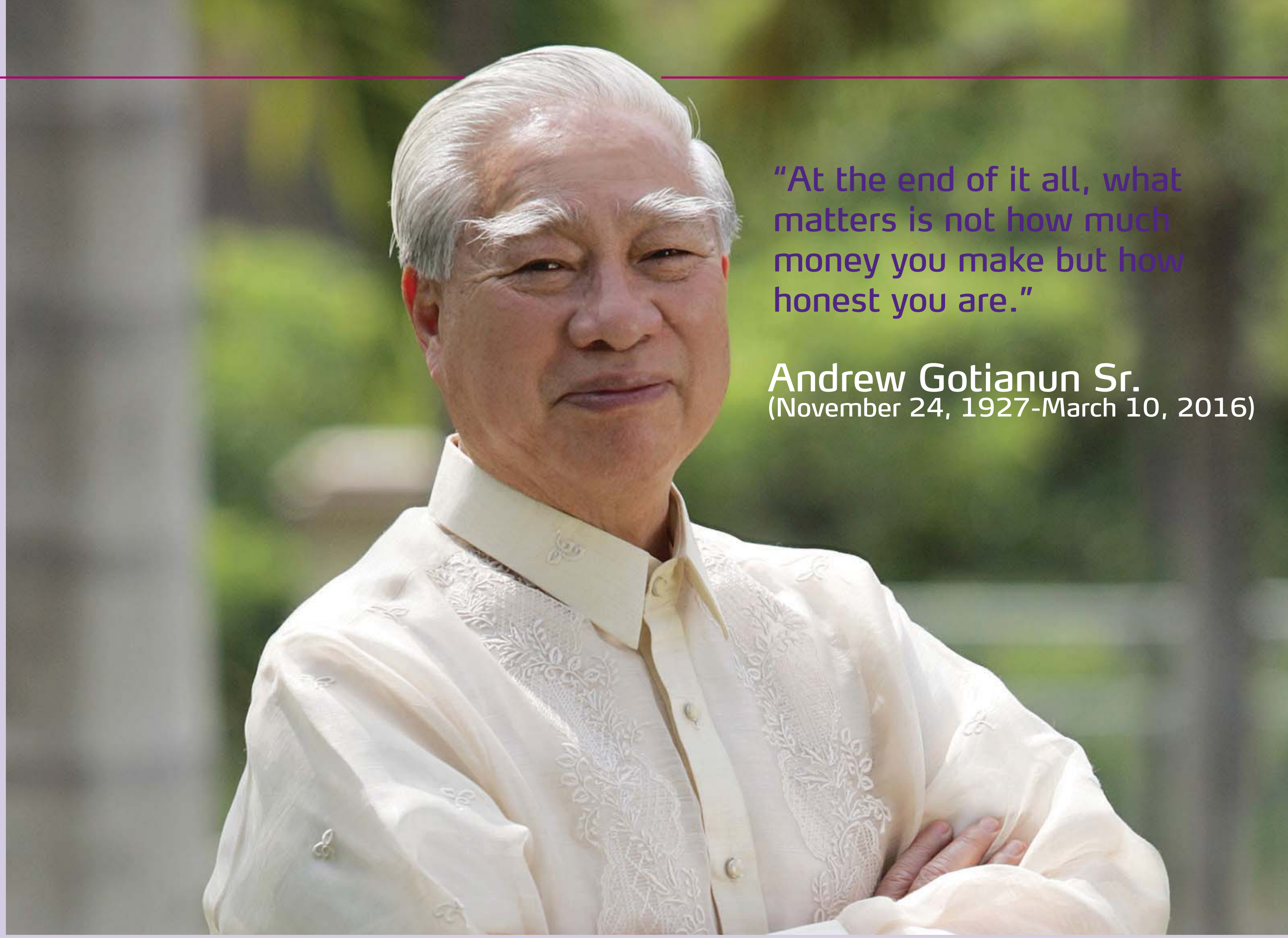
eastwest

2015 ANNUAL REPORT

#focusingonyou

From dreamer to builder of dreams



"Work hard, be humble, and above all, be fair and honest in all dealings with every customer and employee." Andrew L. Gotianun Sr., lived by this mantra. He was also an avowed dreamer who had professed, "I dream and envision what to do."

EastWest celebrates the life of a visionary who dreamed and worked hard to build EastWest, and through the Bank, had helped and continues to help countless Filipinos achieve their dreams.

It is no secret how the man who turned Filinvest Group into one of the country's largest and enduring conglomerates chased after his dreams and hurdled difficult beginnings to achieve such meteoric rise. "At the end of it all, what matters is not how much money you make but how honest you are," said Mr. Gotianun, who remained a humble Cebuano throughout his life.

Pursuing his dreams

Mr. Gotianun had always known the value of hard work and working hard for your dreams. A teenager during the war-torn years, he engaged in trading to help his family survive. After the war, he helped his father salvage vessels to revive their inter-island shipping business.

In 1947, his father sent him to Manila to study and this was where he met his wife, Mercedes. His father's untimely passing in 1949 forced him to drop out of college to take over the family business. He was only 21.

Being the breadwinner did not derail his plan to marry in 1950 and return to Cebu. The marriage was dubbed a match made in heaven: a tenacious college dropout marrying a gem of a lady who graduated from the University of the Philippines with a magna cum laude in BS Pharmacy.

But the shipping industry was unkind and volatile then, prompting the young couple to move to Manila in 1955, at which point they had already sold the shipping business. After relocating to Manila, they ventured into second-hand car financing, which later expanded into consumer financing.

Encouraged by their early success, the Gotianuns established Filinvest Credit Corporation, and later Family Bank and Trust Company (FBTC). Banking occupied a big place in his heart. Under his guidance, FBTC emerged as one of the largest financial institutions in the Philippines in the 1970s.

With a clear vision and strategy, Mr. Gotianun focused his energy and resources on residential real estate in 1967, a timely opportunity that gave the company a head start over other property developers. There were more roadblocks for the husband-and-wife team after the Aquino assassination in 1983, yet those proved to be temporary as they staged a comeback and turned Filinvest into one of the country's leading conglomerates today.

In 1994, he set up EastWest Bank, which is now a universal bank catering to the growing consumer and middle markets.

In addition to their core investments in the real estate business and banking, the Gotianuns now have a diverse portfolio of businesses that includes investments in utilities, sugar milling, and hotels.

Breaking down barriers

Yet part of Mr. Gotianun's legendary tale is the undoing of many traditional ways and the breaking down of numerous social barriers, including giving women a much-deserved place in the boardroom in the 1950s. He openly recognized his wife's immense contribution to their conglomerate's growth, and promoted equal treatment for men and women in business and elsewhere.

"I am the dreamer. She executes my ideas and made those dreams a reality," he would say of his wife, a testament to the quiet confidence and laidback, unassuming nature sheathing his strong business acumen.

Today, the businesses he started are run by professionals, which include his four children: Andrew Jr., Jonathan, Josephine and Michael, who serve in various capacities in the different Filinvest companies.

Building a legacy

Even after his retirement, Mr. Gotianun continued to build for the future. Aside from attending to the business on a day-to-day basis, he turned to the internet to keep up with trends and derive ideas for continuous innovation. He used his world travels to improve his companies' operations and worked tirelessly to seize the smallest opportunity.

At 88, Mr. Gotianun — the visionary and the builder of dreams — left behind a legacy that can withstand the test of time and be passed down through generations. And it is this legacy that EastWest hopes to focus on, so that generations of Filipinos will be able to live their life pursuing their own dreams.

#focusingonyou

For us at Eastwest, you, our customers, are the be-all and end-all of everything we do. Over the years, we have been expanding and strengthening our business to build a bank that is totally customer-focused. And in 2015, we further sharpened this focus by optimizing our branch store network, IT infrastructure, and people to render faster, better quality, more responsive, and more reliable service to you.

contents

vision

To be a world-class bank anchored on service excellence in our chosen markets.

mission

To create value:

For our chosen markets, by providing them with excellent service in the delivery of integrated and innovative products, responsive to their current and future financial needs, at the best value.

For our employees, by continuously providing them with opportunities to develop their full potential and by giving recognition and rewards commensurate to their contribution.

For our community, by committing ourselves to improving the quality of life of those around us through the support for various charities and involvement in outreach activities.

For our regulators, by uncompromisingly adhering to the highest standards of business ethics and corporate governance.

For our shareholders, by managing the bank professionally and prudently to consistently achieve optimal possible returns.

brandpillars

Insightful expertise directed towards your priorities.

We are dedicated to making banking easier.

Our entrepreneurial spirit to realize best potential.

servicepillars

Personable
Warm and positive attitude and personal concern for customer's well-being and business affairs but with genuine sentiment.

Dependable
Dedicated to making banking as easy as possible for the customer — taking the effort away whenever we can but with professional regard for due process.

Proactive
Active listening, offering the right information at the right time, considering what the customer needs but not thoughtlessly cross-selling.

East West Banking Corporation (EastWest) is one of the largest universal banks in the Philippines today.

We cater to the financial needs of consumers; the middle market, including small and medium scale businesses; and corporate customers.

As of end-December 2015, at your service are 6,074 EastWestbankers and EastWestRuralbankers, 433 stores and 579 ATMs nationwide, and alternative channels like EastWest Online.

Since 2012, EastWest has been trading under the symbol 'EW' in the Philippine Stock Exchange, allowing the public to participate in our success.

EastWest is a subsidiary of Filinvest Development Corporation (FDC), one of the country's leading conglomerates with a diverse range of interests from real estate, banking, sugar, hospitality/tourism to power generation.

For more information about EastWest, visit *www.eastwestbanker.com*.

yourbank@aglance

1994

July
Received commercial banking license from the Bangko Sentral ng Pilipinas (BSP)

2003

August
Acquired Ecology Savings Bank, Inc.

2009

March
Acquired AIG PhilAm Savings Bank

2011

August
Acquired Green Bank of Caraga, Inc.

November
Received universal banking license from the BSP

2012

February
Received Best Commercial Bank in the Philippines Award from the *Global Banking & Finance Review*

May
Held an Initial Public Offering — the first by a Philippine bank in eight years

June
Acquired Finman Rural Bank, Inc.

December
Embarked on an aggressive branch store network expansion plan and opened 123 new stores throughout the year

2013

July
Earned five distinctions from the 2012 Visa Performance Awards

September
Ranked among the world's Top 1,000 Banks by London-based publication, *The Banker*

October
Launched EastWest Travel Money, Southeast Asia's first multi-currency prepaid card

November
Nominated in the Asian Business Leaders Awards (ABLA)

2014

November
Included in the Top 10 Strongest Banks in the Philippines by *The Asian Banker*

Upgraded its core banking system to Temenos T24 to support its growing customer base

December
Exceeded the committed 350 branch stores by opening 58 new stores throughout the year, bringing its total consolidated branch store network to 405 by end-2014

2015

May
Held a Stock Rights Offering and raised Php8 billion in fresh capital

Entered into a joint venture with Ageas Life to establish a bancassurance company

September
Granted a license to operate EastWest Insurance Brokerage

Received Highest Debit Payment Volume Growth, Highest Consumer Credit Cards Growth, and Highest Consumer Credit Payment Growth awards from VISA

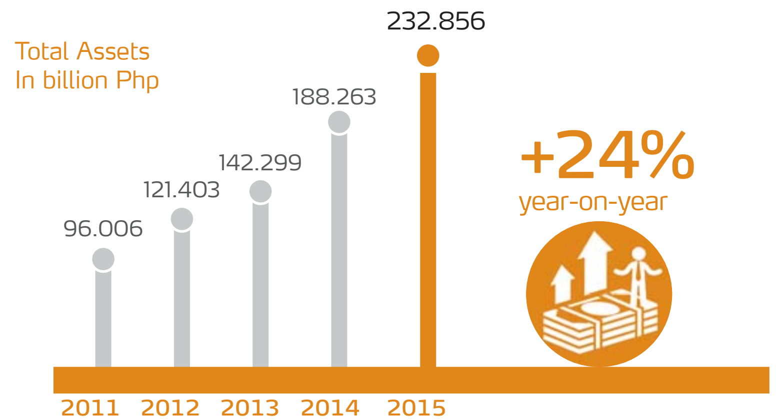
October
Received Best Growth Achievement award at the 23rd Asian Cards User (ACU) Conference

Stronger and more focused

We continued to post healthy growth in our core banking operations in 2015. Now, EastWest has a stronger foundation to better serve your financial needs.

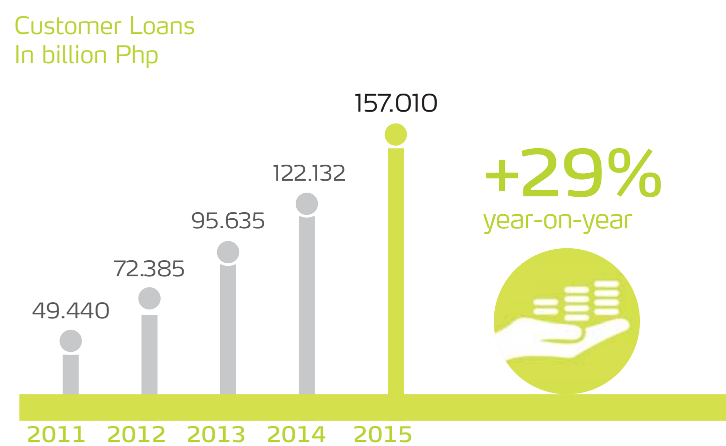
Size

Total assets expanded by 24% to Php232.9 billion. With a bigger branch store network — 433 nationwide — we were able to grow our customer base, which consequently drove up our loans and deposits portfolio by 29% and 25%, respectively.



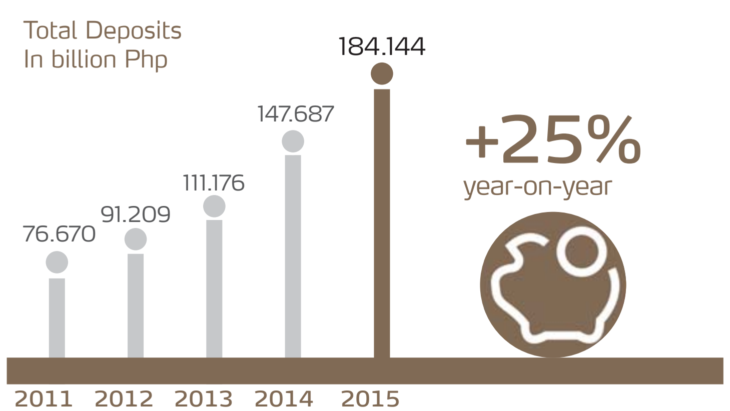
Loans

Customer loans grew by 29% year-on-year to end at Php157.0 billion. We remain focused on growing our consumer and mid-market corporate loans, with consumer loans still taking up more than half of total customer loans at 58%.



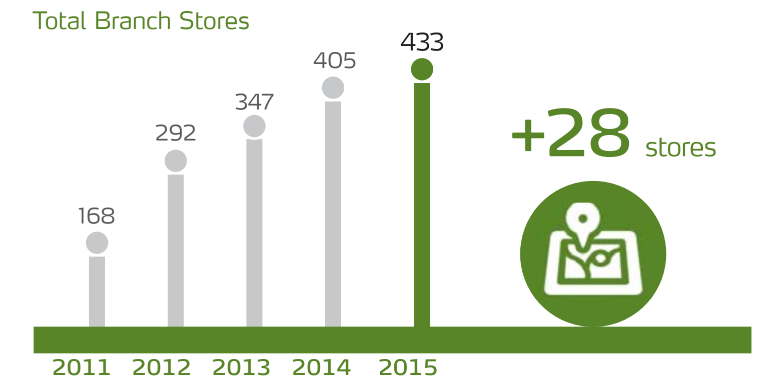
Deposits

Deposits rose 25% to Php184.1 billion. The growth is largely attributable to the expanded branch store network, as reflected in the 32% increase in our low-cost deposits to Php93.2 billion.



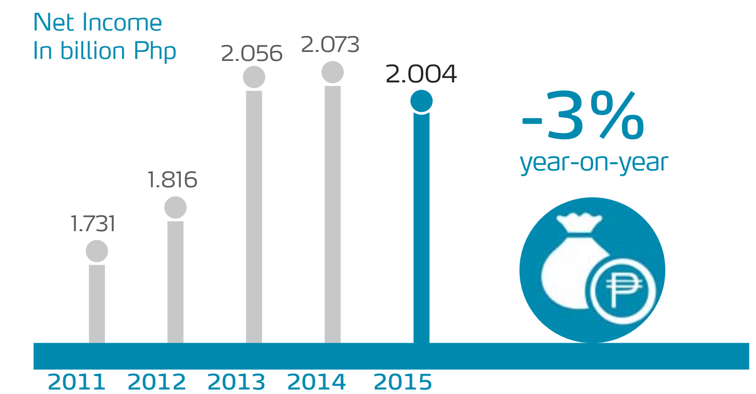
Network Reach

We have more than doubled our branch store network to 433-strong by end-2015 since embarking on an aggressive expansion in 2012.



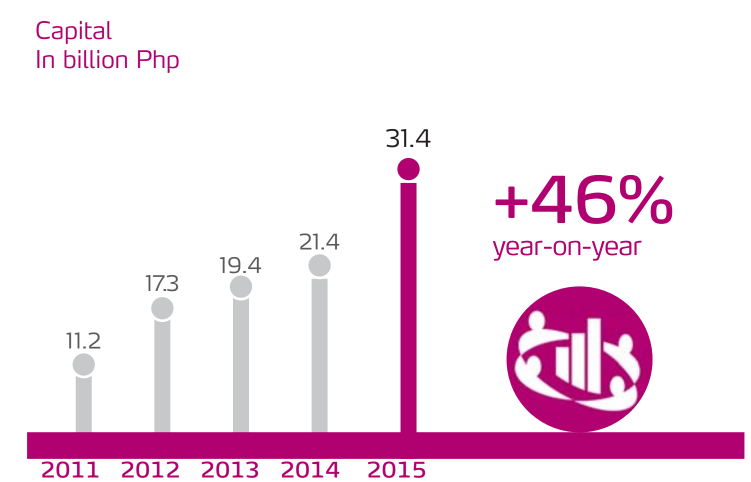
Net Income

Net interest income increased 23% to Php12.3 billion as a result of the 29% growth in lending, which allowed the Bank to continue enjoying an industry-leading net interest margin of 8.0% — more than two times higher than industry average. Net Income stood at Php2.0 billion, 3% lower versus 2014 due to lower trading gains, higher credit provisions, and higher tax expense.



Strength

Our capital rose by a dramatic 46% to Php31.4 billion after raising Php8 billion through a stock rights offering in May 2015. Our capital adequacy ratio (CAR) under Basel 3 remains more than adequate at 15.6% as of end-2015, while our Tier-1 ratio stood at 12.4%. Our Tier 1 capital is composed entirely of common equity.



The business of banking is all about trust, and that's why strategic clarity is very important. This means thinking about the future through the lens of the customer — focusing on what you need, offering you better value, and delivering it in the most convenient way possible, regardless of where you are, and when or how you want to bank. And this is where all our passion, ideas, determination, and drive revolved in 2015: focusing on you.

Across our 433-store network and through our more than 6,000-strong workforce, we handle hundreds of thousands of customer interactions. All our efforts are geared towards giving you our undivided attention each day. We are listening, learning, and leading the way for you and that's simply because your dream is our focus.

This might sound like a tagline, but it's not. Fulfilling this customer promise is key to our future success. We still believe that if we take care of our customers, everything else will follow. And this is why every year, our entire organization goes through the rigor of re-imagining your experience dealing with EastWest Bank and constantly asking ourselves: "Who are we serving? What are we trying to do? How can we serve you better?" To remain relevant to you, we must embed a culture of service to build a world-class bank, and this will be our unending journey.

Our operating environment

As we respond to the accelerated pace of change across the banking industry and in the local and global market environments, we always have you in mind. And 2015 was no different.

Even amid the continuing market volatility, and the tightly regulated and feverishly competitive business environment in which we operate, we relentlessly pursued our mission to serve you better every day. We must admit though that this mission became even more challenging in 2015. With interest rates still hitting rock bottom, opportunities to make hay out of trading has remained slim and this consequently affected our bottom line.

We are also just starting to realize the full impact of our aggressive store network expansion.

While it was another challenging year overall, we still saw signs of continuing growth, particularly in the consumer-driven market segments that we serve. Despite recording a slower growth of 5.8% in GDP in 2015, the Philippines has remained among the fastest-growing economies in Asia, next to India, China, and Vietnam. The services sector — growing at 6.7% compared to the 5.9% in 2014 — was still the largest contributor to our economic growth. The sector benefited from the boom in real estate, renting, and business activities, which include the business process outsourcing (BPO) industry. Boosting the economy, too, was the double-digit expansion in construction, which pulled up the growth in the industry sector.

Within our industry, we are starting to see dramatic changes in the financial landscape. However, this was more as an offshoot of tighter regulations on Philippine banks to keep the financial system healthy than the impact of the entry of more foreign players and the integration of the ASEAN economies starting in 2015.

Growing our focus

While we operate in a market environment that is highly dynamic, ever changing, and constantly challenging, we must never lose sight of the very reason why we are in business: to serve you.

While we operate in a market environment that is highly dynamic, ever changing, and constantly challenging, we must never lose sight of the very reason why we are in business: to serve you.

The evolution of technology is leading to unprecedented changes all around us. With more knowledge, more options, and more channels, our customers are also more discriminating, with demands that are getting more complicated. For us, this is the new battleground: customer service.

Over the past eight years, we have invested heavily in focusing customer proposition on three key areas: accessibility, assortment, and experience. Each dimension is important, and we take a holistic view.

Accessibility: Stores and channels to reach you at your convenience

We took on the uncharted journey of opening 100 stores a year when we embarked on an aggressive store expansion program starting in 2012. At the end of 2015, EastWest had the fifth-biggest branch network in the industry, excluding subsidiaries, and 7th overall with subsidiaries. Beyond the confines of our stores nationwide, you can also use our alternative channels such as our ATMs, phone and internet banking facilities to do your banking transactions conveniently and securely anytime, anywhere.

Assortment: Products and services to meet your financial needs

We have also made a significant investment in upgrading our IT infrastructure by migrating to a new core banking system, Temenos T24. This cutting-edge technology allows us to offer a wider range of products and services relevant to your financial needs.

We also ventured into the insurance business in 2015 by teaming up with the Belgium-based Ageas Insurance International N.V., a global insurance firm, to form a new life insurance joint venture company in the Philippines. We see great promise in cross-selling insurance products that will help our customers secure their financial future.

Experience: Making us your Bank of Choice

The introduction of a revitalized EastWest brand in 2012 has also captured the imagination of our employees and customers alike. The challenge for us is to make "Your Dream. Our Focus." resonate with all of us in the organization so that it guides our culture of service.

We have been investing heavily in training so that our employees' dedication and commitment to our customers will continue to be the driving force in our performance. I thank our employees for all they have done so well in the past years, but we can do more. At the end of the day, all our investments in modern technology and new stores are there to serve our customers — but everything rests on our people.

Our goal is not just about serving what we think our customers need; it's about truly understanding what our customers define as excellent customer service and product delivery — understanding service from the perspective of our customers.

Our goal is not just about serving what we think our customers need; it's about truly understanding what our customers define as excellent customer service and product delivery — understanding service from the perspective of our customers.

We are compelled to create a new way of banking — one that puts the customer at the heart of everything we do — to respond to heightened competition that is always moving fast and gaining ground. This is an unending process for a bank like EastWest that is young, agile, and proactive.

Moving ahead with you

The coming year will be a period of dramatic changes and great anxiety: locally, with the national elections in May and the change in political leadership that will impact on our future growth; and globally, as the markets strive to come to grips with a more economically and politically volatile world.

We at EastWest look at a growth trajectory driven mainly by the consumer and middle market sectors.

As a sign of optimism for our future growth, EastWest raised as much as Php8 billion in additional common equity tier-1 capital through a rights offer in May 2015. The new capital will give us a more confident stride to continue our growth momentum.

Our industry is seeing unprecedented change and Management has done tremendous work to build an even better bank, including significant and thoughtful investments in technology to enable and simplify the customer experience. This unwavering focus on our customers is the foundation for our sustained success in the long term.

On behalf of the Board of Directors and the Management Team, I thank our customers — whose relationship we truly value — as well as our employees who work hard to deliver strong results. And thank you, our shareholders, for your continued confidence and support.

JONATHAN T. GOTIANUN
Chairman

At the end of the day, it is all about anticipating how things will evolve, aligning your vision, and being bold enough to make that vision a reality. It is seeing the sun at 4 a.m., as you know it will definitely rise, and not waiting till 7 a.m. when everybody sees it shining bright.

EastWest President and CEO Antonio C. Moncupa Jr. talks about transforming EastWest into a more customer-focused organization and winning in the competition for customers' hearts and minds.

Are you now starting to reap the benefits of the store expansion program you started in 2012?
Yes, we are. We are making great progress. We have now completed Phase 1 of our store expansion with 433 consolidated stores as of end-2015. And we are now into the consolidation phase. I must tell you though, that we continue to bear the costs of the expansion.

Increasing our store network from 168 in 2011 to 433 by end-2015 and our manpower from 3,425 to 6,074 did not come cheap. It is not surprising that not many tried to expand at the same break-neck pace. Costs are upfront, while revenues only come after nurturing the stores to maturity. The cost recovery period is also taking a bit longer due to the lower loan margins, as interest rates hovered at historical lows in the last few years and are expected to remain low moving forward. The country's good economic prospects have also encouraged many banks to expand, resulting in stiffer competition for customers and talents.

So why did you embark on such an ambitious store expansion program?
It was something we needed to do to be competitive and realize our objective of becoming a major player in the industry. In 2010, we reaffirmed our intention to grow and be a more relevant bank. We thought that, due to globalization, improved monetary management, and improving fiscal environment, interest rates will find a 'new normal' which was much lower than it was ten years before. We also believed then that better economic prospects will heighten competition. With these two expectations, margins will be under pressure. And as a retail bank, the only way out is to improve economies of scale. Getting bigger to the point of having competitive scale is the only way to compete.

Thus, it was really a necessity to embark on an expansion program. And we thought it was important to move ahead, as everybody will eventually do the same thing. That way, we can get better store locations and get onboard the much-needed talent.

At the end of the day, it is all about anticipating how things will evolve, aligning your vision, and being bold enough to make that vision a reality. It is seeing the sun at 4 a.m., as you know it will definitely rise, and not waiting till 7 a.m. when everybody sees it shining bright.

Now that you have already exceeded your target of 350 stores, does this mean you will no longer open more?
We will slow down the pace and focus more on consolidating what we had built. We set 350 as a target because we believe that, with such a number, we will have covered the whole country comprehensively and be able to offer convenience to our customers. And now that we have done that, we shift our priorities towards improving our competencies, reviewing our processes, tightening the screws on governance, and aligning organizational values to ensure that everybody moves towards common objectives. The end of it all is to serve our customers better and offer them more value. If we are able to execute well, the maturation process of our stores should happen sooner.

So what is your strategy to meet growing competition, especially from foreign banks?
First, and we have done most of these, is to ensure a competitive platform. Meaning, we have to put in place the necessary groundwork: stores, IT, and other infrastructure. And then the game shifts to execution.

When you think about it, it is about people. It is about values, attitudes, and competencies. You know you have these when you can serve customers well — when you have the right processes and efficiencies which allow you to serve customers faster, with less mistakes and at competitive prices. In the end, there is really no magic formula. In business, competition is about trying to be better than your competitors. Eventually, if we are able to execute well, we should be serving more customers, booking more business, and then expanding our balance sheet and earning fair returns for our shareholders.

In 2016, we expect to further strengthen the foundation we have built. We also expect significant improvement in efficiencies as the balance sheet continues to grow and our stores mature. We expect to reap the early fruits of the expansion sacrifices of the last three years.

How did the Bank perform in 2015?

We performed to our expectations. We expected 2015 to be a year when we will continue to lag behind our competitors in income metrics. We knew that the operating costs of the new stores will bite. We knew that it will take time for business to build up. It did not help that interest margins continue to trend downward to historical lows. Our balance sheet is still small relative to the infrastructure and the headcount of the organization. To keep it growing, we have to raise more capital. The Php8.0 billion in fresh capital in the May 2015 stock rights offering further lowered our return on equity or ROE.

Aside from higher operating costs, 2015 was also the year when trading income, not only in EastWest but in the whole industry, was generally lower. We also paid more taxes and booked higher loan loss provisions. All these led to an income of Php2.0 billion, 3% lower than in 2014.

The good news is, the bank continued to strengthen the foundation for better future results. Loans expanded by 29%, led by the 38% increase in consumer loans and 18% rise in business loans. Deposits went up by 25%. EastWest continues to have the highest proportion of consumer loans at 58% of total loans among universal banks. We thought this is significant as it is harder to build consumer loans. Our efforts are gaining traction in this segment. In this context, the higher loan loss provision in 2015 is the cost of building this key competitive anchor.

The business growth, while still not enough to cover the costs of expansion, translated to significant gains in revenues. Net interest income went up 23%. Our net interest margin of 8% — 5.3% after provisions — was the highest among universal banks. Core revenues, or revenues excluding trading, were at Php15.9 billion or 15% higher than in 2014.

How do you see the Bank's performance in 2016 versus 2015?

We believe the worst of the expansion's negative effects are behind us. In 2016, we expect to further strengthen the foundation we have built. We also expect significant improvement in efficiencies as the balance sheet continues to grow and our stores mature. We expect to reap the early fruits of the expansion sacrifices of the last three years.

We will be sad if income does not increase by at least 30%. The improvement in income will be bannered by the core business of deposits and loans. We expect to build on our momentum in consumer loans, particularly in Auto and Personal loans, and deposits. We hope to have a better performance on our corporate loans. All these balance sheet buildup should result in above-industry growth in core income, particularly in net interest income and recurring fee income.

On the other hand, we will continue to sow the seeds for the future by expanding our products and services. In 2016, EastWest Ageas Life, our joint venture with leading Belgian insurer Ageas, should start operations. We are excited to see this new company, which will also be known as Troo, start operations. Why Troo? You will find out when it starts its innovative approach to insurance by early second quarter of 2016.

We will continue building our wealth management, trust, non-life insurance brokerage, and investment banking businesses that saw renewed emphasis in 2015. While these businesses are not expected to generate significant contribution yet, they complete the Bank's product lines to respond to the needs of our customers.

Are you confident that you will continue to win the heart of your customers?

I can tell you that I am confident that we will give it our best shot to deserve the trust and loyalty of our customers. We have the tools and the wherewithal to make our brand promise – 'Your Dream. Our Focus.' – a reality. We also believe we have the necessary competencies to match wits with our competitors. While we could still fail, it will not be for lack of trying. We will always try to keep our feet firmly on the ground to understand our customers better. More importantly, we will strive to tread 'the straight and narrow path' and be fair to our clients. And we hope that with all these, we will really deserve the patronage of our customers.

ANTONIO C. MONCUPA JR.
President and CEO

Your dream, our focus

Every day, we at EastWest get up with a passion for making a lasting, positive difference in your lives by meeting your financial needs and helping you realize your dream of a financially secure future. As we do, we continuously improve on our operations to provide you with faster, better-quality, and more reliable service.

RETAIL BANKING

Our Retail Banking is our direct connection to you. Our Group's network of 433 stores and 579 automated teller machines give you easy and convenient access to the EastWest products and services you need.

In 2015, to serve more customers in more areas, we opened a total of 28 new stores (20 for the unibank and 8 for the rural bank), installed 46 new ATMs in onsite and strategic offsite locations, and enhanced our internet banking facility, EastWest Online (formerly NetAccess).

With a wider network and more intensified sales and store marketing efforts, deposits grew 25% to Php184 billion and the number of debit and prepaid cards issued also increased substantially — 34% growth for debit cards, 12% growth for prepaid cards, and 22% growth for gift cards.

433

5th largest branch store network (parent bank only)

28 stores opened in 2015

ATMs

46 new ATMs in 2015

Clockwise from right: Engr. Michael Garcia with daughter Mary Heart, wife May, son John Mark, and daughter Maria Michaela

#buildingdreamhomes

Consumer loan client Engineer Michael Garcia of Las Piñas City shares his personal experience with EastWest.

