurements in other comprehensive income: Changes in remeasurement gains (losses)	Contribution by employer	December 31, 2015
	(a)	(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.*

The Parent Company does not expect to contribute to its defined benefit pension plan in 2017.

In 2016 and 2015, the major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Parent Company shares (Note 28)	**40.13%**	36.77%	**42.04%**	42.26%
Equity instruments	**21.76%**	17.49%	**22.18%**	19.17%
Cash and cash equivalents	**6.13%**	16.44%	**3.57%**	6.70%
Debt instruments	**16.19%**	15.30%	**15.67%**	16.44%
Other assets	**15.79%**	14.00%	**16.54%**	15.43%
	100.00%	100.00%	**100.00%**	100.00%

The following table shows the breakdown of fair value of the plan assets:

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Due from BSP	**₱53,580**	₱189,819	**₱46,000**	₱187,484
Deposits in banks	**223,432**	545,480	**108,259**	73,437
Financial assets at FVPL	**976,684**	754,054	**956,163**	739,208
AFS financial assets				
Quoted debt securities	**555,553**	566,644	**515,123**	545,799
Quoted equity securities	**7,054**	28,117	**5,481**	6,781
Parent Company shares	**1,814,531**	1,644,750	**1,814,531**	1,644,750
Investments in unit investment trust fund	**167,840**	109,098	**152,278**	85,382
Corporate bonds	**8,750**	8,750	**8,750**	8,750
Loans and receivable	**553,339**	454,738	**552,379**	453,881
Investment properties*	**147,154**	161,148	**143,799**	136,568
Other assets	**13,284**	10,392	**13,234**	10,309
	₱4,521,201	₱4,472,990	**₱4,315,997**	₱3,892,349

* Investment properties comprise properties located in Manila.

The carrying value of the plan assets of the Group and Parent Company amounted to ₱4.52 billion and ₱4.32 billion, respectively, as of December 31, 2016, and ₱4.47 billion and ₱3.89 billion, respectively, as of December 31, 2015.

The principal actuarial assumptions used in 2016 and 2015 in determining the retirement liability for the Group's and Parent Company's retirement plans are shown below:

	2016				
	Parent	**CBSI**	**CIBI**	**CBC-PCCI**	**CBCC**
Discount rate:					
January 1	**4.45%**	**4.99%**	**5.10%**	**5.10%**	**–**
December 31	**4.79%**	**5.08%**	**5.14%**	**5.14%**	**5.19%**
Salary increase rate	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**6.00%**

	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%

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, 2016	**Parent**	**CBSI**	**CIBI**	**CBC-PCCI**	**CBCCC**
Discount rate					
(+1%)	**(₱246,034)**	**(₱35,473)**	**(₱1,566)**	**(₱9,072)**	**(₱814)**
(-1%)	**330,859**	**45,560**	**2,073**	**12,454**	**1,025**
Salary increase rate					
(+1%)	**310,338**	**43,290**	**1,946**	**11,854**	**983**
(-1%)	**(237,969)**	**(34,585)**	**(1,522)**	**(8,860)**	**(799)**

December 31, 2015	Parent	CBSI	CIBI	CBC-PCCI	CBCC
Discount rate					
(+1%)	(₱186,222)	(₱41,329)	(₱1,072)	(₱3,644)	₱–
(-1%)	267,709	59,118	1,566	7,690	–
Salary increase rate					
(+1%)	252,451	55,498	1,496	7,354	–
(-1%)	(181,218)	(40,226)	(1,059)	(3,596)	–

The weighted average duration of the defined benefit obligation are presented below:

	December 31, 2016	December 31, 2015
Parent Company	**13**	13
CBSI	**18**	18
CIBI	**19**	19
CBC-PCCI	**19**	19
CBCC	**22**	–

The maturity analyses of the undiscounted benefit payments as of December 31, 2016 and 2015 are as follows:

December 31, 2016	**Parent**	**CBSI**	**CIBI**	**CBC-PCCI**	**CBCC**
1 year and less	**₱884,693**	**₱9,290**	**₱–**	**₱–**	**₱–**
More than 1 year to 5 years	**846,426**	**64,223**	**1,571**	**20,508**	**–**
More than 5 years to 10 years	**2,115,399**	**140,944**	**12,533**	**41,384**	**7,925**
More than 10 years to 15 years	**2,680,694**	**541,073**	**25,081**	**41,182**	**13,494**
More than 15 years to 20 years	**3,146,044**	**1,023,406**	**–**	**159,992**	**104,806**
More than 20 years	**21,735,037**	**8,360,827**	**393,003**	**1,173,627**	**275,604**

December 31, 2015	**Parent**	**CBSI**	**CIBI**	**CBC-PCCI**	**CBCC**
1 year and less	₱836,930	₱72,141	₱–	₱8,632	₱–
More than 1 year to 5 years	634,991	183,285	1,385	19,074	–
More than 5 years to 10 years	1,719,371	295,106	8,509	32,982	–
More than 10 years to 15 years	2,426,865	560,349	16,035	13,614	–
More than 15 years to 20 years	2,340,344	1,126,570	2,048	98,631	–
More than 20 years	15,244,682	5,923,431	282,416	766,434	–

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, 2016 and 2015 amounted to US$148.58 million and US$287.67 million, respectively, while the sell US dollar forward contracts amounted to US$197.06 million and US$440.00 million, respectively. Weighted average buy US dollar forward rate as of December 31, 2016 and 2015 is ₱46.76, while the weighted average sell US dollar forward rates are ₱44.26 and ₱47.32, respectively.

The aggregate notional amounts of the outstanding buy Euro currency forwards as of December 31, 2016 and 2015 amounted to €2 million and nil, respectively while the aggregate notional amounts of the outstanding sell Euro currency forwards as of the December 31, 2016 and 2015 amounted to €6 million and €241.02 million, respectively. The weighted average buy Euro forward rates as of December 31, 2016 ₱53.40 while the weighted average sell Euro forward rate as of December 31, 2016 and 2015 are ₱51.85 and ₱51.68, respectively.

