

SEC NUMBER 00016962
File Number _____

CHINA BANK SAVINGS, INC.
(Company's Full Name)

6772 AYALA AVENUE MAKATI CITY
(Company's Address)

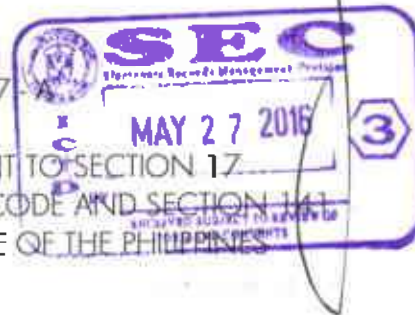
Tel. No. 988-9555
(Telephone No. of the Corporation)

SEC FORM 17 - A
(Form Type)

N/A
Secondary License Type and File Name

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A



ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended : December 31, 2015
2. SEC Identification Number : 000016962
3. BIR Tax Identification Code : 000-504-532
4. Exact Name of Registrant as Specified in its charter : CHINA BANK SAVINGS, INC.
5. Province, country or other jurisdiction or organization : Makati City Philippines
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office : 6772 Ayala Avenue, Makati City
8. Registrants telephone number including area code : (632)988-9555
9. Former Name or former address, if changed since last report: N/A
10. Securities registered pursuant to Section 8 and 12 of the Code and Section 4 and 8 of the RSA (information on the number of shares and amount of debt is applicable only to corporate registrants):

| Title of Each Class | Number of Shares Outstanding or Amount of Debt Outstanding |
|---------------------|---|
| Common Shares | 56,301,250* |
| Preferred Shares | 21,642 |

*Exclusive of the 2,611,806 and 16,501,093 common shares equivalent of former Unity Bank, Rural Bank, Inc. and Planters Development Bank shares, respectively, to be issued CBS stocks by virtue of the mergers. However, these shares shall be entitled to vote.

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

Yes () No (/)

12. Check whether the issuer:

- (a) has filed all the reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes (/) No ()

- (b) Has been subject to such filing requirements for the past ninety (90) days.

Yes (/) No ()

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PART 1 – BUSINESS AND GENERAL INFORMATION

Item 1. DESCRIPTION OF BUSINESS

(1) Business Development

Item 1. DESCRIPTION OF BUSINESS

(1) Business Development

China Bank Savings, Inc. is a private, stock corporation engaged in the business of savings and mortgage banking and is also authorized to engage in the business of Trust and FCDU operations. It provides the public with loans, deposit and trust services. Originally incorporated in 1960 bearing the name "The Manila Banking Corporation", the Bank launched its business as a commercial bank until it was closed in May 1987. It reopened for business to the public as a thrift bank on June 26, 1999 in accordance with the Monetary Board (MB) Resolution No. 512 dated April 21, 1999.

In 2007, The Manila Banking Corporation was acquired by China Banking Corporation (CBC) and to better reflect its ownership and pedigree as a subsidiary of China Bank, it was renamed China Bank Savings, Inc. with approval from both the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC) on July 16, 2008. The new name was publicly unveiled on September 8, 2008 at the main branch located along Ayala Avenue. It brought the bank a cornerstone presence along the country's main business corridor, boosting its competitive abilities in the exciting retail banking market.

Subsequent to the acquisition, the Bank's existing 26 branches (along with a substantial number of unopened branches), together with their assets and liabilities were transferred to CBC, leaving China Bank Savings with only one branch located along Ayala Avenue in Makati City. The transfer of assets and liabilities and branches became imperative to rationalize the branch networks of both banks, and to integrate the support units of China Bank Savings into CBC. Since then, the Bank evolved a business model which optimizes rapid growth and capitalizes on the business opportunities and strengths made available to a savings bank being a subsidiary of a well-established universal bank.

On March 25, 2010, the SEC has approved the renewal of its corporate existence for another fifty (50) years, from and after May 23, 2010, the expiry date of the original term of its existence.

In order to define its brand image as distinct from China Bank, the Management decided to re-brand and strengthen its identity in the thrift bank industry. Together with a first-rate advertising agency as brand consultant, the new China Bank Savings was launched in July 2012. The new logo that shows "CBS" projects China Bank Savings as a separate institution while the spelled out "China Bank Savings" suggests bigness and credibility. The statement "a subsidiary of China Banking Corporation" underscores the stability and strength of the parent bank.

With its fresh look comes a new vision and mission for the Filipinos. As a thrift bank, CBS aims to help citizens to reach their dream of prosperity. Management defines the bank's vision as '*Prosperity for the Filipinos*' and its mission as commitment to '*Working to uplift your standards of*

living'. This commitment is derived from the view that prosperous families achieve economic success through thrift, hard work, and entrepreneurial spirit.

CBS believes that by providing innovative products and services to the retail market, the Bank contributes to improving the quality of life of its clients and in the communities the Bank serves. As an expression of its deeper commitment, CBS has transformed its brand promise of "Easy banking for you" to "Madaling Kausap".

To provide existing and potential clients with banking convenience and security, CBS unveiled a redesigned and reenergized website www.cbs.com.ph in July 2013. To further strengthen the CBS brand promise of Madaling Kausap, Easi-Funds Personal Loans was launched in August 2013 in Metro Manila and Greater Luzon areas. The product became available nationwide on September 13, 2013.

In the same year, CBS continued the aggressive branch expansion program which started a year earlier. The bank put up 29 full service branches in Luzon and Metro Manila, 10 mini branches at selected Savemore outlets and One (1) mini branch in Tanauan. The growth in the branch network in Luzon and Metro Manila received a boost with the acquisition of Unity Bank, A Rural Bank Inc. with 15 branches. Eighteen more branches were opened in restricted areas comprising the first batch of the new branch licenses ensuing out of the incentives granted by the BSP for the acquisition of Unity Bank by China Banking Corporation.

On January 20, 2014, SEC officially approved the merger of Unity Bank with CBS, with the latter as the surviving Bank. Pursuant to Monetary Board Resolution No. 1898 dated November 15, 2012, and as a consequence of the incentives ensuing out of the merger, 6 more branches in the restricted areas were unveiled.

On June 18, 2014, the bank launched its domestic remittance product called "*CBS Easi-Padala*", in partnership with Cebuana Lhuillier, the country's largest pawnshop chain with over 1,700 branches nationwide. The partnership expanded the Bank's channels as the remittance sent through *CBS Easi-Padala* can be conveniently claimed at any branch of Cebuana Lhuillier.

In 2015, the BSP approved the bancassurance license of CBS, which embarked on a strategic partnership with Manulife China Bank Life Assurance Corporation to provide CBS customers with a one-stop shop for short-term to long-term protection, health, retirement and investments.

As an offshoot of the acquisition by CBC of Planters Development Bank (PDB) per Monetary Board Resolution No. 2081 dated December 13, 2013, the Bank's aggressive branch expansion was further boosted by the merger of PDB into CBS. The merger, which took place on December 17, 2015, brought into the fold the 78 existing branches of PDB. In sum, the merged bank has a massive footprint of 165 brick-and-mortar channels as of first quarter 2016, broken down into: 41 in restricted areas, 19 in nearby metropolis, and 105 in provinces. The 105 provincial branches are spread across the archipelago with 57 in North Luzon, 29 in South Luzon, 11 in Visayas, and 8 in Mindanao. In the 1st quarter of 2016, 2 branches in the restricted area were opened, namely: Sta. Ana (Manila) and E. Rodriguez, Sr. Avenue. Likewise, Zamboanga Branch was relocated to City Mall Tetuan in Zamboanga during the same period. Three more new branches in the restricted area are slated to open in the 2nd quarter of 2016, namely: Moonwalk (Paranque), Espana Boulevard (Manila) and Divisoria (Manila).

The merger of PDB allows CBS to broaden its franchise, which now combines consumer and Small and Medium Enterprises (SMEs). All told, the Bank has quickly expanded its distribution channels and introduced new products to meet the needs of its market.

CBS undertook several initiatives as part of corporate image-building in 2015. The Bank resumed the SME Academy, holding by-invitation fora on business succession and estate planning in six cities—including Davao, Gen. Santos and Cogayan de Oro—to establish CBS as the partner bank of SMEs. Senior officers joined the nationwide road show, personally meeting with key accounts of the former PDB, to introduce CBS to clients and reassure them of the Bank's commitment to addressing the banking requirements of SMEs.

In the same year, the Bank stepped up its online presence by ramping up its Facebook page *cbschinabanksavings*. The new channel is accruing an online following and providing fresh insights into the Bank's market.

CBS has embarked on a program of Corporate Transformation to align its bigger and more complex organization with the demands of servicing the broader consumer and SME market. Management is presently updating the Corporate Vision and Mission in response to these developments and will unveil the document in 2016.

(2) Business of Issuers

(a) Description of Registrant

(i) Principal Products and Services

CBS offers a wide range of products on deposits, loans, and other bank services that cater to the needs of corporate, SME, retail and consumer markets, to wit:

DEPOSIT PRODUCTS

Savings Account: *Easi-Save Passbook, Easi-Save ATM, , Easi-Save for Kids, Easi-Save Basic*

Current Account: *Easi-Checking Account, Easi-Checking Diary*

Time Deposit: *Easi-Earn, Easi-Earn High-Five*

Dollar Deposit: *Dollar Savings Account, Dollar Time Deposit*

DEPOSIT SERVICES

Payroll Services; Deposit/Pick-up Services; Bills Payment; ATM Services: Bills Payment, Fund Transfer, Balance Inquiry, Deposit/Withdrawal

LOAN PRODUCTS AND SERVICES

SME Biz Loans: Check Discounting Line, Committed Credit Line, Credit Line, Floor Stock Financing, Invoice Financing, Poultry Loan, Small Business Loan, Term Loan, Domestic Bills Purchase and Back-to-Back Loan.

Consumer Loans: *Easi-Livin', Easi-Drivin', Easi-Funds, Easi-Funds Handy Salary and Easi-DepEd Loan.*

ONLINE BANKING

ATM, CBS Online (Retail), Phone Banking and Mobile Banking

CASH MANAGEMENT SERVICES

Direct Buyer's Checking Account, Check Write, Online Payroll Facility, End to End Payroll Software, Deposit Pick-up Arrangement, CBS Online Corp., Point of Sale (POS), Post-dated Check Warehousing, Bills Payment Facility and SME Proposition.

TRUST SERVICES

Unit Investment Trust Funds, Investment Management, Escrow, Safekeeping; Personal Trust: Living Trust, Insurance Trust; Corporate Trust: Employee Benefit Trust, Trusteeship of Pre-need Trust Fund.

FOREIGN SERVICES

Foreign Remittances; Foreign Exchange

DOMESTIC REMITTANCE

CBS Easi-Padala

ONLINE BANKING

Internet Banking; Mobile Banking; ATM Banking; Bills Payment; Fund Transfer

OTHER SERVICES

Cashier's and Gift Checks; Safety Deposit Boxes

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

(iii) Distribution Methods of the products and services

The core products and services of the Bank are marketed and distributed across growing multiple channels: 165 traditional brick-and-mortar branches nationwide with One Hundred Fifty Three (153) Automated Teller Machines (ATMs). This enable customers access to more than 15,692 ATMs nationwide of BancNet, Megalink, Expressnet, Encash, Nationlink, eCTK networks, e-Banking channels, such as CBS Online via www.cbs.com.ph, Mobile Banking available through subscribers of all three major telecommunication companies and Phone Banking. Auto loan products and services on very selective basis are still sourced from various auto dealers and agents. However, the Bank is slowly building up branch-generated auto loans and on online loan applications via www.cbs.com.ph and soon through the LENDR. It is an online market place where CBS is expected to cover more online clients for consumer loan products as it is ready to accept applications 24 hours a day. Housing loans remain primarily piped in from real estate developers, brokers, tie-up with remittance outfits targeting OFWs, as well as via www.cbs.com.ph online loan applications. With the stoppage of agency-referrals, personal loans are now almost exclusively originated from the branches. Handy credit personal loans – an original PDB product, which replaced the gap - are essentially marketed by account officers and slowly drummed up out of the bank's labor-intensive SME clients, as well as from the branch network. Commercial and SME loans are now directly referred by the branches although direct

marketing by account officers remains the bigger source. Dep-Ed loans are churned out from a unit within strategic branches in Region IV and will soon be spread out throughout Luzon. Cash Management Services continue to be a main deposit driver offering value added services to SME accounts offering payroll solutions, check writing system, direct buyers checking including deposit pick-up arrangements.

BRANCHES

METRO MANILA – RESTRICTED AREA

1. AYALA – Ground Floor, VGP Center, 6772 Ayala Avenue, Makati City
2. QUEZON AVE. – Ground Floor, G.J. Building, 385 Quezon Avenue, Quezon City
3. GREENHILLS-WILSON – 219 Wilson St., Greenhills, San Juan City
4. SAVEMORE ARANETA CENTER COD – Gen. Romulo St., Araneta Center, Cubao, Quezon City
5. ORTIGAS – Ground Floor, Hanston Square, San Miguel Avenue, Ortigas Center, Pasig City
6. SAVEMORE PEDRO GIL – Pedro Gil cor. Singalong Sts., Manila
7. SAVEMORE NEPA-Q-MART – G/F & 2/F, 770 St. Rose Bldg., EDSA and K-G St. West Kamias, Quezon City
8. SAVEMORE ANONAS – Maamo St., Road Lot 30, V. Luna St. corner Anonas Extension Sikatuna Village, Quezon City
9. SAVEMORE JACKMAN – Lower G/F, Jackman Plaza, Edsa – Munoz, Quezon City
10. SAVEMORE NOVA PLAZA MALL – Novaliches Plaza Mall, Quirino Highway cor. Ramirez St., Novaliches Proper, Quezon City
11. SAVEMORE AVENIDA – Jennet and Lord Theater, Rizal Avenue, Sta. Cruz, Manila
12. SAVEMORE TAFT – MASAGANA – Parkview Plaza, Trida Bldg., Taft Avenue corner T.M. Kalaw St., Ermita, Manila
13. PASIG-PADRE BURGOS – 114 Padre Burgos St., Kapisigan, Pasig City
14. MAKATI – J.P RIZAL – 882 J.P Rizal St., Poblacion, Makati City
15. CHINO ROCES – 2176 Chino Roces Avenue, Makati City
16. BF HOMES – 284 Aguirre Avenue, B.F Homes, Paranaque
17. BINONDO-JUNA LUNA – 694-696 Juan Luna Street, Binondo, Manila.
18. SAVEMORE AMANG RODRIGUEZ – Amang Rodriguez Avenue cor. Evangelista St., Brgy. Santolan Pasig City
19. SM HYPERMARKET ADRIATICO – Adriatico St., Malate, Manila
20. MANDALUYONG-SHAW BOULEVARD – Shaw Boulevard - 500 Shaw Tower 500, Shaw Boulevard, Mandaluyong City
21. TWO E-COM CENTER – Two E-Com Center Tower B, Ocean Drive near corner Bayshore Avenue, Mall of Asia Complex, Pasay City
22. LA HUERTA - 1070 Quirino Avenue, La Huerta, Parañaque City
23. BETTER LIVING – 90 Dona Soledad Avenue, Better Living Subdivision, Parañaque
24. SAN JUAN - Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan
25. BUENDIA MAIN – Plantersbank Building, 314 Sen. Gil Puyat Avenue, Makati
26. BANAWA – 247-249 Banawe St., Sta. Mesa Heights Brgy. Lourdes, Quezon City
27. BANGKAL – G/F Amara Building, 1661 Evangelista Street, Bangkal, Makati City
28. CUBAO – Fernandina 88 Suites 222 P. Tuazon Blvd., Cubao, Quezon City
29. DEL MONTE – 392 Del Monte Avenue, Barangay Sienna, Quezon City
30. GREENHILLS-ORTIGAS AVENUE – VAG building, Ortigas Avenue, Greenhills, San Juan
31. KAPASIGAN – A. Mabini Street Kapisigan, Pasig City
32. LAGRO – Bonanza Building Quirino Highway, Greater Lagro, Novaliches, Quezon City
33. MANDALUYONG – 572 Paterno's Building, New Panaderos Street, Brgy. Pag-Asa, Mandaluyong City

34. NINOY AQUINO AVENUE – GF Skyfreight Building, Ninoy Aquino Avenue cor. Pascor Drive Parañaque City
35. ORTIGAS-CITRA – OMM Citra Building, San Miguel Avenue, Ortigas Center, Pasig City
36. PARAÑAQUE-JAKA PLAZA – Jaka Plaza Center, Dr. A. Santos Ave, (Sucat Road) Brgy. San Isidro, Parañaque City
37. QUEZON AVENUE-PALIGSAHAN – 1184-A Ben-Lor Building, Quezon Avenue Barangay Paligsahan, Quezon City
38. RADA – Mobile Entertainment Building 104 Rada Street, Legaspi Village, Makati City
39. TIMOG – 80 Jenkinsen Tower Condominium, Timog Avenue, Quezon City
40. UN AVENUE – 552 U.N Avenue, Ermita, Manila
41. VISAYAS AVENUE – Upper Ground Floor, Wilcon City Center Mall, Visayas Ave., Quezon City

METRO MANILA – NON-RESTRICTED AREA

1. ALABANG HILLS – Ground Floor, Alabang Commercial Citi Arcade, Don Jesus Blvd., Cupang Alabang, Muntinlupa City
2. KALOOKAN – Augusto Bldg. Rizal Ave., Grace Park, Kalookan City
3. MARIKINA – 33 Bayan-Bayanan Ave., Brgy. Concepcion Uno, Marikina City
4. PATEROS – 500 Elisco Rd., Sta. Rosario Pateros, Metro Manila
5. LAS PIÑAS – Ground Floor, Parco Supermarket J. Aguilar Ave. (formerly CAA Rd.), Las Piñas City
6. MCKINLEY HILL – U-B Commerce & Industry Plaza, Mckinley Towncenter, Fort Bonifacio, Taguig City
7. VALENZUELA – 385 McArthur Highway, Malinta, Valenzuela City
8. FILINVEST CORPORATE CITY – BC Group Bldg., East Asia Drive near corner Commerce Ave., Filinvest Corporate City, Alabang, Muntinlupa City
9. LAS PINAS – ALMANZA UNO – Alabang Zapote Road, Almanza Uno, Las Pinas City
10. SAVEMORE TAGUIG – ACACIA ESTATES – Acacia Taguig, Town Center, Acacia Estates, Barangay Ususan, Taguig City
11. SAVEMORE MALABON-FRANCIS MARKET – Francis Market - Governor Pascual corner M.H del Pilar St., Malabon
12. SM HYPERMARKET FTI-TAGUIG – DBP Avenue, Food Terminal Inc., Western Bicutan, Taguig
13. KALOOKAN-MABINI – 353 AJ Building, Mabini Street, Kalookan City
14. LAS PIÑAS-ALABANG ZAPOTE – 459 DMR Building, Gonzales Compound, Alabang- Zapote Road, Almanza Uno, Las Piñas City
15. MARIKINA-GIL FERNANDO AVENUE – CTP Building, Gil Fernando (former A. Tuazon) Avenue, Brgy. San Roque, Marikina City
16. PASO DE BLAS – Andok's Bldg. 629 General Luis St., Malinta Interchange, North Luzon Expressway, Paso de Blas, Valenzuela City
17. PATEROS-ALMEDA – 120 M. Almeda St., Pateros, Metro Manila
18. VALENZUELA-MARULAS – 92-J MacArthur Highway Marulas, Valenzuela City
19. ALABANG – Common Goal Building, Finance corner Industry Streets, Madrigal Business Park Ayala Alabang, Muntinlupa City

LUZON

1. SAN FERNANDO-OLANGAPO-GAPAN ROAD – KHY Trading Building, San Fernando-Gapan Road, San Fernando City, Pampanga
2. LIPA – Ground Floor, Tibayan Building 1705 CM Recto Ave. cor. Rizal St., Lipa City
3. DAGUPAN – Ground Floor, Lyceum-Northwestern University (LNU), Tapuac District, Dagupan City
4. CABANATUAN – Km. 115 Cagayan Valley Rd., Maharlika Highway near cor., Sanciangco St.,Cabanatuan City

5. BAGUIO – Upper G/F KDC Building, 91 Marcos Highway, Baguio City
6. IMUS – Gen Emilio Aguinaldo Highway, Anabu II, Imus, Cavite
7. DARAGA – Rizal St., Brgy. San Roque, Daraga, Albay, Bicol
8. TARIAC – RIC Bldg. Bypass Road, San Sebastian, Tarlac City
9. SANTIAGO – City Rd., Centro East, Santiago City, Isabela
10. SAN PEDRO – Gen-Ber Bldg. National Highway Landayan, San Pedro Laguna
11. SAN PABLO – P. Zamora St. Brgy. VII – B, San Pablo City
12. ANGELES – Miranda Ext., corner Asuncion St., Angeles City
13. NAGA – RL Building, Panganiban St., Ierna, Naga City
14. SAN JOSE DEL MONTE – Ground Floor, Giron Building, Gov. Halili Avenue, Tungkong Mangga, City of San Jose Del Monte, Bulacan
15. BACCOOR – FRC Mall, Gen. Evangelista St., Talaba V, Bacoor, Cavite
16. MALOLOS – Canlapan Street, Sta. Rosario, Malolos City, Bulacan
17. CALAMBA – HK Building II, National Highway, Brgy. Halang, Calamba City, Laguna
18. BATANGAS CITY – Miniel's Place, National Highway, Pallocon West, Batangas City
19. FILOIL TANAUAN-SUPLANG – FILOil Gas Station, Brgy. Suplang, Tanauan, Batangas City
20. OLONGAPO – G/F City View Hotel, 25 Magsaysay Drive, New Asinan, Olongapo City
21. TAYTAY – C Gonzaga Building 2, Manila East Road, Taytay, Rizal
22. STA. ROSA – Lot 2 Block 5 Phase 2A, Avida Commercial, Sta. Rosa-Tagaytay Road, Barangay Sta. Domingo, Sta. Rosa, Laguna
23. SAN NARCISO* – Brgy. Libertad, San Narciso, Zambales
24. SUBIC – Baraca, Subic, Zambales
25. STA. RITA – San Vicente, Sta. Rita, Pampanga
26. BALANGA – Capitol Drive, Balanga City, Bataan
27. ORANI – Brgy. Balut, Orani, Bataan
28. MACABEBE – Poblacion, Macabebe, Pampanga
29. GUAGUA – Plaza Burgos, Guagua, Pampanga
30. ARAYAT – Cacutud, Arayat, Pampanga
31. STA. ANA – Poblacion, Sta. Ana, Pampanga
32. SAVEMORE SAN ILDEFONSO – Savemore San Ildefonso, Poblacion, San Ildefonso, Bulacan
33. SAN RAFAEL – Cagayan Valley cor. Cruz na Daan Roads, San Rafael, Bulacan
34. SAN JOSE – Sta. Rosario St., San Jose, Angeles City
35. PORAC – Cangatba, Parac, Pampanga
36. DAU – MacArthur Highway, Dau, Mabalacat, Pampanga
37. SAN FERNANDO – BAYAN – JSI Building, Consunji St., San Fernando, Pampanga
38. SAVEMORE TAGAYTAY-MENDEZ – Mendez Crossing West, Tagaytay-Nasugbu Highway corner Mendez - Tagaytay Road, Tagaytay City
39. CAVITE CITY – 485 P. Burgos St., Brgy. 34, Caridad, Cavite City
40. STA. CRUZ-LAGUNA – E & E Building, Pedro Guevarra St., Sta. Cruz, Laguna
41. MOLINO-BACCOOR – 817 Molino Road, Molino III, Bacoor, Cavite
42. LAOAG – Ground Floor of LC Square Building, J.P. Rizal corner M.V. Farinas Sts., Laoag City, Ilocos Norte
43. ANGONO – M.I. Quezon Avenue, Angono, Rizal
44. ANTIPOLO – EMS Building 147 M.I. Quezon Street corner Dimailig Street, Brgy. San Roque Antipolo City
45. TAYTAY-TIKLING – East Road Arcade Manila East Road corner Cabrera Road, Tikling, Taytay Rizal
46. BACCOOR-TALABA – Barangay VII, Talaba, Bacoor, Cavite
47. BATANGAS-P. BURGOS – No. 3 P. Burgos Street, Batangas City
48. BINAN BRANCH – Nepa Highway, San Vicente Bifan, Laguna
49. CALAMBA-CROSSING – A5 Building Ground Floor, National Highway, Barangay Uno Crossing, Calamba City