Running a property development company, along with raising three children with my wife, requires peak energy and performance. I need all the help I can get.

This is why I consider banking with EastWest as one of the best decisions I've made. I've been a client for almost four years now and EastWest remains my bank of choice for consistently providing me with convenient, fast, and quality service.

Since I started to earn on my own as a licensed civil engineer, I've been looking for a good bank that can offer maximum benefits and take good care of my hard-earned money. The stakes became higher in 1999 when I founded J4M Garcia Corporation, a Las Piñas-based realty development firm that is now home to 60 full-time employees.

Banking is an integral part of my life as a family man and as an entrepreneur. Through EastWest's mortgage loans, I was able to build my family a home and quality residences which became other families' dream homes.

When I ventured into bigger projects like townhouses, beach resorts, commercial buildings, and dormitories, I counted on EastWest for financing. EastWest was also instrumental in fulfilling one of my biggest dreams so far—a 1.8-hectare private resort in my native town Santa Cruz, a haven for my family and for people who seek peace, quiet, and relaxation. My wife May has been managing the resort, which we named Dos Marias after our two daughters, for two years now. I'm confident EastWest's loan will also help me in my forthcoming foray into low-cost residential development in a 26-hectare lot in Bulacan.

I'm also a depositor and a credit card holder of EastWest and I feel like a V.I.P. every time I deal with my store of account or use my credit card. All my transactions are handled efficiently and professionally.

And when the occasional problem arises, the store personnel are always happy to assist. I even get timely notifications whenever my credit card is about to reach its maximum limit.

More than the bank offerings, the people of EastWest make me feel special. Some have become assuring and familiar faces, and would go the extra mile with a smile. Now that's real service!

CONSUMER LENDING

The continued economic growth and consumer confidence drove more Filipinos, especially from the growing middle class, to pursue their dream of buying a car, owning a home, or financing their personal needs.

Auto Loans

Our Auto Loans business grew by a phenomenal 72% in 2015, placing EastWest as the fourth leading bank in the auto financing industry. The success of the business is brought about by the strong alliances built over the years with key industry partners, along with the robust car sales industry, which grew by 23% in 2015.

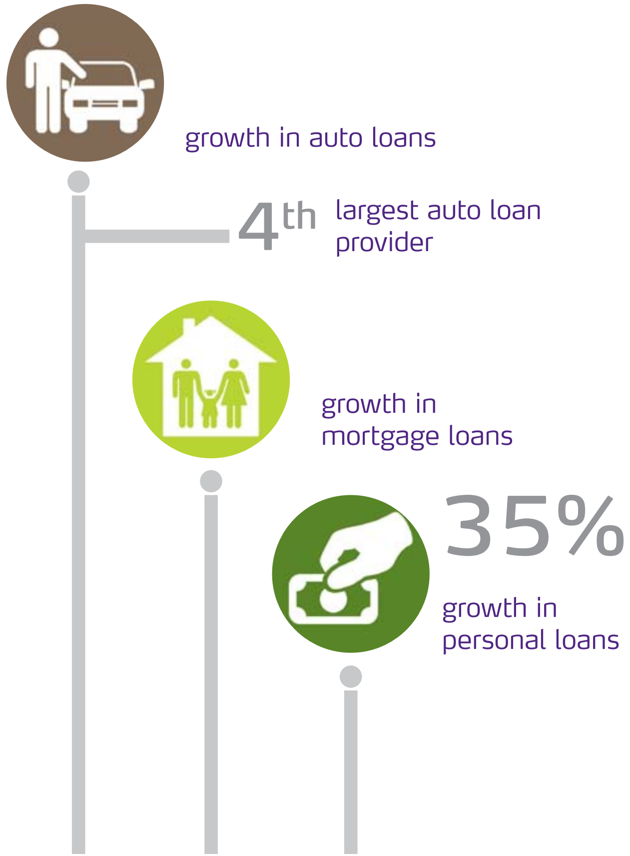
To sustain this momentum, expansion of provincial business centers are underway, as well as system enhancements to provide more efficient and seamless transactions. On the marketing front, more dealer-centric marketing programs will be implemented to provide top of mind awareness and preference.

Mortgage Loans

Buying a home is one of the greatest aspirations of Filipinos, and for most, home financing is the way to go. This continued to bode well for our Mortgage Loans business, which grew 17%, as we beefed up our efforts to reach out to more home buyers. Of the total volume, real estate developers contributed 55% while our stores accounted for 45%.

Anticipating higher demand for properties in the coming years that will result in the establishment of more housing projects within and outside of Metro Manila, we continued to expand our roster of accredited developers in 2015 to include the biggest names in the real estate industry.

In 2016, we will intensify our partnerships with major developers and extend our reach in provincial areas where the key developers are aggressively developing projects. We will also sustain our marketing efforts in our stores and improve our processes to make it faster and more convenient for even more first-time buyers to become happy homeowners.



Personal Loans

Our Personal Loans business grew by 35% from 2014, making EastWest one of the major personal loan providers in the country today.

We attribute our rapid expansion to several factors, including our strong marketing and brand building initiatives, bigger third-party sales force, and wider geographic reach to make our product offerings more accessible to you. We also improved our turnaround time for loan processing and have started to offer more convenient loan disbursement options through our expanded store network.

Our Personal Loans business foresees to continue its growth momentum in 2016. This will be made possible by our continuous brand-building campaigns and programs that will empower borrowers to choose their preferred benefits.

Starglow Center for Academics & Arts owner and school directress Helena Golez with her students

#nurturingyoungminds

SME loan client Helena Golez, owner and school directress of Starglow Center for Academics & Arts in Kalibo, Aklan, shares her experience with EastWest.

When I started as an EastWest customer about eight months ago, I knew I was getting into something fruitful and rewarding and that the Bank could help us go full speed ahead in our expansion and marketing plans for our private school in Kalibo, Aklan.

I come from a teaching background and was raised by a family of educators. Our family-run teaching institution, Starglow Center for Academics and Arts, opened in 2000 with only 15 students. On our third year, we broke even with our 75-student count; today, our school has a two-storey main building that serves kindergarten to high school levels. Next year, we plan to offer grade 11 classes.

It was a tough first couple of years. We rented two previous locations before finding our current site, which includes a soon-to-be completed four-storey building to accommodate senior high school students.

But the rewards are sweet: we are locally and regionally recognized for our quality education. Our students are winning local and national competitions that put their skills and smarts to the test.

We continue to advocate holistic learning, where students get their fair share of in-classroom knowledge and real-world, practical, and creative abilities.

As the school directress and chief executive officer of this corporation, I am direct witness to the rapid growth of the Starglow family, confident that we will reach our target — from the current 480 students to 600 next school year. None of these would be possible without my partnership with EastWest Bank which has grown to be a cornerstone of our business success.

My SME loan with the bank enabled us to improve and expand our main building, which hosts our well-equipped classrooms, laboratory, multi-purpose halls, mini-gym, and in-house resource center, to name a few facilities. EastWest helps our school grow tremendously and seize every opportunity that comes our way.

More than the easy, convenient loan facility, it is a combination of EastWest's products, people, and processes that draw me in. Deposits and other transactions are fast without sacrificing grace – as shown by the tellers and the bank manager who all cater to customers with joy and genuine concern.

If everybody is doing it, it must be EastWest's own culture!

6%

growth in credit card billings

5th

biggest credit card issuer

Credit Cards

Amid the tighter regulatory landscape, we continued to make headway in our Credit Cards business. Accounts receivables increased 6% in 2015. However modest, this was still the fourth highest in terms of amount among the major credit card players in the market.

By offering our customers more flexible payment terms, various installment promotions, and exciting perks on shopping, dining and leisure, and giveaways, EastWest Credit Cards was able to maintain a market share of 12% and keep its spot as the fifth largest credit card issuer in the market dominated by large universal banks and multinational banks.

Thanks to our cardholders who continue to rely on EastWest Credit Cards for their purchases and payments, we received two awards from Visa International in 2015 for our Visa Classic Credit Card variant: Highest Consumer Credit Cards Growth and Highest Consumer Credit Payment Growth. EastWest has been a consistent recipient of similar distinctions for the past four consecutive years.

We also received the Best Growth Achievement award for our Credit Cards business at the 23rd Asian Cards User (ACU) Conference in Xian, China. The ACU Conference gathers experts from all over the region to share knowledge, best practices, as well as new trends in card payment technology.

To sustain this performance, we have begun developing new channels to reach more customers, with greater focus on our expanded store network. We will also continue to run programs aimed at encouraging cardholders to optimally use their EastWest Credit Cards.

CORPORATE BANKING

Amid very competitive market conditions in 2015, we sustained the growth momentum of our corporate banking business by building and deepening our relationships with our corporate, commercial, and SME clients. Corporate loans, which are mainly in the middle market sector, increased 18% to Php66 billion.

Our client base grew 16% in 2015 and mostly reflected the strong growth in the regions, thanks to better spreads in the provinces and better coverage via our regional centers.

We continued to cater to the middle market, which constantly spurs great activity and business in this area. And since it takes time to nurture this market segment, we intensified our sales efforts in 2015 and invested more time, resources, and manpower into newfound partnerships.

In 2016, we are gearing up to grab more market share, capitalizing on our efficient layers of service that translate to faster approval process and our growing team of highly skilled account officers that enables us to give you greater time and attention.

18%

increase in corporate loans

16%

growth in client base

Tobie International general manager Peter Lim Go (left) and brother Henderson Go, president and GM of TMI Food Processing and Devt.

#gearingupforgrowth

Peterson Lim Go, general manager of Tobie International, a sister company of TOBI Marketing Inc., the company behind Tobi's Nuts, shares the story behind the growth of his family's business and its enduring relationship with EastWest.

To work for peanuts is a popular expression that means to work for a very small payment. My father, Andres Go, started just like that — literally.

I was 12 years old when I began my training in the company, doing menial jobs during summer breaks in my father's backyard business that started on a P6,000 capital he borrowed from a friend. He acquired a secondhand jeepney with it, and with the balance he bought *champoy* (Chinese dried plum candy), *butong pakwan* (watermelon seeds), and peanuts from Divisoria and repacked them at their family home on Remedios Street in Malate, Manila.

Not content with his repacking business, my father explored ways to make flavored peanuts and automate the production process using his knowledge as a mechanical engineering graduate of Mapua Institute of Technology. Whatever small profit he made, he rolled them over as capital until his business grew that he began to enlist the help of his three other brothers and buy a jeep for his deliveries.

Eventually, my father had to part ways with his brothers. He entrusted the manufacturing side of the business to my younger brother, Henderson, and the procurement side of the operation to me. At 72 years old, my dad is still hands-on when it comes to quality control. He makes sure that the products that come out of our factory are of the same quality that our customers have trusted and loved. My dad got the company's brand name TOBI from a French magazine, which incidentally, also sounded like "many flavors" in Chinese. We have been making peanut-based products and supplying them to supermarket chains, convenience stores, restaurants, hotels, and airlines for more than 50 years.

We started expanding in 1999 when we used a loan from EastWest Bank to buy new packing equipment and additional machinery. We also hired a company to professionally redesign our packaging, and added new product lines. We were very happy with our relationship with the Bank that we again tapped them for a bigger loan in 2011, which we used for additional inventory for our exports to Asia and the Middle East.

Being a second-generation client of EastWest, I have already dealt with three account officers. While our business has faced many challenges and thrived, the people at EastWest have remained very helpful and accommodating with our commercial loan requirements. This is why EastWest has remained one of Tobie's primary banks.

My father has always shown me the importance of keeping an unsullied reputation. He told me about the time he received a check amounting to P5,000 from a storeowner who was supposed to pay only P500. His client did not have the habit of keeping receipts so he called my father "stupid" for returning the check. My father, however, insisted on making it right because he believed in maintaining a good name rather than in accumulating great wealth. This philosophy has guided my brother and I in running our businesses. It has also become our standard for choosing the companies we deal with.

A good and reputable partner is important to us, and this is why we chose EastWest.

INVESTMENTS

Our Investments Cluster provides money market and treasury services to our retail and wholesale customers and Investment Banking services for corporate clients. Through this Cluster, we are able to provide you with wider options to diversify your investment portfolio or manage your personal finances by giving you advice or helping you access products in the capital markets.

In 2015, we strengthened our ability to sell investment products by expanding our Distribution Group to better serve our stores and ultimately the clients. Our investment advice creates value for our clients and helps them manage their risk and understand opportunities in the markets despite the volatility.

We also added non-life insurance brokerage services through EastWest Insurance Brokerage to answer the need for car insurance, fire insurance, and inventory insurance. By offering this service, we hope to give our clients value for their money through competitive premiums and efficient claims servicing.

In 2016, we plan to complete the array of products and services that a full service universal bank offers by launching our wealth management, stock brokerage and leasing businesses.

40%

growth in UITF business

Our investment advice creates value for our clients and helps them manage their risk and understand opportunities in the markets despite the volatility.

TRUST BANKING

Consistent with our business strategy to capitalize on our store network, our Trust Banking Group focused on growing our Unit Investment Trust Fund (UITF) business in 2015. We launched the PSEI Equity Tracker Fund and relaunched the Long-Term Dollar Bond Fund.

We conducted 26 UITF certification courses that produced a 620-strong sales force for our feeder funds and 830 for non-feeder UITFs.

We also expanded our Investments Department to support asset management activities and reviewed and revised our UITF Plan rules to make them more relevant to today's investment climate.

These efforts resulted in a 40% growth in our UITF business, which may be considered a remarkable performance given the market volatility that marked 2015. In 2016, the Trust Division aims to educate investors on navigating volatility through investor education programs.

Vantage Equities president Ed Bunyi (left) and Philequity Fund founder Wilson Sy

#seizingmarketopportunities

Ed Bunyi, president of Vantage Equities, Inc., shares his company's experience with EastWest.

Vantage Equities has a long history and is now an investment and financial holding firm. Since 2006, EastWest Bank has been part of our journey as one of our primary universal banks.

We operate two subsidiaries, an investment management company — Philequity Management, Inc. (PEMI), and a Western Union money transfer service — eBusiness Services, Inc. (eBiz).

We are proud that EastWest Bank distributes our flagship Philequity Fund, an equity mutual fund that boasts an unparalleled 22-year track record with an 18% compound annual return.

eBiz, for its part, has a nationwide network of 150 company-owned and 1,000 sub-agent locations. It transacts heavily with the Bank for foreign exchange, cash management and the occasional loan.

Vantage itself operates like a fund, managing a portfolio of equity and fixed-income securities. EastWest is one of our major counterparties as we strive to optimize returns.

We are grateful for the Bank's credit facilities, which are important to our operations and intrinsic to our ability to deliver value-added service. Without the support of a forward-looking financial institution like EastWest, we would not be able to achieve our own business goals.

The Bank is particularly attentive to our needs, and strive to deliver the best service. And I am a witness to how that permeates the entire organization—from the front-liners to senior management.

The banking industry today is certainly much more competitive than it was, say, 10 years ago. Everyone is trying to level up. Let us just say that EastWest would not be found wanting in that area!

We look forward to more innovative products from EastWest. These are exciting times to develop smarter solutions, particularly in the area of technology and online banking.

Without a partnership as strongly rooted and enriching as what we share with EastWest, our expansion plans would be all for naught and we would not have the capability to excel and better serve our trusting public.

SUPPORT INITIATIVES

Information Technology

To ensure that EastWest always meets your expectations and the demands of a growing organization, our Information Technology Group (ITG) continuously embarks on system upgrades to adapt to the latest technology.

In 2015, we continued to enhance our internal processes using IT solutions to create a better customer experience with EastWest. These initiatives include the enhancement of electronic channels to lessen over-the-counter transactions in our stores and maximize our alternative delivery channels. We also ensured the availability of our IT systems so that you will be able to access our services, transact, and communicate with us seamlessly.

In 2015, ITG paved the way for a more robust IT infrastructure that is expected to result in better web performance and higher server capacity. This will enable us to handle a growing volume of transactions in the succeeding years. ITG also upgraded our security and governance architecture to protect IT assets as the growth of our organization and store network naturally increases our exposure to security threats and risks.

In 2016, we expect to reap the benefits of our investment in our new core banking system, Temenos T24, so you can look forward to faster turnaround service time on all touchpoints such as ATMs and internet banking.

Improved the robustness of IT infrastructure for better customer experience

Customer Service

You are the lifeblood of our business and this is why we continuously strengthen our Customer Service Division (CSD) to embed a service culture of delivering superior banking experience to you at every touch point — our stores, e-banking channels, social media platforms, and customer service hotline.

In 2015, our CSD vigorously monitored and further intensified its monitoring of front liners' adherence to our customer service standards. Existing programs were updated to keep up with the evolving demand for heightened customer engagements. And to ensure that all EastWestbankers, not just the front liners, uphold these high standards, CSD launched an automated tracking system to measure adherence to agreed turnaround times. An SLA Adherence Monitoring Report was likewise released and published.

EastWest is one with the Bangko Sentral ng Pilipinas (BSP) in its vision to create an enabling environment that protects the interests of financial consumers. CSD, in coordination with various units of the Bank, spearheaded the development of the EastWest Consumer Protection Program and implemented a robust complaints management process aligned with the Financial Consumer Protection Framework (BSP Circular 857). Activities to ensure adherence to the standards on consumer protection were likewise launched.

Strengthened customer service performance and heightened customer engagements

Marketing & Communication

Marketing's objective is to build our relationship with you. Our Bank Marketing and Corporate Communications Division (BMCC) serves as the brand and product manager for deposits, debit, and prepaid cards, as well as the channel manager for online, mobile, and ATMs. BMCC safeguards our brand standards across all internal and external touch points and helps build connections and meaningful interactions with all our customers through engaging brand, product, and alternative channel programs. This ensures that all initiatives are customer-focused and unified across all channels.

In 2015, BMCC launched two promos that rewarded customers and yielded positive business results. The promo for EastWest Visa Debit Cardholders helped grow our debit payment business by 54% versus 2014. We also received an award from Visa International for "Highest Debit Payment Volume Growth" for the third consecutive year. The summer promo for depositors, meanwhile, contributed to the growth of our CASA (Checking and Savings Accounts), which increased by 32% in 2015.

As we endeavor to build top-of-mind awareness, improve product reach, and optimize business performance, we will continue to make stronger connections with you.

Intensified marketing campaigns to grow customer relationships

Human Resources

In 2015, we grew our workforce to 6,074, or 16% more than the previous year, in line with our expanding business operations and store network. Our Human Resources Group (HRG) is continuously building and strengthening our manpower, ensuring that EastWest is able to attract, retain, and engage top talents to sustain our competitiveness, and more importantly, to improve our service to you.

Creating an engaged workplace

Behind EastWest's success are employees who are engaged and dedicated to providing excellent customer service. At EastWest, employee engagement starts and ends with our culture. From our robust talent acquisition and employee induction, to training and development, rewards and recognition, we emphasize that delighting our customers is every EastWestbanker's responsibility.

HRG continued to enhance our employee engagement programs in 2015. Despite the intensified demand for talents across industries and the presence of many millennials in our workforce (70% of our people are ages 35 and below), our attrition rate has continuously gone down.

In the last two years, we have commissioned TNS Global to conduct an employee engagement survey to gauge our employees' perception towards the organization and towards our various employee engagement initiatives. We are glad to have raised our employee engagement index score in 2015 and even surpassed the worldwide benchmark for financial institutions.

Raised employee engagement index score to beat global benchmark

Developing banking professionals

We promote competency-based career progression, which recognizes employee value and their potential for stepping up their professional development and increasing their contributions to our Bank. Competency development starts with the mandate of each unit, up to the identification of Key Result Areas (KRAs) as indicators that the mandate is achieved. This also involves putting in place a robust job evaluation, where we follow the principle that the more complex the competencies required and the bigger the accountabilities of the job, the higher the job level.

We instituted an Individual Development Plan (IDP) that directs all supervisors to initiate career conversations with their people and devise comprehensive plans for improving competencies through classroom and online trainings, learning from others (coaching and mentoring), and learning on the job, which includes specialized initiatives such as the High Potential Employee (HIPo) program.

The HiPo program grooms qualified employees for a successor role. We identify and address their competency gaps, as well as hone their ability to be generalists and act outside of their functional responsibilities in preparation for bigger roles in the future.

As constant improvement is key, our EastWest Academy offers numerous online and classroom courses for continued knowledge upgrading. Purposive learning, including industry regulations and leadership trainings based on the IDP and competency profile, is entrenched in all ranks.

Every EastWestbanker is issued a "training passport" for tracking the courses they need to take for their respective job designation.

The Academy holds leadership development programs, including trainings for Business Development Sales Officers, Service Heads, Store Managers, and Account Associates, to provide employees with opportunities to fast track their career growth. As part of its induction activities for new hires, the Academy conducts training on basic banking operations to new Service and Sales Associates.

Reviewing and rewarding performance

We have adopted the balanced scorecard model for a more holistic performance appraisal review (PAR). The PAR starts with the overall performance of the Bank to ingrain institutional performance— not just the unit and the individual — in assessing performance. This view is expected to promote teamwork across the Bank.

HRG regularly reviews employee compensation and reward, aligning our compensation package with industry standards. We have, for example, upgraded our fringe benefits structure as our operations level up.

Strengthened training programs through the EastWest Academy

We identify and address the competency gaps, as well as hone the ability, of our high-potential employees in preparation for bigger roles they will take on in the future.

Giving back to communities

EastWest is committed to being a responsible corporate citizen. We aim to contribute to economic, social, and community development, and have a positive impact on people, health and safety, and the environment.

Supporting worthy causes

EastWest continues to give back to society through various initiatives as part of the Filinvest Group, which has a long history of corporate giving.

Community involvement and employee volunteerism are the cornerstones of our corporate social responsibility efforts. In 2015, through our Employee Relations Council (ERC), we supported the Department of Education's Adopt-a-School Project, donating paint and cleaning materials for the Balik-Eskwela Drive of Taguig Elementary School. EastWestBankers likewise donated text books and story books for the "Kariton Klasrum" project of the school. In partnership with the Reach Youth and Rock Church, we sponsored a "Christmas Rock" activity where the children of Reach Youth received Christmas gift packages and clothes.

Providing economic opportunities

Our business activities also make a positive difference to society by economically empowering people — from giving them access to our financial products, providing jobs that give priority to local hires, and generating opportunities for suppliers and partners. Our people share in our mutual success and we reward their incredible work in many ways, such as providing them a competitive pay and benefits package.

Creating a safe and heathy workplace

We want to create a healthy workplace that encourages people to stay well. We have a wide range of programs and initiatives to help promote workplace wellness across all our offices and branch stores, focusing on worksite safety and injury prevention. We actively encourage EastWestBankers to choose healthy lifestyles such as healthy eating and getting physically active.

Protecting the environment

We aim to become an organization that is mindful of its carbon footprint. This is why we support initiatives on energy efficiency and water conservation that are critical to reducing the impact of our business operations on the environment.

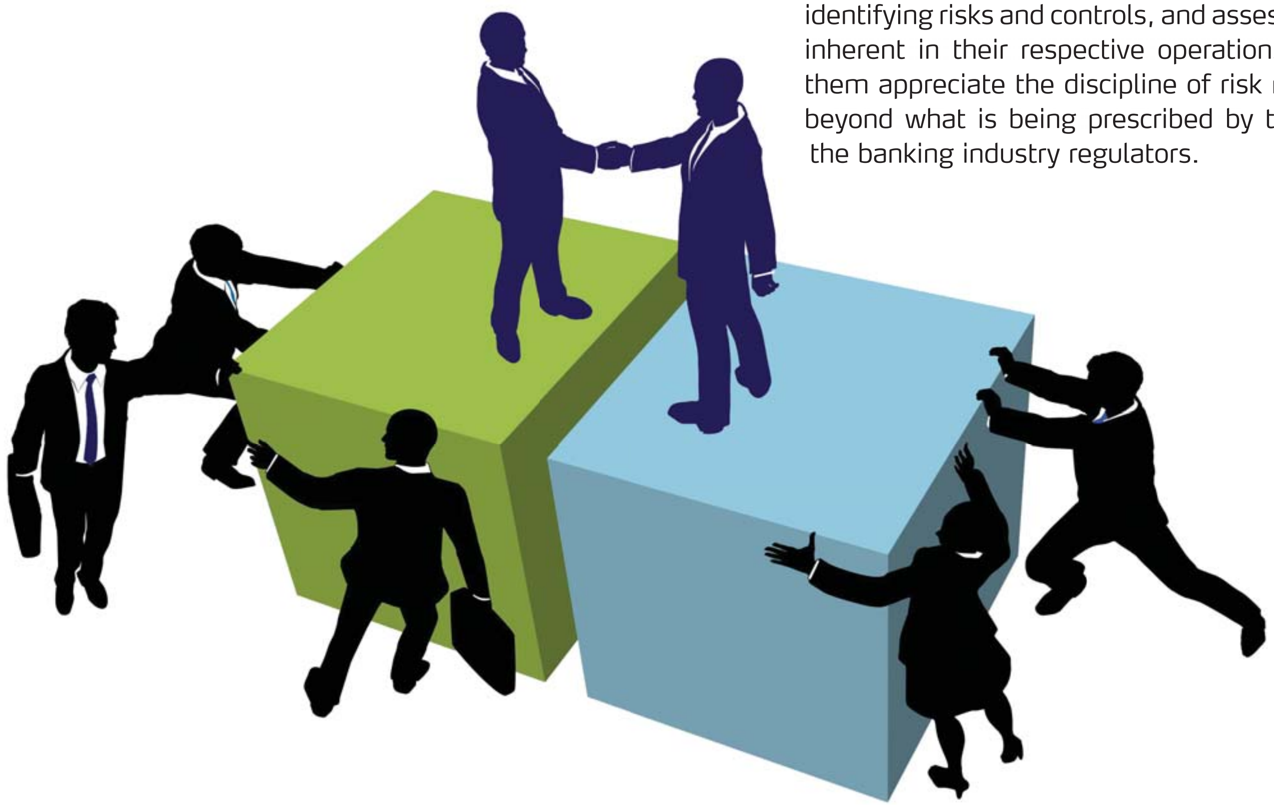
Moving forward, we will continue to support innovative solutions that lead to quality education, economic empowerment, health and safety, as well as environmental preservation and conservation, with our employees playing a key role. We will empower them to become problem solvers in their own communities and put their core competencies to work.

Preserving value for you

In the normal course of our business activities, we are inherently exposed to both risks and opportunities. Thus, we recognize that effective risk management is critical to our ability to fulfill our brand promise to you —focusing on your dream of a financially secure future.

By having strong internal controls and adhering to the highest ethical standards, EastWest will be able to generate profits consistently and sustainably. This allows us to preserve stakeholder value and navigate the expanding risk universe more effectively.

The Bank places greater emphasis on the integration of effective risk and capital management. This entails that we embed a risk management culture across the organization, where everyone recognizes that they each have a role to play in creating and protecting value for stakeholders.



In 2015, a challenging year marked with episodes of market volatility and growing competitive pressure, we started inculcating this discipline, not just from an operational standpoint, but also in other areas of our business.

Various units of the Bank started to embark upon a risk assessment exercise in which they were tasked to go through risk management cycles such as identifying risks and controls, and assessing the risks inherent in their respective operations. This helps them appreciate the discipline of risk management beyond what is being prescribed by the Bank and the banking industry regulators.

While we use the standard tools, we believe that models in forecasting and assessing risks can only do so much. At the end of the day, risk management can only be effective if every member of the organization makes it a way of life, and not just execute it for the sake of compliance.

Our approach in cascading the strategy started with increasing EastWestBankers' awareness through learning modules on risk management. Through training, we honed their ability to spot the various types of risks at the level of risk taking. And as our business grows, we encourage everyone to become more vigilant in inculcating the risk management processes.

Our thrust is preventive and not reactive — we strive to instill the consciousness that what they may be undertaking can potentially expose them to risks and potential loss. This way, they can only execute their business strategy when they have the internal controls in place.

Cascading from the top

Risk management is part of the financial and operational management at EastWest. Ultimate responsibility for the effective management of our risk and internal control system rests with our Board of Directors.

Business and operating lines act as the first line of defense and manage risks as part of their business-as-usual activities. The business and operating heads, in their capacity as Business Risk Managers (BRMs), serve as the second line of defense as they make sure that risk policies are implemented and performed effectively.

This is complemented by the Risk Management Committee (RMC) of the Board, which has the oversight function of monitoring the overall risk profile of the Bank through monthly reports generated and presented by the Risk Management Division (RMD).

As the third line of defense, our Internal Audit Division (IAD) conducts independent assessment of the adequacy of the overall risk management. In general, all these efforts help realize the Bank's goals of:

- Formulating risk appetite and tolerances that are consistent with its strategic objectives;
- Identifying and understanding principal uncertainties and major risks that may hamper fulfillment of set strategic objectives;
- Establishing and communicating a risk management framework that provides guidance in building a robust risk management culture and the adoption of proactive risk management;
- Setting up and sustaining an effective risk management system and attaining a culture of "no surprises" or "no undetermined" potential losses; and
- Optimizing the use of capital with optimal risk and return decisions.

With these objectives in mind, the RMD proactively updates its outstanding models for identified risks and additionally, assesses the Bank's exposures to check for and consequently, measure, other risks as they become relevant.

The IAD, with the concurrence of the Audit Committee, reviewed our risk management systems, functions, and activities and recognized these to have been generally performed in accordance with the RMD's defined duties and responsibilities as mandated by the Bangko Sentral ng Pilipinas (BSP). It has also assessed the Bank's Board and Senior Management oversight to be generally adequate, with performance and overall risk profiles discussed with the aforementioned on a regular basis; and policies and regulatory requirement and capital adequacy tackled over meetings conducted monthly.

Further, the IAD has also concluded that fundamental elements for a sound risk management system are in place, going hand-in-hand with Board-approved Risk Management Charters and Manuals.

Our principal risks and how we mitigate them

The business of banking has inherent risks. And while the nature of these risks were relatively similar to those reported in the previous years, banking industry regulators have been coming out with more precise prescriptions and demanding increasing levels of compliance. The principal risks we face, and our approaches to mitigating them, are summarized in these tables.

Credit Risk	
Description	Credit risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation.
How this arises from our business	Lending and helping clients manage their financial risks is core to our banking services so credit risk arises when our clients or counterparty fails to meet their obligations to pay the Bank in accordance with agreed terms.
New relevant BSP regulation	BSP CIRCULAR NO. 855, Series of 2014 *Guidelines on sound credit risk management practices* While a number of prescriptions on mitigating credit risks have already been put in place, it was the first time for the BSP to prescribe measurements. Credit risks used to be classified based on the age of the loan portfolio or their doubtfulness. Under the new regulation, banks are expected to come up with models on estimating our losses on the portfolio. Further to this is the prescription on accounting standards, which goes beyond the impairment of assets based on incurred losses. Banks are now expected to forecast potential loss, considering experience during the entire life cycle of a loan account or portfolio.
How we mitigate the risk	Use of the Internal Credit Risk Rating System (ICRRS) for corporate customers, and credit scorecards or minimum acceptance criteria for each type of consumer product.
	Use of a Board-approved Credit Risk Management Manual that guides in the performance of credit underwriting for corporate customers and credit evaluation for individual consumers.
	Regular monitoring of key credit risk indicators.
	Performance of stress tests based on regulator-prescribed and internally defined stress scenarios.

