

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

6772 AYALA AVENUE, MAKATI CITY
(Company's Address)

988-9555
(Telephone Number)

DECEMBER 31
(Fiscal Year Ending Month and Day)

SEC FORM 17 – A
(Form Type)

December 31, 2016
(Period Ended Date)

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, 2016**
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. Registrant's telephone number, including area code: **(632) 988-9555**
9. Former name, former address and former fiscal year, if changed since last report: **N/A**
10. Securities registered pursuant to Section 8 and 12 of the SRC and Section 4 and 8 of the RSA

Title of Each Class	Number of Shares Outstanding and Amount of Debt Outstanding
Common stock - ₱100 par value	74,000,000
Preferred stock - ₱100 par value	21,642

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 I. BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

1. Business Development

China Bank Savings, Inc. (CBS or the Bank), the retail arm of China Banking Corporation (China Bank), is a savings bank in the Philippines that offers a wide range of products and services such as deposit products, loans and trust functions that mainly serve the middle-market and Small and Medium-sized Entities (SME) and retail and consumer and markets. The Bank has total resources of ₱81.25 billion and total networth of ₱7.83 billion, as of end-December 2016. Based on the banking statistics - published statement of condition, the Bank ranked fourth (4th) in terms of assets among private local thrift banks. As of December 31, 2016, the Bank has one hundred fifty (150) branches nationwide.

The Bank traces its roots to The Manila Banking Corporation (Manila Bank), a commercial bank incorporated on May 23, 1960. CBS reopened to the public on June 26, 1999 as a thrift bank in accordance with the Monetary Board (MB) Resolution No. 512 dated April 21, 1999. Under MB Resolution No. 512, Manila Bank was allowed to reopen its seventy-two (72) branches as provided in its operating plan.

In 2007, China Bank acquired the majority shareholdings of Manila Bank. Following the change in its majority owners, Manila Bank continued to operate as a thrift bank. On July 16, 2008, Manila Bank changed its corporate name to China Bank Savings upon securing the approval of the Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC). Following this, CBS transferred its 26 existing branches and unused branch licenses to China Bank to improve cost efficiency and branch networking.

The Bank commenced business on September 8, 2008. On August 20, 2009, the Board of Directors (BOD) approved the amendment of the Bank's Articles of Incorporation to extend its corporate term for another fifty (50) years, from and after May 23, 2010, the end of the original term of the Bank's corporate existence. The amendment to the Articles of Incorporation to extend the Bank's corporate term was subsequently approved by the Stockholders of the Bank, who own/represent at least two thirds (2/3) of the outstanding capital stock, at the Annual Stockholders' meeting held in October 2009. The Amended Articles of Incorporation was approved by the SEC on March 25, 2010.

As of December 31, 2016, China Bank, the ultimate parent company, has ownership interest in the Bank of 98.29%.

The registered office address of the Bank is at VGP Center, 6772 Ayala Avenue, Makati City.

Merger between the Bank and Unity Bank, A Rural Bank Inc.

The BOD of the Bank and Unity Bank, A Rural Bank, Inc. (Unity Bank), in their meetings held last June 6, 2013 and June 11, 2013, respectively, approved the proposed merger with Unity Bank, with the Bank as the surviving entity. The Plan of Merger was approved by the stockholders of both banks in their meetings held on July 18, 2013 and July 19, 2013, respectively. Unity Bank is 99.95% owned by China Bank, having acquired the former on November 20, 2012 under the Strengthening Program for Rural Banks (SPRB) Plus of the BSP.

On December 10, 2013, the BSP approved the issuance of Certificate of Authority to register the approved Plan of Merger and Articles of Merger of the Bank and Unity Bank, with the Bank as the surviving entity. Thereafter, on January 20, 2014, the SEC formally issued the Certificate of the Filing of Articles and Plan of Merger by and between the Bank (surviving corporation) and Unity Bank (absorbed corporation).

The merger was effected via a share-for-share exchange.

Merger between the Bank and Planters Development Bank (PDB)

On June 26, 2014, the BOD of both the Bank and Planters Development Bank (PDB) approved the Plan and Articles of Merger of the Bank and PDB, with the former as the surviving corporation. PDB is a 99.85% owned subsidiary of CBC. The stockholders of both PDB and the Bank approved, ratified and confirmed the Plan and Articles of Merger on August 14, 2014. An amended Plan of Merger was approved by the BOD of both Banks on January 29, 2015.

On August 19, 2015 and December 17, 2015, the MB of the BSP and the SEC approved the merger, respectively.

The salient provisions of the Articles of the Merger are as follows:

- a. Upon the effectivity date of the merger, PDB shall be merged with and into the Bank. The separate and distinct existence of PDB shall cease and terminate upon the effective date of merger.
- b. The Bank shall be the surviving corporation.
- c. As of the effective date, all common and preferred shares of PDB shall be converted into fully paid China Bank Savings common shares totaling to 16.5 million shares.

2. Business of Registrant

a. Products and Services

CBS offers the following products and services:

DEPOSIT PRODUCTS		
Savings Account Easi-Save Passbook; EasiSave ATM, Easi-Save for Kids, Easi-Save Basic	Current Account Easi-Checking Account, Easi-Checking Diary	Time Deposit Easi-Earn Easi-Earn High-Five

LOAN PRODUCTS AND SERVICES	
SME Biz Loans Committed Credit Line Check Discounting Line Credit Line Floor Stock Financing Invoice Financing Poultry Loan Small Business Loan Term Loan Domestic Bills Purchase Back-to-Back Loan	Consumer Loans Easi-Drivin' Auto Loan Easi-Livin' Home Loan Easi-Funds Personal Loan Easi-Funds Salary Loan Easi- DepEd Loans

DEPOSIT SERVICES	
Payroll Services Bills Payment ATM Balance Inquiry	Deposit/Pick-up Services Services Fund Transfer Deposit/Withdrawal

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

ONLINE BANKING	
Internet Banking Mobile Banking ATM Banking	Bills Payment Fund Transfer

OTHER PRODUCTS AND SERVICES	
CBS Easi-Padala Foreign Remittances Foreign Exchange	Cashier's and Gift Checks Safety Deposit Boxes

TRUST PRODUCTS AND SERVICES¹	
Unit Investment Trust Funds	Safekeeping
Investment Management	Personal Trust: Living Trust, Insurance Trust
Escrow	Corporate Trust: Employee Benefit Trust, Trusteeship of Pre-need Trust Fund

b. Business contribution

The income from these products/services is divided into two categories, namely (1) interest income from the Bank's deposit taking and lending/investment activities which accounts for 88% of revenues and (2) other income (includes service charges, fees & commissions, trading gain, foreign exchange gain, trust fees, income from sale of acquired assets and other miscellaneous income) which accounts for 12% of revenues.

c. Distribution methods of products and services

CBS completed the year with 150 brick-and-mortar branches, which is 15 branches less than in 2015, as a result of its program to streamline and consolidate its retail network.

To improve delivery of financial services to the market of choice, CBS consolidated 22 branches down to 11 in selected provincial service areas, while opening in 6 new locations in Manila, Pasig and Quezon City. The result is a streamlined network of 150 strategic branches nationwide. The Bank is set to 7 seven additional branches at the start of 2017 in Manila, Parañaque and Quezon City. Management aims to grow the CBS network to 163 branches by end of 2017.

The Bank operated an ATM network of 153 cash machines, including five offsite units. In December 2016, CBS and China Bank entered into an agreement to waive service fees on withdrawals, balance inquiries and fund transfer for the use of their respective ATMs. This benefits CBS ATM card holders by adding the 640 Teller Card machines of China Bank to CBS channels.

CBS has 3 Regional Business Centers (RBCs) supporting its SME and consumer loan business and is targeting to bring this to 7 by opening new RBCs in Bulacan, Batangas, La Union and Bicol in 2017. The Bank will also increase the 8 existing SME sales offices to 19 in 2017 by adding 5 within Metro Manila, 5 in Northern Luzon and 1 in Visayas.

CBS rapidly expanded the delivery of the Easi-DepEd Loan facility, which was launched in 2015. The DepEd Loan product is a multi-purpose loan for public school teachers and DepEd non-teaching staff offering low interest rate, fast and hassle-free loan transaction and convenient payments via the Automatic Payroll Deduction System. First made available to

¹ For winding down

DepEd employees in Central Luzon, DepEd Loans is now among the leading products of CBS.

CBS plans to open additional 7 DepEd Loan RBCs and 4 new loan extension offices with the end view of a complete nationwide presence by 2018.

Metro Manila Branches

1. AYALA BRANCH - 6772 Ayala Ave., Makati City
2. ADRIATICO -SM HYPERMARKET BRANCH – Adriatico St., Malate, Manila
3. ALABANG- GF / Common Goal Bldg., Finance cor. Industry Sts., Madrigal Business Park, Ayala Alabang, Muntinlupa City
4. AMANG RODRIGUEZ- SAVEMORE BRANCH – Amang Rodriguez Ave. cor. Evangelista St. Brgy. Santolan, Pasig City
5. ANONAS - SAVEMORE BRANCH - V. Luna St. corner Anonas Extension, Sikatuna Village, Quezon City
6. ARANETA CENTER COD - SAVEMORE BRANCH - Gen. Romulo St., Araneta Center, Cubao, Quezon City
7. AVENIDA -SAVEMORE BRANCH - Jenet and Lord Theater, Rizal Ave. Sta. Cruz, Manila
8. BANAWE- Nos. 247-249 Banawe St., Sta. Mesa Heights, Brgy. Lourdes, Quezon City
9. BANGKAL- GF / Amara Bldg., 1661 Evangelista St., Bangkal, Makati City
10. BUENDIA- Main Branch, 314 Sen. Gil J. Puyat Ave., Makati City
11. COMMONWEALTH AVENUE - JocFer Building, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City
12. CUBAO- Fernandina 88 Suites, 222 P. Tuazon Boulevard, Cubao, Quezon City
13. DEL MONTE- 392 Del Monte Ave., Brgy. Sienna, Quezon City
14. E. RODRIGUEZ SR. - HEMADY - E. Rodriguez, Sr. cor Hemady St., QC
15. ESPAÑA - SUNMALL, Espana Boulevard corner Mayon St., Manila
16. FELIX HUERTAS - JT Centrale Mall, 1686 V. Fugoso St. corner Felix Huertas St., Sta. Cruz, Manila
17. FILINVEST CORPORATE CITY BR - BC Group Bldg., East Asia Drive cor. Comm. Ave., Filinvest Corp City, Alabang
18. FTI-TAGUIG -SM HYPERMARKET BRANCH - DBP Avenue, Food Terminal Inc., Western Bicutan, Taguig
19. GREENHILLS-ORTIGAS AVENUE - VAG Bldg., Ortigas Ave., Greenhills, San Juan, Metro Manila
20. GREENHILLS-WILSON BRANCH - 219 Wilson St., Greenhills, San Juan
21. KALOOKAN BRANCH - Augusto Bldg., Rizal Ave., Grace Park, Kalookan City
22. KALOOKAN-A. MABINI- AJ Bldg., 353 A. Mabini St., Kalookan City
23. KAPASIGAN- A. Mabini St., Kapasigan, Pasig City
24. LAGRO- Bonanza Bldg., Quirino Highway, Greater Lagro, Novaliches, Quezon City
25. LAS PIÑAS – ALMANZA UNO BRANCH - Alabang Zapote Road, Almanza Uno, Las Piñas City
26. LAS PIÑAS BRANCH - G/F Parco Supermarket, J. Aguilar Ave., Las Piñas City
27. MAKATI-CHINO ROCES BRANCH - 2176 Chino Roces Ave., Makati City
28. MAKATI-J.P. RIZAL BRANCH - 882 J.P. Rizal St., Makati City
29. MALABON -SAVEMORE - Francis Market, Governor Pascual corner M.H. Del Pilar Sts., Malabon
30. MANDALUYONG- Paterno's Bldg., 572 New Panaderos St., Brgy. Pag-asa, Mandaluyong City
31. MANDALUYONG-SHAW BOULEVARD BRANCH – 500 Shaw Tower, 500 Shaw Boulevard, Mandaluyong City
32. MANILA - STA.ANA - SAVEMORE BRANCH - Savemore, Pedro Gil St., Sta. Ana, Manila
33. MARIKINA BRANCH - 33 Bayan-Bayanan Ave., Brgy. Concepcion 1, Marikina City
34. MARIKINA-GIL FERNANDO AVENUE - CTP Bldg., Gil Fernando Ave., Brgy. San Roque, Marikina City
35. MCKINLEY HILL BRANCH - U-B Commerce & Industry Plaza, McKinley Town Center, Fort Bonifacio, Taguig City
36. MUÑOZ - JACKMAN -SAVEMORE BRANCH - Jackman Plaza, Lower Ground Floor, EDSA-Munoz, Quezon City
37. NEPA-Q-MART -SAVEMORE BRANCH - Rose Bldg., 770 St. EDSA and K-G St., West Kamias, Quezon City
38. NINOY AQUINO AVENUE- Ground Floor Skyfreight Bldg., Ninoy Aquino Ave. cor. Pascor Drive, Parañaque City
39. NOVA PLAZA MALL - SAVEMORE BRANCH - Nova Plaza Mall, Quirino Highway cor. Ramirez St., Quezon City
40. ORTIGAS BRANCH - Ground Floor, Hanston Square, San Miguel Ave., Ortigas Center, Pasig City
41. ORTIGAS-CITRA- OMM Citra Bldg., San Miguel Ave., Ortigas Center, Pasig City
42. PARAÑAQUE - BETTER LIVING - 90 Dona Soledad Avenue, Better Living Subdivision, Parañaque
43. PARAÑAQUE - BF HOMES BRANCH - 284 Aguirre Ave., B.F. Homes, Paranaque
44. PARAÑAQUE-JAKA - Jaka Plaza Center, Dr. A. Santos Ave. (Sucat Road), Brgy. San Isidro, Parañaque City
45. PARAÑAQUE - LA HUERTA – 1070 Quirino Ave., La Huerta, Paranaque City
46. PASIG CANIOGAN - KSN Building, C. Raymundo Avenue, Caniogan, Pasig City
47. PASIG – PADRE BURGOS BRANCH - 114 Padre Burgos St., Kapasigan, Pasig City
48. PASO DE BLAS- Andok's Bldg., 629 General Luis St., Malinta Interchange-NLEX, Paso de Blas, Valenzuela City
49. PATEROS BRANCH - 500 Elisco Rd., Sto. Rosario, Pateros
50. PATEROS-ALMEDA - 120 Almeda St., Pateros, Metro Manila
51. PEDRO GIL -SAVEMORE BRANCH - Pedro Gil cor. Singalong Sts., Manila
52. QUEZON AVENUE BRANCH - G/F GJ Bldg., 385 Quezon Ave., Quezon City
53. QUEZON AVENUE-PALIGSAHAN - 1184-A Ben-Lor Bldg., Quezon Ave., Brgy. Paligsahan, Quezon City