50. UP LOS BAÑOS – Kanluran Road, UPLB Campus, Los Baños, Laguna
51. DASMARIÑAS – Veluz Plaza Building, Zone I, Aquinaldo Highway, Dasmariñas, Cavite
52. IMUS-TANZANG LUMA – Gen Emilio Aguinaldo Highway, Tanzang Luma, Imus Cavite
53. LB CROSSING – Lopez Avenue, Batong Malaki, Los Baños, Laguna
54. LIPA-CM RECTO – C.M. Recto Avenue, Lipa City
55. LUCENA – Ancon Building Merchan corner Evangelista Streets, Lucena City
56. NAGAP. BURGOS – P. Burgos Corner Gen. Luna St., Naga City, Camarines Sur
57. SAN PABLO-RIZAL AVENUE – Rizal Avenue corner Lopez Jaena St. San Pablo City
58. STA. ROSA-BALIBAGO – Old National Highway cor. Lazaga St., Balibago, Sta. Rosa Laguna
59. STO. TOMAS-MAHARLIKA – Agojo Lifestyle Strip, Maharlika Highway, Sta. Tomas, Batangas
60. ANGELES – 639 Rizal St., Angeles City 2009
61. BAGUIO-SESSION – B108 Lopez Building, Session Road, Baguio City
62. BALAGTAS – MacArthur Highway, Wawa, Balagtas, Bulacan
63. BALANGA-DM Banzon – D.M. Banzon St., Balanga City
64. BALIBAGO – JEV Building MacArthur Highway, Balibago, Angeles City
65. BALIWAG – Plaza Naning, Balivag, Bulacan
66. CABANATUAN – Burgos Ave., Cabanatuan City, Nueva Ecija
67. DAGUPAN – Burgos Ext., Perez Blvd., and Lingayen Highway Junction, Dagupan City
68. DOLORES – Berzon Bldg., MacArthur Highway, San Fernando, Pampanga
69. GUAGUA-STO. NINO – Sto. Nino, Guagua, Pampanga
70. HAGONoy – Sto. Nino, Hagonoy, Bulacan
71. LA UNION – AG Zambrano Bldg. Quezon Ave., San Fernando, La Union
72. MALOLOS-CATMON – Paseo del Congreso, Catmon, City of Malolos, Bulacan
73. MASANTOL – San Nicolas, Masantol, Pampanga
74. MEYCAUAYAN – Mancon Building, MacArthur Highway, Calvario, Meycauayan, Bulacan
75. MT. CARMEL – AMB Building Km. 78 MacArthur Highway, Saguin, City of San Fernando, Pampanga
76. OLONGAPO-RIZAL AVENUE – R & P Guevarra Building II (across from the Olongapo City Public Market) 2043, Rizal Avenue, West Bajac-Bajac, Olongapo City
77. ORANI – Calle Real, Orani, Bataan
78. PLARIDEL – Banga, Plaridel, Bulacan
79. STA. MARIA – Gen. Luna corner M. de leon street, Poblacion, Sta. Maria, Bulacan
80. SAN MIGUEL – Norbeto St., San Jose, San Miguel, Bulacan
81. SAN FERNANDO – JSL Building, Consunji Street, City of San Fernando, Pampanga
82. SANTIAGO-VICTORY NORTE – JECO Bldg., Maharlika Highway cor Quezon st., Victory Norte, Santiago City
83. TARIAC-MAC ARTHUR – MacArthur Highway, San Nicolas, Tarlac City
84. TUGUEGARAO – Metropolitan Cathedral Parish Rectory Complex, Rizal St., Tuguegarao City
85. URDANETA – MacArthur Highway, Nancayasan, Urdaneta City, Pangasinan 2428
86. VIGAN – Agdamag Building, Quezon Avenue cor Calle Mabini, Vigan City, Ilocos Sur

VISAYAS

1. CEBU-LAHUG – Ground Floor, Skyrise IT Building, Barangay Apas, Lahug, Cebu City
2. BACOLOD – SKT Saturn Building, Tacson cor. Rizal Sts., Bacolod City
3. CEBU - MANDAUE – A. Del Rosario Ave., Mantuyong, Mandaue City
4. ILOILO – QUEZON – Ground Floor, 132 Quezon St., Iloilo City
5. ILOILO – JARO – Lopez Jaena corner EL 98 Sts., Jaro, Iloilo
6. SAVEMORE TALISAY NEGROS – Talisay, Mabini St., Zone 12, Paseo Mabini Talisay City
Negros Occidental
7. BACOLOD-LUZURIAGA – Saliman Building, Tacson cor. Luzuriaga Streets, Bacolod City
8. CEBU-MANGO – JSP Mango Realty Building, General Maxilom Avenue Corner Echavez
Street Cebu City

9. CEBU P. DEL ROSARIO – Cebu Leasons Building P. del Rosario corner D. Jakosalem Streets, Cebu City
10. ILOILO – Cua Bldg. Quezon St., Iloilo City
11. MANDAUE-BASAK – Co Tiao King Building, Cebu North Road, Basak, Mandaue City

MINDANAO

1. CAGAYAN DE ORO – Sergio Osmeña St., Cogon District, Cagayan De Oro City
2. DAVAO – Ground Floor, 8990 Corporate Center, Quirino Ave., Davao City
3. ZAMBOANGA – CityMall, Don Alfaro St., Teluan, Zamboanga (Nuñez Extension, Camino Nuevo, Zamboanga City)
4. CAGAYAN DE ORO-TIANO BROTHERS – Tiano Brothers Street, Cagayan De Oro City
5. DAVAO-RECTO – Villa Abrille Bldg., C.M. Recto St. Davao City
6. DAVAO-J.P. LAUREL – Door 2 Gutierrez Building J.P. Laurel Avenue (near F. Torres Street), Davao City
7. GENERAL ANTOS – I. Santiago Blvd., Gen Santos City
8. TAGUM – Jose P. Rizal Street. Tagum City, Davao Del Norte

To Open/Opened in 2016

1. E. RODRIGUEZ-HEMADY* – Hemady Square, E. Rodriguez Avenue corner Dona Hemady St. Quezon City
2. SAVEMORE STA. ANA-MANILA* – Savemore, Pedro Gil St., Sta. Ana, Manila
3. ESPAÑA** – SM Sun Mall, Espana Boulevard corner Mayon St., Manila (across Welcome/Mabuhay Rotonda)
4. DIVISORIA** – Dragon 8 Shopping Center, CM Recto, Divisoria, Manila
5. MOONWALK** – Kassel Residences, E. Rodriguez Avenue, Moonwalk, Paranaque

*1st Quarter of 2016

** 2nd Quarter of 2016

(iv) Status of Publicly Announced New Products or Services

On July 1, 2012, the Bank's new and improved corporate website www.cbs.com.ph was unveiled as its portal to its electronic banking services. On August 13 2012, *Easi-Funds Personal Loans* were initially launched to provide a new product to address the needs of the consumer market. The product was rolled out nationwide on September 3, 2012. On September 27, 2013, *Easi-Funds Student Loans* were pioneered, in partnership with National University. On June 18, 2014, the bank set up its domestic remittance product called *CBS Easi-Padala*, in partnership with Cebuana Lhuillier.

CBS had a soft launch in 2015 of the *Easi-DepEd loan* in partnership with the Department of Education in Region 3. The easy-to-avail, low-interest rate loan for DepEd public school teachers and non-academic staff is the Bank's fastest growing product to date. The loan will be made available nationwide in the latter part of 2016.

The Bank received its bancassurance license from the BSP in August 2015 and embarked on a strategic partnership with Manulife China Bank Life Assurance Corporation to provide CBS customers with a one-stop shop for short-term to long-term protection, health, retirement and investments.

CBS signed a Memorandum of Understanding in December 2015 with telco leader PLDT, making China Bank Savings the first in the industry to join LENDR, the country's first online marketplace

platform for consumer loans. LENDR will allow customers to apply for consumer financing and keep track of application status and loan payments anywhere, anytime via SMS, mobile app or online with any device or telco provider.

(v) Competition

The Philippine banking system remained robust for much of 2015. Most industry players focused on capital raising activities to sustain expansion in both their credit and investment portfolios.

Amid an evolving global financial landscape, banks were compelled to streamline their operations and seek alternative ways to grow their market share. Some bigger banks, CBC included, resorted to acquisition of a rural or thrift bank, to expand their reach and market presence, and achieve greater economies of scale. On December 18, 2015, CBC completed its acquisition of Planters Development Bank, the country's leading SME bank and the industry's 6th largest thrift bank. It is the third bank to be acquired by CBC and merged with the latter's thrift banking arm, CBS.

During the year, there was also a notable increase in the number of newly established regular branches and so-called "light branches" or Other Banking Offices (OBOs). Following this expansion model, CBS established its own Mini-Branches at Savemore Super Mart outlets. These offices, branded as Easi Banking Branches (EBB), are proving to be vital customer touch points that can readily serve the banking needs of clients, even among underserved and unbanked populace.

With the growing interest and appetite of consumers for digital products and services, more Banks started to utilize electronic banking channels to drive business and tap more market segments. The Chamber of Thrift Banks (CTB) and Smart Telco's Voyager Innovation signed a Collaboration Agreement that would support BSP's mandate and advocacy of promoting financial inclusion by making electronic banking transactions accessible and affordable, without compromising transparency, efficiency, and data security.

By yearend, CBS had assets of ₱77.1 billion and ranked 4th in the industry. BPI Family Savings Bank with total assets of ₱266.4 billion continued to lead, followed by Philippine Savings Bank (PSBank) and RCBC Savings Bank (RSB), with assets of ₱168.2 billion and ₱92.8 billion, respectively. Ranking 5th was Philippine Business Bank (PBB) with assets of ₱65.9 billion. City Savings, on the other hand, ended the year with assets of ₱65.3 billion and ranked 6th in the thrift banking industry.

Five of the abovementioned thrift banks are subsidiaries of a universal bank. All of the banks are also member companies of the country's most prominent conglomerates. BPI Family is a subsidiary of the Bank of the Philippine Islands, which in turn is part of the Ayala Corp. PSBank is the thrift banking arm of the Metropolitan Bank & Trust Co. (Metrobank), which is allied with GT Capital. RSB is a subsidiary of the Rizal Commercial Banking Corp. (RCBC), which is part of the Yuchengco Group of Companies (YGC). CBS is a subsidiary of the China Banking Corp., a member of the SM Group. PBB is part of the Zest-O Corp., while CitySavings is a subsidiary of Union Bank of the Philippines, which is a member company of the Aboitiz Equity Ventures Inc. (AEV).

(vi) Sources and availability of raw materials and the names of principal suppliers
Not applicable

(vii) Disclose how dependent the business is upon a single customer or a few customers.
The Bank's customers are spread across the entire market spectrum, and as diverse as its products. It is not solely dependent upon single customer, much less few customers. Top 20 borrowers as of December 31, 2015 represent only about 15% of the total loan portfolio. The Manual of Regulation for Banks mandates the limit for single borrower (SBL) at not more than 25% of Net Capital Accounts (BSP MORB, Sec. X303). Prudent management demands that the Bank Risk Management set a Management Action Trigger (MAT) on SBL at eighty percent (80%) of the regulatory SBL. Exposure to the top borrower is less than 54% of the regulatory SBL. Moreover, the Bank complied with BSP MORB Sec. X301.6 definition of large exposures, set at 5% of the Bank's qualifying capital equivalent to around ₱345 million. Large exposures are constantly monitored and reported, along with the top borrowers and loans classified according to type and according to industry. MAT on industry division was also set at 20% for industries with high and moderate growth forecast and 5% for industries with low growth forecast. Stress testing of large exposures and reverse stress test are likewise performed periodically and the results are reported to the Risk Management Committee.

(viii) Transaction with and/or dependence on related parties.

CBS has loans and other transactions with directors, officers, stockholders and related interests (DOSRI) as of 31 December 2015. Please see Item 13.

(ix) Trademarks, Licenses, Franchises, etc.

- The Bank is operating under a thrift banking license per Monetary Board (MB) Resolution No. 512 dated April 21, 1999.
- The Bank filed in the Intellectual Property of the Philippines (IPO) the logo of CBS and its tag line *Madaling Kausap*, plus the following products for trademark: Easi-Save, Easi-Checking, Easi-Earn, Easi-Funds, Easi-Drivin', Easi-Livin', Easi-Financin' and CBS Easi-Padala.
- It also has trademarks registered in the name of PDB, like 'The SME Bank'.

(x) Need for any government approval of principal products or services

The Bank's business activities are regulated by the government agencies such as BSP, PDIC and SEC. As a general rule, new banking products or services to be offered within the thrift banks charter do not require prior BSP approval.

(xi) Effects of existing or probable governmental regulations

The Bank has generally complied with the BSP requirements in terms of reserve, liquidity position, limits on loans exposure and other reportorial requirements.

(xii) Research and Development Activities

Since the Bank's core businesses are ever dependent on information technology, a new core banking system was implemented for CBS and its parent bank. As initial discussions regarding the eventual integration of PDB systems to CBC/CBS systems progressed, CBS IT continued to provide the necessary technical support to business users for systems that are already in production environment. Simultaneously, several Windows applications and web-based systems

were in-house developed to aid business users facilitate handling of their respective tasks. Some of these were deployed in the preceding year and are as follows: Loans & Deposit Rating System, Loan Interest Repricing System, Auto Loans Dealer Portal System, Document Deficiency Tracking System, Document Registration and Encumbrance System, Post Dated Check Consolidator, Branch Tax Remittance System, Customer Contact Management System, Employee Productivity Tool, Exception Handling System and Loss & Incident Reporting System.

Major projects in 2015 all hinged on the merger of the PDB with the Bank. These included the implementation of the new core banking system, the migration of PDB's core banking system to CBC/CBS system, the upgrade of the Loans Origination System to Enterprise LOS (e-LOS). The e-LOS includes the implementation of a robust customer loan application processing module for consumer, credit cards and corporate loan, credit scoring model/engine and collection module. Adoption/implementation in CBS of selected PDB systems such as ROPA system, BOS Loan System for DepEd loan, K-LOS for SME loan and Optimist for SME credit scoring engine even ahead of the planned integration of PDB systems into CBC/CBS systems were also effected. Creation of credit scoring model for auto and housing loans were outsourced and in various stages of development. CBS implemented Base 60 AML system ahead of its parent bank but now teamed up with CBC for its upgrade. Consolidation of CBS IT under CBC-PCCI was also carried out. All these are expected to further speed up the delivery of critical IT support to the business.

On the branch network development, CBS continued to grow its Easy Banking Branches (EBB). These mini branches were marked departure from the traditional branch with a footprint of only an average of 25 sq.m. of leased space, manned by two staff and one branch sales-and-service officer. Yet it offers all the products and services of a regular branch, and equipped with an ATM, and an Online Banking Terminal. These are open daily, even on Saturdays, Sundays and Holidays, from 10:00 a.m. to 7:00 p.m., providing greater convenience to customers.

Being 'modaling kausap,' the Bank repositioned itself to being close by to talk to and being very approachable to the segments left out by bigger UKBs. Savemore Market is a chain of neighborhood grocery stores under the SM Food Retail Group, which includes SM Supermarket, SM Hypermarket and Makro. Savemore outlets are located outside an SM mall to bring the SM shopping experience closer to where shoppers live and work. A broad cross-section of households residing within ten or more blocks of a Savemore Market comes in to shop two or three times a week, thus creating opportunities for CBS to open accounts with and offer services to individuals who would otherwise not enter one of its conventional branches.

To boost market share and profitability, the Bank's Intelligence Division provided analytics to spot market segments based from studies of existing Bank customers and to counter delinquencies. Reports and analyses that connect auto dealers, house developers and branches to the management statistics were monitored.

Analytics and reports for portfolio management, credit policy formulation and revision, collection and recovery, post-approval review, cross-selling, as well as marketing strategy formulation were amply provided for Board's consideration. The Division provided supports for credit scoring models that aid the underwriting process especially for consumer loans. It also provides predictive models for cross-selling of products to its customers. It expedites the internal needs of data support

for analytics and modeling by providing the platform for the integration of data from different data sources.

(xiii) **Costs and effects of compliance with environmental laws**

Not applicable

(xiv) **Number of the registrant's present employees**

The Bank (combined CBS and PDB) ended the year 2015 with a total manpower of 1,826 employees, 815 of which are officers or 44.63%, while the rank and file represents 55.37% of the total manpower complement or a total count of 1,011. There is a decrease of 8.88% from 2014 where CBS and PDB had a total combined number of 2,004 employees.

As of first quarter 2016, the manpower grew only by .82% from year-end 2015. Though the Bank is in the mode of expanding its branch network and widening its products and services, the Bank capitalized on its existing manpower resources by restructuring the organization as an effect of the merger.

(xv) **Major Risks involved**

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

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

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

Risk Management Structure

The Board of Directors (BOD) of the Bank has the primary responsibility for the establishment of a risk management system and is ultimately accountable for all risks taken within the Bank. The BOD has established, among others, the following committees to directly handle the Bank's risk management framework, policies and implementation in their respective risk management areas: the Executive Committee (ExCom), Audit Committee (AuditCom), Credit Committee (CreCom), Corporate Governance Committee (CGC) and the Risk Management Committee (RMC). All Board committees report regularly to the BOD on their activities as follows:

The Bank's risk management policies are established to identify and analyze the risks faced by the

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

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

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

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

Risk Management Reporting

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

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

Risk Mitigation

The Bank uses financial instruments to manage exposures resulting from changes in interest rates,

foreign currencies, credit risks and exposures arising from forecast transactions. However, the nature and extent of use of these financial instruments to mitigate risks are limited to those allowed by the BSP for a savings bank.

To further mitigate risk throughout its different business and supporting units, the Bank is in the continuous process of improving its existing risk management policies. These policies further serve as the framework and set the guidelines in the creation or revisions of operating policies and manuals for each business unit. In the process design and implementation, process controls are preferred over detection controls. Clear delineation of responsibilities and separation of incompatible duties among officers and staff as well as among business units are reiterated in these policies. To the extent possible, reporting and accounting responsibilities are segregated from units directly involved in operations and front line activities (i.e., players must not be scorers). This is to improve the credibility and accuracy of management information. Any inconsistencies in the operating policies and manuals with the risk framework established by risk management policies are taken up and resolved in the RMC and ExCom.

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

Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines focusing on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The Bank's AuditCom is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's AuditCom is assisted in these functions by IAD. The IAD undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the AuditCom.

Credit Risk

Credit Risk and Concentration of Assets and Liabilities and Off-Balance Sheet Items

Credit risk is the risk of financial loss due to one party to a financial product failing to discharge an obligation. The Bank faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (i.e., investment securities issued by either sovereign or corporate entities) and through implied or actual contractual agreements (i.e., on or off-balance sheet exposures). The Bank

manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual credit or transaction).

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented with regard to the acceptability of types of collateral and valuation parameters.

The Bank has risk limits setting for purposes of monitoring and managing credit risk from individual counterparties and groups of counterparties. It also conducts periodic assessment of the creditworthiness of its counterparties. In addition, the Bank obtains collateral where appropriate, enters into master netting agreements and collateral arrangements with counterparties, and limits the duration of exposures.

The Bank adopted an internal credit scoring system for the purpose of measuring credit risk for retail borrowers in a consistent manner, as accurately as possible, and thereafter uses the risk information for business and financial decision making.

The details of the composition of the loans and receivable portfolio and information on credit concentration as to industry are disclosed in Note 5.

Maximum exposure to credit risk

The tables below provide the analysis of the maximum exposure to credit risk of the Bank's financial instruments, excluding those where the carrying values as reflected in the balance sheets and related notes already represent the financial instruments' maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancements:

| December 31, 2015 | | | | |
|---|------------------------|--|-----------------|--|
| | Gross maximum exposure | Fair value of collateral or credit enhancement | Net exposure | Financial effect of collateral or credit enhancement |
| Credit risk exposure relating to on-balance sheet items are as follows: | | | | |
| Loans and receivables | | | | |
| Loans and discounts: | | | | |
| Corporate and commercial lending* | ₱31,558,673,496 | ₱24,852,048,806 | ₱10,008,009,009 | ₱21,550,664,487 |
| Consumer loans** | 5,964,140,618 | 5,106,716,538 | 906,201,494 | 5,057,939,124 |
| Others** | 295,671,068 | 36,522,845 | 259,148,223 | 36,522,845 |
| Sales contract receivable** | 678,500,681 | 719,873,315 | - | 678,500,681 |
| Unquoted debt securities* | 373,201,880 | 474,892,000 | - | 373,201,880 |
| | ₱38,870,187,743 | ₱31,190,053,504 | ₱11,173,358,726 | ₱27,696,829,017 |

*Merged bank balances

**Receivables arising from the merger

| December 31, 2014 | | | | |
|---|------------------------|--|----------------|--|
| | Gross maximum exposure | Fair value of collateral or credit enhancement | Net exposure | Financial effect of collateral or credit enhancement |
| Credit risk exposure relating to on-balance sheet items are as follows: | | | | |
| Loans and receivables | | | | |
| Loans and discounts: | | | | |
| Corporate and commercial lending | ₱3,820,781,651 | ₱412,855,064 | ₱3,500,187,391 | ₱320,594,260 |
| Unquoted debt securities | 338,204,530 | 474,892,000 | - | 338,204,530 |
| | ₱4,158,986,181 | ₱887,747,064 | ₱3,500,187,391 | ₱658,798,790 |

For other types of loans and sales contract receivables which the Bank originated, the fair value of collaterals and their corresponding financial effect on credit exposure are no longer disclosed since the Bank's current information system does not regularly monitor such information. The carrying values of those loans and receivables are disclosed in Note 8.

