

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

[] Preliminary Information Statement

[x] Definitive Information Statement

2. Name of Registrant as specified in its charter: **EAST WEST BANKING CORPORATION**

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

4. SEC Identification Number: **AS094-002733**

5. BIR Tax Identification Code: **003-921-057**

6. Address of principal office: **The Beaufort, 5th Avenue, corner 23rd Street, Fort Bonifacio Global City, Taguig City**

7. Registrant's telephone number, including area code: **+632 575-3888**

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

Date: **April 21, 2017**

Time: **11:00 AM**

Place: **Ruby B, Crowne Plaza Manila Galleria, Ortigas Avenue corner ADB Avenue, Quezon City 1100**

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

March 29, 2017

10. In case of Proxy Solicitations:

EAST WEST BANKING CORPORATION IS NOT SOLICITING PROXIES

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	1,499,983,610 shares

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes X No _____

The above common shares are listed in the Philippine Stock Exchange (PSE)

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

Date: April 21, 2017

Time: 11:00 AM

Place: Ruby B, Crowne Plaza Manila Galleria, Ortigas Avenue corner ADB Avenue, Quezon City 1100

Mailing address of principal office: The Beaufort, 5th Avenue, corner 23rd Street, Fort Bonifacio Global City, Taguig City

This Information Statement is first to be sent or given to security holders on March 29, 2017.

East West Banking Corporation is not asking any of its stockholders for a proxy.

Item 2. Dissenters' Right of Appraisal

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

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Securities: 1,499,983,610 common shares are entitled to vote on April 21, 2017 Annual General Stock Holders Meeting.

(b) Record Date: Only the stockholders of record as of February 28, 2017 are entitled to notice of and to vote at the meeting.

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

In accordance with Sections 23 and 27 of The Corporation Code, Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38.1 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before **March 13, 2017**. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.

As to the manner of voting, paragraph 2, Section 2, Article II of the Bank's By-Laws provides that during the annual meeting, the stockholders shall elect the members of the Board of Directors and may transact such other business and or consider such other matters about which they have been given prior notice before such meeting. Section 9 Article III of the By-Laws states that each stockholder entitled to vote in a meeting of stockholder may vote by proxy. For this purpose, the proxy instrument must be duly notarized as presented to the Corporate Secretary for inspection and record prior to the opening of said meeting.

Following Section 24 of The Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.

East West Banking Corporation is not asking any of its stockholders for a proxy.

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

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

Title of Class	Name, Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	%
Common	Filinvest Development Corporation 6/F The Beaufort, 5th Ave. cor, 23rd St., Fort Bonifacio Global City, Taguig City (Stockholder)	ALG Holdings Corporation (Parent Company of FDC)	Filipino	600,090,678	40.0%
Common	Filinvest Development Corporation Forex Corporation 6/F The Beaufort, 5th Ave. cor, 23rd St., Fort Bonifacio Global City, Taguig City (Stockholder)	Filinvest Development Corporation (Parent Company of EW)	Filipino	557,721,376	37.2%
Common	PCD Nominee Corporation 37th Floor, Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City	Various stockholders/clients	Filipino	215,641,873	14.4%
Common	PCD Nominee Corporation 37th Floor, Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City	Various stockholders/clients	Non-Filipino	121,775,277	8.1%

Based on the list provided by the Philippine Depository and Trust Corp. to the Bank's transfer agent, Stock Transfer Service, Inc., as of February 28, 2017 none among the stockholders under the PCD Nominee Corporation holds 5% or more of the Bank's securities.

Filinvest Development Corporation (FDC) is the record and beneficial owner of 40.0% of the outstanding capital stock of the Bank. It is also the beneficial owner – through registered owner FDC Forex Corporation of 37.2% of the shares of the Bank. FDC is majority owned by A.L. Gotianun, Inc. The Bank and FDC's ultimate parent company is A.L. Gotianun, Inc.

Lourdes Josephine Gotianun Yap is the proxy holder and authorized to vote on behalf of Filinvest Development Corporation and FDC Forex Corporation with 77.2% shareholding in the Corporation.

Except as stated above, the Bank has no knowledge of any person holding more than 5% of the Bank's outstanding shares under a voting trust or similar agreement. The Bank is likewise not aware of any arrangement which may result in a change in control of the Bank, or of any additional shares which the

above-listed beneficial or record owners have the right to acquire within thirty (30) days, from options, warrants, rights, conversion privilege or similar obligation, or otherwise.

Directors and Management as of February 28, 2017:

Title of Class	Name	Position	Citizenship	Beneficial/ Record	Percent of Ownership
Common	Jonathan T. Gotianun	Director, Chairman of the Board	Filipino	10,575,810	0.7051%
Common	Antonio C. Moncupa, Jr.	Director, President & CEO	Filipino	2,151,036	0.1434%
Common	Mercedes T. Gotianun	Director	Filipino	880,664	0.0587%
Common	L. Josephine Gotianun-Yap	Director	Filipino	11,436,851	0.7625%
Common	Benedicto M. Valerio, Jr.	Director/Corporate Secretary	Filipino	100,510	0.0067%
Common	Wilson L. Sy	Director	Filipino	474,910	0.0317%
Common	Paul A. Aquino	Director	Filipino	40,010	0.0027%
Common	Carlos A. Alindada	Director	Filipino	10	0.0000%
Common	Jose Sandejas	Director	Filipino	31,760	0.0021%
		Subtotal		25,691,561	1.7128%
Common	Jose Emmanuel U. Hilado	Senior Executive Vice President	Filipino	277,665	0.0185%
Common	Gerardo Susmerano	Senior Executive Vice President	Filipino	425,372	0.0284%
Common	Jacqueline S. Fernandez	Executive Vice President	Filipino	39,637	0.0026%
Common	Ernesto T. Uy	Senior Vice President	Filipino	40,000	0.0027%
Common	Ivy B. Uy	Senior Vice President	Filipino	199,392	0.0133%
Common	Bernadette T. Ratcliffe	First Vice President	Filipino	13,292	0.0009%
Common	Renato P. Peralta	Vice President	Filipino	61,546	0.0041%
Common	Grace N. Ang	Vice President	Filipino	68,171	0.0045%
		Subtotal		1,125,075	0.0750%
		Total		26,816,636	1.7878%

The aggregate shareholdings of all directors and officers as a group is 1.7878%.

Voting trust holders of 5% or more

To the extent known to the Bank, there is no person or group of persons holding more than 5% of the common shares by virtue of a voting trust or similar agreement as there has been no voting trust which has been filed with the Bank and the Securities and Exchange Commission.

Change in Control

There have been no arrangements that have resulted in a change of control of the Bank during the period covered by this report.

Item 5. Directors and Executive Officers

(a) Incumbent Directors and Advisors

The Registrant is overseen by its Board of Directors (BOD) consisting of six regular members and three Independent Directors. The members of the Board are elected annually by the stockholders and shall each serve a term of one (1) year until the election and qualification of a new set of BOD. Furthermore, the BOD shall elect among themselves a Chairman and a Vice-Chairman.

The current list of the Bank's members of the Board is as follows:

	Name	Age (as of last birthday)	Citizenship
1.	Jonathan T. Gotianun	63	Filipino
2.	Antonio C. Moncupa, Jr.	58	Filipino
3.	Mercedes T. Gotianun	88	Filipino
4.	Lourdes Josephine Gotianun-Yap	61	Filipino
5.	Carlos R. Alindada	80	Filipino
6.	Paul A. Aquino	74	Filipino
7.	Jose S. Sandejas	76	Filipino
8.	Wilson L. Sy	64	Filipino
9.	Benedicto M. Valerio, Jr.	58	Filipino

**JONATHAN T. GOTIANUN, 63 years old, Filipino
Chairman**

Mr. Jonathan Gotianun is concurrently the Chairman of Filinvest Development Corporation, Filinvest Land, Inc., Cotabato Sugar Central Co., Inc., Davao Sugar Central Co., Inc., CountryWide Water Services, Inc., EastWest Rural Bank, Inc., East West Ageas Life Insurance Corporation and East West Leasing and Finance Corp., prior to his election as Chairman of the Board of EastWest Bank he was Vice-Chairman and Director since 1994. He is also a Director of FDC Utilities, Inc., FDC Misamis Power Corporation, Filinvest Alabang, Inc., FDC Hotels Corp. and Pacific Sugar Holdings Corp. Mr. Gotianun sits as Chairman of EastWest Bank since April 2007. He holds a degree in Commerce from the Santa Clara University in California and a Masters in Management from Northwestern University in Illinois.

**ANTONIO C. MONCUPA, JR., 58 years old, Filipino
President, CEO and Director**

Mr. Antonio Moncupa, Jr. has been the President and CEO of EastWest since January 1, 2007. Mr. Moncupa also sits as a Director of Pasberfund Realty Holdings, East West Rural Bank, Inc., Bancnet, Philippine Rural Reconstruction Movement, EastWest Ageas Insurance Corporation and East West Ageas Life Insurance Corporation. Mr. Moncupa holds a double degree in Economics and Accounting from the De La Salle University, and a Masters in Business Administration from the University of Chicago. Before joining EastWest, he was EVP and Chief Financial Officer of the International Exchange Bank.

**MERCEDES T. GOTIANUN, 88 years old, Filipino
Director**

Mrs. Mercedes Gotianun is a Director of Filinvest Development Corporation, Filinvest Land, Inc., A.L.Gotianun, Inc. Andremerc Holdings Corp., Pacific Sugar Holdings Corp., Davao Sugar Central Corporation, Cotabato Sugar Central Company Inc., High Yield Sugar Farm Corp., and FDC Utilities, Inc. and Vice-Chairman of Filinvest Alabang, Inc. Mrs. Gotianun holds a degree in BS Pharmacy (magna cum laude) from the University of the Philippines. She has been serving as a Director of EastWest Bank since 1995.

**LOURDES JOSEPHINE GOTIANUN YAP, 61 years old, Filipino
Director**

Mrs. Lourdes Josephine Gotianun Yap is the President and Chief Executive Officer of Filinvest Development Corporation and Chairman of Filinvest Asia Corporation, Cyberzone Properties, Inc. and The Palms Country Club. She is also the President of Filinvest Land, Inc., Filinvest Alabang, Inc. and Festival Supermall, Inc. Mrs. Yap holds a degree in Business Management from the Ateneo de Manila University and a Masters in Business Administration major in Finance from the University of Chicago. She has been a Director of EastWest Bank since August 2000.

**WILSON L. SY, 64 years old, Filipino
Director**

Mr. Wilson Sy is the Chairman of Wealth Securities, Inc. and a Director of Vantage, Securities, Inc., Philequity Management, Inc., eBusiness Services, Inc., Pacific Online Systems Corp., Leisure & Resorts World Corp., Asian Alliance Holdings Corp., Xcell Property Ventures, Inc. Monte Oro Resources & Energy, Inc., and Sinag Energy Philippines Inc. He is formerly of Philippine Stock Exchange from 1996-1998 and a Director of Yehey Corporation, International Exchange Bank. He graduated with a degree in Management Engineering from Ateneo De Manila University. He has been a Director of the Bank since April 15, 2016.

CARLOS R. ALINDADA, 80 years old, Filipino
Independent Director

Mr. Carlos Alindada is formerly Chairman and Managing Partner of SGV & Co., Director of the National Power Corporation and Commissioner of the Energy Regulation Commission. He graduated with a degree in Accounting from the University of the East, and a Masters in Business Administration in Corporate Finance from New York University. He also pursued an Advance Management Program at Harvard University. Mr. Alindada has been a Director of EastWest Bank since April 2002.

PAUL A. AQUINO, 74 years old, Filipino
Independent Director

Mr. Paul Aquino is an Adviser of the EDC (Energy Development Corporation), President of President of Keitech (Kananga EDC Institute of Technology) and the Honorary Consul of the Government of Malta. Mr. Aquino is a Trustee of Tanging Yaman and is also a Director of East West Ageas Life Insurance Corporation and Skycable Inc. He is formerly the President of Green Core Geothermal, Inc. and Corinthian Securities, Inc. He is a graduate of BS in Electrical Engineering and holds a Masters in Business Administration from Santa Clara University in California. He was conferred Doctor of Management Science (Honoris Causa) by the Philippine School of Business Administration. He has been a Director of the Bank since October 2009.

JOSE S. SANDEJAS, 76 years old, Filipino
Independent Director

Mr. Jose Sandejas is the Chairman of Diversified Holdings, Inc., Primegates Property, Inc., Sun Oil Inc., Radix Inc and Ostrea Mineral Laboratories, Inc. and the Director of TCGI Engineers and Taikisha Phils., Inc. and formerly a Director of Petron Corporation, Asian Hospital, Inc. and Asia United Banking Corporation. He graduated with a degree in Chemical Engineering from the De La Salle University and pursued a doctorate degree in Materials Engineering from Rensselaer Polytechnic Institute. He has been serving as Director of EastWest Bank since April 2002.

BENEDICTO M .VALERIO, JR., 58 years old, Filipino
Director /Corporate Secretary

Atty. Benedicto M. Valerio, Jr. is actively engaged in the practice of law and specializes in litigation and corporate work. He was Assistant Corporate Secretary of International Exchange Bank from 2001-2006 and also served as its General Counsel. He holds a BS Commerce degree from the De La Salle University and Bachelor of Laws from the Ateneo de Manila University. He finished his Masters in Business Administration at the Ateneo Graduate School of Business. Atty. Valerio has been a Director since July 2012 and a Corporate Secretary of EastWest Bank since April 2007.

The Bank held its Annual Stockholders Meeting on April 15, 2016.

The Bank held twelve (12) Regular Board Meetings from January to December 2016; One (1) Special Board Meeting held on April 15, 2016; and one (1) Organizational Meeting of the Board held on April 28, 2016 or a total of Fourteen (14) Board Meetings.

Board of Directors	No. of Meetings Attended/Held	Percent Present
Jonathan T. Gotianun	13/14	93%
Antonio C. Moncupa, Jr.	11/14	79%
Andrew L. Gotianun, Sr.*	2/2 (Jan-Feb 2016)	100%
Wilson L. Sy	9/9 (April- Dec 2016)	100%
Mercedes T. Gotianun	12/14	86%
L. Josephine G. Yap	11/14	79%
Jose S. Sandejas	14/14	100%
Carlos R. Alindada	14/14	100%
Paul A. Aquino	14/14	100%
Benedicto M. Valerio, Jr.	14/14	100%

*Mr. Andrew L. Gotianun, Sr. passed away on March 10, 2016

A certification on the qualifications of the Independent Directors is attached herewith as Annex A.

(b) Executive Officers

The following is the list of Key Executive Officers of the Bank as of February 28, 2017:

Name	Rank	Age (as of last birthday)	Citizenship
Antonio C. Moncupa, Jr.	President & CEO	58	Filipino
Jose Emmanuel U. Hilado	Senior Executive Vice President, COO & Treasurer	53	Filipino
Gerardo Susmerano	Senior Executive Vice President	52	Filipino
Jacqueline S. Fernandez	Executive Vice President	54	Filipino
Maria Alicia C. Arnaldo	Senior Vice President & CFO	46	Filipino
Ernesto T. Uy	Senior Vice President	56	Filipino
Ivy B. Uy	Senior Vice President	44	Filipino
Eloida F. Oquialda	Senior Vice President	54	Filipino
Lourdes Blanquita B. Falcon	Senior Vice President	57	Filipino
Josephine F. Fernandez	Senior Vice President	54	Filipino
Abigail Tina M. Del Rosario	Senior Vice President	55	Filipino
Domingo V. Guanio	Senior Vice President	57	Filipino
Angel Marie L. Pacis	First Vice President	48	Filipino
Grace N. Ang	First Vice President	41	Filipino
Ma. Bernadette T. Ratcliffe	First Vice President	56	Filipino
Renato P. Peralta	First Vice President	57	Filipino

ANTONIO C. MONCUPA, JR., 58 years old, Filipino President and Chief Executive Officer and Director

Mr. Antonio Moncupa, Jr. has been the President and CEO of EastWest since January 1, 2007. Mr. Moncupa also sits as a Director of Pasberfund Realty Holdings, East West Rural Bank, Inc., Bancnet, Philippine Rural Reconstruction Movement, EastWest Ageas Insurance Corporation and East West Ageas Life Insurance Corporation. Mr. Moncupa holds a double degree in Economics and Accounting from the De La Salle University, and a Masters in Business Administration from the University of Chicago. Before joining EastWest, he was EVP and Chief Financial Officer of the International Exchange Bank.

JOSE EMMANUEL U. HILADO, 53 years old, Filipino Senior Executive Vice President, Chief Operating Officer and Treasurer

Mr. Jose Emmanuel U. Hilado has 32 years of solid banking experience from various major banks, occupying senior management roles involving International Banking and Treasury which includes Asset and Liability Management, Trading, Portfolio Management, Global Distribution and Advisory and Financial Institutions Management. He is the Chairman of East West Insurance Brokerage and Director of East West Ageas Life Insurance Corporation. He completed his degree in BS Business Economics from the University of the Philippines, Diliman as a Dean's List Medalist. He earned his Executive MBA degree from Kellogg-Hongkong University of Science and Technology. He is a Certified Treasury Professional from the BAP-Ateneo Graduate School. Prior to joining East West Bank, Mr. Hilado was the Senior Executive Vice President and Treasurer of RCBC.

GERARDO SUSMERANO, 52 years old, Filipino Senior Executive Vice President and Head – Retail Banking and Operations

Mr. Gerardo Susmerano has served as Senior Executive Vice President and Head of Retail Banking and Operations since September 2006. He is also re-elected as a Director of BANCNET for 2012-2013. Mr. Susmerano obtained his Bachelor's Degree in Accounting from the University of Santo Tomas and Master's Degree in Business Administration from the Asian Institute of Management.

JACQUELINE S. FERNANDEZ, 54 years old, Filipino Executive Vice President and Head – Consumer Lending

Ms. Jacqueline S. Fernandez is Executive Vice President and Head of EastWest's Consumer Lending Cluster. She has been with the Bank since March 16, 2006. Before joining EastWest, she was Vice President and Head of the Management and Performance Standards Group of the Standard Chartered Bank. Ms. Fernandez earned her degree in Economics from the University of the Philippines and holds a Masters degree in Business Administration from the same university.

MARIA ALICIA C. ARNALDO, 46 years old, Filipino

Senior Vice President and Chief Finance Officer and Head - Finance and Technology Cluster

Ms. Maria Alicia C. Arnaldo has more than 20 years of experience across the financial services, technology, marketing and outsourcing industries. She was the Co-Founder and Chair of Coalescent Resourcing, Inc., a digital marketing outfit that helped businesses grow mainly through solid web presence, social media operations and creative digital assets. She also held senior management positions in banks, most recently, at Asia United Bank, as SVP and Head for Strategic Planning and Marketing; at Philippine Bank of Communication, as SVP and Head for Corporate Planning and Marketing; and at International Exchange Bank, as FVP and Chief Risk Officer and Head of Strategy. Ms. Arnaldo received her degree of Bachelor of Science in Management Engineering from Ateneo de Manila University.

ERNESTO T. UY, 56 years old, Filipino

Senior Vice President and Head – Corporate Banking Group 1

Mr. Ernesto T. Uy is Senior Vice President and Head of the Corporate Banking Group. He has been with the Bank since September 2008. Before joining EastWest, he was Senior Vice President and Unit Head at Banco De Oro Universal Bank. Mr. Uy obtained his Bachelor's Degree in Industrial Management Engineering from De La Salle University and his Master's Degree in Industrial Engineering and Management from the Asian Institute of Technology.

IVY B. UY, 44 years old, Filipino

Senior Vice President and Head - Regional Branch Banking

Ms. Ivy B. Uy has joined the bank in Sept 2006 as FVP/Division Head for Central Metro Manila Division, and in 2008 as Deputy Group Head of Branch Banking. Before joining EastWest, she was a Center Head - Manila Area of International Exchange Bank. Ms. Uy holds a degree in Hotel and restaurant management from the University of Sto. Tomas and finished a Management Development Program in Asian Institute of Management.

ELOIDA F. OQUIALDA, 54 years old, Filipino

Senior Vice President and Chief Audit Executive

Ms. Eloida F. Oquialda has more than 25 years of experience in the audit of universal banks, having been employed previously at Bank of the Philippine Islands and Rizal Commercial Banking Corporation. She earned her degree in BS Accountancy from Polytechnic University of the Philippines. She is a Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA), Certified Internal Auditor (CIA) and Certified Risk and Information Systems Control (CRISC).

LOURDES BLANQUITA B. FALCON, 57 years old, Filipino

Senior Vice President and Head – Corporate Banking Group 2

Ms. Lourdes Blanquita B. Falcon is armed with over 30 years of professional experience in Credit Risk Management and Corporate and Commercial Banking. Prior to joining EW, Ms. Falcon was a consultant and advisor for several banking institutions such as Bank Central Asia – Jakarta, Deutsche Bank – Jakarta and Citibank – Bangkok. She received her Bachelor of Science in Business Economics degree, Cum Laude from University of the Philippines Diliman and earned her Master of Business Administration degree from the same institution.

JOSEPHINE F. FERNANDEZ, 54 years old, Filipino

Senior Vice President and Head – Human Resources

Ms. Josephine F. Fernandez has 30 solid years of banking experience specializing in Human Resource and is an expert in Employee Relationship Management. Prior to joining EW, she was the HR Executive of the Bank of the Philippine Island. Ms. Fernandez earned her BS Business Administration degree from University of the Philippines. She received Bachelor of Laws degree from San Beda College and San Sebastian College.

ABIGAIL TINA M. DEL ROSARIO, 55 years old, Filipino

Senior Vice President and Head – Wealth Management

Ms. Abigail Tina M. Del Rosario is a seasoned banker with over 30 years of experience gained from several banks. Her expertise are in the fields of Wealth Management and Retail Banking. Her most recent responsibility was a country Head of Retail Banking Segment and concurrently the Head of Client Experience and Process Governance of Standard Chartered. Ms. Del Rosario also managed and led the Consumer Banking Frontline sales team that covered Retail Banking, Credit Card and Personal Loans.

Other notable positions she held in SCB were being the General Manager for Premium Banking, Wealth Management, Customer Experience and SME, Shared Distribution and Direct Banking, Customer Service and early on her career as a Branch Manager in Alabang Madrigal Branch. Ms. Del Rosario earned her Bachelor of Science degree major in Business Management from University of the Philippines.

DOMINGO V. GUANIO

Senior Vice President and Chief Information Officer

Mr. Domingo V. Guanio is armed with 35 years of professional experience in Information and Technology, Executive Corporate Management and Operations. Mr. Guanio served in Bank of the Philippine Islands where he held various positions including Computer Operations Support Head, Data Center Head, Systems Programming Head and Manager for Systems Development and Maintenance. Mr. Guanio received his Bachelor of Science in Management Engineering degree from Ateneo de Manila University.

ANGEL MARIE L. PACIS, 48 years old, Filipino

First Vice President and Trust Officer – Investments Cluster

Ms. Angel Marie L. Pacis graduated cum laude with a degree in BS Economics from the University of the Philippines in Diliman and has completed the units of her master's degree in business administration also from the University of the Philippines. She also graduated with distinction from the Trust Institute Foundation of the Philippines One-year Course on Trust Operations and passed the Level 2 Chartered Financial Analyst Exam. She is currently an adviser to the Board of Directors – Trust Officers Association of the Philippines and is a lecturer at the Trust Institute Foundation of the Philippines. Prior to joining East West Bank, she was the Vice President and Head of Institutional Asset Management 2 at the Bank of the Philippine Islands.

GRACE N. ANG, 41 years old, Filipino

First Vice President & Chief Risk Officer

Ms. Grace N. Ang has been the Chief Risk Officer of EastWest since August 1, 2008. Before joining EastWest, she was with International Exchange Bank as Senior Manager. She was also appointed as Director of AIG Philam Savings Bank, Inc. from March 12 to September 03, 2009. Ms. Ang holds a degree in Accounting from the De La Salle University and is a Certified Public Accountant.

MA. BERNADETTE T. RATCLIFFE, 56 years old, Filipino

First Vice President and Chief Compliance Officer

Ms. Ma. Bernadette T. Ratcliffe has more than 20 years experience in various senior management roles involving controllership, treasury, financial and corporate planning and compliance. Prior to her appointment as Compliance Officer, she was the Chief of Staff of the President of East West Bank. She completed her BS Business Administration and Accountancy Degree and Masters in Business Administration from the University of the Philippines – Diliman and is a Certified Public Accountant.

RENATO P. PERALTA, 57 years old, Filipino

First Vice President and Head – Credit Policy & Review

Mr. Renato P. Peralta joined EastWest as Head of Credit Policy & Review in June of 2009. Prior to joining EastWest, he was Head of UCPB Securities, Inc. Mr. Peralta graduated from the Ateneo de Manila University with a Bachelor of Arts degree in Economics.

(c) **Nominees for election as Directors and Independent Directors for 2017-2018**

The Corporate Governance and Compliance Committee, on its special meeting held on March 14, 2017, has determined that the following, all of whom are incumbent directors, possess all the qualifications and none of the disqualifications for directorship set out in EastWest's Manual on Corporate Governance, duly adopted by the Board pursuant to SRC Rule 38.1 and SEC Memorandum Circular No. 16, Series of 2002. Below is the list of candidates prepared by the Nomination Committee:

Name	Citizenship	Nominated as	Nominated by	Relationship with Nominees
Jonathan T. Gotianun	Filipino	Director	FDC	Beneficial Owner
Antonio C. Moncupa, Jr.	Filipino	Director	FDC FOREX CORP	Not Related
Wilson L. Sy	Filipino	Director	FDC	Beneficial Owner
Mercedes T. Gotianun	Filipino	Director	FDC	Beneficial Owner
L. Josephine G. Yap	Filipino	Director	FDC FOREX CORP	Beneficial Owner
Benedicto M. Valerio, Jr.	Filipino	Director	FDC FOREX CORP	Not Related
Jose S. Sandejas	Filipino	Independent Director	FDC	Not Related
Carlos R. Alindada	Filipino	Independent Director	FDC	Not Related
Paul A. Aquino	Filipino	Independent Director	FDC FOREX CORP	Not Related

The Nomination Committee has determined that the nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Revised Manual on Corporate Governance. The nominees for the independent directors have no relationship / affiliation with FDC and FFC.

A certification on the qualifications of the Independent Directors and that none of the above named directors and officers work with the government is attached herewith as Annex A and B, respectively.

The Nominations Committee is composed of Paul A. Aquino as Chairman, Jose S. Sandejas, Jonathan T. Gotianun, Carlos R. Alindada and Benedicto M. Valerio, Jr. as members.

(d) **Involvement in Legal Proceedings**

To the best of the Bank's knowledge and belief and after due inquiry, none of the Bank's directors, nominees for election as director, or executive officer have in the five year period prior to the date of this Report:

- 1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time;
- 2) convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses;
- 3) subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or
- 4) found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

The Bank has been, and may in the future be, implicated in lawsuits in connection with the ordinary course of its business. However, neither the Bank nor any of its subsidiaries have been subject to any order, judgment, or decree, or violated any securities or commodities law for the last five years, or are involved in any litigation or arbitration proceedings that may have, or have had, a material adverse effect on it or its subsidiaries' financial condition, nor, so far as any of them is aware, is any such proceeding pending or threatened.

All legal proceedings involving the Bank are efficiently and competently attended to and managed by a group of eleven (11) in-house counsels who are graduates of reputable law schools in the country. As its external counsels, the Bank retains or engages the services on case to case basis the following respected

law firms, Sycip, Salazar Hernandez & Gatmaitan Law Office, Angara Abello Concepcion Regala & Cruz, Sobreviñas Hayudini Navarro and San Juan Law Offices; Diaz Del Rosario and Associates; Law Offices of Alvarez, Vera Law Office, Anover Anover San Diego & Primavera, Nuez, Galang and Espina Lopez and Quitain Law Office, and Divina Law Offices, among others.

(e) **Significant Employees**

No single person is expected to make a significant contribution to the business since the Bank considers the collective efforts of all its employees as instrumental to the overall success of the Bank's performance.

(f) **Relationships and Related Transactions**

The Bank has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business.

The amounts and the balances arising from the foregoing significant related party transactions of the Bank are as follows (in thousand pesos):

Category	2016		Terms and Conditions/Nature
	Amount/ Volume	Outstanding Balance	
Significant Investors:			
Loans receivable	P-	P5,621,850	Loans granted with a term of seven years, interest of 4.06%, secured, no impairment
Deposit liabilities	-	2,784,273	Earns interest at the respective bank deposit rates
Accrued interest receivable	-	65,296	Interest income accrued on outstanding loans receivable
Accrued expenses	-	5,941	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	-	1,378,150	Unused cancellable credit lines
Interest income	228,247	-	Interest income on loans receivable
Interest expense	8,479	-	Interest expense on deposit liabilities
Key management personnel:			
Deposit liabilities	-	107,786	Generally similar to terms and conditions above
Interest expense	271	-	Interest expense on deposit liabilities

(Forward)

2016			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Other related parties:			
Loans receivable	P-	P5,191,187	Loans granted with terms ranging from three months to thirteen and a half years, interest ranging from 4.0% to 11.52%, 97% secured by real estate and chattel mortgage, no impairment
Receivables purchased	-	371,504	Receivables purchased by the Parent Company from FLI
Deposit liabilities	-	6,417,226	Earns interest at the respective bank deposit rates
Guarantees and commitments	-	12,000	Unused credit lines
Accrued interest receivable	-	4,593	Interest income accrued on outstanding loans receivable
Accounts receivable	-	303,753	Receivable from FAI on the sale of land by the Parent Company, payable in 5 years, interest of 6.00% (Note 11) and reimbursement of expenses paid on behalf of EW Ageas Life
Interest income	323,445	-	Interest income on loans receivable
Interest expense	51,348	-	Interest expense on deposit liabilities
Commission fees	3,000	-	Commission fees received from EW Ageas Life
Service fee expense	1,518	-	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (see Note 9)
Rent expense	40,505	-	Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation, FAI and FLI
2015			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Significant investors:			
Loans receivable	P-	P5,621,850	Loans granted with a term of seven years, interest of 4.50%, secured by REM and deposits, no impairment
Deposit liabilities	-	1,671,459	Earns interest at the respective bank deposit rates
Accrued interest receivable	-	62,760	Interest income accrued on outstanding loans receivable
Accrued expenses	-	20,502	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	-	150,097	Unused credit lines
Interest income	228,247	-	Interest income on loans receivable
Interest expense	9,458	-	Interest expense on deposit liabilities
Key management personnel:			
Loans receivable	-	33,433	Loans granted with terms ranging from two to fifteen years, interest ranging from 6.00% to 10.27%, secured at 100%
Deposit liabilities	-	28,758	Earns interest at the respective bank deposit rates
Accrued interest receivable	-	196	Interest income accrued on outstanding loans receivable
Interest income	3,149	-	Interest income on loans receivable
Interest expense	147	-	Interest expense on deposit liabilities
Other related parties:			
Loans receivable	P-	P4,834,271	Loans granted with terms ranging from three months to thirteen and a half years, interest ranging from 4.0% to 11.52%, 97% secured by real estate and chattel mortgage, no impairment
Receivables purchased	-	519,481	Receivables purchased by the Parent Company from FLI
Deposit liabilities	-	9,580,469	Earns interest at the respective bank deposit rates
Accrued interest receivable	-	7,779	Interest income accrued on outstanding loans receivable
Guarantees and commitments	-	444,574	Unused credit lines
Accounts receivables	-	431,529	Receivable from FAI on the sale of land by the Parent Company, payable in 5 years, interest of 6.00% (Note 11) and advances to EW Ageas Life
Interest income	310,346	-	Interest income on loans receivable
Interest expense	23,625	-	Interest expense on deposit liabilities
Service fee expense	1,946	-	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (see Note 9)

2015

Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Rent expense	43,178	-	Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation, FAI and FLI

The Bank's significant investors pertain to FDC, the immediate Parent Company of the Bank, and FDC Forex Corporation (a company under common control of FDC).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The Bank considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24. The Bank provides banking services to its key management personnel.

Other related parties pertain to the Bank's affiliates (subsidiaries of FDC).

The Bank had no outright purchases and outright sale of debt securities with significant shareholders and key management personnel in 2016 and 2015. In 2014, the Bank purchased peso-denominated debt securities issued by Filinvest Land, Inc., an affiliate, with market value amounting to ₱99.7 million as of December 31, 2014.

No provision and allowance for loan losses was recognized by the Bank for loans to significant investors, key management personnel and other related parties in 2016, 2015, and 2014.

The Bank's subsidiaries have no transactions with related parties outside of the Group. The transactions disclosed above are the same for the Group and the Bank.

Bank Related Party Transactions

Transactions between the Bank and its subsidiaries meet the definition of related party transactions. Details of the Bank's subsidiaries are disclosed in Note 10 of the 2016 audited Financial Statements.

In addition to the transactions discussed above, the following are the transactions between the Bank and its subsidiaries that are recognized in the Bank's statements of financial position and statements of income and eliminated in the consolidated financial statements (in thousand pesos):

2016			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/ Nature
Subsidiaries:			
Receivables purchased	₱22,743,646	₱17,439,621	Receivables purchased by the Bank from EWRB
Receivable sold	392,195	-	Employee loans sold by the Bank to EWRB
Accounts receivable	-	97,010	Amount collected by EWRB from borrowers on behalf of the Bank that remained unremitted and other related expenses shouldered by the Bank on behalf of the Subsidiaries
Deposit liabilities	-	375,589	Earns interest at the respective bank deposit rates
Accounts payable	-	12,246	Cash reloading transactions between EWRB and the Bank
Interest expense	678	-	Interest expense on deposits of EWRB and EWIB
Service fee expense	57,460	-	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Bank for the receivables purchased
Service fee income	481	-	Service fees paid by EWRB for account servicing equivalent to 0.37% of loan amounts collected by the Parent Company on behalf of EWRB for the receivables sold
Commission expense	316	-	Commission expense paid by the Bank to PSPI

Category	2015		
	Amount/ Volume	Outstanding Balance	Terms and Conditions/ Nature
Subsidiaries:			
Loans receivable	P-	P36,437	Loan Accommodation granted with a term of seven days.
Receivables purchased	12,925,050	8,335,049	Receivables purchased by the Bank from EWRB
Accrued interest receivable	-	-	Interest on receivables purchased from EWRB and loans granted to EWRB at 4.00% per annum
Accounts receivable	-	1,100,957	Amount collected by EWRB from borrowers on behalf of the Bank that remained unremitted by EWRB and other related expenses shouldered by the Bank on behalf of EWRB and EWIB.
Deposit liabilities	-	292,135	Earns interest at the respective bank deposit rates
Accounts payable	-	64,907	Cash reloading transactions between EWRB and the Bank
Interest income	8,044	-	Interest income on outstanding loans receivable
Interest expense	366	-	Interest expense on deposits of EWRB and EWIB
Service fee expense	30,572	-	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Bank for the receivables purchased

Remunerations of Directors and other Key Management Personnel

Total remunerations of key management personnel are as follows:

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Short-term employee benefits	P164,776	P177,663	P160,477	P149,994	P164,798	P146,966
Post employment benefits	15,501	7,723	8,192	15,501	7,723	8,192
	P180,277	P185,386	P168,669	P165,495	P172,521	P155,158

Remunerations given to directors which were approved by the Board Remuneration Committee amounted to P12.0 million in 2016, P13.4 million in 2015 and P13.1 million in 2014.

Subsidiaries and Affiliate

The following are the subsidiaries and affiliate of the Bank as of December 31, 2016:

Name	Principal Activities	Effective Percentage of Ownership
East West Rural Bank, Inc. (EWRB)	Consumer banking	100.00%
East West Insurance Brokerage, Inc. (EWIB)	Non-life insurance brokerage	100.00%
East West Leasing and Finance Corporation (EWLFC)	Finance and leasing	100.00%
Price Solutions Philippines, Inc. (PSP)	Sales and marketing	100.00%
Assurance Solutions Insurance Agency (ASIA)	General insurance and marketing	100.00%
East West Ageas Life Insurance Corporation (EWAL)	Life insurance	50.00%

East West Rural Bank, Inc.

East West Rural Bank, Inc. (formerly Finman Rural Bank, Inc.) was incorporated and registered with Philippine Securities and exchange Commission on November 5, 1997 with the purpose of accumulating deposits and granting loans to various individuals and corporate entities as well as government and private employees. It started its commercial operations in March 1998. Its place of business is located at No. 360 Dr. Sixto Antonio Avenue, Barangay Caniogan, Pasig City.

East West Insurance Brokerage, Inc.

East West Insurance Brokerage, Inc. (EWIB) was incorporated and registered with the Philippine Securities and Exchange Commission on July 6, 2015 with the primary purpose to act as an insurance broker. On September 23, 2015, the Insurance Commission ("IC") authorized EWIB to act as an insurance broker. It started its commercial operations in September 24, 2015. Its place of business is located at 5th avenue corner 23rd street, Bonifacio Global City, Taguig City.

East West Leasing and Finance Corporation

East West Leasing and Finance Corporation was registered with the SEC in October 2016 with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. Its place of business is located at The Beaufort, 5th avenue corner 23rd street, Bonifacio Global City, Taguig City.

Price Solutions Philippines, Inc.

In 2016, the Bank acquired 100.00% voting shares of PSPI as part of the asset and share transfer agreement by and between SCB Philippines and SCMB for a consideration amounting to ₱19.93 million. PSPI was registered with SEC in 2007 primarily to engage in providing sales and marketing services. The principal place of business is at 10th Floor, Eton Cyberpod Centris Building, EDSA cor. Quezon Avenue, Quezon City.

Assurance Solutions Insurance Agency

In 2016, the Bank acquired 100.00% voting shares of Assurance Solutions Insurance Agency (ASIA) as part of the asset and share transfer agreement by and between SCB Philippines and SCMB for a consideration amounting to ₱11.96 million. ASIA was registered with SEC in 2012 primarily to engage in general insurance agency business. In November 2016, ASIA has stopped its operations. The principal place of business is at 5th Floor, 6788 Sky Plaza Building, Ayala Avenue, Makati City.

East West Ageas Life Insurance Corporation

East West Ageas Life Insurance Corporation (EWAL) was incorporated and registered with the Philippine Securities and Exchange Commission on October 20, 2015 with the following primary purpose;

1. to undertake and write insurance upon the life of individuals, and every insurance appertaining thereto or connected therewith;
2. to make contracts of insurance providing for all risks, hazards, guarantees and contingencies to which life, accident, or health insurance is applicable;
3. to indemnify against legal liability;
4. to compute endowments and grant, purchase or dispose of annuities;
5. to procure re-insurance of its risks;
6. to issue policies stipulated to be with or without participation in profits; and
7. to purchase for its own benefit any policy of insurance or other obligation as well as claims of policyholders

On December 22, 2106, EWAL obtained from the Insurance Commission a license to operate life insurance business. Its principal place of business is located at One World Place, 32nd Street, Bonifacio Global City, Taguig City.

Item 6. Compensation of Directors and Executive Officers

The following table identifies and summarizes the aggregate compensation of EastWest's CEO and the four most highly compensated executive officers of the Bank in 2015, 2016 and 2017 estimates:

In million pesos:

Name	Year	Salary	Bonus	Others	Total
Antonio C. Moncupa, Jr.					
Jose Emmanuel U. Hilado	2016	P47.2	P60.1	P-	P107.3
Gerardo Susmerano					
Jacqueline Fernandez	2015	P43.4	P49.4	P-	P92.8
Renato K. De Borja, Jr. ¹	2014	P34.1	P43.7	P-	P77.8

¹ Resigned effective September 1, 2016

Aggregate compensation paid to all officers and Directors as a group unnamed (in millions)	2014	524.3
	2015	627.3
	2016	681.1

The growth in aggregate compensation of the CEO and the four most highly compensated executive officers of the Bank for 2017 is estimated to be the same as that of the prior year.

There are no actions to be taken as regards any bonus, profit sharing, pension or retirement plan, granting of extension of any option warrant or right to purchase any securities between the Bank and its directors and officers.

Remunerations given to directors which were approved by the Board Remuneration Committee amounted to ₱12.0 million in 2016, ₱13.4 million in 2015 and ₱13.1 million in 2014.

Standard Arrangement

Non-executive directors receive per diem of ₱60,000 per committee and special board meeting and ₱120,000 per regular board meeting.

Executive directors do not receive per diem as the same has been considered in their compensation.

Other Arrangement

The Bank has no other arrangement with regard to the remuneration of its existing directors and executive officers aside from the compensation received as stated above.

Item 7. Independent Public Accountants

Sycip Gorres Velayo & Co. (SGV & Co.), a member firm of Ernst & Young Global Limited has been the Bank's independent accountant for 22 years and is again recommended for appointment at the scheduled annual stockholders' meeting.

None of the Bank's external auditors have resigned during the two most recent fiscal years (2016 and 2015) or any interim period. 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, Ms. Josephine Adrienne Abarca was assigned as the signing partner in 2013, replacing Ms. Janet A. Paraiso who was assigned since 2009. Representatives of SGV & Co. are expected to be present at the meeting to respond to matters relating to the auditors' report on the 2016 financial statements of the Bank that may be pertinently raised during the meeting. Their representative will be given the opportunity to make a statement if they so desire.

The Bank has paid the following fees to SGV & Co relative to the regular and special engagements rendered by the latter that are reasonably related to the performance of the audit or review of the Bank's financial statements:

Fiscal Year	Audit Fees and Other Related Fees	Tax Fees
2016	₱6,313,750	-
2015	₱8,675,000	-
2014	₱3,500,000	-

No other services were rendered by SGV & Co. that were not related to the audit or review of the Bank's financial statements.

The Bank's Audit Committee, which is composed of Messrs. Carlos Alindada (Chairman), Paul Aquino, Jose Sandejas and Ms. Josephine Yap, approves the audit fees and fees for non-audit services, if any, of external auditors, as emphasized in the Audit Charter.

Per SGV & Co.'s representation during the Audit Committee meeting on February 21, 2017, they confirm that they did not have any disagreement with Management that could be significant to the Bank's financial statements or their auditor's report. Further, there are no matters that in their professional

judgment may reasonably be thought to bear on their independence or that they gave consideration to in reaching the conclusion that independence has not been impaired.

Item 8. Compensation Plans

Not applicable

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance of securities other than for Exchange.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Bank's securities or the issuance of authorization for of issuance of one class of the Bank's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

Annex C – Brief Description of the General Nature and Scope of the Business of the Bank
Annex D – Management Discussion and Analysis
Annex E – 2016 Audited Financial Statements

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up in the meeting with respect to mergers, consolidations, acquisitions and similar matters.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting with respect to material acquisition or disposition of any property by the Bank.

Item 14. Restatement of Accounts

As discussed in the 2016 financial statements of the Bank, due to regulatory requirements and in accordance with Amendments to *PAS 27, Separate Financial Statements - Equity Method in Separate Financial Statements*, the Bank has changed its accounting policy for its investments in subsidiaries from cost method to equity method in its separate financial statements. The said amendment requires that entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

The effects of the adoption on the Bank financial statements are as follows (in millions):

Statements of financial position	As at December 31, 2015	As at January 1, 2015
Increase in:		
Investment in subsidiaries	P817.6	P425.2
Surplus	817.9	425.3
Remeasurement losses on retirement plans	0.3	0.2
Statements of comprehensive income	Years Ended	
	2015	2014
Increase (decrease) in:		
Share in net income of subsidiaries	P392.6	P406.8
Share in remeasurement gains (losses) of retirement liability of subsidiaries	0.1	0.2

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- a. Approval of the Minutes of the April 15, 2016 Annual Stockholders' Meeting
- b. Ratification of the Audited Financial Statements for the year ending 31st December 2016
- c. Ratification of the Acts and Resolutions of the Board of Directors and Management for 2016
- d. Election of the Members of the Board of Directors including three (3) Independent Directors to serve for 2017-2018
- e. Appointment of External Auditor

A brief summary of the minutes of last year's stockholders' meeting and various resolutions by the Board which are for ratification by the stockholders in the forthcoming meeting is attached herewith as Annex F.

Item 16. Matters Not Required to be Submitted

All matters or actions that will require the vote of the security holders will be submitted in the meeting.

Item 17. Amendment of Charter, Bylaws or Other Documents

There are no matters or actions to be taken up in the meeting with respect to amendment of Charter, By-Laws or other documents.

Item 18. Other Proposed Action

Not applicable.

Item 19. Voting Procedures

In accordance with Sections 23 and 27 of The Corporation Code, Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38.1 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, and Section X141 of the Manual of Regulations for Banks, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary on or before March 13, 2017. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.

As to the manner of voting, paragraph 2, Section 2, Article II of the Bank's By-Laws provides that during the annual meeting, the stockholders shall elect the members of the Board of Directors and may transact such other business and or consider such other matters about which they have been given prior notice before such meeting. Section 9 Article III of the By-Laws states that each stockholder entitled to vote in a meeting of stockholder may vote by proxy. For this purpose, the proxy instrument must be duly notarized as presented to the Corporate Secretary for inspection and record prior to the opening of said meeting.

Following Section 24 of The Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.

The Corporate Secretary shall act as the election inspector at the annual stockholders' meeting and shall be authorized to count the votes to be cast.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

EAST WEST BANKING CORPORATION IS NOT SOLICITING PROXIES

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on March 23, 2017.

By:



ATTY. BENEDICTO M. VALERIO, JR.
Corporate Secretary

ANNEX A – CERTIFICATION ON QUALIFICATION OF INDEPENDENT DIRECTORS

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Carlos R. Alindada Filipino, of legal age and a resident of 7 Warbler St. Greenmeadows Subd., Quezon City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of East West Banking Corporation and have been its independent director since 2002.
2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

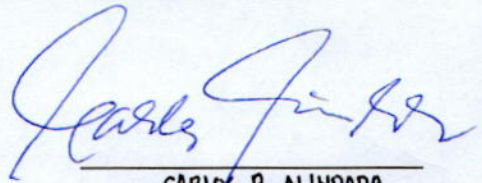
COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
N/A	N/A	N/A

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of East West Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of East West Banking Corporation and its subsidiaries other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of East West Banking Corporation of any changes in the abovementioned information within five days from its occurrence.

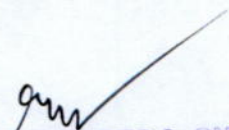
Done, this _____ day of MAR 23 2017, at MAKATI CITY.



CARLOS R. ALINDADA
AFFIANT

SUBSCRIBED AND SWORN to before me this _____ day of MAR 23 2017 at MAKATI CITY affiant personally appeared before me and exhibited to me his/her TIN# 105-392-794 issued at _____ on _____.

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ATTY. LOURDES A. GNA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-68 until December 31, 2017
Roll No. 38397 / IBP Lifetime No. 02701
PTR No. 5909138 January 3, 2017

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Jose S. Sandejas Filipino, of legal age and a resident of 131 Narra St. Ayala Alabang Village, Muntinlupa City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of East West Banking Corporation and have been its independent director since 2002 .
2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Diversified Holdings, Inc.	Chairman	1975
Primegates Property, Inc.	Chairman	2012
Sun Oil Inc.	Chairman	2015
Radix Inc.	Chairman	2000
Ostrea Mineral Laboratories, Inc.	Chairman	1980
TCGI Engineers	Director	2010
Taikisha Phils.	Director	1995
PAREF Schools	Chairman	1990
MFI Foundation	Chairman & President	2000
Marubeni Scholarship Foundation, Inc.	Vice Chairman	2000
Philippine Cancer Society	Trustee	2007
DLSU Lipa	Director	2012

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of East West Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of East West Banking Corporation and its subsidiaries other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of East West Banking Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of MAR 23 2017, at MAKATI CITY.

Jose S. Candejas

JOSE S. CANDEJAS
AFFIANT

SUBSCRIBED AND SWORN to before me this _____ day of MAR 23 2017 at MAKATI CITY affiant personally appeared before me and exhibited to me his/her TIN# 103-179-273 issued at _____ on _____.

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Quina
ATTY. LOURDES A. GNA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-68 until December 31, 2017
Roll No. 38397 / IBP Lifetime No 02701
PTR No. 5509138 January 3, 2017

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Paul A. Aquino Filipino, of legal age and a resident of 51 Queensville St., White Plains, Quezon City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of East West Banking Corporation and have been its independent director since 2011.
2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

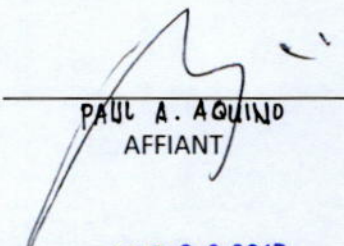
COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Energy Development Corp.	Consultant	2011
Sky Cable Inc.	Director	2011
East West Ageas	Director	2015
Tanging Yaman Foundation	Trustee	1992
KeitechEducational Foundation	President	2009

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of East West Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of East West Banking Corporation and its subsidiaries other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of East West Banking Corporation of any changes in the abovementioned information within five days from its occurrence.

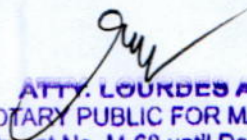
Done, this _____ day of MAR 23 2017, at MAKATI CITY.



PAUL A. AQUINO
AFFIANT

SUBSCRIBED AND SWORN to before me this _____ day of MAR 23 2017 at MAKATI CITY affiant personally appeared before me and exhibited to me his/her TIN#: 01-500-043 issued at _____ on _____.

Doc. No. 385
Page No. 77
Book No. v11
Series of 417


ATTY. LOURDES A. ONA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-68 until December 31, 2017
Roll No. 38397 / IBP Lifetime No 02701
PTR No. 5909138 January 3, 2017

ANNEX B – CERTIFICATION THAT NONE OF THE DIRECTORS AND OFFICERS WORK WITH THE GOVERNMENT

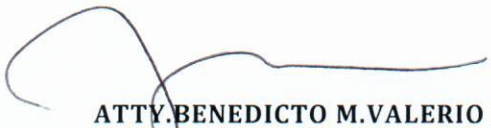
CERTIFICATION

The undersigned, **BENEDICTO M. VALERIO, JR.**, of legal age, Filipino and residing at No. 103 Narra Street Ayala Alabang Village, Muntinlupa City, after being duly sworn, hereby deposes and states, that:

1. He is the Corporate Secretary of **East West Banking Corporation** (the "**Bank**"), a corporation duly organized and existing under and by virtue of Philippine Laws with principal office address at the 5th floor, The Beaufort Tower,, 5th avenue cor. 23rd Streets, Bonifacio Global City, Taguig City;

2. Based on the records of the Bank, none of its Incumbent Directors and Executive Officers are connected and/or are working in the government, to wit:


(a) Incumbent Directors (9)	(b) Executive Officers (16)
JONATHAN T. GOTIANUN	ANTONIO C. MONCUPA, JR. (President& CEO)
ANTONIO C. MONCUPA, JR.	JOSE EMMANUEL U. HILADO
MERCEDES T. GOTIANUN	GERARDO SUSMERANO
LOURDES JOSEPHINE GOTIANUN YAP	JACQUELINE S. FERNANDEZ
BENEDICTO M. VALERIO, JR.	MARIA ALICIA C. ARNALDO
JOSE S. SANDEJAS	ERNESTO T. UY
CARLOS R. ALINDADA	IVY B. UY
PAUL A. AQUINO	ELOIDA F. OQUIALDA
WILSON L. SY	LOURDES BLANQUITA B. FALCON
	JOSEPHINE F. FERNANDEZ
	ABIGAIL TINA M. DEL ROSARIO
	DOMINGO V. GUANIO
	ANGEL MARIE L. PACIS
	GRACE N. ANG
	MA. BERNADETTE T. RATCLIFFE
	RENATO P. PERALTA


ATTY. BENEDICTO M. VALERIO JR

Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAR 16 2017, affiant exhibiting to me his respective Philippine passport, as follows:

Doc. No. 20 ;
Page No. 4 ;
Book No. VII ;
Series of 2017.


ATTY. LOURDES A. ONA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-68 until December 31, 2017
Roll No. 38397 / IBP Lifetime No. 02701
PTR No. 5509136 January 3, 2017

ANNEX C - Brief Description of the General Nature and Scope of the Business of the Bank

Overview of the Bank

East West Banking Corporation ("EastWest") was granted authority by the Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank under Monetary Board (MB) Resolution No. 101 dated July 6, 1994, and commenced operations on July 8, 1994. EastWest was also granted authority by the BSP to operate an expanded foreign currency deposit unit under MB Resolution No. 832 dated August 31, 1994. On July 31, 2012, the Bank received the approval of the BSP to operate as a universal bank. EastWest's ultimate parent company is A.L. Gotianun, Inc. EastWest's head office is located at The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

EastWest is a domestic corporation registered with the Securities and Exchange Commission (SEC) on March 22, 1994. In 2012, EastWest conducted an initial public offering (IPO) of its 283,113,600 common shares. EastWest's common shares were listed and commenced trading in the Philippine Stock Exchange (PSE) on May 7, 2012.

On 19 August 2011, EastWest entered into a deed of assignment for the purchase of majority of the outstanding shares and control of Green Bank (A Rural Bank), Inc. ("GBI"). Consequently, GBI became a subsidiary of EastWest. The GBI acquisition enabled EastWest to significantly expand its branch network by adding 46 branches and 94 kiosks.

On 15 June 2012, the BSP Monetary Board approved the application of EastWest to acquire up to 100.0% of the outstanding shares of Finman Rural Bank, Inc. ("FRBI"), subject to certain conditions. On 31 July 2012, EastWest acquired 91.6% voting shares of FRBI. On 23 January 2013, EastWest acquired the remaining shares of the non-controlling interest of FRBI amounting to ₱6.9 million, increasing its ownership interest to 100.0%. FRBI's primary purpose is to accumulate deposit and grant loans to various individuals and small-scale corporate entities as well as government and private employees. FRBI was later renamed to East West Rural Bank Inc ("EWRB").

On 08 October 2012, EastWest filed a change in business address with the SEC from its previous location at 20th floor PBCom Tower, 6795 Ayala Avenue, corner V.A. Rufino St., Makati City to its new principal place of business at East West Corporate Center, The Beaufort, 5th Avenue, corner 23rd Street, Fort Bonifacio Global City, Taguig City.

In May 2013, EWRB and GBI entered into an asset purchase agreement with assumption of liabilities, in which EWRB will acquire selected loan portfolio, licenses for GBI's branches, and various assets necessary for branch business and operations, as well as assume the deposits and other liabilities incidental to the branch business and operations. The transfer of these assets and liabilities took effect on 31 October 2013.

On January 25, 2014, EastWest exercised its call option on the ₱1.25 billion 2019 Notes due on January 26, 2019 and with optional redemption date of January 25, 2014. The redemption was approved by EastWest's BOD on August 29, 2013 and by the BSP on November 7, 2013. The call option amount was the sum of the face value of the Notes, plus accrued interest amounting to ₱53.85 million, covering the 11th interest period from July 25, 2013 to January 25, 2014 at the interest rate of 8.625%, as of but excluding the call option date.

On 17 February 2014, the SEC approved the application of EastWest to change its registration from a Government Securities Eligible Dealer (with Broker/Dealer of securities functions) to an Underwriter of Securities Engaged in Dealing Government Securities (with Broker/Dealer of securities functions), in accordance with the Securities Regulation Code and its implementing rules, as well as, other pertinent laws, rules and regulations applicable, with validity until 31 December 2014.

On March 28, 2014 and June 05, 2014, the BSP and the SEC, respectively, approved the merger of EastWest and GBI. Subsequently, on July 31, 2014, EastWest completed its merger with GBI.

On July 4, 2014, EastWest completed its issuance of Basel III- compliant Tier 2 unsecured subordinated notes with a total face value of ₱5.0 billion at a coupon rate of 5.5% maturing in January 2025.