The aggregate notional amounts of the outstanding buy Hongkong dollars (HKD) currency forwards as of December 31, 2016 amounted to HKD155.15 million. The weighted average buy HKD forward rates as of December 31, 2016 is ₱6.41.

The aggregate notional amounts of the outstanding sell Chinese Yuan (CNY) currency forwards as of December 31, 2016 amounted to CNY34.91 million. The weighted average sell CNYforward rates as of December 31, 2016 is ₱7.12.

The aggregate notional amounts of the outstanding IRS as of December 31, 2016 and 2015 amounted to ₱10.82 billion and ₱6.95 billion, respectively.

As of December 31, 2016 and 2015, the fair values of derivatives follow:

	2016		2015	
	Derivative Asset	**Derivative Liability**	Derivative Asset	Derivative Liability
Currency forwards	**₱176,513**	**₱213,788**	₱283,112	₱35,876
IRS	**30,065**	**29,410**	7,624	30,497
Warrants	**9,710**	–	9,190	–
	₱216,288	**₱243,198**	₱299,926	₱66,373

Fair Value Changes of Derivatives

The net movements in fair value changes of derivative instruments are as follows:

	2016	2015
Balance at beginning of year	**₱233,553**	₱187,947
Fair value changes during the year	**(183,640)**	316,442
Settled transactions	**(76,823)**	(270,836)
Balance at end of year	**(₱26,910)**	₱233,553

The net movements in the value of the derivatives are presented in the statements of income under the following accounts:

	2016	2015	2014
Foreign exchange gain (loss)	**(₱283,994)**	₱47,031	(₱155,824)
Trading and securities gain (loss)* (Note 20)	**23,510**	(1,425)	3,065
	(₱260,484)	₱45,606	(₱152,759)

*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 2016, 2015 and 2014 amounted to ₱681.05 million, ₱615.00 million and ₱522.00 million, respectively, for the Group, and ₱450.53 million, ₱396.88 million and ₱349.00 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	
	2016	2015	**2016**	2015
Within one year	**₱573,623**	₱468,972	**₱506,446**	₱394,965
After one year but not more than five years	**1,900,916**	1,465,118	**1,677,595**	1,204,976
After five years	**1,152,237**	785,931	**724,682**	484,064
	₱3,626,776	₱2,720,021	**₱2,908,723**	₱2,084,005

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	
	2016	2015	**2016**	2015
Within one year	**₱5,044**	₱5,465	**₱4,865**	₱2,792
After one year but not more than five years	**22,047**	38,575	**2,977**	5,670
After more than five years	**27,653**	23,867	**–**	–
	₱54,743	₱67,907	**₱7,842**	₱8,462

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		
	2016	2015	2014	**2016**	2015	2014
Current						
Final tax	**₱498,750**	₱435,649	₱575,434	**₱458,011**	₱417,227	₱472,387
RCIT	**907,782**	1,007,447	888,188	**785,800**	941,923	871,033
MCIT	**-**	29,935	34,693	**-**	–	–
	1,406,532	1,473,031	1,498,315	**1,243,811**	1,359,150	1,343,420
Deferred	**(279,980)**	(663,062)	66,612	**(160,672)**	(531,080)	65,412
	₱1,126,552	₱809,969	₱1,564,927	**₱1,083,139**	₱828,070	₱1,408,832

The details of net deferred tax assets (liabilities) follow:

	Consolidated		Parent Company	
	2016	2015	**2016**	2015
Deferred tax assets (liabilities) on				
Allowance for impairment and credit losses	**₱2,429,146**	₱2,149,489	**₱2,249,967**	₱2,123,705
Revaluation increment on land	**(547,405)**	(547,405)	**(547,405)**	(547,405)
Fair value adjustment on asset foreclosure and dacion transactions - net of depreciated portion	**(91,030)**	(34,821)	**32,014**	28,592
Net defined benefit asset	**(183,020)**	(186,469)	**(226,426)**	(235,745)
Fair value adjustments on net assets (liabilities) of PDB and Unity Bank	**(1,102,839)**	(1,115,661)	**–**	–
	₱504,852	₱265,133	**₱1,508,150**	₱1,369,147

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	
	2016	2015	**2016**	2015
Allowance for impairment and credit losses	**₱909,699**	₱1,969,250	**₱98,262**	₱979,955
NOLCO	**228,929**	467,368	**–**	–
Excess of MCIT over RCIT	**40,339**	97,607	**–**	–
Accrued compensated absences	**32,416**	291,386	**53,003**	65,993
Others	**62,280**	43,688	**–**	–
	₱1,273,663	₱2,869,299	**₱151,265**	₱1,045,948

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
2013	238,439	–	238,439	-	2016
2014	177,085	–	–	177,085	2017
2015	51,844	–	–	51,844	2018
	₱467,368	**₱–**	**₱238,439**	**₱228,929**	

As of December 31, 2016, details of the excess of MCIT over RCIT of the Group follow:

Inception Year	Original Amount	Used Amount	Expired Amount	Remaining Balance	Expiry Year
2013	37,783	37,783	–	–	2016
2014	37,001	19,485	–	17,516	2017
2015	22,823	–	–	22,823	2018
	₱97,607	**₱–**	**₱–**	**₱40,339**	

The reconciliation of the statutory income tax to the provision for income tax follows:

	Consolidated			Parent Company		
	2016	2015	2014	**2016**	2015	2014
Statutory income tax	**₱2,276,256**	₱1,923,764	₱2,003,974	**₱2,262,431**	₱2,002,359	₱1,957,021
Tax effects of				**-**		
FCDU income	**(549,881)**	(459,351)	(524,178)	**(543,591)**	(472,787)	(479,306)
Non-taxable income	**(219,042)**	(300,817)	(618,351)	**(179,507)**	(330,074)	(349,137)
Interest income subjected to final tax	**(464,491)**	(168,700)	(453,824)	**(604,445)**	(180,071)	(230,809)
Nondeductible expenses	**243,937**	(63,433)	1,234,635	**146,205**	(232,661)	532,835
Others	**(160,227)**	(121,494)	(77,329)	**2,046**	41,304	(21,772)
Provision for income tax	**₱1,126,552**	₱809,969	₱1,564,927	**₱1,083,139**	₱828,070	₱1,408,832

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 HFT financial assets and AFS financial assets with total face value of ₱994.05 million and ₱250.62 million as of December 31, 2016 and 2015, 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.