54. RADA- LEGASPI - HRC Center , 104 Rada St., Legaspi Village, Makati City
55. SAN JUAN - Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan
56. TAFT-MASAGANA - SAVEMORE BRANCH - Parkview Plaza, Trida Bldg., Taft Ave. cor. T.M. Kalaw St., Ermita, Manila
57. TAGUIG-ACACIA ESTATES -SAVEMORE BRANCH - Acacia Town Center, Acacia Estates, Ususan, Taguig City
58. TIMOG- Jenkinsen Towers, 80 Timog Ave., Brgy. Sacred Heart, Quezon City
59. TWO E-COM – Two E-Com Center Tower B, Ocean Drive near cor. Bayshore Ave., Mall of Asia Complex, Pasay City
60. UN AVENUE- 552 U.N. Ave., Ermita, Manila
61. VALENZUELA BRANCH - 385 McArthur Highway, Malinta, Valenzuela City
62. VALENZUELA-MARULAS- Ong-Juanco Bldg., 92 - J McArthur Highway, Marulas, Valenzuela City
63. VISAYAS AVENUE- Wilcon City Center Mall, Visayas Ave., Quezon City

Provincial Branches

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

52. MEYCAUAYAN- Mancon Bldg., McArthur Highway, Calvario, Meycauayan, Bulacan
53. MOLINO-BACCOOR - 817 Molino Road Molino III, Bacoor, Cavite
54. MOUNT CARMEL- AMB Bldg., Km. 78 McArthur Highway, Brgy. Saguin, City of San Fernando, Pampanga
55. NAGA BRANCH - RL Bldg., Panganiban St., Lerma, Naga City
56. OLONGAPO BRANCH - Ground Floor, City View Hotel, 25 Magsaysay Drive, New Asinan, Olongapo City
57. ORANI BRANCH - Brgy. Balut, Orani, Bataan
58. ORANI-CALLE REAL BRANCH - Calle Real, Orani, Bataan
59. PLARIDEL- 0226 Cagayan Valley Road, Banga 1st, Plaridel, Bulacan
60. PORAC BRANCH - Cangatba, Porac, Pampanga
61. SAN FERNANDO BRANCH - KHY Trading Bldg., San Fernando-Gapan Rd., San Fernando City, Pampanga
62. SAN FERNANDO – BAYAN BRANCH - JSL Building, Consunji St., San Fernando, Pampanga
63. SAN JOSE ANGELES BRANCH - Sto. Rosario St., San Jose, Angeles City
64. SAN JOSE DEL MONTE BRANCH - Giron Bldg., Gov. Halili Ave., Tungkong Mangga, San Jose Del Monte, Bulacan
65. SAN MIGUEL- Norberto St., San Jose, San Miguel, Bulacan
66. SAN NARCISO BRANCH - Brgy. Libertad, San Narciso, Zambales
67. SAN PABLO BRANCH - P. Zamora St. Brgy. VII - B, San Pablo City
68. SAN PEDRO BRANCH - Gen - Ber Bldg. National Highway Landayan, San Pedro Laguna
69. SAN RAFAEL BRANCH - Cagayan Valley cor. Cruz na Daan Roads, San Rafael, Bulacan
70. SANTIAGO - VICTORY NORTE - JECO Bldg., Maharlika Highway cor. Quezon St., Victory Norte, Santiago City
71. SAVEMORE SAN ILDEFONSO BRANCH - Savemore San Ildefonso, Poblacion, San Ildefonso, Bulacan
72. SAVEMORE TAGAYTAY-MENDEZ - Mendez Crossing West, Tagaytay-Nasugbu Highway, Tagaytay City
73. SAVEMORE TALISAY-NEGROS BRANCH – Talisay, Mabini St., zone 12 Paseo Mabini Talisay City Negros Occidental
74. STA. ANA BRANCH - Poblacion, Sta. Ana, Pampanga
75. STA. MARIA- JC De Jesus cor. M. De Leon, Poblacion, Sta. Maria, Bulacan
76. STA. RITA BRANCH - San Vicente, Sta. Rita, Pampanga
77. STA. ROSA BRANCH - Sta. Rosa-Tagaytay Highway, Sta. Rosa, Laguna
78. STA. ROSA-BALIBAGO - National Highway cor. Lazaga St. Balibago, Sta. Rosa, Laguna
79. STO. TOMAS- MAHARLIKA - Agojo Bldg., Maharlika Highway, Sto. Tomas, Batangas
80. SUBIC BRANCH - Baraca, Subic, Zambales
81. TARLAC - MAC ARTHUR - McArthur Highway, San Nicolas, Tarlac City
82. TAYTAY BRANCH - C. Gonzaga Bldg. II, Manila East Road, Taytay, Rizal
83. TUGUEGARAO- Metropolitan Cathedral Parish, Rectory Complex, Rizal St., Tuguegarao City
84. U.P. LOS BAÑOS- Kanluran Road, UPLB Campus, Los Baños, Laguna
85. URDANETA- MacArthur Highway, Nancayasan, Urdaneta City, Pangasinan
86. VIGAN- Agdamag Bldg., Quezon Ave. cor. Calle, Mabini, Vigan City, Ilocos Norte
87. ZAMBOANGA BRANCH - Nuñez Extension, Camino Nuevo, Zamboanga City

Off Branch ATM Directory

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

DepEd Loan Centers

1. National Capital Region Business Center
2. Cordillera Region Business Center
3. Region 1 La Union Business Center
4. Region 2 Tuguegarao Business Center
5. Region 3 San Fernando Business Center
6. Region 4a Taytay Business Center
7. Region 5 Daraga Business Center
8. Region 12 Gen. Santos Business Center
9. Region 11 Davao Business Center

Business Offices

1. Baguio Sales Office
2. Cabanatuan Sales Office
3. Baliuag Sales Office
4. Cagayan De Oro Sales Office
5. Cebu Business Center

6. La Union Business Center
7. Davao Business Center
8. Laoag Sales Office
9. General Santos Sales Office
10. Lipa Business Center
11. Iloilo Sales Office
12. Marikina Sales Office
13. Imus Sales Office
14. Naga Sales Office
15. San Fernando Pampanga Sales Office
16. Santiago Sales Office
17. San Pablo Sales Office
18. Vigan Sales Office

d. Status of Publicly Announced New Products and Services

CBS put in place the Unified Set of CBS Deposit Products on July 4, 2016. This product menu rationalizes the CBS deposit products with those of the former PDB, to wit:

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

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

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

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

In line with its deposit product rationalization program and financial inclusiveness thrust, CBS introduced the current account variant: Easi-Checking Basic. With a minimum opening and maintaining balance of ₱3,000, Easi-Checking Basic is more accessible to the broader consumer segment.

Furthermore, the Unified Set of CBS Deposit Products was enhanced with inclusion of Free Personal Accident (PA) Insurance cover by bancassurance partner Manulife China Bank Life Assurance Corp. (MCBLife). The Free PA Insurance Bundle was made available for all deposit accounts opened when the Unified Set of CBS Deposit Products came into place.

The Free PA Insurance Bundle arrangement will replace the SURESecure bancassurance product made available through the CBS nationwide network in July 2016. SURESecure provides life insurance coverage for one year for an annual premium of only ₱299, or less than one peso a day. The approach is consistent with the CBS strategy of offering “sachet-type” products. Benefits include life insurance coverage worth ₱10,000 in event of death or total and permanent disability, and ₱30,000 in the event of accidental death and dismemberment.

Pursuant to BSP Circular 809 Series 2014, the Bank initiated its migration project to Europay, MasterCard and Visa (EMV) chip-enabled smartcards and acceptance devices. CBS adopted this advancement in automated banking to combat fraud, protect its customers’ payment data and ensure global acceptance and inter-operability. The project received the green light from CBS management on January 11.

CBS successfully undertook migration of its Card Management System (CMS) and ATM switch to EMV on August 1 and 3, respectively. From August 11 to September 1, the Bank issued approximately 22,000 EMV-ready cards with 20,000 going to customers of former Plantersbank branches. The Bank took full control of its CMS operations from parent China Bank on September 28, and the CBS Terminal certification was granted for 153 terminals on December 8. The Bank subsequently released another 38,000 EMV enabled cards by December 12. Completion of the project is expected by February 2017.

e. Competition

The Philippine Banking Sector at present is strong in terms of capitalization and liquidity. The BSP is also diligent and has been successful in monitoring the banking industry. The BSP's new monetary policy measures, such as the new interest-rate corridor, supported by implementing term deposit auctions, reforms to the reverse repo auction mechanism, among others, will improve the effectiveness of monetary policy transmission.

Total deposits of Philippine Banks further increase in 2016, giving the industry a buffer against the impact of negative developments outside the country. Savings and demand deposits remained the primary sources of funds for the banking system. Because of this, the Philippine banking system continues to be resilient in supporting the economy's long-term growth. This strength was evident in banks' balance sheets that are marked by steady growth in assets and deposits. In 2016, the total deposits of the Thrift Bank Industry rose by about ₱75 billion to ₱873 billion.

Lending continued to grow as banks have responded to the strong demand from corporate and retail borrowers. As of end-December 2016, outstanding loans of thrift banks increased by more than ₱85 billion to ₱751.36 billion in 2016. Loan volumes increased even as the banks tightened standards for commercial real estate and housing loans amid a sharp rise in prices.

As of December 2016, total assets of the Thrift Bank Industry reached ₱1.08 trillion. CBS ranked 4th in the industry in terms of total assets. BPI Family Savings Bank continued to lead, followed by Philippine Savings Bank (PSBank) and RCBC Savings Bank (RSB). Ranking 5th was Philippine Business Bank (PBB) followed by City Savings at 6th position 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).

Riding on the momentum and expanded geographic footprint afforded by its merger with the former Planters Development Bank (PDB), as well as the additional capital infusion from its Parent Bank (China Banking Corporation), CBS continued to strengthen its foothold in the SME and retail markets with the launch of DepEd loans which was met with a healthy demand from clients. CBS is accelerating its business expansion on the back of the expected upbeat performance of the economy. Complementing this growth trajectory are efforts to streamline credit procedures, beef up backroom support and collection, and upgrade the online banking platform.

f. Transaction with and/or dependence on related parties.

In the ordinary course of business, the Bank has loans and other transactions with its subsidiaries and affiliates, and with certain directors, officers, stockholders and their related interest (DOSRI).

Top 20 borrowers as of December 31, 2016 represent only 15.29% 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 62% 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 P429 million. Only 5 borrowers/groups are considered as large exposures with total loans equivalent to only 7.69% of the total loan portfolio. These borrowers/groups are all in current status and 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. Stress testing results indicated that the Bank's capital adequacy ratio shall remain above regulatory minimum for the scenarios of 20% and 50% additional allowance for credit losses on each borrower that are considered as large exposure.

g. Trademarks, Licenses, Franchises, etc.

- The Bank is operating under a thrift banking license per Monetary Board (MB) Resolution No. 512 dated April 21, 1999.
- It is the registered owner of the logo of CBS and the trademarks: *Easi-Save, Easi-Checking, Easi-Earn, Easi-Funds, Easi-Drivin', Easi-Livin', Easi-Financin' and CBS Easi-Padala*.
- In 2015, it obtained bancaassurance license from BSP.
- In 2016, it gave up its claim to the tag line '*Madaling Kausap*'. Creation of a new tag line is under way.
- Last year, it firmed up its ownership over the mark 'Easi' as a competing universal bank gave up its claim over the mark 'Easy Saver' before in the Intellectual Property of the Philippines (IPO).
- It filed applications for tradenames '*Plantersbank*' and '*Planters Development Bank*'.
- It will renew its MOA for DepEd Loans license in 2017.

h. Sources and availability of raw materials and the names of principal suppliers

Not applicable

i. Disclose how dependent the business is upon a single customer or a few customers.

The Bank is not dependent upon a few customers, much less on one.

j. 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.

k. 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.

l. Research and development activities

Following the merger with former PDB, CBS acquired a substantial share of the market for Small and Medium-Sized Enterprise (SME) loans. The Bank is consolidating and rationalizing its SME financing platform and is expected to unveil the Unified Set of CBS Loans for SMEs in 2017.

The Bank initiated development in 2016 of the CBS Factoring Facility, which is designed to bridge the cash gaps of SME clients through quick liquidation of their receivables. Additionally, by assigning the collection and monitoring of their receivables to the Bank will enable SME clients to invest the better part of their time to growing the business. By tapping the expertise of parent China Bank for the SME market, CBS will be able to meet emerging needs of this growth sector. CBS is committed to launching the Factoring Facility in 2017 in collaboration with the Institutional Banking Group – Factoring team of China Bank.