On January 29, 2015, the BOD approved the common shares rights offering, subsequently, the BOD approved the application of the bank to list up to 371,574,000 common shares with par value of ₱10 per share to cover its stock rights offering.

On May 8, 2015, a total of 371,574,000 common shares were listed at the PSE with ₱10 par value per share. The total proceeds raised by the Bank from the sale of the said shares amounted to ₱8.0 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱7.9 billion.

On May 18, 2015, the BSP approved EastWest’s initial equity investment amounting to ₱30.0 million in East West Brokerage, Inc. (EWIB), a proposed wholly-owned insurance Brokerage insurance company of EastWest. EWIB was registered with the SEC on July 6, 2015.

On September 21, 2015, the BSP approved the request of the Bank for initial equity investment amounting to ₱500.0 million in East West Ageas Life Insurance Corporation (EWAL), a proposed joint venture with Ageas Insurance International N.V. The joint venture company, EWAL, shall be primarily engaged in life insurance business. EWAL was registered with the SEC on October 20, 2015.

On October 8, 2015, the BSP approved the request of the Bank to exercise on January 2, 2016, the call option provision of its Unsecured Subordinated Notes (UnSD) issued on July 2, 2010 amounting to ₱1.5 billion. The UnSD has original maturity date of January 2, 2021.

On May 6, 2016, EastWest and Standard Chartered Bank Philippines (“SCB PH”) entered into an agreement for SCB PH’s retail business. Under the agreement, the credit cards, personal loans, wealth management and deposits of SCB in the Philippines will be migrated to EastWest. The transaction also include the transfer of following entities:

- Assurance Solutions Insurance Agency (“ASIA”), a wholly owned subsidiary of Standard Chartered Bank which provides sales and marketing services directed exclusively to SCB PH clients for bancassurance products; and
- Price Solutions Philippines, Inc. (“PSPI”), a wholly owned subsidiary of SCMB Overseas Limited providing sales and marketing services to SCB PH for credit cards and personal lending products.

In 2016, the BSP approved and confirmed the initial equity investment in EWLFC of ₱100.0 million. It was registered with the SEC in October 2016 with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. The principal place of business of EWLFC is at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

Principal Products and Services

The Bank offers a comprehensive range of deposit products, consisting primarily of Peso demand, savings and time deposits. Offered also are US Dollar & RMB savings and time deposits. Also offered are consumer loans – auto, mortgage and personal as well as corporate loans. Payment facilities such as debit, prepaid and credit cards are also available.

EastWest also offers a suite of electronic channels such as internet banking for individuals and corporates, mobile banking, phone banking and ATMs.

The table below lists out and describes the various products and services of EastWest:

Branch Products / Services

Description

DEPOSIT PRODUCTS

Regular Checking Account

The Regular Checking Account is a non-interest bearing Peso-denominated checking account wherein funds can be withdrawn through the issuance of checks.

Regular Savings Account	The Regular Savings Account is a savings account evidenced by a Visa Debit Card. It is evidenced by an electronic statement of account. This account earns interest at 0.125% per annum.
Kiddie Savings Account	Cool Savers is an interest-earning Peso savings deposit account for children that is evidenced by a passbook
Passbook Savings Account	The Passbook Savings Account is an interest-bearing Peso-denominated deposit account. This account allows a client to deposit and withdraw their funds anytime by presenting a passbook
Passbook Savings with Debit Card	An interest bearing savings deposit account that has both passbook and Visa debit card having their transactions documented in a passbook while enjoying the advantages and convenience of modern banking.
Basic Savings Account	The most affordable interest earning savings account offered by EastWest Bank. With only ₱100 initial deposit and ₱500 required balance to earn interest. Evidenced by a Visa Debit Card.
Super Saver	A savings deposit account that pays interest in increasingly higher amounts as the account balance increases. This savings account also gives bonus interest within the calendar month if there are no client initiated debit transaction.
Renminbi Savings Account	Third Currency savings account evidenced by a passbook for Renminbi.
Euro Savings Account	Third Currency savings account evidenced by a passbook for Euro.
Japanese Yen Savings Account	Interest-bearing Japanese Yen denominated savings account with a passbook.
Singapore Dollar Savings Account	Third Currency savings account evidenced by a passbook for Singapore Dollar.
Australian Dollar Savings Account	Third Currency savings account for Australian Dollars evidenced by an electronic statement of account.
British Pound Savings Account	Third Currency savings account for British Pound evidenced by an electronic statement of account.
HongKong Dollar Savings Account	Third Currency savings account for HongKong Dollars evidenced by an electronic statement of account.
New Zealand Dollar Savings Account	Third Currency savings account for New Zealand Dollars evidenced by an electronic statement of account.
Dollar Savings Account	Interest-bearing U.S. dollar-denominated savings account with passbook.
Peso Time Deposit Account	Interest-bearing, term deposit evidenced by a certificate issued in favor of the depositor with a specific maturity period. It allows a client to earn higher yields compared to a regular savings deposit rate. Interest rate on the time deposit account varies based on the term and the amount of the deposit.

5-Year Floating Rate Time Deposit	The 5-Year Floating Rate Time Deposit is a long-term time deposit with quarterly interest repricing. Minimum term is five (5) years + 1day with interest paid out every quarter from the account's anniversary date. Depositors must have an EastWest checking account or savings account to which the pay-outs will be credited.
Dollar Time Deposit Account	Interest-bearing, U.S. dollar denominated deposit account evidenced by a certificate issued in favor of the depositor with a term ranging from 30 days to as long as 5 years. Interest rate on the time deposit account varies based on the term and the amount of the deposit.
Renminbi Time Deposit Account	Interest-bearing, Chinese Yuan denominated deposit account evidenced by a certificate issued in favor of the depositor with a term ranging from 30 days to as long as 180 days. Interest rate on the time deposit account varies based on the term and the amount of the deposit.
Euro Time Deposit Account	Interest-bearing, Euro denominated deposit account evidenced by a certificate issued in favor of the depositor with a term ranging from 30 days to as long as 180 days. Interest rate on the time deposit account varies based on the term and the amount of the deposit.
Japanese Yen Time Deposit Account	Interest-bearing, Japanese Yen denominated deposit account evidenced by a certificate issued in favor of the depositor with a term ranging from 30 days to as long as 180 days. Interest rate on the time deposit account varies based on the term and the amount of the deposit.
Singapore Dollar Time Deposit Account	Interest-bearing, Singapore Dollar denominated deposit account evidenced by a certificate issued in favor of the depositor with a term ranging from 30 days to as long as 180 days. Interest rate on the time deposit account varies based on the term and the amount of the deposit.
Australian Dollar Time Deposit Account	Interest-bearing, Australian Dollar denominated deposit account evidenced by a certificate issued in favor of the depositor with a term ranging from 30 days to as long as 180 days. Interest rate on the time deposit account varies based on the term and the amount of the deposit.
Basic Checking Account	The affordable Checking account requiring only ₱1,000 as initial deposit and maintaining balance. It comes with a Checkbook and a Visa Debit Card.
ChequeMax	Interest-bearing Peso-denominated account that offers superior convenience to both personal and corporate account holders in accessing funds.
ChequeMax Rewards	Interest-bearing checking account that comes with a record book, a debit card and a checkbook. An account holder earns reward points for every ₱5,000 increment above the required ADB, which can then be used to redeem gift certificates.
VISA Debit Card	EastWest Debit Card is Visa branded that is equipped with an EMV chip and payWave (contactless) capable. It allows customers cashless shopping, dining or online payments. The Debit Card can

be used to pay for purchases both locally and abroad; and are accepted in over one million Visa ATMs worldwide.

Visa Platinum Debit Card

EastWest Platinum Debit Card is Visa branded that is equipped with an EMV chip and payWave (contactless) capable and is given to affluent market. The card allows customers cashless shopping, dining or online payments. The Debit Card can be used to pay for purchases both locally and abroad; and are accepted in over one million Visa ATMs worldwide with waive ATM fees.

Visa Prepaid Card

EastWest Prepaid Card is a Visa branded reloadable card used for cashless shopping, dining or online payments. Since the EastWest Prepaid Card is Visa branded, it card can be used to pay for purchases both locally and abroad; and are accepted in over one million Visa ATMs worldwide.

Visa Travel Card

EastWest Travel Card is a multi-currency card that is equipped with an EMV chip and payWave (contactless) capable. The card may be loaded with multiple currencies for convenience and easy access to funds when traveling in different countries without the worry on fluctuating exchange rates.

Visa Gift Card

The EastWest Gift Card is a Visa-branded card available with a minimum pre-load of P500.

CONSUMER LOANS

Home Loan

The EastWest Bank Home Loan is a loan tailor-fit to clients' unique house financing needs for acquisition of vacant lot, house and lot or condominium units; construction and renovation; as well as multi-purpose for home equity or refinancing of an existing mortgage loan. Loan terms are flexible with various fixing options and with tenor as long as 30 years.

Auto Loan

The EastWest Bank Auto Loan is a loan that allows clients to acquire brand new or pre-owned vehicles.

Salary Loan

The EastWest Bank Salary Loan is a multi-purpose loan that can be availed by qualified employees of accredited companies to finance their personal needs.

Personal Loan

EastWest Bank Personal Loan is a no collateral multi-purpose loan that caters to the client's personal financial requirements.

EASTWEST BANK CREDIT CARDS

Visa and MasterCard

EastWest Visa/MasterCard Classic/Gold allows Cardholders to experience shopping privileges while providing Perks & Limitless Rewards programs. Cardholders may convert their Limitless Rewards points into Rewards Vouchers which can be used to purchase merchandise or exchange for gift certificates at partner merchants. Cardholders may also enjoy free Comprehensive Travel Accident and Inconvenience Insurance of up to ₱20 million when they purchase travel tickets using their EastWest Gold Visa/MasterCard.

EveryDay MasterCard	EastWest EveryDay MasterCard is the all-in-one cash rebate card. Designed to be part of the Cardholder's daily activity. It converts everyday spending into smart spending with its cash rebate feature. It is the only credit card in the market that gives cardholders up to 5% rebate on supermarket, gas and drugstore purchases for a minimum spend amount of ₱10,000 on non-essential items each month. They may earn either 3% or 0.5% on non-essential purchases of ₱5,000 to below ₱10,000, or below ₱5,000, respectively.
Platinum MasterCard	EastWest Platinum MasterCard allows Cardholders to enjoy the following exclusive features and benefits that suit their premium lifestyle and discerning taste: Free Lifetime Annual Membership Fee, Free EastWest Platinum Virtual Card, Free Priority Pass Membership, Free Comprehensive Travel Accident and Inconvenience Insurance of up to ₱20 million and access to exclusive Premium Perks.
Dolce Vita MasterCard	EastWest Dolce Vita MasterCard is the credit card specifically designed for women. Through the Dolce Vita Charms Loyalty Program, every ₱100 charged to their EastWest Dolce Vita MasterCard will earn 1 Charm which can be redeemed as Charms Vouchers used to purchase merchandise or exchange for gift certificates at partner merchants.
Practical MasterCard	EastWest Practical MasterCard provides Cardholders with an affordable line of credit for their basic needs. It offers a low monthly interest rate of 3.0% for the basic necessities (groceries, gas and drugstore purchases) and 3.5% for all other transactions.
LausAutoGroup Visa	With the LausAutoGroup Visa, Cardholders may earn a 7% rebate on fuel purchases from any gas station. Rebates may be used to redeem spending vouchers to purchase merchandise or avail of services at LausAutoGroup establishments. Cardholders can also get an exclusive 10% discount on parts and labor from any LausAutoGroup dealership and 0% installment for insurance premiums from Corporate Guarantee and Insurance Company (CGIC).
CORPORATE SUITE	
Payroll Credit System (PCS)	PCS is a deposit account processing system for crediting payroll transactions.
eCredit	An online internet banking service enabling Corporate clients to submit payroll instructions, schedule pay dates & even view payroll Status.
Payroll Timekeeping	A stand alone daily time recording system developed exclusively for EastWest clients to provide solutions for timekeeping computation and Human Resource Management.
Payroll Assist	Payroll Assist is a stand-alone electronic payroll system service that comes with proprietary software developed exclusively for EastWest's clients to provide an electronic solution for human resource management and payroll processing.

Payroll Assist Plus	Payroll Assist Plus is an expanded payroll outsourcing service for clients who want to eliminate the inconvenience and the cost of in-house payroll processing.
Bizcheque Plus	Bizcheque Plus is a unique interest-bearing Peso checking account that comes with a customized stand-alone check writing facility and a comprehensive accounts payable system for hassle-free monitoring of account payables and check payment preparation.
Cheque Prepare	Cheque Prepare is an outsourcing service for check preparation and disbursement intended for corporate clients with high volume of disbursements to completely outsource the administrative task of processing, printing and cutting of Manager's, Corporate Checks and status monitoring.
eSettle	A web-based electronic fund transfer facility that enables clients to pay their suppliers by crediting their EastWest deposit accounts.
Deposit Management System	A stand alone network-ready tool that automates the deposit slip creation process, trace deposit records, generate historical reports and re-print deposit transactions.
Bills Collect	Bills Collect is a collections facility wherein the Bank acts as the collecting agent to accept payments via the Bank's internet banking, Automated Teller Machine (ATM) and over-the-counter.
Cheque Depot	Cheque Depot is a facility designed for corporate customers, allowing the Bank to undertake the safekeeping or warehousing of post-dated checks for deposit to their account on due dates.
Cheque Collect	A check collection service for the Bank's corporate customers where the checks are picked-up at their customer's premises for deposit to their account.
Web Remittance	Web Remittance is a 24-hour online banking service that enables corporate clients to transfer funds real time to any EastWest account from their savings or demand deposit accounts.
OTHER SERVICES	
Net Access	Net Access is a 24-hour online banking facility which enables both individual and corporate clients to access their accounts by logging on to www.eastwestbanker.com .
Pay@Store	Pay@Store is a facility that allows debit cardholders to use their ATM cards to pay for merchandise and services rendered by the merchant via Point of Sale (POS) terminals installed in accredited establishments.
Bills Pay	Bills Pay is a facility which allows settlement of various bills over the counter, internet banking and ATMs.
TRUST PRODUCTS	
Unit Investment Trust Fund	The Trust Department manages Peso and U.S. Dollar denominated Unit Investment Trust Funds (UITF) with investment

parameters ranging from very short-term to long-term investment products.

The UITF is an investment portfolio product that pools funds of various investors and collectively invests these in a diversified portfolio of high-yielding fixed income investments or equities.

The latest offering is PhilEquity Feeder Fund.

TREASURY PRODUCTS

Peso or U.S. Dollar denominated Fixed Income Securities

These are Peso or U.S. dollar-denominated fixed income securities in the form of Treasury Bills or Bonds which are distributed or sold to client and qualified investors or other professional counterparties of the Bank to whom the Bank makes a market price for.

Issuers of the securities are usually the Republic of the Philippines, Bangko Sentral ng Pilipinas, Government-Owned or Controlled Corporations and Philippine corporations. The tenor of the bills or bonds ranges from as short as 7 days to as long as 30 years.

Foreign Exchange Products

The bank also buys and sells US dollars and other foreign currencies versus the Philippine Peso from their retail and corporate accounts in accordance with regulatory requirements in the buying and selling of foreign exchange. The bank also makes markets in USD/₱ foreign exchange for professional counterparties.

Distribution Network

EastWest's products and services are made available across multiple distribution and delivery channels. As of December 31, 2016, EastWest has a total of 387 branches, with 211 of these branches in Metro Manila. For the rest of the country, the Bank has 99 branches in other parts of Luzon, 39 branches in Visayas, and 38 branches in Mindanao. ATM network is at 580, composed of 389 on-site ATMs and 191 off-site ATMs.

The Bank's subsidiary rural bank has a total of 58 branches bringing the group branch store network total to 445 with 580 ATMs.

Listed below are the branches of the Parent Bank as of December 31, 2016:

1)	GIL PUYAT AVENUE - G/F Metro House Bldg., 345 Sen. Gil Puyat Ave., Makati City
2)	CUBAO - P. TUAZON AVENUE - G/F Prince John Condominium 291 P. Tuazon Avenue, near cor 18th Ave., Cubao Q.C.
3)	EMERALD - GARNET - G/F Unit 103 AIC Gold Tower Condominium corner Emerald & Garnet Aves., Ortigas Center, Pasig City
4)	LAS PIÑAS - Alabang-Zapote Road corner Crispina Ave Pamplona III, Las Pinas City 1740
5)	EDSA - KALOOKAN - 490 EDSA, Kalookan City
6)	ROOSEVELT - FRISCO - 184 Roosevelt Avenue San Francisco Del Monte Quezon City
7)	PASIG - SHAW BLVD - #27 Shaw Blvd, Pasig City
8)	PASIG - KAPASIGAN - A.Mabini corner Blumentrit Street, Brgy. Kapasigan, Pasig City
9)	AYALA AVENUE - HERRERA - G/F PBCor Tower, 6795 Ayala Ave. cor. V. Rufino St., (formerly Herrera St.), Salcedo Village, Makati City 1226
10)	TAYTAY - Ground Floor, Valley Fair Town Center Bldg. Ortigas Avenue Ext. Taytay, Rizal 1920
11)	IMUS - G/F, LDB Bldg., 552 Gen. Aguinaldo Highway, Imus City, Cavite
12)	CONGRESSIONAL AVE. - Blk.7 Lot 4A Congressional Ave. Project 8 Quezon City
13)	BETTER LIVING - DOÑA SOLEDAD AVENUE - 100 Dona Soledad Avenue, Betterliving Subd. Barangay Don Bosco, Paranaque City 1711
14)	ANONAS - 94 Anonas St. Cor K-6TH Sts. Kamias Quezon City
15)	ANTIPOLO - MARCOS HIGHWAY - G/F Ciannat Complex, Marcos Highway, Brgy. Mayamot, Antipolo City
16)	PRESIDENT'S AVENUE - # 35 President's Avenue BF Homes Paranaque City 1700
17)	REGALADO - Regalado Ave. Cor. Archer St., North Fairview Subd. Quezon City
18)	BAGUMBAYAN - 184-B E. Rodriguez Jr. Avenue, Brgy. Bagumbayan, Libis, Quezon City
19)	BACCOOR - AGUINALDO HIGHWAY - General E. Aguinaldo Highway Talaba Bacoor City Cavite
20)	TANDANG SORA - Lot 80 - A Kalaw Hills Subd. Brgy. Culiati Tandang Sora Quezon City
21)	STO. CRISTO - G/F, Sto. Cristo Po Taw Building, 107-108 Sto Cristo corner Foderama Sts., Binondo, Manila
22)	PADRE FAURA - G/F, Esperanza Osmeña Bldg., 1991 A. Mabini St., Malate, Manila

23)	PASONG TAMO EXT. - G/F Dacon Bldg., 2281 Pasong Tamo Extension, Makati City
24)	QUEZON AVENUE - SCOUT SANTIAGO - G/F, Sunshine Blvd. Plaza, Quezon Avenue corner Scout Santiago, Quezon City
25)	MANDALUYONG - SHAW BLVD - G/F Sunshine Square 312, Shaw blvd. Mandaluyong city
26)	ESCOLTA - G/F, First United Bldg., 413 Escolta corner Banquero St., Binondo, Manila
27)	KATIPUNAN - 132 Katipunan Road, Brgy. Ignatius Village, Katipunan, Quezon City
28)	QUEZON AVENUE - BANAWÉ - G/F PPSTA 1 Building Quezon Avenue corner Banawe St. Quezon City
29)	FESTIVAL MALL 1 - 2nd Level, Festival Supermall Filinvest Corporate City, Alabang Muntinlupa City 1781
30)	ANNAPOLIS - G/F, The Meriden Condominium Building Unit 1A, Annapolis St. NorthEast, Greenhills San Juan City
31)	BATANGAS CITY - 54-A D. Silang St., Batangas City
32)	CEBU - BANILAD - Archbishop Reyes Ave., cor J. Panis St. Banilad, Cebu City
33)	CEBU - MAGALLANES - 60 Quiaco Bldg., Magallanes cor Gonzales Sts, Cebu City
34)	DAVAO - LANANG - Lot 6, Blk 5, Insular Village, Bo. Pampang, Buhangin, Lanang, Davao City
35)	ILOILO - LEDESMA - Sta Cruz Arancillo Bldg., Ledesma corner Fuentes Sts., Iloilo City
36)	DAVAO - STA. ANA - Ground Floor, GH Depot Building, Governor Sales St., Sta. Ana, Davao City
37)	BACOLOD - LACSON - Lacson corner Luzuriaga Sts, Bacolod City
38)	SAN FERNANDO - DOLORES - 2nd floor Felix S. David Bdg., MacArthur Hi-way, Dolores City of San Fernando, Pampanga
39)	CABANATUAN - MELENCIO - Melencio St. corner Gen. Luna ST, Cabanatuan City
40)	LUCENA CITY - 152 Quezon Avenue, Lucena City, Quezon
41)	CALAMBA - G/F, SQA Bldg, Brgy. Uno, Crossing, Calamba City, Laguna
42)	WESTGATE - Westgate, Filinvest Corporate City, Alabang Muntinlupa City 1770
43)	DAGUPAN - PEREZ - Maria P. Lee Bldg, Perez Blvd, Dagupan City
44)	CAGAYAN DE ORO CITY - VELEZ - No. 50 Juan Sia Building, Don Apolinar Velez St., Cagayan de Oro City
45)	ZAMBOANGA CITY - N.S. VALDERROSA - N.S. Valderrosa St. corner Corcuerra Street, Zamboanga City
46)	BAGUIO CITY - ABANAO AVE. - 77 Abanao Ave., Baguio City
47)	CEBU - N. ESCARIO - Cebu Capitol Commercial Complex Bldg., N. Escario Street, Cebu City
48)	TOMAS MORATO - 257 Tomas Morato St. near corner Scout Fuentabella, Quezon City
49)	NINYO AQUINO AVE.-MIESCOR DRIVE - Unit 707-6 Columbia AirFreight Complex Miescor Drive, Ninoy Aquino Ave. Brgy. Sto. Niño Paranaque City
50)	PAMPANGA - ANGELES CITY - 2014 Sto. Rosario St., Brgy San Jose, Angeles City
51)	VALENZUELA - MARULAS - KM 12 JLB Enterprises Bldg. McArthur Highway Marulas Valenzuela City
52)	GREENHILLS - WEST - G/F ALCCO Bldg, Ortigas Avenue Greenhills-West, San Juan City
53)	VALERO - G/F Retail 1B Area, Paseo Park View Tower, 140 Valero St., Salcedo Village, Makati City
54)	SALCEDO - G/F First Life Center, 174 Salcedo St., Legaspi Village Makati City
55)	MARIKINA - J.P. RIZAL - No. 367 J.P. Rizal Street, Sta. Elena, Marikina City
56)	TEKTITE - East Tower, Phil. Stock Exchange Ctr Exchange Drive, Ortigas Center, Pasig City
57)	FESTIVAL MALL 2 - Level 1, Festival Supermall, Filinvest Corp. City, Alabang Muntinlupa City 1781
58)	TARLAC - F. TANEDO - Mariposa Bldg., F. Tanedo St., Tarlac City
59)	T. ALONZO - G/F 623 T. Alonso St., Sta. Cruz, Manila
60)	WEST AVENUE - 108 West Avenue corner West Lawin St., Quezon City
61)	CEBU - MANDAUE BRIONES HIGHWAY - G/F Ramcar Bldg., M.C. Briones Highway, Mandaue City
62)	NAGA CITY - G/F, LAM Bldg., 19 Peñafrancia Avenue, Naga City, Camarines Sur
63)	LAOAG CITY - Ablan Bldg., J.P. Rizal Ave. corner Don Severo Hernando Ave., Laoag City
64)	LA UNION - SAN FERNANDO CITY - Quezon Ave., cor Ancheta St. San Fernando, La Union
65)	COTABATO CITY - No. 31 Quezon Avenue, Cotabato City
66)	ISABELA - SANTIAGO - 74 National Highway, Brgy. Victory Norte, Santiago City, Isabela
67)	NEW MANILA - Aurora Blvd. cor Doña Juana Rodriguez Ave., New Manila, Quezon City
68)	MALABON - RIZAL AVENUE - Malabon - Rizal Avenue No. 726 Rizal Avenue, Brgy. Tañong, Malabon City
69)	INTRAMUROS - G/F, BF Condominium, 104 A. Soriano Avenue corner Solano St., Intramuros, Manila
70)	BINONDO - G/F, Uy Su Bin Bldg., 535-537 Quintin Paredes St., Binondo, Manila
71)	GRACE PARK - 8TH AVE. - 896 8th Avenue cor. J. Teodoro Grace Park, Caloocan City
72)	DEL MONTE - 271 Del Monte, cor. Biak na Bato Quezon City
73)	PASEO DE ROXAS - LEGASPI - G/F Paseo De Roxas Bldg., 111 Paseo de Roxas St. corner Legaspi St., Legaspi Village, Makati City
74)	DAVAO - MATINA - Lot 16, Blk 3, McArthur Highway, Matina, Davao City
75)	BALIUAG - Benigno S. Aquino Ave., Poblacion Baliuag, Bulacan
76)	LIPA CITY - No. 18, Lot 712 ABC, B. Morada Avenue, Lipa City, Batangas
77)	PASEO DE ROXAS - PHILAM TOWER - G/F Philamlife Tower, 8767 Paseo de Roxas St., Makati City
78)	UN AVENUE - G/F, Philam Bldg., U.N. Ave. corner Ma. Orosa St., Ermita, Manila
79)	SAN MIGUEL AVE. - Medical Plaza Building San Miguel Avenue, Ortigas, Pasig City
80)	ALABANG - MADRIGAL BUSINESS PARK - Ground Floor, Philamlife Bldg. Madrigal Business Park, Acacia Avenue, Muntinlupa City 1780
81)	CEBU - GRAND CENIA - G/F Grand Cenía Bldg., Archbishop Reyes Avenue, Cebu City
82)	THE FORT - MARAJO TOWER - G/F Unit 3A Marajo Tower, 26th St. corner 4th Ave., Fort Bonifacio, Global City Taguig
83)	PASO DE BLAS - NO. 191, Paso De Blas Valenzuela City
84)	DIVISORIA - 802 Ilaya St., Binondo Manila
85)	CHINO ROCES - DELA ROSA - G/F King's Court II Building 2129 Don Chino Roces Ave., corner Dela Rosa Street., Makati City
86)	URDANETA CITY - S&P Bldg Nancayasan Urdaneta City
87)	MALABON - GOV. PASCUAL - 3315 Gov. Pascual Ave. Cor. Maria Clara St., Malabon City
88)	ISABELA - CAUAYAN - Maharlika Highway Cauayan City, Isabela
89)	A. BONIFACIO - BALINTAWAK - 659 A. Bonifacio Ave. Balintawak, Quezon City
90)	BACLARAN - 2/F, New Galleria Baclaran Shopping Mall, LRT South Terminal, Taft Ave. Extension, Pasay City
91)	SOLER - G/F, R & S Tower, 941 Soler St., Binondo, Manila
92)	PACO - 1050 Pedro Gil St., Paco, Manila
93)	LEGASPI - RUFINO - G/F - Libran Bldg., Legaspi St. Cor. V.A. Rufino Ave., Legaspi Village, Makati City
94)	SAN JUAN - F. Blumentritt St. cor. M. Salvador St. San Juan City

95)	OLONGAPO CITY - G/F 1215 Rizal Ave., West Tapinac, Olongapo City
96)	AYALA AVENUE - MSE - G/F - Makati Stock Exchange Building, Ayala Triangle, Ayala Ave., Makati City
97)	AYALA AVE. - MAKATI SKY PLAZA - G/F Unit C, Aegis People's Support Building, Amorsolo St., Makati City
98)	CARMONA - Lot 1947-B, Paseo de Carmona Compound, Governor's Drive, Brgy. Maduya, Carmona, Cavite
99)	CEBU - LAPU-LAPU - G/F Bldg. II, M. L. Quezon National Highway, Pusok, Lapu-lapu City
100)	C. RAYMUNDO AVENUE - #172 C. Raymundo Ave., Brgy. Maybunga, Pasig City 1607
101)	EMERALD - Unit 103 Hanston Bldg, F. Ortigas Jr. Rd. Ortigas Center, Pasig City
102)	PIONEER - UG-09 Pioneer Pointe Condominium, 128 C. Pioneer St. Mandaluyong City
103)	EVANGELISTA - Evangelista cor. Mojica St. Bangkal, Makati City
104)	ILIGAN CITY - Ground Floor, Party Plaza Building, Quezon Avenue Extension, Rabago, Iligan City
105)	MALABON - POTRERO - Bldg. 1 & 2 Mary Grace Bldg. Mc Arthur H-way del monte St. Potrero Malabon
106)	NOVALICHES - GULOD - Lot 489-B2 Quirino Hiway Novaliches Quezon City
107)	QUEZON AVENUE - SCOUT ALBANO - 1604 Quezon Avenue, Brgy. South Triangle, Quezon City
108)	MANDALUYONG - LIBERTAD - G/F Unit A,B & C, Dr. Aguilar Bldg., No. 46 D.M. Guevarra St. cor. Esteban St. Mandaluyong City
109)	ROXAS BOULEVARD - G/F, DENR Building, 1515 Roxas Boulevard, Ermita, Manila
110)	NAVOTAS - NORTH BAY - G/F Melandria III Building No. 1090 Northbay Blvd. (South) Navotas City
111)	MUNTINLUPA - G/F Remenes Center Building, # 22 National Hi-way Putatan, Muntinlupa City 1772
112)	BATAAN - BALANGA - Don Manuel Banzon Ave. Cor. Cuaderno St. Dona Francisca Balanga City, Bataan
113)	GENERAL SANTOS CITY - Ireneo Santiago Boulevard, General Santos City
114)	BUTUAN CITY - Ground Floor Deofevente Building, Lot No. 7, Governor J. Rosales Avenue, Brgy. Imadejas, Butuan City
115)	168 MALL - 4/F Unit 4H 09-11, 168 Mall Building 5, Soler St., Binondo, Manila
116)	OZAMIZ CITY - Ground Floor, Casa Esperanza, Don Anselmo Bernad Avenue, Ozamiz City
117)	GENERAL TRIAS - G/F, Unit 102 VCentral Gentrif Bldg., Governor's Drive, Manggahan, General Trias, Cavite
118)	PASEO DE MAGALLANES - G/F Unit 102, Tritan Plaza Building, San Antonio St., Paseo De Magallanes, Makati City Philippines, 1232
119)	SAN PABLO - 9022 J. P. Rizal Avenue, San Pablo City, Laguna
120)	ILOILO - IZNART - G/F, B&C Square Bldg., Iznart St. cor. Solis St., Iloilo City
121)	THE FORT - BURGOS CIRCLE - G/F Unit H & I, Crescent Park Residences, Burgos Circle cor. 2nd Ave., Bonifacio Global City, Taguig City.
122)	CHINO ROCES - BAGTIKAN - G/F High Pointe Bldg, No. 1184 Chino Roces Ave. near cor. Bagtikan, Brgy. San Antonio, Makati City
123)	ANTIPOLO - M.L. QUEZON AVE. - #146 ML Quezon St., cor. Dimanlig St. Brgy. San Roque Antipolo City
124)	DON ANTONIO HEIGHTS - Lot 24 Block 7, Holy Spirit Drive, Don Antonio Heights Brgy. Holy Spirit Quezon City
125)	MARIKINA - GIL FERNANDO AVE. - Gil-Fernando Ave. Cor. Estrador St., Midtown Subdivision, Brgy. San Roque, Marikina City
126)	BANAWE - N. ROXAS - #42 Banawe Ave corner Nicanor Roxas QC
127)	BANAWE - SCT. ALCARAZ - Unit ABC G/F #740 Banawe Ave. near corner Sct Alcaraz QC
128)	EDSA - HOWMART - 1264 EDSA near corner Howmart Road brgy. A. Samson Q.C.
129)	MAYON - 170 Mayon Ave. Quezon City
130)	BAESA TOWN CENTER - Baesa Town Center Retail Store# 4 #232 Quirino Highway Baesa Quezon City
131)	E. RODRIGUEZ AVE. - G/F M. C. Rillo Bldg. #1668 E. Rodriguez Ave. Bgy. Mariana QC
132)	TIMOG AVENUE - G/F, Timog Arcade, 67 Timog Avenue, Quezon City
133)	PASIG - PASIG BLVD. - # 2 Lakeview Drive corner Pasig Blvd, Brgy Bagong Ilog, Pasig City
134)	GREENHILLS SHOPPING CENTER - G/F Annapolis Carpark Unit AC-14 Greenhills Shopping Ctr
135)	WILSON - 220B Wilson St. San Juan City
136)	SUCAT - EVACOM - 8208 Dr. A. Santos Avenue Barangay San Isidro, Paranaque City 1700
137)	WEST SERVICE ROAD - West Service Road corner Sampaguita Avenue UPS IV Subd., Paranaque City 1700
138)	LAS PIÑAS - BF RESORT - #10 BF Resort Drive, BF Resort Village. Las Pinas City 1740
139)	SAN PEDRO - Old National Highway, Brgy. Nueva. San Pedro, Laguna
140)	TUGUEGARAO CITY - College Ave. cor Rizal and Bonifacio St. Tuguegarao City
141)	BAGUIO CITY - SESSION ROAD - Unit B 101 Lopez Bldg Baguio Session
142)	CEBU - MANDAUE NORTH ROAD - Block 01, 02 & 03, Upper Floor, ALDO Bldg., North Road, Basak, Mandaue City, Cebu
143)	DAVAO - TAGUM - Gaisano Grand Arcade, Apokon Road, Lapu-Lapu Extension, Brgy. Visayan Village, Tagum City
144)	DAVAO - TORIL - Saavedra Street, Toril, Davao City
145)	BENAVIDEZ - Unit 103, One Corporate Plaza, Benavidez St. Legaspi Village, San Lorenzo, Makati City Makati City
146)	CITY PLACE SQUARE - 3/F C-P2-3, Cityplace Square, Reina Regente near corner Felipe II St., Binondo, Manila
147)	QUIAPO - G/F, E & L Haw Building, 502 Evangelista St., Quiapo, Manila
148)	G. ARANETA AVENUE - #195 Araneta Ave Bgy Santol QC
149)	EASTWOOD CITY - Unit D, Techno plaza 1, Eastwood City, Cyber Park, E. Rodriguez Jr., Avenue (C-5), Brgy Bagumbayan, Quezon City
150)	MAKATI AVENUE - JUNO - Unit No.2 A and W Building, Juno St. cor. Makati Avenue, Brgy. Bel-air, Makati City
151)	QUEZON AVENUE - DR. GARCIA SR. - 940 Quezon Avenue near corner Dr. Garcia St., Brgy. Paligsahan, Quezon City
152)	PASAY - LIBERTAD - Unit 265-E Nemar Building, Libertad St. Pasay City
153)	GRACE PARK - 7TH AVE. - G/F Units 1,2 & 3, No. 330 Rizal Ave. Ext, near cor. 7th Avenue., East Grace Park, Caloocan City
154)	RADA - Unit No. 102, G/F La Maision Condominium Bldg., Rada St., Legaspi Village, Makati City
155)	KAMIAS - No. 10 Kamias Road corner Col. Salgado St., Brgy. West Kamias, Quezon City
156)	BACCOOR - MOLINO - G/F Units 101, 102 & 103 VCENTRAL Mall Molino Bldg., Molino Blvd., Bacoor, Cavite City
157)	CEBU - PARK MALL - Alfresco 4, Units 39, 40 & 40a Parkmall, Mandaue City, Cebu
158)	KORONADAL CITY - G/F RCA Building, Gen. Santos Drive, Koronadal City, South Cotabato
159)	PAGADIAN CITY - BMD Estate Bldg., F. Pajares cor. Sanson St., Pagadian City, Zamboanga del Sur
160)	AYALA AVENUE - SGV1 - SGV 1 Bldg., 6760 Ayala Avenue, Makati City
161)	MARIKINA - CONCEPCION - Bayan- Bayanan Avenue, Marikina City
162)	UP VILLAGE - No. 65 Maginhawa St., U.P. Village, Diliman, Quezon City
163)	BETTER LIVING - PERU - Blk 9, Lot 3 Dona Soledad Ave. cor. Peru St., BetterLiving, Paranaque City
164)	LAS PIÑAS - MARCOS ALVAREZ AVENUE - G/F & 2/F, 575 Marcos Alvarez Ave., Talon V, Las Pinas
165)	ILOCOS SUR - CANDON - G/F KAMSU Building Brgy San Jose, Candon City, Ilocos Sur
166)	BACOLOD - MANDALAGAN - Lopue's Mandalagan Corp. Bldg., Brgy. Mandalagan, Bacolod City

167)	J.P. RIZAL - No. 805 J.P. Rizal cor. F. Zobel St., San Miguel Village, Makati City
168)	MASANGKAY - 1411-1413 Masangkay St., Tondo, Manila
169)	CEBU - A.S. FORTUNA - 151 M. Velez St., Guadalupe, Cebu City
170)	CEBU - M. VELEZ - AYS Building A. S. Fortuna Street Banilad, Mandaue City
171)	DAVAO - BAJADA - J.P. Laurel Avenue, corner Inigo St., Davao City
172)	DAVAO - C.M. RECTO - P&E Building, Poblacion Brgy. 035 CM Recto Avenue, Davao City
173)	EDSA - MUNOZ - Lemon Square Bldg. 199 EDSA Muñoz Brgy. Katipunan, Quezon City
174)	NORTH EDSA - UGF units 4,5,6&7 EDSA Grand Residences, EDSA cor. Corregidor St., Quezon City
175)	THE FORT - BEAUFORT - G/F 23rd Avenue corner 5th Avenue Fort Bonifacio, Global City, Taguig City
176)	ELCANO - Elcano Building, 622 El Cano Street, Binondo, Manila
177)	JOSE ABAD SANTOS - TAYUMAN - G/F & 2/F Cada Bldg., 1200 Tayuman St., cor. Jose Abad Santos Ave. Tondo, Manila
178)	TOMAS MAPUA - LOPE DE VEGA - G/F & 2/F, Valqua Building., 1003 Tomas Mapua St. cor. Lope de Vega St., Sta. Cruz, Manila
179)	PASAY - D. MACAPAGAL BLVD. - No. 8 President Diosdado Macapagal Blvd., Pasay City
180)	TAFT AVENUE - Philippine Academy of Family Physicians (PAFP) Bldg. 2244 Taft Avenue, Manila
181)	FAIRVIEW - #72 Commonwealth Ave. Corner Camaro St., East Fairview. Quezon City
182)	GREENHILLS - CONNECTICUT - Unit B, G/F Fox Square Building, No. 53 Connecticut Street, Northeast Greenhills, San Juan City
183)	SUCAT - KINGSLAND - No. 5 & 6, G/F & 2/F Kingsland Building, Dr. A. Santos Avenue, Sucat, Paranaque City
184)	PALAWAN - Rizal Avenue, Brgy. Manggahan, Puerto Princesa City, Palawan
185)	PASIG - SANTOLAN - G/F Santolan Bldg., 344 A. Rodriguez Avenue, Santolan, Pasig City
186)	BONI AVENUE - G/F Lourdes Bldg. II, 667 Boni Ave., Bgy. PlainView, Mandaluyong City
187)	ANGELES - BALIBAGO - Saver's Mall Bldg. Mac Arthur Highway, Balibago Angeles City
188)	MASAMBONG - Annexes B & C, L.G. Atkinson Building, No. 627 Del Monte Avenue, Brgy. Masambong Quezon City
189)	BATANGAS - BAUAN - J.P. Rizal Street corner San Agustin Street, Bauan Batangas
190)	MEYCAUAYAN - MALHACAN - Malhacan Tollgate, Meycauayan City Bulacan
191)	CEBU - A. C. CORTES - Carlos Perez Building, A.C. Cortes Avenue, Ibabao, Mandaue City Cebu
192)	PASIG - ROSARIO - Unit 3, 1866 Ortigas Avenue Extension, Rosario Pasig City
193)	PASIG - VALLE VERDE - 102 E. Rodriguez Jr. Avenue, Ugong, Pasig City
194)	CEBU - BASAK PARDO - South Point Place Building, N. Bacalso Avenue, South Road, Basak Pardo, Cebu City
195)	DAVAO - PANABO CITY - Quezon Street, Sto. Nino Panabo City, Davao del Norte
196)	CAGAYAN DE ORO CITY - COGON - De Oro Construction Supply, Inc. Building Don Sergio Osmena Street corner Limketkai Drive Cagayan de Oro City
197)	H.V. DELA COSTA - Unit GFC-2 Classica 1 Condominium, 112 H.V. Dela Costa St. Salcedo Village Makati City
198)	NOVALICHES - TALIPAPA - Units C,D,E,F & G, No. 526 Quirino Highway, Brgy. Talipapa, Novaliches Quezon City
199)	DASMARIÑAS - Km. 31 Gen. Emilio Aguinaldo Highway, Brgy. Zone 4 Dasmariñas City Cavite
200)	NUEVA ECIIJA - SAN JOSE - Paulino Building, Brgy. Abar 1st Maharlika Road, San Jose Nueva Ecija
201)	VIGAN - Quezon Ave., Vigan City Ilocos Sur
202)	CEBU - JUAN LUNA - Stephen Jo Building, Juan Luna Cebu City
203)	DUMAGUETE CITY - Don Joaquin T. Villegas Building, Colon Street Dumaguete City
204)	ILOILO - JARO - Jaro Townsquare, Mandaue Foam Building, Quintin Salas, Jaro Iloilo City
205)	SAN LORENZO VILLAGE - A. ARNAIZ AVENUE - The E. Hotels Makati Bldg., No. 906 A. Arnaiz Ave., San Lorenzo Village, Makati City
206)	LAS PIÑAS - ALMANZA - Aurora Arcade Building, Alabang - Zapote Road, Almanza Uno, Las Pinas City
207)	SAN FERNANDO - SINDALAN - G/F T & M Building, Brgy. Sindalan, Mac Arthur Highway, San Fernand Pampanga
208)	BENGUET - LA TRINIDAD - KM 5, Central Pico, La Trinidad, Benguet
209)	CEBU - FUENTE OSMENA - G/F Cebu Women's Club Building, Fuente Osmena, Cebu City
210)	CEBU - MINGLANILLA - La Nueva - Minglanilla Center, Minglanilla, Cebu
211)	BACOLOD - HILADO - Hilado Street, Bacolod City
212)	ZAMBOANGA CITY - CANELAR - Printex Building, M.D. Jaldon Street, Zamboanga City
213)	MCKINLEY HILL - Unit 1 - Cp-1, Commerce and Industry Plaza, McKinley Hill, Bonifacio Global City, Taguig City
214)	LOYOLA HEIGHTS - KATIPUNAN - Unit 13, Elizabeth Hall Building, Lot 1 Blk. 41 Katipunan Avenue, Loyola Heights, Quezon City
215)	SURIGAO CITY - G/F, EGC Building, Rizal Street Washington, Surigao City, Surigao del Norte
216)	AYALA AVENUE - RUFINO TOWER - Unit 1, G/F Rufino Building, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City
217)	999 SHOPPING MALL - Unit 10 & 3C-2, 3/F, 999 Shopping Mall 2, C.M. Recto Street, Tondo Manila
218)	T.M. KALAW - Annexes A, A -1,A-2,A-3 & A- 4 Ditz Building, 444 T.M. Kalaw Street, Ermita, Manila
219)	COMMONWEALTH - No. 272 Commonwealth Avenue, Bgy. Old Balara, Quezon City
220)	ROOSEVELT - STO. NIÑO - 187 Roosevelt Avenue, Brgy. Sto. Niño, San Francisco Del Monte, Quezon City
221)	LAGRO - Lot 2, Blk. 6, Quirino Highway, Lagro, Novaliches, Quezon City
222)	GARNET - Unit 102 Prestige Tower, Emerald Avenue, Ortigas Center, Pasig City
223)	JULIA VARGAS - G/F, Unit 101, One Corporate Center, Julia Vargas Avenue corner Meralco Avenue, Ortigas Center, Pasig City
224)	PAMPANGA - APALIT - RH7, Mac Arthur Highway, Apalit, Pampanga
225)	PAMPANGA - GUAGUA - Good Luck Building, No. 303 Guagua- Sta. Rita Arterial Road, Bgy. San Roque, Guagua, Pampanga
226)	CEBU - FREEDOM PARK - CLC Building, 280 Magallanes St. near cor. Noli Me Tangere, Cebu City
227)	MANDALUYONG - WACK-WACK - G/F, GDC Building, 710 Shaw Blvd., Bgy. Wack-Wack, Mandaluyong City
228)	BATANGAS - TANAUAN - Brgy. Darasa, Tanauan , Batangas City
229)	MINDORO - CALAPAN - G/F Paras Building, J.P. Rizal Street, Bgy. San Vicente South, Calapan City, Oriental Mindoro
230)	MAKATI AVENUE - PACIFIC STAR - G/F- High Rise, Pacific Star Building Sen. Gil Puyat Ave. cor. Makati Ave.,
231)	LEGASPI - DELA ROSA - G/F I - Care Building, Dela Rosa Street corner Legaspi Village, Makati City
232)	DAGUPAN - A.B. FERNANDEZ AVENUE - New Star Building, A. B. Fernandez Avenue, Dagupan City
233)	PANGASINAN - ROSALES - Estrella Compound, Carmen East Rosales, Mac Arthur Highway, Pangasinan
234)	BORACAY - Alexandra Building, Main Road, Bgy. Balabag, Boracay Island, Malay, Aklan
235)	CEBU - TALISAY - Tabunok Highway, Talisay City, Cebu
236)	ORMOC CITY - G/F, Don Felipe Hotel Building, Aviles Street, Ormoc City
237)	CAVITE - NAIC - Corner Daang Sabang and Ibayo Silangan Road, Naic, Cavite
238)	BATAAN - DINALUPIHAN - Bgy. San Ramon, Dinalupihan, Bataan

239)	TARLAC - PANIQUI - No. 130 M.H. Del Pilar Street corner Mac Arthur Highway, Paniqui, Tarlac City
240)	NUEVA VIZCAYA - SOLANO - Maharlika Road, Poblacion, Solano, Nueva Vizcaya
241)	TAGBILARAN CITY - CPG Avenue, 2nd District, Tagbilaran City
242)	DAVAO - J.P. LAUREL - JP Laurel Avenue, Davao City
243)	THE FORT - F1 - Unit F, G/F, Fi Center Building, 32nd Street corner 5th Avenue, Bonifacio Global City, Taguig
244)	AMORSOLO - QUEENSWAY - G/F Queensway Building, No.118 Amorsolo St., Legaspi Village, Makati City
245)	JUAN LUNA - PRITIL - G/F 1953-1955 Juan Luna St., Tondo, Manila
246)	CUBAO - ARANETA CENTER - G/F, Philamlife Building, Aurora Blvd. corner General Araneta Street, Cubao, Quezon City
247)	KALENTONG - G/F No. 908 Unit 1&2 Ground Floor Kalentong Street, Mandaluyong City
248)	ALABANG - ENTRATA - Unit G3 & G4 Entrata, Filinvest Corporate City, Alabang, Muntinlupa City
249)	BF HOMES - AGUIRRE - 327 Aguirre Avenue, BF Homes, Paranaque City
250)	SUCAT - KABIHASNAN - G/F Unit 3 & 4 Perry Logistics Center Building, Ninoy Aquino Avenue, Paranaque City
251)	CAVITE - TANZA - Antero Soriano Avenue, Daang Amaya 2 Tanza, Cavite
252)	CEBU - ASIA TOWN IT PARK - G/F, Calyx Center, W. Ginonzon Street corner Abad Street, Asia Town, IT Park, Cebu City
253)	GIL PUYAT - DIAN - G/F, Wisma Cyberhub Bldg., No 45 Sen. Gil Puyat Ave., Makati City
254)	A. BONIFACIO - Balingasa - G/F, 2/F & 3/F, Units D & E, Winston Plaza 1 Building, No. 880 A. Bonifacio Avenue, Brgy. Balingasa, Quezon City
255)	VISAYAS AVENUE - G/F unit B,C & D No. 15 Visayas Ave. Brgy. Vasra Quezon City
256)	GRACE PARK - 11TH AVE. - G/F, Remcor V Building, Block 172, Lot 5, Rizal Avenue Ext., Caloocan City
257)	VALENZUELA - DALANDANAN - 212 Km. 15 Mac Arthur Hiway Dalandanan Valenzuela City
258)	GREENHILLS - NORTH - G/F BTTC Bldg., Ortigas Ave. cor. Roosevelt St., Greenhills, San Juan City
259)	ALABANG HILLS - Don Gesu Bldg., Don Jesus Blvd., Brgy. Cupang, Muntinlupa City
260)	NUEVA ECija - GAPAN - G/F, Units 105,106 & 2/F, Unit 205, TSI Building, Jose Abad Santos Avenue, Sto. Niño, Gapan, Nueva Ecija
261)	DAVAO - BUHANGIN - Km. 5 Buhangin Road, corner Gladiola Street, Buhangin, Davao City
262)	BICUTAN - EAST SERVICE ROAD - Ground Floor, Waltermart Bicutan, East Service Rd. cor. Mañalac Ave. Brgy. San Martin de Porres, Parañaque City
263)	BULACAN - PLARIDEL - Lot 1071-A Daang Maharlika Road, (prev. Cagayan Valley Road) Banga First, Plaridel Bulacan
264)	BUKIDNON - VALENCIA - Tamay Lang, Parklane, G. Laviña Ave., Poblacion, Valencia City, Bukidnon
265)	MARIKINA - PARANG - 90 JP Rizal St, Brgy Calumpang, Marikina City.
266)	ONGPIN - G/F, Commercial Unit G1, Strata Gold Condominium Bldg. 738 Ongpin St. Binondo Manila
267)	CAVITE CITY - P. Burgos Ave., Brgy. Caridad, Cavite City
268)	YLAYA - PADRE RADA - Ground Floor, Josefa Building, No. 981, Ylaya Street corner Padre Rada Street, Tondo, Manila
269)	BATANGAS - LEMERY - G/F LDMC Building, Ilustre Ave. Dist III, Lemery, Batangas
270)	LAGUNA - BINAN - G/F, Units 1 to 4, Simrey's Commercial Building, National Highway corner Alma Manzo Road, Brgy. San Antonio, Biñan City, Laguna
271)	KALIBO - Roxas Avenue Extension, Buswang New, Kalibo, Aklan
272)	DAVAO - DIGOS - Commercial Space-4, Davao RJ and Sons Realty & Trading Corporation Bldg, V. Sotto Street, Brgy. Zone-1, Digos City, Davao del Sur
273)	PEREA - G/F Greenbelt Mansion, 106 Perea Street, Legaspi Village, Makati City
274)	BANAWE - KALIRAYA - Titan 168 Building, 126 Banawe Street near cor. Kaliraya St., Quezon City
275)	CAVITE - TRECE MARTIRES - G/F Dionets Commercial Place Building, San Agustin Road/Trece Martires - Indang Road, Trece Martires City, Cavite
276)	ROXAS CITY - Corner Roxas Avenue and Osmeña St., (formerly Pavia St.) Roxas City, Capiz
277)	TACLOBAN CITY - MARASBARAS - JGC Building, Ground Floor, National Road, Brgy. 77 Marasbaras, Tactoban City
278)	PROJECT 8 - SHORTHORN - Ground Flr. West Star Business Ctr., Bldg. # 31, Shorthorn St., Brgy. Bahay Toro Proj.8, Quezon City
279)	BULACAN - BALAGTAS - Buro 1st, MacArthur Highway, Balagtas, Bulacan
280)	DAVAO - MAC ARTHUR MATINA - BGP Commercial Complex II Bldg., McArthur Highway, Matina, Davao City
281)	GRACE PARK - 3RD AVE. - No. 215 Rizal Ave. Ext, Brgy. 45, Grace Park West, Caloocan City
282)	SAN FERNANDO - JOSE ABAD SANTOS - Kingsborough Commercial Center Bldg, GF Units 1A & 1B Jose Abad Santos Avenue, San Fernando, Pampanga
283)	ILOCOS NORTE - SAN NICOLAS - Barangay 2, San Nicolas, Ilocos Norte
284)	PANGASINAN - LINGAYEN - J.S. Molano Real State Lessor Building, Avenida Rizal East Lingayen, Pangasinan
285)	BACOLOD - ARANETA - Unit 1A and 1B Metrodome Building, Araneta corner Alunan Street, Singcang Barangay 39, Bacolod City
286)	GENERAL LUIS - KAYBIGA - No. 4 Gen. Luis St., Barangay Kaybiga, Caloocan City
287)	NAVOTAS - M. NAVAL - No. 895 M. Naval Street, Brgy. Sipac-Almasen, Navotas City
288)	CAVITE - SILANG - J. Rizal Street, Silang, Cavite
289)	BATANGAS - ROSARIO - Rosario-Padre Garcia-Lipa Road, Poblacion Rosario, Batangas
290)	JUPITER - PASEO DE ROXAS - No. 30 Jupiter cor. Paseo De Roxas Sts., Brgy. Bel-Air, Makati City
291)	DIPOLOG CITY - G/F Felicidad II Bldg., Quezon Ave., Miputak, Dipolog City
292)	GENERAL SANTOS CITY - PIONEER - Laiz Bldg., Pioneer cor. Magsaysay Ave., Gen. Santos City
293)	GIL PUYAT - SALCEDO VILLAGE - Unit 1C, G/F Country Space 1 Building, Gil Puyat Avenue, Salcedo Village, Makati City
294)	BLUMENTRITT - RIZAL AVENUE - No. 2412 Rizal Avenue, Sta. Cruz, Manila
295)	JUAN LUNA - BINONDO - No. 580 Juan Luna Street, Binondo, Manila
296)	E. RODRIGUEZ AVE. - CUBAO - No. 1731 E. Rodriguez Sr. Avenue, Brgy. Pinagkaisahan, Cubao, Quezon City
297)	GREENHILLS - PROMENADE - Unit 3, G/F & 2/F Promenade Building, Missouri Street, Greenhills, San Juan City
298)	ANTIQUÉ - SAN JOSE - St. Nicholas Commercial Building, T.A. Fornier Street, San Jose, Antique
299)	DAVAO - AGDAO - Door 2 and 3, Cabaguio Building, J.P. Cabaguio Avenue, Davao City
300)	LEVISTE - Unit Ground B, LPL Mansions Building, 122 L.P. Balviste Street, Salcedo Village Makati City
301)	CHINO ROCES - LA FUERZA - Unit/s 10 & 11 La Fuerza Plaza 1, 2241 Don Chino Roces Avenue, Makati City
302)	PAZ M. GUAZON - Units 5 & 6 Topmark Bldg., 1763 Paz M. Guazon Street, Paco, Manila
303)	MIA ROAD - Salud-Dizon Building 1, No. 5 MIA Road, Tambo, Parañaque City
304)	BATANGAS - NASUGBU - J. P. Laurel Street, Poblacion, Nasugbu, Batangas
305)	SORSOGON - Ma. Bensusat T. Dogillo Bldg., Magsaysay St., Poblacion, Sorsogon City
306)	MALOLOs - No. 1197 G/F BUFEco Bldg., Brgy. Sumapang Matanda, Mac Arthur Highway Malolos, Bulacan
307)	SUBIC BAY - G/F Bldg., 1109 Rizal Highway, Subic Bay Freeport Zone, Olongapo City
308)	ISABELA - ILAGAN - Maharlika Highway corner Florencio Apostol Street, Calamagui 1, Ilagan, Isabela
309)	LA UNION - AGOO - Mac Arthur Highway, Barangay San Antonio, Agoo, La Union
310)	CATBALOGAN - Curry Avenue corner San Bartolome Street, Catbalogan City, Samar