The maximum exposure to credit risks for the other financial assets is limited to the carrying value as of December 31, 2015 and 2014.

The main types of collateral obtained are as follows:

- For securities lending and reverse repurchase transactions - cash or securities
- For consumer lending - real estate and chattel over vehicle
- For corporate and commercial lending - real estate, chattel over properties, assignment of deposits, shares of stocks, bonds, and guarantees

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment and credit losses.

It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In most cases, the Bank does not occupy repossessed properties for business use. Collaterals foreclosed in 2015 and 2014 that are still held by the Bank as of December 2015 and 2014 amounted to ₱106.60 million and ₱63.62 million, respectively. These collaterals comprised of real properties and vehicles.

Credit quality per class of financial assets

The tables below show the credit quality by class of financial assets as of December 31, 2015 and 2014 excluding other receivables (gross of allowance for impairment and credit losses):

| | December 31, 2015 | | | | | |
|----------------------------------|-------------------------------|-----------------------|---------------------|---------------------------|-----------------------|------------------------|
| | Neither past due nor impaired | | | | | Total |
| | High grade | Standard Grade | Sub-Standard Grade | Past Due but Not Impaired | Past Due and Impaired | |
| Due from BSP | ₱9,332,977,226 | ₱- | ₱- | ₱- | ₱- | ₱9,332,977,226 |
| Due from other banks | 2,287,575,643 | - | - | - | - | 2,287,575,643 |
| Investment in FVPL | 753,576,139 | - | - | - | - | 753,576,139 |
| AFS financial assets: | | | | | | |
| Quoted: | | | | | | |
| Government bonds | 1,405,120,935 | - | - | - | - | 1,405,120,935 |
| Private bonds | 435,835,382 | - | - | - | - | 435,835,382 |
| Unquoted equities | - | 58,563,917 | - | - | 63,153,755 | 121,717,672 |
| HTM financial assets | 2,190,545,120 | - | - | - | - | 2,190,545,120 |
| Loans and receivables: | | | | | | |
| Loans and discounts: | | | | | | |
| Consumer lending | 15,989,402,121 | 1,016,556,596 | 106,365,394 | 1,041,449,233 | 830,046,141 | 18,983,819,485 |
| Corporate and commercial lending | 27,551,386,947 | 2,175,459,499 | 76,491,691 | 242,348,545 | 2,639,071,774 | 32,684,758,456 |
| Others | 316,478,985 | 415,005 | - | 4,345,499 | 540,978 | 321,780,467 |
| Unquoted debt securities | 103,201,880 | - | - | 270,000,000 | 151,836,309 | 525,038,189 |
| Sales contract receivable | 675,954,872 | - | - | 7,329,129 | 83,192,719 | 766,476,720 |
| Other assets** | 484,114,684 | 380,309,774 | 162,434,183 | 48,514,858 | 98,588,920 | 1,173,962,419 |
| Total | ₱61,526,169,934 | ₱3,631,304,791 | ₱345,291,268 | ₱1,613,987,264 | ₱3,866,430,596 | ₱70,983,183,853 |

*Other assets include accounts receivable, accrued interest receivable, AOCI and miscellaneous assets

December 31, 2014

| | Neither past due nor impaired | | | Past Due but Not Impaired | Past Due and Impaired | Total |
|----------------------------------|-------------------------------|-------------------|-----------------------|------------------------------|--------------------------|-----------------|
| | High grade | Standard Grade | Sub-Standard Grade | | | |
| Due from BSP | ₱1,867,573,008 | ₱- | ₱- | ₱- | ₱- | ₱1,867,573,008 |
| Due from other banks | 439,672,783 | - | - | - | - | 439,672,783 |
| AFS financial assets: | | | | | | |
| Quoted: | | | | | | |
| Government bonds | 941,349,704 | - | - | - | - | 941,349,704 |
| Private bonds | 153,809,501 | - | - | - | - | 153,809,501 |
| Unquoted equities | - | 16,410,276 | - | - | 867,000 | 17,277,276 |
| HTM financial assets | 27,979,865 | - | - | - | - | 27,979,865 |
| Loans and receivables: | | | | | | |
| Loans and discounts: | | | | | | |
| Consumer lending | 10,510,487,352 | 11,028,890 | - | 189,499,547 | 376,317,870 | 11,087,333,659 |
| Corporate and commercial lending | 3,758,329,471 | - | - | 4,022,154 | 104,058,124 | 3,866,409,749 |
| Others | 14,647,919 | - | - | 580 | 158,878 | 14,807,377 |
| Unquoted debt securities | - | - | - | 340,000,000 | 151,836,309 | 491,836,309 |
| Sales contract receivable | 9,815,988 | - | - | 9,405,512 | 31,955,745 | 51,177,245 |
| Other assets* | 125,799,373 | 10,928,982 | 46,422,478 | 4,376,522 | 27,567,230 | 215,094,585 |
| Total | ₱17,849,464,964 | ₱38,368,148 | ₱46,422,478 | ₱547,304,315 | ₱692,761,156 | ₱19,174,321,061 |

*Other assets include accounts receivable, accrued interest receivable, RCOI and miscellaneous assets

The credit quality of financial assets is managed by the Bank using the BSP guidelines in identifying and monitoring problematic loans and other risk assets particularly Appendix 18 of the Manual of Regulations for Banks.

As discussed in the above paragraph, for loans and receivables, risk rating is made based on the loan classification of BSP. High grade comprised of unclassified loans which may include technical past-due accounts, which under BSP regulations are not considered as outright past-due.

Standard grade comprised of loans that have loan classification of miscellaneous exception and loans especially mentioned. Standard grade may also include matured loans subject to renewal. Sub-standard grade are accounts that are watch listed based on internal credit assessment, accounts that have the tendency to turn past due. Loans with classification of sub-standard, doubtful and loss are included under past-due or individually impaired.

It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. The attributable risk ratings are assessed and updated regularly. The standard credit rating equivalent grades are relevant only for certain of the exposures in each risk rating class.

Due from BSP and due from other banks are classified as high grade since these are deposited in/or transacted with reputable banks which has low probability of insolvency. Quoted bonds and equities which are either issued by the Philippine government or reputable companies are classified as High grade. Unquoted bonds and equities are classified as standard grade based on the reputation of the counterparty and lack of marketability as compared with quoted investments.

The tables below show the aging analysis of gross past due but not impaired loans and receivables that the Bank held as of December 31, 2015 and 2014:

| | December 31, 2015 | | | Total |
|-----------------------------|----------------------|---------------|----------------|----------------|
| | less than 30 days | 31 to 60 days | 61 to 90 days | |
| Loans and receivables: | | | | |
| Loans and discounts: | | | | |
| Consumer lending | ₱106,310,356 | ₱28,517,061 | ₱906,621,816 | ₱1,041,449,233 |
| Corporate and commercial | | | | |
| lending | 41,690,600 | 19,113,432 | 181,544,513 | 242,348,545 |
| Others | 440,649 | 1,092,807 | 2,812,043 | 4,345,499 |
| Unquoted debt securities | 270,000,000 | - | - | 270,000,000 |
| Sales contract receivable | 1,505,416 | 2,200,113 | 3,623,600 | 7,329,129 |
| Other assets: | | | | |
| Accrued interest receivable | 1,705,173 | 917,276 | 45,892,409 | 48,514,858 |
| | ₱421,652,194 | ₱51,840,689 | ₱1,140,494,381 | ₱1,613,987,264 |

| | December 31, 2014 | | | Total |
|-----------------------------|----------------------|---------------|---------------|--------------|
| | less than 30 days | 31 to 60 days | 61 to 90 days | |
| Loans and receivables: | | | | |
| Loans and discounts: | | | | |
| Consumer lending | ₱2,120,089 | ₱4,252,016 | ₱183,127,442 | ₱189,499,547 |
| Corporate and commercial | | | | |
| lending | 3,605,056 | 333,493 | 83,605 | 4,022,154 |
| Others | - | 580 | - | 580 |
| Unquoted debt securities | 340,000,000 | - | - | 340,000,000 |
| Sales contract receivable | 9,405,512 | - | - | 9,405,512 |
| Other assets: | | | | |
| Accrued interest receivable | 112,168 | 72,560 | 4,191,794 | 4,376,522 |
| | ₱355,242,825 | ₱4,658,649 | ₱187,402,841 | ₱547,304,315 |

Impairment assessment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than ninety (90) days or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Bank addresses impairment assessment in two areas: individually assessed impairment and collectively assessed impairment.

Individually assessed impairment

The Bank determines the allowances appropriate for each significant loan or advances 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 impairment

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 that have no objective evidence as a result of individual

impairment testing. 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 not yet objective evidence of the impairment in an individual assessment. Impairment losses are estimated by taking the following information into consideration: 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 Bank's overall policy.

Market Risk

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

a. *Interest rate risk*

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

The table below presents the interest rate sensitive loans' composition as to maturity as of December 31, 2015 and 2014:

| | 2015 | 2014 |
|---|---------|---------|
| Long-term retail loans with monthly amortization | 35.20% | 71.17% |
| Commercial loans with monthly or quarterly amortization, | 59.95% | 19.28% |
| Commercial loans payable at maturity (mostly maturing for less than 6 months) | 4.85% | 9.55% |
| | 100.00% | 100.00% |

The table below represents the percentage of interest bearing savings, demand and time deposit accounts over total deposit liabilities for the year ended December 31, 2015 and 2014:

| | 2015 | 2014 |
|---------|---------|---------|
| Demand | 3.82% | 1.12% |
| Savings | 4.90% | 6.60% |
| Time | 91.28% | 92.28% |
| | 100.00% | 100.00% |

Interest rates on savings account are set by reference to prevailing market rates, while interest rates on time deposits and special savings accounts are usually priced by reference to prevailing rates of short-term government bonds and other money market instruments or, in the case of foreign currency deposits, inter-bank deposit rates and other benchmark deposit rates

in international money markets with similar maturities.

The Bank is likewise exposed to fair value interest rate risk due to its holdings of fixed rate government bonds as part of its FVPL and AFS portfolio. Market values of these investments are sensitive to fluctuations in interest rates.

The asset-liability gap analysis method is used by the Bank to measure the sensitivity of its assets and liabilities to interest rate fluctuations. This analysis measures the Bank's susceptibility to changes in interest rates. The repricing gap is calculated by first distributing the assets and liabilities contained in the Bank's balance sheet into tenor buckets according to the time remaining to the next repricing date (or the time remaining to maturity if there is no repricing), and then obtaining the difference between the total of the repricing (interest rate sensitive) assets and the total of repricing (interest rate sensitive) liabilities.

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

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

The following table sets forth the repricing gap position of the Bank as of December 31, 2015 and 2014 (in millions):

| | December 31, 2015 | | | | | Total |
|------------------------------------|-------------------|-----------------|----------------|-----------------|-----------------|------------------|
| | Up to 1 Month | >1 to 3 Months | >3 to 6 Months | >6 to 12 Months | >12 Months | |
| Financial Assets | | | | | | |
| Loans and receivables | ₱4,838 | ₱7,843 | ₱7,199 | ₱5,961 | ₱20,595 | ₱46,436 |
| Investment securities | 32 | 22 | 51 | 3 | 3,724 | 3,832 |
| Sales contracts receivable | – | – | 1 | 1 | 680 | 682 |
| Total financial assets | 4,870 | 7,865 | 7,251 | 5,965 | 24,999 | 50,950 |
| Financial Liabilities | | | | | | |
| Deposit liabilities | 23,075 | 9,584 | 2,277 | 3,022 | 28,461 | 66,419 |
| Bills payable | – | 6 | 3 | – | 653 | 662 |
| Total financial liabilities | 23,075 | 9,590 | 2,280 | 3,022 | 29,114 | 67,081 |
| Repricing gap | (₱18,205) | (₱1,725) | ₱4,971 | ₱2,943 | (₱4,115) | (₱16,131) |

| | December 31, 2014 | | | | | Total |
|-------------------------------|-------------------|----------------|----------------|-----------------|---------------|-----------------|
| | Up to 1 Month | >1 to 3 Months | >3 to 6 Months | >6 to 12 Months | >12 Months | |
| Financial Assets | | | | | | |
| Loans and receivables | ₱810 | ₱1,938 | ₱1,934 | ₱3,281 | ₱6,848 | ₱14,811 |
| Investment securities | 135 | – | 5 | 16 | 966 | 1,122 |
| Sales contracts receivable | – | 1 | 1 | 2 | 43 | 47 |
| Total financial assets | 945 | 1,939 | 1,940 | 3,299 | 7,857 | 15,980 |
| Financial Liabilities | | | | | | |
| Deposit liabilities | 10,701 | 2,844 | 218 | 392 | 3,412 | 17,567 |
| Repricing gap | (₱9,756) | (₱905) | ₱1,722 | ₱2,907 | ₱4,445 | (₱1,587) |

The Bank also monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its interest income. This is done by modeling the impact to the Bank's interest income and interest expenses of different parallel changes in the interest rate curve, assuming the parallel change only occurs once and the interest rate curve after the parallel change does not change again for the next twelve months.

The following table sets forth the estimated change in the Bank's annualized net interest income due to a parallel change in the interest rate curve as of December 31, 2015 and 2014 (amounts in thousands):

| | December 31, 2015 | | | |
|--|--|-----------|-----------|------------|
| | Change in interest rates (in basis points) | | | |
| | 100bp rise | 50bp rise | 50bp fall | 100bp fall |
| Change in annualized net interest income | (₹94,450) | (₹47,225) | ₹94,450 | ₹47,225 |
| As a percentage of the Bank's net interest | (8.51%) | (4.26%) | 8.51% | 4.26% |

| | December 31, 2014 | | | |
|--|--|-----------|-----------|------------|
| | Change in interest rates (in basis points) | | | |
| | 100bp rise | 50bp rise | 50bp fall | 100bp fall |
| Change in annualized net interest income | (₹47,661) | (₹23,831) | ₹23,831 | ₹47,661 |
| As a percentage of the Bank's net interest | (4.99%) | (2.50%) | 2.50% | 4.99% |

The following table sets forth the estimated change in the Bank's equity due to a reasonably possible change in the market prices of quoted bonds classified under AFS financial assets, brought about by movement in the interest rate curve as of December 31, 2015 and 2014 (amounts in thousands):

| | December 31, 2015 | | | |
|------------------|--|-----------|-----------|-----------|
| | Change in interest rates (in basis points) | | | |
| | 25bp rise | 10bp rise | 10bp fall | 25bp fall |
| Change in equity | (₹35,704) | (₹14,410) | ₹14,639 | ₹36,944 |

| | December 31, 2014 | | | |
|------------------|--|-----------|-----------|-----------|
| | Change in interest rates (in basis points) | | | |
| | 25bp rise | 10bp rise | 10bp fall | 25bp fall |
| Change in equity | (₹14,565) | (₹5,863) | ₹5,863 | ₹14,565 |

b. *Equity Price Risk*

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the level of equity indices and the value of individual stocks. The Bank holds a minimal amount of equity securities, hence any change to equity prices is deemed to not significantly affect its financial performance.

c. *Foreign Currency Risk*

The Bank's foreign exchange risk originates from its holdings of foreign currency-

denominated assets and liabilities (foreign exchange assets and liabilities).

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

The Bank assessed that its exposure to foreign currency risk does not have a material effect.

Liquidity Risk and Funding Management

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

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

Liquidity risk is monitored and controlled primarily by a gap analysis of maturities of relevant assets and liabilities reflected in the maximum cumulative outflow report, as well as an analysis of available liquid assets. Furthermore, monthly internal liquidity ratio equivalent to the ratio of volatile deposits has been set to determine sufficiency of liquid assets over deposit liabilities. As of December 31, 2015, ratios for Philippine peso deposits and USD deposits are at 3.14% and 3.08%, respectively, while as of December 31, 2014, ratios for Philippine peso deposits and USD deposits are at 2.79% and 1.57%, respectively.

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

December 31, 2015

| | On demand | Within 1 year | Over 1 year* | Total |
|-------------------------------|-----------------------|------------------------|------------------------|------------------------|
| Financial Assets | | | | |
| Cash and other cash items | ₱1,323,313,455 | ₱— | ₱— | ₱1,323,313,455 |
| Due from BSP | 5,382,977,226 | 3,950,659,888 | — | 9,333,637,114 |
| Due from other banks | 2,287,575,643 | — | — | 2,287,575,643 |
| FVPL financial assets | — | 879,467,909 | 76,335,683 | 955,803,592 |
| AFS financial assets | — | 27,900,000 | 3,444,185,229 | 3,472,085,229 |
| HTM financial assets | — | 173,332,043 | 3,206,420,983 | 3,379,753,026 |
| loans and receivables* | — | 25,115,785,284 | 37,405,616,997 | 62,521,402,281 |
| Other assets: | | | | |
| Accrued interest receivable | — | 464,202,246 | — | 464,202,246 |
| Accounts receivable | — | 536,787,051 | — | 536,787,051 |
| Rental deposit | — | — | 13,774,175 | 13,774,175 |
| RCOCI | — | 12,246,490 | — | 12,246,490 |
| Miscellaneous | — | 1,083,853 | 145,868,604 | 146,952,457 |
| Total financial assets | ₱8,993,866,324 | ₱31,161,464,764 | ₱44,292,201,671 | ₱84,447,532,759 |

December 31, 2015

| | On demand | Within 1 year | Over 1 year* | Total |
|-------------------------------------|------------------------|------------------------|-----------------------|------------------------|
| Financial liabilities | | | | |
| Deposit liabilities: | | | | |
| Demand | ₱10,891,110,126 | ₱- | ₱- | ₱10,891,110,126 |
| Savings | 10,165,580,027 | - | - | 10,165,580,027 |
| Time | 281,426,868 | 36,787,531,380 | 9,099,894,563 | 46,168,852,811 |
| Bills payable | - | 5,960,946 | 765,728,147 | 771,689,093 |
| Manager's checks | - | 671,895,143 | - | 671,895,143 |
| Accrued interest and other expenses | 166,210,009 | 70,344,389 | - | 236,554,398 |
| Other liabilities: | | | | |
| Accounts payable | - | 538,960,833 | - | 538,960,833 |
| Bills purchased | - | 190,724,093 | - | 190,724,093 |
| Security deposit | - | - | 4,168,053 | 4,168,053 |
| Total financial liabilities | ₱21,504,327,030 | ₱38,265,416,784 | ₱9,869,790,763 | ₱69,639,534,577 |

*Includes non-performing loans and receivables

December 31, 2014

| | On demand | Within 1 year | Over 1 year* | Total |
|-------------------------------|-----------------------|-----------------------|------------------------|------------------------|
| Financial Assets | | | | |
| Cash and other cash items | ₱449,089,810 | ₱- | ₱- | ₱449,089,810 |
| Due from BSP | 1,417,573,008 | 459,855,000 | - | 1,877,428,008 |
| Due from other banks | 439,672,783 | - | - | 439,672,783 |
| AFS financial assets | - | 21,552,112 | 1,107,076,098 | 1,128,628,210 |
| HTM financial assets | - | - | 28,167,956 | 28,167,956 |
| Loans and receivables* | - | 6,646,367,075 | 11,767,412,434 | 18,413,779,509 |
| Other assets: | | | | |
| Accounts receivable | - | 46,422,478 | - | 46,422,478 |
| Accrued interest receivable | - | 139,907,899 | - | 139,907,899 |
| Rental deposit | - | - | 9,572,000 | 9,572,000 |
| RCOCI | 17,626,999 | - | - | 17,626,999 |
| Miscellaneous | 1,565,209 | - | - | 1,565,209 |
| Total financial assets | ₱2,325,527,809 | ₱7,314,104,564 | ₱12,912,228,488 | ₱22,551,860,861 |

December 31, 2014

| | On demand | Within 1 year | Over 1 year* | Total |
|-------------------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Financial Liabilities | | | | |
| Deposit liabilities: | | | | |
| Demand | ₱1,613,145,756 | ₱- | ₱- | ₱1,613,145,756 |
| Savings | 2,798,469,883 | - | - | 2,798,469,883 |
| Time | - | 9,760,343,944 | 3,919,741,329 | 13,680,085,273 |
| Manager's checks | 199,917,414 | - | - | 199,917,414 |
| Accrued interest and other expenses | 41,226,252 | 56,567,903 | - | 97,794,155 |
| Other liabilities: | | | | |
| Accounts payable | - | 110,130,027 | - | 110,130,027 |
| Security deposit | - | - | 3,487,372 | 3,487,372 |
| Inter-office float items | - | 18,953,407 | - | 18,953,407 |
| Total financial liabilities | ₱4,652,759,305 | ₱9,945,995,281 | ₱3,923,228,701 | ₱18,521,983,287 |

*Includes non-performing loans and receivables

(Source: 2015 AAFS, pp. 38-42)

DISCLOSURE ON CAPITAL STRUCTURE AND CAPITAL ADEQUACY

Capital Fundamentals

The Bank can only achieve sustainable growth by maintaining strong capital fundamentals. Major business initiatives with the appropriate capital planning were undertaken in coordination with the parent bank which also took into consideration constraints and changes in the regulatory environment. This was necessary to ensure that the Bank's commercial objectives are equally

aligned with its ability to maintain an adequate capital position. The Board and Senior Management recognizes that a balance should be achieved with respect to the Bank's earnings outlook vis-à-vis capital fundamentals that can take advantage of growth opportunities while increasing the Bank's ability to absorb shocks.

Risk-based capital components, including deductions for 2015 and 2014:

| | 2015 | 2014 |
|--|-----------------|---------------|
| Common Equity Tier 1 Capital | | |
| Paid-up common stock | 4,155,619,670 | 2,492,207,200 |
| Additional paid-in capital | 1,347,354,398 | 708,722,059 |
| Deposit for common stock subscription | 4,012,500,000 | - |
| Retained Earnings | (1,426,230,350) | (744,551,937) |
| Undivided Profits | (631,791,824) | - |
| Other Comprehensive Income | (107,081,731) | (10,393,617) |
| Less: Unsecured DOSRI | (2,251,491) | (886,302) |
| Less: Deferred Tax Assets | (570,895,368) | - |
| Less: Goodwill | (133,292,358) | - |
| Less: Other Intangible Assets | (471,600,635) | (360,000,000) |
| Less: Other Equity Investment | (2,192,208) | - |
| Total CET 1 Capital | 6,170,138,102 | 2,085,097,403 |
| Additional Tier 1 Capital | 2,164,200 | 2,164,200 |
| Total Tier 1 Capital | 6,172,302,302 | 2,087,261,603 |
| Tier 2 Capital | | |
| Instruments issued by the bank that are eligible as Tier 2 Capital | 12,000,000 | - |
| Appraisal Increment Reserve | 172,353,181 | 188,315,192 |
| General Loan Loss Provision | 418,550,678 | 139,696,538 |
| Total Tier 2 Capital | 602,903,859 | 328,011,730 |
| Total Qualifying Capital | 6,775,206,160 | 2,415,273,333 |

Risk-based capital ratios:

| | 2015 | 2014 |
|-----------------------------|----------------|----------------|
| CET 1 capital | 7,350,370,162 | 2,445,983,705 |
| Less regulatory adjustments | 1,180,232,061 | 360,886,302 |
| Total CET 1 capital | 6,170,138,102 | 2,085,097,403 |
| Additional Tier 1 capital | 2,164,200 | 2,164,200 |
| Total Tier 1 capital | 6,172,302,302 | 2,087,261,603 |
| Tier 2 capital | 602,903,859 | 328,011,730 |
| Total qualifying capital | 6,775,206,160 | 2,415,273,333 |
| Risk weighted assets | 60,712,639,082 | 15,619,546,850 |
| CET 1 capital ratio | 10.16% | 13.35% |
| Capital Conservation Buffer | 4.16% | 7.35% |
| Tier 1 capital ratio | 10.17% | 13.36% |
| Total capital ratio | 11.16% | 15.46% |

The regulatory Basel III qualifying capital of the Bank consists of Common Equity Tier 1 capital (going concern capital), which comprises paid-up common stock, additional paid-in capital, deposit for common stock subscription, retained earnings, undivided profits and other comprehensive income less required deductions such as unsecured credit accommodations to DOSRI, deferred tax assets, goodwill, other intangible assets, and other equity investment. The other component of regulatory capital is Tier 2 capital (gone-concern capital), which includes general loan loss provision and appraisal increment reserve. A capital conservation buffer of 2.5% comprised of CET 1 capital is likewise imposed in the Basel III capital ratios.