CBS is engaged in a major redesign and overhaul of its online presence www.cbs.com.ph to allow a more seamless and intuitive engagement with the web-savvy customer. The website will support the Bank's marketing reach and provide the market added convenience. Prospective customers can apply for auto, home, personal and SME loans any time, day or night. This project will be completed next year.

In 2016, CBS undertook enhancements to the existing Customer Contact Management System (CCMS) which compiles and tracks customer inquiries, requests and complaints across contact points.

The Customer Services Issues Management (CSIM) module slated to go live in March 2017 will log, collect, monitor and flag customer issues throughout the resolution process within the prescribed turnaround time. CSIM will minimize manual intervention in generation of

BSP-compliant Customer Service Issues (CSI) reports. The Bank's investment in the CISM module is an expression of the Bank's commitment to surpass the minimum standards specified in BSP Circular No. 857 on Consumer Protection Framework.

Other enhancements to customer experience in the pipeline scheduled for implementation by fourth quarter of 2017 are the automated CBS welcome letter for consumer loan customers. The same will be extended to SME and corporate loan customers once the migration of all loan accounts have been successfully migrated from ICBS to FCBS core banking system. The Customer Experience Management (CEM) Division will also tap the mGate SMS facility in the first quarter of 2017 as point of contact with CBS depositors.

CBS stepped up the program of Corporate Transformation started in 2015 with the goal of aligning its bigger and more complex organization with the demands of servicing its diverse market.

As part of the program of Corporate Transformation, CBS began the corporate branding exercise with participation of Business Groups and support divisions on September 22, 2016. The branding exercise positions CBS as distinct from China Bank, while pursuing the parent bank's advocacy of inclusive financial services - embracing the broad consumer market and the Bank's recently acquired share of the SME sector.

CBS implemented the One Look and Feel policy in October 24, 2016. CBS One Look and Feel as part of the institutional-building process. The policy aims to project a unified professional image of the CBS employee and of CBS workplaces in line with the values associated with brand CBS. As a continuing process, the corporate branding exercise will require the engagement of a top agency as brand consultant in 2017.

m. Costs and effects of compliance with environmental laws

Not applicable

n. Total number of employees

CBS concluded the year 2016 with a total workforce of 1,963 employees, 137 more compared to last year. Of the workforce, there were 713 men and 1,250 women with an average age of 34. The organization included 628 executives and officers (31.99%), 227 supervisors (11.56%) and 1,108 rank and file employees (56.44%). Despite the inclusion of Loan Sales Offices and DepEd Loan Regional Business Centers, the number is still below the total combined number of 2,004 CBS and PDB employees in 2014.

The steady expansion in the banking industry did not spare CBS from massive attrition. CBS experienced a series of departures by experienced staff as well as managers in 2016. To meet its human resource requirements, the Bank launched an aggressive campus recruitment program early in the year, and a Recruitment Open House at CBS Building – Buendia in Makati in February 2016.

As part of its retention drive, Management has exerted optimum effort to stem the tide through various initiatives. Town hall meetings and institutionalization of local dialogues like the Breakfast and Kapihans with the President in the branches, Ayala Head Office and Buendia Center, as well as the Bank-wide social activities including the CBS@8 anniversary project, served as the avenues to internally stabilize its resources.

To tie up these initiatives with its corporate social responsibility (CSR), volunteerism budded like the Brigada Eskwela in May, Adopt-A-School in September, and the Rice-Up Against Hunger project with the Aeta tribal people in December.

o. Risk management

The Bank understands that the business of banking necessarily entails risk. These risks are managed through continuous process of identification, measurement, monitoring and mitigation partly through effective use of risk limits, process controls, monitoring, and independent controls. As reflected in its organizational improvements, the Bank has placed due importance in expanding and strengthening its risk management process and considers it as a vital component to the Bank's continuing profitability and financial stability. The Bank's risk management program is intended to manage and mitigate inherent 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, interest rate risk in the banking book, operational risk, credit concentration risk, compliance risk, strategic risk, reputational risk and liquidity risk. These are the priority risks that were identified in the annual Internal Capital Adequacy Assessment Process of the parent bank. The Bank's risk management objective is primarily focused on controlling and mitigating these risks. The impact of these 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.

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 accountable for all risks taken within the Bank. The BOD has established 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), Corporate Governance Committee (CGC) and the Risk Management Committee (RMC).

Other committees that are composed of senior officers of the Bank are the Management Committee (ManCom), Asset and Liability Committee (ALCO), Credit Committee (CreCom), Collection and Asset Recovery Committee (CARCom), Information Technology Steering Committee (ITSC), Service Committee (ServCom), Operations Committee (OpCom), Credit Model Steering Committee, Administrative Investigating Committee (AIC), Fraud Control Committee (FraudCom), and Anti-Money Laundering Committee (AMLACom). Each of these

committees has responsibilities documented in their respective charter.

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 Department (RMD) assists the RMC with all of its responsibilities.

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 RMC is chaired by an independent director and assisted by 4 other members of the BOD.

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.

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 reports to presented RMC highlight the significant risk indicators and specific risk management issues that would need resolution from top management. The risk indicators were formulated on the basis of the financial risks faced by the Bank and 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.

The CreCom reviews and resolves credit-related issues such as credit facility approval, credit limit utilization, and any deviations in the credit policy. Credit and collection strategies on a particular account, credit monitoring, and loan loss provisioning are discussed in more detail in the CARCom. On a weekly basis, the CreCom discusses customer risks arising from the Bank's existing loan portfolio. A comprehensive risk report is submitted to the BOD through the Executive Committee 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 has existing risk management policies that 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. 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 or group of inter-connected 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. Risk limits are established for various industries. Identified concentrations of credit risks are controlled and managed accordingly.

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 has adopted an internal credit scoring system for automobile loans and housing loans 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. For small and medium enterprise and commercial loans, the Bank has a Commercial Credit Risk Rating System which determines the risk acceptance criteria for a specific borrower.

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.

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, 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 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.

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.

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.

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 2016 and 2015:

	2016	2015
Common Equity Tier 1 Capital		
Paid-up common stock	7,400,000,000	4,155,619,670
Additional paid-in capital	495,942,780	1,347,354,398
Deposit for common stock subscription	2,647,942,142	4,012,500,000
Retained Earnings	(837,016,630)	(1,426,230,350)
Undivided Profits	(546,734,817)	(631,791,824)
Other Comprehensive Income	(162,398,591)	(107,081,731)
Less: Unsecured DOSRI	(21,046,549)	(2,251,491)
Less: Deferred Tax Assets	(149,496,619)	(570,895,368)
Less: Goodwill	(119,621,347)	(133,292,358)
Less: Other Intangible Assets	(838,584,023)	(471,600,635)
Less: Other Equity Investment	(2,192,208)	(2,192,208)
Total CET 1 Capital	7,866,794,137	6,170,138,102
Additional Tier 1 Capital	2,164,200	2,164,200
Total Tier 1 Capital	7,868,958,337	6,172,302,302
Tier 2 Capital		
Instruments issued by the bank that are eligible as Tier 2 Capital		
Capital	-	12,000,000
Appraisal Increment Reserve	156,391,170	172,353,181
General Loan Loss Provision	562,538,678	418,550,678
Total Tier 2 Capital	718,929,847	602,903,859
Total Qualifying Capital	8,587,888,184	6,775,206,160

Risk-based capital ratios:

	2016	2015
CET 1 capital	8,997,734,883	7,350,370,162
Less regulatory adjustments	1,130,940,746	1,180,232,061
Total CET 1 capital	7,866,794,137	6,170,138,102
Additional Tier 1 capital	2,164,200	2,164,200
Total Tier 1 capital	7,868,958,337	6,172,302,302
Tier 2 capital	718,929,847	602,903,859
Total qualifying capital	8,587,888,184	6,775,206,160
Risk weighted assets	68,941,513,986	60,712,639,082
CET 1 capital ratio	11.41%	10.16%
<i>Capital Conservation Buffer</i>	5.41%	4.16%
Tier 1 capital ratio	11.41%	10.17%
Total capital ratio	12.46%	11.16%

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:

	2016	2015
Credit Risk	62,610,205,525	54,670,330,651
Market Risk	236,263,287	495,946,092
Operational Risk	6,095,045,174	5,546,362,338
Total Capital Requirements	68,941,513,986	60,712,639,082

Credit Risk-Weighted Assets

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

	As of December 31, 2016	
	Exposures, net of Specific Provisions	Exposures not Covered by CRM
Cash on Hand	1,315,700,803	1,315,700,803
Checks and Other Cash Items	19,777,637	19,777,637
Due from BSP	6,657,366,683	6,657,366,683
Due from Other Banks	2,391,225,724	2,391,225,724
Financial Assets at FVPL	-	-
Available-for-Sale Financial Assets	2,106,383,219	2,106,383,219
Held-to-Maturity Financial Assets	3,376,762,159	3,376,762,159
Unquoted Debt Securities Classified as Loans	105,214,716	105,214,716
Loans and Receivables	57,639,996,771	52,533,587,628
Loans and Receivables arising from Repurchase Agreements	493,077,515	493,077,515
Sales Contract Receivables	680,773,238	680,773,238
Real and Other Properties Acquired	2,735,919,305	2,735,919,305
Other Assets	4,746,209,968	4,746,209,968
Total On-Balance Sheet Assets	82,268,407,738	77,161,998,595

	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

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

	As of December 31, 2016	
	Notional Principal	Credit Equivalent
Direct credit substitutes	-	-
Transaction-related contingencies	334,485,314	167,242,657
Trade-related contingencies arising from movement of goods	37,253,083	7,450,617
Other commitments (which can be unconditionally cancelled at any time by the bank without prior notice)	4,988,311,633	-
Total Notional Principal and Credit Equivalent Amount	5,360,050,030	174,693,274

	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

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 2016 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, 2016		
	On-balance sheet	Off-balance sheet	Total
Below 100 %	27,844,161,413	-	27,844,161,413
100% and above	49,317,837,182	174,693,274	49,492,530,456
Total	77,161,998,595	174,693,274	77,336,691,869

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

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

As of December 31, 2016			
	On-balance sheet	Off-balance sheet	Total
Below 100 %	10,434,594,740	-	10,434,594,740
100% and above	51,965,685,258	174,693,274	52,140,378,532
Covered by CRM	35,232,253	-	35,232,253
Excess GLLP	-	-	-
Total	62,435,512,251	174,693,274	62,610,205,525

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 GLLP	-	-	-
Total	54,505,275,411	165,055,240	54,670,330,651

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	2016	2015
Specific Risk	2,610,633	6,299,618
General Market Risk		
PHP	6,604,765	11,399,641
USD	8,305,706	18,363,256
Total Capital Charge	17,521,104	36,062,514
Adjusted Capital Charge	21,901,381	45,078,143
Subtotal Market Risk-Weighted Assets	219,013,806	450,781,427
Foreign Exchange Exposure	2016	2015
Total Capital Charge	1,379,959	3,613,173
Adjusted Capital Charge	1,724,948	4,516,467
Subtotal Market Risk-Weighted Assets	17,249,482	45,164,666
Total Market Risk-Weighted Assets	236,263,287	495,946,092

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 2016 ICAAP submission, the Bank allocated the amount of about P610 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 ₱20.9 million, which include cases with unfavorable assessment.

Operational Risk-Weighted Assets

The Bank's Operational Risk Weighted Assets under the Basic Indicator Approach is ₱6.10 billion and ₱5.55 billion in December 2016 and December 2015, 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	2016	2015
PhP IRR Exposures	(150)	(87)
USD IRR Exposures	(13)	(8)

Item 2. PROPERTIES

CBS 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.

The registrant owns various properties which are used in its banking business. Likewise, the Bank acquires, by way of foreclosure, dacion en pago and other lawful means, various properties to satisfy unpaid obligations due to it and disposes off these properties on a regular basis. Moreover, it leases several properties principally for its brick-and-mortar branch network.