Market Risk	
Description	Market risk is the risk that the value of an investment will decrease due to adverse changes in the market variables such as interest rates, foreign exchange rates and equity prices.
How this arises from our business	Our exposure to market risk is principally proprietary in nature, and secondarily arises from customer-driven transactions or when providing clients access to financial markets, which entails taking market risk positions. The objective of our market risk policies and processes is to obtain the best balance of risk and return whilst meeting customers' requirements.
How we mitigate the risk	Measurement of risks using two models: Value-at-Risk (VaR) and Earnings-at-Risk (EaR). VaR is used in order to assess potential losses in relation to positions taken by the Bank in the trading book. EaR considers repricing of assets and liabilities in the banking book, arriving at a gap value that measures the sensitivity of the balance sheet to interest rate movements.
	Use of a market risk limit (MRL) for the trading book which represents the maximum level of potential loss the Bank is willing to take.
	Use of a loss alert limit (LAL) that serves as early warning to facilitate loss reduction strategies. For the trading book, this early warning limit is employed complementary to the MRL. For the banking book, on the other hand, EaR limits are set in the form of triggers for reduced (by certain material amount) net interest income and net income in order to control losses and manage the Bank's balance sheet interest rate sensitivity.
	Performance of stress tests based on regulator-prescribed and internally defined stress scenarios. Stress tests that simulate interest rate shocks (on both the trading and banking books) and foreign currency movements (for the trading book) are regularly performed to assess their effects on the Bank's assets and liabilities.
	Monitoring of the trading book by portfolio and trader on a daily basis by Treasury Group and RMD. Limit breaches are automatically escalated to the Treasurer, Chief Risk Officer (CRO) and the President for prompt action. EaR is monitored and reported to the RMC on a monthly basis.

Liquidity Risk	
Description	Liquidity risk is the risk that we either do not have sufficient financial resources available to meet our obligations as they fall due, or can only access these financial resources at excessive cost.
How this arises from our business	Liquidity risk arises when the Bank is unable to service its liabilities when it does not have sufficient funds, and the maturity of its termed assets is longer than its liabilities.
How we mitigate the risk	Identifying and regularly monitoring liquidity risk lies within the Treasury Group's realm of responsibility. It needs to have a good knowledge of the Bank's future cash flows in order to ensure sufficient liquidity on a day-to-day basis. This also requires that we efficiently source and deploy funds as necessary.
	Use of a cash flow analysis using a Maximum Cumulative Outflow (MCO) model that takes into consideration projected cash flows of the Bank under a normal operating environment. It also includes the off-balance sheet commitments.
	Use of a Board-approved Liquidity Risk Management Manual that sets the risk appetite of the Bank. We also observe regulator- and internally prescribed liquidity risk limits such as liquidity reserve requirements, liquidity ratios, and MCO gap levels.
	Adherence to a Funding Contingency Plan that ensures readiness in the event that a liquidity problem arises. The plan is regularly updated by the Treasury Group.
	Use of simulated stress scenarios of the RMD that helps the Bank look into its ability to service its liabilities, as they are demanded. The Bank's Asset Liability Management Committee maintains oversight over its liquidity position on a weekly basis, which is further complemented with monthly reports made to the RMC.

Operational Risk	
Description	Operational risk is the potential for loss arising from lapses and failures associated with the delivery and performance of the Bank's functions and operations. This may lie in any of the processes, people, systems, or even in the occurrence of external events.
How this arises from our business	Operational risk is inherent in all banking functions and transactions. As such, operational risks can arise from all business lines and from all activities carried out by the Group. The Bank's operational risk becomes more pronounced as the Bank takes on more business.
New relevant BSP regulations	CIRCULAR NO. 889, Series of 2015 *Treasury Activities of BSP Supervised Financial Institutions and Amendments to the Qualifications of Directors and Officers* Sets tighter rules for banks' treasury units in order to minimize the chances of losses and other operational risks. CIRCULAR NO. 895, Series of 2015 *Guidelines on Related Party Transactions* Imposes on banks, including their non-bank financial subsidiaries and affiliates, the duty to put in place and implement oversight and control systems for managing related party transaction exposures.
How we mitigate the risk	Collaboration among various units of the Bank to accurately gauge the Bank's operational risk exposure. Data on the sources, likelihood and severity of operational risk events are gathered and used to generate the likelihood and business impact matrix for each risk category. Simulations are then performed to estimate the operational risk loss for each event, which form part of measuring the Bank's overall operational risk exposure.
	Use of a Board-approved operational risk management manual that defines the Bank's framework, risk appetite and tolerance for operational risk. This guides everyone in the Bank by providing a structured approach to ensure our operational risk remains within tolerable levels. The same manual also serves as a guide in the RMD's review and clearance of the various operational policies and procedures of the Bank.
	Monthly monitoring of key operational risk indicators, and reporting to RMC.

Reputational Risk	
Description	Reputational risk is the potential for loss arising from negative public opinion.
How this arises from our business	Reputational risk arises from negative public opinion of the Bank by its stakeholders. This may be brought about by poor product and service delivery, regulatory and statutory noncompliance, poor corporate governance, or subpar financial performance, among others. The Bank recognizes its growing exposure to reputational risk since it has become a publicly listed company and also as a result of the popularity of social media that makes negative publicity spread rapidly and wide.
New relevant BSP regulation	CIRCULAR NO. 857, Series of 2014 *BSP Regulations on Financial Consumer Protection* Sets the framework for consumer protection that provides for an enabling environment that protects the interest of financial consumers and institutionalizes the responsibilities of all stakeholders. Onsite consumer protection assessments will be done periodically by BSP to evaluate banks and other supervised financial institutions.
How we mitigate the risk	Pragmatic development of a framework for the qualitative and quantitative identification, measurement, and monitoring of this risk, allowing for the establishment of better controls for risk mitigation and management.

Capital Risk	
Description	Capital risk is what a company faces when it loses the value on its capital, and consequently forces it into a situation of having insufficient capital to cover for its risk exposures.
How this arises from our business	Capital risk arises when capital to support the Bank's strategic objectives and business plans, and cover for its risk exposures under normal and stressed conditions is inadequate.
New relevant BSP regulations	CIRCULAR NO. 856, Series of 2014 *Implementing Guidelines on the Framework for Dealing with Domestic Systemically Important Banks (DSIBs) under Basel III* Defines the implementing guidelines for the phased-in prescription of maintaining capital buffers by DSIBs (to be identified by BSP), with full effectivity by January 1, 2019. CIRCULAR NO. 881, Series of 2015 *Implementing Guidelines on the Basel III Leverage Ratio Framework* Details the implementing guidelines for the phased-in prescription of leverage ratio, a supplementary measure to risk-based capital requirements, to take full effect by January 1, 2017.
How we mitigate the risk	Capital risk management that ensures that capital is both optimized and preserved, supporting the goal of maximizing shareholder value. This entails a good command of how and how much capital is utilized so that opportunities are taken advantage of while making sure that prudent levels are maintained to support the Bank's risk-taking activities, both under normal and stressed conditions. Overall, capital management employs a dynamic collaboration of the Bank's strategic plans, risk management efforts and performance measurement initiatives.
	Maintaining capital ratios above the minimum prescribed by the BSP. Even with the implementation of Basel III, the Bank finds itself well positioned to comply with anticipated capital regulations to be imposed by regulators in the near future, and aims to maintain a capital position of the same strength and resiliency.

Moving ahead

The categories of risks enumerated above still do not include all the potential risks and uncertainties that we may experience in the coming years. Our industry will continue to be subject to an evolving and complex regulatory framework as regulators adjust laws, regulations and economic policies in response to macroeconomic and other systemic conditions. EastWest supports these regulatory shifts as they are meant to improve the overall stability of, and the conduct within, the financial system. Ultimately, this benefits our customers, employees and shareholders.

Inherent to growing competition and digitization is the increase in parties seeking to defraud, disrupt legitimate economic activity, or facilitate illegal activities.

The risk posed by such criminal activity is growing with the increasing use of technology. We seek to be vigilant against fraud risk in our management of people, processes, systems, and in our dealings with customers and other stakeholders. We have a broad range of measures in place to monitor and mitigate this risk. Controls are embedded in our policies and procedures across a wide range of the Bank's activities.

In the face of growing competition from local banks, as well as from new and foreign entrants, and with the ASEAN economic integration, our customers can expect a more proactive and forward-looking risk management practice from EastWest. This will allow us to continue taking advantage of opportunities as they come and as we pursue our aspiration of becoming a significant industry player in the coming years.

Accountable to you

At EastWest Bank, we are dedicated to sound and effective corporate governance practices and full and fair disclosure. As we make progress towards our goal of delivering exceptional customer experiences, we continually strive to pursue greater transparency, seek ideas for improvement, and ensure integrity in our actions every day.

Our Governance Structure

Each year, we enhance our processes and practices that help us continue to achieve good governance and increase shareholder confidence. To achieve our goals, we engage everyone in our organization: from our Board of Directors to our senior management and employees. We design measures that align the goals of our shareholders and senior management with that of our employees.

Board of Directors

Creating and preserving value for our shareholders rests on the shoulders of our Board of Directors whose primary mandate is to ensure the sustainable and successful continuation of business activities by providing strategic direction to senior management.

Board Election and Attendance

The Board is comprised of nine directors: six of whom sit as regular members and three are independent directors. Directors are nominated and voted by the Bank's shareholders annually, and each serves a one-year term until the election and qualification of a new set of directors. The Chairman of the Board is elected by the directors themselves.

Among the members, the President and CEO is the only director that serves in an executive capacity. Non-executive directors possess diverse skills, experience and backgrounds, and are generally free from any business relationship that could hamper their objectivity or judgment on the business and activities of the Bank. They have unrestricted access to information, documents, records and property of the Bank in fulfilling their responsibilities.

The Bank had one stockholders' meeting in 2015, which was held on April 17, 2015. From January to December 2015, there were 12 regular board meetings, one special board meeting and one organizational meeting on April 17, 2015, or a total of 14 board meetings during the year.

Board of Directors	No. of Board Meetings Attended
Andrew L. Gotianun Sr.+	10
Jonathan T. Gotianun	14
Antonio C. Moncupa Jr.	14
Mercedes T. Gotianun	10
Lourdes Josephine T. Gotianun-Yap	11
Paul A. Aquino*	14
Jose S. Sandejas*	14
Carlos R. Alindada*	14
Atty. Benedicto M. Valerio Jr.	14

**Independent Director*

Board Committees

The Board conducts its functions through six committees. These committees each serve a specific mandate based on the authority delegated to it by the Board. Minutes of the committee meetings are made available to all Directors and are included in the Board meeting documents. The chairpersons of the committees furnish reports on the activities of their respective committees every Board meeting. Executives considered relevant for the effective execution of the mandates of a committee attend the committee meetings by invitation.

EXECUTIVE COMMITTEE

Mandate

- Approves and/or implements any or all corporate acts within the competence of the Board, except those acts expressly reserved by the Corporation Code for the board of directors;
- Reviews and approves the bank-wide credit strategy, profile, and performance;
- Approves credit risk-taking activities based on the established approving authorities; and
- Reviews and endorses credit-granting activities.

Meetings	Chairman	
Frequency: Weekly, or as often as necessary	Jonathan T. Gotianun	34
No. of regular meetings in 2015: 34	**Members**	
No. of special meetings in 2015: 2	Andrew L. Gotianun Sr.+	28
	Mercedes T. Gotianun	28
	Lourdes Josephine T. Gotianun Yap	33
	Antonio C. Moncupa Jr.	35

CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE

Mandate

- Leads the Bank in defining corporate governance policies and attaining best practices;
- Oversees the implementation of the Bank's compliance program, money laundering prevention program, and ensures that regulatory compliance issues are resolved expeditiously;
- Reviews and endorses to the Board significant related party transactions to ensure that these are in the best interest of the bank and its stakeholders;
- Reviews and evaluates the qualification of individuals nominated to the Board, as well as those nominated to other positions requiring appointment by the Board;
- Periodically administers the performance evaluation of the Board and its committees by conducting an annual self-evaluation of its performance in accordance with the criteria provided in the 2009 SEC Code of Corporate Governance and the Manual of Regulations for Banks of the Bangko Sentral ng Pilipinas.

Meetings	Chairman	
Frequency: Every other month	Paul A. Aquino*	9
Number of regular meetings in 2015: 6	**Members**	
Number of special meetings in 2015: 3	Jose S. Sandejas*	9
	Carlos R. Alindada*	9
	Jonathan T. Gotianun	7
	Atty. Benedicto M. Valerio Jr.	9

Activities in 2015

The Committee organized the annual joint Corporate Governance Seminar for the Board and key officers of EastWest Bank, Filinvest Development Corporation and Filinvest Land on 24 November 2015. The seminar was conducted by the Institute of Corporate Directors (ICD). Topics discussed by ICD fellows included Shared Responsibility for Policy and Strategy Execution, Governance Outreach and Strategic IT Governance Concerns.

**Independent Director*

AUDIT COMMITTEE

Mandate

- Provides oversight on the Bank's financial reporting and internal and external audit functions;
- Provides reasonable assurance of the overall management of credit, market, liquidity, operational, legal and other risks of the Bank;
- Monitors and evaluates the adequacy and effectiveness of the risk management, controls and governance processes of the Bank;
- Appoints the chief audit executive and an independent external auditor who both report directly to the Committee; and
- Ensures that internal audit is independent of all other organizational units of the Bank, as well as of the personnel and work it audits.

Meetings	Chairman	
Frequency: Every month	Carlos R. Alindada*	14
No. of regular meetings in 2015: 12	**Members**	
Number of special meetings in 2015: 2	Lourdes Josephine T. Gotianun-Yap	14
	Jose S. Sandejas*	12
	Paul A. Aquino*	14

*Independent Director

RISK MANAGEMENT COMMITTEE

Mandate

- Assists the Board in managing the Bank's risk-taking activities through policy institution and oversight;
- Reviews and approves principles, policies, strategies, processes and control frameworks pertaining to risk management and recommends necessary modifications or amendments to these strategies and policies to the Board;
- Identifies and evaluates the Bank's risk exposures, estimating its impact on the organization and assessing the magnitude, direction and distribution of risks across the Bank. Its evaluation serves as one of the basis in determining the risk tolerances that it recommends to the Board for approval; and
- Periodically updates the Board on the overall risk exposures and the effectiveness of its risk management practices and processes.

Meetings	Chairman	
Frequency: Every month	Jose S. Sandejas*	11
Number of regular meetings in 2015: 12	**Members**	
Number of special meetings in 2015: 0	Carlos R. Alindada*	12
	Lourdes Josephine T. Gotianun-Yap	12
	Paul A. Aquino*	12

*Independent Director

COMPENSATION COMMITTEE

Mandate

- Provides overall direction on the compensation and benefits strategy of the Bank;
- Ensures that the compensation policies and practices are consistent with the corporate culture, strategy, and the business environment under which it operates; and
- Evaluates and recommends to the Board benefits and other equity-based plans designed to attract and retain qualified and competent individuals.

Meetings	Chairman	
Frequency: Once a year	Lourdes Josephine T. Gotianun-Yap	1
Number of regular meetings in 2015: 1	**Members**	
Number of special meetings in 2015: 0	Mercedes T. Gotianun	1
	Jonathan T. Gotianun	1
	Antonio C. Moncupa Jr.	1
	Jose S. Sandejas*	1

*Independent Director

TRUST COMMITTEE

Mandate

- Ensures the acceptance and closure of trust and other fiduciary accounts;
- Conducts an initial review of assets placed under the trustee's or fiduciary custody;
- Oversees the investment, re-investment and disposition of funds or properties;
- Reviews and approves transactions between trust and/or fiduciary accounts; and
- Conducts a periodic review of trust and other fiduciary accounts to determine the advisability of retention or disposition of assets and whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship.

Meetings	Chairman	
Number of regular meetings in 2015: 4	Jonathan T. Gotianun	4
Number of special meetings in 2015: 0	**Members**	
	Andrew L. Gotianun Sr.+	1
	Antonio C. Moncupa Jr.	4
	Atty. Benedicto M. Valerio Jr.	4
	Angel Marie L. Pacis (Trust Officer)	4

Remuneration Policy for the Board of Directors

As a principle, the remuneration of the non-executive members of the Board should be sufficient to attract, retain and motivate individuals who have the qualifications determined by the Board. The remuneration level should take into account the responsibilities and the commitment of the board members, as well as prevailing market conditions.

The Board adopts the policy for remuneration of the non-executive directors based on the recommendations of the Nomination & Remuneration Committee on form and structure. Remunerations given to directors which were approved by the Board Remuneration Committee amounted to Php13.4 million in 2015 and Php13.1 million in 2014.

Governance practices

Our proactive approach to ensuring excellence in corporate governance includes these practices:

- Corporate Governance Manual

  The manual defines the framework of rules, systems and processes that governs the performance of the Board of Directors and senior management. It establishes the structure by which our corporate governance practices are executed and carried out. This serves as the reference for all the members of the Board and senior management on the conduct of their duties and responsibilities. The manual is based on the Corporate Code of the Philippines, Securities Regulations Code, 2009 SEC Revised Code of Corporate Governance and relevant provisions of the Manual of Regulations for Banks of the Bangko Sentral ng Pilipinas. Policies are made known to every member of the EastWest organization.

In compliance with Circular 857 on Financial Consumer Protection of the BSP, we have established a Financial Consumer Protection Program that aims to establish procedures and guidelines that protect our customers' rights as consumers of financial products and services.

- Dividend Policy

  Dividends may be declared from the surplus profits arising from the business of the Bank at such time and in such percentage as the board of directors may deem proper. No dividends may be declared that will impair the Bank's capital. Stock dividends shall be declared in accordance with law.

- Whistle-Blowing Policy

  Our Code of Ethics ensures that our employees adhere to the highest standards of quality, honesty, transparency and accountability. As a commitment to integrity, we have a program called EthicsDirect that encourages our employees, directors, stakeholders, clients, service providers and other third parties to report in good faith knowledge of any misconduct, irregularity or act detrimental to the interests of EastWest and our stakeholders. We will protect the identity of whistleblowers who disclose suspected offenses within the organization. Unacceptable behavior may be reported via any means of communication to the direct supervisor/manager of the employee involved, the Whistle Blowing Committee, or any designated officer.

- Conflict of Interest

  To ensure the transparency and fairness in dealing with all our stakeholders, we have established policies to avoid potential conflict of interest that we have defined as any situation in which the Bank's directors, officers and employees have a competing interest against the Bank or its customers. As a general rule, all our directors, officers and employees must not engage in any transaction that may be construed as having conflict of interest with the Bank or its customers.

  Conflict of interest of all employees is governed by the Code of Ethics and Discipline. Any inquiry and request for clarification on this matter is referred to the Human Resources Group, then discussed with the employee's immediate supervisor and the chief compliance officer. In case of doubt, any material matter that poses conflict of interest shall be vetted by the Corporate Governance and Compliance Committee and endorsed to the Board for approval.

- Insider Trading

  As a publicly listed company, EastWest is governed by the rules of the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) on the disclosure of trading transactions of its directors and principal officers. To preserve the confidentiality and prevent the misuse of any sensitive, confidential or material information, we have a policy that requires all directors and principal officers to secure prior clearance in any trading transaction. They must likewise inform the Investor Relations Office and the Office of the Corporate Secretary on their trading transactions no later than one banking day after the transaction is executed. Information would be considered widely disseminated if it has been disclosed broadly to the marketplace, such as through a press release, an SEC filing, a PSE disclosure, or placement on the bank's website. We prohibit any director, officer and employee who is in possession of sensitive or material information about the Bank or its products or services to apply for, acquire or dispose of such financial products or bank securities, or enter into an agreement to do any of those things, either for himself or for another person.

- Related Party Transactions

  In line with the Bank's thrust to promote transparency, any related party transaction (RPT) must be on an arms-length basis and no favorable or special treatment is afforded to such related party unless the same treatment is accorded to all parties similarly interested in such dealing. All RPTs are reviewed and vetted by the Corporate Governance and Compliance Committee, which also serves as the Related Party Transaction (RPT) Committee. Final approval rests with the Board. Approved RPTs are reported to the Bangko Sentral ng Pilipinas (BSP) in accordance with the regulatory reporting requirements.

- Financial Consumer Protection

  In compliance with Circular 857 on Financial Consumer Protection of the BSP, we have established a Financial Consumer Protection Program that aims to establish procedures and guidelines that protect our customers' rights as consumers of financial products and services. The program also ensures that we are able to identify, assess, monitor, mitigate and control risks associated with consumer protection. Our Customer Service Division (CSD) is tasked to design, oversee and implement the program, in partnership with our Internal Audit, Compliance, Risk Management, Training Academy, and Bank Marketing. The CSD also serves as our Consumer Assistance Group which handles and takes the lead in customer assistance management.

- Health, Safety and Welfare of Employees

  We believe that caring for the health and well being and the safety and security of our employees is important to having sound corporate governance. Thus, we provide HMO and group life insurance coverage to all our full-time employees and a retirement benefit plan that helps them reap the benefits of long years of hard work.

  Through EastWest Academy, we create a learning environment that gives our people opportunities to gain knowledge, continuously hone their skills and sharpen their competencies. We have an Employee Relations Council composed of representatives from various units that ensures that the interests and concerns of our employees are heard and properly addressed.

- Environmental Initiatives

  We uphold our responsibility to protect the environment through our water and energy conservation policy and programs to reduce our carbon footprint. We will implement policies on vendor management that will make our value chain environment-friendly and consistent with promoting sustainable development.

boardofdirectors

Jonathan T. Gotianun
Chairman

Mercedes T. Gotianun
Director

Lourdes Josephine T. Gotianun-Yap
Director

Antonio C. Moncupa Jr.
President, CEO and Director

Carlos R. Alindada
Independent Director

Paul A. Aquino
Independent Director

Jose S. Sandejas
Independent Director

Atty. Benedicto M. Valerio Jr.
Director and Corporate Secretary

JONATHAN T. GOTIANUN
62 years old, Filipino

Mr. Jonathan Gotianun is the chairman of the board of EastWest (since April 2007) and the Chairman of both the Executive and Trust committees. He is also concurrently the chairman of Filinvest Development Corporation, Filinvest Land, Inc., EastWest Rural Bank, East West Ageas Life Insurance Corporation (EastWest Ageas Life), and Country Water Services, Inc. Prior to his election as EastWest Chairman, he has been in the EastWest board as vice-chairman and director since 1994. 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.
57 years old, Filipino

Mr. Antonio Moncupa Jr. is the president, chief executive officer, and director of EastWest (since January 2007). He also concurrently serves on the boards of EastWest Rural Bank, EastWest Ageas Life, Pasberfund Realty Holdings, Inc., Bancnet, Inc., and the Philippine Rural Reconstruction Movement. Prior to EastWest, he was EVP and Chief Financial Officer of the International Exchange Bank. He 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.

CARLOS R. ALINDADA
79 years old, Filipino

Mr. Carlos Alindada is an independent director of EastWest (since April 2002) and the chairman of the Audit Committee. He had previously served as chairman and managing partner of SGV & Co. and as commissioner of the Energy Regulation Commission. He holds an Accounting degree 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.

PAUL A. AQUINO
73 years old, Filipino

Mr. Paul Aquino is an independent director of EastWest (since October 2009) and the chairman of the Corporate Governance and Compliance Committee. He is also an adviser of the Energy Development Corporation, the president of Keitech Educational Foundation, a director of Skycable, Inc., and the Honorary Consul of the Government of Malta. He earned both his BS degree in Electrical Engineering and 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.

MERCEDES T. GOTIANUN
87 years old, Filipino

Mrs. Mercedes Gotianun is a director of EastWest (since 1995). She is also the chairperson of Filinvest Alabang, Inc. and a director of Filinvest Development Corporation, Davao Sugar Central Corporation, Filinvest Land Inc., and FDC Utilities, Inc. She graduated magna cum laude from the University of the Philippines with a degree in BS Pharmacy.

LOURDES JOSEPHINE GOTIANUN YAP
61 years old, Filipino

Mrs. Lourdes Josephine Gotianun Yap is a director of EastWest (since August 2000) and the Chairman of the Compensation Committee. She is also the Chairman of Filinvest Asia Corporation, Cyberzone Properties, Inc., and The Palms Country Club, and the president and CEO of Filinvest Development Corporation, Filinvest Land, Inc., Filinvest Alabang, Inc., and Festival Supermall, Inc. She holds a Business Management degree from the Ateneo de Manila University and a Masters in Business Administration major in Finance from the University of Chicago.

JOSE S. SANDEJAS
75 years old, Filipino

Mr. Jose Sandejas is an independent director of EastWest (since April 2002) and the chairman of the Risk Management Committee. He is formerly a director of Benguet Consolidated Corporation, Petron Corporation, and the Board of Investments. He graduated with a Bachelor of Science degree in Chemical Engineering from the De La Salle University and pursued a doctorate degree in Materials Engineering from Rensselaer Polytechnic Institute.

BENEDICTO M. VALERIO JR.
57 years old, Filipino

Atty. Benedicto Valerio Jr. is the corporate secretary of EastWest (since April 2007) and a director (since July 2012). He is also the corporate secretary of EastWest Ageas Life. He is actively engaged in the practice of law and specializes in litigation and corporate work. Before joining EastWest, he served as assistant corporate secretary and general counsel of International Exchange Bank. He earned his BS Commerce degree from the De La Salle University and his Bachelor of Laws degree from the Ateneo de Manila University. He finished his Masters in Business Administration at the Ateneo Graduate School of Business.

1 ANTONIO C. MONCUPA JR., President & CEO • 2 JOSE EMMANUEL U. HILADO, Senior Executive Vice President & Chief Operating Officer 3 • GERARDO SUSMERANO, Senior Executive Vice President & Retail Banking Head 4 • JACQUELINE S. FERNANDEZ, Executive Vice President & Consumer Lending Head • 5 ARTURO L. KIMSENG, Executive Vice President & Adviser • 6 MA. ALICIA C. ARNALDO, Senior Vice President & Operations & Technology Head • 7 RENATO K. DE BORJA JR., Senior Vice President & Chief Finance Officer • 8 ELOIDA F. OQUIALDA, Senior Vice President & Chief Audit Executive • 9 ERNESTO T. UY, Senior Vice President & Corporate Banking Head • 10 IVY B. UY, Senior Vice President & Regional Branch Banking Head

11 GRACE N. ANG, First Vice President & Chief Risk Officer • 12 CONSUELO V. DANTES, First Vice President & HR Group Head • 13 RANDALL ROGELIO A. EVANGELISTA, First Vice President & Information Technology Head • 14 GINA MARIE C. GALITA, First Vice President & Customer Service Head • 15 ANGEL MARIE L. PACIS, First Vice President & Trust Officer • 16 RENATO P. PERALTA, First Vice President & Credit Management Head • 17 MA. BERNADETTE T. RATCLIFFE, First Vice President & Chief Compliance Officer • 18 GERONIMO NILO G. JIMENEZ, Vice President & Project Management Office Head • 19 LOURDES A. ONA, Vice President & Legal Services Head • 20 RODOLFO FILOMENO T. PARPAN, Vice President & Chief of Staff • 21 ALLAN JOHN M. TUMBAGA, Vice President & Bank Marketing Head • 22 CLARISSA MARIA A. VILLALON, Vice President & Consumer Loans Operations Head

President and CEO
Antonio C. Moncupa Jr.

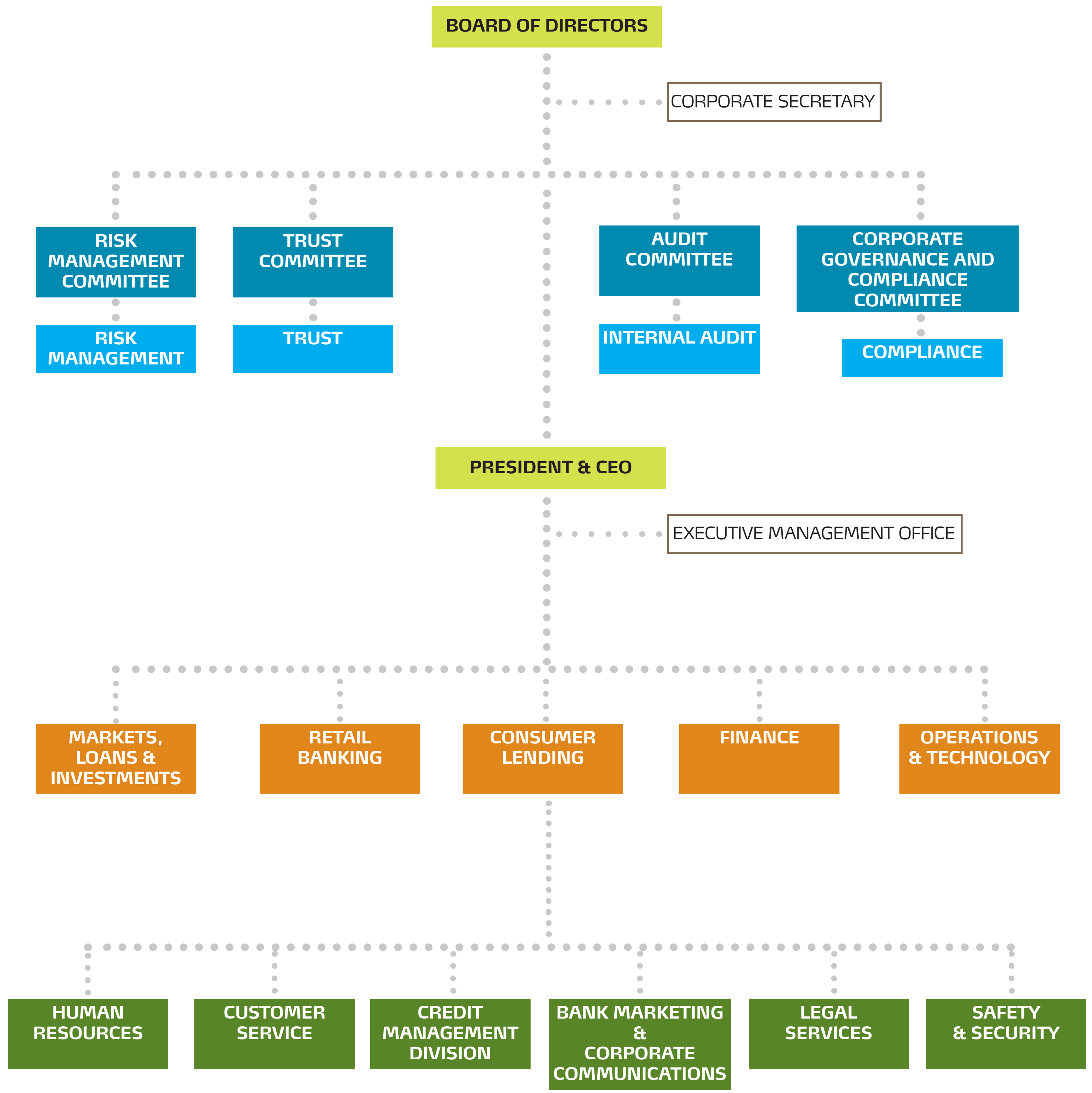
Senior Executive Vice Presidents
Jose Emmanuel U. Hilado
Gerardo Susmerano

Executive Vice Presidents
Jacqueline S. Fernandez
Arturo L. Kimseng

Senior Vice Presidents
Maria Alicia C. Arnaldo
Renato K. De Borja Jr.
Eloida F. Oquialda
Ernesto T. Uy
Ivy B. Uy

First Vice Presidents
Grace N. Ang
Consuelo V. Dantes
Yolanda L. De Claro
Randall Rogelio A. Evangelista
Roberto N. Fernandez
Gina Marie C. Galita
Elisa O. Go
Angel Marie L. Pacis
Renato P. Peralta
Bernadette T. Ratcliffe
Alessandro L. Villaraza
Jeannette Yvonne M. Zagala

Vice Presidents
Josephine Vilma A. Abad
Niccolo N. Aguirre
Angela Juvy C. Bandong
Doli D. Cabahug
Mary Jane D. Caliwan
Marie Perpetua Socorro H. Castañeda
Rosalie D. Charvet
Paulina L. Chua
Alastair S. De Lara
Arnulfo V. De Pala
Efren O. Dela Cruz Jr.
Alvin S. Dimla
Francis Dennis R. Dungo
Eduardo S. Garcia
Ires C. Guzman
Armando A. Inabangan Jr.
Ma. Agnes E. Jazmines
Geronimo Nilo G. Jimenez
Macrina P. Lazo
Jocelyn C. Legaspi
Steve L. Lim
Renato D. Lozon
Maricel L. Madrid
Manuel L. Manalastas
Herman D. Nonato
Lourdes A. Ona
Rodolfo Filomeno T. Parpan
Jocelyn T. Pavon
Raymond T. Reboredo
Ben Valentino U. Rodriguez Jr.
Renato Z. Sampang
Patrik Peter R. Santos
Rafael Z. Sison
Aylwin Herminia P. Tamayo
Emmanuel V. Tandoc
Allan John M. Tumbaga
Margaret S. Unson
Clarissa Maria A. Villalon



EastWest Rural Bank: Focusing on our market

EastWest Rural Bank (EWRB) continues to expand its reach in delivering excellent products and customer service to public school teachers and SSS pensioners.

