March 15, 2018

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. ERIKA GRACE C. ALULOD**
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

CHINABANK

						4	4	3

SEC Registration Number

CHINA BANKING CORPORATION

(Company's Full Name)

11F CHINABANK BLDG 8745 PASEO DE ROXAS COR VILLAR ST MAKATI

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

ATTY. LEILANI B. ELARMO
Contact Person

885-5145
Company Telephone Number

Preliminary Information Statement

0 3	**1 4**	**2 0 - I S**	**0 5**	**0 3**
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

1,933		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Enclosures: China Bank MC No. 451692 for P7,575.00 dated February 23, 2018
Notice of Annual Stockholders' Meeting with Explanation (Annex A)
Annexes "A" to "F" to the Information Statement

Remarks: Please use BLACK ink for scanning purposes

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 3, 2018, 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 4, 2017
5. Annual Report to Stockholders
6. Approval of the Financial Statements for the year ended December 31, 2017
7. Ratification of all acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2017, including the ratification of related party transactions
8. Election of the Board of Directors
9. Appointment of External Auditors
10. Other Matters
11. Adjournment

Only stockholders of record as of March 22, 2018 shall be entitled to notice of and vote at the meeting. The stock and transfer books of China Bank will be closed from April 17 to May 3, 2018.

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 26, 2018.

Makati City, March 14, 2018.

ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

*For the explanation of each agenda item, please refer to the attached Annex "A".

Annex "A"

EXPLANATION OF AGENDA ITEMS

1. **Call to Order**
   Chairman Hans T. Sy will welcome the stockholders and guests and formally begin the 2018 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 22, 2018 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 quorum and shall be competent to transact business.

4. **Approval of the Minutes of the Annual Meeting of Stockholders on May 4, 2017**
   Stockholders will be asked to approve the minutes of the stockholders' meeting held on May 4, 2017, which contain, among others, the annual report to stockholders and approval of financial statements, ratification of all acts of the Board of Directors, Executive Committee, other committees and Management, during the fiscal year 2016 and immediately preceding the meeting, election of the Board of Directors, appointment of external and internal auditors, amendment of the articles of incorporation to increase the authorized capital stock of the Bank from P25 Billion to P33 Billion, 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, 2017**
   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 2017, including the ratification of related party transactions**
   All acts of the Board of Directors, Executive Committee, other Committees, and Management during the year 2017, 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 selection by the Audit Committee and Board of auditors.

10. Other Matters

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

11. Adjournment

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

P R O X Y

That I/we, the undersigned stockholder/s of **CHINA 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 3, 2018, 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
   William C. Whang 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 4, 2017 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, 2017

   ___ 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. 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 26, 2018, 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 __________, 2018.

SIGNED IN THE PRESENCE OF:

__________________________________ __________________________________
Signature of Stockholder/s

__________________________________ __________________________________
Name/s in Print

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 3, 2018**
   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: **April 2, 2018**

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	2,685,899,812	Short Term : P632,744,019,264.02 Long Term : P35,047,992,136.60

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 3, 2018
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 : **April 2, 2018**

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: 2,685,899,812 common shares entitled to vote as of February 28, 2018

(b) Record Date: Stockholders of record as of March 22, 2018 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 March 6, 2018. 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, 2018:

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	721,420,468	26.86%
Common	SM Investments Corporation 10th Floor L.V. Locsin Bldg., 6752 Ayala Avenue, Makati City Stockholder	Sy Family PCD Nominee Corporation Stockholders	Filipino	461,975,661	17.20%
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	415,995,323	15.49%
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	402,575,155	14.99%

* 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, 2018, The Hongkong and Shanghai Banking Corporation Limited (396,732,386 shares or 14.77%) holds 5% or more of the Bank's securities. The beneficial owners, 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 March 01, 2018:

	Title of Class	Name	Position	Amount & Nature of Beneficial / Record Ownership	Citizenship	Percent
(a)	Directors					
	Common	Hans T. Sy	Chairman of the Board	3,541,419	Filipino	0.132%
	Common	Gilbert U. Dee	Vice Chairman	12,832,906	Filipino	0.478%
	Common	William C. Whang	Director and President	17,518	Filipino	0.001%
	Common	Peter S. Dee	Director	301,305	Filipino	0.011%
	Common	Joaquin T. Dee	Director	51,686,912	Filipino	1.924%
	Common	Herbert T. Sy	Director	510,592	Filipino	0.019%
	Common	Harley T. Sy	Director	261,211	Filipino	0.010%
	Common	Jose T. Sio	Director	3,517	Filipino	0.000%
	Common	Alberto S. Yao	Independent Director	548,876	Filipino	0.020%
	Common	Roberto F. Kuan	Independent Director	333,093	Filipino	0.012%
	Common	Margarita L. San Juan	Independent Director	95,238	Filipino	0.004%
			Total	70,132,587		2.611%
(b)	Executive Officers (in addition to Messrs. Gilbert U. Dee and William C. Whang)					
	Common	Rosemarie C. Gan	Executive Vice President	130,032	Filipino	0.005%
	Common	Patrick D. Cheng	Senior Vice President & CFO	617,756	Filipino	0.023%
	Common	Alexander C. Escucha	Senior Vice President	83,886	Filipino	0.003%
	Common	Benedict L. Chan	First Vice President II & Treasurer	15,678	Filipino	0.001%
	Common	Renato K. De Borja, Jr.	First Vice President II	669	Filipino	0.000%
	Common	Gerard T. Dee	First Vice President II	277,864	Filipino	0.010%
	Common	Delia Marquez	First Vice President II	23,560	Filipino	0.001%
	Common	Lilibeth R. Cariño	First Vice President	4,167	Filipino	0.000%
	Common	Angela D. Cruz	First Vice President	1,639,876	Filipino	0.061%
	Common	Elizabeth C. Say	First Vice President	3,433	Filipino	0.000%
	Common	Shirley G.K.T. Tan	First Vice President	12,863	Filipino	0.000%
	Common	Maria Rosanna Catherina L. Testa	First Vice President	6,340	Filipino	0.000%
	Common	Stephen Y. Tan	First Vice President	2,746	Filipino	0.000%
			Total	2,818,870		0.105%
	GRAND TOTAL			72,951,457		2.716%

5. Directors and Principal Officers

(a) Incumbent Directors and Advisors

Henry Sy, Sr., 93, 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 Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC) were obtained. He is also the Chairman of PSE-listed companies SM Investments Corporation (*Emeritus*), 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.

Hans T. Sy, 62, 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, and was elected Vice Chairman in 1989. Aside from China Bank, Chairman Sy also serves in the Boards of other companies listed in the Philippine Stock Exchange (PSE): in SM Prime Holdings, Inc. as Director and Chairman of the Executive Committee and in SM Investments Corporation as Adviser to the Board. He also has positions in other companies under the SM Group. Chairman Sy is a Mechanical Engineering graduate of the De La Salle University. He continues to participate in various trainings and seminars, the most recent of which is the Annual Corporate Governance and Anti-Money Laundering (AML) Training Programs conducted by the Institute of Corporate Directors (ICD) in December 2017.

Gilbert U. Dee, 82, Filipino, is the Vice Chairman of the Board since May 5, 2011. He was elected to the China Bank Board on March 6, 1969, and he served as Board Chairman from 1989 to 2011. Aside from PSE-listed China Bank, he also serves in other companies not listed in the PSE, namely, as 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. In the past, he was director of Philippine Pacific Capital Corporation, Philex Mining Corporation, and CBC Finance Corporation. Vice Chairman Dee earned his 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. He attended various trainings which include the Corporate Governance and AML seminars in December 2017.

William C. Whang, 59, Filipino, is Director and President of the Bank since November 1, 2017. Apart from China Bank, he does not serve in the board of any other PSE-listed company. He currently serves in the boards of Bank subsidiaries China Bank Savings, Inc. (CBSI), China Bank Insurance Brokers, Inc. (CBC-IBI), CBC-PCCI, China Bank Capital Corporation (CBCC), and China Bank Securities Corporation (CBSC). He sits in the board of BancNet, Inc., and represents the Bank in the Banker's Association of the Philippines, Philippine Payments Management Inc., and Manulife China Bank Life Assurance Corporation (MCBLife). Previously, President Whang was the Bank's Chief Operating Officer. He also occupied positions in various financial institutions including Metrobank, Republic National Bank of New York, International Exchange Bank, Security Bank, and Sterling Bank of Asia, giving him more than 37 years of banking experience. Director and President Whang graduated from the De La Salle University with a degree of Bachelor of Science in Commerce, Major in Business Management. He attended numerous seminars and conferences such as on corporate governance, AML, branch based marketing, quality service management, sales management, and corporate strategy.

Peter S. Dee, 76, 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. Aside from China Bank, Director Dee serves in the PSE-listed corporations City & Land Developers, Inc. and Cityland Development Corporation as independent director. 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 a director of Sinclair (Phils.) Inc., Can Lacquer, Inc., and 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 completed a Special Banking Course at the American Institute of Banking. He completed various trainings including AML Training in December 2017, Corporate Governance: Towards the Right Direction seminar in November 2016 and Annual Corporate Governance Training Program in December 2017.

Joaquin T. Dee, 82, Filipino, is a member of the China Bank 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/Chairman of JJACCIS Development Corporation, Director/President of 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 including his participation in ICD's Corporate Governance and AML training in 2017.

Herbert T. Sy, 61, Filipino, was first elected China Bank Director on January 7, 1993. Aside from the Bank, he serves in PSE-listed SM Prime Holdings, Inc. as Director, and in various non-listed companies including Supervalue, Inc. Super Shopping Market, Inc., Sondrik, Inc., and Sanford Marketing Corp. as Chairman, and in the National University as Director. He has been actively involved for more than five (5) years in companies engaged in food retailing, investment, real estate development and mall operations. Director Sy earned his Bachelor of Science degree in Management at the De La Salle University. He attended numerous banking-related trainings, including those relating to corporate governance and AML in December 2017.

Harley T. Sy, 58, Filipino, is Director of the Bank since May 24, 2001. He is likewise Director of SM Investments Corporation, one of the largest publicly listed companies in the Philippines, and of other non-listed companies in the SM group such as SM Retail Inc., and SM Synergy Properties Holdings Corporation. A graduate of Bachelor of Science degree in Commerce, Major in Finance, from De La Salle University, Director Sy has had extensive training on enhancing banking skills, including the program on Enterprise Risk Management in November 2008, and AMLA and Corporate Governance trainings in December 2017.

Alberto S. Yao, 71, Filipino, is an Independent Director of the Bank. He was first elected to the China Bank Board on July 7, 2004. He holds various positions 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 Corporation; and Member of the Philippine Constitution Association. He also serves as Independent Director in the following Bank subsidiaries: CBSI, CBCC, and CBSC. Previously, 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 is a graduate of Bachelor of Science in Business Administration, Minor in Accounting, of the Mapua Institute of Technology. For his trainings, he attended ICD's Corporate Governance Training Programs, latest of which was in 2017, and AMLA seminars, latest of which was also in 2017.

Roberto F. Kuan, 69, Filipino, is the Lead 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 Independent Director of PSE-listed Far Eastern University, Incorporated, and 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., Roosevelt College Inc., and Towers Watson Insurance Brokers Philippine Inc., and of Bank subsidiaries CBSI, CBCC, and CBSC. He is the founder and former President of Chowking Food Corporation, and former Chairman/President of Lingnam Enterprises. Director Kuan earned his Bachelor of Science degree in Business Administration from the University of the Philippines, obtained his Masters in Business Management degree from the Asian Institute of Management (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 and AMLA both in 2017.

Jose T. Sio, 78, Filipino, was first elected as Bank Director on November 7, 2007. At present, he is affiliated with the following companies listed in the PSE: (1) SM Investments Corporation, as Chairman of the Board; (2) Atlas Consolidated Mining and Development Corporation, as Director and Member of the Executive Committee; (3) Belle Corporation, as Chairman of the Board; (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 in the boards of 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. He was previously a Senior Partner at SyCip Gorres Velayo & Co. (SGV). He was voted as CFO of the Year in 2009 by the Financial Executives of the Philippines (FINEX); and in various years, he was awarded as Best CFO (Philippines) 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, investments, loans and financial instruments, corporate governance latest of which was conducted by the ICD in 2017, and AML also in 2017.

Margarita L. San Juan, 64, Filipino, is an Independent Director of the Bank. She was first elected to the China Bank Board on May 4, 2017. Aside from China Bank, she does not hold directorship position in any other PSE-listed company. At present, she serves as Independent Director of Bank subsidiaries CBSI and CBCC. In the past, she held officership positions in Ayala Investment and Development Corporation, Commercial Bank and Trust Co., and in the Bank's Account Management Group as Senior Vice President and Group Head until her retirement in 2012. Director San Juan is a holder of a Bachelor of Science degree in Business Administration, Major in Financial Management, from the University of the Philippines, and completed the Advance Bank Management Program from the AIM. She attended various trainings including development financing, international banking operations, marketing, financial analysis and control, credit and risk management, and the latest on corporate governance and AMLA in 2017.

Ricardo R. Chua, 66, Filipino, is Advisor to the Board since November 1, 2017. He served the Bank in various capacities, the latest of which was as Director from 2008 up to October 2017, President and Chief Executive Officer from September 2014 up to October 2017, and Chief Operating Officer from 2012 to 2014. At present, he serves in the boards of China Bank subsidiaries CBSI, CBC-IBI, CBC-PCCI, and CBCC; and in other companies not listed in the PSE – CAVACON Corporation, and Sun & Earth Corporation, among others. A Certified Public Accountant, Mr. Chua earned his Bachelor of Science degree in Business Administration, Major in Accounting, *cum laude*, from the University of the East, and he obtained a Master's in Business Management (MBM) degree from the AIM. He has had extensive training in banking operations and corporate directorship, and attended the corporate governance and AML training programs in December 2017.

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 2017, the Board had 17 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	16
Gilbert U. Dee	17
Ricardo R. Chua	15 (a)
William C. Whang	2 (b)
Peter S. Dee	17
Joaquin T. Dee	17
Herbert T. Sy	14
Harley T. Sy	15
Alberto S. Yao	17
Roberto F. Kuan	17
Jose T. Sio	16
Margarita L. San Juan	9 (c)

(a) until his retirement effective October 31, 2017
(b) from his election effective November 1, 2017
(c) from her election on May 4, 2017

(b) Principal Officers

Romeo D. Uyan, Jr., 55, Filipino, Executive Vice President, is the Chief Operating Officer of the Bank. He also serves in Bank subsidiaries CBCC and China Bank Securities Corporation (CBSC) as Vice Chairman of the Board. Before joining the Bank, he was an investment banker with over two decades of experience in trading, financing, and structuring in the Asia Pacific region with various foreign investment houses. He was Managing Director and Co-Head of Special Situations and Leveraged Capital Markets at UBS AG-Singapore Branch, and he also worked as 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 Master's degree in Business Administration and graduated with distinction at the Johnson Graduate School of Management in Cornell University, New York. He obtained his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University where he graduated *cum laude*. He has had various trainings in banking, the most recent of which are on corporate governance and anti-money laundering (AML) in December 2017.

Rosemarie C. Gan, 60, Filipino, Executive Vice President, is the Segment Head of Retail Banking Business. She also serves as Director in the Bank subsidiaries China Bank Savings, Inc. (CBSI) and CBC Properties and Computer Center, Inc. (CBC-PCCI). With nearly 40 years of experience with the Bank, she has had extensive exposure and training in marketing, financial analysis, credit portfolio management, strategic planning and corporate governance. Ms. Gan obtained her Bachelor of Science degree in Business Administration, Major in Management from the University of Santo Tomas, where she graduated *magna cum laude* and received the distinguished Rector's Award. She attended the Asian Institute of Management's (AIM) Advanced Bank Management Program in 2013. She also participated in the BAI Retail Delivery Conference conducted by the Bank Administration Institute in 2012, Corporate Governance workshops/seminars conducted by the Institute of Corporate Directors (ICD) from 2014 to 2017, and AMLA seminar conducted by ICD in December 2017.

Alberto Emilio V. Ramos, 58, Filipino, Executive Vice President, is Director and President of Bank subsidiary CBSI since his secondment in 2011. At present, he sits in the Boards of Manulife China Bank Life Assurance Corporation (MCBLife) and China Bank Capital Corporation (CBCC). He is also Trustee/First Vice President of the Chamber of Thrift Banks. Prior to joining the Bank in 2006 as Head of Private Banking Group, he was President of Philam Asset Management, Inc., and worked in key positions in local and international banks, including the Bank of the Philippine Islands and Citytrust Banking Corporation. Mr. Ramos graduated from the De La Salle University with a Bachelor of Arts degree in Political Science and Bachelor of Science degree in Commerce, Major in Marketing Management. He earned his Master's in Business Management (MBM) degree from the Asian Institute of Management (AIM) and he has a Treasury Professional Certificate from the Bankers Association of the Philippines. He is actively involved in numerous training programs on SME Banking, corporate governance, treasury products, asset-liability management, credit and financial analysis, and strategic marketing planning.

Patrick D. Cheng, 55, Filipino, Senior Vice President, is the Chief Finance Officer of the Bank. He is Director of Bank subsidiary CBSI, and also serves in the boards of Manila Overseas Commercial Inc. and SR Holdings Corporation. He previously 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 the President and Chief Executive Officer of HSBC Savings Bank (Philippines) from 2008 to 2013 and was also a two-term President of the Chamber of Thrift Banks from 2011 to 2012. A Certified Public Accountant placing 7th in the National Exams, Mr. Cheng graduated *magna cum laude* from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy. He earned his Master's in Management degree, with Distinction, from the Hult International Business School in Cambridge, Massachusetts, and finished the Trust Operations and Investment Management course, also with Distinction, from the Trust Institute of the Philippines. In 2010, he received the Distinguished Alumnus Award from the Virata School of Business of the University of the Philippines – Diliman. He has had extensive training on corporate governance, anti-money laundering, asset liability management, operational risk, and information security.

Alexander C. Escucha, 61, Filipino, Senior Vice President, is the Head of the Investor and Corporate Relations Group. He is also Director of Bank subsidiary CBSI, Chairman of the UP Visayas Foundation, Inc., and an international resource person at The Asian Banker. He 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 (CPSP) and Bank Marketing Association of the Philippines (BMAP). Prior to joining the Bank, he was Vice President at International Corporate Bank (Interbank). Mr. Escucha obtained his Bachelor of Arts degree in Economics, *cum laude,* from the University of the Philippines. Over the years, he participated in various seminars here and abroad, the latest of which were as delegate at the ASEAN Banking Strategy Forum in Singapore in May 2017, session chair/moderator at The Asian Banker Summit from 2007 to 2016, delegate in the Teradata Partners Conference in Atlanta, Georgia in 2015, participant in investor roadshows in 2016 and 2017, and participant in the corporate governance and AML training programs conducted by the ICD in December 2017.

Benedict L. Chan, 41, Filipino, First Vice President II, is the Bank Treasurer and Head of Treasury Group. He has over 20 years of experience on trading and portfolio management gained from various financial institutions including 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 a recipient of 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, 51, Filipino, First Vice President II, is the Managing Director, Treasurer and Head of Origination and Client Coverage of Bank subsidiary CBCC. He is also Board Director and Chairman - Debt Capital Markets Committee of the Investment House Association of the Philippines since 2014. He is also currently a Board Director of the Philippine Dealing and Exchange Corporation, Philippine Depository & Trust Corporation and Philippine Securities Settlement Corporation. With over 30 years of experience in the fields of investment banking, corporate banking, and credit risk management, he held various senior executive positions at Citibank N.A., First Metro Investment Corp., and ING Bank, N.V. Mr. Chua earned his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. He participated in various trainings 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, 42, Filipino, First Vice President II, is the Chief Risk Officer of the Bank. He has more than 20 years of banking experience, handling risk, treasury or audit functions at Development Bank of the Philippines, Rizal Commercial Banking Corporation, First Metro Investment Corporation, and Solidbank Corporation prior to joining China Bank. Mr. Cornelio holds a Bachelor of Science degree in Commerce, with academic distinction, from the San Beda College, and a Master's degree 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 and DBMS from the NIIT Computer School. He 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., 46, Filipino, First Vice President II, is the Head of the Remittance and Credit Card Business Group. He also serves as Director and Treasurer in the Bank's subsidiary China Bank Insurance Brokers, Inc. (CIBI). He has more than 25 years of banking experience, formerly holding positions of Director at East West Rural Bank and Green Bank (a Rural Bank), Chief Finance Officer (CFO) at East West Banking Corporation, Citigroup Business Process Solutions and ROHQ, and Metrobank Card Corporation, and various Finance and Accounting roles at Standard Chartered Bank and Far East Bank and Trust Co. Mr. De Borja graduated with a Bachelor of Science degree in Commerce, Major in Accounting, from the University of Santo Tomas. He obtained his Global Executive MBA from the IE Business School. He is a Certified Public Accountant (CPA) and BAP Certified Treasury Professional for money markets and foreign exchange. He attended various trainings and seminars on corporate governance, anti-money laundering, risk management, and other relevant banking subjects.

Gerard T. Dee, 54, Filipino, First Vice President II, is the Head of Institutional Banking Group – Commercial Banking Division 2. 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 participated in banking-related trainings on core credit, remedial management and relationship marketing, among others. He is related within the first civil degree of consanguinity to Mr. Gilbert U. Dee, Vice Chairman of the Board.

Delia Marquez, 56, Filipino, First Vice President II, is the Head of the Centralized Operations 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. She participated in various seminars on corporate governance, Internal Capital Adequacy Assessment Process (ICAAP), risk model validation, Internal Credit Risk Rating System (ICRRS), and Philippine Financial Reporting Standards (PFRS), among others. In 2017, she attended The Asian Banker's Future of Finance Summit 2017, SAS Management, Inc.'s Intro to Agile Project Management, GGAPP and PWC Phils.'s Annual GGAPP Forum on Good Governance, Ethics and Compliance, and ICD's Corporate Governance Training Program.

Victor O. Martinez, 52, 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, having worked 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. Mr. Martinez obtained his Bachelor of Science degree in Commerce/Management of Financial Institutions from the De La Salle University, and finished his Master's of Management degree from the Willamette University in Oregon, USA. He has had extensive training on strategic account planning and management, cash management, credit analysis, treasury products and derivatives, and financial statements analysis, among others.

Lilian Yu, 52, Filipino, First Vice President II, is the Group Head of Lending Business Segment's Institutional Banking Group. She also serves in the boards of Bank subsidiaries CBSC and CBCC as Director. Her extensive experience in the financial industry spans the areas of credit, project and structured finance, and debt capital markets. Prior to joining the China Bank Group, she was an International Consultant for the Asian Development Bank. She has spent most of her professional career abroad, working for various international financial institutions such as Barclays Capital, ABN Amro Bank, Deutsche Bank and the International Finance Corporation (IFC) of the World Bank Group. A Certified Public Accountant (CPA), Ms. Yu graduated *magna cum laude* from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy. She obtained her MBA degree from the Wharton School of the University of Pennsylvania. She was also conferred the Certified Financial Analyst (CFA) designation by the CFA Institute.

Jose L. Osmeña, Jr., 58, Filipino, First Vice President II, is the Deputy Group Head of Retail Banking Business. He has been with the Bank for more than 25 years. He previously worked at Insular Bank of Asia and America and at Producers Bank. Mr. Osmeña is a graduate of Bachelor of Science degree in Commerce, Major in Accounting, from the University of San Carlos, and took up his Masters of Science degree in Business Administration also from the same university. He attended the AIM's Advance Bank Management Program. His various trainings include export financing, loan documentation, money market, corporate governance, and AML, among others.

Lilibeth R. Cariño, 61, Filipino, First Vice President, is the Head of Consumer Banking Group. She has been with the Bank for over 38 years, and had extensive exposure and training in consumer banking, real estate, corporate planning, treasury, credit, project finance, and branch based marketing, among others. Ms. Cariño obtained her Bachelor of Science degree in Statistics from the University of the Philippines, and took up MBA studies from the Ateneo Graduate School of Business. She also attended the Asian Development Bank's seminar on institutional strengthening of financial institution, Allen Management Program's Professional Management seminar/workshop, and ICD's training programs on corporate governance and AML.

Angela D. Cruz, 58, Filipino, First Vice President, is the Head of Wealth Management Group. She also currently serves as Vice President of Suntree Holdings Corporation and President of JJACCIS Development Corporation. Before working with the Bank, she held executive positions at Citibank N.A., Far East Bank and Trust Company, and Equitable PCI Bank. Ms. Cruz earned her 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.

Elizabeth C. Say, 59, Filipino, First Vice President, is the Head of the Branches Administration Division of Retail Banking Business. She has been with the Bank for 30 years. Previously, 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, integrated risk management, credit risk management, foreign exchange, loan review and classification and AML, among others.

Shirley G.K.T. Tan, 62, Filipino, First Vice President, is the Region Head of Retail Banking Business - Metro Manila West Region. She has worked with the Bank for more than 39 years. A CPA, Ms. Tan obtained her Bachelor of Science degree in Business Administration, Major in Accounting, from the Philippine School of Business Administration in Manila. She attended trainings and seminars on sales management and leadership skills, among others.

Maria Rosanna Catherina L. Testa, 58, Filipino, First Vice President, is the Head of Human Resources Group. She has been in the field of human resource management for more than 30 years. Prior to joining the Bank, she held various positions at Goodyear Phils., Equitable-PCI Bank, Far East Bank and Trust Company, The Manila Banking Corporation, and John Clements Consultants, among others. Ms. Testa earned her Bachelor of Arts degree, major in Business Administration, from the Assumption College, and took up Master's degree in Business Administration from the Ateneo Business School. She has had various trainings which include corporate governance, AML, leadership, and trends and challenges in human resource management.

Geoffrey D. Uy, 52, Filipino, First Vice President, is the Head of Market and Liquidity Risk. He previously held various positions at Citibank, including Treasurer, Risk Analytics Head, Funds Management Head, and Corporate Auditor. Mr. Uy graduated with a Bachelor of Science degree in Mechanical Engineering from the De La Salle University and earned his MBA from the New Hampshire College. He has had trainings on risk management, ICAAP, and financial derivatives, among others.

Stephen Y. Tan, 51, Filipino, First Vice President, is the Region Head of RBB-Visayas and Mindanao Regions. He has more than 30 years of banking experience, having handled various positions at Metropolitan Bank & Trust Co., Far East Bank & Trust Co., Equitable PCI Bank, and International Exchange Bank, prior to joining the Bank in 2007. A Certified Public Accountant, Mr. Tan earned his Bachelor of Science in Commerce, Major in Accounting, at the University of San Carlos. He attended various trainings on account management strategies and other trainings in banking and other related fields.

Cristina P. Arceo, 49, Filipino, First Vice President, is the Treasury Fixed Income Head. She has more than 25 years of banking and asset management experience, previously holding officership positions at Philam Asset Management Inc. and Philippine National Bank. Ms. Arceo obtained her Bachelor of Science degree in Economics from the University of the Philippines and took up her MBA studies from the De La Salle University. She has had trainings on foreign exchange, money and capital markets, interest rate swaps and options, derivatives documentation and portfolio management, among others. She received awards for *"Best in Bond Trading"* from the Asset for six (6) years. She earned her CFA charter in 2011 and currently sits as President of the CFA Society Philippines.

Filemon Cecilio S. Cabungcal, 40, Filipino, First Vice President, is the Treasury Sales Cluster Head. He has over 18 years of experience in trust, research and investment strategy, wealth management, trading, and treasury gained from various financial institutions including Unionbank of the Philippines, Banco Santander Phils. Inc., Citibank NA, Hongkong and Shanghai Banking Corporation Ltd., Citicorp Financial Services and Insurance Brokerage, Phils., Inc., and Philippine Bank of Communications. Mr. Cabungcal is a graduate of Bachelor of Arts in Interdisciplinary Studies from the Ateneo de Manila University. He has Trust Certification from the Trust Institute Foundation, and attended the Treasury Certification Program of the Bankers Association of the Philippines, as well as seminars on marketworks, investment, treasury, trust, and corporate governance.

Corazon I. Morando, Filipino, is the Vice President and Corporate Secretary of the Bank. She also serves as Consultant on Legal and Corporate Affairs of the SM Group. 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 is actively involved in the continuous development of her competence, having attended various trainings, which include seminars on non-bank financial intermediaries, AML, 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
William C. Whang	George C. Yap	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.

The Certifications of the above-named nominees for independent directors, in accordance with SEC Memorandum Circular No. 5, Series of 2017, are attached as Exhibits “A” to “C”.

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 Mr. Roberto F. Kuan, Mr. Alberto S. Yao and Ms. Margarita L. San Juan.

(d) Involvement in Legal Proceedings

To the knowledge and information of the Bank, none of the above-named directors, nominees, and executive officers have been involved in any of the following events during the past five (5) years: (i) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time; (ii) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (iii) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (iv) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

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 sixteen (16) 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, Divina Law Office, and Tagayuna Panopio & Escober Law Firm.

(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/associates:

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 a commercial bank as provided by law, and on June 23, 1999, the Bangko Sentral ng Pilipinas granted TMBC authority to operate as a thrift bank. 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. On July 21, 2016, the stockholders of CBSI again approved the P6.0 Billion increase of the authorized capital stock of CBSI. The request for the increase of the authorized capital stock was approved by the BSP on August 10, 2017, and by the SEC on December 7, 2017. China Bank now owns 98.29% of the total outstanding capital stock of CBSI. Sitting as directors and/or officers of CBSI are the following: Mr. Ricardo R. Chua as Chairman, Ms. Nancy D. Yang as Vice Chairman, Mr. Alberto Emilio V. Ramos as Director and President, and the rest of the Board members are Messrs. William C. Whang, Jose L. Osmeña, Jr., Alexander C. Escucha, Roberto F. Kuan, Alberto S. Yao, and Patrick D. Cheng, and Mesdames Rosemarie C. Gan and Margarita L. San Juan.

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. CBCC is 100% owned by the Bank. Members of its Board of Directors are: Messrs. Ricardo R. Chua (Chairman), Romeo D. Uyan, Jr. (Vice Chairman), Ryan Martin L. Tapia (President), William C. Whang, Alberto Emilio V. Ramos, Roberto F. Kuan, Alberto S. Yao, and Ms. Lilian Yu and Ms. Margarita L. San Juan. CBCC's business is supplemented with its wholly-owned subsidiaries: a) China Bank Securities Corporation (formerly ATC Securities, Inc.), an equity broker-dealer; and b) CBC Assets One (SPC), Inc., a special purpose corporation.

iii. CBC Assets One (SPC) Inc. (CBC Assets) – is a special purpose subsidiary of CBCC. It was incorporated on June 15, 2016, with the primary purpose of securitization of assets which include receivables, mortgage loans and other debt instruments. CBC Assets is 100% owned by CBCC, with the following Board members: Messrs. Ryan Martin L. Tapia (Chairman/President/CEO), Rhodin Evan O. Escolar (Treasurer/CFO), Juan Paolo E. Colet (Legal Director/Corporate Secretary), and Ariel A. Soner, and Ms. Marjorie T. Esplana.

iv. China Bank Securities Corporation (CBSC) – formerly known as ATC Securities, Inc. (ATC), is a wholly-owned subsidiary of CBCC licensed by the Securities and Exchange Commission (SEC) to engage in broker-dealer activities. It is also a Trading Participant in the Philippine Stock Exchange (PSE). ATC originally started out as Cathay Asia Securities, Inc. which was incorporated on December 13, 1978. On April 12, 1984, Cathay Asia Securities changed its name to ATC Securities, Inc. On June 29, 2016, CBCC and the stockholders of ATC executed a Share Purchase Agreement for the purchase of 100% shares in ATC. The SEC approved CBCC's intended purchase of ATC on August 23, 2016, subject to certain documentary filing. The acquisition of ATC was eventually approved by the PSE on February 22, 2017 and the closing of the purchase of ATC was completed on March 6, 2017. CBSC operates as a stock brokerage engaged in dealing, for its own and its customers' accounts, securities listed in the PSE as well as securities research and analysis services. The following members constitute the company's Board of Directors : Messrs. William C. Whang (Chairman), Romeo D. Uyan, Jr. (Vice Chairman), Ryan Martin L. Tapia, Roberto F. Kuan, and Alberto S. Yao, and Ms. Marisol M. Teodoro (President & CEO) and Ms. Lilian Yu.

v. CBC Properties and Computer Center, Inc. (CBC PCCI) – 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. CBC PCCI is 100% owned by the Bank, with the following Board members: Messrs. Gilbert U. Dee (Chairman), Peter S. Dee (President), Ricardo R. Chua, and William C. Whang (Treasurer), and Ms. Rosemarie C. Gan.

vi. Chinabank Insurance Brokers, Inc. (CIBI) – 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, marine, credit, disability, life insurance, and all other kinds of insurance, 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. CIBI is 100% owned by the Bank, with the following Board members: Messrs. Peter S. Dee (Chairman), William C. Whang, Renato K. de Borja, Jr., and Mesdames Julieta P. Guanlao (President) and Nancy D. Yang.

vii. 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 Manulife-owned insurance company that would offer innovative insurance and financial products for health, wealth and education through the branch network. The life insurance company was initially 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. The following are MCBLife's Board members: Messrs. Mark Steven O'Dell (Chairman), Robert Wyld (Director/President & CEO), Ryan Charland, Alberto Ramos, William Whang, Kenneth Dai, Rhoda Regina Rara and Janette Peña.

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 2017:

Name of Counterparty	Type of Transaction	Amount/Contract Price
Angela T. Dee-Cruz (Officer)	Line Outstanding	₱ 63.0 M ₱ 17.0 M
Alberto, Anthoniette & Joan Ross Yao (Director and his close family members)	Trust	₱ 84.0 M
Elizabeth Sy (Close family member of a director)	Trust	₱ 50.0 M
Elizabeth T. Sy & Eric Charles Uy (Close family members of a director)	Trust	₱ 70.0 M
Henry Sy, Sr. (Honorary Chairman)	Loan Outstanding	₱ 300.0 M ₱ 300.0 M
Hans T. Sy (Director)	Trust	₱ 22.3 B
Herbert T. Sy & Hendrik T. Sy (Director)	Trust	₱ 50.0 M ₱ 53.5 M ₱ 61.4 M
Herbert T. Sy & Herbert T. Sy, Jr. (Director and his close family member)	Trust	₱ 51.2 M ₱ 50.0 M ₱ 100.2 M
Herbert T. Sy & Harley T. Sy (Director)	Trust	₱ 100.0 M
Sps. Irwin and Consuelo Ponce (Close family member of a director)	Line	₱ 127.0 M
BDO Universal Bank (Affiliate)	Bonds/FX	₱ 400.0 M ₱ 100.0 M ₱ 14.0 B ₱ 7.3 B ₱ 1.6 B ₱ 4.8 B ₱ 309.9 M ₱ 20.1 B ₱ 265.6 M ₱ 8.3 B ₱ 600.8M ₱ 742.5 M ₱ 11.5 B

Name of Counterparty	Type of Transaction	Amount/Contract Price
		₱ 4.2 B
		₱ 600.0 M
		₱ 4.7 B
		₱ 5.2 B
		₱ 64.4 M
		₱ 13.7 B
		₱ 7.7 B
		₱ 50.0 M
		₱ 7.1 B
BDO Private Bank, Inc. (Affiliate)	Bonds / FX	₱ 1.0 B
		₱ 850.0 M
		₱ 150.5 M
		₱ 50.2 M
		₱ 151.4 M
		₱ 100.9 M
		₱ 202.7 M
		₱ 252.1 M
		₱ 450.0 M
		₱ 1.1 B
		₱ 600.0 M
		₱ 609.6 M
		₱ 50.0 M
		₱ 306.7 M
		₱ 257.5 M
		₱ 150.0 M
		₱ 303.5 M
BDO Private Bank Wealth Advisory and Trust Group (Affiliate)	Bonds	₱ 514.4 M
		₱ 253.3 M
BDO Securities Corporation (Affiliate)	Equity Investments	₱ 1.6 B
CBC Trust Group (A Group in the Bank)	Bonds	₱ 1.9 M
		₱ 1.7 B
		₱ 1.4 M
		₱ 499.0 M
		₱ 330.9 M
		₱ 5.8 B
		₱ 5.9 B
China Bank Capital Corporation (Affiliate)	Money Market Fund	₱ 700.0 M
	Redemption of Money Market	₱ 500.0 M
	Bond	₱ 130.0 M
China Bank Securities Corporation (Subsidiary)	Sale of CHIB Shares	₱ 362.6 M
China Bank Savings Inc. (Subsidiary)	Investment in SSA (Short Term)	₱ 250.0 M
		$ 1.5 M
		₱ 200.0 M
		₱ 1.2 B
		₱ 500.0 M

Name of Counterparty	Type of Transaction	Amount/Contract Price
	Bonds	₱ 100.0 M
		₱ 84.0 M
		₱ 50.0 M
		₱ 199.0 M
		₱ 100.0 M
	Foreign Exchange	₱ 51.5 M
JJACCIS Development Corporation (Other Related Party)	Loan Outstanding	₱ 600.0 M ₱ 257.4 M
Manulife Chinabank Life Assurance Corp. (Associate)	Bonds	₱ 528.9 M
		₱ 729.0 M
		₱ 2.4 B
		₱ 2.6 B
		₱ 665.0 M
		₱ 1.4 B
National Reinsurance Corporation (Affiliate)	Bonds	₱ 50.0 M
Rizal Commercial Banking Corporation (Other Related Party)	Bonds	₱ 574.3 M
		₱ 752.4 M
		₱ 3.8 B
		₱ 3.3 B
		₱ 300.4 M
		₱ 4.1 B
		₱ 600.0 M
		₱ 3.1 B
		₱ 875.0 M
		₱ 900.0 M
		₱ 250.0 M
		₱ 3.3 B
		₱ 200.0 M
		₱ 500.0 M
		₱ 501.6 M
	FX	₱ 4.1 B
		₱ 4.1 B
		₱ 6.6 B
		₱ 2.6 B
RCBC Savings Bank (Other Related Party)	Bonds	₱ 250.8 M
		₱ 100.0 M
		₱ 50.0 M
SM Investments Corporation (Stockholder)	Loan	₱ 8.0 B
		$ 32.5 M
SM Investments Corp./Sybase Equity Investments Corp./ Multi-Realty Development Corp. (Stockholder / Affiliates)	Loan	₱ 15.5 B
SM Prime Holdings Inc./Costa Del Hamilo, Inc./SM Hotels and Conventions Corp. (Affiliates)	Loan Line	₱ 3.1 B
SM Prime Holdings, Inc. (Affiliate)	ROPA	₱ 161.6 M

Name of Counterparty	Type of Transaction	Amount/Contract Price
SM Development Corp. (Affiliate)	Loan	₱ 1.1 B
Summerhills Home Development Corp. (Affiliate)	Loan	₱ 500.0 M
Sunlife Grepa Financial, Inc. (Other Related Party)	Bonds	₱ 100.0 M
		₱ 60.0 M
		₱ 150.0 M
		₱ 144.0 M
		₱ 50.0 M
Sysmart, Inc. (Stockholder)	Loan Outstanding	₱ 5.0 B ₱ 3.8 B
Super Industrial Corp. (Other related party)	Loan	₱ 50.0 M
Anchor Land Holdings Inc. & Subsidiaries (Other Related Party)	Contract to Sell	₱ 348.3 M
One Network Bank (Affiliate)	Bonds	₱ 400.0 M
		₱ 100.0 M
National Grid Corporation of the Philippines (Other Related Party)	Loan	₱ 12.0 B
		₱ 79.0 M
2Go Group, Inc. (Other Related Party)	Loan	₱ 1.0 B
		₱ 100.0 M
Posh Properties Development Corp. and Gotamco Realty Investment Corp. (Other Related Party)	Loan	₱ 1.0 B
Posh Properties Development Corp. (Other Related Party)	Loan	₱ 3.7 B
		₱ 1.3 B

Related party transactions are also discussed in Note 29 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*	2018 (estimates) 2017 (actual) 2016 (actual)	P50,343,129.00 46,539,430.00 41,626,680.00	P45,082,070.00 48,208,445.00 47,510,141.00	P95,425,199.00 94,747,875.00 89,136,821.00
Total for all officers and directors	2018 (estimates) 2017 (actual) 2016 (actual)	P1,308,785,619.00 1,239,546,562.00 1,057,169,748.00	P746,693,111.00 742,856,659.00 662,217,927.00	P2,055,478,730.00 1,982,403,221.00 1,719,387,675.00

* For year 2018: Messrs. Gilbert U. Dee, William C. Whang, Romeo D. Uyan, Jr., Patrick D. Cheng, and Ms. Rosemarie C, Gan
* For year 2017: Messrs. Ricardo R. Chua, Gilbert U. Dee, William C. Whang, Romeo D. Uyan, Jr., Patrick D. Cheng, and Ms. Rosemarie C. Gan
* For year 2016: Messrs. Ricardo R. Chua, Gilbert U. Dee, William C. Whang, Romeo D. Uyan, Jr., and Ms. Rosemarie C. Gan

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 since 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 (2016 and 2017) 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	All Other Fees
2017	P8,192,800	---	P254,240
2016	P6,994,960	---	P448,970

Audit and Audit-Related Fees cover services rendered for the performance of the audit or review of the Bank's financial statements including the combined financial statements of Trust Group, and the issuance of comfort letters relative to the 2017 Stock Rights Offering and Second Tranche offering of Long Term Negotiable Certificates of Deposits. The 2017 and 2016 audit fees were taken up and approved by the Audit Committee at its regular meetings on February 21, 2018 and February 15, 2017, respectively.

Tax fees related to the audit of tax accounting and compliance are already incorporated in the year-end audit fees under Audit and Audit-Related Fees category as this is part of the audit process conducted by the external auditors.

The Board/Audit Committee likewise discussed, approved, and authorized to engage the services of SGV & Co./Ernst & Young in non-audit work for the independent validation of votes in the annual stockholders' meeting and for the compliance certificate issued to the international bank lenders. Payment for these services, and seminar fees are included under All Other Fees.

The Bank's Audit Committee, which is composed of Messrs. Alberto S. Yao (Chairman), Joaquin T. Dee, and Roberto F. Kuan, 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

The Board of Directors approved on February 22, 2017 for the Bank to conduct a rights issue by way of offering common shares from the unissued portion of the authorized capital stock of the Bank to eligible shareholders, subject to approval of regulatory agencies. The additional capital will enable the Bank to pursue growth strategies, with the Bank's core strategy aimed at expanding its market position by growing risk-weighted assets with a focus on the SME and consumer segments while also extending the depth and breadth of its retail distribution. The Bank set April 19, 2017 as the record date for shareholders entitled to participate in the rights offer of up to 483,870,967 shares of common stock with a par value of P10.00 per share, at the entitlement ratio of one rights share for every 4.1375 existing common share at an offer price of P31.00 per rights share. Offer period was from April 24, 2017 to May 5, 2017. The stock rights shares were listed at the PSE on May 10, 2017. As of As of 30 June 2017, the Bank raised proceeds of up to P14.392 Billion from the Rights Issue and the proceeds have been invested in loans.

The Right Shares shall rank equally in all respects with the existing Common shares.

- Dividend

The Bank is allowed to declare dividends out of its unrestricted retained earnings at such times and in such percentages based on the recommendation of the Board of Directors. Such recommendation will take into consideration factors such as debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among other things.

The Bank's Board of Directors is authorized to declare dividends. A cash dividend declaration does not require any further approval from the shareholders. A stock dividend declaration requires the further approval of shareholders holding or representing not less than two-thirds of the Bank's outstanding capital stock. The Corporation Code defines the term "outstanding capital stock" to mean the "total shares of stock issued to subscribers or stockholders, whether or not fully or partially paid (as long as there is a binding subscription agreement), except treasury shares". Such shareholders' approval may be given at a general or special meeting duly called for such purpose. See "Dividend Policy".

- Voting

Each Common Share entitles the holder to one vote. At each meeting of the shareholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in the books of the Bank at the time of the closing of the transfer books for such meeting,

In accordance with Section 24 of the Corporation Code, at each election of directors, every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number his shares shall equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit.

- Pre-emptive Rights

The Corporation Code confers pre-emptive rights on shareholders of a Philippine corporation, which entitle them to subscribe to all issues or other disposition of shares of any class by the corporation in proportion to their respective shareholdings, subject to certain exceptions. A Philippine corporation may provide for the exclusion of these pre-emptive rights in its articles of incorporation. The Board has proposed and the stockholders of the Bank approved on May 8, 2014 to amend the Articles of Incorporation to include a waiver of such pre-emptive rights. The Articles of Incorporation of the Bank provides that stockholders shall have no pre-emptive rights to subscribe to any or all issues or dispositions of any class of shares.

10. **<u>Modification or Exchange of Securities</u>** – 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 – Not applicable

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 4, 2017, 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 approvals for the action of subsidiary China Bank Capital Corporation to set-up two subsidiaries, namely, a wholly-owned stock brokerage house subsidiary to be named China Bank Securities Corporation through the acquisition of existing brokerage house ATC Securities, Inc. and a special purpose corporation subsidiary CBC Assets One (SPC), Inc. though incorporation, additional capital infusions to China Bank Savings, Inc., conduct of a Rights Issue, approval related party transactions, and all the acts of the Executive Committee and of the various committees of the Bank and Management, during the fiscal year 2016 and immediately preceding the stockholders' meeting; (iii) election of the Board of Directors; (iv) appointment of external and internal auditors; (v) amendment of the articles of incorporation to increase authorized capital stock from P25 Billion to P33 Billion; and (vi) approval/ratification of the declaration of 8% stock dividend and 8% 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, 2017 – 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 2017 - 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; and

(g) 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 15, 2017, the Board of Directors approved to amend the Sixth Article of the Articles of Incorporation to increase the authorized capital stock from P25.0 Billion to P33.0 Billion. The amendment was for the purpose of enabling the Bank to further strengthen its capital structure. During the regular annual meeting of the stockholders on May 4, 2017, 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 dated August 11, 2017, stating that the amendment to the Articles of Incorporation is in accordance with law. The SEC approved such amendment on September 29, 2017.

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 22, 2018 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, the 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 8th day of March 2018.

CHINA BANKING CORPORATION

By:

ATTY. CORAZON I. MORANDO
Vice President & Corporate Secretary

Exhibit "A"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ROBERTO F. KUAN**, Filipino, of legal age and a resident of N22C Pacific Plaza Towers, BGC, Taguig, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of China Banking Corporation (Bank) and have been its independent director since May 5, 2005.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
St. Luke's Medical Center	Chairman, Board of Trustees	1996 – 2011
	Member, Board of Trustees	1989 – present
SLMC Global City, Inc.	Chairman, Board of Trustees	2008 – 2011
	Member, Board of Trustees	2008 – present
St. Luke's College of Medicine – William H. Quasha Memorial	Member, Board of Trustees	1996 – present
	Chairman, Board of Trustees	2017 – present
BRENT Int'l. School of Manila, Inc.	Corporate Secretary/ Member, Board of Trustees	1989 – present
BRENT Int'l. School Baguio, Inc.	Chairman/Member, Board of Trustees	2009 – present
BRENT Int'l. School Subic, Inc.	Member, Board of Trustees	2009 – present
BRENT Int'l. School, Inc.	Chairman/Member, Board of Trustees	2009 – present
Far Eastern University, Inc.*	Member, Board of Directors (Independent Director)	2004 – present
Far Eastern College Silang, Inc.	Member, Board of Directors (Independent Director)	2009 – 2017
Seaoil Phils., Inc.	Member, Board of Directors (Independent Director)	2008 – present
St. Theodore of Tarsus Hospital Foundation, Inc.	Chairman, Board of Trustees	2010 – present
China Bank Savings, Inc.	Member, Board of Directors (Independent Director)	2009 – present
Towers Watson Insurance Brokers Philippine Inc.	Chairman, Board of Directors (Independent Director)	2014 – present
China Bank Capital Corporation	Member, Board of Directors (Independent Director)	2015 – present
Roosevelt College Inc.	Member, Board of Directors (Independent Director)	2016 – present
China Bank Securities Corporation (formerly ATC Securities, Inc.)	Member, Board of Directors (Independent Director)	2017 – present

* Publicly listed company

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Bank and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Bank of any changes in the above-mentioned information within five (5) days from its occurrence.

06 MAR 2018

Done, this _______ day of March 2018, at Makati City.

ROBERTO F. KUAN

06 MAR 2018

SUBSCRIBED AND SWORN to before me this _________ day of March 2018 at Makati City, affiant personally appeared before me and exhibited to me his Passport No. EC0637710 valid until March 20, 2019.

Doc. No. 474;
Page No. 100;
Book No. 32;
Series of 2018.