Transactions with Retirement Plans

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 ₱44.35 million and ₱41.41 million, respectively, in 2016, ₱44.19 million and ₱41.35 million, respectively, in 2015, and ₱46.91 million and ₱44.05 million, respectively, in 2014. 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	
	2016	2015	**2016**	2015
Deposits in banks	**₱223,432**	₱75,278	**₱108,259**	₱73,437
AFS financial assets	**1,814,531**	1,644,750	**1,814,531**	1,644,750
Dividend income	**44,214**	40,939	**44,214**	40,939
Interest income	**2,069**	697	**1,172**	511
Total market value of shares	**1,814,531**	1,644,750	**1,814,531**	1,644,750
Number of shares held	**47,751**	44,214	**47,751**	44,214

In 2014, dividend income and interest income of the retirement plan from investments and placements in the Parent Company amounted to ₱37.91 million and ₱0.73 million, respectively, for the Group, and ₱37.91 million and ₱0.66 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		
	2016	2015	2014	**2016**	2015	2014
Short-term employee benefits	**₱380,394**	₱411,833	₱400,318	**₱315,284**	₱325,324	₱313,469
Post-employment benefits	**4,774**	6,526	7,646	**2,194**	3,946	3,645
	₱385,168	₱418,359	₱407,964	**₱317,478**	₱329,270	₱317,114

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 Parent Company's 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.

Category	December 31, 2016 Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans and receivables		**2,710,000**	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	**₱–**		
Repayments	–		
Deposit liabilities		**223**	These are checking accounts with annual average rate of 0.13%.
Deposits	**2,053,853**		
Withdrawals	**(10,270,042)**		
Associate			
Deposit liabilities		**288,072**	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**437,486**		
Withdrawals	**(1,097,863)**		
Key Management Personnel			
Loans and receivables		**11,703**	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	**557**		
Repayments	**8,463**		
Deposit liabilities		**15,830**	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**209,071**		
Withdrawals	**(228,679)**		
Other Related Parties			
Deposit liabilities		**22,019**	These are checking and savings accountswith annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**8,122,268**		
Withdrawals	**(33,781,787)**		

Category	December 31, 2015 Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans and receivables		₱2,710,000	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	₱–		
Repayments	(290,000)		
Deposit liabilities		8,216,412	These are checking accounts with annual average interest rate of 0.13%.
Deposits	3,633,465		
Withdrawals	–		
Associate			
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	Theseare 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	7,901		
Repayments	(13,458)		
Deposit liabilities		35,438	These are checking, savings and time eposit accounts 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)		These are checking and savings accounts ith annual average interest rates ranging from 0.13% to 1.00%.

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2016, 2015, and 2014 follow:

	Significant Investor			Associate		
	2016	2015	2014	**2016**	2015	2014
Interest income	**₱138,944**	₱142,662	₱146,695	**₱–**	₱1,288	₱14,341
Interest expense	**12**	8	1	**1,513**	2,411	1,332

	Key Management Personnel			Other Related Parties		
	2016	2015	2014	**2016**	2015	2014
Interest income	**₱–**	₱1,039	₱1,133	**₱–**	₱–	₱42,660
Interest expense	**40**	1,270	466	**11**	125	199

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.

	December 31, 2016		
Category	**Amount / Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Subsidiaries			
Deposit liabilities		**₱14,218**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**₱273,603**		
Withdrawals	**(6,767,542)**		
Associate			
Deposit liabilities		**288,072**	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**437,486**		
Withdrawals	**(4,700,011)**		
Key Management Personnel			
Loans and receivables		**1,249**	Loans with interest rates ranging from 6.00% to 8.00% amd maturity of 15 years.
Issuances	**557**		
Repayments	**(1,060)**		
Deposit liabilities		**15,830**	These are savings account with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**209,071**		
Withdrawals	**(206,142)**		
Other Related Parties			
Deposit liabilities		**22,019**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**8,122,268**		
Withdrawals	**(33,709,401)**		

	December 31, 2015		
Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
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)**		
Key Management Personnel			
Loans and receivables		**1,752**	Loans with interest rates ranging from 6.00% to 8.00% amd maturity of 15 years.
Issuances	**453**		
Repayments	**(856)**		
Deposit liabilities		**12,901**	These are savings account 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)**		

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.

The related party transactions shall be settled in cash. There are no provisions for credit losses in 2016, 2015 and 2014 in relation to amounts due from related parties.

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2016, 2015 and 2014 follow:

	Subsidiaries			Associate		
	2016	2015	2014	**2016**	2015	2014
Interest expense	**₱33**	₱137	₱203	**₱1,513**	₱19	₱1,081

	Key Management Personnel			Other Related Parties		
	2016	2015	2014	**2016**	2015	2014
Interest income	**₱56**	₱78	₱98	**₱–**	₱–	₱42,660
Interest expense	**40**	76	55	**11**	27	106

Outstanding loan balances with related parties are unimpaired as at year-end, thus no impairment allowance was recorded.