In 2015, EastWest Bank's rural banking subsidiary marked another milestone as it generated a net income after tax of Php634 million, almost double the previous year. Intensified lending activities drove up its loan portfolio by 22% to Php7.54 billion from a year ago.

The rural bank has successfully built a niche market among teachers and non-teaching personnel of the Department of Education (DepEd), SSS pensioners and small scale entrepreneurs.

EWRB also saw a corresponding increase in the number of borrowers, which grew by 39% year-on-year. Despite the rapid growth, the rural bank managed to preserve its asset quality by adopting an effective credit risk management.

During the year, EWRB introduced variants of its existing DepEd Teachers Salary loans. It also sustained its loan coverage of SSS pensioners, which it hopes to increase in the coming years.

Total deposits rose by 15% to Php5.37 billion compared to the year before. As of end-2015, EWRB had 55 stores, nine extension offices, and six other banking offices.

The rural bank continues to derive strength from the financial stability and resources of its parent company, EastWest Bank. In 2015, EWRB was able to create greater synergy with the Bank, including the ability to cross-sell its products and services across EastWest's nationwide store network. This provided its customers wider access to deposits and loans. EWRB expects to take advantage of EastWest's bancassurance joint venture with Belgium-based Ageas Insurance International NV, one of Europe's largest insurers, to offer mortgage redemption insurance to its customers.

With the tighter regulatory watch on salary loans imposed by the Bangko Sentral ng Pilipinas in 2015 and the stiffening market competition, EWRB sees 2016 as a more challenging but exciting year for its business. It expects EastWest's shift to Temenos T24, a multi-awarded global core banking system, to benefit EWRB customers through faster turnaround time for processing loans and lead to a more robust portfolio.

Seated from left: Shiela M. Bajado, Finance Services Group Leader; Veronica G. Acuna, Store Support Group Leader; Hera A. Duka, Lead Risk Officer; and Joan S. de Asis, Credit Services Group Leader; *Standing from left:* Jackjohn P. Torrejos, Deputy Head-Branch Banking Group-Visayas; Emmanuel V. Tandoc, Deputy Head-Branch Banking Group-Luzon; Joseph Jay S. Loayon, Administrative Services Group Leader; Maria Cecille B. Minoza, People Management Group Leader; Christopher S. Basilio, Bank Security Officer; Edgardo I. Isagon, Bank Compliance Officer; Loreto S. Diazon, Jr., Deputy Head-Branch Banking Group-Mindanao; and Elpidio F. Masbad III, President and CEO

EastWest Insurance Brokerage

East West Insurance Brokerage, Inc. is the wholly owned insurance brokerage arm of EastWest Bank. The Bangko Sentral ng Pilipinas approved EastWest Bank's entry in insurance brokerage on June 4, 2015.

The non-life insurance brokerage subsidiary helps complete EastWest's product offering as it complements its loan products and makes access to protection convenient for its corporate and retail clients.

From left:
Emi P. Viernes, Head-Commercial and Retail Marketing;
Gilbert F. Estigoy, Head-Corporate Marketing;
and Peter Roy R. Locsin, President & CEO

EastWest Leasing*

East West Leasing and Finance Corporation is EastWest Bank's wholly owned leasing and finance subsidiary. Operational by the last quarter of 2016, EastWest Leasing will offer competitively packaged financial (direct and sale-and-lease back) and operating leases, factoring, amortized commercial loans, and other financing products and services. It is geared towards presenting a synergistic fit to the Bank's medium- and long-term plans. By providing alternative financing packages to consumer, middle-market, and corporate clients, EastWest Leasing is expected to contribute to the Bank's growth and profitability and further diversify its income sources.

EastWest Leasing will have an initial paid-up capital of Php100 million, ten times the minimum regulatory requirement of Php10 million, making it a significant player in the leasing sector.

Armando A. Inabangan Jr.
President

**Operational soon*

EastWest Ageas Life

East West Ageas Life Insurance Corporation (EastWest Ageas Life) is the bancassurance joint venture of EastWest with Ageas Insurance International NV (Ageas), headquartered in Belgium and ranked among the top 20 insurance companies in Europe.

EastWest and Ageas formed the 50-50 partnership in May 2015. Part of the deal is a 20-year exclusive distribution agreement to offer tailor-made insurance solutions to EastWest customers. EastWest Ageas Life has an initial capitalization of Php2 billion, double the minimum regulatory capital required for a new insurance company in the Philippines.

EastWest Ageas Life was granted its insurance license by the Insurance Commission in January 2016. A month later, approval was obtained from the Bangko Sentral ng Pilipinas for the cross-selling of its insurance products and services in EastWest stores. EastWest Ageas Life will operate under the brandname Troo —especially created to appeal to its millennial target and to further its aim of being the premier digital insurer in the Philippines.

Bancassurance is a vital strategy for EastWest as it makes the Bank a true one-stop shop for clients' financial and insurance needs. The diversification of EastWest's products to include protection solutions is seen to enhance its competitive edge, increase customer loyalty, and create greater value for customers while expanding revenue streams.

Seated from left:
Lois O. Dalida, Head of Human Resources; Johannes Loozekoot, President & Chief Executive Officer; and Melinda G. Valencia, Head of Bancassurance

Standing from left:
Michael de Vreugd, Chief Operating Officer; Calvin L. Kohchet-Chua, Head of Legal and Compliance; Simon Ashton, Chief Commercial Officer; and Michael Wood, Chief Actuary & Chief Risk Officer

DEPOSITS

Checking
- Basic Checking
- Regular Checking
- Checking with Interest
- Checking with Rewards

Savings
- Savings with Debit Card
- Savings with Passbook
- Passbook + Debit Card
- Super Saver
- Kiddie Savings

Time Deposits
- Time Deposit
- Long Term Negotiable Certificates of Deposit

Foreign Currency
- USD Savings
- USD Time Deposit
- RMB Savings
- RMB Time Deposit
- EUR Savings
- EUR Time Deposit
- JPY Savings
- JPY Time Deposit
- SGD Savings
- SGD Time Deposit

CONSUMER LOANS

Auto Loan
- Auto Loan
- Fleet Financing
- Refinancing

Home Loan
- Lot Acquisition
- Home and Lot Acquisition
- Condominium Acquisition
- Home Construction
- Home Improvement
- Home Equity / Refinancing
- Top-Up Loan

Personal Loan

Salary Loan

Credit Cards
- Platinum MasterCard
- Dolce Vita Titanium MasterCard
- EveryDay Titanium MasterCard
- Gold and Classic MasterCard
- Gold and Classic Visa
- Practical MasterCard
- Hyundai MasterCard
- DLSAA MasterCard

CORPORATE CREDIT FACILITIES

Working Capital Loans and Facilities
- Short Term Loan
- Revolving Promissory Note
- Revolving Credit Facility
- Trade Check Discounting Facility

Inventory Financing
- Floor Stock Revolving Facility

Trade Finance
- Domestic Letters of Credit with Trust Receipt Facility
- Import Letters of Credit with Trust Receipt Facility
- Other Types of Documentary Credits with Trust Receipt Facility
- Export Financing Facility
- Export Bills Purchase Facility

Guarantees
- Standby Letters of Credit (SLBC)
  - Domestic SBLC
  - Foreign SLBC
- Bank Guarantees
- Committed Credit Line

Bills Purchase Line
- Domestic Bills Purchase Line
- Foreign Bills Purchase Line

Term Financing
- Term Loans
- Project Finance

TREASURY PRODUCTS

Foreign Exchange
Spot
Forwards

Fixed Income
Peso Government and Corporate Securities
USD Government Securities

TRUST PRODUCTS

Corporate solutions
Employee Benefit Trust/ Retirement Account
Fund Management

Wealth Management
Living Trust
Investment Management Account

Investment Funds
Peso Money Market Fund
Peso Intermediate Term Bond Fund
Peso Long Term Bond Fund
Dollar Intermediate Term Bond Fund
Dollar Long Term Bond Fund
PSEi Tracker Fund
PhilEquity Feeder Fund

Other Fiduciary
Escrow Agency

CASH MANAGEMENT SERVICES

Collection Services
Auto Debit Arrangement
Bills Collect
Check Collect
Check Warehousing
HMO Collection

Disbursement Services
Check writing
Deposit Management System
Electronic Invoice Payment & Presentment
Supplier Payments

Liquidity Management Services
Account Sweeping

Payroll Services
Payroll Crediting Services
Payroll Assist
Payroll Timekeeping

Other Services
Government Payments

SMALL & MEDIUM ENTERPRISE BANKING

Revolving Credit Facility
Trade Check Discounting Line
Revolving Promissory Note Line
Term Loan

EASTWEST RURAL BANK PRODUCTS & SERVICES

DEPOSITS

Current Account
Regular Current Account (Individual)
Regular Current Account (Corporation)

Savings Account
New Regular Savings
Company Savings
New Payroll & Business
ATM Savings
ATM-DepEd
ATM SSS Pension
ATM Payroll
Special Savings Deposit

LOANS

DepEd Teachers Loan
Micro Business Loan
SSS Pensioners Loan

EastWest Unibank

(Equipped with ATM unless indicated)

METRO MANILA

168 Mall
4/F, Unit 4H 09-11, Bldg. 5
168 Shopping Mall, Soler St.
Binondo, Manila
Tel: (02) 708-4488
(02) 575-3888 loc. 8130

999 Shopping Mall
3/F, Unit 10 & 3C-2
999 Shopping Mall 2
C.M. Recto St., Tondo, Manila
Tel: (02) 516-2120
(02) 575-3888 loc. 8200

A. Bonifacio-Balingasa
G/F, 2/F & 3/F, Units D to E
Winston Plaza 1 Bldg.
880 A. Bonifacio Ave.
Brgy. Balingasa, Quezon City
Tel: (02) 361-0632
(02) 575-3888 loc. 8276

A. Mabini-R. Salas
G/F & 2/F, Jesselton Tower
1453 A. Mabini cor. R. Salas Sts.
Brgy. 668, Zone 72, Ermita Manila
Tel: (02) 450-1083
(02) 575-3888 loc. 8567

Acropolis
G/F, Unit 1B, Richmond Centre Bldg.
Blk. 11 Lot 46, E. Rodriguez Jr. Ave.
Brgy. Bagumbayan, Acropolis
Quezon City
Tel: (02) 696-5995
(02) 575-3888 loc. 8142

Alabang-Entrata
Units G3 to G4, Entrata
Filinvest Corporate City
Alabang, Muntinlupa City
Tel: (02) 553-4295
(02) 575-3888 loc. 8215

Alabang Hills
Don Gesu Bldg., Don Jesus Blvd.
Brgy. Cupang, Muntinlupa City
Tel: (02) 551-0983
(02) 575-3888 loc. 8290

Alabang-Commerce Ave.
Spectrum Center, B28 Commerce Ave.
cor. Spectrum Mid-way
Filinvest Corporate City
Alabang, Muntinlupa City
Tel: (02) 524-0875

Alabang Madrigal
G/F, CTP Alpha Bldg.
Investment Drive
Madrigal Business Park
Ayala Alabang, Muntinlupa City
Tel: (02) 850-8094
(02) 575-3888 loc. 8389

Alabang-Westgate
Westgate, Filinvest Corporate City
Alabang, Muntinlupa City
Tel: (02) 771-0814
(02) 575-3888 loc. 8336

Amorsolo-Aegis
G/F, Unit C
Aegis People Support Bldg.
Amorsolo St., Makati City
Tel: (02) 887-7368
(02) 575-3888 loc. 8104

Amorsolo-Queensway
G/F, Queensway Bldg.
118 Amorsolo St., Legaspi Village
Makati City
Tel: (02) 511-7107
(02) 575-3888 loc. 8201

Annapolis
G/F, Unit 1-A
The Meriden Condominium Bldg.
Annapolis St. Northeast
Greenhills, San Juan City
Tel: (02) 705-1517
(02) 575-3888 loc. 8331

Anonas
94 Anonas St. cor. K-6th
East Kamias, Quezon Cty
Tel: (02) 434-0057
(02) 575-3888 loc. 8314

Aurora Blvd.-Anonas
Rosario Bldg., 999 Aurora Blvd.
near cor. Lauan and Anonas Sts.
Brgy. Duyan-Duyan, Project 3
Quezon City
Tel: (02) 291-3376
(02) 575-3888 loc. 8571

Ayala Ave.-Herrera
G/F, PBCom Tower
6795 Ayala Ave. cor. V. Rufino St.
Makati City
Tel: (02) 784-5642
(02) 575-3888 loc.8309

Ayala Ave.-MSE
G/F, Makati Stock Exchange Bldg.
Ayala Triangle, Ayala Ave., Makati City
Tel: (02) 659-8625
(02) 575-3888 loc. 8105

Ayala Ave.-Rufino
G/F, Unit 1, Rufino Bldg.
6784 Ayala Ave. cor. V.A. Rufino St.
Makati City
Tel: (02) 845-0096
(02) 575-3888 loc. 8213

Ayala Ave.-SGV
SGV 1 Bldg., 6760 Ayala Ave.
Makati City
Tel: (02) 621-9811
(02) 575-3888 loc. 8168

Baclaran
2/F, New Galleria Baclaran
Shopping Mall, LRT South Terminal
Taft Ave. Ext. Pasay City
Tel: (02) 851-3429
(02) 575-3888 loc. 8397

Baesa Town Center
Baesa Town Center, Retail Store No. 4
232 Quirino Highway, Baesa
Quezon City
Tel: (02) 990-4537
(02) 575-3888 loc. 8155

Bagumbayan
184-B, E. Rodriguez Ave.
Bagumbayan, Libis, Quezon City
Tel: (02) 709-1729
(02) 575-3888 loc. 8318

Balintawak-A. Bonifacio
659 A. Bonifacio Ave.
Balintawak, Quezon City
Tel: (02) 442-1728
(02) 575-3888 loc. 8398

Banawe-Kaliraya
Titan 168 Bldg., 126 Banawe
cor. Kaliraya Sts., Brgy. Tatalon
Quezon City
Tel: (02) 521-4749
(02) 575-3888 loc. 8295

Banawe-N. Roxas
42 Banawe Ave.
cor. Nicanor Roxas St., Quezon City
Tel: (02) 354-4980
(02) 575-3888 loc.8162

Banawe-Sct. Alcaraz *
G/F, Units A to C, 740 Banawe Ave.
cor. Sct. Alcaraz St. Quezon City
Tel: (02) 354-5043
(02) 575-3888 loc. 8156

Benavidez
Unit 103, One Corporate Plaza
Benavidez St., Legaspi Village
Brgy. San Lorenzo, Makati City
Tel: (02) 812-0019
(02) 575-3888 loc. 8197

Better Living-Doña Soledad
100 Doña Soledad Ave.
Brgy. Don Bosco, Betterliving Subd.
Parañaque City
Tel: (02) 823-4284
(02) 575-3888 loc. 8312

Better Living-Peru
Blk. 9 Lot 3, Doña Soledad Ave.
cor. Peru St., Betterliving Subd.
Parañaque City
Tel: (02) 511-1224
(02) 575-3888 loc. 8171

BF Homes-Aguirre
327 Aguirre Ave., BF Homes
Parañaque City
Tel: (02) 808-4963
(02) 575-3888 loc. 8206

Bicutan-East Service Rd.
G/F, Waltermart Bicutan
East Service Rd. cor. Mañalac Ave.
Brgy. San Martin de Porres
Parañaque City
Tel: (02) 556-2690
(02) 575-3888 loc. 8277

Binondo
G/F, Uy Su Bin Bldg.
535-537 Quintin Paredes St.
Binondo, Manila
Tel: (02) 247-3615
(02) 575-3888 loc. 8374

Blumentritt-Rizal Ave.
2412 Rizal Ave., Sta. Cruz, Manila
Tel: (02) 230-4366
(02) 575-3888 loc. 8525

Boni Avenue
G/F, Lourdes Bldg. II, 667 Boni Ave.
Brgy. PlainView, Mandaluyong City
Tel: (02) 655-9409
(02) 575-3888 loc. 8216

Boni Serrano Avenue
107 Boni Serrano Ave.
Brgy. Lipunan ng Crame, Quezon City
Tel: (02) 532-1475
(02) 575-3888 loc. 8572

C. Raymundo Ave.
172 C. Raymundo Ave.
Brgy. Maybunga, Pasig City
Tel: (02) 640-5690
(02) 575-3888 loc. 8113

Caloocan-A. Mabini
G/F, Gee Bee Bldg.
428 A. Mabini St., Brgy. 15
Zone 2, Caloocan City
Tel: (02) 294-8403
(02) 575-3888 loc. 8144

Chino Roces-Bagtikan
G/F High Pointe Bldg.
1184 Chino Roces Ave.
near cor. Bagtikan St.
Brgy. San Antonio, Makati City
Tel: (02) 478-7781
(02) 575-3888 loc. 8160

Chino Roces–Dela Rosa
G/F Kings Court II Bldg.
2129 Chino Roces Ave.
cor. Dela Rosa St., Makati City
Tel: (02) 864-0792
(02) 575-3888 loc. 8396

Chino Roces–La Fuerza
Units 10 to 11, La Fuerza Plaza 1
2241 Don Chino Roces Ave.
Makati City
Tel: (02) 478-9705
(02) 575-3888 loc. 8527

City Place Square
3/F, CP 2-3, City Place Square
Reina Regente near cor. Felipe II Sts.
Binondo, Manila
Tel: (02) 621-1292
(02) 575-3888 loc. 8154

Commonwealth
G/F, 272 Commonwealth Ave.
Brgy. Old Balara, Quezon City
Tel: (02) 355-7736
(02) 575-3888 loc. 8231

Congressional Ave.
Blk. 7 Lot 4-A, Congressional Ave.
Project 8, Quezon City
Tel: (02) 426-8587
(02) 575-3888 loc. 8313

Cubao-Araneta Center
G/F, Philamlife Bldg., Aurora Blvd.
cor. Gen. Araneta St., Cubao
Quezon City
Tel: (02) 709-7702
(02) 575-3888 loc. 8232

Cubao - P. Tuazon
G/F, Prince John Condominium
291 P. Tuazon Ave., Cubao, Quezon
City
Tel: (02) 913-4730
(02) 575-3888 loc.8302

Del Monte
271 Del Monte Ave.
cor. Biak na Bato, Quezon City
Tel: (02) 367-1813
(02) 575-3888 loc. 8372

Del Monte-D. Tuazon
155 Del Monte Ave.
Brgy. Manresa Quezon City
Tel: (02) 416-4712
(02) 575-3888 loc. 8535

Divisoria *
802 Ilaya St., Binondo, Manila
Tel: (02) 244-9928
(02) 575-3888 loc. 8386

Don Antonio Heights
Blk. 7 Lot 24, Holy Spirit Drive
Don Antonio Heights, Brgy. Holy Spirit
Quezon City
Tel: (02) 376-0817
(02) 575-3888 loc. 8153

E. Rodriguez Ave.
G/F, MC Rillo Bldg.
1168 E. Rodriguez Ave.
Brgy. Mariana, Quezon City
Tel: (02) 695-3519
(02) 575-3888 loc. 8165

E. Rodriguez Ave.-Cubao
1731 E. Rodriguez Sr. Ave.
Brgy. Pinagkaisahan, Cubao
Quezon City
Tel: (02) 477-3979
(02) 575-3888 loc. 8537

E. Rodriguez Ave.-Welcome Rotonda
AEK Bldg., 40 E. Rodriguez Sr. Ave.
Brgy. Don Manuel, Quezon City
Tel: (02) 255-3865
(02) 575-3888 loc. 8563

** No ATM*

Eastwood City
Unit D, Technoplaza One
Eastwood City, Cyberpark
E. Rodriguez Ave., Bagumbayan
Quezon City
Tel: (02) 234-1389
(02) 575-3888 loc. 8204

EDSA Howmart
1264 EDSA near cor. Howmart Road
Brgy. A Samson, Quezon City
Tel: (02) 990-9588
(02) 575-3888 loc. 8164

EDSA-Kalookan
490 EDSA, Caloocan City
Tel: (02) 364-1858
(02) 575-3888 loc. 8305

EDSA-Muñoz
G/F, Lemon Square Bldg.
1199 EDSA Muñoz, Brgy. Katipunan
Quezon City
Tel: (02) 441-2354
(02) 575-3888 loc. 8177

Elcano
Elcano Bldg., 622 El Cano St.
Binondo, Manila
Tel: (02) 242-0254
(02) 575-3888 loc. 8241

Escolta
G/F, First United Bldg.
413 Escolta cor. Banquero Sts.
Binondo, Manila
Tel: (02) 242-4635
(02) 575-3888 loc. 8328

Evangelista
1806 Hen. Mojica cor. Evangelista Sts.
Brgy. Bangkal, Makati City
Tel: (02) 846-8516
(02) 575-3888 loc. 8118

F. Ortigas Jr.
AIC Gold Tower Condominium
F Ortigas Jr. cor. Garnet Ave.
Pasig City
Tel: (02) 687-0037
(02) 575-3888 loc. 8303

Fairview
72 Commonwealth Ave.
cor. Camaro St., East Fairview
Quezon City
Tel: (02) 332-8598
(02) 575-3888 loc. 8242

Festival Mall Level 1
Level 1, Festival Supermall
Filinvest Corporate City
Alabang, Muntinlupa City
Tel: (02) 842-5981
(02) 575-3888 loc. 8351

Festival Mall Level 2
Level 2, Festival Supermall
Filinvest Corporate City
Alabang, Muntinlupa City
Tel: (02) 850-3722
(02) 575-3888 loc. 8330

G. Araneta Ave.
195 ILO Bldg., G. Araneta Ave.
Brgy. Santol, Quezon City
Tel: (02) 715-4580
(02) 575-3888 loc. 8198

General Luis-Kaybiga
4 Gen. Luis St., Brgy. Kaybiga
Caloocan City
Tel: (02) 922-5346
(02) 575-3888 loc. 8509

Gil Puyat-Dian
G/F, Wisma Cyberhub Bldg.
45 Sen. Gil Puyat Ave., Makati City
Tel: (02) 845-0487
(02) 575-3888 loc. 8275

Gil Puyat-F.B. Harrison
131 Gil Puyat Ave. Ext., Brgy 24
Zone 4, Pasay City
Tel: (02) 831-7637
(02) 575-3888 loc. 8140

Gil Puyat-Metro House
G/F, Metro House Bldg.
345 Sen. Gil Puyat Ave., Makati City
Tel: (02) 890-8102
(02) 575-3888 loc. 8301

Gil Puyat-Pacific Star
G/F, Pacific Star Bldg.
Sen. Gil Puyat Ave., Makati City
Tel: (02) 403-3368
(02) 575-3888 loc. 8185

Gil Puyat-Salcedo Vill.
G/F, Unit 1-C,Country Space 1 Bldg.
Gil Puyat Ave., Makati City
Tel: (02) 823-5220
(02) 575-3888 loc. 8528

Grace Park-3rd Ave.
215 Rizal Ave. Ext., Brgy. 45
Grace Park West, Caloocan City
Tel: (02) 310-5081
(02) 575-3888 loc. 8512

Grace Park-7th Ave.
G/F, Units 1 to 3
330 Rizal Ave. Ext. near cor. 7th Ave.
East Grace Park, Caloocan City
Tel: (02) 709-5560
(02) 575-3888 loc. 8209

Grace Park-8th Ave. *
896 8th Ave. cor. J. Teodoro Grace Park
Caloocan City
Tel: (02) 361-7545
(02) 575-3888 loc. 8373

Grace Park-11th Ave.
G/F, Remcor V Bldg., Blk. 172 Lot 5
Rizal Ave. Ext., Caloocan City
Tel: (02) 376-5825
(02) 575-3888 loc. 8286

Greenhills-Connecticut
G/F, Unit B, Fox Square Bldg.
53 Connecticut St.
Northeast Greenhills, San Juan City
Tel: (02) 705-1413
(02) 575-3888 loc. 8175

Greenhills-North
G/F, BTTC Bldg., Ortigas Ave.
cor. Roosevelt St. Greenhills
San Juan City
Tel: (02) 477-3365
(02) 575-3888 loc. 8272

Greenhills-Promenade
G/F & 2/F, Unit 3, Promenade Bldg.
Missouri St., Greenhills, San Juan City
Tel: (02) 571-5985
(02) 575-3888 loc. 8526

Greenhills-West
G/F, ALCCO Bldg., Ortigas Ave.
Greenhills-West, San Juan City
Tel: (02) 721-9605
(02) 575-3888 loc. 8346

Greenhills Shopping Center
Unit AC-14, Annapolis Carpark
Greenhills Shopping Center
San Juan City
Tel: (02) 721-8292
(02) 575-3888 loc. 8138

H.V. Dela Costa
Unit GFC-2, Classica 1 Condominium
112 H.V. Dela Costa St.
Salcedo Village, Makati City
Tel: (02) 550-2289
(02) 575-3888 loc. 8237

** No ATM*

Intramuros
G/F, B.F. Condominium
104 A. Serrano Ave. cor. Solano St.
Intramuros, Manila
Tel: (02) 527-2627
(02) 575-3888 loc. 8369

J.P. Rizal
805 J.P. Rizal cor. F. Zobel Sts.
San Miguel Village, Makati City
Tel: (02) 511-0789
(02) 575-3888 loc. 8208

Jose Abad Santos-Tayuman
G/F and 2/F, Cada Bldg.
1200 Tayuman St.
cor. Jose Abad Santos Ave.
Tondo, Manila
Tel: (02) 230-2336
(02) 575-3888 loc. 8166

Juan Luna-Binondo
580 Juan Luna St., Binondo, Manila
Tel: (02) 523-0282
(02) 575-3888 loc. 8531

Juan Luna-Pritil
G/F, 1953-1955 Juan Luna St.
Tondo, Manila
Tel: (02) 230-2217
(02) 575-3888 loc. 8279

Julia Vargas
G/F, Unit 101, One Corporate Center
Julia Vargas cor. Meralco Aves.
Ortigas Center, Pasig City
Tel: (02) 655-3339
(02) 575-3888 loc. 8246

Jupiter-Paseo de Roxas
G/F, Royal Banner Property Bldg.
30 Jupiter cor. Paseo de Roxas Sts.
Brgy. Bel-Air, Makati City
Tel: (02) 823-1989
(02) 575-3888 loc. 8521

Kalayaan-Matalino
123 Kalayaan Ave.
near cor. Matalino St., Brgy. Central
Diliman, Quezon City
Tel: (02) 293-9601
(02) 575-3888 loc. 8574

Kalentong
G/F, Unit 1 and 2, 908 Kalentong St.
Mandaluyong City
Tel: (02) 534-0669
(02) 575-3888 loc. 8278

Kamias
10 Kamias Road cor. Col. Salgado St.
Brgy. West Kamias, Quezon City
Tel: (02) 961-8088
(02) 575-3888 loc. 8178

Kamuning
10 Kamias Road cor. Col. Salgado St.
Brgy. West Kamias, Quezon City
Tel: (02) 961-8088
(02) 575-3888 loc. 8178

Katipunan-St. Ignatius
132 Katipunan Road
St. Ignatius Village, Quezon City
Tel: (02) 913-2370
(02) 575-3888 loc. 8327

Lagro
Blk. 6 Lot 2, Quirino Highway
Lagro, Novaliches, Quezon City
Tel: (02) 352-4948
(02) 575-3888 loc. 8248

Las Piñas-Almanza
Aurora Arcade Bldg.
Alabang-Zapote Road
Almanza Uno, Las Piñas City
Tel: (02) 551-0612
(02) 575-3888 loc. 8271

Las Piñas-BF Resort
10 BF Resort Drive
BF Resort Village, Las Piñas City
Tel: (02) 822-2699
(02) 575-3888 loc. 8129

Las Piñas-J. Aguilar Ave.
J. Aguilar Ave. cor. Casimiro Drive
Brgy. BF International, Las Piñas City
Tel: (02) 478-7361
(02) 575-3888 loc. 8539

Las Piñas-Marcos Alvarez
G/F and 2/F, 575 Marcos Alvarez Ave.
Talon V, Las Piñas City
Tel: (02) 550-2165
(02) 575-3888 loc. 8182

Las Piñas-Pamplona
Lot 16-B PSD 208390
Alabang-Zapote Road
Las Piñas City
Tel: (02) 873-5090
(02) 575-3888 loc. 8304

Legaspi-Aguirre
G/F, Unit 1-B, The Biltmore
102 Aguirre St., Legaspi Village
Makati City
Tel: (02) 807-1593
(02) 575-3888 loc. 8575

Legaspi-Dela Rosa
G/F, I-Care Bldg., Dela Rosa St.
cor. Legaspi Village, Makati City
Tel: (02) 844-5810
(02) 575-3888 loc. 8238

Legaspi-Rufino
G/F, Libran Bldg., Legaspi St.
cor. V.A. Rufino Ave.
Legaspi Village, Makati City
Tel: (02) 519-7398
(02) 575-3888 loc. 8103

Leviste
Unit Ground B, LPL Mansions Bldg.
122 L.P. Leviste St., Salcedo Village
Makati City
Tel: (02) 828-9858
(02) 575-3888 loc. 8532

Loyola Heights-Katipunan
Blk. 41 Lot 1, Unit 13
Elizabeth Hall Bldg.
Loyola Heights, Quezon City
Tel: (02) 426-0420
(02) 575-3888 loc. 8249

Makati Ave.-Juno
Unit 2-A, W Bldg., Juno St.
cor. Makati Ave., Brgy. Bel-air
Makati City
Tel: (02) 880-0526
(02) 575-3888 loc. 8202

Malabon-Gov. Pascual
3315 Gov. Pascual Ave.
cor. Ma. Clara St., Malabon City
Tel: (02) 351-7619
(02) 575-3888 loc. 8384

Malabon-Potrero
Units 1 to 2, Mary Grace Bldg.
Del Monte St., McArthur Highway
Potrero, Malabon City
Tel: (02) 352-5490
(02) 575-3888 loc. 8116

Malabon-Rizal Avenue
726 Rizal Ave., Brgy. Tañong
Malabon City
Tel: (02) 441-4446
(02) 575-3888 loc. 8250

Mandaluyong-Libertad
G/F, Units A to C, Dr. Aguilar Bldg.
46 D.M. Guevarra cor. Esteban Sts.
Highway Hills, Mandaluyong City
Tel: (02) 534-5507
(02) 575-3888 loc. 8119

Mandaluyong-Shaw Boulevard
G/F, Sunshine Square
312 Shaw Blvd., Mandaluyong City
Tel: (02) 534-3942
(02) 575-3888 loc. 8325

Mandaluyong-Wack-Wack
G/F, GDC Bldg., 710 Shaw Blvd.
Brgy. Wack-Wack, Mandaluyong City
Tel: (02) 570-4017
(02) 575-3888 loc. 8273

Marikina-Concepcion
Bayan-Bayanan Ave.
Concepcion, Marikina City
Tel: (02) 625-2092
(02) 575-3888 loc. 8169

Marikina-Gil Fernando
Gil Fernando Ave. cor. Estrador St.
Midtown Subd., San Roque
Marikina City
Tel: (02) 681-7384
(02) 575-3888 loc. 8137

Marikina-J.P. Rizal
367 J.P. Rizal St., Sta. Elena
Marikina City
Tel: (02) 645-2890
(02) 575-3888 loc. 8251

Marikina-Parang
JNJ Bldg., 108 BG Molina St.
Parang, Marikina City
Tel: (02) 625-6230
(02) 575-3888 loc. 8291

Masambong
L/G, Annexes B to C
Atkimson Bldg., 627 Del Monte Ave.
Brgy. Masambong, Quezon City
Tel: (02) 709-7701
(02) 575-3888 loc. 8183

Masangkay
1411-1413 Masangkay St.
Tondo, Manila
Tel: (02) 230-2363
(02) 575-3888 loc. 8184

Mayon
170 Mayon Ave., Quezon City
Tel: (02) 354-4695
(02) 575-3888 loc. 8151

Mayon-Dapitan
181 Mayon near cor. Dapitan Sts.
Brgy. Sta. Teresita, Quezon City
Tel: (02) 230-4750
(02) 575-3888 loc. 8560