Bank-Owned Properties

PROPERTIES	LOCATION	AREA (sq.m.)
TMBC Condominium	(8th, 7 th , 3rd, 2nd, Mezzanine & Ground Floors), VGP Center, 6772, Ayala Avenue, Makati City	5,219.71
Lot with Improvements (CBS - Angeles Br.)	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
CBS Bldg.	314 Sen. Gil Puyat Ave., Makati City	12,398.81
Angeles-Rizal Br.	639 Rizal Street, Angeles City	284.3
Batangas Br.-Padre Burgos	4 Burgos Street, Batangas City	194.80

PROPERTIES	LOCATION	AREA (sq.m.)
Biñan Br.	San Vicente, Biñan, Laguna	426
Orani-Calle Real	Calle Real, Orani, Bataan	266
Masantol	San Nicolas, Masantol, Pampanga	380
Sta. Rosa-Balibago	Old National Hi-way cor. Roque Lazaga St. Laguna	427

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

Leased Properties

BRANCHES	LOCATION
ACACIA ESTATES	Acacia Taguig Town Center, Acacia Estates, Ususan, Taguig City
ADRIATICO G/F SM HYPERMARKET	M.H. Del Pilar, Adriatico, Malate, Manila
ALABANG HILLS G/F	AlabangComm'l Citi Arcade, Don Jesus Blvd., Alabang, Muntinlupa City
AMANG RODRIGUEZ	Savemore Market G/F GBU Bldg., Amang Rodriguez Avenue Santolan, Pasig City
ANGELES - SAN JOSE	Sto. Rosario St., San Jose, Angeles City
ANGONO	M.L. Quezon Avenue, Angono, Rizal
ANONAS	Maamo St., Road Lot 30, V. Luna and Anonas Extension, Sikatuna, Quezon City
ANTIPOLO	E.M.S. Bldg., Ground Floor L1 M.L. Quezon, corner F. Dimanlig St., Antipolo City
ARANETA CENTER	CODLG Savemore, Gen. Romulo St., Brgy. Socorro, Cubao, Quezon City
ARAYAT	Cacutud, Arayat, Pampanga
AVENIDA	# 665 Lords Theater Avenida St., Sta. Cruz Manila
BACOLOD	Skt Saturn Bldg., Lacson corner Rizal Sts., Bacolod City
BACOLOD-LUZURIAGA	FL SolimanBldg, Lacson Cor. Luzuriaga Sts., Bacolod City, Negros Occ.
BACOOOR	Frc Mall, Gen. Evangelista St., Talaba V, Bacoor, Cavite
BACOOOR - MOLINO	Avon Building, Blk 3 Lot2, 817 Molino Rd., Molino 3, Bacoor Cavite
BACOOOR - TALABA	Coastal Road cor. E. Aguinaldo Hi-Way, Brgy. Talaba, Bacoor Cavite
BAGUIO - SESSION	B108 Lopez Bldg., Session Road corner Assumption Road, Baguio City
BALAGTAS	Brgy. Wawa, Mac Arthur Highway Balagtas, Bulacan
BALANGA	DM Banzon Ave., Cor. Sto Domingo St., Balanga City, Bataan
BALIBAGO	Mac Arthur Highway, Balibago, Angeles City
BALIUG	Plaza Naning, Baliuag, Bulacan
BANAWE	No. 247-249 Banawe Street, Sta. Mesa Heights, Barangay Lourdes, Quezon City
BANGKAL	1661 Evangelista St. Bangkal, Makati City
BUENDIA MAIN	314 Buendia Avenue Makati City
CABANATUAN	Km.115CagayanValleyRd., Maharlika Highway Near Cor., Sanciangco St., Cabanatuan
CABANATUAN-BAYAN	Burgos Avenue Cabanatuan City
CAGAYAN DE ORO	Sergio Osmeña St., Cogon District, Cagayan De Oro City
CALAMBA	Hk Bldg li, National Highway, Brgy. Halang, Calamba, Laguna
CALAMBA-CROSSING	G/F As Building, National Highway Cor. Sto. Domingo Street Brgy. Uno, Calamba City
CAVITE CITY	485 P. Burgos St., Barangay 34, Caridad, Cavite City
CEBU - LAHUG	G/F Skyrise It Bldg., Bgy. Apas, Lahug, Cebu City
CEBU - MANDAUE	A. Del Rosario Ave., Mantuyong, Mandaue City, Cebu
CEBU - MANGO	Jsp Mango Realty Building Corner General Maxilom Avenue and Echavez Sts., Cebu
CEBU MANDAUE-BASAK	Cebu North Road Basak Mandaue City
COMMONWEALTH AVE.	Unit 101, JOCFER Building, Commonwealth Avenue, Brgy. Holy Spirit, Quezon City
CUBAO	Fernandina 88 Condominium 222 P. Tuazon Ave, Araneta Center, Cubao, QC
DAGUPAN	G/F Lyceum-Northwestern University, Tapuac District, Dagupan City
DAGUPAN-PEREZ BLVD.	Burgos Ext. Cor Perez Blvd., Lingayen Hi-Way, Dagupan City
DARAGA - ALBAY	Rizal St., Brgy. San Roque, Daraga, Albay, Bicol
DASMARIÑAS	Veluz Plaza Building, Zone 1 Aguinaldo Hi-Way, Dasmariñas Cavite
DAU	Macarthur Highway, Dau, Mabalacat, Pampanga
DAVAO	G/F 8990 Corporate Center, Quirino Ave., Davao City
DAVAO - RECTO	C. VillaAbrille Building, C.M. Recto Avenue, Davao
DEL MONTE	392 Del Monte Avenue, Barangay Sienna, Quezon City
DOLORES	Stci Bldg. Mac Arthur Hiway Bgy San Agustin, City Of San Fernando Pampanga
E. RODRIGUEZ SR-HEMADY	Hemady Square, E. Rodriguez Avenue Corner Dona Hemady St., Quezon City

BRANCHES	LOCATION
ESPAÑA - SUN MALL	Ground Floor Sun Mall, Espana Corner Mayon St., Brgy.Sta. Teresita, Quezon City
FELIX HUERTAS CENTRALE	Unit103,Ground Floor, JT Centrale Mall, No. 1686 V. Fugoso St. Sta. Cruz, Manila
FILINVEST CORPORATE	CITYBc Group Bldg., East Asia Drive, Filinvest Corporate City, Alabang, Muntinlupa
FILOIL - TANAUAN SUPLANG	Filoil Gas Station, Brgy. Suplang, Tanauan, Batangas
FTI - TAGUIG	Dbp Avenue, Food Terminal Inc., Western Bicutan, Taguig
GENERAL SANTOS	Santiago Boulevard General Santos City
GREENHILLS-ORTIGAS AVE.	Grd. Floor Vag Building OrtigasAvenue,Greenhills San Juan, Metro Manila
GREENHILLS - WILSON	219 Wilson St., Greenhills, San Juan City
GUAGUA	Plaza Burgos, Guagua, Pampanga
GUAGUA - STO. NINO	781 St. Dominic Subd, San Miguel, Betis, Guagua, Pampanga 2003
ILOILO	Cua Bldg., Quezon Street, Iloilo City
ILOILO - JARO	Lopez Jaena Corner El 98 Streets, Jaro, Iloilo
ILOILO - QUEZON	Ground Floor, 132 Quezon St., Iloilo City
IMUS	LUMATanzangLuma, Gen. Emilio Aguinaldo Highway, Imus Cavite
JUAN LUNA	694-696 Juan Luna St., Binondo, Manila
KALOOKAN	Augusto Bldg., Rizal Ave., Gracepark, Kalookan City
KALOOKAN - MABINI	Aj Building,#353 A. Mabini St, Kalookan City
KAPASIGAN	A. Mabini St. Kapasigan, Pasig City
KATIPUNAN AVENUE	One Burgundy Condominium, Katipunan Avenue, Quezon City
LA UNION	A.G. Zambrano Building Quezon Avenue San Fernando City, La Union
LAGRO	G/Flr. Bonanza Building Quirino Hi-Way, Greater Lagro Novaliches, Quezon City
LAGUNA - STA. CRUZ	E & E Building, Pedro Guevarra Avenue, Sta. Cruz, Laguna
LAOAG	G/F Lc Square Building, J.P. Rizal Corner M.V. Farinas Sts., Laoag City, Ilocos Norte
LAS PIÑAS	G/F Parco Supermarket, J. Aguilar Ave., Las Piñas City
LAS PIÑAS-ALMANZA UNO	Aurora Bldg., AlabangZapote Road, Brgy.Almanza Uno, Las Piñas City
LIPA - CM RECTO	C.M. Recto Avenue, Lipa City
LOS BAÑOS - CROSSING	BatongMalake, Los Banos Laguna
LUCENA	Cor. Merchan& Evangelista Sts., Lucena City
MACABEBE	Poblacion, Macabebe, Pampanga
MAKATI – CHINO ROCES	2176 Chino Roces Avenue, Makati City
MAKATI - J.P. RIZAL	882 J.P. Rizal St., Makati City
MALABON	Savemore Francis Market, Governor Pascual Ave., M. H. Del Pilar, Malabon City
MALOLOS	Canlapan Street, Sto. Rosario, Malolos City, Bulacan
MALOLOS - CATMON	Paseo Del Congreso, CatmonMalolos City, Bulacan
MANDALUYONG	New Panaderos Ext., Mandaluyong City
MANILA – STA. ANA	Savemore- Sta. Ana, Pedro Gil Street, Sta. Ana , Manila
MARIKINA	33 Bayan-Bayanan Ave., Bgy. Concepcion 1 Marikina City
MARIKINA-GIL FERNANDO AVE.	Ctp Building Gil Fernando Ave.,Marikina City
MCKINLEY HILL	U-B Commerce & Industry Plaza, Mckinley Towncenter, Fort Bonifacio, Taguig City
MEYCAUAYAN	Mancon Building, CalvarioMeycauyan, Bulacan
MOUNT CARMEL	Km 78 Mac Arthur HiwayBrgy. Saguin, San Fernando City Pampanga
MUÑOZ - JACKMAN	Jackman Plaza, Lower Ground Floor, Edsa-Munoz, Quezon City
NAGA	RI Building, Panganiban St., Lerma, Naga City
NEPA - Q MART	Rose Building, 770 St. Edsa And K-G St., West Kamias, Quezon City
NINYOY AQUINO AVENUE	Gf Skyfreight Building Ninoy Aquino Ave., Cor. Pascor Drive Paranaque City
NOVA PLAZA MALL	Nova Plaza Mall, Quirino Highway Corner Ramirez St., Novaliches Proper, Quezon
OLONGAPO	Ground Floor, City View Hotel, 25 Magsaysay Drive, New Asinan, Olongapo City
ORANI	Brgy.Balut,Orani,Bataan
ORTIGAS – CITRA	Unit B1, Omm Citra Building San Miguel Avenue, Ortigas Center, Pasig City
ORTIGAS CENTER	Ground Floor, Hanston Square, San Miguel Avenue, Ortigas Center, Pasig City
PARANAQUE - BETTER LIVING	NPSC Bldg., 90 Dona Soledad Avenue, Better Living Subd, Paranaque
PARANAQUE - BF HOMES	284 Aguirre Avenue, B.F. Homes, Paranaque
PARANAQUE - JAKA PLAZA	Jaka Plaza Center, Dr. A. Santos, Ave., SucatPque City
PARANAQUE - LA HUERTA	Quirino Avenue, La Huerta, Paranaque City
PASIG - PADRE BURGOS	G/F Column A Bldg. 114 Padre Burgos St., Brgy. San Jose, Pasig City
PASIG-CANIOGAN	Unit A, KSN Building, C. Raymundo Avenue, Caniogan, Pasig City
PASO DE BLAS	Andoks Bldg.629 Gen. Luis St.,Paso De Blas Valenzuela City
PATEROS	500 Elisco Rd., Sto. Rosario, Pateros City

BRANCHES	LOCATION
PATEROS - ALMEDA	120 M. Almeda Street, Pateros, Metro Manila
PEDRO GIL	Pedro Gil Corner SingalongSts., Manila
PLARIDEL	#0226 Banga 1st, Plaridel, Bulacan
PORAC	Cangatba, Porac, Pampanga
QUEZON AVENUE	G/F Gj Bldg., 385 Quezon Ave., Quezon City
QUEZON AVENUE - PALIGSAHAN	1184-A Ben-Lor Bldg. Brgy. Paligsahan, Quezon City
QUIAPO - QUEZON BOULEVARD	416 Quezon Boulevard, Quiapo, Manila
RADA-LEGASPI	104 Rada St. Legaspi Village, Makati City
SAN FERNANDO	Khy Trading Bldg., San Fernando-Gapan Rd., San Fernando City, Pampanga
SAN FERNANDO - BAYAN	JSL Building, Consunji Street, City Of San Fernando, Pampanga
SAN ILDEFONSO	Savemore Bldg. San Idefonso, Poblacion, Bulacan
SAN JOSE DEL MONTE	Ground Floor, Giron Building, Gov. Halili Avenue, TungkongMangga, Bulacan
SAN JUAN	Madison Square, 264 N. Domingo St., Barangay Pasadena, San Juan
SAN MIGUEL	Norberto Street, San Miguel, Bulacan
SAN NARCISO	Brgy. Libertad, SanNarciso, Zambales
SAN PABLO - RIZAL AVENUE	Rizal Avenue Cor Lopez Jaena St. San Pablo City, Laguna
SAN PEDRO	Gen - Ber Bldg. National Highway Landayan, San Pedro Laguna
SAN RAFAEL	Cagayan Valley cor. Cruz Na Daan Roads, San Rafael, Bulacan
SANTIAGO-VICTORY NORTE	JECO Bldg. Maharlika Highway, Victory Norte, Santiago City Isabela
SHAW BLVD.	Ground Floor, 500 Shaw Tower, 500 Shaw Boulevard, Mandaluyong City
STA. ANA	Poblacion, Sta. Ana, Pampanga
STA. RITA	San Vicente, Sta. Rita, Pampanga
STA. ROSA	Sta. Rosa-Tagaytay Highway, Sta. Rosa, Laguna
STA. MARIA	C. De Jesus cor. De Leon Street Sta. Maria, Bulacan
STO. TOMAS - MAHARLIKA	Agojo Corp. Building, Maharlika Hi-Way, Sto. Tomas Batangas
SUBIC	Rodriguez Bldg. Nat'l. Hi-way, Subic, Zambales
TAFT MASAGANA	Parkview Plaza, Trida Bldg., Taft Avenue Corner T.M. Kalaw St., Ermita, Manila
TAGAYTAY	Mendez Crossing West, Tagaytay-Nasugbu Highway Corner Mendez, Tagaytay City
TALISAY – NEGROS	Mabini St., Zone 12, PaseoMabini, Talisay City, Negros Occidental
TARLAC - MAC ARTHUR	Mac Arthur Highway San Nicolas, Tarlac City
TAYTAY	C. Gonzaga Building II, Manila East Road, Taytay, Rizal
TAYUMAN	1925-1929 Rizal Avenue near corner Tayuman St., Sta. Cruz, Manila
TIMOG	Jenkinsen Towers 80 Timog Avenue, Quezon City
TUGUEGARAO	Metropolitan Cathedral Parish Rectory Complex Rizal St., Tuguegarao City
TWO E-COM	Two E-Com Center Tower B, Ocean Drive, Mall of Asia Complex, Pasay City
UN AVENUE	552 United Nations Avenue, Ermita, Manila
UP LOS BANOS	Kanluran Road, College Los Banos, Laguna
URDANETA	Mac Arthur Highway, Nancayasan, Urdaneta City, Pangasinan
VALENZUELA-MARULAS	92 J Mac Arthur Hiway, Marulas, Valenzuela City
VIGAN BRANCH	Quezon Ave. Corner Mabini Street., Vigan City
VISAYAS AVENUE	Upper Ground Floor, Wilcon City Center Mall, Visayas Avenue, Quezon City
ZAMBOANGA	City Mall, Don Alfaro St., Tetuan, Zamboanga