Outright purchases and outright sale of debt securities of the Parent Company with its subsidiaries in 2016 and 2015 follow:

	Subsidiaries	
	2016	2015
Peso-denominated		
Outright purchase	**₱1,504,879**	₱277,420
Outright sale	**1,128,000**	603,000
Dollar-denominated		
Outright purchase	–	US$9,000
Outright sale	–	5,934

The following table shows the amount and outstanding balance of other related party transactions included in the financial statements:

	Subsidiaries		
	2016	2015	**Nature, Terms and Conditions**
Balance Sheet			
Accounts receivable	**₱5,187**	₱3,301	This pertains to various expenses advanced by CBC in behalf of CBSI
Security deposits	**3,050**	2,445	This pertains to the rental deposits with CBSI for office space leased out to the Parent Company
Accounts payable	**10,623**	3,303	This pertains to various unpaid rental to CBSI

	Subsidiaries			
	2016	2015	2014	**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	**22,255**	16,266	16,411	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	**229,592**	122,260	103,364	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	
	2016	2015	**2016**	2015
Total outstanding DOSRI loans	**₱7,023,635**	₱5,022,503	**₱7,015,002**	₱4,997,513
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	**1.81%**	1.59%	**2.12%**	1.88%
Percent of unsecured DOSRI loans to total DOSRI loans	**5.99%**	3.05%	**5.98%**	3.02%

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	
	2016	2015	**2016**	2015
Trust department accounts (Note 27)	**₱104,373,741**	₱82,677,515	**₱102,862,792**	₱78,663,914
Future exchange sold	**11,267,749**	21,031,257	**11,267,749**	21,031,257
Unused commercial letters of credit (Note 28)	**17,801,390**	18,440,951	**17,801,205**	18,431,395
IRS receivable	**10,823,400**	6,950,000	**10,823,400**	6,950,000
Future exchange bought	**8,922,411**	13,407,792	**8,922,411**	13,407,792
Credit card lines	**8,883,196**	7,435,851	**8,883,196**	7,435,851
Standby credit commitment	**3,029,782**	3,259,734	**3,029,782**	3,259,734
Outstanding guarantees issued	**4,827,530**	5,725,655	**1,140,440**	792,581
Spot exchange sold	**558,487**	753,930	**558,487**	753,930
Spot exchange bought	**409,940**	1,130,390	**409,940**	1,130,390
Late deposits/payments received	**417,559**	245,924	**405,838**	210,993
Deficiency claims receivable	**294,632**	297,073	**294,632**	297,073
Inward bills for collection	**234,588**	144,155	**234,588**	144,155
Outward bills for collection	**73,702**	76,230	**57,227**	74,508
Others	**2,575**	14,125	**2,348**	13,991

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.

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 President and Chief Executive 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, 2016, 2015 and 2014 (with corresponding items of segment information for earlier periods restated to reflect the new composition of reportable segments):

	Lending Business			**Retail Banking Business**		
	2016	2015	2014	**2016**	2015	2014
Results of Operations						
Net interest income						
Third party	**₱11,234,520**	₱9,884,601	₱8,972,673	**₱477,635**	₱247,320	(₱187,269)
Intersegment	**(6,185,045)**	(5,226,806)	(3,102,914)	**7,067,165**	6,377,212	4,564,274
	5,049,475	4,657,795	5,869,759	**7,544,800**	6,624,532	4,377,005
Other operating income	**907,182**	885,555	633,077	**1,234,356**	1,420,568	1,296,578
Total revenue	**5,956,657**	5,543,350	6,502,836	**8,779,156**	8,045,100	5,673,583
Other operating expense	**(2,228,638)**	(1,361,427)	(1,172,810)	**(5,759,880)**	(5,472,577)	(5,109,623)
Income before income tax	**3,728,019**	4,181,923	5,330,026	**3,019,276**	2,572,523	563,960
Provision for income tax	**96,461**	–	(3,612)	**(6,833)**	(5,000)	(6,550)
Net income	**₱3,824,480**	₱4,181,923	₱5,326,414	**₱3,012,443**	₱2,567,523	₱557,410
Total assets	**₱251,890,331**	₱200,906,783	₱196,097,393	**₱361,036,278**	₱124,073,281	₱239,928,734
Total liabilities	**2,233,433**	₱1,050,634	₱775,648	**₱365,417,688**	₱336,671,277	₱296,507,001
Depreciation and amortization	**51,266**	₱39,019	₱21,879	**₱313,745**	₱300,010	₱309,589
Provision for impairment and credit losses	**₱916,974**	₱258,725	₱377,664	**₱126,025**	₱217,447	₱264,341
Capital expenditures	**₱451,770**	₱15,713	₱9,341	**₱647,525**	₱15,880	₱92,164

	Financial Capital Markets and Investments			**Other Business and Support Units**		
	2016	2015	2014	**2016**	2015	2014
Results of Operations						
Net interest income						
Third party	**2,039,741**	₱2,446,783	₱2,599,321	**2,942,296**	₱2,506,480	₱2,704,022
Intersegment	**(424,779)**	(567,059)	(541,263)	**(457,341)**	(583,347)	(920,097)
	1,614,962	1,879,724	2,058,058	**2,484,955**	1,923,133	1,783,925
Other operating income	**1,386,223**	1,393,658	1,413,239	**1,566,985**	787,361	1,416,383
Total revenue	**3,001,185**	3,273,382	3,471,297	**4,051,943**	2,710,494	3,200,308
Other operating expense	**(959,151)**	(651,534)	(601,704)	**(5,253,750)**	(5,674,243)	(5,283,975)
Income before income tax	**2,042,034**	2,621,848	2,869,593	**(1,201,807)**	(2,963,749)	(2,083,667)
Provision for income tax	**(388,807)**	(357,864)	(451,402)	**(827,373)**	(447,105)	(1,103,363)
Net income	**1,653,227**	₱2,263,984	₱2,418,191	**(2,029,180)**	(₱3,410,854)	(₱3,187,030)
Total assets	**128,281,917**	₱104,004,670	₱69,282,581	**(108,010,515)**	₱97,842,229	(₱34,087,895)
Total liabilities	**124,409,814**	₱59,108,627	₱43,584,546	**77,750,872**	₱70,825,521	₱73,786,135
Depreciation and amortization	**30,449**	₱20,199	₱13,950	**729,326**	₱620,184	₱576,346
Provision for impairment and credit losses	**₱–**	₱–	₱–	**(192,453)**	₱490,402	(₱201,104)
Capital expenditures	**₱230,076**	₱8,799	₱66,145	**₱(193,719)**	₱1,453,590	₱896,254