McKinley Hills
Unit 1, Commerce and Industry Plaza
McKinley Hill Cyberpark
Bonifacio Global City, Taguig City
Tel: (02) 511-8817
(02) 575-3888 loc. 8252

Metropolitan Avenue
Savana Bldg. 3, Metropolitan Ave.
cor. Venezia St., Brgy. Sta Cruz
Makati City
Tel: (02) 556-8947
(02) 575-3888 loc. 8147

MIA Road
Salud-Dizon Bldg. 1, 5 MIA Road
Tambo, Parañaque City
Tel: (02) 556-9266
(02) 575-3888 loc. 8538

Muntinlupa
G/F, Remenes Center Bldg.
22 National Highway, Putatan
Muntinlupa City
Tel: (02) 846-9311
(02) 575-3888 loc. 8122

Navotas-M. Naval
895 M. Naval St.
Brgy. Sipac-Almasen, Navotas City
Tel: (02) 355-4148
(02) 575-3888 loc. 8292

Navotas-North Bay
G/F, Melandria III Bldg.
1090 Northbay Blvd. (South)
Navotas City
Tel: (02) 922-0812
(02) 575-3888 loc. 8121

New Manila
G/F, AAP Bldg., 683 Aurora Blvd.
New Manila, Quezon City
Tel: (02) 726-3202
(02) 575-3888 loc. 8367

North EDSA
UG/F, Units 4 to 7
EDSA Grand Residences, EDSA
cor. Corregidor St., Quezon City
Tel: (02) 376-2832
(02) 575-3888 loc. 8205

Novaliches-Gulod
Blk. 2 Lot 489, Quirino Highway
Novaliches, Quezon City
Tel: (02) 355-2741
(02) 575-3888 loc. 8110

Novaliches-Talipapa
G/F, Units C to G
526 Quirino Highway, Brgy. Talipapa
Novaliches, Quezon City
Tel: (02) 332-3592
(02) 575-3888 loc. 8266

Ongpin
G/F, Commercial Unit G-1
Strata Gold Condominium Bldg.
738 Ongpin St., Binondo, Manila
Tel: (02) 353-4414
(02) 575-3888 loc. 8293

Ortigas-ADB Avenue
G/F, The ADB Ave. Tower
ADB Ave. Pasig City
Tel: (02) 532-0292

Ortigas-Emerald
Unit 103, Hanston Bldg.
Emerald Ave., Ortigas Center
Pasig City
Tel: (02) 477-5371
(02) 575-3888 loc. 8112

Ortigas-Garnet
Unit 102, Prestige Tower
Emerald Ave., Ortigas Center
Pasig City
Tel: (02) 631-0079
(02) 575-3888 loc. 8255

Ortigas-Rockwell
Unit W-01, Tower 1
The Rockwell Business Center
Ortigas Ave., Pasig
Tel: (02) 633-6909
(02) 575-3888 loc. 8148

P. Ocampo Avenue
245 P. Ocampo Ave. cor. Flordeliz St.
Brgy. La Paz, Makati City
Tel: (02) 887-2321

Paco
1050 Pedro Gil St., Paco, Manila
Tel: (02) 527-4539
(02) 575-3888 loc. 8100

Padre Faura
G/F, Unit D, Metrosquare Bldg. 2
M.H. Del Pilar cor. Padre Faura Sts.
Ermita, Manila
Tel: (02) 404-0536
(02) 575-3888 loc. 8322

Pasay-D. Macapagal Blvd.
8 Pres. Diosdado Macapagal Blvd.
Pasay City
Tel: (02) 511-8351
(02) 575-3888 loc. 8180

Pasay-Libertad
Unit 265-E, Nemar Bldg.
Libertad St., Pasay City
Tel: (02) 550-2427
(02) 575-3888 loc. 8212

Pasay-Oceanaire
G/F, Unit 108 & 109
Podium Commercial Area
Oceanaire Condominium
Sunrise Drive cor. Rd. 23
SM Mall of Asia Complex
Pasay City
Tel: (02) 886-9014
(02) 575-3888 loc. 8555

Paseo de Magallanes
G/F, Unit 102, Tritan Plaza Bldg.
San Antonio St., Paseo de Magallanes
Makati City
Tel: (02) 478-4856
(02) 575-3888 loc. 8132

Paseo de Roxas-Legaspi
G/F, Paseo De Roxas Bldg.
111 Paseo de Roxas St.
cor. Legaspi St., Legaspi Village
Makati City
Tel: (02) 840-5434
(02) 575-3888 loc. 8375

Paseo-Philam Tower
G/F, Philamlife Tower
8767 Paseo de Roxas St.
Makati City
Tel: (02) 884-8810
(02) 575-3888 loc. 3342

Pasig Boulevard
2 Lakeview Drive cor. Pasig Blvd.
Brgy. Bagong Ilog, Pasig City
Tel: (02) 661-8790
(02) 575-3888 loc. 8150

Pasig Rosario
Unit 3, 1866 Ortigas Ave. Ext.
Rosario, Pasig City
Tel: (02) 628-4390
(02) 575-3888 loc. 8259

Pasig-Kapasigan
A. Mabini cor. Blumentrit St.
Brgy. Kapasigan, Pasig City
Tel: (02) 642-8559
(02) 575-3888 loc. 8308

Pasig-Santolan
G/F, Santolan Bldg.
344 A. Rodriguez Ave.
Santolan, Pasig City
Tel: (02) 654-0246
(02) 575-3888 loc. 8260

Pasig-Shaw Blvd.
Units A & B, 33 Karina Bldg.
Brgy. San Antonio, Pasig City
Tel: (02) 570-9356
(02) 575-3888 loc. 8307

Pasig-Valle Verde
102 E. Rodriguez Jr. Ave.
Ugong, Pasig City
Tel: (02) 655-3337
(02) 575-3888 loc. 8258

Paso de Blas
191 Paso de Blas, Valenzuela City
Tel: (02) 332-2061
(02) 575-3888 loc. 8382

Pasong Tamo Extension
G/F, Dacon Bldg.
2281 Pasong Tamo Ext., Makati City
Tel: (02) 892-2825
(02) 575-3888 loc. 8324

Pateros
M. Almeda cor. G. De Borja Sts.
San Roque, Pateros
Tel: (02) 941-5366
(02) 575-3888 loc. 8556

Paz M. Guazon
Units 5 & 6, Topmark Bldg.
1763 Paz M. Guazon St.
Paco, Manila
Tel: (02) 516- 2263
(02) 575-3888 loc. 8533

Pedro Gil
574 Pedro Gil St., Malate, Manila
Tel: (02) 256-2018
(02) 575-3888 loc. 8559

Perea
G/F, Greenbelt Mansion
106 Perea St., Legaspi Village
Makati City
Tel: (02) 511-0998
(02) 575-3888 loc. 8508

Pioneer
Unit UG-09
Pioneer Pointe Condominium
Pioneer St., Highway Hills
Mandaluyong City
Tel: (02) 584-3515
(02) 575-3888 loc. 8107

President's Avenue
35 President's Ave., BF Homes
Parañaque City
Tel: (02) 807-5549
(02) 575-3888 loc. 8315

Project 8-Shorthorn
G/F, West Star Business Center
31, Shorthorn St., Brgy. Bahay Toro
Proj. 8, Quezon City
Tel: (02) 952-4526
(02) 575-3888 loc. 8520

Quezon Ave.-Banawe
G/F, PPSTA-1 Bldg., Quezon Ave.
cor. Banawe St., Quezon City
Tel: (02) 412-1681
(02) 575-3888 loc. 8329

Quezon Ave.-Dr. Garcia
G/F, Kayumanggi Tress Bldg.
940 Quezon Ave., Paligsahan 4
Quezon City
Tel: (02) 709-7808
(02) 575-3888 loc. 8207

Quezon Ave.-Sct. Albano
1604 Quezon Ave.
Brgy. South Triangle, Quezon City
Tel: (02) 352-8163
(02) 575-3888 loc. 8109

Quezon Ave.-Sct. Santiago *
G/F, Sushine Blvd. Plaza, Quezon
cor. Scout Santiago Aves.
Quezon City
Tel: (02) 372-8214
(02) 575-3888 loc. 8326

Quiapo
G/F, E and L Haw Bldg.
502 Evangelista St., Quiapo, Manila
Tel: (02) 353-0052
(02) 575-3888 loc. 8199

* *No ATM*

Rada
G/F, Unit 102
La Maision Condominium Bldg.
Rada St., Legaspi Village
Makati City
Tel: (02) 804-2866
(02) 575-3888 loc. 8189

Regalado
Regalado Ave. cor. Archer St.
North Fairview Subd., Quezon City
Tel: (02) 939-5459
(02) 575-3888 loc. 8317

Roosevelt-Frisco
184 Roosevelt Ave.
San Francisco del Monte
Quezon City
Tel: (02) 372-1090
(02) 575-3888 loc. 8306

Roosevelt-Sto. Niño
187 Roosevelt Ave., Brgy. Sto. Niño
San Francisco Del Monte
Quezon City
Tel: (02) 922-1723
(02) 575-3888 loc. 8190

Roxas Boulevard
G/F, DENR Bldg., 1515 Roxas Blvd.
Ermita, Manila
Tel: (02) 525-3605
(02) 575-3888 loc. 8114

Salcedo
G/F, First Life Center, 174 Salcedo St.
Legaspi Village, Makati City
Tel: (02) 815-8747
(02) 575-3888 loc. 8348

Sampaloc-J. Figueras
427-433 J. Figueras St.
Sampaloc, Manila
Tel: (02) 735-0082
(02) 575-3888 loc. 8534

San Juan
EastWest Bank Bldg.
F. Blumentritt cor. M. Salvador Sts.
Brgy. San Perfecto, San Juan City
Tel: (02) 723-8991
(02) 575-3888 loc. 8102

San Lorenzo-A. Arnaiz
The E-Hotels Makati Bldg.
906 A. Arnaiz Ave.
(formerly Pasay Road)
San Lorenzo Village, Makati City
Tel: (02) 845-0263
(02) 575-3888 loc. 8257

San Miguel Ave.
Medical Plaza Bldg.
San Miguel Ave., Ortigas
Pasig City
Tel: (02) 637-5649
(02) 575-3888 loc. 8388

Soler *
G/F, R&S Tower, 941 Soler St.
Binondo, Manila
Tel: (02) 244-0169
(02) 575-3888 loc. 8101

Sto. Cristo *
G/F, Sto. Cristo Po Taw Bldg.
107-108 Sto. Cristo cor. Foderama Sts.
Binondo, Manila
Tel: (02) 247-7112
(02) 575-3888 loc. 8323

Sucat-Evacom
8208 Dr. A. Santos Ave.
Brgy. San Isidro, Parañaque City
Tel: (02) 822-4249
(02) 575-3888 loc. 8161

Sucat-Kabihasnan
G/F, Units 3 to 4
Perry Logistics Center Bldg.
Ninoy Aquino Ave., Parañaque City
Tel: (02) 553-5064
(02) 575-3888 loc. 8274

Sucat-Kingsland
G/F and 2/F, Units 5 to 6
Kingsland Bldg., Dr. A. Santos Ave.
Sucat, Parañaque City
Tel: (02) 553-5108
(02) 575-3888 loc. 8192

Sucat-NAIA
Unit 707-6
Columbia AirFreight Complex
Miascor Drive, Ninoy Aquino Ave.
Brgy. Sto. Niño, Parañaque City
Tel: (02) 852-2949
(02) 575-3888 loc. 8343

T. Alonzo *
G/F, 623 T. Alonzo St.
Sta.Cruz, Manila
Tel: (02) 733-7627
(02) 575-3888 loc. 8354

T.M. Kalaw
A-1 to A-4, Ditz Bldg.
444 T.M. Kalaw St., Ermita, Manila
Tel: (02) 353-9739
(02) 575-3888 loc. 8195

Taft Avenue
Philippine Academy of Family
Physicians (PAFP) Bldg.
2244 Taft Avenue, Manila
Tel: (02) 708-5241
(02) 575-3888 loc. 8193

Taft-Nakpil
RLR Bldg., 1820 Taft Ave.
near cor. Nakpil St., Malate, Manila
Tel: (02) 525-0495
(02) 575-3888 loc. 8141

Tandang Sora
Lot 80-A, Kalaw Hills Subd.
Brgy. Culiat, Tandang Sora
Quezon City
Tel: (02) 951-2550
(02) 575-3888 loc. 8321

Tektite
East Tower
Philippine Stock Exchange Center
Exchange Drive, Ortigas Center
Pasig City
Tel: (02) 637-4164
(02) 575-3888 loc. 8349

The Fort 26th St.-11th Ave.
G/F, Unit 25 to 26, North Tower
South of Market Bldg., 26th St.
cor. 11th Ave., Bonifacio Global City
Taguig City
Tel: (02) 551-4072
(02) 575-3888 loc. 8261

The Fort-Active Fun
G/F, Active Fun Bldg., 9th Ave.
cor. 28th St., City Center
Bonifacio Global City, Taguig City
Tel: (02) 856-7490
(02) 575-3888 loc. 8554

The Fort-Beaufort
The Beaufort, 5th Ave. cor. 23rd St.
Bonifacio Global City, Taguig City
Tel: (02) 808-2236
(02) 575-3888 loc. 8203

The Fort-Burgos Circle
G/F, Units H to I
Crescent Park Residences
Burgos Circle cor. 2nd Ave.
Bonifacio Global City, Taguig
Tel: (02) 478-5481
(02) 575-3888 loc. 8125

* *No ATM*

The Fort-F1 Center
G/F, Unit F, F1 Center Bldg.
32nd St. cor. 5th Ave.
Bonifacio Global City, Taguig City
Tel: (02) 478-4326
(02) 575-3888 loc. 8268

The Fort-Marajo Tower
G/F, Unit 3-A, Marajo Tower
26th St. cor. 4th Ave.
Bonifacio Global City, Taguig
Tel: (02) 856-0201
(02) 575-3888 loc. 8379

Timog Ave.
G/F, Timog Arcade, 67 Timog Ave.
cor. Sct. Torillo, Quezon City
Tel: (02) 376-7884
(02) 575-3888 loc. 8157

Timog-Mother Ignacia
21 Timog Ave., Brgy. South Triangle
1103 Quezon City
Tel: (02) 374-3619
(02) 575-3888 loc. 8570

Tomas Mapua-Lope de Vega
G/F and 2/F, Valqua Bldg.
1003 Tomas Mapua
cor. Lope de Vega Sts.
Sta. Cruz, Manila
Tel: (02) 711-0412
(02) 575-3888 loc. 8194

Tomas Morato
257 Tomas Morato
near cor. Scout Fuentebella
Quezon City
Tel: (02) 928-2163
(02) 575-3888 loc. 8342

Tordesillas
Unit 105, Le Metropole Condominium
HV Dela Costa cor. Tordesillas and
Sen. Gil Puyat Ave., Salcedo Village
Makati City
Tel: (02) 828-8407
(02) 575-3888 loc. 8524

UN Avenue
G/F, Magcoop Bldg. , UN Ave.
near cor. A. Mabini St.
Ermita, Manila
Tel: (02) 354-5082
(02) 575-3888 loc. 8393

UP Village
65 Maginhawa St., U.P. Village
Diliman, Quezon City
Tel: (02) 433-8625
(02) 575-3888 loc. 8196

Valenzuela-Dalandanan
212 Km. 15 Mac Arthur Highway
Brgy. Dalandanan, Valenzuela City
Tel: (02) 277-0276
(02) 575-3888 loc. 8289

Valenzuela-Gen. T. De Leon
G/F, Units 4 & 5, Liu Shuang Yu Bldg.
3026 Gen. T. De Leon St.
Valenzuela City
Tel: (02) 440-5635
(02) 575-3888 loc. 8536

Valenzuela-Marulas
JLB Enterprise Bldg.
Km. 12 McArthur Highway
Marulas, Valenzuela City
Tel: (02) 445-0670
(02) 575-3888 loc. 8345

Valero
G/F, Retail 1-B Area
Paseo Parkview Tower, 142 Valero St.
Salcedo Village, Makati City
Tel: (02) 817-3733
(02) 575-3888 loc. 8347

Visayas Avenue
G/F, Units B to D, 15 Visayas Ave.
Brgy. Vasra, Quezon City
Tel: (02) 441-6604
(02) 575-3888 loc. 8280

West Avenue
108 West Ave. cor. West Lawin St.
Quezon City
Tel: (02) 928-5920
(02) 575-3888 loc. 8356

West Service Road
West Service Road
cor. Sampaguita Ave.
UPS IV Subd., Parañaque City
Tel: (02) 822-3910
(02) 575-3888 loc. 8158

Wilson
G/F, 220-B Wilson St.
Greenhills, San Juan City
Tel: (02) 696-7366
(02) 575-3888 loc. 8159

Xavierville
60 Xavierville Ave., Xavierville Subd.
Brgy. Loyola Heights, Quezon City
Tel: (02) 364-5379
(02) 575-3888 loc. 8564

Ylaya-Padre Rada
G/F, 981 Josefa Bldg., Ylaya St.
cor. Padre Rada St., Tondo, Manila
Tel: (02) 243-9005
(02) 575-3888 loc. 8294

LUZON

Angeles-Balibago
Saver's Mall Bldg.
McArthur Highway, Balibago
Angeles City, Pampanga
Tel: (045) 458-0613
(02) 575-3888 loc. 8170

Antipolo-ML Quezon
146 M.L. Quezon Ave.
cor. F. Dimanlig St., San Roque
Antipolo City
Tel: (02) 661-9676
(02) 575-3888 loc. 8135

Antipolo-Marcos Highway
Ciannat Complex, Brgy. Mayamot
Marcos Highway, Antipolo City
Tel: (02) 682-2250
(02) 575-3888 loc. 8316

Bacoor-Aguinaldo Hi-way
Gen. E. Aguinaldo Highway
Talaba, Bacoor City, Cavite
Tel: (046) 417-0395
(02) 575-3888 loc. 8320

Bacoor-Molino
G/F, Units 101 to 103
VCENTRAL Mall Molino Bldg.
Molino Blvd., Bacoor City
Cavite City
Tel: (046) 424-2037
(02) 575-3888 loc. 8210

Baguio-Legarda
G/F, Lindi Hotel, 21 Legarda Rd.
Baguio City
Tel: (075) 442-5288
(02) 575-3888 loc. 8589

Baguio-Rizal Monument
One VF Tower, Benjamin Salvosa Drive
Brgy. Rizal Monument, Baguio City
Tel: (074) 448-0513
(02) 575-3888 loc. 8340

Baguio City-Session Rd.
Unit 101-B, Lopez Bldg.
Session Road, Baguio City
Tel: (074) 442-3339
(02) 575-3888 loc. 8163

Baliuag
Benigno Aquino Ave., Poblacion
Baliuag, Bulacan
Tel: (044) 766-5308
(02) 575-3888 loc. 8376

Bataan-Balanga
Don Manuel Banzon Ave.
cor. Cuaderno St., Doña Francisca
Balanga City, Bataan
Tel: (047) 237-0351
(02) 575-3888 loc. 8120

Bataan-Dinalupihan
Brgy. San Ramon
Dinalupihan, Bataan
Tel: (047) 636-0040
(02) 575-3888 loc. 8239

Bataan-Mariveles *
8th Ave., Freeport Area of Bataan
Mariveles, Bataan
Tel: (047) 633-1782
(02) 575-3888 loc. 8561

Batangas-Balayan
cor. Paz and Union Sts., Poblacion
Balayan, Batangas
Tel: (043) 740-3618
(02) 575-3888 loc. 8552

Batangas-Bauan
J.P. Rizal cor. San Agustin Sts.
Bauan, Batangas
Tel: (043) 702-4970
(02) 575-3888 loc. 8214

Batangas-Lemery
G/F, LDMC Bldg., Ilustre Ave.
Dist III, Lemery, Batangas
Tel: (043) 740-2602
(02) 575-3888 loc. 8502

Batangas-Nasugbu
J. P. Laurel St., Poblacion
Nasugbu, Batangas
Tel: (043) 740-1103
(02) 575-3888 loc. 8530

Batangas-Rosario
Rosario-Padre Garcia-Lipa Road
Poblacion, Rosario, Batangas
Tel: (043) 706-4854
(02) 575-3888 loc. 8511

Batangas-Sto. Tomas
KM 67 Maharlika Highway
Poblacion, Sto. Tomas, Batangas
Tel: (043) 702-8636
(02) 575-3888 loc. 8544

Batangas-Tanauan
98 J.P. Laurel Highway
Tanauan City, Batangas
Tel: (043) 702-4939 / 702-3943
(02) 575-3888 loc. 8267

Batangas City
54-A., D. Silang St., Batangas City
Tel: (043) 723-7665
(02) 575-3888 loc. 8355

Batangas City-Pallocan
M. Pastor Ave., Pallocan West
Batangas City
Tel: (043) 740-6559
(02) 575-3888 loc. 8580

Benguet-La Trinidad
Km. 5, Central Pico
La Trinidad, Benguet
Tel: (074) 422-1544
(02) 575-3888 loc.8247

Bulacan-Balagtas
Burol 1st, McArthur Highway
Balagtas, Bulacan
Tel: (044) 308-2072
(02) 575-3888 loc. 8297

Bulacan-Plaridel
Lot 1071-A, Daang Maharlika Road
(formerly Cagayan Valley Road)
Banga First Plaridel, Bulacan
Tel: (044) 794-9947
(02) 575-3888 loc. 8282

Bulacan-San Jose Del Monte
Dalisay Resort, Gov. F. Halili Ave.
Tungkong Mangga,
San Jose del Monte, Bulacan
Tel: (044) 815-6128
(02) 575-3888 loc. 8557

Bulacan-Sta. Maria
115 M. De Leon St., Brgy. Poblacion
Sta. Maria, Bulacan
Tel: (044) 769-2426
(02) 575-3888 loc. 8577

Cabanatuan-Maharlika
Brgy. Dicarma, Maharlika Highway
Cabanatuan City, Nueva Ecija
Tel: (044) 958-8847
(02) 575-3888 loc. 8573

Cabanatuan-Melencio
Melencio cor. Gen. Luna Sts.
Cabanatuan City, Nueva Ecija
Tel: (044) 464-1634
(02) 575-3888 loc. 8333

Calamba
G/F, SQA Bldg., Brgy. Uno, Crossing
Calamba City, Laguna
Tel: (049) 545-9018
(02) 575-3888 loc. 8335

Calamba - National Road
1425 ME (LE) Crossing St.
Crossing, Calamba City, Laguna
Tel: (049) 508-7476
(02) 575-3888 loc. 8583

Candelaria
Rizal Ave. cor. Ona St.
Brgy. Poblacion, Candelaria
Quezon
Tel: (042) 717-5528
(02) 575-3888 loc. 8587

Carmona
Lot 1947-B
Paseo de Carmona Compound
Governor's Drive, Brgy. Maduya
Carmona, Cavite
Tel: (046) 482-0411
(02) 575-3888 loc. 8106

Cavite City
P. Burgos Ave., Brgy. Caridad
Cavite City, Cavite
Tel: (046) 431-0510
(02) 575-3888 loc. 8284

Cavite-Naic
Ibayo Silangan cor. Sabang Road
Naic, Cavite
Tel: (046) 412-0144
(02) 575-3888 loc. 8221

Cavite-Silang
132 J. P Rizal cor. E. Montoya Sts.
San Vicente I, Silang, Cavite
Tel: (046) 413-2600
(02) 575-3888 loc. 8517

Cavite-Tanza
Antero Soriano Ave.
Daang Amaya 2, Tanza, Cavite
Tel: (046) 431-2097
(02) 575-3888 loc. 8222

Cavite-Trece Martires
G/F, Dionets Commercial Place Bldg.
Trece Martires-Indang Road
Trece Martires City, Cavite
Tel: (046) 514-0071
(02) 575-3888 loc. 8299

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Dagupan-A.B. Fernandez Avenue
New Star Bldg., A.B. Fernandez Ave.
Dagupan City, Pangasinan
Tel: (075) 529-1903
(02) 575-3888 loc. 8233

Dagupan-Perez
Maria P. Lee Bldg., Perez Blvd.
Dagupan City, Pangasinan
Tel: (075) 522-2284
(02) 575-3888 loc. 8337

Dasmariñas
Km. 31, Gen. Emilio Aguinaldo Highway
Brgy. Zone 4, Dasmariñas City, Cavite
Tel: (046) 424-1454
(02) 575-3888 loc. 8234

General Trias
G/F, Unit 102, VCentral Getri Bldg.
Governor's Drive, Manggahan
Gen. Trias, Cavite
Tel: (046) 476-0598
(02) 575-3888 loc. 8124

Ilocos Norte-San Nicolas
Brgy.2, San Nicolas, Ilocos Norte
Tel: (077) 670-6465
(02) 575-3888 loc. 8515

Ilocos Sur-Candon
G/F, KAMSU Bldg., Brgy. San Jose
Candon City, Ilocos Sur
Tel: (077) 674-0255
(02) 575-3888 loc. 8172

Imus
G/F, LDB Bldg.
552 Gen. Aguinaldo Highway
Imus City, Cavite
Tel: (046) 471-5188
(02) 575-3888 loc. 8310

Isabela-Cauayan
Maharlika Highway, Cauayan City
Isabela
Tel: (078) 652-3945
(02) 575-3888 loc. 8383

Isabela-Ilagan
Maharlika Highway
cor. Florencio Apostol Sts.
Calamagui 1, Ilagan, Isabela
Tel: (078) 624-0193
(02) 575-3888 loc. 8513

Isabela-Santiago
74 National Highway
Brgy. Victory Norte
Santiago City, Isabela
Tel: (078) 305-0344
(02) 575-3888 loc. 8366

Kawit-Centennial
Centennial Road, Tabon
Kawit, Cavite
Tel: (046) 484-9775
(02) 575-3888 loc. 8543

La Union-Agoo
McArthur Highway, Brgy. San Antonio
Agoo, La Union
Tel: (072) 687-0016
(02) 575-3888 loc. 8514

La Union-San Fernando
Kenny Plaza, Brgy. Catbangen
Quezon Ave., San Fernando, La Union
Tel: (072) 888-2638
(02) 575-3888 loc. 8362

Laguna-Biñan
G/F, Units 1 to 4
Simrey's Commercial Bldg.
National Highway
cor. Alma Manzo Road
Brgy. San Antonio Biñan City
Laguna
Tel: (049) 511-7408
(02) 575-3888 loc. 8501

Laguna-Cabuyao
26 J. P. Rizal St., Poblacion
Cabuyao City, Laguna
Tel: (049) 534-0979
(02) 575-3888 loc. 8283

Laguna-Sta. Cruz
129 P. Guevara Ave. , Poblacion 2
Sta Cruz, Laguna
Tel: (049) 523-4336
(02) 575-3888 loc. 8582

Laoag City
G/F, Commercial Units 3 & 4
Puregolds Bldg., Nolasco St.
cor. Castro Ave. & J.P. Pizal
Laoag City
Tel: (077) 771-3866
(02) 575-3888 loc. 8359

Legazpi City
Blk. 2 Lot 3-B, Landco Business Park
Legaspi City, Albay
Tel: (052) 480-6659
(02) 575-3888 loc. 8287

Lipa City
Lot 712 ABC, 18 B. Morada Ave.
Lipa City, Batangas
Tel: (043) 784-1336
(02) 575-3888 loc. 8378

Lucena City
152 Quezon Ave.
Lucena City, Quezon
Tel: (042) 373-7623
(02) 575-3888 loc. 8334

Malolos
G/F, 1197 BUFECO Bldg.
Brgy. Sumapang Matanda
McArthur Highway, Malolos, Bulacan
Tel: (044) 794-4534
(02) 575-3888 loc. 8540

Meycauayan-Malhacan
Meycauayan Toll Exit
Meycauayan City, Bulacan
Tel: (044) 769-9394
(02) 575-3888 loc. 8253

Mindoro-Calapan
G/F, Paras Bldg., J.P. Rizal St.
Brgy. San Vicente South
Calapan, Oriental Mindoro
Tel: (043) 288-1809
(02) 575-3888 loc. 8220

Montalban-Rizal
240 E. Rodriguez Highway
Manggahan, Rodriguez, Rizal
Tel: (02) 368-4051
(02) 575-3888 loc. 8569

Naga City
G/F, LAM Bldg., 19 Peñafrancia Ave.
Naga City, Camarines Sur
Tel: (054) 811-1003
(02) 575-3888 loc. 8358

Nueva Ecija-Gapan
G/F and 2/F, Units 105 to 106 and 205
TSI Bldg., Jose Abad Santos Ave.
Sto. Niño, Gapan City, Nueva Ecija
Tel: (044) 486-2258
(02) 575-3888 loc. 8288

Nueva Ecija-San Jose
Paulino Bldg., Brgy. Abar 1st
Maharlika Road, San Jose City
Nueva Ecija
Tel: (044) 958-1580
(02) 575-3888 loc. 8262

Nueva Ecija-Talavera
Lot 269–A, Maharlika Road
Poblacion, Talavera, Nueva Ecija
Tel: (044) 958-3849
(02) 575-3888 loc. 8541

Nueva Vizcaya-Solano
Maharlika Road, Poblacion
Solano, Nueva Vizcaya
Tel: (078) 392-0112
(02) 575-3888 loc. 8263

Olongapo City
G/F, 1215 Rizal Ave.
West Tapinac St., Olongapo City
Tel: (047) 222-8592
(02) 575-3888 loc. 8108

Palawan
Rizal Ave., Brgy. Manggahan
Puerto Princesa City, Palawan
Tel: (048) 433-0186
(02) 575-3888 loc. 8187

Pampanga-Angeles City
G/F, Unit 241-A to 242
AYA Commercial Bldg.
Sto. Rosario St., Brgy. San Jose
Angeles City, Pampanga
Tel: (045) 879-1637
(02) 575-3888 loc. 8344

Pampanga-Apalit
Brgy. San Vicente, Apalit, Pampanga
Tel: (045) 652-0037
(02) 575-3888 loc. 8167

Pampanga-Guagua
303 Guagua, Sta. Rita Arterial Road
Brgy. San Roque Guagua, Pampanga
Tel: (045) 458-0567
(02) 575-3888 loc. 8243

Pangasinan-Alaminos
BHF Blue Harrison Bldg.
Quezon Ave., Poblacion
Alaminos City, Pangasinan
Tel: (075) 633-4026
(02) 575-3888 loc. 8586

Pangasinan-Lingayen
J.S. Molano Real State Lessor Bldg.
Avenida Rizal East, Lingayen
Pangasinan
Tel: (075) 206-0081
(02) 575-3888 loc. 8296

Pangasinan-Mangaldan
Cadastral Lot 335, Rizal Ave.
Brgy. Poblacion, Mangaldan
Pangasinan
Tel: (075) 540-5023
(02) 575-3888 loc. 8579

Pangasinan-Rosales
Estrella Compd., Carmen East Rosales
McArthur Highway, Pangasinan
Tel: (075) 636-9990
(02) 575-3888 loc. 8218

Pangasinan-San Carlos
Palaris cor. Jaycees Sts.
San Carlos, Pangasinan
Tel: (075) 632-3095
(02) 575-3888 loc. 8149

San Fernando-Dolores
2/F, Felix S. David Bldg.
McArthur Highway, Dolores City
San Fernando, Pampanga
Tel: (045) 961-7936
(02) 575-3888 loc. 8332

San Fernando-JASA
G/F, Units 1-A and 1-B
Kingsborough Commercial Center Bldg.
Jose Abad Santos Ave.
San Fernando City, Pampanga
Tel: (045) 435-0379
(02) 575-3888 loc. 8516

San Fernando-Sindalan
G/F, T and M Bldg., Brgy. Sindalan
McArthur Highway, San Fernando City
Pampanga
Tel: (045) 455-1192
(02) 575-3888 loc. 8191

San Mateo
Lot 551-A-8, Gen. Luna St.
Brgy. Ampid, San Mateo, Rizal
Tel: (02) 997-1911
(02) 575-3888 loc. 8592

San Pablo
9022 J.P. Rizal Ave.
San Pablo City, Laguna
Tel: (049) 503-2835
(02) 575-3888 loc. 8127