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

Emerging from the two consecutive merger, with Unity Bank 2013 and PDB in 2015, the Bank must rationalize its branch footprint. Moreover, the Bank has slated to open additional Regional Business Centers to decentralize its lending activities and bring them close to its target markets. It intends to open and lease properties in the following areas:

1. Commonwealth Ave., Quezon City
2. Katipunan Avenue, Quezon City
3. Quezon Boulevard, Manila
4. Felix Huertas St., Sta. Cruz, Manila
5. Quirino Avenue, Baclaran, Paranaque
6. C. Raymundo St., Caniogan, Pasig

7. N. Amoranto Ave., Quezon City
8. Balic-Balic, Manila
9. Diliman, Quezon City
10. Tayuman St., Manila
11. CityMall, Kalibo
12. CityMall, Roxas City
13. City Mall, Tagum
14. Sta. Mesa, Manila
15. Araneta Avenue, Quezon City
16. Blumentritt St., Manila
17. Libertad, Pasay City
18. Tandang Sora Avenue, Quezon City
19. Butuan
20. Iligan
21. City Mall, Koronadal, Cotabato
22. Bautista St., Makati
23. Boni Avenue, Mandaluyong
24. Legaspi-Albay
25. Cebu City

Additionally, to meet the desired financial objectives, it will transfer in 2017 the following branches to another site within the same service area and consequently lease property there, to wit:

1. Angono, Rizal
2. Bacoor, Cavite
3. Balagtas, Bulacan
4. Urdaneta, Pangasinan
5. Savemore, Sta. Cruz
6. Savemore, Jackman Plaza
7. Kapasigan, Pasig
8. Vigan, Ilocos Sur
9. Ortigas-Citra, 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 no matters that will be included 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).

PART II. OPERATIONAL AND FINANCIAL INFORMATION

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

1. Market Information

The registrant's equity is not listed in any exchange. Below is a summary of the transfers in 2015 and 2016:

PERIOD	NO. OF SHARES TRANSFERRED	PRICE PER SHARE	
		High	Low
January to December 31, 2015		No transaction	
January 1 to March 31, 2016	36,940,526	104.61	104.61
April 1 to June 30, 2016		No transaction	
July 1 to September 30, 2016	118,485 (PDB)*	13.98	13.98
October 1 to December 31, 2016	18,994,408	25.03	5.30**

*P10.00 par value

**Unity Bank shares

2. Holders

Pending approval of the increase of its authorized capital stock of P14.0 billion, the Bank has an authorized capital stock of P8.0 billion distributed as follows: 74.0 million common stocks and 6.0 million preferred stocks. There are approximately 1,483 stockholders of the 74,000,000 common shares as of March 31, 2017. The top 20 common shareholders as of March 31, 2017 are as follows:

Name of Stockholder	Number of Shares	% of Holdings
1. CHINA BANKING CORPORATION	73,214,398	98.94%
2. ESTATE OF GIL J. PUYAT	163,243	0.22%
3. SURIGAO DEVELOPMENT CORP.	46,040	0.06%
4. MARINDUQUE MINING & INDUSTRIAL CORP.	46,002	0.06%
5. BOGO MEDELLIN MILLING CO, INC.	33,521	0.05%
6. COMMUNITY OF BENEDICTINE SISTERS	33,521	0.05%
7. REYES, RODRIGO C.	31,205	0.04%
8. FERNANDEZ, JOSE P.	22,041	0.03%
9. LOYOLA LIFE PLAN, INC. TRUST FUND	16,151	0.02%
10. RODRIGUEZ, MA. LUISA G.	14,441	0.02%
11. GROUP DEVELOPERS, INC.	10,557	0.01%
12. PJS INVESTMENT CORPORATION	10,314	0.01%
13. DEVELOPMENT BANK OF THE PHILIPPINES	8,418	0.01%
14. JISON, ESPINELA A.	8,248	0.01%
15. TECSON, BENJAMIN, &/OR TECSON, MARTINA	7,123	0.01%
16. CRUZ, MANUEL C.	6,313	0.01%
17. NISCE, A. NATIVIDAD PARAS	6,259	0.01%
18. LOYOLA MEMORIAL PPC TRUST FUND	5,378	0.01%

Name of Stockholder	Number of Shares	% of Holdings
19. PUYAT, PATRIA GIL VDA. DE	5,350	0.01%
20. CABARRUS JR., JESUS G.	5,298	0.01%

3. Dividends

No dividends declared in 2016.

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 AND ANALYSIS OR PLAN OF OPERATION

a. Financial and Operating Highlights

In Million Pesos	Audited December 31,			INCREASE/(DECREASE)			
	2016	2015	2014	2016 vs. 2015		2015 vs. 2014	
				Amount	%	Amount	%
Balance Sheet							
Total Resources	81,250	74,264	20,253	6,986	9.41%	54,011	266.68%
Loans and Receivables	58,233	50,953	14,994	7,280	14.29%	35,959	239.82%
Investment Securities	5,954	4,844	1,140	1,110	22.91%	3,704	324.91%
Investment Properties	3,209	2,995	490	214	7.15%	2,505	511.22%
Deposit Liabilities	71,567	66,384	17,567	5,183	7.81%	48,817	277.89%
Capital Funds	7,834	5,314	1,863	2,520	47.42%	3,451	185.24%
Income Statement							
Net Interest Income	2,924	1,109	955	1,815	163.66%	154	16.13%
Other Income	589	123	173	466	378.86%	(50)	-28.90%
Other Expenses	3,279	1,495	1,272	1,784	119.33%	223	17.53%
Net Income (Loss)	234	(263)	(144)	497	188.97%	(119)	-82.64%

The Bank's total resources stood at ₱ 81.250 billion as of December 31, 2016, registering a growth of 9.41% or ₱ 6.986 billion from ₱ 74.264 billion in December 2015. The significant increase in total resources was attributed to the continued growth in Loans & Receivables which went up from ₱ 50.953 billion last year to ₱ 58.233 billion this year, reflecting a 14.29% or ₱ 7.280 billion growth.

Riding on the momentum and expanded geographic footprint afforded by its merger with the former Planters Development Bank, as well as the additional capital infusion from its Parent Bank (China Banking Corporation), the Bank continued to strengthen its foothold in the SME and retail markets with the launch of DepEd loans which was met with a healthy demand from clients. In 2016, Consumer Lending went up by 33.10% or ₱ 6.310 billion from ₱ 19.061 billion at year end 2015 to ₱ 25.371 billion at year end 2016. Loans to SMEs likewise grew by 4.31% or ₱ 1.41 billion in 2016.

Investment Securities also grew by ₱ 1.110 billion or 22.91%, from last year's balance of ₱ 4.844 billion to this year's balance of ₱ 5.954 billion. Investment Securities went up due to the rise in bonds booked under Held-To-Maturity (HTM), from ₱ 2.191 billion at year end 2015 to ₱ 3.336 billion at year end 2016, a 52.28% or ₱ 1.145 billion growth.

Investment Properties also increased by ₱ 0.214 billion or 7.15% from last year's ₱ 2.995 billion to this year's ₱ 3.209 billion due to significant recovery efforts on the Bank's non-performing loans.

Deposit liabilities rose by 7.81% or ₱ 5.183 billion from the previous year's ₱ 66.384 billion to ₱ 71.567 billion this year due to the higher volume of Time Deposits generated during the year, from ₱ 45.327 billion at year end 2015 to ₱ 49.391 billion at year end 2016, reflecting a 8.97% or ₱ 4.06 billion growth.

Capital Funds also went up from ₱ 5.314 billion last year to ₱ 7.835 billion in 2016, a substantial increase of 47.42% or ₱ 2.520 billion, largely due to the additional capital infusion from its Parent Bank amounting to ₱ 2.500 billion.

In 2016, the Bank made headways as it stepped out of the red and into profitability, recording net income after tax of ₱ 234 million which is a significant turnaround from the net loss posted in 2015. The improvement in 2016 operations is attributable to the expanded distribution network, buildup in fund base and loan portfolio, and prudent management of risk assets and operating costs.

b. Key Performance Indicators

	2016	2015	2014
Capital Adequacy Ratio (CAR)			
Capital to Risk Assets Ratio	12.46%	11.16%	15.46%
Asset Quality			
Non-Performing Loans (NPL) to Total Loans	7.20%	8.34%	3.86%
Liquidity			
Liquid Assets to Total Deposits	23.50%	26.80%	22.18%
Profitability			
Return on Equity (ROE)	4.39%	-9.08%	-10.01%
Return on Assets (ROA)	0.30%	-1.13%	-0.88%
Cost Efficiency			
Operating Expenses to Total Income	95.68%	118.34%	109.79%

Capital to risk assets ratio as of December 31, 2016 was at 12.46%, higher than the 11.16% recorded in December 2015, due to the capital infused by the Parent Bank.

NPL ratio decreased to 7.20% as of year-end 2016 as compared to the 8.34% in 2015. NPA ratio also decreased from 10.21% as of December 31, 2015 to 9.64% in December 2016. The improvement in asset quality ratios is attributable to the improvements implemented in the Bank's credit process and the resources allocated to strengthen collection efforts and loan recovery which allowed the Bank to effectively manage its non-performing loans.

Liquidity ratio went down from last year's 26.80% to this year's level of 23.50%, as funds were shifted from liquid assets to loans.

ROE and ROA for the year 2016 is at 4.39% and 0.30%, respectively, higher than year-end 2015's -9.08% and -1.13%, respectively, as the Bank posted net income for the year. Accordingly, with the increase in revenues, cost efficiency ratio also improved to 95.68% as of December 31, 2016, from 118.34% as of December 31, 2015.

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

- 1) Integration of operations of former Planters Development Bank to the Bank.
- 2) Accounts that registered material changes of 5% or more and the causes thereof are as follows:

Statement of Condition 12/31/16 vs. 12/31/15	Amt in Millions Inc/(Dec)	Remarks
ASSETS		
Cash and Cash Equivalents	-2,067	Due to shift in usage of funds
Fair Value through Profit and Loss Investments	-283	Due to shift in usage of funds
Available for Sale Financial Assets	236	Higher volume of bonds purchased
Held to Maturity Financial Assets	1,145	Higher volume of bonds purchased
Loans and Receivables	7,280	Increase in Consumer and SME Lending
Non-current Assets Held for Sale	148	Due to strengthened efforts to reduce NPL
Investment Properties	214	Due to strengthened efforts to reduce NPL
Software Costs	-6	Amortizations during the year
Deferred Tax Asset	29	Recognition of DTA during the year
Others Assets	254	Increase in various other asset accounts
LIABILITIES		
Deposits	5,184	Increase in time deposits
Manager's Checks	-88	Decrease in transactions
Bills Payable	-663	Settlement of bills payable
Income Tax Payable	-1	
Accrued Interest and Other Expenses	43	Increase in various accounts accrued
Deferred Tax Liabilities	-107	Due to net DTA recognized in 2016
Other Liabilities	98	Increase in various Other Liability accounts
EQUITY		
Capital Stock	3,694	Due to CBC's capital infusion in 2016 and 2015
Additional Paid In Capital	132	Due to CBC's capital infusion in 2016 and 2015
Deposit for Stock Subscription	-1,365	Due to reclassification of DFFS to capital stock
Deficit	233	Due to increase in net income
Remeasurement Losses on Retirement Liability	-68	Based on latest actuarial report
Net Unrealized Losses on AFS Financial Assets	-134	Due to movements in market prices
Cumulative Translation Adjustment	27	Increase in exchange rate

Statement of Income and Expenses 12/31/16 vs. 12/31/15	Amt in Millions Inc/(Dec)	Remarks
Interest Income	2,606	
Interest Expense	791	
Operating Income:		
Service Charges, Fees and Commissions	177	
Gain (Loss) on Asset Exchange	146	
Gain from Investment Securities	70	Significant increase in income and expense accounts in 2016 was largely due to the combined results of operations of CBS and PDB. In 2015, the income and expenses shows only the results of operations of CBS. In accordance with PIC Q&A 2012-01, the Bank elected to use the 'pooling of interest' method in accounting for its merger with PDB. This requires that the consolidated statement of income reflects the results of the combining entities prospectively. Accordingly, in 2015, the income and expenses of PDB were directly closed against other equity reserves upon merger with CBS.
Trust Fee	-4	
Miscellaneous	77	
Other Expenses:		
Compensation and Fringe Benefits	695	
Depreciation and Amortization	140	
Security, Messengerial and Janitorial	150	
Occupancy Costs	107	
Taxes and Licenses	144	
Documentary Stamp Tax	125	
Insurance	100	
Acquired Assets & Other Litigation	86	
Utilities	45	
Entertainment, Amusement and Recreation	60	
Transportation and Travel	52	
Data Processing & Information Technology	40	
Stationery, Supplies and Postage	21	
Management and Other Professional Fees	9	
Miscellaneous	116	

- 3) CBC acquired the Bank as approved by the Monetary Board in its Resolution No. 1327 dated November 22, 2007.
- 4) UBI was merged with the Bank, as approved by the SEC last January 20, 2014.
- 5) PDB was merged with the Bank, as approved by the SEC last December 17, 2015.
- 6) CBC infused Capital to the Bank amounting to P 2.500 billion in 2016, P 2.000 billion in 2015 and P 1.112 billion in 2014.
- 7) There are no seasonal aspects that had a material effect on the financial condition or result of operation.
- 8) There are no other significant elements of income or loss that did not arise from the Bank's continuing operations.
- 9) 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 2017

In 2017, the Bank projects a growth of more than 100% in Net Income that will be supported by an expanded distribution network of branches, targeted buildup in fund base and loan portfolio, a wider array of fee-based businesses products and services, and the prudent management of risk assets and operating costs.