	Total		
	2016	2015	2014
Results of Operations			
Net interest income			
Third party	**₱16,694,192**	₱15,085,184	₱14,088,747
Intersegment	**–**	–	–
	16,694,192	15,085,184	14,088,747
Other operating income	**5,094,746**	4,487,142	4,759,277
Total revenue	**21,788,941**	19,572,326	18,848,024
Other operating expense	**(14,201,419)**	(13,159,781)	(12,168,112)
Income before income tax	**7,587,522**	6,412,545	6,679,912
Provision for income tax	**(1,126,552)**	(809,969)	(1,564,927)
Net income	**₱6,460,970**	₱5,602,576	₱5,114,985
Total assets	**₱633,198,011**	₱526,826,963	₱471,220,813
Total liabilities	**₱569,811,807**	₱467,656,059	₱414,653,330
Depreciation and amortization	**₱1,124,786**	₱979,412	₱921,764
Provision for impairment and credit losses	**₱850,546**	₱966,574	₱440,901
Capital expenditures	**₱1,135,652**	₱1,493,982	₱1,063,904

The Group's share in net loss of an associate included in other operating income amounting to ₱89.38 million, ₱37.89 million and ₱0.91 million in 2016, 2015 and 2014, respectively are reported under 'Other Business and Support Units'.

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:

	2016	2015	2014
a. Net income attributable to equity holders of the parent	**₱6,458,296**	₱5,606,666	₱5,117,832
b. Weighted average number of common shares outstanding (Note 22)	**2,002,028**	2,002,028	2,002,028
c. EPS (a/b)	**₱3.23**	₱2.80	₱2.56

As of December 31, 2016, 2015 and 2014, there were no outstanding dilutive potential common shares. Before consideration of the 8.00% stock dividends distributed in 2016, the EPS for 2015 and 2014 were ₱3.02 and ₱2.76, respectively.

32. Financial Performance

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			**Parent Company**		
	2016	2015	2014	**2016**	2015	2014
Return on average equity	**10.42%**	9.62%	9.91%	**10.32%**	9.57%	9.91%
Return on average assets	**1.16%**	1.17%	1.12%	**1.33%**	1.35%	1.30%
Net interest margin	**3.20%**	3.37%	3.30%	**3.03%**	3.20%	3.20%

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		
	2016	2015	2014
Addition to investment properties from settlement of loans	**₱784,415**	₱960,332	₱1,485,082
Fair value gain in AFS financial assets	**405,722**	(610,521)	202,452
Addition to equity investment	**–**	–	145,028
Cumulative translation adjustment	**(3,637)**	(16,734)	(86,686)
Addition to chattel mortgage from settlement of loans	**334,553**	112,056	22,943

	Parent Company		
	2016	2015	2014
Addition to investment properties from settlement of loans	**₱296,844**	₱257,851	₱498,255
Fair value gain in AFS financial assets	**405,722**	(464,471)	188,354
Addition to equity investment	**–**	–	145,028
Cumulative translation adjustment	**(3,637)**	(14,914)	(87,715)
Addition to chattel mortgage from settlement of loans	**19,088**	2,244	7,817

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, 2016				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	**17,631**	₱–	**17,631**	**17,310**	₱–	**321**
IRS	**30,065**	–	**30,065**	**16,496**	–	**13,569**
	47,696	₱–	**47,696**	**33,807**	₱–	**13,890**
Financial liabilities						
Bills payable	**8,072,782**	₱–	**8,072,782**	**9,520,216**	**8,943,902**	–
Currency forwards	**67,611**	–	**67,611**	**17,310**	–	**50,301**
IRS	**29,410**	–	**29,410**	**16,496**	–	**12,913**
	8,169,802	₱–	**8,169,802**	**9,554,023**	**8,943,902**	**63,214**

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: Financial instruments	Effects of remaining rights of set-off: Fair value of financial collateral	Net exposure [c-d]
December 31, 2015						
	[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

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 1, 2017.

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 2016.

Gross receipts tax	₱811,167
Documentary stamps tax	607,134
Local taxes	62,622
Fringe benefit tax	5,774
Others	20,112
Balance at end of year	₱1,506,809

<u>Withholding Taxes</u>
Details of total remittances of withholding taxes in 2016 and amounts outstanding as of December31, 2016 are as follows:

	Total remittances	Amounts outstanding
Final withholding taxes	₱667,372	₱66,798
Withholding taxes on compensation and benefits	568,624	36,054
Expanded withholding taxes	111,945	8,750
	₱1,347,941	₱111,602

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for China Banking Corporation for the period ended December 31, 2016.

In discharging this responsibility, I hereby declare that (check one (1)):

__✓__ I, am an Accounting Officer of China Banking Corporation.

______ I, am the (state position)_______________, of (state name of your organization) and was contracted to perform this service.

Furthermore, in my compilation services for preparation of the Financial Statements and notes to the Financial Statements, I was not assisted by or did not avail of the services of Sycip Gorres Velayo & Co, who is the external auditor who rendered the audit opinion for the said Financial Statements and notes to the Financial Statements

I hereby declare, under penalties of perjury and violation of the Revised Accountancy Law, that my statements are true and correct.