311)	DAVAO - QUIRINO - Centron Building, Quirino Avenue corner General Luna Street, Davao City
312)	KIDAPAWAN - Doña Leonila Complex, National Highway, Poblacion, Kidapawan City North Cotabato
313)	VALENZUELA - GEN. T. DE LEON - Units 4 & 5, G/F, Liu Shuang Yu Bldg., No. 3026 Gen. T. De Leon St. Brgy. Gen. T. De Leon, Valenzuela City
314)	ILOILO - MOLO - GT Plaza Mall, MH del Pilar St., Molo, Iloilo City
315)	ALABANG - COMMERCE AVE. - Spectrum Center - Block 28 Commerce Avenue corner Filinvest Avenue, Filinvest City, Alabang, Muntinlupa City
316)	NUEVA ECIJA - TALAVERA - Lot No. 269-A Maharlika Road, Poblacion, Talavera, Nueva Ecija
317)	SILAY - Rizal Street, Silay City, Negros Occidental
318)	DEL MONTE - D. TUAZON - 155 Del Monte Ave., Barangay Manresa, Quezon City
319)	PANGASINAN - SAN CARLOS - Palaris Street, San Carlos City, Pangasinan
320)	DAVAO - MAGSAYSAY - Lot 100-C Brgy. 030 Poblacion, R. Magsaysay Ave., Davao City
321)	ZAMBALES - IBA - Lot No. 1-A, Zambales - Pangasinan Provincial Road, Brgy. Sagapan, Iba, Zambales
322)	CAGAYAN DE ORO - CARMEN - RTS Building, Vamenta Boulevard, Carmen, Cagayan De Oro City
323)	CAGAYAN DE ORO - LAPASAN - Lapasan Highway, Cagayan De Oro City
324)	CALOOCAN - A. MABINI - G/F Gee Bee Bldg., No. 428, A. Mabini St., Brgy. 15, Zone 2, Caloocan City
325)	TORDESILLAS - Unit 105, Le Metropole Condominium, H.V. Dela Costa St. cor Tordesillas Str. and Sen. Gil Puyat Avenue, Salcedo Village, Makati City
326)	TAFT - NAKPIL - RLR Building, 1820 Taft Avenue near corner Nakpil Street, Malate, Manila
327)	ORTIGAS - ROCKWELL - Unit No. W-01 Tower 1, The Rockwell Business Center, Ortigas Avenue, Pasig
328)	GENERAL SANTOS CITY - CALUMPANG - Calumpang Medical Specialist Bldg., National Highway, Calumpang, General Santos City
329)	BATANGAS - STO. TOMAS - Sto. Tomas - Km. 67 Maharlika Highway, Poblacion, Sto. Tomas, Batangas
330)	PATEROS - M. Almeda corner G. De Borja Street, San Roque, Pateros
331)	LAGUNA - CABUYAO - No. 26 J. P. Rizal Street, Poblacion, Cabuyao City, Laguna
332)	BULACAN - SAN JOSE DEL MONTE - Dalisay Resort, Gov. F. Halili Avenue, Tungkong Mangga, San Jose del Monte, Bulacan
333)	METROPOLITAN AVENUE - Savana Building 3, Metropolitan Avenue corner Venecia Street, Barangay Sta. Cruz, Makati City
334)	THE FORT - ACTIVE FUN - Active Fun Building, 9th Avenue corner 28th Street, City Center, Bonifacio Global City, Taguig City
335)	STA. ROSA - Unit No. 6, G/F Paseo 5 - Paseo de Sta Rosa, Greenfield City, Don Jose, Santa Rosa City, Laguna
336)	LAS PIÑAS - J. AGUILAR AVE. - J. Aguilar Avenue corner Casimiro Drive, Brgy. BF International, Las Piñas City, Metro Manila
337)	PEDRO GIL - No. 574 Pedro Gil Street, Manila
338)	KAWIT - CENTENNIAL - Centennial Road, Tapon, Kawit, Cavite
339)	SAMPALOC - J. FIGUERAS - No. 427-433 J. Figueras Street, Sampaloc, Manila
340)	BATANGAS - BALAYAN - Corner Paz Street and Union Street, Poblacion, Balayan, Batangas
341)	KAMUNING - JPY Building, No. 52 Kamuning Road, Kamuning, Quezon City
342)	E. ROD. - WELCOMER ROTONDA - G/F AEK Building, No. 40 E. Rodriguez Sr. Avenue, Brgy. Don Manuel, Quezon City
343)	XAVIERVILLE - No. 60 Xavierville Avenue, Xavierville Subdivision, Brgy. Loyola Heights, Quezon City
344)	TABACO CITY - Manuel Cea Bldg. I, Santillan Street, Poblacion, Tabaco City, Albay
345)	BATAAN - MARIVELES - 8th Avenue, Freeport Area of Bataan (FAB), Mariveles, Bataan
346)	LEGAZPI CITY - Block 2 Lot 3-B, Landco Business Park, Legazpi City, Albay
347)	TIMOG - MOTHER IGNACIA - No. 21 Timog Ave., Brgy. South Triangle, 1103 Quezon City
348)	AURORA BLVD. - ANONAS - Rosario Building, No. 999 Aurora Blvd., near corner Luan and Anonas Sts., Bgy. Duyan-duyan, Project 3, Quezon City
349)	P. OCAMPO AVENUE - 245 P. Ocampo Ave. corner Flordeliz St., Barangay La Paz, Makati City
350)	MONTALBAN - RIZAL - 240 E. Rodriguez Hi-way, Manggahan, Rodriguez, Rizal
351)	THE FORT 26TH ST - 11TH AVE - Units 25-26, North Tower, South of Market Building, 26th Street corner 11th Avenue, Bonifacio Global City, Taguig City
352)	ORTIGAS - ADB AVENUE - Units G1 & G2, g/f ADB Avenue Tower, Ortigas Center, Pasig City
353)	BONI SERRANO AVE. - No.107 Boni Serrano Ave., Brgy. Lipunan ng Crame, Quezon City
354)	TAYTAY - MANILA EAST - Manila East Road, Brgy. San Juan, Taytay, Rizal
355)	PASAY - OCEANAIRE - Unit 108-109, Podium Commercial Area, Oceanaire Condominium, Sunrise Drive corner Rd. 23, Mall of Asia Complex, Pasay City
356)	A. MABINI - R. SALAS - G/F & 2/F Jesselton Tower No. 1453 A. Mabini St., corner R. Salas St., Brgy. 668, Zone 72, Ermita, Manila
357)	GIL PUYAT - F.B. HARRISON - No. 131 Gil Puyat Avenue Extension, Brgy. 24, Zone 4, Pasay City
358)	MAYON - DAPITAN - 181 Mayon Street near corner Dapitan Street Brgy. Sta. Teresita Quezon City
359)	KALAYAAN - MATALINO - No. 123 Kalayaan Avenue corner Matalino Street, Brgy. Central Diliman, Quezon City
360)	CABANATUAN - MAHARLIKA - Maharlika Highway, Brgy. Dicarma, Cabanatuan City, Nueva ecija
361)	ACROPOLIS - Unit 1B G/F Richmond Centre Building, Lot 46 Block 11, E. Rodriguez Ave. Jr. Avenue, Brgy. Bagumbayan, Acropolis, Quezon City
362)	LEGASPI - AGUIRRE - Ground Floor, Unit 1B, The Biltmore, 102 Aguirre Street, Legaspi Village, Makati City
363)	TARLAC - CONCEPCION - Lot 1889 B1, B2 and B3, L. Cortes St., San nicholas, Concepcion, Tarlac
364)	BULACAN - STA. MARIA - No. 115 M. De Leon St., Brgy. Poblacion, Sta. Maria, Bulacan
365)	TARLAC - MCARTHUR HIGHWAY - Lot No. 27 Lot 17, McArthur Highway corner Calle Manuel, San Sebastian Village, Tarlac, Tarlac
366)	PANGASINAN - MANGALDAN - Cadastral Lot No. 335 Rizal Avenue, Brgy. Poblacion, Magaldan, Pangasinan
367)	BATANGAS CITY - PALLOCAN - Units 6, 7 and 8 Mayleg Center Bldg., Manuela Pastopr Avenue, Brgy. Pallocan West, Batangas City
368)	DAVAO - DIVERSION ROAD - Unit No. 4 & 5, GF D3G Y10 Bldg., C.P. Garcia National Highway, Brgy Cabantian, Davao City
369)	PANGASINAN - ALAMINOS - BHF Blue Harrison Bldg., Quezon Avenue, Poblacion, Alaminos City, Pangasinan
370)	CALAMBA - NATIONAL ROAD - 1425 National Road, Brgy. Uno Crossing, Calamba City
371)	BACOLOD - EAST - East Two Corporate Center Bldg., Circumferential Road, Brgy. Villamonte, Bacolod City
372)	BAGUIO - LEGARDA - Ground Floor Lindi Hotel Building, No. 12 Legarda Road, Baguio City
373)	LAGUNA - STA. CRUZ - Sun Moon Arcade Building, No. 129 P. Guevarra St., Brgy. Poblacion 2, Sta. Cruz, Laguna
374)	QUEZON - CANDELARIA - Corner National Highway and Ona Street, Candelaria, Quezon
375)	ILOILO - DIVERSION ROAD - The 21 Avenue Building, Benigno Aquino Avenue, Mandurriao, Iloilo City
376)	TACLOBAN CITY - J. ROMUALDEZ - RUL Building, Justice Romualdez Street, Brgy. 15, Tacloban City
377)	BUTUAN - P. BURGOS - Units 1,2, and 3, G/F FSUU Building, P. Burgos corner San Francisco Streets, Brgy. Sikatuna, Butuan City
378)	RIZAL - SAN MATEO - Lot 551-A-8 Gen Luna St., Brgy Ampid, San Mateo, Rizal
379)	ISABELA - ROXAS - Maharlika Highway, Brgy. Bantug, Roxas, Isabela
380)	CAVITE - ROSARIO - Lot 616-F-1 National Road, Brgy. Tejero, Rosario, Cavite
381)	DAVAO - MA-A - Rosario Arcade Building, Don Julian Rodriguez Avenue, Ma-a Road, Davao City
382)	THE FORT - 11TH AVE.-30TH ST. - Unit No. 2 GF, BGC Corporate Center, No. 3030 11th Ave. cor. 30th St., City Center, BGC, Taguig City

383)	TACURONG - Tacurong City-Lambayong National Highway, Tacurong Dultan Kudarat
384)	PAMPANGA - CLARK - Pavillion 16, Berthaphil Clark Center, Jose Abad Santos Avenue, Clark Freeport Zone, Clark Filed Pampanga
385)	ALABANG - FRABELLE - Frabelle Alabang Bldg. 1100 Madrigal Business Park Alabang Zapote Rd Alabang Muntinlupa City
386)	THE FORT - 7TH AVE. - G/F Quadrant 3 Wumaco Bldg. 2, 7th Avenue B3, Bonifacio High Street, Bonifacio Global City, Taguig
387)	ORTIGAS - ORIENT SQUARE - G/F Orient Square Building, Emerald Ave., Ortigas Center Pasig City

Listed below are the branches of EWRB as of December 31, 2016:

1)	PASIG STORE - 360 Dr. Sixto Antonio Avenue, Caniogan, Pasig City 1606
2)	DAGUPAN STORE - Abarabar Bldg. Perez Boulevard, Brgy. Pogo Chilo, Dagupan City, Pangasinan, 2400
3)	LA UNION STORE - Diversion Road, Brgy. Pagdaraosan, San Fernando City, La Union, 2500
4)	BAGUIO STORE - 2F Jose Miguel Bldg., Il, Yandoc St., Corner Naguilian Road, Barangay Kayang Extension, Baguio City, 2600
5)	TUGUEGARAO STORE - Don Domingo Street, Brgy. Centro 11, Tuguegarao City, Cagayan Valley, 3500
6)	TARLAC STORE - Silayan Business Center Bldg., Brgy. Santo Cristo, Tarlac City, Tarlac, 2300
7)	PAMPANGA STORE - Suburbia North Subdivision, McArthur Highway, Brgy. Maimpis, City of San Fernando, Pampanga, 2000
8)	MEYCAUAYAN STORE - Manila North Road, McArthur Highway, Brgy. Calvario, Meycauayan City, Bulacan
9)	CABANATUAN STORE - Bulanadi Bldg. Maharlika Highway, Brgy. H. Concepcion, Cabanatuan City, Nueva Ecija, 3100
10)	LUCENA STORE - Land Co Bldg., ML Tagarao St., Brgy. 3, Lucena City, Quezon, 4301
11)	STA. ROSA STORE - FLC Business Center, National Highway, Brgy. Macablang, Sta. Rosa City, Laguna, 4026
12)	CAINTA STORE - Unit 101 East 1900 Gate 3 Vista Verde Executive Village, Felix Avenue, Cainta, Rizal, 1900
13)	DASMARINAS STORE - Lot-4, Aguinaldo Highway, Brgy. Salitran, Dasmaringas City, Cavite, 4114
14)	BATANGAS STORE - Ground floor Epicenter, National Highway, Brgy. Balagtas, Batangas City, Batangas, 4200
15)	PUERTO PRINCESA STORE - Whitelines Bldg. 201, National Highway, Brgy. San Pedro, Puerto Princesa City, Palawan, 5300
16)	LEGAZPI STORE - Door 2 & 3 Bicol Wei Due Fraternity Building, Quezon Ave. Oro Site, Legazpi City, Albay, 4500
17)	NAGA STORE - Door 48 & 49 Crescini Bldg. CBD 2 Triangulo, Naga City, Camarines Sur, 4400
18)	DAET STORE - Blk. 8, Lot-11, FMDC Bldg., Central Plaza Complex, Brgy., Lag-on, Daet, Camarines Norte
19)	IROSIN STORE - M.H. Del Pilar Street, Brgy. San Julian, Irosin, Sorsogon
20)	MASBATE STORE - Door 1 & 2, Sanchez Bldg., Sitio Cagba, Brgy. Tugbo, Masbate City
21)	BACOLOD STORE - R.S. Bldg., Corner Hilado Extension & 6th Sts., Capitol Shopping Center, Lacson, Bacolod City, Negros Occidental, 6100
22)	ILOILO STORE - National Road, Brgy., Tagbak, Jaro, Iloilo City
23)	ROXAS STORE - Unit II, Cler Grand Hotel, Brgy. Lawaan, Roxas City, Capiz, 5800
24)	KABANKALAN STORE - The Crossing, Guazon Street, Brgy. 2 Kabankalan City, Negros Occidental, 6111
25)	SAN CARLOS STORE - Center Mall, F. C. Ledesma Avenue, Brgy Palampas, San Carlos City, Negros Occidental, 6127
26)	TANJAY STORE (FORMERLY DUMAGUETE STORE) - Magallanes St., Cor. Basa St., Pob.2, Tanjay City, Negros Oriental
27)	MANDAUE STORE - Northside Business Hub, G. Lopez-Jaena Corner, A.P. Cortes St, Brgy. Tipolo, Mandaue City, Cebu, 6014
28)	TAGBILARAN STORE - G/F Sum Bldg., #29 San Jose Street, Brgy. Bogu Cogon District, Tagbilaran City, Bohol, 6300
29)	CEBU CITY STORE - JEThouse Bldg., 36 Osmeña Blvd., Brgy. Sarnbag II Cebu City
30)	TOLEDO STORE - Ma. Theresa Isabel Bldg. #4, Peñalosa Street, Luray I, Toledo City, Cebu, 6038
31)	BOGO STORE - CPN Bldg. M.H. Del Pilar St. Brgy. Lourdes, Bogo City, Cebu, 6010
32)	CALBAYOG STORE - Corner Orquin Street & Magsaysay Boulevard, Brgy. Balud, Calbayog City
33)	MAASIN STORE - R. Kangleon Cor., Rafols Sts., Brgy. Tunga-tunga Maasin City, Southern Leyte 6600
34)	TACLOBAN STORE - G/F Insular Life Bldg., Avenida-Veteranos Avenue, Brgy. 34, Tacloban City, Leyte, 6500
35)	BAYBAY STORE - Oppura Bldg., M.L. Quezon corner D. Veloso Sts., Brgy. Poblacion-Zone 9, Baybay, Leyte 6521
36)	ORMOC STORE - Real Street, Cor. San Vidal Brgy. District 21, Ormoc City, Leyte, 6541
37)	PAGADIAN STORE - Vicente Araneta Tolibas Bldg., Jamisola Corner Arlosa St., Santiago Dist., Pagadian City, Zamboanga del Sur, 7016
38)	DIPOLOG STORE - General Luna Street Corner Calibo Street, Dipolog City, Zamboanga del Norte, 7100
39)	IPIL STORE - Gethsemane St., Purok Malipayon, Poblacion Ipil, Zamboanga Sibugay
40)	ZAMBOANGA CITY STORE - Nunez Extension, Brgy. Camino Nuevo, Mayor Vitaliano Agan Avenue, Zamboanga City.
41)	CAGAYAN DE ORO STORE - Silverdale Building, Capistrano corner Mabini Street, Barangay 14, Cagayan de Oro City, Misamis Oriental, 9000
42)	VALENCIA STORE - Alkuino Bldg., Purok 2, Sayre Highway, Poblacion, Valencia City, Bukidnon, 8709
43)	TAGOLOAN STORE - National Highway, Brgy. Poblacion, Tagoloan, Misamis Oriental, 9001
44)	GINGOOG STORE - Dupoint Arcade, National Highway, Brgy. 17, Gingoog City, Misamis Oriental, 9014
45)	MATI STORE - Magricom Bldg. 2, Limatoc Street, Central, Mati City, Davao Oriental, 8200
46)	DAVAO CITY STORE - Uyanguren St., Ramon Magsaysay Avenue, Brgy. 29-C, Davao City, Davao del Sur, 8000
47)	NABUNTURAN STORE - Amatong Bldg., Purok 11 Poblacion, Nabunturan, Compostela Valley, 8800
48)	GENERAL SANTOS STORE - UTD Building, J. Catolico Avenue, Lagao, General Santos City, South Cotabato, 9500
49)	KORONADAL STORE - Purok Mabuhay, Brgy. Zone IV, Koronadal City, South Cotabato, 9506
50)	KABACAN STORE - National Road, Rizal St. Brgy. Poblacion, Kabacan, North Cotabato, 9407
51)	ISULAN STORE - Valdez Bldg. Arcade, National Highway, Brgy. Kalawag II, Isulan, Sultan Kudarat, 9805
52)	BUTUAN STORE - Pareñas Bldg. South Montilla Blvd, Brgy. Golden Ribbon, Butuan City, Agusan del Norte, 8600
53)	SAN FRANCISCO STORE - Quezon Street, Brgy. 2, San Francisco, Agusan del Sur, 8501
54)	SURIGAO CITY STORE - Parkway, Km.2, Brgy. Luna, Surigao City, Surigao del Norte, 8400
55)	KITCHARAO STORE - National Highway, Brgy. Songkoy, Kitcharao, Agusan del Norte, 8609
56)	TANDAG STORE - Pimentel Bldg. Donasco Street, Brgy. Bag-ong Lungsod, Tandag City, Surigao Del Sur, 8300
57)	MANGAGOY STORE - EWRB Building, Espiritu Street, Mangagoy, Bislig City, Surigao del Sur, 8311
58)	DAPA STORE - Mabini Street, Brgy. 11 Poblacion, Dapa, Surigao del Norte, 8417

Employees

As at December 31, 2016, EastWest had 5,546 full-time employees compared to 5,168 in 2015. The following table categorizes EastWest's full-time employees rank, as of December 31, 2016 and 2015:

	2016	2015
Executives	246	204
Managers	2,173	2,037
Rank and File	3,127	2,927
Total	5,546	5,168

The subsidiaries have 1,117 officers/staff, bringing the combined manpower of 6,663.

There is no existing collective bargaining agreement between EastWest and any of its employees, and EastWest's employees are not part of any labor union.

Market Information

The common shares of EastWest have been listed on the PSE on May 7, 2012. The table below shows the high and low prices of EastWest shares transacted at the PSE since 2014:

Year Ended December 31, 2014	High	Low
1 st Quarter – 2014	29.00	24.05
2 nd Quarter – 2014	31.60	28.10
3 rd Quarter – 2014	30.45	26.90
4 th Quarter – 2014	27.10	23.55

Year Ended December 31, 2015	High	Low
1 st Quarter – 2015	27.50	23.60
2 nd Quarter – 2015	25.15	19.44
3 rd Quarter – 2015	21.85	18.02
4 th Quarter – 2015	20.10	18.00

Year Ended December 31, 2016	High	Low
1 st Quarter – 2016	18.30	14.34
2 nd Quarter – 2016	18.20	15.10
3 rd Quarter – 2016	21.90	18.38
4 th Quarter – 2016	19.98	18.20

High and Low price of the Registrant's shares as of March 22, 2017 (last practicable trading day) were ₱20.35 and ₱19.88, respectively.

Holders

EastWest top 20 shareholders as of February 28, 2017 are as follows:

Name of Stockholder	Number of Shares	Percent
1. Filinvest Development Corporation	600,090,678	40.01%
2. Filinvest Development Corporation Forex	557,721,376	37.18%
3. PCD Nominee Corporation (Filipino)	215,641,873	14.38%
4. PCD Nominee Corporation (Non-Filipino)	121,775,277	8.12%
5. F. Yap Securities, Inc.	2,111,589	0.14%
6. Alfonso S. Teh	500,000	0.03%
7. Philippine Air Force Educational Fund, Inc.	390,000	0.03%
8. Washington Sycip	322,000	0.02%
9. Gerardo Susmerano	320,000	0.02%
10. Manuel A. Santiago or Ella C. Santiago	220,400	0.01%
11. Miriam Cheng Bona Itf Mark Jericho C Bona	100,000	0.01%
12. Joshua Cheng	100,000	0.01%
13. Ivy B. Uy	75,000	0.01%
14. Ching Bun Teng	64,000	0.00%
15. Catherine L. Tan	60,000	0.00%
16. Miguel T. Tan	60,000	0.00%
17. Quirino Cheong Gotauco	46,000	0.00%
18. Edwin U. Lim	40,500	0.00%
19. Jacqueline S. Fernandez	39,637	0.00%
20. Dennis Granada Baguyo	30,000	0.00%
TOTAL	1,499,708,330	99.98%

Total number of shareholders as of February 28, 2017 is 89 of which 77 are owning at least 100 shares.

Equity Ownership of Foreigners on Common Shares as of February 28, 2017 is as follows:

Nationality	Number of Stockholders	Number of Shares	%
Filipino	85	1,377,880,432	91.86%
Non-Filipino	2	121,775,278	8.12%
American	2	327,900	0.02%
Total	89	1,499,983,610	100.00%

Free Float Level

Based on the Public Ownership Report of the Bank as of December 31, 2016, 21.15% of the total outstanding shares are owned by the public.

Recent Sale of Unregistered Securities

There were no recent sales of unregistered or exempt securities, including issuance of securities constituting an exempt transaction.

Declaration of Dividends

The Board of Directors of the Bank, in its special meeting on April 15, 2016, approved the declaration of cash dividends amounting to ₱0.27 per share or ₱400.0 million to stockholders on record as of April 29, 2016. The dividends were paid on May 13, 2016.

No dividends were declared and paid by the Bank in 2015 and 2014.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The Board approved the Bank's revised Corporate Governance Manual on August 27, 2015 in order to monitor and assess the level of the Bank's compliance with leading practices on good corporate governance as specified in pertinent SEC circulars. Aside from establishing specialized committees to aid in complying with the principles of good corporate governance, the Corporate Governance Manual also outlines specific investor's rights and protections and enumerates particular duties expected from the Board members, officers and employees. It also features a disclosure system which highlights adherence to the principles of transparency, accountability and fairness. The Chief Compliance Officer is tasked with the formulation of specific measures to determine the level of compliance with the Corporate Governance Manual by the Board members, officers and employees. There has been no deviation from the Corporate Governance Manual's standards as of the date of this Report.

Evaluation System and Compliance

As part of its system for monitoring and assessing compliance with the Corporate Governance Manual and the SEC Code of Corporate Governance, each Board Committee is required to report regularly to the Board of Directors. In addition, the Corporate Governance Manual is subject to annual review or when necessary as mandated by law or regulation. The Chief Compliance Officer is responsible for determining and measuring compliance with the Corporate Governance Manual and the SEC Code of Corporate Governance. Any violation of the Bank's Corporate Governance Manual shall subject the responsible officer or employee to the following penalties:

- For a first violation, the responsible officer or employee shall be reprimanded.
- For a second violation, suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation.
- For a third violation, the maximum penalty of removal from office shall be imposed.

Pursuant to EastWest's Corporate Governance Manual, its Board created each of the following committees and appointed Board members thereto. Each member of the respective committees named below has been holding office as of the date of this Offering Circular and will serve until his successor shall have been elected and qualified.

Executive Committee

The Executive Committee is empowered to direct the business of the Bank vested by law in the Board of Directors insofar as such powers and authority may be lawfully delegated to the Executive Committee, including the power to review and approve proposals and transactions related to credit in amounts within the limits of its delegated authority.

The Executive Committee meets weekly or as often as it may be necessary to address all matters referred to it. In 2016, thirty-six (36) regular and special meetings were conducted and attended by at least a majority of the Committee members.

Corporate Governance and Compliance Committee (CGCC)

The Corporate Governance and Compliance Committee leads EastWest in defining corporate governance policies and attaining best practices while overseeing the implementation of EastWest's compliance program, money laundering prevention program and ensuring that regulatory compliance issues are resolved expeditiously. In addition to its governance role, the CGCC also assumes the nomination function whereby it reviews and evaluates the qualifications of all persons nominated to the Board, all direct reports of the President and CEO, regardless of rank, heads of Governance Units and other positions of the Bank requiring appointment by the Board of Directors. The Committee oversees the annual performance evaluation of the Board, its committees, and individual directors and conducts an annual self-evaluation of its performance as prescribed under and in accordance with the Corporate Governance Manual and the 2009 SEC Code of Corporate Governance. At the forefront of the implementation of its mandates is the Compliance Division led by the Chief Compliance Officer.

The Committee, composed of five members, three of whom are independent directors, including the chairperson, meets every other month or when necessary. In 2016, eleven (11) regular and special meetings were conducted and attended by at least a majority of the Committee members.

Related Party Transaction Committee (RPT Committee)

The RPT Committee assists the Board in ensuring that the transaction with related parties of the Bank are handled in a sound and prudent manner, with integrity and in compliance with the applicable laws and regulations to

protect the interest of depositors, creditors and other stakeholders. It also ensures that related party transactions are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged by such transactions

The RPT Committee is composed of four (4) members of the Board of Directors, 3 of whom are independent directors, including the chairperson. It meets every other month or whenever necessary to discuss and agree on matters to be endorsed to the Board of Directors for approval and confirmation. In 2016, eight (8) regular and special meetings were conducted and attended by at least a majority of the Committee members.

Audit Committee

The Audit Committee assists the Board of Directors in overseeing the Bank's financial reporting process, system of internal controls and the process for monitoring compliance with laws and regulations and the code of conduct. It also provides reasonable assurance to the Board on the overall management of risks of the Bank. It is responsible for setting up the Internal Audit Division, and for appointing the Chief Audit Executive and an independent external auditor who both directly report to the Audit Committee. It monitors and evaluates the effectiveness and accuracy of the internal control system established throughout the Bank, through the Internal Audit Division. The Internal Audit Division is independent of all of the Bank's other organizational units as well as of the personnel and work it audits. It functionally reports to the Audit Committee and administratively to the President/CEO as it provides independent, objective assurance and consulting services designed to add value and improve EastWest Bank's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach in evaluating and improving the effectiveness of risk management, control, and governance processes.

The Audit Committee, which consists of four members, three of whom are independent directors, meets once a month. In 2016, twelve (12) regular meetings were conducted and attended by at least a majority of the Committee members.

Risk Management Committee

The Risk Management Committee (RMC) assists the Board in managing EastWest's risk-taking activities through policy institution and oversight. The RMC reviews and approves principles, policies, strategies, processes and control frameworks pertaining to risk management. It also recommends to the Board any necessary modifications or amendments to strategies and policies relative to risk management. Its functions include identifying and evaluating EastWest's risk exposures, estimating its impact to the organization and assessing the magnitude, direction and distribution of risks across EastWest, which it uses as basis in determining risk tolerances that it subsequently recommends to the Board for approval. RMC reports to the Board the overall risk exposures as well as the effectiveness of its risk management practices and processes while recommending further policy revisions when necessary.

The Risk Management Committee, which meets every month is composed of five (5) members of which two (2) are independent directors, including the chairman. Members of the Committee possess adequate knowledge and understanding of the institution's risk exposures and expertise in developing appropriate risk policies and strategies. In 2016, thirteen regular and special (13) meetings were conducted and attended by at least a majority of the Committee members.

Compensation Committee

The Compensation Committee is composed of five members including the Bank's President and one independent director. It ensures that the compensation policies and practices are consistent with the corporate culture, strategy and the business environment under which it operates. It evaluates and recommends to the Board incentives and other equity-based plans designed to attract and retain qualified and competent individuals.

The Committee meets at least once a year and provides overall direction on the compensation and benefits strategy of EastWest. In 2016, one (1) meeting was conducted and attended by all of the Committee members.

Trust Committee

The Trust Committee assists the Board in fulfilling its responsibilities to oversee the proper management and administration of trust and other fiduciary business. Duly constituted and authorized by the Board, the Committee acts within the sphere of authority as provided in EastWest's by-laws and/or as may be delegated by the Board. It undertakes such responsibilities but not limited to the following:

- 1) acceptance and closing of trust and other fiduciary accounts;
- 2) initial review of assets placed under the trustee's fiduciary custody;
- 3) investment, reinvestment and disposition of funds or property;

- 4) review and approval of transactions between trust and/or fiduciary accounts; and
- 5) review of trust and other fiduciary accounts to determine the advisability of retaining or disposing of the trust or fiduciary assets and/or whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship.

The Trust Committee also presides over the proper conduct of the Bank's Trust business, periodically reviewing the business development initiatives such as staffing and delineation of responsibility/accountability, proactive development and implementation of strategies for cultivating of revenue streams and cost management, and application and monitoring of the proper performance benchmarks.

The Trust Committee is composed of five members, namely the President & CEO, Trust Officer and three directors. It meets once every quarter or more frequently as circumstances may warrant. In 2016, six (6) regular and special meetings were conducted and attended by at least a majority of the Committee members.

UNDERTAKING

EastWest will provide without charge its Annual Report on SEC Form 17-A to its stockholders upon receipt of a written request addressed to Atty. Benedicto M. Valerio, Jr. , Corporate Secretary, at 5th Floor, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

ANNEX D - Management's Discussion and Analysis

December 31, 2016 vs. December 31, 2015

Financial Performance Highlights

The Bank's net income as of December 31, 2016 stood at ₱3.4 billion, higher by 70% from the same period last year. Core recurring income base (i.e. net revenues less trading income and other one-off items) continue to post double-digit growth as the Bank starts to see the result of its expansion project. Net Interest Margin (NIM) remains at an industry leading level of 7.7% as the Bank remains one of the most consumer focused bank in the industry. For better comparison, we look at NIM after provisions for loan losses which stood at 4.9% as of December 31, 2016 while industry average NIM is around 2.9%. We define industry here as universal and commercial banks.

Total Assets stood at ₱291.8 billion as of December 31, 2016. This is 25% higher than December 31, 2015 level. The growth was driven mainly by the 29% growth in customer loans. Consumer loans, which accounts for 68% of total loans, grew by 51% from year-end 2015. Business loans, on the other hand, declined by 3% from December 2015.

Net Revenues increased by 34% to ₱21.9 billion from ₱16.3 billion in the same period last year with core recurring earnings grew by 25% to ₱20.0 billion from ₱16.0 billion year on year. The revenue expansion was all across the different business units – consumer, business loans, and deposits. These, in our view, are the fruits of the expansion program the Bank undertook starting in 2012.

Securities trading gains grew by 286% to ₱734.5 million, while FX gains declined by 8% to ₱177.0 million.

Expenses on the other hand also increased by 20% to ₱11.7 billion. The increase was driven mainly by manpower and infrastructure related expenses associated with the expansion in branch store network.

The increase in provisions for credit losses was driven mainly by credit cards and auto loans as the bank continues to push its consumer business. The Bank believes that the country's economy still has some years to go on its expansion path. While provisions continue to increase, at the margin, the Bank continues to generate positive returns. It is important to note that this is able to provide for future recurring revenue stream.

Overall, we note that core revenues continue to increase at a faster rate than operating expenses. While competition is showing no sign of abating, our growth numbers indicate that the Bank is making some progress in improving its productivity but has yet to leverage its IT and stores infrastructure to further improve its competitive position.

The Bank's effort continues to be focused on improving its operating leverage or productivity. Net interest margin after credit provision is at 4.9%, still one of the highest, if not the highest in the industry. Therefore credit cost is not the issue. Rather, it is the cost needed to be spent to generate revenue that is still too high. This is because many of its stores are new and not fully productive yet. The fixed costs associated with the branch expansion are already in place while revenues build over time. The Bank is focusing its efforts to sustain the improvement in revenues (while containing the increase in costs) that it has registered the past few years.

Financial Position

Loans

The Bank remains focused in growing its consumer and mid-market corporate loans, with consumer loans still taking up more than half of total customer loans at 68%. The Bank continue to sustain its momentum on consumer loans business.

Deposits

Deposits stood at ₱240.2 billion as of December 31, 2016, up by 30% from the same period last year. The growth is largely attributable to the expanded store network as reflected in the growth of low cost deposits (CASA) which ended at ₱129.1 billion for an increase of 38% from the previous year. High cost deposits (inclusive of LTNCDs) on the other hand increased by 22% to end at ₱111.1 billion. On average, the Bank still has lower average deposit level per store compared to industry peers at ₱539.8 million vs. ₱1.2 billion. This is mainly because most of the Bank's stores are new, with 98 of the 445 stores less than 3 years old.

Capital

The Bank's Capital Adequacy Ratio (CAR) under Basel 3, remain more than adequate at 13.4% as of December 31, 2016 while Tier-1 ratio stood at 10.5%. The Bank's Tier 1 capital is composed entirely of common equity.

Credit Quality

Overall NPL ratio is flat at 3.7%¹ for the years ended December 31, 2016 and 2015.

¹Total NPLs less: 100% covered NPLs divided by Total Customer Loans less: 100% covered NPLs (at Group level)

Result of Operations

Revenues

Net Revenues grew by 34% to ₱21.9 billion from ₱16.3 billion in the same period last year. Securities trading gains grew by 286% to ₱734.5 million, while FX gains declined by 8% to ₱177.0 million. Other operating income, exclusive of capital and trading gains, increased by 27% to ₱4.6 billion.

Net Interest Income stood at ₱15.4 billion, 25% or ₱3.1 billion higher than the ₱12.3 billion posted last year driven by the growth in earning assets.

Fee Income

Service charges, fees and commissions grew by 25% at ₱4.1 billion from ₱3.3 billion last year driven by branch store transaction and consumer loan-related fees.

Trading Income

Securities Trading and Foreign Exchange Gains was at ₱911.5 million as compared to the ₱382.2 million gains posted in same period last year.

Operating Costs

Total Operating Expenses, excluding Provision for loan losses, increased by 20% to ₱11.7 billion during the period. Compensation related expenses increased by 22% to ₱4.0 billion. Other Expenses related to business expansion has increased as follows: (i) Taxes and licenses grew by 34% to ₱1.5 billion as a result of growth in revenue base; (ii) Depreciation and Amortization grew by 20% to ₱1.2 billion coming from expansion in business and infrastructure; (iii) Rent grew by 18% to ₱873.1 million coming from branch store expansion; and (iv) Miscellaneous Expenses grew by 15% to ₱4.2 billion with the growth largely coming from higher Consumer business and branch store expansion.

The increase in operating expenses reflected the growth of the different businesses. Productivity is improving as operating expenses grew at a slower pace than core revenues. This appears to reflect the maturation process of the expansion efforts started in 2012.

Provision for loan losses grew by 46% to ₱5.7 billion on account of aggressive loan portfolio growth particularly in consumer loans.

Summary of Key Financials and Ratios

Balance Sheet (in ₱ billions)	December 31, 2016	December 31, 2015	y/y Growth %
Assets	291.8	232.9	25%
Consumer Loans	137.2	90.6	51%
Corporate Loans	64.6	66.4	(3%)
Total Deposits	240.2	184.1	30%
Capital	34.4	31.4	10%

Profitability (in ₱ millions)	December 31, 2016	December 31, 2015	y/y Growth %
Net Interest Income	15,399	12,340	25%
Other Income	6,533	4,005	63%
Operating Expenses (Ex- Provision for Losses)	17,433	9,754	20%
Provision for Losses	5,692	3,899	46%
Net Income After Tax	3,408	2,004	70%

Key Financial Ratios	December 31, 2016	December 31, 2015	Variance b/(w)
Return on Equity	10.4%	6.5%	3.9%
Return on Assets	1.3%	0.9%	0.4%
Net Interest Margin	7.7%	8.1%	(0.4%)
Cost-to-Income Ratio	53.6%	60.2%	6.6%
Capital Adequacy Ratio	13.4%	16.6%	(3.2%)

Business Segment Performance

The Bank's recurring income base continues to post double-digit growth, coming from the efforts of Consumer Lending, Retail Banking and Corporate Banking business segments. Net interest margin (NIM) continue to be more than double industry average at 7.7% as of December 31, 2016. Fees recorded a strong growth of 25% y/y. This recurring income is largely attributable to the growing customer base and market share of the Bank.

Corporate Banking declined by 8% year on year. The decrease in corporate loan releases is driven by the effects of thinner spreads in this business segment. The bank chose to get out of some unprofitable loans and reallocate funds to consumer loans where margins are higher.

Consumer Loans grew by 51% y/y, driven mainly by auto, mortgage and personal loans. Credit cards, which remains to be the highest contributor for consumer lending's bottom-line, grew by 23% to end at ₱28.1 billion, largely due to the transfer of the credit card portfolio of Standard Chartered Bank Philippines

Treasury group's contribution to the Bank's bottom line was higher than last year. The Bank was able to take advantage of market opportunities and posted ₱911.5 million of trading revenues.

On the cost side, the headcount heavy Consumer lending and Retail banking businesses continued to lead all business segments in terms of operating expenses. This was largely due to the expanded branch stores and the credit costs booked for Consumer loans.

In summary, Consumer Lending business contributed the most to the Bank's bottom line, which is attributable to the stable revenue base coming from auto loans as well as the stronger growth in mortgage loans. This was followed by Treasury's contribution coming from trading revenues. Corporate banking, likewise, managed to contribute despite thinning spreads. Retail Banking continues to carry the burden of the expenses brought by the new stores opened in the last 3 years.

December 31, 2015 vs. December 31, 2014

Financial Performance Highlights

The Bank continues to post healthy growth in its core revenues (net revenues ex-trading) driven mainly by Net Interest Income (NII) growing by 23%. The growth in NII was driven by the expansion of the loan portfolio. Net Income as of December 31, 2015 is ₱2.0 billion, 3% lower vs. last year due to lower trading gains, higher credit provisions, and higher tax expense.

Total assets stood at ₱232.9 billion or 24% higher than end-2014. The growth is starting to benefit from its expansion program. In the last 3 years, the Bank put up 141 branch stores and likewise expanded its lending organization to deploy the expected increase in deposits from its expanding customer base. Total loans grew by 29% while deposits increased by 25%.

Consumer loans grew by 38% to ₱90.8 billion led by Auto loans and Personal loans. Corporate loans grew by 18% to ₱66.4 billion. Consumer loans accounted for 58% of total customer loans making EastWest still the most consumer loan focused universal bank.

The Bank's Operating Income grew by 10% to ₱16.3 billion as the ₱2.3 billion increase in NII was partially offset by ₱587.7 million higher credit provisions and ₱616.7 million lower trading gains.

The Bank's Net Interest Income, driven by its above industry net interest margin (NIM) of 8.0%, grew by 23% to ₱12.3 billion from ₱10.0 billion last year. NII net provisions for loan losses, grew by 26% to ₱8.4 billion. NIM, net of loan loss provisions was at 5.3%, still higher than industry average.

Fee-based Income, mainly from transactional and service fees of consumer lending and the branch stores is flat at ₱3.3 billion. This was due to accounting adjustments during the period totaling ₱695.6 million: (i) change in revenue recognition of salary loan related processing fees previously accounted for as an outright revenue to deferred revenues over the actuarial life of the loan. ₱309.2 million in fees were deferred during the period while ₱274.4 million were reclassified as interest income. The adjustments were the results of review and consultation with the external auditors (ii) reversal of over-accrued late fees from 4Q last year for ₱112.0 million. On a like for like basis, considering the impact of these one-off adjustments, fee income in 2015 grew by 21% vs. last year driven by branch store transaction and consumer loan-related fees.

After adjusting for above-mentioned one-offs, NII net provisions for loan losses, grew by 22% to ₱8.2 billion. NIM, net of loan loss provisions was at 5.1%, still higher than industry average.

The rest of the Operating Income declined by 56% to ₱690.0 million due to lower trading income. Total Operating Expenses including Provision for Credit Losses increased by 11% to ₱13.7 billion. The increase in expenses was driven mainly by manpower and infrastructure related expenses associated with the expansion in branch store network. The increase in provisions for credit losses was driven mainly by credit cards and auto loans. Provision for Income Taxes was higher at ₱659.3 million due to higher taxable income vs. the previous year.

Financial Position

Loans

Customer loans grew by 29% year-on-year to end at ₱157.2 billion. The Bank remains focused in growing its consumer and mid-market corporate loans, with consumer loans still taking up more than half of total customer loans at 58%.

Consumer loans grew by 38% to ₱90.8 billion driven mainly by Auto loans. Corporate loans, which are mostly in the middle market sector, grew by 18% to ₱66.4 billion. The loan portfolio mix was relatively unchanged with consumer loans still accounted for more than half of the loan portfolio at 58%. The Bank continues to maintain its prudent credit risk underwriting and management standards.

Deposits

Deposits stood at ₱184.1 billion as of December 31, 2015, up by 25% from 2014. The growth is largely attributable to the expanded branch store network as reflected in the growth of low cost deposits (CASA) which ended at ₱97.6 billion for an increase of 38% from the previous year. High cost deposits (inclusive of LTNCDs) on the other hand increased by 12% to end at ₱86.6 billion.

The strong growth in high yielding consumer loans and sustained funding costs resulted to Net Interest Margin (NIM) and NIM after provisions of 8.0% and 5.3% respectively as of December 31, 2015, while industry average NIM is at around 3.0%.

Capital

The Bank's Capital Adequacy Ratio (CAR) under Basel 3, remain more than adequate at 15.6% as of end 2015 while Tier-1 ratio stood at 12.4%. The Bank's Tier 1 capital is composed entirely of common equity.

On January 29, 2015, the BOD approved the common shares rights offering, subsequently, the BOD approved the application of the bank to list up to 371,574,000 common shares with par value of ₱10 per share to cover its stock rights offering.

On May 8, 2015, a total of 371,574,000 common shares were listed at the PSE with ₱10.00 par value per share. The total proceeds raised by the Parent Company from the sale of the said shares amounted to ₱8.0 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱7.9 billion.

Credit Quality

Overall NPL ratios improved at the Bank's NPL to Total Customer Loans, net of fully provided NPLs, declined to 3.7%¹ in December 31, 2015 from 4.2%¹ as of December 31, 2014.

¹Total NPLs less: 100% covered NPLs divided by Total Customer Loans less: 100% covered NPLs (at Group level)

Result of Operations

Revenues

Net Revenues grew by 10% to ₱16.3 billion despite lower Trading Income. Trading Income was at ₱382.3 million or 62% lower than the ₱999.0 million gains booked last year. Service charges, fees and commissions was flat at ₱3.3 billion. The decline in Securities Trading was offset by strong growth in Net Interest Income. Core Revenues (ex-trading and after loan loss provisions) was at ₱12.0 billion.

Net Interest Income stood at ₱12.3 billion, 23% or ₱2.3 billion higher than the ₱10.0 billion posted last year. The higher Net Interest Income was a result of the double-digit growth in lending which allowed the Bank to continue to enjoy its industry leading net interest margin (NIM) of 8.0%, which is about more than two times higher than industry average of around 3.0%. NIM after provisions was at 5.3%.

Fee Income

Fee-based Income, largely coming from transactional and service fees of consumer lending and the branch stores is flat at ₱3.3 billion. This was due to accounting adjustments during the period totaling ₱695.6 million: (i) change in revenue recognition of salary loan related processing fees previously accounted for as an outright revenue to deferred revenues over the actuarial life of the loan. ₱309.2 million in fees were deferred during the period while ₱274.4 million were reclassified as interest income. The adjustments were the results of review and consultation with the external auditors (ii) reversal of over-accrued late fees from 4Q 2014 for ₱112.0 million. On a like for like basis, considering the impact of these one-off adjustments, fee income in 2015 grew by 21% vs. 2014 driven by branch store transaction and consumer loan-related fees.

After adjusting for above-mentioned one-offs, NII net provisions for loan losses, grew by 22% to ₱8.2 billion. NIM, net of loan loss provisions was at 5.1%, still higher than industry average.

Trading Income

Securities Trading and Foreign Exchange Gains was at P382.3 million as compared to the P999.0 million gains posted in same period last year, which was in line with industry performance due to market volatility.

Operating Costs

Total Operating Expenses, including Provision for loan losses, increased by 11% to P13.7 billion during the period. Compensation related expenses increased by 10% to P3.3 billion, while Provision for loan losses grew by 18% to P3.9 billion on account of aggressive loan portfolio growth particularly in consumer loans. Other Expenses related to business expansion has increased as follows: (i) Taxes and licenses grew by 16% to P1.1 billion as a result of growth in revenue base; (ii) Depreciation and Amortization grew by 11% to P957.4 million coming from expansion in business and infrastructure; (iii) Rent grew by 17% to P738.3 million coming from branch store expansion; and (iv) Miscellaneous Expenses grew by 5% to P3.6 billion with the growth largely coming from higher Consumer business and branch store expansion.

Summary of Key Financials and Ratios

Balance Sheet (in PHP billions)	December 31, 2015	December 31, 2014	y/y Growth %
Assets	232.9	188.3	24%
Consumer Loans	90.8	65.8	38%
Corporate Loans	66.4	56.4	18%
Low Cost Deposits (CASA)	97.6	70.6	38%
High Cost Deposits	86.6	77.1	12%
Capital	31.4	21.4	46%

Profitability (in PHP billions)	December 31, 2015	December 31, 2014	y/y Growth %
Net Interest Income	12.3	10.0	23%
Other Income	4.0	4.9	(18%)
Operating Expenses	9.8	8.9	9%
Provision for Losses	3.9	3.3	18%
Net Income After Tax	2.0	2.1	(3%)

Key Financial Ratios	December 31, 2015	December 31, 2014	Variance b/(w)
Return on Equity	7.0%	10.2%	(3.2%)
Return on Assets	1.0%	1.3%	(0.3%)
Net Interest Margin	8.0%	8.1%	(0.1%)
Cost-to-Income Ratio	59.8	60.0	0.2%
Capital Adequacy Ratio	15.6%	13.1%	2.5%

Other Information:

EastWest's products and services are made available across multiple distribution and delivery channels. As of December 31, 2016, EastWest has a total of 387 branches, with 211 of these branches in Metro Manila. For the rest of the country, the Bank has 99 branches in other parts of Luzon, 39 branches in Visayas, and 38 branches in Mindanao. ATM network is at 580, composed of 389 on-site ATMs and 191 off-site ATMs.

The Bank's subsidiary rural bank has a total of 58 branches bringing the group branch store network total to 445 with 580 ATMs.

Known trends, demands, commitments, events or uncertainties

There are no known demands, commitments, events or uncertainties that will have a material impact on the Bank's liquidity within the next twelve (12) months.

Events that will trigger direct or contingent financial obligation

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

Material off-balance sheet transactions, arrangements or obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unsolicited entities or other persons created during the reporting period other than those disclosed in the financial statements.

Capital Expenditures

The Bank has commitments for capital expenditures mainly for bank's branch expansion and implementation of IT projects.

Significant Elements of Income or Loss

Significant elements of the consolidated net income of the Group for the 12 months ended December 31, 2016 and 2015 came from its continuing operations.

Seasonal Aspects

There are no seasonal aspects that had a material effect on the Bank's financial condition and results of operations.

Vertical and Horizontal Analysis of Material Changes for the Period

The term "material" in this section shall refer to changes or items amounting to five percent (5%) of the relevant accounts or such lower amount, which the Bank deems material on the basis of other factors.

I. Statements of Financial Position – December 31, 2016 vs. December 31, 2015

- Cash and cash equivalents increased by 12% to ₱6.6 billion from the usual year-end deposit build-up.
- Due from BSP increased by 27% to ₱39.3 billion on higher deposit base and liquid funds placed with BSP.
- Due from other banks increased by 30% to ₱7.0 billion due to increased levels of placements and balances with counterparty banks.
- Financial Assets at Fair Value through Profit and Loss decreased by 50% to ₱5.3 billion due to movements in the Bank's proprietary trading portfolio.
- Financial Assets at Fair Value through Other Comprehensive Income decreased by 92% to ₱0.5 million as the Bank disposed of some of its equity securities investments.
- Investment Securities at Amortized Cost increased by 141% to ₱11.1 billion in line with the Bank's balance sheet business model.
- Loans and Receivables increased by 28% to ₱198.9 billion driven mainly from increase in customer loans on both consumer and mid-market segments.
- Investment in a Joint Venture account increased by 31% to ₱619.3 million due to the re-measurement of shares in Joint Venture offset by the proportionate share of the Bank in its net loss.
- Deferred tax asset increased by 49% to ₱2.0 billion on account of higher provisioning set-up, net of write-off, during the period.
- Goodwill and Other Intangible Assets increased by 56% to ₱6.9 billion due to the additional Goodwill brought by the acquisition of the SCB PH retail portfolio.
- Other assets increased by 23% on account of the following: (1) Prepaid assets increased by 33% to ₱208.9 million, (2) Cards acquisition costs increased by 54% to ₱248.8 million from ₱161.4 million last year, (3) Documentary stamp tax increased by 948% to ₱81.0 million from ₱7.7 million in 2015, and (4) Refundable deposits increased by 10% to ₱231.7 million.
- Deposit liabilities increased by 30% to ₱240.2 billion, largely coming from CASA growth which is attributable to the expanded branch store network.
- Bills and acceptance payable decreased by 29% to ₱2.2 billion from lower volume of interbank and other borrowings as funding were obtained primarily from deposits.
- Accrued Taxes, Interest and Other Expenses increased by 42% due to higher level of transactions on account of expanded stores.

- Cashier's Checks and Demand Draft Payable decreased by 13% to ₱1.1 billion on lower transaction volume this year-end.
- Income tax payable decreased by 24% due to higher tax-exempt income in the Parent Books.
- Unsecured subordinated debt (UnSD) decreased by 23% as the Bank retired ₱1.5 billion non-BASEL III compliant Tier 2 notes in January 2016.
- Other liabilities jumped by 41% due to the following (1) Accounts payable loan fees increased by 87% or ₱385.4 million, (2) Accrued retirement increased by 83% to ₱89.1 million, and (3) MC issuance payables increased by 267% to ₱485.2 million.

II. Balance Sheet – December 31, 2015 vs. December 31, 2014

- Due from BSP increased by 34% to ₱30.9 billion mainly on higher deposit reserves and liquid funds placed with BSP.
- Due from other banks increased by 50% to ₱5.4 billion due to increased levels of placements and working balances with counterparty banks.
- Interbank loans receivable and Securities Purchased Under Resale Agreements (SPURA) increased by 167% to ₱7.7 billion from higher overnight placements with the BSP.
- Financial Assets at Fair Value through Other Comprehensive Income decreased by 57% to ₱6.3 million as a result of the decline in market prices of its equity security.
- Investment Securities at Amortized Cost decreased by 47% to ₱4.6 billion due to the maturity and sale of various government securities in line with the Bank's balance sheet strategy.
- Loans and Receivables-Net grew by 28% to ₱155.3 billion driven by high growth in consumer and corporate loans.
- Investment properties decreased by 20% to ₱727.3 million due to the disposals of the Bank's repossessed assets.
- Deferred tax asset increased by 35% to ₱1.3 billion on account of higher provisioning set-up, net of write-off, during the period.
- Other assets decreased by 17% to ₱2.0 billion as returned cash and other cash items decreased by 80% in 2015.
- Deposit liabilities increased by 25% to ₱184.1 billion mainly due to increase in deposit taking activities coming from branch expansion.
- Bills and acceptance payables decreased by 42% to ₱3.1 billion mainly from lower volume of interbank and other borrowings as funding were obtained from other sources.
- Income tax payable inched up by 164% to ₱486.4 million due to higher taxable income during the year.

III. Statement of Income – December 31, 2016 vs. December 31, 2015

- Interest income increased by 25% to ₱18.2 billion from ₱14.6 billion in the same period last year primarily due to an increase in lending activities, largely driven by growth in auto loans, corporate loan and salary loans to public school teachers.
- Interest expense increased by 24% to ₱2.8 billion primarily due to strong growth in deposits.
- Service charges, fees and commissions grew by 25% to ₱4.1 billion from ₱3.3 billion in the same period last year driven by branch store transaction and consumer loan-related fees.
- Trading and securities gain increased by 857% as the Bank took advantage of the favorable market conditions during the 1st half of the year. Foreign exchange gains, however, decreased by 8% year on year.
- Gain on sale of assets decreased by 33% as the Bank disposed of a portion of its repossessed assets at lower premiums compared to last year.
- Trust income increased by 9% to ₱18.6 million on higher assets under management.
- Miscellaneous income also increased by 53% to ₱469.7 million as the Bank had higher recovery of assets written-off compared to the same period last year.
- Manpower costs continue to rise from ₱3.3 billion last year to ₱4.0 billion this year on account of expanded businesses and stores.
- The Bank continued its conservative provisioning on account of its credit expansion, by setting aside ₱5.7 billion in provision for probable losses, an increase of 46% from what was booked last year.
- Taxes and licenses, Depreciation and amortization, Rent expense and Miscellaneous expenses increased by 34%, 20%, 18% and 15%, respectively, on account of the expanded branch network and operations.

IV. Income Statement – December 31, 2015 vs. December 31, 2014

- Interest income increased by 25% to ₱14.6 billion in 2014 from ₱11.7 billion in 2014 primarily due to an increase in lending activities, largely driven by growth in auto loans, corporate loan and salary loans to public school teachers.
- Interest expense increased by 38% to ₱2.3 billion in 2015 from ₱1.6 billion in 2014 primarily due to strong growth in deposits and other borrowings.
- Trading and securities gain decreased by 76% as the Bank took advantage of the favorable market conditions during the 1st half of last year. Foreign exchange gains decreased by 1% at the back of volatile currency exchange rates in 2015.
- Gain on sale of assets decreased by 96% in 2015 as the Bank was able to disposed sizable portion of its repossessed assets at premium in 2014.
- Trust income dropped by 17% to ₱17.0 million due to the decline in assets under management account.
- Miscellaneous income also increased by 38% to ₱306.4 million due to higher recovery of asset written-off during the year.
- Manpower costs continue to rise from ₱3.0 billion last year to ₱3.3 billion this year on account of business and branch expansion program.
- The Bank continued its conservative provisioning on account of its credit expansion, by setting aside ₱3.9 billion in provision for probable losses, an increase of 18% from what was booked last year.
- Taxes and licenses, Depreciation and amortization, Rent and Miscellaneous expenses increased by 16%, 11%, 17% and 5%, respectively, on account of business expansion.