Aside from recording higher earnings from its larger network, CBS will generate more revenues from the growth in core businesses. CBS will expand the loan portfolio by more than 20% in 2017, with much of the growth coming from SME, DepEd and consumer loans (auto and retail housing). It plans to do so by opening business centers and provincial sales offices, hiring more account managers and sales officers, strengthening backroom support to better tap the Bank's identified high-growth industries such as transportation, health care, wholesale & retail of fast moving consumer goods, and real estate development, among others.

The Bank will also accelerate expansion of consumer loans on the back of the expected upbeat performance of the economy, as well as expand the coverage of DepEd loans to cover all regions in the country. Complementing this growth trajectory are efforts to streamline credit procedures, beef up backroom support and collection, and upgrade the online banking platform.

CBS recognizes that robust loan portfolio growth and steady yields are critical to hitting target profit. This would be accomplished by acquiring more customers and beefing up its marketing structure and credit support capabilities.

Supporting our accelerated loan growth over the next years is an equally robust funds generation strategy. Our branches and Treasury will work closely together to bring in a stable base of lower-cost term deposits. CBS is implementing a branch expansion strategy that will significantly increase its branch network. The branch distribution concept will be the "one-stop shop", where branches serve as the first touchpoint of banking experience for our customers. Branch officers and staff shall seek and take advantage of opportunities to cross and up sell the Bank's products and services.

The Bank will continue to strengthen capital management and ensure that the Bank's Capital Adequacy Ratio (CAR) remains aligned and adequate with our expansion plans and risk parameters.

Item 7. FINANCIAL STATEMENTS

Please refer to the attached "**Annex A**" for the Audited Financial Statements for the years 2016 and 2015.

Pursuant to SEC Memorandum Circular No. 8 (Rotation of External Auditor) CBS will retain *Sycip Gorres Velayo & Co. (SGV & Co.)* 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, China Bank, shall also be in-charge of the audit of its subsidiary that is engaged in allied activities such as CBS. In compliance with SEC Memorandum Circular No. 8, Series of 2003, and Amendments to SRC Rule 68 on the rotation of external auditors or signing partners of a firm every after five (5) years of engagement, Mr. Ray Francis C. Balagtas was assigned in 2016 as SGV & Co./Ernst & Young's partner-in-charge for the Bank.

Mr. Ray 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 2015 and 2016 are ₱1,135,000.00 and ₱1,700,000.00 (both inclusive of Trust Department), respectively. The increase in audit fee is attributable to the additional accounts and significant classes of transactions due to the merger of the former 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 of the Bank's financial statements.
- b. Incremental fees related to the review of migration to the new operating system.

The Bank's Audit Committee is chaired by Mr. Roberto F. Kuan. Ms. Margarita L. San Juan and Mr. Alberto S. Yao comprise the two (2) remaining 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.

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

The financial statements of the Bank for the year ended December 31, 2016 and December 31, 2015 have been audited by SGV & Co./Ernst & Young in accordance with Philippine Financial Reporting Standards. There were no changes in and disagreements with accountants on accounting and financial disclosures.

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS

1. The Members of the Board of Directors

The Board is composed of distinguished members with extensive background in banking and business. All members are citizens of the Republic of the Philippines. Members who have concurrent positions in its parent bank or its subsidiaries or affiliates hold such office with prior or subject to the approval by the Monetary Board.

Ricardo R. Chua, 65, is the Chairman of the Board. A degree holder 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 & Chief Executive Officer and 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, 77, Vice Chairman of the Board. A degree holder in Bachelor of Arts from the Philippine Women's University and 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, BAI Retail Delivery Conference in Miami Beach, Florida in 1999, and BAI Retail Delivery Conference in Orlando, Florida in 2008. After five decade of service, she has from CBC as Head of CBC's Retail Banking Business with the rank of Senior Vice President. She was also a Director of CBC-IBI and Director and Vice Chairperson of the Executive Committee of PDB (prior to merger).

Alberto Emilio V. Ramos, 57, President and Director. A degree holder in Bachelor of Arts in Political Science and in Bachelor of Science in Marketing Management from the De La Salle University. He obtained his Master's degree in Business Management from Asian Institute of Management. He is formerly 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).

William C. Whang, 59, Director. A degree holder in Bachelor of Science in Commerce from the De La Salle University. He is concurrently the Chief Operating Officer of China Banking Corporation and also a member of the Board of Directors of China Bank Insurance Brokers, Inc. (CBIBI), China Bank Properties & Computer Center, Inc. (CBPCCI), Bancnet Inc and China Bank Capital Corp. He is a Stockholder and Treasurer of CBIBI and CBPCCI. He is a member of CBS' board level committees such as, Risk Management, Corporate Governance, Trust, Retirement, and Nomination & Personnel. He had attended various seminars such as the corporate governance workshop in 2014, orientation course for corporate governance in 2015 and corporate governance training in 2016, all conducted by the Institute of Corporate Directors. Before CBC, he was a senior bank officer at reputable local and international corporate banks.

Rosemarie C. Gan, 59, Director. A degree holder 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 2013. She is concurrently the Group Head of Retail Banking Business of CBC with the rank of Executive Vice President. She has been with CBC for over 35 years. She has extensive exposure in marketing and training in financial analysis, credit portfolio management, strategic planning and corporate governance.

Alexander C. Escucha, 60, Director. A degree holder 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, and had been a delegate in various economic briefings and conferences, such as the JP Morgan Philippines Conference and The Asian Banker Summit. Before CBC, he was a vice president at International Corporate Bank.

Jose L. Osmeña, Jr, 58, Director. A degree holder in Bachelor of Science in Commerce, Major in Accounting, from the University of San Carlos. He has a post graduate degree in Advance Bank Management Program from the Asian Institute of Management. He is concurrently the First Vice President –Deputy Group Head of China Banking Corporation – Retail Banking Business. He is a member of CBS' board level committees such as, ExCom, Trust, and Retirement. He had attended various seminars the most recent was the corporate governance orientation program, conducted by the Institute of Corporate Directors. Before CBC, he was area operations officer with a rank of assistant manager of Producers Bank of the Philippines.

Alberto S. Yao, 70, Independent Director. A degree holder 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 CBC Capital Corporation.

Roberto F. Kuan, 68, Independent Director. A degree holder in Bachelor of Science in Business Administration from the University of the Philippines. He obtained his Master's degree in Business Management from Asian Institute of Management 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 LIngnam Enterprises, Inc. He is likewise an Independent Director of CBC and CBC Capital Corporation.

Margarita L. San Juan, 63, Independent Director. A degree holder in Bachelor of Science in Business Administration from the University of the Philippines. She also took up Advance Bank Management Program from the Asian Institute of Management in 1992. She started career in Ayala Investment & Dev't. Corp. (AIDC) and left Sr. Project Assistant. Then, she moved to Commercial Bank & Trust Co. (ComTrust). In 1980, she joined CBC and subsequently became the Head of the Account Management Group with the rank of Senior Vice President. She is likewise a nominee as Independent Director of CBC for the ensuing year. She was a Director and member of the Executive Committee of PDB from 2014 to 2015.

2. Executive Officers

James Christian T. Dee*, 43, Treasurer. A degree holder of 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.

Maria Teresita Reyes Dean, 53, Senior Vice President & Credit Management Grp. Head. A degree holder of Bachelor of Science in Business Administration, cum laude, from the University of the Philippines. She 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, CarCom, ServCom, and Human Resources Committee; Vice Chairman of CreCom, FraudCom, AIC (Non-Behavioral), CMSC; and Chairman of Sub-CreCom. From 1985 to 1993, Mrs. 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.

Jose F. Acetre, 64, Senior Vice President & Assets Recovery Group Head. A degree holder of B.S. Business Economics from the University of the Philippines. He is a member of the Bank's ManCom, CreCom, PricingCom (Auto) & FraudCom; 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 was likewise a member of PDB's ManCom and Credit Committee (CRECOM) and member of Collection and Asset Recovery Committee (CARCOM). Before 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.

Luis Bernardo A. Puhawan, 42, First Vice President & Controllership Group Head. A degree holder of Bachelor of Science in Accountancy from the University of Sto. Tomas. He is a Certified Public Accountant. He is a member of the Bank's ManCom, ALCO, ITSC, CARCom, and AIC (Non-Behavioral). He was the head of PDB's Controllership Group with the rank of First Vice President. He was a member of PDB's ManCom, ALCO, CARCom, IT Steering Committee and IAC (Non-Behavioral). He was likewise the Vice Chairperson of PDB's AMLA Committee (AMLACom). In 2006, he joined PDB as Assistant Vice President and head of the Financial Reporting and Control Department. Prior to PDB, he was Senior Associate of Sycip, Gorres, Velayo & Co. from 1997 to 2002. He also worked for Philippine Veterans Bank from 2002 to 2005, then to Deutsche Knowledge Services – Manila as Senior Associate from 2005 to 2006.

Jan Nikolai M. Lim, 41, First Vice President & Consumer Lending Group Head. A degree holder of Bachelor of Science in Manufacturing Engineering and Management from De La Salle University. He is a 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.

Neliza Ma. R. Oñate, 59, First Vice President & SME Lending OIC. A degree holder of Bachelor of Science in Commerce, major in Management from College of Holy Spirit. She is a member of the Bank's ManCom, ALCO, ITSC, AMLACom and Human Resources Committee. She joined PDB in 2009 as Vice President in the Lending Department. She started her banking career with

PCIBank as Junior Officer Trainee in 1981 till becoming Area Head with a rank of Assistant Vice President. She left Equitable PCIBank in 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 2006 to 2009.

Adonis C. Yap, 48, First Vice President & Alternative Channels & Process Mngt. Grp. Head. A degree holder of 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.

Edith N. Young*, 54, First Vice President II & IT Head. A degree holder in bachelor 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.

Agerico G. Agustin, 57, First Vice President II & Deputy BBG Head. He holds a degree in Bachelor of Science in Civil Engineering from the University of the Philippines - Diliman. He is a member of the following Management Level Committees namely, Management Committee (ManCom), Assets and Liability Committee (ALCO), IT Steering Committee, Anti Money Laundering Committee (AMLCom), Operations Committee (OpCom), Service Committee, Fraud Control Committee and Human Resources Committee (HRCOM). He had attended various seminars and trainings, such as Certificate Course in Compliance conducted by ABComp - DLSU in 2015; Corporate Governance conducted by Ateneo - BSP in 2016; and Data and Business Analytics conducted by UP - National Engineering Center in 2016. He joined China Bank Savings on March 1, 2017, before joining CBS he was President and CEO/Director of both PR Savings Bank in 2016 and Maximum Savings Bank from 2015 - 2016.

Atty. Marissa B. Espino*, 52, Vice President II & Chief Compliance Officer. A degree holder of Bachelor of Arts in Philosophy from the University of the Philippines and Bachelor of Laws from Manuel L. Quezon University. She has postgraduate studies Business Economics from the University of Asia and the Pacific. She is concurrently the Chief Compliance Officer of China Banking Corporation. She had attended various seminars such as Related Party Transactions by BAIPHIL, 5th Compliance: Mandatory Continuing Legal Education by the Integrated Bar of the Philippines-Makati Chapter, Finance, Risk and Compliance Summit by Wolters Kluwer and Total Information Management, Cybersecurity and Anti-Money Laundering Risks by SGV & Company and AML Risk Management and Compliance by Wells Fargo Bank. Before CBC, she was formerly with Union Bank of the Philippines as its Manager and Legal Counsel, Bank of Commerce as its Vice President and General Counsel, Union Bank of the Philippines as its Vice

President and Governance & Compliance Officer and with Planters Development Bank as its Vice President and Chief Compliance Officer.

Sonia B. Ostrea, 55, Vice President II & Operations Group Head. A degree holder of Bachelor of Science in Commerce, major in Accounting, from Saint Louis University. She is a Certified Public Accountant. She had attended various seminars and trainings. Before PDB's merger to CBS, she was the Central Operations Department Head of PCIBank and later Dao Heng Bank, Phils. She was PDB's Clearing Operations Head.

Ma. Lilibeth C. Paradero, 57, Vice President & Human Resource Division Head. A Baccalaureate degree holder 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 SMC. 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. She was also a former Senior Consultant for Co-Development International as Vice President for International Distillers and Vintners. In 2000, she joined RCBC as First Vice President for Organizational Development and was responsible for the design, development and execution of the Five-Year Organization Transformation Strategy. In AIG-Philam Group as Vice President for Corporate Human Resources, she directed and led the 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, 59, First Vice President & Legal Division Head. A holder of degree in Bachelor of Laws from the University of the East. Atty. Janda is a member of Bank's CARCom, AMLC, 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.

Anna Maria P. Ylagan, 59, Vice President & Trust Officer. A degree holder 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.

Lani DJ Larion, 59, Vice President & Branch Banking Group Head. A degree holder in Bachelor of Science in Commerce major in Accounting from the Polytechnic University of the Philippines. She is a Certified Public Account. She is a member of the Bank's ManCom, ALCO, ITSC, AMLACom, OpCom, FraudCom, ServCommittee, and HRCom. She started her career in

The Manila Banking Corporation (TMBC) as Branch Accountant. 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, to Asian Bank. In 1999, she went back to TMBC as branch manager with the rank of Assistant Vice President.