Edgar S. Neri Jr.
CPA Certificate No. 122893
Valid until September 14, 2019
CPA Accreditation filed on December 9, 2016 still in process

MAR 0 1 2017

ALVIN A. QUINTANILLA
Notary Public for Makati City
NOTARY PUBLIC
Appt. [illegible]ber 2017
4/F Philcom Building
8755 Paseo de Roxas, Makati City
PTR No. 5913637, 01.04.2017; Makati City
IBP No. 1055829; 01.04.2017; Cavite
Roll of Attorney's No. 40925

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Page No. 60
Book No. 414
Series of 2017

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
China Banking Corporation
8745 Paseo de Roxas cor. Villar St.
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of China Banking Corporation and Subsidiaries (the Group) and the parent company financial statements of China Banking Corporation (the Parent Company) as at and for the year ended December 31, 2016, included in this Form 17-A, and have issued our report thereon dated March 1, 2017. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Parent Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
SEC Accreditation No. 1510-A (Group A),
October 1, 2015, valid until September 30, 2018
Tax Identification No. 216-950-288
BIR Accreditation No. 08-001998-107-2015,
March 4, 2015, valid until March 3, 2018
PTR No. 5908666, January 3, 2017, Makati City

March 1, 2017

CHINA BANKING CORPORATION
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2016

CHINA BANKING CORPORATION
8745 Paseo de Roxas corner Villar Street Makati City

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2016
(Amounts in Thousands)

Unappropriated Retained Earnings, Beginning		**₱33,800,748**
Adjustments:		
Prior years non-actual/unrealized income net of tax (2007-2015)	(₱3,378,964)	
Transfer of revaluation increment to surplus	(1,277,277)	
Effect of restatement adjustments for the adoption of the amended PAS 27	418,908	
		(4,237,333)
Unappropriated Retained Earnings, As adjusted, Beginning		**29,563,415**
Add: Net income during the period	**6,458,296**	
Less: Non-actual/unrealized income net of tax		
Unrealized foreign exchange gain- net (except those attributable to Cash and Cash Equivalents)	188,427	
Fair value adjustments (Mark-to-Market gains)	151,452	
Fair value adjustments of investment property resulting to gain	187,225	
Provision for deferred taxes	160,672	
Subtotal	**687,776**	
Add: Non-actual losses		
Equity in net income of associate/joint venture	89,384	
Loss on fair value adjustment on investment property (after tax)	148,274	
	237,658	
Net income actually earned/ realized during the period		**6,008,178**
Less: Dividend declarations during the period		
Cash dividend	1,853,728	
Stock dividend	1,482,993	
Appropriation of Retained Earnings during the period	33,224	
		(3,369,945)
Unappropriated Retained Earnings, Ending, Available for Dividend Declaration		**₱32,201,648**

CHINA BANKING CORPORATION
SCHEDULE II
LIST OF PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS)
EFFECTIVE AS OF DECEMBER 31, 2016

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		**Adopted**	**Not Adopted**	**Not Applicable**	**Not Early Adopted**
Framework for the Preparation and Presentation of Financial Statements		✓			
Conceptual Framework Phase A: Objectives and qualitative Characteristics		✓			
PFRSs Practice Statement Management Commentary		✓			
Philippine Financial Reporting Standards					
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓			
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓	
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓	
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓	
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓	
	Amendments to PFRS 1: Government Loans			✓	
	Amendment to PFRS 1: Meaning of Effective PFRSs	✓			
PFRS 2	Share Based Payment			✓	
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓	
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓	
	Amendment to PFRS 2: Definition of Vesting Condition			✓	
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions				✓
PFRS 3 (Revised)	Business Combinations	✓			
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓	
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements			✓	
PFRS 4	Insurance Contracts			✓	
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓	
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4				✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓			
	Amendment to PFRS 5: Changes in methods of disposal			✓	
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓	
PFRS 7	Financial Instruments: Disclosures	✓			
	Amendments to PFRS 7: Transition	✓			
	Amendments to PAS 39 and PFRS 7: Reclassification of	✓			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable	Not Early Adopted
	Financial Assets				
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓			
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓			
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓			
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓			
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures				✓
	Amendments to PFRS 7: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in PFRS 9				✓
	Amendments to PFRS 7: Servicing Contracts and Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓	
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓	
PFRS 8	Operating Segments	✓			
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓			
	Amendment to PFRS 8: Aggregation of segments, reconciliation of the total of the reportable segments' assets to the entity's assets	✓			
PFRS 9	Financial Instruments				✓
	Financial Instruments: Classification and Measurement of Financial Liabilities				✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures				✓
	Reissue to incorporate a hedge accounting chapter and permit early application of the requirements for presenting in other comprehensive income the "own credit" gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of PFRS 9				✓
	Financial Instruments (final version), incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition				✓
PFRS 10	Consolidated Financial Statements	✓			
	Amendments to PFRS 10: Transition Guidance			✓	
	Amendments to PFRS 10: Investment Entities			✓	
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture			✓	
	Amendments to PFRS 10: Investment Entities – Applying			✓	