CHRISTINE L. ZERNA-BRIONES
Notary Public for the City of Makati
Appt. No. M-271 (2017- 2018)
4/F, Philcom Building
8755 Paseo de Roxas, Makati City
PTR No. 6614408; 01-03-18; Makati City
IBP No. 021021; 01-04-18; Pampanga
Roll of Attorney's No. [illegible]

Exhibit "B"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALBERTO S. YAO**, Filipino, of legal age and a resident of No. 22 Samar Avenue, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of China Banking Corporation (Bank) and have been its independent director since July 7, 2004.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Richwell Trading Corporation	President & CEO	1979 – present
Richwell Philippines, Inc.	President & CEO	1990 – present
Europlay Distributor Co., Inc.	President & CEO	1997 – present
Internationale Globale Marques, Inc.	President & CEO	2011 – present
Richphil House Incorporated	President	1992 – present
Megarich Property Ventures Corp.	President	1994 – present
China Bank Savings, Inc.	Independent Director	2009 - present
China Bank Capital Corporation	Independent Director	2015 – present
China Bank Securities Corporation (formerly ATC Securities, Inc.)	Independent Director	2017 – present
Philippine Constitution Association	Member	2017 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Bank and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Bank of any changes in the above-mentioned information within five (5) days from its occurrence.

Done, this 06 MAR 2018 day of March 2018, at Makati City.

ALBERTO S. YAO

SUBSCRIBED AND SWORN to before me this 06 MAR 2018 day of March 2018 at Makati City, affiant personally appeared before me and exhibited to me his SSS No. 03-1300449-2.

Doc. No. 473;
Page No. 100;
Book No. 32;
Series of 2018.

CHRISTINE L. ZERNA-BRIONES
Notary Public for the City of Makati
Appt. No. M-271 (2017- 2018)
4/F, Philcom Building
8755 Paseo de Roxas, Makati City
PTR No. 6614408; 01-03-18; Makati City
IBP No. 021021; 01-04-18; Pampanga
Roll of Attorney's No. 42549

Exhibit "C"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARGARITA L. SAN JUAN**, Filipino, of legal age and a resident of 15 First St., St. Ignatius Village, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of China Banking Corporation (Bank) and have been its independent director since May 4, 2017.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
China Bank Savings, Inc.	Independent Director	2013 – present
China Bank Capital Corporation	Independent Director	2018

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Bank and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Bank of any changes in the above-mentioned information within five (5) days from its occurrence.

Done, this 06 MAR 2018 day of March 2018, at Makati City.

MARGARITA L. SAN JUAN

SUBSCRIBED AND SWORN to before me this 06 MAR 2018 day of March 2018 at Makati City, affiant personally appeared before me and exhibited to me her SSS No. 03-3300959-0.

Doc. No. 472;
Page No. 100;
Book No. 32;
Series of 2018.

CHRISTINE L. ZERNA-BRIONES
Notary Public for the City of Makati
Appt. No. M-271 (2017- 2018)
4/F, Philcom Building
8755 Paseo de Roxas, Makati City
PTR No. 6614408; 01-03-18; Makati City
IBP No. 021021; 01-04-18; Pampanga
Roll of Attorney's No. 42549

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 97-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 tapped offshore fund markets by issuing USD 50MN FRCD, followed by USD 75MN in 1997
- 1998 - China Bank raised P1.34 BN via 2 for 3 stock right issue starting first quarter 1997 and completed in August 1998
- 2005 - China Bank launched China Bank Online e-banking portal for retail and corporate customers
- 2006 - China Bank completed its first international secondary offering for 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 - China Bank was gold awardee on corporate governance, one of the top-scoring Publicly Listed Company by the Institute of Corporate Directors (ICD)
- 2011 - China Bank was awarded Best Wealth Management House in the Philippines by the 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 - China Bank received the 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 breached the 300- mark in branch network; Unity Bank branches merged with the China Bank Savings, Inc.; Memorandum of Agreement (MOA) to acquire 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 rights 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; SEC approved 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; issued P9.6BN worth of LTNCDs, the first tranche from the planned P20 BN shelf issue; 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.
- 2017 - China Bank completed the P15 BN Stock Rights Offer; received an investment grade rating from Moody's and rating upgrade from Capital Intelligence; launched second tranche of LTNCDs amounting to P6.35BN; garnered Special Citation from PSE for having won the PSE Bell Award for 5 consecutive years (2012-2016); and received various distinctions from Corporate Governance Asia, The Asset, The Asian Banker, CFA Society Philippines, and Philippine Dealing System, Global Banking & Finance Review, among others.

China Bank's main business include corporate and SME lending, retail loans (e.g. credit cards, housing, auto, personal (e.g. teacher loans), treasury and foreign exchange trading, trust & asset management, investment 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 its 596 branches complemented by convenient and secure electronic banking channels which are available 24/7 — 888 ATMs, China Bank Online, and China Bank TellerPhone (phone banking).

	Effective Percentages of Ownership			
Subsidiary	**2017**	2016	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
China Bank Savings, Inc. (CBSI)	98.29%	98.29%	Philippines	Retail and consumer banking
China Bank Capital Corporation (CBCC)	100.00%	100.00%	Philippines	Investment house
CBC Assets One, Inc.*	100.00%	100.00%	Philippines	Special purpose corporation
China Bank Securities Corporation**	100.00%	–	Philippines	Stock Brokerage

**Established in 2016, 100% owned through CBCC*
***Obtained control on February 22, 2017 (see note 10)*

The Parent Company has no ultimate parent company. SM Investments Corporation, its significant investor, has effective ownership in the Parent Company of 19.90% as of December 31, 2017 and 2016.

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: 596 branch network (of which 436 are China Bank branches, 160 ChinaBank Savings branches; 888 ATM network (589 in-branch and 299 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. ALVARADO BRANCH- Alvarado St. Binondo, Manila
7. ANTIPOLO CITY BRANCH - G/F Budget Lane Arcade, No. 6, Provincial Road, Brgy. San Jose, Antipolo City, Rizal*
8. ANTIPOLO- SUMULONG HIGHWAY BRANCH- No. 219 Sumulong Highway, Bgry. Mambugan, Antipolo City, Rizal*
9. ANTIPOLO CITY-TAKTAK - Sumulong Highway corner Taktak Road, Brgy. Dela Paz, Antipolo City, Rizal*
10. ARANETA AVE. BRANCH - Philippine Whithasco Bldg., 420 Araneta Ave., cor. Bayani St., Quezon City*
11. ARRANQUE BRANCH – Don Felipe Bldg., 675 Tomas Mapua St., Sta. Cruz, Manila*
12. ASUNCION BRANCH – Units G6 & G7 Chinatown Steel Towers, Asuncion St., San Nicolas, Manila*

13. AURORA BLVD. – NEW MANILA BRANCH- Aurora Blvd., Brgy. Valencia, Quezon City*
14. AYALA-ALABANG BRANCH - G/F, CBC-Bldg. Acacia Ave., Madrigal Business Park, Ayala Alabang, Muntinlupa City*
15. AYALA AVE. – AMORSOLO BRANCH - G/F Teleperformance Bldg, Ayala Ave., Makati City*
16. AYALA-COLUMNS BRANCH – G/F The Columns Tower 3, Ayala Ave., Makati City*
17. BACLARAN-FB HARRISON BRANCH- BAGPI Main Bldg., 2935 F.B. Harrison cor. Ortigas St., Pasay City
18. BALINTAWAK-BONIFACIO BRANCH - 657 A. Bonifacio Ave., Balintawak, Quezon City*
19. BALUT BRANCH - North Bay Shopping Center, Honorio Lopez Boulevard, Balut, Tondo, Manila*
20. BANAWE BRANCH – CBC Bldg., 680 Banawe Ave., Sta.Mesa Heights, District I, Quezon City*
21. BANAWE-MA.CLARA BRANCH – G/F Prosperity Bldg., Banawe, Quezon City* *(effective February 5, 2018, branch is relocated/renamed to: BANAWE-CALAMBA BRANCH - #119 Banawe St. corner Calamba St., Quezon City)*
22. BEL-AIR BRANCH - 2/F Saville Bldg., 8728 Paseo de Roxas, Makati City*
23. BETTER LIVING SUBD. BRANCH – 128 Doña Soledad Ave., Parañaque City*
24. BF HOMES BRANCH - Aguirre cor. El Grande Aves., United BF Homes, Parañaque City*
25. BF HOMES-AGUIRRE BRANCH – Margarita Centre, Aguirre Ave. cor. Elsie Gaches St., BF Homes, Parañaque City*
26. BF RESORT VILLAGE BRANCH - BF Resort Drive cor. Gloria Diaz St., BF Resort Village Talon Dos, Las Piñas City*
27. BGC-ICON PLAZA - G/F Icon Plaza Bldg., 25th cor 5th Sts. Bonifacio South, Fort Bonifacio Global City, Taguig City
28. BGC- ONE WORLD PLACE BRANCH - G/F One World Place, 32nd Avenue, Fort Bonifacio Global City, Taguig City*
29. BGC-WORLD PLAZA BRANCH- G/F World Plaza, L4 B5 E-Square Information Technology Park, Crescent Park West, 5th Avenue, Bonifacio Global City, Taguig City *
30. BGC – W TOWER - G/F W Tower 39th St. North Bonifacio Triangle BGC, Taguig City,1634*
31. BINANGONAN BRANCH - National Highway, Bo. Tagpos, Binangonan, Rizal*
32. BLUMENTRITT BRANCH - 1777-1781 Cavite cor. Leonor Rivera St., Blumentritt, Sta. Cruz, Manila*
33. BO. KAPITOLYO BRANCH - G/F P&E Bldg., 12 United cor. First Sts. Bo. Kapitolyo, Pasig City*
34. BONNY-SERRANO BRANCH – G/F, Greenhills Garden, Garden Square No. 297 Col Bonny Serrano Ave., Quezon City*
35. CAINTA BRANCH - CBC Bldg (Beside Sta. Lucia East Mall), Felix Ave., Cainta, Rizal*
36. CAINTA-POBLACION BRANCH- A. Bonifacio Ave., Poblacion, Cainta, Rizal
37. CAPITOL HILLS BRANCH - G/F Design Pro Bldg. Capitol Hills, Old Balara, Quezon City*
38. CENTURY CITY-KNIGHTSBRIDGE - Unit 17 & 18 Knightsbridge Residences, Century City, Kalayaan Ave. Makati City
39. COMMONWEALTH AVENUE BRANCH - LGF Ever Gotesco Mall, Commonwealth Center, Commonwealth Ave cor Don Antonio Road, QC*
40. COMMONWEALTH AVE. EXTENSION – CASA MILAN BRANCH- ALX Center Building, Commonwealth Ave. Ext. North Fairview, Quezon City*
41. CONGRESSIONAL AVENUE BRANCH – G/F Unit C The Arete Square, Congressional Ave., Project 8, Quezon City*
42. CONGRESSIONAL AVE. EXTENSION – MIRA NILA BRANCH - CBC Building Congressional Ave. Ext., Quezon City*
43. CORINTHIAN HILLS BRANCH - G/F The Clubhouse, Corinthian Hills, Temple Drive Brgy. Ugong Norte, Quezon City*
44. CUBAO-ARANETA BRANCH - Shopwise Arcade Bldg., Times Square St., Araneta Shopping Center, Cubao, Quezon City*
45. CUBAO-AURORA BRANCH - 911 Aurora Boulevard Extension cor. Miami St., Cubao, Quezon City
46. CUBAO- P. TUAZON BRANCH - No. 287 P. Tuazon Ave. near corner 18th Avenue, Brgy. San Roque, Cubao, Quezon City*
47. CULIAT- TANDANG SORA BRANCH - G/F Royal Midway Plaza, No. 419, Tandang Sora Ave. Brgy. Culiat, 1128 QC*
48. D. TUAZON BRANCH - 148 D. Tuazon St., Brgy. Lourdes, Sta. Mesa Heights, Quezon City
49. DAMAR VILLAGE BRANCH - Clubhouse, Damar Village, Quezon City*
50. DASMARIÑAS VILLAGE BRANCH - 2283 Pasong Tamo Ext. cor. Lumbang St., Makati City*
51. DEL MONTE AVENUE BRANCH – No. 497 Del Monte Ave., Brgy. Manresa, Quezon City*
52. DEL MONTE-MATUTUM BRANCH – No. 202 Del Monte Ave. cor. Matutum St., Brgy. St. Peter, Quezon City*
53. DIVISORIA-STA. ELENA BRANCH - Unit G-22 New Divisoria Condominium Ctr. Sta. Elena St. near cor Tabora St., Binondo Manila
54. DON ANTONIO BRANCH - G/F Royale Place, Don Antonio Ave., Brgy. Old Balara, Quezon City*
55. EASTWOOD CITY BRANCH –Unit D, Techno Plaza One, Eastwood City Cyberpark, E. Rodriguez Jr. Ave., (C-5) Bagumbayan, Quezon City*
56. EDSA-KALOOKAN BRANCH - No. 531 (Lot 5 Block 30) EDSA near cor. Biglang Awa St., Kalookan City*
57. EDSA-PHILAM BRANCH- 917 EDSA, Brgy. Philam, Quezon City
58. EDSA-TIMOG AVE. BRANCH G/F Richwell Corporate Center, 102 Timog Ave., Brgy. Sacred Heart, Quezon City*
59. ELCANO BRANCH – G/F Elcano Tower, Elcano St., San Nicolas, Manila
60. E. RODRIGUEZ- ACROPOLIS BRANCH - G/F Suncrest Building, E. Rodriguez Jr. Ave., Quezon City*
61. E. RODRIGUEZ- CORDILLERA BRANCH - No. 291 (G/F Units 285 & 287) E. Rodriguez Sr. Blvd., Brgy. Doña Josefa, QC*
62. E. RODRIGUEZ-HILLCREST BRANCH – No. 402 E. Rodriguez Sr. Blvd., Cubao, Quezon City*
63. E. RODRIGUEZ SR. BLVD. BRANCH - CBC Bldg., #286 E. Rodriguez Sr. Blvd., Brgy. Damayang Lagi, Quezon City*
64. ERMITA BRANCH – G/F A, Ma. Natividad Bldg., #470 T. M. Kalaw cor. Cortada Sts., Ermita, Manila*
65. ESPAÑA BRANCH - España cor. Valencia Sts., Sampaloc, Manila*
66. EVANGELISTA BRANCH – Evangelista cor. Gen Estrella St., Makati City*

67. EXAMINER BRANCH - No. 1525 Quezon Ave. cor. Examiner St., West Triangle, Quezon City*
68. FAIRVIEW BRANCH - G/F Angelenix House, Fairview Ave. cor. Camaro St., Quezon City*
69. FAIRVIEW TERRACES-LGF Fairview Terraces, Quirino Hiway cor Maligaya Drive, Brgy. Pasong Putik, Novaliches, QC
70. FILINVEST CORPORATE CITY BRANCH - G/F Wilcon Depot, Alabang- Zapote Rd cor. Bridgeway Ave. Filinvest Corp City, Alabang, Muntinlupa*
71. FILINVEST CORP. CITY-COMMERCENTER-G/F Commercenter Alabang, Comm. Ave. cor. Filinvest Ave., Filinvest Corp City, Alabang, Muntinlupa
72. FILINVEST CORP. CITY-NORTHGATE-G/F Aeon Centre Building, Northgate Cyberzone, Filinvest Corporate City, Alabang, Muntinlupa City*
73. FIVE E-COM CENTER-G/F Five E-com Center, Harbor Drive, MOA Complex, Pasay City*
74. FORT BONIFACIO GLOBAL CITY BRANCH – G/F Marajo Tower 26th St., Fort Bonifacio Global City, Taguig City*
75. GEN. LUIS-KATIPUNAN-CBC Building, Gen. Luis St. corner Katipunan SB Road, Brgy. Bagong Nayon, Novaliches, QC*
76. GIL PUYAT AVENUE BRANCH - Mitsu Bldg., No. 65 Sen. Gen Gil Puay Ave., Brgy. Palanan, Makati City*
77. GIL PUYAT-ELIZABETH PLACE-G/F Elizabeth Place, Gil Puyat Ave., Makati City
78. GIL PUYAT-REPOSO BRANCH - No. 331 Gil Puyat Ave., Makati City*
79. GREENBELT 1 BRANCH - G/F Greenbelt 1, Legaspi St. near cor. Paseo de Roxas, Makati City*
80. GREENHILLS BRANCH - G/F Gift Gate Bldg., Greenhills Shopping Center, San Juan, Metro Manila**
81. GREENHILLS- CONNECTICUT BRANCH - G/F Missouri Square Bldg., Missouri cor. Connecticut St. Northeast Greenhills, San Juan City*
82. GREENHILLS-ORTIGAS BRANCH - CBC-Bldg., 14 Ortigas Ave. Greenhills, San Juan, Metro Manila*
83. HEROES HILLS BRANCH – Quezon Ave. cor. J. Abad Santos St., Heroes Hills, Quezon City*
84. HOLY SPIRIT DRIVE BRANCH - CBC Building Lot 18 Block 6 Holy Spirit Drive, Don Antonio Heights, Brgy. Holy Spirit, QC*
85. ILAYA BRANCH - #947 APL-YSL Bldg., Ilaya, Tondo, Manila
86. INTRAMUROS BRANCH - No. 409 A. Soriano Ave, Intramuros, Manila*
87. J. ABAD SANTOS AVENUE BRANCH - 2159 J. Abad Santos Ave., cor. Batangas St., Tondo, Manila*
88. J. ABAD SANTOS AVE. – QUIRICADA BRANCH - J. Abad Santos Ave. near corner Quiricada Street, Manila*
89. JUAN LUNA BRANCH – G/F Aclem Bldg., 501 Juan Luna St., Binondo, Manila*
90. KALAYAAN AVE. BRANCH – G/F PPS Bldg., Kalayaan Ave., Quezon City*
91. KALOOKAN- 8TH AVE.BRANCH - No. 279 Rizal Ave. cor, 8th Ave., Grace Park, Kalookan City*
92. KALOOKAN-10TH AVE.-No. 275 10th Ave. corner 3rd Street, Grace Park, Kalookan City*
93. KALOOKAN BRANCH - CBC Bldg., 167 Rizal Ave. Extension, Grace Park, Kalookan City*
94. KALOOKAN-CAMARIN BRANCH – Annex Bldg., Space No. 3, Zabarte Town Center, No. 588 Camarin Road cor Zabarte Road, Kalookan City*
95. KALOOKAN-MONUMENTO BRANCH - 779 McArthur Highway, Kalookan City*
96. KAMIAS BRANCH – G/F CRM Bldg., 116 Kamias Road cor. Kasing-Kasing St., Quezon City*
97. KAMUNING-#47 SKY47 Bldg., Kamuning Road, Quezon City
98. KARUHATAN BRANCH - No. 248 McArthur Highway, Karuhatan, Valenzuela City*
99. KATIPUNAN AVE. – LOYOLA HEIGHTS BRANCH - Elizabeth Hall, Katipunan Ave., Loyola Heights, Quezon City*
100. KATIPUNAN AVE.-ST. IGNATIUS BRANCH – CBC Bldg., No. 121 Katipunan Ave., Brgy. St. Ignatius, Quezon City*
101. LAGRO-CBC Building, Lot 32 Blk 125, Quirino Highway, Greater Lagro, Quezon City
102. LAS PIÑAS BRANCH - CBC- Bldg., Alabang-Zapote Road cor. Aries St., Pamplona Park Subd., Las Piñas City*
103. LAS PIÑAS- MANUELA BRANCH - Alabang-Zapote Road cor. Philamlife Ave., Pamplona Dos, Las Piñas City*
104. LAS PIÑAS-MARCOS ALVAREZ- Metro Towne Center, 2020 Marcos Alvarez Ave., Talon V, Moonwalk, Las Piñas City*
105. LAS PIÑAS – NAGA ROAD - Lot 3, Naga Road, Pulanglupa2, Las Piñas City*
106. LEGASPI VILLAGE -AIM BRANCH - G/F Cacho-Gonzales Bldg, 101 Aguirre cor. Trasierra Sts., Legaspi Vill., Makati City*
107. LEGASPI VILLAGE- AMORSOLO BRANCH - G/F CAP Bldg. Herrera cor. Amorsolo Sts. Legaspi Village, Makati City*
108. LEGASPI VILLAGE -C. PALANCA BRANCH - Suite A, Basic Petroleum Bldg. 104 C. Palanca Jr. St. Legaspi Village, Makati City*
109. LEGASPI VILLAGE-ESTEBAN-G/F PPI Bldg., No. 109 Esteban St., Legaspi Village, Makati City*
110. LEGASPI VILLAGE-PEREA BRANCH- G/F, Greenbelt Mansion, 106 Perea St., Legaspi Village, Makati City*
111. LEGASPI VILLAGE - SALCEDO BRANCH - G/F Fedman Suites, 199 Salcedo St. Legaspi Village, Makati City*
112. LAVEZARES BRANCH - No. 412 Lavezares Street, San Nicolas, Manila*
113. MACAPAGAL AVE. – ASEANA SQUARE BRANCH - Aseana Square (Caltex Area), D. Macapagal Ave., Aseana City, Parañaque City*
114. MACAPAGAL AVE. – BIOPOLIS BRANCH - G/F The Biopolis, Central Business Park 1-A 076/01, Diosdado Macapagal Avenue, Pasay City*
115. MACAPAGAL AVE. – DOUBLEDRAGON BRANCH- DD Meridian Park Plaza, Macapagal Ave. cor. EDSA Ext., Pasay City*
116. MAGALLANES VILLAGE BRANCH – G/F, DHI Bldg, # Lapu-Lapu St., cor. EDSA, Magallanes Village, Makati City*
117. MAKATI AVENUE BRANCH - G/F CBC Bldg., Makati Ave. cor. Hercules St. Makati City*
118. MAKATI-COMEMBO-No. 46 JP Rizal Ext., Brgy. Comembo, Makati City*

119.MAKATI- JP RIZAL BRANCH - JP Rizal corner Honradez Streets, Makati City*
120.MAKATI-KALAYAAN AVE. BRANCH - Kalayaan Avenue, Makati City*
121.MALABON-CONCEPCION BRANCH - Gen. Luna cor. Paez Sts., Concepcion, Malabon*
122.MALABON-GOV. PASCUAL BRANCH – CBC Bldg., Gov. Pascual Ave., Malabon City*
123.MALABON-POTRERO BRANCH - CBC Bldg., McArthur Highway, Potrero, Malabon*
124.MALANDAY BRANCH - CBC Bldg. McArthur Highway, Malanday, Valenzuela City*
125.MANDALUYONG-BONI AVE. BRANCH - G/F VOS Bldg. Boni Ave. cor. San Rafael St., Mandaluyong City*
126.MANDALUYONG-D. GUEVARA-G/F 19 Libertad Plaza, Domingo Guevara St., Mandaluyong City*
127.MANDALUYONG-PIONEER BRANCH - UG-05 Globe Telecom Plaza Tower I Pioneer St., Mandaluyong City*
128.MANILA- MACEDA BRANCH - Daguman Bldg., Maceda St., Sampaloc Manila*
129.MARIKINA-FAIRLANE BRANCH– G/F E&L Patricio Bldg., No. 809 J.P. Rizal Ave., Concepcion Uno, Marikina City*
130.MARIKINA-GIL FERNANDO BRANCH Block 9, Lot 14 Gil Fernando Ave., Marikina City*
131.MARIKINA-SSS VILLAGE BRANCH -Lilac St., Rancho Estate IV, Concepcion Dos, Marikina City
132.MARIKINA-STA. ELENA BRANCH - 250 J.P. Rizal St., Sta. Elena, Marikina City*
133.MASANGKAY BRANCH - 959-961 G. Masangkay St., Binondo, Manila*
134.MASANGKAY-LUZON BRANCH – 1192 G. Masangkay St., Sta. Cruz, Manila*
135.MAYON BRANCH – 480 Mayon St. Maharlika Sta. Mesa Heights, Quezon City *
136.MINDANAO AVE. BRANCH - G/F LJC Building, 189 Mindanao Ave. Bahay Toro, Quezon City*
137.MUNTINLUPA- PUTATAN BRANCH G/F Teknikos Bldg., National Highway, Brgy. Putatan, Muntinlupa City*
138.N. DOMINGO BRANCH – G/F The Main Place, No.1 Pinaglabanan cor. N. Domingo Sts., San Juan City*
139.NAVOTAS BRANCH - No. 500 M. Naval St. near cor. Lacson St. Brgy. North Bay Blvd. North (NBBN) Navotas City*
140.NOVALICHES BRANCH - 954 Quirino Highway, Novaliches Proper, Novaliches, Quezon City*
141.NOVALICHES-SANGANDAAN BRANCH – CBC Bldg., Quirino Highway cor. Tandang Sora Ave., Brgy. Sangandaan, Novaliches, QC*
142.NOVALICHES-STA. MONICA BRANCH - G/F E & V Bldg. Quirino Highway corner Dumalay St., Novaliches, Quezon City*
143.NOVALICHES-TALIPAPA BRANCH - 528 Copengco Bldg., Quirino Highway, Talipapa, Novaliches, Quezon City*
144.NOVALICHES-ZABARTE – G/F C.I. Bldg 1151 Quirino Highway cor. Zabarte Road, Brgy. Kaligayahan, Novaliches, QC*
145.NUEVA BRANCH – Unit Nos. 557 & 559 G/F, Ayson Bldg., Yuchengco St., Binondo, Manila*
146.ONGPIN BRANCH - G/F Se Jo Tong Bldg., 808 Ongpin St., Sta. Cruz, Manila*
147.OROQUIETA BRANCH - 1225-1227, Oroquieta St., Sta. Cruz, Manila*
148.ORTIGAS-ADB AVE. BRANCH - LGF Cityland Mega Plaza Bldg., ADB Ave. cor. Garnet Road, Ortigas Center Pasig City*
149.ORTIGAS-AVE. EXT.-RIVERSIDE BRANCH – Unit 2-3 Riverside Arc Ortigas Ave Ext cor. Riverside Drive, Brgy. Sta. Lucia, Pasig City*
150.ORTIGAS CENTER BRANCH - Unit 101 Parc Chateau Condominium Onyx cor. Sapphire Sts, Ortigas Center, Pasig City*
151.ORTIGAS COMPLEX BRANCH - G/F Padilla Bldg., Emerald Ave. cor. Ruby Road, Ortigas Center, Pasig City*
152.ORTIGAS-JADE DRIVE BRANCH - Unit G-03, Antel Global Corporate Center Jade Drive, Ortigas Center, Pasig*
153.ORTIGAS-TEKTITE BRANCH- Unit EC-06B PSE Center (Tektite) Ortigas Center, Pasig City*
154.PACO BRANCH - Gen. Luna cor. Escoda St., Paco, Manila*
155.PACO-ANGEL LINAO-Unit 1636 & 1638 Angel Linao St. Paco, Manila*
156.PACO-OTIS BRANCH – G/F Union Motor Corporation Bldg., 1760 Dra. Paz Guanzon St., Paco, Manila*
157.PADRE FAURA BRANCH - G/F, Regal Shopping Center, A. Mabini cor Padre Faura Sts., Ermita, Manila*
158.PARAÑAQUE-BACLARAN BRANCH- Quirino Avenue cor. Aragon St., Baclaran, Parañaque City*
159.PARAÑAQUE- MOONWALK BRANCH - Milky Way St. cor. Armstrong Avenue, Moonwalk, Parañaque City*
160.PARAÑAQUE-NAIA BRANCH- Ninoy Aquino Ave., Parañaque City*
161.PARAÑAQUE- SAN ANTONIO VALLEY BRANCH - San Antonio Shopping Center, San Antonio Road, Brgy. San Antonio Valley 1, Parañaque City*
162.PARAÑAQUE-SUCAT BRANCH-No. 8260 Dr. A. Santos Ave.,Brgy. San Isidro Parañaque City*
163.PASAY-LIBERTAD BRANCH - CBC-Bldg., 184 Libertad St., Antonio Arnaiz Ave., Pasay City*
164.PASAY-ROXAS BLVD. BRANCH - GF Unit G-01 Antel Seaview Towers 2626 Roxas Blvd., Pasay City*
165.PASIG-A. MABINI-A. Mabini Street, Brgy. Kapasigan, Pasig City
166.PASIG-C. RAYMUNDO BRANCH – G/F Mic Mar Apartments No. 6353 C. Raymundo Ave.,Brgy. Rosario, Pasig City*
167.PASIG-DELA PAZ BRANCH- Amang Rodriguez Avenue, Brgy. Dela Paz, Pasig City
168.PASIG-MERCEDES BRANCH - Commercial Motors Corp. Cpd., Mercedes Ave., Pasig City*
169.PASIG-SAN JOAQUIN BRANCH - No. 43 M. Concepcion Ave., San Joaquin, Pasig City*
170.PASIG-SANTOLAN BRANCH - G/F Felmarc Business Center, Amang Rodriguez Ave., Santolan, Pasig City*
171.PASIG-SM SUPERCENTER BRANCH – SM Supercenter Pasig, Frontera Drive, C-5 Pasig City*
172.PASIG-VALLE VERDE-G/F Reliance IT Center, E. Rodriguez Jr. Ave., Ugong, Pasig City*
173.PASO DE BLAS BRANCH – G/F CYT Bldg, No 178 Paseo de Blas, Valenzuela City*
174.PASONG TAMO-BAGTIKAN BRANCH – G/F Trans-Phil House 1177 Chino Roces Ave. cor. Bagtikan St., Makati City*
175.PASONG TAMO-CITYLAND BRANCH - Units UG29-UG32 Cityland Tower 2210 Pasong Tamo St., Makati City*

176. PASONG TAMO-LA FUERZA- La Fuerza Plaza 1, Chino Roces Ave., Makati City*
177. PATEROS BRANCH - G/F Adela Bldg., M. Almeda St., Brgy. San Roque, Pateros*
178. PHILAM BRANCH - #8 East Lawin Drive, Philam Homes, Quezon City*
179. PROJECT 8-SHORTHORN-Shorthorn Street, Project 8, Quezon City
180. QUEZON AVE. BRANCH - No. 18 G&D Bldg., Quezon Ave. cor. D. Tuazon St., Quezon City*
181. QUIAPO BRANCH - 216-220 Villalobos St., Quiapo, Manila
182. REGALADO AVE.-CBC Building, Regalado Ave., North Fairview, Quezon City*
183. RIZAL-ANGONO-Lot 3 Blk. 4 M.L Quezon Ave. Richmond Subd. Angono, Rizal*
184. RIZAL- SAN MATEO BRANCH - #63 Gen. Luna corner Simon St., Banaba, San Mateo, Rizal*
185. ROCKWELL – ORTIGAS BRANCH - G/F Tower 1 Rockwell Business Center, Ortigas Avenue, Pasig City
186. ROOSEVELT AVE. BRANCH - CBC Bldg., #293 Roosevelt Ave., San Francisco Del Monte, Quezon City*
187. ROOSEVELT AVE.-FRISCO-G/F Norita Bldg. #51 H. Francisco St. corner Roosevelt Ave. Brgy. Paraiso, Quezon City*
188. SALCEDO VILLAGE- LP LEVISTE BRANCH - Unit 1-B G/F The Athenaeum San Agustin – LP Leviste St., Salcedo Village, Makati City*
189. SALCEDO VILLAGE-TORDESILLAS BRANCH - G/F Prince Tower Condo 14 Tordesillas St., Salcedo Village, Makati City*
190. SALCEDO VILLAGE-VALERO BRANCH - G/F Valero Tower, 122 Valero St. Salcedo Village, Makati City*
191. SALES-RAON BRANCH – 611 Sales St., Quiapo, Manila*
192. SAN ANTONIO VILLAGE-KAMAGONG BRANCH - Kamagong near corner St. Paul Streets, San Antonio Vill., Makati City*
193. SAN ANTONIO VILLAGE- P. OCAMPO BRANCH - JM Macalino Auto Center, P. Ocampo Street cor. Dungon St., San Antonio Village, Makati*
194. SAN JUAN- J. ABAD SANTOS BRANCH - Unit 3 Citiplace Bldg., 8001 Jose Abad Santos St., Little Baguio, San Juan City*
195. SAN JUAN BRANCH - 17 F. Blumentritt St., San Juan, Metro Manila*
196. SCT. BORROMEO BRANCH - G/F The Forum Building, 71- A Sct. Borromeo St., Diliman, Quezon City*
197. SHAW-HAIG BRANCH – G/F, First of Shaw Bldg, Shaw Blvd, cor. Haig St, Mandaluyong City*
198. SHAW-PASIG BRANCH - G/F RCC Center, No. 104 Shaw Boulevard, Pasig City*
199. SHAW-SUMMIT ONE BRANCH - Unit 102 Summit One Office Tower 530 Shaw Boulevard Mandaluyong City*
200. SM AURA PREMIER – L/G, SM Aura Premier, McKinley Parkway~~s~~, Fort Bonifacio Global City, Taguig City*
201. SM CITY BF PARAÑAQUE BRANCH- G/F SM City~~,~~ BF Parañaque, Dr. A. Santos Ave. cor. Pres. Ave, Parañaque City*
202. SM CITY BICUTAN BRANCH - LGF, Bldg. B, SM City Bicutan Doña Soledad Ave. cor. West Service Rd, Parañaque City**
203. SM CITY FAIRVIEW BRANCH - LGF, SM City Fairview Quirino Ave. cor. Regalado Ave. Fairview, Quezon City*
204. SM CITY MARIKINA BRANCH – G/F SM City Marikina, Marcos Highway, Brgy. Calumpang, Marikina City*
205. SM CITY MASINAG BRANCH SM City Masinag, Marcos Highway, Masinag, Brgy. Mayamot Antipolo City, Rizal*
206. SM CITY SAN LAZARO BRANCH UGF (Units 164-166) SM City San Lazaro, Felix Huertas St cor. A.H. Lacson Ext, Sta. Cruz, Manila*
207. SM CITY TAYTAY - Unit 147 Bldg. B, SM City Taytay, Manila East Road, Brgy. Dolores, Taytay, Rizal*
208. SM MALL OF ASIA - G/F Main Mall Arcade, SM Mall of Asia, Bay Blvd., Pasay City**
209. SM MEGAMALL BRANCH - LGF Bldg. A, SM Megamall, E. delos Santos Ave cor. J. Vargas St., Mandaluyong City*
210. SM NORTH EDSA BRANCH - Cyberzone Carpark Bldg., SM City North Ave cor. EDSA, Quezon City*
211. SM SOUTHMALL BRANCH - SM Southmall, Alabang-Zapote Road Talon 1 Almanza, Las Piñas City *
212. SOLEMARE BRANCH - G-11 Solemare Parksuites, 5A Bradco Avenue, Aseana Business Park, Parañaque City*
213. SOLER-168 BRANCH – G/F R&S Bldg., Soler St., Manila*
214. SOUTH TRIANGLE BRANCH - G/F Sunshine Blvd. Plaza, Quezon Ave. cor. Sct. Santiago and Panay Ave., Bgry. South Triangle, Quezon City*
215. STA. MESA BRANCH-1-B G. Araneta Avenue, Brgy.Doña Imelda, Quezon City*
216. STO. CRISTO BRANCH - 622-39 Sto. Cristo St. Binondo, Manila
217. STO. DOMINGO AVE. BRANCH - Sto. Domingo Ave., Quezon City*
218. T. ALONZO BRANCH - Abeleda Business Center 908 T. Alonzo cor. Espeleta Sts, Sta. Cruz, Manila*
219. TANDANG SORA-VISAYAS AVE. BRANCH - #250 Tandang Sora Ave., Quezon City*
220. TAFT AVE.-QUIRINO BRANCH – 2178 Taft Ave. near cor. Quirino Ave., Malate, Manila*
221. TAYTAY-ORTIGAS EXTENSION BRANCH- Ortigas Ave. Ext., Taytay, Rizal
222. TAYTAY-SAN JUAN-Velasquez St., Sitio Bangiad, Brgy. San Juan, Taytay, Rizal*
223. TIMOG AVE. BRANCH - G/F Prince Jun Condominium, 42 Timog Ave., Quezon City*
224. TRINOMA BRANCH - Unit P002, Level P1, Triangle North of Manila, North Ave. cor. EDSA, Quezon City*
225. TOMAS MAPUA-LAGUNA-CBC Building, Tomas Mapua St. Sta. Cruz, Manila
226. TOMAS MORATO - E. RODRIGUEZ BRANCH – #42 Metrofocus Bldg., Tomas Morato Avenue, Brgy. Kristong Hari, QC*
227. TOMAS MORATO EXTENSION BRANCH – G/F QY Bldg., Tomas Morato Avenue, Brgy. South Triangle, Quezon City*
228. TUTUBAN PRIME BLOCK BRANCH - Rivera Shophouse, Podium Area, Tutuban Center Prime Block, C.M. Recto Ave. cor. Rivera St, Manila*
229. UP VILLAGE-MAGINHAWA-LTR Bldg, No. 46 Maginhawa St., UP Village, Quezon City
230. UP TECHNO HUB BRANCH – UP Ayala Land Techno Hub, Commonwealth Ave, Quezon City*

231. VALENZUELA BRANCH - CBC-Bldg., McArthur Highway cor. V. Cordero St., Marulas, Valenzuela City*
232. VALENZUELA- GEN. LUIS BRANCH – AGT Bldg., 425 Gen. Luis St. Paso de Blas, Malinta, Valenzuela City*
233. VALENZUELA-MALINTA-MacArthur Highway, Brgy. Malinta, Valenzuela City
234. VISAYAS AVE. BRANCH - CBC-Bldg., Visayas Ave. cor. Congressional Ave. Ext., Quezon City*
235. V. LUNA-G/F AGGCT Bldg. No. 32 V. Luna cor Matapat Sts., Brgy. Pinyahan, Quezon City*
236. WEST AVE. BRANCH - 82 West Ave., Quezon City*
237. XAVIERVILLE BRANCH - 65 Xavierville Ave., Loyola Heights, Quezon City*

Provincial Branches

1. ALBAY BRANCH- Rizal St. cor. Gov. Reynold Street, Old Albay District, Legazpi City
2. ANGELES CITY BRANCH - CBC-Bldg., 949 Henson St., Angeles City*
3. ANGELES CITY-MARQUEE MALL BRANCH – G/F Marquee Mall, Angeles City, Pampanga*
4. ANGELES - MCARTHUR HIGHWAY BRANCH – CBC Bldg. San Pablo St. cor. McArthur Highway, Angeles City*
5. ANGELES CITY-BALIBAGO- Diamond Square, Service Rd, McArthur Highway cor. Charlotte St., Balibago, Angeles City*
6. ANGELES- STO. ROSARIO BRANCH – Angeles Business Center Bldg., Teresa Ave., Nepo Mart Complex, Angeles City, Pampanga*
7. ANTIQUE- SAN JOSE BRANCH - Felrosa Bldg., Gen. Fullon St. cor. Cerdena St., San Jose, Antique*
8. APALIT BRANCH – CBC Bldg., McArthur Highway, San Vicente, Apalit, Pampanga*
9. BACOLOD-ARANETA BRANCH - CBC-Bldg., Araneta cor. San Sebastian Sts., Bacolod City, Negros Occidental*
10. BACOLOD-LACSON RBANCH- Soliman Bldg., Lacson corner Luzurriaga Sts. Bacolod City, Negros Occidental
11. BACOLOD- LIBERTAD BRANCH - Libertad St., Bacolod City, Negros Occidental*
12. BACOLOD – MANDALAGAN BRANCH - Lacson St., Mandalagan, Bacolod City, Negros Occidental*
13. BACOLOD-NORTH DRIVE BRANCH - Anesa Bldg., B.S. Aquino Drive, Bacolod City, Negros Occidental*
14. BAGUIO CITY BRANCH - G/F Juniper Bldg., A. Bonifacio Rd., Baguio City*
15. BAGUIO CITY-ABANAO BRANCH – G/F Paladin Hotel, No. 136 Abanao Ext. cor. Cariño St., Baguio City, Benguet*
16. BALANGA CITY BRANCH - G/F Dilig Bldg., Don Manuel Banzon St., Balanga City, Bataan*
17. BALER BRANCH- Provincial Road, Barrio Suklayain, Baler, Aurora**
18. BALIWAG BRANCH – Km 51, Doña Remedios Trinidad (DRT) Highway, Baliwag Bulacan*
19. BATANGAS CITY BRANCH - P. Burgos St., Poblacion, Batangas City*
20. BATANGAS-BALAYAN BRANCH- CBC Building, Barrio Ermita, Balayan, Batangas
21. BATANGAS- BAUAN - 62 Kapitan Ponso St., Bauan, Batangas*
22. BATANGAS-LEMERY – Miranda Bldg., Ilustre Ave. Lemery, Batangas*
23. BATANGAS- ROSARIO BRANCH- Dr. Gualberto Ave., Brgy. Namunga, Rosario, Batangas*
24. BATANGAS- TANAUAN BRANCH- J.P Laurel Highway, Tanauan City, Batangas*
25. BAYBAY CITY BRANCH – Magsaysay Ave, Baybay, Leyte*
26. BORONGAN BRANCH – Balud II, Poblacion Borongan, Eastern Samar*
27. BULACAN- BALAGTAS BRANCH- McArthur Highway, Brgy. San Juan, Balagtas, Bulacan*
28. BULACAN- PLARIDEL BRANCH - CBC Building, Cagayan Valley Road, Plaridel, Bulacan*
29. BULACAN- STA. MARIA BRANCH - J.P Rizal cor. C. de Guzman St. , Poblacion, Sta. Maria, Bulacan*
30. BUTUAN CITY BRANCH - CBC Building J.C. Aquino Avenue, Butuan City, Agusan del Norte*
31. CABANATUAN CITY - Melencio cor. Sanciangco Sts. Cabanatuan City, Nueva Ecija*
32. CABANATUAN-MAHARLIKA BRANCH - CBC-Bldg., Maharlika Highway Cabanatuan City, Nueva Ecija*
33. CAGAYAN DE ORO-CARMEN BRANCH - G/F GT Realty Bldg, Max Suniel St. cor. Yakal St., Carmen, CDO City*
34. CAGAYAN DE ORO- DIVISORIA BRANCH - RN Abejuela St., South Divisoria, Cagayan de Oro City*
35. CAGAYAN DE ORO- GAISANO CITY MALL BRANCH - G/F Gaisano City Mall, C. M. Recto cor. Corrales Ext, CDO City*
36. CAGAYAN DE ORO-LAPASAN BRANCH - CBC Bldg, Claro M. Recto Ave., Lapasan, Cagayan de Oro City*
37. CAGAYAN DE ORO- PUERTO BRANCH - Luis A.S. Yap Building, Zone 6, Brgy. Puerto, CDO City, Misamis Oriental*
38. CALAPAN BRANCH – J.P. Rizal St., Calapan City, Mindoro*
39. CALBAYOG BRANCH - Cajurao cor. Gomez Sts., Balud, Calbayog Dist., Calbayog City, Samar
40. CAMALANIUGAN BRANCH- CBC Building, National Highway, Camalaniugan, Cagayan
41. CANDON CITY BRANCH- CBC Bldg., National Road, Poblacion, Candon City, Ilocos Sur*
42. CARMONA BRANCH – CBC Bldg, Paseo de Carmona, Brgy. Maduya, Carmona, Cavite*
43. CATARMAN BRANCH – Cor. Rizal & Quirino Sts, Catarman, Northern Samar*
44. CATBALOGAN BRANCH - CBC Bldg. Del Rosario St. cor. Taft Ave., Catbalogan City, Samar*
45. CAUAYAN CITY BRANCH - G/F Prince Christopher Bldg. Maharlika Highway, Cauayan City, Isabela*
46. CAVITE-DASMARIÑAS BRANCH - G/F CBC Bldg., Gen. E. Aguinaldo Highway, Dasmarinas, Cavite**
47. CAVITE-IMUS BRANCH - G/F CBC Bldg., Nueno Ave. Tanzang Luma, Imus, Cavite*
48. CAVITE- MOLINO BRANCH - Patio Jacinto, Molino Road, Molino 3, Bacoor, Cavite*
49. CAVITE-ROSARIO BRANCH - G/F CBC Bldg., Gen Trias Drive, Rosario, Cavite*

50. CAVITE- SILANG BRANCH - CBC Building, J.P Rizal St. Poblacion, Silang, Cavite*
51. CAVITE- SM CITY BACOOR BRANCH - LGF SM City Bacoor Tirona Highway cor. Aguinaldo Highway Bacoor, Cavite*
52. CEBU-AYALA-Unit 101 G/F Insular Life Cebu Business Center,Mindanao Ave. cor. Biliran Road, Cebu Business Park, Cebu City*
53. CEBU- BANAWA BRANCH - G/F The J Block, Duterte St., Banawa, Guadalupe, Cebu City, Cebu*
54. CEBU-BANILAD BRANCH - CBC Bldg., A.S. Fortuna St., Banilad, Cebu City, Cebu*
55. CEBU- BASAK- SAN NICOLAS BRANCH - N. Bacalso Ave. Basak San Nicolas, Cebu City, Cebu*
56. CEBU- BOGO BRANCH- Sim Bldg. P. Rodriguez St., Bogo City Cebu*
57. CEBU BUSINESS CENTER-CBC Bldg., Samar Loop cor. Panay Rd., Cebu Business Park, Cebu City, Cebu*
58. CEBU-CARCAR BRANCH – Dr. Jose Rizal St, Barrio Poblacion, Carcar, Cebu City, Cebu*
59. CEBU-CONSOLACION BRANCH – G/F SM City Consolacion, Brgy. Lamac, Consolacion, Cebu*
60. CEBU- ESCARIO BRANCH - Units 3 & 5 Escario Central, Escario Road, Cebu City, Cebu*
61. CEBU-F. RAMOS BRANCH - F. Ramos St., Cebu City, Cebu*
62. CEBU-GORORDO BRANCH– No 424, Gorordo Ave., Bo. Camputhaw, Lahug District, Cebu City, Cebu*
63. CEBU-GUADALUPE BRANCH – CBC Bldg., M. Velez St., cor. V. Rama Ave., Guadalupe, Cebu City, Cebu*
64. CEBU-IT PARK BRANCH– G/F, The Link, Cebu IT Park, Bo. Apas, Lahug, Cebu City, Cebu*
65. CEBU-LAHUG BRANCH - JY Square Mall, No. 1 Salinas Dr., Lahug, Cebu City, Cebu*
66. CEBU-LAPU LAPU PUSOK BRANCH G/F Goldberry Suites, President Quezon National Highway, Pusok, Lapu-Lapu City*
67. CEBU- LAPU LAPU CENTRO BRANCH - G.Y dela Serna St., Opon, Poblacion, Lapu Lapu City, Cebu*
68. CEBU-MAGALLANES BRANCH - CBC Bldg., Magallanes cor. Jakosalem Sts., Cebu City, Cebu*
69. CEBU-MANDAUE BRANCH – O & M Plaza, A. Del Rosario St., Mandaue City, Cebu*
70. CEBU MANDAUE CABANCALAN BRANCH - M.L. Quezon St., Cabancalan, Mandaue City, Cebu*
71. CEBU-MANDAUE – J. CENTRE MALL BRANCH – LGF Centre Mall, A.S. Fortuna Ave., Mandaue City, Cebu*
72. CEBU-MANDAUE NORTH ROAD BRANCH- 447 Tabok North Road, Mandaue City*
73. CEBU-MANDAUE NRA-G/F Bai Hotel Cebu Ouano Ave. cor. Seno Blvd, North Reclamation Area, Mandaue City, Cebu
74. CEBU-MINGLANILLA BRANCH – Unit 9 Plaza Margarita, Lipata, Minglanilla, Cebu*
75. CEBU-NAGA BRANCH - Leah's Square, National South highway, East Poblacion, Naga City, Cebu*
76. CEBU-SM CITY BRANCH - Upper G/F, SM City Cebu, Juan Luna cor. A. Soriano Ave., Cebu City, Cebu**
77. CEBU- SM SEASIDE CITY BRANCH - LGF SM Seaside City Cebu, South Road Properties, 6000, Cebu City, Cebu*
78. CEBU-SUBANGDAKU BRANCH - G/F A.D. Gothong I.T. Center, Subangdaku, Mandaue City, Cebu*
79. CEBU-TALAMBAN BRANCH - Unit UG-7 Gaisano Grand Mall, Gov Cuenco Ave., Nasipit, Brgy. Talamban, Cebu City*
80. CEBU-TALISAY BRANCH - CBC Bldg., 1055 Cebu South National Road Bulacao, Talisay City, Cebu*
81. CLARK FREEPORT ZONE-Stotsenberg Lifestyle Center, Quirino Sr. cor. N. Aquino Streets, Clark Freeport Zone, Angeles City, Pampanga
82. COTABATO CITY BRANCH - No. 76 S.K. Pendatun Ave., Cotabato City, Province of Maguindanao*
83. DAET–Vinzons Ave., Daet, Camarines Norte*
84. DAGUPAN-M.H.DEL PILAR BRANCH – Carried Realty Bldg., No. 28 M.H. del Pilar St., Dagupan City*
85. DAGUPAN-PEREZ BRANCH - 209 Perez Boulevard, Pogo Chico, Dagupan City*
86. DAVAO-BAJADA BRANCH - Km. 3, J.P. Laurel Ave., Bajada, Davao City*
87. DAVAO-BUHANGIN BRANCH - Buhangin Road, Davao City*
88. DAVAO-CALINAN-Davao- Bukidnon National Highway – Riverside, Calinan Proper, Davao City**
89. DAVAO-INSULAR VILLAGE BRANCH – Insular Village I, Km. 8, Lanang, Davao City*
90. DAVAO- MA-A BRANCH- G/F Lapeña Bldg., McArthur Highway, Matina, Davao City*
91. DAVAO-MATINA BRANCH – Km. 4 McArthur Highway, Matina, Davao City*
92. DAVAO-MONTEVERDE BRANCH- Doors 1 & 2, Sunbright Bldg., Monteverde Ave., Davao City*
93. DAVAO-PANABO – PJ Realty, Brgy. New Pandan, Panabo City, Davao Del Norte*
94. DAVAO-RECTO BRANCH - CBC Bldg., C.M. Recto Ave. cor. J. Rizal St. Davao City*
95. DAVAO- SM LANANG BRANCH - G/F SM Lanang Premier, J.P. Laurel Ave., Davao City*
96. DAVAO-STA. ANA BRANCH - R. Magsaysay Ave. cor. F. Bangoy St., Sta. Ana District, Davao City*
97. DAVAO-TAGUM BRANCH - 153 Pioneer Ave., Tagum, Davao del Norte*
98. DAVAO-TORIL – McArthur highway cor. St. Peter St., Crossing Bayabas, Toril Davao City*
99. DIPOLOG CITY BRANCH – CBC Bldg., Gen Luna cor. Gonzales Sts. Dipolog City, Zamboanga del Norte*
100. DOLORES BRANCH - CBC Bldg., McArthur Highway, Dolores, City of San Fernando, Pampanga*
101. DUMAGUETE CITY BRANCH - Du An Sim Bldg., Legaspi St., Dumaguete City*
102. GAPAN BRANCH – G/F Waltermart Ctr, Gapan, Maharlika Highway, Brgy. Bayanihan, Gapan, Nueva Ecija*
103. GEN. SANTOS CITY BRANCH - CBC Bldg., I. Santiago Blvd., Gen. Santos City South Cotabato*
104. GEN. SANTOS CITY – DADIANGAS BRANCH - M. Roxas Ave. corner Lapu-Lapu Street, Brgy. Dadiangas East, GenSan City, South Cotabato*
105. GUAGUA – Yabut Bldg., Plaza Burgos, Guagua, Pampanga*
106. IRIGA CITY-Highway 1, JP Rizal St., San Roque, Iriga City, Camarines Sur*