Marivic B. Landicho, 44, Senior Assistant Vice President & Internal Audit Head. A degree holder 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. Later, she became a Settlement Accountant at Smart Communications, Inc. Subsequent for 9 years, 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 before joining the Bank.

Raymond C. Apo, 50, Senior Assistant Vice President & Risk Management Head. A degree holder in Bachelor of Science in Commerce major in Accountancy from Far Eastern University. 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., Asiatrust 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.

Wilfredo G. Solis, 50, Asst. Vice President & Business Intelligence Head. A degree holder in Bachelor of Science in Civil Engineering, cum laude, from Mindanao State University. He is a licensed Civil Engineer. He has 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.

Hanz Irvin S. Yoro*, 35, Asst. Vice President & Information Security Officer. A degree holder in Bachelor of Science in Computer Science Information Technology from Asia Pacific College. He is concurrently the Information Security Officer of CBC. Prior to joining CBC, he was with Megalink as Information Security Officer. 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.

* with interlocking position in CBC.

3. 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.

4. Significant Employees

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

5. Family Relationship

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

6. Involvement in Certain Legal Proceedings.

The Bank 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 Key Executives of the Corporation (Asst. Vice President and up with cut off of December 31, 2016), and, any amount of per diem including bonus of the directors for the last three years.

	Year	Salary	Bonus	Total
Executive Officers	2017 (estimate)	100,277,552.55	29,993,105.10	130,270,657.65
	2016 (actual)	95,502,431.00	28,564,862.00	130,270,657.65
	2015 (actual)	27,809,214.00	6,848,626.00	34,657,840.00
		Salary	Per Diem	Total
Directors	2017 (estimate)	00.00	611,100.00	611,100.00
	2016 (actual)	00.00	582,000.00	582,000.00
	2015 (actual)	00.00	726,000.00	726,000.00

**For years 2015 to 2017: Mrs. Maria Teresita R. Dean, SVP, Mr. Jan Nikolai Mendoza Lim, Mr. Luis Bernardo Alvero Puhawan, FVP, Mr. Jose De La Fuente Acetre, SVP, Mr. Christian Hermes Manalang Bite, VP.*

- The Key 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

1. Security ownership of certain record and beneficial owners

The following stockholders own more than 5% of any class securities as of September 30, 2017.

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	73,214,398	98.94%

The Chairman, Mr. Ricardo R. Chua, is the duly authorized representative of the China Banking Corporation, and shall exercise the right to vote all the above-enumerated shares by appropriate proxy.

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

2. Security ownership of directors and top management (as of September 30, 2017)

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%
	Alberto Emilio V. Ramos	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%
	William C. Whang	100	Filipino	0.00%
	Rosemarie C. Gan	100	Filipino	0.00%
	Alexander C. Escucha	100	Filipino	0.00%

	Jose L. Osmena, Jr.	100	Filipino	0.00%
	Total as a Group	1,000		0.00%

3. Voting Trust Holders of 5% or More

No other person holds more than 5% of a class under voting trust or similar agreement.

Item 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

In the ordinary course of business, the Board continues to ensure that loans and other transactions with its directors, officers, stockholders and related interest (DOSRI) are 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.

In 2016, the Board of Directors intensified vetting out transactions between the Bank and related parties on top of DOSRI transactions. A Related Party Transactions Committee (RPTCom) has been organized and convened for the first time to assess whether a related party transaction was done “fairly and at arm’s length” and entered into to the best interest of the Bank and all its stakeholders. A data base of related parties as defined by BSP Circular No. 749 and BSP Circular No. 895 has been collated. Reporting of related party transactions entered into by the Bank with related party are reported to its parent Bank which, in turn, makes a report to the BSP.

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

PART IV. CORPORATE GOVERNANCE

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.

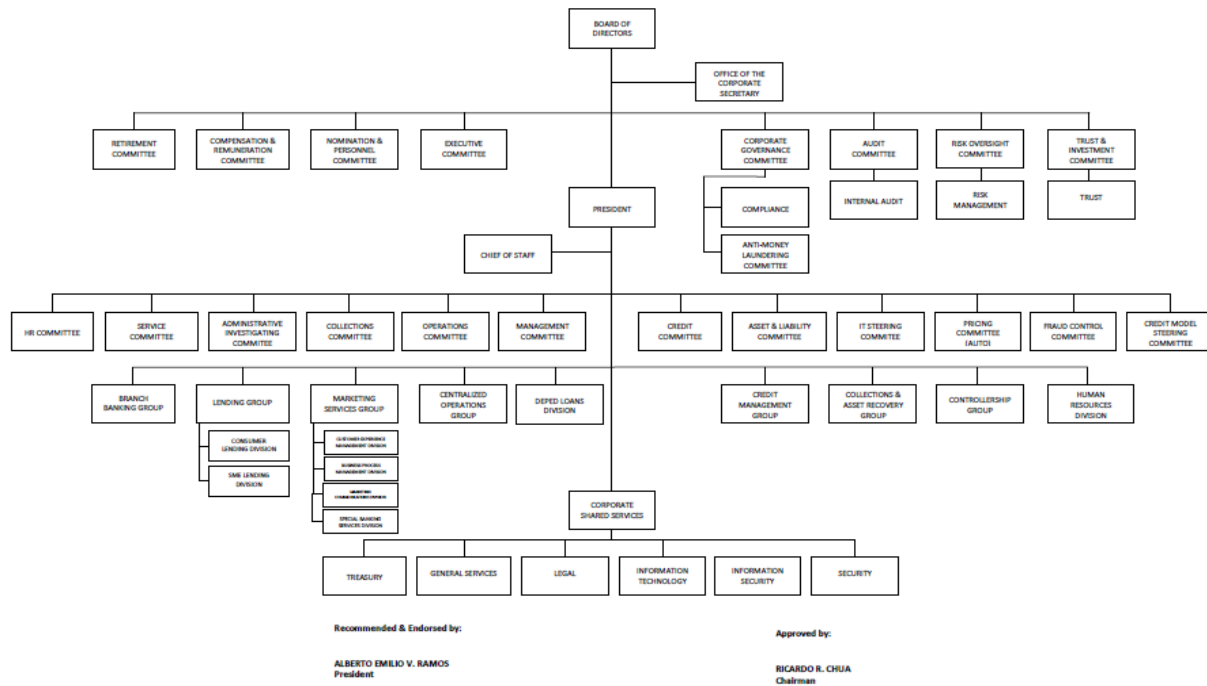
The Board of Directors, Management, employees and shareholders believe that good corporate governance is a necessary component of what constitutes sound strategic business management. Thus, it has within the bounds of its resources implemented all planned action to create a heightened and continuing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

Organizational structure

In January 2016, the Board approved the new table of organization, to wit:



Please see larger version on the last page.

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; and
- 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

In 2016, the Bank increased its awareness and adherence to the Consumer Act of the Philippines and such other regulations promoting consumer protection. As part of its intensified drive for a positive customer experience and excellent customer service, the ServCom meets on a weekly basis not only to address complaints but to dynamically reposition the Bank to meet customer expectation.

Conformably with BSP Circular No. 857 in relation to consumer protection, the Bank continue to track the significant statistics on customer concerns. Following are the top 10 inquiries, requests, complaints and product reports it received from January to December 2016:

Inquiries

TOP 10 Inquiries		6887
1	Release of Loan Docs - Fully Paid Loan	1508
2	Loan Payment	1116
3	Loan Account Details	1012
4	PDC – Related	678
5	SOA	353
6	Account Opening & Requirements	337
7	Loan Application	272
8	Account Information	221
9	Loan Documents (PN, Amort, etc.)	211
10	PDC - Acceptance and Encoding	155

Requests

TOP 10 Requests		4591
1	SOA	924
2	Release of Loan Docs - Fully Paid Loan	871
3	PDC - Acceptance and Encoding	604
4	Loan Documents (PN, Amort, etc.)	487
5	Loan Payment	290
6	Certificate of Full Payment	191
7	CIF Updating/Maintenance	168
8	Loan Certification	137
9	PDC – Related	131
10	PDC - Deferment/Hold	119

Complaints

TOP 10 Complaints		289
1	Loan Payment	99
2	Personnel Attitude	45
3	Insurance Related	22
4	Loan Documents (PN, Amort, etc.)	18
5	PDC – Related	17
6	Deposit / Withdrawal	16
7	ADA Enrollment	13
8	Release of Loan Docs - Fully Paid Loan	7
9	ADA Enrollment	12
10	SOA	6
	DEPED	6
	Loan Account Details	6

Product Report

Transaction per Product	
Product	Count
Auto Loan	10,646
Housing Loan	10,637
CTS Without Recourse	9,318
Personal Loan	7,889
Handy Salary	6,102
Deposit	2,602
CBS Online	224
SME	190
Remittance	123
Acquired Assets	122
HR – Related	76
BSP – Referred	30
Bancassurance	7
Total	47,936

BOARD OVERSIGHT COMMITTEES

Executive Committee (ExCom)	
Chairman	Mr. Ricardo R. Chua
Vice-Chairman	Mrs. Nancy D. Yang
Member	Mr. Alberto Emilio V. Ramos
Member	Mrs. Rosemarie C. Gan
Member	Mr. Jose L. Osmena, Jr.

Risk Management Committee (RMC)	
Chairman	Ms. Margarita L. San Juan
Member	Mr. Roberto F. Kuan
Member	Mrs. Nancy D. Yang
Member	Mr. William C. Whang
Member	Mr. Alexander C. Escucha.

Corporate Governance Committee	
Chairman	Mr. Alberto S. Yao
Vice-Chairman	Mr. Ricardo R. Chua
Member	Mr. Roberto F. Kuan
Member	Mr. William C. Whang
Member	Mr. Alexander C. Escucha.

Trust Committee (TrustCom)	
Chairman	Mr. Alexander C. Escucha.
Member	Mr. Alberto Emilio V. Ramos
Member	Mr. William C. Whang
Member	Mr. Jose L. Osmena, Jr.
Member	Mrs. Anna Maria P. Ylagan

Retirement Committee	
Chairman	Mr. Ricardo R. Chua
Member	Mr. Alberto Emilio V. Ramos
Member	Mr. William C. Whang
Member	Mr. Jose L. Osmena, Jr.

Nomination and Personnel Committee	
Chairman	Mr. Alberto S. Yao
Vice-Chairman	Mr. Ricardo R. Chua
Member	Mr. Roberto F. Kuan
Member	Mr. William C. Whang
Member	Mr. Alexander C. Escucha.
<i>Ex-Officio</i>	Mr. Patrick D. Cheng
<i>Ex-Officio</i>	Ms. Maria Rosanna L. Testa
<i>Ex-Officio</i>	Ms. Lilibeth C. Paradero

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

Compensation and Remuneration Committee	
Chairman	Mr. Ricardo R. Chua
Member	Mr. Alberto Emilio V. Ramos
<i>Ex-Officio</i>	Mr. Patrick D. Cheng
<i>Ex-Officio</i>	Ms. Maria Rosanna L. Testa
<i>Ex-Officio</i>	Ms. Lilibeth C. Paradero

Audit Committee (AuditCom)	
Chairman	Mrs. Margarita L. San Juan.
Vice-Chairman	Mr. Alberto S. Yao
Member	Mr. Alexander C. Escucha.

OTHER MANAGEMENT COMMITTEES

Management Committee (ManCom)	
Chairman	President Alberto Emilio V. Ramos
Vice Chairman	SVP Maria Teresita R. Dean – Credit & Collections Management Group Head
Members	VP James Christian T. Dee – Treasurer
	SVP Jose F. Acetre – Asset Recovery Group Head
	FVP II Luis Bernardo A. Puhawan – Controller
	FVP II Jan Nikolai M. Lim – Consumer Lending Group Head
	FVP Adonis C. Yap – Alternative Channels & Process Management Grp. Head
	FVP Neliza Ma. R. Oñate – SME Lending Group OIC
	VP II Sonia B. Ostrea – Operations Group Head
	VP Ma. Lilibeth C. Paradero – Human Resources Division Head
	VP Lani D. Larion – Branch Banking Group Head
Ex Officio	FVP Edith N. Young – IT Head; or IT Officer
Secretariat	VP Emmanuel C. Geronimo - Office of the Controller
Asst. Secretary	Gregorio R. Alva, Chief of Staff/Office of the President

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 & Collections Management Group Head
	FVP II Luis Bernardo A. Puhawan – Controller
	FVP II Jan Nikolai M. Lim – Consumer Lending Group Head
	FVP Neliza Ma. R. Oñate – SME Lending Group OIC
	VP Lani D. Larion – Branch Banking Group Head
Ex Officio	SAVP Raymond C. Apo – Risk Management Department Head
Secretariat	SAVP Charmaine S. Hao – Treasury Officer
Assistant Secretary	Gregorio R. Alva, Chief of Staff/Office of the President

IT Steering Committee (ITSC)	
Chairman	President Alberto Emilio V. Ramos
Vice Chairman	FVP Edith N. Young - Information Technology Head
Members	Director Alexander C. Escucha – Board Member
	SVP Maria Teresita R. Dean – Credit & Collections Management Group Head
	FVP II Luis Bernardo A. Puhawan – Controller
	FVP II Jan Nikolai M. Lim – Consumer Lending Group Head
	FVP Neliza Ma. R. Oñate – SME Lending Group OIC
	VP II Sonia B. Ostrea – Operations Group Head
	VP Lani D. Larion – Branch Banking Group Head
Ex Officio	FVP Adonis C. Yap – Alternative Channels and Process Management Group Head
	SAVP Raymond C. Apo – Risk Management Department Head
	SAVP Marivic B. Landicho – Internal Audit Division Head
Secretariat	
Assistant Secretary	Gregorio R. Alva, Chief of Staff/Office of the President