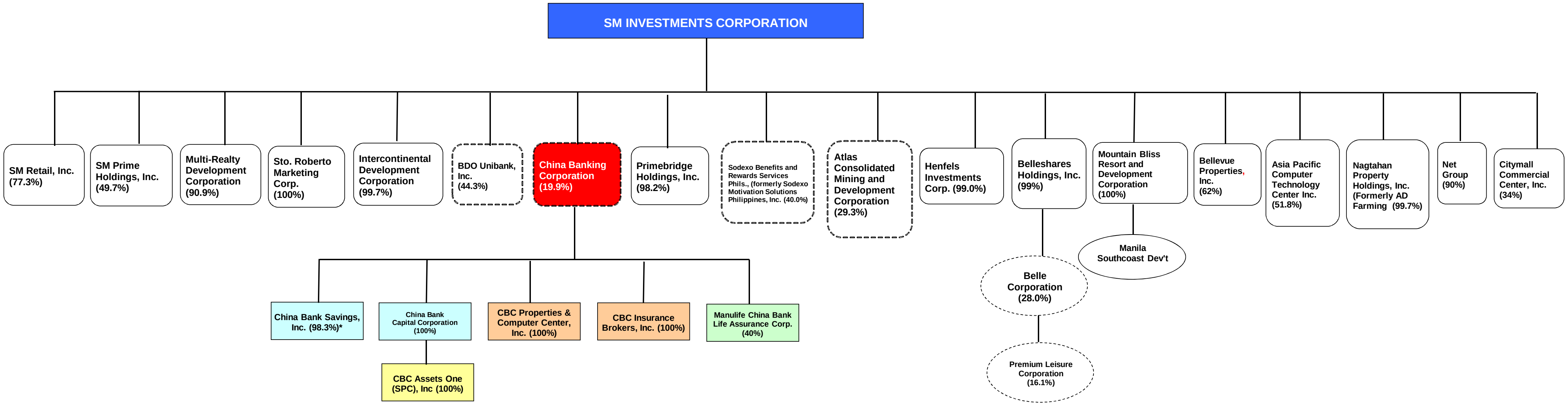
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable	Not Early Adopted
	the Consolidation Exception				
PFRS 11	Joint Arrangements			✓	
	Amendments to PFRS 11: Transition Guidance			✓	
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓	
PFRS 12	Disclosure of Interest in Other Entities	✓			
	Amendments to PFRS 12: Transition Guidance			✓	
	Amendments to PFRS 12: Investment Entities			✓	
	Amendments to PFRS 12: Clarification of the Scope of the Standard			✓	
PFRS 13	Fair Value Measurements	✓			
	Amendment to PFRS 13: Short-term Receivables and Payables	✓			
	Amendment to PFRS 13: Portfolio Exception			✓	
PFRS 14	Regulatory Deferral Accounts			✓	
PFRS 15	Revenue from contracts with customers				✓
PFRS 16	Leases				✓
Philippine Accounting Standards					
PAS 1 (Revised)	Presentation of Financial Statements	✓			
	Amendment to PAS 1: Capital Disclosure	✓			
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓	
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓			
	Amendments to PAS 1: Disclosure Initiative	✓			
PAS 2	Inventories			✓	
PAS 7	Statement of Cash Flows	✓			
	Amendments to PAS 7: Disclosure Initiative				✓
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓			
PAS 10	Events after the Reporting Period	✓			
PAS 11	Construction Contracts			✓	
PAS 12	Income Taxes	✓			
	Amendment to PAS 12 – Deferred Tax: Recovery of Underlying Assets	✓			
	Amendments to PAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses				✓
PAS 16	Property, Plant and Equipment	✓			
	Amendment to PAS 16: Revaluation Method – Proportionate Restatement of Accumulated Depreciation on Revaluation			✓	
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓	
	Amendments to PAS 16 and PAS 41, Agriculture: Bearer Plants			✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable	Not Early Adopted
PAS 17	Leases	✓			
PAS 18	Revenue	✓			
PAS 19	Employee Benefits	✓			
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓	
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution			✓	
	Amendments to PAS 19: Discount Rate: Regional Market Issue	✓			
PAS 19 (Amended)	Employee Benefits	✓			
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓	
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓			
	Amendment: Net Investment in a Foreign Operation	✓			
PAS 23 (Revised)	Borrowing Costs			✓	
PAS 24 (Revised)	Related Party Disclosure	✓			
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓	
PAS 27	Separate Financial Statements	✓			
PAS 27 (Amended)	Separate Financial Statements	✓			
	Amendments for investment entities			✓	
	Amendments to PAS 27: Equity Method in Separate Financial Statements	✓			
PAS 28	Investments in Associates and Joint Ventures	✓			
PAS 28 (Amended)	Amendments to PAS 28: Investment Entities – Applying the Consolidation Exception			✓	
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value				✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓	
PAS 32	Financial Instruments: Disclosure and Presentation	✓			
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓	
	Amendment to PAS 32: Classification of Rights Issues			✓	
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓			
PAS 33	Earnings per Share	✓			
PAS 34	Interim Financial Reporting			✓	
	Amendment to PAS 34: Disclosure of information ‘Elsewhere in the Interim financial report’			✓	
PAS 36	Impairment of Assets	✓			
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓			
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable	Not Early Adopted
PAS 38	Intangible Assets	✓			
	Amendments to PAS 38 : Proportionate Restatement of Accumulated Depreciation on Revaluation			✓	
	Amendments to PAS 38 : Revaluation Method – Proportionate Restatement Of Accumulated Amortization			✓	
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓	
PAS 39	Financial Instruments: Recognition and Measurement	✓			
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓			
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transaction			✓	
	Amendments to PAS 39: The Fair Value Option	✓			
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓	
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓			
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓			
	Amendment to PAS 39: Eligible Hedged Items			✓	
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓	
PAS 40	Investment Property	✓			
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property	✓			
	Amendments to PAS 40: Transfers of Investment Property				✓
PAS 41	Agriculture			✓	
	Amendments to PAS 16 and PAS 41, Agriculture: Bearer Plants			✓	
Philippine Interpretations					
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓	
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓	
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓			
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓	
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓	
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓	
IFRIC 9	Reassessment of Embedded Derivatives	✓			
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable	Not Early Adopted
IFRIC 10	Interim Financial Reporting and Impairment			✓	
IFRIC 12	Service Concession Arrangements			✓	
IFRIC 13	Customer Loyalty Programmes			✓	
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓	
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement			✓	
IFRIC 15	Agreements for the Construction of Real Estate			✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓	
IFRIC 17	Distributions of Non-cash Assets to Owners			✓	
IFRIC 18	Transfers of Assets from Customers			✓	
IFRIC 19	Extinguishing Financial Liabilities with Equity Investment			✓	
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓	
IFRIC 21	Levies			✓	
SIC - 7	Introduction of the Euro			✓	
SIC - 10	Government Assistance - No Specific Relation to Operating Activities			✓	
SIC - 15	Operating Leases - Incentives			✓	
SIC - 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓	
SIC - 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓			
SIC - 29	Service Concession Arrangements: Disclosures			✓	
SIC - 31	Revenue - Barter Transactions Involving Advertising Services			✓	
SIC - 32	Intangible Assets - Web Site Costs			✓	