107.ILOCOS NORTE- SAN NICOLAS BRANCH - National Highway, Brgy. 2 San Baltazar, San Nicolas, Ilocos Norte*
108.ILIGAN CITY BRANCH – Lai Bldg., Quezon Ave. Extension Pala-o, Iligan City, Lanao del Norte*
109.ILIGAN CITY-SOLANA DISTRICT BRANCH- Andres Bonifacio Hi-way, Brgy. San Miguel, Iligan City, Lanao del Norte
110.ILOILO-IZNART BRANCH - G/F John A. Tan Bldg., Iznart St., Iloilo City, Iloilo*
111.ILOILO-JARO – CBC Bldg., E. Lopez St., Iloilo City, Iloilo*
112.ILOILO-MABINI BRANCH - A. Mabini St., Iloilo City, Iloilo*
113.ILOILO-MANDURRIAO BRANCH - Benigno Aquino Ave., Brgy, San Rafael, Mandurriao, Iloilo City, Iloilo*
114.ILOILO-RIZAL BRANCH – CBC Bldg., Rizal cor. Gomez Sts., Brgy. Ortiz, Iloilo City, Iloilo*
115.ISABELA-ILAGAN BRANCH - G/F North Star Mall, Maharlika Highway, Brgy. Alibagu, Ilagan, Isabela*
116.ISABELA-ROXAS – National Road, Brgy. Bantug, Roxas, Isabela*
*117.*KALIBO BRANCH - Aklan Catholic College, Arch. Gabriel M. Reyes St., 5600,Kalibo, Aklan
118.KIDAPAWAN CITY BRANCH- G/F EVA Bldg., Quezon Blvd. cor. Tomas Claudio St., National Highway, Kidapawan City*
119.KORONADALCITY – Gen. Santos Drive cor. Aquino St. Koronadal City, South Cotabato*
120.LA TRINIDAD BRANCH - G/F SJV Bulasao Bldg., Km. 4, La Trinidad, Benguet*
121.LA UNION- AGOO BRANCH - National Highway, San Jose Norte, Agoo, La Union*
122.LA UNION-SAN FERNANDO BRANCH - Quezon Ave., National Highway, San Fernando, La Union*
123.LAGUNA-BIÑAN BRANCH - G/F Raja Cordelle Bldg, National Highway, Brgy. San Vicente, Biñan, Laguna*
124.LAGUNA-CABUYAO BRANCH - G/F Centro Mall, Cabuyao City, Laguna*
125.LAGUNA-CALAMBA BRANCH - CBC-Bldg., National Highway, Crossing, Calamba, Laguna*
126.LAGUNA-LOS BAÑOS BRANCH- National Road, San Antonio, Los Baños, Laguna
127.LAGUNA-SAN PEDRO BRANCH- No. 365 Brgy. Nueva, National Highway, San Pedro City, Laguna
128.LAGUNA-STA. CRUZ BRANCH - A. Regidor St., Sta. Cruz, Laguna*
129.LAOAG CITY BRANCH - Liberato Abadilla St., Brgy 17 San Francisco, Laoag City*
130.LEGAZPI CITY BRANCH - G/F Emma Chan Bldg., F. Imperial St., Legazpi City, Albay*
131.LIPA CITY-TAMBO BRANCH- Tambo, Lipa City, Batangas
132.LUCENA CITY BRANCH - 223 Quezon Ave., Lucena City, Quezon*
133.MABALACAT-DAU BRANCH - R.D. Policarpio Bldg., McArthur Highway, Dau, Mabalacat, Pampanga*
134.MARILAO BRANCH- G/F, SM City Marilao Km. 21, Brgy. Ibayo, Marilao, Bulacan*
135.MASBATE BRANCH - Espinosa Bldg., Zurbito St., Masbate City, Masbate*
136.MAASIN CITY BRANCH- G/F, SIC Bldg., Tomas Oppus St., Brgy. Tunga-Tunga, Maasin, City, Southern Leyte*
137.MALAYBALAY CITY BRANCH – Bethelda Bldg., Sayre Highway, Malaybalay City, Bukidnon*
138.MALOLOS CITY BRANCH - G/F Graceland Mall, BSU Grounds, McArthur Highway, Guinhawa, Malolos City, Bulacan
139.MEYCAUAYAN BRANCH- CBC Bldg., Malhacan Road, Meycauayan, Bulacan*
140.MIDSAYAP BRANCH - CBC Building, Quezon Ave., Poblacion 2, Midsayap, Cotabato*
141.NAGA CITY BRANCH - Centro - Penafrancia cor. Panganiban Sts., Naga City*
142.NEGROS OCCIDENTAL - KABANKALAN BRANCH- CBC Bldg., National Hway, Brgy. 1, Kabankalan, Negros Occidental*
143.NEGROS OCCIDENTAL – SAN CARLOS BRANCH – Rizal cor. Carmona Sts., San Carlos, Negros Occidental*
144.NUEVA ECIJA – STA ROSA BRANCH- CBC Bldg., Maharlika Highway, Poblacion Sta Rosa, Nueva Ecija*
145.OCCIDENTAL MINDORO- SAN JOSE BRANCH- Liboro cor. Rizal St., San Jose, Occidental Mindoro*
146.OLONGAPO – DOWNTOWN BRANCH- No. 2 corner 20th St., East Bajac-Bajac, Olongapo City
147.ORMOC CITY BRANCH – CBC Bldg., Real cor. Lopez Jaena Sts., Ormoc City, Leyte*
148.OZAMIZ CITY BRANCH - Gomez corner Kaamino Streets, Ozamiz City*
149.PAGADIAN CITY BRANCH – Marasigan Bldg., F.S. Pajares Ave., Pagadian City*
150.PANGASINAN-ALAMINOS CITY BRANCH – Marcos Ave., Brgy, Palamis, Alaminos City*
151.PANGASINAN- BAYAMBANG BRANCH- CBC Bldg., No. 91, Poblacion Sur, Bayambang, Pangasinan*
152.PANGASINAN- ROSALES BRANCH - CBC Building, Calle Dewey, Rosales, Pangasinan*
153.PANGASINAN-URDANETA BRANCH – EF Square Bldg., MacArthur Highway, Poblacion, Urdaneta City, Pangasinan*
154.PASEO DE STA. ROSA BRANCH - Unit 3, Paseo 5, Paseo de Sta. Rosa, Sta. Rosa City, Laguna*
155.PUERTO PRINCESA CITY BRANCH - Malvar St. near cor. Valencia St. Puerto Princesa City, Palawan*
156.QUEZON-CANDELARIA BRANCH - Pan Philippine Highway cor. Del Valle Street, Poblacion, Candelaria, Quezon
157.ROXAS CITY BRANCH - 1063 Roxas Ave. cor. Bayot Drive, Roxas City*
158.SAN FERNANDO BRANCH - CBC Bldg., V. Tiomico St. City of San Fernando, Pampanga*
159.SAN FERNANDO-SINDALAN BRANCH – Jumbo Jenra Sindalan, Brgy. Sindalan, San Fernando City, Pampanga*
160.SAN JOSE CITY BRANCH - Maharlika Highway, Brgy. Malasin, San Jose City*
161.SAN PABLO CITY BRANCH - M. Paulino St., San Pablo City*
162.SANTIAGO CITY BRANCH - Navarro Bldg., Maharlika Highway near cor. Bayaua St., Santiago City, Isabela*
163.SILAY CITY BRANCH - Rizal St., Silay City, Negros Occidental*
164.SM CDO DOWNTOWN PREMIER BRANCH - G/F SM CDO Downtown Premier, Cagayan de Oro City
165.SM CITY CLARK BRANCH - G/F SM City Clark, M. Roxas St., CSEZ, Angeles City, Pampanga**

166. SM CITY DASMARIÑAS BRANCH – LGF SM City Dasmariñas, Gov Drive, Pala-Pala, City of Dasmariñas, Cavite*
167. SM CITY LIPA BRANCH - G/F SM City Lipa, Ayala Highway, Brgy. Maraouy, Lipa City, Batangas*
168. SM CITY NAGA BRANCH - SM City Naga, CBD II, Brgy. Triangulo Naga City*
169. SM CITY OLONGAPO BRANCH - SM City Olongapo Magsaysay Dr. cor. Gordon Ave., Brgy. Pag-asa, Olongapo City, Zambales*
170. SM CITY PAMPANGA - Unit AX3 102, Bldg. 4, SM City Pampanga, Mexico, Pampanga*
171. SM CITY SAN JOSE DEL MONTE-UGF SM City San Jose Del Monte, San Jose Del Monte City, Bulacan*
172. SM CITY SAN PABLO BRANCH - G/F SM City San Pablo National Highway, Brgy. San Rafael, San Pablo City, Laguna*
173. SM CITY STA. ROSA BRANCH - G/F SM City Sta. Rosa, Bo. Tagapo, Sta. Rosa, Laguna*
174. SOLANO BRANCH – National Highway, Brgy. Quirino, Solano, Nueva Vizcaya*
175. SORSOGON BRANCH - CBC Bldg., Ramon Magsaysay Ave., Sorsogon City, Sorsogon*
176. SUBIC BAY FREEPORT ZONE BRANCH – CBC Bldg, Subic Bay Gateway Park, Subic Bay Freeport Zone, Subic, Zambales*
177. SURIGAO CITY BRANCH – CBC Bldg., Amat St., Barrio Washington, Surigao City, Surigao Del Norte*
178. TABACO CITY BRANCH - Ziga Ave. cor. Berces St., Tabaco City, Albay*
179. TACLOBAN CITY BRANCH-Carlos Chan Bldg., P. Zamora St., Tacloban City *
180. TAGAYTAY CITY BRANCH – Foggy Heights Subdivision, E. Aguinaldo Highway, Tagaytay City, Cavite*
181. TAGBILARAN CITY BRANCH - G/F Melrose Bldg. Carlos P. Garcia Ave., Tagbilaran City, Bohol*
182. TALAVERA BRANCH – CBC Bldg., Marcos District, Talavera, Nueva Ecija*
183. TARLAC-BAMBAN-National Road, Bgry. Anupul, Bamban, Tarlac*
184. TARLAC- CAMILING BRANCH- Savewise Super Marker, Poblacion, Camiling Tarlac*
185. TARLAC- CONCEPCION BRANCH- G/F Descanzo Bldg. F. Timbol St. San Nicolas, Poblacion, Concepcion, Tarlac*
186. TARLAC- PANIQUI BRANCH- Cedasco Bldg., M. H del Pilar St., Poblacion, Paniqui, Tarlac*
187. TARLAC BRANCH – CBC Bldg., Panganiban near cor. F. Tañedo St., Tarlac City, Tarlac*
188. TARLAC- SAN RAFAEL BRANCH - CBC Building, Brgy. San Rafael, Tarlac City, Tarlac
189. THE DISTRICT IMUS BRANCH- G/F The District Imus, Anabu II, Imus, Cavite*
190. TRECE MARTIRES BRANCH - G/F Waltermart, Governor's Drive cor. City Hall Road, Brgy. San Agustin, Trece Martires City, Cavite*
191. TUGUEGARAO- BALZAIN BRANCH - Balzain Highway, Tuguegarao City, Cagayan*
192. TUGUEGARAO CITY BRANCH - A. Bonifacio St., Tuguegarao, Cagayan *
193. VALENCIA BRANCH - A. Mabini St., Valencia, Bukidnon*
194. VIGAN CITY BRANCH – Burgos St. near cor. Rizal St., Vigan City, Ilocos Sur*
195. VIRAC-MQS Bldg., Brgy. Salvacion, Virac, Catanduanes
196. ZAMBALES-BOTOLAN-Botolan, Zambales
197. ZAMBOANGA CITY BRANCH - CBC-Bldg., Gov. Lim Ave. cor. Nuñez St., Zamboanga City**
198. ZAMBOANGA-GUIWAN BRANCH - G/F Yang's Tower, M.C. Lobregat National Highway, Guiwan, Zamboanga City*
199. ZAMBOANGA- SAN JOSE GUSU BRANCH- Yubenco Star Mall, San Jose Gusu, Zamboanga City, Zamboanga del Sur*

CHINA BANK SAVINGS, INC.

Metro Manila Branches

1. ACACIA ESTATES -SAVEMORE BRANCH - Acacia Town Center, Acacia Estates, Ususan, Taguig City*
2. AYALA BRANCH - 6772 Ayala Ave., Makati City**
3. ADRIATICO -SM HYPERMARKET BRANCH – Adriatico St., Malate, Manila*
4. ALABANG- GF / Common Goal Bldg., Finance cor. Industry Sts., Madrigal Business Park, Ayala Alabang, Muntinlupa City*
5. AMANG RODRIGUEZ- SAVEMORE BRANCH – G/F GBU Bldg. Amang Rodriguez Ave cor. Evangelista St. Santolan, Pasig City*
6. AMORANTO AVENUE – Unit 101 R. Place Building, 255 N.S Amoranto Sr. Avenue, Quezon City*
7. ANONAS - SAVEMORE BRANCH - V. Luna St. corner Anonas Extension, Sikatuna Village, Quezon City*
8. ARANETA CENTER COD - SAVEMORE BRANCH - Gen. Romulo St., Araneta Center, Cubao, Quezon City*
9. BACLARAN – 3751 Quirino Avenue cor. Sta. Rita St., Baclaran, Parañaque City*
10. BANAWE- Nos. 247-249 Banawe St., Sta. Mesa Heights, Brgy. Lourdes, Quezon City*
11. BANGKAL- GF / Amara Bldg., 1661 Evangelista St., Bangkal, Makati City*
12. BLUMENTRITT - Blumentritt St. near Oroquieta St. Sta. Cruz, Manila*
13. 12 BINONDO – JUAN LUNA – 694-696 Juan Luna St., Binondo, Manila
14. BONI AVENUE – Raymond Tower Boni, 615 Boni Avenue, Plainview, Mandaluyong City*
15. BUENDIA- Main Branch, 314 Sen. Gil J. Puyat Ave., Makati City*
16. COMMONWEALTH AVENUE - JocFer Building, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City *
17. CUBAO- Fernandina 88 Suites, 222 P. Tuazon Boulevard, Cubao, Quezon City*

18. DEL MONTE- 392 Del Monte Ave., Brgy. Sienna, Quezon City*
19. DIVISORIA – 3/F Dragon 8 Shopping Center, C.M Recto Avenue cor. Dagupan St., Divisoria Manila*
20. E. RODRIGUEZ SR. - HEMADY - E. Rodriguez, Sr. cor Hemady St., Quezon City *
21. ESPAÑA - SUNMALL, Espana Boulevard corner Mayon St., Manila *
22. FELIX HUERTAS - JT Centrale Mall, 1686 V. Fugoso St. corner Felix Huertas St., Sta. Cruz, Manila *
23. FILINVEST CORPORATE CITY BR - BC Group Bldg., East Asia Drive near cor. Comm. Ave., Filinvest Corp City, Alabang, Muntinlupa City*
24. FTI-TAGUIG -SM HYPERMARKET BRANCH - DBP Avenue, Food Terminal Inc., Western Bicutan, Taguig*
25. G. ARANETA AVENUE – 195 G. Araneta Avenue, Quezon City*
26. GIL PUYAT-BAUTISTA – Lot 25 Blk 74 Bautista St. cor. Buendia Avenue, Makati City*
27. GREENHILLS-ORTIGAS AVENUE - VAG Bldg., Ortigas Ave., Greenhills, San Juan, Metro Manila*
28. GREENHILLS-WILSON BRANCH - 219 Wilson St., Greenhills, San Juan*
29. KALOOKAN BRANCH - Augusto Bldg., Rizal Ave., Grace Park, Kalookan City*
30. KALOOKAN-A. MABINI- AJ Bldg., 353 A. Mabini St., Kalookan City*
31. KATIPUNAN – One Burgundy Condominium, Katipunan Avenue, Quezon City*
32. LAGRO- Bonanza Bldg., Quirino Highway, Greater Lagro, Novaliches, Quezon City*
33. LAS PIÑAS – ALMANZA UNO BRANCH - Alabang Zapote Road, Almanza Uno, Las Piñas City*
34. LAS PIÑAS BRANCH - G/F Parco Supermarket, J. Aguilar Ave., Las Piñas City*
35. MAKATI-CHINO ROCES BRANCH - 2176 Chino Roces Ave., Makati City*
36. MAKATI-J.P. RIZAL BRANCH - 882 J.P. Rizal St., Makati City*
37. MALABON -SAVEMORE - Francis Market, Governor Pascual corner M.H. Del Pilar Sts., Malabon*
38. MANDALUYONG- Paterno's Bldg., 572 New Panaderos St., Brgy. Pag-asa, Mandaluyong City*
39. MANDALUYONG-SHAW BOULEVARD BRANCH – 500 Shaw Tower, 500 Shaw Boulevard, Mandaluyong City*
40. MANILA - STA.ANA - SAVEMORE BRANCH - Savemore, Pedro Gil St., Sta. Ana, Manila *
41. MARIKINA BRANCH - 33 Bayan-Bayanan Ave., Brgy. Concepcion 1, Marikina City*
42. MARIKINA-GIL FERNANDO AVENUE - CTP Bldg., Gil Fernando Ave., Brgy. San Roque, Marikina City*
43. MCKINLEY HILL BRANCH - U-B Commerce & Industry Plaza, McKinley Town Center, Fort Bonifacio, Taguig City*
44. MUÑOZ - JACKMAN -SAVEMORE BRANCH - Jackman Plaza, Lower Ground Floor, EDSA-Munoz, Quezon City*
45. NEPA-Q-MART -SAVEMORE BRANCH - Rose Bldg., 770 St. EDSA and K-G St., West Kamias, Quezon City*
46. NINOY AQUINO AVENUE- Ground Floor Skyfreight Bldg., Ninoy Aquino Ave. cor. Pascor Drive, Parañaque City*
47. NOVA PLAZA MALL - SAVEMORE BRANCH - Nova Plaza Mall, Quirino Highway cor. Ramirez St., Novaliches Proper, Quezon City*
48. ORTIGAS BRANCH - Ground Floor, Hanston Square, San Miguel Ave., Ortigas Center, Pasig City*
49. ORTIGAS-CITRA- OMM Citra Bldg., San Miguel Ave., Ortigas Center, Pasig City*
50. PARAÑAQUE - BETTER LIVING - 90 Dona Soledad Avenue, Better Living Subdivision, Parañaque*
51. PARAÑAQUE - BF HOMES BRANCH - 284 Aguirre Ave., B.F. Homes, Paranaque*
52. PARAÑAQUE-JAKA - Jaka Plaza Center, Dr. A. Santos Ave. (Sucat Road), Brgy. San Isidro, Parañaque City*
53. PARAÑAQUE - LA HUERTA – 1070 Quirino Ave., La Huerta, Paranaque City*
54. PARAÑAQUE – MOONWALK – Kassel Residence Building, E. Rodriguez Avenue, Moonwalk Parañaque City*
55. PASAY-LIBERTAD – 533 Cementina St. Libertad, Pasay City*
56. PASIG CANIOGAN - KSN Building, C. Raymundo Avenue, Caniogan, Pasig City *
57. PASIG-MUTYA – Richcrest Building, Caruncho corner Market Avenue, San Nicolas, Pasig City*
58. PASIG – PADRE BURGOS BRANCH - 114 Padre Burgos St., Kapasigan, Pasig City*
59. PASO DE BLAS- Andok's Bldg., 629 General Luis St., Malinta Interchange-NLEX, Paso de Blas, Valenzuela City*
60. PATEROS BRANCH - 500 Elisco Rd., Sto. Rosario, Pateros*
61. PATEROS-ALMEDA - 120 Almeda St., Pateros, Metro Manila*
62. PEDRO GIL -SAVEMORE BRANCH - Pedro Gil cor. Singalong Sts., Manila*
63. PLAZA STA. CRUZ BRANCH – MBI Building, Unit 103, Plaza Sta. Cruz, Sta. Cruz, Manila*
64. QUEZON AVENUE BRANCH - G/F GJ Bldg., 385 Quezon Ave., Quezon City*
65. QUEZON AVENUE-PALIGSAHAN - 1184-A Ben-Lor Bldg., Quezon Ave., Brgy. Paligsahan, Quezon City*
66. QUIAPO – QUEZON BLVD. – 416 Quezon Boulevard, Quiapo Manila*
67. RADA- LEGASPI - HRC Center , 104 Rada St., Legaspi Village, Makati City*
68. ROOSEVELT – 342 Roosevelt Avenue, Quezon City*
69. SAN JUAN - Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan*
70. STA. MESA - 4128 Ramon Magsaysay Blvd., Sta. Mesa Manila*
71. TAFT-MASAGANA - SAVEMORE BRANCH - Parkview Plaza, Trida Bldg., Taft Ave. cor. T.M. Kalaw St., Ermita, Manila*
72. TANDANG SORA – Cecileville Bldg. III, 670 Tandang Sora Ave. corner General Ave., Tandang Sora, Quezon City*
73. TAYUMAN – 1925-1929 Rizal Avenue near corner Tayuman St., Sta. Cruz, Manila*
74. TIMOG- Jenkinsen Towers, 80 Timog Ave., Brgy. Sacred Heart, Quezon City*
75. TWO E-COM – Two E-Com Center Tower B, Ocean Drive near cor. Bayshore Ave., Mall of Asia Complex, Pasay City*

76. UN AVENUE- 552 U.N. Ave., Ermita, Manila*
77. VALENZUELA-MARULAS- Ong-Juanco Bldg., 92 - J McArthur Highway, Marulas, Valenzuela City*
78. VISAYAS AVENUE- Wilcon City Center Mall, Visayas Ave., Quezon City*
79. ANTIPOLO- EMS Bldg., M.L. Quezon St. cor. F. Dimanlig St., Antipolo City, Rizal*
80. ANGONO- Manila East Road cor. Don Benito St., Brgy. San Roque, Angono, Rizal*
81. TAYTAY BRANCH - C. Gonzaga Bldg. II, Manila East Road, Taytay, Rizal*

Provincial Branches

1. ANGELES-RIZAL AVENUE - 639 Rizal St., Angeles City*
2. ARAYAT BRANCH - Cacutud, Arayat, Pampanga*
3. BACOLOD BRANCH - SKT Saturn Bldg., Lacson cor. Rizal Sts., Bacolod City*
4. BACOOR - TALABA - Coastal Road cor. Aguinaldo Highway, Brgy. Talaba VII, Bacoor City, Cavite*
5. BAGUIO - SESSION - B108 Lopez Bldg., Session Road, Baguio City*
6. BALAGTAS- McArthur Highway, Wawa, Balagtas, Bulacan*
7. BALANGA - DM BANZON - D.M. Banzon St., Balanga City*
8. BALIBAGO- JEV Bldg., McArthur Highway, Balibago, Angeles City*
9. BALIUAG- Plaza Naning, Poblacion, Baliuag, Bulacan*
10. BATANGAS - P. BURGOS - No. 3 P. Burgos St., Batangas City*
11. BIÑAN- Nepa Highway, San Vicente, Biñan, Laguna*
12. CABANATUAN BRANCH - Km. 115 Cagayan Valley Rd., Maharlika Highway near cor., Sanciangco St., Cabanatuan City*
13. CABANATUAN-BAYAN - Burgos Ave., Cabanatuan City, Nueva Ecija*
14. CAGAYAN DE ORO BRANCH - Sergio Osmeña St., Cogon District, Cagayan de Oro City*
15. CALAMBA BRANCH - HK Bldg II, National Highway, Brgy. Halang, Calamba, Laguna*
16. CAVITE CITY - 485 P. Burgos St., Brgy. 34, Caridad, Cavite City*
17. CEBU – MANDAUE BRANCH - A. Del Rosario Ave., Mantuyong, Mandaue City, Cebu*
18. CEBU – MANGO AVENUE, JSP Mango Plaza, Gen. Maxilom Ave. cor. Echavez St., Cebu City*
19. CEBU-LAHUG BRANCH - G/F Skyrise IT Bldg., Brgy. Apas, Lahug, Cebu City*
20. CEBU-MANDAUE BASAK - Co Tiao King Bldg., Cebu North Road Basak, Mandaue City*
21. DAGUPAN BRANCH - G/F Lyceum-Northwestern University, Tapuac District, Dagupan City*
22. DARAGA BRANCH - Rizal St., Brgy. San Roque, Daraga, Albay, Bicol*
23. DASMARIÑAS- Veluz Plaza Bldg., Zone I, Aguinaldo Highway, Dasmariñas City, Cavite*
24. DAU BRANCH - MacArthur Highway, Dau, Mabalacat, Pampanga*
25. DAVAO – RECTO- C. M Ville Abrille Bldg., C. M. Recto St. Davao City*
26. DAVAO BRANCH - G/F 8990 Corporate Center, Quirino Ave., Davao City*
27. DOLORES- STCI Bldg., McArthur Highway, San Agustin, City of San Fernando, Pampanga*
28. FILOIL TANAUAN – SUPLANG BRANCH – Fil Oil Gas Station, Brgy. Suplang, Tanauan, Batangas*
29. GENERAL SANTOS- I. Santiago Boulevard General, Santos City*
30. GUAGUA BRANCH - Plaza Burgos, Guagua, Pampanga*
31. ILOILO – QUEZON BRANCH - Ground Floor, 132 Quezon St., Iloilo City*
32. IMUS- TANZANG LUMA - Tanzang Luma, Aguinaldo Highway, Imus City, Cavite*
33. KALIBO-CITYMALL – F. Quimpo St. connecting Mabini and Toting Reyes Streets, Kalibo, Aklan*
34. LA UNION- AG Zambrano Bldg., Quezon Ave., San Fernando City, La Union*
35. LAGUNA-STA. CRUZ - E & E Building, Pedro Guevarra St., Sta. Cruz, Laguna.*
36. LAOAG - J.P Rizal St. corner Balintawak St. Laoag City, Ilocos Norte*
37. LIPA - CM RECTO - C.M. Recto Ave., Lipa City*
38. ILOILO – JARO BRANCH - Lopez Jaena cor. EL 98 Sts., Jaro, Iloilo*
39. LOS BAÑOS-CROSSING- Lopez Ave., Batong Malaki, Los Baños, Laguna*
40. LUCENA- Merchan cor., Evangelista St., Lucena City*
41. MACABEBE BRANCH - Poblacion, Macabebe, Pampanga*
42. MALOLOS BRANCH - Canlapan St., Sto. Rosario, Malolos City, Bulacan*
43. MALOLOS-CATMON - Paseo del Congreso, Catmon, City of Malolos, Bulacan*
44. MASANTOL- San Nicolas, Masantol, Pampanga*
45. MEYCAUAYAN- Mancon Bldg., McArthur Highway, Calvario, Meycauayan, Bulacan*
46. MOLINO-BACOOR - 817 Molino Road Molino III, Bacoor, Cavite*
47. MOUNT CARMEL- AMB Bldg., Km. 78 McArthur Highway, Brgy. Saguin, City of San Fernando, Pampanga*
48. NAGA BRANCH - RL Bldg., Panganiban St., Lerma, Naga City*
49. OLONGAPO BRANCH - Ground Floor, City View Hotel, 25 Magsaysay Drive, New Asinan, Olongapo City*
50. ORANI BRANCH - Brgy. Balut, Orani, Bataan**
51. ORANI-CALLE REAL BRANCH - Calle Real, Orani, Bataan*

52. PLARIDEL- 0226 Cagayan Valley Road, Banga 1st, Plaridel, Bulacan*
53. PORAC BRANCH - Cangatba, Porac, Pampanga*
54. SAN FERNANDO BRANCH - KHY Trading Bldg., San Fernando-Gapan Rd., San Fernando City, Pampanga*
55. SAN FERNANDO – BAYAN BRANCH - JSL Building, Consunji St., San Fernando, Pampanga*
56. SAN JOSE ANGELES BRANCH - Sto. Rosario St., San Jose, Angeles City*
57. SAN JOSE DEL MONTE BRANCH - Ground Floor, Giron Bldg., Gov. Halili Ave., Tungkong Mangga, City of San Jose Del Monte, Bulacan*
58. SAN MIGUEL- Norberto St., San Jose, San Miguel, Bulacan*
59. SAN NARCISO BRANCH - Brgy. Libertad, San Narciso, Zambales*
60. SAN PABLO-RIZAL AVE. BRANCH – Rizal Avenue cor. Lopez Jaena St. San Pablo City, Laguna*
61. SAN PEDRO BRANCH - Gen - Ber Bldg. National Highway Landayan, San Pedro Laguna*
62. SAN RAFAEL BRANCH - Cagayan Valley cor. Cruz na Daan Roads, San Rafael, Bulacan*
63. SANTIAGO - VICTORY NORTE - JECO Bldg., Maharlika Highway cor. Quezon St., Victory Norte, Santiago City*
64. SAVEMORE SAN ILDEFONSO BRANCH - Savemore San Ildefonso, Poblacion, San Ildefonso, Bulacan*
65. SAVEMORE TAGAYTAY-MENDEZ - Mendez Crossing West, Tagaytay-Nasugbu Highway corner Mendez - Tagaytay Road, Tagaytay City*
66. SAVEMORE TALISAY-NEGROS BRANCH – Talisay, Mabini St., zone 12 Paseo Mabini Talisay City Negros Occidental*
67. STA. ANA BRANCH - Poblacion, Sta. Ana, Pampanga*
68. STA. MARIA- JC De Jesus cor. M. De Leon, Poblacion, Sta. Maria, Bulacan*
69. STA. RITA BRANCH - San Vicente, Sta. Rita, Pampanga*
70. STA. ROSA BRANCH - Sta. Rosa-Tagaytay Highway, Sta. Rosa, Laguna*
71. STA. ROSA-BALIBAGO - National Highway cor. Lazaga St. Balibago, Sta. Rosa, Laguna*
72. STO. TOMAS- MAHARLIKA - Agojo Bldg., Maharlika Highway, Sto. Tomas, Batangas*
73. SUBIC BRANCH - Baraca, Subic, Zambales*
74. TAGUM-CITYMALL – Maharlika Highway cor. Lapu-Lapu Extension, Brgy. Magugpo Tagum City*
75. TARLAC - MAC ARTHUR - McArthur Highway, San Nicolas, Tarlac City*
76. TUGUEGARAO- Metropolitan Cathedral Parish, Rectory Complex, Rizal St., Tuguegarao City*
77. URDANETA- MacArthur Highway, Nancayasan, Urdaneta City, Pangasinan*
78. VIGAN- Plaza Maestro Convention Center, Florentino St. and Burgos St. Vigan City, Ilocos Sur*
79. ZAMBOANGA-CITYMALL BRANCH – CityMall, Don Alfaro St., Tetuan, Zamboanga*

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

China Bank - Off Branch ATM Directory

Metro Manila

1. 168 MALL – 3F Food Court, 168 Mall, Sta. Elena St., Binondo, Manila
2. 999 SHOPPING MALL – Basement Lobby 999 Shopping Mall, 1002-1062 Soler St., Brgy. 293, Zone 28, District 3, Binondo, Manila
3. 999 SHOPPING MALL 2 – Basement, 999 Shopping Mall Bldg. 2, Recto - Soler Sts., Binondo, Manila
4. ALABANG MALL – Alabang Town Center, Alabang - Zapote Road cor. Madrigal Ave., Muntinlupa City
5. ALFAMART MAAX – Unit 111 Mall of Asia Annex Bldg. (MAAX), Seaside Blvd., San Rafael, Pasay City
6. ALFAMART NAGA ROAD LAS PIÑAS – Alfamart, Naga Road, Pulang Lupa 2, Las Piñas City
7. ALI MALL – ATM Booth #1 UGF Ali Mall, P.Tuazon Blvd., Araneta Center, Quezon City
8. ALI MALL 2 – LGF 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 AND CARRY – 2/F Cash and Carry Mall, between South Super Highway & Filmore St., Brgy. Palanan, Makati City
11. CBS HEAD OFFICE LOBBY – CBS Lobby, 314 Sen. Gil J. Puyat Avenue, Makati City
12. CHIANG-KAI-SHEK – Chiang Kai Shek College, 1274 P. Algue St., Tondo, Manila
13. CHINA BANK ONLINE CENTER – Starbucks, CBC Building, 8745 Paseo De Roxas Cor. Villar St., Makati City
14. COMEMBO COMMERCIAL COMPLEX – Comembo Commercial Complex, J.P. Rizal Ext. cor. Sampaguita St., Comembo, Makati City
15. COMMERCE CENTER – Commerce Ave. cor. Filinvest Ave., Alabang, Muntinlupa City
16. CONRAD S MAISON MALL – 2F Conrad Hotel, Coral Ave., SM MOA Complex, Pasay City
17. DASMARIÑAS VILLAGE ASSOCIATION OFFICE – 1417 Campanilla St., Brgy. Dasmariñas Village, Makati City
18. EASTWOOD CITY WALK 2 – G/F ATM 1 Eastwood City Walk Ph. 2, Eastwood City Cyberpark, 188 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
19. EASTWOOD CYBERMALL – 2F Eastwood Cybermall, Eastwood Ave., Eastwood City Cyberpark, Bagumbayan, QC
20. EASTWOOD MALL – Level 1 ATM 2 Ph.2, Eastwood Mall, E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
21. GATEWAY MALL – Booth 4 Level 2 Gateway Mall, Cubao, Quezon City

22. GLORIETTA 4 – Glorietta 4, Ayala Center, Makati City
23. GLORIETTA 5 – G/F Glorietta 5, Ayala Center, Makati City
24. GREENBELT 3 – Greenbelt 3 Drop-off Area, Makati Ave., Makati City
25. GREENHILLS THEATER MALL – Main Entrance Greenhills Theater Mall, San Juan City, Metro Manila
26. GREENMEADOWS CLUBHOUSE – Lovebird St., Green Meadows Subdivision, Brgy. Ugong Norte, Quezon City
27. IACADEMY BUENDIA – G/F iAcademy Plaza, H.V. Dela Costa St., Makati City
28. JACKMAN EMPORIUM – Jackman Emporium Department Store Bldg., Grace Park, Kalookan City
29. JACKMAN PLAZA - MUÑOZ – Jackman Plaza Muñoz, EDSA, Muñoz, Quezon City
30. JGC ALABANG – JGC PHILS. Bldg., 2109 Prime St., Madrigal Business Park Ph III, Ayala Alabang, Muntinlupa City
31. KATARUNGAN VILLAGE – Katarungan Village Admin Office, F. Reria cor. University Road, Muntinlupa City
32. KIMSTON PLAZA – Kimston Plaza, P. Victor St. cor. P. Burgos St., Guadalupe Nuevo, Makati City
33. LANDMARK - MAKATI – G/F The Landmark Bldg., Makati Ave., Ayala Center, Makati City
34. LANDMARK - TRINOMA – ATM Slot 4, 2F Landmark Trinoma, North Ave. cor. EDSA, Quezon City
35. LIANA'S SAMPALOC – 537 Earnshaw St., Sampaloc, Manila
36. MALABON CITISQUARE – G/F Malabon Citisquare, C-4 Road cor. Dagat-dagatan Ave., Malabon City
37. MARKET! MARKET! 1 – Market! Market!, Fort Bonifacio Global City, Taguig City, Metro Manila
38. MARKET! MARKET! 2 – 2F Market! Market!, Fort Bonifacio Global City, Taguig City, Metro Manila
39. MARKET! MARKET! 3 – G/F ATM Center in Fiesta Market, Market! Market!, Fort Bonifacio Global City, Taguig City
40. MEDICAL CITY – Medical City, Ortigas Ave., Pasig City
41. METRO POINT MALL – 3F Metro Point Mall, EDSA cor. Taft Ave., Pasay City
42. METROWALK – ATM 1 Bldg C, G/F Metrowalk Commercial Complex, Meralco Ave., Pasig City
43. MIDAS HOTEL – Midas Hotel, 2702 Roxas Blvd., Pasay City
44. MRT - BONI STATION – MRT - Boni Station, EDSA, Mandaluyong
45. MRT - CUBAO STATION – MRT - Cubao Station, EDSA, Quezon City
46. MRT - NORTH AVE. – MRT - North Avenue Station, EDSA, Quezon City
47. MRT - SHAW – MRT - Shaw Station, EDSA, Mandaluyong City
48. MULTINATIONAL CLUBHOUSE – Clubhouse, Nazareth cor. Judea St., Multinational Village, Parañaque City
49. NEWPORT MALL 4F – 4F Newport Mall, Resorts World, Newport City, Pasay City
50. NOVA SQUARE – G/F Nova Square, Quirino Highway, Brgy. San Bartolome, Novaliches, Quezon City
51. ONE E-COM CENTER – G/F One E-Com Center, Palm Coast Ave., SM MOA Complex, Pasay City
52. PUREGOLD - BLUMENTRITT – 286 Blumentritt St., Sta Cruz, Manila
53. PUREGOLD - E. RODRIGUEZ – ATM #1 Puregold E. Rodriguez, Cosco Bldg., E. Rod Ave. cor. G. Araneta Ave., QC
54. PUREGOLD - LAKEFRONT – Puregold Lakefront, Presidio Subdivision, Lakefront, Muntinlupa City
55. PUREGOLD - PASO DE BLAS – LGF Puregold Plaso de Blas, Plaso de Blas cor. Gen. Luis St., Malinta Exit, Val. City
56. PUREGOLD JR. - PANDACAN – Puregold Jr. Pandacan, West J. Zamora St., Pandacan, Manila
57. QUICKLEAN MAYBUNGA – 369 Dr. Sixto Antonio Avenue, Maybunga, Pasig City
58. RESORTS WORLD GAMING AREA – G/F Casino Gaming Area, Resorts World, Pasay City
59. ROBINSONS FORUM PIONEER – ATM Center Pioneer Side, Forum Robinsons,Pioneer St. cor. EDSA, Mandaluyong City
60. ROBINSONS GALLERIA – Robinsons Galleria, EDSA cor. Ortigas Ave., Pasig City
61. ROBINSONS GALLERIA 2 – Robinsons Galleria, EDSA cor. Ortigas Ave., Pasig City
62. ROBINSONS GALLERIA 3 – West Wing, Robinsons Galleria, EDSA cor. Ortigas Ave., Pasig City
63. ROBINSONS PLACE - MANILA – G/F Padre Faura Entrance, Robinsons Place Manila, Pedro Gil cor. Adriatico St., Ermita, Manila
64. ROCKWELL BUSINESS CENTER – Rockwell Business Center, Ortigas Ave., Pasig City
65. ROCKWELL POWER PLANT – Stall No. 060 Ground Level, Power Plant Mall, Makati City
66. SAVERS CENTER – G/F Savers Center (right side of Main Entrance), along EDSA cor. Taft Ave., Pasay City
67. SHOP AND RIDE – 248 Gen. Luis St., Brgy. Nova Proper, Novaliches, Quezon City
68. SHOP AND RIDE 2 – ATM 2, 248 Gen. Luis St., Brgy. Nova Proper, Novaliches, Quezon City
69. SHOPWISE - ANTIPOLO – Shopwise Bldg., M.L. Quezon St. cor. Circumferential Road, San Roque, Antipolo City
70. SHOPWISE - COMMONWEALTH – Shopwise, Blk 17, Commonwealth Ave., Quezon City
71. SM CENTER ANGONO – SM Center Angono, Quezon Ave. Angono, Rizal
72. SM CENTER LAS PIÑAS – G/F SM Center Las Piñas, Alabang - Zapote Road, Las Piñas City
73. SM HYPERMARKET - MANDALUYONG – SM Hypermarket 121 Shaw Blvd. cor. E.Magalona St., Brgy. Bagong Silang, Mandaluyong City
74. SM MANILA – UGF SM Manila Main Entrance, Natividad A. Lopez cor. Antonio Villegas St., Ermita, Manila
75. SM MEGAMALL BLDG. B – Level 2 Bldg. B, SM Megamall, EDSA cor. Julia Vargas St., Mandaluyong City
76. SM MOA HYPERMARKET – G/F SM Hypermarket, SM Mall of Asia, Pasay City
77. SM MOA SEASIDE FERRY TERMINAL – SM MOA Seaside Blvd. near Esplanade, Pasay City
78. SM MUNTINLUPA – ATM 2 G/F (beside Rear Entrance) SM Muntinlupa, National Road, Brgy. Tunasan, Muntinlupa City
79. SM TAYTAY OFF-BRANCH – 2F Bldg. A, SM Taytay, Manila East Road, Brgy. Dolores, Taytay, Rizal
80. SOLAIRE MANILA 2 – Entertainment City, Aseana Ave., Tambo, Parañaque
81. SOLAIRE RESORT & CASINO – Entertainment City, Aseana Ave., Tambo, Parañaque City
82. SOUTHGATE MALL – Alphaland Southgate Mall, EDSA cor. Chino Roces Ave., Makati City

83. ST. FRANCIS SQUARE – Basement 1 St. Francis Square, Doña Julia Vargas Ave. cor. Bank Drive, Ortigas Center, Mandaluyong City
84. ST. JUDE COLLEGE – Dimasalang St. cor. Don Quijote St., Sampaloc, Manila
85. ST. LUKE'S - QUEZON CITY – St. Luke's Medical Ctr., Med. Arts Bldg., E. Rodriguez Sr. Blvd., Quezon City
86. ST. LUKE'S - THE FORT – Basement, St. Luke's Medical Center, 5th Ave., Fort Bonifacio Global City, Taguig City
87. ST. LUKE'S - THE FORT 2 – Basement, St. Luke's Medical Center, 5th Ave., Fort Bonifacio Global City, Taguig City
88. STI - DELOS SANTOS MEDICAL CENTER – 201 E.Rodriguez Sr. Blvd., Quezon City
89. TAFT - U.N. – G/F Times Plaza, T.M Kalaw cor. Gen. Luna St., Ermita, Manila
90. THE A VENUE – G/F Valdez Site, The A Venue, 7829 Makati Ave., Makati City
91. TIENDESITAS – Tiendesitas, Ortigas Ave. cor E. Rodriquez Ave., Pasig City
92. TRINOMA OFF-BRANCH 1 – Level 1 Trinoma, North Ave. cor. EDSA, Quezon City
93. TRINOMA OFF-BRANCH 2 – Level 1 Trinoma, North Ave. cor. EDSA, Quezon City
94. TWO SHOPPING CENTER – Two Shopping Center, Taft Ave. Ext., 026 Zone 10, Pasay City
95. UNIMART GREENHILLS – B1 Unimart Greenhills Shopping Center, Ortigas Ave., San Juan
96. UP TOWN CENTER – 2F UP Town Center, Katipunan Ave., Brgy. UP Campus Diliman, Quezon City
97. UPM - PGH – Faculty Medical Arts Bldg., PGH Compound, Taft Ave., Ermita, Manila
98. UST - DOCTOR'S CLINIC – University of Sto. Tomas Hospital, Vestibule and New Doctor's Clinic, A.H. Lacson Ave., Sampaloc, Manila
99. UST HOSPITAL – University of Sto. Tomas Hospital, A.H. Lacson Ave., Sampaloc, Manila
100. UST HOSPITAL 3 – G/F Clinical Division, University of Sto. Tomas Hospital, A.H. Lacson Ave., Sampaloc, Manila
101. VICTORY CENTRAL MALL – ATM 2 G/F Victory Central Mall, #717 Old Victory Compound, Rizal Ave., Monumento, Caloocan City
102. VICTORY FOOD MARKET BACLARAN – Victory Food Market, Redemptorist Road, Baclaran, Parañaque City
103. VICTORY PASAY MALL – Victory Pasay Mall, Antonio S. Arnaiz Ave, Pasay, Metro Manila
104. WACK WACK GOLF & COUNTRY CLUB – Main Lobby Clubhouse, Wack Wack Golf & Country Club, Shaw Blvd., Mandaluyong City
105. WALTER MART - MAKATI – G/F Waltermart Makati, 790 Chino Roces Ave. cor. Antonio Arnaiz, Makati City
106. WALTER MART - NORTH EDSA – Walter Mart Bldg., EDSA, Quezon City
107. WALTER MART - SUCAT – Walter Mart Sucat, Dr. A. Santos Ave., Brgy. San Isidro, Sucat, Parañaque
108. ZABARTE TOWN CENTER – Basement Zabarte Town Center, 588 Camarin Road corner Zabarte Road, Kalookan City

Provincial

1. 2 MANGO AVENUE – 2 Mango Ave. - Solara Bldg., General Maxilom Ave, Cebu City
2. A. BONIFACIO - MCDONALD'S BAGUIO – Villanueva Bldg., Lower Bonifacio St., Baguio City
3. ABREEZA MALL – Abreeza Mall, J.P. Laurel Ave., Bajada, Davao City
4. ADVENTIST UNIVERSITY OF THE PHILIPPINES – Adventist University of the Philippines, Sta. Rosa - Tagaytay Road, Puting Kahoy, Silang, Cavite
5. AG&P – Atlantic Gulf & Pacific Company of Manila Inc., Brgy. San Roque, Bauan, Batangas
6. ALFAMART - LUMINA – Alfamart Lumina, Aguinaldo Highway cor. Nueno Ave., Imus, Cavite
7. ALFAMART - TRECE MARTIRES – CPC Bldg., Governor's Drive cor. Hugo Perez, Trece Martires, Cavite
8. ALFAMART FILINVEST TANZA – Alfamart Filinvest Tanza, Filinvest Ave., Westwood Place Subd. Ph. 2, Brgy. Paradahan, Tanza, Cavite
9. ALFAMART GOLDEN CITY – Molino-Paliparan Road, Salawag, Dasmariñas City, Cavite
10. ALFAMART ILANG-ILANG TANZA – Alfamart Ilang-Ilang Tanza, Ilang-ilang St., De Roman Subd., Daang Amaya 1, Tanza, Cavite
11. ALFAMART LANCASTER – Alfamart Lancaster, MCS Bldg., Advincula Ave., Alapan II-A, Imus, Cavite
12. ALFAMART L'PASEO ARCADE INDANG – LGF L'Paseo Building, Indang-Trece Martires Road, Indang, Cavite
13. ALFAMART PACITA COMPLEX – Alfamart, Block 3 Phase 3A Pacita Complex, San Pedro, Laguna
14. ALFAMART POBLACION ROSARIO – Alfamart Poblacion Rosario, 153 Gen. Trias Drive, Brgy. Poblacion, Rosario, Cavite
15. ALFAMART VILLA CATALINA DASMARIÑAS – Lot 6123 Don Placido Campos Avenue, San Agustin, Dasmariñas City, Cavite
16. ALFAMART YAKAL SILANG CAVITE – G/F Alfamart Yakal Silang Cavite, 137 Pedro Montoya St. cor. Yakal, Silang, Cavite
17. ALLEN AVENUE CATBALOGAN – Centro Mall, Allen Ave., Brgy. 04, Catbalogan City
18. ALWANA BUSINESS PARK – National Highway, Brgy. Cugman, Cagayan de Oro City
19. ANGEL SUPERMARKET – Luna St. cor. Burgos St., Brgy. Quirino, Solano, Nueva Vizcaya
20. ANGELES UNIVERSITY FOUNDATION MEDICAL CENTER – Basement, Angeles University Foundation Medical Center, McArthur Highway cor. Diego Silang St., Angeles City, Pampanga
21. ARAULLO UNIVERSITY – Araullo University, Maharlika Highway, Brgy. Bitas, Cabanatuan City, Nueva Ecija
22. ATENEO DE DAVAO UNIVERSITY – Ateneo De Davao University, Roxas Ave, Poblacion Dist, Davao City, Davao del Sur
23. AVENUE HOTEL BACOLOD – Avenue Suites Hotel and Spa, 12th St. cor Lacson St., Bacolod City
24. AYALA CENTER CEBU – Level 3 ATM 1 Ayala Center Cebu, Cebu Business Park, Cebu City
25. BUDGET WISE SUPERMARKET – Budget Wise Supermarket, Veterans Ave., Zamboanga City