San Pedro
Old National Highway, Brgy. Nueva
San Pedro, Laguna
Tel: (049) 478-9553
(02) 575-3888 loc. 8128

Sorsogon City
Ma. Bensuat T. Dogillo Bldg.
Magsaysay St., Poblacion
Sorsogon City
Tel: (056) 421-5778
(02) 575-3888 loc. 8545

Sta. Rosa
G/F, Unit 6, Paseo 5
Paseo de Sta Rosa, Greenfield City
Don Jose, Santa Rosa City, Laguna
Tel: (049) 508-2112
(02) 575-3888 loc. 8558

Subic Bay
G/F, 1109 Rizal Highway
Subic Bay Freeport Zone
Olongapo City
Tel: (047) 250-2775
(02) 575-3888 loc. 8298

Tabaco City
Manuel Cea Bldg., Santillan St.
Tabaco City, Albay
Tel: (052) 487-4132
(02) 575-3888 loc. 8565

Tarlac - Concepcion
Lot 1889, B1 to B3, L. Cortez St.
San Nicolas, Concepcion, Tarlac
Tel: (045) 628-2908
(02) 575-3888 loc. 8576

Tarlac - McArthur Highway
Blk. 17 Lot 27, McArthur Highway
cor. Calle Manuel
San Sebastian Village, Tarlac
Tel: (045) 628-3293
(02) 575-3888 loc. 8578

Tarlac-F. Tañedo
Mariposa Bldg., F. Tanedo St.
Tarlac City, Tarlac
Tel: (045) 982-1937
(02) 575-3888 loc. 8353

Tarlac-Paniqui
130 M.H. Del Pilar St.
cor. McArthur Highway
Paniqui, Tarlac
Tel: (045) 491-3846
(02) 575-3888 loc. 8256

Taytay-Manila East
Manila East Road, Brgy. San Juan
Taytay, Rizal
Tel: (02) 570-4128
(02) 575-3888 loc. 8143

Taytay-Ortigas Extension
Vallley Fair Town Center
Ortigas Ave. Ext., Taytay, Rizal
Tel: (02) 660-1826
(02) 575-3888 loc. 8311

Tuguegarao City
College Ave. cor. Rizal
and Bonifacio Sts., Tuguegarao City
Cagayan
Tel: (078) 844-6512
(02) 575-3888 loc. 8136

Urdaneta City
S&P Bldg., Nancayasan
Urdaneta City, Pangasinan
Tel: (075) 656-2825
(02) 575-3888 loc. 8381

Vigan
Quezon Ave., Vigan City, Ilocos Sur
Tel: (077) 674-0370
(02) 575-3888 loc. 8269

Zambales-Iba
Lot 1-A, Zambales-Pangasinan
Provincial Road, Brgy. Sagapan
Iba, Zambales
Tel: (047) 603-0374
(02) 575-3888 loc. 8542

VISAYAS

Antique-San Jose
St. Nicolas Bldg., T.A. Fornier St.
San Jose, Antique
Tel: (036) 540-7398
(02) 575-3888 loc. 8510

Bacolod-East
East Two Corporate Center Bldg.
Circumferential Road
Brgy. Villamonte, Bacolod City
Tel: (034) 432-0830
(02) 575-3888 loc. 8584

Bacolod-Araneta
Unit 1-A and 1-B, Metrodome Bldg.
Araneta-Alunan St., Brgy. 29
Sincang, Bacolod City
Negros Occidental
Tel: (034) 435-2887
(02) 575-3888 loc. 8503

Bacolod-Hilado
Hilado Street, Bacolod City
Negros Occidental
Tel: (034) 435-1728
(02) 575-3888 loc. 8244

Bacolod-Lacson
Lacson cor. Luzuriaga Sts.
Bacolod City, Negros Occidental
Tel: (034) 433-8322
(02) 575-3888 loc. 8385

Bacolod-Mandalagan
Lopues Mandalagan Corp. Bldg.
Brgy. Mandalagan, Bacolod City
Negros Occidental
Tel: (034) 441-1141
(02) 575-3888 loc. 8181

Boracay
Alexandrea Bldg., Main Road
Brgy. Balabag, Boracay Island
Malay, Aklan
Tel: (036) 288-2877
(02) 575-3888 loc. 8217

Catbalogan City
Curry Ave. cor. San Bartolome St.
Catbalogan City, Samar
Tel: (055) 543-8041
(02) 575-3888 loc. 8529

Cebu IT Park
G/F, Calyx Center, W. Ginonzon
cor. Abad Sts., Asia Town
I.T. Park, Cebu City, Cebu
Tel: (032) 236-0698
(02) 575-3888 loc. 8224

Cebu Mactan
G/F, Bldg. II
M.L. Quezon National Highway
Pusok, Lapu-lapu City
Tel: (032) 238-4958
(02) 575-3888 loc. 8115

Cebu-A.C. Cortes
G/F, Carlos Perez Bldg.
A.C. Cortes Ave., Ibabao
Mandaue City, Cebu
Tel: (032) 236-1458
(02) 575-3888 loc. 8228

Cebu-A.S. Fortuna
AYS Bldg., AS Fortuna St.
Banilad, Mandaue City, Cebu
Tel: (032) 236-4792
(02) 575-3888 loc. 8173

Cebu-Banilad
G/F, Unit 101, PDI Condominium
Gov. M. Cuenco Ave. cor. J. Panis St.
Banilad, Cebu City. Cebu
Tel: (032) 232-5582
(02) 575-3888 loc. 8360

Cebu-Basak Pardo
South Point Place Bldg.
N. Bacalso Ave., South Road
Basak Pardo, Cebu City, Cebu
Tel: (032) 236-6954
(02) 575-3888 loc. 8229

Cebu-Freedom Park
CLC Bldg., 280 Magallanes St.
near cor. Noli Me Tangere
Cebu City, Cebu
Tel: (032) 236-9301
(02) 575-3888 loc. 8230

Cebu-Fuente Osmeña
G/F, Cebu Women's Club Bldg.
Fuente Osmeña, Cebu City, Cebu
Tel: (032) 260-2381
(02) 575-3888 loc. 8223

Cebu-Grand Cenia
G/F, Grand Cenia Bldg.
Archbishop Reyes Ave.
Cebu City, Cebu
Tel: (032) 417-1709
(02) 575-3888 loc. 8139

Cebu-Juan Luna
Stephen Jo Bldg., Juan Luna
Cebu City, Cebu
Tel: (032) 236-7528
(02) 575-3888 loc. 8225

Cebu-M. Velez
151 M. Velez St., Guadalupe
Cebu City, Cebu
Tel: (032) 236-0152
(02) 575-3888 loc. 8174

Cebu-Magallanes
60 Quiaco Bldg., Magallanes
cor. Gonzales Sts., Cebu City, Cebu
Tel: (032) 254-1940
(02) 575-3888 loc. 8361

Cebu-Mandaue North Road
UG/F, Blocks 01 to 03
ALDO Bldg., North Road
Basak, Mandaue City, Cebu
Tel: (032) 236-5582
(02) 575-3888 loc. 8133

Cebu-Mandaue Subangdaku
Kina Bldg., National Highway
Subangdaku, Mandaue City, Cebu
Tel: (032) 346-5268
(02) 575-3888 loc. 8357

Cebu-Minglanilla
G/F, La Nueva-Minglanilla Center
Ward 2, Poblacion, Minglanilla, Cebu
Tel: (032) 236-9314
(02) 575-3888 loc. 8226

Cebu-N. Escario
Cebu Capitol Commercial
Complex Bldg., N. Escario St.
Cebu City, Cebu
Tel: (032) 253-9226
(02) 575-3888 loc. 8341

Cebu-Park Mall
Alfresco 4, Units 39 to 40-A
Park Mall, Mandaue City, Cebu
Tel: (032) 504-4057
(02) 575-3888 loc. 8188

Cebu-Talisay
Paul Sy Bldg., Tabunok Highway
Talisay City, Cebu
Tel: (032) 236-9434
(02) 575-3888 loc. 8227

Dumaguete City
Colon St., Dumaguete City
Negros Oriental
Tel: (035) 226-3797
(02) 575-3888 loc. 8240

Iloilo-Diversion
Benigno Aquino Ave.
Mandurriao, Iloilo City
Tel: (02) 575-3888 loc. 8588

Iloilo-Iznart
G/F, B & C Square Bldg., Iznart
cor. Solis Sts., Iloilo City, Iloilo
Tel: (033) 338-1961
(02) 575-3888 loc. 8131

Iloilo-Jaro
Jaro Townsquare
Mandaue Foam Bldg.
Qunitin Salas, Jaro, Iloilo City, Iloilo
Tel: (033) 320-0241
(02) 575-3888 loc. 8245

Iloilo-Ledesma
Sta. Cruz Arancillo Bldg., Ledesma
cor. Fuentes Sts., Iloilo City, Iloilo
Tel: (033) 336-0441
(02) 575-3888 loc. 8380

Iloilo-Molo
GT Plaza Mall, M.H. del Pilar St.
Molo, Iloilo City
Tel: (033) 330-2004
(02) 575-3888 loc. 8145

Kalibo
Aklan Triumph Bldg.
Roxas Ave. Ext., Kalibo, Aklan
Tel: (036) 268-3461
(02) 575-3888 loc. 8505

Ormoc City
G/F, Hotel Don Felipe, Annex Bldg.
Bonifacio St., Ormoc City, Leyte
Tel: (053) 255-8689
(02) 575-3888 loc. 8254

Roxas City
Roxas Ave. cor. Osmeña St.
(formerly Pavia St.), Roxas City
Capiz
Tel: (036) 620-0652
(02) 575-3888 loc. 8504

Silay
Rizal St., Silay City
Negros Occidental
Tel: (034) 441-3866
(02) 575-3888 loc. 8546

Tacloban City-Marasbaras
G/F, JGC Bldg., Brgy. 77
Marasbaras, Tacloban City
Tel: (02) 575-3888 loc. 8506

Tacloban-J. Romualdez
Rul Bldg., J. Romualdez St.
Tacloban City
Tel: (02) 575-3888 loc. 8590

Tagbilaran City
CPG Ave., 2nd District
Tagbilaran City, Bohol
Tel: (038) 411-0903
(02) 575-3888 loc. 8265

MINDANAO

Bukidnon-Valencia
Units 2 to 4, Tamay Lang, Park Lane
G. Laviña Ave., Poblacion
Valencia City, Bukidnon
Tel: (088) 828-4078
(02) 575-3888 loc. 8281

Butuan City
G/F, Deofavente Bldg., Lot 7
J. Rosales Ave., Brgy. Imadejas
Butuan City, Agusan Del Norte
Tel: (085) 225-9621
(02) 575-3888 loc. 8123

Butuan-P. Burgos
1 to 3 FSUU Bldg., P. Burgos St.
cor. San Francisco Sts., Butuan City
Tel: (085) 352-5490
(02) 575-3888 loc. 8951

Cagayan de Oro-Carmen
RTS Bldg., Vamenta Blvd.
Carmen, Cagayan de Oro City
Tel: (088) 880-1342
(02) 575-3888 loc. 8549

Cagayan de Oro-Cogon
De Oro Construction Supply, Inc. Bldg.
Don Sergio Osmeña St.
cor. Limketkai Drive
Cagayan de Oro City
Misamis Oriental
Tel: (088) 850-0371
(02) 575-3888 loc. 8219

Cagayan de Oro-Lapasan
Lapasan Highway, Cagayan de Oro City
Tel: (088) 850-1870
(02) 575-3888 loc. 8550

Cagayan de Oro-Velez
50 Juan Sia Bldg.
Don Apolinar Velez St.
Cagayan de Oro City
Misamis Oriental
Tel: (088) 857-8801
(02) 575-3888 loc. 8338

Cotabato City
31 Quezon Ave., Poblacion 5
Cotabato City
Tel: (064) 421-5962
(02) 575-3888 loc. 8363

Davao-Agdao
Doors 2 to 3, Cabaguio Plaza
Cabaguio Ave., Agdao, Davao City
Tel: (082) 222-2029
(02) 575-3888 loc. 8518

Davao-Bajada
J.P. Laurel Ave. cor. Iñigo St.
Davao City
Tel: (082) 300-5663
(02) 575-3888 loc. 8211

Davao-Buhangin
Km. 5, Buhangin Road
cor. Gladiola St., Buhangin
Davao City
Tel: (082) 221-7420
(02) 575-3888 loc. 8285

Davao-C.M. Recto
P & E Bldg., Poblacion, Brgy. 035
C.M. Recto Ave., Davao City
Tel: (082) 228-6016
(02) 575-3888 loc. 8176

Davao-Digos
Commercial Space 4, Davao RJ
and Sons Realty and Trading Corp.
V. Sotto St., Brgy. Zone-1
Digos City, Davao del Sur
Tel: (082) 272-1896
(02) 575-3888 loc. 8507

Davao-Diversion Road
G/F, Unit 4&5, D3G Y10 Bldg.
C.P. Garcia National Highway
Brgy. Cabantian, Davao City
Tel: (082) 296-2047
(02) 575-3888 loc. 8585

Davao-J.P. Laurel
J.P. Laurel Ave., Davao City
Tel: (082) 222-0137
(02) 575-3888 loc. 8235

Davao-Lanang
Blk. 5 Lot 6, Insular Village
Pampanga, Lanang, Davao City
Tel: (082) 234-0726
(02) 575-3888 loc. 8370

Davao-Magsaysay
Lot 100-C, EWB Bldg., Brgy. 030
Poblacion, R. Magsaysay Ave.
Davao City
Tel: (082) 222-1279
(02) 575-3888 loc. 8548

Davao-Matina
Blk. 3 Lot 16, McArthur Highway
Matina, Davao City
Tel: (082) 297-4183
(02) 575-3888 loc. 8377

Davao-McArthur Matina
BGP Commercial Complex II Bldg.
McArthur Highway, Matina
Davao City
Tel: (082) 285-8086
(02) 575-3888 loc. 8519

Davao-Panabo City
Quezon St., Sto. Niño, Panabo City
Davao del Norte
Tel: (084) 628-4025
(02) 575-3888 loc. 8236

Davao-Quirino
Centron Bldg., Quirino Ave.
cor. General Luna St., Davao City
Tel: (082) 224-0582
(02) 575-3888 loc. 8547

Davao-Sta. Ana
G/F, GH Depot Bldg., Gov. Sales St.
Sta. Ana, Davao City
Tel: (082) 221-4021
(02) 575-3888 loc. 8371

Davao-Toril
Saavedra St., Toril, Davao City
Tel: (082) 295-6623
(02) 575-3888 loc. 8134

Dipolog City
G/F, Felicidad II Bldg., Quezon Ave.
Miputak, Dipolog City
Tel: (065) 908-0360
(02) 575-3888 loc. 8522

General Santos City-Calumpang
Calumpang Medical Specialist Bldg.
National Highway, Calumpang
General Santos City
Tel: (083) 552-4739
(02) 575-3888 loc. 8553

General Santos-Pioneer
Laiz Bldg., Pioneer cor. Magsaysay Ave.
General Santos City
Tel: (083) 552-2472
(02) 575-3888 loc. 8523

General Santos-Santiago
Ireneo Santiago Blvd.
General Santos City
Tel: (083) 552-0537
(02) 575-3888 loc. 8117

Iligan City
G/F, Party Plaza Bldg.
Quezon Ave. Ext., Rabago
Iligan City, Lanao del Norte
Tel: (063) 222-1681
(02) 575-3888 loc. 8111

Kidapawan
Doña Leonila Complex
National Highway, Poblacion
Kidapawan City, North Cotabato
Tel: (064) 577-3989
(02) 575-3888 loc. 8551

Koronadal City
G/F, RCA Bldg., Gen. Santos Drive
Koronadal City, South Cotabato
Tel: (083) 520-0021
(02) 575-3888 loc. 8179

Ozamiz City
G/F, Casa Esperanza
Don Alsemo Bernad Ave.
Don Anselmo Bernard Ave.
Ozamis City, Misamis Occidental
Tel: (088) 564-0158
(02) 575-3888 loc. 8126

Pagadian City
BMD Estate Bldg., F. Pajeres
cor. Sanson St., Pagadian City
Zamboanga del Sur
Tel: (062) 215-4681
(02) 575-3888 loc. 8186

Surigao City
G/F, EGC Bldg., Rizal St.
Washington, Surigao del Norte
Tel: (086) 231-5155
(02) 575-3888 loc. 8264

Tagum City
Gaisano Grand Arcade
Apokon Road, Lapu-Lapu Ext.
Brgy. Visayan Village, Tagum City
Davao del Norte
Tel: (084) 216-4325
(02) 575-3888 loc. 8152

Zamboanga-Canelar
Printex Bldg., M.D. Jaldon St.
Canelar, Zamboanga City
Tel: (062) 990-1110
(02) 575-3888 loc. 8270

Zamboanga City-NS Valderrosa
N.S. Valderrosa cor. Corcuerra Sts.
Zamboanga City
Tel: (062) 992-6573
(02) 575-3888 loc. 8339

EastWest Rural Bank

(Equipped with ATM unless indicated)

METRO MANILA

Pasig
360 Dr. Sixto Antonio Ave.
Brgy. Caniogan, Pasig City
Tel: (02) 916-1023 / 643-6334

LUZON

Baguio *
2/F, Jose Miguel Bldg. II, Yandoc St.
cor. Naguillan Road, Brgy. Kayang Ext.
Baguio City, Benguet
Tel: (074) 424-8701

Batangas
G/F, Epicenter, National Highway
Brgy. Balagtas, Batangas City
Tel: (043) 781-0526

Cabanatuan *
Bulanadi Bldg., Maharlika Highway
Brgy. H. Concepcion, Cabanatuan City
Nueva Ecija
Tel: (044) 463-0275

Cainta
Unit 101, East 1900, Gate 3
Vista Verde Executive Village
Felix Ave., Cainta, Rizal
Tel: (02) 682-0085

Daet *
Blk. 8 Lot-11, FMDC Bldg.
Central Plaza Complex, Brgy. Lag-on
Daet, Camarines Norte
Tel: (054) 885-0525

Dagupan
Abarabar Bldg., Perez Blvd.
Brgy. Pogo Chilo, Dagupan City
Tel: (075) 529-0925

Dasmariñas
Lot 4, Aguinaldo Highway
Brgy. Salitran, Dasmariñas City, Cavite
Tel: (046) 424-0149

Legazpi
Doors 2-3, Bicol Wei Due
Fraternity Bldg., Quezon Ave.
Oro Site, Legazpi City
Tel: (052) 480-3355

Lucena
Land Co Bldg., ML Tagarao St.
Brgy 3, Lucena City
Tel: (042) 373-0976

Meycauayan - Bulacan
2602 Malhacan National Road
Brgy. Malhacan, Meycauayan City
Bulacan
Tel: (044) 721-2780

Naga
Doors 48-49, Crescini Bldg.
CBD 2 Triangulo, Naga City
Tel: (054) 811-7447 / 472-0447

Palawan
Whitelines Bldg.
201 National Highway
Brgy. San Pedro
Puerto Princesa City, Palawan
Tel: (048) 433-0763

San Fernando - La Union
Centro Lumber Bldg., Diversion Road
Brgy. Pagdaraoan, San Fernando City
La Union
Tel: (072) 607-8554

San Fernando - Pampanga
Suburbia North Subd.
McArthur Highway, Brgy. Maimpis
San Fernando City, Pampanga
Tel: (045) 860-0947

Sta. Rosa
FLC Business Center
National Highway, Brgy. Macabling
Sta.Rosa, Laguna
Tel: (049) 530-3885

Tarlac
Silayan Business Center Bldg.
Brgy. Santo Cristo, Tarlac City
Tel: (045) 628-1131

Tuguegarao
Don Domingo St., Brgy. Centro 11
Tuguegarao City, Cagayan Valley
Tel: (078) 396-2133

VISAYAS

Bacolod
RS Bldg. cor. Hilado and 6th St.
Capitol Shopping, Bacolod City
Tel: (034) 709-1294

Baybay
Brgy. Poblacion, Zone 9, Oppura Bldg.
cor. M.L Quezon and D.Veloso Sts.
Baybay City, Leyte
Tel: (053) 563-8019

Bogo *
CPN Bldg., M.H. del Pilar St.
Brgy. Lourdes, Bogo City, Cebu
Tel: (032) 340-0109

Calbayog
Irigon Bldg., Pajarito St.
Calbayog City, Western Samar
Tel: (055) 533-9767

Cebu *
JEThouse Bldg., 36 Osmeña Blvd.
Brgy Sambag II, Cebu City
Tel: (032) 253-3760

Dumaguete
D & J Bldg., Dr. V. Locsin St.
Poblacion 7, Dumaguete City
Tel: (035) 420-9115

Iloilo
G/F, Milmar Commercial Bldg.
Bonifacio Drive, Brgy. Danao
Iloilo City
Tel: (033) 335-8770

Kabankalan *
The Crossing Guazon St.
Brgy. 2, Kabankalan City
Tel: (034) 471-0083

Maasin
R. Kangleon St., Brgy. Tunga-tunga
Maasin City, Southern Leyte
Tel: (053) 570-8513

Mandaue
Northside Business Hub Bldg.
A.P. Cortes St. cor. G. Lopez Jaena St.
Brgy. Tipolo Highway, Mandaue City
Tel: (032) 520-8548

* *No ATM*

Ormoc
Real St. cor. Brgy. San Vidal
Dist. 21, Ormoc City
Tel: (053) 255-3074

Roxas
Unit II, Cler Grand Hotel
Brgy. Lawaan, Roxas City
Tel: (036) 522-8094

San Carlos *
F.C. Ledesma Ave., Center Mall
Brgy. Palampas, San Carlos City
Neg. Occidental
Tel: (0998) 9729921

Tacloban
G/F, Insular Life Bldg.
Avenida Veteranos St., Brgy. 34
Tacloban City
Tel: (053) 523-9189

Tagbilaran
G/F, Sum Bldg., 29 San Jose St.
Cogon Dist., Tagbilaran City, Bohol
Tel: (038) 235-6747

Toledo *
M. Barba St., Poblacion
Toledo City, Cebu
Tel: (032) 467-8696

MINDANAO

Butuan *
Pareñas Bldg., South Montilla Blvd.
Brqy. Golden Ribbon, Butuan City
Tel: (085) 342-2911

Bayugan
Libres St., Brgy. Taglatawan
Bayugan, Agusan del Sur
Tel: (085) 343-6018

Cagayan de Oro
Silverdale Bldg., Capistrano
cor. Mabini Sts., Brgy. 14
Cagayan de Oro City
Tel: (088) 856-6401

Dapa *
Mabini St., Brgy. 11, Poblacion
Dapa, Surigao del Norte
Tel: (0908) 8162166

Davao *
GIMS Bldg., Uyanguren St.
Ramon Magsaysay Ave.
Brgy. 29-C, Davao City
Tel: (082) 224-2804

Dipolog
Gen. Luna cor.Calibo Sts.
Dipolog City, Zamboanga del Norte
Tel: (065) 908-1879

General Santos
Doors 1-2, Grace Comm'l Bldg.
Jose Catolico Sr. Ave., Lagao
General Santos City
Tel: (083) 301-8823

Gingoog
Dupoint Bldg., National Highway
Brgy. 17, Gingoog City
Tel: (088) 861-1028

Isulan *
Valdez Bldg. Arcade
National Highway, Brgy. Kalawag II
Isulan, Sultan Kudarat
Tel: (064) 471-0359

Kabacan *
National Road, Rizal St.
Brgy. Poblacion, Kabacan, Cotabato
Tel: (064) 248-2418

Kitcharao *
National Highway, Songkoy
Kitcharao, Agusan del Norte
Tel: (086) 826-7542

Koronadal
Purok Mabuhay, Brgy. Zone IV
Koronadal City, South Cotabato
Tel: (083) 228-7610

Mangagoy
GBC Bldg., Espiritu St., Mangagoy
Bislig City, Surigao del Sur
Tel: (086) 853-2435

Mati
Magricom Bldg. 2, Limatoc St.
Central, Mati City
Tel: (087) 811-4083

Nabunturan
P-11 Amatong Bldg., Poblacion
Nabunturan, Compostela Valley
Tel: (0908) 8162145

Pagadian
Vicente Araneta Tolibas Bldg.
Jamisola cor. Ariosa Sts.
Santiago Dist., Pagadian City
Zamboanga del Sur
Tel: (062) 215-4263

San Francisco
Quezon St., Brgy. 2, San Francisco
Agusan del Sur
Tel: (085) 343-9469

Sto. Tomas
Silverio Bldg., Feeder Road 2,
Tibal-og, Sto. Tomas, Davao del Norte
Tel: (084) 829-2580

Surigao
Parkway KM.2, Brgy. Luna
Surigao City
Tel: (086) 826-6238

Surigao - Dinagat
P-1, San Jose, Dinagat Island
Tel: (0998) 8437519

Tagoloan
National Highway, Brgy. Poblacion
Tagoloan Misamis Oriental
Tel: (0888) 904-568

Tandag *
Pimentel Bldg., Donasco St.
Brgy. Bag-ong Lungsod, Tandag City
Surigao Del Sur
Tel: (086) 211-4128

Valencia *
Alkuino Bldg., Purok 2
Sayre Highway, Poblacion
Valencia City, Bukidnon
Tel: (088) 828-4108

* *No ATM*

At your service 24/7

METRO MANILA

Caloocan

SM Center Sangandaan
3/F, near Cinemas
SM Center Sangandaan
Samson Road, Sangandaan,

Victory Central Mall
717 Victory Compound
Rizal Ave., Monumento

Zabarte Town Center
588 Camarin cor. Zabarte Road

Las Piñas City

SM Center Las Piñas
Alabang Zapote Road
Brgy. Talon Dos

Makati City

AlphaLand Southgate Mall
3/F, Alphaland Southgate Mall
2258 Chino Roces Ave. Ext.
cor. EDSA

Cash & Carry
7 Filmore near cor. Buendia

Century Mall
Century City Mall, Kalayaan Ave.
cor. Salamanca St., Brgy. Poblacion

DMCI Homes
132 Apolinario St., Bangkal

Glorietta 1
2/F, Glorietta 1, South Drive
Ayala Center, Makati City

Pasong Tamo Head Office
2264 Pasong Tamo Ext.
Brgy. Magallanes

St. Clare's Medical Center
1838 Dian St., Brgy., Palanan

Super 8 - Guadalupe
Guadalupe Commercial Complex
EDSA, Guadalupe

Mandaluyong

7-11 Barranca
Boni Ave., Barangka Drive

7-11 JRC
Shaw Blvd. cor Kalentong St.

Filinvest - Mandaluyong 1
79 EDSA

Filinvest - Mandaluyong 2
7/F, Filinvest Bldg., 79 EDSA

Robinsons Forum Pioneer
30 EDSA cor. Pioneer St.

Shangri-La Plaza
LG/F, East Wing
Shangri-La Plaza, EDSA

SM Megamall
SM Megamall Bldg., Julia Vargas
cor. EDSA Wack Wack Village

SM Megamall Wing B
2/F, ATM Center
SM Megamall Wing B
EDSA cor. J. Vargas Ave.

Manila

7-11 UP Manila
Pedro Gil St. near cor. Taft Ave.
Malate

7-11 UN Ave.
900 UN Ave., Ermita

Ever Gotesco Manila
Ever Manila Plaza,
1962 C.M. Recto Ave., Manila

Lucky Chinatown Mall
G/F, Lucky Chinatown Mall
Reina Regente cor. Dela Reina St.
Brgy. 293, Zone 28, Dist. 3, Binondo

SM Savemore Nagtahan
Nagtahan cor. R. Magsaysay Blvd.

Philippine Star
202 Oca Rail Road St., Port Area

Robinsons Place Manila
M. Adriatic, cor. Pedro Gil, Malate

SM San Lazaro
UG/F, SM San Lazaro
Felix Huertas cor. AH Lacson St.

Super 8 Blumentritt
Aurora Blvd. cor. Cavite St., Sta. Cruz

Super 8 Recto
University Center Bldg.
1985 CM Recto Ave.
cor. S.H. Loyola St. Sampaloc

University Mall
Taft Ave., Malate

Marikina City

Goldwing
61 F. Balagtas St., Parang

Riverbanks Mall
A. Bonifacio Ave.

SM Marikina
SM Marikina, Marcos Highway
Kalumpang

Muntinlupa City

Fastbyte North Cyberzone
FastByte, North Cyberzone, Northgate
Filinvest Corporate City, Alabang

Metro Gaisano Alabang
Metro Gaisano Mall
Alabang Town Center
Alabang-Zapote Road

Rose Pharmacy FSM
G/F, Festival Supermall, Alabang

Shopwise Alabang
G/F, Shopwise Alabang
Festival Supermall

The Palms Country Club
1410 Laguna Heights Drive
Filinvest City, Alabang

Parañaque City

SM Sucat
SM Sucat, Dr. A. Santos Ave.
San Dionisio

Waltermart Sucat
Waltermart Sucat, Brgy. San Isidro
Dr. A. Santos Ave., Sucat

Pasay City

SM Mall Of Asia
Mall of Asia Complex
J.W. Diokno Blvd., CBPIA
Pasay City

Super 8 Libertad
2476-2478 Taft Ave.

Pasig City

7-11 Pasig Rotonda
Pasig Blvd. cor. Sixto Antonio

Estancia Mall
LG/F, Estancia Mall
Capitol Commons, Pasig City

Finman
360 Dr. Sixto Antonio Ave.
Caniogan

Luckygold Plaza
2/F, Luckygold Plaza Bldg.
58 Ortigas Ave. Ext.

New Rosario Arcade
New Rosario Ortigas Arcade

Pearl Plaza Hotel
Pearl Drive, Ortigas Center

Robinsons Galleria
EDSA cor. Ortigas Ave.

Robinsons Metro East
Marcos Highway, Brgy. Dela Paz
Santolan

St. Paul Pasig
St. Paul Road, Brgy. Ugong

Super 8 Ortigas Ext.
8005 G.P. Ortigas Ave. Ext.
Brgy., Sta.Lucia, Rosario

Quezon City

7-11 Zabarte
Quirino Highway cor. Zabarte Ave.

Ali Mall
ATM Center, Ali Mall, Gen. Romulo St.
near SM Cubao Site: Walkway

Ayala Fairview Terraces
Ayala Fairview Terraces
Quirino Highway cor. Maligaya Drive
Novaliches

Eastwood 1800
1880 Eastwood Ave., Eastwood City
Cyberpark, E. Rodriguez, Jr Ave. (C5)

Eastwood Mall
3/F, Eastwood Mall
E. Rodriguez Jr. Ave. (C5)
Bagumbayan, Libis

Fairview Center Mall
Don Mariano Marcos Highway
cor. Regalado St.

Fisher Mall
325 Quezon Ave. cor. Roosevelt Ave.
Brgy. Sta. Cruz, Quezon City

FEU-NRMF
Regalado Ave. cor. Dahlia
West Faiview

Landmark Trinoma
EDSA cor. Mindanao Ave. Ext.

Puregold Kanlaon
Del Monte cor. Kanlaon Ave.

Robinsons Magnolia
Aurora Blvd. cor. Dona Hemady St.

Robinsons Nova Market
Brgy. Pasong Putik
Quirino Highway, Novaliches

Shopwise Araneta
Araneta Center, Cubao

SM Fairview
SM City Fairview Complex
Quirino Highway, Fairview

SM North EDSA
Parking Lot, SM North EDSA Complex
Pag asa 1, EDSA

SM Novaliches
Quirino Highway, San Bartolome
Novaliches

SM Sta. Mesa Araneta
Araneta Entrance, Ramon Magsaysay
cor. Araneta Ave.

SM Sta. Mesa Supermarket
Ramon Magsaysay cor. Araneta Ave.

SM Sun Mall
ATM Center, SMDC Sun Residences
near Mayon Entrance, España Blvd.
cor. Mayon St.

Sogo Hotel
G/F, Sogo Corporate Office
629 EDSA, Cubao

Super 8 Novaliches Bayan
Quirino Highway, Brgy. Sta. Monica
Novaliches Proper, Novaliches

UP Town Center
2/F, ATM Center, UP Town Center
Katipunan Ave., Quezon City

World Citi Hospital
Aurora Blvd.