Credit Committee (CreCom)	
Chairman	President Alberto Emilio V. Ramos
Vice Chairman	SVP Maria Teresita R. Dean – Credit & Collections Management Group Head
Voting Members	SVP Jose F. Acetre, Asset Recovery Group Head
	VP Maria Consuelo S. Ruffy, SME Credit Division Head
	VP II Sonia B. Ostrea, Operations Group Head
	SAVP Mary Grace F. Guzman, SAMD Head
Alternate Voting Members	VP Pablito C. Veloria, Consumer Credit Division Head
	AVP Grace Z. Floresca – Credit Policy & Supervision Division Head
Ex Officio	FVP Neliza Ma. R. Oñate, SME Lending Group OIC
	VP II Atty. Edgar D. Dumlao, or FVP Atty. Odel S. Janda, Legal Division Head
	SAVP Raymond C. Apo – Risk Management Department Head
Secretariat	Mgr. Jaynee Ann C. Victoria

Sub-Credit Committee	
Chairman	SVP Maria Teresita R. Dean – Credit & Collections Management Group Head
Vice Chairman	VP Maria Consuelo S. Ruffy, SME Credit Division Head
Voting Members	VP Pablito C. Veloria, Consumer Credit Division Head (Alternate)
	SAVP Mary Grace F. Guzman, SAMD Head
	AVP Grace Z. Floresca – Credit Policy & Supervision Division Head
Secretariat	Mgr. Jaynee Ann C. Victoria

Pricing Committee (Auto)	
Chairman	SVP Jose F. Acetre – Asset Recovery Group Head
Vice Chairman	FVP II Jan Nikolai M. Lim – Consumer Lending Group Head
Voting Members	SAVP Emmanuelito M. Gomez – Auto Lending Division Head
	VP Pablito C. Veloria, Consumer Credit Division Head
	VP II Atty. Edgar D. Dumlao
Secretariat	Acquired Assets Division Officer (Auto)

Anti-Money Laundering Committee (AMLACom)	
Chairman	VP II Sonia B. Ostrea – Operations Group Head
Vice Chairman	Chief Compliance Officer
Members	Pres. Alberto Emilio V. Ramos
	SVP Maria Teresita R. Dean – Credit & Collections Management Group Head
	FVP II Jan Nikolai M. Lim – Consumer Lending Group Head
	FVP Neliza Ma. R. Oñate – SME Lending Group OIC
	VP II Atty. Edgar D. Dumlao
	VP Lani D. Larion – Branch Banking Group Head
	SAVP Raymond C. Apo – Risk Management Department Head
Secretariat	Compliance Officer
Assistant Secretary	Gregorio R. Alva, Chief of Staff/Office of the President

Service Committee (ServCom)	
Chairman	President Alberto Emilio V. Ramos
Vice Chairman	FVP II Nikolai M. Lim – Consumer Lending Group Head
Members	FVP Adonis C. Yap – Alternative Channels & Process Management Grp. Head
	SVP Maria Teresita R. Dean – Credit & Collections Management Group Head
	FVP II Luis Bernardo A. Puhawan – Controller
	VP II Sonia B. Ostrea – Operations Group Head
	VP Lani D. Larion – Branch Banking Group Head
	VP Christian Hermes M. Bite – Collections Division Head
	SM Maria Theresa E. Santos – Customer Experience Management Head
	SAVP Raymond C. Apo – Risk Management Head
Ex Officio	Chief Compliance Head – (vacant)
Secretariat	Customer Quality Officer
Asst. Secretary	Gregorio R. Alva, Chief of Staff/Office of the President

Operations Committee (OpCom)	
Chairman	VP II Sonia B. Ostrea – Operations Group Head
Vice Chairman	VP Jose Renato O. Janairo – Branch Operations Division Head
Members	FVP Adonis C Yap – Alternative Channels & Process Management Grp. Head
	VP Rosalinda T. Munsayac – Loans Operations Division Head
	VP Lani D. Larion – Branch Banking Group Head
	SAVP Raymond C. Apo – Risk Management Division Head
	SAVP Myrna G. Mendoza – Branch Operations Department Head
Secretariat	BPMD Officer
Assistant Secretary	Gregorio R. Alva, Chief of Staff/Office of the President

Collections and Asset Recovery Committee (CARCom)	
Chairman	Pres. Alberto Emilio V. Ramos
Vice Chairman	SVP Jose F. Acetre – Asset Recovery Group Head
Members	SVP Maria Teresita R. Dean – Credit & Collections Management Group Head
	FVP II Luis Bernardo A. Puhawan – Controller
	FVP Atty. Odel S. Janda – Legal Division Head
	SAVP Raymond C. Apo – Risk Management Department Head
	SAVP Grace Z. Floresca – Credit Policy & Supervision Division Head
Secretariat	ARG Officer

Fraud Control Committee (FraudCom)	
Chairman	SAVP Raymond C. Apo – Risk Management Division Head
Vice Chairman	SVP Maria Teresita R. Dean – Credit and Collections Management Group Head
Members	SVP Jose F. Acetre – Asset Recovery Group Head
	FVP II Jan Nikolai M. Lim – Consumer Banking Group Head
	FVP Atty. Odel S. Janda – Legal Division Head, or VP II Atty. Edgar D. Dumlao
	VPII Sonia B. Ostrea, Operations Group Head
	VP Lani D. Larion – Branch Banking Group Head
Secretariat	Customer Quality Officer
Asst. Secretary	Gregorio R. Alva, Chief of Staff/Office of the President

Administrative Investigating Committee (AIC) Non-Behavioral	
Chairman	VP Ma. Lilibeth C. Paradero, Human Resources Division Head
Vice Chairman	SVP Maria Teresita R. Dean – Credit and Collections Management Group Head
Members	FVP Luis Bernardo A. Puhawan – Controller
	FVP Atty. Odel S. Janda – Legal Division Head
	SAVP Jay Araceli L. Suria – Human Resources Officer
	SAVP Raymond C. Apo – Risk Management Division Head
	1 to be appointed by the President
Secretariat	Human Resources Officer

Administrative Investigating Committee (AIC) Behavioral Cases	
Chairman	VP Ma. Lilibeth C. Paradero, Human Resources Division Head
Vice Chairman	SAVP Jay Araceli L. Suria – Human Resources Officer
Members	Head of the Group to which the charged employee belongs
	FVP Atty. Odel S. Janda – Legal Division Head
Secretariat	Human Resources Officer

Credit Model Steering Committee (CMSC)	
Chairman	Pres. Alberto Emilio V. Ramos
Vice Chairman	SVP Maria Teresita R. Dean – Credit and Collections Management Group Head
Members	VP Pablito C. Veloria, Consumer Credit Division Head
	SAVP Raymond C. Apo – Risk Management Division Head
	AVP Winifredo G. Solis – Project Manager, Business Intelligence
	AVP Grace Z. Floresca – Credit Policy & Supervision Division Head
Ex Officio	FVP II Jan Nikolai M. Lim – Consumer Lending Group Head
Resource Person	FVP Ananias S. Cornelio, III – Chief Risk Officer
	Mrs. Consolacion S. Saur - Consultant

Human Resources Committee (HRCom)	
Chairman	President Alberto Emilio V. Ramos
Vice Chairman	VP Ma. Lilibeth C. Paradero, Human Resources Division Head
Members	SVP Maria Teresita R. Dean – Credit and Collections Management Group Head
	SVP Jose F. Acetre – Asset Recovery Group Head
	FVP Neliza Ma. R. Oñate – SME Lending Group OIC
	VP Lani D. Larion – Branch Banking Group Head
Secretariat	Human Resources Officer

PART V. EXHIBITS AND SCHEDULES

Item 14. EXHIBITS AND REPORTS

(a) Exhibits

ANNEX “A”	-	Audited Financial Statements ended December 31, 2016
ANNEX “B”	-	Statement of Management Responsibility
ANNEX “C”	-	Annual Report Assessment Checklist

(b) Reports on SEC Form 17-C

<u>Date Reported</u>	<u>Report</u>
January 25, 2016	<p>a) Resignation</p> <ul style="list-style-type: none">i. Mr. Rene J. Sarmiento as Director of China Bank Savings, Inc. effective December 31, 2015.ii. Mr. Carlos M. Borromeo as an officer of PDB effective December 31, 2015iii. Mr. Gary A. Vargas, Head of Consumer Lending Group, with the rank of Senior Vice President effective January 31, 2016. <p>b) Election</p> <ul style="list-style-type: none">i. Mr. Carlos M. Borromeo as Director of China Bank Savings, Inc., replacing Mr. Rene J. Sarmiento, effective January 21, 2016.
February 23, 2016	<p>a) Appointment</p> <ul style="list-style-type: none">i. Mr. Christian Hermes M. Bite as Collections Head under Collections & Asset Recovery Group with the rank of Vice President effective April 1, 2016. <p>b) Resignation</p> <ul style="list-style-type: none">i. Ms. Alesandra E. Tiaoqui, Head of Credit Management Group with the rank of First Vice President effective February 28, 2016.
April 26, 2016	<p>a) Resignation</p> <ul style="list-style-type: none">i. Ms. Edralin G. Agbayani, Consumer Credit Division Head under Credit Management Group with the rank of Vice President effective April 16, 2016. <p>b) Scheduling of Annual Stockholders' Meeting</p> <ul style="list-style-type: none">i. June 16, 2016 at 10:30 A.M. – as the Corporation's Annual Stockholders' Meeting;ii. May 12, 2016 – as record date on and for the determination of those entitled to notice of and vote at the Annual Stockholders' Meeting; andiii. April 30, 2016 – as the closing of the Corporation's Stock Transfer books.
May 24, 2016	<ul style="list-style-type: none">(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; and,

(3) Amendment of its Articles of Incorporation, amending the 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 (₱14,000,000,000.00) 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.

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(4) Rescheduling of Annual Stockholders Meeting

- a. **May 31, 2016** – as the **closing** of the **Corporation’s Stock Transfer books.**
- b. **June 17, 2016** – **as record date** on and for the determination of those entitled to notice of and vote at the Annual Stockholders’ Meeting.
- c. **July 21, 2016 at 10:30 o’clock in the morning** to be held at CBS Building, 314 Sen. Gil Puyat Avenue, Makati City – as the **Corporation’s Annual Stockholders’ Meeting.**

June 22, 2016

a. Retirement

- i. **Ms. Maria Agnes J. Angeles**, Group Head – SME Lending Division 2-North Luzon with the rank of Executive Vice President effective June 1, 2016.
- ii. **Ms. Liberty S. Basilio**, SME Lending Group Head with the rank of Senior Vice President effective July 1, 2016.

July 26, 2016

At regular meeting held on July 21, 2016, the Board approved the Executive Committee’s resolution on July 7, 2016, to wit:

I. Resignation

- **Mr. Carlos M. Borromeo** as Director of China Bank Savings, Inc. effective July 15, 2016.
- **Atty. Maribel M. Dimayuga** as Chief Compliance Officer under Compliance Office effective July 24, 2016.

At the Annual Stockholders’ Meeting held on July 21, 2016 the stockholders holding more than the two thirds of the outstanding common stock of the Corporation approved the following, among others:

I. Election/re-election of the following as members of the Board of Directors:

1. Ricardo R. Chua
2. Nancy D. Yang
3. Ramon R. Zamora
4. Alberto Emilio V. Ramos
5. Alexander C. Escucha
6. Rosemarie C. Gan
7. Margarita L. San Juan
8. Alberto S. Yao
9. Roberto F. Kuan

II. Retention of SyCip Gorres Velayo & Co. (SGV) as the Corporation's external auditor for the Fiscal Year 2016-2017. And the appointment of Mr. Ray Francis C. Balagtas as the new partner-in-charge assigned to the Corporation for the ensuing year.

- III. (a) Increase in authorized capital stock of the Corporation from Php6.0 Billion to
Php14.0 Billion;
- (b) Transfer of the Head Office of the corporation from VGP Center, 6772 Ayala Avenue, Makati City to CBS Building, 314 Sen. Gil Puyat Avenue, Makati City, Philippines; and,
- (c) Amendment of THIRD and SEVENTH Articles of the Articles of Incorporation of the Bank, to read as follow:

“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 P100.00 each or a total par value of P13,400,000,000 and

SIX MILLION (6,000,000) – Preferred shares of the par value of P100.00 each or a total par value of P600,000,000

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 27th day of October 2017.

CHINA BANK SAVINGS, INC.

By:

ORIGINAL SIGNED
ALBERTO EMILIO V. RAMOS
President

ORIGINAL SIGNED
JAMES CHRISTIAN T. DEE
Treasurer

ORIGINAL SIGNED
LUIS BERNARDO A. PUHAWAN
Controller

ORIGINAL SIGNED
Atty. ODEL S. JANDA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 27th day of October 2017 at Makati City, affiants exhibited to me their government issued identification cards, as follows:

NAME	NUMBER
Alberto Emilio V. Ramos	SSS No. 03-6734669-8
James Christian T. Dee	SSS No. 33-49988673
Luis Bernardo A. Puhawan	Unified Multi-Purpose ID No. CRN-0033-4600510-6
Odel S. Janda	IBP No. 32346

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Page No. 37;
Book No. 11;
Series of 2017.

NOTARY PUBLIC
ORIGINAL SIGNED
NOEL V. DANTING
Notary Public until December 31, 2017
Appointment No. M-18 (2016-2017)
Roll No. 47096 IBP No. 08446
PTR 5909469 01/4/17 Makati
MCLE Compliance No. V-0003219
314 Gil Puyat Ave., Makati City