The capital requirements for Credit, Market and Operational Risk are listed below:

| | 2015 | 2014 |
|-----------------------------------|-----------------------|-----------------------|
| Credit Risk | 54,670,330,651 | 14,886,080,118 |
| Market Risk | 495,946,092 | 16,123,484 |
| Operational Risk | 5,546,362,338 | 717,343,248 |
| Total Capital Requirements | 60,712,639,082 | 15,619,546,850 |

Credit Risk-Weighted Assets

On-balance sheet exposures, net of specific provisions and not covered by CRM:

| | As of December 31, 2015 | |
|--|--|---------------------------------|
| | Exposures, net of Specific Provisions | Exposures not Covered by CRM |
| Cash on Hand | 1,317,755,653 | 1,317,755,653 |
| Checks and Other Cash Items | 3,209,002 | 3,209,002 |
| Due from BSP | 9,315,623,693 | 9,315,623,693 |
| Due from Other Banks | 2,172,021,146 | 2,172,021,146 |
| Financial Assets at FVPL | - | - |
| Available-for-Sale Financial Assets | 1,863,265,419 | 1,863,265,419 |
| Held-to-Maturity Financial Assets | 2,220,522,414 | 2,220,522,414 |
| Unquoted Debt Securities Classified as Loans | 270,000,000 | 270,000,000 |
| Loans and Receivables | 50,319,055,520 | 45,422,345,311 |
| Loans and Receivables arising from Repurchase Agreements | - | - |
| Sales Contract Receivables | 726,210,101 | 726,210,101 |
| Real and Other Properties Acquired | 2,693,579,113 | 2,693,579,113 |
| Other Assets | 4,204,116,535 | 4,204,116,535 |
| Total On-Balance Sheet Assets | 75,105,358,596 | 70,208,648,387 |

| | As of December 31, 2014 | |
|-----------------------------|--|---------------------------------|
| | Exposures, net of Specific Provisions | Exposures not Covered by CRM |
| Cash on Hand | 449,464,855 | 449,464,855 |
| Checks and Other Cash Items | 7,488,066 | 7,488,066 |
| Due from BSP | 1,838,224,124 | 1,838,224,124 |
| Due from Other Banks | 437,451,753 | 437,451,753 |
| Financial Assets at FVPL | - | - |

| | | |
|--|-----------------------|-----------------------|
| Available-for-Sale Financial Assets | 1,111,460,470 | 1,111,460,470 |
| Held-to-Maturity Financial Assets | 28,171,551 | 28,171,551 |
| Unquoted Debt Securities Classified as Loans | 345,550,116 | 345,550,116 |
| Loans and Receivables | 14,289,268,813 | 12,284,780,000 |
| Loans and Receivables arising from Repurchase Agreements | | |
| Sales Contract Receivables | 49,132,129 | 49,132,129 |
| Real and Other Properties Acquired | 338,379,921 | 338,379,921 |
| Other Assets | 2,074,474,840 | 2,074,474,840 |
| Total On-Balance Sheet Assets | 20,969,066,638 | 18,964,577,825 |

Credit equivalent amount for off-balance sheet items, broken down by type of exposures:

| | As of December 31, 2015 | |
|---|-------------------------|----------------------|
| | Notional Principal | Credit Equivalent |
| Direct credit substitutes | | |
| Transaction-related contingencies | 330,110,480 | 165,055,240 |
| Trade-related contingencies arising from movement of goods | 4,612,520,494 | 922,504,099 |
| Other commitments (which can be unconditionally cancelled at any time by the bank without prior notice) | 4,050,387,475 | |
| Total Notional Principal and Credit Equivalent Amount | 8,993,018,449 | 1,087,559,339 |

| | As of December 31, 2014 | |
|---|-------------------------|-------------------|
| | Notional Principal | Credit Equivalent |
| Direct credit substitutes | | |
| Transaction-related contingencies | 19,473,807 | 9,736,903 |
| Trade-related contingencies arising from movement of goods | | |
| Other commitments (which can be unconditionally cancelled at any time by the bank without prior notice) | 3,137,761,358 | |
| Total Notional Principal and Credit Equivalent Amount | 3,157,235,165 | 9,736,903 |

No credit equivalent amount for counterparty credit risk in the trading book as the Bank has no derivative exposures.

The following credit risk mitigants are used in the December 2015 CAR Report:

- Guarantees by Government Owned and Controlled Corporation (GOCC), which guarantees are counter-guaranteed by the Philippine National Government
- Holdout vs. Peso deposit / Deposit substitute
- Holdout vs. FCDU deposit
- Assignment / Pledge of Government Securities

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

| As of December 31, 2015 | | | |
|-------------------------|-----------------------|----------------------|-----------------------|
| | On-balance sheet | Off-balance sheet | Total |
| Below 100 % | 27,330,473,658 | 922,504,099 | 28,252,977,757 |
| 100% and above | 42,878,174,729 | 165,055,240 | 43,043,229,969 |
| Total | 70,208,648,387 | 1,087,559,339 | 71,296,207,726 |

| As of December 31, 2014 | | | |
|-------------------------|-----------------------|-------------------|-----------------------|
| | On-balance sheet | Off-balance sheet | Total |
| Below 100 % | 5,719,682,335 | - | 5,719,682,335 |
| 100% and above | 13,244,895,490 | 9,736,903 | 13,254,632,393 |
| Total | 18,964,577,825 | 9,736,903 | 18,974,314,729 |

Total credit risk-weighted assets, broken down by type of exposures:

| As of December 31, 2015 | | | |
|-------------------------|-----------------------|--------------------|-----------------------|
| | On-balance sheet | Off-balance sheet | Total |
| Below 100 % | 9,116,018,644 | - | 9,116,018,644 |
| 100% and above | 45,384,224,170 | 165,055,240 | 45,549,279,410 |
| Covered by CRM | 5,032,597 | - | 5,032,597 |
| Excess GLP | - | - | - |
| Total | 54,505,275,411 | 165,055,240 | 54,670,330,651 |

| As of December 31, 2014 | | | |
|-------------------------|-----------------------|-------------------|-----------------------|
| | On-balance sheet | Off-balance sheet | Total |
| Below 100 % | 1,328,805,573 | - | 1,328,805,573 |
| 100% and above | 13,547,537,641 | 9,736,903 | 13,557,274,545 |
| Covered by CRM | - | - | - |
| Excess GLP | - | - | - |
| Total | 14,876,343,214 | 9,736,903 | 14,886,080,118 |

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

For all rated credit exposures regardless of currency

Standard & Poor (S&P)

Moody's

Fitch

For PHP-denominated debts of rated domestic entities

Philratings

Market Risk-Weighted Assets

The Standardized Approach is used in the Bank's market risk-weighted assets. The total market risk-weighted asset of the Bank as of end-December 2015 is P496 million. This is composed of

Interest Rate exposures amounting to P451 million and Foreign Exposures amounting to P45 million.

| Interest Rate Exposure | 2015 | 2014 |
|---|--------------------|-------------------|
| Specific Risk | 6,299,618 | - |
| General Market Risk | | |
| PHP | 11,399,641 | - |
| USD | 18,363,256 | - |
| Total Capital Charge | 36,062,514 | - |
| Adjusted Capital Charge | 45,078,143 | - |
| Subtotal Market Risk-Weighted Assets | 450,781,427 | - |
| | | |
| Foreign Exchange Exposure | 2015 | 2014 |
| Total Capital Charge | 3,613,173 | 1,289,879 |
| Adjusted Capital Charge | 4,516,467 | 1,612,348 |
| Subtotal Market Risk-Weighted Assets | 45,164,666 | 16,123,484 |
| Total Market Risk-Weighted Assets | 495,946,092 | 16,123,484 |

Operational, Legal, and Other Risks

For Operational Risk, the exposure of the Bank is profiled using a number of methodologies which also include a scenario analysis exercise as part of the internal capital adequacy assessment process (ICAAP) to validate if the computed capital requirement using the Basic Indicator Approach (BIA) is enough to cover the assessed exposure under plausible scenario and worst case scenario. For the 2015 ICAAP submission, the Bank allocated the amount of P555 million as capital for Operational Risk which is more than adequate to cover the exposure from our scenario analysis exercise.

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

For legal risk, the Bank assessed the status of pending legal cases with the objective of identifying those subject to final resolution in the next twelve months and with high probability for the Bank to lose the legal proceedings. Litigation related potential losses under a plausible scenario is ₱73 million and ₱79 million under worst case scenario.

Operational Risk-Weighted Assets

The Bank's Operational Risk Weighted Assets under the Basic Indicator Approach is ₱5.55 billion and ₱717 million in December 2015 and December 2014, respectively.

Internal measurement of interest rate risk in the banking book

The Bank's interest rate risk (IRR) originates from its holdings of interest rate sensitive assets and interest rate sensitive liabilities. Internally, the Earnings-at-Risk (EaR) method is used to determine the

effects of adverse interest rate change on the Bank's interest earnings. The Bank's loans is assumed affected by interest rate movements on its repricing date for floating rates and on its maturity for fixed rates. Demand and savings deposits, on the other hand, are generally not interest rate sensitive. Provided in the table below are the approximate reduction in annualized interest income of a 100bps adverse change across the PHP and USD yield curves.

| Earnings-at-Risk In PHP millions | 2015 | 2014 |
|-------------------------------------|------|------|
| PHP IRR Exposures | (87) | (47) |
| USD IRR Exposures | (8) | (1) |

Item 2. PROPERTIES

China Bank Savings, Inc., whose principal office is located at VGP Center, 6772 Ayala Avenue, Makati City, owns several properties situated in various locations in Metro Manila and provinces. (See details in attached Annex "A")

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

As in the past three (3) years of massive branch expansion, the Bank was all-out to stretch the scope of its footprint nationwide for 2015. In furtherance of thrust, the Bank will lease additional properties in 2016, circumscribed only by the BSP's approval on the requisite branch opening requirements. On this note, the Bank sees great potential for branch expansion in the following areas, to wit:

| | |
|---|-------------------------|
| 1. Commonwealth Avenue, Quezon City | 7. Balic-Balic, Manila |
| 2. Katipunan Avenue, Quezon City | 8. Diliman, Quezon City |
| 3. Quezon Boulevard, Manila | 9. Tayuman St., Manila |
| 4. Felix Huertas St., Sta. Cruz, Manila | 10. CityMall, Kalibo |
| 5. Quirino Avenue, Baclaran, Paranaque | 11. CityMall Roxas City |
| 6. C. Raymundo St., Caniogan, Pasig | |

Item 3. LEGAL PROCEEDINGS

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

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There are matters that will be calendared in the agenda of the annual stockholders' meeting that may give rise to the exercise by a dissenting stockholder of the right of appraisal and demand payment of the fair value of his shares under Section 81 of the Corporation Code (Batas Pambansa Blg. 68), specifically the following:

(1) Increase of ₱6.0 Billion in the authorized capital stock of the Corporation, from ₱8.0 Billion to ₱14.0 Billion;

(2) Transfer of the Head of Office of the corporation, from VGP Center, 6772 Ayala Avenue, Makati City, Philippines, to CBS Building, 314 Sen. Gil Puyat Avenue, Makati City, Philippines.

(3) Amendment of the Articles of Incorporation, amending THIRD and SEVENTH Articles thereof, to read as follows:

"THIRD – The head office of the corporation shall be at CBS Building, 314 Sen. Gil J. Puyat Avenue, Makati City, Philippines.

xxx xxx xxx

SEVENTH – That the capital stock of the corporation is FOURTEEN BILLION (P14,000,000,000.00) PESOS, and said capital is divided as follows:

ONE HUNDRED THIRTY FOUR MILLION (134,000,000) – Common shares of the par value of ₱100.00 each or a total par value of ₱13,400,000,000 and

SIX MILLION (6,000,000) – Preferred shares of the par value of ₱100.00 each or a total par value of ₱600,000,000

The aforesaid preferred shares shall have the following features:

xxx xxx xxx."

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET REGISTRANT'S COMMON EQUITY & RELATED STOCKHOLDER MATTERS

5.1 Market Information

The registrant's equity is not listed in any exchange. Below is a summary of the transfer in the previous eight quarters:

| Period | No. of Shares Transferred | PRICE PER SHARE | |
|-------------------------|---------------------------|-----------------|--------|
| | | High | Low |
| 2014 | | | |
| January 1 – March 31 | 2,562,075 | 1.1486 | 1.1486 |
| | 4,063,388 | 123.05 | 123.05 |
| April 1 – June 30 | 947 | 214.65 | 214.65 |
| | 2,526,528 | 118.74 | 118.74 |
| July 1 – September 30 | No Transaction | | |
| October 1 – December 31 | No Transaction | | |

| Period | No. of Shares Transferred | PRICE PER SHARE | |
|-------------------------|---------------------------|-----------------|-----|
| | | High | Low |
| 2015 | | | |
| January 1 – March 31 | No Transaction | | |
| April 1 – June 30 | No Transaction | | |
| July 1 – September 30 | No Transaction | | |
| October 1 – December 31 | No Transaction | | |

5.2 Holders

The Bank has an authorized capital stock of ₱8.0 Billion distributed as follows: 74.0 Million Common Stocks and 6.0 Million Preferred Stocks. There are approximately 1,523 stockholders of the 56,301,250* shares as of March 31, 2016. The top 20 common shareholders as of March 31, 2016 are as follows:

*Exclusive of the 2,611,806 and 16,501,093 common shares equivalent of former Unity Bank, Rural Bank, Inc. and Planters Development Bank shares, respectively, to be issued CBS stocks by virtue of the mergers.

MAJOR STOCKHOLDERS (As of March 31, 2016)

| | No. of Shares | % of Holdings |
|---|---------------|---------------|
| 1 CHINA BANKING CORPORATION | 55,541,357 | 73.63% |
| CHINA BANKING CORPORATION* | 15,713,945 | 20.83% |
| 2 VIC ROSSANO C. IGNACIO** | 909,013 | 1.21% |
| 3 VIFEL I. GARCIA** | 617,269 | 0.82% |
| 4 JOSEFINA I. MALLARI** | 617,269 | 0.82% |
| 5 KOREA DEVELOPMENT FINANCING CORP.*** | 362,259 | 0.48% |
| 6 PATRICIA S. JIMENEZ** | 258,528 | 0.34% |
| 7 TERESITA H. IGNACIO** | 199,112 | 0.26% |
| 8 ESTATE OF GIL J. PUYAT | 163,243 | 0.22% |
| 9 AGUENZA, MA. FLORDELIS F.*** | 129,251 | 0.17% |
| 10 KOOKMIN BANK*** | 120,753 | 0.16% |
| 11 DEVELOPMENT BANK OF THE PHILIPPINES*** | 93,238 | 0.12% |
| 12 SURIGAO DEVELOPMENT CORP. | 46,040 | 0.06% |
| 13 MARINDUQUE MINING & | 46,002 | 0.06% |
| 14 BOGO MEDELLIN MILLING CO, INC. | 33,521 | 0.04% |
| 15 COMMUNITY OF BENEDICTINE SISTERS | 33,521 | 0.04% |
| 16 REYES, RODRIGO C. | 31,205 | 0.04% |
| 17 FERNANDEZ, JOSE P. | 22,041 | 0.03% |
| 18 LOYOLA LIFE PLAN, INC. TRUST FUND | 16,151 | 0.02% |
| 19 RODRIGUEZ, MA. LUISA G. | 14,441 | 0.02% |
| 20 GROUP DEVELOPERS, INC. | 10,557 | 0.01% |

Par Value – ₱100.00 per share

*Former PDB shares in the name of CBC. Shares are in the process of exchange into CBS stocks by virtue of the merger.

**Former stockholders of Unity Bank, A Rural Bank, Inc. Shares were sold to CBC and are in the process of transfer to CBC and exchange into CBS stocks by virtue of the merger.

*** Former PDB stockholders. Shares were sold to CBC and are in the process of transfer to CBC and exchange into CBS stocks by virtue of the merger.

(3) Dividends

For the year 2015, there were no dividends declared.

(4) Recent Sales of Unregistered Securities.

The registrant did not sell any share that was not registered under the Code.

Item 6. MANAGEMENT'S DISCUSSION & ANALYSIS OR PLAN OF OPERATION

(See Attached Annex "B")

Item 7. FINANCIAL STATEMENTS

Attached are the Audited Financial Statements (RBU and FCDU) duly received by the BIR and marked as (Annex "C")

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Bank has no disagreement with accountants on accounting and financial disclosures for the year 2015.

External Audit Fees and Services

Pursuant to SEC Memorandum Circular No. 8 (Rotation of External Auditor) ChinaBank Savings, Inc. will retain *Sycip Gorres Velayo & Co. (SGV)* as independent auditor of the Bank. This is also in accordance with Section X165 and Appendix 43 of the Manual of Regulations for Banks (MORB), as amended by BSP Circular No. 660 dated August 25, 2009, which mandates, among others, that the External Auditor hired by the parent corporation, CBC, shall also be in-charge of the audit of its subsidiary that is engaged in allied activities such as CBS. However, Ms. Vicky Lee Salas has completed her 5th year of engagement and thus will be replaced by Mr. Rey Francis C. Balagtas as partner-in-charge assigned for the ensuing year.

Mr. Rey Francis C. Balagtas and other representatives of SGV are expected to be present at the stockholders' meeting and will have the opportunity to make statement if they desire to do so and will be available to answer appropriate questions.

The amount of professional fees paid to SGV for the years 2014 and 2015 are ₱730,000.00 and ₱1,135,000.00 (both inclusive of Trust Department), respectively. Subject to the approval of the AuditCom, additional sum will be billed as professional fees by SGV related to the performance of audit and review of the financial statements of CBS ended December 31, 2015, for the purpose of merger of the books accounts of PDB with CBS,

The above audit fees are inclusive of the following:

- a. Other assurance and related services by the External Auditor that are reasonably related to the performance of the audit or review of the Bank's financial statements.
- b. All other fees.

Mr. Roberto F. Kuan chairs the Bank's Audit Committee, with Ms. Margarita L. San Juan and Mr. Alberto S. Yao as members. Said Committee approves, among others, the audit fees and fees for non-audit services, if any, of the external auditors as stated in Article IV, paragraph 8 of the Committee's Charter.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS (as of March 31, 2016)

9.1(a). Directors and Executive Officers, with their age, positions/offices held and business experiences for the last five (5) years

(a) The Members of the Board of Directors

The members of the Board, all of whom are Philippine citizens, hold the office for the remainder of the term of their successors and, with prior approval of the Monetary Board, concurrently with their position/s in CBC except for one independent director, are as follows:

Ricardo R. Chua, 64, Chairman, holds a degree in Bachelor of Science in Business Administration, Major in Accounting, *cum laude*, from the University of the East. He obtained his Master's degree in Business Management (MBM) from Asian Institute of Management (AIM) in 1975. He is concurrently the President and a Director of CBC. He joined CBC in 1975 after a stint with *Sycip Gorres & Velayo*. He is likewise a Director of the following affiliates/subsidiaries of CBC, namely: CBC-IBI since 1998, CBC Forex since

1997, Chinabank Capital Corporation (CBCC), Manulife China Bank Life Assurance Corp. (MCBLife), and of PDB (prior to merger). He was the past Chairman of the Board of BancNet, Inc., as well as Director of other corporations, some of which are Philippine Clearing House Corporation (PCHC), CAVACON Corporation, and Sun & Earth Corporation.

Nancy D. Yang, 76, Vice Chairman, obtained her degree in Bachelor of Arts from the Philippine Women's University and a degree in Human Development & Child Psychology from Merrill Palmer Institute in Detroit, Michigan, USA, 1961. She has attended the Allen Management Program in 1990, BAI Retail Delivery Conference in Phoenix, Arizona, USA in 1994, Environmental Risk Management Program for Bankers conducted by the Bank of America in 1997, and BAI Retail Delivery Conference in Miami Beach, Florida in 1999, and BAI Retail Delivery Conference in Orlando, Florida in 2008. She concurrently holds the position of Senior Vice President and the Head of CBC's Retail Banking Business. She joined CBC in 1963, occupying various positions. She is also a Director of CBC-IBI and Director and Vice Chairperson of the Executive Committee of PDB (prior to merger).

Alberto Emilio V. Ramos, 56, Director and President, obtained a degree in Bachelor of Arts in Political Science and in Bachelor of Science in Marketing Management from the De La Salle University and a Master's degree in Business Management from Asian Institute of Management. He used to be the Head of Private Banking Group of CBC. Prior to joining CBC, he was the President of Philam Asset Management, Inc. He has held several officership positions in Bank of the Philippine Islands, Citytrust Banking Corporation, Western State Bank, Tokai Bank of California, Urban Development Bank, and Filinvest Credit Corporation. He is a recipient of the Treasury Professional Certificate from the Banker's Association of the Philippines. He has also attended trainings on credit and financial analysis, performance appraisal and asset-liability management, treasury products, and strategic marketing planning. He is likewise a Director of MCBL and was a Director and member of the Executive Committee of PDB (prior to merger).

Antonio S. Espedido, Jr., 60, Director, holds a degree in Bachelor of Science in Business Administration from University of San Francisco, USA. He is concurrently CBC's Head of Financial Capital Markets & Investment Segment, as well the Treasury Group, with the rank of Executive Vice President. He is likewise a Director of CBC subsidiaries, namely: CBC Forex Corporation and before PDB. He held various executive positions at Bank of the Philippine Islands (BPI) and Citytrust/BPI and ACI Phils. (Forex). He has had trainings both here and abroad on the various facets of treasury operations, fund transfer pricing, and project and portfolio management.