26. CALTEX - SLEX 1 – South Luzon Expressway - Northbound, Brgy. San Antonio, San Pedro, Laguna
27. CAMAYAN BEACH RESORT & HOTEL – Camayan Beach Resort & Hotel, Camayan Wharf, West Ilanin Forest Area, Subic Bay Freeport Zone
28. CB MALL URDANETA – CB Mall, McArthur Highway, Brgy. Nancayasan, Urdaneta City, Pangasinan
29. CDO MEDICAL CENTER – CDO Medical Center Bldg. 2, Tiano Brothers cor. Nacalaban St., Cagayan de Oro City
30. CEBU DOCTORS' HOSPITAL – Cebu Doctors' University Hospital, Osmeña Blvd., Cebu City
31. CEBU DOCTORS' UNIVERSITY – Cebu Doctors' University Hospital, #1 Potenciano Larrazabal Ave., North Reclamation Area, Mandaue City
32. CELEBES COCONUT BUTUAN – Km 9, Brgy. Taguibo, Butuan City, Agusan Del Norte
33. CENTRIO MALL – G/F Centrio Mall, CM Recto cor. Corrales St., Cagayan de Oro
34. CLARK GATEWAY – Clark Gateway Commercial Complex, Gil Puyat Ave., Brgy. San Francisco, Mabalacat, Pampanga
35. CORPUS CHRISTI – Corpus Christi School, Tomas Saco St., Macasandig, Cagayan de Oro City
36. DAGUPAN - NEPO MALL – G/F Nepo Mall Dagupan, Arellano St., Dagupan City, Pangasinan
37. DAVAO ADVENTIST HOSPITAL – Davao Adventist Hospital, KM. 7 McArthur Highway, Bangkal, Davao City
38. DAVAO METRO SHUTTLE – Pereyras Terminal 1, Magugpo West, Tagum City
39. DIPOLOG CENTER MALL – Dipolog Center Mall, 138 Rizal Ave., Dipolog City
40. DIPSSCOR – Davao Integrated Port And Stevedoring Services Corporation Bldg., International Port of Davao, Sasa Wharf, Davao City
41. DLSU - DASMARIÑAS – College of Engineering, DLSU Dasmariñas, Dasmariñas City, Cavite
42. DLSU - HEALTH SCIENCE CAMPUS – De La Salle University Health Science Campus Inc., Congressional Road, Dasmariñas City, Cavite
43. DLSU MAC – G/F Medical Arts Centre Bldg., DLSU Medical Center Compound, Congressional Road, Dasmariñas City, Cavite
44. EAGLE RIDGE COUNTRY CLUB – Club House, Eagle Ridge and Country Club, Brgy. Javalera, Gen. Trias, Cavite
45. ECCO BUILDING – G/F ECCO Bldg. (beside unit A), Fil-Am Friendship Highway, Brgy. Anunas, Angeles City, Pampanga
46. FRIENDSHIP SUPERMARKET MUÑOZ NE – D. Delos Santos St., Science City of Muñoz, Nueva Ecija
47. GAISANO - BULUA – Gaisano Bulua Mall, Bulua St., Cagayan de Oro City
48. GAISANO - ILIGAN – G/F Gaisano Citi Super Mall, Iligan City
49. GAISANO - LAPU-LAPU CITY – Gaisano Mactan Island Mall, Pusok, Lapu-Lapu City, Cebu
50. GAISANO - MASBATE – Gaisano Capital Masbate, Quezon St., Crossing, Masbate City
51. GAISANO - PUERTO – Unit #1 ATM - 2nd Level Gaisano Puerto, Sayre Highway, Puerto, Cagayan de Oro City
52. GAISANO MALL - BAJADA DAVAO – Gaisano Mall of Davao, J.P. Laurel Ave., Bajada, Davao City
53. GAISANO MALL - CAGAYAN DE ORO – Unit #3 Level 2 Atrium Gaisano Mall, Corrales Extension cor. CM Recto Ave., Cagayan de Oro City
54. GALERIA VICTORIA – Galeria Victoria Mall, J. P. Rizal St, Poblacion, City of Balanga, Bataan
55. GOLDEN PRINCE HOTEL – Golden Prince Hotel & Suites, Acacia St. cor. Archbishop Reyes Ave., Cebu City
56. GOOD SAMARITAN HOSPITAL – Good Samaritan Compound, Burgos Ave., Cabanatuan City
57. GROSVENOR SQUARE – Grosvenor Square, Josefa St., Angeles City, Pampanga
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, Sto. Rosario St., Angeles City, Pampanga
60. JOLLIBEE - MABALACAT – ATM 2 ATM Center (beside Jollibee), McArthur Highway, Brgy. San Francisco, Mabalacat City, Pampanga
61. KCC MALL - GENSAN – G/F KCC Mall GenSan, J. Catolico Sr. Ave., Gen. Santos City, South Cotabato
62. KCC MALL DE ZAMBOANGA – KCC Mall de Zamboanga, Gov. Camins Rd., Camino Nuevo, Zamboanga City
63. KMSCI – Kidapawan Medical Specialist Center Inc., Sudapin, Kidapawan City
64. LA NUEVA MINGLANILLA – La Nueva Supermart Inc., Poblacion, Minglanilla, Cebu
65. LA NUEVA SUPERMART – La Nueva Supermart Inc., G.Y. Dela Serna St., Lapu-Lapu, Cebu City
66. LB SUPERMARKET - ZAMBOANGA – LB Realty Complex, Veteran's Ave. Extension, Zamboanga City
67. LCC PEÑARANDA – LCC Supermarket, Peñaranda cor. Rizal St., Legazpi City
68. LEE HYPERMARKET – G/F Lee Plaza Hypermart, Jose E. Romero Sr. Ave., 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 LIMKETKAI Mall, Lim Ket Kai Drive, Cagayan de Oro City
71. LOPUE'S EAST CENTRE – Lopue's East Centre, Burgos St. cor. Carlos Hilado National Highway, Bacolod City
72. LORMA HOSPITAL – Lorma Medical Center, San Fernando, La Union
73. LOTUS CENTRAL MALL – G/F Lotus Central Mall, Nueno Ave., Imus, Cavite
74. MAAP – Maritime Academy of Asia and the Pacific, Kamaya Point Road, Mariveles, Bataan
75. MACTAN ISLA RESORT – Agus Road, Ibabao, Marigondon, Lapu Lapu City
76. MACTAN MARINA MALL – G/F Mactan Marina Mall, MEPZ 1, Lapu-Lapu City, Cebu
77. MAGIC MALL – G/F Magic Mall, Alexander St., Poblacion, Urdaneta City, Pangasinan
78. MAGIC STARMALL – UGF Magic Star Mall, Romulo Blvd., Brgy. Cut-Cut 1, Tarlac City
79. MALOLOS OFF-BRANCH – G/F Graceland Mall, Bulacan State University Grounds, McArthur Highway, Guinhawa, Malolos City, Bulacan
80. MALTA HOSPITAL TORIL – Malta Hospital Toril, McArthur Highway, Toril, Davao City

81. MARIA REYNA HOSPITAL – Beside Hospital Entrance/Exit, Maria Reyna Hospital, T.J. Hayes St., Cagayan De Oro City
82. MARITON GROCERY DON DOMINGO – Mariton Grocery, Don Domingo, Tuguegarao City, Cagayan
83. MARKET CITY – Market City Bldg., Bus Terminal, Agora, Cagayan De Oro
84. MARQUEE MALL 1 – G/F Activity Center, Marquee Mall, Aniceto Gueco St. , Angeles City, Pampanga
85. MATINA TOWN SQUARE – G/F Strip Bldg., Matina Town Center, along McArthur Highway, Matina, Davao City
86. MCIA - DOMESTIC CHECK-IN AREA – Mactan Cebu International Airport, Lapu-Lapu Airport Road, Lapu-Lapu City, Cebu
87. MCIA - DOMESTIC DEPARTURE HALL – Mactan Cebu International Airport, Lapu-Lapu Airport Rd, Lapu-Lapu City, Cebu
88. MCIA DEPARTURE CHECK-IN SOUTHWING – Mactan Cebu International Airport, Lapu-Lapu Airport Road, Lapu Lapu City, Cebu
89. MCIA DOMESTIC ARRIVAL – Mactan Cebu International Airport, Lapu Lapu Airport Road, Lapu Lapu City, Cebu
90. MINDANAO SANITARIUM AND HOSPITAL – Mindanao Sanitarium and Hospital, Tibanga Highway, Iligan City
91. MJS HOSPITAL – Manuel J. Santos Hospital, 554 Montilla Blvd., Butuan City
92. MUZON UPTOWN – G/F Muzon Uptown, Brgy. Muzon, San Jose Del Monte, Bulacan
93. NAGALAND E-MALL – P.Diaz cor. Elias Angeles St., San Francisco, Naga City, Cebu
94. NEPO MALL - ANGELES – Nepo Mall Angeles, Doña Teresa Ave. cor. St. Joseph St., Nepo Mart Complex, Angeles, Pampanga
95. NORTHSIDE DOCTORS HOSPITAL – Northside Doctors Hospital, Guimod, Bantay, Vigan City, Ilocos Sur
96. NOTRE DAME DE CHARTRES HOSPITAL – Notre Dame De Chartres Hospital, #25 Gen. Luna Road, Baguio City
97. NUEVA ECIJA DOCTORS HOSPITAL – Nueva Ecija Doctors Hospital, Maharlika Highway, Cabanatuan City
98. NUVALI SOLENAD 2 – G/F Solenad 2 Nuvali, Sta. Rosa-Tagaytay Road, Don Jose, Sta. Rosa, Laguna
99. NUVALI SOLENAD 3 BLDG. B – G/F Bldg. B Solenad 3 Nuvali, Sta. Rosa-Tagaytay Road, Don Jose, Sta. Rosa, Laguna
100. NUVALI SOLENAD HAWKERS MARKET – Hawkers Market, Solenad 3 Nuvali, Sta. Rosa-Tagaytay Road, Don Jose, Sta. Rosa, Laguna
101. OCEAN ADVENTURE – Ocean Adventure, Camayan Wharf, West Ilalin Forest Area, Subic Bay Freezone
102. ORCHARD GOLF AND COUNTRY CLUB – Gate 2, The Orchard Golf and Country Club Inc., Jose Abad Santos, Dasmariñas City, Cavite
103. OSPA - FARMERS' MEDICAL CENTER – Ormoc Sugarcane Planters Ass - Farmers Medical Center, Carlota Hills, Brgy. Can-Adieng, Ormoc City
104. OUR LADY OF THE PILLAR – G/F Our Lady of the Pillar Medical Center (near Emergency Room), Tamsui Ave., Bayan Luma II, Imus, Cavite
105. PACIFIC MALL 2 – Pacific Mall Bldg., Landco Business Park, F. Imperial St., Legazpi Port District, Legazpi City
106. PANGASINAN MEDICAL CENTER – Pangasinan Medical Center, Nable St., Dagupan City, Pangasinan
107. PAVILION MALL – G/F Bldg. A, Pavilion Mall, KM. 35 Brgy. San Antonio, Biñan, Laguna
108. PLAZA FINA MAGALANG – Plaza Fina, Don Andres Luciano St., Magalang, Pampanga
109. PORTA VAGA MALL – Porta Vaga Mall, Along Session Road, Baguio City
110. PPL MCDONALD'S ORMOC – G/F IAL Building, Burgos St. cor. Rizal St., Ormoc City
111. PRINCE HYPERMART DAANBANTAYAN – Prince Hypermart, Poblacion, Daanbantayan, Cebu
112. PRINCE MALL OF BAYBAY – Prince Town Baybay, Andres Bonifacio & Manuel L. Quezon St., Baybay, Leyte
113. PUREGOLD - DAU – Lot 9 Blk 19 Cosco Building, McArthur Highway, Dau, Mabalacat, Pampanga
114. PUREGOLD - OBANDO – Puregold Obando, P. Sevilla St., Brgy. Catanghalan, Obando, Bulacan
115. QUICKMART DARAGA – Quickmart Bldg., Rizal St., Daraga, Albay
116. RIVERA HOSPITAL PANABO – Rivera Medical Center, National Highway, 7302 Brgy. San Francisco, Panabo City, Davao Del Norte
117. ROBINSONS CALASIAO – Robinsons Place Pangasinan, Brgy. San Miguel, Calasiao, Pangasinan
118. ROBINSONS GENSAN – G/F Robinsons Gensan, Jose Catolico Sr. Ave., Brgy. Lagao, General Santos City
119. ROBINSONS TAGUM – National Highway, Tagum, Davao del Norte
120. ROYCE HOTEL – Royce Hotel, Manuel A. Roxas Highway cor. Ninoy Aquino Avenue, Clark Freeport Zone, Mabalacat, Pampanga
121. ROYCE HOTEL 2 – Royce Hotel, Manuel A. Roxas Highway cor. Ninoy Aquino Avenue, Clark Freeport Zone, Mabalacat, Pampanga
122. RPGMC TUGUEGARAO – Ronald P. Guzman Medical Center, Enrile Blvd., Carig, Tuguegarao City, Cagayan
123. SAMULCO – Sta. Ana Multi-Purpose Cooperative, Bldg. 1, Monteverde St., Davao City
124. SAN FERNANDINO HOSPITAL – San Fernandino Hospital, McArthur Highway, Bo. Dolores, San Fernando, Pampanga
125. SAVEWISE - POZORRUBIO – Savewise Bldg., Caballero St., Brgy. Cablong, Pozorrubio, Pangasinan
126. SHOPWISE - CEBU – Shopwise Bldg., N. Bacalso Ave., Basak, San Nicolas, Cebu City
127. SHOPWISE - SAN PEDRO – Shopwise, National Highway, Brgy. Landayan, San Pedro, Laguna
128. SIBALOM MUNICIPAL ANTIQUE – G/F Sibalom Municipal hall, Sibalom, Antique
129. SKYRISE REALTY – G/F Skyrise IT Bldg., Gorordo Ave. cor. N.Escario St., Cebu City
130. SM BAGUIO – SM Baguio, Luneta Hill, Upper Session Road, Baguio City, Benguet
131. SM CENTER TUGUEGARAO – 2F SM Center Tuguegarao Downtown, Luna St. cor Mabinit St., Tuguegarao City
132. SM CITY BACOLOD – G/F Bldg. A, ATM #3 SM City Bacolod, Reclamation Area, Bacolod City
133. SM CITY BALIWAG – G/F SM City Baliwag, Doña Remedios Trinidad Highway, Brgy. Pagala, Baliwag, Bulacan
134. SM CITY BATANGAS – SM City Batangas, M.Pastor Ave., Pastor Vill., Brgy. Pallocan Kanluran, Batangas City, Batangas

135. SM CITY BATANGAS 2 – SM City Batangas, M.Pastor Ave, Pastor Vil., Brgy. Pallocan Kanluran, Batangas City, Batangas
136. SM CITY CABANATUAN – ATM Center, SM City Cabanatuan, Maharlika Highway, Brgy. H. Concepcion, Cabanatuan City, Nueva Ecija
137. SM CITY CAGAYAN DE ORO – ATM Center 2, Main Entrance, SM City Cagayan de Oro, Masterson Ave., CDO City
138. SM CITY CALAMBA – G/F SM City Calamba, National Road, Brgy. Real, Calamba City, Laguna
139. SM CITY CALAMBA 2 – 2F SM City Calamba, National Road, Brgy. Real, Calamba City, Laguna
140. SM CITY CALAMBA 3 – SM City Calamba, National Road, Brgy. Real, Calamba City, Laguna
141. SM CITY CAUAYAN – Maharlika Highway, Brgy. District II, Cauayan City, Isabela
142. SM CITY CLARK OFF-BRANCH – ATM #1 SM City Clark (in-front of transport terminal), M. Roxas Highway, CSEZ, Angeles City, Pampanga
143. SM CITY DASMARIÑAS 2 – G/F SM City Dasmariñas, Governor's Drive cor. Aguinaldo Highway, Brgy. Sampaloc 1, Dasmariñas, Cavite
144. SM CITY GENERAL SANTOS – SM City Gen Santos, Santiago Blvd. cor. San Miguel St., Brgy. Lagao, Gen. Santos City
145. SM CITY LIPA OFF-BRANCH – ATM 2, SM City Lipa, Ayala Highway, Brgy. Maraouy, Lipa City, Batangas
146. SM CITY TARLAC – G/F SM City Tarlac, McArthur Highway, Brgy. San Roque, Tarlac City
147. SM DAVAO – ATM Center 1, SM City Davao, Quimpo Blvd. cor. Tulip Drive, Brgy. Matina, Davao City
148. SM LANANG PREMIER OFF-BRANCH – UGF SM Lanang Premier, J.P. Laurel Ave., Brgy. San Antonio, Davao City
149. SM LEMERY – SM Center Lemery, Ilustre Avenue, Lemery, Batangas
150. SM MARILAO OFF-BRANCH – G/F SM City Marilao, MacArthur Highway, Marilao, Bulacan
151. SM MARKET MALL – ATM 3 SM Market Mall Dasmariñas, Congressional Ave., Dasmariñas Bagong Bayan, Dasmariñas, Cavite
152. SM SUPERCENTER MOLINO – G/F SM Supercenter Molino, Molino Road, Brgy. Molino 4, Bacoor, Cavite
153. SOCSARGEN COUNTY HOSPITAL – Socsargen County Hospital, Arradaza St., General Santos City
154. SOUTH TOWN CENTRE TALISAY – South Gate Mall, Tabunok, Talisay, Cebu
155. SOUTHWAY MALL – The Southway Square Mall, Gov. Lim Ave. cor. La Purisima St., Zamboanga City
156. STA. ROSA HOSPITAL – Sta. Rosa Hospital and Medical Center, San Lorenzo Road, Brgy. Balibago, Sta. Rosa, Laguna
157. SUPER METRO CARCAR – Natalio B. Bacalso National Highway, Carcar City, Cebu
158. SUPERL PHILS BACOLOR – Angeles Industrial Park, PEZA, Brgy. Calibutbut, Bacolor, Pampanga
159. TARGET MALL 1 – G/F Target Mall, Sta. Rosa Commercial Complex, Brgy. Balibago, Sta. Rosa, Laguna
160. TARGET MALL 2 – ATM 4 Canopy Area, Target Mall, Sta. Rosa Commercial Complex, Brgy. Balibago, Sta. Rosa, Laguna
161. THE DISTRICT - DASMARIÑAS – G/F The District - Dasmariñas, Molino-Paliparan Road, Dasmariñas, Cavite
162. THE DISTRICT - IMUS – The District Imus, Aguinaldo Highway cor. Daang Hari Road, Brgy. Anabu II-D, Imus, Cavite
163. TOYOTA SAN NICOLAS – Brgy.16 San Marcos, San Nicolas, Ilocos Norte
164. UNION CHRISTIAN COLLEGE – Union Christian College, Widdoes St., Brgy. II, San Fernando, La Union City
165. UNIVERSITY OF BAGUIO – University of Baguio, Assumption Road, Baguio City, Benguet
166. UNIVERSITY OF BOHOL – University of Bohol, Ma. Clara St., Tagbiliran City, Bohol
167. UNIVERSITY OF PERPETUAL HELP - BIÑAN – Dr. Jose Tamayo Medical Bldg., UPH System Laguna, Brgy. Sto. Niño, Biñan, Laguna
168. UNIVERSITY OF SAN CARLOS – University of San Carlos Main University Bldg., Pantaleon del Rosario St., Cebu City
169. USC - TALAMBAN – USC Talamban Campus, Gov. M. Cuenco Ave., Brgy. Nasipit, Talamban, Cebu City
170. USJR BASAK CEBU – University of San Jose Recoletos Basak, N.Bacalso Ave., Basak Pardo, Cebu City
171. WALTER MART - CABANATUAN – Maharlika Highway, Brgy. Dicarma, Cabanatuan City, Nueva Ecija
172. WALTER MART - CALAMBA – Waltermart Calamba, Real St., Brgy. Real, Calamba City, Laguna
173. WALTER MART - CARMONA – G/F Walter Mart Carmona, Macaria Business Center, Governor's Drive, Carmona, Cavite
174. WALTER MART - DASMARIÑAS – G/F Walter Mart Dasmariñas, Barrio Burol Aguinaldo Highway, Dasmariñas ,Cavite
175. WALTER MART - GEN. TRIAS – Waltermart General Trias, Governors Drive, Barrio Mangahan, General Trias, Cavite
176. WALTER MART - SAN FERNANDO – Walter Mart San Fernando, McArthur Highway, Brgy. San Agustin, San Fernando, Pampanga
177. WALTER MART - STA. ROSA 1 – UGF Waltermart Sta. Rosa, Balibago Road, Brgy. Balibago, Sta. Rosa, Laguna
178. WALTER MART - STA. ROSA 2 – UGF Waltermart Sta. Rosa, Balibago Road, Brgy. Balibago, Sta. Rosa, Laguna
179. WALTER MART - STA. ROSA BEL-AIR – Walter Mart Bel-Air, Sta. Rosa-Tagaytay Road, Pulong Sta. Cruz, Sta. Rosa, Laguna
180. WALTER MART - TAGAYTAY – G/F Ayala Mall Serin, Tagaytay-Nasugbu Highway, Silang Junction South, Tagaytay City, Cavite
181. WALTER MART - TANAUAN – Walter Mart Tanauan, J. P. Laurel National Highway, Brgy. Darasa, Tanauan, Batangas
182. WESLEYAN UNIVERSITY – Wesleyan University of the Philippines, Mabini St. Extension, Cabanatuan City, Nueva Ecija
183. WNU STI UNIVERSITY – STI West Negros University, Burgos cor. Hilado St., Bacolod City, Negros Occidental
184. XAVIER UNIVERSITY – G/F Library Annex, Xavier University, Corrales Ave., Cagayan De Oro City, Misamis Oriental
185. YASHANO MALL LEGAZPI – Yashano Mall, F. Imperial St. Cor. Terminal Rd. 1, Legazpi Port District, Legazpi City, Albay
186. YUBENCO STARMALL – Yubenco Starmall, Maria Clara Lorenzo Lobregat Highway, Putik, Zamboanga City
187. YU-YU CAFÉ & DESSERT SHOPPE TAGUM – National Highway cor. Quirante II St., Magugpo Poblacion, Tagum City
188. ZAMBOANGA PENINSULA MEDICAL CENTER – Zamboanga Peninsula Medical Center, Maria Clara Lorenzo Lobregat Highway, Putik, Zamboanga City

China Bank Savings - Off Branch ATM Directory

1. Calamba Hospital - KM. 49 National Highway, Parian, Calamba City, Laguna
2. RIS - RIS DEVELOPMENT CORPORATION - 168 Mercado St Tabe, Guiguinto, Bulacan 03015 (Balagtas Branch)
3. 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 Philippine banking system remained robust and resilient in 2017 despite the external volatility. The major banks pursued initiatives to upgrade their financial technology, operational controls and cybersecurity systems in the wake of cross border events that threatened the reputation and integrity of the banking system.

Asset base of the UK/B industry as of December 2017 grew by 11.5% or P1.5 trillion to P14.8 trillion on the back of a 16.8% or P1.2 trillion growth in net loan portfolio. Among the top 10 banks, UBP and CHIB recorded the fastest asset growth rates of 19.6% and 18.9%, respectively. Deposits grew by 11.6% to P11.4 trillion which brought the loans-to-deposit ratio to 70%. Gross NPL loans were slightly up by P3.7 billion or 4.0%, but Gross NPL ratio declined to 1.3% as more stringent credit underwriting standards enabled the faster growth in loan portfolio. Loan loss coverage ratio increased to 149% from 145%.

Banks also raised a total of P202 billion in fresh funding, of which 37% was accounted for by capital related issues. Total equity for the industry equity went up by 14.2% or P191.6 billion to P1.5 trillion. Industry CAR as of September 2017 likewise improved to 15.03% on a solo basis and 15.66% on a consolidated basis.

The BSP continued to tighten regulatory oversight and performance standards for the U/KB industry in the areas of credit underwriting, capital adequacy, and liquidity management. BSP updated its guidelines for the reporting of leverage ratio, liquidity coverage ratio, and past due & NPL ratios. In line with its thrust to promote financial inclusion, BSP laid out the regulatory framework for basic deposit accounts, the “branch lite” concept and implementation of the National Retail Payments System. These initiatives would enable broad-based growth and the alignment of the Philippine banking system with regional peers.

As of December 2017, there were 43 universal and commercial domestic banks— 17 private domestic banks, 21 foreign bank branches, three government banks, and two foreign bank subsidiaries, inclusive of the eight foreign entrants approved by the BSP under RA 10641. China Bank believes that local players would maintain a solid foothold in the domestic market despite tougher competition from regional institutions.

Based on the year-end published statement of condition (SOC), China Bank recorded a P119 billion expansion in assets to P747 billion, retaining its spot as the country’s sixth largest private commercial bank. China Bank also reported above-industry loan portfolio growth of 20.9% to P464 billion, while its solo gross NPL ratio significantly improved to 0.72% from 1.12%. The Bank’s clients can now personally do their banking at 596 branches and 888 ATMs nationwide, as well as through alternative platforms like phone and online banking channels.

5. Transactions with and/or dependence on related parties

In the ordinary course of business, the Bank has loans and other transactions with its subsidiaries and affiliates, and with certain directors, officers, stockholders and their related interest (DOSRI). These loans and other transactions are in accordance with the Bank's policy 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. Trademarks, Licenses, Franchises, etc.

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
- 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
- CBC China Bank Cash Management Services & Device
- CBC China Bank China Pay Payroll Software.

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. Sources and Availability of raw materials and the names of principal suppliers. Not applicable.

8. Disclose how dependent the business is upon a single customer or a few customers. Not applicable.

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

10. Effect of existing or probable governmental regulations on the business.
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)	2017	2016	2015
Education & Training	51,031	47,411	35,476
Advertising Expenses	54,759	53,716	33,443
Technology	913,049	809,065	1,065,291

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 2017 as well as the projected headcount for 2018:

2018				2017			
	Officers	Staff	Total		Officers	Staff	Total
Marketing	1,986	310	2,296	Marketing	1,492	248	1,740
Operations	1,183	4,531	5,714	Operations	886	4,328	5,214
Support	741	1,140	1,881	Support	542	1,155	1,697
Technical	307	404	711	Technical	222	251	473
Grand Total	**4,217**	**6,385**	**10,602**	**Grand Total**	**3,142**	**5,982**	**9,124**

The CBC Employees Association (CBCEA) members have an existing Collective Bargaining Agreement with the CBC Employees Association (CBCEA) for the period 01 August 2017 to 31 July 2020.

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:

2017	HIGH	LOW	CLOSE
Jan - Mar	41.55	38.00	40.70
April - Jun	41.60	34.50	36.70
Jul – Sept	36.90	35.00	35.35
Oct – Dec	36.20	32.80	33.30

Adjusted Prices (due to stock rights and 8% stock dividend):

2017	HIGH	LOW	CLOSE
Jan - Mar	36.65	33.51	35.90
April - Jun	36.69	31.94	33.98
Jul – Sept	34.17	32.41	32.73
Oct – Dec	34.50	32.78	33.30

Actual Prices:

2016	HIGH	LOW	CLOSE
Jan - Mar	39.50	33.50	39.15
April - 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
April - Jun	38.50	35.23	38.00
Jul – Sept	39.00	37.60	38.00
Oct – Dec	38.30	37.60	38.00

- **Market value as of December 29, 2017 (last trading day): P33.30**

- **Price Information as of February 28, 2018 (latest practicable trading date): P35.20**

(2) Holders

- **Top 20 Stockholders**
  (As of February 28, 2018)

	Name of Stockholder	Number of Shares	Percentage
1.	PCD Nominee Corporation (Non-Fil)	721,420,468	26.860%
2.	SM Investments Corporation	461,975,661	17.200%
3.	Sysmart Corporation	415,995,323	15.488%
4.	PCD Nominee Corporation (Filipino)	402,575,155	14.988%
5.	Shoe Mart, Inc.	116,515,424	4.338%
6.	JJACCIS Development Corporation	56,949,897	2.120%
7.	CBC Employees Retirement Plan	54,407,047	2.026%
8.	Joaquin T. Dee &/or Family	53,076,034	1.976%
9.	GDSK Development Corporation	31,458,583	1.171%
10.	SM Development Corporation	21,954,231	0.817%
11.	Syntrix Holdings, Inc.	21,552,649	0.802%
12.	Suntree Holdings Corporation	20,138,332	0.750%
13.	Hydee Management & Resource Corporation	14,334,603	0.534%
14.	The First Resources Mgt. and Sec. Corp.	5,964,229	0.222%
15.	Kuan Yan Tan's Charity (Phils.), Inc.	5,941,277	0.221%
16.	Reliance Commodities, Inc	5,662,648	0.211%
17.	Ansaldo, Godinez & Co., Inc.	5,037,498	0.188%
18.	Frederick Timothy Y. Dee and/or Christine Dee Araneta	3,983,739	0.148%
19.	Michael John G. Dee	3,963,468	0.148%
20.	Cheng Siok Tuan	3,864,332	0.144%
	TOTAL	2,426,770,598	90.352%

- **Total number of shareholders** (as of February 28, 2018) – 1,933

- **Summary of Filipino and Non-Filipino Holdings** (as of February 28, 2018)

Nationality	Number of Stockholders	Number of Shares	Percentage
Filipino	1,852	1,957,095,364	72.866%
Non-Filipino (PCD)	1	721,420,468	26.860%
Chinese	49	3,350,169	0.125%
American	20	2,678,157	0.100%
Australian	1	1,956	0.000%
British	2	97,631	0.004%
Canadian	3	463,403	0.017%
Dutch	1	62,198	0.002%
Spanish	1	107	0.000%
Taiwanese	3	730,359	0.027%
TOTAL	1,933	2,685,899,812	100%

(3) Dividend History

	2017	2016	2015	2014	2013
Stock Dividend	8%	8%	8%	8%	10%
Cash Dividend	8%	10%	10%	10%	12%

Authorized and Issued Capital

Authorized Capital	-	P33.0 Billion divided into 3.3 Billion shares with a par value of P10.00 per share
Issued Shares	-	2,685,899,812 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 and pertinent BSP regulations that prescribe minimum levels and ratios of capital adequacy. 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 483,870,967 common shares in 2017, and declarations 8% stock dividend in 2017 to come from the Bank's unissued shares. These securities distributions were exempt from registration requirement under Sections 10.1 of the Securities Regulation Code.

(5) Free Float Level

Based on the Public Ownership Report of the Bank as of December 31, 2017, 58.257% of the total outstanding shares are owned by the public.

ANNEX "C"

COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

Principled Leadership for a Sustainable Banking

Anchoring on principled leadership – doing what is right – and on the principles of Fairness, Accountability, Transparency and Integrity, China Bank in the last 97 years serves as a partner in the wealth creation of its customers while helping the nation in building a strong and sustainable banking industry.

Good governance is the cornerstone 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 continues to strengthen its governance practices, as regulatory landscape constantly changes with increased competition locally and 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. The members relentlessly set positive examples and uphold standards of excellence, for everyone to follow.

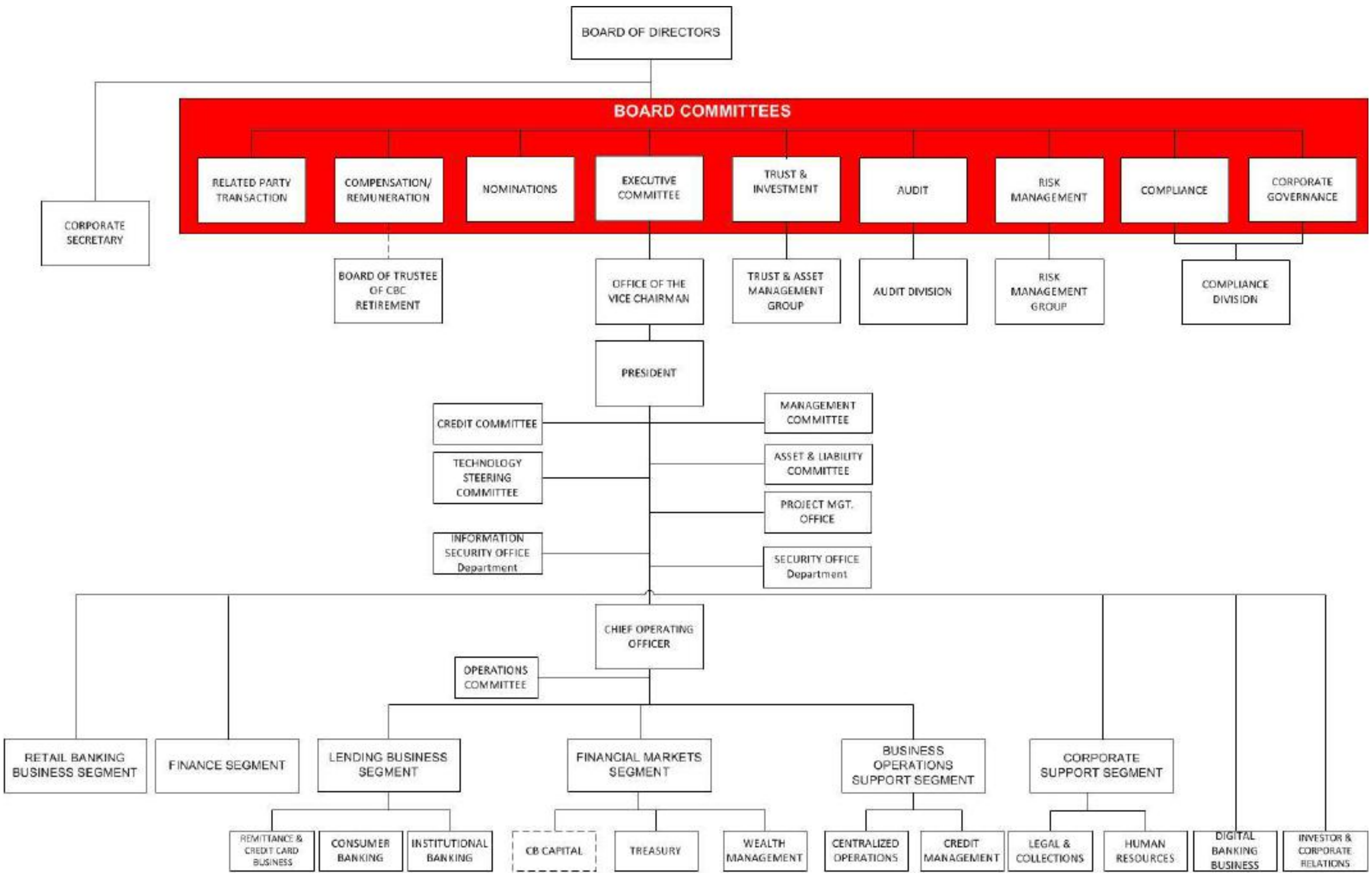
On the other hand, the other members of the organization value the contributions of everyone in the Bank and are committed to collaborative endeavors. They always do their best to facilitate productive communication, reach consensus and channel their focused efforts – all in pursuit of China Bank's goals.

In delivering a more principled banking, China Bank further enhanced its governance practices in 2017, through the following, among others:

- Updating of the Bank's Corporate Governance Manual to align with recently issued laws, rules and regulations, including best and international practices.
- Enhancement of the Related Party Transactions (RPT) Framework policy, processes, practices and committee charter to comply with applicable rules and regulations.
- Conduct of the annual assessment of the Board, Board level committees and the President/Chief Executive Officer (CEO).
- Continuous training for its directors on corporate governance and anti-money laundering.
- Enhancing transparency by keeping the Corporate Governance micro website of the Bank updated.

Organizational Structure

Being at the core of China Bank's corporate governance structure, the Board of Directors 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 two (2) advisors. 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 also individually submit a Sworn Certification that they possess all the qualifications as enumerated in the MORB. These certifications are submitted to BSP after their election. Additional certifications are executed by Independent Directors to comply with Securities Regulation Code and BSP rules which are then submitted to the SEC.

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** has the powers of the Board, when the latter is not in session, in the management of the business and affairs of China Bank to the fullest extent permitted under Philippine law. The Executive Committee had 41 meetings in 2017, including 2 joint meetings with the Risk Oversight Committee (formerly Risk Management Committee).

Director	Attendance	%
Hans T. Sy (Chairman)	36	88
Gilbert U. Dee	41	100
Peter S. Dee	34	83
Joaquin T. Dee	40	98
Ricardo R. Chua[a]	33	94
William C. Whang[b]	6	100

[a] attended 33 out of 35 meetings from January 2017 until his retirement effective October 31, 2017
[b] attended 6 out of 6 meetings from his election effective November 1, 2017

- **Corporate Governance Committee** is responsible for ensuring that the Bank's Corporate Governance framework is regularly reviewed and updated, and implemented accordingly at all times. It provides assistance to the Board by overseeing the orientation and training programs for its members, as well as facilitating the performance evaluation of the Board, Board-level committees and senior management. The Corporate Governance Committee had 25 meetings in 2017, including 6 joint meetings with the Audit and Compliance Committees, 4 joint meetings with Compliance Committee, and 15 joint meetings with the Nominations Committee.

Director	Attendance	%
Roberto F. Kuan (Chairman)	20	80
Alberto S. Yao	25	100
Hans T. Sy[a]	13	87
Joaquin T. Dee[b]	15	100
Margarita L. San Juan[c]	8	80

[a] member up to May 3, 2017; attended 13 out of 5 joint meetings of Nominations & Corporate Governance Committees, 4 joint meetings of Compliance & Corporate Governance Committees, and 6 joint meetings of Audit, Compliance and Corporate Governance Committees
[b] member up to May 3, 2017; attended 15 out of 5 joint meetings of Nominations & Corporate Governance Committees, 4 joint meetings of Compliance & Corporate Governance Committees, and 6 joint meetings of Audit, Compliance and Corporate Governance Committees
[c] member from May 4, 2017; attended 8 out of 10 meetings

- **Audit Committee** primarily oversees all matters pertaining to audit, primarily the evaluation of the adequacy and effectiveness of the Bank's internal control system, as well as the integrity of its financial statements. It appoints, reviews and concurs in the appointment or replacement of the Chief Audit Executive (CAE), and is responsible for ensuring that the CAE and internal audit function are free from interference by outside parties. It also ensures that an annual review is performed with regard to the effectiveness of the internal audit mechanism, 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 the annual audited financial statements of the Bank with management and external auditors. It provides oversight over Management's activities in maintaining an adequate internal control framework, 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. It likewise ensures that internal and external auditors remain independent and are given unrestricted access to records, properties and personnel, to enable them to perform their respective audit functions. It has the explicit authority to investigate any matter within its terms of reference, in order to ensure the effectiveness and efficiency of the Bank's internal controls. The Audit Committee had 14 meetings in 2017, including 6 joint meetings with the Compliance and Corporate Governance Committees.

Director	Attendance	%
Alberto S. Yao (Chairman)	14	100
Joaquin T. Dee	14	100
Roberto F. Kuan[a]	9	75

[a]member from May 4, 2017; attended 9 meetings out of 6 Audit Committee meetings and 6 joint Audit, Compliance and Corporate Governance Committees meetings

- **Compliance Committee** is tasked to monitor compliance with established banking laws, rules and regulations specifically in creating a dynamic and responsive compliance risk management system that is designed to identify and mitigate risks that may erode the franchise value of the Bank, such as legal or regulatory, financial loss or reputation risk. It 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 2017 – 6 joint meetings with the Audit and Corporate Governance Committees, and 4 joint meetings with the Corporate Governance Committee.

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

- **Risk Oversight Committee (formerly Risk Management Committee)** is responsible for the development and oversight of the Bank's risk management functions, including the evaluation of the effectiveness of the enterprise risk management framework and ensuring that corrective actions are in place to address risk management concerns in a timely manner. It oversees the risk taking activities of the Bank and warrants the continued relevance, comprehensiveness and overall value of the institutional risk management plan. The Risk Oversight Committee had 14 meetings in 2017, including 2 joint meetings with the Executive Committee.

Director	Attendance	%
Joaquin T. Dee[a]	5	100
Hans T. Sy	12	86
Gilbert U. Dee[b]	5	100
Alberto S. Yao	14	100
Margarita L. San Juan[c]	8	89

[a] Chairman up to May 3, 2017; attended 5 out of 5 meetings
[b] member up to May 3, 2017; attended 5 out of 5 meetings
[c] Chairman from May 4, 2017; attended 8 out of 9 meetings

- **Nominations Committee** is composed entirely of Independent Directors and 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 is also tasked to review the qualifications of the candidates, to ensure that their qualities and/or skills are appropriate for leading and assisting the Bank in achieving its vision and corporate goals. The Nominations Committee convened 15 times in 2017, jointly with the Corporate Governance Committee.

Director	Attendance	%
Roberto F. Kuan (Chairman)	13	87
Alberto S. Yao	15	100
Margarita L. San Juan[a]	8	80

[a] member from May 4, 2017; attended 8 out of 10 meetings

- **Compensation or Remuneration Committee** provides oversight over the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the interest of all stakeholders and the Bank's culture, strategy and control environment. The Compensation or Remuneration Committee had 4 meetings in 2017.

Director	Attendance	%
Roberto F. Kuan (Chairman)	3	75
Hans T. Sy	4	100
Alberto S. Yao	4	100
Harley T. Sy	4	100
Margarita L. San Juan	3	75

- **Related Party Transaction Committee** is responsible for reviewing all material related party transactions (RPTs) to ensure that they are conducted in accordance with the arm's length principles. Composed entirely of Independent Directors, the committee oversees the proper implementation of the RPT Policy and ensures that corresponding transactions are duly identified, measures, monitored, controlled and reported. The Related Party Transaction Committee had 12 meetings in 2017.

Director	Attendance	%
Roberto F. Kuan (Chairman)	12	100
Alberto S. Yao	12	100
Margarita L. San Juan[(a)]	7	100

[(a)] member from May 4, 2017; attended 7 out of 7 meetings

- **Trust Investment Committee** provides oversight functions, overall strategic business development and financial policy directions to the Trust and Asset Management Group. It oversees the trust, investment management and fiduciary activities of the Bank, and ensures that they are conducted in accordance with applicable rules and regulations, and judicious practices. Moreover, it ensures that prudent operating standards and internal controls are in place and that the Board's objectives are clearly understood and duly implemented by the concerned units and personnel. The Trust Investment Committee convened 11 times in 2017.

Director	Attendance	%
Herbert T. Sy	8	73
Harley T. Sy[(a)]	5	100
Jose T. Sio	10	91
Peter S. Dee[(b)]	6	100
Ricardo R. Chua[(c)]	9	90
William C. Whang[(d)]	1	100
Patrick D. Cheng[(e)]	11	100
Carina L. Yandoc[(f)]	-	-

[(a)] Chairman until May 2017; attended 5 out of 5 meetings
[(b)] Member effective June 2017; attended 6 out of 6 meetings
[(c)] Member until October 2017; attended 9 out of 10 meetings
[(d)] Member effective November 2017; attended 1 out of 1 meeting
[(e)] Member Until November 2017
[(f)] Member effective December 2017

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 effective and efficient discharge of duties 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 is Atty. Corazon I. Morando who is primary responsible to the Bank shareholders. 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. She also functions as board liaison, who works and deals fairly and objectively with the board, management, stockholders and other stakeholders.

Atty. Morando has attended the Bank's Annual Corporate Governance Training last December 6, 2017.

Board Training

In compliance with existing rules and regulations and as part of the continuing education program, last December 6, 2017, the members of the Board have attended the annual Corporate Governance Seminar and Anti-Money Laundering Training Program, which included sessions on corporate governance, updates to the Anti-Money Laundering Act (AMLA) and the Data Privacy Act of 2012. 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 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 2017, there are no significant deviations and in general, the Bank has fully complied with the provisions and requirements of the Corporate Governance Manual.

President/Chief Executive Officer (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 Risk Management System designed to specifically identify and mitigate risks that may erode the franchise value of the Bank, such as legal or regulatory risk, material or financial risk, or reputational risk. In compliance with BSP's requirements under Circular No. 972, 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, seeking to protect the Bank's reputation and the interest of its stakeholders.

As required under the Code of CG for listed companies, the Bank's Board is assisted in its duties by a Compliance Officer. The Bank's Chief Compliance Officer (CCO) is tasked to ensure and monitor that the provisions in the Corporate Governance Manual and Compliance Manual, Plans and Program are duly complied with.

Under the Bank's Compliance System, all units in the Bank have Compliance Coordinators whose primary task is to ensure that all risks associated to the operations and business of the individual units are identified, monitored and mitigated. Compliance Office ensures that 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 of the organization 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 Supervisory Development Program (SDP).

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 bank wide compliance and for easy access, a copy of the Manual is available in the Bank’s intranet facility, under the Compliance Office Public Folder. The CCO is primarily tasked to monitor compliance with the Manual, and is always available to respond to inquiries from Bank officials and personnel regarding good corporate governance policies and practices.

  In 2017, 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.

- **Dividend Policy**

  China Banking Corporation, as a matter of policy, shall declare cash dividends at a payout ratio of at least thirty percent (30%) of the net income of the prior year, subject to the conditions and limitations set forth in the policy statement. The Bank’s Dividend Policy is an integral component of its Capital Management Policy and 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 payouts, China Banking Corporation uses a combination of cash or stock dividends as follows:

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

China Bank's capital management philosophy and process, and consequently its Dividend Policy which comprises an integral component of this undertaking, are 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 CCO is the primary driver in the implementation of the Whistleblowing Policy of the Bank. All disclosures are directed to the CCO or to 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 CAE, Chief Risk Officer (CRO) and the Head of Human Resources Division (HRD).

If determined sufficient in form and substance, the disclosure shall be referred either to the Audit Division or HRD for further investigation. If the report is found to be baseless, the Whistleblower shall be informed of its status within twenty (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 are also 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, HRD disseminates our Code of Ethics to all employees, especially to the new hires. Employees are required to acknowledge receipt of the Code's copy. For easy access, a copy of the Code is made available in our intranet facility and 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 on these values. The content of the Code, such as the 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 never 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 2017, 2016, and 2015)

(a) Financial and Operating Highlights

Balance Sheet

In Million Pesos	**Dec 31, 2017 Audited**	Dec 31, 2016 Audited	Dec 31, 2015 Audited
Assets	**751,448**	633,198	526,827
Investment Securities	**127,971**	98,982	71,210
Loan Portfolio (Net)	**448,971**	386,827	309,762
Total Deposits	**635,093**	541,583	439,266
Equity	**83,655**	63,386	59,171

Balance Sheet – 2017 vs. 2016

Total assets expanded by 18.67% to P751.45 billion from P633.20 billion mainly from the robust growth in liquid assets and core business.

Cash and other cash item increased by 5.62% to P12.69 billion from P12.01 billion due to the higher cash requirements from the branch network expansion. **Due from *Bangko Sentral ng Pilipinas*** grew by 7.10% to P98.49 billion from P91.96 billion as higher reserves were allotted to cover for the bigger deposit volume. **Due from other banks** went up by 38.03% to P15.64 billion from the build-up of deposits with correspondent banks. **Securities purchased under resale agreements**, mainly composed of overnight placements with the BSP, recorded a P15.30 billion increase to P18.75 billion.

Investment securities totalled P127.97 billion, up by 29.29% from P98.98 billion, resulting in a higher share to total assets of 17.03% from 15.63% in 2016. **Financial assets at fair value through profit or loss (FAVPL)** amounted to P16.24 billion, P8.53 billion larger due to the purchase of tradable securities and investments in shares of stocks. **Available-for-sale (AFS) financial assets** increased by 37.11% to P46.45 billion from P33.87 billion, while **held-to-maturity (HTM) financial assets** recorded a P7.88 billion or 13.73% growth to P65.29 billion as the Bank continued to expand its bond holdings.

The Bank's **liquidity ratio** stood at 36.40%, better than last year's 34.39%.

The Bank's **gross loan portfolio (inclusive of UDSCL)** grew 15.72% to P455.62 billion from P393.74 billion mainly from higher demand across all customer segments (corporate, commercial, and consumer). **Loans and receivables (net)** grew by 16.06% to P448.97 billion from P386.83 billion.

Accrued interest receivables grew by 23.35% to P3.72 billion from P3.01 billion due to uptick in interest earning assets such as AFS, HTM, and loans. **Investment in associates** went up by 19.11% or P52.86 million to P329.42 million mainly due to higher contribution from the bancassurance joint venture, Manulife-China Bank Life Assurance Corporation (MCBLife).

Bank premises, furniture, fixture, and equipment grew by 5.84% or P379.60 million due to the continued network expansion and technology upgrade. On the other hand, **investment properties** dropped P277.58 million or 5.19% due to the sale and disposal of foreclosed properties. The booking of additional provision for probable losses raised **deferred tax assets** by P111.81 million to P1.78 billion. **Other assets** declined by P677.75 million or 9.83% to P6.22 billion mainly because of lower accounts receivables.