ANNEX E – AUDITED FINANCIAL STATEMENTS

ANNEX E – AUDITED FINANCIAL STATEMENTS

East West Banking Corporation and Subsidiaries

Financial Statements
December 31, 2016 and 2015
and Years Ended December 31, 2016, 2015
and 2014

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
East West Banking Corporation

Report on the Consolidated and Parent Company Financial Statements

Opinion

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

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

Basis for Opinion

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



Key Audit Matters

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

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

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

Assessment of recoverability of loans and receivables

The Group's and the Parent Company's loans and receivables are significant as they represent 68% and 67% of the total assets of the Group and of the Parent Company, respectively. We considered the Group's and the Parent Company's assessment of recoverability of loans and receivables as a key audit matter as significant judgment by management is required to determine appropriate parameters and assumptions in the calculation of impairment loss. The Group's and the Parent Company's loan portfolios, comprising of corporate and consumer loans, require different approaches in the calculation of loan impairment. Individually significant corporate loans are monitored by management and subjected to specific impairment tests while the other loans, including consumer loans, are grouped together based on credit risk characteristics and subjected to collective impairment assessment. The disclosures relating to assessment of recoverability of loans and receivables are included in Notes 3, 9 and 15 to the financial statements.

Audit Response

We obtained an understanding of the process of assessing recoverability and tested the related controls over data used and calculations done. For loans and receivables subjected to specific impairment tests, we obtained an understanding of the basis of measuring the impairment. We selected samples of loans doubtful of recovery, checked the mathematical accuracy of the impairment calculation, and inquired of the latest developments about the borrowers. We tested the key inputs to the impairment calculation by assessing whether the forecasted cash flows are based on the borrower's current financial condition, checking whether the discount rates used are based on the original effective interest rate or the last repriced rate, and inspecting recent appraisal reports to determine the fair value of collateral held. For the collective assessment of recoverability of loans and receivables, we tested the underlying loan information used in the impairment calculation by agreeing the details to the source information systems. We tested whether the assumptions and parameters in the impairment calculation, such as likelihood of default and recovery rate, are based on historical data. We also checked the mathematical accuracy of the impairment calculation.



Accounting for business combination

As discussed in Note 7 to the financial statements, in 2016 the Parent Company acquired and assumed certain assets and liabilities of a foreign bank which was accounted for as an acquisition of a business. We considered this acquisition as a key audit matter because significant judgment and estimates are involved in the recognition and measurement of the assets acquired and liabilities assumed. As of December 31, 2016, the Parent Company's purchase price allocation for the acquisition is provisional, pending final identification and valuation of intangible assets.

Audit Response

Our audit procedures focused on the identification and valuation of the assets acquired and the liabilities assumed. We evaluated the methodologies and assumptions used by the Parent Company in the determination of the final or provisional values of these identifiable assets and liabilities. We assessed the methodologies used by checking whether the valuation technique is appropriate for the nature of the asset and liability being valued and whether the approach is generally acceptable. We also reviewed the inputs and assumptions used (e.g., discount rates and appraised values) by comparing them with the information obtained such as underlying records of the acquiree, appraisal reports obtained by the Parent Company and prevailing market rates.

Accounting for investment in East West Ageas Life, Inc. and bancassurance access

As discussed in Note 10 to the financial statements, in 2015 the Parent Company and Ageas Insurance International N.V. (Ageas) entered into a joint venture agreement to establish East West Ageas Life Insurance Corporation (EW Ageas Life). The Parent Company also granted an exclusive bancassurance access to EW Ageas Life under a distribution agreement for a period of twenty-years. Upon obtaining all the required regulatory approvals in 2016, the establishment of EW Ageas Life was considered to be fully consummated. The Parent Company then received a consideration from Ageas for the establishment of EW Ageas Life and the granting of an exclusive bancassurance access to EW Ageas Life. We considered this as a key audit matter as the amount of consideration received from Ageas is significant and significant judgment and estimates are involved in accounting for the Parent Company's investment in EW Ageas Life and the valuation of the exclusive bancassurance access granted to EW Ageas Life.

Audit Response

We examined the joint venture agreement between the Parent Company and Ageas and assessed the Parent Company's accounting for its investment in EW Ageas Life and the exclusive bancassurance access granted to EW Ageas Life for compliance with the relevant accounting standards. Our audit procedures also focused on the valuation of the exclusive bancassurance access. We considered the competence, capabilities and objectivity of the valuer engaged by the Parent Company to perform the valuation. We involved our internal specialist in assessing the valuation approach. We also compared the data and valuation multiples (i.e., number of customers and number of branches) used in the valuation to available market or industry data and to the internal data of the Parent Company.

Other Information

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



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

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

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

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

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

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

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

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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




Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 35 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of East West Banking Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Josephine Adrienne A. Abarca.

SYCIP GORRES VELAYO & CO.



Josephine Adrienne A. Abarca
Partner

CPA Certificate No. 92126

SEC Accreditation No. 0466-AR-3 (Group A),
February 9, 2016, valid until February 8, 2019

Tax Identification No. 163-257-145

BIR Accreditation No. 08-001998-61-2015,
February 27, 2015, valid until February 26, 2018

PTR No. 5908660, January 3, 2017, Makati City

February 23, 2017



EAST WEST BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

	Consolidated		Parent Company		As of
	As of December 31				January 1, 2015
	2016	2015	2016	(As restated - Note 2)	(As restated - Note 2)
(Amounts in Thousands)					
ASSETS					
Cash and Other Cash Items	₱6,623,761	₱5,899,131	₱6,511,420	₱5,829,104	₱5,912,309
Due from Bangko Sentral ng Pilipinas (Note 16)	39,343,143	30,908,680	39,019,501	30,725,169	22,970,798
Due from Other Banks	6,970,645	5,376,926	6,940,924	5,310,299	3,493,976
Interbank Loans Receivable	7,502,748	7,722,546	7,502,748	7,722,546	2,893,384
Financial Assets at Fair Value Through Profit or Loss (Note 8)	5,267,750	10,540,806	5,267,750	10,540,806	10,182,690
Financial Assets at Fair Value Through Other Comprehensive Income (Note 8)	500	6,255	500	6,255	14,419
Investment Securities at Amortized Cost (Note 8)	11,129,509	4,617,898	11,129,509	4,617,898	8,794,878
Loans and Receivables (Notes 9, 15 and 27)	198,875,688	155,276,237	187,094,513	149,247,233	116,400,687
Investments in Subsidiaries (Note 10)	-	-	2,275,573	1,368,621	946,181
Investment in a Joint Venture (Note 10)	619,333	471,287	619,333	471,287	-
Property and Equipment (Note 11)	3,391,846	3,523,169	3,017,194	3,211,375	3,351,442
Investment Properties (Notes 12 and 15)	699,667	727,613	698,970	726,916	911,987
Deferred Tax Assets (Note 24)	1,972,465	1,322,271	1,896,899	1,295,956	952,751
Goodwill and Other Intangible Assets (Notes 7 and 13)	6,946,408	4,446,622	6,888,692	4,384,736	4,350,242
Other Assets (Notes 14 and 15)	2,474,082	2,016,910	2,414,624	1,990,542	2,406,012
TOTAL ASSETS	₱291,817,545	₱232,856,351	₱281,278,150	₱227,448,743	₱183,581,756
LIABILITIES AND EQUITY					
LIABILITIES					
Deposit Liabilities (Notes 16 and 27)					
Demand	₱70,301,898	₱55,537,930	₱70,631,591	₱55,781,294	₱45,473,939
Savings	58,771,622	37,705,245	48,345,145	36,712,691	24,632,542
Time	103,112,716	82,866,306	103,112,716	78,537,054	65,029,612
Long-term negotiable certificates of deposits	8,035,283	8,034,515	8,035,283	8,034,515	8,033,623
	240,221,519	184,143,996	230,124,735	179,065,554	143,169,716
Bills and Acceptances Payable (Note 17)	2,194,595	3,073,523	2,194,595	3,073,523	5,317,652
Accrued Taxes, Interest and Other Expenses (Note 18)	1,866,929	1,317,163	1,750,222	1,226,778	1,269,453
Cashier's Checks and Demand Draft Payable	1,059,178	1,217,741	1,059,178	1,217,741	1,256,982
Subordinated Debt (Note 19)	4,969,460	6,466,516	4,969,460	6,466,516	6,463,731
Income Tax Payable	369,508	486,390	260,171	396,052	127,952
Other Liabilities (Note 20)	6,686,985	4,748,275	6,470,418	4,599,832	4,528,463
TOTAL LIABILITIES	257,368,174	201,453,604	246,828,779	196,045,996	162,133,949
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
Common Stock (Note 22)	14,999,836	14,999,836	14,999,836	14,999,836	11,284,096
Additional Paid in Capital (Note 22)	5,209,061	5,209,061	5,209,061	5,209,061	978,721
Surplus Reserves (Note 28)	47,467	45,607	47,467	45,607	43,906
Surplus (Note 28)	14,167,106	11,161,210	14,167,106	11,161,210	9,158,976
Net Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	(4,060)	(2,442)	(4,060)	(2,442)	5,722
Remeasurement Losses on Retirement Plans (Note 25)	(69,082)	(46,019)	(69,082)	(46,019)	(31,394)
Cumulative Translation Adjustment	99,043	35,494	99,043	35,494	7,780
TOTAL EQUITY	34,449,371	31,402,747	34,449,371	31,402,747	21,447,807
TOTAL LIABILITIES AND EQUITY	₱291,817,545	₱232,856,351	₱281,278,150	₱227,448,743	₱183,581,756

See accompanying Notes to Financial Statements.



EAST WEST BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF INCOME

	Consolidated			Parent Company		
	Years Ended December 31					
	2016	2015	2014	2016	2015 (As restated - Note 2)	2014 (As restated - Note 2)
(Amounts in Thousands)						
INTEREST INCOME						
Loans and receivables (Notes 9 and 27)	₱17,377,357	₱13,920,185	₱11,050,262	₱16,082,377	₱13,083,188	₱10,550,724
Trading and investment securities (Note 8)	799,629	583,453	561,606	799,629	583,453	561,606
Due from other banks and interbank loans receivable	40,115	102,881	55,184	39,987	102,663	54,362
	18,217,101	14,606,519	11,667,052	16,921,993	13,769,304	11,166,692
INTEREST EXPENSE						
Deposit liabilities (Note 16)	2,458,922	1,843,639	1,327,478	2,278,609	1,741,568	1,259,377
Subordinated debt, bills payable and other borrowings (Notes 17 and 19)	358,941	423,204	313,689	358,941	423,204	313,689
	2,817,863	2,266,843	1,641,167	2,637,550	2,164,772	1,573,066
NET INTEREST INCOME	15,399,238	12,339,676	10,025,885	14,284,443	11,604,532	9,593,626
Service charges, fees and commissions (Note 23)	4,101,341	3,286,182	3,297,839	3,189,114	2,800,362	2,669,714
Gain on capital transaction (Note 10)	1,005,000	-	-	1,005,000	-	-
Trading and securities gain (loss) (Note 8)	734,499	(97,090)	499,525	734,499	(97,090)	499,525
Foreign exchange gain	176,957	192,053	193,517	176,957	192,053	193,516
Gain on sale of assets (Notes 11,12 and 14)	56,124	80,043	301,763	55,059	75,009	300,890
Trust income (Note 28)	18,602	17,007	20,372	18,602	17,007	20,372
Gain on sale of investment securities at amortized cost (Note 8)	-	287,361	305,997	-	287,361	305,997
Gain (loss) on asset foreclosure and dacion transactions	(29,454)	(67,119)	19,417	(29,454)	(67,119)	19,047
Miscellaneous (Note 23)	469,718	306,439	222,031	457,335	294,248	214,860
TOTAL OPERATING INCOME	21,932,025	16,344,552	14,886,346	19,891,555	15,106,363	13,817,547
OPERATING EXPENSES						
Provision for impairment and credit losses (Notes 9, 12, 14 and 15)	5,692,223	3,899,002	3,311,349	5,659,819	3,868,583	3,255,426
Compensation and fringe benefits (Notes 25 and 27)	4,009,859	3,294,039	3,007,855	3,706,512	3,111,453	2,845,964
Taxes and licenses	1,520,722	1,130,700	974,893	1,341,091	1,018,639	885,651
Depreciation and amortization (Notes 11, 12, and 14)	974,771	776,467	670,291	889,443	732,489	647,554
Rent (Note 26)	873,118	738,148	629,291	815,401	699,681	607,007
Amortization of intangible assets (Note 13)	175,251	180,905	191,681	163,038	168,701	182,388
Miscellaneous (Note 23)	4,187,414	3,633,311	3,463,563	3,983,020	3,479,771	3,330,593
TOTAL OPERATING EXPENSES	17,433,358	13,652,572	12,248,923	16,558,324	13,079,317	11,754,583
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES AND JOINT VENTURE	4,498,667	2,691,980	2,637,423	3,333,231	2,027,046	2,062,964
SHARE IN NET INCOME OF SUBSIDIARIES	-	-	-	775,405	392,575	406,828
SHARE IN NET LOSS OF A JOINT VENTURE	(356,954)	(28,713)	-	(356,954)	(28,713)	-
INCOME BEFORE INCOME TAX	4,141,713	2,663,267	2,637,423	3,751,682	2,390,908	2,469,792
PROVISION FOR INCOME TAX (Note 24)	733,957	659,332	564,045	343,926	386,973	396,414
NET INCOME	₱3,407,756	₱2,003,935	₱2,073,378	₱3,407,756	₱2,003,935	₱2,073,378
Basic Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 30)	₱2.27	₱1.44	₱1.78			
Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 30)	₱2.27	₱1.44	₱1.78			

See accompanying Notes to Financial Statements.



EAST WEST BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME

	Consolidated			Parent Company		
	Years Ended December 31					
	2016	2015	2014	2016	2015 (As restated - Note 2)	2014 (As restated - Note 2)
	(Amounts in Thousands)					
NET INCOME FOR THE YEAR	₱3,407,756	₱2,003,935	₱2,073,378	₱3,407,756	₱2,003,935	₱2,073,378
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX						
Items that will not be reclassified to profit or loss in subsequent periods:						
Change in remeasurement loss of retirement liability (Note 25)	(23,063)	(14,625)	(17,517)	(24,378)	(14,490)	(17,361)
Change in net unrealized gains (losses) on financial assets at fair value through other comprehensive income	(1,618)	(8,164)	3,797	(1,618)	(8,164)	3,797
Share in changes in remeasurement gain (loss) of retirement liabilities of subsidiaries (Note 25)	-	-	-	1,315	(135)	(156)
Items that may be reclassified to profit or loss in subsequent periods:						
Cumulative translation adjustment	63,549	27,714	2,552	63,549	27,714	2,552
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	38,868	4,925	(11,168)	38,868	4,925	(11,168)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱3,446,624	₱2,008,860	₱2,062,210	₱3,446,624	₱2,008,860	₱2,062,210

See accompanying Notes to Financial Statements.



EAST WEST BANKING CORPORATION AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY

Consolidated
Year Ended December 31, 2016

	Equity Attributable to Equity Holders of the Parent Company							Total Equity
	Common Stock	Additional Paid in Capital	Surplus Reserves	Surplus	Net Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement Losses on Retirement Plan	Cumulative Translation Adjustment	
Balances at January 1, 2016	₱14,999,836	₱5,209,061	₱45,607	₱11,161,210	(₱2,442)	(₱46,019)	₱35,494	₱31,402,747
Net income	-	-	-	3,407,756	-	-	-	3,407,756
Other comprehensive income (loss)	-	-	-	-	(1,618)	(23,063)	63,549	38,868
Total comprehensive income	-	-	-	3,407,756	(1,618)	(23,063)	63,549	3,446,624
Transfer to surplus reserves (Note 28)	-	-	1,860	(1,860)	-	-	-	-
Dividends declaration (Note 22)	-	-	-	(400,000)	-	-	-	(400,000)
Balances at December 31, 2016	₱14,999,836	₱5,209,061	₱47,467	₱14,167,106	(₱4,060)	(₱69,082)	₱99,043	₱34,449,371

Consolidated
Year Ended December 31, 2015

	Equity Attributable to Equity Holders of the Parent Company							Total Equity
	Common Stock	Additional Paid in Capital	Surplus Reserves	Surplus	Net Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement Losses on Retirement Plan	Cumulative Translation Adjustment	
Balances at January 1, 2015	₱11,284,096	₱978,721	₱43,906	₱9,158,976	₱5,722	(₱31,394)	₱7,780	₱21,447,807
Net income	-	-	-	2,003,935	-	-	-	2,003,935
Other comprehensive income (loss)	-	-	-	-	(8,164)	(14,625)	27,714	4,925
Total comprehensive income	-	-	-	2,003,935	(8,164)	(14,625)	27,714	2,008,860
Transfer to surplus reserves (Note 28)	-	-	1,701	(1,701)	-	-	-	-
Issuance from stock rights offering (Note 22)	3,715,740	4,230,340	-	-	-	-	-	7,946,080
Balances at December 31, 2015	₱14,999,836	₱5,209,061	₱45,607	₱11,161,210	(₱2,442)	(₱46,019)	₱35,494	₱31,402,747



Consolidated										
Year Ended December 31, 2014										
Equity Attributable to Equity Holders of the Parent Company										
	Common Stock	Additional Paid in Capital	Surplus Reserves	Surplus	Net Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement Losses on Retirement Plan	Cumulative Translation Adjustment	Total	Non- Controlling interest	Total Equity
Balances at January 1, 2014	₱11,284,096	₱978,721	₱41,869	₱7,087,635	₱1,925	(₱13,877)	₱5,228	₱19,385,597	₱6,622	₱19,392,219
Net income	-	-	-	2,073,378	-	-	-	2,073,378	-	2,073,378
Other comprehensive income (loss)	-	-	-	-	3,797	(17,517)	2,552	(11,168)	-	(11,168)
Total comprehensive income	-	-	-	2,073,378	3,797	(17,517)	2,552	2,062,210	-	2,062,210
Transfer to surplus reserves (Note 28)	-	-	2,037	(2,037)	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(6,622)	(6,622)
Balances at December 31, 2014	₱11,284,096	₱978,721	₱43,906	₱9,158,976	₱5,722	(₱31,394)	₱7,780	₱21,447,807	₱-	₱21,447,807

Parent Company
Year Ended December 31, 2016

	Common Stock	Additional Paid in Capital	Surplus Reserves	Surplus	Net Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement Losses on Retirement Plan	Cumulative Translation Adjustment	Total Equity
(Amounts in Thousands)								
Balances at January 1, 2016, as restated	₱14,999,836	₱5,209,061	₱45,607	₱11,161,210	(₱2,442)	(₱46,019)	₱35,494	₱31,402,747
Net income	-	-	-	3,407,756	-	-	-	3,407,756
Other comprehensive income (loss)	-	-	-	-	(1,618)	(23,063)	63,549	38,868
Total comprehensive income	-	-	-	3,407,756	(1,618)	(23,063)	63,549	3,446,624
Transfer to surplus reserves (Note 28)	-	-	1,860	(1,860)	-	-	-	-
Dividends declaration (Note 22)	-	-	-	(400,000)	-	-	-	(400,000)
Balances at December 31, 2016	₱14,999,836	₱5,209,061	₱47,467	₱14,167,106	(₱4,060)	(₱69,082)	₱99,043	₱34,449,371



Parent Company								
Year Ended December 31, 2015 (As restated)								
	Common Stock	Additional Paid in Capital	Surplus Reserves	Surplus	Net Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement Losses on Retirement Plan	Cumulative Translation Adjustment	Total Equity
	(Amounts in Thousands)							
Balances at January 1, 2015, as previously reported	₱11,284,096	₱978,721	₱43,906	₱8,733,639	₱5,722	(₱31,238)	₱7,780	₱21,022,626
Effects of the adoption of equity method in accounting for investments in subsidiaries (Note 2)	-	-	-	425,337	-	(156)	-	425,181
Balances at January 1, 2015, as restated	11,284,096	978,721	43,906	9,158,976	5,722	(31,394)	7,780	₱21,447,807
Net income	-	-	-	2,003,935	-	-	-	2,003,935
Other comprehensive income (loss)	-	-	-	-	(8,164)	(14,625)	27,714	4,925
Total comprehensive income, as restated	-	-	-	2,003,935	(8,164)	(14,625)	27,714	2,008,860
Transfer to surplus reserves (Note 28)	-	-	1,701	(1,701)	-	-	-	-
Issuance from stock rights offering	3,715,740	4,230,340	-	-	-	-	-	7,946,080
Balances at December 31, 2015, as restated	₱14,999,836	₱5,209,061	₱45,607	₱11,161,210	(₱2,442)	(₱46,019)	₱35,494	₱31,402,747

Parent Company								
Year Ended December 31, 2014 (As restated)								
	Common Stock	Additional Paid in Capital	Surplus Reserves	Surplus	Net Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement Losses on Retirement Plan	Cumulative Translation Adjustment	Total Equity
	(Amounts in Thousands)							
Balances at January 1, 2014, as previously reported	₱11,284,096	₱978,721	₱41,869	₱7,055,732	₱1,925	(₱13,877)	₱5,228	₱19,353,694
Effects of the adoption of equity method in accounting for investments in subsidiaries (Note 2)	-	-	-	31,903	-	-	-	31,903
Balances at January 1, 2014, as restated	11,284,096	978,721	41,869	7,087,635	1,925	(13,877)	5,228	19,385,597
Net income	-	-	-	2,073,378	-	-	-	2,073,378
Other comprehensive income (loss)	-	-	-	-	3,797	(17,517)	2,552	(11,168)
Total comprehensive income, as restated	-	-	-	2,073,378	3,797	(17,517)	2,552	2,062,210
Transfer to surplus reserves (Note 28)	-	-	2,037	(2,037)	-	-	-	-
Balances at December 31, 2014, as restated	₱11,284,096	₱978,721	₱43,906	₱9,158,976	₱5,722	(₱31,394)	₱7,780	₱21,447,807

See accompanying Notes to Financial Statements.



EAST WEST BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

	Consolidated			Parent Company		
	Years Ended December 31					
	2016	2015	2014	2016	2015 (As restated - Note 2)	2014 (As restated - Note 2)
(Amounts in Thousands)						
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱4,141,713	₱2,663,267	₱2,637,423	₱3,751,682	₱2,390,908	₱2,469,792
Adjustments for:						
Provision for impairment and credit losses (Note 15)	5,692,223	3,899,002	3,311,349	5,659,819	3,868,583	3,255,426
Depreciation and amortization (Notes 11, 12 and 14)	974,771	776,467	670,291	889,443	732,489	647,554
Share in net loss of a joint venture (Note 10)	356,954	28,713	-	356,954	28,713	-
Amortization of intangible assets (Note 13)	175,251	180,905	191,681	163,038	168,701	182,388
Loss (gain) on asset foreclosure and dacion transactions (Note 32)	29,454	67,119	(19,417)	29,454	67,119	(19,047)
Share in net income of subsidiaries (Note 10)	-	-	-	(775,405)	(392,575)	(406,828)
Gain on sale of investment securities at amortized cost (Note 8)	-	(287,361)	(305,997)	-	(287,361)	(305,997)
Gain on sale of assets (Notes 11, 12 and 14)	(56,124)	(80,043)	(301,763)	(55,059)	(75,009)	(300,890)
Unrealized market valuation loss (gain) on financial assets at FVTPL	(72,944)	60,104	(52,655)	(72,944)	60,104	-
Gain on capital transaction (Note 10)	(1,005,000)	-	-	(1,005,000)	-	-
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Financial assets at fair value through profit or loss	5,346,000	(418,220)	(8,181,332)	5,346,000	(418,220)	(8,233,987)
Loans and receivables	(45,216,868)	(38,612,689)	(30,787,731)	(39,432,293)	(37,575,990)	(28,198,525)
Other assets	4,509	673,752	(1,525,820)	9,788	683,026	(1,525,456)
Increase (decrease) in the amounts of:						
Deposit liabilities	48,753,345	36,456,517	36,511,384	43,735,003	35,895,838	34,438,028
Accrued taxes, interest and other expenses	605,527	(24,113)	303,100	579,205	(42,675)	225,375
Cashier's checks and demand draft payable	(158,563)	(39,241)	390,525	(158,563)	(39,241)	390,525
Other liabilities	568,794	194,802	943,342	524,047	81,168	1,032,511
Net cash generated from operations	20,139,042	5,538,981	3,784,380	19,545,169	5,145,578	3,650,869
Income taxes paid	(1,485,203)	(696,096)	(431,198)	(1,070,302)	(455,868)	(277,259)
Net cash provided by operating activities	18,653,839	4,842,885	3,353,182	18,474,867	4,689,710	3,373,610
CASH FLOWS FROM INVESTING ACTIVITIES						
Consideration received for the exclusive bancassurance access and investment transaction (Note 10)	1,400,000	-	-	1,400,000	-	-
Proceeds from sale of:						
Investment properties and other repossessed assets (Notes 12 and 14)	981,868	628,475	474,788	981,868	628,475	468,559
Property and equipment (Note 11)	6,112	7,425	29,742	3,115	2,177	27,966
Investment securities at amortized cost (Note 8)	-	4,575,653	3,927,754	-	4,575,653	3,927,754
Proceeds from maturity of investment securities at amortized cost	3,185,701	170,921	46,553	3,185,701	170,921	46,553
Acquisitions of:						
Investment securities at amortized cost	(9,697,312)	(282,233)	(3,383,280)	(9,697,312)	(282,233)	(3,383,280)
Property and equipment (Note 11)	(532,373)	(631,129)	(805,803)	(382,608)	(436,808)	(729,746)
Branch licenses (Note 13)	-	(204)	(505,196)	-	(204)	(505,196)
Capitalized software (Note 13)	(250,348)	(202,550)	(455,523)	(242,305)	(202,991)	(401,008)
Net cash transferred from a business combination (Note 7)	(379,782)	-	-	(401,160)	-	-

(Forward)



	Consolidated			Parent Company		
	Years Ended December 31					
	2016	2015	2014	2016	2015 (As restated - Note 2)	2014 (As restated - Note 2)
	(Amounts in Thousands)					
Incorporation of a subsidiary (Note 10)	₱-	₱-	₱-	(₱100,000)	(₱30,000)	₱-
Investment in a joint venture (Note 10)	-	(500,000)	-	-	(500,000)	-
Merged cash from GBI (Note 7)	-	-	-	-	-	7,269
Net cash provided by (used in) investing activities	(5,286,134)	3,766,358	(670,965)	(5,252,701)	3,924,990	(541,129)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills and acceptances payable	193,684,233	90,999,637	209,111,418	193,684,233	90,999,637	207,333,218
Payments of bills and acceptances payable	(194,563,161)	(93,243,766)	(207,082,701)	(194,563,161)	(93,243,766)	(205,432,706)
Payment of subordinated debt (Note 19)	(1,555,763)	-	(1,362,500)	(1,555,763)	-	(1,362,500)
Dividend paid (Note 22)	(400,000)	-	-	(400,000)	-	-
Issuance of common stock, net of direct cost related to issuance (Note 22)	-	7,946,080	-	-	7,946,080	-
Issuance of unsecured subordinated debt, net of issuance cost (Note 19)	-	-	4,963,731	-	-	4,963,731
Acquisition of non-controlling interest (Note 10)	-	-	(6,622)	-	-	-
Net cash provided by (used in) financing activities	(2,834,691)	5,701,951	5,623,326	(2,834,691)	5,701,951	5,501,743
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,533,014	14,311,194	8,305,543	10,387,475	14,316,651	8,334,224
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	5,899,131	5,993,499	3,884,538	5,829,104	5,912,309	3,811,185
Due from Bangko Sentral ng Pilipinas	30,908,680	23,128,678	18,537,655	30,725,169	22,970,798	18,404,125
Due from other banks	5,376,926	3,580,528	1,751,824	5,310,299	3,493,976	1,604,404
Interbank loans receivable	7,722,546	2,893,384	3,116,529	7,722,546	2,893,384	3,116,529
	49,907,283	35,596,089	27,290,546	49,587,118	35,270,467	26,936,243
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	6,623,761	5,899,131	5,993,499	6,511,420	5,829,104	5,912,309
Due from Bangko Sentral ng Pilipinas	39,343,143	30,908,680	23,128,678	39,019,501	30,725,169	22,970,798
Due from other banks	6,970,645	5,376,926	3,580,528	6,940,924	5,310,299	3,493,976
Interbank loans receivable	7,502,748	7,722,546	2,893,384	7,502,748	7,722,546	2,893,384
	₱60,440,297	₱49,907,283	₱35,596,089	₱59,974,593	₱49,587,118	₱35,270,467
NET OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS						
Interest received	₱17,763,608	₱14,322,709	₱11,253,183	₱16,538,668	₱13,506,468	₱10,726,087
Interest paid	2,822,450	2,217,095	1,516,473	2,647,577	2,115,293	1,447,607
Dividend received	6,390	11,511	25,527	6,390	11,511	25,527

See accompanying Notes to Financial Statements.



EAST WEST BANKING CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

East West Banking Corporation (EW or the Bank or the Parent Company) is a domestic universal bank which was registered with the SEC on March 22, 1994. The Bank was granted authority by the Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank and operate an expanded foreign currency deposit unit in 1994. Subsequently in 2012, the Parent Company has been authorized by the BSP to operate as a universal bank. The Parent Company's common shares were listed and commenced trading in the Philippine Stock Exchange (PSE) on May 7, 2012 (see Note 22).

As of December 31, 2016, the Parent Company is effectively 77.18% owned by Filinvest Development Corporation (FDC). The Parent Company's ultimate parent company is A.L. Gotianun, Inc. The Parent Company's head office is located at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

Through its network of 445 and 433 branches as of December 31, 2016 and 2015, respectively, the Bank and its subsidiaries (the Group) provides a wide range of financial services to consumer and corporate clients which includes deposit-taking, loan and trade finance, treasury, trust services, credit cards, cash management, custodial services, insurance services and leasing and finance.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

The financial statements of the Parent Company include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of the RBU and the FCDU is the Philippine peso and United States dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in Philippine peso, which is the Parent Company's presentation currency (see accounting policy on Foreign Currency Transactions and Translation). The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of all subsidiaries and the joint venture is the Philippine peso.

Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).



Presentation of Financial Statements

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 21.

Basis of Consolidation

The Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continue to be consolidated until the date when control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies. The following are the wholly-owned subsidiaries of the Parent Company as of December 31, 2016 and 2015:

	Principal Activities	Effective Percentage of Ownership	
		2016	2015
East West Rural Bank, Inc. (EWRB)	Consumer banking	100.00	100.00
East West Insurance Brokerage, Inc. (EWIB)	Non-life insurance brokerage	100.00	100.00
East West Leasing and Finance Corporation (EWLFC)	Finance and leasing	100.00	–
Price Solutions Philippines, Inc. (PSPPI)	Sales and marketing	100.00	–
Assurance Solutions Insurance Agency (ASIA)	General insurance and marketing	100.00	–

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in the consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. Control is achieved where the Parent Company is exposed, or has rights, to variable return from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company has power over the entity when it has existing rights that give it the current ability to direct relevant activities (i.e., activities that significantly affect the entity's returns). Consolidation of subsidiaries ceases when control is transferred out of the Parent Company. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended standards, which became effective beginning January 1, 2016. Unless otherwise indicated, adoption of these amended standards did not have material impact to the Group.

- PFRS 11, *Joint Arrangements: Accounting for Acquisitions of Interests*
- Philippine Accounting Standards (PAS) 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- PAS 1, *Disclosure Initiative*
- PFRS 10, PFRS 12, and PAS 28, *Investment Entities: Applying the Consolidation Exception*
- *Annual Improvements to PFRSs (2012 - 2014 Cycle)*
 - Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations, Changes in Methods of Disposal*
 - Amendment to PFRS 7, *Financial Instruments: Disclosures, Servicing Contracts*
 - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*



- Amendment to PAS 19, *Employee Benefits, Discount Rate: Regional Market Issue*
- Amendment to PAS 34, *Interim Financial Reporting, Disclosure of Information 'Elsewhere in the Interim Financial Report'*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply the change retrospectively.

To comply with BSP Circular No. 915, *Amendments on Accounting Guidelines for Prudential Reporting to the BSP*, the Parent Company changed its method of accounting for its investments in subsidiaries and a joint venture from the cost method to the equity method. The change in the accounting policy was applied retrospectively, with impact as follows:

Statements of financial position	As at December 31, 2015	As at January 1, 2015
	(Amounts in thousands)	
Increase in:		
Investment in subsidiaries	₱817,621	₱425,181
Surplus	817,912	425,337
Remeasurement losses on retirement plans	291	156
Statements of comprehensive income	Years Ended	
	2015	2014
	(Amounts in thousands)	
Increase(decrease) in:		
Share in net income of subsidiaries	₱392,575	₱406,828
Share in remeasurement losses of retirement liability of subsidiaries	135	156

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items (COCI), amounts due from BSP and other banks, and interbank loans and receivable (IBLR) with original maturities of three months or less from dates of placements and that are subject to insignificant risks of changes in value.

Foreign Currency Transactions and Translation

Transactions and balances

For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Philippine Dealing System (PDS) closing rate prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rate at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency-denominated assets and liabilities of the RBU are credited to or charged against operations in the period in which the rates change.

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



FCDU

As at the reporting date, the assets and liabilities of the FCDU of the Parent Company are translated into the Parent Company's presentation currency (the Philippine Peso) at PDS closing rate prevailing at the statement of financial position date, and their income and expenses are translated at PDS weighted average rate (PDSWAR) for the year. Exchange differences arising on translation are taken to the statement of comprehensive income under Cumulative translation adjustment. Upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statement of comprehensive income is recognized in the statement of income.

Fair Value Measurement

The Group measures certain financial instruments such as financial assets at FVTPL, financial assets at FVTOCI and derivative financial instruments, at fair value at each statement of financial position date. Also, fair values of financial instruments carried at amortized cost and investment properties carried at cost are measured for disclosure purposes.

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

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

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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



External appraisers are involved for valuation of significant non-financial assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (see Note 5).

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Group recognizes financial instruments when, and only when, the Group becomes a party to the contractual terms of the financial instruments.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date, the date that an asset is delivered to or by the Group. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group. Securities transactions and related commission income and expense are recorded also on a settlement date basis. Deposits, amounts due to banks and customers, and loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Derivatives are recognized on trade date - the date that the Group becomes a party to the contractual provisions of the instrument. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

'Day 1' difference

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

Classification, Reclassification and Measurement of Financial Assets and Financial Liabilities

For purposes of classifying financial assets, an instrument is an investment in an 'equity instrument' if it is non-derivative and meets the definition of 'equity' for the issuer (under PAS 32, *Financial Instruments: Presentation*). All other non-derivative financial instruments are investments in 'debt instruments'.

Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as Interest income in the statement of income. The Group classified Cash and other cash items, Due from BSP, Due from other banks, IBLR, Investment securities at amortized cost and Loans and receivables as financial assets at amortized cost.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. As of December 31, 2016 and 2015, the Group has not made such designation.

Financial assets at FVTOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in Net unrealized gain (loss) on financial assets at FVTOCI in the statement of financial position. When the asset is disposed of, the cumulative gain or loss previously recognized in Net unrealized gain (loss) on financial assets at FVTOCI is not reclassified to profit or loss, but is reclassified directly to Surplus.

The Group has designated certain equity instruments that are not held for trading as at FVTOCI on initial application of PFRS 9 (see Note 8).

Dividends earned on holding these equity instruments are recognized in the statement of income when the Group's right to receive the dividends is established in accordance with PAS 18, *Revenue*, unless the dividends clearly represent recovery of a part of the cost of the investment. Dividends earned are recognized in the statement of income under Miscellaneous income.

Financial assets at FVTPL

Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss.

Equity investments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at FVTOCI at initial recognition.



The Group's financial assets at FVTPL include government securities, private bonds, equity securities held for trading purposes and derivative assets.

Financial assets at FVTPL are carried at fair value, and fair value gains and losses on these instruments are recognized as Trading and securities gain in the statement of income. Interest earned on these investments is reported in the statement of income under Interest income while dividend income is reported in the statement of income under Miscellaneous income when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If quoted market prices are not available, their fair values are estimated based on inputs provided by the BSP, Bureau of Treasury and investment bankers. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques.

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the PDS closing rate at the statement of financial position date. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at FVTPL, the foreign exchange component is recognized in the statement of income. For financial assets designated as at FVTOCI, any foreign exchange component is recognized in other comprehensive income. For foreign currency-denominated debt instruments classified at amortized cost, the foreign exchange gains and losses are determined based on the amortized cost of the asset and are recognized in the statement of income.

Reclassification of financial assets

The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVTPL or equity financial assets at FVTOCI at initial recognition is not permitted.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.



Management may designate a financial liability at FVTPL upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

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

As of date, the Group's financial liabilities at FVTPL include derivative liabilities.

Financial liabilities at amortized cost

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

Financial liabilities are initially measured at cost plus transaction costs. Subsequently, these financial instruments are measured at amortized cost using the effective interest method, except for:

- a. financial liabilities at fair value through profit or loss which are measured at fair value; and
- b. financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Amortized cost is calculated by taking into account any discount or premium on the issuance and fees that are an integral part of the effective interest rate (EIR).

Impairment of Financial Assets

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



For financial assets classified and measured at amortized cost such as Loans and receivables, Due from other banks and Investment securities at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. For individually assessed financial assets, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Financial assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment. The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to Provision for impairment and credit losses in the statement of income. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Interest income continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If a write-off is later recovered, a recovery income is recognized and is recorded as Miscellaneous income in the statement of income.

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

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

Restructured loans

Loan restructuring may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subjected to an individual or collective impairment assessment, calculated using the loan's original effective interest rate. The



difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original effective interest rate, is recognized in Provision for impairment and credit losses in the statement of income.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired or transferred;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Repurchase agreements

Securities sold under agreements to repurchase at a specified future date ('repos') are not derecognized from the statement of financial position. The corresponding cash received, including accrued interest, is recognized in the statement of financial position as a loan to the Group, reflecting the economic substance of such transaction.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented gross in the statement of financial position (see Note 31).

Property and Equipment

Land is stated at cost less any impairment in value and depreciable properties including buildings, leasehold improvements and furniture, fixtures and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value.



The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the assets. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any accumulated impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives (EUL) of the property and equipment.

	Years
Buildings	30-40
Furniture, fixtures and equipment	3-5

The cost of the leasehold improvements is amortized over the shorter of the covering lease term or the EUL of the improvements of 10 years.

The estimated useful life and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are recorded as Investment properties upon: (a) entry of judgment in case of judicial foreclosure; (b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or (c) notarization of the Deed of Dacion in case of dacion in payment (dacion en pago). Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value.

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

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

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed 10 years for both buildings and condominium units.



Foreclosed properties of land or building are classified under Investment properties from foreclosure date. Other foreclosed properties which do not qualify as land or building are classified as other repossessed assets included in Other assets in the statement of financial position.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Business Combinations

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

When the Group acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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



Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Investments in Subsidiaries

Investments in subsidiaries in the Parent Company's separate financial statements are accounted for under the equity method.

Under the equity method, an investment in subsidiary is carried in the statement of financial position at cost plus post-acquisition changes in the Parent Company's share of the net assets of the subsidiary. Post-acquisition changes in the share of net assets of the subsidiaries include the share in the: (a) income or losses; and (b) remeasurement of retirement plans. Dividends received are treated as a reduction in the carrying amount of the investments. The statement of income reflects the share of the results of operations of the subsidiary. Where there has been a change recognized directly in the equity of the subsidiary, the Parent Company recognizes its share of any changes and thus, when applicable, discloses in the statement of changes in equity. If the Parent Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Parent Company discontinues recognizing its share in further losses.

Investment in a Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's and the Parent Company's investment in joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. The statement of income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of income and represents profit or loss after tax.

On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.



After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share in net income (loss) of joint venture' in the statement of income.

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

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill and branch licenses, are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually or more frequently, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized.

Intangible assets include goodwill, branch licenses, customer relationship, core deposits and capitalized software (see Note 13).

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.



Branch licenses

Branch licenses are determined to have indefinite useful lives. These are tested for impairment annually either individually or at the CGU level. Such intangible assets are not amortized. The useful life is reviewed annually to determine whether indefinite useful life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Customer relationship and core deposits

Customer relationship and core deposits are the intangible assets acquired by the Group through business combination. These intangible assets are initially measured at their fair value at the date of acquisition. The fair value of these intangible assets reflects expectations about the probability that the expected future economic benefits embodied in the asset will flow to the Group.

Following initial recognition, customer relationship and core deposits are measured at cost less accumulated amortization and any accumulated impairment losses. Customer relationship related to the credit cards business is amortized on a straight-line basis over its useful life of 40 years while the customer relationship related to the auto loans business and core deposits are amortized on a straight-line basis over its useful life of 13 and 10 years, respectively (see Note 13).

Capitalized software

Capitalized software acquired separately is measured at cost on initial recognition. Following initial recognition, capitalized software is carried at cost less accumulated amortization and any accumulated impairment losses. The capitalized software is amortized on a straight-line basis over its estimated useful life of 5 years.

Card Acquisition Costs

Card acquisition costs represent capitalized commissions paid to third-party brokers for successfully originated credit card accounts, which are amortized over two years, the average relationship life with customers.

Impairment of Nonfinancial Assets

An assessment is made at each statement of financial position date whether there is any indication of impairment of property and equipment, investment properties, other repossessed assets and intangible assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use or its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against the statement of income in the period in which it arises, unless the asset is carried at a revalued amount in which case the impairment loss is charged against the revaluation increment of the said asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations, unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the said asset.



The following criteria are also applied in assessing impairment of specific assets:

Property and equipment, investment properties and other repossessed assets

The carrying values of the property and equipment and investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or CGUs are written down to their recoverable amounts.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Branch licenses

Branch licenses are tested for impairment annually at the statement of financial position date either individually or at the CGU level, as appropriate.

Other intangible assets

Other intangible assets such as customer relationship, core deposits and capitalized software are assessed for impairment whenever there is an indication that they may be impaired.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets at FVTPL, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The adjusted carrying amount is calculated based on the original effective interest rate. The change in the carrying amount is recorded as interest income. Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Service charges and penalties

Service charges and penalties are recognized only upon collection or accrued when there is a reasonable degree of certainty as to its collectibility.



Fee and commission income

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

- a) *Fee income earned from services that are provided over a certain period of time*
Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income, fiduciary fees and credit related fees.
- b) *Fee income from providing transaction services*
Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. Loan syndication fees are recognized in the statement of income when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same effective interest rate as for the other participants.
- c) *Bancassurance fees*
Non-refundable fees are recognized on a straight-line bases over the term of the distribution agreement. Fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Dividend income

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

Trading and securities gain

Trading and securities gain represents results arising from trading activities including all gains and losses from changes in fair value of financial assets and financial liabilities held for trading.

Commissions earned on credit cards

Commissions earned on credit cards are taken up as income upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments.

Purchases by credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus certain percentage of cost. The excess over cost is credited to Unearned discount and is shown as a deduction from Loans and receivables in the statement of financial position.

The unearned discount is taken to income over the installment terms and is computed using the effective interest method.

Customer loyalty programmes

Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated between the award credits and the other components of the sale. Income generated from customer loyalty programmes is recognized as part of Service charges, fees and commissions in the statement of income.



Other income

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

Expense Recognition

Expenses are recognized in the statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in the statement of income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the statement of income are presented using the nature of expense method. General and administrative expenses are cost attributable to administrative and other business activities of the Group.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term. Contingent rents are recognized as an expense in the period in which they are incurred.

Retirement Cost

Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

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

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.



Employee leave entitlement

Employee entitlement to annual leave is recognized as a liability when the employees render the services that increases their annual leave entitlement. The cost of accumulating annual leave are measured as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and where, appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as Interest expense in the statement of income.

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

Income Taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

Deferred taxes

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

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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



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

Equity

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to Additional paid in capital account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to Additional paid in capital account. If additional paid-in capital is not sufficient, the excess is charged against Surplus.

Surplus represents accumulated earnings of the Group less dividends declared.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when declared and approved by the Board of Directors (the Board or BOD) of the Parent Company and approved by the BSP. Dividends for the year that are declared and approved after the statement of financial position date, if any, are dealt with as an event after the financial reporting date and disclosed accordingly.

Earnings Per Share (EPS)

Basic EPS is determined by dividing the net income for the year attributable to common shares by the weighted average number of common shares outstanding during the year while diluted EPS is computed by dividing net income for the year attributable to common shares by the weighted average number of outstanding and dilutive potential common shares. Basic and diluted EPS are given retroactive adjustments for any stock dividends declared and stock rights exercised in the current year, if any. The Group does not have dilutive potential common shares.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is one that provides products or services within a particular economic environment that is subject to risks and returns that are different from those segments operating in other economic environments.

The Group's operations are organized according to the nature of products and services provided. Financial information on business segments is presented in Note 6.

Events after the Financial Reporting Date

Post year-end events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material to the financial statements.



Fiduciary Activities

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

Future Changes in Accounting Policies

Standards issued up to the date of issuance of the financial statements but are not yet effective are listed below. This is a listing of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2017

- *Amendment to PFRS 12, Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.
- *Amendments to PAS 7, Statement of Cash Flows, Disclosure Initiative*
The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

Application of amendments will result in additional disclosures in the 2017 consolidated financial statements of the Group.

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

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



Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021. The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*

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

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

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



- *Philippine Interpretation IFRIC-22, Foreign Currency Transactions and Advance Consideration*

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

- *PFRS 15, Revenue from Contracts with Customers*

PFRS 15 was issued by IASB in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

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

- *PFRS 9, Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

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

Effective beginning on or after January 1, 2019

- *PFRS 16, Leases*

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



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

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Group is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

3. Significant Accounting Judgments and Estimates

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

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

Judgments

a) Contingencies

The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 29).



b) *Business model for managing financial assets*

Sale of Investment Securities at Amortized Cost

The Parent Company's business model allows for financial assets to be held to collect contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, the entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Parent Company considers the following:

- sales or derecognition of debt instrument under any of the circumstances spelled out under paragraph 7, Section 2 of BSP Circular No.708, Series of 2011;
- sales in preparation for funding a potential aberrant behavior in the depositors' withdrawal pattern triggered by news of massive withdrawals or massive withdrawal already experienced by other systemically important banks in the industry;
- sales attributable to an anticipated or in reaction to major events in the local and/or international arena that may adversely affect the collectability of the debt instrument and seen to prospectively affect adversely the behavior of deposits or creditors;
- sales attributable to a change in the Parent Company's strategy based on the final version of PFRS 9; and
- sales that the Asset-Liability Management Committee (ALCO) deems appropriate to be consistent with managing the Parent Company's balance sheet based upon but are not limited to the set risk limits and target ratios that have been approved by the BOD.

In 2015, the Parent Company sold various securities under its hold-to-collect (HTC) portfolios in anticipation of the effects of the upcoming regulatory requirements on liquidity coverage ratio. In 2014, the Parent Company sold various securities from different portfolios in its HTC business model. The sale was primarily driven by the need to improve the Parent Company's capital position in relation to the change in the regulatory capital requirements caused by the Basel III implementation.

After each of the above disposals, the Parent Company assessed whether such sales are still consistent with the objective of collecting contractual cash flows. The Parent Company concluded that despite these disposals, there is no change in its objective on managing these portfolios. The disposals were made for specific reasons and do not constitute a change in the Parent Company's business model for the affected portfolios. Thus, the remaining securities in the affected portfolios will continue to be measured at amortized cost.

c) *Determination of joint control over EW Ageas Life*

Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is presumed to exist when the investors contractually agree on the sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Based on the provisions of the joint venture arrangement between the Parent Company and Ageas (see Note 10), both parties have to agree in order for any resolution to be passed relating to the joint venture entity's relevant activities. This joint arrangement is classified as a joint venture since the parties have rights to the net assets of the joint venture entity.



d) *Business combination*

In determining whether a transaction or an event is a business combination, the Parent Company assessed whether the assets acquired and liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. Further, a business consists of inputs and processes applied to those inputs that have the ability to create outputs. Based on the provisions of the asset transfer agreement between the Parent Company and Standard Chartered Bank (see Note 7), the Parent Company has identified the acquisition as a business combination. In making this judgment, the Parent Company has assessed the retail banking portfolio acquired as capable of providing a return to the Parent Company in the form of revenues from lending and portfolio management activities.

Estimates

a) *Impairment of loans and receivables*

The Group reviews its loans and receivables at each statement of financial position date to assess whether impairment loss should be recorded in the statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

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

Factors considered in doing the impairment assessment are discussed further in Note 4. The carrying values of loans and receivables and the related allowance for credit and impairment losses of the Group and of the Parent Company are disclosed in Note 9.

b) *Fair values of financial instruments*

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

Fair value measurements of financial instruments are disclosed in Note 5.



c) *Impairment of nonfinancial assets*

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

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

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed based on the higher of the asset's fair value less cost to sell or value in use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The carrying values of the Group's and of the Parent Company's investment properties and intangible assets (excluding goodwill) follow:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Branch licenses (Note 13)	₱2,167,600	₱2,167,600	₱2,167,600	₱2,167,600
Other repossessed assets (Note 14)	932,735	555,836	932,735	555,836
Capitalized software (Note 13)	907,775	824,324	873,537	785,916
Investment properties (Note 12)	699,667	727,613	698,970	726,916
Customer relationship (Note 13)	120,854	125,165	120,854	125,165
Core deposits (Note 13)	8,762	12,805	8,762	12,805

d) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. Goodwill is written down for impairment where the net present value of the forecasted future cash flows from the CGU is insufficient to support its carrying value. The Group has used the cost of equity as the discount rate for the value in use (VIU) computation. The Group determined the cost of equity using capital asset pricing model.

The recoverable amount of the CGU has been determined based on a VIU calculation using cash flow projections from financial budgets approved by the BOD covering a five-year period. Future cash flows from the CGU are estimated based on the theoretical annual income of the CGUs. Average growth rate was derived from the average increase in annual income during the last 5 years. The discount rate applied reflects the current market assessment of the risk specific to each CGU. Key assumptions in VIU calculation of CGUs are most sensitive to the following assumptions: a) interest margin; b) discount rates; c) market share during the budget period; and d) projected growth rates used to extrapolate cash flows beyond the budget period.

The carrying values of goodwill of the Group and of the Parent Company are disclosed in Note 13.



e) *Recognition of deferred tax assets*

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The recognized and unrecognized net deferred tax assets of the Group and of the Parent Company are disclosed in Note 24.

f) *Retirement obligation*

The cost of defined benefit retirement plans and the present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on historical annual merit, market and promotional increase and future inflation rates.

The present value of the defined benefit obligation of the Group and of the Parent Company and details about the assumptions used are disclosed in Note 25.

g) *Valuation of exclusive bancassurance access or distribution rights*

The Parent Company entered into an exclusive distribution agreement with EW Ageas Life for a period of twenty (20) years. Under the distribution agreement, EW Ageas Life will have exclusive access to the branch network of the Parent Company for the distribution of its insurance products (the exclusive bancassurance access).

The fair value of the exclusive bancassurance access was determined based on a valuation done by an independent third party valuer, which used as inputs recent similar transactions and the number of branches and customers of the Parent Company. The fair value of the exclusive bancassurance access was recognized as deferred revenue to be amortized over the distribution period (see Notes 10 and 20).



4. Financial Risk Management Objectives and Policies

Risk Management

To ensure that corporate goals and objectives, and business and risk strategies are achieved, the Parent Company utilizes a risk management process that is applied throughout the organization in executing all business activities. Employees' functions and roles fall into one of the three categories where risk must be managed in the business units, operating units and governance units.

The Parent Company's activities are principally related to the use of financial instruments and are exposed to credit risk, liquidity risk, operational risk and market risk, the latter being subdivided into trading and non-trading risks. Forming part of a coherent risk management system are the risk concepts, control tools, analytical models, statistical methodologies, historical researches and market analysis, which are being employed by the Parent Company. These tools support the key risk process that involves identifying, measuring, controlling and monitoring risks.

Risk Management Structure

a. Board of Directors (the Board or BOD)

The Parent Company's risk culture is practiced and observed across the Group putting the prime responsibility on the BOD. It establishes the risk culture and the risk management organization and incorporates the risk process as an essential part of the strategic plan of the Group. The BOD approves the Parent Company's articulation of risk appetite which is used internally to help management understand the tolerance for risk in each of the major risk categories, its measurement and key controls available that influence the Parent Company's level of risk taking. All risk management policies and policy amendments, risk-taking limits such as but not limited to credit and trade transactions, market risk limits, counterparty limits, trader's limits and activities are based on the Parent Company's established approving authorities which are approved by the Parent Company's BOD. At a high level, the BOD also approves the Parent Company's framework for managing risk.

b. Executive Committee

This is a board level committee, which reviews the bank-wide credit strategy, profile and performance. It approves the credit risk-taking activities based on the Parent Company's established approving authorities and likewise reviews and endorses credit-granting activities, including the Internal Credit Risk Rating System. All credit proposals beyond the credit approving limit of the Loan and Investments Committee passes through this committee for final approval.

c. Loan and Investments Committee

This committee is headed by the Chairman of the Parent Company whose primary responsibility is to oversee the Parent Company's credit risk-taking activities and overall adherence to the credit risk management framework, review business/credit risk strategies, quality and profitability of the Parent Company's credit portfolio and recommend changes to the credit evaluation process, credit risk acceptance criteria and the minimum and target return per credit or investment transaction. All credit risk-taking activities based on the Parent Company's established approving authorities are evaluated and approved by this committee. It establishes infrastructure by ensuring business units have the right systems and adequate and competent manpower support to effectively manage its credit risk.



- d. **Asset-Liability Management Committee (ALCO)**
ALCO, a management level committee, meets on a weekly basis and is responsible for the over-all management of the Parent Company's market, liquidity, and financial position related risks. It monitors the Parent Company's liquidity position and reviews the impact of strategic decisions on liquidity. It is responsible for managing liquidity risks and ensuring exposures remain within established tolerance levels. The ALCO's primary responsibilities include, among others, (a) ensuring that the Parent Company and each business unit holds sufficient liquid assets of appropriate quality and in appropriate currencies to meet short-term funding and regulatory requirements, (b) managing financial position and ensuring that business strategies are consistent with its liquidity, capital and funding strategies, (c) establishing asset and/or liability pricing policies that are consistent with the financial position objectives, (d) recommending market and liquidity risk limits to the Risk Management Committee and BOD and (e) approving the assumptions used in contingency and funding plans. It also reviews cash flow forecasts, stress testing scenarios and results, and implements liquidity limits and guidelines.

- e. **Risk Management Committee (RMC)**
RMC is a board level committee that convenes monthly and is primarily responsible to assist the Board in managing the Parent Company's risk taking activities. This is performed by the committee by institutionalizing risk policies and overseeing the Parent Company's risk management system. It develops and recommends risk appetite and tolerances for the Parent Company's major risk exposures to the Board. Risk management principles, strategies, framework, policies, processes, and initiatives and any modifications and amendments thereto are reviewed and approved by RMC. It oversees and reports to the Board the effectiveness of the risk management system, overall risk profile, and compliance with the risk appetite and tolerances that the Board approved.

- f. **Risk Management Subcommittee (RMSC)**
RMSC is a management level committee that convenes, at least four times in a year, and is responsible to assist RMC in fulfilling its responsibilities in managing the Parent Company's risk taking activities. This is performed by the committee by implementing the risk management principles, strategies, framework, policies, processes, and initiatives across the Parent Company. It leads the effective conduct of risk and capital management. It oversees and directs the management of the Parent Company's overall risk profile. The committee likewise oversees risk incidents, control gaps, and control deficiencies and management actions in implementing the corresponding corrective actions.