Ramon R. Zamora, 67, Director, holds a degree in Bachelor of Arts in Economics from Ateneo de Manila University. He is concurrently CBC's Senior Vice President and the Head of its Centralized Operations Group, Remittance Business Operations, and Correspondent Banking. He joined CBC in 1997, after 25 years of banking experience in Citibank N.A. where he held various managerial positions, as a Vice President from the Operations Group, Marketing Group as a Senior Relationship Manager and Credit Officer, Regional Corporate Audit Group as VP for Global Transaction Banking Specialist covering South Asia Citibank N.A. branches. He is likewise concurrently a director of CBC Forex, and CBC-PCCI. He was likewise a director of PDB prior to the merger.

Alexander C. Escucha, 58, Director, holds a degree in Bachelor of Arts in Economics, *cum laude* from the University of the Philippines. He is concurrently the Head of CBC's Investor and Corporate Relations with the rank of Senior Vice President. He is the chairman of the UP Visayas Foundation, Inc. and is an international resource person at The Asian Banker. He has served as chairman of the Federation of ASEAN Economic Associations (FAEA), and president of the Philippine Economic Society of the Philippines, and the Bank Marketing Association of the Philippines. He had attended various seminars such as the corporate governance orientation conducted by the ICD in 2015, and had been a delegate in various economic briefings and conferences, such as the JP Morgan Philippines Conference and The Asian Banker Summit in 2015. Before CBC, he was a vice president at International Corporate Bank.

Rosemarie C. Gan, 58, Director, holds a degree in Bachelor of Science in Business Administration, Major in Management from the University of Santo Tomas where she graduated *magna cum laude* and was a recipient of the distinguished Rector's Award. She attended the Advanced Bank Management Program of AIM in June 2013. She is concurrently the Senior Vice President of CBC. She is likewise the Deputy Group Head of Retail Banking Business (formerly, Branch Banking Group) of CBC effective February 1, 2014 and concurrent Head of Binondo Business Center – the strong foothold of CBC at Chinatown. She has been with CBC for over 35 years, having extensive exposure in marketing and training in financial analysis, credit portfolio management, strategic planning and corporate governance.

Alberto S. Yao, 69, Independent Director, obtained a degree in Bachelor of Science in Business Administration from Mapua Institute of Technology. He was the Vice-President for Merchandising of Zenco Sales, Inc. from 1968 to 1975. He is concurrently the President and CEO of Richwell Trading Corp., Richwell Phils., Inc., Europlay Distributor Co., Inc., and President of Richphil House, Inc., and Megarich Property Ventures Corp. He is likewise an Independent Director of CBC and of PDB prior to merger.

Roberto F. Kuan, 67, Independent Director, holds a degree in Bachelor of Science in Business Administration from the University of the Philippines and a Master's degree in Business Management from Asian Institute of Management (AIM) in 1975. He attended the Top Management Program conducted by AIM in Bali, Indonesia in 1993. In 2011, he was conferred a doctorate degree in Humanities *Honoris Causa* by the Lyceum Northwestern University. He has been the Chairman of the Board of Trustees of St. Luke's Medical Center, member of the Board of Trustees of St. Luke's College of Medicine since 1996, Director of Far Eastern University since 2004, member of the Board of Trustees of Brent International School of Manila since 1989, and Director of Seaoil Phils., Inc. since 2008. He is also the founder and the President of Chowking Food Corporation from 1985 until 2000 and former President/Chairman of Llingnam Enterprises, Inc. He is likewise an Independent Director of CBC since May 2005 and of PDB prior to merger.

Margarita L. San Juan, 62, Independent Director, obtained a degree in Bachelor of Science in Business Administration from the University of the Philippines in 1974. She also took up Advance Bank Management Program from the Asian Institute of Management in 1992. She started her career in Ayala Investment & Dev't. Corp. (AIDC) and left as Sr. Project Assistant in 1978. Then, she moved to Commercial Bank & Trust Co. (ComTrust). In August 1980, she joined CBC and subsequently became the Head of the Account Management Group with the rank of First Vice President II and retired as such on November 30, 2008. She was a Director and member of the Executive Committee of PDB from 2014 to December 17, 2015.

Carlos M. Borromeo, 50, is an Economics graduate of the Ateneo de Manila University and has a Master's degree in Business Management (with High Distinction) from the Asian Institute of Management. He is currently the Chief Financial Officer of China Banking Corporation. He was President and COO of Plantersbank until the time it was merged with the surviving entity, China Bank Savings, Inc. Mr. Borromeo has over 20 years of banking experience. He was Chief Financial Officer of Security Bank Corporation with the rank of Senior Vice President. He was part of the working team that conceptualized and executed a strategic plan that carved a path to superior shareholder returns over an eight year period, improving SBC's ROE from a low single digit return to industry best levels averaging 20%. He was also a key player in the company's capital raising efforts, as well as in the company's acquisition of other financial institutions. He has vast experience in treasury trading and balance sheet management for both local and foreign currency and is very knowledgeable in asset liability management and internal transfer pricing. Mr. Borromeo started his banking career in 1987 as an Assistant Trader for Multinational Investment Bancorporation. He then moved to the Treasury Department of Citytrust Banking Corporation where he held various positions in the Local Currency and FX Desk from 1989 – 1996. He worked for Bank of the Philippines Islands as Product Development Head from 1996 – 1997, then as the Head of Balance Sheet

Management Department for another year then for the Corporate Planning Department. He was former Head of Accounting Management Department of Standard Chartered Bank, Manila from 2000 – 2003 before joining Security Bank Corporation.

BOARD OVERSIGHT COMMITTEES (as of March 15, 2016)

| Executive Committee (ExCom) | |
|-----------------------------|-----------------|
| Mr. Ricardo R. Chua | - Chairman |
| Mrs. Nancy D. Yang | - Vice-Chairman |
| Mr. Alberto Emilio V. Ramos | |
| Mr. Carlos M. Borromeo | |
| Mrs. Rosemarie C. Gan | |

| Risk Management Committee (RMC) | |
|---------------------------------|------------|
| Ms. Margarita L. San Juan | - Chairman |
| Mr. Roberto F. Kuan | |
| Mrs. Nancy D. Yang | |
| Mr. Ramon R. Zamora | |
| Mr. Alexander C. Escucha | |

| Corporate Governance Committee | |
|--------------------------------|------------|
| Mr. Alberto S. Yao | - Chairman |
| Mr. Ricardo R. Chua | |
| Mr. Roberto F. Kuan | |
| Mr. Antonio S. Espedido, Jr. | |
| Mr. Alexander C. Escucha | |

| Trust Committee (TrustCom) | |
|------------------------------|------------|
| Mr. Alexander C. Escucha | - Chairman |
| Mr. Alberto Emilio V. Ramos | |
| Mr. Antonio S. Espedido, Jr. | |
| Mr. Carlos M. Borromeo | |
| Mr. Ramon R. Zamora | |
| Mrs. Anna Maria P. Ylagan | |

| Retirement Committee | |
|------------------------------|------------|
| Mr. Ricardo R. Chua | - Chairman |
| Mr. Alberto Emilio V. Ramos | |
| Mr. Ramon R. Zamora | |
| Mr. Antonio S. Espedido, Jr. | |
| Mr. Carlos M. Borromeo | |

| Nomination and Personnel Committee | |
|------------------------------------|------------|
| Mr. Alberto S. Yao | - Chairman |
| Mr. Ricardo R. Chua | |
| Mr. Roberto F. Kuan | |
| Mr. Antonio S. Espedido, Jr. | |
| Mr. Alexander C. Escucha | |
| Mr. Carlos M. Borromeo | |
| <i>Ex-Officio</i> | |
| Mr. Patrick D. Cheng | |
| Ms. Maria Rosanna L. Testa | |
| Ms. Lilibeth C. Paradero | |

| Audit Committee (AuditCom) | |
|----------------------------|------------|
| Mr. Roberto F. Kuan | - Chairman |
| Mrs. Margarita L. San Juan | |
| Mr. Alberto S. Yao | |

OTHER MANAGEMENT COMMITTEES (as of March 31, 2016)

A. Management Committee (ManCom):

Chairman: President Alberto Emilio V. Ramos

Vice Chairman: EVP Jaime Valentin L. Araneta – Operations Group Head

Members:

- SVP Liberty S. Basilio – SME Lending Head
- SVP Jose F. Acetre – Collections & Assets Recovery Head
- SVP Maria Teresita R. Dean – Credit Management Head
- FVP Luis Bernardo A. Puhawan – Controller
- VP James Christian T. Dee – Treasurer
- VP Ma. Lilibeth C. Paradero – Human Resources Head

Ex Officio:

- FVP Edith N. Young – IT Head; or IT Officer
- FVP Jan Nikolai M. Lim – Consumer Lending OIC
- FVP Adonis C. Yap – Marketing Services OIC
- SAVP Lani D. Larion – Branch Banking Sales OIC

Secretariat: VP Emmanuel C. Geronimo - Office of the Controller

B. Asset and Liability Management Committee (ALCO):

Chairman: President Alberto Emilio V. Ramos

Vice Chairman: VP James Christian T. Dee – Treasurer

Members:

- SVP Maria Teresita R. Dean – Credit Management Head
- SVP Liberty S. Basilio – SME Lending Head
- FVP Luis Bernardo A. Puhawan – Controller

Ex Officio:

- EVP Agnes J. Angeles /FVP Nelissa R. Oñate – SME Lending Officers
- FVP Jan Nikolai M. Lim – Consumer Lending OIC
- SAVP Lani D. Larion – Branch Banking Sales OIC
- AVP Raymond C. Apo – Risk Management Head

Secretariat: SAVP Charmaine S. Hao – Treasury Officer

C. IT Steering Committee (ITSC):

Chairman: EVP Jaime Valentin L. Araneta – Operations Group Head

Vice Chairman: FVP Edith N. Young - Information Technology Head

Members:

- SVP Maria Teresita R. Dean – Credit Management Head
- FVP Luis Bernardo A. Puhawan – Controller
- Director Alexander C. Escucha – Board Member

Ex Officio:

- FVP Adonis C. Yap – Marketing Services OIC
- FVP Jan Nikolai M. Lim – Consumer Lending OIC
- AVP Raymond C. Apo – Risk Management Head
- AVP Atty. Maribel M. Dimayuga – Compliance Head
- Internal Audit Officer

D. Credit Committee (CreCom):

Chairman: President Alberto Emilio V. Ramos

Vice Chairman: SVP Maria Teresita R. Dean – Credit Management Head

Members:

- EVP Jaime Valentin L. Araneta – Operations Group Head
- SVP Jose F. Acetre – Collections & Assets Recovery Head

Ex Officio:

- FVP Atty. Odel S. Janda – Legal Head / Legal Officer
- AVP Raymond C. Apo – Risk Management Head

Secretariat: Mgr. Jaynee Ann C. Victoria

E. Sub-Credit Committee :

Chairman: SVP Maria Teresita R. Dean – Credit Management Head

Vice-Chairman: SVP Jose F. Acetre – Collections & Asset Recovery Head

Members:

- AVP Jezreel R. Pimentel – Credit Officer
- SVP Liberty S. Basilio – Sponsor/SME Lending Head or Designated Alternate Lending Officer or Consumer Lending Head or Designated Alternate

Secretariat: Mgr. Jaynee Ann C. Victoria

F. Pricing Committee (Auto):

Chairman: SVP Jose F. Acetre – Collections & Assets Recovery Head

Members:

- SVP Maria Teresita R. Dean – Credit Management Head
- VP Atty. Edgar D. Dumlao – Legal Officer

Ex Officio:

- FVP Jan Nikolai M. Lim – Consumer Lending OIC
- AVP Emmanuelito M. Gomez – Auto Lending OIC

G. Anti-Money Laundering Committee (AMLACom):

Chairman: EVP Jaime Valentin L. Araneta – Operations Group Head

Vice Chairman: AVP Atty. Maribel M. Dimayuga – Compliance Head

Members:

- Pres. Alberto Emilio V. Ramos
- SVP Liberty S. Basilio – SME Lending Head
- FVP Atty. Odel S. Janda – Legal Head or VP Atty. Edgar D. Dumlao – Legal Officer
- VP Jose Renato O. Janairo – Branch Operations Support Head
- AVP Raymond C. Apo – Risk Management Head

Ex Officio:

- FVP Jan Nikolai M. Lim – Consumer Lending OIC
- SAVP Lani D. Larion – Branch Banking Sales OIC

Secretariat: Compliance Officer

H. Collections & Assets Recovery Committee (CarCom):

Chairman: President Alberto Emilio V. Ramos

Vice Chairman: SVP Jose F. Acetre – Collections & Assets Recovery Head

Members:

- SVP Maria Teresita R. Dean – Credit Management Head
- FVP Luis Bernardo A. Puhawan – Controller
- FVP Atty. Odel S. Janda – Legal Head
- AVP Raymond C. Apo – Risk Management Head

Secretariat: CARCOM Officer

I. Operations Committee (OpCom):

Chairman: EVP Jaime Valentin L. Araneta – Operations Group Head

Vice Chairman: VP Jose Renato O. Janairo – Branch Operations Support Head

Members:

- SVP Liberty S. Basilio – SME Lending Head
- VP Rosalinda T. Munsayac – Loans Operations Head
- AVP Raymond C. Apo – Risk Management Head
- SM Froilan Miguel G. Alcantara - BPMD Head

Ex Officio:

- SVP Maria Teresita R. Dean – Credit Management Head
- FVP Adonis C. Yap – Marketing Services OIC
- SAVP Lani D. Larion – Branch Banking Sales OIC
- Information Technology Head / IT Officer
- Compliance Officer
- Customer Service Officer

Secretariat: BPMD Officer

J. Service Committee:

Chairman: President Alberto Emilio V. Ramos

Vice Chairman: FVP Adonis C. Yap, Marketing Services OIC

Members:

- EVP Jaime Valentin L. Araneta – Operations Group Head
- SVP Liberty S. Basillo – SME Lending Head
- VP Jose Renato O. Janairo – Branch Operations Support Head
- SM Maria Theresa E. Santos – Customer Experience Management Head
- SM Froilan Miguel G. Alcantara – Business Process Management Head

Ex Officio:

- FVP Jan Nikolai M. Lim – Consumer Lending OIC
- SAVP Lani D. Larion – Branch Banking Sales OIC
- AVP Raymond C. Apo – Risk Management Head
- AVP Atty. Maribel M. Dimayuga – Compliance Head

Secretariat: Customer Service Officer

K. Fraud Control Committee (FraudCom):

Chairman: AVP Raymond C. Apo – Risk Management Head

Members:

- EVP Jaime Valentin L. Araneta – Operations Group Head
- SVP Maria Teresita R. Dean – Credit Management Head
- FVP Atty. Odel S. Janda / VP Atty. Edgar D. Dumilao – Legal Officer
- SVP Jose F. Acetre – Collections & Assets Recovery Head

Secretariat: Risk Officer

L. Administrative Investigating Committee (AIC):

Rotating Teams as Chairman, Vice Chairman and other members (to be determined)

Members:

- VP Ma. Lilibeth C. Paradero – Human Resources Head
- SAVP Jay Araceli A. Suria – Human Resources Officer
- AVP Raymond C. Apo – Risk Management Head
- AVP Atty. Maribel M. Dimayuga – Compliance Head
- SVP Maria Teresita R. Dean – Credit Management Head

Ex Officio:

- FVP Luis Bernardo A. Puhawan – Controller
- Legal Officer

M. Personnel Committee (PerCom):

Chairman: President Alberto Emilio V. Ramos

Vice Chairman: VP Ma. Lilibeth C. Paradero – Human Resources Head

Members:

- EVP Jaime Valentin L. Araneta – Operations Group Head
- SVP Maria Teresita R. Dean – Credit Management Head
- SVP Liberty S. Basillo – SME Lending Head

Ex Officio:

- SAVP Lani D. Larion – Branch Banking Sales OIC

Secretariat: HR Officer

N. Credit Model Steering Committee (CMSC):

Chairman: President Alberto Emilio V. Ramos

Vice Chairman: SVP Maria Teresita R. Dean – Credit Management Head

Members:

- VP Edralin G. Agbayani – Consumer Credit Officer
- AVP Raymond C. Apo – Risk Management Head
- AVP Winifredo G. Solis – Project Manager, Business Intelligence

Ex Officio:

- SVP Liberty S. Basilio – SME Lending Head or Auto Lending Head or Retail Housing Lending Head
- FVP Jan Nikolai M. Lim – Consumer Lending OIC

Resource Person

- FVP Ananias S. Cornelio, III – Chief Risk Officer

(b) Incumbent Executive Officers (as March 31, 2016)

Jaime Valentin L. Araneta, 60, Executive Vice President & Operations Head, holds a Bachelor of Arts degree in Philosophy from Ateneo de Manila University. He finished Master of Divinity from Asian Theological Seminary, and units in Law from Ateneo de Manila University and MBA from Ateneo Graduate School of Business. He currently the Vice Chairman of Bank's ManCom, Chairman of ITSC, AMLACom, OpCom and a member of CreCom, Service Committee, PerCom and FraudCom. Prior to joining the Bank on August 15, 2011, he was a Senior Vice President of Philippine Savings Bank. He has more than three decades of banking experience. He was the former President of Unity Bank, a rural bank that was acquired by CBC that was merged to CBS in 2014. He was the Operations Group Head of PDB and member of its ManCom, IT Steering Committee and Operations Committee prior to its merger.

James Christian T. Dee, *41, Treasurer, holds a degree Bachelor of Science in Mechanical Engineering from the University of the Philippines and Master's degree in Business Management from Asian Institute of Management. He trained with the Regional Treasury Certifications from Citigroup, N.A., Treasury Certification Program from Ateneo-BAP, and ICAAP Risk Models Validation from SGV. He likewise graduated with distinction on the 1 year course on Trust Operation from Trust Institute Foundation of the Philippines. He is a member of the Bank's ManCom and the Vice Chairman of the ALCO. In 2001, he initially was a Trust Portfolio Officer of the Trust Group of CBC before moving to Citibank N.A. Philippines – GCG Treasury in 2003. At Citibank, N.A. Philippines, he became the Portfolio Officer with the rank of Assistant Vice President of the GCG Treasury until he returned to CBC in 2009. He is concurrently the Asset Liability Management Head of the Treasury Group of CBC since 2009. Likewise, he was the Treasury Head & Vice Chairman of ALCO of PDB till it was merged into the bank.

Liberty S. Basilio, 61, Senior Vice President & SME Lending Group Head, earned her BS Business Administration degree from the University of the Philippines and a holder of a Certificate in Business Economics - Strategic Business Economics Program from the University of Asia and the Pacific. She is a member of the Bank's ManCom, ALCO, AMLACom, OpCom and PerCom, and *Ex-Officio* member of CMSC. She was the Head of SME Banking Group 1 with the rank Senior Vice President of PDB. She was likewise a member of the PDB's ManCom and ALCO. Before joining PDB, she was a First Vice President, Group Head of Corporate Banking Group of Bank of Commerce. From the same bank, she held the position of Vice President, Remedial Management Department. She also worked with PCI Bank as Financial Analyst of Credit Processing Department, as Account Officer Assistant of Account Management Group and as Account Officer of Commercial Loans Unit. She ended her career in PCIBank as Vice President of the Special Accounts Management Division where she also held the same position as Area Credit & Marketing Officer.

Jose F. Acetre, 62, Senior Vice President & Collections & Assets Recovery Group Head, holds a B.S. Business Economics degree from the University of the Philippines. He is a member of the Bank's ManCom, CreCom, & FraudCom, and Chairman of Pricing Committee (Auto), and Vice Chairman of CARCom. He was PDB's Collection and Asset Recovery Group Head with the rank of Senior Vice President. He is likewise a member of PDB's ManCom and Credit Committee (CRECOM) and member of Collection and Asset Recovery Committee (CARCOM). Before joining PDB, he was Account Officer in Far East Bank and Trust Company from 1977 to 1981. From 1981 to 1993, he was Account Officer/Division head in PCI

Bank. Then from 1993 to 2001, he was the Sector/Group Head in Bank of Commerce. Prior to joining PDB, he was Group Head in United Overseas Bank Philippines from 2001 to 2008.

Maria Teresita Reyes Dean, 52, Senior Vice President & Credit Management Group Head, graduated *cum laude* with a degree of Bachelor of Science in Business Administration from the University of the Philippines, and has completed 12 unit of the Executive Manager's Masteral Business Programme at the UP College of Business Administration. She is member of the Bank's ManCom, ALCO, ITSC, Pricing Committee (Auto), CarCom, AIC, PerCom, and Vice Chairman of CreCom, and CMSC, and Chairman of Sub-CreCom. From 1985 to 1993, Ms. Dean accumulated early work experience at Calyon Corp and Investment Bank, BPI (formerly FEBTC), JP Morgan Chase Bank. She moved as AVP – Credit and Loan Administration at Bahrain Middle East Bank EC from 1993 to 1995. She re-joined Calyon Corp and Investment Bank in September 1995 as Head of Credit and Loans in Manila, then expatriated to Hong Kong from 2001-2003 as VP, Distressed Assets Management, and repatriated back to Manila in 2004 for the same post for Manila Operations. Her recent post were SAVP, Credit Risk Management Corporation, China Banking Corporation from February 2005-February 2007, FVP, OIC, Risk Management – GE Money Bank Philippines, Inc. from March 2007 to November 2009, VP, Risk Management Head/Information Security Officer, BDO Private Bank Inc. from December 2009 to September 2013 and SVP, Credit Management Group Head, Philippine Bank of Communications from September 2013 to November 2015.

Luis Bernardo A. Puhawan, 40, First Vice President & Controllershship Group Head, graduated from the University of Sto. Tomas with a degree of Bachelor of Science in Accountancy in 1996. He is a Certified Public Accountant. He is a member of the Bank's ManCom, ALCO, ITSC, CARCom, and *ex-officio* member of AIC. He was the head of PDB's Controllershship Group with the rank of First Vice President. He was a member of PDB's ManCom, ALCO, CARCom, IT Steering Committee and Internal Affairs Committee (IAC). He was likewise the Vice Chairperson of PDB's AMLA Committee (AMLACom). He joined PDB in May 2006 as Assistant Vice President and head of the Financial Reporting and Control Department until his promotion as First Vice President and head of the Controllershship Group. Prior to his joining PDB, he was Senior Associate of *Sycip, Gorres, Velayo & Co.* from January 1, 1997 to April 16, 2002. He also worked for Philippine Veterans Bank from August 1, 2002 to August 31, 2005 and transferred to Deutsche Knowledge Services – Manila as Senior Associate from September 1, 2005 up to March 31, 2006.

Adonis C. Yap, 46, First Vice President & Marketing Services Officer-In-Charge, holds a degree in Bachelor of Science in Commerce major in Business Management from Colegio de San Juan de Letran. He is likewise an *ex-officio* member of the Bank's ManCom. Prior to his current position, he was PDB's Special Banking Services Head, Transaction Banking Department Head, and Product Development and Management Department Head. He was also the former President of PDB SME Solutions Inc., an e-business solutions provider in the country. He started at PDB as Assistant Vice President and Department Head for Cash Management Service and eventually held the position of First Vice President for Product Development and Management Department. Mr. Yap also served as director and treasurer of the Philippine Internet Commerce Society (PICS) in 2008.