On the liabilities side, **total deposits** increased by 17.27% to P635.09 billion from P541.58 billion mainly from the ongoing branch expansion and more customer acquisition efforts. Low-cost CASA (checking & savings) were P66.59 billion or 24.09% higher at P343.01 billion, improving the low-cost funding mix to 54.01% from 51.04% in 2016. **Bills payable** grew by 18.66% to P20.12 billion due to higher foreign currency-denominated borrowings. **Manager's checks** also went up by 20.26% to P2.44 billion from P2.03 billion because of higher customer demand. Meanwhile, **income tax payable** saw a 17.21% or P75.26 million drop to P362.04 million from savings in regular corporate income tax payable for the year. **Accrued interest and other expenses** were up by 40.65% to P2.63 billion from the setup of accruals and payroll expenses. **Derivative liabilities** also expanded by P24.34 million or 10.01% to P267.53 million because of the higher volume of currency swaps.

Total equity (including non-controlling interest) grew to P83.66 billion, 31.98% higher than last year's P63.39 billion primarily because of the upturn in capital stock and retained profits. **Capital stock** rose to P26.85 billion from P20.02 billion mainly from the issuance of 484 million stock rights at par value, as well as the declaration of 8% stock dividends. Likewise, **capital paid in excess of par** added P10.11 billion to previous year's outstanding balance following the completion of the P15-billion stock rights offer. **Surplus** increased by P3.47 billion or 9.41% to P40.36 billion mainly from retained earnings, net of total cash dividends worth P1.99 billion and stock dividends of P1.99 billion. **Net unrealized loss on available-for-sale securities** widened to (P1.81) billion from (P1.60) billion because of the mark-to-market revaluation loss on the Bank's unsold securities. **Remeasurement gain on defined benefit asset** registered an 11.74% increase to P283.76 million because of actuarial adjustments to the valuations of retirement plans. **Cumulative translation adjustment** meanwhile showed a higher negative balance at (P38.70) million from (P22.50) 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 also recognized **remeasurement on life insurance reserve of associate** amounting to (P12.22) million.

The Bank's Common Equity Tier 1 (CET 1) and total CAR were computed at 13.47% and 14.22%, 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 – 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 grew 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 risk 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 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. **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.

Income Statement

In Million Pesos	**2017 Audited**	2016 Audited	2015 Audited
Interest Income	**26,539**	21,892	19,317
Interest Expense	**6,913**	5,197	4,232
Net Interest Income	**19,626**	16,694	15,085
Non-Interest Income	**6,102**	5,095	4,487
Provision for Impairment & Credit Losses	**754**	851	967
Operating Expenses	**15,962**	13,351	12,193
Net Income	**7,523**	6,461	5,603

Income Statement – For the years ended December 31, 2017 and 2016

The Bank recorded a 16.44% improvement in **net income** to P7.52 billion for 2017, which translated to a 10.01% return on equity (ROE) and 1.12% return on assets (ROA).

Total interest income increased by 21.23% to P26.54 billion from P21.89 billion, largely from the 21.59% uptick in **interest income from loans and receivables** to P21.75 billion, driven by sustained core business expansion. **Interest income from trading and investments** was 20.84% higher at P3.97 billion due to higher accrual revenue coming from the larger investment securities portfolio. **Interest income from due from BSP and other banks and SPURA** registered a 14.08% increase to P820.70 million from P719.41 million because of higher BSP and interbank placements.

Total interest expense amounted to P6.91 billion, up P1.72 billion mainly from increase in **interest expense on deposit liabilities** by 34.99% to P6.52 billion which was caused by funds build-up. Similarly, **interest expense on bills payable and other borrowing** grew by P25.13 million or 6.87% to P391.01 million due to the uptick in fund borrowings.

Despite the 17.56% improvement in **net interest income** to P19.63 billion, consolidated **net interest margin** fell to 3.11% from 3.20% as the full-year impact of rising funding costs tempered topline gains.

Provision for impairment and credit losses figured at P754.17 million, P96.37 million or 11.33% lower from prudent credit expansion coupled with the reduction in defaults & soured loans.

Total **non-interest income** improved by 19.76% to P6.10 billion due to higher fees & commissions, significant revenues from the sale of investment properties, and booking of one-off gains. **Service charges, fees, and commissions** grew by 14.99% to P2.44 billion from the upswing in investment banking fees, credit card commissions, and transactional fee revenues. **Foreign exchange gain** grew by 21.34% or P67.88 million to P386.01 million because of larger deal volume and month-to-month movement in the Peso-Dollar exchange rate. **Trust fee income** likewise exceeded previous year's gains by P46.12 million or 13.97% and reached P376.31 million with the expansion in assets under management. **Gain on sale of investment properties** saw a 51.27% improvement to P670.61 million from robust sales of the Bank's foreclosed assets. However, **gain on asset foreclosure and *dacion* transactions** declined by P15.06 million or 8.73% due to the smaller volume of foreclosed properties. **Share in net income of associates** recorded a P162.52 million turnaround to P73.13 million from a loss of P89.38 million because of the improved profitability of MCBLife. **Miscellaneous income** increased by 72.64% to P1.52 billion from the higher recoveries of charged-off assets and recognition of one-off gains. Meanwhile, **trading and securities gain** dropped to P479.96 million from P918.09 million because of rate volatilities that affected both the dealership business and returns on tradable securities.

Operating expenses (excluding provision for impairment and credit losses) rose 19.56% to P15.96 billion as a result of the ongoing business expansion. **Compensation and fringe benefits** climbed 14.57% to P5.71 billion due to the increase in human resource complement and salary adjustments from the recent collective bargaining agreement. **Taxes and licenses** increased by 17.23% to P2.26 billion from higher documentary stamp, gross receipts, and other business taxes. Meanwhile, the continued outlays and investments related to the network & business expansion increased **occupancy costs** by 15.40% to P2.11 billion, as well as **depreciation and amortization** by 8.24% to P1.22 billion. In the same manner, **insurance**, which includes PDIC premium payments, was up 23.78% to P1.44 billion from the deposit expansion. **Professional fees, marketing, and other related services**; **entertainment, amusement and recreation;** and **transportation and traveling** likewise rose by 16.26%, 18.29%, 26.80% respectively, with the ramp-up in business development and marketing efforts. On the other hand, the Bank's **repairs and maintenance** was reduced to P104.30 million from the 15.22% year-on-year drop in repairs. **Miscellaneous expenses** went up by 63.37% or P724.39 million mainly from the uptick in technology-related expenses and transactional costs.

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, P965.27 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 37.28% 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.

Total Comprehensive Income
For the years ended December 31, 2017, 2016, and 2015

Total comprehensive income for 2017 stood at P7.31 billion, up by 20.45% or P1.24 billion from P6.07 billion in 2016 mainly from higher net income and improvement in the fair value of available-for-sale financial assets. Net unrealized loss on AFS investments for the year was at (P206.20) million, 56.09% or P263.36 million better than (P469.56) million recorded in 2016.

Meanwhile, total comprehensive income for 2016 was P1.75 billion better than the P4.32 billion recorded in 2015 due to better net income and 58.29% or P656.28 million upswing in the fair value of available-for-sale financial assets from a loss of P1.13 billion in 2015.

(b) Key Performance Indicators

Definition of Ratios

Profitability Ratios:

Return on Average Equity	-	$\frac{\text{Net Income after Income Tax}}{\text{Average Total Equity}}$
Return on Average Assets	-	$\frac{\text{Net Income after Income Tax}}{\text{Average Total Assets}}$
Cost-to-Income Ratio		$\frac{\text{Operating Expenses Less Provision for Impairment and Credit Losses}}{\text{Total Operating Income}}$
Net Interest Margin	-	$\frac{\text{Net Interest Income}}{\text{Average Interest Earning Assets}}$

Liquidity Ratios:

Liquid Assets to Total Assets	-	$\frac{\text{Total Liquid Assets}}{\text{Total Assets}}$
Loans to Deposit Ratio	-	$\frac{\text{Loans (Net)}}{\text{Deposit Liabilities}}$

Asset Quality Ratios:

Gross NPL Ratio	-	$\frac{\text{Gross Non-Performing Loans}}{\text{Gross Loans}}$
Non-Performing Loan (NPL) Cover	-	$\frac{\text{Gross Loan Loss Reserves}}{\text{Gross Non-Performing Loans}}$

Solvency Ratios

Debt to Equity Ratio	-	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Asset to Equity Ratio	-	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Interest Rate Coverage Ratio	-	$\frac{\text{Net Income Before Tax and Interest Expense}}{\text{Interest Expense}}$

Capital Adequacy Ratios:

Capital to Risk Assets Ratio	-	BSP prescribed formula:
CET1 / Tier 1 CAR	-	$\frac{\text{CET 1 / Tier 1 Capital}}{\text{Total Risk Weighted Assets}}$
Total CAR	-	$\frac{\text{Total Qualifying Capital}}{\text{Total Risk Weighted Assets}}$

	_2017_	_2016_	_2015_
PROFITABILITY (%)			
Return on Assets	**1.12**	1.16	1.17
Return on Equity	**10.01**	10.42	9.62
Net Interest Margin	**3.11**	3.20	3.37
Cost-to-Income Ratio	**62.04**	61.27	62.30
LIQUIDITY (%)			
Liquid Assets to Total Assets	**36.40**	34.39	36.09
Loans (net)-to-Deposit Ratio	**70.69**	71.43	70.52
ASSET QUALITY (%)			
Gross Non-Performing Loans Ratio	**1.41**	1.86	2.53
Non-performing Loan (NPL) Cover	**99.02**	91.00	87.33
SOLVENCY RATIOS			
Debt-to-Equity Ratio	**7.98**	8.99	7.90
Asset-to-Equity Ratio	**8.98**	9.99	8.90
Interest Rate Coverage Ratio	**2.30**	2.46	2.52
CAPITALIZATION (%)			
Capital Adequacy Ratio			
CET 1 / Tier 1	**13.47**	11.30	12.58
Total CAR	**14.22**	12.21	13.50

Profitability

CHIB's net income of P7.52 billion resulted in a ROE of 10.01% and ROA of 1.12%. Cost-to-income ratio of 62.04% inched up from 61.27% in 2016, but still better than the 62.30% recorded in 2015. Net interest margin was at 3.11%, lower than last year's 3.20% due to higher funding cost.

Liquidity

Liquid assets comprised 36.40% of the Bank's total resources, higher than 34.39% in 2016 and 36.09% in 2015, with the build-up in investment securities and outstanding BSP & interbank placements. Loans-to-deposit ratio slightly declined to 70.69% from 71.43%.

Asset Quality

Gross NPL ratio significantly dropped to 1.41% from 1.86% in 2016 and 2.53% in 2015 due to the remedial & cleanup efforts of lending units. NPL coverage ratio also improved to 99.02% from 91.00% in 2016. The Parent Bank's coverage was at 174.79% from 153.10% in 2016.

Solvency Ratios

Debt-to-equity ratio for the year was computed at 7.98, lower than 8.99 in 2016 because of the additional capital raised in the SRO, while asset-to-equity ratio settled at 8.98 versus 9.99 in 2016. Interest rate coverage ratio was computed at 2.30 from 2.46 in 2016.

Capitalization

The Bank maintained a sound capital position given its CET 1 / Tier 1 and Total CAR ratio of 13.47% and 14.22%, 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 activity was on the upswing in 2017 from the pickup at most of the major markets. The US economy expanded 2.3% versus 1.5% in 2016, mainly due to strong consumer spending supported by gains in the labor market and wages. The US Fed was expected to raise policy rates three times towards its targeted range 1.25% - 1.50% because of stronger jobs growth, milder inflation, and boost from recent tax cuts. Despite the drag from its deleveraging policy, China's GDP growth accelerated to 6.9% from the recovery in property markets and global trade flows. Japan's economy grew for the second year in a row to 1.6%, driven by massive government stimulus programs.

Despite coming off from an election year, Philippine GDP grew by 6.7% from robust household spending and export demand, as well as the sustained increase in revenues from the BPO sector and inward remittances. Private consumption accounted for 69% of 2017 output and 60% of percentage growth. However, capital formation decelerated from the delayed implementation of big-ticket infrastructure projects. On the production side, the services sector remained the top contributor while, agricultural output rose 4% from favorable weather conditions.

In December, Congress enacted RA 10963 or Tax Reform Acceleration & Inclusion (TRAIN) Act which would partly fund the government's ambitious "Build, Build, Build" program. However, tax revenues for 2018 are expected to yield only two-thirds of the target as additional provisions of the package have yet to be finalized. Meanwhile, the country's fiscal deficit (year-to-date November) slightly rose to P243.5 billion, but still below the government's target of P482.1 billion or about 3% of GDP. Higher costs of fuel and infrastructure-related imports brought the current account deficit up to $100 million in 2017. As a result, the peso shed 5.8% of its value against the dollar, averaging P50.40: US$1 in 2017 from P47.49: US$ 1 in 2016. Due to the positive investor sentiment, the PSEi closed 25% higher at 8,558 from 6,841 in 2016.

The BSP kept policy rates unchanged at 3%, as inflation remained within target range at 3.2% and as growth in credit (16.8%) and liquidity (11.9%) remained manageable. Total CAR as of September 2017 went up to 15.03% on a solo basis and 15.66% on a consolidated basis. In line with its drive to strengthen the banking system, the BSP updated its guidelines for the reporting of leverage, liquidity coverage, and asset quality ratios. The regulator cut the reserve requirement ratio by 1 percentage point to 19% in January 2018 which freed up P90 billion from bank coffers to provide for the economy's funding requirements.

China Bank recorded net profits of P7.52 billion for full-year 2017, up 16% from 2016, resulting in a return on equity of 10.01% and return on assets of 1.12%. The improvement in bottom line was primarily driven by the 18% or P3.94 uptick in operating income. Net interest income was up 18% or P2.93 billion to P19.63 billion mainly from the build-up in loans and other investments. Fee-based revenues likewise improved by 20% to P6.10 billion due to higher service charges & commissions, foreign exchange gain, trust fees, and non-recurring income. Total assets expanded 19% or P118.25 billion to P751.45 billion mainly from the P62.14 billion loans growth across all market segments. Asset quality further improved with the drop in gross NPL ratio to 1.41% from 1.86% in 2016 as loan loss coverage increased to 99.02% from 91.00%. Deposit volume was up 17% to P635.09 billion, of which 54% was in low-cost CASA due to continued network expansion.

The Bank completed its stock rights offer in the second quarter, with the full subscription of 484 million additional common shares amounting to P15 billion. Year-end equity totaled P83.66 billion, up 32% year-on-year. Capital adequacy remained well above the 10% regulatory minimum, with CET 1/ Tier 1 and total CAR at 13.47% and 14.22%, respectively.

China Bank was rated as "investment grade", specifically Baa2 for its deposit and issuer rating, by *Moody's Investor Service* in its very first credit rating evaluation. This puts the Bank at par with the Philippine sovereign rating and those of the top three domestic banks. *Moody's* cited the Bank's long-standing relationship with the Chinese-Filipino business community, its strong capital base, stable asset quality, and solid backing of shareholders and the SM group as rationale for the rating.

To support its business growth strategy, China Bank issued the second tranche (P6.35 billion) of Long-Term Negotiable Certificates of Deposits (LTNCDs) in June, as part of its P20-billion shelf issue. The initial tranche of P9.58-billion was released last November 2016.

The Bank sustained its network expansion efforts by opening of 55 new branches, growing the banking footprint to 596 branches complemented by 888 ATMs. Branch-based marketing programs focused on customer onboarding, deposit generation, and improvement of customer experience in support of core business growth and cross-selling initiatives.

The Bank's investment house, China Bank Capital, made significant headway in the capital markets by participating in several underwriting deals, including Ayala Land, Inc.'s P4.30-billion short-dated notes (sole lead underwriter), San Miguel Corporation's P20-billion retail bonds (joint lead underwriter), and 8990 Holding Inc.'s P5-billion preferred shares (lead underwriter & issue manager), among others. CBCC was widely recognized by *The Asset* at the 2017 Triple A Awards, receiving the following distinctions: *Best Bond Adviser*, *Best Corporate Bond* for Ayala Corporation's US$400-million Fixed-For-Life Bonds, *Best Local Currency Bond* for Ayala Land Inc.'s P4.3-billion Short-Dated Notes, and *Best Bond for Retail Investors in Southeast Asia* for the Bureau of Treasury's P181-billion retail treasury bond, *Best Follow-On* for Del Monte Pacific's US$200-million preferred shares. The Bank also received the *Power Deal of the Year* award for GN Power Dingin Limited Company's US$670-million project financing facilities at the *2017 Triple A Asia Infrastructure Awards*; *2nd in the Secondary Market in Asian Currency Bonds – Corporate Bonds* at the *2017 Benchmark Research Awards*; and *Top Corporate Issue Manager/Arranger – Investment House Category* at the *12th Philippine Dealing System Awards*.

China Bank Securities, formerly ATC Securities, in its first year of operations as a stock brokerage house, acted as the joint issue manager, joint lead underwriter, and joint book runner for the P8.6- billion Initial Public Offering of Eagle Cement Corporation.

China Bank also launched its corporate online banking platform which offers clients a 360˚ view of their cash positions and allows more efficient cash flow management. Meanwhile, *The Asian Banker* awarded China Bank the *Best Core Banking Implementation* (Mid-sized banks) for the successful upgrade and launch of the Finacle Core Banking System.

China Bank received a *Special Citation* at the Philippine Stock Exchange's *2017 Bell Award for Corporate Governance* for the Bank's inclusion in the *Top 5 Listed Companies* for five consecutive years.
Earlier in the year, the Bank garnered the *Asia's Outstanding Company on Corporate Governance* while Chairman Hans T. Sy was awarded *Best Asian Corporate Director* at the *2016 Best of Asia Awards* presented by Corporate Governance Asia. During Corporate Governance Asia's *7th Asian Excellence Awards* presented by, China Bank was also awarded *Asia's Best CEO, Investor Relations* for Mr. Ricardo R. Chua, *Best Investor Relations Company,* and *Best Investor Relations Professiona*l for Mr. Alexander C. Escucha. Other awards for the year include the *Best Managed Fund of the Year Award – Dollar Long-Term Bond Category* from the *2017 Chartered Financial Analyst Society Philippines Charter Awards*; *1st in the Region's Best Local Currency Bond Individuals in Research, Training, Sales, and Trading* awarded to Ms. Cristina Arceo at the *2017 Benchmark Research Awards*; and *Best PR Tool* at the 52nd Anvil Awards presented by the *Public Relations Society of the Philippines*.

(d) Future Prospects

Global economic activity would grow at a faster pace in 2018 due to greater magnitude of investment and trade flows. As a result, the US economy could benefit from strong external demand and domestic spending arising from the corporate tax cuts. Given the strong jobs market and moderate rise in price levels, the FOMC may hike policy rates three times in 2018 (in increments of 25 bps) which could put further pressure on foreign interest and currency exchange rates. China's growth momentum may be held back by its drive to reform the financial sector and deleverage. Oil prices are expected to settle near the year-end level of $66.73 per barrel.

Philippine GDP would be fueled by private consumption, remittances & BPO flows as well as pump-priming arising from the "Build, Build, Build" program. About P1.1 trillion of the fiscal budget will be allotted to infrastructure projects, with funding to come from Official Development Assistance (ODA) and revenues from the Tax Reform Acceleration & Inclusion (TRAIN). The uptick in fiscal spending and loans demand should keep interest rates on the high side while the impact of the tax reform law would directly impact core inflation (higher end of the range). Banks have announced plans to raise fresh funds aggregating P190 billion to beef up their working capital, given the strong credit demand. On the other hand, export demand could increase as the Peso trades above the P51: US$1 level.

China Bank is committed to become a top-of-mind and leading financial services provider for its corporate & retail customers. The Bank will strengthen its banking franchise in 2018 by pursuing a strategy based on prudent balance sheet expansion, CASA build-up, and consistent bottom-line performance. The Bank endeavors to efficiently allocate capital among its business segments, develop business opportunities in high-growth markets, and maintain asset quality standards even as it expands its presence in in the SME, retail, and consumer markets.

China Bank will actively undertake customer acquisition & retention programs, deepen existing relationships, and introduce new banking products & services 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 continue to expand in high-growth sectors such as utilities, infrastructure, real estate development, manufacturing, and telecommunication, among others. Likewise, the Bank will capitalize on its synergy with the Filipino-Chinese business segment, even as it broadens the product suite to meet the financing needs of emerging markets. On the retail front, the Bank will reinforce internal client sourcing, cross-selling, and leads generation programs, relying on robust customer analytics and tighter credit standards.

The rapid pace of network expansion will continue with the opening of branches at both developed and under-banked regions, complemented by over 1,000 ATMs and other electronic banking channels.

The thrift banking arm, China Bank Savings (CBS), is poised to sustain profitability and contribute significantly to consolidated bottom-line in 2018. CBS will fortify its capital base to support future business expansion in fast-growing markets, SME sector, and consumer credit, including teachers' loans. CBS will also build up marketing capability, credit management, and backroom support in specialized lending to further ramp up the retail business, while maintaining healthy asset quality. As network expansion beyond the existing 160 branches would be marginal, CBS' branch banking group will establish sales management as a discipline at all branches to boost business performance, drive deposit growth, and tighten relationship with clients. CBS will also continue to implement training programs to develop the marketing, credit, and technical skills of its workforce to deliver quality customer service.

Building on the success of its decade-long partnership with Manulife Philippines, China Bank, through its bancassurance arm Manulife China Bank Life Assurance Corporation, will continue to deepen market penetration through active leads generation, widening the branch network coverage, and solidifying relationships through top-notch customer experience and wide investment menu.

Our investment house subsidiary, China Bank Capital, together with China Bank Securities, will continue to build momentum in the capital markets by actively participating in more underwriting deals, loan syndications, preferred shares issuance, project finance, advisory services, and stock brokerage.

In 2018, China Bank will continue to lay the groundwork for its digital banking transformation, including the “Branch of the Future” project, which would to convert its traditional banking model into a customer-centric, process efficient, and technologically-driven business that integrates a redefined branch layout with automated backroom support, channel management, and better customer engagement. The Bank will capitalize on the personal & corporate online banking platform and the recently-launched mobile banking application to ramp up customer onboarding efforts and provide customers with alternative and secure channels for their banking transactions. To build and develop customer relationships, China Bank will continue to upgrade the solutions platforms for key business lines to ensure efficient and secure operational support for its marketing & frontline offices. The Bank has engaged Allen International, Inc. to craft a comprehensive blueprint to transform the “look & feel” of a China Bank branch. In 2018, the project management team will complete the branch design/ layouts for all new branches. Along the way, continuous process improvements would be implemented, including automation of manual procedures, introducing of paperless transactions, elimination of redundant functions & unnecessary equipment, and implementation of best-practice service quality & housekeeping standards.

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 network expansion could increase the Bank’s staffing to 10,600 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	
	2017	2016	**2017**	2016
Trust department accounts	**₱131,813,251**	₱104,373,741	**₱131,577,983**	₱102,862,792
Future exchange sold	**15,179,964**	11,267,749	**15,179,964**	11,267,749
Unused commercial letters of credit	**21,596,174**	17,801,390	**21,383,196**	17,801,205
IRS receivable	**9,991,390**	10,823,400	**9,991,390**	10,823,400
Future exchange bought	**18,736,175**	8,922,411	**18,736,175**	8,922,411
Credit card lines	**10,359,997**	8,883,196	**10,359,997**	8,883,196
Standby credit commitment	**2,274,398**	3,029,782	**2,274,398**	3,029,782
Outstanding guarantees issued	**3,079,993**	4,827,530	**744,547**	1,140,440
Spot exchange sold	**1,399,180**	558,487	**1,399,180**	558,487
Spot exchange bought	**996,333**	409,940	**996,333**	409,940
Late deposits/payments received	**127,832**	417,559	**116,313**	405,838
Deficiency claims receivable	**291,831**	294,632	**291,831**	294,632
Inward bills for collection	**2,386,848**	234,588	**2,386,848**	234,588
Outward bills for collection	**93,772**	73,702	**91,943**	57,227
Others	**1,614**	2,575	**1,354**	2,348

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 2018. Capital expenditures will be funded from internal sources.

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, 11th Floor China Bank Building, 8745 Paseo de Roxas cor. Villar St., Makati City.

ANNEX "E"

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, 2017 and 2016, 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	**William C. Whang**	**Patrick D. Cheng**
Chairman of the Board	President	Chief Financial Officer

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

Signed this day of MAR 01 2018 affiants exhibiting to me their Social Security System Nos. as follows:

Name	**SSS Nos.**
Hans T. Sy	03-4301174-3
William C. Whang	03-5882607-5
Patrick D.Cheng	03-8328014-9

ALVIN A. QUINTANILLA
Notary Public for Makati City
Appt. No. [illegible] December 2019
[illegible] 2018
8755 Paseo de Roxas, Makati City
PTR No. [illegible]11, 01-03-18; Makati City
IBP No. 021022; 01-04-18; Cavite
Roll of Attorney's No. 40925

Doc. No.: 253
Page No: 52
Book No: 52
Series of: 2018

ANNEX "F"

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
https://www.chinabank.ph	885-5555	N.A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,934	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
Patrick D. Cheng	pdcheng@chinabank.ph	885-5022	

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, 2017 and 2016
and for the years ended December 31, 2017, 2016 and 2015

and

Independent Auditor's Report

SGV
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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 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, 2017 and 2016, 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, 2017, 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, 2017 and 2016, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2017 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 59.75% and 57.59% of the total assets of the Group and the Parent Company as of December 31, 2017, respectively. Reflecting these assets and the related allowance for credit losses at their appropriate amounts is a key area of judgment for 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 involve various assumptions and factors such as the financial condition of the borrower, estimated future cash flows, observable market prices and estimated net selling prices of the collateral. The use of assumptions could produce significantly different estimates of provision for credit losses.

The disclosures in relation to credit losses are included in Notes 3, 6 and 16 to the financial statements.

Audit Response

For provision for credit losses calculated on an individual basis, we selected a sample of impaired loans and obtained an understanding of the borrower's business and financial capacity. We also tested the assumptions underlying the impairment identification and quantification of the provision for credit losses. This was done by assessing whether the forecasted cash flows are based on the borrower's current financial condition, checking the payment history of the borrower including payments made subsequent to yearend, agreeing the value of the collateral to the appraisal reports, checking whether the discount rate represents the original effective interest rate (EIR) or the current EIR of the loan, and re-performing the impairment calculation.

For provision for credit losses calculated on a collective basis, we tested the underlying models and the inputs to those models, such as historical loss rates. This was done by agreeing the details of the loan information used in the calculation of loss rates to the Group's records and subsidiary ledgers, validating the delinquency age buckets of the loans and loan groupings and re-performing the calculation of the provision for credit losses.

Impairment testing of goodwill

Under PFRS, the Group and the Parent Company are required to annually test the amount of goodwill for impairment. As of December 31, 2017, the 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 impairment assessment process requires significant judgment and is based on assumptions, specifically loan and deposit growth rates, discount rate and the terminal value growth rate.

The Group's disclosures about goodwill are included in Notes 3, 11 and 14 to the financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include loan and deposit growth rates, discount rate and the terminal value growth rate. We compared the key assumptions used, such as loan and deposit growth rates against the historical performance of the RBB and CBSI, industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Applicable to the audit of the Consolidated Financial Statements

Recoverability of deferred tax assets

The Group has recognized and unrecognized deferred taxes. The recoverability of deferred tax assets recognized depends on the Group's ability to continuously generate sufficient future taxable income. The analysis of the recoverability of deferred tax assets was significant to our audit because the assessment process is complex and judgmental, and is based on assumptions that are affected by expected future market or economic conditions and the expected performance of the Group.

The disclosures in relation to deferred income taxes are included in Notes 3 and 27 to the financial statements.

Audit Response

We reviewed the management's assessment on the availability of future taxable income in reference to financial forecast and tax strategies. We evaluated management's forecast by comparing loan portfolio and deposit growth rates with that of the industry and the historical performance of the Group. We also reviewed the timing of the reversal of future taxable and deductible temporary differences.

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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, 2017, 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, 2017 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's financial reporting process.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 37 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. 6621226, January 9, 2018, Makati City

February 28, 2018

CHINA BANKING CORPORATION AND SUBSIDIARIES

BALANCE SHEETS

(Amounts in Thousands)

	Consolidated		Parent Company	
	December 31			
	2017	2016	**2017**	2016
ASSETS				
Cash and Other Cash Items	**₱12,685,984**	₱12,010,543	**₱11,160,173**	₱10,580,748
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	**98,490,014**	91,964,495	**91,717,037**	85,307,128
Due from Other Banks (Notes 7 and 18)	**15,641,476**	11,332,236	**14,066,620**	9,689,165
Securities Purchased under Resale Agreements (Note 8)	**18,751,845**	3,451,543	**17,347,522**	2,958,465
Financial Assets at Fair Value through Profit or Loss (Note 9)	**16,238,888**	7,703,899	**16,056,823**	7,232,882
Available-for-Sale Financial Assets (Note 9)	**46,445,391**	33,873,723	**42,937,083**	31,153,750
Held-to-Maturity Financial Assets (Note 9)	**65,286,267**	57,404,800	**61,533,493**	54,069,021
Loans and Receivables (Notes 10 and 29)	**448,970,942**	386,827,300	**386,554,498**	329,069,859
Accrued Interest Receivable	**3,718,505**	3,014,529	**3,189,083**	2,666,353
Investment in Subsidiaries (Note 11)	**–**	–	**13,560,733**	12,169,037
Investment in Associates (Note 11)	**329,422**	276,559	**329,422**	276,559
Bank Premises, Furniture, Fixtures and Equipment (Note 12)	**6,875,864**	6,496,268	**5,464,582**	5,143,981
Investment Properties (Note 13)	**5,072,156**	5,349,739	**1,550,503**	1,760,876
Deferred Tax Assets (Note 27)	**1,778,081**	1,666,267	**1,297,271**	1,508,150
Intangible Assets (Notes 11 and 14)	**4,104,032**	4,089,715	**800,861**	805,582
Goodwill (Notes 11 and 14)	**839,748**	839,748	**222,841**	222,841
Other Assets (Note 15)	**6,218,895**	6,896,647	**3,481,225**	4,504,100
	₱751,447,510	₱633,198,011	**₱671,269,770**	₱559,118,497
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities (Notes 17 and 29)				
Demand	**₱154,286,415**	₱135,263,113	**₱138,929,906**	₱122,265,663
Savings	**188,723,947**	141,155,766	**179,593,323**	132,772,300
Time	**292,083,031**	265,164,139	**240,712,750**	215,924,029
	635,093,393	541,583,018	**559,235,979**	470,961,992
Bills Payable (Note 18)	**20,118,031**	16,954,998	**20,118,031**	16,954,998
Manager's Checks	**2,441,042**	2,029,778	**1,709,248**	1,445,585
Income Tax Payable	**362,041**	437,303	**339,155**	354,212
Accrued Interest and Other Expenses (Note 19)	**2,627,619**	1,868,190	**2,283,948**	1,561,351
Derivative Liabilities (Note 25)	**267,533**	243,198	**267,533**	243,198
Deferred Tax Liabilities (Note 27)	**1,161,653**	1,161,414	**–**	–
Other Liabilities (Notes 20 and 23)	**5,720,701**	5,533,908	**3,665,115**	4,205,745
	667,792,013	569,811,807	**587,619,009**	495,727,081
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock (Note 23)	**26,847,717**	20,020,278	**26,847,717**	20,020,278
Capital paid in excess of par value (Note 23)	**17,096,228**	6,987,564	**17,096,228**	6,987,564
Surplus reserves (Notes 23 and 28)	**926,689**	861,630	**926,689**	861,630
Surplus (Notes 23 and 28)	**40,360,563**	36,889,099	**40,360,563**	36,889,099
Net unrealized losses on available-for-sale financial assets (Note 9)	**(1,813,280)**	(1,598,600)	**(1,813,280)**	(1,598,600)
Remeasurement gain on defined benefit asset (Note 24)	**283,763**	253,945	**283,763**	253,945
Cumulative translation adjustment	**(38,698)**	(22,500)	**(38,698)**	(22,500)
Remeasurement loss on life insurance reserves	**(12,221)**	–	**(12,221)**	–
	83,650,761	63,391,416	**83,650,761**	63,391,416
Non-controlling Interest	**4,736**	(5,212)	**–**	–
	83,655,497	63,386,204	**83,650,761**	63,391,416
	₱751,447,510	₱633,198,011	**₱671,269,770**	₱559,118,497

See accompanying Notes to Financial Statements.

CHINA BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF INCOME
(Amounts in Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2017	2016	2015	**2017**	2016	2015
INTEREST INCOME						
Loans and receivables (Notes 10 and 29)	**₱21,751,647**	₱17,889,252	₱15,900,727	**₱17,537,017**	₱14,122,287	₱12,324,959
Trading and investments (Note 9)	**3,966,999**	3,282,963	3,100,802	**3,673,802**	3,060,325	2,946,914
Due from Bangko Sentral ng Pilipinas and other banks and securities purchased under resale agreements (Note 7 and 8)	**820,699**	719,414	315,805	**634,906**	555,788	182,662
	26,539,345	21,891,629	19,317,334	**21,845,725**	17,738,400	15,454,535
INTEREST EXPENSE						
Deposit liabilities (Notes 17 and 29)	**6,521,935**	4,831,555	4,008,288	**5,210,803**	3,629,127	2,881,166
Bills payable and other borrowings (Note 18)	**391,007**	365,879	223,862	**391,007**	354,961	184,280
	6,912,942	5,197,434	4,232,150	**5,601,810**	3,984,088	3,065,446
NET INTEREST INCOME	**19,626,403**	16,694,195	15,085,184	**16,243,915**	13,754,312	12,389,089
Service charges, fees and commissions (Note 21)	**2,441,724**	2,123,469	1,834,318	**1,394,998**	1,319,448	1,456,140
Gain on sale of investment properties	**670,612**	443,315	375,754	**614,587**	338,088	353,249
Trading and securities gain - net (Notes 9 and 21)	**479,960**	918,089	466,834	**399,760**	852,870	459,996
Foreign exchange gain - net (Note 25)	**386,015**	318,135	330,056	**389,692**	299,113	306,541
Trust fee income (Note 28)	**376,312**	330,197	276,240	**371,947**	326,091	272,251
Gain on asset foreclosure and dacion transactions (Note 13)	**157,415**	172,480	274,978	**71,888**	140,747	150,177
Share in net income (losses) of subsidiaries (Note 11)	**–**	–	–	**836,004**	464,999	(201,901)
Share in net income (losses) of an associate (Note 11)	**73,133**	(89,384)	(37,893)	**73,133**	(89,384)	(37,893)
Miscellaneous (Notes 21 and 29)	**1,516,523**	878,445	966,855	**1,391,657**	800,097	891,953
TOTAL OPERATING INCOME	**25,728,097**	21,788,941	19,572,326	**21,787,581**	18,206,381	16,039,602
Compensation and fringe benefits (Notes 24 and 29)	**5,708,948**	4,982,934	4,674,469	**4,288,096**	3,752,229	3,532,596
Taxes and licenses	**2,264,025**	2,000,404	1,587,118	**1,819,331**	1,573,887	1,252,878
Occupancy cost (Notes 26 and 29)	**2,112,602**	1,830,675	1,723,277	**1,528,876**	1,281,107	1,207,677
Insurance	**1,440,153**	1,163,507	990,788	**1,241,575**	991,179	827,026
Depreciation and amortization (Notes 12, 13 and 14)	**1,217,489**	1,124,786	979,412	**877,240**	775,210	676,286
Provision for impairment and credit losses (Note 16)	**754,171**	850,546	966,574	**423,922**	521,475	487,485
Transportation and traveling	**378,703**	298,666	311,587	**289,903**	218,136	222,276
Professional fees, marketing and other related services	**312,042**	268,394	245,760	**222,509**	182,275	187,773
Entertainment, amusement and recreation	**287,105**	242,710	276,809	**182,172**	146,993	156,289
Stationery, supplies and postage	**268,901**	241,786	241,151	**197,567**	193,232	150,956
Repairs and maintenance	**104,298**	123,025	160,902	**69,276**	87,734	102,882
Miscellaneous (Notes 21 and 29)	**1,867,552**	1,073,986	1,001,934	**1,490,658**	941,489	800,742
TOTAL OPERATING EXPENSES	**16,715,989**	14,201,419	13,159,781	**12,631,125**	10,664,946	9,604,866
INCOME BEFORE INCOME TAX	**9,012,108**	7,587,522	6,412,545	**9,156,456**	7,541,435	6,434,736
PROVISION FOR INCOME TAX (Note 27)	**1,489,177**	1,126,552	809,969	**1,642,484**	1,083,139	828,070
NET INCOME	**₱7,522,931**	₱6,460,970	₱5,602,576	**₱7,513,972**	₱6,458,296	₱5,606,666
Attributable to:						
Equity holders of the Parent Company (Note 32)	**₱7,513,972**	₱6,458,296	₱5,606,666			
Non-controlling interest	**8,959**	2,674	(4,090)			
	₱7,522,931	₱6,460,970	₱5,602,576			
Basic/Diluted Earnings Per Share (Note 32)	**₱2.91**	₱2.88	₱2.50*			

** Weighted average number of outstanding common shares in 2016 and 2015 was recomputed after giving retroactive effect to stock rights and stock dividends distributed in 2017* (Note 23).
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					
	2017	2016	2015	**2017**	2016	2015
NET INCOME	**₱7,522,931**	₱6,460,970	₱5,602,576	**₱7,513,972**	₱6,458,296	₱5,606,666
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	**158,946**	449,110	(487,124)	**113,020**	512,562	(464,471)
Gains taken to profit or loss (Note 21)	**(365,145)**	(918,673)	(638,723)	**(342,146)**	(856,031)	(629,642)
Share in changes in other comprehensive income of an associate (Note 11)	**(8,049)**	(5,457)	(123,397)	**(8,049)**	(5,457)	(123,397)
Share in changes in other comprehensive income of subsidiaries (Note 11)	**–**	–	–	**55,692**	(87,594)	(56,844)
Cumulative translation adjustment	**(15,972)**	12,455	(14,242)	**(29,255)**	(3,636)	(14,914)
Items that do not recycle to profit or loss in subsequent periods:						
Remeasurement gain (loss) on defined benefit asset, net of tax (Note 24)	**30,149**	71,075	(16,734)	**9,678**	50,560	10,030
Remeasurement loss on life insurance reserves	**(12,221)**	–	–	**(12,221)**	–	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(212,292)**	(391,490)	(1,280,220)	**(213,281)**	(389,596)	(1,279,238)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱7,310,639**	₱6,069,480	₱4,322,356	**₱7,300,691**	₱6,068,700	₱4,327,428
Total comprehensive income attributable to:						
Equity holders of the Parent Company	**₱7,300,691**	₱6,068,700	₱4,327,428			
Non-controlling interest	**9,948**	780	(5,072)			
	₱7,310,639	₱6,069,480	₱4,322,356			

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 23)	**Capital Paid in Excess of Par Value** (Note 23)	**Surplus Reserves** (Notes 23 and 28)	**Surplus** (Notes 23 and 28)	**Net Unrealized Gains (Losses) on Available-for-Sale Financial Assets** (Note 9)	**Remeasurement Gain on Defined Benefit Asset or Liability** (Note 24)	**Cumulative Translation Adjustment**	**Remeasurement Loss on Life Insurance Reserve**	**Total Equity**	**Non-Controlling Interest** (Note 11)	**Total Equity**
Balance at January 1, 2017	**₱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**
Transfer from surplus to surplus reserves	**–**	**–**	**65,059**	**(65,059)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**7,513,972**	**(214,680)**	**29,818**	**(16,198)**	**(12,221)**	**7,300,691**	**9,948**	**7,310,639**
Issuance of common shares (₱31.00 per share)	**4,838,710**	**10,160,753**	**–**	**–**	**–**	**–**	**–**	**–**	**14,999,463**	**–**	**14,999,463**
Transaction cost on the issuance of common shares	**–**	**(52,089)**	**–**	**–**	**–**	**–**	**–**	**–**	**(52,089)**	**–**	**(52,089)**
Stock dividends - 8.00%	**1,988,729**	**–**	**–**	**(1,988,729)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Cash dividends - ₱0.80 per share	**–**	**–**	**–**	**(1,988,720)**	**–**	**–**	**–**	**–**	**(1,988,720)**	**–**	**(1,988,720)**
Balance at December 31, 2017	**₱26,847,717**	**₱17,096,228**	**₱926,689**	**₱40,360,563**	**(₱1,813,280)**	**₱283,763**	**(₱38,698)**	**(₱12,221)**	**₱83,650,761**	**₱4,736**	**₱83,655,497**
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	₱199,152	(₱20,392)	₱–	₱56,565,431	₱2,053	₱56,567,483
Total comprehensive income (loss) for the year	–	–	–	5,606,666	(1,249,000)	(15,997)	(14,242)	–	4,327,427	(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

See accompanying Notes to Financial Statements.

CHINA BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Parent Company								
	Capital Stock (Note 23)	**Capital Paid in Excess of Par Value** (Note 23)	**Surplus Reserves** (Notes 23 and 28)	**Surplus** (Notes 23 and 28)	**Net Unrealized Gains (Losses) on Available-for-Sale Financial Assets** (Note 9)	**Remeasurement Gain on Defined Benefit Asset or Liability** (Note 24)	**Cumulative Translation Adjustment**	**Remesasurement Loss on Life Insurance Reserve**	**Total Equity**
Balance at January 1, 2017	**₱20,020,278**	**₱6,987,564**	**₱861,630**	**₱36,889,099**	**(₱1,598,600)**	**₱253,945**	**(₱22,500)**	**₱–**	**₱63,391,416**
Transfer from surplus to surplus reserves	–	–	**65,059**	**(65,059)**	–	–	–	–	–
Total comprehensive income (loss) for the year	–	–	–	**7,513,972**	**(214,680)**	**29,818**	**(16,198)**	**(12,221)**	**7,300,691**
Issuance of common shares (₱31.00 per share)	**4,838,710**	**10,160,753**	–	–	–	–	–	–	**14,999,463**
Transaction cost on the issuance of common shares	–	**(52,089)**	–	–	–	–	–	–	**(52,089)**
Stock dividends - 8.00%	**1,988,729**	–	–	**(1,988,729)**	–	–	–	–	–
Cash dividends - ₱0.80 per share	–	–	–	**(1,988,720)**	–	–	–	–	**(1,988,720)**
Balance at December 31, 2017	**₱26,847,717**	**₱17,096,228**	**₱926,689**	**₱40,360,563**	**(₱1,813,280)**	**₱283,763**	**(₱38,698)**	**(₱12,221)**	**₱83,650,761**
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
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	₱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

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					
	2017	2016	2015	**2017**	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱9,012,108**	₱7,587,522	₱6,412,545	**₱9,156,456**	₱7,541,435	₱6,434,736
Adjustments for:						
Depreciation and amortization (Notes 12, 13 and 14)	**1,217,489**	1,124,786	979,412	**877,240**	775,210	676,286
Provision for impairment and credit losses (Note 16)	**754,171**	850,546	966,574	**423,922**	521,745	487,485
Trading and securities gain on available-for-sale and held-to-maturity financial assets (Note 21)	**(365,145)**	(918,673)	(638,723)	**(342,146)**	(856,031)	(629,642)
Gain on sale of investment properties	**(670,612)**	(443,315)	(375,754)	**(614,587)**	(338,088)	(353,249)
Gain on asset foreclosure and dacion transactions (Note 13)	**(157,415)**	(172,480)	(274,978)	**(71,888)**	(140,747)	(150,177)
Share in net losses of an associate (Notes 2 and 11)	**(73,133)**	89,384	37,893	**(73,133)**	89,384	37,893
Share in net losses (income) of subsidiaries (Notes 2 and 11)	–	–	–	**(836,004)**	(464,999)	201,900
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Financial assets at FVPL	**(8,510,654)**	(1,282,482)	2,160,869	**(8,799,606)**	(1,590,640)	2,511,781
Loans and receivables	**(63,393,487)**	(78,836,033)	(21,441,441)	**(57,873,074)**	(70,542,734)	(15,073,046)
Other assets	**6,159**	(1,225,573)	(444,632)	**275,322**	(882,576)	(1,230,263)
Increase (decrease) in the amounts of:						
Deposit liabilities	**93,510,375**	102,317,332	39,964,142	**88,273,987**	97,358,575	32,518,781
Manager's checks	**411,264**	573,280	235,103	**263,663**	704,106	(80,700)
Accrued interest and other expenses	**759,429**	283,916	(46,474)	**722,597**	300,356	(51,480)
Other liabilities	**177,618**	827,790	1,070,312	**(540,630)**	759,981	1,262,845
Net cash generated from operations	**32,678,167**	30,776,000	28,604,848	**30,842,119**	33,234,977	26,563,150
Income taxes paid	**(1,554,045)**	(973,575)	(507,801)	**(1,274,667)**	(863,477)	(414,842)
Net cash provided by operating activities	**31,124,122**	29,802,425	28,097,047	**29,567,452**	32,371,500	26,148,308
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to bank premises, furniture, fixtures and equipment (Note 12)	**(1,752,173)**	(1,258,911)	(1,493,982)	**(1,387,684)**	(1,065,308)	(1,400,741)
Additions to equity investments (Note 11)	–	–	–	**(500,000)**	(2,700,452)	(4,002,521)
Liquidation of a subsidiary (Note 11)	–	–	–	–	50,000	–
Purchases of:						
Held-to-maturity financial assets	**(23,618,560)**	(41,647,865)	(4,490,149)	**(23,599,743)**	(41,007,909)	(3,081,425)
Available-for-sale financial assets	**(54,304,672)**	(89,249,294)	(54,192,915)	**(53,171,027)**	(87,747,373)	(53,870,729)
Proceeds from sale/maturity of:						
Held-to-maturity financial assets	**15,737,093**	374,569	463,346	**16,135,271**	884,532	489,568
Available-for-sale financial assets	**41,891,950**	104,653,914	43,031,164	**41,500,714**	103,940,382	43,647,299
Investment properties	**1,335,946**	977,963	1,137,792	**846,974**	675,003	327,682
Bank premises, furniture, fixtures and equipment	**275,109**	151,286	567,758	**242,202**	199,460	571,677
Net cash used in investing activities	**(20,435,307)**	(25,998,338)	(14,976,986)	**(19,933,293)**	(26,771,665)	(17,319,190)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills payable	**252,268,556**	18,588,791	19,151,089	**252,268,556**	18,588,791	18,488,559
Settlement of bills payable	**(249,105,524)**	(20,718,973)	(6,386,489)	**(249,105,524)**	(20,056,443)	(5,243,510)
Settlement of subordinated debt (Note 18)	–	–	(1,188,762)	–	–	–
Payments of cash dividends (Note 23)	**(1,988,720)**	(1,853,728)	(1,716,414)	**(1,988,720)**	(1,853,728)	(1,716,414)
Acquisitions of non-controlling interest (Note 11)	–	(452)	(2,521)	–	–	–
Proceeds from issuance of common shares (Note 23)	**14,999,463**	–	–	**14,999,463**	–	–
Transaction cost on the issuance of common shares (Note 23)	**(52,089)**			**(52,089)**		
Net cash provided by (used in) financing activities	**16,121,687**	(3,984,362)	9,856,903	**16,121,687**	(3,321,380)	11,528,635
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**26,810,502**	(180,277)	22,976,964	**25,755,846**	2,278,455	20,357,753

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2017	2016	2015	**2017**	2016	2015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**₱26,810,502**	(₱180,277)	₱22,976,964	**₱25,755,846**	₱2,278,455	₱20,357,753
CASH AND CASH EQUIVALENTS AT BEGINNING 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
Securities purchased under resale agreements (Note 8)	**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
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**12,685,984**	12,010,543	11,377,101	**11,160,173**	10,580,748	10,052,891
Due from Bangko Sentral ng Pilipinas (Note 7)	**98,490,014**	91,964,495	86,318,501	**91,717,037**	85,307,128	77,003,616
Due from other banks (Note 7)	**15,641,476**	11,332,236	21,243,492	**14,066,620**	9,689,165	19,200,544
Securities purchased under resale agreements (Note 8)	**18,751,845**	3,451,543	–	**17,347,522**	2,958,465	–
	₱145,569,319	₱118,758,817	₱118,939,094	**₱134,291,352**	₱108,535,506	₱106,257,051

OPERATING CASH FLOWS FROM INTEREST

	Consolidated			Parent Company		
	As of December 31					
	2017	2016	2015	**2017**	2016	2017
Interest paid	**₱6,652,755**	₱5,028,667	₱4,240,401	**₱5,359,209**	₱3,812,560	₱3,020,972
Interest received	**25,835,369**	21,498,837	18,932,577	**21,322,995**	17,273,294	15,163,965

See accompanying Notes to Financial Statements.