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS OF DECEMBER 31, 2016



China Banking Corporation
Schedule A – Financial Assets
December 31, 2016
(Amounts in Thousands)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Income accrued
Financial Assets at Fair Value through Profit or Loss			
Treasury Notes	₱1,014,092	₱1,031,675	₱11,540
Government Bonds	2,031,857	2,404,049	1,599
Treasury Bills	1,001,761	994,203	–
Private Bonds	469,955	594,798	51,201
Financial assets designated at FVPL	2,544,711	2,462,886	30,263
	19,529 shares	9,710	–
Derivative assets	206,578	206,578	5,174
		₱7,703,899	₱99,777
Available-for-Sale Financial Assets			
Government Bonds	₱20,527,210	₱22,337,592	₱160,978
Private Bonds	11,184,157	11,417,612	103,616
Equities	41,097,351 shares	118,518	–
		₱33,873,722	₱264,594
Held-to-Maturity Financial Assets			
Government Bonds	36,766,436	42,638,409	₱564,201
Private Bonds	14,024,289	14,766,391	162,767
	₱50,790,725	₱57,404,800	₱726,968

China Banking Corporation
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2016

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of period

The Group has no receivables from directors, officers, employees, related parties and principal stockholders that did not arise from ordinary course of business.

China Banking Corporation
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2016

(Amounts in Thousands)

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of period
China Bank Savings	₱3,301	₱16,758	₱14,872	₱−	₱5,187	₱−	₱5,187

China Banking Corporation
Schedule D - Intangible Assets - Other Assets
December 31, 2016
(Amounts in Thousands)

Description [i]	Beginning Balance	Additions at Cost [ii]	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) [iii]	Ending Balance
Branch Licenses	₱3,664,500	₱–	₱–	₱–	₱–	₱3,664,500
Software	307,808	226,970	109,563	–	–	425,215

[I] The information required shall be grouped into (a) intangibles shown under the caption intangible assets and (b) deferrals shown under the caption Other Assets in the related balance sheet. Show by major classifications.

[II] For each change representing other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.

[III] If provision for amortization of intangible assets is credited in the books directly to the intangible asset account, the amounts shall be stated with explanations, including the accounts charged. Clearly state the nature of deductions if these represent anything other than regular amortization.

China Banking Corporation
Schedule E - Long-Term Debt
December 31, 2016
(Amounts in Thousand)

Title of issue and type of obligation [(i)]	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt' in related balance sheet [(ii)]	Amount shown under caption "Long-Term Debt" in related balance sheet [(iii)]	Interest Rate %	Maturity Date
Bills payable					
THE SHANGHAI COMM & SAVINGS BANK			₱247,826	2.40%	06/30/18
KDB ASIA LIMITED			495,273	2.40%	06/30/18
TAIWAN COOPERATIVE BANK MLA OBU			247,826	2.40%	06/30/18
CTBC BANK CO. LTD SINGAPORE			495,652	2.40%	06/30/18
KOREA DEVELOPMENT BANK			990,545	2.40%	06/30/18
MEGA INTL COMMERCIAL BANK OBU BR			892,174	2.40%	06/30/18
DOHA BANK Q.S.C			1,238,656	2.40%	06/30/18
TAISHIN INTL BANK CO LTD			247,826	2.40%	06/30/18
ANZ BANKING GROUP SINGAPORE			1,471,640	2.40%	06/30/18
MIZUHO BANK LTD SINGAPORE			1,485,818	2.40%	06/30/18
	–	–	**₱7,813,236**		

China Banking Corporation
Schedule F - Indebtedness to Related Parties
(Long-term from Related Companies)
December 31, 2016

Name of Related Parties [(i)]	Balance at beginning of period	Balance at end of period [(ii)]

None to Report

[(i)] The related parties named shall be grouped as in Schedule D. The information called shall be stated for any persons whose investments shown separately in such related schedule.

[(ii)] For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

China Banking Corporation
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2016

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding (i)	Amount owned by person of which statement is filed	Nature of guarantee (ii)

None to Report

(i) Indicate in a note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
(ii) There must be a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of Interest", or "Guarantee of Dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

China Banking Corporation
Schedule H - Capital Stock
December 31, 2016

(Absolute numbers of shares)

Title of Issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common stock - ₱10 par value Authorized - shares Issued and outstanding	2,500,000,000	2,002,027,836		641,097,951	55,349,636	1,305,580,249

(i) Include in this column each type of issue authorized
(ii) Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
(iii) Indicate in a note any significant changes since the date of the last balance sheet filed.

CHINA BANKING CORPORATION
SCHEDULE I- FINANCIAL SOUNDNESS INDICATORS

	2016	2015	2014
PROFITABILITY (%)			
Return on Assets	**1.16**	1.17	1.12
Return on Equity	**10.42**	9.62	9.91
Net Interest Margin	**3.20**	3.37	3.30
Cost to Income Ratio	**61.27**	62.30	62.22
LIQUIDITY (%)			
Liquid Assets to Total Assets	**34.39**	36.09	32.89
Loans (net) to Deposit Ratio	**71.43**	70.52	72.73
ASSET QUALITY (%)			
Gross Non-Performing Loans Ratio	**1.86**	2.53	2.24
Non-performing Loan (NPL) Cover	**91.00**	87.33	101.25
SOLVENCY RATIOS			
Debt to Equity Ratio	**8.99**	7.90	7.33
Asset to Equity Ratio	**9.99**	8.90	8.33
Interest Rate Coverage Ratio	**2.46**	2.52	2.55
CAPITALIZATION (%)			
Capital Adequacy Ratio			
Tier 1	**11.30**	12.58	13.95
Total CAR	**12.21**	13.50	14.88