Jan Nikolai M. Lim, 39, First Vice President & Consumer Lending Group Officer-In-Charge, holds a degree in Bachelor of Science in Manufacturing Engineering and Management from De La Salle University. He is an *ex-officio* member of the Bank's ManCom, ALCO, ITSC, Pricing Committee (Auto), AMLACom, Service Committee, and CSMC. Prior to joining the Bank, he was a Vice President at East West Bank. He started his banking career in Citibank, N.A. as Manager in 2001. He moved to Standard Chartered Bank as Assistant Vice President before moving to PSBank as Vice President.

Maria Agnes J. Angeles, 60, Executive Vice President and Head of SME Lending Division 2. She earned her degree in Bachelor of Science in Management from the Ateneo de Manila University. She is an *ex-officio* member of the Bank's ALCO. Before joining PDB, she was Financial Analyst of Commercial Bank and Trust Company in 1977. In 1979 she was Manager of Associated Bank. She also held the position

of Treasurer of the Development Bankers Association of the Philippines in 1991 and President of the Bankers Institute of the Philippines in 1999. She started in PDB as Senior Manager of the Development Finance Department in 1982 until she assumed the position of Officer in Charge of the SME Banking Group during the first quarter of 2010. She is also at present a Director and Treasurer of PDB Insurance Agency, Treasurer of both Small Enterprise Development Institute and Perlas International Foundation, Inc. and Corporate Secretary of Perla Mansion Condo Association.

Neliza Ma. R. Oñate, 57, First Vice President and Head of SME Lending Division 4. Ms. Oñate holds a degree of Bachelor of Science in Commerce, major in Management from College of Holy Spirit. She is an *ex-officio* member of the Bank's ALCO. She joined PDB on June 16, 2009 as Vice President in the Lending Department. She started her banking career with PCIBank as Junior Officer Trainee in 1981 till she reached Area Head with a rank of Assistant Vice President. She left Equitable PCIBank in May 15, 2006 as Division Head with a rank of Vice President. After a brief stint in Asia Trust Bank, she worked in Security Bank as Department Head with a rank of Vice President from November 16, 2006 until June 1, 2009.

Edith N. Young, 53, Vice President & IT Head, holds a bachelor's degree in General Science from the University of the East. She is an *ex-officio* member of the Bank's ManCom and OpCom, and Vice Chairperson of ITSC. She is concurrently Chief Technology Officer of CBC PCCI with the rank of Vice President II. Prior to joining CBC group, she held various IT-related positions in PCIBank, IBAA, BPI, Family Bank/FMLSC, Cybernetics and Pascual Laboratories – IT.

Ma. Lilibeth C. Paradero, 56, Vice President and Human Resource Department Head, holds a Baccalaureate degree in Pre-Medicine from the University of Sto. Tomas and a Master of Arts in Clinical Psychology from Ateneo de Manila University. She is a member of the Bank's ManCom and AIC, and Vice Chairperson of PerCom. She has over 30 years of experience in the field of human resources. She began her career as HR Planning and Development Specialist in San Miguel Corporation. She joined Colgate Palmolive in 1987 as the Regional Training and Organization Development Manager. In seven years there, she successfully prototyped the framework for setting the Philippines as HR Center for Excellence in Asia Pacific. She was also a key member in the Project Team for Joint Ventures in various countries around Asia. Thereafter, she worked as Senior Consultant for Co-Development International as Vice President for International Distillers and Vintners. In May 2000, she joined RCBC as First Vice President for Organizational Development. There, she was responsible for the design, development and execution of the Five-Year Organization Transformation Strategy. She moved to AIG-Philam Group in December 2003 as Vice President for Corporate Human Resources. She was responsible for directing and leading Corporate Training and Development and Organization Development of the Philam Life HR Department. Ms. Paradero joined Export and Industry Bank in 2006 as Group Head, Human Resource Management before becoming a freelance Management Consultant and Executive Coach for various local and multinational companies. Before joining the Bank, she was with La Filipina Uy Gongco Group of Companies as Group Head for Corporate Human Resources.

Odel S. Janda, 58, First Vice President & Legal Support & Services Division Head, holds a degree of Bachelor of Laws obtained from the University of the East. Atty. Janda is an *ex-officio* member of the Bank's CreCom, a member of CARCom, AMIC, and FraudCom. He was already the Legal Support Services Department (LSSD) of PDB prior to its merger into CBS. He was likewise PDB's Assistant Corporate Secretary since August 1, 2011 up to its merger. Before joining PDB, he was Active Bank's Head of Legal, Personnel and Security.

Jose Renato O. Janairo, 59, Vice President and Branch Operations Department Head, holds a degree in Bachelor of Science in Business Administration major in Marketing from Philippine Christian University. He is a member of the Bank's AMLACom and Service Committee. He was PDB's Branch Support Department Head since 2011. He started his banking career with the Bank of the Philippine Islands as Assistant Cashier in 1989. He left BPI for Dao Heng Bank in 1996 as Manager until he moved in 1998 to Asiatrust

Development Bank as Assistant Vice President. He joined PDB in 1999 as Area Officer of Branch Operations Department and moved to Branch Policies Implementation in 2010.

Maria Rosanna L. Testa, * 56, Vice President and Head of China Bank Human Resources Group, holds a Bachelor of Arts degree in Business Administration from the Assumption College and a Master's degree in Business Administration from Ateneo Graduate School of Business. She has been interlocked in the Bank as Human Resource Group Head. She is currently the Head of CBC's Human Resources Division. For the last two years prior to joining CBC, she was the HR director of a multinational company, Thunderbird Resorts, South American Entertainment Corporation II Ltd., reporting to CEO. She has 30 years of experience in, and an in-depth specialist knowledge of, human resources.

Anna Maria P. Ylagan, 57, Vice President and Trust Officer, holds a degree in Bachelor of Science in Commerce, major in Management from the Assumption College. She obtained her Master's degree in Business Administration from the Ateneo Graduate School of Business. She has more than 30 years of experience in Trust banking.

Rosalinda T. Munsayac, 43, Vice President and Loans Operations Head, holds a degree in Bachelor of Science in Information Technology and a Master's degree in Business Administration from Polytechnic University of the Philippines. Prior to joining the Bank, she was with PSBank, BPI Family Bank, Development Bank of Singapore and City Trust Banking Corporation. She has more than 2 decades of banking experience.

Emmanuel C. Geronimo, 56, Vice President and Special Accounting & Planning Division Head, holds a degree in Bachelor of Science in Commerce major in Accounting from Polytechnic University of the Philippines. He is a Certified Public Accountant. He obtained 36 units in Masters in Business Administration from San Sebastian College. He mans the Office of Secretariat of the Bank's ManCom. Prior to the merger, Mr. Geronimo is a member of the Bank's ManCom and Head of its Controllership Group. He has more than two decades of experience in Audit, Branch Operations and Accounting in various Bank.

Edgar D. Dumlaog, 56, Vice President and Corporate Secretary, obtained his Bachelor of Laws degree from Ateneo de Manila University in 1984 and a Master's degree in Business Administration from the Ateneo Graduate School of Business (2000, *cand.*). He is a member of the Bank's Pricing Committee (Auto), AMLACom, and FraudCom. He is also a Senior Partner of *Alcala Dumlaog Alameda Tan Alanò & Maningding* Law Offices. He was a member of the Board of Directors of the Bank from September 2007 up to October 2009. Prior to joining the Bank full-time in 2010, he was with CBC's Legal & Collection Division for 13 years and simultaneously in Acquired Assets Division for 4 years. Earlier and for a decade, he was a partner in a law firm specializing in patents and trademarks, banking and financial services, insurance, real properties and investments, tax litigation and advisory, and labor relations. He was the Bank's Legal Department Head since Sept. 2007 up to December 17, 2015. He was the Corporate Secretary of PDB from January 15, 2014 to December 17, 2015.

Lani DJ Laron, 58, Senior Assistant Vice President & Branch Banking Sales Officer-In-Charge, holds a degree in Bachelor of Science in Commerce major in Accounting from the Polytechnic University of the Philippines. She is a Certified Public Account. She is an *ex-officio* member of the Bank's ManCom, ALCO, AMLACom, OpCom, Service Committee, and PerCom. She started her career in The Manila Banking Corporation (TMBC) as Branch Accountant in 1979. In 1987, she left TMBC for a brief stint as an accountant at ARPI Mfg. Inc. In 1990, she went back to banking as branch accountant in BDO until 1993 when she journeyed from Bank of Commerce, IBank, Asian Bank. She went back to TMBC in 1999 where she held branch manager position with the rank of Assistant Vice President until 2007.

Marivic B. Landicho, 43, Senior Assistant Vice President & Audit Division Head, holds a degree in Bachelor of Science in Commerce major in Accountancy from De La Salle University. She is a certified public accountant. Ms. Landicho is an Ex-Officio member of ITSC. Prior to joining the Bank, she was the Internal Audit Group Head of Bank of Makati, Inc. with the rank of Vice President. She started as an Audit Examiner at MBTC in 1993. In 1995, she was a Settlement Accountant at Smart Communications, Inc. From 1995 to 2014, she was the Internal Audit Unit Head at BDO Unibank, Inc. with the rank of Assistant Vice President. Then, she had a short stint as Manager of the Compliance, Fraud and Risk Management at Smart E-Money from July 2014 to November 2014.

Raymond C. Apo, 48, Assistant Vice President and Risk Officer, obtained his Bachelor of Science in Commerce degree major in Accountancy from Far Eastern University in 1998. He is also a Certified Public Accountant. He is an *ex-officio* member of the Bank's ManCom, ITSC, CreCom, Service Committee, and member AMLACom, CarCom, OpCom, AIC, and CSMC and the Chairman of the FraudCom. Prior to joining the Bank, he was with Solidbank Corporation, First Metro Investment Corp., Rizal Commercial Banking Corp., Asiastrust Devt. Bank, and Export and Industry Bank where he held positions of Auditor, I.T. Auditor, Operations Risk Officer, Audit Head and Credit and Operations Risk Officer. He has more 20 years of banking experience. He was concurrently PDB's Head of Risk Management Department prior to its merger to the Bank.

Atty. Maribel M. Dimayuga, 41, Assistant Vice President and Compliance Officer, graduated from De La Salle University with the degree of Bachelor of Arts, Major in Political Science and finished Bachelor of Laws at San Sebastian College-Recoletos in 1999. Atty. Dimayuga is the Vice Chairperson of the Bank's AMLACom, *ex-officio* member of OpCom, Service Committee, and ITSC and a member of AIC. Prior to the merger, she was concurrently PDB's Chief Compliance officer with the rank of Assistant Vice President. Prior to joining PDB, Atty. Dimayuga was the Compliance Officer of Tong Yang Savings Bank. She was the Corporate Legal Counsel of Filipino Merchants Insurance Corporation from June 2001 to March 2003 and Rico General Insurance Corporation from June 2003 to June 2005.

Wilfredo G. Solis, 49, Assistant Vice President and Business Intelligence Head, graduated *cum laude* with a degree in Bachelor of Science in Civil Engineering from Mindanao State University. He is a licensed Civil Engineer. In 2007, he completed his Master's degree in Computer Science from De La Salle University. He has also taken various courses to enhance his technical proficiency, i.e., System Analysis & Design from the Ateneo De Manila University, and Regression Analysis and Statistical with Exploratory Data Analysis from the University of the Philippines. Engr. Solis is a member of the Bank's CMSC. He has more than two decades of banking experience.

Baldwin A. Aguilar,* 43, Assistant Vice President and General Services Head, holds a degree in Bachelor of Science in Civil Engineering from Mapua Institute of Technology. He is concurrently CBC's Division Head of the General Services. Prior to joining CBC, he was UCPB's Department Head of the General Service Department. Earlier, he was a Team Head at Union Bank from 2006 to 2009, and a Sector Head at International Exchange Bank. Before joining the banking industry, he was a project engineer at Cityland Development Corp. from 1995 to 1998.

Jay Araceli L. Suria, 56, Assistant Vice President and Human Resource Officer, holds a degree in Bachelor of Science in Commerce major in Management from St. Scholastica College, Manila. She is a member of the Bank's AIC. Ms. Suria was PDB's Human Resource Department Head in 2013. Prior this, she had a long career in PDB's Branch banking and was previously the head of the Bank's main branch in Buendia. She was likewise the previous Section Head of the PDB's Branch Management Administration Department, as well the Product Manager of its Cash Management Services.

Hanz Irvin S. Yora,* 34, Information Security Officer, graduated with a degree in Bachelor of Science in Computer Science Information Technology from Asia Pacific College. He is concurrently the Information

Security Officer with the rank of Assistant Vice President of CBC since July 2014 and of PDB since August 2014. Prior to joining CBC, he was with Megalink as Information Security Officer from 2006 to 2009. Earlier, he was likewise the Information Security Officer at EPacific Global, a Security Consultant at Mod.Net.Ph and Unix Specialist at I-Sentry Security.

Ma. Teresa E. Santos, 39, Senior Manager and Customer Experience Management Head. She holds a degree in Bachelor of Science in Business Management from Assumption College. She is a member of Service Committee and *ex-officio* member of OpCom. She started her banking career at BPI Family Savings Bank as a Marketing Assistant in 1998. Earlier, she was a Customer Service Associate at Philippine Airlines. She joined PSBank in 2005 where she held the position of Senior Assistant Manager until 2012 when she joined the Bank.

Froilan Miguel G. Alcantara, 57, Senior Manager & Business Process Management Head, holds a degree in Bachelor of Science in Industrial Management from De La Salle University. He is a member of the Bank's OpCom and Ex-Officio member of the Service Committee. Prior to joining the Bank in 2015, he was with BPI Globe Banko as Compliance Officer. He started his banking career as Methods Analyst in 1982 at The International Corporate Bank. In 1988, he was the Systems and Methods Department Head at Home Savings Bank. He joined Bank of Commerce in 1996 as the Systems and Procedure Department Head. In 1996, he was the Deputy Risk Officer at Philippine Bank of Communications.

* with interlocking position in CBC.

9.1(b). Term

The Directors are elected to hold office for one (1) year until the next succeeding annual stockholders' meeting or until the respective successors have been elected and qualified.

9.2 Significant Employees

The registrant is not highly dependent on the services of certain key personnel.

9.3. Family Relationship

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

9.4. Involvement in Certain Legal Proceedings.

China Bank Savings has no knowledge of any involvement of any of the directors or executive officers in any material legal proceedings affecting their ability or integrity before any court of law or administrative body in the Philippines or elsewhere for the last five (5) years.

Item 10. EXECUTIVE COMPENSATION

Comparative amount of salaries paid for the Directors and Top Executives of the Corporation (Asst. Vice President and up and cut off of December 31, 2015) and any amount of per diem including bonus of the directors for the last three years.

| | Year | Salary | Bonus | Total |
|--------------------|-----------------|---------------|--------------|---------------|
| Executive Officers | 2016 (estimate) | 34,822,068.00 | 8,705,517.00 | 43,527,585.00 |
| | 2015 (actual) | 28,991,818.00 | 7,265,791.25 | 36,257,609.25 |
| | 2014 (actual) | 28,089,391.51 | 8,011,974.00 | 36,101,365.51 |
| | 2013 (actual) | 22,049,276.00 | 3,680,302.00 | 25,729,578.00 |
| | | | Per Diem | |
| Directors | 2016 (estimate) | | 762,300.00 | 762,300.00 |

| | | | |
|---------------|-------|------------|------------|
| 2015 (actual) | | 726,000.00 | 726,000.00 |
| 2014 (actual) | 00.00 | 686,000.00 | 686,000.00 |
| 2013 (actual) | 00.00 | 00.00 | 00.00 |

2) The top five (5) highest paid officers of the Bank are Mr. Jaime Valentin L. Araneta, EVP, Ms. Maria Teresita R. Dean, SVP, Mr. Jan Nikolai M. Lim, FVP, Ms. Edralin G. Agbayani, VP, and Ms. Ma. Lilibeth C. Paradero, VP.

- The Top Executive Officers whose compensation were considered above are as follows:

| | |
|-----------------------------------|--------------------------------------|
| 1. Dean, Maria Teresita Reyes | 11. Larion, Lani de Jesus |
| 2. Araneta, Jaime Valentin Leido | 12. Chavez, Kristine Michele Mapalad |
| 3. Lim, Jan Nikolai Mendoza | 13. Salis, Winifredo Gregorio |
| 4. Agbayani, Edralin Gillego | 14. Apo, Raymond Cleofas |
| 5. Paradero, Ma. Lilibeth Casilao | 15. Pimentel, Jezreel Rada |
| 6. Dumlaog, Edgar Domingo | 16. De Guzman, Marilou Medina |
| 7. Geronimo, Emmanuel Conejero | 17. Rosas, Raymond Martin Cruz |
| 8. Munsayac, Rosalinda Tigas | 18. Babas, Maria Consuelo Amorsolo |
| 9. Jumawan, Niel Clarin | 19. Gomez, Emmanuelito Montes |
| 10. Ylagan, Anna Maria Pascual | |

- The Top Executive Officers who were appointed by CBC to CBS on a concurrent/seconded basis do not receive salaries and other bank benefits, bonuses and per diem from the registrant.
- The Directors, who hold their offices concurrently with their positions in CBC, likewise receive no fees, per diem and bonuses from the registrant. Only the Independent Directors received per diems from the registrant.
- The only contract existing between the executive officers and the registrant is that of an employee-employer relationship.
- There are no other compensation arrangements for their services.
- There are no outstanding warrants or stock options held by the registrant's officers and directors.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

| | |
|------------------|----------|
| 7,386,576,400.00 | 97.9187% |
|------------------|----------|

*Inclusive of the 2,611,806 common shares equivalent of former Unity Bank, Rural Bank, Inc. shares and 16,501,093 common shares equivalent of PDB shares which are in the process of exchange, by virtue of the mergers, for transfer to CBC and have not been issued CBS shares of stock.

11.1 Security ownership of certain record and beneficial owners.

The following stockholders own more than 5% of any class securities as of March 31, 2016.

| Title of Class | Name, Address of record owner & relationship w/ Issuer | Beneficial owner & relationship w/ record owner | Citizenship | No. of shares held | Percentage |
|----------------|--|---|-------------|--------------------|------------|
|----------------|--|---|-------------|--------------------|------------|

| | | | | | |
|--------------|--|--|----------|-------------|----------|
| Common Stock | China Banking Corporation | | Filipino | 55,541,357 | 73.6273% |
| Common Stock | China Banking Corporation, 8745 Paseo de Roxas corner Villar St., Makati City, Parent bank | CBC, buyer of shares (still shares of stock PDB, a bank merged to CBS). Shares in the process of exchange. | | 15,713,945* | 20.8309% |
| Stock | Vic Rossano C. Ignacio, Vifel I. Garcia, Josefina I Mallari, Patricia S. Jimenez, Teresita H. Ignacio – collectively former majority stockholders of Unity Bank, A Rural Bank, Inc., who sold their shares to CBC. | CBC, buyer of shares (still shares of stock of Unity Bank, A Rural Bank Inc., a bank merged to CBS). In the process of exchange. | | 2,610,462** | 3.4605% |

* equivalent CBS exchanged shares of PDB, a bank absorbed by CBS by virtue of merger. In the process of exchange/transfer to CBC (not yet issued CBS stocks).

** equivalent CBS exchanged shares of Unity Bank, a bank absorbed by CBS by virtue of merger. In the process of exchange/transfer to CBC (not yet issued CBS stocks).

11.2 Security ownership of directors and top management (As of March 31, 2016)

| Title of Class | Name of record owner | Amount (Php) | Citizenship | Percentage |
|----------------|--------------------------|--------------|-------------|------------|
| Directors | | | | |
| Common Stock | Ricardo R. Chua | 100 | Filipino | 0.00% |
| | Nancy D. Yang | 100 | Filipino | 0.00% |
| | Antonio S. Espedido, Jr. | 100 | Filipino | 0.00% |
| | Ramon R. Zamora | 100 | Filipino | 0.00% |
| | Alberto Emilio V. Ramos | 100 | Filipino | 0.00% |
| | Alexander C. Escucha | 100 | Filipino | 0.00% |
| | Rosemarie C. Gan | 100 | Filipino | 0.00% |
| | Roberto F. Kuan | 100 | Filipino | 0.00% |
| | Alberto S. Yao | 100 | Filipino | 0.00% |
| | Margarita L. San Juan | 100 | Filipino | 0.00% |
| | Carlos M. Borromeo | 100 | Filipino | 0.00% |
| | Total as a Group | 1,100 | | 0.00% |

11.3 Voting Trust Holders of 5% or More.

With the exception of China Banking Corporation, no other person holds more than 5% of a class under voting trust or similar agreement.

Item 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS.

Through its Board, the Bank ensures that all transactions between the Bank and related parties are evaluated "fairly and at arm's length" and that the primordial consideration is the best interest of the Bank and all its stakeholders. In the ordinary course of business, the Bank has loans and other transactions with its directors, officers, stockholders and related interest (DOSRI), which were made substantially on terms not less favorable to the Bank than those offered by others. Full disclosures for these transactions were made through timely reports with the BSP. All transactions

with related parties are conducted in accordance with the principles of transparency and fairness taking into account the requirements under BSP Circular No. 749 and BSP Circular No. 895. In July 2015, the Board approved the Policy on Related Party Transactions. Specific Guidelines are now being drafted and the same is expected to be completed in the 2nd quarter of 2016. Finally, there are no other significant related party transactions other than those disclosed in Notes 26 of the Audited Financial Statements ended 2015.

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

Item 13. CORPORATE GOVERNANCE

GOVERNANCE MECHANISMS AND POLICIES

The corporate governance structure of the Bank is supported by the policies and mechanisms adopted to foster a culture of good governance. These are enshrined in the Bank's Corporate Governance Manual, Code of Ethics, Compliance Manual and various internal circulars. The Bank has also adopted leading practices in corporate governance for the continuous promotion and protection of its stakeholders.

The Bank is continuously updating its Board-approved Manual on Corporate Governance. The Manual embodies the principles of good corporate governance and best practices. To comply with the new regulations issued by the BSP, the Manual was recently revised and approved by the Board. The amendment solidifies the Bank's commitment to formalize and institutionalize the principles of good corporate governance in the entire organization and strengthened the oversight function of the Board of Directors.

The Board of Directors, Management, employees and shareholders believe that good corporate governance is a necessary component of what constitutes sound strategic business management. Thus, it has within the bounds of its resources implemented all planned action to create a heightened and continuing awareness on good corporate governance within the organization.

To ensure good governance, there is an evaluation system for the Board, individual Directors and various Board Committees such as Executive Committee, Risk Management Committee, Audit Committee and Corporate Governance Committee.

For 2015, the Bank submitted to the Securities and Exchange Commission the annual Certification of Compliance on Good Corporate Governance. The Certification was submitted on January 29, 2016.