1. **Corporate Information**

China Banking Corporation (the Parent Company) is a publicly listed universal 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 436 and 391 local branches as of December 31, 2017 and 2016, 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 2017	2016	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
China Bank Savings, Inc. (CBSI)	**98.29%**	98.29%	Philippines	Retail and consumer banking
China Bank Capital Corporation (CBCC)	**100.00%**	100.00%	Philippines	Investment house
CBC Assets One (SPC) Inc.*	**100.00%**	100.00%	Philippines	Special purpose corporation
China Bank Securities Corporation (CBCSec)**	**100.00%**	–	Philippines	Stock Brokerage

**Established in 2016, 100% owned through CBCC*
***Obtained control on March 6, 2017, 100% owned through CBCC (see note 11)*

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, 2017 and 2016.

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 22.

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, 2017. 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 PAS 7*, Statement of Cash Flows, Disclosure Initiative*
    On January 1, 2017, the Group adopted the amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative.* The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amedments, entities are not required to provide comparative information to preceding periods.

    The reconciliation analysis of liabilities arising from financing activities is presented in Note 34.

  - Amendments to PAS 12, *Income Taxes*, *Recognition of Deferred Tax Assets for Unrealized Losses*

- *Annual Improvements to PFRSs (2014 – 2016 Cycle)*
  - Amendment to PFRS 12*, Clarification of the Scope of the Standard*

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 securities purchased under resale agreement (SPURA) 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.

Securities Purchased under Resale Agreement

Securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the balance sheet. The corresponding cash paid including accrued interest, is recognized in the balance sheet as SPURA. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the EIR method.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Purchases or sales of financial assets, except for derivative instruments, 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 instruments at FVPL

Financial instruments 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 and corporate debt 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 instruments 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 instruments 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.

As of December 31, 2017 and 2016, financial assets designated as at FVPL consist of instruments in shares of stocks.

Derivative instruments
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 as financial instruments 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 and the Group would be prohibited from classifying any financial asset under HTM category during the current year and two succeeding years thereafter unless for sales or reclassifications that:

- are so close to maturity or the financial asset's call date (for example, less than three months before maturity) that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- occur after the entity has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
- are attributable to an isolated event that is beyond the entity's control, is non-recurring and could not have been reasonably anticipated by the entity.

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. This account consists of government and corporate debt securities.

Loans and receivable
This accounting policy relates to the balance sheet captions 'Due from BSP', 'Due from other banks', 'SPURA', 'Loans and receivables', 'Accrued interest receivable', 'Accounts receivable', 'Sales contract receivable' (SCR), 'Returned checks and other cash items' (RCOCI), and 'Miscellaneous financial 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 government and corporate debt securities.

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 9.

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 as gain on bargain purchase under 'Miscellaneous income'.

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 Company
The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent company when the distribution is authorized and the distribution is no longer at the discretion of the Group.

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 11 and 14).

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.

<u>Capital Stock</u>
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.

<u>Revenue Recognition</u>
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 when risks and rewards have been transferred and when the collectability of the sales price is reasonably assured.

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

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

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

Retirement Benefits

Defined benefit plan

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

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

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

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund. 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 31. 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, 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 as the Group does not have share-based payment schemes.

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 OCI, 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 significant impact on the Group.

PFRS 9, *Financial Instruments*
PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement* and is effective for annual periods beginning on or after January 1, 2018. Early application is permitted if an entity applies all the requirements of the standard.

PFRS 9 is required to be applied on a retrospective basis, with certain exceptions. As permitted, the Group will not restate the Group prior period comparative consolidated financial statements when the Group adopts the requirements of the new standard. Differences in the carrying amounts of financial instruments resulting from the adoption of PFRS 9 will be recognized in the opening January 1, 2018 surplus and OCI as if the Group had always followed the new requirements.

In the period of initial application, the requirements of PFRS 9 on the classification and measurement of financial assets and on the recognition of expected credit losses will have an impact on the Group's and Parent Company's financial statements. The opening January 1, 2018 surplus and OCI in the Group's and Parent Company's statement of financial position are expected to change as a result of applying PFRS 9's requirements on classification and measurement of financial assets. This change will result from reclassifications of financial assets depending on the Group's and the Parent Company's application of its business models and its assessment of the financial assets' cash flow characteristics. The opening January 1, 2018 surplus and OCI in the Group's and Parent Company's statement of financial position are also expected to change as a result of applying PFRS 9's requirements on the recognition of expected credit losses. This change depends on whether there have been significant increases in the credit risk of the Group's and Parent Company's financial assets since initial recognition and on the Group's and Parent Company's evaluation of factors relevant to the measurement of expected credit losses such as a range of possible outcomes and information about past events, current conditions and forecasts of future economic conditions. During 2018, PFRS 9's requirements will have an impact on the Group's and Parent Company's financial statements depending on certain factors such as the financial assets' corresponding business models, cash flow characteristics, and changes in credit risks. The Group is still completing its assessment of the impact of PFRS 9.

In the period of initial application, the requirements of PFRS 9 on the classification and measurement of financial liabilities and on the application of hedge accounting are not expected to have an impact on the Group's and Parent Company's financial statements.

The key changes to the Group's accounting policies resulting from the adoption of PFRS 9 are described below.

Classification and measurement
The PFRS 9 classification and measurement model requires that all debt financial assets that do not meet the "solely payment of principal and interest" (SPPI) test, including those that contain embedded derivatives, be classified at initial recognition as at fair value through profit or loss (FVPL). The intent of the SPPI test is to ensure that debt instruments that contain non-basic lending features, such as conversion options and equity linked pay-outs, are measured at FVPL. Subsequent measurement of instruments classified as FVPL under PFRS 9 operates in a similar manner to financial instruments held for trading under PAS 39.

For debt financial assets that meet the SPPI test, classification at initial recognition will be determined based on the business model under which these instruments are managed. Debt instruments that are managed on a "held for trading" or "fair value" basis will be classified as at FVPL. Debt instruments that are managed on a "hold to collect and for sale" basis will be classified as at fair value through OCI (FVOCI) for debt. Debt instruments that are managed on a "hold to collect" basis will be classified as at amortized cost. Subsequent measurement of instruments classified as at FVOCI and amortized cost classifications under PFRS 9 operate in a similar manner to AFS financial assets for debt financial assets and loans and receivables, respectively, under existing PAS 39, except for the impairment provisions which are discussed below.

For those debt financial assets that would otherwise be classified as at FVOCI or amortized cost, an irrevocable designation can be made at initial recognition to instead measure the debt instrument at FVPL under the fair value option (FVO) if doing so eliminates or significantly reduces an accounting mismatch.

All equity financial assets are required to be classified at initial recognition as at FVPL unless an irrevocable designation is made to classify the instrument as at FVOCI for equities. Unlike AFS for equity securities under PAS 39, the FVOCI for equities category results in all realized and unrealized gains and losses being recognized in OCI with no recycling to profit and loss. Only dividends will continue to be recognized in profit and loss.

The classification and measurement of financial liabilities remain essentially unchanged from the current PAS 39 requirements, except that changes in fair value of FVO liabilities attributable to changes in own credit risk are to be presented in OCI, rather than profit and loss.

Derivatives will continue to be measured at FVPL under PFRS 9.

Impairment
The new impairment guidance sets out an expected credit loss (ECL) model applicable to all debt instrument financial assets classified as amortized cost or FVOCI. In addition, the ECL model applies to loan commitments and financial guarantees that are not measured at FVPL.

Expected Credit Loss Methodology
The application of ECL will significantly change the Group credit loss methodology and models. ECL allowances represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and

reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either: (i) 12-month ECL; or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition or when there is objective evidence of impairment. This compares to the present incurred loss model that incorporates a single best estimate, the time value of money and information about past events and current conditions and which recognizes lifetime credit losses when there is objective evidence of impairment and also allowances for incurred but not identified credit losses.

Stage Migration and Significant Increase in Credit Risk
Financial instruments subject to the ECL methodology are categorized into three stages.

For non-impaired financial instruments:
Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12 months of ECL. In contrast to stage 1 and stage 2, inherent within the incurred loss methodology under PAS 39, allowances are provided for non-impaired financial instruments for credit losses that are incurred but not yet identified.

For impaired financial instruments:
Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument or a portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the current requirements under PAS 39 for impaired financial instruments.

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 plans to adopt the modified retrospective method.

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.

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

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 does not expect any effect on its financial statements upon adoption of these amendments.

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.

The Group does not expect any effect on its financial statements upon adoption of these amendments.

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.

Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

Amendments to PAS 28*, Long-term Interests in Associates and Joint Ventures*
The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The amendment are not expected to have any impact on the Group.

Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

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

Deferred effectivity
Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or

contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments and Estimates

The preparation of the 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 discounted cash flow model, incorporating inputs such as current market rates of comparable instruments. The carrying values and corresponding fair values of financial instruments, as well as the manner in which fair values were determined, are discussed in more detail in Note 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 to HTM are disclosed in Note 9.

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 (Note 30). 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 such as the financial condition of the borrower, estimated future cash flows, observable market prices and estimated net selling prices of the related collateral. 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 historical loss experience adjusted on the basis of current observable data for assets with similar credit risk characteristics.

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 10 and 16.

b. *Impairment of goodwill*

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit CGU to which the goodwill relates. 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. For VIU, the Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital. Impairment assessment process requires significant judgement and based on assumptions, specifically loan and deposit growth rates, discount rate and the terminal value growth rates.

Where the recoverable amount is less than the carrying amount of the CGU to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The carrying values of the Group's goodwill are disclosed in Note 14.

c. *Impairment of branch licenses*

The Group conducts an annual review for any impairment in the value of branch licenses. Branch licenses are written down for impairment where the recoverable value is insufficient to support the carrying value. The recoverable amount of 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. 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. For VIU, the Group estimates the discount rate used for the computation of the net present value by reference to industry cost of capital. Impairment assessment process requires significant judgement and based on assumptions, specifically loan and deposit growth rates, discount rate and the terminal value growth rates.

The carrying values of the Group's branch licenses are disclosed in Note 14.

d. *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.

The present value of the retirement obligation and fair value of plan assets, including the details of the assumptions used in the calculation are disclosed in Note 24.

e. *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. Key assumptions used in forecast of future taxable income include loan portfolio and deposit growth rates.

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 27.

f. *Impairment on non-financial assets*
The Group 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 nonfinancial assets are disclosed in Notes 12 and 13.

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	
	2017	2016	**2017**	2016
Financial assets				
Cash and other cash items	**₱12,685,984**	₱12,010,543	**₱11,160,173**	₱10,580,748
Financial assets at FVPL	**16,238,888**	7,703,899	**16,056,823**	7,232,882
AFS financial assets	**46,445,391**	33,873,723	**42,937,083**	31,153,750
HTM financial assets	**65,286,267**	57,404,800	**61,533,493**	54,069,021
Loans and receivables:				
Due from BSP	**98,490,014**	91,964,495	**91,717,037**	85,307,128
Due from other banks	**15,641,476**	11,332,236	**14,066,620**	9,689,165
SPURA	**18,751,845**	3,451,543	**17,347,522**	2,958,465
Loans and receivables	**448,970,942**	386,827,300	**386,554,498**	329,069,859
Accrued interest receivable	**3,718,505**	3,014,529	**3,189,083**	2,666,353
Other assets	**3,645,678**	4,933,768	**1,594,757**	2,990,134
	589,218,460	501,523,871	**514,469,517**	432,681,104
Total financial assets	**₱729,874,990**	₱612,516,836	**₱646,157,089**	₱535,717,505

*Other assets include accounts receivables, SCR, RCOCI and miscellaneous financial assets (Note 15).

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Financial liabilities				
Other financial liabilities:				
Deposit liabilities	**₱635,093,393**	₱541,583,018	**₱559,235,979**	₱470,961,992
Bills payable	**20,118,031**	16,954,998	**20,118,031**	16,954,998
Manager's checks	**2,441,042**	2,029,778	**1,709,248**	1,445,585
Accrued interest and other expenses*	**1,381,441**	870,204	**1,068,572**	577,550
Other liabilities**	**5,399,076**	5,238,408	**3,509,795**	4,089,817
	664,432,983	566,676,406	**585,641,625**	494,029,942
Financial liabilities at FVPL:				
Derivative liabilities	**267,533**	243,198	**267,533**	243,198
Total financial liabilities	**₱664,700,516**	₱566,919,604	**₱585,909,158**	₱494,273,140

*Accrued interest and other expenses includes accrued interest payable and accrued other expenses payable (Note 19).
**Other liabilities exclude withholding taxes payable and retirement liabilities (Note 20).

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 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 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, 2017 and 2016, 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			
	2017		2016	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
HTM financial assets (Note 9)				
Government bonds	**₱52,998,477**	**₱51,488,294**	₱42,638,409	₱40,492,328
Private bonds	**12,287,790**	**12,110,870**	14,766,391	14,581,086
Loans and receivables (Note 10)				
Corporate and commercial loans	**365,117,654**	**349,880,762**	315,140,091	294,494,449
Consumer loans	**71,577,984**	**74,207,566**	58,528,805	53,251,627
Trade-related loans	**12,062,711**	**12,041,107**	12,767,908	12,945,460
Others	**212,593**	**196,307**	390,496	309,048
Sales contracts receivable (Note 15)	**918,147**	**1,060,191**	893,084	876,406
Financial Liabilities				
Deposit liabilities (Note 17)	**292,083,031**	**282,586,204**	265,164,139	257,683,489
Bills payable (Note 18)	**–**	**–**	16,954,998	16,409,581

	Parent Company			
	2017		2016	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
HTM financial assets (Note 9)				
Government bonds	**₱50,263,703**	**₱48,754,016**	₱39,952,630	₱37,832,994
Private bonds	**11,269,790**	**11,354,669**	14,116,391	13,939,793
Loans and receivables (Note 10)				
Corporate and commercial loans	**333,430,383**	**315,853,285**	283,740,901	264,258,587
Consumer loans	**42,556,905**	**41,952,821**	34,149,927	29,357,086
Trade-related loans	**10,513,204**	**10,417,129**	11,110,851	11,289,013
Others	**54,006**	**63,198**	68,180	79,805
Sales contracts receivable (Note 15)	**184,092**	**200,134**	224,149	267,688
Financial Liabilities				
Deposit liabilities (Note 17)	**240,712,750**	**236,777,045**	215,924,029	207,506,093
Bills payable (Note 18)	**–**	**–**	16,954,998	16,409,581

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, SPURA 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, 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 discounted cash flows, using prevailing interest rate differential and spot exchange rates.

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, 2017 and 2016, the fair value hierarchy of the Group's and the Parent Company's assets and liabilities are presented below:

	Consolidated			
	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	**₱5,792,345**	**₱119,314**	**₱–**	**₱5,911,659**
Treasury notes	**1,413,940**	**479,252**	**–**	**1,893,192**
Treasury bills	**315,996**	**1,709,371**	**–**	**2,025,367**
Private bonds	**2,663,397**	**–**	**–**	**2,663,397**
Financial assets designated at FVPL	**3,411,686**	**–**	**–**	**3,411,686**
Derivative assets	**–**	**333,587**	**–**	**333,587**
AFS financial assets				
Government bonds	**25,761,577**	**9,467,927**	**–**	**35,229,504**
Quoted private bonds	**11,051,657**	**38,781**	**–**	**11,090,438**
Quoted equity shares	**67,903**	**–**	**–**	**67,903**
	₱50,478,501	**₱12,148,232**	**₱–**	**₱62,626,733**

	Consolidated			
	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities at FVPL				
Derivative liabilities	**₱–**	**₱267,533**	**₱–**	**₱267,533**
	₱–	**₱267,533**	**₱–**	**₱267,533**
Fair values of assets carried at amortized cost/cost[(a)]				
HTM financial assets				
Government bonds	**₱51,488,294**	**₱–**	**₱–**	**₱51,488,294**
Private bonds	**12,110,870**	**–**	**–**	**12,110,870**
Loans and receivables				
Corporate and commercial loans	**–**	**–**	**349,880,762**	**349,880,762**
Consumer loans	**–**	**–**	**74,207,566**	**74,207,566**
Trade-related loans	**–**	**–**	**12,041,107**	**12,041,107**
Others	**–**	**–**	**196,307**	**196,307**
Sales contracts receivable	**–**	**–**	**1,060,191**	**1,060,191**
Investment properties[(b)]				
Land	**–**	**–**	**7,091,280**	**7,091,280**
Buildings and improvements	**–**	**–**	**2,406,887**	**2,406,887**
	₱63,599,164	**₱–**	**₱446,884,100**	**₱510,483,264**
Fair values of liabilities carried at amortized cost[(a)]				
Deposit liabilities	**₱–**	**₱–**	**₱625,596,566**	**₱625,596,566**
Bills payable	**–**	**–**	**19,825,796**	**19,825,796**
	₱–	**₱–**	**₱645,422,362**	**₱645,422,362**

(a) valued as of December 31, 2017
(b) valued at various dates in 2017 and 2016

	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 papers	–	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

	Consolidated			
	2016			
	Level 1	Level 2	Level 3	Total
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

	Parent Company			
	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements[(a)]				
Financial assets at FVPL				
Held-for-trading				
Government bonds	**₱5,757,518**	**₱119,314**	**₱–**	**₱5,876,832**
Treasury notes	**1,313,369**	**479,252**	**–**	**1,792,621**
Treasury bills	**315,996**	**1,709,371**	**–**	**2,025,367**
Private bonds	**2,616,730**	**–**	**–**	**2,616,730**
Financial assets designated at FVPL	**3,411,686**	**–**	**–**	**3,411,686**
Derivative assets	**–**	**333,587**	**–**	**333,587**
AFS financial assets				
Government bonds	**22,905,417**	**9,467,927**	**–**	**32,373,344**
Quoted private bonds	**10,483,794**	**–**	**–**	**10,483,794**
Quoted equity shares	**67,903**	**–**	**–**	**67,903**
	₱46,872,413	**₱12,109,451**	**₱–**	**₱58,981,864**
Financial liabilities at FVPL				
Derivative liabilities	**₱–**	**₱267,533**	**₱–**	**₱267,533**
	₱–	**₱267,533**	**₱–**	**₱267,533**
Fair values of assets carried at amortized cost/cost[(a)]				
HTM financial assets				
Government bonds	**₱48,754,016**	**₱–**	**₱–**	**₱46,784,643**
Private bonds	**11,354,669**	**–**	**–**	**13,324,042**
Loans and receivables				
Corporate and commercial loans	**–**	**–**	**315,853,285**	**315,853,285**
Consumer loans	**–**	**–**	**41,952,821**	**41,952,821**
Trade-related loans	**–**	**–**	**10,417,129**	**10,417,129**
Others	**–**	**–**	**63,198**	**63,198**
Sales contracts receivable	**–**	**–**	**200,134**	**200,134**
Investment properties[(b)]				
Land	**–**	**–**	**4,225,706**	**4,225,706**
Buildings and improvements	**–**	**–**	**970,099**	**970,099**
	₱60,108,685	**₱–**	**₱373,682,372**	**₱433,791,057**
Fair values of liabilities carried at amortized cost				
Deposit liabilities	**₱–**	**₱–**	**₱549,154,172**	**₱549,154,172**
Bills payable	**–**	**–**	**19,825,796**	**19,825,796**
	₱–	**₱–**	**₱568,979,968**	**₱568,979,968**

(a) valued as of December 31, 2017
(b) valued at various dates in 2017 and 2016

	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

(Forward)

	Parent Company			
	2016			
	Level 1	Level 2	Level 3	Total
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

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 2017 and 2016.

The inputs used in the fair value measurement based on Level 2 are as follows:

Government securities - interpolated rates based on market rates of benchmark securities as of reporting date.

Private bonds and commercial papers - quoted market price of comparable investments with credit risk premium that is insignificant to the entire fair value measurement.

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

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

The fair values of the Group's and Parent Company's investment properties have been determined by the appraisal method by independent external and in-house appraisers based on highest and best use of property being appraised. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

The table below summarizes the valuation techniques used and the significant unobservable inputs valuation for each type of investment properties held by the Group and the Parent Company:

	Valuation Techniques	Significant Unobservable Inputs
Land	Market Data Approach	Price per square meter, size, location, shape, time element and corner influence
Land and Building	Market Data Approach and Cost Approach	Reproduction Cost New

Description of the valuation techniques and significant unobservable inputs used in the valuation of the Group and the Parent Company's investment properties are as follows:

Valuation Techniques

Market Data Approach	A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.
Cost Approach	It is an estimate of the investment required to duplicate the property in its present condition. It is reached by estimating the value of the building "as if new" and then deducting the depreciated cost. Fundamental to the Cost Approach is the estimate of Reproduction Cost New of the improvements.

Significant Unobservable Inputs

Reproduction Cost New	The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a Main Road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a Main Road are superior to properties located along a secondary road.
Time Element	"An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Corner influence	Bounded by two (2) roads.

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

The Group's activities are principally related to the profitable use of financial instruments. Risks are inherent in these activities but are managed by the Group through a rigorous, comprehensive and continuous process of identification, measurement, monitoring and mitigation of these risks, partly through the effective use of risk and authority limits and thresholds, process controls and monitoring, and independent controls. As reflected in its corporate actions and organizational improvements, the Group has placed due importance on expanding and strengthening its risk management process and considers it as a vital component to the Group's continuing profitability and financial stability. Central to the Group's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate unavoidable risks and maximize returns from taking acceptable risks necessary to sustain its business viability and good financial position in the market.

The key financial risks that the Group faces are: credit risk, market risk (i.e. interest rate risk, foreign currency risk and equity price risk) and liquidity risk. The Group's risk management objective is primarily focused on controlling and mitigating these risks. The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries, particularly CBSI, 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 Oversight Committee (ROC) 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 ROC is composed of three members of the BOD, two of whom are independent directors.

The Risk Management Group (RMG) is the direct support of the ROC in the day-to-day risk management and the implementation of the risk management strategies approved by the ROC. 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 ROC. 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 ROC 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 ROC. 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.

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 ROC 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 the Maximum Cumulative Outflow and Earnings-at-Risk reports from the Asset and Liability Management (ALM) system. It was implemented in 2013 and was upgraded in 2016 to a new version which include modules for calculating Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). 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 5, 2017, the BOD approved the inclusion of cybersecurity as part of the priority risks related to Information Technology. This is in addition to the priority risks set in the 2009 Risk Self-assessment Survey and voting conducted among selected members of the BOD and Senior Management which were retained 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 changes in the trigger events for the review of Capital Ratios MAT and the retention of the methodology for the CET1 ratio limit and the Management Action Trigger (MAT) on capital ratios. There were no changes made in the approved trigger events for the review of Priority Risks.

The Parent Company submitted its annually updated ICAAP document, in compliance with BSP requirements on March 31, 2017. 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, 2017, 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 includes 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.

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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 30) by geographic region as of December 31, 2017 and 2016 (in millions) follows:

	Consolidated					
	2017			2016		
	Assets	**Liabilities**	**Commitment**	Assets	Liabilities	Commitment
Geographic Region						
Philippines	**₱711,801**	**₱651,283**	**₱58,135**	₱557,597	₱549,944	₱56,813
Asia	**8,530**	**3,850**	**20,151**	8,065	13,200	3,629
Europe	**5,442**	**2,952**	**5,431**	3,608	1,050	808
United States	**499**	**6,616**	**2,794**	33,336	1,240	6,287
Others	**3,603**	**–**	**4**	9,911	1,486	14
	₱729,875	**₱664,701**	**₱86,515**	₱612,517	₱566,920	₱67,551

	Parent Company					
	2017			2016		
	Assets	**Liabilities**	**Commitment**	Assets	Liabilities	Commitment
Geographic Region						
Philippines	**₱629,802**	**₱572,601**	**₱187,151**	₱480,892	₱477,297	₱52,965
Asia	**6,905**	**3,740**	**20,151**	8,065	13,200	3,629
Europe	**5,442**	**2,952**	**5,431**	3,608	1,050	808
United States	**405**	**6,616**	**2,794**	33,242	1,240	6,287
Others	**3,603**	**–**	**4**	9,911	1,486	14
	₱646,157	**₱585,909**	**₱215,531**	₱535,718	₱494,273	₱63,703

Information on credit concentration as to industry of loans and receivables is presented in Note 10 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		
	2017		
	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	**₱448,970,942**	**₱237,847,050**	**₱211,123,892**
SPURA	**18,751,845**	**1,865**	**18,749,980**
Sales contracts receivable	**894,843**	**–**	**894,843**
	₱468,617,630	**₱237,848,915**	**₱230,768,715**

	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
SPURA	3,451,543	343	3,451,200
Sales contracts receivable	893,084	–	893,084
	₱391,171,927	₱209,917,059	₱181,123,421

	Parent Company		
	2017		
	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	**₱386,554,498**	**₱229,957,505**	**₱126,596,993**
SPURA	**17,347,522**	**2,000**	**17,345,522**
Sales contracts receivable	**184,091**	–	**184,091**
	₱404,086,111	**₱229,960,505**	**₱144,216,606**

	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
SPURA	2,958,465	341	2,958,124
Sales contracts receivable	224,149	–	224,149
	₱332,252,473	₱189,224,590	₱143,027,882

For the Group, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱330.43 billion and ₱1.34 billion, respectively, as of December 31, 2017 and ₱250.62 billion and ₱1.60 billion, respectively, as of December 31, 2016.

For the Parent Company, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱294.54 billion and ₱1.04 billion, respectively, as of December 31, 2017 and ₱202.74 billion and ₱1.36 billion, respectively, as of December 31, 2016.

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 9). 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 30 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.

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, 2017 and 2016 (in millions) classified according to credit quality:

	Consolidated						
	2017						
	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	₱56,547	₱222,688	₱81,679	₱1,654	₱2,341	₱4,235	₱369,144
Consumer lending	28,208	6,650	4,088	31,631	3,149	134	73,860
Trade-related lending	2,397	8,117	1,671	–	37	28	12,250
Others	18	1	3	164	27	152	365
Total	₱87,170	₱237,456	₱87,441	₱33,448	₱5,554	₱4,549	₱455,619

** Includes auto/housing loans to individuals and credit card exposures that have been subjected to application scorecards resulting in PASS or FAIL assessments instead of credit grades*

	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

** Includes auto/housing loans to individuals and credit card exposures that have been subjected to application scorecards resulting in PASS or FAIL assessments instead of credit grades*

	Parent Company						
	2017						
	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	**₱27,318**	**₱222,621**	**₱81,297**	**₱1,654**	**₱1,395**	**₱2,867**	**₱337,152**
Consumer lending	**16**	**6,538**	**4,083**	**31,631**	**1,636**	**133**	**44,037**
Trade-related lending	**835**	**8,118**	**1,670**	**–**	**37**	**28**	**10,688**
Others	**–**	**1**	**–**	**53**	**–**	**–**	**54**
Total	**₱28,169**	**₱237,278**	**₱87,050**	**₱33,338**	**₱3,068**	**₱3,028**	**₱391,931**

** Includes auto/housing loans to individuals and credit card exposures that have been subjected to application scorecards resulting in PASS or FAIL assessments instead of credit grades*

	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

** Includes auto/housing loans to individuals and credit card exposures that have been subjected to application scorecards resulting in PASS or FAIL assessments instead of credit grades*

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 tables below show the credit quality of deposits and investments as of December 31, 2017 and 2016 (in millions), based on external risk ratings (gross of allowance for credit losses).

	Consolidated			
	2017			
	High Grade	Standard Grade	Substandard Grade	Total
Due from BSP	₱–	₱98,490	₱–	₱98,490
Due from other banks	4,245	10,787	13	15,045
SPURA	–	18,752	–	18,752
Financial assets at FVPL	1,194	10,013	85	11,292
AFS financial assets	8,062	28,528	1,515	38,105
HTM financial assets	320	57,917	1,416	59,653
	₱13,821	₱224,487	₱3,029	₱241,337

	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

	Parent Company			
	2017			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Due from BSP	**₱–**	**₱91,717**	**₱–**	**₱91,717**
Due from other banks	**4,124**	**9,921**	**13**	**14,058**
SPURA	**–**	**17,348**	**–**	**17,348**
Financial assets at FVPL	**1,194**	**9,877**	**85**	**11,156**
AFS financial assets	**8,062**	**25,672**	**1,485**	**35,219**
HTM financial assets	**320**	**55,182**	**1,166**	**56,668**
	₱13,700	**₱209,717**	**₱2,749**	**₱226,166**

	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

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 tables below show the credit quality of deposits and investments, by class, as of December 31, 2017 and 2016 (in millions), based on risk grades of a local rating agency (gross of allowance for credit losses).

	Consolidated			
	2017			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Due from other banks	**₱308**	**₱–**	**₱–**	**₱308**
Financial assets at FVPL	**652**	–	–	**652**
AFS financial assets	**3,011**	–	–	**3,011**
HTM financial assets	**1,078**	–	–	**1,078**
Total	**₱5,049**	**₱–**	**₱–**	**₱5,049**

	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

	Parent Company			
	2017			
	High Grade	**Standard Grade**	**Substandard Grade**	**Total**
Financial assets at FVPL	**₱652**	**₱–**	**₱–**	**₱652**
AFS financial assets	**2,636**	–	–	**2,636**
HTM financial assets	**610**	–	–	**610**
Total	**₱3,898**	**₱–**	**₱–**	**₱3,898**

	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

The table below shows the breakdown of unrated deposits and investments (gross of allowance for credit losses) as of December 31, 2017 and 2016 (in millions):

	Consolidated		**Parent Company**	
	2017	2016	**2017**	2016
Due from other banks	**₱287**	₱2,216	**₱9**	₱–
Financial assets at FVPL	**4,295**	2,322	**4,248**	2,322
AFS financial assets	**5,368**	6,760	**5,089**	6,402
HTM financial assets	**4,556**	4,983	**4,256**	4,983
Other assets*	**4,413**	5,652	**2,136**	3,605
Total	**₱18,919**	₱21,933	**₱15,738**	₱17,312

*Other assets include accounts receivables, sales contract receivable, RCOCI and miscellaneous financial assets (Note 15).

The tables below show the aging analysis of gross past due but not impaired loans and receivables that the Group and Parent Company held as of December 31, 2017 and 2016 (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, 2017	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total**
Loans and receivables					
Corporate and commercial lending	**₱919**	**₱186**	**₱296**	**₱940**	**₱2,341**
Consumer lending	**120**	**148**	**366**	**2,515**	**3,149**
Trade-related lending	**5**	**2**	**30**	**–**	**37**
Others	**–**	**–**	**–**	**27**	**27**
Total	**₱1,044**	**₱336**	**₱692**	**₱3,482**	**₱5,554**

	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

December 31, 2017	Parent Company Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
Loans and receivables					
Corporate and commercial lending	**₱872**	**₱122**	**₱211**	**₱189**	**₱1,394**
Consumer lending	**105**	**127**	**196**	**1,208**	**1,636**
Trade-related lending	**6**	**2**	**30**	**–**	**38**
Total	**₱983**	**₱251**	**₱437**	**₱1,398**	**₱3,068**

December 31, 2016	Parent Company 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

The following table presents the carrying amount of financial assets of the Group and Parent Company as of December 31, 2017 and 2016 that would have been considered past due or impaired if not renegotiated:

	Consolidated		**Parent Company**	
	2017	2016	**2017**	2016
Loans and advances to customers				
Corporate and commercial lending	**₱807,247**	₱773,888	**₱224,74**	₱358,760
Consumer lending	**42,487**	14,669	**37,587**	9,777
Total renegotiated financial assets	**₱849,734**	₱788,557	**₱262,330**	₱368,537

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.

Credit Review
In accordance with BSP Circular 855, credit reviews are conducted on loan accounts to evaluate whether loans are granted in accordance with the Bank's policies, to assess loan quality and appropriateness of classification and adequacy of loan loss provisioning. Results of credit reviews are promptly reported to management to apprise them of any significant findings for proper corrective actions.

Market Risk
Market risk is the risk of loss that may result from changes in the 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 ROC 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 99.00% confidence level and a 1-day holding period.

The use of a 99.00% 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 99.00% 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)		
2017					
31 December	₱120.05	₱7.78	₱45.24	₱4.00	₱1.76
Average daily	82.27	28.20	23.34	3.78	5.29
Highest	146.71	73.74	46.21	6.97	9.21
Lowest	37.58	2.99	3.43	1.44	1.48
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

[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] Price VaR for equity securities
[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, 2017 and 2016, 64.76% % and 51.89% 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 24.29% and 24.98% of total deposits of the Parent Company as of December 31, 2017 and 2016, respectively.

Interest is paid on savings accounts and time deposits accounts, which constitute 29.72% and 45.99%, respectively, of total deposits of the Parent Company as of December 31, 2017, and 26.06% and 48.96%, respectively, as of December 31, 2016.

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, 2017 and 2016:

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Peso				
Assets				
Due from BSP	**0.13%**	0.39%	**0.13%**	0.30%
Due from banks	**0.24%**	0.24%	**0.19%**	0.22%
Investment securities*	**4.21%**	4.00%	**4.10%**	3.95%
Loans and receivables	**5.53%**	5.65%	**5.22%**	5.34%
Liabilities				
Deposit liabilities	**1.15%**	1.01%	**1.04%**	0.85%
Bills payable	**2.99%**	7.86%	**2.99%**	7.86%
USD				
Assets				
Due from banks	**0.17%**	0.11%	**0.16%**	0.08%
Investment securities*	**3.60%**	4.36%	**3.61%**	4.90%
Loans and receivables	**3.40%**	3.56%	**3.40%**	3.48%
Liabilities				
Deposit liabilities	**1.13%**	1.23%	**1.12%**	1.24%
Bills payable	**1.94%**	1.94%	**1.94%**	1.91%

* 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 tables set forth the repricing gap position of the Group and Parent Company as of December 31, 2017 and 2016 (in millions):

	Consolidated			
	2017			
	Up to 3 Months	**>3 to 12 Months**	**>12 Months**	**Total**
Financial Assets				
Due from BSP	**₱98,490**	**₱–**	**₱–**	**₱98,490**
Due from other banks	**15,641**	**–**	**–**	**15,641**
Investment securities	**9,702**	**471**	**117,797**	**127,970**
Loans and receivables	**243,419**	**32,312**	**173,240**	**448,971**
Total financial assets	**367,252**	**32,783**	**291,037**	**691,072**
Financial Liabilities				
Deposit liabilities	**256,633**	**14,206**	**364,254**	**635,093**
Bills payable	**20,118**	**–**	**–**	**20,118**
Total financial liabilities	**276,751**	**14,206**	**364,254**	**655,211**
Repricing gap	**₱90,501**	**₱18,577**	**(₱73,217)**	**₱35,861**

	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

	Parent Company			
	2017			
	Up to 3 Months	**>3 to 12 Months**	**>12 Months**	**Total**
Financial Assets				
Due from BSP	**₱91,717**	**₱–**	**₱–**	**₱91,717**
Due from other banks	**14,067**	**–**	**–**	**14,067**
Investment securities	**7,364**	**466**	**112,697**	**120,527**
Loans and receivables	**218,899**	**23,005**	**144,651**	**386,555**
Total financial assets	**332,047**	**23,471**	**257,348**	**612,866**
Financial Liabilities				
Deposit liabilities	**215,735**	**12,112**	**331,389**	**559,236**
Bills payable	**20,118**	**–**	**–**	**20,118**
Total financial liabilities	**235,853**	**12,112**	**331,389**	**579,354**
Repricing gap	**₱96,194**	**₱11,359**	**(₱74,042)**	**₱33,512**

	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

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 tables set 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, 2017 and 2016:

	Consolidated			
	2017			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱1,046**	**₱523**	**(₱523)**	**(₱1,046)**
As a percentage of the Group's net interest income for the year ended December 31, 2017	**5.33%**	**2.66%**	**(2.66%)**	**(5.33%)**

	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	4.50%	2.25%	(2.25%)	(4.50%)

	Parent Company			
	2017			
	Change in interest rates (in basis points)			
	100bp rise	**50bp rise**	**50bp fall**	**100bp fall**
Change in annualized net interest income	**₱1,049**	**₱525**	**(₱525)**	**(₱1,049)**
As a percentage of the Parent Company's net interest income for the year ended December 31, 2017	**6.46%**	**3.23%**	**(3.23%)**	**(6.46%)**

	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	5.75%	2.88%	(2.88%)	(5.75%)

The following tables set 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, 2017 and 2016 (in millions):

	Consolidated			
	2017			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	**(₱146)**	**(₱58)**	**₱58**	**₱146**
Change in equity	**(637)**	**(255)**	**255**	**637**

	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

	Parent Company			
	2017			
	Change in interest rates (in basis points)			
	25bp rise	**10bp rise**	**10bp fall**	**25bp fall**
Change in income before tax	(₱145)	(₱58)	₱58	₱145
Change in equity	(600)	(240)	240	600

	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

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							
	2017				2016			
	USD	Other Currencies	Total	PHP	USD	Other Currencies	Total	PHP
Assets								
Cash and other cash items	$2,447	$3,173	$5,620	₱1,101,805	$15,366	$2,781	$18,147	₱896,335
Due from other banks	64,664	15,524	80,188	12,250,862	141,279	8,623	150,352	7,422,444
Financial assets at FVPL	60,427	–	60,427	11,237,326	95,587	7	95,594	4,752,967
AFS financial assets	71,057	6,324	77,381	24,952,423	460,901	–	460,901	22,859,924
HTM financial assets	31,952	9,791	41,743	36,580,224	702,957	8,560	711,517	35,252,391
Loans and receivables	30,809	7,385	38,194	41,199,173	658,657	913	659,570	32,771,104
Accrued interest receivable	992	133	1,125	1,151,126	18,691	55	18,746	929,765
Other assets	24,851	2	24,853	1,770,016	38,175	7	38,182	1,898,142
	287,199	42,332	329,531	130,242,955	2,132,064	20,941	2,153,011	106,783,072
Liabilities								
Deposit liabilities	59,445	36,388	95,833	108,853,092	$1,631,011	$18,875	$1,649,886	₱81,835,829
Bills payables	128,720	132,510	261,230	20,118,031	341,865	–	341,865	16,997,522
Accrued interest and other expenses	512	7	519	242,686	2,897	2	2,899	143,929
Other liabilities	11,317	877	12,194	2,007,057	60,462	840	61,302	2,981,638
	199,994	169,782	369,776	131,220,866	2,036,235	19,717	2,055,952	101,958,918
Currency spot	(8,054)	–	(8,054)	(402,136)	(3,027)	51	(2,976)	(148,562)
Currency forwards	(59,709)	136,301	76,591	3,526,925	(59,371)	10,790	(48,581)	(2,414,102)
Net Exposure	$19,442	$8,851	$28,292	₱2,146,878	$32,980	$12,070	$45,050	₱2,261,490

	Parent Company							
	2017				2016			
	USD	Other Currencies	Total	PHP	USD	Other Currencies	Total	PHP
Assets								
Cash and other cash items	$250	$3,173	$3,423	₱992,120	$13,224	$2,781	$16,005	₱795,534
Due from other banks	56,536	15,524	72,060	11,845,037	121,834	8,62	130,457	6,486,192
Financial assets at FVPL	59,729	–	59,729	11,202,500	95,587	7	95,594	4,752,967
AFS financial assets	49,997	6,324	56,321	23,900,888	439,821	–	439,821	21,867,906
HTM financial assets	–	9,791	9,791	34,984,879	670,955	8,560	679,515	33,746,382
Loans and receivables	23,323	7,385	30,708	40,825,401	650,077	913	650,990	32,367,332
Accrued interest receivable	96	133	229	1,106,380	17,827	55	17,882	889,109
Other assets	24,790	2	24,792	1,766,967	38,098	7	38,105	1,894,483
	214,721	42,332	257,053	126,624,172	2,047,423	20,946	2,068,370	102,799,905
Liabilities								
Deposit liabilities	501	36,388	36,889	105,910,018	1,557,612	18,875	1,576,487	78,381,671
Bills payables	128,720	132,510	261,230	20,118,031	341,865	–	341,865	16,997,522
Accrued interest and other expenses	418	7	425	238,020	2,825	2	2,827	140,518
Other liabilities	9,050	877	9,927	1,893,891	54,153	840	54,993	2,684,710
	138,689	169,782	308,471	128,159,960	1,956,455	19,717	1,976,172	98,204,421
Currency spot	(8,054)	–	(8,054)	(402,136)	(3,027)	51	(2,976)	(148,562)
Currency forwards	(59,709)	136,301	76,591	3,526,925	(59,371)	10,790	(48,581)	(2,414,102)
Net Exposure	$8,269	$8,851	$17,119	₱1,589,001	$28,570	$12,070	$40,640	₱2,032,020

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**
2017			
USD	**2%**	**₱134**	**₱595**
Other	**1%**	**3**	**3**
USD	**(2%)**	**(134)**	**(595)**
Other	**(1%)**	**(3)**	**(3)**
2016			
USD	2%	₱54	₱164
Other	1%	–	–
USD	(2%)	(54)	(164)
Other	(1%)	–	–

	Parent Company		
	Change in Foreign Exchange Rate	**Sensitivity of Pretax Income**	**Sensitivity of Equity**
2017			
USD	**2%**	**₱133**	**₱573**
Other	**1%**	**3**	**3**
USD	**(2%)**	**(133)**	**(573)**
Other	**(1%)**	**(3)**	**(3)**
2016			
USD	2%	₱51	₱143
Other	1%	–	–
USD	(2%)	(51)	(143)
Other	(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
2017	**+10%**	**₱10.5**
	-10%	**4.1**
2016	+10%	₱19.8
	-10%	12.1

	Parent Company	
	Change in equity index	Effect on Equity
2017	**+10%**	**₱10.5**
	-10%	**4.1**
2016	+10%	₱19.8
	-10%	12.1

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 tables below show the maturity profile of the Parent Company's assets and liabilities, based on contractual undiscounted cash flows (in millions):

	December 31, 2017					
	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	**₱11,160**	**₱–**	**₱–**	**₱–**	**₱–**	**₱11,160**
Due from BSP	**91,717**	**–**	**–**	**–**	**–**	**91,717**
Due from other banks	**14,067**	**–**	**–**	**–**	**–**	**14,067**
SPURA	**–**	**17,348**	**–**	**–**	**–**	**17,348**
Financial assets at FVPL	**–**	**2,673**	**844**	**760**	**14,001**	**18,278**
AFS financial assets	**–**	**8,360**	**4,802**	**4,786**	**35,082**	**53,030**
Loans and receivables	**–**	**149,393**	**23,651**	**25,443**	**268,251**	**466,738**
	106,944	**177,774**	**29,297**	**30,989**	**317,334**	**672,338**
Financial Liabilities						
Deposit liabilities						
Demand	**138,930**	**–**	**–**	**–**	**–**	**138,930**
Savings	**179,593**	**–**	**–**	**–**	**–**	**179,593**
Time	**–**	**235,825**	**799**	**5,012**	**348**	**241,984**
Bills payable	**–**	**20,177**	**–**	**–**	**–**	**20,177**

(Forward)

	December 31, 2017					
	On demand	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 5 years**	**Total**
Manager's checks	**₱–**	**₱1,709**	**₱–**	**₱–**	**₱–**	**₱1,709**
Accrued interest and other expenses	**–**	**1,062**	**–**	**–**	**–**	**1,062**
Derivative liabilities	**–**	**268**	**–**	**–**	**–**	**268**
Other liabilities:						
Accounts payable	**–**	**1,828**	**–**	**–**	**–**	**1,828**
Acceptances payable	**–**	**470**	**–**	**–**	**–**	**470**
Due to PDIC	**–**	**532**	**–**	**–**	**–**	**532**
Margin deposits	**–**	**3**	**–**	**–**	**–**	**3**
Other credits - dormant	**–**	**214**	**–**	**–**	**–**	**214**
Due to the Treasurer of the Philippines	**–**	**34**	**–**	**–**	**–**	**34**
Miscellaneous	**–**	**510**	**–**	**–**	**–**	**510**
Total liabilities	**318,523**	**262,632**	**799**	**5,012**	**348**	**587,314**
Net Position	**(₱211,580)**	**(₱84,858)**	**₱28,498**	**₱25,977**	**₱317,398**	**₱85,186**

	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
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

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	
	2017	2016	**2017**	2016
Demand deposit account	**₱95,790,000**	₱84,480,394	**₱89,017,023**	₱78,773,027
Special deposit account	**2,700,000**	7,450,000	**2,700,000**	6,500,000
Others	**14**	34,101	**14**	34,101
	₱98,490,014	₱91,964,495	**₱91,717,037**	₱85,307,128

Due from Other Banks
This comprises of deposit accounts with:

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Local banks	**₱6,600,456**	₱6,296,727	**₱6,479,014**	₱4,747,467
Foreign banks	**9,041,020**	5,035,509	**7,587,605**	4,941,698
	₱15,641,476	₱11,332,236	**₱14,066,620**	₱9,689,165

Interest Income on Due from BSP and Other Banks

This account consists of:

	Consolidated			**Parent Company**		
	2017	2016	2015	**2017**	2016	2015
Due from BSP	**₱213,879**	₱266,204	₱209,395	**₱112,851**	₱246,888	₱161,994
Due from other banks	**138,850**	221,843	95,399	**50,296**	115,528	20,657
	₱352,729	₱488,047	₱304,794	**₱163,147**	₱362,416	₱182,651

8. Securities Purchased Under Resale Agreement

This account represents overnight placements with the BSP where the underlying securities cannot be sold or repledged to parties other than the BSP.

In 2017, 2016 and 2015, the interest rates of SPURA equals to 3.50%, 2.90%, and range from 0.01% to 2.20%, respectively, for the Group and Parent Company.

9. Trading and Investment Securities

Financial Assets at FVPL
This account consists of:

	Consolidated		**Parent Company**	
	2017	2016	**2017**	2016
Held for trading				
Government bonds (Note 28)	**₱5,911,659**	₱2,404,049	**₱5,876,832**	₱2,240,488
Treasury notes	**1,893,192**	1,031,675	**1,792,621**	724,219
Treasury bills	**2,025,367**	994,203	**2,025,367**	994,203
Private bonds	**2,663,397**	594,798	**2,616,730**	594,798
	12,493,615	5,024,725	**12,311,550**	4,553,708
Financial assets designated at FVPL	**3,411,686**	2,462,886	**3,411,686**	2,462,886
Derivative assets (Note 25)	**333,587**	216,288	**333,587**	216,288
Total	**₱16,238,888**	₱7,703,899	**₱16,056,823**	₱7,232,882

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 ₱82.83 million, ₱182.13 million, and ₱247.10 million in 2017, 2016 and 2015, respectively (Note 21).

As of December 31, 2017 and 2016, HFT securities include fair value loss of ₱65.56 million and ₱63.97 million, respectively, for the Group, and fair value loss of ₱69.22 million and ₱51.06 million, respectively, for the Parent Company.

Effective interest rates for peso-denominated financial assets at FVPL for both the Group and the Parent Company range from 0.64% to 5.49% in 2017, 2.08% to 6.88% in 2016 and from 1.63% to 13.75% in 2015. Effective interest rates for foreign currency-denominated financial assets at FVPL for the Group range from 2.29% to 10.16% in 2017, 0.99% to 7.24% in 2016, and from 1.37% to 10.63% in 2015. Effective interest rates for foreign currency-denominated financial assets at FVPL for the Parent Company range from 2.29% to 10.16% in 2017, from 0.99% to 6.80% in 2016, and from 2.50% to 10.63% in 2015.

AFS Financial Assets

This account consists of:

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Quoted				
Government bonds (Notes 18 and 28)	**₱35,229,504**	₱22,337,592	**₱32,373,344**	₱20,561,662
Private bonds	**11,090,438**	11,417,612	**10,483,794**	10,491,728
Equities	**67,903**	80,947	**67,903**	80,947
	₱46,387,845	33,836,150	**₱42,925,041**	31,134,337
Unquoted				
Equities - net *	**57,546**	37,572	**12,042**	19,413
	57,546	37,572	**12,042**	19,413
Total	**₱46,445,391**	₱33,873,722	**₱42,937,083**	₱31,153,750

** Includes fully impaired equity investments with acquisition cost of ₱38.83 million for the Group and ₱6.32 million for the Parent Company as of December 31, 2017 and 2016 (Note 16).*

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 ₱1.81 billion for the Group and Parent Company as of December 31, 2017, and fair value losses of ₱1.60 billion for the Group and Parent Company as of December 31, 2016. 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 2017 and 2016.

Effective interest rates for peso-denominated AFS financial assets for the Group range from 2.95% to 8.92% in 2017, 1.34% to 7.00% in 2016, and from 2.14% to 7.25% in 2015. Effective interest rates for peso-denominated AFS financial assets for the Parent Company range from 2.95% to 8.92% in 2017, 2.08% to 7.00% in 2016, and from 2.14% to 7.25% in 2015.

Effective interest rates for foreign currency-denominated AFS financial assets for both the Group and Parent Company range from 0.99% to 5.75% in 2017, 0.37% to 7.45% in 2016, and from 1.50% to 7.45% in 2015.

HTM Financial Assets

This account consists of:

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Government bonds (Note 18)	**₱46,718,014**	₱38,610,521	**₱44,032,555**	₱36,243,699
Private bonds	**11,465,164**	12,180,159	**10,697,164**	11,530,159
	58,183,178	50,790,680	**54,729,719**	47,773,858
Unamortized premium - net	**7,103,089**	6,614,120	**6,803,774**	6,295,163
	₱65,286,267	₱57,404,800	**₱61,533,493**	₱54,069,021

Effective interest rates for peso-denominated HTM financial assets for the Group range from 2.82% to 7.75% in 2017, 2.05% to 6.63% in 2016, and from 1.35% to 9.13% in 2015. Effective interest rates for foreign currency-denominated HTM financial assets range from 0.21% to 8.50% in 2017, 0.21% to 8.93% in 2016, and from 2.26% to 10.72% in 2015.