- g. **Audit Committee (Audit Com)**
The Audit Com assists the BOD in fulfilling its responsibilities for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide reasonable assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It is tasked to discuss with management the Parent Company's major risk exposures and ensures accountability on the part of management to monitor and control such exposures including the Parent Company's risk assessment and risk management policies. The AuditCom oversees the internal audit function and is responsible for monitoring and reviewing its effectiveness while ensuring its independence.



- h. Corporate Governance and Compliance Committee (CGCC)
The CGCC leads the Parent Company in defining corporate governance policies and attaining best practices while overseeing the implementation of the Parent Company's compliance program, money laundering prevention program and ensuring that regulatory compliance issues are resolved expeditiously. In addition to its governance role, the CGCC also assumes the nomination function whereby it reviews and evaluates the qualifications of all persons nominated to the Board, all direct reports of the President and CEO, regardless of rank, heads of Governance Units and other positions of the Bank requiring appointment by the Board of Directors. The committee oversees the annual performance evaluation of the Board, its committees, and individual directors and conducts an annual self-evaluation of its performance as prescribed under and in accordance with the Corporate Governance Manual and the 2009 SEC Code of Corporate Governance.
- i. Related Party Transactions (RPT) Committee
The RPT Committee assists the Board in ensuring that the transactions with related parties of the Parent Company are handled in a sound and prudent manner, with integrity and in compliance with the applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. It also ensures that related party transactions are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged by such transactions.
- j. Risk Management Division (RMD)
RMD performs an independent risk governance function within the Parent Company. RMD is tasked with identifying, measuring, controlling and monitoring existing and emerging risks inherent in the Parent Company's overall portfolio (on- or off-balance sheet). RMD develops and employs risk assessment tools to facilitate risk identification, analysis and measurement. It is responsible for developing and implementing the framework for policies and practices to assess and manage enterprise-wide market, credit, operational, and all other risks of the Parent Company.

It also develops and endorses risk tolerance limits for BOD approval, as endorsed by the RMC, and monitors compliance with approved risk tolerance limits. Finally, it regularly appraises the BOD, through the RMC, the results of its risk monitoring.
- k. Internal Audit Division (IAD)
IAD provides an independent assessment of the adequacy of the Parent Company's internal controls, risk management, governance framework and execution/operational practices. Internal audit activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing (ISPPA) and the Code of Ethics. IAD has adopted a risk assessment methodology, which provides a sound basis in the selection of areas of coverage and frequency of audit for the preparation of the annual audit plan. IAD employs a risk-based audit approach that examines both the adequacy of the policies and the Parent Company's compliance with the procedures while assuring audit coverage of the areas identified as representing the greatest current risk. It discusses the results of assessments with management, and reports its findings and recommendations to the Audit Com. IAD's activities are suitably designed to provide the BOD with reasonable assurance that significant financial and operating information is materially complete, reliable and accurate; internal resources are adequately protected; and employee performance is in compliance with the Parent Company's policies, standards, procedures and applicable laws and regulations



I. Compliance Division

Compliance Division is vested with the responsibility of overseeing the design of the Parent Company's Compliance Program and coordinating its effective implementation towards the sound management of Business and Compliance Risks. Its mandate is to ensure that the Parent Company is compliant with relevant and applicable laws, rules, regulations, codes of conduct and standards of good practice while avoiding an overly risk-averse environment that inhibits business growth. It serves as the Parent Company's central point of contact with banking regulators.

Credit Risk

Credit risk refers to the potential loss of earnings or capital arising from an obligor/s, customer/s or counterparty's failure to perform and/or to meet the terms of any contract with the Group. Credit risks may last for the entire tenor and set at the full amount of a transaction and in some cases, may exceed the original principal exposures. The risk may arise from lending, trade financing, trading, investments and other activities undertaken by the Group. To identify and assess this risk, the Group has: 1) approval process per the borrower or business and/or product segment; and 2) structured and standardized credit rating for corporate loans and risk acceptance criteria for consumer loans. For large corporate credit transactions, the Parent Company has a comprehensive procedure for credit evaluation, risk assessment and well-defined concentration limits, which are established for each type of borrower. The Group's credit risk is managed at the portfolio level, which may be on an overall or by product perspective.

Credit concentration

Excessive concentration of lending plays a significant role in the weakening of asset quality. The Group reduces this risk by diversifying its loan portfolio across various sectors and borrowers. The Group believes that good diversification across economic sectors and geographic areas, among others, will enable it to ride through business cycles without causing undue harm to its asset quality.

The Group's loan portfolio in line with the Group's policy of not having significant concentrations of exposure to specific industries or group of borrowers. Management of concentration of risk is by client/counterparty and by industry sector. For risk concentration monitoring purposes, the financial assets are broadly categorized into loans and receivables, loans and advances to banks, and investment securities. The Group ensures compliance with BSP's limit on exposure to any single person or group of connected persons by closely monitoring large exposures and top 20 borrowers for both single and group accounts.

Aside from ensuring compliance with BSP's limit on exposures to any single person or group of connected persons, it is the Parent Company's policy to keep the expected loss (determined based on the credit risk rating of the account) of large exposure accounts to, at most, one and a half percent (1.50%) of their aggregate outstanding balance. This is to maintain the quality of the Group's large exposures. With this, accounts with better risk grades are given priority in terms of being granted a bigger share in the Group's loan facilities.

Aligned with the Manual of Regulations for Banks definition, the Group considers its loan portfolio concentrated if it has exposures of more than thirty percent (30.00%) to an industry.



Credit concentration profile as of December 31, 2016 and 2015

Maximum credit risk exposures

The following table shows the Group's and the Parent Company's maximum exposure to credit risk after taking into account any collateral held or other credit enhancements (amounts in thousands):

	Consolidated							
	2016				2015			
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral
Loans and receivables:								
Receivables from customers								
Corporate lending	₱61,431,319	₱26,883,894	₱51,881,952	₱9,549,367	₱63,181,881	₱20,129,487	₱56,135,135	₱7,046,746
Consumer lending	128,738,093	67,405,251	87,063,519	41,674,574	86,185,338	40,989,251	58,788,677	27,396,661
	₱190,169,412	₱94,289,145	₱138,945,471	₱51,223,941	₱149,367,219	₱61,118,738	₱114,923,812	₱34,443,407

	Parent Company							
	2016				2015			
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral
Loans and receivables:								
Receivables from customers								
Corporate lending	₱61,431,319	₱26,883,894	₱51,881,952	₱9,549,367	₱63,181,881	₱20,129,487	₱56,135,135	₱7,046,746
Consumer lending	116,489,355	67,405,251	74,906,990	41,582,365	78,925,589	40,885,555	51,632,624	27,292,965
	₱177,920,674	₱94,289,145	₱126,788,942	₱51,131,732	₱142,107,470	₱61,015,042	₱107,767,759	₱34,339,711

For off-balance sheet items, the figures presented below summarize the Group's and the Parent Company's maximum exposure to credit risk (amounts in thousands):

	2016			2015		
	Credit Equivalent Amount	Credit Risk Mitigation	Net Credit Exposure	Credit Equivalent Amount	Credit Risk Mitigation	Net Credit Exposure
Off-balance sheet items						
Direct credit substitutes	₱258,608	₱-	₱258,608	₱1,006,559	₱-	₱1,006,559
Transaction-related contingencies	815,748	-	815,748	705,027	-	705,027
Trade-related contingencies arising from movement of goods and commitments with an original maturity of up to one (1) year	646,458	-	646,458	804,147	-	804,147
	₱1,720,814	₱-	₱1,720,814	₱2,515,733	₱-	₱2,515,733

Large exposures and top 20 borrowers

The table below summarizes the large exposures and top 20 borrowers of the Group and the Parent Company:

	2016			
	Top 20 Borrowers		Large Exposures	
	Single Borrowers	Group Borrowers	Single Borrowers	Group Borrowers
Aggregate Exposure (in billions)	₱29.69	₱32.55	₱21.15	₱22.88
Composite Risk Rating	3.68	3.77	3.40	3.50
Total Expected Loss/Aggregate Exposure	1.29%	1.34%	1.14%	1.15%

	2015			
	Top 20 Borrowers		Large Exposures	
	Single Borrowers	Group Borrowers	Single Borrowers	Group Borrowers
Aggregate Exposure (in billions)	₱30.76	₱35.74	₱22.41	₱23.20
Composite Risk Rating	3.45	3.51	3.40	3.33
Total Expected Loss/Aggregate Exposure	0.77%	0.81%	0.71%	0.69%



The credit exposures, after due consideration of the allowed credit enhancements, of the Group are all compliant with the regulatory single borrower's limit and considered to be the maximum credit exposure to any client or counterparty.

Concentration by industry

An industry sector analysis of the financial assets of the Group follows (amounts in thousands):

	2016			Total
	Loans and Receivables*	Loans and Advances to Banks**	Investment Securities***	
Financial intermediaries	₱8,741,583	₱53,816,536	₱16,397,759	₱78,955,878
Real estate, renting and business activity	17,795,748	-	-	17,795,748
Private households with employed persons	116,786,091	-	-	116,786,091
Wholesale and retail trade, repair of motor vehicles	18,600,507	-	-	18,600,507
Manufacturing	6,071,216	-	-	6,071,216
Agriculture, fisheries and forestry	1,985,228	-	-	1,985,228
Electricity, gas, steam and air-conditioning supply	9,617,263	-	-	9,617,263
Construction	2,469,423	-	-	2,469,423
Accommodation and food service activities	1,911,448	-	-	1,911,448
Administrative and support service activities	2,783,386	-	-	2,783,386
Human health and social work activities	2,692,101	-	-	2,692,101
Other service activities	2,820,347	-	-	2,820,347
Others****	9,038,329	-	-	9,038,329
	201,312,670	53,816,536	16,397,759	271,526,965
Allowance for credit losses (Note 15)	(6,572,971)	-	-	(6,572,971)
	₱194,739,699	₱53,816,536	₱16,397,759	₱264,953,994

* Includes commitments and contingent accounts.

** Comprised of Due from BSP, Due from other banks and IBLR.

*** Comprised of Financial assets at FVTPL, Financial assets at FVTOCI and Investment securities at amortized cost.

**** Pertains to unclassified loans and receivables, commitments and contingent accounts.

	2015			Total
	Loans and Receivables*	Loans and Advances to Banks**	Investment Securities***	
Financial intermediaries	₱11,228,867	₱44,008,152	₱15,164,959	₱70,401,978
Real estate, renting and business activity	19,449,098	-	-	19,449,098
Private households with employed persons	76,050,821	-	-	76,050,821
Wholesale and retail trade, repair of motor vehicles	16,233,879	-	-	16,233,879
Manufacturing	5,717,379	-	-	5,717,379
Agriculture, fisheries and forestry	3,303,346	-	-	3,303,346
Electricity, gas, steam and air-conditioning supply	8,274,976	-	-	8,274,976
Construction	1,730,345	-	-	1,730,345
Accommodation and food service activities	1,989,161	-	-	1,989,161
Administrative and support service activities	2,741,655	-	-	2,741,655
Human health and social work activities	2,632,622	-	-	2,632,622
Other service activities	5,465,707	-	-	5,465,707
Others****	7,795,991	-	-	7,795,991
	162,613,847	44,008,152	15,164,959	221,786,958
Allowance for credit losses (Note 15)	(4,898,407)	-	-	(4,898,407)
	₱157,715,440	₱44,008,152	₱15,164,959	₱216,888,551

* Includes commitments and contingent accounts.

** Comprised of Due from BSP, Due from other banks and IBLR.

*** Comprised of Financial assets at FVTPL, Financial assets at FVTOCI and Investment securities at amortized cost.

**** Pertains to unclassified loans and receivables, commitments and contingent accounts.



An industry sector analysis of the financial assets of the Parent Company follows (amounts in thousands):

2016				
	Loans and Receivables*	Loans and Advances to Banks**	Investment Securities***	Total
Financial intermediaries	₱8,710,974	₱53,463,173	₱16,397,759	₱78,571,906
Real estate, renting and business activity	17,784,200	-	-	17,784,200
Private households with employed persons	104,546,088	-	-	104,546,088
Wholesale and retail trade, repair of motor vehicles	18,590,170	-	-	18,590,170
Manufacturing	6,061,867	-	-	6,061,867
Agriculture, fisheries and forestry	1,956,409	-	-	1,956,409
Electricity, gas, steam and air-conditioning supply	9,616,836	-	-	9,616,836
Construction	2,465,277	-	-	2,465,277
Accommodation and food service activities	1,906,869	-	-	1,906,869
Administrative and support service activities	2,783,386	-	-	2,783,386
Human health and social work activities	2,692,101	-	-	2,692,101
Other service activities	2,801,241	-	-	2,801,241
Others****	8,854,929	-	-	8,854,929
	188,770,347	53,463,173	16,397,759	258,631,279
Allowance for credit losses (Note 15)	(6,314,427)	-	-	(6,314,427)
	₱182,455,920	₱53,463,173	₱16,397,759	₱252,316,852

* Includes commitments and contingent accounts.

** Comprised of Due from BSP, Due from other banks and IBLR.

*** Comprised of Financial assets at FVTPL, Financial assets at FVTOCI and Investment securities at amortized cost.

**** Pertains to unclassified loans and receivables, commitments and contingent accounts.

2015				
	Loans and Receivables*	Loans and Advances to Banks**	Investment Securities***	Total
Financial intermediaries	₱11,121,876	₱43,758,015	₱15,164,959	₱70,044,850
Real estate, renting and business activity	19,388,985	-	-	19,388,985
Private households with employed persons	68,968,907	-	-	68,968,907
Wholesale and retail trade, repair of motor vehicles	16,207,978	-	-	16,207,978
Manufacturing	5,712,036	-	-	5,712,036
Agriculture, fisheries and forestry	3,070,658	-	-	3,070,658
Electricity, gas, steam and air-conditioning supply	8,274,550	-	-	8,274,550
Construction	1,723,631	-	-	1,723,631
Accommodation and food service activities	1,982,301	-	-	1,982,301
Administrative and support service activities	2,741,655	-	-	2,741,655
Human health and social work activities	2,632,622	-	-	2,632,622
Other service activities	5,446,770	-	-	5,446,770
Others****	8,981,253	-	-	8,981,253
	156,253,222	43,758,015	15,164,959	215,176,196
Allowance for credit losses (Note 15)	(4,623,689)	-	-	(4,623,689)
	₱151,629,533	₱43,758,015	₱15,164,959	₱210,552,507

* Includes commitments and contingent accounts.

** Comprised of Due from BSP, Due from other banks and IBLR.

*** Comprised of Financial assets at FVTPL, Financial assets at FVTOCI and Investment securities at amortized cost.

**** Pertains to unclassified loans and receivables, commitments and contingent accounts.

Collateral and other credit enhancements

Collaterals are taken into consideration during the loan application process as they offer an alternative way of collecting from the client should a default occur. The percentage of loan value attached to the collateral offered is part of the Group's lending guidelines. Such percentages take into account safety margins for foreign exchange rate exposure/fluctuations, interest rate exposure, and price volatility.



Collaterals are valued according to existing credit policy standards and, following the latest appraisal report, serve as the basis for the amount of the secured loan facility.

Premium security items are collaterals that have the effect of reducing the estimated credit risk for a facility. The primary consideration for enhancements falling under such category is the ease of converting them to cash.

The Group is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. It is the Group's policy to dispose foreclosed assets in an orderly fashion. The proceeds of the sale of the foreclosed assets, included under Investment Properties, are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

As part of the Group's risk control on security/collateral documentation, standard documents are made for each security type and deviation from the pro-forma documents are subject to legal review prior to implementation.

Credit collaterals profile

The table below provides the collateral profile of the outstanding loan portfolio of Group and the Parent Company:

Security	Consolidated			
	Corporate Loans		Consumer Loans	
	2016	2015	2016	2015
REM*	23.35%	17.48%	9.96%	9.05%
Other Collateral**	19.23%	13.06%	41.53%	37.78%
Unsecured	57.42%	69.46%	48.51%	53.17%

* Real Estate Mortgage

** Consists of government securities, stocks and bonds, hold-out on deposits, assignment of vehicles, assignment of receivables etc.

Security	Parent Company			
	Corporate Loans		Consumer Loans	
	2016	2015	2016	2015
REM*	23.35%	17.48%	10.94%	9.92%
Other Collateral**	19.23%	13.06%	45.95%	41.13%
Unsecured	57.42%	69.46%	43.11%	48.95%

* Real Estate Mortgage

** Consists of government securities, stocks and bonds, hold-out on deposits, assignment of vehicles, assignment of receivables, etc.

As for the computation of credit risk weights, hold-out on deposits with the Bank, Home Guaranty cover, and Philippine sovereign guarantees are the only credit risk mitigants considered as eligible.

Internal Credit Risk Rating System

The Parent Company employs a credit scoring system for all corporate borrowers to assess risks relating to the borrower and the loan exposure. Borrower risk is evaluated by considering (a) quantitative factors under financial condition and (b) qualitative factors, such as management quality and industry outlook.



Financial condition assessment focuses on profitability, liquidity, capital adequacy, sales growth, production efficiency and leverage. Management quality determination is based on the Parent Company's strategies, management competence and skills and management of banking relationship while industry prospect is evaluated based on its importance to the economy, growth, industry structure and relevant government policies. Based on these factors, each borrower is assigned a Borrower Risk Rating (BRR), an 11-scale scoring system that ranges from 1 to 10, including SBL.

Supplementary to the BRR, consideration is also given to security arrangements in computing for the final rating. Depending on certain requisites, an account secured by real estate mortgages and hold-out on deposits or guarantees may be upgraded to better risk classifications.

The credit rating for each borrower is reviewed annually. A more frequent review is warranted in cases where the borrower has a higher risk profile or when there are extraordinary or adverse developments affecting the borrower, the industry and/or the Philippine economy.

The following is a brief explanation of the Parent Company's risk grades:

Rating	Description	Account/Borrower Characteristics
1	Excellent	<ul style="list-style-type: none"> • low probability of going into default within the coming year; very high debt service capacity and balance sheets show no sign of any weakness • has ready access to adequate funding sources • high degree of stability, substance and diversity • of the highest quality under virtual economic conditions
2	Strong	<ul style="list-style-type: none"> • low probability of going into default in the coming year • access to money markets is relatively good • business remains viable under normal market conditions • strong market position with a history of successful financial performance • financials show adequate cash flows for debt servicing and generally conservative balance sheets
3	Good	<ul style="list-style-type: none"> • sound but may be susceptible, to a limited extent, to cyclical changes in the markets in which they operate • financial performance is good and capacity to service debt remains comfortable • cash flows remain healthy and critical balance sheet ratios are at par with industry norms • reported profits in the past three years and expected to sustain profitability in the coming year
4	Satisfactory	<ul style="list-style-type: none"> • clear risk elements exist and probability of going into default is somewhat greater, as reflected in the volatility of earnings and overall performance • normally have limited access to public financial markets • able to withstand normal business cycles, but expected to deteriorate beyond acceptable levels under prolonged unfavorable economic period • combination of reasonably sound asset and cash flow protection
5	Acceptable	<ul style="list-style-type: none"> • risk elements for the Parent Company are sufficiently pronounced, but would still be able to withstand normal business cycles • immediate deterioration beyond acceptable levels is expected given prolonged unfavorable economic period • there is sufficient cash flow either historically or expected in the future in spite of economic downturn combined with asset protection



Rating	Description	Account/Borrower Characteristics
5B	Acceptable	<ul style="list-style-type: none"> financial condition hard to ascertain due to weak validation of financial statements coupled by funding leakages to other business interests whose financial condition is generally unknown continuous decline in revenues and margins due to competition; increasing debt levels not commensurate to growth in revenues and funding requirements thin margin business with banks financing bulk of working capital and capex requirements coupled by substantial dividend pay-outs chronically tight cash flows with operating income negative or barely enough for debt servicing lines with banks maxed out and availments evergreen with minimal payments made over time or with past record of past due loans with other banks, cancelled credit cards and court cases
6	Watchlist	<ul style="list-style-type: none"> affected by unfavorable industry or company-specific risk factors operating performance and financial strength may be marginal and ability to attract alternative sources of finance is uncertain difficulty in coping with any significant economic downturn; some payment defaults encountered net losses for at least two consecutive years
7	Special Mention	<ul style="list-style-type: none"> ability or willingness to service debt are in doubt weakened creditworthiness expected to experience financial difficulties, putting the Parent Company's exposure at risk
8	Substandard	<ul style="list-style-type: none"> collectability of principal or interest becomes questionable by reason of adverse developments or important weaknesses in financial cover negative cash flows from operations and negative interest coverage past due for more than 90 days there exists the possibility of future loss to the Parent Company unless given closer supervision
9	Doubtful	<ul style="list-style-type: none"> unable or unwilling to service debt over an extended period of time and near future prospects of orderly debt service are doubtful with non-performing loan (NPL) status previously rated 'Substandard' by the BSP loss on credit exposure unavoidable
10	Loss	<ul style="list-style-type: none"> totally uncollectible prospect of re-establishment of creditworthiness and debt service is remote lender shall take or has taken title to the assets and is preparing foreclosure and/or liquidation although partial recovery may be obtained in the future considered uncollectible or worthless and of such little value that continuance as bankable assets is not warranted although the loans may have some recovery or salvage value

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

Credit Quality Profile as of December 31, 2016 and 2015

External ratings

The Group also uses external ratings, such as Standard & Poor's, Moody's, and Fitch, to evaluate its counterparties and in its assignment of credit risk weights to its banking book exposures. Transactions falling under this category are normally of the following nature: placements with other banks, money market lending, debt security investments, and to some extent, equity security investments.



Investments and financial securities

The table below shows credit quality, based on external ratings, per class of financial assets that are neither past due nor impaired of the Group:

	2016			Total
	AA/A	BB/B	Unrated	
Due from BSP	₱39,343,143	₱-	₱-	₱39,343,143
Due from other banks	6,947,356	3,281	20,008	6,970,645
IBLR	7,502,748	-	-	7,502,748
Financial assets at FVTPL:				
Government securities	994,086	-	-	994,086
Private bonds	4,246,512	-	16,709	4,263,221
Equity securities	-	-	10,443	10,443
	5,240,598	-	27,152	5,267,750
Investment securities at amortized cost:				
Government securities	5,760,891	-	-	5,760,891
Private bonds	5,368,618	-	-	5,368,618
	11,129,509	-	-	11,129,509
Financial assets at FVTOCI:				
Quoted equity securities	-	-	500	500
	-	-	500	500
	₱70,163,354	₱3,281	₱47,660	₱70,214,295

	2015			Total
	AA/A	BB/B	Unrated	
Due from BSP	₱30,908,680	₱-	₱-	₱30,908,680
Due from other banks	5,348,811	3,110	25,005	5,376,926
IBLR	7,722,546	-	-	7,722,546
Financial assets at FVTPL:				
Government securities	4,344,376	-	-	4,344,376
Private bonds	3,571,730	2,459,078	155,174	6,185,982
Equity securities	-	-	10,448	10,448
	7,916,106	2,459,078	165,622	10,540,806
Investment securities at amortized cost:				
Government securities	4,046,482	-	-	4,046,482
Private bonds	571,416	-	-	571,416
	4,617,898	-	-	4,617,898
Financial assets at FVTOCI:				
Quoted equity securities	-	-	6,255	6,255
	-	-	6,255	6,255
	₱56,514,041	₱2,462,188	₱196,882	₱59,173,111

The table below shows credit quality, based on external ratings, per class of financial assets that are neither past due nor impaired of the Parent Company:

	2016			Total
	AA/A	BB/B	Unrated	
Due from BSP	₱39,019,501	₱-	₱-	₱39,019,501
Due from other banks	6,917,685	3,231	20,008	6,940,924
IBLR	7,502,748	-	-	7,502,748
Financial assets at FVTPL:				
Government securities	994,086	-	-	994,086
Private bonds	4,246,512	-	16,709	4,263,221
Equity securities	-	-	10,443	10,443
	5,240,598	-	27,152	5,267,750
Investment securities at amortized cost:				
Government securities	5,760,891	-	-	5,760,891
Private bonds	5,368,618	-	-	5,368,618
	11,129,509	-	-	11,129,509
Financial assets at FVTOCI:				
Quoted equity securities	-	-	500	500
	-	-	500	500
	₱69,810,041	₱3,231	₱47,660	₱69,860,932



	2015			Total
	AA/A	BB/B	Unrated	
Due from BSP	₱30,725,169	₱-	₱-	₱30,725,169
Due from other banks	5,282,184	3,110	25,005	5,310,299
IBLR	7,722,546	-	-	7,722,546
Financial assets at FVTPL:				
Government securities	4,344,376	-	-	4,344,376
Private bonds	3,571,730	2,459,078	155,174	6,185,982
Equity securities	-	-	10,448	10,448
	7,916,106	2,459,078	165,622	10,540,806
Investment securities at amortized cost:				
Government securities	4,046,482	-	-	4,046,482
Private bonds	571,416	-	-	571,416
	4,617,898	-	-	4,617,898
Financial assets at FVTOCI:				
Quoted equity securities	-	-	6,255	6,255
	-	-	6,255	6,255
	₱56,263,903	₱2,462,188	₱196,882	₱58,922,973

The tables below show the credit quality, based on the credit rating system, by class of loans and receivables that are neither past due nor impaired (i.e., non-performing or past due by more than 90 days) of the Group:

	2016				Total
	High Grade	Standard Grade	Substandard Grade	Unrated	
Receivables from customers:					
Corporate lending	₱23,324,955	₱38,820,131	₱-	₱-	₱62,145,086
Consumer lending	29,098,534	63,710,662	26,082,472	-	118,891,668
	52,423,489	102,530,793	26,082,472	-	181,036,754
Unquoted debt securities	-	-	-	326,601	326,601
Accounts receivable	-	-	-	1,132,955	1,132,955
Accrued interest receivable	-	-	-	1,936,025	1,936,025
Sales contract receivable	-	-	-	176,648	176,648
	-	-	-	3,572,229	3,572,229
	₱52,423,489	₱102,530,793	₱26,082,472	₱3,572,229	₱184,608,983

	2015				Total
	High Grade	Standard Grade	Substandard Grade	Unrated	
Receivables from customers:					
Corporate lending	₱29,510,723	₱33,805,024	₱-	₱-	₱63,315,747
Consumer lending	15,661,611	40,784,769	23,900,929	-	80,347,309
	45,172,334	74,589,793	23,900,929	-	143,663,056
Unquoted debt securities	-	-	-	311,088	311,088
Accounts receivable	-	-	-	908,412	908,412
Accrued interest receivable	-	-	-	1,482,532	1,482,532
Sales contract receivable	-	-	-	205,841	205,841
	-	-	-	2,907,873	2,907,873
	₱45,172,334	₱74,589,793	₱23,900,929	₱2,907,873	₱146,570,929



The tables below show the credit quality, based on the credit rating system, by class of loans and receivables that are neither past due nor impaired of the Parent Company:

	2016				Total
	High Grade	Standard Grade	Substandard Grade	Unrated	
Receivables from customers:					
Corporate lending	₱23,324,955	₱38,820,131	₱-	₱-	₱62,145,086
Consumer lending	16,962,601	63,710,662	26,082,472	-	106,755,735
	40,287,556	102,530,793	26,082,472	-	168,900,821
Unquoted debt securities	-	-	-	326,601	326,601
Accounts receivable	-	-	-	1,214,212	1,214,212
Accrued interest receivable	-	-	-	1,809,971	1,809,971
Sales contract receivable	-	-	-	176,648	176,648
	-	-	-	3,527,432	3,527,432
	₱40,287,556	₱102,530,793	₱26,082,472	₱3,527,432	₱172,428,253

	2015				Total
	High Grade	Standard Grade	Substandard Grade	Unrated	
Receivables from customers:					
Corporate lending	₱29,510,723	₱33,805,024	₱-	₱-	₱63,315,747
Consumer lending	8,537,978	40,784,769	23,723,191	-	73,045,938
	38,048,701	74,589,793	23,723,191	-	136,361,685
Unquoted debt securities	-	-	-	300,771	300,771
Accounts receivable	-	-	-	1,985,414	1,985,414
Accrued interest receivable	-	-	-	1,426,646	1,426,646
Sales contract receivable	-	-	-	205,841	205,841
	-	-	-	3,918,672	3,918,672
	₱38,048,701	₱74,589,793	₱23,723,191	₱3,918,672	₱140,280,357

Borrowers with unquestionable repaying capacity and to whom the Group is prepared to lend on an unsecured basis, either partially or totally, are generally rated as High Grade borrowers. Included in the High-Grade category are those accounts that fall under 'Excellent', 'Strong', 'Good' and 'Satisfactory' categories under ICRRS (with rating of 1-4).

Standard rated borrowers normally require tangible collateral, such as real estate mortgage (REM), to either fully or partially secure the credit facilities as such accounts indicate a relatively higher credit risk than those considered as High Grade. Included in Standard Grade category are those accounts that fall under 'Acceptable', 'Watchlist' and 'Special mention' categories under ICRRS (with rating of 5-7).

Substandard Grade accounts pertain to corporate accounts falling under the 'Substandard,' 'Doubtful' and 'Loss' categories under ICRRS (with rating of 8-10) and unsecured revolving credit facilities.

Those accounts that are classified as unrated includes unquoted debt securities, accounts receivable, accrued interest receivable and sales contract receivable for which the Group has not yet established a credit rating system.

Impairment Assessment

On a regular basis, the Group conducts an impairment assessment exercise to determine expected losses on its loans portfolio.



The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 30 to 90 days as applicable, or if there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Group addresses impairment assessment in two areas: specific or individually assessed allowances and collectively assessed allowances.

a. Specific Impairment Testing

Specific impairment testing is the process whereby classified accounts are individually significant subject to impairment testing. Classified accounts are past due accounts and accounts whose credit standing and/or collateral has weakened due to varying circumstances. This present status of the account may adversely affect the collection of both principal and interest payments.

Indicators of impairment testing are past due accounts, decline in credit rating from independent rating agencies and recurring net losses.

The net recoverable amount is computed using the present value approach. The discount rate used for loans with fixed and floating interest rate is the original effective interest rate and last repriced interest rate, respectively. Net recoverable amount is the total cash inflows to be collected over the entire term of the loan or the expected proceeds from the sale of collateral. Specific impairment testing parameters include the account information (original and outstanding loan amount), interest rate (nominal and historical effective) and the business plan. Also included are the expected date of recovery, expected cash flows, probability of collection, and the carrying value of loan and net recoverable amount.

The Group conducts specific impairment testing on classified (i.e. rated 7-10) and restructured corporate accounts.

b. Collective Impairment Testing

All other accounts which were not individually assessed are grouped based on similar credit characteristics and are collectively assessed for impairment under the Collective Impairment Testing. This is also in accordance with PAS 39, which provides that all loan accounts not included in the specific impairment test shall be subjected to collective testing.

Collective impairment testing of corporate accounts

Corporate accounts, which are unclassified and with current status are grouped in accordance with the Parent Company's internal credit risk rating. Each internal credit risk rating would fetch an equivalent loss impairment where the estimated loss is determined in consideration of the Parent Company's historical loss experience. Impairment loss is derived by multiplying the outstanding loan balance on a per internal credit risk rating basis against a factor rate. The factor rate, which estimates the expected loss from the credit exposure, is the product of the Default Rate (DR) and the Loss Given Default Rate (LGDR). DR is estimated based on the 3-year historical average default experience by internal credit risk rating of the Parent Company, while, LGDR is estimated based on loss experience (net of recoveries from collateral) for the same reference period.

Collective impairment testing of consumer accounts

Consumer accounts, both in current and past due status are collectively tested for impairment as required under PAS 39. Accounts are grouped by type of product - personal loans, salary loans, housing loans, auto loans and credit cards.



The estimation of the impaired consumer products' estimated loss is based on three major concepts: age buckets, probability of default and recoverability. Per product, exposures are categorized per their state of delinquency - (1) current; (2) past due (which is subdivided into 30, 60, 90, 120, 150, 180 and more than 180 days past due); and (3) items in litigation (ITL). Auto, housing and salary loans have an additional bucket for its items in litigation accounts. The Group partitions its exposures as it recognizes that the age buckets have different rates and/ or probabilities of default. The initial estimates of losses per product due to default are then adjusted based on the recoverability of cash flows, to calculate the expected loss of the Group. Auto and housing loans consider the proceeds from the eventual sale of foreclosed collaterals in approximating its recovery rate; while credit cards, salary loans and personal loans depend on the collection experience of its receivables. Further for housing loans, due to the nature of the assets offered as security, and as the exposures are limited to a certain percentage of the same, this product possesses the unique quality of obtaining over 95% recoverability. These default and recovery rates are based on the Group's historical experience, which covers a minimum of two to three (2-3) years cycle, depending on the availability and relevance of data.

The table below shows the aging analysis of the past due but not impaired loans and receivables per class of the Group and of the Parent Company. Under PFRS 7, a financial asset is past due when a counterparty has failed to make payments when contractually due.

Consolidated						
2016						
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days	Total
Loans and receivables:						
Corporate lending	₱9,084	₱25,657	₱34,741	₱-	₱-	₱69,482
Consumer lending	194,418	1,551,634	2,630,597	146,949	293,569	4,817,167
	₱203,502	₱1,577,291	₱2,665,338	₱146,949	₱293,569	₱4,886,649
Consolidated						
2015						
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days	Total
Loans and receivables:						
Corporate lending	₱-	₱-	₱380,359	₱-	₱-	₱380,359
Consumer lending	33,894	1,169,920	955,021	126,177	510,913	2,795,925
	₱33,894	₱1,169,920	₱1,335,380	₱126,177	₱510,913	₱3,176,284
Parent Company						
2016						
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days	Total
Loans and receivables:						
Corporate lending	₱9,084	₱25,657	₱34,741	₱-	₱-	₱69,482
Consumer lending	103,800	1,503,740	2,607,636	146,949	293,569	4,655,694
	₱112,884	₱1,529,397	₱2,642,377	₱146,949	₱293,569	₱4,725,176
Parent Company						
2015						
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days	Total
Loans and receivables:						
Corporate lending	₱-	₱-	₱380,359	₱-	₱-	₱380,359
Consumer lending	7,118	1,156,725	945,643	118,628	500,944	2,729,058
	₱7,118	₱1,156,725	₱1,326,002	₱118,628	₱500,944	₱3,109,417



Collaterals of past due but not impaired loans mostly consist of real estate mortgage (REM) of industrial, commercial, residential and developed agricultural real estate properties.

Credit risk weighting as of December 31, 2016, and 2015

Total credit risk exposure after risk mitigation

The table below shows the different credit risk exposures of the Group and of the Parent Company after credit risk mitigation, by risk weight applied in accordance with BSP Circular No. 538 (amounts in thousands):

	Consolidated							Total
	2016							
	Capital Deduction	Risk Buckets						
	0%	20%	50%	75%	100%	150%		
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱9,614,907	₱48,247,058	₱8,501,905	₱17,846,120	₱10,434,958	₱171,724,904	₱8,246,818	₱265,001,763
Off-balance sheet assets	-	-	-	-	-	1,720,813	-	1,720,813
Counterparty in the banking book (derivatives and repo-style transactions)	-	-	-	-	-	-	-	-
Counterparty in the trading book (derivatives and repo-style transactions)	-	-	-	-	-	-	-	-
Credit-linked notes in the banking book	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-
	9,614,907	48,247,058	8,501,905	17,846,120	10,434,958	173,445,717	8,246,818	266,722,576
Credit Risk Weighted Assets	₱-	₱-	₱1,700,381	₱8,923,060	₱7,826,219	₱173,445,717	₱12,370,227	₱204,265,604

	Consolidated							Total
	2015							
	Capital Deduction	Risk Buckets						
	0%	20%	50%	75%	100%	150%		
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱6,750,832	₱36,774,559	₱8,283,711	₱5,132,861	₱7,773,482	₱144,195,447	₱6,982,741	₱209,142,801
Off-balance sheet assets	-	-	-	-	-	2,515,734	-	2,515,734
Counterparty in the banking book (derivatives and repo-style transactions)	-	-	-	-	-	-	-	-
Counterparty in the trading book (derivatives and repo-style transactions)	-	-	-	-	-	203,672	-	203,672
Credit-linked notes in the banking book	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-
	6,750,832	36,774,559	8,283,711	5,132,861	7,773,482	146,914,853	6,982,741	211,862,207
Credit Risk Weighted Assets	₱-	₱-	₱1,656,742	₱2,566,431	₱5,830,112	₱146,914,853	₱10,474,112	₱167,442,250

	Parent Company							Total
	2016							
	Capital Deduction	Risk Buckets						
	0%	20%	50%	75%	100%	150%		
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱11,697,265	₱47,813,844	₱8,499,166	₱17,846,120	₱10,434,958	₱159,629,336	₱8,048,494	₱252,271,918
Off-balance sheet assets	-	-	-	-	-	1,720,813	-	1,720,813
Counterparty in the banking book (derivatives and repo-style transactions)	-	-	-	-	-	-	-	-
Counterparty in the trading book (derivatives and repo-style transactions)	-	-	-	-	-	-	-	-
Credit-linked notes in the banking book	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-
	11,697,265	47,813,844	8,499,166	17,846,120	10,434,958	161,350,149	8,048,494	253,992,731
Credit Risk Weighted Assets	₱-	₱-	₱1,699,833	₱8,923,060	₱7,826,219	₱161,350,149	₱12,072,741	₱191,872,002



	Parent Company							Total
	2015							
	Capital Deduction	Risk Buckets						
	0%	20%	50%	75%	100%	150%		
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱7,481,433	₱36,521,551	₱8,283,181	₱5,132,861	₱7,763,824	₱137,544,249	₱6,968,646	₱202,214,312
Off-balance sheet assets	-	-	-	-	-	2,515,734	-	2,515,734
Counterparty in the banking book (derivatives and repo-style transactions)	-	-	-	-	-	-	-	-
Counterparty in the trading book (derivatives and repo-style transactions)	-	-	-	-	-	203,672	-	203,672
Credit-linked notes in the banking book	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-
	7,481,433	36,521,551	8,283,181	5,132,861	7,763,824	140,263,655	6,968,646	204,933,718
Credit Risk Weighted Assets	₱-	₱-	₱1,656,636	₱2,566,431	₱5,822,868	₱140,263,655	₱10,452,969	₱160,762,559

Liquidity Risk

Liquidity risk is the risk that sufficient funds are unavailable to adequately meet all maturing liabilities, including demand deposits and off-balance sheet commitments. The main responsibility of daily asset liability management lies with the Parent Company's Treasury Group, specifically the Liquidity Desk, and the Subsidiary's Fund Management Department which are tasked to manage the balance sheet and have thorough understanding of the risk elements involved in the respective businesses. Only the Parent Company and the Rural Bank subsidiary are potentially exposed to liquidity risk exposures, where their liquidity risk management are monitored by their respective ALCOs. Resulting analysis of the balance sheet along with the recommendation is presented during the weekly ALCO meeting where deliberations, formulation of actions and decisions are made to minimize risk and maximize returns. Discussions include actions taken in the previous ALCO meeting, economic and market status and outlook, liquidity risk, pricing and interest rate structure, limit status and utilization. To ensure that both the Parent Company and Subsidiary has sufficient liquidity at all times, the respective ALCO formulates a contingency funding plan which sets out the amount and the sources of funds (such as unutilized credit facilities) available to both entities and the circumstances under which such funds will be used.

By way of the Maximum Cumulative Outflow (MCO) limit, the Group is able to manage its long-term liquidity risks by placing a cap on the outflow of cash on a per tenor and on a cumulative basis. The Group takes a multi-tiered approach to maintaining liquid assets. The Group's principal source of liquidity is comprised of COCI, Due from BSP, Due from other banks and IBLR with maturities of less than one year. In addition to regulatory reserves, the Parent Company maintains a sufficient level of secondary reserves in the form of liquid assets such as short-term trading and investment securities that can be realized quickly.



Analysis of financial assets and liabilities by remaining contractual maturities

The table below shows the maturity profile of the financial assets and liabilities of the Group and of the Parent Company, based on its internal methodology that manages liquidity based on contractual undiscounted cash flows (amounts in millions):

	Consolidated						Total
	2016						
	On demand	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	Beyond 1 year	
Financial Assets							
Cash and cash equivalents*	₱52,938	₱7,503	₱-	₱-	₱-	₱-	₱60,441
Investments and trading securities**	-	5,803	90	408	224	13,470	19,995
Loans and receivables***	-	25,751	37,165	25,386	32,485	121,758	242,545
	₱52,938	₱39,057	₱37,255	₱25,794	₱32,709	₱135,228	₱322,981
Financial Liabilities							
Deposit liabilities****	₱-	₱10,308	₱14,104	₱15,324	₱5,571	₱209,704	₱255,011
Bills and acceptances payable	-	482	472	497	744	-	2,195
Subordinated debt	-	-	-	-	-	4,969	4,969
Other liabilities	-	1,597	-	-	-	7,856	9,453
Contingent liabilities	-	1,631	9	3	9	91	1,743
	₱-	₱14,018	₱14,585	₱15,824	₱6,324	₱222,620	₱273,371

* Consist of cash and cash other items, due from BSP, due from other banks and IBLR

** Consist of financial assets at FVTPL, investment securities at amortized cost, financial assets at FVTOCI and interest receivables from investment securities at amortized cost.

*** Consist of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts, allowance for probable losses, investment properties, other intangible assets and other assets.

****Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities.

	Consolidated						Total
	2015						
	On demand	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	Beyond 1 year	
Financial Assets							
Cash and cash equivalents*	₱49,908	₱-	₱-	₱-	₱-	₱127	₱50,035
Investments and trading securities**	-	6,165	3,398	3,636	5,668	2,368	21,235
Loans and receivables***	-	32,433	13,073	11,542	16,031	116,641	189,720
	₱49,908	₱38,598	₱16,471	₱15,178	₱21,699	₱119,136	₱260,990
Financial Liabilities							
Deposit liabilities****	₱-	₱7,703	₱10,556	₱11,442	₱4,143	₱165,517	₱199,361
Bills and acceptances payable	-	2,951	-	-	-	123	3,074
Subordinated debt	-	-	1,500	-	-	4,967	6,467
Other liabilities	639	17	16	17	61	8,759	9,509
Contingent liabilities	-	129	59	204	521	180	1,093
	₱639	₱10,800	₱12,131	₱11,663	₱4,725	₱179,546	₱219,504

* Consist of cash and cash other items, due from BSP, due from other banks and IBLR

** Consist of financial assets at FVTPL, investment securities at amortized cost, financial assets at FVTOCI and interest receivables from investment securities at amortized cost.

*** Consist of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts, allowance for probable losses, investment properties, other intangible assets and other assets.

****Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities.



Parent Company							
2016							
	On demand	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	Beyond 1 year	Total
Financial Assets							
Cash and cash equivalents*	₱52,472	₱7,503	₱-	₱-	₱-	₱-	₱59,975
Investments and trading securities**	-	5,803	90	408	224	15,746	22,271
Loans and receivables***	-	24,053	34,751	24,329	30,800	116,207	230,140
	₱52,472	₱37,359	₱34,841	₱24,737	₱31,024	₱131,953	₱312,386
Financial Liabilities							
Deposit liabilities****	₱-	₱9,656	₱13,235	₱14,270	₱5,080	₱202,523	₱244,764
Bills and acceptances payable	-	482	472	497	744	-	2,195
Subordinated debt	-	-	-	-	-	4,969	4,969
Other liabilities	-	1,587	-	-	-	7,595	9,182
Contingent liabilities	-	1,631	9	3	9	91	1,743
	₱-	₱13,356	₱13,716	₱14,770	₱5,833	₱215,178	₱262,853

* Consist of cash and cash other items, due from BSP, due from other banks and IBLR

** Consist of financial assets at FVTPL, investment securities at amortized cost, financial assets at FVTOCI and interest receivables from investment securities at amortized cost.

*** Consist of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts, allowance for probable losses, investment properties, other intangible assets and other assets.

****Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities.

Parent Company							
2015							
	On demand	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	Beyond 1 year	Total
Financial Assets							
Cash and cash equivalents*	₱49,295	₱-	₱-	₱-	₱-	₱127	₱49,422
Investments and trading securities**	-	6,165	3,398	3,636	5,668	2,368	21,235
Loans and receivables***	-	31,949	12,647	10,910	14,796	111,285	181,587
	₱49,295	₱38,114	₱16,045	₱14,546	₱20,464	₱113,780	₱252,244
Financial Liabilities							
Deposit liabilities****	₱-	₱7,365	₱10,105	₱10,897	₱3,888	₱161,534	₱193,789
Bills and acceptances payable	-	2,951	-	-	-	123	3,074
Subordinated debt	-	-	1,500	-	-	4,967	6,467
Other liabilities	765	16	15	16	61	7,272	8,145
Contingent liabilities	-	129	59	204	521	180	1,093
	₱765	₱10,461	₱11,679	₱11,117	₱4,470	₱174,076	₱212,568

* Consist of cash and cash other items, due from BSP, due from other banks and IBLR

** Consist of financial assets at FVTPL, investment securities at amortized cost, financial assets at FVTOCI and interest receivables from investment securities at amortized cost.

*** Consist of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts, allowance for probable losses, investment properties, other intangible assets and other assets.

****Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities.

The Parent Company manages liquidity by maintaining sufficient liquid assets in the form of cash and cash equivalents, investment securities and loan receivables. As of December 31, 2016 and 2015, ₱99.86 billion and ₱69.85 billion, respectively, or 51.70% and 42.10%, respectively, of the Parent Company's total gross loans and receivables had remaining maturities of less than one (1) year. The total portfolio of trading and investment securities is comprised mostly of sovereign-issued securities that have high market liquidity. The Parent Company was fully compliant with BSP's limits on FCDU Asset Cover and FCDU Liquid Assets Cover, having reported ratios above 100.00% as of December 31, 2016 and 2015. With the above presented liquidity profile, the Group remains to be inhibited from liquidity risk that it can't adequately manage.



Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. The Parent Company treats exposures to market risk as either for trading or accrual/balance sheet exposure. The market risk for the trading portfolio is measured using Value at Risk (VaR). Interest rate risk of accrual portfolios in the Banking Book are measured using Earnings at Risk (EaR).

Market risk in the trading book

The Board has set limits on the level of market risk that may be accepted. VaR limits are applied at the instrument level and approved by the BOD based on, among other things, a business unit's capacity to manage price risks, the size and distribution of the aggregate exposure to price risks and the expected return relative to price risks.

The Parent Company applies the VaR methodology to assess the market sensitive positions held for trading and to estimate the potential economic loss based on parameters and assumptions. VaR is a method used in measuring market risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon.

Objectives and limitations of the VaR Methodology

The Parent Company uses the VaR model of Bloomberg Portfolio Analytics using one-year historical data set to assess possible changes in the market value of the Fixed Income, Equities, and Foreign Exchange trading portfolio. VaR for the US Treasury Futures is measured using Historical Simulation using an internally developed excel spreadsheet. The Interest Rate Swaps (IRS) and FX Forwards (Outright and forward leg of FX Swaps) trading portfolio's interest rate risk is measured using Monte Carlo VaR using OPICS Risk Plus. The VaR models are designed to measure market risk in a normal market environment. The use of VaR has limitations because correlations and volatilities in market prices are based on historical data and VaR assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated.

VaR may also be under or overestimated due to assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, VaR only represents the risk of the portfolio at the close of each business day, and it does not account for any losses that may occur beyond the specified confidence level.

In practice, actual trading results will differ from the VaR calculation and the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR model, actual outcomes are monitored through hypothetical and actual backtesting to test the accuracy of the VaR model.

Stress testing provides a means of complementing VaR by simulating the potential loss impact on market risk positions from extreme market conditions, such as risk factor movements based on historical financial market stress conditions and scenarios adopted from the uniform stress testing framework of the BSP.



VaR assumptions

The VaR that the Parent Company uses is premised on a 99% confidence level that this potential loss estimate is not expected to be exceeded if the current market risk positions were to be held unchanged for a given holding period. Foreign exchange and US Treasury Futures VaR is measured using one (1) day holding period while fixed income VaR has a holding period of five (5) days. Furthermore, the Parent Company's equity and interest rate swap (IRS) trading positions are assumed to be closed out in ten (10) days. The use of a 99% confidence level means that within the set time horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days.

VaR is an integral part of the Parent Company's market risk management and encompasses investment positions held for trading. VaR exposures form part of the market risk monitoring which is reviewed daily against the limit approved by the Board. The trading activities are controlled through the Market Risk Limit (MRL), which is a dynamic risk limit anchored on the principle of risk and return which is adjusted by net trading gains (added in half) or losses subtracted in whole. RMD reports compliance to the MRL and trader's VaR limits daily. If the MRL or individual trader's limit is exceeded, such occurrence is promptly reported to the Treasurer, Chief Operating Officer, Chief Risk Officer and the President, and further to the Board through the RMC.

The table below pertains to interest rate risk of the Parent Company's fixed income trading portfolio (amounts in thousands):

	2016	2015
Year-end VaR	₱74,713	₱162,989
Average VaR	238,951	186,191
Highest VaR	581,383	379,820
Lowest VaR	71,761	21,620

The year-end VaR for 2016 was based on the Parent Company's fixed income trading book valued at ₱4.90 billion with average yields of 2.26% and 3.81% for the Peso and Foreign currency denominated bonds, respectively. Its average maturities are 1 year and 1 month for the Peso portfolio and 5 years and 3 months for the foreign currency portfolio.

The year-end VaR for 2015 was based on the Parent Company's fixed income trading book valued at ₱8.50 billion with average yields of 3.85% and 3.55% for the Peso and Foreign currency denominated bonds, respectively. Its average maturities are 4 years and 4 months for the Peso portfolio and 5 years and 6 months for the foreign currency portfolio.

The market risk in the Parent Company's US Treasury Futures trading positions is shown in the table below (amounts in thousands):

	2016		2015
Year-end VaR	₱14,911**		₱-
Average VaR	7,709*	9,940**	154
Highest VaR	34,150*	15,798**	581
Lowest VaR	70*	1,903**	-

* January 1 to November 23, 2016 - VaR is calculated using Bloomberg MARS

** November 24 to December 29, 2016 - VaR is calculated using an internally developed excel spreadsheet



The market risk in the Parent Company's IRS trading positions is shown in the table below (amounts in thousands):

	2016	2015
Year-end VaR	₱27,873	₱21,842
Average VaR	18,545	19,965
Highest VaR	30,517	25,982
Lowest VaR	14,168	7,444

The Parent Company's end-2016 IRS positions have a notional amount of US\$20.00 million where it pays fixed rate and receives floating rate interest.

The Parent Company commenced entering IRS in December 2014 with a notional amount of US\$10.00 million where the Parent Company pays fixed rate and receives floating rate interest.

The interest rate risk in the Parent Company's FX forwards positions is shown in the table below (amounts in thousands):

	2016	2015*
Year-end VaR	₱235	₱212
Average VaR	76	222
Highest VaR	564	325
Lowest VaR	2	112

**Calculation of interest rate risk for FX forwards was started September 16, 2015*

The table below pertains to the market risk of the Parent Company's equity trading positions in 2015 (amounts in thousands):

Year-end VaR	₱-
Average VaR	806
Highest VaR	6,753
Lowest VaR	-

The Parent company has no equity position during 2016.

Foreign Currency Risk

The Parent Company holds foreign currency denominated assets and liabilities, thus, fluctuations on the foreign exchange rates can affect the financials and cash flows of the Parent Company. Managing the foreign exchange exposure is important for banks with exposures in foreign currencies. It includes purchase or sell of foreign currency to control the impact of changes in exchange rates on the financial position of the Parent Company.

The table below pertains to the foreign exchange risk of the Parent Company (amounts in thousands):

	2016	2015
Year-end VaR	₱465	₱3,161
Average VaR	1,162	2,329
Highest VaR	9,630	6,462
Lowest VaR	13	33



The Parent Company's foreign currency exposures emanate from its net open spot and forward FX purchase and sell transactions, and net foreign currency income accumulated over the years of its operations. Foreign currency-denominated deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolio in the FCDU. In the FCDU books, BSP requires banks to match the foreign currency assets with the foreign currency liabilities. Thus, banks are required to maintain at all times a 100.00% cover for their currency liabilities held through FCDU. The Parent Company follows said regulation as of December 31, 2016, and 2015.

Total foreign currency position is monitored through the daily BSP FX position reports, which are subject to the overbought and oversold limits set by the BSP at 20.00% of unimpaired capital or US\$50.00 million, whichever is lower. Internal limits regarding the intraday trading and end-of-day trading positions in FX, which consider the trading desk and the branch FX transactions, are also monitored.

The table below summarizes the exposure to foreign currencies of the Parent Company as of December 31, 2016, and 2015 (amounts in thousands):

	2016		Total
	USD	Other Currencies	
Assets			
Gross FX assets	\$743,214	\$22,495	\$765,709
Contingent FX assets	8,551	2,925	11,476
	751,765	25,420	777,185
Liabilities			
Gross FX liabilities	734,097	27,210	761,307
Contingent FX liabilities	16,925	36	16,961
	751,022	27,246	778,268
Net exposure	\$743	(\$1,826)	(\$1,083)

	2015		Total
	USD	Other Currencies	
Assets			
Gross FX assets	\$695,395	\$13,530	\$708,925
Contingent FX assets	26,000	2,197	28,197
	721,395	15,727	737,122
Liabilities			
Gross FX liabilities	686,129	13,091	699,220
Contingent FX liabilities	29,170	-	29,170
	715,299	13,091	728,390
Net exposure	\$6,096	\$2,636	\$8,732



The table below indicates the sensitivity of the currencies which the Parent Company had significant exposures as of December 31, 2016, and 2015 (amounts in millions):

Foreign currency appreciates (depreciates)	2016		
	USD	EUR	SGD
+10.00%	₱3.69	(₱6.50)	(₱3.22)
-10.00%	(3.69)	6.50	3.22

Foreign currency appreciates (depreciates)	2015		
	USD	EUR	CNY
+10.00%	₱28.69	₱2.10	₱8.07
-10.00%	(28.69)	(2.10)	(8.07)

The analysis calculates the effect of a reasonably possible movement of the currency rate against Peso, with all other variables held constant on the statement of income. A negative amount reflects a potential net reduction in statement of income while a positive amount reflects a net potential increase. There is no other impact on the Parent Company's equity other than those already affecting the statements of income.

Market Risk in the Banking Book

Interest rate risk

A critical element of risk management program consists of measuring and monitoring the risks associated with fluctuations in market interest rates on the Group's net interest income. The short-term nature of its assets and liabilities reduces the exposure of its net interest income to such risks.

The Parent Company employs re-pricing gap analysis on a monthly basis to measure the interest rate sensitivity of its assets and liabilities. The re-pricing gap analysis measures, for any given period, any mismatches between the amounts of interest-earning assets and interest-bearing liabilities that would re-price, or mature (for contracts that do not re-price), during that period. The re-pricing gap is calculated by first distributing the assets and liabilities contained in the Group's statement of financial position into tenor buckets according to the time remaining to the next re-pricing date (or the time remaining to maturity if there is no re-pricing), and then obtaining the difference between the total of the re-pricing (interest rate sensitive) assets and re-pricing (interest rate sensitive) liabilities. If there is a positive gap, there is asset sensitivity which generally means that an increase in interest rates would have a positive effect on the Group's net interest income. If there is a negative gap, this generally means that an increase in interest rates would have a negative effect on net interest income.