Corporate Governance Manual

The Corporate Governance Manual contains the governance principles and policies that the Bank adheres to. The Code institutionalizes the principles of good corporate governance.

In furtherance of its responsibilities under the Manual and Corporate Governance Charter, the Corporate Governance Committee has reviewed and approved –

- Amended Corporate Governance Charter;
- Board and Committees' Self-Assessment Questionnaires

Code of Ethics

China Bank Savings, Inc. is committed to carry out its business operations in accordance with the highest standards of ethics. The Bank, as a whole, together with the members of the Board of Directors, stakeholders, and all employees are dedicated in ensuring that they abide by the acceptable rules and regulations which dictate its operations.

The Code of Ethics is founded on basic standards and ethical business and personal conduct, including honesty and candor in all activities, avoidance of activities and transactions that could result or potentially result in conflicts between personal and the Bank's interest, maintenance of the bank's reputation, avoidance of personal gain at the expense of the institution, and conduct contrary to ethical business practices. The Code also embodies policies that will prevent fraud, or the use of the facilities of the Bank in the furtherance of any unlawful or immoral pursuit. In all activities and decisions, one must consider the ethics or propriety of every situation, full transparency and be beyond reproach.

Compliance System

In pursuit of its good governance objectives, the Bank complies with laws and regulations issued by the Bangko Sentral ng Pilipinas, Philippine Deposit Insurance Corporation (PDIC), Securities and Exchange Commission (SEC), Anti-Money Laundering Council (AMLC) and all other government regulatory agencies. Compliance starts at the top with Board of Directors and Senior Management taking the lead in building a robust compliance culture. Compliance is observed throughout the organization by everyone at every level.

The Compliance System of the Bank was established pursuant to with the regulatory mandate of the BSP and SEC. It is carried out through a Board-approved Compliance Manual by the Compliance Office, which reports directly to the Corporate Governance Committee. Compliance Office oversees the implementation of the provisions of the Compliance Manual and is responsible for, among others, (i) identification of all relevant laws and regulations applicable to the activities and business of the Bank, and monitoring and controlling of attendant compliance risks, (ii) creating awareness on all banking laws and regulations among Bank employees with dissemination of all regulatory issuances and regular trainings; (iii) regular compliance testing of all Bank activities and products; and (iv) liaise and dialogue with BSP and other government regulatory agencies.

Anti-Money Laundering Prevention

The Bank adheres to the Anti-Money Laundering Act and all related and applicable rules, regulations and issuances of the BSP. Towards this end, the Bank commits to protect and preserve the integrity and confidentiality of its customers' accounts and shall not allow them to be used as money laundering site for the proceeds of unlawful activity.

The Bank has in place a Board-approved Money Laundering and Terrorist Prevention Program (MLPP) which contains and consolidates all laws and regulations on anti-money laundering, such as, know-your-client (KYC) requirements, monitoring of accounts and transactions, training of all officers and employees on AML laws and regulations and other relevant information.

Dissemination of laws and regulations is regularly made to all officers and employees of the Bank to equip them with necessary knowledge and information to combat money laundering activities. AML trainings are regularly given during orientation sessions of new employees and refresher courses are regularly conducted.

Conflict of Interest

A conflict of interest exists when a person's private interest interferes in any way or even appears to interfere with the interests of the Bank. A conflict situation can arise when an employee or officer takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively.

Conflicts of interest are prohibited as a matter of Bank policy. Any employee or officer who becomes aware of a conflict or potential conflict should bring the matter to the attention of the Chief Compliance Officer or other appropriate personnel.

Health and Safety

The Bank strives to provide employees and officers with a safe and healthy work environment. Each employee and officer has responsibility for maintaining a safe and healthy workplace for all employees and

officers by following environmental, safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior are not permitted.

Related party transactions

The Bank, through its Board, ensures that all transactions between the Bank and related parties are evaluated "fairly and at arm's length" or upon terms not less favourable to the Bank than those offered to others and that the primordial consideration is the best interest of the Bank and its shareholders. All transactions with Related Parties shall be conducted in accordance with the principles of transparency and fairness taking into account the requirements under BSP Circular No. 749 and BSP Circular No. 895.

In July 2015, the Board approved the Policy on Related Party Transactions. Specific Guidelines are now being drafted and the same is expected to be completed in the 2nd quarter of 2016.

Consumer Welfare Protection

The Bank adheres to the Consumer Act of the Philippines and such other regulations promoting consumer protection. The Bank subscribes to the perspective that creating a positive customer experience and performing excellent customer service mean managing customer expectation and delivering what is promised, in a manner that manifests its core value of relationship.

Pursuant to BSP Circular No. 857 in relation to consumer protection, Banks are mandated to report the statistics relating to complaints received by the institution. For 2015, the CBS received the following complaints:

By Nature

| CBS Complaints 2015 | | | | | | | | | | | | | |
|---------------------|----------|----------|----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|
| Nature | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
| Personnel Attitude | 4 | 4 | 2 | 3 | 4 | 1 | 4 | 0 | 4 | 3 | 3 | 1 | 33 |
| Process | 2 | 0 | 0 | 0 | 0 | 2 | 3 | 3 | 0 | 5 | 7 | 1 | 23 |
| Invalid Complaint | 1 | 2 | 1 | 1 | 6 | 4 | 2 | 0 | 3 | 0 | 0 | 2 | 22 |
| System - Related | 0 | 0 | 0 | 2 | 1 | 0 | 0 | 0 | 5 | 1 | 0 | 0 | 9 |
| Execution Gap | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 3 |
| Non-Account Holder | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 3 |
| Policy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 7 | 6 | 3 | 6 | 11 | 8 | 10 | 3 | 12 | 9 | 11 | 7 | 93 |

| exPDB Complaints 2015 | | | | | | | | | | | | | |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Nature | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
| ATM - Related | 10 | 20 | 15 | 13 | 16 | 6 | 13 | 14 | 11 | 17 | 59 | 81 | 275 |
| Process | 0 | 1 | 3 | 0 | 1 | 2 | 1 | 0 | 0 | 1 | 2 | 1 | 12 |
| Personnel Attitude | 2 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 6 |
| Invalid Complaint | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 3 | 4 |
| Service Level | 0 | 0 | 0 | 0 | 0 | 3 | | 0 | 0 | 0 | 0 | 0 | 3 |
| Execution Gap | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 2 |
| Policy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 2 |
| Incorrect Information | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Unfair Collection Practice | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 12 | 22 | 19 | 13 | 17 | 11 | 14 | 16 | 12 | 21 | 64 | 85 | 306 |

Based on Category

| CBS Complaints 2015 | | | | | | | | | | | | | |
|---------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Category | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
| Loan Payment | 1 | 1 | 0 | 2 | 0 | 4 | 1 | 0 | 1 | 3 | 3 | 0 | 16 |

| | | | | | | | | | | | | | |
|--|----------|----------|----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|
| BSP - Referred | 1 | 0 | 0 | 1 | 3 | 1 | 1 | 0 | 2 | 1 | 1 | 1 | 12 |
| Deposit/Withdrawal | 0 | 1 | 1 | 1 | 2 | 1 | 0 | 0 | 4 | 1 | 0 | 1 | 12 |
| Insurance Related | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 3 | 2 | 2 | 2 | 10 |
| Personnel Attitude | 0 | 0 | 0 | 0 | 2 | 0 | 2 | 1 | 0 | 0 | 2 | 1 | 8 |
| Loan Account Details | 1 | 1 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 1 | 1 | 0 | 7 |
| PDC Related | 3 | 2 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 6 |
| CBS Online | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 4 |
| Release of Loan Docs - Fully Paid Loan | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 1 | 3 |
| Account Information | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Possible Fraud | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 2 |
| Processing Time | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Application of Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| ATM Related | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Change of Due Date | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| CIF Updating/Maintenance | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Fees/Charges/Rates | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Insurance - Policy Acceptance | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Non - Account Holder | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| PDC - Acceptance & Encoding | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| SOA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| PDC Related | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 7 | 6 | 3 | 6 | 11 | 8 | 10 | 3 | 12 | 9 | 11 | 7 | 93 |

| exPDB Complaints 2015 | | | | | | | | | | | | | |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Category | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | Total |
| ATM - Related | 10 | 22 | 15 | 13 | 17 | 6 | 13 | 14 | 11 | 17 | 59 | 81 | 278 |
| Loan Account Related | 1 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 5 |
| PDC Related | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 1 | 1 | 0 | 4 |
| Personal Loan | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 2 | 0 | 0 | 4 |
| BSP - Referred | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 2 |
| Loan Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 2 |
| Personnel Attitude | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 2 |
| SME Account | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Acquired Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Bills Payment Related | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Collections Handling Related | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Deposit | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Fees/Charges/Rates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Housing Loan | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Salary Loan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Loan Application Related | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 12 | 22 | 19 | 13 | 17 | 11 | 14 | 16 | 12 | 21 | 64 | 85 | 306 |

PART IV – EXHIBITS AND SCHEDULES

Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits

| | |
|-------------|---|
| ANNEX "A" - | List of properties |
| ANNEX "B" - | Management's Discussion and Analysis |
| ANNEX "C" - | Audited Financial Statements ended December 31, 2015 and 2014 |
| ANNEX "D" - | Statement of Management Responsibility |

Reports on SEC Form 17-C

| <u>Date Reported</u> | <u>Report</u> |
|----------------------|---|
| April 28, 2015 | <p>a) Setting of the following:</p> <ol style="list-style-type: none"> June 18, 2015 at 10:30 A.M. – as the Corporation's Annual Stockholder's meeting. May 14, 2015 – as record date on and for the determination of those entitled to notice of and vote at the Annual Stockholders' Meeting; and April 30, 2015 – as the closing of the Corporation's Stock Transfer books. <p>b) To amend the Articles of Incorporation, amending Article III thereof, changing the principal office address from the current VGP Center, 6772 Ayala Avenue, Makati City, to the following: "THIRD – The Head Office of the corporation shall be at Plantersbank Building, 314 Sen. Gil J. Puyat Avenue, Makati City."</p> |
| May 12, 2015 | <p>a) Rescheduling of Annual Stockholders Meeting.</p> <ol style="list-style-type: none"> June 25, 2015 at 10:30 A.M. – as the Corporation's Annual Stockholder's meeting. |
| June 30, 2015 | <p>The actual conduct of the Annual Stockholders' meeting on June 25, 2015, wherein:</p> <ol style="list-style-type: none"> The Audited Financial Statements for the year ended December 31, 2014 were presented and approved. The acts of the Corporation's Board of Directors, Committees and Officers and their Agents during the year 2014 were approved, confirmed and ratified. The newly elected Directors for the ensuing year are as follows: <ol style="list-style-type: none"> Ricardo R. Chua - Chairman of the Board Nancy D. Yang - Vice Chairman of the Board Ramon R. Zamora - Director Antonio S. Espedido Jr. - Director Alberto Emilio V. Ramos - Director Rene J. Sarmiento - Director Alexander C. Escucha - Director Rosemarie C. Gan - Director Margarita L. San Juan - Independent Director Alberto S. Yao - Independent Director Roberto F. Kuan - Independent Director SGV was reappointed as the External Auditor and Ms. Vicky Lee Salas as the partner-in-charge for the ensuing year. |

V. Amendments of the Articles of Incorporation

The Stockholders approved and confirmed the amendments of the Article III of the Articles of Incorporation, to read as follows:

*THIRD – The Head Office of the corporation shall be in VGP Center, 6772 Ayala Avenue, Makati City, Philippines.

- September 22, 2015 a) Appointment of Ms. Ma. Lilibeth C. Paradero as Human Resources Head with the rank of Vice President effective October 5, 2015.
- b) Resignation
- i. Ms. Maria Consuelo S. Ruffy, SME Credit Division Head of SME/ Commercial Loans with the rank of Vice President effective September 15, 2015.
- ii. Mr. Joseph L. Reyes, Internal Audit Head with the rank of Vice President effective October 7, 2015.
- November 12, 2015 a) Appointment of Ms. Ma. Teresita R. Dean, Group Head under Credit Management Group with the rank of Senior Vice President effective December 1, 2015.
- December 22, 2015 a) Resignation of Mr. Jose Ramon O. Santamaria, Division Head – Auto Loans with the rank of First Vice President effective December 29, 2015.

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned in the City of Makati on this _____ day of May 2016.

MAY 26 2016

CHINA BANK SAVINGS, INC.

By:


ALBERTO EMILIO V. RAMOS
President


JAMES CHRISTIAN T. DEE
Treasurer


JAIME VALENTIN L. ARANETA
Executive Vice President & Operations Group Head


LUIS BERNARDO A. PUHAWAN
Comptroller


Atty. EDGAR D. DUMIAO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 26, 2016 day of May 2016 at Makati City, affiants exhibited to me their government issued identification cards, as follows:

| NAME | NUMBER | DATE OF ISSUE | PLACE ISSUED |
|---------------------------|---|-------------------------------|--------------|
| Alberto Emilio V. Ramos | SSS No. 03-6734669-8 | | |
| Jaime Valentin L. Araneta | Driver's License No. NII - 75000963 | Expiring on February 14, 2017 | |
| James Christian T. Dee | SSS No. 33-49988673 | | |
| Luis Bernardo A. Puhawan | Unified Multi-Purpose ID No. CRN-0033-4600510-6 | | |
| Edgar D. Dumlao | Unified Multi-Purpose ID No. CRN-0033-0323285-7 | | |

Doc. No. 78;

Page No. 13;

Book No. 6;

Series of 2016.

Am. J. M. M. M.
 ATTY. BEA CARLA C. REYES, LTO
 NOTARY PUBLIC FOR MAKATI CITY
 APPT. NO. M-146 UNTIL DECEMBER 31, 2016
 T/F VGP CENTER 6772 AYALA AVE., MAKATI CITY
 PTR NO. 5324679/MAKATI CITY
 IBP NO. 1016937/MAKATI CITY
 ROLL OF ATTORNEYS NO. 5879
 MC - SC.II 3010427 - 16-12

CHINA BANK SAVINGS, INC.

Bank-Owned Properties

| PROPERTIES | LOCATION | AREA (in sq.m.) |
|--|--|--------------------|
| TMBC Condominium | VGP Center, 6772, Ayala Avenue, Makati City (8th, 7th, 3rd, 2nd, Mezzanine & Ground Floors) | 4,933.84 |
| Lot with Improvements (CBS - Angeles Branch) | Miranda cor. Asuncion Sts. Angeles City | 462 |
| Lot with Improvements (CBS - Dau Branch) | McArthur Highway, Dau Mabalacat, Pampanga | 400 |
| Lot with Improvements (CBS - Orani Branch) | Barangay Balut, Orani, Bataan | 589 |
| Leased unto China Bank BF Resort Branch | BF Resort Vill, Talon, Las Piñas City | 486 |
| Leased unto China Bank CDO Branch | South Divisoria, Cagayan De Oro City | 265 |
| Lot with Improvements (vacant) | Brgy. 1, Crossing, Calamba, Laguna | 402 |
| Leased unto China Bank Caloocan Branch | McArthur Highway, Caloocan City | 700 |
| Leased unto China Bank España Branch | España cor. Valencia Sts., Sampaloc Manila | 458 |
| Leased unto China Bank General Santos Br. | Dadiangas East, General Santos City | 446 |
| Leased unto China Bank Las Piñas Branch | Philam Ave., Pamplona Dos, Las Piñas City | 650 |
| Leased unto China Bank Ortigas Branch | Emerald Ave., Ortigas Center, Pasig City | 223 |
| Leased unto China Bank Philam Branch | East Lawin Drive, Philam Homes, QC | 195 |
| Leased unto C - Mel Merchandising | Alexander cor. Belmonte Sts., Urdaneta City | 300 |
| Antipolo Property (vacant) | Valley Golf Club, Antipolo, Rizal | 1,786 |
| Former PDB - HO Bldg. | 314 Sen. Gil Puyat Ave., Makati City | 12,398.81 |
| Former PDB - Angeles Br. | 639 Rizal Street, Angeles City | 284.3 |
| Former PDB - Balangas Br. | 4 Burgos Street, Batangas City | |
| 194.80 | | |
| Former PDB - Biñan Br. | San Vicente, Biñan, Laguna | 426 |
| Former PDB - Orani | Calle Real, Orani, Bataan | 266 |
| Former PDB - Masantol | San Nicolas, Masantol, Pampanga | 380 |
| Former PDB - Sta. Rosa | Old National Hi-way cor. Roque Lazaga St., Sta. Rosa, Laguna | 427 |

All bank-owned properties are free from any and all liens and encumbrances.

Leased Properties

| BRANCHES | LOCATION |
|--------------------------|---|
| Quezon Ave. Branch | Ground Floor G.J. Building, 385 Quezon Ave. Quezon City |
| Alabang Hills Branch | Ground Floor Alabang Commercial Citi Arcade, Don Jesus Blvd., Cupang, Alabang, Muntinlupa City |
| Kalookan Branch | Augusto Bldg., Rizal Ave., Grace Park, Kalookan City |
| Greenhills-Wilson Branch | Wilson St., Greenhills, San Juan City |
| Marikina Branch | 33 Bayan-Bayanan Ave., Brgy. Concepcion Uno Marikina City |
| Pateros Branch | 500 Elisco Rd., Sta. Rosario Pateros Metro Manila |
| Las Piñas Branch | G/F Parco Supermarket, J. Aguilar Ave. (formerly CAA Rd.) Las Piñas City |
| McKinley Hill Branch | UB Commerce & Industry Plaza McKinley Towncenter Fort Bonifacio Taguig City |
| San Fernando Branch | KHY Trading Building, San Fernando-Gapan Road, San Fernando City Pampanga |
| Lipa City Branch | G/F Tibayan Building, 1705 CM Recto Ave. cor. Rizal St. Lipa City |

| | |
|---------------------------------|---|
| Dagupan Branch City | G/F Lyceum-Northwestern University (LNU), Tapuac District, Dagupan |
| Cebu-Lahug Branch | Ground Floor Skyrise IT Building, Barangay Apas, Lahug, Cebu City |
| Bacolod Branch | SKT Saturn Building, Lacson cor. Rizal Sts., Bacolod City |
| Cagayan De Oro Branch | Sergio Osmeña St., Cogon District, Cagayan De Oro |
| Davao Branch | G/F 8990 corporate Center, Quirino Ave., Davao City |
| Baguio Branch | Upper G/F KDC Building, 91 Marcos Highway, Baguio City |
| Cabanatuan Branch | Km. 115 Cagayan Valley Rd., Maharlika Highway, Cabanatuan City |
| Valenzuela Branch | 385 McArthur Highway, Malinta, Valenzuela City |
| Imus Branch | Gen. Emilio Aguinaldo Highway, Anabu II, Imus, Cavite |
| Daraga Branch | Rizal St., Brgy. San Roque, Daraga, Albay |
| Cebu-Mandaue Branch | A. Del Rosario Ave., Mantuyong, Mandaue City, Cebu |
| Zamboanga Branch | Nunez Extension, Camino Nuevo, Zamboanga City |
| Tarlac Branch | Camiling Baguio By pass Road, Tarlac City |
| Santiago Branch | City Road, Centro East, Santiago City |
| San Pedro Branch | Gen – Ber Bldg. National Highway Landayan, San Pedro, Laguna |
| San Pablo Branch | P. Zamora St., Brgy. VII-B, San Pablo City |
| Angeles Branch | Miranda Ext., corner Asuncion St., Angeles City |
| Naga Branch | RL Building, Panganiban St., Ierna, Naga City |
| San Jose Del Monte Branch | Ground Floor, Giron Building, Gov. Halili Avenue, Tungkong Mangga City of San Jose Del Monte, Bulacan |
| Bacoor Branch | FRC Mall, Gen. Evangelista St., Talaba V, Bacoor, Cavite |
| Malolos Branch | Canlapan Street, Sto. Rosario, Malolos City, Bulacan |
| Filinvest Corporate City Branch | BC Group Bldg., East Asia Drive, near corner Commerce Avenue Filinvest Corporate City, Alabang, Muntinlupa City, Las Piñas |
| Almanza Uno Branch | Alabang Zapote Road, Almanza Uno, Las Piñas City |
| Calamba Branch | HK Bldg II, National Highway, Brgy. Halang, Calamba, Laguna |
| Batangas City Branch | Miriell's Place, National Road, Pallocan West, Batangas City |
| Savemore Araneta Center COD | Gen. Romulo St., Araneta Center, Cubao, Quezon City |
| Iloilo – Quezon Branch | Ground Floor, 132 Quezon St., Iloilo City |
| Ortigas Branch | Ground floor, Hanston Square, San Miguel Avenue, Ortigas Center Pasig City |
| FilOil Tanauan Branch | Suplang FilOil Gas Station, Brgy. Suplang, Tanauan, Batangas |
| Savemore Pedro Gil Branch | Pedro Gil cor Singalong Sts., Manila |
| Savemore Nepa Q-Mart Branch | G/F & 2/F, 770 St. Rose Bldg., EDSA and K-G, St. West Kamias Quezon City |
| Savemore Anonas Branch | Maamo St. Road Lot 30, V. Luna St. corner Anonas Extension Sikatuna Village, Quezon City |
| Savemore Jackman Branch | Lower G/F, Jackman Plaza, Edsa-Muñoz Quezon City |
| Savemore Nova Plaza Mall Br. | Novaliches Plaza Mall, Quirino Highway cor. Ramirez St. Novaliches Proper, Quezon City |
| Savemore Avenida Branch | 665 Rizal Avenue, Jennet and Lord Theater Sta. Cruz Manila |
| Iloilo – Jaro Branch | Lopez Jaena corner EL 98 streets, Jaro, Iloilo City |
| Olongapo City Branch | GF City View Hotel 25 Magsaysay Drive, New Asinan, Olongapo City |
| Savemore Taft Branch St. | Masagana Parkview Plaza, Trida bldg. Taft Avenue corner T.M. Kalaw Ermita, Manila |
| Pasig-Padre Burgos Branch | 114 Padre Burgos St., Kapasigan, Pasig City |
| Taytay Branch | C. Gonzaga Building 2, Manila East Road, Taytay, Rizal |
| Makati - J.P Rizal Branch | 882 J.P Rizal St., Poblacion, Makati City |
| Chino Roces Branch | 2176 Chino Roces Avenue, Makati City |
| BF Homes Branch | 284 Aguirre Avenue, B.F Homes, Paranaque |
| Binondo-Juan Luna Branch | 694-696 Juan Luna Street, Binondo, Manila |