Effective interest rates for peso-denominated HTM financial assets of the Parent Company range from 2.82% to 5.53% in 2017, 2.82% to 5.25% in 2016 and from 4.13% to 9.13% in 2015. Effective interest rates for foreign currency-denominated HTM financial assets range from 0.21% to 8.50% in 2017, 0.21% to 8.93% in 2016, and from 2.26% to 10.72% in 2015.

Reclassification of Financial Assets

2016 Reclassification

The Group transferred certain securities from AFS financial assets to HTM financial assets on various dates in November 2016 (reclassification dates). 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 follow:

Consolidated 2017						
	Face Value	**Carrying Value at Reclassification Date**	**Carrying Value as of December 31**	**Fair Value at Reclassification Date**	**Unamortized Net Unrealized Loss Deferred in Equity**	**Amortization**
(in original currency)						
Philippine peso denominated government bonds	**₱10,106,378**	**₱11,636,529**	**₱10,977,243**	**₱11,039,842**	**(₱544,126)**	**₱52,561**
US dollar denominated government bonds	**USD103,371**	**135,851**	**126,762**	**129,074**	**(6,372)**	**405**

Consolidated 2016						
	Face Value	Carrying Value at Reclassification Date	Carrying Value as of December 31	Fair Value at Reclassification Date	Unamortized Net Unrealized Loss Deferred in Equity	Amortization
(in original currency)						
Philippine peso denominated government bonds	₱10,106,378	₱11,636,529	₱11,032,214	₱11,039,842	(₱591,635)	₱5,052
US dollar denominated government bonds	USD103,371	135,851	128,776	129,074	(6,731)	46

Parent						
2017						
	Face Value	**Carrying Value at Reclassification Date**	**Carrying Value as of December 31**	**Fair Value at Reclassification Date**	**Unamortized Net Unrealized Loss Deferred in Equity**	**Amortization**
(in original currency)						
Philippine peso denominated government bonds	**₱9,856,378**	**₱11,350,542**	**₱10,704,207**	**₱10,765,719**	**(₱533,349)**	**₱51,474**
US dollar denominated government bonds	**USD96,871**	**126,204**	**118,144**	**120,350**	**(5,556)**	**298**

Parent						
2016						
	Face Value	Carrying Value at Reclassification Date	Carrying Value as of December 31	Fair Value at Reclassification Date	Unamortized Net Unrealized Loss Deferred in Equity	Amortization
(in original currency)						
Philippine peso denominated government bonds	₱9,856,378	₱11,350,542	₱10,758,190	₱10,765,719	(₱579,859)	₱4,964
US dollar denominated government bonds	USD96,871	126,204	120,063	120,350	(5,812)	42

Had these securities not been transferred to HTM, additional fair value gain on Philippine peso denominated government bonds that would have been charged against the statement of comprehensive income amounted to ₱14.92 million and ₱7.86 million in 2017, and ₱172.13 million and ₱167.44 million in 2016, for the Group and the Parent Company, respectively. Additional fair value gain of USD2.85 million (₱142.30 million) and USD2.67 million (₱133.31million) for the Group and Parent Company, respectively, in 2017, and fair values losses of USD8.21 million (₱408.20 million) and USD7.11 million (₱353.51 million) for the Group and Parent Company, in 2016 would have been charged against to the statement of comprehensive income on US dollar denominated government bonds.

The effective interest rates on Philippine peso denominated government bond at reclassification dates range from 4.05% to 5.07% for both the Group and Parent Company . The effective interest rates for US dollar denominated bonds range from 2.82% to 4.17% 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, 2017.

The unrealized losses deferred under 'Net unrealized gains (losses) on AFS Financial Assets' at reclassification date amounted to ₱584.82 million and USD5.85 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 ₱798.13 million and ₱1.57 billion matured in 2017 and 2016, respectively.

As of December 31, 2017 and 2016, HTM financial assets reclassified from AFS financial assets consist of government bonds which have the following balances:

	Face Value*	Original Cost	Carrying Value as of December 31	Fair Value at reclassification date	Unamortized Net Unrealized Loss Deferred in Equity	Amortization
2017	**₱491,811**	**₱592,315**	**₱509,646**	**₱531,918**	**(₱4,427)**	**₱24,016**
2016	1,284,516	1,553,572	1,311,014	1,367,155	(8,127)	6,496

*Consist of US dollar-denominated bonds with face value of $9.85 million and $25.84 million as of December 31, 2017 and 2016, 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 ₱22.27 million, ₱395.74 million, and ₱324.67 million in 2017, 2016 and 2015, respectively. Effective interest rate on the reclassified securities is 6.21%. 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 2017, 2016 and 2015.

Interest Income on Trading and Investment Securities

This account consists of:

	Consolidated			Parent Company		
	2017	2016	2015	**2017**	2016	2015
Financial assets at FVPL	**₱410,889**	₱204,882	₱262,027	**₱398,777**	₱179,406	₱232,464
AFS financial assets	**1,309,755**	1,538,173	1,840,978	**1,176,831**	1,439,037	1,785,184
HTM financial assets	**2,246,355**	1,539,908	997,797	**2,098,194**	1,441,882	929,266
	₱3,966,999	₱3,282,963	₱3,100,802	**3,673,802**	₱3,060,325	₱2,946,914

10. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Loans and discounts				
Corporate and commercial lending	**₱369,145,536**	₱319,733,478	**₱337,153,332**	₱288,122,032
Consumer lending	**73,858,213**	60,416,106	**44,035,292**	35,409,327
Trade-related lending	**12,249,287**	13,045,531	**10,688,002**	11,376,697
Others*	**364,975**	543,021	**54,551**	68,870
	455,618,011	393,738,136	**391,931,177**	334,976,926
Unearned discounts	**(307,886)**	(255,841)	**(267,099)**	(198,042)
	455,310,125	393,482,295	**391,664,078**	334,778,884
Allowance for impairment and credit losses (Note 16)	**(6,339,183)**	(6,654,995)	**(5,109,580)**	(5,709,025)
	₱448,970,942	₱386,827,300	**₱386,554,498**	₱329,069,859

*Others include employee loans and foreign bills purchased.

The Group's and Parent Company's loans and discounts under corporate and commercial lending include unquoted debt securities with carrying amount of ₱1.10 billion and ₱1.00 billion as of December 31, 2017, respectively, and ₱4.08 billion and ₱3.98 billion as of December 31, 2016, respectively.

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			
	2017		2016		**2017**		2016	
	Amounts	**%**	Amounts	%	**Amounts**	**%**	Amounts	%
Loans secured by								
Real estate	**₱71,900,048**	**15.78**	₱55,840,410	14.18	**₱44,232,910**	**11.29**	₱33,443,459	9.98
Chattel mortgage	**30,900,443**	**6.78**	29,496,094	7.49	**18,831,553**	**4.80**	19,713,062	5.88
Deposit hold out	**3,980,670**	**0.87**	3,806,062	0.97	**2,893,239**	**0.74**	2,251,423	0.67
Shares of stock of other banks	**5,060,000**	**1.11**	2,710,000	0.69	**5,060,000**	**1.29**	2,710,000	0.81
Guarantee by the Republic of the Philippines	**7,082,500**	**1.55**	8,487,000	2.16	**7,082,500**	**1.81**	8,487,000	2.53
Others	**80,947,148**	**17.77**	76,814,028	19.49	**78,703,585**	**20.08**	73,171,797	21.86
	199,870,809	**43.87**	177,153,594	44.98	**156,803,787**	**40.01**	139,776,741	41.73
Unsecured loans	**255,747,202**	**56.13**	216,584,543	55.02	**235,127,390**	**59.99**	195,200,185	58.27
	₱455,618,011	**100.00**	₱393,738,136	100.00	**₱391,931,177**	**100.00**	₱334,976,926	100.00

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

	Consolidated			
	2017		2016	
	Amounts	**%**	Amounts	%
Real estate, renting and business services	**₱113,424,302**	**24.89**	₱97,201,490	24.69
Wholesale and retail trade	**53,818,092**	**11.81**	57,498,702	14.60
Electricity, gas and water	**53,514,587**	**11.75**	40,385,429	10.26
Financial intermediaries	**52,341,750**	**11.49**	40,750,252	10.35
Transportation, storage and communication	**40,464,073**	**8.88**	33,885,852	8.61
Manufacturing	**29,583,222**	**6.49**	27,602,087	7.01
Arts, entertainment and recreation	**13,959,186**	**3.06**	7,511,725	1.91
Accommodation and food service activities	**12,260,862**	**2.69**	8,227,872	2.09
Construction	**8,732,720**	**1.92**	10,167,766	2.58
Public administration and defense	**6,232,000**	**1.37**	7,544,000	1.92
(Forward)				
Agriculture	**₱6,051,546**	**1.33**	₱5,782,267	1.47
Professional, scientific and technical activities	**4,079,383**	**0.90**	5,760,184	1.46
Education	**3,869,247**	**0.85**	3,819,309	0.97
Mining and quarrying	**887,231**	**0.19**	1,419,481	0.36
Others*	**56,399,810**	**12.38**	46,181,720	11.73
	₱455,618,011	**100.00**	₱393,738,136	100.00

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

	Parent Company			
	2017		2016	
	Amounts	**%**	Amounts	%
Real estate, renting and business services	**₱91,809,744**	**23.42**	₱76,873,563	22.95
Electricity, gas and water	**52,050,493**	**13.28**	40,103,651	11.97
Financial intermediaries	**49,950,420**	**12.74**	37,826,049	11.29
Wholesale and retail trade	**46,238,179**	**11.80**	49,143,056	14.67
Transportation, storage and communication	**38,376,551**	**9.79**	31,858,356	9.51
Manufacturing	**25,622,331**	**6.54**	23,465,857	7.01
Arts, entertainment and recreation	**13,895,619**	**3.55**	7,470,098	2.23
Accommodation and food service activities	**10,285,048**	**2.62**	6,511,668	1.94
Construction	**7,349,908**	**1.88**	8,829,298	2.64
Public administration and defense	**6,232,000**	**1.59**	7,544,000	2.25

(Forward)

	Parent Company			
	2017		2016	
	Amounts	**%**	Amounts	%
Professional, scientific and technical activities	**₱3,760,091**	**0.96**	₱5,318,354	1.59
Agriculture	**4,442,522**	**1.13**	3,762,789	1.12
Education	**2,845,294**	**0.73**	2,807,735	0.84
Mining and quarrying	**884,686**	**0.23**	1,257,731	0.38
Others*	**38,188,291**	**9.74**	32,204,721	9.61
	₱391,931,177	100.00	₱334,976,926	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, 2017 and 2016, the Parent Company does not have credit concentration in any particular industry.

As of December 31, 2017 and 2016, secured and unsecured non-performing loans (NPLs) of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Secured	**₱3,164,209**	₱3,038,413	**₱687,318**	₱1,086,882
Unsecured	**3,237,418**	4,274,659	**2,235,931**	2,642,103
	₱6,401,627	₱7,313,072	**₱2,923,249**	₱3,728,985

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 ₱2.92 billion and ₱0.98 billion, respectively, in 2017 and ₱3.73 billion and ₱1.42 billion, respectively, in 2016. Gross and net NPL ratios of the Parent Company are 0.76% and 0.25%, respectively, in 2017 and 1.12% and 0.43%, respectively, in 2016.

Interest Income on Loans and Receivables
This account consists of:

	Consolidated			Parent Company		
	2017	2016	2015	**2017**	2016	2015
Receivables from customers	**₱21,663,571**	₱17,812,793	₱15,813,206	**₱17,455,018**	₱14,055,123	₱12,257,457
Unquoted debt securities	**88,076**	76,459	87,521	**81,999**	67,164	67,502
	₱21,751,647	₱17,889,252	₱15,900,727	**₱17,537,017**	₱14,122,287	₱12,324,959

As of December 31, 2017 and 2016, 65.01% and 52.53%, respectively, of the total receivables from customers of the Group were subject to interest repricing. As of December 31, 2017 and 2016, 67.67% and 53.29%, 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 2.08% to 10.50% in 2017, from 1.00% to 11.00% in 2016, and from 1.82% to 8.00% in 2015 for foreign currency-denominated receivables and from 0.95% to 30.00% in 2017, and from 1.00% to 30.00% in 2016 and 2015 for peso-denominated receivables.

11. Equity Investments

This account consists of investments in:

A. Subsidiaries

	2017	2016
Equity Method:		
Balance at beginning of the year		
CBSI	**₱11,047,530**	₱8,486,452
CBCC	**732,541**	300,000
CBC Forex Corporation	–	50,000
CBC-PCCI	**22,853**	12,805
CIBI	**366,113**	291,922
	12,169,037	9,141,179
Share in net income		
CBSI	**514,396**	153,260
CBCC	**276,161**	231,514
CBC-PCCI	**5,851**	8,915
CIBI	**39,596**	71,310
	836,004	464,999
Share in Other Comprehensive Income		
Items that recycle to profit or loss in subsequent periods:		
Net unrealized gain (loss) on AFS		
CBSI	**24,765**	(119,626)
CBCC	**1,926**	1,027
CIBI	**(4,196)**	(2,211)
	22,495	(120,811)
Cumulative translation adjustments		
CBSI	**13,058**	26,575
	13,058	26,575
Items that do not recycle to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit assets		
CBSI	**18,964**	9,001
CBCC	**2,272**	–
CBC-PCCI	**(798)**	1,134
CIBI	**(298)**	5,091
	20,140	15,226

(Forward)

	2017	2016
Surplus Reserves		
CBSI	**₱–**	(₱8,584)
	–	(8,584)
Additional Investments		
CBSI	**–**	2,500,452
CBCC	**500,000**	200,000
	500,000	2,700,452
Divestments		
CBC Forex Corporation	**–**	(50,000)
	–	(50,000)
Balance at end of the year		
CBSI	**11,618,713**	11,047,530
CBCC	**1,512,899**	732,541
CBC-PCCI	**27,905**	22,853
CIBI	**401,215**	366,113
	₱13,560,733	₱12,169,037

B. Associates:

	2017	2016
Equity Method:		
Balance at beginning of the year	**₱276,559**	₱371,399
Share in net income (loss)	**73,133**	(89,384)
Share in OCI:		
Items that do not recycle to profit or loss in subsequent periods		
Remeasurement loss on life insurance reserves	**(12,221)**	–
Items that recycle to profit or loss in subsequent periods:		
Net unrealized loss on AFS	**(8,050)**	(5,456)
Balance at end of the year	**₱329,422**	₱276,559

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. The capital infusions to CBSI in 2016 amounting to ₱1.50 billion and ₱1.00 billion were approved by the Parent Company's Executive Committee on December 1, 2016 and September 21, 2016, respectively.

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:

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 a 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:

Consideration transferred		₱1,676,700
Less: Fair value of identifiable assets and liabilities acquired (Note 15)		
Net liabilities of PDB	(₱725,207)	
Branch licenses, net of deferred tax liability (Note 13)	1,785,000	1,059,793
		₱616,907

CBCC

On April 1, 2015, the BOD approved the investment of the Parent Company in an investment house subsidiary, 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. Actual capital infusion to CBCC amounted to ₱200.00 million and ₱300.00 million in 2016 and 2015, respectively.

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 April 27, 2017, the Parent Company paid CBCC ₱500.00 million for additional subscription of 50,000,000 shares.

CBCC acquisition of CBCSec (formerly ATC Securities, Inc.)
On May 19, 2016, the BOD of CBCC approved the acquisition of ATC Securities, Inc. (ATC).

On June 29, 2016, CBCC and the shareholders of ATC (the Original Shareholders) entered into an Agreement for the Purchase of Shares (Agreement), whereby CBCC agreed to buy, and the Original Shareholders agreed to sell, 3,800,000 shares representing 100% of the issued and outstanding shares of ATC.

The initial purchase price for the acquisition of ATC was set at ₱21,767,997.50, payable as follows:

a. 10% – on signing date of the Agreement (June 29, 2016)
b. 70% of the purchase price – on closing date (March 6, 2017)
c. 10% of the purchase price – upon receipt of Certificates Authorizing Registration and Tax Clearance Certificates
d. 10% of the purchase price – one year from the closing date (March 6, 2018), subject to any deduction for certain losses

On February 22, 2017, the Philippine Stock Exchange approved ATC's application for change in controlling interest through CBCC's acquisition of 100% of the issued and outstanding shares of ATC.

In view of the prolonged period since the Agreement was signed and the resulting change in the financial position, prospects, and other circumstances of ATC and its Original Shareholders, the parties agreed to negotiate an adjustment to the purchase price that is mutually acceptable to CBCC and the Original Shareholders.

On March 6, 2017, CBCC and the Original Shareholders agreed to fix the final purchase price of the acquisition at ₱26,704,341, and the Original Shareholders executed deeds of absolute sale of their respective shares in ATC in favor of CBCC. By virtue of this transaction, CBCC assumed ownership and control of ATC.

On March 6, 2017, CBCC and ATC entered into a Subscription Agreement, whereby CBCC subscribed to 7,200,000 common shares of ATC at a price of ₱10.00 per share or a total subscription price of ₱72.00 million.

The fair values of identifiable assets and liabilities arising from the acquisition as of March 6, 2017 are as follows:

Assets	
Cash and cash equivalents	₱9,196,017
Accounts receivable	348,024
Computer software (net)	559,375
Office equipment (net)	149,264
Trading rights	8,500,000
Prepaid expenses	1,755,945
Condominium	12,063,309
Other assets	3,004,295
Total Assets	**35,576,228**
Liabilities	
Accounts payable	₱406,250
Payable to customer	2,256,733
Payable to clearing house	61,519
Other liabilities	56,820
Total Liabilities	**2,781,321**
Net Book Value	**₱32,794,907**

The acquisition by CBCC of ATC Securities, Inc. resulted in recognition of gain on bargain purchase which is determined as follows:

Cost of acquisition	₱26,704,341
Less net assets recognized	32,794,907
Gain on bargain purchase	**₱6,090,566**

The gain from a bargain purchase identified as the excess of the fair value of the net assets of ATC Securities, Inc. over the cost of acquisition is mainly attributable to the mutually agreed price that accounts for intention of the Original Shareholders to ultimately retire from the business, prevention of further outlay of funds from the Original Shareholders to ensure compliance with regulatory capital requirements and their relative ability to divest of the said shares in an expeditious manner.

Gain on bargain purchase is included under ‘Miscellaneous income’ in the consolidated statements of income (Note 21).

Cash flow on acquisition follows:

Cash and cash equivalents acquired from ATC Securities, Inc.	₱9,196,017
Cash paid	24,033,906
Net Cash Outflow	**₱14,837,889**

From the date of acquisition, CBCSec’s operating income and net income included in the consolidated statement of comprehensive income amounted to ₱6.37 million. If the acquisition had taken place at the beginning of the year, the Group’s total operating income and net income would have increased by ₱5.69 million.

On July 6, 2017, the SEC approved the change of name from ATC Securities, Inc. to China Bank Securities Corporation.

On August 23, 2017, CBCC subscribed to the remaining 4,000,000 unissued common shares of CBCSec at a price of ₱10.00 per share or a total subscription price of ₱40.00 million, to provide CBCSec with sufficient capital buffer as its transition and ramps up its operations as the equities brokerage house of the Group.

CBC Assets One (SPC) Inc.
CBC Assets One (SPC) 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 ₱50.00 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, 2017 and 2016.

The following tables show the summarized financial information of MCB Life:

	2017	2016
Total assets	**₱31,656,389**	₱26,419,046
Total liabilities	**30,834,456**	25,727,647
Equity	**821,933**	691,398

	2017	2016
Revenues	**₱6,268,406**	₱7,663,417
Benefits, claims and operating expenses	**6,066,765**	7,860,618
Income (loss) before income tax	**201,641**	(197,201)
Net income (loss)	**182,833**	(223,460)

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. 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 with MCB Life amounting to ₱360.01 million, ₱383.48 million and ₱337.41 million in 2017, 2016 and 2015, respectively, is included under 'Miscellaneous income' in the statements of income (Note 21).

12. Bank Premises, Furniture, Fixtures and Equipment

The composition of and movements in this account follow:

	Consolidated					
	Land (Note 23)	**Furniture, Fixtures and Equipment**	**Buildings**	**Leasehold Improvements**	**Construction-in-Progress**	**2017 Total**
Cost						
Balance at beginning of year	**₱3,345,404**	**₱7,163,737**	**₱1,893,525**	**₱1,482,415**	**₱86,405**	**₱13,971,486**
Additions	**–**	**988,658**	**73,800**	**679,305**	**10,410**	**1,752,173**
Disposals/transfers*	**–**	**(258,867)**	**(25,583)**	**(306,155)**	**(35,326)**	**(625,931)**
Balance at end of year	**3,345,404**	**7,893,528**	**1,941,742**	**1,855,565**	**61,489**	**15,097,728**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**–**	**5,562,502**	**1,013,296**	**897,049**	**–**	**7,472,847**
Depreciation and amortization	**–**	**674,334**	**74,625**	**183,435**	**–**	**932,394**
Disposals/transfers*	**–**	**(157,787)**	**15,729**	**(42,467)**	**–**	**(184,525)**
Balance at end of year	**–**	**6,079,049**	**1,103,650**	**1,038,017**	**–**	**8,220,716**
Allowance for Impairment Losses (Note 16)						
Balance at beginning of year	**–**	**–**	**2,371**	**–**	**–**	**2,371**
Reclassification	**–**	**–**	**(1,223)**	**–**	**–**	**(1,223)**
Balance at end of year	**–**	**–**	**1,148**	**–**	**–**	**1,148**
Net Book Value at End of Year	**₱3,345,404**	**₱1,814,479**	**₱836,944**	**₱817,548**	**₱61,489**	**₱6,875,864**

*Includes transfers from investment properties amounting to ₱10.82 million.

	Consolidated					
	Land (Note 23)	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 16)	–	–				
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

	Parent Company					
	Land (Note 23)	**Furniture, Fixtures and Equipment**	**Buildings**	**Leasehold Improvements**	**Construction-in-Progress**	**2017 Total**
Cost						
Balance at beginning of year	**₱2,786,310**	**₱6,082,009**	**₱1,077,608**	**₱1,093,494**	**₱80,139**	**₱11,119,560**
Additions	**–**	**786,776**	**40,422**	**550,076**	**10,410**	**1,387,684**
Disposals/transfers*	**–**	**(200,484)**	**(32,362)**	**(291,701)**	**(29,063)**	**(553,610)**
Balance at end of year	**2,786,310**	**6,668,301**	**1,085,668**	**1,351,869**	**61,486**	**11,953,634**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**–**	**4,775,377**	**517,491**	**682,711**	**–**	**5,975,579**
Depreciation and amortization	**–**	**537,338**	**26,456**	**115,273**	**–**	**679,067**
Disposals/transfers*	**–**	**(123,299)**	**(72)**	**(42,223)**	**–**	**(165,594)**
Balance at end of year	**–**	**5,189,416**	**543,875**	**755,761**	**–**	**6,489,052**
Net Book Value at End of Year	**₱2,786,310**	**₱1,478,885**	**₱541,793**	**₱596,108**	**₱61,486**	**₱5,464,582**

*Includes transfers from investment properties amounting to ₱10.82 million.

	Parent Company					
	Land (Note 23)	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.

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 23) in 2011.

As of December 31, 2017 and 2016, the gross carrying amount of fully depreciated furniture, fixtures and equipment still in use amounted to ₱2.89 billion for the Group and ₱2.31 billion for the Parent Company.

Gain on sale of furniture, fixtures and equipment amounting to ₱2.11 million, ₱2.97 million and ₱0.89 million in 2017, 2016 and 2015, respectively, for the Group and ₱1.69 million, ₱2.17 million and ₱0.50 million in 2017, 2016 and 2015, respectively, for the Parent Company are included in the statements of income under 'Miscellaneous income' account (Note 21).

In 2015, depreciation and amortization amounting to ₱822.76 million and ₱580.06 million for the Group and Parent Company, respectively, are included in the statements of income under 'Depreciation and amortization' account.

13. **Investment Properties**

The composition of and movements in this account follow:

	Consolidated		
	Land	**Buildings and Improvements**	**2017 Total**
Cost			
Balance at beginning of year	**₱4,730,076**	**₱2,788,397**	**₱7,518,473**
Additions	**299,806**	**279,283**	**579,089**
Disposals/write-off/transfers*	**(424,821)**	**(421,131)**	**(845,952)**
Balance at end of year	**4,605,061**	**2,646,549**	**7,251,610**
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	**755,763**	**755,763**
Depreciation and amortization	–	**191,338**	**191,338**
Disposals/write-off/transfers*	–	**(205,030)**	**(205,030)**
Balance at end of year	–	**742,071**	**742,071**
Allowance for Impairment Losses (Note 16)			
Balance at beginning of year	**1,028,013**	**384,958**	**1,412,971**
Disposals/write-off/reclassification*	–	**24,412**	**24,412**
Balance at end of year	**1,028,013**	**409,370**	**1,437,383**
Net Book Value at End of Year	**₱3,577,048**	**₱1,495,108**	**₱5,072,156**

*Includes transfers to bank premises amounting to ₱10.82 million (Note 12).

	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 16)			
Balance at beginning of year	1,023,837	263,974	1,287,811
Reversal 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 (Note 12).

	Parent Company		
	Land	**Buildings and Improvements**	**2017 Total**
Cost			
Balance at beginning of year	**₱2,019,065**	**₱1,511,349**	**₱3,530,414**
Additions	**40,573**	**86,079**	**126,652**
Disposals/write-off/transfers*	**(200,283)**	**(199,760)**	**(400,043)**
Balance at end of year	**1,859,355**	**1,397,668**	**3,257,023**
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	**563,120**	**563,120**
Depreciation and amortization	–	**104,638**	**104,638**
Disposals/write-off/transfers*	–	**(167,656)**	**(167,656)**
Balance at end of year	–	**500,102**	**500,102**
Allowance for Impairment Losses (Note 16)			
Balance at beginning and end of year	**1,004,729**	**201,689**	**1,206,418**
Net Book Value at End of Year	**₱854,626**	**₱695,877**	**₱1,550,503**

*Includes transfers to bank premises amounting to ₱10.82 million (Note 12).

	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 16)			
Balance at beginning and 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 to bank premises amounting to ₱4.69 million (Note 12).

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 2015, depreciation and amortization amounting to ₱142.28 million and ₱81.85 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		
	2017	2016	2015
Rent income on investment properties	**₱32,499**	₱20,190	₱31,100
Direct operating expenses on investment properties generating rent income	**924**	4,767	2,392
Direct operating expenses on investment properties not generating rent income	**52,029**	67,619	52,429

	Parent Company		
	2017	2016	2015
Rent income on investment properties	**₱8,250**	₱39,734	₱7,020
Direct operating expenses on investment properties generating rent income	**799**	886	1,069
Direct operating expenses on investment properties not generating rent income	**33,405**	44,089	35,270

Rent income earned from leasing out investment properties is included under 'Miscellaneous income' in the statements of income (Note 21).

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.

14. 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, 2017 and 2016, amount of goodwill per CGU follows:

	Consolidated	Parent Company
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, and the most sensitive, used in computing for the recoverable values of the CGUs follow:

	RBB	CBSI
Growth rates		
Loans	9.84%	16.90%
Deposits	13.56%	16.40%
Discount rate	6.41%	7.83%
Terminal value growth rate	1.00%	1.00%

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, 2017 and 2016.

Branch Licenses

Branch licenses of the Group arose from the acquisitions of CBSI, Unity Bank, and PDB. As of December 31, 2017 and 2016, details of branch licenses in the Group's and Parent Company's financial statements follow:

	Consolidated		**Parent Company**	
	2017	2016	**2017**	2016
Branch license from CBSI acquisition	**₱420,600**	₱477,600	**₱398,000**	₱455,000
Branch license from Unity Bank acquisition	**347,400**	347,400	**–**	–
Branch license from PDB acquisition (Note 11)	**2,839,500**	2,839,500	**–**	–
Total	**₱3,607,500**	₱3,664,500	**₱398,000**	₱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 higher between fair value less cost to sell and value-in-use calculations.

FVLCD is based on special licensing fee of BSP on branches operating on identified restricted areas. Value-in-use calculation uses 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:

Growth rates	
Loans	10.00%
Deposits	10.00%
Discount rate	6.41%
Terminal value growth rate	1.00%

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

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

With regard to the assessment of value-in-use of the CGU, the Parent Company recognized an impairment loss related to certain unrestricted branch licenses from the acquisition of CBSI amounting to ₱57.00 million as of December 31, 2017.

Capitalized software costs

The movements in the account follow:

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Cost				
Balance at beginning of year	**₱549,156**	₱322,186	**₱445,444**	₱322,186
Additions	**165,074**	226,970	**145,814**	123,258
Balance at end of year	**714,230**	549,156	**591,258**	445,444
Accumulated Depreciation and Amortization				
Balance at beginning of year	**123,940**	143,777	**94,861**	14,378
Depreciation and amortization	**93,757**	109,563	**93,535**	80,484
Balance at end of year	**217,697**	123,940	**188,396**	94,862
Net Book Value at End of Year	**₱496,533**	₱425,216	**₱402,862**	**₱350,582**

15. **Other Assets**

This account consists of:

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Financial assets				
Accounts receivable	**₱2,884,628**	₱4,153,356	**₱1,686,205**	₱3,120,990
SCR	**979,046**	953,734	**208,496**	254,485
RCOCI	**179,935**	107,193	**83,636**	92,651
Others	**369,034**	437,919	**157,380**	136,374
	4,412,643	5,652,202	**2,135,717**	3,604,500

(Forward)

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Nonfinancial assets				
Net plan assets (Note 24)	**₱995,050**	₱754,754	**₱991,386**	₱754,754
Prepaid expenses	**124,526**	155,016	**114,121**	146,036
Creditable withholding taxes	**378,143**	266,599	**321,231**	211,159
Security deposit	**231,838**	194,043	**205,400**	175,224
Documentary stamps	**309,642**	244,272	**182,778**	164,057
Sundry debits	**235,136**	84,824	**71,552**	62,736
Miscellaneous	**298,882**	263,371	**–**	–
	2,573,217	1,962,879	**1,886,468**	1,513,966
	6,985,860	7,615,081	**4,022,185**	5,118,466
Allowance for impairment and credit losses (Note 16)	**(766,965)**	(718,434)	**(540,960)**	(614,366)
	₱6,218,895	₱6,896,647	**₱3,481,225**	₱4,504,100

Accounts receivable

As of December 31, 2016, about 41.92% 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 20.00% 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.

On April 11, 2017, the BTr paid the Parent Company together with the seven banks the withheld amount and 4.00% interest per annum from October 19, 2011 to April 10, 2017. Total settlement amount were paid in the form of 3-year Retail Treasury Bonds with interest of 4.25% per annum. The settlement resulted in gain amounting to ₱381.65 million and ₱356.77 million for the Group and Parent Company, respectively, which is presented under 'Miscellaneous income' (Note 21).

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.

Sales Contract Receivable
This refers to the amortized cost of assets acquired in settlement of loans through foreclosure or dation in payment and subsequently sold on installment basis whereby the title to the said property is transferred to the buyers only upon full payment of the agreed selling price.

SCR bears fixed interest rate per annum in 2017 and 2016 ranging from 5.00% to 10.25% and 5.00% and 12.25%, respectively.

Miscellaneous
Miscellaneous consists mainly of unissued stationery and supplies, inter-office float items, and deposits for various services.

16. Allowance for Impairment and Credit Losses

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

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Balances at beginning of year				
Loans and receivables	**₱6,654,995**	₱6,994,670	**₱5,709,025**	₱6,151,786
Investment properties	**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	**38,742**	38,742	**6,323**	6,323
Bank premises, furniture, fixtures and equipment	**2,371**	2,070	**–**	–
Intangible assets	**–**	–	**–**	–
Other assets	**718,434**	741,589	**614,366**	626,103
	9,006,852	9,134,213	**7,598,151**	8,058,972
Provisions charged to operations	**754,171**	850,546	**423,922**	521,475
Accounts charged off and others	**(1,012,065)**	(977,907)	**(1,100,523)**	(982,296)
	(257,894)	(127,361)	**(676,601)**	(460,821)
Balances at end of year				
Loans and receivables (Note 10)	**₱6,339,183**	6,654,995	**5,109,580**	5,709,025
Investment properties (Note 13)	**1,437,383**	1,412,971	**1,206,418**	1,206,418
Accrued interest receivable	**165,452**	179,339	**58,269**	62,019
AFS financial assets (Note 9)	**38,827**	38,742	**6,323**	6,323
Bank premises, furniture, fixtures and equipment (Note 12)	**1,148**	2,371	**–**	–
Other assets (Note 15)	**766,965**	718,434	**540,960**	614,366
	₱8,748,958	₱9,006,852	**₱6,921,550**	₱7,598,151

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 (Note 11). 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						
	2017						
	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	₱4,593,387	₱1,631,460	₱277,623	₱152,525	₱6,654,995	₱38,742	₱179,339
Provisions during the year	224,815	453,404	158	–	678,377	–	37,821
Transfers/others	(897,841)	(5,000)	(91,205)	(143)	(994,189)	85	(51,708)
Balance at end of year	₱3,920,361	₱2,079,864	₱186,576	₱152,382	₱6,339,183	₱38,827	₱165,452
Individual impairment	₱950,102	₱925,165	₱54,429	₱151,836	₱2,081,532	₱38,827	₱165,452
Collective impairment	2,970,259	1,154,699	132,147	546	4,257,651	–	–
	₱3,920,361	₱2,079,864	₱186,576	₱152,382	₱6,339,183	₱38,827	₱165,452

	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	₱34,278	₱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	₱38,302	₱179,339

	Parent Company						
	2017						
	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	₱4,381,126	₱1,061,364	₱265,846	₱689	₱5,709,025	₱6,323	₱62,019
Provisions during the year	138,503	252,010	158	–	390,671	–	141
Transfers/others	(898,767)	–	(91,206)	(143)	(990,116)	–	(3,891)
Balance at end of year	₱3,620,862	₱1,313,374	₱174,798	₱546	₱5,109,580	₱6,323	₱58,269
Individual impairment	₱728,378	₱925,165	₱46,061	₱–	₱1,699,604	₱6,323	₱58,269
Collective impairment	2,892,484	388,209	128,737	546	3,409,976	–	–
	₱3,620,862	₱1,313,374	₱174,798	₱546	₱5,109,580	₱6,323	₱58,269

	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	₱1,061,365	₱265,847	₱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	-	-
	₱4,381,125	₱1,061,365	₱265,846	₱689	₱5,709,025	₱6,323	₱62,019

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**	**2017 Total**
Balance at beginning of year	**₱436,751**	**₱60,650**	**₱221,033**	**₱718,434**
Provisions (recoveries) during the year	**33,175**	**–**	**4,798**	**37,973**
Transfers/others (Note 10)	**(75,426)**	**250**	**85,734**	**10,558**
Balance at end of year	**₱394,500**	**₱60,900**	**₱311,565**	**₱766,965**

	Consolidated			
	Accounts Receivable	SCR	Miscellaneous	2016 Total
Balance at beginning of year	₱521,705	₱54,787	₱165,097	₱741,589
Provisions during the year	49,453	75	36,027	85,555
Transfers/others (Note 10)	(134,407)	5,788	19,909	(108,710)
Balance at end of year	₱436,751	₱60,650	₱221,033	₱718,434

	Parent Company			
	Accounts Receivable	**SCR**	**Miscellaneous**	**2017 Total**
Balance at beginning of year	**₱396,592**	**₱30,336**	**₱187,438**	**₱614,366**
Provisions (recoveries) during the year	**33,175**	**–**	**(65)**	**33,110**
Transfers/others (Note 10)	**(98,904)**	**(5,932)**	**(1,680)**	**(106,516)**
Balance at end of year	**₱330,863**	**₱24,404**	**₱185,693**	**₱540,960**

	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	24,986	–	79	25,065
Transfers/others (Note 10)	(72,838)	4,527	31,509	(36,802)
Balance at end of year	₱396,592	₱30,336	₱187,438	₱614,366

17. Deposit Liabilities

As of December 31, 2017 and 2016, 36.13% and 39.42% 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 3.65% in 2017, 0.13% to 3.25% in 2016, 0.13% to 2.75% in 2015.

Interest Expense on Deposit Liabilities

This account consists of:

	Consolidated			Parent Company		
	2017	2016	2015	**2017**	2016	2015
Demand	**₱233,984**	₱197,595	₱165,228	**₱163,524**	₱143,917	₱122,277
Savings	**1,120,422**	819,991	743,365	**1,072,849**	567,447	490,603
Time	**5,167,529**	3,813,969	3,099,695	**3,974,430**	2,917,763	2,268,286
	₱6,521,935	₱4,831,555	₱4,008,288	**₱5,210,803**	₱3,629,127	₱2,881,166

BSP Circular No. 830 requires reserves against deposit liabilities. As of December 31, 2017 and 2016, due from BSP amounting to ₱95.90 billion and ₱84.52, respectively, for the Group and ₱89.17 billion and ₱78.78 billion, respectively, for the Parent Company were set aside as reserves for deposit liabilities per latest report submitted to the BSP. As of December 31, 2017 and 2016, the Group is in compliance with such regulation.

LTNCD
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. On October 27, 2016, the Monetary Board of the BSP approved the LTNCD issuances. On November 18, 2016, the Parent Company issued the first tranche at par with aggregate principal amount of ₱9.58 billion due May 18, 2022. The LTNCDs bear a fixed coupon rate of 3.65% per annum, payable quarterly in arrears. Subject to BSP rules, the Group has the option to pre-terminate the LTNCDs as a whole but not in part, prior to maturity and on any interest payment date at face value plus accrued interest covering the accrued and unpaid interest.

On June 2, 2017, the Parent Company issued at par LTNCDs with aggregate principal amount of ₱6.35 billion due December 22, 2022, representing the second tranche of the ₱20.00 billion.

The LTNCDs are included under the 'Time deposit liabilities' account.

18. Bills Payable

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

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Interbank loans payable	**₱16,378,274**	₱16,954,998	**₱16,378,274**	₱16,954,998
Trade finance	**3,739,757**	–	**3,739,757**	–
	₱20,118,031	₱16,954,998	**₱20,118,031**	₱16,954,998

Interbank loans payable
Interbank loans payable consists of short-term dollar-denominated borrowings of the Parent Company with annual interest ranging from 0.12% to 2.28% and from 1.25% to 1.68% in 2017 and 2016, respectively.

As of December 31, 2017, 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 ₱3.43 billion and ₱3.72 billion, respectively. The carrying amount of peso-denominated HTM, AFS and HFT financial assets pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱10.25 billion, ₱0.10 billion and ₱0.49 billion, respectively. The fair value of HTM financial assets pledged as collateral amounted to ₱13.24 billion as of December 31, 2017 (Note 9).

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 9).

As of December 31, 2017 and 2016, margin deposits amounting to ₱497.26 million and ₱74.68, respectively, are deposited with various counterparties to meet the collateral requirements for its interbank bills payable.

As of December 31, 2016, interbank loans payable includes a US$158.00 million unsecured, three-year term loan facility from regional and international banks which will mature in June 2018. 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, the carrying value of the loan amounted to ₱7.81 billion.

The Parent Company paid one year ahead the US$158.00 million borrowing. The strong growth in foreign currency deposits and favorable changes in market conditions enabled the Parent Company to raise the balance earlier than expected. The loan was paid in two tranches: US$60.00 million was paid in March 2017 and the remaining balance in June 2017.

Trade finance
As of December 31, 2017, trade finance consists of the Parent Company's borrowings from financial institutions using bank trade assets as the basis for borrowing foreign currency. The refinancing amount should not exceed the aggregate amount of trade assets.

19. Accrued Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2017	2016	**2017**	**2016**
Accrued payable for employee benefits	**₱963,774**	₱789,691	**₱956,348**	₱786,014
Accrued interest payable	**813,068**	552,881	**707,342**	464,741
Accrued lease payable	**166,246**	121,139	**162,875**	119,950
Accrued taxes and other licenses	**116,158**	87,156	**96,153**	77,837
Accrued other expenses payable	**568,373**	317,323	**361,230**	112,809
	₱2,627,619	₱1,868,190	**₱2,283,948**	₱1,561,351

20. Other Liabilities

This account consists of:

	Consolidated		**Parent Company**	
	2017	2016	**2017**	2016
Financial liabilities				
Accounts payable	**₱3,131,826**	₱2,801,269	**₱1,827,956**	₱1,731,365
Due to PDIC	**531,645**	428,308	**531,645**	428,308
Acceptances payable	**469,518**	1,172,158	**469,518**	1,172,158
Other credits-dormant	**281,008**	318,701	**213,681**	304,036
Due to the Treasurer of the Philippines	**43,174**	28,131	**33,950**	23,716
Margin deposits	**3,004**	1,702	**3,004**	1,702
Miscellaneous (Note 23)	**938,901**	488,139	**430,041**	428,532
	5,399,076	5,238,408	**3,509,795**	4,089,817
Nonfinancial liabilities				
Withholding taxes payable	**202,174**	150,814	**155,320**	115,928
Retirement liabilities (Note 24)	**119,451**	144,686	**–**	–
	321,625	295,500	**155,320**	115,928
	₱5,720,701	₱5,533,908	**₱3,665,115**	₱4,205,745

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.

21. Other Operating Income and Miscellaneous Expenses

Service Charges, Fees and Commissions
Details of this account are as follows:

	Consolidated			Parent Company		
	2017	2016	2015	**2017**	2016	2015
Service and collection charges:						
Deposits	**₱540,323**	₱597,294	₱628,191	**₱539,941**	₱535,397	₱572,448
Remittances	**311,768**	302,184	248,615	**311,768**	302,184	248,615
Loans	**276,054**	214,237	170,070	**34,758**	40,301	34,785
Others	**112,725**	114,791	169,744	**99,116**	93,452	90,019
	1,240,870	1,228,506	1,216,620	**985,583**	971,334	945,867
Fees and commissions	**1,200,854**	894,963	617,698	**409,415**	348,114	510,273
	₱2,441,724	₱2,123,469	₱1,834,318	**₱1,394,998**	₱1,319,448	₱1,456,140

Trading and Securities Gain - Net
This account consists of:

	Consolidated			Parent Company		
	2017	2016	2015	**2017**	2016	2015
AFS financial assets	**₱363,350**	₱918,673	₱638,723	**₱340,351**	₱856,031	₱629,642
Financial assets designated at FVPL (Note 9)	**170,352**	111,615	(120,134)	**170,352**	111,615	(120,134)
Held-for-trading (Note 9)	**(55,257)**	(135,709)	(50,330)	**(112,458)**	(138,286)	(48,087)
Derivative assets (Note 25)	**(3,510)**	23,510	(1,425)	**(3,510)**	23,510	(1,425)
HTM financial assets	**5,025**	–	–	**5,025**	–	–
	₱479,960	₱918,089	₱466,834	**₱399,760**	₱852,870	₱459,996

Miscellaneous Income
Details of this account are as follows:

	Consolidated			Parent Company		
	2017	2016	2015	**2017**	2016	2015
Bancassurance (Note 11)	**₱360,009**	₱383,483	₱337,521	**₱360,009**	₱383,483	₱337,407
Dividends (Note 9)	**91,073**	193,229	263,330	**91,073**	193,229	255,407
Rental on bank premises	**111,651**	91,591	51,731	**83,911**	67,134	39,516
Fund transfer fees	**59,682**	50,658	56,621	**59,682**	50,658	56,621
Rental safety deposit boxes	**24,933**	24,627	23,139	**24,825**	24,269	22,768
Recovery of charged off assets	**199,014**	18,734	15,620	**184,272**	10,523	7,943
Miscellaneous income (Notes 12, 13 and 15)	**670,161**	116,123	218,893	**587,885**	70,801	172,291
	₱1,516,523	₱878,445	₱966,855	**₱1,391,657**	₱800,097	₱891,953

Miscellaneous Expenses
Details of this account are as follows:

	Consolidated			Parent Company		
	2017	2016	2015	**2017**	2016	2015
Information technology	**₱402,314**	₱108,458	₱371,949	**₱339,214**	₱227,627	₱280,973
Service charges	**219,430**	225,889	181,216	**219,430**	225,889	181,216
Litigations	**176,602**	117,363	100,947	**22,815**	43,261	26,486
Freight	**38,909**	34,331	25,534	**27,953**	27,354	21,338
Membership fees and dues	**18,642**	29,329	17,012	**17,160**	28,135	14,861
Clearing and processing fee	**21,252**	27,379	14,337	**16,320**	24,525	11,591
Broker's fee	**39,129**	12,403	22,970	**39,128**	12,403	22,970
Miscellaneous expense	**951,274**	518,834	267,969	**808,638**	352,295	241,307
	₱1,867,552	₱1,073,986	₱1,001,934	**₱1,490,658**	₱941,489	₱800,742

22. 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, 2017 and 2016 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					
	2017			2016		
	Within Twelve Months	**Over Twelve Months**	**Total**	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	**₱12,685,984**	**₱–**	**₱12,685,984**	₱12,010,543	₱–	₱12,010,543
Due from BSP	**98,490,014**	**–**	**98,490,014**	91,964,495	–	91,964,495
Due from other banks	**15,641,476**	**–**	**15,641,476**	11,332,236	–	11,332,236
SPURA	**18,751,845**	**–**	**18,751,845**	3,451,543	–	3,451,543
Financial assets at FVPL	**12,730,270**	**3,508,618**	**16,238,888**	7,703,899	–	7,703,899
AFS financial assets - gross	**7,389,865**	**39,094,353**	**46,484,218**	11,849,322	22,063,143	33,912,465
HTM financial assets	**628,196**	**64,658,071**	**65,286,267**	2,112,503	55,292,297	57,404,800
Loans and receivables - gross	**163,581,848**	**292,036,163**	**455,618,011**	150,962,924	242,775,212	393,738,136
Accrued interest receivable - gross	**3,883,957**	**–**	**3,883,957**	3,193,868	–	3,193,868
Other assets - gross	**3,188,970**	**1,223,673**	**4,412,643**	4,698,468	953,734	5,652,202
	336,972,425	**400,520,878**	**737,493,303**	299,279,801	321,084,386	620,364,187
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment - net of accumulated depreciation and amortization	**–**	**6,877,012**	**6,877,012**	–	6,498,639	6,498,639
Investment properties - net of accumulated depreciation	**–**	**6,509,539**	**6,509,539**	–	6,762,710	6,762,710
Deferred tax assets	**–**	**1,778,081**	**1,778,081**	–	1,666,267	1,666,267
Investments in associates	**–**	**329,422**	**329,422**	–	278,752	278,752
Intangible assets	**–**	**4,104,032**	**4,104,032**	–	4,089,715	4,089,715
Goodwill	**–**	**839,748**	**839,748**	–	839,748	839,748
Other assets – gross	**1,281,008**	**1,292,209**	**2,573,217**	944,754	1,015,932	1,960,686
	1,281,008	**21,730,043**	**23,011,051**	944,754	21,151,763	22,096,517
Allowance for impairment and credit losses (Note 16)			**(8,748,958)**			(9,006,852)
Unearned discounts (Note 10)			**(307,886)**			(255,841)
			(9,056,844)			(9,262,693)
			₱751,447,510			₱633,198,011
Financial liabilities						
Deposit liabilities	**₱602,734,404**	**₱32,358,989**	**₱635,093,393**	₱513,517,732	₱28,065,286	₱541,583,018
Bills payable	**20,118,031**	**–**	**20,118,031**	16,954,998	–	16,954,998
Manager's checks	**2,441,042**	**–**	**2,441,042**	2,029,778	–	2,029,778
Accrued interest and other expenses*	**1,114,252**	**267,189**	**1,381,441**	870,204	–	870,204
Derivative liabilities	**267,533**	**–**	**267,533**	243,198	–	243,198
Other liabilities	**5,399,076**	**–**	**5,399,076**	5,238,408	–	5,238,408
	632,074,338	**32,626,178**	**664,700,516**	538,854,318	28,065,286	566,919,604
Nonfinancial liabilities						
Accrued interest and other expenses	**105,468**	**1,140,710**	**1,246,178**	87,156	910,830	997,986
Deferred tax liabilities	**–**	**1,161,653**	**1,161,653**	–	1,161,414	1,161,414
Income tax payable	**362,041**	**–**	**362,041**	437,303	–	437,303
Other liabilities	**202,174**	**119,451**	**321,625**	150,814	144,686	295,500
	₱632,744,021	**₱35,047,992**	**₱667,792,013**	₱539,529,591	₱30,282,216	₱569,811,807

*Accrued interest and other expenses include accrued interest payable and accrued other expenses payable (Note 19).