The following table provides for the average interest rates by period of re-pricing (or by period of maturity if there is no re-pricing) of the Group as of December 31, 2016 and 2015:

	2016				
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>12 months
RBU					
Financial assets:					
Cash and cash equivalents	2.50%	—	—	—	—
Loans and receivables	3.99%	4.60%	4.90%	6.36%	10.64%
Investment securities	2.27%	5.70%	—	—	5.38%
Financial liabilities:					
Deposit liabilities	2.00%	2.44%	1.95%	1.72%	4.09%
Bills payable	1.65%	1.07%	1.11%	1.40%	—
Subordinated debt	—	—	—	—	5.88%
FCDU					
Financial assets:					
Cash and cash equivalents	—	—	—	—	—
Loans and receivables	0.59%	2.90%	3.05%	4.95%	6.13%
Investment securities	3.76%	3.52%	—	—	3.56%
Financial liabilities:					
Deposit liabilities	1.38%	1.69%	1.76%	1.93%	2.69%
2015					
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>12 months
RBU					
Financial assets:					
Cash and cash equivalents	—	—	—	—	—
Loans and receivables	4.55%	4.54%	4.95%	5.38%	7.83%
Investment securities	—	—	2.73%	1.63%	3.61%
Financial liabilities:					
Deposit liabilities	1.76%	2.04%	2.02%	2.35%	4.19%
Bills payable	1.10%	—	—	0.57%	—
Subordinated debt	7.50%	—	—	—	5.88%
FCDU					
Financial assets:					
Cash and cash equivalents	—	—	—	—	—
Loans and receivables	3.28%	2.37%	3.72%	—	6.64%
Investment securities	—	—	2.18%	1.79%	3.99%
Financial liabilities:					
Deposit liabilities	1.40%	1.38%	1.70%	1.94%	2.18%

The following table provides for the average interest rates by period of re-pricing (or by period of maturity if there is no re-pricing) of the Parent Company as of December 31, 2016 and 2015:

	2016				
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>12 months
RBU					
Financial assets:					
Cash and cash equivalents	2.50%	—	—	—	—
Loans and receivables	3.91%	4.59%	4.88%	6.28%	10.91%
Investment securities	2.27%	5.70%	—	—	5.38%
Financial liabilities:					
Deposit liabilities	1.96%	2.59%	1.75%	1.72%	4.09%
Bills payable	1.65%	1.07%	1.11%	1.40%	—
Subordinated debt	—	—	—	—	5.88%
FCDU					
Financial assets:					
Cash and cash equivalents	—	—	—	—	—
Loans and receivables	0.59%	2.90%	3.05%	4.95%	6.13%
Investment securities	3.76%	3.52%	—	—	3.56%
Financial liabilities:					
Deposit liabilities	1.38%	1.69%	1.76%	1.93%	2.69%



	2015				
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>12 months
RBU					
Financial assets:					
Cash and cash equivalents	-	-	-	-	-
Loans and receivables	4.55%	4.52%	4.80%	5.10%	9.25%
Investment securities	-	-	2.73%	1.63%	3.61%
Financial liabilities:					
Deposit liabilities	1.78%	2.06%	2.06%	2.36%	4.19%
Bills payable	1.10%	-	-	0.57%	-
Subordinated debt	7.50%	-	-	-	5.88%
FCDU					
Financial assets:					
Cash and cash equivalents	-	-	-	-	-
Loans and receivables	3.28%	2.37%	3.72%	-	6.64%
Investment securities	-	-	2.18%	1.79%	3.99%
Financial liabilities:					
Deposit liabilities	1.40%	1.38%	1.70%	1.94%	2.18%

The following tables sets forth the interest rate re-pricing gap of the Group as of December 31, 2016 and 2015 (amounts in millions):

	2016					Total
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	
Financial assets:						
Cash and cash equivalents	₱1,200	₱-	₱-	₱-	₱-	₱1,200
Loans and receivables	21,256	12,683	5,356	3,956	126,995	170,246
Investment securities	5,733	-	321	-	10,141	16,195
Contingent assets	-	994	-	-	-	994
Total financial assets	28,189	13,677	5,677	3,956	137,136	188,635
Financial liabilities:						
Deposit liabilities	99,404	2,657	550	516	16,951	120,078
Bills and acceptances payable	373	472	497	744	-	2,086
Subordinated debt	-	-	-	-	5,000	5,000
Contingent liabilities	-	-	-	-	994	994
Total financial liabilities	99,777	3,129	1,047	1,260	22,945	128,158
Asset-liability gap	(₱71,588)	₱10,548	₱4,630	₱2,696	₱114,191	₱60,477

	2015					Total
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	
Financial assets						
Cash and cash equivalents	₱-	₱-	₱-	₱-	₱-	₱-
Loans and receivables	30,884	7,716	4,971	3,542	79,397	126,510
Investment securities	2,048	1,955	1,993	5,836	3,235	15,067
Contingent assets	-	941	-	-	-	941
Total financial assets	32,932	10,612	6,964	9,378	82,632	142,518
Financial liabilities						
Deposit liabilities	55,628	15,737	2,656	1,149	16,748	91,918
Bills and acceptances payable	2,199	-	752	-	-	2,951
Subordinated debt	1,500	-	-	-	5,000	6,500
Contingent liabilities	-	-	-	-	941	941
Total financial liabilities	59,327	15,737	3,408	1,149	22,689	102,310
Asset-liability gap	(₱26,395)	(₱5,125)	₱3,556	₱8,229	₱59,943	₱40,208



The following tables sets forth the interest rate re-pricing gap of the Parent Company as of December 31, 2016 and 2015 (amounts in millions):

	2016					Total
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	
Financial assets:						
Cash and cash equivalents	₱1,200	₱-	₱-	₱-	₱-	₱1,200
Loans and receivables	21,145	12,669	5,340	3,860	115,058	158,072
Investment securities	5,733	-	321	-	10,141	16,195
Contingent assets	-	994	-	-	-	994
Total financial assets	28,078	13,663	5,661	3,860	125,199	176,461
Financial liabilities:						
Deposit liabilities	92,192	1,077	453	498	16,951	111,171
Bills and acceptances payable	373	472	497	744	-	2,086
Subordinated debt	-	-	-	-	5,000	5,000
Contingent liabilities	-	-	-	-	994	994
Total financial liabilities	92,565	1,549	950	1,242	22,945	119,251
Asset-liability gap	(₱64,487)	₱12,114	₱4,711	₱2,618	₱102,254	₱57,210

	2015					Total
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	
Financial assets						
Cash and cash equivalents	₱-	₱-	₱-	₱-	₱-	₱-
Loans and receivables	30,789	7,696	4,954	3,477	73,578	120,494
Investment securities	4,003	1,993	2,663	3,173	3,235	15,067
Contingent assets	-	941	-	-	-	941
Total financial assets	34,792	10,630	7,617	6,650	76,813	136,502
Financial liabilities						
Deposit liabilities	51,259	14,913	2,546	1,130	16,748	86,596
Bills and acceptances payable	2,199	-	752	-	-	2,951
Subordinated debt	1,500	-	-	-	5,000	6,500
Contingent liabilities	-	-	-	-	941	941
Total financial liabilities	54,958	14,913	3,298	1,130	22,689	96,988
Asset-liability gap	(₱20,166)	(₱4,283)	₱4,319	₱5,520	₱54,124	₱39,514

With the above negative re-pricing profile, the Group could expect positive returns from the following months after the end of 2016 should there be a downward movement in interest rates.

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

The following table sets forth, for the period indicated, the impact of changes in interest rates on the Group's non-trading net interest income (amounts in millions). There is no other impact on the Group's equity other than those already affecting the statements of income.

Change in basis points	2016	2015
+100bps	(₱562.5)	(₱252.9)
-100bps	562.5	252.9



The following table sets forth, for the period indicated, the impact of changes in interest rates on the Parent Company's non-trading net interest income (amounts in millions). There is no other impact on the Parent Company's equity other than those already affecting the statements of income.

Change in basis points	2016	2015
+100bps	(₱481.1)	(₱188.2)
-100bps	481.1	188.2

Market Risk Weighting as of December 31, 2016 and 2015

The table below shows the different market risk-weighted assets (amounts in millions) of the Parent Company using the standardized approach:

Type of Market Risk Exposure	2016	2015
Interest Rate Exposures	₱5,726	₱5,419
Foreign Exchange Exposures	110	411
	₱5,836	₱5,830

Only the Parent Company has a trading book portfolio.

Operational Risk

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal, compliance and reputational risks but excludes strategic risk.

Adopting the Basic Indicator Approach in computing, below is the total operational risk-weighted assets of the Group and Parent Company (amounts in millions).

	2016	2015
Group	₱26,313	₱22,426
Parent Company	24,489	21,167

Other Risk Exposures

Group risk exposures other than credit, market, liquidity and operational, while existent, are deemed insignificant relative to the mentioned risks and if taken in isolation. Hence, management of these risks are instead collectively performed and made an integral part of the Group's internal capital adequacy assessment process (ICAAP) and enterprise risk management initiatives.

The last internal capital adequacy assessment results of the Group show that these other risks remain insignificant to pose a threat on the Group's capacity to comply with the minimum capital adequacy prescriptions of 6%, with the buffers, as applicable, and 10% as prescribed by BSP for common equity tier 1 (CET1) and capital adequacy ratio (CAR), respectively.



5. Fair Value Measurement

The following table provides the fair value hierarchy of the Group's and of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	Consolidated				
	2016				
	Carrying Value	Total	Fair Value		
Quoted Prices in active market (Level 1)			Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱994,086	₱994,086	₱994,086	₱-	₱-
Private bonds	4,263,221	4,263,221	4,263,221	-	-
Equity securities	10,443	10,443	10,443	-	-
	5,267,750	5,267,750	5,267,750	-	-
Derivative assets	167,665	167,665	-	167,665	-
Financial assets at FVTOCI	500	500	500	-	-
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	5,760,891	5,746,513	5,746,513	-	-
Private bonds	5,368,618	5,380,441	5,380,441	-	-
	11,129,509	11,126,954	11,126,954	-	-
Loans and receivables					
Receivable from customers:					
Corporate lending	61,431,319	59,498,698	-	-	59,498,698
Consumer lending	128,738,093	131,384,147	-	-	131,384,147
Unquoted debt securities	326,601	395,356	-	-	395,356
	190,496,013	191,278,201	-	-	191,278,201
Non-financial assets					
Investment properties	699,667	1,193,483	-	-	1,193,483
Total assets	₱207,761,104	₱209,034,553	₱16,395,204	₱167,665	₱192,471,684
Liabilities measured at fair value					
Financial liabilities					
Derivative liabilities	₱194,164	₱194,164	₱-	₱194,164	₱-
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Time	103,112,716	104,417,148	-	-	104,417,148
LTNCD	8,035,283	8,543,046	-	-	8,543,046
	111,147,999	112,960,194	-	-	112,960,194
Subordinated debt	4,969,460	5,682,923	-	-	5,682,923
Total liabilities	₱116,311,623	₱118,837,281	₱-	₱194,164	₱118,643,117

	Consolidated				
	2015				
	Carrying Value	Total	Fair Value		
Quoted Prices in active market (Level 1)			Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱4,344,376	₱4,344,376	₱4,344,376	₱-	₱-
Private bonds	6,185,982	6,185,982	6,185,982	-	-
Equity securities	10,448	10,448	10,448	-	-
	10,540,806	10,540,806	10,540,806	-	-

(Forward)



Consolidated					
2015					
	Carrying Value	Total	Fair Value		
			Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative assets	167,491	167,491	–	167,491	–
Financial assets at FVTOCI	6,255	6,255	6,255	–	–
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	₱4,046,482	₱4,184,434	₱4,184,434	₱–	₱–
Private bonds	571,416	568,725	568,725	–	–
	4,617,898	4,753,159	4,753,159	–	–
Loans and receivables					
Receivable from customers:					
Corporate lending	63,181,881	63,946,546	–	–	63,946,546
Consumer lending	86,185,338	85,167,292	–	–	85,167,292
Unquoted debt securities	340,761	443,668	–	–	443,668
	149,707,980	149,557,506	–	–	149,557,506
Non-financial assets					
Investment properties	727,613	1,177,473	–	–	1,177,473
Total assets	₱165,768,043	₱166,202,690	₱15,300,220	₱167,491	₱150,734,979
Liabilities measured at fair value					
Financial liabilities					
Derivative liabilities	₱183,755	₱183,755	₱–	₱183,755	₱–
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Time	82,866,306	82,934,373	–	–	82,934,373
LTNCD	8,034,515	8,689,919	–	–	8,689,919
	90,900,821	91,624,292	–	–	91,624,292
Subordinated debt	6,466,516	7,412,376	–	–	7,412,376
Total liabilities	₱97,551,092	₱99,220,423	₱–	₱183,755	₱99,036,668

Parent Company					
2016					
	Carrying Value	Total	Fair Value		
			Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱994,086	₱994,086	₱994,086	₱–	₱–
Private bonds	4,263,221	4,263,221	4,263,221	–	–
Equity securities	10,443	10,443	10,443	–	–
	5,267,750	5,267,750	5,267,750	–	–
Derivative assets	167,665	167,665	–	167,665	–
Financial assets at FVTOCI	500	500	500	–	–
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	5,760,891	5,746,513	5,746,513	–	–
Private bonds	5,368,618	5,380,441	5,380,441	–	–
	11,129,509	11,126,954	11,126,954	–	–
Loans and receivables					
Receivable from customers:					
Corporate lending	61,431,319	59,498,698	–	–	59,498,698
Consumer lending	116,489,355	119,735,371	–	–	119,735,371
Unquoted debt securities	326,601	395,356	–	–	395,356
	178,247,275	179,629,425	–	–	179,629,425

(Forward)



Parent Company					
2016					
	Carrying Value	Total	Fair Value		
			Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non-financial assets					
Investment properties	₱698,970	₱1,192,721	₱-	-	₱1,192,721
Total assets	₱195,511,669	₱197,385,015	₱16,395,204	₱167,665	₱180,822,146
Liabilities measured at fair value					
Financial liabilities					
Derivative liabilities	₱194,164	₱194,164	₱-	₱194,164	₱-
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Time	103,112,716	104,417,148	-	-	104,417,148
LTNCD	8,035,283	8,543,046	-	-	8,543,046
	111,147,999	112,960,194	-	-	112,960,194
Subordinated debt	4,969,460	5,682,923	-	-	5,682,923
Total liabilities	₱116,311,623	₱118,837,281	₱-	₱194,164	₱118,643,117

Parent Company					
2015					
	Carrying Value	Total	Fair Value		
			Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱4,344,376	₱4,344,376	₱4,344,376	₱-	₱-
Private bonds	6,185,982	6,185,982	6,185,982	-	-
Equity securities	10,448	10,448	10,448	-	-
	10,540,806	10,540,806	10,540,806	-	-
Derivative assets	167,491	167,491	-	167,491	-
Financial assets at FVTOCI	6,255	6,255	6,255	-	-
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	4,046,482	4,184,434	4,184,434	-	-
Private bonds	571,416	568,725	568,725	-	-
	4,617,898	4,753,159	4,753,159	-	-
Loans and receivables					
Receivable from customers:					
Corporate lending	63,181,881	63,946,546	-	-	63,946,546
Consumer lending	78,925,589	77,770,602	-	-	77,770,602
Unquoted debt securities	330,444	443,352	-	-	443,352
	142,437,914	142,160,500	-	-	142,160,500
Non-financial assets					
Investment properties	726,916	1,176,692	-	-	1,176,692
Total assets	₱158,497,280	₱158,804,903	₱15,300,220	₱167,491	₱143,337,192
Liabilities measured at fair value					
Financial liabilities					
Derivative liabilities	₱183,755	₱183,755	₱-	₱183,755	₱-
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Time	78,537,054	78,539,906	-	-	78,539,906
LTNCD	8,034,515	8,689,919	-	-	8,689,919
	86,571,569	87,229,825	-	-	87,229,825
Subordinated debt	6,466,516	7,412,376	-	-	7,412,376
Total liabilities	₱93,221,840	₱94,825,956	₱-	₱183,755	₱94,642,201



In 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

COCI, due from BSP and other banks and IBLR - The carrying amounts approximate fair values due to the short-term nature of these accounts. IBLR consist mostly of overnight deposits and floating rate placements.

Loans and receivables - Fair values of loans and receivables are estimated using the discounted cash flow methodology, using the Parent Company's current incremental lending rates for similar types of loans and receivables.

Debt securities - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using the discounted cash flow methodology.

Equity securities - Fair values of quoted equity securities are based on quoted market prices.

Derivative instruments - Fair values of derivative instruments, mainly currency forwards and swaps and interest rate swaps, are valued using a valuation technique with market observable inputs. The valuation technique applied includes forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, yield curves of the respective currencies and interest rate curves prevailing at the statement of financial position date.

Liabilities - The fair values of liabilities approximate their carrying amounts due to either the demand nature or the relatively short-term maturities of these liabilities except for time deposit liabilities, LTNCD and subordinated debt whose fair value are estimated using the discounted cash flow methodology using the Parent Company's incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

Derivative Financial Instruments

The Parent Company's freestanding derivative financial instruments, which mainly consist of foreign currency forwards and swaps and interest rate swaps, are transactions not designated as accounting hedges. The table below sets out information about the Parent Company's derivative financial instruments and the related fair value as of December 31, 2016 and 2015:

Foreign Currency Forwards and Swaps	2016	2015
Notional amount	\$2,969	\$13,113
Derivative assets	₱573	₱3,837
Derivative liabilities	21,451	581
Interest Rate Swaps	2016	2015
Notional amount	\$20,000	\$20,000
Derivative assets	₱167,092	₱163,654
Derivative liabilities	172,713	183,174



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

	2016	2015
Derivative assets (liabilities) - net at beginning of year	(₱16,264)	₱9,378
Changes in fair value of derivatives	(9,359)	(1,616,224)
Fair value of settled instruments	(876)	1,590,582
Derivative assets (liabilities) - net at end of year	(₱26,499)	(₱16,264)

Fair value changes of foreign currency forwards and swaps are recognized as Foreign exchange gain in the statements of income while fair value changes of interest rate swaps are recognized as part of Trading and securities gain (loss) (see Note 8).

6. Segment Reporting

The Group's main operating businesses are organized and managed primarily, according to the current organizational structure. Each segment represents a strategic business unit that caters to the bank's identified markets. The Group's business segments are:

- (a) **Retail banking** - this segment mainly covers traditional branch banking products and services such as deposits, back-to-back/emerging market loans and other over-the-counter (OTC) transactions. It likewise caters to the needs of high net-worth clients for alternative investment channels. It includes entire transaction processing, service delivery and infrastructure consisting of the Group's network of branches, automated teller machines as well as its internet banking platform;
- (b) **Corporate banking** - this segment handles lending and trade financing for both large corporations and middle market clients;
- (c) **Consumer banking** - this segment primarily caters to loans for individuals;
- (d) **Treasury and Trust** - this segment consists of Treasury and Trust operations of the Group. Treasury focuses on providing money market, trading and treasury services, as well as the management of the Group's funding operations through debt securities, placements and acceptances with other banks. Trust includes fund management, investment management services, custodianship, administration and collateral agency services, and stock and transfer agency services. In addition, the Parent Company through Trust, provides retail customers with alternative investment opportunities through its unit investment fund products;

The 'Elimination Items' includes the Group's executive office and elimination items related to the Group's segment reporting framework.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment assets are those operating assets employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense.



The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is no longer presented. The Group has no significant customers which contribute 10.00% or more of the consolidated revenue, net of interest expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on a pool rate which approximates the marginal cost of funds.

Segment information of the Group as of and for the years ended December 31, 2016, 2015 and 2014 follow (amounts in millions):

	2016					Total
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	
Statement of Income						
Net Interest Income:						
Third Party	₱3,909	₱661	₱9,380	₱156	₱1,293	₱15,399
Intersegment	6	692	–	–	(698)	–
	3,915	1,353	9,380	156	595	15,399
Noninterest Income	1,280	110	3,659	622	505	6,176
Revenue - Net of Interest Expense	5,195	1,463	13,039	778	1,100	21,575
Noninterest Expense	(5,429)	(715)	(9,424)	(244)	(1,621)	(17,433)
Income Before Income Tax	(234)	748	3,615	534	(521)	4,142
Provision for Income Tax	(10)	(224)	(644)	(160)	304	(734)
Net Income for the Year	(₱244)	₱524	₱2,971	₱374	(₱217)	₱3,408
Statement of Financial Position						
Total Assets	₱48,752	₱69,057	₱109,712	₱21,676	₱42,621	₱291,818
Total Liabilities	226,139	42,220	4,129	10,806	(25,926)	257,368
Statement of Income						
Depreciation and Amortization	585	22	420	10	113	1,150
Provision for Impairment and Credit Losses	17	158	4,807	(7)	717	5,692
2015						
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	Total
Statement of Income						
Net Interest Income:						
Third Party	₱3,207	₱719	₱7,804	₱52	₱558	₱12,340
Intersegment	3	364	–	–	(367)	–
	3,210	1,083	7,804	52	191	12,340
Noninterest Income	942	92	2,889	(74)	127	3,976
Revenue - Net of Interest Expense	4,152	1,175	10,693	(22)	318	16,316
Noninterest Expense	(4,903)	(734)	(7,164)	(272)	(580)	(13,653)
Income Before Income Tax	(751)	441	3,529	(294)	(262)	2,663
Provision for Income Tax	–	–	–	–	(659)	(659)
Net Income for the Year	(₱751)	₱441	₱3,529	(₱294)	(₱921)	₱2,004
Statement of Financial Position						
Total Assets	₱40,431	₱67,353	₱76,798	₱26,066	₱22,208	₱232,856
Total Liabilities	174,295	24,846	2,056	11,796	(11,539)	201,454
Statement of Income						
Depreciation and Amortization	570	18	280	12	77	957
Provision for Impairment and Credit Losses	18	258	3,364	4	255	3,899



	2014					
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	Total
Statement of Income						
Net Interest Income:						
Third Party	₱2,754	₱703	₱6,263	₱84	₱222	₱10,026
Intersegment	53	578	–	–	(631)	–
	2,807	1,281	6,263	84	(409)	10,026
Noninterest Income	765	214	2,839	810	232	4,860
Revenue - Net of Interest Expense	3,572	1,495	9,102	894	(177)	14,886
Noninterest Expense	(4,180)	(746)	(6,281)	(267)	(775)	(12,249)
Income Before Income Tax	(608)	749	2,821	627	(952)	2,637
Provision for Income Tax	–	–	–	–	(564)	(564)
Net Income for the Year	(₱608)	₱749	₱2,821	₱627	(₱1,516)	₱2,073
Statement of Financial Position						
Total Assets	₱37,246	₱61,300	₱57,649	₱18,048	₱14,020	₱188,263
Total Liabilities	141,846	36,105	2,971	14,360	(28,467)	166,815
Statement of Income						
Depreciation and Amortization	574	24	191	15	58	862
Provision for Impairment and Credit Losses	5	251	2,642	–	413	3,311

Noninterest income consists of service charges, fees and commissions, gain on sale of assets, gain on asset foreclosure and dacion transactions, trading and securities gain, gain on sale of investment securities at amortized cost, foreign exchange gain, trust income, share in net loss of a joint venture and miscellaneous income. The share in net loss of a joint venture has been presented as part of the elimination items in the Group's segment reporting framework. Noninterest expense consists of compensation and fringe benefits, taxes and licenses, depreciation and amortization, rent, amortization of intangible assets, provision for impairment and credit losses, and miscellaneous expenses.

7. Business Combination

On May 6, 2016, the Parent Company entered into an Asset and Share Transfer Agreement (the Agreement) with Standard Chartered Bank (SCB) and SCMB Overseas Limited for the acquisition of SCB Philippines' retail banking business (including all of SCB Philippines' three branches) and the transfer of 100% ownership of the entities, namely: Price Solutions Philippines, Inc. (PSPI) and Assurance Solutions Insurance Agency, Inc. (ASIA) (see Note 10).

The acquisition was approved by the BSP on August 8, 2016. On November 25, 2016, after satisfying all the conditions under the Agreement, the transfer of assets and liabilities was completed.



The following table summarizes the fair values of the assets acquired and liabilities assumed as at acquisition date:

	Amount
Assets	
Cash	₱64,850
Loans and receivables	5,591,464
Property, plant and equipment	11,261
Investment properties	9,171
Deferred tax asset	5,946
Other assets	169,030
	<u>5,851,722</u>
Liabilities	
Deposit liabilities	7,324,178
Deferred income and bonus points	99,570
Accrued interest payable	2,983
Other liabilities	57,505
	<u>7,484,236</u>
Net liabilities assumed	<u><u>₱1,632,514</u></u>

As of November 25, 2016, the gross contractual amounts of the acquired loans and receivables and the estimated contractual amounts not expected to be collected amounted to ₱5.87 billion and ₱0.28 billion, respectively. The estimated amounts not expected to be collected are considered in the determination of the fair value of the receivables.

Goodwill from the acquisition is computed as follows:

Consideration transferred*	₱792,175
Fair value of net liabilities assumed	1,632,514
Provisional goodwill	<u><u>₱2,424,689</u></u>

**As of December 31, 2016, ₱0.35 million of the total consideration is still payable and recorded under 'Other liabilities'.*

The goodwill arising from the acquisition can be attributed mainly to expected operational synergies that will be brought by SCB's retail banking talent pool and expertise in wealth management.

As of December 31, 2016, the Parent Company's purchase price allocation for the acquisition is provisional as the identification and valuation of intangible assets are still to be finalized.

Merger of Green Bank, Inc. with the Parent Company

In 2011, the Parent Company acquired the voting shares of Green Bank (A Rural Bank), Inc. (GBI) which is engaged in the business of extending credit to small farmers and tenants and to deserving rural industries or enterprises and to transact all businesses which may be legally done by rural banks. With the regulatory approvals in 2014, GBI was merged with the Parent Company and the latter's investment in GBI was closed against the merged assets and liabilities as of the date of merger.



The assets and liabilities of GBI merged to the Parent Company were based on the carrying amounts in the consolidated financial statements of the Parent Company. The following are the carrying amounts of the assets and liabilities of GBI (including the goodwill, branch licenses and related deferred tax liability recognized at the acquisition of GBI in 2011) merged to the Parent Company at the date of merger:

	Carrying value recognized on date of merger
Assets	
Due from BSP	₱7,269
Loans and receivables	141,663
Bank premises, furniture, fixtures and equipment	22,870
Investment properties	189,146
Branch licenses	625,400
Goodwill	373,996
Other assets	2,661
	1,363,005
Liabilities	
Subordinated notes	112,500
Bills payable	128,200
Deferred tax liability of branch licenses	187,620
Accounts payable and accrued expenses	32,467
Other liabilities	174
	460,961
Carrying amount of the net assets merged	₱902,044

The excess of the carrying amount of the net assets of GBI merged to the Parent Company over the carrying amount of the Parent Company's Investment in GBI was recognized as an adjustment to Surplus, as shown below:

Carrying amount of the net assets merged	₱902,044
Carrying amount of the Parent Company's Investment in GBI	888,650
Adjustment to Surplus	₱13,394

8. Trading and Investment Securities

The Group and the Parent Company have the following trading and investment securities:

	2016	2015
Financial assets at FVTPL	₱5,267,750	₱10,540,806
Financial assets at FVTOCI	500	6,255
Investment securities at amortized cost	11,129,509	4,617,898
	₱16,397,759	₱15,164,959



Financial assets at FVTPL

Financial assets at FVTPL of the Group and of the Parent Company consist of:

	2016	2015
Held-for-trading:		
Private bonds	₱4,263,221	₱6,185,982
Government securities	994,086	4,344,376
Equity securities	10,443	10,448
	₱5,267,750	₱10,540,806

As of December 31, 2016 and 2015, financial assets at FVTPL include net unrealized gain of ₱28.67 million and net unrealized loss of ₱27.83 million, respectively.

Financial assets at FVTOCI

As of December 31, 2016 and 2015, financial assets at FVTOCI of the Group and of the Parent Company consist of quoted equity securities amounting to ₱0.50 million and ₱6.25 million, respectively.

The Group has designated the above equity investments as at FVTOCI because they are held for long-term investments rather than for trading.

In 2016 and 2015, no dividends were recognized on these equity investments and no cumulative gain or loss was transferred within equity.

Investment securities at amortized cost

Investment securities at amortized cost of the Group and of the Parent Company consist of:

	2016	2015
Government securities	₱5,760,891	₱4,046,482
Private bonds	5,368,618	571,416
	₱11,129,509	₱4,617,898

Peso-denominated government bonds have effective interest rates ranging from 4.45% to 5.70% in 2016 and effective interest rates ranging from 5.70% to 6.02% in 2015 and 2014. Foreign currency-denominated bonds have effective interest rates ranging from 2.87% to 7.07% in 2016, 2015 and 2014.

In 2016, there were no disposals of investment securities carried at amortized cost.

In 2015, the Parent Company sold securities carried at amortized cost, with aggregate carrying amount of ₱4.29 billion, and recognized a gain amounting to ₱287.36 million. The gain is presented as Gain on sale of investment securities at amortized cost in the statement of income. The sale was in anticipation of the effects of the upcoming regulatory requirements on liquidity coverage ratio. As a result of the sale, subsequent acquisitions of investment securities in the affected portfolios will be classified as financial assets at FVTPL while the remaining securities will remain to be classified as investment securities at amortized cost.

In 2014, the Parent Company sold securities carried at amortized cost, with aggregate carrying amount of ₱3.62 billion, and recognized a gain amounting to ₱306.00 million. The gain is presented as Gain on sale of investment securities at amortized cost in the statement of income. The sale was driven by the need to improve the capital position of the Parent Company in relation



to the change in the regulatory capital requirements caused by the Basel III implementation. As a result of the sale, subsequent acquisitions of investment securities in the affected portfolios will be classified as financial assets at FVTPL while the remaining securities will remain to be classified as investment securities at amortized cost.

Judgments made related to the sale and derecognition of investment securities at amortized cost are disclosed in Note 3.

Interest income on trading and investment securities of the Group and of the Parent Company are as follows:

	2016	2015	2014
Financial assets at FVTPL	₱348,808	₱301,674	₱169,745
Investment securities at amortized cost	450,821	281,779	391,861
	₱799,629	₱583,453	₱561,606

Trading and securities gain (loss) of the Group and of the Parent Company consists of:

	2016	2015	2014
Financial assets at FVTPL	₱721,035	(₱62,397)	₱497,352
US Treasury Futures	12,379	334	-
Interest rate swaps (Note 5)	1,085	(35,027)	2,173
	₱734,499	(₱97,090)	₱499,525

9. Loans and Receivables

Loans and receivables consist of:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Receivables from customers:				
Corporate lending	₱62,799,904	₱64,611,066	₱62,799,904	₱64,611,066
Consumer lending	133,191,105	88,921,466	120,703,579	81,388,683
	195,991,009	153,532,532	183,503,483	145,999,749
Unamortized premium	5,806,666	3,638,482	6,309,270	3,856,744
	201,797,675	157,171,014	189,812,753	149,856,493
Unquoted debt securities:				
Government securities	45,954	42,553	45,954	42,553
Private bonds	359,402	364,292	349,402	353,975
	405,356	406,845	395,356	396,528
Other receivables:				
Accrued interest receivable	1,936,025	1,482,532	1,809,971	1,426,646
Accounts receivable	1,132,955	908,412	1,214,212	1,985,414
Sales contracts receivable	176,648	205,841	176,648	205,841
	3,245,628	2,596,785	3,200,831	3,617,901
	205,448,659	160,174,644	193,408,940	153,870,922
Allowance for credit and impairment losses (Note 15)	(6,572,971)	(4,898,407)	(6,314,427)	(4,623,689)
	₱198,875,688	₱155,276,237	₱187,094,513	₱149,247,233

Credit card receivables under consumer lending amounted to ₱28.06 billion and ₱22.75 billion as of December 31, 2016 and 2015, respectively.



Receivables from customers consist of:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Loans and discounts	₱191,073,903	₱149,142,434	₱178,588,555	₱141,609,651
Customers' liabilities under letters of credit/trust receipts	4,114,734	3,598,793	4,114,734	3,598,793
Bills purchased	802,372	791,305	800,194	791,305
	₱195,991,009	₱153,532,532	₱183,503,483	₱145,999,749

In 2016, the Parent Company entered into a sale of receivables agreement with EWRB, whereby the Parent Company will sell to EWRB, on a without recourse basis, certain employee loans of the Parent Company. In 2016, the total employee loans sold by the Parent Company amounted to ₱398.63 million. The selling price of the employee loans approximates the fair value at the date of sale. As of December 31, 2016, outstanding employee loans purchased from the Parent Company, included in Loans and discounts of EWRB, amounted to ₱276.50 million. In connection with the sale of receivables agreement, the Parent Company and EWRB also entered into an account servicing and collection agreement whereby EWRB agreed to pay service fees equivalent to 0.37% of the loan amounts collected by the Parent Company on behalf of EWRB. The service fees received (included under Service charges, fees and commission income in the statements of income) by the Parent Company amounted to ₱0.48 million in 2016 (see Note 27).

In 2013, the Parent Company entered into a purchase of receivables agreement with EWRB, whereby the Parent Company will purchase, on a without recourse basis, certain salary loans of EWRB. In 2016 and 2015, the total salary loans purchased by the Parent Company amounted to ₱22.74 billion and ₱12.93 billion, respectively. The Parent Company's acquisition cost of the salary loans approximate the fair value at the acquisition date. As of December 31, 2016 and 2015, outstanding salary loans purchased from EWRB, included in Loans and discounts of the Parent Company, amounted to ₱17.44 billion and ₱8.34 billion, respectively. In connection with the purchase of receivables agreement, the Parent Company and EWRB also entered into an account servicing and collection agreement whereby the Parent Company agreed to pay service fees equivalent to 0.37% of the loan amounts collected by EWRB on behalf of the Parent Company. The service fees paid (included under Miscellaneous expense in the statements of income) by the Parent Company to EWRB amounted to ₱57.46 million, ₱30.57 million and ₱16.48 million in 2016, 2015 and 2014, respectively (see Note 27).

The Parent Company has a memorandum of understanding with Filinvest Land, Inc. (FLI), an entity under common control of FDC, whereby the Parent Company will purchase, on a without recourse basis, installment contracts receivable from FLI. On various dates in 2013 and 2012, several deeds of assignment were executed wherein FLI sold, assigned and transferred without recourse to the Parent Company all the rights, titles and interest in various loan accounts and the related mortgages. In 2013 and 2012, the total receivables purchased by the Parent Company without recourse under the terms of the foregoing assignment agreement amounted to ₱0.27 billion and ₱1.81 billion, respectively. Outstanding receivables purchased included in Loans and discounts amounted to ₱0.37 billion and ₱0.52 billion as of December 31, 2016 and 2015, respectively. The Parent Company's acquisition cost of the installment contracts receivable approximate fair value at the acquisition date. The Parent Company and FLI also entered into an account servicing and collection agreement where the Parent Company would pay service fees equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company related to its purchase of installment contracts receivable. The total service fees paid by the Parent Company to FLI amounted to ₱1.52 million, ₱1.95 million and ₱5.43 million in 2016, 2015 and 2014, respectively (see Note 27).



A reconciliation of the allowance for impairment and credit losses per class of loans and receivables for the Group and the Parent Company as of December 31, 2016 follows:

	Consolidated			
	2016			
	Corporate Lending	Consumer Lending	Others	Total
At January 1	₱1,429,185	₱2,736,128	₱733,094	₱4,898,407
Provision for impairment and credit losses (Note 15)	149,053	4,996,457	99,135	5,244,645
Write-off and others (Note 15)	(209,653)	(3,279,573)	(80,855)	(3,570,081)
At December 31	₱1,368,585	₱4,453,012	₱751,374	₱6,572,971
Specific impairment	₱588,720	₱-	₱68,755	₱657,475
Collective impairment	779,865	4,453,012	682,619	5,915,496
	₱1,368,585	₱4,453,012	₱751,374	₱6,572,971
Gross amount of individually impaired loans	₱822,329	₱-	₱91,185	₱913,514

	Parent Company			
	2016			
	Corporate Lending	Consumer Lending	Others	Total
At January 1	₱1,429,185	₱2,463,094	₱731,410	₱4,623,689
Provision for impairment and credit losses (Note 15)	149,053	4,982,125	81,063	5,212,241
Write-off and others (Note 15)	(209,653)	(3,230,995)	(80,855)	(3,521,503)
At December 31	₱1,368,585	₱4,214,224	₱731,618	₱6,314,427
Specific impairment	₱588,720	₱-	₱68,755	₱657,475
Collective impairment	779,865	4,214,224	662,863	5,656,952
	₱1,368,585	₱4,214,224	₱731,618	₱6,314,427
Gross amount of individually impaired loans	₱822,329	₱-	₱91,185	₱913,514

A reconciliation of the allowance for the impairment and credit losses per class of loans and receivables for the Group and the Parent Company as of December 31, 2015 follows:

	Consolidated			
	2015			
	Corporate Lending	Consumer Lending	Others	Total
At January 1	₱1,324,547	₱1,802,591	₱845,383	₱3,972,521
Provision for impairment and credit losses (Note 15)	142,279	3,493,515	88,977	3,724,771
Write-off and others (Note 15)	(37,641)	(2,559,978)	(201,266)	(2,798,885)
At December 31	₱1,429,185	₱2,736,128	₱733,094	₱4,898,407
Specific impairment	₱742,432	₱-	₱66,084	₱808,516
Collective impairment	686,753	2,736,128	667,010	4,089,891
	₱1,429,185	₱2,736,128	₱733,094	₱4,898,407
Gross amount of individually impaired loans	₱893,047	₱-	₱95,757	₱988,804

	Parent Company			
	2015			
	Corporate Lending	Consumer Lending	Others	Total
At January 1	₱1,324,547	₱1,559,976	₱843,699	₱3,728,222
Provision for impairment and credit losses (Note 15)	142,279	3,463,096	88,977	3,694,352
Write-off and others (Note 15)	(37,641)	(2,559,978)	(201,266)	(2,798,885)
At December 31	₱1,429,185	₱2,463,094	₱731,410	₱4,623,689
Specific impairment	₱742,432	₱-	₱66,084	₱808,516
Collective impairment	686,753	2,463,094	665,326	3,815,173
	₱1,429,185	₱2,463,094	₱731,410	₱4,623,689
Gross amount of individually impaired loans	₱893,047	₱-	₱95,757	₱988,804

The Parent Company took possession of various properties previously held as collateral with an estimated value of ₱1.89 billion, ₱967.97 million, and ₱487.60 million in 2016, 2015, and 2014, respectively (see Notes 12 and 14).



The following is a reconciliation of the individual and collective allowances for impairment and credit losses on loans and receivables of the Group and of the Parent Company:

	Consolidated					
	2016			2015		
	Specific Impairment	Collective Impairment	Total	Specific Impairment	Collective Impairment	Total
At January 1	₱808,516	₱4,089,891	₱4,898,407	₱730,514	₱3,242,007	₱3,972,521
Provision for impairment and credit losses	58,612	5,186,033	5,244,645	115,643	3,609,128	3,724,771
Write-off and others	(209,653)	(3,360,428)	(3,570,081)	(37,641)	(2,761,244)	(2,798,885)
At December 31	₱657,475	₱5,915,496	₱6,572,971	₱808,516	₱4,089,891	₱4,898,407

	Parent Company					
	2016			2015		
	Specific Impairment	Collective Impairment	Total	Specific Impairment	Collective Impairment	Total
At January 1	₱808,516	₱3,815,173	₱4,623,689	₱730,514	₱2,997,708	₱3,728,222
Provision for impairment and credit losses	58,612	5,153,629	5,212,241	115,643	3,578,709	3,694,352
Write-off and others	(209,653)	(3,311,850)	(3,521,503)	(37,641)	(2,761,244)	(2,798,885)
At December 31	₱657,475	₱5,656,952	₱6,314,427	₱808,516	₱3,815,173	₱4,623,689

Interest income on loans and receivables consist of:

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Receivables from customers	₱17,362,155	₱13,784,421	₱11,019,641	₱16,067,175	₱12,947,424	₱10,520,104
Unquoted debt securities	7,572	128,478	6,403	7,572	128,478	6,402
Interest accrued on impaired loans	7,630	7,286	24,218	7,630	7,286	24,218
	₱17,377,357	₱13,920,185	₱11,050,262	₱16,082,377	₱13,083,188	₱10,550,724

BSP Reporting

Of the total receivables from customers of the Parent Company as of December 31, 2016, 2015 and 2014, 19.00%, 21.00%, and 33.43%, respectively, are subject to periodic interest repricing. The remaining peso receivables from customers earn annual fixed interest rates ranging from 0.00% to 52.16 %, 0.50% to 52.16 %, and 1.13% to 23.68% in 2016, 2015 and 2014, respectively, while foreign currency-denominated receivables from customers earn annual fixed interest rates ranging from 0.90% to 10.00%, 1.40% to 7.56%, and 3.08% to 7.56% in 2016, 2015 and 2014, respectively.

The details of the secured and unsecured receivables from customers of the Group and of the Parent Company follow:

	Consolidated				Parent Company			
	2016		2015		2016		2015	
	Gross Amount	%	Gross Amount	%	Gross Amount	%	Gross Amount	%
Loans secured by:								
Chattel	₱59,524,358	29.50	₱36,921,286	23.49	₱59,524,358	31.36	₱36,921,286	24.64
Real estate	27,609,755	13.68	19,111,824	12.16	27,517,546	14.50	19,008,128	12.68
Hold-out on deposit	5,623,055	2.79	5,623,055	3.58	5,621,850	2.96	5,621,850	3.75
Others	8,172,074	4.05	2,869,628	1.83	7,895,478	4.16	3,001,867	2.00
	100,929,242	50.02	64,525,793	41.06	100,559,232	52.98	64,553,131	43.07
Unsecured	100,868,433	49.98	92,645,221	58.94	89,253,521	47.02	85,303,362	56.93
	₱201,797,675	100.00	₱157,171,014	100.00	₱189,812,753	100.00	₱149,856,493	100.00



Information on the concentration of credit as to industry follows (in millions):

	Consolidated				Parent Company			
	2016		2015		2016		2015	
	Gross Amount	%	Gross Amount	%	Gross Amount	%	Gross Amount	%
Personal consumption	₱120,870	59.90	₱72,552	46.16	₱109,010	57.43	₱72,552	48.41
Wholesale and retail trade	18,105	8.97	15,219	9.68	18,086	9.53	15,199	10.14
Real estate, renting and business activity	17,769	8.81	18,746	11.93	17,769	9.36	18,728	12.50
Financial intermediaries	8,472	4.20	9,988	6.35	8,472	4.46	9,918	6.62
Manufacturing	6,065	3.01	5,291	3.37	6,053	3.19	5,286	3.53
Agriculture, fisheries and forestry	2,018	1.00	1,690	1.08	1,956	1.03	1,566	1.05
Transportation, storage and communications	1,687	0.84	1,157	0.74	1,687	0.89	1,156	0.77
Others	26,812	13.27	32,528	20.69	26,780	14.11	25,451	16.98
	₱201,798	100.00	₱157,171	100.00	₱189,813	100.00	₱149,856	100.00

BSP Circular No. 351 allows banks to exclude from nonperforming classification receivables classified as 'Loss' in the latest examination of the BSP which are fully covered by allowance for credit losses, provided that interest on said receivables shall not be accrued and that such receivables shall be deducted from the total receivable portfolio for purposes of computing NPLs. Subsequently, the BSP issued BSP Circular No. 772, which requires banks to compute their net NPLs by deducting the specific allowance for credit losses on the total loan portfolio from the gross NPLs. The specific allowance for credit losses shall not be deducted from the total loan portfolio in computing the NPL ratio.

As of December 31, 2016 and 2015, NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Gross NPLs	₱8,484,054	₱7,363,663	₱8,227,387	₱7,131,527
Deductions as required by the BSP	(3,940,221)	(2,728,927)	(3,880,221)	(2,728,927)
	₱4,543,833	₱4,634,736	₱4,347,166	₱4,402,600

As of December 31, 2016 and 2015, secured and unsecured NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Secured	₱4,088,420	₱3,142,388	₱4,007,836	₱3,050,180
Unsecured	4,395,634	4,221,275	4,219,551	4,081,347
	₱8,484,054	₱7,363,663	₱8,227,387	₱7,131,527



10. Investments in Subsidiaries and Joint Venture

The movements in the investments in subsidiaries of the Parent Company and investment in a joint venture of the Group and the Parent Company follow:

	Investment in Subsidiaries		Investment in a Joint Venture	
	2016	2015	2016	2015
Acquisition cost	₱681,232	₱551,000	₱1,005,000	₱500,000
Accumulated share in net income (loss)				
Balance at beginning of year	817,912	425,337	(28,713)	-
Share in net income (loss)	775,405	392,575	(356,954)	(28,713)
Balance at end of year	1,593,317	817,912	(385,667)	(28,713)
Accumulated share in other comprehensive income				
Balance at beginning of year	(291)	(156)	-	-
Share in remeasurement gain (loss) of retirement liability	1,315	(135)	-	-
Balance at end of year	1,024	(291)	-	-
	₱2,275,573	₱1,368,621	₱619,333	₱471,287

Investments in Subsidiaries

EWRB

The Parent Company's investment in EWRB amounted to ₱521.00 million as of December 31, 2016 and 2015. The principal place of business of EWRB is at East West Bank Building, J.P. Laurel Avenue corner Inigo Street, Bajada, Davao City.

EWIB

In 2015, the BSP approved the Parent Company's initial equity investment in EWIB of ₱30.00 million. On July 26, 2015, EWIB was registered with the SEC to operate as an insurance brokerage. In September 2015, EWIB received its license from the Insurance Commission. The principal place of business of EWIB is at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

EWLFC

In 2016, the BSP approved and confirmed the initial equity investment in EWLFC of ₱100.00 million. It was registered with the SEC in October 2016 with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. The principal place of business of EWLFC is at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

PSPI

In 2016, the Parent Company acquired 100.00% voting shares of PSPI as part of the asset and share transfer agreement for a consideration amounting to ₱19.93 million (see Note 7). PSPI was registered with the SEC in 2007 primarily to engage in providing sales and marketing services. The principal place of business is at 10th Floor, Eton Cyberpod Centris Building, EDSA cor. Quezon Avenue, Quezon City.

ASIA

In 2016, the Parent Company acquired 100.00% voting shares of ASIA as part of the asset and share transfer agreement for a consideration amounting to ₱10.30 million (see Note 7). ASIA was registered with the SEC in 2012 primarily to engage in general insurance agency business. The principal place of business is at 5th Floor, 6788 Sky Plaza Building, Ayala Avenue, Makati City.



Investment in a Joint Venture

On May 28, 2015, the Parent Company and Ageas entered into a joint venture agreement to form EW Ageas Life. EW Ageas Life, which shall primarily engage in the life insurance business, will be incorporated with a capitalization of ₱2.01 billion and with ultimate ownership interest of the Parent Company of 50% less 1 share. The Parent Company's initial investment amounted to ₱500.00 million. The joint venture agreement provided certain conditions that should be satisfied for the consummation of the agreement, which include among others, obtaining all the required regulatory approvals. In October 2015, the SEC approved the registration of EW Ageas Life. The registered office address of EW Ageas Life is at One World Place, 32nd Street, Bonifacio Global City, Taguig City.

EW Ageas Life and the Parent Company entered into a twenty-year exclusive distribution agreement in November 2015. Under the distribution agreement, EW Ageas Life will have exclusive access to the branch network of the Parent Company for the distribution of its insurance products (the exclusive bancassurance access). As of December 31, 2015, EW Ageas Life has not yet started its operations, pending certain required regulatory approvals.

In 2016, upon obtaining all the required regulatory approvals from the Insurance Commission and the BSP, the establishment of EW Ageas Life was consummated and the Parent Company received a consideration from Ageas. The consideration attributable to the exclusive bancassurance access was deferred and will be recognized as income over the life of the distribution agreement (see Note 20). The consideration attributed to the investment transaction increased the Parent Company's investment in EW Ageas Life by ₱505.00 million and resulted in a gain on capital transaction of ₱1.005 billion.

There were no dividends received from EW Ageas Life as of December 31, 2016. The joint venture had no contingent liabilities or capital commitments as of December 31, 2016.

11. Property and Equipment

The composition of and movements in the Group's property and equipment follow:

	2016				Total
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	
Cost					
As of January 1	₱59,988	₱1,058,652	₱1,915,915	₱3,158,407	₱6,192,962
Additions*	–	9,372	329,026	205,236	543,634
Disposals	–	–	(46,855)	–	(46,855)
As of December 31	59,988	1,068,024	2,198,086	3,363,643	6,689,741
Accumulated Depreciation and Amortization					
As of January 1	–	127,398	1,337,837	1,204,558	2,669,793
Depreciation and amortization	–	30,614	300,399	341,425	672,438
Disposals	–	–	(44,336)	–	(44,336)
As of December 31	–	158,012	1,593,900	1,545,983	3,297,895
Net Book Value	₱59,988	₱910,012	₱604,186	₱1,817,660	₱3,391,846

*inclusive of additions acquired from business combination (see Note 7)



	2015				Total
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	
Cost					
As of January 1	₱59,988	₱1,031,821	₱1,661,331	₱2,858,543	₱5,611,683
Additions	–	26,831	304,434	299,864	631,129
Disposals	–	–	(49,850)	–	(49,850)
As of December 31	59,988	1,058,652	1,915,915	3,158,407	6,192,962
Accumulated Depreciation and Amortization					
As of January 1	–	97,937	1,081,858	918,784	2,098,579
Depreciation and amortization	–	29,461	304,337	285,774	619,572
Disposals	–	–	(48,358)	–	(48,358)
As of December 31	–	127,398	1,337,837	1,204,558	2,669,793
Net Book Value	₱59,988	₱931,254	₱578,078	₱1,953,849	₱3,523,169

The composition of and movements in the Parent Company's property and equipment follow:

	2016				Total
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	
Cost					
As of January 1	₱38,651	₱999,222	₱1,789,758	₱3,054,170	₱5,881,801
Additions*	–	6,452	237,954	149,110	393,516
Disposals	–	–	(32,290)	–	(32,290)
As of December 31	38,651	1,005,674	1,995,422	3,203,280	6,243,027
Accumulated Depreciation and Amortization					
As of January 1	–	121,781	1,334,132	1,214,513	2,670,426
Depreciation and amortization	–	27,154	244,699	315,257	587,110
Disposals	–	–	(31,703)	–	(31,703)
As of December 31	–	148,935	1,547,128	1,529,770	3,225,833
Net Book Value	₱38,651	₱856,739	₱448,294	₱1,673,510	₱3,017,194

*inclusive of additions acquired from business combination (see Note 7)

	2015				Total
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	
Cost					
As of January 1	₱38,651	₱982,871	₱1,623,717	₱2,830,977	₱5,476,216
Additions	–	16,351	197,264	223,193	436,808
Disposals	–	–	(31,223)	–	(31,223)
As of December 31	38,651	999,222	1,789,758	3,054,170	5,881,801
Accumulated Depreciation and Amortization					
As of January 1	–	95,289	1,090,428	939,057	2,124,774
Depreciation and amortization	–	26,492	273,649	275,456	575,597
Disposals	–	–	(29,945)	–	(29,945)
As of December 31	–	121,781	1,334,132	1,214,513	2,670,426
Net Book Value	₱38,651	₱877,441	₱455,626	₱1,839,657	₱3,211,375

The gain on sale recognized by the Group for the disposal of certain property and equipment amounted to ₱3.59 million, ₱5.93 million and ₱265.82 million in 2016, 2015 and 2014, respectively. The gain on sale recognized by the Parent Company for the disposal of certain property and equipment amounted to ₱2.53 million, ₱0.90 million, and ₱265.82 million in 2016, 2015, and 2014 respectively.

In 2014, the Parent Company sold a parcel of land previously intended for an office site with a carrying value of ₱169.13 million to Filinvest Alabang, Inc. (FAI), an entity under common control of FDC, that resulted in a gain amounting to ₱264.13 million. Under the terms of the sale, the selling price of ₱433.26 million is payable annually for five (5) years until 2019 with a fixed interest rate of 6.00% per annum. As of December 31, 2016 and 2015, the accounts receivable



(included under Loans and receivable in the statements of financial position) recognized by the Parent Company for this sale transaction amounted to ₱303.28 million and ₱368.27 million, respectively (see Note 27).

As of December 31, 2016 and 2015, the cost of fully depreciated property and equipment still in use by the Group amounted to ₱1.32 billion and ₱989.03 million, respectively.

As of December 31, 2016 and 2015, the cost of fully depreciated property and equipment still in use by the Parent Company amounted to ₱1.19 billion and ₱870.94 million, respectively.

12. Investment Properties

The composition of and movements in the Group's investment properties follow:

	2016		Total
	Land	Buildings and Improvements	
Cost			
At January 1	₱529,335	₱475,666	₱1,005,001
Additions*	68,568	115,534	184,102
Disposals	(57,375)	(138,578)	(195,953)
At December 31	540,528	452,622	993,150
Accumulated Depreciation and Amortization			
At January 1	–	257,597	257,597
Depreciation and amortization	–	39,989	39,989
Disposals	–	(91,605)	(91,605)
At December 31	–	205,981	205,981
Accumulated Impairment Losses (Note 15)			
At January 1	10,674	9,117	19,791
Provision during the year	74,398	1,633	76,031
Disposals	(5,345)	(2,975)	(8,320)
At December 31	79,727	7,775	87,502
Net Book Value	₱460,801	₱238,866	₱699,667

*inclusive of additions acquired from business combination (see Note 7).

	2015		Total
	Land	Buildings and Improvements	
Cost			
At January 1	₱749,778	₱521,380	₱1,271,158
Additions	32,516	36,569	69,085
Disposals	(252,959)	(82,283)	(335,242)
At December 31	529,335	475,666	1,005,001
Accumulated Depreciation and Amortization			
At January 1	–	258,730	258,730
Depreciation and amortization	–	39,815	39,815
Disposals	–	(40,948)	(40,948)
At December 31	–	257,597	257,597
Accumulated Impairment Losses (Note 15)			
At January 1	85,259	14,482	99,741
Provision during the year	7,903	6,357	14,260
Disposals	(82,488)	(11,722)	(94,210)
At December 31	10,674	9,117	19,791
Net Book Value	₱518,661	₱208,952	₱727,613



The composition of and movements in the Parent Company's investment properties follow:

	2016		
	Land	Buildings and Improvements	Total
Cost			
At January 1	₱526,773	₱472,181	₱998,954
Additions*	68,568	115,534	184,102
Disposals	(57,375)	(138,578)	(195,953)
At December 31	537,966	449,137	987,103
Accumulated Depreciation and Amortization			
At January 1	–	252,247	252,247
Depreciation and amortization	–	39,989	39,989
Disposals	–	(91,605)	(91,605)
At December 31	–	200,631	200,631
Accumulated Impairment Losses (Note 15)			
At January 1	10,674	9,117	19,791
Provision during the year	74,398	1,633	76,031
Disposals	(5,345)	(2,975)	(8,320)
At December 31	79,727	7,775	87,502
Net Book Value	₱458,239	₱240,731	₱698,970

*inclusive of additions acquired from business combination (see Note 7)

	2015		
	Land	Buildings and Improvements	Total
Cost			
At January 1	₱747,216	₱517,895	₱1,265,111
Additions	32,516	36,569	69,085
Disposals	(252,959)	(82,283)	(335,242)
At December 31	526,773	472,181	998,954
Accumulated Depreciation and Amortization			
At January 1	–	253,383	253,383
Depreciation and amortization	–	39,812	39,812
Disposals	–	(40,948)	(40,948)
At December 31	–	252,247	252,247
Accumulated Impairment Losses (Note 15)			
At January 1	85,259	14,482	99,741
Provision during the year	7,903	6,357	14,260
Disposals	(82,488)	(11,722)	(94,210)
At December 31	10,674	9,117	19,791
Net Book Value	₱516,099	₱210,817	₱726,916

The Group's and the Parent Company's investment properties consist entirely of real estate properties and land improvements acquired in settlement of loans and receivables.