Rizal

EWRB Cainta
Unit 101, East 1900 Bldg, Gate 3
Vista Verde Executive Village
Felix Ave., Cainta, Rizal

EWRB Tanay
M.H. Del Pilar St., Plaza Aldea
Tanay, Rizal

Robinsons Place Cainta
2/F, ATM Center, Ortigas Ave. Ext.
Brgy. Sto. Domingo, Cainta

SM Taytay
Manila East Road, Dolores, Taytay

Super 8 Masinag
182 Marcos Highway
cor. Sumulong Highway, Brgy. Mayamot
Masinag, Antipolo City

San Juan City

Greenhills Towncenter - Granada
Granada St., Brgy. Valencia

Theatre Mall
Ortigas Ave., Greenhills

Taguig City

SM Aura Premier
L/G, Parking Entrance near DHL
SM Aura Premier, 26th St.
cor. McKinley Parkway

Uptown Mall
G/F, Uptown Mall, 9th Ave.
cor. 36th St., Bonifacio Global City

Wumaco - BGC
WUMACO Bldg., 9th St.
Bonifacio Global City

LUZON

Aces Agri - Echague
Km. 342, Maharlika Highway
Brgy. Garit Norte
Magnolia Chicken Plant
Echague, Isabela

Bataan 2020
Roman Superhighway
Samal, Bataan

CB Mall
McArthur Highway, Nancayasan
Urdaneta City, Pangasinan

Centro Mall Cabuyao
Brgy. Pulo, National Highway Road
Cabuyao, Laguna

District Imus
Aguinaldo Highway
cor. Daang Hari Road
Brgy. Anabu II-D, Imus, Cavite

EWRB Batangas
G/F, Epicenter, National Highway
Brgy. Balagtas City

EWRB Dagupan
Abarabar Bldg., Perez Blvd.
Dagupan City

EWRB Dasma
Lot-4 Aguinaldo Highway
Brgy. Salitran,Dasmarinas City
Cavite

EWRB Lucena
Benco Bldg., Enriquez
cor. Juarez Sts., Lucena City

EWRB Meycauayan
2602 Malhacan National Road
Brgy. Malhacan, Meycauayan City
Bulacan

EWRB Naga
Unit 43, Central Business
District 2 Terminal, Naga City

EWRB Palawan
National Highway, Brgy.San Pedro
Puerto Princesa City, Palawan

EWRB San Fernando - La Union
Brgy. Pagdurawan, Diversion Road
San Fernando, La Union

EWRB San Fernando - Pampanga
Suburbia North Subd.
McArthur Highway
San Fernando City, Pampanga

EWRB Sta. Rosa - Laguna
LC Business Center
National Highway, Brgy. Macabling
Sta. Rosa, Laguna

EWRB Sta. Rosa - Laguna
LC Business Center, National Highway
Brgy. Macabling, Sta. Rosa, Laguna

EWRB Tarlac
Silayan Business Center
Brgy. Santo Cristo, Tarlac City

EWRB Tuguegarao
Don Domingo St., Tuguegarao City

First Cavite Industrial Estate
Brgy. Langkaan, Dasmariñas City
Cavite

Harbor Point
Rizal Highway
Subic Bay Freeport Zone

Jollibee Mabalacat
Lot 301, McArthur Highway
Brgy. San Francisco, Mabalacat City
Pampanga

LDP Corp.
LDP Farms Food Corporation Bldg.
Brgy. Rabon, Rosario, La Union

Market Market
Blk. 2 Lot 1 and Blk. 1 Lot 3
Maharlika Highway, Brgy. Dicarma
Cabanatuan City, Nueva Ecija

Marquee Mall
3/F, Marquee Mall
Francisco G. Nepo Ave.
Angeles City, Pampanga

Optis Phils. Inc.
Blk. 3 Lot 1-7
Gateway Business Park
Brgy. Javalera, Gen. Trias, Cavite

Robinsons Place Dasmariñas
1/F, near Handyman, Aguinaldo Highway
cor. Gov's Drive Sitio Palapala
Dasmarinas, Cavite

Robinsons Place Imus
G/F, E. Aguinaldo Highway,
Tanzang Luma V, Imus, Cavite

Robinsons Sta. Rosa Market
1/F, Old National Highway
Brgy. Tagapo, Sta. Rosa, Laguna

SM City Lipa
J.P. Laurel Highway, Lipa City

Waltermart Calamba
Brgy. Makiling, National Highway
Calamba, Laguna

VISAYAS

Ayala Center Cebu
2/F, Ayala Center Cebu Expansion
Cebu Business Park, Cebu City

Bogo - Mandaue
CPN Bldg., M.H. Del Pilar St.
Carbon, Bogo City, Cebu

Boracay Villa Lourdes
D'Mall Station 2, Brgy. Balabag
Boracay Island, Malay, Aklan

Crimson Bay Hotel
Seascape Resort Town, Sitio Dapdap
Lapu-Lapu City, Mactan, Cebu

EWRB Bacolod
R.S. Bldg. cor. Hilado Ext.
and 6th St., Lacson, Bacolod City
Negros Occidental

EWRB Baybay
cor. M.L. Quezon and D. Veloso Sts.
Baybay, Leyte

EWRB Calbayog
Irigon Bldg., Pajarito St.
Calbayog City, Western Samar

EWRB Dumaguete
D and J Bldg., Dr. V. Locsin St.
Poblacion 7, Dumaguete City

EWRB F. Ramos
V. Yap Bldg., 29 F. Ramos St.
Cebu City

EWRB Iloilo
Robinsons Place, Mabini St.
Roxas Village, Iloilo City

EWRB Legazpi
Units 2 and 3
Bicol Wei Due Fraternity Bldg.
Quezon Ave., Oro Site
Legazpi City

EWRB Maasin
R. Kangleon St., Tunga-Tunga
Maasin City, Southern Leyte

EWRB Mandaue Subangdaku
Dayzon Bldg., Lopez Jaena St.
Subangdaku, Mandaue City, Cebu

EWRB Ormoc
Juan Luna St., Sabang, Ormoc City

EWRB Tacloban
G/F, Insular Life Bldg.
Avenida Veterans St., Brgy. 34
Tacloban City

EWRB Tagbilaran
G/F, Sum Bldg. 29 San Jose St.
Brgy. Cogon, Tagbilaran City, Bohol

EWRB Toledo
Peñalosa St., Luray I
Toledo City, Cebu

Gaisano Casuntingan
M.L. Quezon Ave., Casuntingan
Mandaue City, Cebu

Gaisano Country Mall
G/F, Banilad, Cebu

Gaisano Grand Fiesta Mall
Highway Tabunok, Talisay City, Cebu

Gaisano Grand Minglanilla
Minglanilla, Cebu

Gaisano Grand Mall Mactan
Brgy. Basak, Agus Road
Lapu-lapu City, Cebu

Gaisano Mactan Island Mall
Pajo, Lapu-lapu City, Cebu

Gaisano Mactan Saver's Mart
Basak, Lapu-Lapu City, Cebu

Gaisano Metro Store Lapu-Lapu
M.L. Quezon Highway, Pajo
Lapu-lapu City, Cebu

Gaisano SRP
South Reclamation Project
Talisay City, Cebu

Gaisano Tisa
126 F. Llamas St., Tisa, Labangon
Mandaue City, Cebu

J Center Mall
AS Fortuna St., Bakilid
Mandaue City, Cebu

La Nueva City Hall
M.C. Briones St., San Roque, Cebu

La Nueva Supermart
G.Y. Dela Serna St.
Lapu-Lapu City, Cebu

Robinsons Fuente
Fuente Osmena, Cebu City, Cebu

Marina Mall
G/F, Blk. C108, Mactan
Lapu Lapu City, Cebu

Paseo Arcenas
Dr. Ramon Arcenas Bldg.
Osmena Blvd., Cebu

SM City Cebu
North Reclamation Area, Cebu

SM City Cebu 2
LG/F, North Reclamation Area, Cebu

SM City Consolacion
Cebu North Road, Brgy. Lamac
Consolacion, Cebu

SM City Iloilo
Benigno Aquino Ave.
Diversion Road, Iloilo City

SM Seaside Cebu
1024-B, SM Seaside City Cebu
SRP-Mambaling Road, Cebu

Talibon
G/F, Edificio Luciano Aurorita Bldg.
CPG Ave., Poblacion, Talibon, Bohol

Triangle Island Plaza
Lopez Jaena cor. Narra Sts.
Bacolod City

MINDANAO

Abreeza Corporate Center
J.P. Laurel Ave., Bajada, Davao City

Abreeza Mall
J.P. Laurel Ave., Bajada, Lanang
Davao City

Ateneo de Davao - Jacinto Campus
8016 E. Jacinto St., Davao City

Ateneo de Davao - Matina Campus
8016 E. Jacinto St., Davao City

Butuan GBI
Montilla Blvd Butuan City

CDO Liceo
RN Pelaez Blvd., Causwagan
Cagayan de Oro City

Centrio Mall
Claro M. Recto and Corrales Ave.
Cagayan de Oro City
Misamis Oriental

Centrio Mall 2
3/F, Centrio Mall, Claro M. Recto
and Corrales Ave., Cagayan de Oro City
Misamis Oriental

Dapa
Mabini St., Brgy. 11, Poblacion
Dapa, Surigao del Norte

Davao - Toril
G/F, ATM Center, Gaisano Mall Toril
Toril, Davao City

Davao - Uyangurin
Uyangurin St., Ramon Magsaysay Ave.
Davao City

EWRB Bayugan
Libres St., Taglatawan, Bayuga
Agusan del Sur

EWRB Cabadbaran
Units 2 and 3, Atega Bldg. A
Curato cor. Rara Sts.
Cabadbaran City

EWRB CDO
Tiano cor. Cruz Taal Sts., Divisoria
Cagayan de Oro City

EWRB Dipolog
Gen. Luna cor. Calibo Sts.
Zamboanga Del Norte

EWRB General Santos
Units 2 and 3
Grace Commercial Bldg.
Jose Catolico Sr. Ave.
General Santos City

EWRB Gingoog
DESMARK Arcade, Brgy. 17
National Highway, Gingoog City

EWRB Koronadal
UGA Bldg., Gensan Drive
Purok Mabuhay, Zone IV
Koronadal City

EWRB Madrid
Arpilleda cor. Buniel Sts.
Brgy. Quirino, Madrid
Surigao del Sur

EWRB Mangagoy
Espiritu St., Mangagoy, Bislig City
Surigao del Sur

EWRB Mati
Magricom Bldg. 2, Limatoc St.
Central, Mati, Davao Oriental

EWRB Nabunturan
Purok 11, Brgy. Poblacion
Nabunturan, Compostela Valley

EWRB Pagadian
Jamisola cor. Ariosa St.
Santiago Dist., Pagadian City
Zamboanga del Sur

EWRB Panabo - Davao Del Norte
National Highway, Purok 3-A
Brgy. San Francisco, Panab
Davao Del Norte

EWRB Roxas
Unit 2, CLER Grand Hotel
Brgy. Lawaan, Roxas City

EWRB San Francisco
Brgy. 2, Quezon St., San Francisco
Agusan del Sur

EWRB Sto. Tomas
Brgy. Tibal-og 2, National Highway
Davao Del Norte

EWRB Surigao
Parkway Km. 3, Brgy. Luna
Surigao City, Surigao del Norte

EWRB Tagoloan
National Highway, Poblacion
Tagoloan, Misamis Oriental

EWRB Tagum - Davao del Sur
Magugpo East, Davao del Sur
Tagum City

EWRB Tandag
Pimentel Bldg., Donasco St.
Bagong Lungsod, Tandag
Surigao del Sur

EWRB Trento
Purok 7, Poblacion, Trento
Agusan del Sur

Gaisano Grand Ilustre
Ilustre St., Davao City

Gaisano Grand Tagum
National Highway, Tagum City
Davao Del Norte

Gaisano Grand Mall Digos
G/F, ATM Center
Gaisano Grand Mall Digos
Digos City, Davao del Sur

Gaisano Mall Davao
UG/F, ATM Center
J.P. Laurel Ave., Davao City

Gaisano Mall Gensan
J. Catolico St., Lagao Road
General Santos City

Gaisano Mall Tagum
Apokon Road cor. Lapu Lapu Ext.
Brgy. Visayan Vill., Tagum City

Kabacan - Cotabato
National Road, Rizal St., Poblacion
Kabacan, Cotabato

Kitcharao
Brgy. Songkoy, National Highway
Kitcharao, Agusan del Norte

Midsayap Cotabato
Crossing Poblacion 8
Midsayap, Cotabato

Nasipit
Roxas St., Nasipit, Agusan del Norte

NCCC Mall Magsaysay
Magsaysay Ave., Uyanguren
Davao City

NCCC Mall Matina
McArthur Highway cor. Maa Road
Davao City

NCCC Panacan
Km. 13, Panacan, Davao City

Robinsons Cybergate Davao
Robinsons Supermarket
JP Laurel Ave., Bajada, Davao City

Robinsons Cagayan De Oro
Rosario Crescent cor. Florentino Sts.
Limketkai Center, Cagayan de Oro City

Robinsons Place GenSan
J. Catolico St., Lagao
General Santos City

SM City Davao
SM City Davao Annex, Quimpo Blvd.
Ecoland, Davao City

SM Lanang
J.P. Laurel Ave., Bajada, Lanang
Davao City

SM Novaliches
Quirino Highway, San Bartolome
Novaliches

Veranza Mall
J. Catolico Ave., General Santos City

Victoria Plaza
J.P. Laurel Ave., Bajada, Davao City

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The Management of EAST WEST BANKING CORPORATION (the Bank) is responsible for the preparation and fair presentation of the consolidated and parent company financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the members.

SyCip, Gorres, Velayo & Co., the independent auditors appointed by the members has examined the financial statements of the Organization in accordance with the Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such examination.

JONATHAN T. GOTIANUN
Chairman of the Board

ANTONIO C. MONCUPA, JR.
President and Chief Executive Officer

JOSE EMMANUEL U. HILADO
Treasurer and Chief Operating Officer

RENATO K. DE BORJA, JR.
Chief Finance Officer

The Stockholders and the Board of Directors
East West Banking Corporation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of East West Banking Corporation and Subsidiaries (the Group) and the parent company financial statements of East West Banking Corporation (the Parent Company), which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and of the Parent Company as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

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 33 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 the Parent Company. 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 whole.

SYCIP GORRES VELAYO & CO.

Josephine Adrienne A. Abarca

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. 5321601, January 4, 2016, Makati City

February 24, 2016

Statements of Financial Position

	Consolidated		Parent Company	
	December 31			
	2015	2014	**2015**	2014
	(Amounts in Thousands)			
ASSETS				
Cash and Other Cash Items	**₱5,899,131**	₱5,993,499	**₱5,829,104**	₱5,912,309
Due from Bangko Sentral ng Pilipinas (Notes 14 and 15)	**30,908,680**	23,128,678	**30,725,169**	22,970,798
Due from Other Banks	**5,376,926**	3,580,528	**5,310,299**	3,493,976
Interbank Loans Receivable	**7,722,546**	2,893,384	**7,722,546**	2,893,384
Financial Assets at Fair Value Through Profit or Loss (Note 8)	**10,540,806**	10,182,690	**10,540,806**	10,182,690
Financial Assets at Fair Value Through Other Comprehensive Income (Note 8)	**6,255**	14,419	**6,255**	14,419
Investment Securities at Amortized Cost (Note 8)	**4,617,898**	8,794,878	**4,617,898**	8,794,878
Loans and Receivables (Notes 9, 14 and 26)	**155,276,237**	121,423,411	**149,247,233**	116,400,687
Investments in Subsidiaries (Note 1)	**–**	–	**551,000**	521,000
Investment in a Joint Venture (Note 1)	**471,287**	–	**471,287**	–
Property and Equipment (Notes 10 and 14)	**3,523,169**	3,513,104	**3,211,375**	3,351,442
Investment Properties (Notes 11 and 14)	**727,613**	912,687	**726,916**	911,987
Deferred Tax Assets (Note 23)	**1,322,271**	977,426	**1,295,956**	952,751
Goodwill and Other Intangible Assets (Notes 7 and 12)	**4,446,622**	4,424,773	**4,384,736**	4,350,242
Other Assets (Notes 13 and 14)	**2,016,910**	2,423,106	**1,990,542**	2,406,012
TOTAL ASSETS	**₱232,856,351**	₱188,262,583	**₱226,631,122**	₱183,156,575
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 15 and 26)				
Demand	**₱55,537,930**	₱45,356,947	**₱55,781,294**	₱45,473,939
Savings	**37,705,245**	25,269,000	**36,712,691**	24,632,542
Time	**82,866,306**	69,027,909	**78,537,054**	65,029,612
Long-term negotiable certificates of deposits	**8,034,515**	8,033,623	**8,034,515**	8,033,623
	184,143,996	147,687,479	**179,065,554**	143,169,716
Bills and Acceptances Payable (Note 16)	**3,073,523**	5,317,652	**3,073,523**	5,317,652
Accrued Taxes, Interest and Other Expenses (Note 17)	**1,317,163**	1,341,275	**1,226,778**	1,269,453
Cashier's Checks and Demand Draft Payable	**1,217,741**	1,256,982	**1,217,741**	1,256,982
Subordinated Debt (Note 18)	**6,466,516**	6,463,731	**6,466,516**	6,463,731
Income Tax Payable	**486,390**	184,577	**396,052**	127,952
Other Liabilities (Note 19)	**4,748,275**	4,563,080	**4,599,832**	4,528,463
TOTAL LIABILITIES	**201,453,604**	166,814,776	**196,045,996**	162,133,949
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Common Stock (Note 21)	**14,999,836**	11,284,096	**14,999,836**	11,284,096
Additional Paid in Capital (Note 21)	**5,209,061**	978,721	**5,209,061**	978,721
Surplus Reserves (Note 27)	**45,607**	43,906	**45,607**	43,906
Surplus (Note 27)	**11,161,210**	9,158,976	**10,343,298**	8,733,639
Net Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 8)	**(2,442)**	5,722	**(2,442)**	5,722

(Forward)

	Consolidated		Parent Company	
	December 31			
	2015	2014	**2015**	2014
	(Amounts in Thousands)			
Remeasurement Losses on Retirement Plans (Note 24)	**(₱46,019)**	(₱31,394)	**(₱45,728)**	(₱31,238)
Cumulative Translation Adjustment	**35,494**	7,780	**35,494**	7,780
TOTAL EQUITY	**31,402,747**	21,447,807	**30,585,126**	21,022,626
TOTAL LIABILITIES AND EQUITY	**₱232,856,351**	₱188,262,583	**₱226,631,122**	₱183,156,575

See accompanying Notes to Financial Statements.

Statements of Income

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014	2013	**2015**	2014	2013
	(Amounts in Thousands)					
INTEREST INCOME						
Loans and receivables (Notes 9 and 26)	**₱13,920,185**	₱11,050,262	₱9,160,880	**₱13,083,188**	₱10,550,724	₱8,761,129
Trading and investment securities (Note 8)	**583,453**	561,606	533,366	**583,453**	561,606	533,359
Due from other banks and interbank loans receivable	**102,881**	55,184	161,725	**102,663**	54,362	153,039
	14,606,519	11,667,052	9,855,971	**13,769,304**	11,166,692	9,447,527
INTEREST EXPENSE						
Deposit liabilities (Note 15)	**1,843,639**	1,327,478	1,171,564	**1,741,568**	1,259,377	1,044,019
Subordinated debt, bills payable and other borrowings (Notes 16 and 18)	**423,204**	313,689	291,811	**423,204**	313,689	280,017
	2,266,843	1,641,167	1,463,375	**2,164,772**	1,573,066	1,324,036
NET INTEREST INCOME	**12,339,676**	10,025,885	8,392,596	**11,604,532**	9,593,626	8,123,491
Service charges, fees and commissions (Note 22)	**3,286,182**	3,297,839	2,528,470	**2,800,362**	2,669,714	2,204,867
Gain on sale of investment securities at amortized cost (Note 8)	**287,361**	305,997	572,490	**287,361**	305,997	572,490
Foreign exchange gain	**192,053**	193,517	121,236	**192,053**	193,516	121,236
Gain on sale of assets (Notes 10,11 and 13)	**80,043**	301,763	15,161	**75,009**	300,890	8,217
Trust income (Note 27)	**17,007**	20,372	29,017	**17,007**	20,372	29,017
Gain (loss) on asset foreclosure and dacion transactions	**(67,119)**	19,417	93,784	**(67,119)**	19,047	90,551
Trading and securities gain (loss) (Note 8)	**(97,090)**	499,525	1,005,237	**(97,090)**	499,525	1,005,237
Miscellaneous (Note 22)	**306,439**	222,031	406,927	**294,248**	214,860	401,032
TOTAL OPERATING INCOME	**16,344,552**	14,886,346	13,164,918	**15,106,363**	13,817,547	12,556,138
OPERATING EXPENSES						
Provision for impairment and credit losses (Notes 9, 10, 11, 13 and 14)	**3,899,002**	3,311,349	3,097,641	**3,868,583**	3,255,426	2,975,701
Compensation and fringe benefits (Notes 24 and 26)	**3,294,039**	3,007,855	2,716,119	**3,111,453**	2,845,964	2,592,816
Taxes and licenses	**1,130,700**	974,893	865,315	**1,018,639**	885,651	795,968
Depreciation and amortization (Notes 10, 11 and 13)	**776,467**	670,291	575,615	**732,489**	647,554	542,051
Rent (Note 25)	**738,148**	629,291	542,474	**699,681**	607,007	518,232
Amortization of intangible assets (Note 12)	**180,905**	191,681	142,031	**168,701**	182,388	138,301
Miscellaneous (Note 22)	**3,633,311**	3,463,563	2,951,332	**3,479,771**	3,330,593	2,818,539
TOTAL OPERATING EXPENSES	**13,652,572**	12,248,923	10,890,527	**13,079,317**	11,754,583	10,381,608
INCOME BEFORE SHARE IN NET LOSS OF A JOINT VENTURE	**2,691,980**	2,637,423	2,274,391	**2,027,046**	2,062,964	2,174,530
SHARE IN NET LOSS OF A JOINT VENTURE	**(28,713)**	–	–	**(28,713)**	–	–
INCOME BEFORE INCOME TAX	**2,663,267**	2,637,423	2,274,391	**1,998,333**	2,062,964	2,174,530
PROVISION FOR INCOME TAX (Note 23)	**659,332**	564,045	218,656	**386,973**	396,414	183,539
NET INCOME	**₱2,003,935**	₱2,073,378	₱2,055,735	**₱1,611,360**	₱1,666,550	₱1,990,991
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	**₱2,003,935**	₱2,073,378	₱2,055,570			
Non-controlling interest	**–**	–	165			
NET INCOME	**₱2,003,935**	₱2,073,378	₱2,055,735			
Basic Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 29)	**₱1.44**	₱1.78	₱1.77			
Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 29)	**₱1.44**	₱1.78	₱1.77			

See accompanying Notes to Financial Statements.

Statements of Comprehensive Income

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014	2013	**2015**	2014	2013
	(Amounts in Thousands)					
NET INCOME FOR THE YEAR	**₱2,003,935**	₱2,073,378	₱2,055,735	**₱1,611,360**	₱1,666,550	₱1,990,991
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 gain (loss) of retirement liability (Note 24)	**(14,625)**	(17,517)	370	**(14,490)**	(17,361)	370
Change in net unrealized gains (losses) on financial assets at fair value through other comprehensive income (Note 8)	**(8,164)**	3,797	751	**(8,164)**	3,797	751
Items that may be reclassified to profit or loss in subsequent periods:						
Cumulative translation adjustment	**27,714**	2,552	21,579	**27,714**	2,552	21,579
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**4,925**	(11,168)	22,700	**5,060**	(11,012)	22,700
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**₱2,008,860**	₱2,062,210	₱2,078,435	**₱1,616,420**	₱1,655,538	₱2,013,691
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	**₱2,008,860**	₱2,062,210	₱2,078,270			
Non-controlling interest	**–**	–	165			
TOTAL COMPREHENSIVE INCOME	**₱2,008,860**	₱2,062,210	₱2,078,435			

See accompanying Notes to Financial Statements.

Statements of Changes in Equity

Consolidated
Years Ended December 31, 2015

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

Consolidated
Years Ended December 31, 2014

	Common Stock	Additional Paid in Capital	Surplus Reserves	Surplus	Net Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement Losses on Retirement Plan	Cumulative Translation Adjustment	Total	Non-Controlling Interest	Total Equity
	Equity Attributable to Equity Holders of the Parent Company									
	(Amounts in Thousands)									
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 27)	–	–	2,037	(2,037)	–	–	–	–	–	–
Acquisition of non-controlling interests (Note 1)	–	–	–	–	–	–	–	–	(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

Consolidated
Years Ended December 31, 2013

	Common Stock	Additional Paid in Capital	Surplus Reserves	Surplus	Net Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement Losses on Retirement Plan	Cumulative Translation Adjustment	Total	Non-Controlling Interest	Total Equity
	Equity Attributable to Equity Holders of the Parent Company									
	(Amounts in Thousands)									
Balances at January 1, 2013	₱11,284,096	₱978,721	₱38,967	₱5,034,967	1,174	(₱14,247)	(₱16,351)	₱17,307,327	₱13,553	₱17,320,880
Net income	–	–	–	2,055,570	–	–	–	2,055,570	165	2,055,735
Other comprehensive income	–	–	–	–	751	370	21,579	22,700	–	22,700
Total comprehensive income (loss)	–	–	–	2,055,570	751	370	21,579	2,078,270	165	2,078,435
Transfer to surplus reserves (Note 27)	–	–	2,902	(2,902)	–	–	–	–	–	–
Acquisition of non-controlling interests (Note 1)	–	–	–	–	–	–	–	–	(7,096)	(7,096)
Balances at December 31, 2013	₱11,284,096	₱978,721	₱41,869	₱7,087,635	₱1,925	(₱13,877)	₱5,228	₱19,385,597	₱6,622	₱19,392,219

Parent Company
Years Ended December 31, 2015

	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
Balances at January 1, 2015	₱11,284,096	₱978,721	₱43,906	₱8,733,639	₱5,722	(₱31,238)	₱7,780	₱21,022,626
Net income	–	–	–	1,611,360	–	–	–	1,611,360
Other comprehensive income (loss)	–	–	–	–	(8,164)	(14,490)	27,714	5,060
Total comprehensive income	–	–	–	1,611,360	(8,164)	(14,490)	27,714	1,616,420
Transfer to surplus reserves (Note 27)	–	–	1,701	(1,701)	–	–	–	–
Issuance from stock rights offering	3,715,740	4,230,340	–	–	–	–	–	7,946,080
Balances at December 31, 2015	**₱14,999,836**	**₱5,209,061**	**₱45,607**	**₱10,343,298**	**(₱2,442)**	**(₱45,728)**	**₱35,494**	**₱30,585,126**

Parent Company								
	Years Ended December 31, 2014							
	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
Balances at January 1, 2014	₱11,284,096	₱978,721	₱41,869	₱7,055,732	₱1,925	(₱13,877)	₱5,228	₱19,353,694
Net income	–	–	–	1,666,550	–	–	–	1,666,550
Other comprehensive income (loss)	–	–	–	–	3,797	(17,361)	2,552	(11,012)
Total comprehensive income	–	–	–	1,666,550	3,797	(17,361)	2,552	1,655,538
Excess of the merged net assets over investment in subsidiary (Note 7)	–	–	–	13,394	–	–	–	13,394
Transfer to surplus reserves (Note 27)	–	–	2,037	(2,037)	–	–	–	–
Balances at December 31, 2014	₱11,284,096	₱978,721	₱43,906	₱8,733,639	₱5,722	(₱31,238)	₱7,780	₱21,022,626

Parent Company								
	Years Ended December 31, 2013							
	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
Balances at January 1, 2013	₱11,284,096	₱978,721	₱38,967	₱5,067,643	₱1,174	(₱14,247)	(₱16,351)	₱17,340,003
Net income, as restated	–	–	–	1,990,991	–	–	–	1,990,991
Other comprehensive income	–	–	–	–	751	370	21,579	22,700
Total comprehensive income (loss)	–	–	–	1,990,991	751	370	21,579	2,013,691
Transfer to surplus reserves (Note 27)	–	–	2,902	(2,902)	–	–	–	–
Balances at December 31, 2013	₱11,284,096	₱978,721	₱41,869	₱7,055,732	₱1,925	(₱13,877)	₱5,228	₱19,353,694

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014	2013	2015	2014	2013
	(Amounts in Thousands)					
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱2,663,267**	₱2,637,423	₱2,274,391	**₱1,998,333**	₱2,062,964	₱2,174,530
Adjustments for:						
Provision for impairment and credit losses (Note 14)	**3,899,002**	3,311,349	3,097,641	**3,868,583**	3,255,426	2,975,701
Depreciation and amortization (Notes 10, 11 and 13)	**776,467**	670,291	575,615	**732,489**	647,554	542,051
Amortization of intangible assets (Note 12)	**180,905**	191,681	142,031	**168,701**	182,388	138,301
Loss (gain) on asset foreclosure and dacion transactions (Note 31)	**67,119**	(19,417)	(93,784)	**67,119**	(19,047)	(90,551)
Unrealized market valuation loss (gain) on financial assets at FVTPL	**60,104**	(52,655)	(62,733)	**60,104**	(52,655)	(62,733)
Share in net loss of joint venture (Note 1)	**28,713**	–	–	**28,713**	–	–
Loss (gain) on sale of assets (Note 10)	**(80,043)**	(301,763)	(15,161)	**(75,009)**	(300,890)	(8,217)
Gain on sale of investment securities at amortized cost (Note 8)	**(287,361)**	(305,997)	(572,490)	**(287,361)**	(305,997)	(572,490)
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Financial assets at fair value through profit or loss	**(418,220)**	(8,181,332)	2,374,355	**(418,220)**	(8,181,332)	2,374,355
Loans and receivables	**(38,612,689)**	(30,787,731)	(26,352,284)	**(37,575,990)**	(28,198,525)	(26,023,078)
Other assets	**673,752**	(1,525,820)	55,444	**683,026**	(1,525,456)	50,280
Increase (decrease) in the amounts of:						
Deposit liabilities	**36,456,517**	36,511,384	19,967,290	**35,895,838**	34,438,028	20,213,066
Accrued taxes, interest and other expenses	**(24,113)**	303,100	82,640	**(42,675)**	225,375	231,628
Cashier's checks and demand draft payable	**(39,241)**	390,525	152,059	**(39,241)**	390,525	152,059
Other liabilities	**194,802**	943,342	879,013	**81,168**	1,032,511	766,593
Net cash generated from operations	**5,538,981**	3,784,380	2,504,027	**5,145,578**	3,650,869	2,861,495
Income taxes paid	**(696,096)**	(431,198)	(191,980)	**(455,868)**	(277,259)	(189,421)
Net cash provided by operating activities	**4,842,885**	3,353,182	2,312,047	**4,689,710**	3,373,610	2,672,074

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014	2013	**2015**	2014	2013
	(Amounts in Thousands)					
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of:						
Investment securities at amortized cost (Note 8)	**₱4,575,653**	₱3,927,754	₱1,718,088	**₱4,575,653**	₱3,927,754	₱1,718,088
Investment properties and other repossessed assets (Notes 11 and 13)	**628,475**	474,788	419,428	**628,475**	468,559	288,095
Property and equipment (Note 10)	**7,425**	29,742	40,226	**2,177**	27,966	415
Proceeds from maturity of investment securities at amortized cost	**170,921**	46,553	101,485	**170,921**	46,553	101,485
Acquisitions of:						
Investment securities at amortized cost	**(282,233)**	(3,383,280)	(706,894)	**(282,233)**	(3,383,280)	(706,894)
Property and equipment (Note 10)	**(631,129)**	(805,803)	(1,216,121)	**(436,808)**	(729,746)	(1,188,606)
Branch licenses (Note 12)	**(204)**	(505,196)	(214,800)	**(204)**	(505,196)	(214,800)
Capitalized software (Note 12)	**(202,550)**	(455,523)	(183,115)	**(202,991)**	(401,008)	(179,989)
Additional investments in subsidiaries, including deposit for future stock subscription (Notes 1 and 9)	**–**	–	–	**–**	–	(348,377)
Incorporation of a subsidiary (Note 1)	**–**	–	–	**(30,000)**	–	–
Investment in a joint venture (Note 1)	**(500,000)**	–	–	**(500,000)**	–	–
Merged cash from GBI (Note 7)	**–**	–	–	**–**	7,269	–
Net cash provided by (used in) investing activities	**3,766,358**	(670,965)	(41,703)	**3,924,990**	(541,129)	(530,583)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills and acceptances payable	**90,999,637**	209,111,418	2,847,172	**90,999,637**	207,333,218	2,847,177
Payments of bills and acceptances payable	**(93,243,766)**	(207,082,701)	(5,129,624)	**(93,243,766)**	(205,432,706)	(5,129,624)
Issuance of unsecured subordinated debt, net of issuance cost (Note 18)	**–**	4,963,731	–	**–**	4,963,731	–
Acquisition of non-controlling interest (Note 1)	**–**	(6,622)	(7,096)	**–**	–	–
Payment of subordinated debt (Note 18)	**–**	(1,362,500)	(1,251)	**–**	(1,362,500)	–
Issuance of common stock, net of direct cost related to issuance (Note 21)	**7,946,080**	–	–	**7,946,080**	–	–
Net cash provided by (used in) financing activities	**5,701,951**	5,623,326	(2,290,799)	**5,701,951**	5,501,743	(2,282,447)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**14,311,194**	8,305,543	(20,455)	**14,316,651**	8,334,224	(140,956)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**5,993,499**	3,884,538	3,235,161	**5,912,309**	3,811,185	3,180,497
Due from Bangko Sentral ng Pilipinas	**23,128,678**	18,537,655	21,855,275	**22,970,798**	18,404,125	21,789,239
Due from other banks	**3,580,528**	1,751,824	1,637,917	**3,493,976**	1,604,404	1,524,815
Interbank loans receivable	**2,893,384**	3,116,529	582,648	**2,893,384**	3,116,529	582,648
	35,596,089	27,290,546	27,311,001	**35,270,467**	26,936,243	27,077,199
CASH AND CASH EQUIVALENTS AT END 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
NET OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS						
Interest received	**₱14,322,709**	₱11,253,183	₱9,788,379	**₱13,506,468**	₱10,726,087	₱9,356,900
Interest paid	**2,217,095**	1,516,473	1,488,540	**2,115,293**	1,447,607	1,343,580
Dividend received	**11,511**	25,527	69,237	**11,511**	25,527	69,237

See accompanying Notes to Financial Statements.