	Parent Company					
	2017			2016		
	Within Twelve Months	**Over Twelve Months**	**Total**	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	**₱11,160,173**	**₱–**	**₱11,160,173**	₱10,580,748	₱–	₱10,580,748
Due from BSP	**91,717,037**	**–**	**91,717,037**	85,307,128	–	85,307,128
Due from other banks	**14,066,620**	**–**	**14,066,620**	9,689,165	–	9,689,165
SPURA	**17,347,522**	**–**	**17,347,522**	2,958,465	–	2,958,465
Financial assets at FVPL	**12,633,520**	**3,423,303**	**16,056,823**	7,232,882	–	7,232,882
AFS financial assets - gross	**6,733,105**	**36,210,301**	**42,943,406**	11,159,904	20,000,169	31,160,073
HTM financial assets	**346,208**	**61,187,285**	**61,533,493**	2,087,861	51,981,160	54,069,021
Loans and receivables - gross	**136,176,920**	**255,754,257**	**391,931,177**	131,527,458	203,449,468	334,976,926
Accrued interest receivable - gross	**3,247,352**	**–**	**3,247,352**	2,728,373	–	2,728,373
Other assets - gross	**1,927,221**	**208,496**	**2,135,717**	3,350,015	254,485	3,604,500
	295,355,678	**356,783,642**	**652,139,320**	266,621,999	275,685,282	542,307,281
Nonfinancial assets						
Bank premises, furniture, fixtures and equipment - net of accumulated depreciation and amortization	**–**	**5,464,582**	**5,464,582**	–	5,143,981	5,143,981
Investment properties - net of accumulated depreciation	**–**	**2,756,921**	**2,756,921**	–	2,967,294	2,967,294
Deferred tax assets	**–**	**1,297,271**	**1,297,271**	–	1,508,150	1,508,150
Investments in subsidiaries	**–**	**13,560,733**	**13,560,733**	–	12,169,037	12,169,037
Investment in associates	**–**	**329,422**	**329,422**	–	276,559	276,559
Intangible assets	**–**	**800,861**	**800,861**	–	805,582	805,582
Goodwill	**–**	**222,841**	**222,841**	–	222,841	222,841
Other assets - gross	**895,082**	**991,386**	**1,886,468**	759,212	754,754	1,513,966
	895,082	**25,424,017**	**26,319,099**	759,212	23,848,198	24,607,410
Allowances for impairment and credit losses (Note 16)			**(6,921,550)**			(7,598,152)
Unearned discounts (Note 10)			**(267,099)**			(198,042)
			(7,188,649)			(7,796,194)
			₱671,269,770			₱559,143,914
Financial liabilities						
Deposit liabilities	**₱534,657,559**	**₱24,578,420**	**₱559,235,979**	₱ 455,816,577	₱15,145,414	₱470,961,991
Bills payable	**20,118,031**	**–**	**20,118,031**	16,954,998	–	16,954,998
Manager's checks	**1,709,248**	**–**	**1,709,248**	1,445,585	–	1,445,585
Accrued interest and other expenses*	**1,068,572**	**–**	**1,068,572**	577,550	–	577,550
Derivative liabilities	**267,533**	**–**	**267,533**	243,198	–	243,198
Other liabilities	**3,509,795**	**–**	**3,509,795**	4,089,817	–	4,089,817
	561,330,738	**24,578,420**	**585,909,158**	479,127,725	15,145,414	494,273,139
Nonfinancial liabilities						
Accrued interest and other expenses	**96,153**	**1,119,223**	**1,215,376**	77,836	905,965	983,801
Income tax payable	**339,155**	**–**	**339,155**	354,212	–	354,212
Other liabilities	**155,320**	**–**	**155,320**	115,928	–	115,928
	₱561,921,366	**₱25,697,643**	**₱587,619,009**	₱479,675,701	₱16,051,379	₱495,727,080

*Accrued interest and other expenses include accrued interest payable and accrued other expenses payable (Note 19).

23. Equity

The Parent Company's capital stock consists of (amounts in thousands, except for number of shares):

	2017		2016	
	Shares	**Amount**	**Shares**	**Amount**
Common stock - ₱10.00 par value				
Authorized – shares	**3,300,000,000**		2,500,000,000	
Issued and outstanding				
Balance at beginning of year	**2,002,027,836**	**₱20,020,278**	1,853,728,497	₱18,537,285
Stock rights	**483,870,967**	**4,838,710**	–	–
Stock dividends*	**198,872,913**	**1,988,729**	148,299,339	1,482,993
	2,684,771,716	**₱26,847,717**	2,002,027,836	₱20,020,278

*The stock dividends declared include fractional shares equivalent to 1,009 and 1,060 in 2017 and 2016, respectively.

The Parent Company shares are listed in the Philippine Stock Exchange.

Stock Rights Offering

On February 22, 2017, 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 6, 2017.

Each eligible shareholder was entitled to one share, at ₱31.00 apiece, per 4.1375 existing common shares as of April 19, 2017. The stock rights offering yielded a subscription of 483,870,967 common shares which were listed at the Philippine Stock Exchange on May 10, 2017. The total proceeds of the stock rights offering amounted to ₱14.9 billion, net of stock issuance cost of ₱52.09 million which was deducted from additional paid in capital.

The additional capital enabled the Parent Company to grow its loan portfolio, expand its branch network, and support its other strategic business initiatives.

Increase in the Parent Company's Authorized Capital Stock

On March 15, 2017 and May 4, 2017 the BOD approved and the stockholders ratified, respectively, the increase in the Parent Company's authorized capital stock from ₱25.00 billion to ₱33.00 billion, or from 2.50 billion to 3.30 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 2, 2017 and September 29, 2017, respectively.

On June 7, 2017, the Parent Company and the Trust and Asset Management Group (on behalf of the CBC Employees Retirement Plan) entered into a subscription agreement whereas the latter will subscribe to 1,128,096 new common shares of the Parent Company at a subscription price per share equal to the higher between the closing price of the Parent Company's stock dividend or the par value of ₱10.00 per share.

On January 24, 2018, the BOD of the Parent Company, during a special board meeting, confirmed the issuance of the shares to CBC Employees Retirement Plan in accordance with the subscription agreement which was paid at a subscription price of ₱33.40 per share (closing price of the Group's shares at the Philippine Stock Exchange on October 20, 2017 which is the record date of the Parent Company's stock dividend) recorded under "Other Liabilities."

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
September 29, 2017	3,300,000

** 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 1,934 and 1,959 as of December 31, 2017 and 2016, respectively.

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

Cash Dividends

Date of Declaration	Date of Record	Date of Payment	Cash Dividend Per Share
May 04, 2017	May 18, 2017	June 02, 2017	0.80
May 05, 2016	May 23, 2016	June 03, 2016	1.00
May 07, 2015	August 12, 2015	September 09, 2015	1.00
May 08, 2014	September 19, 2014	October 15, 2014	1.00
May 02, 2013	July 19, 2013	August 14, 2013	1.20

Stock Dividends

Date of Declaration	Date of Record	Date of Payment	Stock Dividend Per Share
March 15, 2017	October 20, 2017	November 03, 2017	8%
May 05, 2016	May 23, 2016	June 03, 2016	8%
May 07, 2015	August 12, 2015	September 09, 2015	8%
May 08, 2014	September 19, 2014	October 15, 2014	8%
May 02, 2013	July 19, 2013	August 14, 2013	10%

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, 2017 and 2016, 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 12). 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 ₱851.57 million and ₱607.74 million as of December 31, 2017 and 2016, 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, 2017 and 2016.

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, 2017 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
	(Amounts in Million Pesos)			
CET 1 Capital	**₱78,086**	₱58,170	**₱77,161**	₱57,409
Less: Regulatory Adjustments	**7,434**	7,338	**13,854**	13,169
	70,652	50,832	**63,307**	44,240
Additional Tier 1 Capital	**–**	–	**–**	–
Less: Regulatory Adjustments	**–**	–	**–**	–
	–	–	**–**	–
Net Tier 1 Capital	**70,652**	50,832	**63,307**	44,240
Tier 2 Capital	**3,970**	4,076	**3,410**	3,514
Less: Regulatory Adjustments	**–**	–	**–**	–
Net Tier 2 Capital	**3,970**	4,076	**3,410**	3,514
Total Qualifying Capital	**₱74,622**	₱54,908	**₱66,717**	₱47,754

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
	(Amounts in Million Pesos)			
Credit RWA	**₱480,956**	₱414,381	**₱451,457**	₱352,651
Market RWA	**7,665**	4,575	**7,540**	4,339
Operational RWA	**36,047**	30,727	**28,526**	25,689
Total RWA	**₱524,668**	₱449,683	**₱487,523**	₱382,679
CET 1 capital ratio	**13.47%**	11.30%	**14.02%**	11.56%
Tier 1 capital ratio	**13.47%**	11.30%	**14.02%**	11.56%
Total capital ratio	**14.22%**	12.21%	**14.78%**	12.48%

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.

24. 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, 2017.

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	
	2017	2016	**2017**	2016
Net plan assets (Note 15)	**₱995,050**	₱754,754	**₱991,386**	₱754,754
Retirement liabilities (Note 20)	**(119,451)**	(144,686)	**–**	–
	₱875,599	₱610,068	**₱991,386**	₱754,754

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

Consolidated

2017

		Net benefit cost				Remeasurements in OCI						
	January 1, 2017	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, 2017
	(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	₱4,521,109	₱–	₱217,203	₱217,203	(₱288,014)	(₱153,076)	₱–	₱–	₱–	(₱153,076)	₱571,200	₱4,868,423
Present value of defined benefit obligation	3,911,041	375,598	188,654	564,252	(288,014)	–	48,675	(₱243,130)	₱–	(194,455)	–	3,992,824
Net defined benefit asset	₱610,068	(₱375,598)	₱28,549	(₱347,049)	₱–	(₱153,076)	(₱48,675)	₱243,130	₱–	₱41,379	₱571,200	₱875,599

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

Consolidated

2016

		Remeasurements in OCI / 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.

Parent Company

2017

		Net benefit cost				Remeasurements in OCI					
	January 1, 2017	**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, 2017**
	(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	**₱4,315,996**	**₱–**	**₱206,736**	**₱206,736**	**(₱273,001)**	**(₱141,532)**	**₱–**	**₱–**	**(₱141,532)**	**₱450,000**	**₱4,558,199**
Present value of defined benefit obligation	**3,561,242**	**264,989**	**170,583**	**435,573**	**(273,001)**	**–**	**50,525**	**(207,525)**	**(157,000)**	**–**	**3,566,813**
Net defined benefit asset	**₱754,754**	**(₱264,989)**	**₱36,153**	**(₱288,837)**	**–**	**(₱141,532)**	**(₱50,525)**	**₱207,525**	**₱15,468**	**₱450,000**	**₱991,386**

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

Parent Company

2016

		Net benefit cost				Remeasurements in OCI					
	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	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.*

The Parent Company expects to contribute ₱459.49 million to its defined benefit pension plan in 2018.

In 2017 and 2016, the major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Parent Company shares (Note 29)	**36.30%**	40.13%	**38.75%**	42.04%
Equity instruments	**20.97%**	21.76%	**21.59%**	22.18%
Cash and cash equivalents	**9.94%**	6.13%	**7.54%**	3.57%
Debt instruments	**14.74%**	16.19%	**12.93%**	15.67%
Other assets	**18.05%**	15.79%	**19.19%**	16.54%
	100.00%	100.00%	**100.00%**	100.00%

As of December 31, 2017 and 2016, the retirement fund's ownership with the Parent Company is 1.98% and 2.29%, respectively.

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

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Due from BSP	**₱–**	₱53,580	**₱–**	₱46,000
Deposits in banks	**486,822**	223,432	**345,702**	108,259
Financial assets at FVPL	**993,381**	976,684	**967,053**	956,163
AFS financial assets				
Quoted debt securities	**513,233**	555,553	**404,197**	515,123
Quoted equity securities	**33,652**	7,054	**23,121**	5,481
Parent Company shares	**1,777,250**	1,814,531	**1,777,250**	1,814,531
Investments in unit investment trust fund	**199,557**	167,840	**179,913**	152,278
Corporate bonds	**8,750**	8,750	**8,750**	8,750
Loans and receivable	**688,029**	553,339	**685,179**	552,379
Investment properties*	**143,799**	147,154	**143,799**	143,799
Other assets	**52,078**	13,284	**51,219**	13,234
	₱4,896,551	₱4,521,201	**₱4,586,183**	₱4,315,997

* Investment properties comprise properties located in Manila.

The carrying value of the plan assets of the Group and Parent Company amounted to ₱4.90 billion and ₱4.59 billion, respectively, as of December 31, 2017, and ₱4.52 billion and ₱4.32 billion, respectively, as of December 31, 2016.

The principal actuarial assumptions used in 2017 and 2016 in determining the retirement asset (liability) for the Group's and Parent Company's retirement plans are shown below:

				2017		
	Parent	**CBSI**	**CIBI**	**CBC-PCCI**	**CBCC**	**CBSC**
Discount rate:						
January 1	**4.79%**	**5.08%**	**5.14%**	**5.14%**	**5.19%**	**–**
December 31	**5.60%**	**5.63%**	**5.82%**	**5.82%**	**5.85%**	**5.85%**
Salary increase rate	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**6.00%**

			2016		
	Parent	CBSI	PDB	CIBI	CBC-PCCI
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%

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, 2017	**Parent**	**CBSI**	**CIBI**	**CBC-PCCI**	**CBCC**	**CBSC**
Discount rate						
(+1%)	**(₱176,120)**	**(₱39,471)**	**(₱1,138)**	**(₱6,434)**	**(₱1,157)**	**(₱218)**
(-1%)	**266,156**	**50,838**	**1,568**	**11,519**	**1,460**	**285**
Salary increase rate						
(+1%)	**250,898**	**48,520**	**1,504**	**11,019**	**1,414**	**272**
(-1%)	**(171,429)**	**(38,611)**	**(1,115)**	**(6,328)**	**(1,146)**	**(212)**

December 31, 2016	Parent	CBSI	CIBI	CBC-PCCI	CBCC
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)

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

	December 31, 2017	December 31, 2016
Parent Company	**13**	13
CBSI	**18**	18
CIBI	**19**	19
CBC-PCCI	**19**	19
CBCC	**23**	22
CBSC	**25**	–

The maturity analyses of the undiscounted benefit payments as of December 31, 2017 and 2016 are as follows:

December 31, 2017	**Parent**	**CBSI**	**CIBI**	**CBC-PCCI**	**CBCC**	**CBSC**
1 year and less	**₱927,473**	**₱12,666**	**₱–**	**₱17,059**	**₱–**	**₱–**
More than 1 year to 5 years	**935,382**	**70,067**	**1,571**	**8,957**	–	**2,038**
More than 5 years to 10 years	**2,183,572**	**178,995**	**16,915**	**47,035**	**5,212**	**665**
More than 10 years to 15 years	**2,452,767**	**635,724**	**8,790**	**60,509**	**13,184**	–
More than 15 years to 20 years	**3,614,035**	**1,034,331**	–	**151,035**	**103,356**	**1,751**
More than 20 years	**22,632,896**	**10,283,386**	**477,064**	**1,267,884**	**402,263**	**164,340**

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

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25. **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, 2017 and 2016 amounted to US$228.48 million and US$148.58 million, respectively, while the sell US dollar forward contracts amounted to US$164.89 million and US$197.06 million, respectively. Weighted average buy US dollar forward rate as of December 31, 2017 is ₱51.13 and ₱46.76 in 2016, while the weighted average sell US dollar forward rates are ₱51.41 and ₱44.26, respectively.

The aggregate notional amounts of the outstanding buy Euro currency forwards as of December 31, 2017 and 2016 amounted to €113 million and €2 million, respectively while the aggregate notional amounts of the outstanding sell Euro currency forwards as of the December 31, 2017 and 2016 amounted to nil and €6 million, respectively. The weighted average buy Euro forward rates as of December 31, 2017 is ₱59.32 and ₱53.40 in December 31, 2016 while the weighted average sell Euro forward rate as of December 31, 2016 is ₱51.85.

The aggregate notional amounts of the outstanding buy Hongkong dollars (HKD) currency forwards as of December 31, 2017 and December 31, 2016 amounted to nil and HKD155.15 million, respectively. 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, 2017 and December 31, 2016 amounted to nil and CNY34.91 million. The weighted average sell CNY forward rates as of December 31, 2016 is ₱7.12.

The aggregate notional amounts of the outstanding IRS as of December 31, 2017 and 2016 amounted to ₱9.99 billion and ₱10.82 billion, respectively.

The aggregate notional amounts of the outstanding buy US Dollar NDF as of December 31, 2017 amounted to US$5.00 million. The weighted average buy NDF rate as of December 31, 2017 is ₱49.85.

As of December 31, 2017 and 2016, the fair values of derivatives follow:

	2017		2016	
	Derivative Asset	**Derivative Liability**	Derivative Asset	Derivative Liability
Currency forwards	**₱294,873**	**₱235,787**	₱176,513	₱213,788
IRS	**28,963**	**31,746**	30,065	29,410
Warrants	**9,751**	**–**	9,710	–
	₱333,587	**₱267,533**	₱216,288	₱243,198

Fair Value Changes of Derivatives
The net movements in fair value changes of derivative instruments are as follows:

	2017	2016
Balance at beginning of year	**(₱26,910)**	₱233,553
Fair value changes during the year	**132,805**	(183,640)
Settled transactions	**(39,841)**	(76,823)
Balance at end of year	**₱66,054**	(₱26,910)

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

	2017	2016	2015
Foreign exchange gain (loss)	**₱96,401**	(₱283,973)	₱47,031
Trading and securities gain (loss)* (Note 21)	**(3,437)**	23,510	(1,425)
	₱92,964	(₱260,463)	₱45,606

*Net movements in the value related to embedded credit derivatives and IRS.

26. 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 2017, 2016 and 2015 amounted to ₱782.30 million, ₱681.05 million and ₱615.00 million, respectively, for the Group, and ₱518.47 million, ₱450.53 million and ₱396.88 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	
	2017	2016	2017	2016
Within one year	**₱601,876**	₱573,623	**₱551,239**	₱506,446
After one year but not more than five years	**2,230,498**	1,900,916	**1,984,453**	1,677,595
After five years	**1,335,370**	1,152,237	**915,394**	724,682
	₱4,167,744	₱3,626,776	**₱3,451,086**	₱2,908,723

The Group and the Parent Company have also entered into commercial property leases on its investment properties (Note 13).

Future minimum rentals receivable under noncancellable operating leases follow:

	Consolidated		Parent Company	
	2017	2016	2017	2016
Within one year	**₱26,521**	₱5,044	**₱19,913**	₱4,865
After one year but not more than five years	**19,246**	22,047	**1,042**	2,977
After more than five years	**7,810**	27,653	**–**	–
	₱53,577	₱54,744	**₱20,955**	₱7,842

27. 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		
	2017	2016	2015	**2017**	2016	2015
Current						
Final tax	**₱677,450**	₱498,750	₱435,649	**₱607,136**	₱458,011	₱417,227
RCIT	**977,968**	907,782	1,007,447	**829,109**	785,800	941,923
MCIT	**–**	–	29,935	**–**	–	–
	1,655,418	1,406,532	1,473,031	**1,436,245**	1,243,811	1,359,150
Deferred	**(166,241)**	(279,980)	(663,062)	**206,239**	(160,672)	(531,080)
	₱1,489,177	₱1,126,552	₱809,969	**₱1,642,484**	₱1,083,139	₱828,070

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

	Consolidated		Parent Company	
	2017	2016	**2017**	2016
Deferred tax assets (liabilities) on				
Allowance for impairment and credit losses	**₱2,585,512**	₱2,429,146	**₱2,076,465**	₱2,249,967
Revaluation Increment on land (Notes 11 and 22)	**(547,405)**	(547,405)	**(547,405)**	(547,405)
Fair value adjustments on asset foreclosure and dacion transactions - net of depreciated portion	**(210,800)**	(91,030)	**(222)**	32,014
Net defined benefit asset	**(297,416)**	(183,020)	**(297,416)**	(226,426)
Fair value adjustments on net assets (liabilities) of PDB and Unity Bank	**(805,515)**	(1,102,839)	**–**	–
Others	**(107,948)**		**65,849**	–
	₱616,428	₱504,852	**₱1,297,271**	₱1,508,150

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	
	2017	2016	**2017**	2016
Allowance for impairment and credit losses	**₱2,306,353**	₱3,525,592	**₱–**	₱98,262
Accrued compensated absences	**171,431**	87,499	**65,384**	53,003
NOLCO	–	–	–	–
Excess of MCIT over RCIT	–	52,929	–	–
Others	**371,427**	67,793	–	–
	₱2,849,211	₱3,733,813	**₱65,384**	₱151,265

As of December 31, 2017, details of excess of MCIT over RCIT of the Group follow:

InceptionYear	Original Amount	Used Amount	Expired Amount	Remaining Balance	Expiry Year
2014	₱13,054	₱13,054	₱–	₱–	2017
2015	35,414	35,414	–	–	2018
2016	–	–	–	–	2019
2017	–	–	–	–	2020
	₱48,468	₱48,468	₱–	₱–	

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

	Consolidated			Parent Company		
	2017	2016	2015	**2017**	2016	2015
Statutory income tax	**₱2,703,632**	₱2,276,256	₱1,923,764	**₱2,746,937**	₱2,262,431	₱2,002,359
Tax effects of					-	
FCDU income	**(498,029)**	(549,881)	(459,351)	**(496,062)**	(543,591)	(472,787)
Non-taxable income	**(939,179)**	(219,042)	(300,817)	**(837,850)**	(179,507)	(330,074)
Interest income subjected to final tax	**(279,914)**	(464,491)	(168,700)	**(266,103)**	(604,445)	(180,071)
Nondeductible expenses	**771,915**	243,937	(63,433)	**612,065**	146,205	(232,661)
Others	**(269,248)**	(160,227)	(121,494)	**(116,503)**	2,046	41,304
Provision for income tax	**₱1,489,177**	₱1,126,552	₱809,969	**₱1,642,484**	₱1,083,139	₱828,070

28. 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 30).

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 ₱1.176 billion and ₱994.05 million as of December 31, 2017 and 2016, respectively, are deposited with the BSP as security for the Parent Company's faithful compliance with its fiduciary obligations (Note 9); 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.

29. **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 ₱42.89 million and ₱41.69 million, respectively, in 2017, ₱44.35 million and ₱41.41 million, respectively, in 2016, and ₱44.19 million and ₱41.35 million, respectively, in 2015.

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**	
	2017	2016	**2017**	2016
Deposits in banks	**₱486,822**	₱223,432	**₱345,702**	₱108,259
AFS financial assets	**1,777,250**	1,814,531	**1,777,250**	1,814,531
Dividend income	**47,751**	44,214	**47,751**	44,214
Interest income	**2,037**	2,069	**1,520**	1,172
Total market value of shares	**1,777,250**	1,814,531	**1,777,250**	1,814,531
Number of shares held	**51,571**	47,751	**51,571**	47,751

In 2015, dividend income and interest income of the retirement plan from investments and placements in the Parent Company amounted to ₱40.94 million and ₱0.70 million, respectively, for the Group, and ₱40.94 million and ₱0.51 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		
	2017	2016	2015	**2017**	2016	2015
Short-term employee benefits	**₱482,345**	₱380,394	₱411,833	**₱408,311**	₱315,284	₱325,324
Post-employment benefits	**2,501**	4,774	6,526	**2,501**	2,194	3,946
	₱484,846	₱385,168	₱418,359	**₱410,812**	₱317,478	₱329,270

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 (4.00%) 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.

	December 31, 2017		
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans and receivables		**₱6,682,725**	Partially secured Loans with interest rate of 2 - 5.12% and maturity of two to seven years.
Issuances	**₱5,624,213**		
Repayments	**(1,651,488)**		
Deposit liabilities		**257**	These are checking accounts with annual average rate of 0.13%.
Deposits	**3,164,475**		
Withdrawals	**(3,164,441)**		
Associate			
Deposit liabilities		**77,722**	These are savings accounts with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**1,175,969**		
Withdrawals	**(1,386,319)**		
Key Management Personnel			
Loans and receivables		**39,312**	Unsecured Officer's accounts from Credit card with interest of 3% and currently maturing and Fully secured OEL accounts with interest of 6%;Secured; no impairment; with annual fixed interest rates ranging from 0% to 5.50%
Issuances	**417**		
Repayments	**2,238**		
Deposit liabilities		**18,772**	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**279,554**		
Withdrawals	**(276,612)**		
Other Related Parties			
Deposit liabilities		**51,563**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**16,038,034**		
Withdrawals	**(16,008,489)**		

Category	Amount / Volume	Outstanding Balance	Terms and Conditions
	December 31, 2016		
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)		

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2017, 2016, and 2015 follow:

	Significant Investor			Associate		
	2017	2016	2015	**2017**	2016	2015
Interest income	**₱169,706**	₱138,944	₱142,662	**₱–**	₱–	₱1,288
Interest expense	**61**	12	8	**1,849**	1,513	2,411

	Key Management Personnel			Other Related Parties		
	2017	2016	2015	**2017**	2016	2015
Interest income	**₱17,102**	₱385	₱1,039	**₱–**	₱–	₱–
Interest expense	**47**	40	1,270	**69**	11	125

Related party transactions of the Group with significant investor, associate and other related parties pertain to transactions of the Parent Company with these related parties.

Parent Company
Related party transactions of the Parent Company by category of related party, except those already presented in the Group disclosures, are presented below.

Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
	December 31, 2017		
Significant Investor			
Loans and receivables		**₱6,682,725**	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	**₱5,624,213**		
Repayments	**(1,651,488)**		
Deposit liabilities		**257**	These are checking accounts with annual average rate of 0.13%.
Deposits	**3,164,475**		
Withdrawals	**(3,164,441)**		
Subsidiaries			
Deposit liabilities		**32,801**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**330,111**		
Withdrawals	**(311,528)**		

(Forward)

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		December 31, 2017	
Category	**Amount / Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Associate			
Deposit liabilities		**₱77,722**	These are savings accounts with annual average interest rates ranging from0.25% to 1.00%.
Deposits	**₱1,175,969**		
Withdrawals	**(1,386,319)**		
Key Management Personnel			
Loans and receivables		**952**	
Issuances	**417**		
Repayments	**(714)**		
Deposit liabilities		**18,772**	These are savings account with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	**279,554**		
Withdrawals	**(276,612)**		
Other Related Parties			
Deposit liabilities		**51,563**	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	**16,038,034**		
Withdrawals	**(16,008,489)**		

		December 31, 2016	
Category	Amount / Volume	Outstanding Balance	Nature, 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)		
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)		

In 2017, the Parent Company sold its investment property to a related party for a total cash selling price of ₱161.58 million and recognized gain of ₱142.61 million.

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 2017, 2016 and 2015 in relation to amounts due from related parties.

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2017, 2016 and 2015 follow:

	Subsidiaries			**Associate**		
	2017	2016	2015	**2017**	2016	2015
Interest expense	**₱46**	₱33	₱137	**₱1,849**	₱1,513	₱19

	Key Management Personnel			Other Related Parties		
	2017	2016	2015	**2017**	2016	2015
Interest income	**₱46**	₱56	₱78	**₱–**	₱–	₱–
Interest expense	**47**	40	76	**69**	11	27

	Significant Investor		
	2017	2016	2015
Interest income	**₱169,706**	₱138,944	₱142,662
Interest expense	**61**	12	8

Outright purchases and outright sale of debt securities of the Parent Company with its subsidiaries in 2017 and 2016 follow:

	Subsidiaries	
	2017	2016
Peso-denominated		
Outright purchase	**₱675,016**	₱1,504,879
Outright sale	**18,902,488**	1,128,000

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

	Subsidiaries		
	2017	2016	**Nature, Terms and Conditions**
Balance Sheet			
Accounts receivable	**₱2,741**	₱5,187	This pertains to various expenses advanced by CBC in behalf of CBSI
Security deposits	**2,736**	3,050	This pertains to the rental deposits with CBSI for office space leased out to the Parent Company
Accounts payable	**10,607**	10,623	This pertains to various unpaid rental to CBSI

	Subsidiaries			
	2017	2016	2015	**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	**24,532**	22,255	16,266	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	**193,651**	169,658	122,260	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	
	2017	2016	**2017**	2016
Total outstanding DOSRI loans	**₱11,507,281**	₱7,023,635	**₱11,500,850**	₱7,015,002
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	**2.54%**	1.81%	**2.95%**	2.12%
Percent of unsecured DOSRI loans to total DOSRI loans	**1.52%**	5.99%	**1.51%**	5.98%
Percent past due DOSRI loans to total DOSRI loans	–	–	–	–
Percent of non-performing DOSRI loans to total DOSRI loans	–	–	–	–

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.

30. 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	
	2017	2016	**2017**	2016
Trust department accounts (Note 28)	**₱131,813,251**	₱104,373,741	**₱131,577,983**	₱102,862,792
Unused commercial letters of credit (Note 29)	**21,596,174**	17,801,390	**21,383,196**	17,801,205
Future exchange bought	**18,736,175**	8,922,411	**18,736,175**	8,922,411
Future exchange sold	**15,179,964**	11,267,749	**15,179,964**	11,267,749
Credit card lines	**10,359,997**	8,883,196	**10,359,997**	8,883,196
IRS receivable	**9,991,390**	10,823,400	**9,991,390**	10,823,400
Outstanding guarantees issued	**3,079,993**	4,827,530	**744,547**	1,140,440
Inward bills for collection	**2,386,848**	234,588	**2,386,848**	234,588
Standby credit commitment	**2,274,398**	3,029,782	**2,274,398**	3,029,782
Spot exchange sold	**1,399,180**	558,487	**1,399,180**	558,487
Spot exchange bought	**996,333**	409,940	**996,333**	409,940
Deficiency claims receivable	**291,831**	294,632	**291,831**	294,632
Late deposits/payments received	**127,832**	417,559	**116,313**	405,838
Outward bills for collection	**93,772**	73,702	**91,943**	57,227
Others	**1,614**	2,575	**1,354**	2,348

31. 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.

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, auto loans and credit cards for individual and/or 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 Markets – 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.

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, 2017, 2016 and 2015:

	Lending Business			**Retail Banking Business**		
	2017	2016	2015	**2017**	2016	2015
Results of Operations						
Net interest income						
Third party	**₱13,876,995**	₱11,234,520	₱9,884,601	**₱855,933**	₱477,635	₱247,320
Intersegment	**(8,438,704)**	(6,185,045)	(5,226,806)	**7,915,744**	7,067,165	6,377,212
	5,438,291	5,049,475	4,657,795	**8,771,677**	7,544,800	6,624,532
Other operating income	**1,317,298**	907,182	885,555	**1,465,962**	1,234,356	1,420,568
Total revenue	**6,755,589**	5,956,657	5,543,350	**10,237,639**	8,779,156	8,045,100
Other operating expense	**(2,294,490)**	(2,228,638)	(1,361,427)	**(6,536,859)**	(5,759,880)	(5,472,577)
Income before income tax	**4,461,099**	3,728,019	4,181,923	**3,700,780**	3,019,276	2,572,523
Provision for income tax	**236,856**	96,461	–	**–**	(6,833)	(5,000)
Net income	**₱4,697,955**	₱3,824,480	₱4,181,923	**₱3,700,780**	₱3,012,443	₱2,567,523
Total assets	**₱299,052,197**	₱251,890,331	₱200,906,783	**₱431,622,883**	₱361,036,278	₱124,073,281
Total liabilities	**1,171,742**	2,233,433	₱1,050,634	**444,030,414**	₱365,417,688	₱336,671,277
Depreciation and amortization	**61,988**	51,266	₱39,019	**378,597**	₱313,745	₱300,010
Provision for impairment and credit losses	**₱668,360**	₱916,974	₱258,725	**₱238,645**	₱126,025	₱217,447
Capital expenditures	**₱63,136**	₱451,770	₱15,713	**₱118,378**	₱647,525	₱15,880

	Financial Markets			Other Business and Support Units		
	2017	2016	2015	**2017**	2016	2015
Results of Operations						
Net interest income						
Third party	**₱1,661,494**	2,039,741	₱2,446,783	**₱3,231,982**	2,942,296	₱2,506,480
Intersegment	**1,124,033**	(424,779)	(567,059)	**(601,073)**	(457,341)	(583,347)
	2,785,527	1,614,962	1,879,724	**2,630,909**	2,484,955	1,923,133
Other operating income	**879,737**	1,386,223	1,393,658	**2,438,697**	1,566,985	787,361
Total revenue	**3,665,264**	3,001,185	3,273,382	**5,069,606**	4,051,943	2,710,494
Other operating expense	**(1,264,773)**	(959,151)	(651,534)	**(6,619,869)**	(5,253,750)	(5,674,243)
Income before income tax	**2,400,491**	2,042,034	2,621,848	**(1,550,263)**	(1,201,807)	(2,963,749)
Provision for income tax	**(547,624)**	(388,807)	(357,864)	**(1,178,409)**	(827,373)	(447,105)
Net income	**₱1,852,867**	1,653,227	₱2,263,984	**(₱2,728,672)**	(2,029,180)	(₱3,410,854)
Total assets	**₱168,052,729**	128,281,917	₱104,004,670	**(₱147,280,299)**	(108,010,515)	₱97,842,229
Total liabilities	**140,321,883**	124,409,814	₱59,108,627	**82,267,974**	77,750,872	₱70,825,521
Depreciation and amortization	**41,852**	30,449	₱20,199	**735,052**	729,326	₱620,184
Provision for impairment and credit losses	**₱–**	₱–	₱–	**(₱152,834)**	(192,453)	₱490,402
Capital expenditures	**₱63,795**	₱230,076	₱8,799	**₱389,402**	₱(193,719)	₱1,453,590

	Total		
	2017	2016	2015
Results of Operations			
Net interest income			
Third party	**₱19,626,404**	₱16,694,192	₱15,085,184
Intersegment	–	–	–
	19,626,404	16,694,192	15,085,184
Other operating income	**6,101,694**	5,094,746	4,487,142
Total revenue	**25,728,098**	21,788,941	19,572,326
Other operating expense	**(16,715,991)**	(14,201,419)	(13,159,781)
Income before income tax	**9,012,107**	7,587,522	6,412,545
Provision for income tax	**(1,489,177)**	(1,126,552)	(809,969)
Net income	**₱7,522,930**	₱6,460,970	₱5,602,576
Total assets	**₱751,447,510**	₱633,198,011	₱526,826,963
Total liabilities	**667,792,013**	₱569,811,807	₱467,656,059
Depreciation and amortization	**1,217,489**	₱1,124,786	₱979,412
Provision for impairment and credit losses	**₱754,171**	₱850,546	₱966,574
Capital expenditures	**₱634,711**	₱1,135,652	₱1,493,982

The Group's share in net income (loss) of an associate included in other operating income amounting to ₱73.13 million, (₱89.38 million) and (₱37.89 million) in 2017, 2016 and 2015, respectively are reported under 'Other Business and Support Units'.

32. 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:

	2017	2016	2015
a. Net income attributable to equity holders of the parent	**₱7,513,972**	₱6,458,296	₱5,606,666
b. Weighted average number of common shares outstanding (Note 23)	**2,581,182**	2,243,086	2,243,086
c. EPS (a/b)	**₱2.91**	₱2.88	₱2.50

As of December 31, 2017, 2016 and 2015, there were no outstanding dilutive potential common shares. Before consideration of the stock rights and 8.00% stock dividends distributed in 2017, the EPS for 2016 and 2015 were ₱3.23 and ₱2.80, respectively.

33. Financial Performance

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

	Consolidated			Parent Company		
	2017	2016	2015	**2017**	2016	2015
Return on average equity	**10.01%**	10.42%	9.62%	**10.01%**	10.32%	9.57%
Return on average assets	**1.12%**	1.16%	1.17%	**1.27%**	1.33%	1.35%
Net interest margin	**3.11%**	3.20%	3.37%	**2.91%**	3.03%	3.20%

34. Supplementary Information for Cash Flow Analysis

The following is a summary of certain non-cash investing activities that relate to the analysis of the statements of cash flows:

	Consolidated		
	2017	2016	2015
Addition to investment properties from settlement of loans	**₱579,089**	₱784,415	₱960,332
Fair value gain in AFS financial assets	**158,946**	405,722	(610,521)
Addition to equity investment	**–**	–	–
Cumulative translation adjustment	**(15,970)**	(3,637)	(16,734)
Addition to chattel mortgage from settlement of loans	**559,283**	334,553	112,056

	Parent Company		
	2017	2016	2015
Addition to investment properties from settlement of loans	**₱126,652**	₱296,844	₱257,851
Fair value gain in AFS financial assets	**113,020**	405,722	(464,471)
Addition to equity investment	**–**	–	–
Cumulative translation adjustment	**(16,197)**	(3,637)	(14,914)
Addition to chattel mortgage from settlement of loans	**10,824**	19,088	2,244

The following table shows the reconciliation analysis of liabilities arising from financing activities for the period ended December 31, 2017:

Balance at beginning of year		**₱16,954,998**
Cash flows during the year		
Proceeds	252,268,556	
Settlement	(249,219,839)	3,048,717
Non-cash changes		
Foreign exchange movement	71,613	
Amortization of transaction cost	42,703	114,316
Balance at end of year		**₱20,118,031**

35. 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, 2017

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	Fair value of financial collateral	Net exposure [c-d]
	[a]	[b]	[c]	[d]		[e]
Financial assets						
SPURA	**₱18,751,845**	**₱**	**₱18,751,845**	**₱18,751,845**	**₱18,749,980**	**₱1,865**
Currency forwards	**117,562**	–	**117,562**	**32,748**	–	**84,814**
IRS	**28,963**	–	**28,963**	**₱8,361**	–	**20,602**
	₱146,525	**₱–**	**₱146,525**	**₱41,109**	**₱–**	**₱105,416**
Financial liabilities						
Bills payable	**₱14,306,179**	**₱–**	**₱14,306,179**	**₱17,984,923**	**₱17,453,765**	**₱–**
Currency forwards	**62,555**	–	**62,555**	**32,748**	–	**29,807**
IRS	**31,745**	–	**31,745**	**8,361**	–	**23,384**
	₱14,400,479	**₱–**	**₱14,400,479**	**₱18,026,032**	**₱17,453,765**	**₱53,191**

December 31, 2016

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	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	₱33,806	₱–	₱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	–	12,914
	₱8,169,803	₱–	₱8,169,803	₱9,554,022	₱8,943,902	₱63,215

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.

36. Approval of the Financial Statements

The accompanying consolidated and parent company financial statements were authorized for issue by the Parent Company's BOD on February 28, 2018.

37. **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 2017.

Gross receipts tax	**₱972,112**
Documentary stamps tax	**759,058**
Local taxes	**64,989**
Fringe benefit tax	**5,509**
Others	**17,662**
Balance at end of year	**₱1,819,330**

Withholding Taxes

Details of total remittances of withholding taxes in 2017 and amounts outstanding as of December 31, 2017 are as follows:

	Total remittances	Amounts outstanding
Final withholding taxes	**₱934,030**	₱88,350
Withholding taxes on compensation and benefits	**639,612**	46,242
Expanded withholding taxes	**131,791**	9,183
	₱1,705,433	₱143,775

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 required by accounting and auditing standards for China Banking Corporation for the period ended December 31, 2017.

In discharging this responsibility, I hereby declare that I am an officer under Controllership Group of China Banking Corporation.

Furthermore, in the 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 Statement 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 No. 3995

March 1, 2018

NOTARY PUBLIC

ATTY. ANDREA A. TAN
Commission No. 2017-049
Notarial Public for Manila
Commission Expires 12-31-18
282 Aguado Street San Miguel Ma...
ROLL No. 54610
PTR NO. 2018-6960653
Manila 01/03/2018
IBP No. 718577 / Lifetime / Manila
MCLE No. V-0010067/04-15-16

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Book No. 10
Series of 2018

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 December 31, 2017, included in this Form 17-A, and have issued our report thereon dated February 28, 2018. 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. 08-001998-107-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 6621226, January 9, 2018, Makati City

February 28, 2018

CHINA BANKING CORPORATION
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2017

Part I

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

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2017
(Amounts in Thousands)

Unappropriated Retained Earnings, Beginning		**₱36,889,099**
Adjustments:		
Prior years non-actual/unrealized income net of tax (2007-2016)	(₱3,829,082)	
Transfer of revaluation increment to surplus	(1,277,277)	
Prior years' net earnings of subsidiaries not available for dividends	(607,740)	
		(5,714,099)
Unappropriated Retained Earnings, As adjusted, Beginning		**31,175,000**
Add: Net income during the period	**7,513,972**	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	73,133	
Unrealized foreign exchange gain- net (except those attributable to Cash and Cash Equivalents)	162,676	
Fair value adjustments (Mark-to-Market gains)	200,451	
Net earnings of subsidiaries not available for dividends	293,955	
Fair value adjustments of investment property resulting to gain	134,431	
Provision for deferred taxes	206,239	
Sub-total	**1,070,885**	
Add: Non-actual losses		
Loss on fair value adjustment on investment property (after tax)	**104,606**	
Net income actually earned/ realized during the period		**6,547,693**
Less: Dividend declarations during the period		
Cash dividend	1,988,720	
Stock dividend	1,988,729	
Appropriation of Retained Earnings during the period	65,059	
		(4,042,508)
Unappropriated Retained Earnings, Ending, Available for Dividend Declaration		**₱33,680,185**

CHINA BANKING CORPORATION
SCHEDULE II
LIST OF PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS)
EFFECTIVE AS OF DECEMBER 31, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2017**		**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 Financial Assets	✓			
	Amendments to PAS 39 and PFRS 7: Reclassification of	✓			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable	Not Early Adopted
	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				✓
	Prepayment Features with Negative Compensation				✓
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*				✓

**On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.*

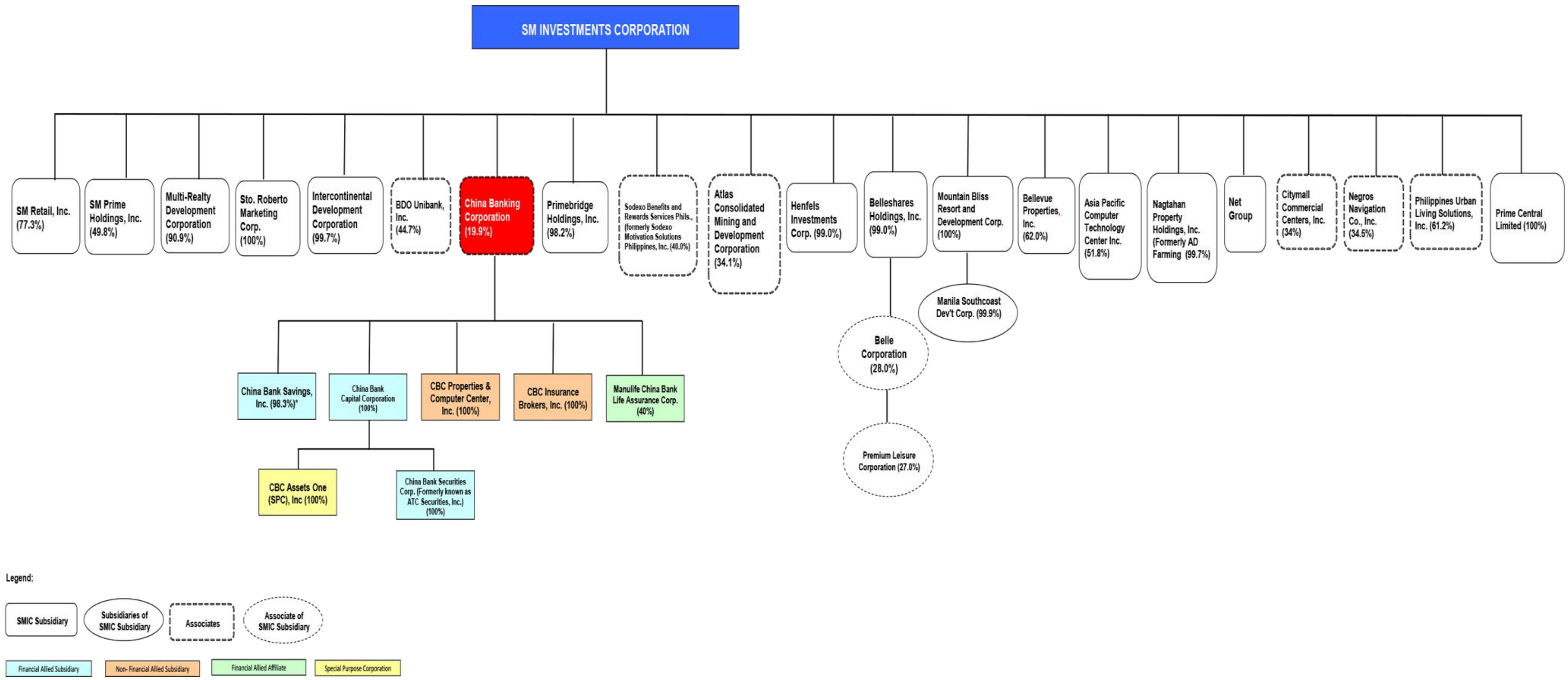
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable	Not Early Adopted
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception			✓	
PFRS 11	Joint Arrangements			✓	
	Amendments to PFRS 11: Transition 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			✓	

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 (Amended)	Separate Financial Statements	✓			
	Amendments for investment entities			✓	
	Amendments to PAS 27: Equity Method in Separate Financial Statements	✓			
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	✓			
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	✓			
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			✓	
IFRIC 22	Foreign Currency Transactions and Advance Consideration				✓
IFRIC-23	Uncertainty over Income Tax Treatments				✓
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			✓	

SCHEDULE III
MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG PARENT SUBSIDIARIES, AN ASSOCIATE, AND JOINT VENTURE



Notes:
% Refers to the Parent Company's Effective Ownership.

China Banking Corporation
Schedule A – Financial Assets
December 31, 2017
(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	Valued based on market quotation at end of reporting period	Income accrued
Financial Assets at Fair Value through Profit or Loss				
Treasury Notes	₱1,919,385	₱1,893,192	₱1,893,192	₱19,119
Government Bonds	5,555,300	5,911,659	5,911,659	54,045
Treasury Bills	2,060,889	2,025,367	2,025,367	–
Private Bonds	2,602,456	2,663,397	2,663,397	19,407
Financial assets designated at FVPL	2,296,281	2,355,062	2,355,062	29,287
	15,001,340 shares	1,056,624	1,056,624	
Derivative assets	323,836	323,836	323,836	4,456
	19,529 shares	9,751	9,751	–
		₱16,238,888	₱16,238,888	₱126,314
Available-for-Sale Financial Assets				
Government Bonds	₱32,384,453	₱35,229,504	₱35,229,504	₱331,576
Private Bonds	10,968,125	11,090,438	11,090,438	77,255
Equities	6,657,052 shares	125,449	125,449	
		₱46,445,391	₱46,445,391	₱408,831
Held-to-Maturity Financial Assets				
Government Bonds	₱46,718,014	₱53,248,521	₱51,488,294	₱672,360
Private Bonds	11,465,164	12,037,746	12,110,870	116,132
	₱58,183,178	₱65,286,267	₱63,599,164	₱788,492

China Banking Corporation
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2017

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, 2017

(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	₱5,187	₱14,169	₱16,615	₱–	₱2,741	₱–	₱2,741

China Banking Corporation
Schedule D - Intangible Assets - Other Assets
December 31, 2017
(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	₱–	₱–	₱–	(₱57,000)	₱3,607,500
Software	425,216	165,074	93,757	–	–	496,533
Goodwill	839,748					839,748

(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, 2017
(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

None to Report

China Banking Corporation
Schedule F - Indebtedness to Related Parties
(Long-term from Related Companies)
December 31, 2017

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, 2017

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, 2017

(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	3,300,000,000					
Issued and outstanding		2,684,771,716		877,970,984	59,653,052	1,747,147,680

[(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

	2017	2016	2015
PROFITABILITY (%)			
Return on Assets[1/]	**1.12**	1.16	1.17
Return on Equity[2/]	**10.01**	10.42	9.62
Net Interest Margin[3/]	**3.11**	3.20	3.37
Cost to Income Ratio	**62.04**	61.27	62.30
LIQUIDITY (%)			
Liquid Assets to Total Assets	**36.40**	34.39	36.09
Loans (net) to Deposit Ratio	**70.69**	71.43	70.52
ASSET QUALITY (%)			
Gross Non-Performing Loans Ratio[4/]	**1.41**	1.86	2.53
Non-performing Loan (NPL) Cover[5/]	**99.02**	91.00	87.33
SOLVENCY RATIOS			
Debt to Equity Ratio	**7.98**	8.99	7.90
Asset to Equity Ratio	**8.98**	9.99	8.90
Interest Rate Coverage Ratio[6/]	**2.30**	2.46	2.52
CAPITALIZATION (%)			
Capital Adequacy Ratio			
Tier 1	**13.47**	11.30	12.58
Total CAR	**14.22**	12.21	13.50

[1/] Net income divided by average total assets. Average total assets is based on the average monthly balances for the years then ended.
[2/] Net income divided by average total equity. Average total equity is based on the average monthly balances for the years then ended.
[3/] Net interest income divided by average interest-earning assets which is based on the average monthly balances for the respective periods indicated. Interest-earning assets include due from other banks, due from BSP, securities purchased under resale agreement, financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, and loans and receivables.
[4/] Total NPLs divided by loans and receivables, net of unearned discount and gross of allowance for credit and impairment losses.
[5/] Total allowance for impairment and credit losses on receivables from customers divided by total NPLs.
[6/] Net income before tax and interest expense divided by interest expense