The aggregate fair value of the investment properties of the Group and the Parent Company amounted to ₱1.19 billion and ₱1.18 billion as of December 31, 2016 and 2015, respectively. Fair value has been determined based on valuations made by independent and/or in-house appraisers. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties taking into account the economic conditions prevailing at the time the valuations were made.

As of December 31, 2016 and 2015, the carrying values of foreclosed investment properties of the Group and of the Parent Company still subject to redemption period by the borrower amounted to ₱86.90 million and ₱60.46 million, respectively.



Gain on sale recognized by the Group and the Parent Company for the disposal of its foreclosed assets amounted to ₱25.17 million, ₱55.34 million, and ₱60.77 million in 2016, 2015 and 2014, respectively.

Direct operating expenses from investment properties not generating rent income amounted to ₱40.00 million, ₱44.01 million and ₱47.83 million for the Group and the Parent Company in 2016, 2015 and 2014, respectively.

13. Goodwill and Other Intangible Assets

As of December 31, 2016 and 2015, the intangible assets of the Group consist of:

	2016					Total
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	
Cost						
As of January 1	₱1,316,728	₱2,167,600	₱154,626	₱40,433	₱1,633,295	₱5,312,682
Additions	2,424,689	–	–	–	250,348	2,675,037
As of December 31	3,741,417	2,167,600	154,626	40,433	1,883,643	7,987,719
Accumulated Amortization						
As of January 1	–	–	29,461	27,628	808,971	866,060
Amortization	–	–	4,311	4,043	166,897	175,251
As of December 31	–	–	33,772	31,671	975,868	1,041,311
Net Book Value	₱3,741,417	₱2,167,600	₱120,854	₱8,762	₱907,775	₱6,946,408

	2015					Total
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	
Cost						
As of January 1	₱1,316,728	₱2,167,396	₱154,626	₱40,433	₱1,430,745	₱5,109,928
Additions	–	204	–	–	202,550	202,754
As of December 31	1,316,728	2,167,600	154,626	40,433	1,633,295	5,312,682
Accumulated Amortization						
As of January 1	–	–	25,150	23,585	636,420	685,155
Amortization	–	–	4,311	4,043	172,551	180,905
As of December 31	–	–	29,461	27,628	808,971	866,060
Net Book Value	₱1,316,728	₱2,167,600	₱125,165	₱12,805	₱824,324	₱4,446,622

As of December 31, 2016 and 2015, the intangible assets of the Parent Company consist of:

	2016					Total
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	
Cost						
As of January 1	₱1,293,250	₱2,167,600	₱154,626	₱40,433	₱1,567,135	₱5,223,044
Additions	2,424,689	–	–	–	242,305	2,666,994
As of December 31	3,717,939	2,167,600	154,626	40,433	1,809,440	7,890,038
Accumulated Amortization						
As of January 1	–	–	29,461	27,628	781,219	838,308
Amortization	–	–	4,311	4,043	154,684	163,038
As of December 31	–	–	33,772	31,671	935,903	1,001,346
Net Book Value	₱3,717,939	₱2,167,600	₱120,854	₱8,762	₱873,537	₱6,888,692



	2015					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
As of January 1	₱1,293,250	₱2,167,396	₱154,626	₱40,433	₱1,364,144	₱5,019,849
Additions	–	204	–	–	202,991	203,195
As of December 31	1,293,250	2,167,600	154,626	40,433	1,567,135	5,223,044
Accumulated Amortization						
As of January 1	–	–	25,150	23,585	620,872	669,607
Amortization	–	–	4,311	4,043	160,347	168,701
As of December 31	–	–	29,461	27,628	781,219	838,308
Net Book Value	₱1,293,250	₱2,167,600	₱125,165	₱12,805	₱785,916	₱4,384,736

Goodwill

The acquisition of EWRB in 2012 resulted in goodwill amounting ₱23.48 million, which was allocated to the branch operations of EWRB. The acquisition of GBI in 2011 resulted in goodwill amounting to ₱374.00 million. The goodwill was allocated to branch operations of GBI. On October 31, 2013, GBI transferred certain assets and liabilities to EWRB. The assets and liabilities transferred include the branches where the goodwill from the acquisition of GBI had been allocated. The branches coming from GBI were combined with the branch operations of EWRB after the transfer. Consequently, the goodwill from the acquisition of EWRB and GBI amounting to ₱23.48 million and ₱374.00 million, respectively, are now allocated to the branch operations of EWRB, which is now considered as a single CGU for purposes of impairment testing.

The business combination between the Parent Company and AIG Philam Savings Bank (AIGPASB) Group in 2009 resulted in goodwill amounting to ₱769.04 million, which has been allocated to the auto and credit cards lending unit acquired from the AIGPASB Group.

The business combination between the Parent Company and Ecology Savings Bank (ESBI) in 2003 resulted in goodwill amounting to ₱172.80 million, which has been allocated to various branches acquired from ESBI. As of December 31, 2016 and 2015, the carrying amount of goodwill, after impairment recognized in prior years, amounted to ₱150.21 million.

The business combination resulting from the Asset and Share Transfer Agreement with SCB in 2016 (see Note 7) resulted in a provisional goodwill of ₱2.42 billion.

Key assumptions used in value in use calculations

The recoverable amount of the CGUs have been determined based on value in use calculations using cash flow projections based on financial budgets approved by the management covering a five-year period. The VIU calculation for the CGUs are most sensitive to the following assumptions: a) interest margin; b) discount rates; c) market share during the budget period; and d) projected growth rates used to extrapolate cash flows beyond the budget period. Future cash flows were based on historical experience and strategies developed and prospects. The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to comparable entities.

Discount rate and growth rate

The discount rate applied reflects the current market assessment of the risk specific to each CGU. In 2016, the discount rates applied to the cash flow projections are 12.34% for AIG and 10.94% for EWRB and ESBI. In 2015, the discount rates applied are 12.25% for AIG and 9.65% for EWRB and ESBI. The growth rate used to extrapolate cash flows beyond the five-year period is 5.00%.



Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to exceed their recoverable amount.

Customer Relationship and Core Deposits

The business combination between the Parent Company and AIG Philam Savings Bank (AIGPASB) Group in 2009 resulted in acquisition of customer relationship and core deposits amounting to ₱154.63 million and ₱40.43 million, respectively.

Branch Licenses

Branch licenses of the Group amounting to ₱2.17 billion as of December 31, 2016 represents: one branch license acquired by the Parent Company from the BSP amounting to ₱0.20 million in 2015, 25 branch licenses acquired by the Parent Company from the BSP amounting to ₱505.20 million in 2014, 10 branch licenses acquired by the Parent Company from the BSP amounting to ₱214.80 million in 2013, 42 branch licenses acquired by the Parent Company from the BSP amounting to ₱822.00 million in 2012, and 46 branch licenses acquired by the Parent Company from the acquisition of GBI amounting to ₱625.40 million in 2011.

Branch licenses of the Parent Company amounting to ₱2.17 billion as of December 31, 2016 represents: one branch license acquired by the Parent Company from the BSP amounting to ₱0.20 million in 2015, 25 branch licenses acquired by Parent Company from the BSP amounting to ₱505.20 million and 46 branch licenses merged to the Parent Company from GBI amounting to ₱625.40 million in 2014, 10 branch licenses acquired by the Parent Company from the BSP amounting to ₱214.80 million in 2013, and 42 branch licenses acquired by the Parent Company from the BSP amounting to ₱822.00 million in 2012.

Capitalized Software

Capitalized software pertains to computer software licenses and programs acquired by the Group and the Parent Company for its banking operations. Included in the 2016 and 2015 acquisitions are software licenses acquired by the Group for the upgrade of its core banking systems amounting to ₱12.85 million and ₱6.62 million, respectively.

14. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Other repossessed assets	₱1,074,555	₱577,214	₱1,074,555	₱577,214
Card acquisition costs	248,796	161,422	248,796	161,422
Security deposits	231,711	211,280	231,711	211,280
Prepaid expenses	208,899	156,677	198,366	151,882
Derivative assets (Note 5)	167,665	167,491	167,665	167,491
Returned cash and other cash items	113,301	127,021	113,301	127,021
Documentary stamps	81,049	7,732	81,049	7,732
Miscellaneous	789,997	798,808	741,072	777,235
	2,915,973	2,207,645	2,856,515	2,181,277
Allowance for impairment losses (Note 15)	(441,891)	(190,735)	(441,891)	(190,735)
	₱2,474,082	₱2,016,910	₱2,414,624	₱1,990,542



As of December 31, 2016 and 2015, miscellaneous assets of the Group and Parent Company include sundry debits and interoffice floats amounting to ₱213.86 million and ₱286.97 million, respectively.

The movements in the allowance for impairment losses on other assets of the Group and the Parent Company follow:

	2016	2015
As of January 1	₱190,735	₱85,623
Provision during the year	371,547	159,971
Reversal of allowance from disposals	(114,033)	(54,859)
Write-off and others	(6,358)	-
As of December 31	₱441,891	₱190,735

The movements in other repossessed assets of the Group and the Parent Company follow:

	2016	2015
Cost		
As of January 1	₱664,333	₱234,303
Additions	1,707,027	898,888
Disposals	(1,142,515)	(468,858)
As of December 31	1,228,845	664,333
Accumulated Depreciation		
As of January 1	87,119	29,757
Depreciation and amortization	262,344	117,080
Disposals	(195,173)	(59,718)
As of December 31	154,290	87,119
Net Book Value, gross of impairment	1,074,555	577,214
Accumulated Impairment Losses		
As of January 1	21,378	9,444
Provision during the year	234,475	66,793
Disposals	(114,033)	(54,859)
As of December 31	141,820	21,378
Net Book Value, net of impairment	₱932,735	₱555,836

In 2016 and 2015, gain recognized by the Group and the Parent Company from the disposal of its repossessed assets amounted to ₱27.36 million and ₱18.77 million, respectively. In 2014, loss on sale recognized by the Group and Parent Company amounted to ₱24.83 million and ₱25.70 million, respectively.



15. Allowance for Impairment and Credit Losses

Details of and changes in the allowance for impairment and credit losses follow:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Balances at the beginning of year:				
Loans and receivables (Note 9)	₱4,898,407	₱3,972,521	₱4,623,689	₱3,728,222
Investment properties (Note 12)	19,791	99,741	19,791	99,741
Other assets (Note 14)	190,735	85,623	190,735	85,623
	₱5,108,933	4,157,885	₱4,834,215	3,913,586
Provisions charged to current operations				
(Notes 9, 12 and 14)	5,692,223	3,899,002	5,659,819	3,868,583
Write-off and others	(3,576,439)	(2,798,885)	(3,527,861)	(2,798,885)
Reversal of allowance on disposals of investment properties and other repossessed assets (Notes 12 and 14)	(122,353)	(149,069)	(122,353)	(149,069)
Balances at the end of year:				
Loans and receivables (Note 9)	6,572,971	4,898,407	6,314,427	4,623,689
Investment properties (Note 12)	87,502	19,791	87,502	19,791
Other assets (Note 14)	441,891	190,735	441,891	190,735
	₱7,102,364	₱5,108,933	₱6,843,820	₱4,834,215

16. Deposit Liabilities

BSP Circular No. 753, which took effect April 6, 2012, promulgated the unification of the statutory/legal and liquidity reserve requirement effective on non-FCDU deposit liabilities to 18.00% and reserve requirement on long-term negotiable certificates of deposits to 3.00%. With the new regulations, only demand deposit accounts maintained by banks with the BSP are eligible for compliance with reserve requirements. This was tantamount to the exclusion of government securities and cash in vault as eligible reserves. On April 11, 2014, BSP Circular 830 took effect which increased the reserve requirements on non-FCDU deposit liabilities by 1-percentage-point to 19.00%. BSP Circular 832 further increased the reserve requirements of non-FCDU deposit liabilities to 20.00% starting on the reserve week of May 30, 2014. On the other hand, EWRB is required to maintain regular reserves equivalent to 5.00% against demand deposits and 3.00% against savings and time deposits.

As of December 31, 2016 and 2015, the Parent Company and EWRB are in compliance with such regulations.

As of December 31, 2016 and 2015, Due from BSP of the Parent Company amounting to ₱37.17 billion and ₱28.31 billion, respectively, were set aside as reserves for deposit liabilities, as reported to the BSP.

Of the total deposit liabilities of the Parent Company as of December 31, 2016, 2015 and 2014, about 52.00%, 44.60%, and 52.19%, respectively, are subject to periodic interest repricing. The remaining deposit liabilities earn annual fixed interest rates ranging from 0.13% to 5.53% in 2016 and 0.50% to 6.25% in 2015 and 2014.

The Group's interest expense on deposit liabilities amounted to ₱2.46 billion, ₱1.84 billion and ₱1.33 billion in 2016, 2015, and 2014, respectively. The Parent Company's interest expense on deposit liabilities amounted to ₱2.28 billion in 2016, ₱1.74 billion in 2015 and ₱1.26 billion in 2014.



Long-term Negotiable Certificates of Deposits due 2018 (LTNCD Series 1)

In 2013 and 2012, the Parent Company issued 5.00% fixed coupon rate (average EIR of 4.37%) unsecured LTNCD maturing on May 18, 2018. The first tranche of the LTNCD Series 1 amounting to ₱1.53 billion was issued at a discount on November 23, 2012, and the second to seventh tranches aggregating to ₱3.12 billion were issued at a premium in February to May 2013. The net premium, net of debt issue costs, related to the issuance of the LTNCD Series 1 in 2013 and 2012 amounted to ₱107.91 million and ₱10.64 million, respectively.

Long-term Negotiable Certificates of Deposits due 2019 (LTNCD Series 2)

In 2013, the Parent Company issued 3.25% fixed coupon rate (average EIR of 3.48%) unsecured LTNCD maturing on June 9, 2019. The first to third tranches of the LTNCD Series 2 aggregating to ₱0.74 billion were issued in December 2013. The discount, net of debt issue costs, related to the issuance of the LTNCD Series 2 in 2013 amounted to ₱8.42 million. The fourth and fifth tranches of the LTNCD Series 2 aggregating to ₱1.74 billion were issued in February and April 2014, respectively. The discount, net of debt issue costs, related to the issuance of the LTNCD Series 2 in 2014 amounted to ₱85.05 million.

Long-term Negotiable Certificates of Deposits due 2020 (LTNCD Series 3)

In 2014, the Parent Company issued 4.50% fixed coupon rate (average EIR of 4.42%) unsecured LTNCD maturing on April 24, 2020. The first tranche of the LTNCD Series 3 amounting to ₱0.93 billion was issued in October 2014. The discount, net of debt issue costs, related to the issuance of the LTNCD Series 3 in 2014 amounted to ₱4.63 million.

The movements in unamortized net discount as of December 31, 2016 and 2015 follow:

	2016	2015
Beginning balance	₱24,626	₱25,518
Amortization during the year	(769)	(892)
Ending balance	₱23,857	₱24,626

17. Bills and Acceptances Payable

This account consists of:

	2016	2015
Banks and other financial institutions	₱2,086,820	₱2,950,991
Outstanding acceptances	107,775	122,532
	₱2,194,595	₱3,073,523

As of December 31, 2016 and 2015, investments in government securities of the Parent Company (included in Investment securities at amortized cost in the statements of financial position) with face value of ₱435.45 million and ₱2.56 billion, respectively, and fair value of ₱437.23 million and ₱2.69 billion, respectively, were pledged with other banks as collateral for borrowings amounting to ₱373.22 million and ₱2.20 billion, respectively.

Bills payable to the BSP, other banks and other financial institutions are subject to annual interest rates ranging from 0.01% to 1.65% in 2016, 0.55% to 1.20% in 2015, and 0.50% to 3.22% in 2014.



The Group's and Parent Company's interest expense on bills and acceptances payable amounted to ₱55.88 million in 2016, ₱17.26 million in 2015 and ₱39.90 million in 2014.

18. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Accrued other expenses	₱1,307,214	₱768,098	₱1,254,109	₱733,823
Accrued interest payable	393,517	398,104	382,887	392,914
Accrued taxes	166,198	150,961	113,226	100,041
	₱1,866,929	₱1,317,163	₱1,750,222	₱1,226,778

Accrued other expenses pertain to accruals of various operating expenses such as rent, utilities, management and professional fees, employee bonus and other expenses.

19. Subordinated Debt

The Group's and the Parent Company's subordinated debt consists of (in millions):

	Face Value	Carrying Value	
		2016	2015
Lower Tier 2 unsecured subordinated notes due 2025	₱5,000	₱4,969	₱4,967
Lower Tier 2 unsecured subordinated notes due 2021	1,500	–	1,500
	₱6,500	₱4,969	₱6,467

Lower Tier 2 unsecured subordinated notes due 2025

On July 4, 2014, the Parent Company issued 5.50% coupon rate Lower Tier 2 unsecured subordinated notes (the 2025 Notes) with par value of ₱5.00 billion, maturing on January 4, 2025, but callable on January 4, 2020. The 2025 Notes qualify as Tier 2 capital pursuant to BSP Circular No. 781 (Basel III), BSP Circular No. 826 on risk disclosure requirements for the loss absorption features of capital instruments, and other related circulars and issuances of the BSP.

Unless the 2025 Notes are previously redeemed, the 2025 Notes are repayable to the Noteholders at 100.00% of their face value or at par on the maturity date of January 4, 2025.

From and including the issue date to, but excluding the optional redemption date of January 4, 2020, the 2025 Notes bear interest at the rate of 5.50% per annum and shall be payable quarterly in arrears on January 4, April 4, July 4, and October 4 of each year, which commenced on October 4, 2014. Unless the 2025 Notes are previously redeemed, the interest rate will be reset at the equivalent of the prevailing 5-year PDST-R2 at reset date plus initial spread (i.e., the difference between the initial interest rate and the prevailing 5-year PDST R2 at the pricing date of the initial tranche).



The 2025 Notes are redeemable at the option of the Parent Company, in whole but not in part, on the call option date at 100.00% of the face value plus accrued but unpaid interest, subject to the following conditions:

- a. the Parent Company has obtained prior written approval and complied with the requirements of the BSP prior to redemption of the 2025 Notes
- b. the 2025 Notes are replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Parent Company, or
- c. the Parent Company demonstrates that its capital position is above the minimum capital requirements after redemption is exercised
- d. the Parent Company is not in breach of (and would not, following such redemption, be in breach) of applicable regulatory capital requirements (including regulatory capital buffers)
- e. the Parent Company is solvent at the time of redemption of the 2025 Notes and immediately thereafter.

Furthermore, upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event, the Parent Company may, subject to compliance with BSP rules and BSP approval, and upon prior approval of the BSP and with prior written notice to the Noteholders on record, redeem all and not less than all of the outstanding 2025 Notes prior to the stated maturity by paying the Noteholder the Redemption Option Amount which, (a) in the case of a Tax Redemption Event is an amount equal to 100.00% of the face value of the 2025 Notes plus accrued interest at the interest rate relating to the then current interest period up to but excluding the date of such redemption, and (b) in the case of a Regulatory Redemption Event is an amount equal to 100.00% of the face value of the 2025 Notes plus accrued interest at the interest rate relating to the then current Interest Period up to but excluding the date of such redemption (the "Redemption Option Date").

The 2025 Notes have a loss absorption feature which means that the 2025 Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Event. Non-viability is defined as a deviation from a certain level of Common Equity Tier 1 (CET1) Ratio or inability of the Parent Company to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. A Non-Viability Event is deemed to have occurred when the Parent Company is considered non-viable as determined by the BSP.

Upon the occurrence of a Non-Viability Event, the Parent Company shall write-down the principal amount of the 2025 Notes to the extent required by the BSP, which could go to as low as zero. Additional Tier 1 (AT1) capital instruments shall be utilized first before Tier 2 capital instruments are written-down, until the viability of the Issuer is re-established. In the event the Parent Company does not have AT1 capital instruments, then the write-down shall automatically apply to Tier 2 capital.

Loss absorption measure is subject to the following conditions:

- a. the principal amount of all series of Tier 1 Loss Absorbing Instruments outstanding having been Written-Down to zero or converted into common equity of the Parent Company (where possible) irrevocably, in accordance with, and to the extent possible pursuant to, their terms (the "Tier 1 Write-Down")
- b. the Tier 1 Write-Down having been insufficient to cure the Non-Viability Event
- c. the Parent Company giving the relevant Non-Viability Notice to the Public Trustee and the Registrar and Paying Agent



Each Noteholder irrevocably agrees and acknowledges that it may not exercise or claim any right of set-off in respect of any amount owed to it by the Parent Company arising under or in connection with the 2025 Notes and it shall, to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off.

Lower Tier 2 unsecured subordinated notes due 2021

On July 2, 2010, the Parent Company issued 7.50% coupon rate Lower Tier 2 unsecured subordinated note (the 2021 Notes) with par value of ₱1.50 billion, maturing on January 2, 2021 but callable on January 2, 2016, and with step-up in interest if not called.

Unless the 2021 Notes are previously redeemed, the 2021 Notes are repayable to the Noteholders at 100.00% of their face value or at par on the maturity date of January 2, 2021.

From and including the issue date to, but excluding the optional redemption date of January 2, 2016, the 2021 Notes bear interest at the rate of 7.50% per annum and shall be payable semi-annually in arrears on January 2 and July 2 of each year, commencing on January 2, 2011. Unless the 2021 Notes are previously redeemed, the interest rate from and including January 2, 2016 to, but excluding January 2, 2021, will be reset and such Step-Up interest shall be payable semi-annually in arrears on January 2 and July 2 of each year, commencing on July 2, 2016.

The Step-Up interest rate shall be computed as the higher of:

1. 80.00% of the 5-year on-the-run Philippine Treasury benchmark bid yield (PDST-F) on optional redemption date plus the Step-Up spread of 3.44% per annum. The Step-Up spread is defined as follows:

Step-Up spread = 150.00% of the difference between the Interest Rate and 80.00% of the 5-year PDST-F on the Pricing Date, preceding the initial Issue Date, equivalent to 3.44% per annum.

2. 150.00% of the difference between the interest rate and the 5-year PDST-F on the pricing date preceding the initial issue date plus the 5-year PDST-F on the optional redemption date.

On January 4, 2016, the Parent Company exercised its call option on the ₱1.50 billion 2021 Notes. The redemption was approved by the Parent Company's BOD on August 27, 2015 and by the BSP on October 8, 2015. The call option amount was the sum of the face value of the Notes, plus accrued interest amounting to ₱1.56 billion, covering the 11th interest period from July 2, 2015 to January 3, 2016 at the interest rate of 7.50%, as of but excluding the call option date.

The Group's and Parent Company's interest expense on subordinated debt amounted to ₱278.11 million, ₱390.70 million, and ₱258.71 million in 2016, 2015, and 2014, respectively.



20. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Accounts payable	₱3,331,324	₱2,574,717	₱3,136,116	₱2,433,803
Deferred revenue	1,421,056	519,613	1,421,056	519,613
Bills purchased-contra	652,796	688,852	652,796	688,852
Derivative liabilities (Note 5)	194,164	183,755	194,164	183,755
Withholding tax payable	101,438	110,628	92,099	106,019
Net retirement obligation (Note 25)	89,065	48,784	81,952	46,626
Retention payable	74,605	120,812	74,605	120,812
Payment orders payable	37,255	6,207	37,255	6,207
Marginal deposits and letters of credit	-	4,737	-	4,737
Miscellaneous	785,282	490,170	780,375	489,408
	₱6,686,985	₱4,748,275	₱6,470,418	₱4,599,832

Deferred revenue of the Group and the Parent Company includes deferred credit card loyalty points, membership fees and dues as well as the deferred exclusive bancassurance access fee (see Note 10).

21. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the statement of financial position date:

	Consolidated					
	2016			2015		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial assets:						
Cash and other cash items	₱6,623,761	₱-	₱6,623,761	₱5,899,131	₱-	₱5,899,131
Due from BSP	39,343,143	-	39,343,143	30,908,680	-	30,908,680
Due from other banks	6,970,645	-	6,970,645	5,376,926	-	5,376,926
IBLR	7,502,748	-	7,502,748	7,722,546	-	7,722,546
Financial assets at FVTPL (Note 8)	5,267,750	-	5,267,750	10,540,806	-	10,540,806
Investments at FVTOCI (Note 8)	-	500	500	-	6,255	6,255
Investment securities at amortized cost (Note 8)	-	11,129,509	11,129,509	-	4,617,898	4,617,898
Loans and receivables - gross (Note 9)	107,958,091	91,683,902	199,641,993	58,197,712	98,338,450	156,536,162
Other assets (Note 14)	296,497	231,711	528,208	299,441	211,279	510,720
	173,962,635	103,045,622	277,008,257	118,945,242	103,173,882	222,119,124
Nonfinancial assets:						
Investment in a joint venture (Note 10)	-	619,333	619,333	-	471,287	471,287
Property and equipment (Note 11)	-	3,391,846	3,391,846	-	3,523,169	3,523,169
Investment properties (Note 12)	-	699,667	699,667	-	727,613	727,613
Deferred tax assets (Note 24)	-	1,972,465	1,972,465	-	1,322,271	1,322,271
Goodwill and other intangible assets (Note 13)	-	6,946,408	6,946,408	-	4,446,622	4,446,622
Other assets (Note 14)	726,585	1,219,289	1,945,874	823,351	682,839	1,506,190
	726,585	14,849,008	15,575,593	823,351	11,173,801	11,997,152
	174,689,220	117,894,630	292,583,850	119,768,593	114,347,683	234,116,276

(Forward)



	Consolidated					
	2016			2015		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Allowances for impairment and credit losses on loans and receivables (Note 9)	₱-	(₱6,572,971)	(₱6,572,971)	₱-	(₱4,898,407)	(₱4,898,407)
Unearned premium (Note 9)	-	5,806,666	5,806,666	-	3,638,482	3,638,482
	₱174,689,220	₱117,128,325	₱291,817,545	₱119,768,593	₱113,087,758	₱232,856,351
Financial liabilities:						
Deposit liabilities	₱149,513,874	₱90,707,645	₱240,221,519	₱156,332,129	₱27,811,867	₱184,143,996
Bills and acceptances payable (Note 17)	2,194,595	-	2,194,595	3,073,523	-	3,073,523
Cashiers' checks and demand drafts payable	1,059,178	-	1,059,178	1,217,741	-	1,217,741
Subordinated debt (Note 19)	-	4,969,460	4,969,460	-	6,466,516	6,466,516
Accrued interest, taxes and other expenses (Note 18)	1,700,731	-	1,700,731	1,166,202	-	1,166,202
Other liabilities (Note 20)	4,410,944	90,732	4,501,676	2,661,743	136,940	2,798,683
	158,879,322	95,767,837	254,647,159	164,451,338	34,415,323	198,866,661
Nonfinancial liabilities:						
Income tax payable	369,508	-	369,508	486,390	-	486,390
Accrued interest, taxes and other expenses (Note 18)	166,198	-	166,198	150,961	-	150,961
Other liabilities (Note 20)	1,619,253	566,056	2,185,309	1,429,979	519,613	1,949,592
	2,154,959	566,056	2,721,015	2,067,330	519,613	2,586,943
	₱161,034,281	₱96,333,893	₱257,368,174	₱166,518,668	₱34,934,936	₱201,453,604
	Parent Company					
	2016			2015		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial assets:						
Cash and other cash items	₱6,511,420	-	₱6,511,420	₱5,829,104	₱-	₱5,829,104
Due from BSP	39,019,501	-	39,019,501	30,725,169	-	30,725,169
Due from other banks	6,940,924	-	6,940,924	5,310,299	-	5,310,299
IBLR	7,502,748	-	7,502,748	7,722,546	-	7,722,546
Financial assets at FVTPL (Note 8)	5,267,750	-	5,267,750	10,540,806	-	10,540,806
Investments at FVTOCI (Note 8)	-	500	500	-	6,255	6,255
Investment securities at amortized cost (Note 8)	-	11,129,509	11,129,509	-	4,617,898	4,617,898
Loans and receivables - gross (Note 9)	100,771,389	86,328,281	187,099,670	54,549,649	95,464,529	150,014,178
Other assets (Note 14)	296,079	231,711	527,790	298,820	211,279	510,099
	166,309,811	97,690,001	263,999,812	114,976,393	100,299,961	215,276,354
Nonfinancial assets:						
Investment in subsidiaries (Note 10)	-	2,275,573	2,275,573	-	1,368,621	1,368,621
Investment in a joint venture (Note 10)	-	619,333	619,333	-	471,287	471,287
Property and equipment (Note 11)	-	3,017,194	3,017,194	-	3,211,375	3,211,375
Investment properties (Note 12)	-	698,970	698,970	-	726,916	726,916
Deferred tax assets (Note 24)	-	1,896,899	1,896,899	-	1,295,956	1,295,956
Goodwill and other intangible assets (Note 13)	-	6,888,692	6,888,692	-	4,384,736	4,384,736
Other assets (Note 14)	677,852	1,208,982	1,886,834	797,611	682,832	1,480,443
	677,852	16,605,643	17,283,495	797,611	12,141,723	12,939,334
	166,987,663	114,295,644	281,283,307	115,774,004	112,441,684	228,215,688
Allowances for impairment and credit losses on loans and receivables (Note 9)	-	(6,314,427)	(6,314,427)	-	(4,623,689)	(4,623,689)
Unamortized premium (Note 9)	-	6,309,270	6,309,270	-	3,856,744	3,856,744
	₱166,987,663	₱114,290,487	₱281,278,150	₱115,774,004	₱111,674,739	₱227,448,743

(Forward)



	Parent Company					
	2016			2015		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial liabilities:						
Deposit liabilities	₱139,417,090	₱90,707,645	₱230,124,735	₱151,253,687	₱27,811,867	₱179,065,554
Bills and acceptances payable (Note 17)	2,194,595	–	2,194,595	3,073,523	–	3,073,523
Cashiers' checks and demand drafts payable	1,059,178	–	1,059,178	1,217,741	–	1,217,741
Subordinated debt (Note 19)	–	4,969,460	4,969,460	–	6,466,516	6,466,516
Accrued interest, taxes and other expenses (Note 18)	1,636,996	–	1,636,996	1,126,737	–	1,126,737
Other liabilities (Note 20)	4,199,261	90,732	4,289,993	2,514,622	136,940	2,651,562
	148,507,120	95,767,837	244,274,957	159,186,310	34,415,323	193,601,633
Nonfinancial liabilities:						
Income tax payable	260,171	–	260,171	396,052	–	396,052
Accrued interest, taxes and other expenses (Note 18)	113,226	–	113,226	100,041	–	100,041
Other liabilities (Note 20)	1,614,369	566,056	2,180,425	1,428,657	519,613	1,948,270
	1,987,766	566,056	2,553,822	1,924,750	519,613	2,444,363
	₱150,494,886	₱96,333,893	₱246,828,779	₱161,111,060	₱34,934,936	₱196,045,996

22. Equity

Capital Management

The Parent Company actively manages its capital to comply with regulatory requirements, enable growth targets, withstand plausible stress events and be at par with the Parent Company's peers. The primary objective of the Parent Company's capital management is to ensure that it maintains adequate capital to cover risks inherent to its banking activities without prejudice to optimizing shareholders' value.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies. In addition, the risk-based Capital Adequacy Ratio (CAR) of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings). Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Effective January 1, 2014, the Group complied with BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and these ratios shall be maintained at all times.



Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital only until December 31, 2015. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

On June 27, 2014, the BSP issued Circular No. 839, *REST Limit for Real Estate Exposures* which provides the implementing guidelines on the prudential REST limit for universal, commercial, and thrift banks on their aggregate real estate exposures. The Group should maintain CET1 and CAR levels at the regulatory prescribed minimums, on a solo and consolidated basis, even after the simulated results of a 25.00% write-off to the Group's real estate exposures. These shall be complied with at all times.

The capital-to-risk assets ratio reported to the BSP as of December 31, 2016 and 2015 are shown in the table below (amounts in millions):

	Consolidated		Parent Company	
	2016	2015	2016	2015
CET1 capital ratio	10.39%	12.41%	10.12%	12.15%
Tier 1 capital ratio	10.39%	12.41%	10.12%	12.15%
Total capital ratio	13.28%	15.59%	13.15%	15.45%

The composition of the qualifying capital is shown below.

	Consolidated		Parent Company	
	2016	2015	2016	2015
Qualifying capital:				
Tier 1 capital	₱34,225	₱31,035	₱34,222	₱30,297
CET1 capital	34,225	31,035	34,222	30,297
Less: Required Deductions	9,615	6,751	11,697	7,481
Net Tier 1 Capital	24,610	24,284	22,525	22,816
Tier 2 capital	6,851	6,232	6,743	6,201
Total qualifying capital	₱31,461	₱30,516	₱29,268	₱29,017

The capital requirements as of December 31, 2016 and 2015 are shown below:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Capital requirements:				
Credit risk	₱20,450	₱16,744	₱19,211	₱16,076
Market risk	601	583	601	583
Operational risk	2,631	2,242	2,449	2,117
Total capital requirements	₱23,682	₱19,569	₱22,261	₱18,776

Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations. Under Basel III, the regulatory Gross Qualifying Capital of the Parent Company consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 comprises share capital, surplus (including current year profit), and other comprehensive income (cumulative foreign currency translation and net unrealized gains on financial assets at fair value through other comprehensive income). Required deductions include goodwill, intangible assets, investments in equity, deferred tax assets, defined benefit pension assets and unsecured credit accommodations to DOSRI and subsidiaries. Tier 2 capital comprise of unsecured subordinated debts and general loan loss provision.



Risk-weighted assets are determined by assigning defined risk weights to the statement of financial position exposure and to the credit equivalent amounts of off-balance sheet exposures. Certain items are deducted from risk-weighted assets, such as the excess of general loan loss provision over the amount permitted to be included in Tier 2 capital. The risk weights vary from 0.00% to 150.00% depending on the type of exposure, with the risk weights of off-balance sheet exposures being subjected further to credit conversion factors. Below is a summary of risk weights and selected exposure types:

Risk weight	Exposure/Asset type*
0.00%	Cash on hand; claims collateralized by securities issued by the national government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation
20.00%	COCI, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation
50.00%	Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation
75.00%	Direct loans of defined Small Medium Enterprise (SME) and microfinance loans portfolio; non-performing housing loans fully secured by first mortgage
100.00%	All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred income tax)
150.00%	All non-performing loans (except non-performing housing loans fully secured by first mortgage) and all non-performing debt securities

* Not all inclusive

With respect to off-balance sheet exposures, the exposure amount is multiplied by a credit conversion factor (CCF), ranging from 0.00% to 100.00%, to arrive at the credit equivalent amount, before the risk weight factor is multiplied to arrive at the risk-weighted exposure. Direct credit substitutes (e.g., guarantees) have a CCF of 100.00%, while items not involving credit risk has a CCF of 0.00%.

In the case of derivatives, the credit equivalent amount (against which the risk weight factor is multiplied to arrive at the risk-weighted exposure) is generally the sum of the current credit exposure or replacement cost (the positive fair value or zero if the fair value is negative or zero) and an estimate of the potential future credit exposure or add-on. The add-on ranges from 0.00% to 1.50% (interest rate-related) and from 1.00% to 7.50% (exchange rate-related), depending on the residual maturity of the contract. For credit-linked notes and similar instruments, the risk-weighted exposure is the higher of the exposure based on the risk weight of the issuer's collateral or the reference entity or entities.



The risk-weighted CAR is calculated by dividing the sum of its Tier 1 and Tier 2 capital, as defined under BSP regulations, by its risk-weighted assets. The risk-weighted assets, as defined by the BSP regulations, consist of all of the assets on the balance sheet at their respective book values, together with certain other off-balance sheet items, weighted by certain percentages depending on the risks associated with the type of assets. The determination of compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting practices which differ from PFRS in some respects.

In 2016 and 2015, the Parent Company has complied with the required 10.00% capital adequacy ratio of the BSP.

The policies and processes guiding the determination of the sufficiency of capital of the Parent Company have been incorporated in the Parent Company's Internal Capital Adequacy Assessment Process (ICAAP) which supplements the BSP's risk-based capital adequacy framework under BSP Circular Nos. 538 and 639 to comply with the requirements of the BSP. While the Parent Company has added the ICAAP to its capital management policies and processes, there were no changes made on the objectives and policies for the years ended December 31, 2016 and 2015.

The Parent Company has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.

Capital Stock

Capital stock consists of (amounts in thousands, except for par value and number of shares):

	Shares			Amount		
	2016	2015	2014	2016	2015	2014
Authorized:						
Common stock - ₱10.00 par value	1,500,000,000	1,500,000,000	1,500,000,000			
Preferred stock - ₱10.00 par value	500,000,000	500,000,000	500,000,000			
Common stock issued and outstanding:						
Balance at the beginning of the year	1,499,983,610	1,128,409,610	1,128,409,610	₱14,999,836	₱11,284,096	₱11,284,096
Issuance of stock rights	-	371,574,000	-	-	3,715,740	-
Balance at year end	1,499,983,610	1,499,983,610	1,128,409,610	₱14,999,836	₱14,999,836	₱11,284,096

With the approvals by the PSE of the Parent Company's application for listing and by the SEC for the Registration Statement both on March 14, 2012, a total of 245,316,200 common shares, with ₱10.00 par value per share, representing 21.70% of outstanding capital stock, were offered and subscribed through an initial public offering at ₱18.50 per share on April 20 to 26, 2012. The common shares comprise of (a) 141,056,800 new shares issued by the Parent Company by way of a primary offer, and (b) 104,259,400 existing shares offered by FDC, the selling shareholder, pursuant to a secondary offer. Subsequently, on September 5, 2012, 36,715,300 shares under the over-allotment option were exercised at a price of ₱18.50 per share that brought the subscriptions to 25.00% of the outstanding capital stock. The Parent Company's common shares were listed and commenced trading in the PSE on May 7, 2012.

The total proceeds raised by the Parent Company from the sale of primary offer shares amounted to ₱2.61 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱2.39 billion.

On January 29, 2015, the BOD approved the common shares rights offering and subsequently, in March 2015, approved the application of the Parent Company to list up to 371,574,000 common shares with par value of ₱10.00 per share to cover its stock rights offering. The offer price was computed based on the volume-weighted average price of the Parent Company's common shares



traded in the PSE for each of the 15 consecutive trading days immediately prior to (and excluding) the pricing date, subject to a discount rate of 12.80%. On May 8, 2015, a total of 371,574,000 common shares were listed at the PSE with ₱10.00 par value per share. The total proceeds raised by the Parent Company from the sale of the said shares amounted to ₱8.00 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱7.95 billion. The net proceeds were used to invest in securities allowed under BSP regulation and to fuel growth in loans.

The portion of the Parent Company's retained earnings pertaining to the accumulated earnings of the subsidiaries amounting to ₱1.59 billion and ₱817.91 million as of December 31, 2016 and 2015, respectively, are not available for dividend declaration until declared as dividends by the subsidiaries.

Dividend

The Board of Directors of the Parent Company, in its special meeting on April 15, 2016, approved the declaration of cash dividends amounting to ₱0.27 per share or ₱400.00 million to stockholders on record as of April 29, 2016. The dividends were paid on May 13, 2016.

23. Income and Expenses

Service charges, fees and commissions consist of:

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Credit Cards	₱1,784,782	₱1,857,903	₱1,790,379	₱1,784,782	₱1,857,903	₱1,790,379
Loans	1,505,074	831,458	1,021,233	676,991	387,457	393,108
Deposits	655,709	552,419	385,523	594,101	510,601	385,523
Remittances	38,376	28,704	7,144	38,376	28,704	7,144
Others	117,400	15,698	93,560	94,864	15,697	93,560
	₱4,101,341	₱3,286,182	₱3,297,839	₱3,189,114	₱2,800,362	₱2,669,714

Service charges include late payment charges, pre-termination fees on loans and service charges on deposit taking-related transactions.

Fees and commissions include credit card membership fees, bancassurance fees, interchange fees, merchant discounts and other commissions.

Miscellaneous income consists of:

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Recovery on written-off assets	₱360,121	₱235,558	₱150,192	₱355,353	₱234,675	₱148,344
Rental income	26,377	5,226	4,546	26,811	5,379	4,546
Dividend income	6,390	7,108	22,221	6,390	7,108	22,221
Others	76,830	58,547	45,072	68,781	47,086	39,749
	₱469,718	₱306,439	₱222,031	₱457,335	₱294,248	₱214,860

Others include referral income earned on insurance premiums charged through credit cards.



Miscellaneous expenses consist of:

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Security, messengerial and janitorial services	₱543,307	₱457,280	₱429,635	₱487,061	₱420,577	₱403,015
Insurance	466,550	351,853	264,238	441,132	334,907	249,577
Technological fees	411,147	352,010	242,537	411,012	352,010	242,519
Brokerage fees	400,064	326,214	206,896	454,648	342,268	223,378
Advertising	393,923	403,739	407,578	382,113	394,377	401,688
Postage, telephone, cables and telegram	359,552	315,743	323,304	332,114	296,584	310,845
Service charges, fees and commissions	325,653	390,087	657,067	325,652	390,170	635,241
Transportation and travel	228,896	213,759	194,571	167,599	170,896	167,762
Power, light and water	187,557	186,725	183,769	168,231	173,234	171,983
Management and other professional fees	169,681	150,243	81,768	165,986	148,309	79,733
Stationery and supplies	113,165	78,801	79,992	91,813	70,195	73,088
Repairs and maintenance	109,685	77,790	74,303	98,864	70,567	63,836
Litigation expenses	74,940	33,689	37,099	74,940	33,685	37,072
Supervision fees	71,340	42,881	42,353	68,606	41,118	41,010
Entertainment, amusement and recreation	56,596	46,653	48,223	50,262	42,852	45,306
Others	275,358	205,844	190,230	262,987	198,022	184,540
	₱4,187,414	₱3,633,311	₱3,463,563	₱3,983,020	₱3,479,771	₱3,330,593

Others include payments for subscriptions, membership fees, trainings, donations and contributions, delivery and freight expenses, fines, penalties, other charges and clearing fees.

24. Income and Other Taxes

Under Philippine tax laws, the RBU of the Parent Company and its subsidiaries are subject to percentage and other taxes (presented as Taxes and licenses in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp taxes. Income taxes include corporate income tax, as discussed below, and final taxes paid which represents final withholding tax on gross interest income from government securities and other deposit substitutes and income from FCDU transactions. These income taxes, as well as the deferred tax benefits and provisions, are presented as Provision for income tax in the statements of income.

Republic Act (RA) No. 9397, *An Act Amending National Internal Revenue Code*, provides that the Regular Corporate Income Tax (RCIT) rate shall be 30.00% and the interest expense allowed as a deductible expense shall be reduced by 33.00% of interest income subjected to final tax.

An MCIT of 2.00% of modified gross income is computed and compared with the RCIT. Any excess of MCIT over the RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, NOLCO is allowed as a deduction from taxable income in the next three years from the period of incurrence.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is generally subject to 10.00% gross income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units is subject to a 7.50% final tax. RA No. 9294, which became effective in May 2004, provides that the income derived by the FCDU from foreign currency transactions with non-residents, Offshore Banking Units (OBUs), local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.



In 2011, the BIR issued Revenue Regulation 14-2011, which prescribes the proper allocation of costs and expenses among the income earnings of financial institutions for income tax reporting. Only costs and expenses attributable to the operations of the RBU can be claimed as deduction to arrive at the taxable income of the RBU subject to the RCIT. All costs and expenses pertaining to the FCDU/EFCDU are excluded from the RBU's taxable income. Within the RBU, common costs and expenses should be allocated among taxable income, tax-paid income and tax-exempt income using the specific identification or the allocation method.

Provision for income tax consists of:

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Current:						
Regular corporate income tax	₱1,203,632	₱939,144	₱461,276	₱769,876	₱665,314	₱275,722
Final tax	164,689	58,765	77,563	164,545	58,654	77,281
	1,368,321	997,909	538,839	934,421	723,968	353,003
Deferred	(634,364)	(338,577)	25,206	(590,495)	(336,995)	43,411
	₱733,957	₱659,332	₱564,045	₱343,926	₱386,973	₱396,414

The components of the Group's and the Parent Company's net deferred tax assets as of December 31, 2016 and 2015 follow:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Deferred tax asset on:				
Allowance for impairment and credit losses	₱1,986,674	₱1,473,378	₱1,968,413	₱1,450,264
Accrued expenses and other deferred income	175,505	96,574	118,174	93,910
Accumulated depreciation of assets foreclosed or dacioned	115,657	91,304	115,655	91,302
Deferred bancassurance fee	85,497	–	85,497	–
Net retirement obligation*	24,996	14,962	24,912	14,315
Unamortized past service cost	2,629	3,786	2,629	3,786
Unrealized trading loss	118	14,309	118	14,309
	2,391,076	1,694,313	2,315,398	1,667,886
Deferred tax liability on:				
Branch licenses acquired from business combination (Note 10)	187,620	187,620	187,620	187,620
Gain on asset foreclosure and dacion transactions	102,697	107,747	102,586	107,636
Remeasurement of investment in a joint venture	67,167	–	67,167	–
Excess of fair value over carrying value of net assets acquired from business combinations	41,883	43,369	41,883	43,369
Unrealized foreign exchange gain	19,244	33,306	19,243	33,305
	418,611	372,042	418,499	371,930
	₱1,972,465	₱1,322,271	₱1,896,899	₱1,295,956

*includes DTA acquired from business combination (see Note 7)

As of December 31, 2016 and 2015, the Group did not recognize deferred tax assets on the following temporary differences:

	Consolidated	
	2016	2015
Allowance for credit and impairment losses	₱197,673	₱197,673

As of December 31, 2016 and 2015, the Group and the Parent Company do not have net operating loss carryforwards.



Provision for deferred income tax charged directly to OCI during the year for the Group and the Parent Company follows:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Remeasurements on retirement plan	₱9,884	₱6,268	₱10,448	₱6,210

The reconciliation of statutory income tax at statutory tax rate to the effective income tax follows:

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Statutory income tax	₱1,242,514	₱798,980	₱791,227	₱1,125,505	₱717,272	₱740,938
Additions to (reductions from) income taxes resulting from the tax effects of:						
Nondeductible expenses	87,425	119,385	233,066	84,981	117,442	232,698
FCDU income	(435,787)	(100,560)	(250,539)	(435,787)	(100,560)	(250,539)
Non taxable and tax-exempt income	(84,307)	(50,047)	(139,699)	(355,188)	(167,819)	(261,748)
Interest income subjected to final tax net of tax paid	(75,888)	(73,750)	(35,356)	(75,585)	(73,694)	(35,021)
Change in unrecognized deferred tax assets and others	—	(34,676)	(34,654)	—	(105,668)	(29,914)
Effective income tax	₱733,957	₱659,332	₱564,045	₱343,926	₱386,973	₱396,414

25. Retirement Plan

The existing regulatory framework, RA No. 7641, *the Retirement Pay Law* requires companies with at least ten (10) employees to pay retirement benefits to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Parent Company

The Parent Company has a funded, noncontributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits (equivalent to 125.00% of the final monthly salary for every year of service depending on the tenure of the employee) after satisfying certain age and service requirements. The Parent Company's retirement plan is in the form of a trust administered by the Parent Company's Trust Division under the supervision of the Retirement Committee.

EWRB

EWRB has a noncontributory defined benefit plan covering substantially all of its officers and regular employees. The benefits are based on years of service and final compensation. The retirement plan provides retirement benefits equal to 100.00% of the final monthly salary for every year of service. As of December 31, 2016 and 2015, the retirement plan of EWRB is unfunded.

PSPI

PSPI does not have a formal retirement plan. As such, PSPI's retirement liability is based on the requirement of RA No. 7641. For purposes of calculating the retirement liability under RA No. 7641, PSPI obtained an actuarial valuation.



The net retirement obligation included in 'Other liabilities' in the statements of financial position are as follows:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Present value of the defined benefit obligation	₱776,690	₱645,344	₱769,577	₱643,186
Fair value of plan assets	687,625	596,560	687,625	596,560
Net retirement obligation	₱89,065	₱48,784	₱81,952	₱46,626

Changes in the present value of the defined benefit obligation as of December 31, 2016 and 2015 recognized in the statements of financial position follow:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Balance at beginning of year	₱645,344	₱555,340	₱643,186	₱554,342
Assumed from business combination	4,486	–	–	–
Current service cost	112,272	103,027	110,238	102,105
Interest cost	31,701	24,436	31,387	24,391
Remeasurement (gains) losses:				
Actuarial losses arising from deviations of experience from assumptions	18,778	17,613	19,732	17,347
Actuarial gains arising from changes in financial assumptions	(17,722)	(30,360)	(16,875)	(30,287)
Actuarial gains arising from changes in financial assumptions	(78)	–	–	–
Benefits paid	(18,091)	(24,712)	(18,091)	(24,712)
Balance at end of year	₱776,690	₱645,344	₱769,577	₱643,186

Changes in the fair value of plan assets are as follows:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Balance at beginning of year	₱596,560	₱528,415	₱596,560	₱528,415
Contributions	112,013	103,247	112,013	103,247
Interest income	29,112	23,250	29,112	23,250
Remeasurements	(31,969)	(33,640)	(31,969)	(33,640)
Benefits paid	(18,091)	(24,712)	(18,091)	(24,712)
Balance at end of year	₱687,625	₱596,560	₱687,625	₱596,560

The fair value of plan assets by class are as follows:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Cash and cash equivalents	₱107,186	₱162,572	₱107,186	₱162,572
Equity instruments:				
Financial services	327,219	236,704	327,219	236,704
Real estate	5,510	5,446	5,510	5,446
Retail	–	104	–	104
Holding	1	82	1	82
Utilities	–	62	–	62
Debt instruments:				
Private securities	178,015	113,259	178,015	113,259
Government securities	67,050	75,777	67,050	75,777
Others	2,644	2,554	2,644	2,554
Fair value of plan assets	₱687,625	₱596,560	₱687,625	₱596,560



The Parent Company's plan assets are carried at fair value. The fair value of investments in equity and debt securities (except for investment in LTNCD) are based on quoted price in the active market. The fair value of investment in LTNCD is based on the present value of future cash flow discounted using prevailing market rate. The fair value of other assets and liabilities, which include deposits in banks, accrued interest and other receivables, and trust fee payables, approximate their carrying amount due to the short-term nature of these accounts.

The plan assets are diversified investments and are not exposed to concentration risk.

Each year, an Asset-Liability Matching Study (ALMS) is performed with the result being analyzed in terms of risk-and-return profiles. The Parent Company's current strategic investment strategy consists of 70.00% of debt instruments, 25.00% of equity instruments, and 5.00% cash.

The Parent Company expects to contribute ₱112.10 million to the plan in 2017.

The cost of defined benefit retirement plans as well as the present value of the benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used are shown below:

	Parent Company		EWRB		PSPI	
	2016	2015	2016	2015	2016	2015
Discount rate						
At January 1	4.88%	4.40%	4.68%	4.53%	4.90%	4.50%
At December 31	5.12%	4.88%	5.35%	4.68%	5.29%	4.90%
Future salary increase rate	5.00%	5.00%	5.00%	5.00%	6.00%	6.00%
Average remaining working life	17.00	16.00	20.00	16.00	4.47	19.76

The sensitivity analysis below on the defined benefit obligation as of December 31, 2016 and 2015 has been determined based on reasonably possible changes of each significant assumption, assuming all other assumptions were held constant.

	Increase in defined benefit obligation			
	Consolidated		Parent Company	
	2016	2015	2016	2015
Decrease in discount rate of 1%	₱77,298	₱67,207	₱75,723	₱66,673
Increase in salary rate increase of 1%	76,134	66,039	74,578	65,511
Improvement in employee turnover by 10%	28,168	25,687	27,317	25,243

The amounts included in Compensation and fringe benefits expense in the statements of income are as follows:

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Current service cost	₱112,272	₱103,027	₱89,280	₱110,238	₱102,105	₱88,678
Net interest expense	2,589	1,186	60	2,275	1,141	51
Expense recognized	₱114,861	₱104,213	₱89,340	₱112,513	₱103,246	₱88,729

26. Leases

The Group leases several premises occupied by its head office and branches. Some leases are subject to annual escalation of 5.00% to 10.00% and for periods ranging from 5 to 15 years, renewable upon mutual agreement of both parties. In 2016, 2015 and 2014, the total rentals of the Group charged to operations amounted to ₱873.12 million, ₱738.15 million, and ₱629.29 million, respectively. In 2016, 2015 and 2014, total rentals charged to operations by the Parent Company amounted to ₱815.40 million, ₱699.68 million, and ₱607.01 million, respectively.



Future minimum annual rentals payable under the aforementioned lease agreements follow:

	Consolidated		Parent Company	
	2016	2015	2016	2015
Within one year	₱685,822	₱674,597	₱595,768	₱625,635
After one year but not more than five years	2,135,346	2,178,171	1,990,871	2,004,968
More than five years	829,647	1,151,938	777,442	1,084,234
	₱3,650,815	₱4,004,706	₱3,364,081	₱3,714,837

27. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel, and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members,
- subsidiaries, joint ventures and associates and their respective subsidiaries, and
- post-employment benefit plans for the benefit of the Group's employees.

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business.

The amounts and the balances arising from the foregoing significant related party transactions of the Group and of the Parent Company are as follows:

Category	Amount/ Volume	2016	
		Outstanding Balance	Terms and Conditions/Nature
Significant investors:			
Loans receivable	₱-	₱5,621,850	Loans granted with a term of seven years, interest of 4.06%, secured, no impairment
Deposit liabilities	-	2,784,273	Earns interest at the respective bank deposit rates
Accrued interest receivable	-	65,296	Interest income accrued on outstanding loans receivable
Accrued expenses	-	5,941	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	-	1,378,150	Unused credit line (omnibus facility) with term of 10 months
Interest income	228,247	-	Interest income on loans receivable
Interest expense	8,479	-	Interest expense on deposit liabilities
Key management personnel:			
Deposit liabilities	-	107,786	Earns interest at the respective bank deposit rates
Interest expense	271	-	Interest expense on deposit liabilities

(Forward)



2016			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Other related parties:			
Loans receivable	₱-	₱5,191,187	Loans granted with terms ranging from three months to thirteen and a half years, interest ranging from 4.0% to 11.52%, 97% secured by real estate and chattel mortgage, no impairment
Receivables purchased	-	371,504	Receivables purchased by the Parent Company from FLI
Deposit liabilities	-	6,417,226	Earns interest at the respective bank deposit rates
Guarantees and commitments	-	12,000	Unused credit lines
Accrued interest receivable	-	4,593	Interest income accrued on outstanding loans receivable
Accounts receivable	-	303,753	Receivable from FAI on the sale of land by the Parent Company, payable in 5 years, interest of 6.00% (Note 11) and reimbursement of expenses paid on behalf of EW Ageas Life
Interest income	323,445	-	Interest income on loans receivable
Interest expense	51,348	-	Interest expense on deposit liabilities
Commission fees	3,000	-	Commission fees received from EW Ageas Life
Service fee expense	1,518	-	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (see Note 9)
Rent expense	40,505	-	Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation, FAI and FLI
2015			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Significant investors:			
Loans receivable	₱-	₱5,621,850	Loans granted with a term of seven years, interest of 4.50%, secured by REM and deposits, no impairment
Deposit liabilities	-	1,671,459	Earns interest at the respective bank deposit rates
Accrued interest receivable	-	62,760	Interest income accrued on outstanding loans receivable
Accrued expenses	-	20,502	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	-	150,097	Unused credit lines
Interest income	228,247	-	Interest income on loans receivable
Interest expense	9,458	-	Interest expense on deposit liabilities
Key management personnel:			
Loans receivable	-	33,433	Loans granted with terms ranging from two to fifteen years, interest ranging from 6.00% to 10.27%, secured at 100%
Deposit liabilities	-	28,758	Earns interest at the respective bank deposit rates
Accrued interest receivable	-	196	Interest income accrued on outstanding loans receivable
Interest income	3,149	-	Interest income on loans receivable
Interest expense	147	-	Interest expense on deposit liabilities
Other related parties:			
Loans receivable	₱-	₱4,834,271	Loans granted with terms ranging from three months to thirteen and a half years, interest ranging from 4.0% to 11.52%, 97% secured by real estate and chattel mortgage, no impairment
Receivables purchased	-	519,481	Receivables purchased by the Parent Company from FLI
Deposit liabilities	-	9,580,469	Earns interest at the respective bank deposit rates
Accrued interest receivable	-	7,779	Interest income accrued on outstanding loans receivable
Guarantees and commitments	-	444,574	Unused credit lines
Accounts receivables	-	431,529	Receivable from FAI on the sale of land by the Parent Company, payable in 5 years, interest of 6.00% (Note 11) and advances to EW Ageas Life
Interest income	310,346	-	Interest income on loans receivable
Interest expense	23,625	-	Interest expense on deposit liabilities
Service fee expense	1,946	-	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (see Note 9)
Rent expense	43,178	-	Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation, FAI and FLI



The Group's significant investors pertain to FDC, the immediate Parent Company of the Group, and FDC Forex Corporation (a company under common control of FDC).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24. The Group provides banking services to its key management personnel.