| | |
|-------------------------------------|---|
| Sta. Rosa Branch | Lot 2 Block 5 Phase 2A, Avida Commercial, Sta. Rosa-Tagaytay Road Barangay Sta. Domingo, Sta. Rosa, Laguna |
| Savemore Taguig- Acacia Estates | Acacia Taguig, Town Center, Acacia Estates, Barangay Ususan Taguig City |
| Savemore Amang Rodriguez Br. | Amang Rodriguez Ave., COR. Evangelista St. Brgy. Santolan Pasig City |
| Former PDB Branches | |
| Arayat Branch | Cacutud, Arayat, Pampanga |
| Balanga Branch | Capitol Drive, Balanga City, Bataan |
| San Fernando Branch | V. Tiomico St., City of San Fernando, Pampanga |
| Guagua Branch | Plaza Burgos, Guagua, Pampanga |
| Macabebe Branch | Poblacion, Macabebe, Pampanga |
| Porac Branch | Cangatba, Porac, Pampanga |
| San Ildefonso Branch | Rose Vic Bldg., Cagayan Valley Road, Poblacion San Ildefonso Bulacan |
| San Jose Branch | Sto. Rosario St., San Jose, Angeles City |
| San Narciso Branch | Brgy. Libertad, San Narciso, Zambales |
| San Rafael Branch | Cagayan Valley cor. Cruz na Daan Roads, San Rafael, Bulacan |
| Sta. Ana Branch | Poblacion, Sta. Ana, Pampanga |
| Sta. Rita Branch | San Vicente, Sta. Rita, Pampanga |
| Subic Branch | Baraca, Subic, Zambales |
| Former Plantersbank Branches | |
| Alabang | Unit 102, Common Goal Tower, Finance St. cor. Industry St., Madrigal Business Park, Alabang, Muntinlupa City |
| Angono | Angono, Rizal |
| Antipolo | Lot 1 ML Quezon cor Dimanlig Sts., Antipolo City |
| Bacolod | Saliman Bldg., Lacson St. cor. Luzuriaga St., Bacolod City |
| Bacoor | Coastal Rd. cor. E. Aguinaldo Highway, Bgy. Talaba, Bacoor, Cavite |
| Baguio | Unit 108 Lopez Bldg B, Session Rd cor. Assumption Rd., Baguio City |
| Balagtas | Wawa, Balagtas, Bulacan |
| Balanga | Don Manuel Banzon St., Balanga City, Bataan |
| Balibago | McArthur Highway, Balibago, Angeles City |
| Baliuag | Plaza Naning, Baliuag, Bulacan |
| Banawe | 247-249 Banawe St., Bgy. Lourdes, Sta. Mesa Heights, Quezon City |
| Bangkal | 1661 Evangelista St., Bangkal, Makati |
| Cabanatuan | Burgos Ave., Cabanatuan City, Nueva Ecija |
| Cagayan De Oro | Fermin -Belen Bldg., Tiano Brothers St. and T. Chaves St., Cagayan de Oro |
| Calamba | AS Bldg., National Highway cor. Sto. Domingo St., Bgy. Uno, Calamba |
| Cebu Mango | Gen. Maxilom Ave. cor. Echavez St., Cebu City |
| Cebu P. Del | Slots D & E, Cebu Leasons Bldg., P. Del Rosario St. cor. Jakosalem St., Cebu |
| Cubao | Fernandina 88 Condominium, 222 P. Tuazon Blvd., Cubao, Quezon City |
| Dagupan | Poblacion, Dagupan City, Pangasinan |
| Dasmariñas | Zone 1 Aguinaldo Highway, Dasmariñas, Cavite |
| Davao J.P. | Gutierrez Bldg., JPLaurel Ave., Bajada, Davao City |
| Davao-Recto | C. Villa-Abrille Bldg., CM Recto cor. Jacinto Sts., Davao City |
| Del Monte | 392 CTG Building, Bgy. Sienna, Del Monte Ave., Quezon City |
| Dolores | STCI Bldg., McArthur Hi-way, Bgy. San Agustin, San Fernando, Pampanga |
| General Santos | Santiago Blvd., Bo. Dadiangas South, General Santos City |
| Greenhills | VAG Bldg., Ortigas Ave., Greenhills, San Juan |

| | |
|-------------------|---|
| Guagua | Guagua, Pampanga |
| Hagonoy | Bo. Sto. Nino, Hagonoy, Bulacan |
| Iloilo | Benito Cua Bldg., Quezon St., Iloilo City |
| Imus | OLMA Building, Aguinaldo Hiway, Tanzang Luma, Imus, Cavite |
| Kaloakan | 353 A. Mabini St., Kaloakan City |
| Kapasigan | A. Mabini St., Kapasigan, Pasig City |
| Lagro | GF, RM 1, Lot 45 & 46, Block 125, Quirino Hi-way, Greater Lagro, Novaliches, QC |
| Las Pinas | 459 DMR Bldg., Gonzales Cmpd., Alabang-Zapote Rd., Las Pinas City |
| LB Crossing | Bo. Batong Malake, Los Banos, Laguna |
| Lipa | CM Recto Ave. cor. E. Mayo St., Lipa City, Batangas |
| Lucena | GF Ancon Bldg., Merchan cor. Evangelista Sts., Lucena City |
| Malolos | Bo. Caimon, Malolos, Bulacan |
| Mandaluyong | Lot 4-A3, New Panaderos Ext., Mandaluyong City |
| Mandaue | Co Tiao King Bldg., Cebu North Rd., Basak, Mandaue City, Cebu |
| Marikina | CTP Bldg., Gil Fernando Ave. (formerly A. Tuazon Ave.), Marikina City |
| Meycauayan | Mancon Bldg., McArthur Highway, Calvario, Meycauayan, Bulacan |
| Mt. Carmel | Km. 78, McArthur Highway, Bgy. Saguin, San Fernando, Pampanga |
| Naga | P. Burgos St. cor. Gen. Luna St., Naga City, Camrines Sur |
| Ninoy Aquino Ave. | Sky Freight Bldg., Ninoy Aquino Ave., Bo. Sto. Nino, Paranaque City |
| Olongapo | GF R&P Guevarra Bldg. II, No. 2043 Rizal Ave. West, Bajac-Bajac, Olongapo City |
| Ortigas | One Magnificent Mile-Citra Condominium Bldg., Ortigas Center, Pasig City |
| Paranaque | Jaka Plaza, Sucat Rd. cor. Don Antonio Ave., Paranaque City |
| Paso de Blas | Gen. Luis St., Paso de Blas, Valenzuela City |
| Pateros | 120 M. Almeda St., Poblacion, Pateros |
| Plaridel | Banga 1st., Plaridel, Bulacan |
| Quezon Ave | Benlor Bldg., 1184-A Quezon Ave., Quezon City |
| Rada-Legaspi | 104 Rada St., Legaspi Vill., Makati City |
| San Fernando | JSL Bldg., Consunji St., Sto. Rosario, San Fernando City, Pampanga |
| San Miguel | Norberto St., San Miguel, Bulacan |
| San Pablo | Poblacion, San Pablo City, Laguna |
| Santiago | Jeco Bldg., Maharlika Hi-way cor. Quezon St., Victory Norte, Santiago City, Isabela |
| Sta. Maria | Gen. Luna St. cor. M. de Leon St., Poblacion, Sta. Maria, Bulacan |
| Sto. Tomas | Agojo Corp. Bldg., Maharlika Highway, Sto. Tomas, Batangas |
| Taft UN | 552 UN Ave., Ermita, Manila |
| Tagum | Rizal St., Tagum City |
| Tarlac | McArthur Highway, San Nicolas, Tarlac City, Pampanga |
| Taytay | Eastroad Arcade, Blk 18ad cor. Cabrera Rd., Tikling, Taytay, Rizal |
| Timog | Jenkinsen Tower, No. 80 Timog Ave., Quezon City |
| Tuguegarao | Metropolitan Parish Rectory Complex, Rizal St., Tuguegarao City, Cagayan |
| UP Los Banos | Interior Kanluran St., UPLB Campus, Los Banos, Laguna |
| Urdaneta | The Nice Place Bldg., McArthur Highway, Urdaneta City, Pangasinan |
| Valenzuela | Unit No. 92J McArthur Highway, Marulas, Valenzuela City |
| Vigan | Agdamag Bldg., Quezon Ave. cor. Mabini St., Vigan City |
| Visayas | Wicon City Center Mall, No. 121 Visayas Ave., Bgy. Bhay Toro, Q.C. |

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Financial Highlights (Amount in Millions)

| | 2015 | 2014 | 2013 | INCREASE/(DECREASE) | | | |
|-----------------------|--------|--------|--------|---------------------|---------|---------------|-----------|
| | | | | 2015 vs. 2014 | | 2014 vs. 2013 | |
| | | | | Amount | % | Amount | % |
| At Year End | | | | | | | |
| Total Resources | 74,264 | 20,253 | 15,340 | 54,011 | 266.68% | 4,913 | 32.03% |
| Loans & Receivables | 50,953 | 14,994 | 9,613 | 35,959 | 239.82% | 5,381 | 55.98% |
| Investment Securities | 4,844 | 1,140 | 1,015 | 3,704 | 324.91% | 125 | 12.32% |
| Investment Properties | 2,995 | 490 | 245 | 2,505 | 511.22% | 245 | 100.00% |
| Deposit Liabilities | 66,384 | 17,567 | 13,980 | 48,817 | 277.89% | 3,587 | 25.66% |
| Capital Funds | 5,314 | 1,863 | 1,017 | 3,451 | 185.24% | 846 | 83.19% |
| For the Year | | | | | | | |
| Net Interest Income | 1,109 | 955 | 449 | 154 | 16.13% | 506 | 112.69% |
| Other Income | 123 | 173 | 406 | (50) | -28.90% | (233) | -57.39% |
| Other Expenses | 1,495 | 1,272 | 853 | 223 | 17.53% | 419 | 49.12% |
| Net Income/(Loss) | (263) | (144) | 2 | (119) | 82.64% | (146) | -7300.00% |

The Bank's Total Resources stood at ₱ 74.264 billion as of December 31, 2015, registering an increase of 266.68% or ₱ 54.011 billion, from ₱ 20.253 billion in December 31, 2014. The considerable amount of growth in total assets is primarily attributable to the merger and consolidation of the books of accounts of China Bank Savings, Inc. (CBS, the Bank) and Planters Development Bank (PDB), as approved by SEC last Dec. 17, 2015. Basically, all asset accounts went up as Loans & Receivables grew by 239.82% or ₱ 35.959 billion, Investment Securities by ₱ 3.704 billion or 324.91%, and Investment Properties by ₱ 2.505 billion or 511.22%.

Deposit liabilities increased to ₱ 66.384 billion, expanding by 277.89% or ₱ 48.817 billion from the previous year's ₱ 17.567 billion as a direct result of the merger between the Bank and PDB. Capital Funds also went up, from ₱ 1.863 billion last year, to ₱ 5.314 billion this year, a substantial increase of 185.24% or ₱ 3.451 billion, significant of which is the Parent Bank's (China Banking Corporation, CBC) additional capital infusions. The Bank recognized a net loss of ₱ 263 million this year, which was ₱ 119 million higher than the previous year's net loss of ₱ 144 million.

| KEY PERFORMANCE INDICATORS | 2015 | 2014 | 2013 |
|--|--------|--------|--------|
| 1. <u>Capital Adequacy Ratio (CAR)</u> | - | - | - |
| Capital to Risk Assets Ratio | 11.16% | 15.46% | 11.15% |

| | | | |
|---|---------|---------|--------|
| 2. <u>Asset Quality</u> | | | |
| Asset Quality | 6.16% | 3.86% | 2.90% |
| Non-Performing Assets (NPA) to Total Assets | 8.84% | 5.78% | 3.50% |
| 3. <u>Liquidity</u> | | | |
| Liquid Assets to Total Deposits | 19.50% | 15.69% | 26.73% |
| 4. <u>Profitability</u> | | | |
| Return on Equity (ROE) | -9.08% | -10.01% | 1.25% |
| Return on Assets (ROA) | -1.13% | -0.88% | 0.13% |
| 5. <u>Cost Efficiency</u> | | | |
| Operating Expenses to Total Income | 118.34% | 109.79% | 98.33% |

Capital to risk assets ratio as of December 31, 2015 was at 11.16%, lower than the 15.46% recorded in December 31, 2014. NPL ratio increased to 6.16% as of year end 2015 as compared to the year-end 2014 level of 3.86%. NPA ratio also increased from 5.78% as of December 31, 2014 to 8.84% in December 31, 2015. Liquidity ratio went up from 15.69% to 19.50% of the current year. ROE and ROA for the year 2015 are at -9.08% and -1.13%, respectively, against year-end 2014 level of -10.01% and -0.88%, respectively. Cost efficiency ratio was at 118.34% as of the December 31, 2015, which was higher than the December 31, 2014 level of 109.79%.

Discussion and analysis of material events, and uncertainties known to management that would address the past and would have an impact on future operation:

- a. Integration of operations of PDB to the Bank.
- b. Accounts that registered material changes of 5% or more and the causes thereof are as follows:

| Statement of Condition 12/31/15 vs. 12/31/14 | Amt in Millions Increase/ (Decrease) | Remarks |
|---|--|------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | 10,188 | Due to merger with PDB |
| Fair Value through Profit and Loss Investments | 754 | |
| Available for Sale Financial Assets | 788 | |
| Held to Maturity Financial Assets | 2,163 | |
| Loans and Receivables | 35,958 | |
| Property and Equipment | 755 | |
| Investment Properties | 2,505 | |
| Branch Licenses | 74 | |
| Software Costs | 70 | |

| | | |
|---|---------|-------------------------------------|
| Others Assets | 755 | |
| LIABILITIES | | |
| Deposits | 48,817 | |
| Manager's Checks | 472 | |
| Bills Payable | 663 | |
| Income Tax Payable | 1 | Due to merger with PDB |
| Accrued Interest and Other Expenses | 139 | |
| Deferred Tax Liabilities | 107 | |
| Other Liabilities | 674 | |
| Advances from Parent Company | (313) | Reclassified to Equity |
| EQUITY | | |
| Capital Stock | 1,650 | CBC capital infusion and PDB merger |
| Deposit for Stock Subscription | 4,012 | CBC capital infusion and PDB merger |
| Other Equity Reserves | (1,945) | Due to merger with PDB |
| Surplus Reserves | 14 | Due to merger with PDB |
| Deficit | (263) | 2015 Undivided Profits per PAS 19 |
| Remeasurement Losses on Retirement Liability | 6 | Due to movements in market prices |
| Net Unrealized Losses on AFS Financial Assets | (14) | |
| Cumulative Translation Adjustment | (10) | Decrease in exchange rate |

| Statement of Income and Expenses 12/31/15 vs. 12/31/14 | Amt in Millions Increase/ (Decrease) | Remarks |
|---|--|-------------------------------------|
| Interest Income | 250 | Increase in Loans due to merger |
| Interest Expense | 95 | Increase in Deposits due to merger |
| Operating Income: | | |
| Service Charges, Fees and Commissions | 21 | Increase in various fees collected |
| Gain (Loss) on Asset Exchange | (91) | Loss on sale of ROPA |
| Income from Property Rentals | (3) | Non renewal of some lease contracts |
| Gain from Investment Securities | 17 | GS sold |
| Trust Fee | 2 | Increase in transactions |
| Foreign Exchange Gains (Loss) | (2) | Decrease in exchange rate |
| Miscellaneous | 5 | Increase in various income accounts |
| Other Expenses: | | |
| Compensation and Fringe Benefits | 30 | Increase in personnel complement |
| Provision for Impairment and Credit Losses | 22 | Increase in loan loss |

| | | |
|---|-----|---|
| Depreciation and Amortization | 70 | provisions Due to branch network expansion |
| Occupancy Costs | 21 | Due to branch network expansion |
| Security, Messengerial and Janitorial | 31 | Opening of additional branches |
| Taxes and Licenses | 11 | Increase in business tax |
| Insurance | 20 | Increase in deposits |
| Documentary Stamp Tax | 13 | Increase in related transactions |
| Entertainment, Amusement and Recreation | 2 | Due to business expansion |
| Transportation and Travel | 2 | Due to business expansion |
| Management and Other Professional Fees | (4) | Lower management consultancy fees |
| Stationery, Supplies and Postage | (3) | Lower due to adjustment in 2014 |

- c. CBC acquired the Bank as approved by the Monetary Board in its Resolution No. 1327 dated November 22, 2007.
- d. UBI was merged with the Bank, as approved by the SEC last January 20, 2014.
- e. PDB was merged with the Bank, as approved by the SEC last December 17, 2015.
- f. CBC infused Capital to the Bank amounting to ₱ 2,000 billion in 2015 and ₱ 1,112 billion in 2014.
- g. There are no seasonal aspects that had a material effect on the financial condition or result of operation.
- h. There are no other significant elements of income or loss that did not arise from the Bank's continuing operations.
- i. The bank is not aware of trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net income from continuing operations.

Aside from the information disclosed, no other data needs to be reported.

Financial Plans for 2016

Our goal is to become a bigger and profitable thrift bank of China Bank Group with a special focus on consumer/retail and SME market. We will seek out our prospects

instead of waiting for the prospects to come to us. We will take a pro-active role, and undertake efforts necessary to transform us into the Preferred Bank of Consumers and SMEs.

To back our effort to *Conquer New Territories*, we will set up additional Business Centers and Sales Offices in provincial areas to widen our market reach and provide quick turnaround and faster processing of branch-referred loans. We intend to *Build More Business* by introducing new products tailor fit to various client categories through branding, e.g. livestock loan, agri loan, franchise loan, and so forth.

The Bank will significantly grow our Easi DepEd Loan, which we have been exclusively marketing in Region 3 with much success. We will activate Easi DepEd Loan through tie-ups with local government units as well as with SM, SM Hypermarket and SaveMore chains. Our effort to boost Easi DepEd Loans will be complemented by Handy Salary and Personal Loans with Handy Credit to be marketed through our Branches and tie ups with corporate clients.

We will likewise reinforce our internet and mobile banking services for our chosen markets, offering more transaction features that would allow customers to manage their funds more efficiently, and introduce the same internet service to our individual clients.

With the expansion of our ATM network of one ATM per branch, we will have more distribution channels for technology-based products such as the Cash Card which can generate low-cost deposits while providing customers with easy and reliable access to their funds.

Financial Information

Attached herewith is a copy of the Audited Financial Statements (*Annex C*) and the Notes to Financial Statements (*with reference to Annex J, K and L of SRC Rule 68*) for the fiscal year 2015, audited and certified by SyCip Gorres Velayo & Co., and the Statement of Management's Responsibility for the Financial Statements (*Annex D*).

Schedules A to K (as required under Annex M of SRC Rule 68):

| | | |
|----|--|---|
| A. | Marketable Securities | This item is disclosed in the AFS under Note 7 |
| B. | Amounts Receivable from DOSRI | This item is disclosed in the AFS under Note 26 |
| C. | Non-Current Marketable Equity Securities, Other Long Term Investments in Stock and Other Investments | This item is disclosed in the AFS under Note 13 |
| D. | Indebtedness of Unconsolidated Subsidiaries and Affiliates | This item is disclosed in the AFS under Note 26 |
| E. | Property, Plant and Equipment | This item is disclosed in the AFS under Note 10 |

| | | |
|----|--|---|
| F. | Accumulated Depreciation | This item is disclosed in the AFS under Notes 10 and 11 |
| G. | Intangible Assets and Other Assets | This item is disclosed in the AFS under Notes 12 and 13 |
| H. | Long Term Debt | NA |
| I. | Indebtedness to Affiliates and Related Parties | This item is disclosed in the AFS under Note 26 |
| J. | Guarantees of Securities of Other Issuers | NA |
| K. | Capital Stock | This item is disclosed in the AFS under Note 19 |

STATEMENT OF MANAGEMENT'S RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The management of CHINA BANK SAVINGS, INC. is responsible for all information and representations contained in the financial statements for the year ended December 31, 2015. The financial statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the company's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

SyCip Gorres Velayo & Co. (SGV & Co.), the independent auditors appointed by the stockholders, have examined the financial statements of the bank in accordance with auditing standards generally accepted in the Philippines and have expressed their opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.


RICARDO R. CHUA
Chairman of the Board


ALBERTO EMILIO V. RAMOS
President


JAMES CHRISTIAN T. DEE
Treasurer

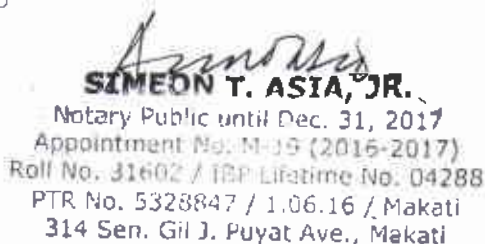

LUIS BERNARDO A. PUHAWAN
First Vice President and Comptroller

APR 29 2016

SUBSCRIBED AND SWORN to before me this ____ day of April 2016 affiant(s) exhibiting to me their government-issued identification cards, as follows:

| <u>NAMES</u> | <u>SSS NO.</u> | <u>DATE OF ISSUE</u> | <u>PLACE OF ISSUE</u> |
|--------------------------|----------------|----------------------|-----------------------|
| Ricardo R. Chua | 03-2416389-8 | | |
| Alberto Emilio V. Ramos | 03-6734669-8 | | |
| James Christian T. Dee | 33-4998867-3 | | |
| Luis Bernardo A. Puhawan | 33-4600510-6 | | |

Doc. No. 168
Page No. 35
Book No. LXXVII
Series of 2016.


SIMEON T. ASIA, JR.
Notary Public until Dec. 31, 2017
Appointment No. M-19 (2016-2017)
Roll No. 31602 / IBP Lifetime No. 04288
PTR No. 5328847 / 1.06.16 / Makati
314 Sen. Gil J. Puyat Ave., Makati

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATE



KNOW ALL MEN BY THESE PRESENTS:

I, **EDGAR D. DUMLAO** of legal age, married, with office address at 3rd Floor, CBS Bldg., 314 Senator Gil Puyat Ave., Makati City, after having been sworn in accordance with law, depose and state that:

1. I am the Corporate Secretary of China Bank Savings, Inc.;
2. That the CD of the 2015 Audited Financial Statement of China Bank, Savings, Inc. as attached herein, contains the basic and material data in the attached three (3) copies of AFS.
3. That this "CERTIFICATION" is prepared in order to comply with the requirement set forth under Memorandum Circular No. 02 of the Securities and Exchange Commission in compliance with Section 27 of RA 8792, otherwise known as the "Electronic Commerce Act" and Section 37 of its Implementing Rule and Regulations.

IN WITNESS WHEREOF, I have hereunto affixed my signature on this MAY 2 4 2016 at Makati City.


Atty. **EDGAR D. DUMLAO**
Corporate Secretary

SUBSCRIBED AND SWORN TO before me in Makati City, Metro Manila, this MAY 2 4 2016 day of May 2016 affiant having exhibited to me his Multi-purpose ID No. CRN - 0033-0323285-7.

Doc. No. 65;
Page No. 13;
Book No. 6;
Series of 2016.


ATTY. **BEA C. DELA CRUZ**
NOTARY PUBLIC FOR MAKATI CITY
APPL. NO. M-116 UNIT, DECEMBER 21, 2016
71F VON CENTER 6723 VON AVENUE, MAKATI CITY
PTR NO. 5327675/MAKATI CITY
IBP NO. 10159871/MAKATI CITY
ROLL OF ATTORNEYS NO. 5719
COL. NO. 1010427/101418