Other related parties pertain to the Group's affiliates (subsidiaries of FDC).

The Group and the Parent Company had no outright purchases and outright sale of debt securities with significant shareholders and key management personnel in 2016 and 2015. In 2014, the Parent Company purchased peso-denominated debt securities issued by Filinvest Land, Inc., an affiliate, with market value amounting to ₱99.68 million as of December 31, 2014.

No provision and allowance for loan losses was recognized by the Group for loans to significant investors, key management personnel and other related parties in 2016, 2015, and 2014.

The Parent Company's subsidiaries have no transactions with related parties outside of the Group. The transactions disclosed above are the same for the Group and the Parent Company.

Parent Company Related Party Transactions

Transactions between the Parent Company and its subsidiaries meet the definition of related party transactions. Details of the Parent Company's subsidiaries are disclosed in Note 10.

In addition to the transactions discussed above, the following are the transactions between the Parent Company and its subsidiaries that are recognized in the Parent Company's statements of financial position and statements of income and eliminated in the consolidated financial statements:

Category	2016		Terms and Conditions/ Nature
	Amount/ Volume	Outstanding Balance	
Subsidiaries:			
Receivables purchased	₱22,743,646	₱17,439,621	Receivables purchased by the Parent Company from EWRB (see Note 9)
Receivable sold	392,195	–	Employee loans sold by the Parent Company to EWRB (see Note 9)
Accounts receivable	–	97,010	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted and other related expenses shouldered by the Parent Company on behalf of the Subsidiaries
Deposit liabilities	–	375,589	Earns interest at the respective bank deposit rates
Accounts payable	–	12,246	Cash reloading transactions between EWRB and the Parent Company
Interest expense	678	–	Interest expense on deposits of EWRB and EWIB
Service fee expense	57,460	–	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Parent Company for the receivables purchased (see Note 9)
Service fee income	481	–	Service fees paid by EWRB for account servicing equivalent to 0.37% of loan amounts collected by the Parent Company on behalf of EWRB for the receivables sold (see Note 9)
Commission expense	316	–	Commission expense paid by the Parent Company to PSPI



Category	2015		Terms and Conditions/ Nature
	Amount/ Volume	Outstanding Balance	
Subsidiaries:			
Loans receivable	₱-	₱36,437	Loan Accommodation granted with a term of seven days.
Receivables purchased	12,925,050	8,335,049	Receivables purchased by the Parent Company from EWRB (see Note 9)
Accrued interest receivable	-	-	Interest on receivables purchased from EWRB and loans granted to EWRB at 4.00% per annum
Accounts receivable	-	1,100,957	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted by EWRB and other related expenses shouldered by the Parent Company on behalf of EWRB and EWIB.
Deposit liabilities	-	292,135	Earns interest at the respective bank deposit rates
Accounts payable	-	64,907	Cash reloading transactions between EWRB and the Parent Company
Interest income	8,044	-	Interest income on outstanding loans receivable
Interest expense	366	-	Interest expense on deposits of EWRB and EWIB
Service fee expense	30,572	-	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Parent Company for the receivables purchased (see Note 9)

Transactions with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company's retirement plan is in the form of a trust administered by the Parent Company's Trust Division under the supervision of the Retirement Committee. The values of the assets of the fund are as follows:

	2016	2015
Cash and cash equivalents	₱107,186	₱162,572
Equity instruments	332,730	242,398
Debt instruments	245,065	189,036
Others	2,644	2,554
	₱687,625	₱596,560

As of December 31, 2016 and 2015, cash and cash equivalents include the savings deposit with the Parent Company amounting to ₱6.20 million and ₱32.59 million, respectively, and debt instruments include investments in the Parent Company's LTNCD amounting to ₱65.03 million and ₱66.55 million, respectively. Equity instruments include investments in the Parent Company's PhilEquity Institutional Feeder Fund amounting to ₱19.42 million, equivalent to 21,656 shares with fair market value of ₱896.85 per share as of December 31, 2016, and ₱177.69 million, equivalent to 195,467 shares with fair market value of ₱909.07 per share as of December 31, 2015, the Parent Company's equity securities amounting to ₱80.43 million, equivalent to 4,338,337 common shares with fair market value of ₱18.54 per share as of December 31, 2016, and ₱48.73 million, equivalent to 2,572,637 common shares with fair market value of ₱18.94 per share as of December 31, 2015, and the Parent Company's PSEi Tracker Fund amounting to ₱186.31 million, equivalent to 1,946,857 shares with fair market value of ₱95.70 per share as of December 31, 2016.



The following are the amounts recognized by the retirement plan arising from its transactions with the Parent Company for the years ended December 31, 2016, 2015 and 2014.

	2016	2015	2014
Trust fees	₱2,577	₱2,899	₱2,462
Interest income on savings deposit	726	146	136
Interest income on investments in LTNCD	2,921	2,936	2,942
Loss on investments in equity shares	(22,452)	(25,892)	(30)

Remunerations of Directors and other Key Management Personnel

Total remunerations of key management personnel are as follows:

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Short-term employee benefits	₱164,776	₱177,663	₱160,477	₱149,994	₱164,798	₱146,966
Post employment benefits	15,501	7,723	8,192	15,501	7,723	8,192
	₱180,277	₱185,386	₱168,669	₱165,495	₱172,521	₱155,158

Remunerations given to directors which were approved by the Board Remuneration Committee amounted to ₱12.00 million in 2016, ₱13.40 million in 2015 and ₱13.08 million in 2014 for the Group and the Parent Company.

Regulatory Reporting

As required by BSP, the Group discloses loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the lending company within the Group. In the aggregate, loans to DOSRI generally should not exceed total equity or 15.00% of total loan portfolio, whichever is lower.

BSP Circular No. 423 dated March 15, 2004 amended the definition of DOSRI accounts. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to said Circular, and new DOSRI loans, other credit accommodations granted under said circular:

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Total outstanding DOSRI accounts	₱10,813,486	₱10,322,185	₱7,759,327	₱10,813,486	₱10,654,933	₱8,085,550
Percent of DOSRI accounts granted prior to effectivity of BSP Circular No. 423 to total loans	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Percent of DOSRI accounts granted after effectivity of BSP Circular No. 423 to total loans	5.369%	6.401%	6.283%	5.660%	6.917%	6.869%
Percent of DOSRI accounts to total loans	5.369%	6.402%	6.283%	5.660%	6.917%	6.869%
Percent of unsecured DOSRI accounts to total DOSRI accounts	0.002%	3.928%	3.315%	0.002%	3.805%	7.216%
Percent of past due DOSRI accounts to total DOSRI accounts	0.002%	0.000%	0.001%	0.002%	0.000%	0.001%

The amounts of loans disclosed for related parties above differ with the amounts disclosed for key management personnel since the composition of DOSRI is more expansive than that of key management personnel.



BSP Circular No. 560 provides that the total outstanding loans, other credit accommodation and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank. As of December 31, 2016 and 2015, the Parent Company is in compliance with these requirements.

On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty-five (25.00%) of the net worth of the lending bank/quasi-bank to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation. As of December 31, 2016 and 2015, the Parent Company is in compliance with this requirement.

28. Trust Operations

Securities and other properties held by the Parent Company in fiduciary or agency capacity for clients and beneficiaries are not included in the accompanying statements of financial position since these are not assets of the Parent Company. The combined trust and managed funds of the Trust Department of the Parent Company amounted to ₱11.99 billion and ₱6.74 billion as of December 31, 2016 and 2015, respectively.

Government securities with total face value of ₱183.59 million and ₱86.90 million as of December 31, 2016 and 2015, respectively, are deposited with the BSP in compliance with current banking regulations related to the Parent Company's trust functions. These government securities are recorded as part of investment securities at amortized cost as of December 31, 2016 and 2015.

In accordance with BSP regulations, 10.00% of the profits realized by the Parent Company from its trust operations are appropriated to surplus reserves. The yearly appropriation is required until the surplus reserves for trust operations amounts to 20.00% of the Parent Company's authorized capital stock.

The Parent Company's income from its trust operations amounted to ₱18.60 million, ₱17.01 million and ₱20.37 million in 2016, 2015 and 2014, respectively.

29. Commitments and Contingent Liabilities

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

The Group has several loan related suits and claims that remain unsettled. It is not practicable to estimate the potential financial impact of these contingencies. However, in the opinion of management, the suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.



The following is a summary of commitments and contingencies of the Parent Company at their peso-equivalent contractual amounts arising from off-balance sheet items:

	2016	2015	2014
Unused credit line - credit cards	₱45,144,348	₱29,833,506	₱28,580,201
Trust department accounts (Note 28)	11,988,488	6,740,656	6,914,400
Treasurer/cashier/manager's checks	6,212,417	4,205,581	2,424,865
Unused commercial letters of credit	3,279,530	3,922,980	2,194,609
Financial futures sold	2,150,176	-	-
Outstanding guarantees	1,842,861	2,514,371	1,149,045
Outward bills for collection	1,542,343	831,419	111,494
Inward bills for collection	1,266,388	832,312	240,947
Spot exchange bought	1,140,453	47,060	1,703,870
Forward exchange sold	275,495	5,377	4,516,250
Late deposits/payments received	6,483	11,706	350,747
Items held for safekeeping	5,966	792	756
Unsold traveler's check	-	28	27
Others	32	1,032	2,097

30. Financial Performance

Earnings per share amounts were computed as follows:

	2016	2015	2014
a. Net income attributable to equity holders of the Parent Company	₱3,407,756	₱2,003,935	₱2,073,378
b. Weighted average number of outstanding common shares by the Parent Company, including effect of stock rights issued in 2015 (Note 22)	1,499,984	1,387,235	1,161,738
c. Basic and diluted EPS (a/b)	₱2.27	₱1.44	₱1.78

The Group's basic and diluted earnings per share are equal as there are no potential dilutive shares outstanding.

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

	Consolidated			Parent Company		
	2016	2015	2014	2016	2015	2014
Return on average equity	10.38%	7.24%	10.17%	10.76%	5.95%	8.26%
Return on average assets	1.32%	0.99%	1.28%	1.38%	0.82%	1.03%
Net interest margin on average earning assets	7.75%	8.00%	8.05%	7.57%	7.84%	6.93%



31. Offsetting of Financial Assets and Liabilities

The amendments to PFRS 7 require the Group to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments subject to enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding tables.

Financial assets

December 31, 2016						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
				Financial Instruments	Fair value of financial collateral	Net exposure [c-d]
Derivative assets (Note 5)	₱167,665	₱-	₱167,665	₱-	₱-	₱167,665
Total	₱167,665	₱-	₱167,665	₱-	₱-	₱167,665

December 31, 2015						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
				Financial instruments	Fair value of financial collateral	Net exposure [c-d]
Derivative assets (Note 5)	₱167,491	₱-	₱167,491	₱-	₱-	₱167,491
Total	₱167,491	₱-	₱167,491	₱-	₱-	₱167,491

Financial liabilities

December 31, 2016						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
				Financial instruments	Fair value of financial collateral	Net exposure [c-d]
Derivative liabilities (Note 5)	₱194,164	₱-	₱194,164	₱-	₱-	₱194,164
Bills payable* (Note 17)	437,233	-	437,233	-	437,233	-
Total	₱631,397	₱-	₱631,397	₱-	₱437,233	₱194,164

December 31, 2015						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
				Financial instruments	Fair value of financial collateral	Net exposure [c-d]
Derivative liabilities (Note 5)	₱183,755	₱-	₱183,755	₱-	₱-	₱183,755
Bills payable* (Note 17)	2,693,240	-	2,693,240	-	2,693,240	-
Total	₱2,876,995	₱-	₱2,876,995	₱-	₱2,693,240	₱183,755

* Included in bills and acceptances payable in the statements of financial position

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. These include amounts related to financial collateral both received and pledged, whether cash or non-cash collateral, excluding the extent of over-collateralization.



32. Notes to Statement of Cash Flows

Transfers from loans and receivables to investment properties as a result of foreclosures amounted to ₱129.21 million, ₱72.07 million and ₱76.71 million in 2016, 2015 and 2014 respectively, for the Group, and ₱129.21 million, ₱72.07 million and ₱76.29 million in 2016, 2015 and 2014 respectively, for the Parent Company. Amounts mentioned are exclusive of loss on asset foreclosure and dacion transactions amounting to ₱29.45 million and ₱67.12 million in 2016 and 2015, respectively, and gain on asset foreclosure and dacion transactions amounting to ₱19.42 million in 2014, for the Group, and loss on asset foreclosure and dacion transactions amounting to ₱29.45 million and ₱67.12 million in 2016 and 2015, respectively, and gain on asset foreclosure and dacion transactions amounting to ₱19.05 million in 2014, for the Parent Company.

In 2014, the Parent Company sold a land with a carrying value of ₱169.13 million to FAI. The selling price of ₱433.26 million is payable annually for 5 years.

33. Events Subsequent to Reporting Period

On January 12, 2017, the BSP granted the Parent Company authority to issue LTNCD, up to an aggregate amount of ₱10.00 billion, with a quarterly interest rate to be set at PDST-R2 plus 50 basis points or less and a maturity of at least five years and one day and a maximum of ten years for each issue. The Parent Company is initially offering 5.5-year and 7-year tranches, to be issued in 2017.

34. Approval of the Issuance of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were approved and authorized for issue by the Parent Company's BOD on February 23, 2017.

35. Supplementary Information Required Under Revenue Regulations 15-2010

Supplementary Information under RR No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010, requiring the inclusion of information on various taxes paid and accrued during the taxable year in the notes to the financial statements.

The Parent Company reported and/or paid the following types of taxes for the year ended December 31, 2016:

Gross Receipts Tax (GRT)

The Parent Company is subject to GRT on its gross income from Philippine sources. GRT is imposed on interest, commissions and discounts from lending activities at 5.00% or 1.00%, depending on the remaining maturities of instruments from which such receipts are derived, and at 7.00% on non-lending fees and commissions, trading and foreign exchange gains and other items constituting gross income.



Details of the Parent Company's income and GRT accounts in 2016 are as follows:

	Gross Receipts	Gross Receipts Tax
Income derived from lending activities	₱17,525,251	₱809,902
Other income	1,367,606	95,732
	₱18,892,857	₱905,634

Other Taxes and Licenses

For the year ended December 31, 2016, other taxes and licenses included in 'Taxes and licenses' consist of:

Documentary stamps taxes	₱377,211
Local taxes	17,566
Fringe benefit taxes	18,585
Others	22,095
	₱435,457

Withholding Taxes

Details of withholding taxes remitted and balances as of December 31, 2016 follow:

	Total Remittances	Balance
Withholding taxes on compensation and benefits	₱505,091	₱42,483
Expanded withholding taxes	128,665	18,640
Final withholding taxes	320,118	30,976
	₱953,874	₱92,099

The Parent Company has no outstanding assessments from the BIR as of December 31, 2016.



**ANNEX F – SUMMARY OF MINUTES OF APRIL 15, 2016 ANNUAL STOCKHOLDERS MEETING AND VARIOUS
2016 RESOLUTIONS FOR RATIFICATION BY THE STOCKHOLDERS**

**MINUTES OF THE 2016 ANNUAL STOCKHOLDERS MEETING
OF**

EAST WEST BANKING CORPORATION

April 15, 2016, 9:30 a.m.

Ballroom, Crimson Hotel, Filinvest Corporate City, Alabang, Muntinlupa City

I. NATIONAL ANTHEM

Mr. Allan Tumbaga was called to lead the National Anthem at the beginning of the Annual Stockholder's Meeting.

2. CALL TO ORDER / NOTICE OF MEETING

The meeting was called to order by the Chairman, Mr. Jonathan T. Gotianun, who presided over the same.

The Corporate Secretary, Atty. Benedicto M. Valerio, Jr., certified that the notice of the meeting together with the copies of the Information Statement and Audited Financial Statement of the Bank were sent to each stockholder of record as of February 29, 2016 either by personal service or by mail, in compliance with the By-Laws as certified to by the stock and transfer agent of the Bank.

The Chairman directed the Corporate Secretary to attach the proof of service of the notice of meeting to the records of the meeting which the latter did.

3. DETERMINATION OF QUORUM

The Corporate Secretary reported to the shareholders in attendance that a quorum exists for the business at hand after determining that:

(a) As of record date of this meeting or **February 29, 2016**, there were **1,499,983,610** common shares of stock outstanding.

(b) **1,282,987,470** common shares of stock are represented in the meeting either in person or by proxy.

(c) That represents **EIGHTY FIVE AND 53/100 percent (85.53%)** of the Bank's total issued and outstanding capital stock.

4. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING ON APRIL 17, 2015

The first item of the Agenda is the approval of the minutes of the April 17, 2015 Annual Stockholders' Meeting. The Corporate Secretary certified that a copy of the aforesaid minutes was duly sent to each of the stockholders as part of the materials for the April 15, 2016 Annual Stockholders Meeting.

Upon motion was duly made and seconded there being no objections that was registered during the discussions, the Minutes of the Annual Stockholders' Meeting held on April 17, 2016 was approved.

5. PRESENTATION OF THE CHAIRMAN'S REPORT AND APPROVAL OF 2012 AUDITED FINANCIAL STATEMENTS

The next item in the Agenda was the approval of the Financial Statement of the Bank and the report of 2015 Financial and Operational Highlights.

The Corporate Secretary certified that copies of the Chairman's Report and Audited Financial Statement were furnished to the shareholders as part of the materials for the stockholders' meeting.

Upon motion duly made and seconded, there being no objection raised in the ensuing discussions, the 2015 Chairman's Report and the Audited Financial Statements were duly noted and approved by the Stockholders.

The President, Mr. Antonio C. Moncupa, Jr was called by the Chairman to present the 2015 Financial & Operational Highlights of the Bank. A copy of the power point presentation of the aforesaid presentation is attached as Annex "A" hereof.

6. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS

The next item in the Agenda was the approval of all acts of the Board and Corporate Officers of the Bank for 2015. The Corporate Secretary certified that a summary of these actions were given to the shareholders as part of the materials for the meeting.

Upon motion duly made and seconded, there being no objections raised during the discussions that ensued, all acts and resolutions and proceedings of the Board of Directors and Officers of the Bank for the year 2015 were approved, confirmed and ratified.

7. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR 2016-2017.

The Chairman informed the shareholders that the next item of the Agenda is the election of the members of the Board of Directors of the Bank. The Corporate Secretary explained that the Bank earlier submitted the final list of all candidates who were nominated and pre-screened in accordance with the Company's Manual on Corporate Governance. They are:

MERCEDES T. GOTIANUN
JONATHAN T. GOTIANUN
L. JOSEPHINE GOTIANUN YAP
ANTONIO C. MONCUPA, JR.
WILSON L. SY
ATTY. BENEDICTO M. VALERIO, JR.
JOSE S. SANDEJAS
CARLOS R. ALINDADA, and
PAUL A. AQUINO

That Messrs. Jose S. Sandejas, Carlos R. Alindada and Paul A. Aquino were also named by the Nomination Committee as nominees for the position of Independent Directors.

No other nomination for election of the Board of Directors was submitted to the Nomination Committee within the period allowed under the Revised Manual on Corporate Governance, as provided in the Information Statement furnished to the stockholders.

Upon motion was duly made and seconded and no objections being rendered during the discussions, the following persons were therefore declared elected Directors of the Bank for the fiscal year 2016 to 2017 and until their successors have been elected and qualified:

MERCEDES T. GOTIANUN	
JONATHAN T. GOTIANUN	
L. JOSEPHINE GOTIANUN YAP	
ANTONIO C. MONCUPA, JR.	
WILSON L. SY	
ATTY. BENEDICTO M. VALERIO, JR.	
JOSE S. SANDEJAS,	Independent Director
CARLOS R. ALINDADA,	Independent Director
PAUL A. AQUINO,	Independent Director

8. APPOINTMENT OF EXTERNAL AUDITORS

The appointment by the stockholders of the Company's External Auditors was the next item of the Agenda. The Chairman reported that the management upon recommendation of the Company's Audit Committee, is endorsing the re-appointment of the auditing firm of Sycip Gorres Velayo and Company as external auditor for the Company for the year 2016.

Upon motion was duly made and seconded and no objections being rendered during the discussion, the re-appointment of the auditing firm of Sycip Gorres Velayo and Company as external auditors for the year 2016 was approved.

9. OTHER MATTERS

Declaration of Dividends

The Chairman informed the body that in the Special Meeting of the Board of Directors which was held earlier in the day, the Board approved the declaration of a P400 million cash dividend or Php0.26667 dividend/share to be paid to all stockholders as of a record and payment date to be fixed by the President upon receipt of approval from the Bangko Sentral ng Pilipinas. The dividends represent 20% of 2015 net income of Php 2.0 Billion.

10. OPEN FORUM

The board of directors was asked whether it approved the Joint Venture Agreement of the Bank with Ageas Life Insurance; which country is Ageas Life domiciled; and, whether it is a bona fide or a well established company abroad. The Board informed the shareholders that Ageas Life is a very well established and experienced insurance company with a credible history and standing in Europe. It is currently operating in 15 countries across Europe and Asia, and has shown successful operations in areas such as Thailand, China, Portugal and the UK. It is very organized, thorough and detailed which is why the board is very confident that the insurance company will become one of the better insurance companies in the Philippines.

Ms. Nora Barajas, a shareholder of the Bank, inquired if the Bank has a buyback program for its shares. She said that it would help stabilize the price of the shares whenever it goes lower than its IPO price. The Board explained that the regulation does not allow banks to buyback their shares except in exceptional cases for which purpose, the Bank would need the approval of the Bangko Sentral ng Pilipinas. It is unlikely however that the Bank would request for an exemption because the money that would be use to buy the shares would have to be funded from its capital which the Bank needs to support its growth. Rather than price buys back, the shareholders should look at the Bank's price earning ratio. It was explained that compared to bigger banks abroad, the price earning ratio of the Bank is better. Moreover, the Bank is poise to do better than in the previous years due to the inflow of revenues from earlier investments in the expansion of its branch network. That although future events cannot be predicted, the management will exert effort so that the Bank could meet the expectations of its shareholders.

Mr. Alexis Gotegas who is also a shareholder of the Bank commented that the Bank has been showing signs of confidence and progress after many years. However, expansion would be in vain if clients are disappointed with its service. He explained that a small amount of additional revenue from each client would translate, if taken together, to a large amount. He brought this up when he shared his experience with the Bank's credit cards which did not approve his

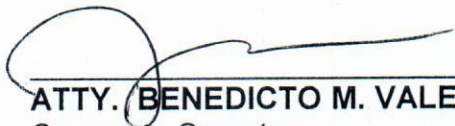
request to reverse his penalties after he updated his account which made him decide to cancel his card and shift to another credit card provider. The Board replied that service excellence is a work in progress and although there are and will be more issues on service quality, management is actively addressing them.

11. ADJOURNMENT

Upon motion was duly made and seconded and no objections being rendered during the discussions, no other matters were taken up for consideration, therefore, the meeting was adjourned.

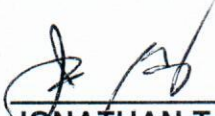
The Chairman also invited all the Stockholders who were present and participated in the said meeting to join in the refreshments served by the Bank for this occasion.

CERTIFIED CORRECT:



ATTY. BENEDICTO M. VALERIO, JR.
Corporate Secretary

ATTESTED TO:



JONATHAN T. GOTIANUN
Chairman of the Board

EAST WEST BANKING CORPORATION		
OFFICE OF THE CORPORATE SECRETARY		
BOARD RESOLUTION 2016		
BOARD MEETING	ITEMS	BOARD RESO NO.
1/28/2016	Sale of Repossessed Car to DOSRI	01-2016-01
1/28/2016	Engagement of Filiinvest Alabang, Inc.- Cost Planning & Contracts Administration Dept. to procure Construction Services for all office, store & other premises/ facility of EWBC	01-2016-02
1/28/2016	Amendment in authorized signatories of TO&ITSO	01-2016-03
1/28/2016	Amendment in authorized signatories of Consumer Loans	01-2016-04
1/28/2016	Authorized Representative to report for Refund of Meralco Meter Deposit (Designation of Ms. Galinato - Givela for refund of Meralco Deposits)	01-2016-05
1/28/2016	Establishment of one (1) branch in non-restricted area using OBO license	01-2016-06
1/28/2016	CCPL Restructuring booked on December 2015	01-2016-07
1/28/2016	Appointment of Ms. Ma. Arnaldo as Head of Bank Operations & Technology Group (sig for certificate of preparation of FS and Notes to FS)	01-2016-08
1/28/2016	Setting of date of 2016 Annual Stockholders' Meeting and Record Date	01-2016-09
1/28/2016	Hiring of Senior Officers . Rodolfo Filomeno T. Parpan - VP / Chief of Staff / Executive Office (Effective January 11, 2016, and Maria Alicia C. Arnaldo - SVP / Head - Operations and Technology Cluster, Effective February 1, 2016)	01-2016-10
1/28/2016	Officers loan dated December 14, 2015 & January 11 & 18, 2016	01-2016-11
1/28/2016	Changes in the authorized signatories of Trust Division	01-2016-12
1/28/2016	Creation of a RPT (Related Party Transaction) Committee	01-2016-13
1/28/2016	Status Report of Material Cases of the Bank	01-2016-14
1/28/2016	Renewal of Credit Facilities for EWRB	EWRB 01-2016
1/28/2016	Amendment of Collateral of Revolving Credit Facility of ETUy (DOSRI)	ETUY 01-2016
2/24/2016	Sale of Repo vehicles to bank officers	02-2016-01
2/24/2016	Appointment of Mr. Francis Dennis R. Dungo as Representative for the Beaufort Condo Corp.	02-2016-02
2/24/2016	Supplemental Letter of Commitment to BSP	02-2016-03
2/24/2016	Auto Loans Pre Termination Fee Waiver	02-2016-04
2/24/2016	Minimum Risk Acceptance Criteria for Auto loans.	02-2016-05
2/24/2016	CCPL Restructuring booked on January 2016	02-2016-06
2/24/2016	Personal Loans Archiving Policy	02-2016-07
2/24/2016	Reclassification of Repossessed Vehicles to Bank Assets as Assigned Vehicles to Auto Collections Repossessors/Skiptracers	02-2016-08
2/24/2016	Write off transactions Group dated February 11, 2016	02-2016-09
2/24/2016	2015 Audited Financial Statement of the Bank	02-2016-10
2/24/2016	Hiring of Senior Officers : Mr. Renato P. Lozon, VP/ Head, Fraud Division, 2. Rosalie D. Charvet, VP/Division Head Branch Banking Division, 3. Angelo Ramon F. Fabella, AVP/Head, Consumer Loans Operations,;4. Jeffrey M. Diño, AVP/Store Manager, Branch Banking Division; and, 5. Higinio C. Saddam, Jr., SAVP/Credit, EMB and Mortgage Division.	02-2016-11
2/24/2016	Officers Loans dated January 25, February 01, 09 and 15 2016	02-2016-12
2/24/2016	Updated report on the status of various pending material cases involving the bank as of January 2016	02-2016-13
2/24/2016	Accreditation of Multi- Dimensional Executive Solutions Corporation	02-2016-14
2/24/2016	Amendment of delegated approving authorities to include the Chief Operating Officer as approving authorities for Corporate Banking Division	02-2016-15
2/24/2016	Delegation the approval of HFT (held for Trading) Security lines to the Executive Committee up to USD20MM for USD Denominated Bonds and up to Php 1B for Peso-Denominated Bonds.	02-2016-16
2/24/2016	Authority of the Bank to act as a Co-Lead Manager for Ayala Land, Inc.'s bond	02-2016-17
2/24/2016	Revalidation of the the decision of the Board thru Resolution no. SP 04-2014-03 for the Bank to invest in a wholly-owned finance and leasing company.	02-2016-18
2/24/2016	Sell of number of shares of the Bank in East West Ageas Life Insurance Corporation (the "Corporation") to Ageas Insurance International N.V.	02-2016-19
3/31/2016	Task Force Mktg., Inc. - Php40.0 MM Renewal w/ inc (DOSRI)	TFMI 03-2016
3/31/2016	2016 Bank's Internal Capital Adequacy Assessment Process ("ICAAP")	03-2016-01
3/31/2016	Sale of various motor vehicles to dosri DATED March 18, 2016	03-2016-02
3/31/2016	CCPL Restructuring booked on February 2016	03-2016-03
3/31/2016	Write-off transactions dated March 14, 2016	03-2016-04
3/31/2016	Officers loan dated February 22 & 29 & March 7, 14 & 21, 2016	03-2016-05
3/31/2016	Promotions of the Senior Officers of the Bank(Bauson, Marissa A.; Purugganan, Francesco;Michael D. Magdales; Gerardo C. Cruz, Anne; Rachelle R. Causing' Norman Roque V. ; Lacambra Gemma C. ; Escose, Ermelyn D. ; Carlos, Violeta A. &Ching, Jean Margaret L.	03-2016-06
3/31/2016	Hiring of Mr. Alvin S. Dimla as Vice President, Head of Safety and Security under Finance Group effective April 01, 2016	03-2016-07
3/31/2016	Resignation of Mr. Virgilio V. Camilo who is among the Principal Officers of the Bank	03-2016-07A
3/31/2016	Appointment of Mr. Dimla (VP- Chief Security Officer & Head)	03-2016-07
3/31/2016	Amendments to the 2015 MLPP	03-2016-08
3/31/2016	Bank's replies to BSP ROE for 2015 (separate folder)	03-2016-09
3/31/2016	Nomination of Directors to serve 2016-2017	03-2016-10
3/31/2016	Treasury Group Re-Organization effective August 01, 2015	03-2016-11
3/31/2016	Designation of one (1) Incorporator of EWLFC in lieu of Mr. Andrew L. Gotianun	03-2016-12
3/31/2016	Authority of he Bank to act as a Joint-Lead Arranger and Joint-Lead Underwriter for Meralco	03-2016-13
3/31/2016	Updated report on the status of various pending material cases involving the Bank as of February 29, 2016	03-2016-14

3/31/2016	Restructuring of the Sps. Christopher and Evalyn Labor and Sps. Roberto & Celerina Maceda accounts	03-2016-15
3/31/2016	Additional authorized signatories for Mortgage- EEL-Salary Contracts and the scope of their authority	03-2016-16
3/31/2016	Temporary relocation of Antipolo-Marcos Hi-way Store operations to Marikina –Gil Fernando Store due to store renovation	03-2016-17
3/31/2016	Authority to consolidate Quezon Ave-Sct. Santiago Store to Timog-Mother Ignacia Store.	03-2016-18
3/31/2016	Amendment to the authorized signatories under Operations and Technology Cluster- Treasury Operations and International Services Operations thru the: Inclusion of following as authorized signatory/ies: Ms. Ma. Alicia C. Arnaldo	03-2016-19
3/31/2016	Appointment of Mr. Antonio C. Moncupa, Jr., President and CEO as proxy of the Bank for its shares of stock in East West Ageas Life Insurance Corporation (the "Corporation") during the Annual Stockholder's Meeting	03-2016-20
3/31/2016	Project Prince resolution for ASIA and PSPI	03-2016-21A
3/31/2016	Project Prince	03-2016-21
3/31/2016	Renewal & Increase of Standby Letters of Credit of Task Force Marketing, Inc.	TFMI 03-2016
3/31/2016	Renewal & Revolving Credit Facility of PAPI Security Inc.	PAPI 03-2016
4/28/2016	Declaration of Dividends	SP 04-2016-01
4/28/2016	Wilson Sy Group – Extension	wlsy 04-2016
4/28/2016	Audited financial statements of Trust Division as of and for the year ended December 31, 2015	04-2016-01
4/28/2016	Sale of various motor vehicles to the Bank's employees and their related interests	04-2016-02
4/28/2016	Reclassification of the vehicles which were booked under ROPA as assigned service vehicles to the Bank's Auto Repossessors/ Skiptracers as their mode of transportation	04-2016-03
4/28/2016	Authorize the Bank to increase of withdrawal limit on the account with BSP Davao Regional Office	04-2016-04
4/28/2016	Designation of a representative of the Bank to apply for and receive the cash advance refund amounting to P170, 298.18 from Meralco	04-2016-05
4/28/2016	Auto Loans Income Surrogates	04-2016-06
4/28/2016	Regulatory & Compliance Changes to PL Policy Manual	04-2016-07
4/28/2016	Secured Card Policy	04-2016-08
4/28/2016	Amendment to Restructured/ Special Payment Arrangement/ Re-write policy	04-2016-09
4/28/2016	Additional Authorized Signatories for Auto Loans Business- Customer Fulfilment to sign auto loans related documents and contracts	04-2016-10
4/28/2016	Officers Loan dated March 28 & April 04, 11& 18, 2016	04-2016-11
4/28/2016	Hiring of Senior Officer (Mr. Galang & Mr. Pamintuan)	04-2016-12
4/28/2016	Amendment to the authorized signatories for EastWest Banking Corporation Payroll (ATA) Account, both C/A No. 20198-000212-5 and S/A No. 10198-000022-7 maintained with United Coconut Planters Bank (UCPB) Valero Branch	04-2016-13
4/28/2016	EastWest Bank Table of Organization	04-2016-14
4/28/2016	Write Off Transactions dated April 18, 2016	04-2016-16
4/28/2016	Underwrite up to One Billion Pesos (Php 1,000,000.00) and act as a Co-Lead Manager in the issuance of Avala Land Inc	04-2016-17
4/28/2016	Management Action Triggers (MATs) for Select Regulatory Lending Limits	04-2016-18
4/28/2016	Follow-through on Internal Single Borrower's Limit (SBL) Proposal	04-2016-19
4/28/2016	Authorized traders for Trust Division	04-2016-20
4/28/2016	Amendments to the the EastWest Peso Short Term Fund	04-2016-21
4/28/2016	Granting of authorization, approving and signing limits to the appointed officers	04-2016-22
4/28/2016	Grant authority to use the corporate name- East West Leasing and Finance Corporation, a wholly owned subsidiary of the Bank, in its application and registration with the Securities and Exchange Commission (SEC).	04-2016-23
4/28/2016	Compliance with the criteria enumerated under item b of the subsection X376.5 of the BSP Regulations for major investments of the Bank	04-2016-24
4/28/2016	Manual on the Outsourcing of Banking Functions and Services.	04-2016-25
4/28/2016	Project Prince approval of the ASTA	04-2016-26
4/28/2016	OCS- Proxy to ewib	04-2016-27
4/28/2016	Organizational Committees	-
4/28/2016	Vetting of Credit Facility of Mr. SY (Vantage Equities)	wlsy 04-2016
5/26/2016	AASD- Sale of Repo vehicles to bank officers.	05-2016-01
5/26/2016	AutoColl-reclassification of vehicles to skiptracers	05-2016-02
5/26/2016	Underwriting of Ayala Corporation's bonds	05-2016-03
5/26/2016	Accreditation of GDD and Upbound tsp	05-2016-04
5/26/2016	Designation of Philpass Users	05-2016-05
5/26/2016	Appointment of Mr. Salvador to Transfer Agent	05-2016-06
5/26/2016	Accreditation of card mktg	05-2016-07
5/26/2016	Accreditation of aldemita mktg inc	05-2016-08
5/26/2016	Accreditation of finterest ventures	05-2016-09
5/26/2016	Accreditation of XCR Collections	05-2016-10
5/26/2016	Accreditation of Price solutions Phils Inc	05-2016-11
5/26/2016	Portfolio Quality Services as of 12312015	05-2016-12
5/26/2016	Amendment to baseline credit card app scorecard	05-2016-13
5/26/2016	Amendment on validity and recon	05-2016-14
5/26/2016	Credit policy manual addendum of provisions	05-2016-15
5/26/2016	Addendum to the delegation of authority	05-2016-16
5/26/2016	Hiring of Senior Officer (mr.victor de ocampo)	05-2016-17
5/26/2016	Retirement of Mr. Kimseng	05-2016-17A
5/26/2016	Officers loans dated April 25, May 02, 10 & 16, 2016	05-2016-18

5/26/2016	Updates on Documentatation of Stress Testing of Market risk exp and var models	05-2016-19
5/26/2016	Status Report of Material Cases of the Bank	05-2016-20
5/26/2016	EastWest Peso Bond Funds	05-2016-21
5/26/2016	Relocation of Lucena city store	05-2016-22
5/26/2016	Relocation of WackWack Branch	05-2016-23
5/26/2016	Write off transaction dated May 20, 2016	05-2016-24
5/26/2016	Amendment in the Composition of Trust, Audit and RPT Committee	05-2016-25
5/26/2016	Philequity Group (DOSRI)	WSY 05-2016
5/26/2016	Wealth Securities, Inc. (DOSRI)	WSY 05-2016
6/30/2016	Sale of Repo vehicles to bank officers.	06-2016-01
6/30/2016	AutoColl-reclassification of vehicles to skiptracers	06-2016-02
6/30/2016	Authority to Apply for BSP-Philpass Smart Card	06-2016-03
6/30/2016	NOCD facility	06-2016-04
6/30/2016	Dasma Store Cash Advance refund from Meralco	06-2016-05
6/30/2016	Relocation of Amorsolo -Aegis Store	06-2016-06
6/30/2016	Manual for Handling of process and policy-related requests from EastWest Rural Bank (EWIB)	06-2016-07
6/30/2016	Credit Card Dispatch, Delivery and Destruction Manual	06-2016-08
6/30/2016	Booking and Disbursement for Consumer Loans Manual	06-2016-09
6/30/2016	Manual for the access and administration of Bank Policies and Procedures Page-EWB Intranet	06-2016-10
6/30/2016	Credit Card Schemes Settlement Manual,	06-2016-11
6/30/2016	BSP Tabaco store	06-2016-12
6/30/2016	Additional authorized signatories for Personal Loan Promissory Notes Agreements	06-2016-13
6/30/2016	Accreditation of JK Collection and Recovery, Inc., and Vision Credit And Collection	06-2016-14
6/30/2016	Accreditation of 4 additional TPSP for autoloans	06-2016-15
6/30/2016	Unsecured Collections - CCPL booked on march april and may 2016	06-2016-16
6/30/2016	Unsecured Colections - CCAP IDR	06-2016-17
6/30/2016	Amendment to the 2016 MLPP	06-2016-18
6/30/2016	RPT Charter	06-2016-19
6/30/2016	RPT Policy	06-2016-20
6/30/2016	Write off transaction dated June 16, 2016	06-2016-21
6/30/2016	Promotion of senior officers	06-2016-22
6/30/2016	Officers loans dated AMay 23, 30, June 06,13 and 20, 2016	06-2016-23
6/30/2016	Merit &ps bonus	06-2016-24
6/30/2016	Hiring of Senior Officer (fernandez&almonite)	06-2016-25
6/30/2016	Hiring of Senior Officer (juanita ronas)	06-2016-25A
6/30/2016	Underwriting of 10-Yr Series "F" Fixed Rate Bonds due 2026 of SM Prime Holdings, Inc.	06-2016-26
6/30/2016	Amendment/Supplement to the Asset & Share Transfer Agreement	06-2016-27
6/30/2016	RMD MArket Risk limit for trading book	06-2016-28
6/30/2016	TD-Amendments to us dollate denominated	06-2016-29
6/30/2016	Authority limits of Ms. Arnaldo	06-2016-30
6/30/2016	Trustcom mins December 03, 2015 & March 10 & January 26, 2016	-
6/30/2016	Amendments of terms under Php5.0 Billion existing term loan of FDC Misamis Power Corp.	FDCMPC 06-2016
7/28/2016	Sale of Repossessed Car to DOSRI	07-2016-01
7/28/2016	Updated Matrix of BOG	07-2016-02
7/28/2016	Third Party Sales (TPSA) Agency Accreditation (Manual on Cards and Personal Loans)	07-2016-03
7/28/2016	Amendment to the authorized signatories of Naga Store	07-2016-04
7/28/2016	Appointment of Mr Guanio, svp, ITG head	07-2016-05
7/28/2016	Hiring of Senior Officers (tan &garcia)	07-2016-06
7/28/2016	Officers loans dated June 27, July 04, 11 & 18, 2016	07-2016-07
7/28/2016	Unsecured Collections - CCPL booked on june 2016	07-2016-08
7/28/2016	Amendment onPL policy on Credit Payment Rate	07-2016-09
7/28/2016	Write off transaction dated july 21, 2016	07-2016-10
7/28/2016	Status Report of Material Cases of the Bank as of June 2016	07-2016-11
7/28/2016	Additional Contract Signatories for Mortgage EEL SalaryLoans	07-2016-12
7/28/2016	SBLC fee reduction to Taskforce	07-2016-13
7/28/2016	Earnings at Risk (EaR) updates 2016	07-2016-14
7/28/2016	LTNC 1.OBN issuance	07-2016-15
8/25/2016	Sale of Repossessed Motor vehicles to DOSRI	08-2016-01
8/25/2016	Change Management Manual	08-2016-02
8/25/2016	Accommodation of Other Bank's Managers Check in T24 System Manual	08-2016-03
8/25/2016	Personal Loan Documentation and Release Manual	08-2016-04
8/25/2016	Check Image Clearing System for Inward Clearing and Check Image Clearing System for Outward Clearing Manual	08-2016-05
8/25/2016	Turn-in Process for Corporate and Wholesale Credit Card Applications; Personal Loan Top-up; Data Extraction for Credit Cards and Personal Loans Programs; Auto Loan Sales; and, Pre-screening and Payout Incentives for Personal Loan Applications Sourced from Store Channel Manual	08-2016-06
8/25/2016	Amendments to the 2016 MLPP	08-2016-07
8/25/2016	Credit Policy for Personal Loans by including thereon a Detailed Deviation Management Policy	08-2016-08
8/25/2016	Amendments to the Credit Policy for Personal Loans by changing the personal loan acceptance criteria	08-2016-09
8/25/2016	Write off transactions dated August 15, 2016	08-2016-10
8/25/2016	PLDT Certificate of Shares of Stock	08-2016-11
8/25/2016	HRG Loans dated July 25 and August 1, 8, and 15, 2016	08-2016-12
8/25/2016	Hiring of Senior Officers (Mr. Pobeda & Castillo)	08-2016-13
8/25/2016	Appoitment of Ms. Melise Arnaldo as Chief Finance Officer	08-2016-14

8/25/2016	Appointment of Mr. Jose Emmanuel U. Hilado as proxy and representative of EWLFC	08-2016-15
8/25/2016	Assumption of the SCB's Liability under the "Free & Harmless Clauses" Amendment Of Asset & Share Transfer Agreement dated May 27, 2016 between EWBC & SCB (ASTA)	08-2016-16
8/25/2016	Global Master Repurchase Agreement ("GMRA") with the Hong Kong & Shanghai Banking Corporation	08-2016-17
8/25/2016	Investment account with Philam Asset Management, Inc.	08-2016-18
8/25/2016	Investment account with Sun Life Asset Management Company, Inc.	08-2016-19
8/25/2016	Investment account with BPI Asset Management and Trust Group	08-2016-20
8/25/2016	Accreditation JEC Fast Serve Solutions Corporation	08-2016-21
8/25/2016	Updated authorized signatories for its Peso Current Account with the Bangko Snetral Regional Office 1	08-2016-22
8/25/2016	MCO Framework – Cash Flow Treatment	08-2016-23
8/25/2016	Restructuring of the Term of Loan of Ms. Julienne C. Guzman	08-2016-24
8/25/2016	Relocate/transfer temporarily the existing Standard Chartered Bank-Alabang Branch	08-2016-25
8/25/2016	accreditation of XCR Credit Collections Services as the external service provider	08-2016-26
8/25/2016	Gotianun Group: JYASPEN	DOSRI 08-2016
8/25/2016	Gotianun Group: Crescita United	DOSRI 08-2016
8/25/2016	Back-to-Back Loan Benito	DOSRI 08-2016
8/25/2016	Resignation of Mr. Renato K. De Borja	-
9/29/2016	Sale of Repossed Motor Vehicles to DOSRI	09-2016-01
9/29/2016	Reclassification of vehicles to Repossession Officer	09-2016-02
9/29/2016	Bank Marketing Outsourcing	09-2016-03
9/29/2016	Updated auth Sig for Bank Ops	09-2016-04
9/29/2016	Renaming of Store (Butuan J Rosales)	09-2016-05
9/29/2016	BSD Relocation of SCB Alabang Branch	09-2016-06
9/29/2016	Project Management Manual.	09-2016-07
9/29/2016	Authorized sig for BSP Dagupan Perez Store	09-2016-08
9/29/2016	Appointment of Mr Galang of Calamba Store	09-2016-09
9/29/2016	JEC FAST SERVE INCORP	09-2016-10
9/29/2016	RPT Transaction Stephanie Navalta	09-2016-11
9/29/2016	RPT Transaction 12- CLC Edmon Bautista	09-2016-12
9/29/2016	RPT Transaction Multi Dimensional	09-2016-13
9/29/2016	Outsourcing Price Solutions Philippines, Inc.	09-2016-14
9/29/2016	Accreditation of TPSP	09-2016-15
9/29/2016	Succession planning	09-2016-16
9/29/2016	Auto loans Delegation of Authority	09-2016-17
9/29/2016	EWIBI renewal of motor trade insurance	09-2016-18
9/29/2016	Updated authoized signatories	09-2016-19
9/29/2016	Write off transaction dated Sept.19, 2016	09-2016-20
9/29/2016	Table of org effective Sept 1, 2016	09-2016-21
9/29/2016	Adiitonal retirement committee signatory	09-2016-22
9/29/2016	Payroll account signatory	09-2016-23
9/29/2016	Officers Loan dated August 22 and 30 and September 5, 13, 19 and 26, 2016	09-2016-24
9/29/2016	Underwriting of bonds	09-2016-25
9/29/2016	Status of material cases as August 31, 2016	09-2016-26
9/29/2016	Contract Signatories for Mortgage EELoans	09-2016-27
9/29/2016	Amendment to RPT Policy	09-2016-28
9/29/2016	RPT Jesus Alcorido	09-2016-29
9/29/2016	RPT Tonichi	09-2016-30
9/29/2016	RPT Wilson Sy Group (EBus)	09-2016-31
9/29/2016	Risk VaR	09-2016-32
9/29/2016	SGS for the Conduct of Mystery Shopping	09-2016-33
9/29/2016	Incorporation of the IOM 2016-003 (Bank Case to be reported to the Board) dated January 31, 2016	09-2016-34
9/29/2016	Confirmation Trust Committe Minutes June 16 & July 19	-
9/29/2016	Treasury Accounts : Renewal of the facilities (CLEARSTREAM BANKING, SA. & EUROCLEAR BANK)	-
9/29/2016	Counterparty lines of the following local financial institutions	-
9/29/2016	BSP ALGON ENGINEERING CONS CORP.	DOSRI09-2016
9/29/2016	Mr. Antonio C. Moncupa, Jr. – Renewal of Revolving Credit Facility up to a maximum of 21.5 MM	DOSRI09-2016
10/27/2016	Sale of Repossessed Motor Vehicles to DOSRI	10-2016-01
10/27/2016	Acq Asset Outsourcing of Services to RG Financial	10-2016-02
10/27/2016	PHILPASS USER Issuance of Sec cert	10-2016-03
10/27/2016	BPPM Dev of Policies and Manual	10-2016-04
10/27/2016	BPPM HIVAIDS Prevention and Control Manual	10-2016-05
10/27/2016	BPPM Customer Service Standards Adherence Tracking Process	10-2016-06
10/27/2016	Compliance (Alternate Signatory- Broker Dealer) Mr Hilado and Ms Arnaldo	10-2016-07
10/27/2016	Unsecured Colections - CCPL booked on July and Aug 2016	10-2016-08
10/27/2016	Renewal of Accreditation of CCards and PL TPSA	10-2016-09
10/27/2016	Renewal of Accreditation of Credit Cards Business Div TPSP	10-2016-10
10/27/2016	AutoLoans CF Req for Sec Cert (Registry of Deeds)	10-2016-11
10/27/2016	CGCC Vetted Ms. Lourdes Blanquita B. Falcon (CBG2 Head)	10-2016-12
10/27/2016	CGCC 2016 Conduct of Self Assessment of BOD & Various committees	10-2016-13
10/27/2016	Distribution Group Manual	10-2016-14
10/27/2016	Write off transaction dated October 19, 2016	10-2016-15

10/27/2016	Officers Loan dated October 03, 10 and 17, 2016	10-2016-16
10/27/2016	Appointment of Atty Ona and Atty Buban as EWBC's auth rep in Spec Civil action	10-2016-17
10/27/2016	Status Report of Material Cases of the Bank as of September 2016	10-2016-18
10/27/2016	Additional HGC Guaranty line for 5 bn	10-2016-19
10/27/2016	Implementation of Mortgage Scorecard Model	10-2016-20
10/27/2016	RPT FDC two month extension of Credit facilities	10-2016-21
10/27/2016	Various Risk Management Policies	10-2016-22
10/27/2016	Accreditation of FI with corresponding counterparty lines	10-2016-23
10/27/2016	Audit - review of Philrem	10-2016-24
10/27/2016	Hiring of Mr. Jose Michael D. Tagle	10-2016-25
10/27/2016	2016 Annual CG Seminar	10-2016-26
10/27/2016	Outsourcing of CI and REM annotation to CCSI	10-2016-27
10/27/2016	Customer Service - TCF Policy	10-2016-28
10/27/2016	Treasury Accounts FI	10-2016-29
10/27/2016	Appointment of Mr. Hilado as Banks proxy and representative for ASIA	10-2016-30
10/27/2016	Account of Filinvest Development Corporation	DOSRI 10-2016
10/27/2016	RPT FDC two month extension Credit facilities	DOSRI 10-2016
11/24/2016	RMD ICAAP 2016	11-2016-01
11/24/2016	Sale of Repossessed Motor Vehicles to Dosri	11-2016-02
11/24/2016	Relocation SCB Alabang Frabelle	11-2016-03
11/24/2016	Relocation of Tagbilaran Store	11-2016-04
11/24/2016	Authorized Signatories for BDO-PDC warehousing	11-2016-05
11/24/2016	Unsecured Collections - CCPL booked on Sept 2016	11-2016-06
11/24/2016	Renewal of accreditation TPSP	11-2016-07
11/24/2016	CGCC Bank's Action Plan on BSP ROSE \$81M Bangladesh Heist	11-2016-08
11/24/2016	Amended Whistle Blowing Manual	11-2016-09
11/24/2016	HRG Loans	11-2016-10
11/24/2016	Status Report of Material Cases of the Bank as of October 2016	11-2016-11
11/24/2016	Mortgage Foreclosed Property (Xenus Farms)	11-2016-12
11/24/2016	Related Party Transactions - Alcordo	11-2016-13
11/24/2016	RPT Pre-settlement Risk Line and Revolving PNL (Philequity and Vantage)	11-2016-14
11/24/2016	Renewal of the Filinvest Group Facilities Php 7 Billion Omnibus Line	11-2016-15
11/24/2016	Renewal of Main Line Enterprises	11-2016-16
11/24/2016	Account for restructuring (Sittie Aynna-Mei Dianalan additional co borrower)	11-2016-17
11/24/2016	EW Trust Peso and US Dollar Trsut Settlement accounts	11-2016-18
11/24/2016	Authorized signatories for Trust Division as of October 24, 2016	11-2016-19
11/24/2016	Hiring of Mr. Sabot (SAVP,Head,Systems Development)	11-2016-20
11/24/2016	SCB Hiring of Senior Officers	11-2016-21
11/24/2016	TG Manual for Managing Financial Assets Debt Instruments	11-2016-22
11/24/2016	Mortgage Foreclosed Property (Kian Sun International Corp.)	11-2016-23
11/24/2016	Updating Auth signatories (BSP Davao Regional Office)	11-2016-24
11/24/2016	Write off transaction dated November 18, 2016	11-2016-25
11/24/2016	FDC renewalof credit facilities	DOSRI 11-2016
12/15/2016	Sale of Repossessed Motor Vehicles to DOSRI	12-2016-01
12/15/2016	Approval on the assignment of Sally Marie D. Macaraeg as additional nominee to the Board of Directors of Price Solutions Philippines, Inc. (PSPPI) – a subsidiary of EastWest Bank	12-2016-02
12/15/2016	Unsecured Collections - CCPL booked on October 2016	12-2016-03
12/15/2016	Endorsement of RPT Catherine Andaya Ilagan	12-2016-04
12/15/2016	Endorsement of RPT Cesarine Cordero	12-2016-05
12/15/2016	Endorsement of RPT JJose Segui	12-2016-06
12/15/2016	Endorsement of RPT Alfred Gotianun, Buban, et.al.	12-2016-07
12/15/2016	Endorsement of RPT Winnefred Lim	12-2016-08
12/15/2016	Endorsement of RPT Andrew Gerard De Las Alas Gotianun III	12-2016-09
12/15/2016	Endorsement of RPT Nina Bianca Gonzales, et.al	12-2016-10
12/15/2016	Revised DOA Auto Loans Collections Dept	12-2016-11
12/15/2016	Vetted Ms. Josephine Fernandez HR Head SVP	12-2016-12
12/15/2016	CGCC Vetted Ms.Abigail Tina Del Rosario Wealth Mngmt Head	12-2016-13
12/15/2016	RPT Loan Ms. Alnie Foja	12-2016-14
12/15/2016	Write off transaction dated December 09, 2016	12-2016-15
12/15/2016	Officers loan dated November 21, 28 and December 05, 2016	12-2016-16
12/15/2016	Write off of corporate Accounts	12-2016-17
12/15/2016	Status Report of Material Cases of the Bank as of November 2016	12-2016-18
12/15/2016	Amendment to RPT Policy	12-2016-19
12/15/2016	RPT Lease contract agreement	12-2016-20
12/15/2016	RPT Renewal of Credit Facilities EWRB	12-2016-21
12/15/2016	EWRB Renewal of Credit facilities	DOSRI 12-2016