1. Corporate Information

East West Banking Corporation (the Parent Company) 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. The Parent Company 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 Parent Company received the approval of the BSP to operate as a universal bank. As of December 31, 2015, 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.

The Parent Company is a domestic corporation registered with the Securities and Exchange Commission (SEC) on March 22, 1994. In 2012, the Parent Company conducted an initial public offering (IPO) of its 283,113,600 common shares. The Parent Company's common shares were listed and commenced trading in the Philippine Stock Exchange (PSE) on May 7, 2012. In May 2015, a total of 371,574,000 common shares of the Parent Company were listed at the PSE to cover its stock rights offer (see Note 21).

Through its network of 378 and 358 branches as of December 31, 2015 and 2014, respectively, the Parent Company provides a wide range of financial services to consumer and corporate clients. The Parent Company's principal banking products and services include deposit-taking, loan and trade finance, treasury, trust services, credit cards, cash management and custodial services.

Investments in Subsidiaries

On March 19, 2009, the Parent Company effectively obtained control of the following entities:

a) AIG Philam Savings Bank (AIGPASB)
b) PhilAm Auto Finance and Leasing, Inc. (PAFLI)
c) PFL Holdings, Inc. (PFLHI)

On March 31, 2009, AIGPASB, PAFLI and PFLHI were merged to the Parent Company.

On August 19, 2011, the Parent Company acquired 84.78% of the voting shares of Green Bank (A Rural Bank), Inc. (GBI) for ₱158.55 million. GBI 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. In 2012, the Parent Company acquired additional shares from the non-controlling shareholder amounting to ₱8.77 million and from GBI's unissued capital stock amounting to ₱19.65 million, thereby increasing its ownership to 96.53% as of December 31, 2012. In 2013, the Parent Company's deposit for future stock subscription to GBI amounting to ₱700.00 million was applied to the 441,000,000 common shares issued by GBI to the Parent Company. In addition, the Parent Company contributed additional capital amounting to ₱1.28 million and acquired non-controlling interest amounting to ₱0.20 million, thereby increasing its ownership to 99.84% as of December 31, 2013. The Parent Company's investment in GBI amounted to ₱888.45 million as of December 31, 2013. In 2014, the Parent Company completed its planned merger with GBI. Prior to the merger, the Parent Company acquired the remaining non-controlling interest of GBI. The Parent Company's investment in GBI was closed against the merged assets and liabilities as of the date of merger (see Note 7).

On July 11, 2012, the Parent Company acquired 83.17% voting shares of FinMan Rural Bank, Inc. (FRBI) for ₱34.10 million. 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 (see Note 7). In 2012, the Parent Company acquired additional shares of FRBI from its unissued capital stock amounting to ₱20.00 million, thereby increasing its ownership to 91.58% as of December 31, 2012. On May 21, 2013, FRBI changed its name to East West Rural Bank, Inc. (EWRB). In 2013, the Parent Company's deposit for future stock subscription to EWRB amounting to ₱120.00 million was applied to the 46,000,000 common shares issued by EWRB to the Parent Company. In addition, the Parent Company contributed additional capital amounting to ₱340.00 million and acquired the remaining non-controlling interest amounting to ₱6.90 million, thereby increasing its ownership to 100.00% as of December 31, 2013. The Parent Company's investment in EWRB amounted to ₱521.00 million as of December 31, 2015 and 2014.

In May 2013, GBI and EWRB entered into an asset purchase agreement with assumption of liabilities (the Purchase and Assumption Agreement) for the transfer of certain assets and liabilities of GBI to EWRB. The transfer of the assets and liabilities took effect on October 31, 2013 after the receipt of the required approvals from the regulators. The transfer of the assets and liabilities of GBI to EWRB was part of the Parent Company's plan to combine the rural banking business of its two subsidiaries into a single entity. After the transfer, EWRB will continue the rural banking business of GBI and the remaining assets and liabilities of GBI will be merged to the Parent Company, with the latter as the surviving entity. On July 31, 2014, GBI was merged to the Parent Company (see Note 7). The merger of the Parent Company and GBI will enable the Parent Company to achieve branding leverage and economy in management and operations.

On May 18, 2015, the BSP approved the Parent Company's initial equity investment amounting to ₱30.00 million in East West Insurance Brokerage, Inc. (EWIB), a proposed wholly-owned insurance brokerage insurance company of the Parent Company. On July 6, 2015, EWIB was registered with the SEC.

Investment in a Joint Venture
On May 28, 2015, the Parent Company and Ageas Insurance International N.V. (Ageas) entered into a joint venture agreement to form East West Ageas Life Insurance Corporation (EWAL) for an ownership interest of 75.00% less one share and 25.00% plus one share, respectively. EWAL shall be engaged primarily in the life insurance business. As of December 31, 2015, the stockholders are in the process of satisfying the conditions of the joint venture agreement after which the Parent Company shall transfer an additional 25.00% of the issued shares of EWAL to Ageas. This will result in a shareholder structure of 50.00% less one share and 50.00% plus one share for the Parent Company and Ageas, respectively.

On September 21, 2015, the BSP approved the Parent Company's initial equity investment amounting to ₱500.00 million in EWAL. Subsequently, on October 20, 2015, the SEC approved the registration of EWAL. On December 22, 2015, EWAL obtained from the Insurance Commission a license to operate a life insurance business. As at December 31, 2015, EWAL has not yet started commercial operations, pending approval of the Insurance Commission on the life insurance products.

EWAL's registered office is at One World Place, 32nd Street, Bonifacio Global City, Taguig City. The accompanying financial statements of the Group and of the Parent Company were approved and authorized for issue by the Parent Company's Board of Directors (the Board or BOD) on February 24, 2016.

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 both subsidiaries 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 20.

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.

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 signicantly 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.

Non-Controlling Interest
Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company.

Non-controlling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to the equity holders of the Parent Company. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Acquisitions of non-controlling interests that does not result in a loss of control are accounted for as equity transaction, whereby the difference between the consideration and the fair value of the share
of net assets acquired is recognized as an equity transaction and attributed to the owners of the Parent Company.

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 new and amended standards and interpretations, which became effective beginning January 1, 2015. Unless otherwise indicated, adoption of these new and amended standards and interpretations did not have material impact to the Group.

Amendments to PAS 19, *Defined Benefit Plans: Employee Contributions*
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

Annual Improvements to PFRSs (2010-2012 Cycle)
The Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted).

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

  The amendments are applied retrospectively and clarify that:

  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 Cycle)
The Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the Group's consolidated financial statements. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*

  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 or PFRS 9.

- PAS 40, *Investment Property*
  The description of ancillary services in PAS 40 differentiates between the investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

<u>Cash and Cash Equivalents</u>
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.

<u>Foreign Currency Transactions and Translation</u>
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 PHP) 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.

<u>Fair Value Measurement</u>
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).

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>
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.

<u>Classification, Reclassification and Measurement of Financial Assets and Financial Liabilities</u>
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, 2015 and 2014, 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 and equity securities held for trading purposes.

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 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.

Financial liabilities at amortized cost
Financial liabilities 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.

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 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. After initial measurement, bills payable and similar financial liabilities not qualified as and not designated as FVTPL, are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the 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. 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, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a write-off is later recovered, except for credit card receivables, any amounts formerly charged are credited to the Provision for impairment and credit losses in the statement of income. For credit card receivables, if a write-off is later recovered, any amounts previously charged to Provision for impairment and credit losses are credited to 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.

For consumer loans, the Group is using net flow rate methodology for collective impairment (see Note 4).

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;
- 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 and reverse 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.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with 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.

<u>Investment in a Joint Venture</u>
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 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. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually. The statement of profit or loss 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 profit and represents profit or loss after tax.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. 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 of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence or 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 fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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.

<u>Intangible Assets</u>
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 12).

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 12).

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.

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 two categories:

a) *Fee income earned from services that are provided over a certain period of time*
Fees earned for the provision of services over a period of time 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.

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 are recognized as a liability when the employees render the services that increases their annual leave enititlement. 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 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 but are not yet effective up to the date of issuance of the financial statements 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.

PFRS 9, *Financial Instruments* - Classification and Measurement (2010 version)
PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. As the Group had early adopted PFRS 9 (2009 version) effective January 1, 2011, adoption of PFRS 9 (2010 version) is not expected to have significant impact on the Group's financial position and performance.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC).

Deferred

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Effective January 1, 2016

PFRS 10, *Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (Amendments)
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. The amendments also allow the investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
The amendments will 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 that change retrospectively.

PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests* (Amendments)
The amendments require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3), to apply the relevant PFRS 3 principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operations is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

PAS 1, *Presentation of Financial Statements - Disclosure* (Amendments)
The amendments are intended to assist entites in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggreagatin material items that have different natures or functions
- That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

PAS 16, *Property, Plant and Equipment,* and PAS 41, *Agriculture:* Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance* will apply.

PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Annual Improvements to PFRSs (2012 - 2014 cycle)
The Annual Improvements to PFRSs (2012 - 2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

PAS 19, *Employee Benefits - Regional Market Issue regarding Discount Rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

PFRS 9, *Financial Instruments*
In July 2014, the IASB issued the final version of PFRS 9, *Financial Instruments* which 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 comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

The adoption of the final version of PFRS 9 will have an effect on the impairment methodology for financial assets. The adoption will also have an effect on the Group's application of hedge accounting. The Group is currently assessing the impact of adopting this standard.

IFRS 15, *Revenue from Contracts with Customers*
IFRS 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 IFRS 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 IFRS 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 IFRS. 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 IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

IFRS 16, *Leases*
On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most lease 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 IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual period beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted, IFRS 15, Revenue from Contracts with Customers. When adopting IFRS 16, an entity is permitted to use whether a full retrospective of a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effected date once adopted locally.

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.

<u>Judgments</u>

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 28).

b) *Functional currency*
PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. The Parent Company determined that the RBU's and FCDU's functional currency is the Philippine peso and USD, respectively. In addition, GBI and EWRB determined that their respective functional currency is in Philippine peso. In making these judgments, the Group considers the following:

- the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled)
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

c) *Operating leases*
The Group has entered into lease commitments for its occupied offices and branches. Based on an evaluation of the terms and conditions of the lease agreements, there will be no transfer of ownership of assets to the Group at the end of the lease term. The Group has determined that all significant risks and rewards of ownership are retained by the respective lessors. Thus, the leases are classified as operating leases (see Note 25).

d) *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 upon completion of the other phases 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. In 2013, the Parent Company sold a substantial portion of government securities from one of the portfolios in its HTC business model. The securities were sold to fund the lending requirement for FDC.

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.

e) *Cash flow characteristics test*
Where the financial assets are classified as at amortized cost, the Group assesses whether the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

f) *Determination of control of joint control over EWAL*
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 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, 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.

<u>Estimates</u>

a) *Impairment of financial assets at amortized cost*
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 5. The carrying values of investment securities and loans and receivables and the related allowance for credit and impairment losses of the Group and of the Parent Company are disclosed in Notes 8 and 9, respectively.

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) *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 23.

d) *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 expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The carrying values of the Group's and of the Parent Company's nonfinancial assets follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Property and equipment (Note 10)	**₱3,523,169**	₱3,513,104	**₱3,211,375**	₱3,351,442
Branch licenses (Note 12)	**2,167,600**	2,167,396	**2,167,600**	2,167,396
Goodwill (Note 12)	**1,316,728**	1,316,728	**1,293,250**	1,293,250
Investment properties (Note 11)	**727,613**	912,687	**726,916**	911,987
Capitalized software (Note 12)	**824,324**	794,325	**785,916**	743,272
Other repossessed assets (Note 13)	**555,836**	195,102	**555,836**	195,102
Customer relationship (Note 12)	**125,165**	129,476	**125,165**	129,476
Core deposits (Note 12)	**12,805**	16,848	**12,805**	16,848

e) *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.

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 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. The pre-tax discount rate applied to cash flow projections is 12.25% and 11.68% as of December 31, 2015 and 2014, respectively. 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 12.

f) *Estimated useful lives of property and equipment, investment properties, other repossessed assets and intangible assets (excluding land, goodwill and branch licenses)*
The Group reviews on an annual basis the estimated useful lives of property and equipment, investment properties, other repossessed assets and intangible assets based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment, investment properties, other repossessed assets and intangible assets would decrease their respective balances and increase the recorded depreciation and amortization expense.

As of December 31, 2015 and 2014, the carrying values of property and equipment, investment properties and other repossessed assets and intangible assets (excluding land, goodwill and branch licenses) of the Group and of the Parent Company follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Property and equipment (Note 10)	**₱3,401,802**	₱3,391,737	**₱3,111,345**	₱3,251,412
Investment properties (Note 11)	**208,952**	248,168	**210,817**	250,030
Intangible assets (Note 12)	**962,294**	940,649	**923,886**	889,596
Other repossessed assets (Note 13)	**555,836**	195,102	**555,836**	195,102

g) *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 are based on expected 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 24.

4. Financial Risk Management Objectives and Policies

<u>Risk Management</u>
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 who 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 who convenes monthly 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 oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Parent Company's process for monitoring compliance with laws and regulation and the code of conduct. It retains oversight responsibilities for operational risk, the integrity of the Parent Company's financial statements, compliance, legal risk and overall policies and practices relating to risk management. 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 Audit Com discusses with management and the independent auditor the major issues regarding accounting principles and financial statement presentation, including any significant changes in the Parent Company's selection or application of accounting principles; and major issues as to the adequacy of the Parent Company's internal controls; and the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Parent Company.

h. Corporate Governance and Compliance Committee (CGCC)
The CGCC is responsible for ensuring the BOD's effectiveness and due observance of corporate governance principles and guidelines. It reviews and assesses the adequacy of the CGCC's charter and Corporate Governance Manual and recommends changes as necessary. It oversees the implementation of the Parent Company's compliance program and ensures compliance issues are resolved expeditiously. It assists Board members in assessing whether the Parent Company is managing its compliance risk effectively and ensures regular review of the compliance program.

i. 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 apprises the BOD, through the RMC, the results of its risk monitoring.

j. Internal Audit Division (IAD)
IAD provides an independent assessment of the Parent Company's management and effectiveness of existing internal control systems through adherence testing of processes and controls across the organization. The IAD audits risk management processes throughout the Parent Company annually or in a cycle depending on the latest audit rating. It employs a risk-based audit approach that examines both the adequacy of the procedures and the Parent Company's compliance with the procedures. It discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee which in turn, conducts the detailed discussion of the findings and recommendations during its regular meetings. 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.

k. Compliance Division
Compliance Division is responsible for reviewing any legal or regulatory matters that could have a significant impact on the Parent Company's financial statements, the Parent Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies. It reviews the effectiveness and adequacy of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) for any instances of noncompliance.

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 a structured and standardized credit rating, and approval process according to the borrower or business and/or product segment. 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. At the portfolio level, which may be on an overall or by product perspective, RMD manages the Group's credit risk.

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.

RMD reviews 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. RMD 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 a particular industry.

Credit concentration profile as of December 31, 2015 and 2014

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:

Consolidated

	2015				2014			
	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	₱63,181,881	₱20,129,487	₱56,135,135	₱7,046,746	₱55,161,693	₱18,223,252	₱47,713,917	₱7,447,776
Consumer lending	86,185,338	40,989,251	58,788,677	27,396,661	62,489,524	29,294,308	38,377,319	24,111,715
	₱149,367,219	₱61,118,738	₱114,923,812	₱34,443,407	₱117,651,217	₱47,517,560	₱86,091,236	₱31,559,491

Parent Company

	2015				2014			
	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	₱63,181,881	₱20,129,487	₱56,135,135	₱7,046,746	₱55,461,693	₱18,223,252	₱48,013,917	₱7,447,776
Consumer lending	78,925,589	40,885,555	51,632,624	27,292,965	56,621,229	29,172,572	32,631,250	23,989,979
	₱142,107,470	₱61,015,042	₱107,767,759	₱34,339,711	₱112,082,922	₱47,395,824	₱80,645,167	₱31,437,755

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

	2015			2014		
	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	**₱1,006,559**	**₱–**	**₱1,006,559**	₱243,729	₱–	₱243,729
Transaction-related contingencies	**705,027**	**–**	**705,027**	619,081	–	619,081
Trade-related contingencies arising from movement of goods and commitments with an original maturity of up to one (1) year	**804,147**	**–**	**804,147**	372,352	–	372,352
	₱2,515,733	**₱–**	**₱2,515,733**	₱1,235,162	₱–	₱1,235,162

Large exposures and top 20 borrowers

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

	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%**

	2014			
	Top 20 Borrowers		Large Exposures	
	Single Borrowers	Group Borrowers	Single Borrowers	Group Borrowers
Aggregate Exposure (in billions)	₱25.60	₱32.65	₱18.88	₱25.91
Composite Risk Rating	3.42	3.56	3.26	3.40
Total Expected Loss/Aggregate Exposure	0.73%	0.87%	0.69%	0.72%

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:

	2015			
	Loans and Receivables*	**Loans and Advances to Banks****	**Investment Securities*****	**Total**
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**
Transportation, storage and communication	**1,465,465**	**–**	**–**	**1,465,465**
Others****	**29,164,993**	**–**	**–**	**29,164,993**
	162,613,848	**44,008,152**	**15,164,959**	**221,786,959**
Allowance for credit losses (Note 14)	**(4,737,049)**	**–**	**–**	**(4,737,049)**
	₱157,876,799	**₱44,008,152**	**₱15,164,959**	**₱217,049,910**

* Includes commitments and contingent accounts.

** Comprised of Other cash items, 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.

	2014			
	Loans and Receivables*	Loans and Advances to Banks**	Investment Securities***	Total
Financial intermediaries	₱16,736,056	₱30,085,290	₱18,991,987	₱65,813,333
Real estate, renting and business activity	19,206,893	–	–	19,206,893
Private households with employed persons	81,835,479	–	–	81,835,479
Wholesale and retail trade, repair of motor vehicles	15,387,384	–	–	15,387,384
Manufacturing	7,880,310	–	–	7,880,310
Agriculture, fisheries and forestry	2,347,987	–	–	2,347,987
Transportation, storage and communication	1,023,348	–	–	1,023,348
Others****	26,213,540	–	–	26,213,540
	170,630,997	30,085,290	18,991,987	219,708,274
Allowance for credit losses (Note 14)	(3,811,163)	–	–	(3,811,163)
	₱166,819,834	₱30,085,290	₱18,991,987	₱215,897,111

* Includes commitments and contingent accounts.
** Comprised of Other cash items, 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:

	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**
Transportation, storage and communication	**1,464,952**	**–**	**–**	**1,464,952**
Others****	**30,317,830**	**–**	**–**	**30,317,830**
	156,253,222	**43,758,015**	**15,164,959**	**215,176,196**
Allowance for credit losses (Note 14)	**(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 Other cash items, 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.

	2014			
	Loans and Receivables*	Loans and Advances to Banks**	Investment Securities***	Total
Financial intermediaries	₱16,308,481	₱29,819,601	₱18,991,987	₱65,120,069
Real estate, renting and business activity	19,176,794	–	–	19,176,794
Private households with employed persons	78,045,293	–	–	78,045,293
Wholesale and retail trade, repair of motor vehicles	15,355,395	–	–	15,355,395
Manufacturing	7,875,235	–	–	7,875,235
Agriculture, fisheries and forestry	1,657,975	–	–	1,657,975
Transportation, storage and communication	1,023,118	–	–	1,023,118
Others****	26,083,041	–	–	26,083,041
	165,525,332	29,819,601	18,991,987	214,336,920
Allowance for credit losses (Note 14)	(3,728,222)	–	–	(3,728,222)
	₱161,797,110	₱29,819,601	₱18,991,987	₱210,608,698

* Includes commitments and contingent accounts.
** Comprised of Other cash items, 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 Services Division's approval prior to acceptance.

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

	Consolidated			
Security	**Corporate Loans**		**Consumer Loans**	
	2015	2014	**2015**	2014
REM*	**17.48%**	15.33%	**9.05%**	13.03%
Other Collateral**	**13.06%**	17.86%	**37.78%**	34.33%
Unsecured	**69.46%**	66.81%	**53.17%**	52.64%

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

	Parent Company			
Security	**Corporate Loans**		**Consumer Loans**	
	2015	2014	**2015**	2014
REM*	**17.48%**	15.33%	**9.92%**	14.29%
Other Collateral**	**13.06%**	17.86%	**41.13%**	34.41%
Unsecured	**69.46%**	66.81%	**48.95%**	51.30%

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

As for the computation of credit risk weights, collaterals of the back-to-back and Home Guaranty covered loans, 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. On the other hand, 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. In addition to the BRR, the Parent Company assigns a Facility Risk Rating (FRR) to determine the risk of the prospective (or existing) exposure with respect to each credit facility that it applied for (or under which the exposure is accommodated). The FRR focuses on the quality and quantity of the collateral applicable to the underlying facility, independent of borrower quality. Consideration is given to the availability and amount of any collateral and the degree of control, which the lender has over the collateral. FRR applies both to balance sheet facilities and contingent liabilities. One FRR is determined for each individual facility taking into account the different security arrangements or risk influencing factors to allow a more precise presentation of risk. A borrower with multiple facilities will have one BRR and multiple FRRs. The combination of the BRR and the FRR results to the Adjusted Borrower Risk Rating (ABRR).

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	• 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	• 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	• 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	• 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	• 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
5B	Acceptable	• 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 cashflows 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	• 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	• ability or willingness to service debt are in doubt • weakened creditworthiness • expected to experience financial difficulties, putting the Parent Company's expo sure at risk
8	Substandard	• 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	• 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	• 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, 2015 and 2014

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:

	2015			
	AA/A	BB/B	Unrated	Total
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
Unquoted equity securities	–	–	–	–
	–	–	6,255	6,255
	₱56,514,041	₱2,462,188	₱196,882	₱59,173,111

	2014			
	AA/A	BB/B	Unrated	Total
Due from BSP	₱23,128,678	₱–	₱–	₱23,128,678
Due from other banks	3,379,539	81,062	119,927	3,580,528
IBLR	2,893,384	–	–	2,893,384
Financial assets at FVTPL:				
Government securities	7,391,724	–	–	7,391,724
Private bonds	1,307,094	367,339	890,874	2,565,307
Equity securities	–	–	225,659	225,659
	8,698,818	367,339	1,116,533	10,182,690
Investment securities at amortized cost:				
Government securities	7,536,445	–	–	7,536,445
Private bonds	1,258,433	–	–	1,258,433
	8,794,878	–	–	8,794,878
Financial assets at FVTOCI:				
Quoted equity securities	–	–	7,273	7,273
Unquoted equity securities	127	–	7,019	7,146
	127	–	14,292	14,419
	₱46,895,424	₱448,401	₱1,250,752	₱48,594,577

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:

	2015			
	AA/A	**BB/B**	**Unrated**	**Total**
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**
Unquoted equity securities	**–**	**–**	**–**	**–**
	–	**–**	**6,255**	**6,255**
	₱56,263,903	**₱2,462,188**	**₱196,882**	**₱58,922,973**

	2014			
	AA/A	BB/B	Unrated	Total
Due from BSP	₱22,970,798	₱–	₱–	₱22,970,798
Due from other banks	3,292,987	81,062	119,927	3,493,976
IBLR	2,893,384	–	–	2,893,384
Financial assets at FVTPL:				
Government securities	7,391,724	–	–	7,391,724
Private bonds	1,307,094	367,339	890,874	2,565,307
Equity securities	–	–	225,659	225,659
	8,698,818	367,339	1,116,533	10,182,690
Investment securities at amortized cost:				
Government securities	7,536,445	–	–	7,536,445
Private bonds	1,258,433	–	–	1,258,433
	8,794,878	–	–	8,794,878
Financial assets at FVTOCI:				
Quoted equity securities	–	–	7,273	7,273
Unquoted equity securities	127	–	7,019	7,146
	127	–	14,292	14,419
	₱46,650,992	₱448,401	₱1,250,752	₱48,350,145

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 Group:

	2015				
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Total**
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**

	2014				
	High Grade	Standard Grade	Substandard Grade	Unrated	Total
Receivables from customers:					
Corporate lending	₱24,936,680	₱30,402,589	₱–	₱–	₱55,339,269
Consumer lending	9,840,389	27,739,118	22,182,341	–	59,761,848
	34,777,069	58,141,707	22,182,341	–	115,101,117
Unquoted debt securities	–	–	–	295,734	295,734
Accounts receivable	–	–	–	1,304,002	1,304,002
Accrued interest receivable	–	–	–	1,198,722	1,198,722
Sales contract receivable	–	–	–	208,328	208,328
	–	–	–	3,006,786	3,006,786
	₱34,777,069	₱58,141,707	₱22,182,341	₱3,006,786	₱118,107,903

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:

	2015				
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Total**
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**

	2014				
	High Grade	Standard Grade	Substandard Grade	Unrated	Total
Receivables from customers:					
Corporate lending	₱25,236,680	₱30,402,589	₱–	₱–	₱55,639,269
Consumer lending	4,125,008	27,739,118	21,979,009	–	53,843,135
	29,361,688	58,141,707	21,979,009	–	109,482,404
Unquoted debt securities	–	–	–	284,995	284,995
Accounts receivable	–	–	–	1,867,317	1,867,317
Accrued interest receivable	–	–	–	1,163,810	1,163,810
Sales contract receivable	–	–	–	208,328	208,328
	–	–	–	3,524,450	3,524,450
	₱29,361,688	₱58,141,707	₱21,979,009	₱3,524,450	₱113,006,854

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 significant classified 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 according to their state of delinquency - (1) current and (2) past due (which is subdivided into 30, 60, 90, 120, 150, 180 and more than 180 days past due). 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 possess the unique quality of obtaining full 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					
	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**

	Consolidated					
	2014					
	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	₱36,746	₱101,720	₱–	₱–	₱–	₱138,466
Consumer lending	33,551	878,292	287,458	435,502	669,690	2,304,493
	₱70,297	₱980,012	₱287,458	₱435,502	₱669,690	₱2,442,959

	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**

	Parent Company					
	2014					
	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	₱36,746	₱101,720	₱–	₱–	₱–	₱138,466
Consumer lending	21,719	871,770	278,598	423,096	516,037	2,111,220
	₱58,465	₱973,490	₱278,598	₱423,096	₱516,037	₱2,249,686

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, 2015 and 2014

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							
	2015							
	Capital	Risk Buckets						
	Deduction	0%	20%	50%	75%	100%	150%	Total
Credit risk exposure after risk mitigation	₱6,750,832	₱36,774,559	₱8,283,711	₱5,132,861	₱7,773,482	₱144,195,447	₱6,982,741	₱209,142,801
On-balance sheet assets	–	–	–	–	–	2,515,734	–	2,515,734
Off-balance sheet assets	–	–	–	–	–	–	–	–
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

	Consolidated							
	2014							
	Capital	Risk Buckets						
	Deduction	0%	20%	50%	75%	100%	150%	Total
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱6,264,965	₱28,977,799	₱3,565,001	₱2,363,843	₱2,763,221	₱116,881,268	₱6,010,306	₱160,561,438
Off-balance sheet assets	–	–	–	–	–	1,235,163	–	1,235,163
Counterparty in the banking book (derivatives and repo-style transactions)	–	–	–	–	–	2,157,060	–	2,157,060
Counterparty in the trading book (derivatives and repo-style transactions)	–	–	–	–	–	23,897	–	23,897
Credit-linked notes in the banking book	–	–	–	–	–	–	–	–
Securitization exposures	–	–	–	–	–	–	–	–
	6,264,965	28,977,799	3,565,001	2,363,843	2,763,221	120,297,388	6,010,306	163,977,558
Credit Risk Weighted Assets	₱–	₱–	₱713,000	₱1,181,922	₱2,072,416	₱120,297,388	₱9,015,459	₱133,280,185

	Parent Company							
	2015							
	Capital	Risk Buckets						
	Deduction	0%	20%	50%	75%	100%	150%	Total
Credit risk exposure after risk mitigation	₱7,481,433	₱36,521,551	₱8,283,181	₱5,132,861	₱7,763,824	₱137,544,249	₱6,968,646	₱202,214,312
On-balance sheet assets	–	–	–	–	–	2,515,734	–	2,515,734
Off-balance sheet assets	–	–	–	–	–	–	–	–
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

	Parent Company							
	2014							
	Capital	Risk Buckets						
	Deduction	0%	20%	50%	75%	100%	150%	Total
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱6,986,899	₱28,759,985	₱3,543,745	₱2,363,843	₱2,763,221	₱111,258,962	₱5,981,826	₱154,671,582
Off-balance sheet assets	–	–	–	–	–	1,235,163	–	1,235,163
Counterparty in the banking book (derivatives and repo-style transactions)	–	–	–	–	–	2,157,060	–	2,157,060
Counterparty in the trading book (derivatives and repo-style transactions)	–	–	–	–	–	23,897	–	23,897
Credit-linked notes in the banking book	–	–	–	–	–	–	–	–
Securitization exposures	–	–	–	–	–	–	–	–
	6,986,899	28,759,985	3,543,745	2,363,843	2,763,221	114,675,082	5,981,826	158,087,702
Credit Risk Weighted Assets	₱–	₱–	₱708,749	₱1,181,922	₱2,072,416	₱114,675,082	₱8,972,739	₱127,610,908

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. Both the Parent Company and the Subsidiary's liquidity risk management are then monitored through each entity's ALCO. 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						
	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*	₱49,908	₱–	₱–	₱–	₱–	₱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	1,224	17	16	17	61	8,759	10,094
Contingent liabilities	–	129	59	204	521	180	1,093
	₱1,224	₱10,800	₱12,131	₱11,663	₱4,725	₱179,546	₱220,089

* 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						
	2014						
	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*	₱35,510	₱–	₱–	₱–	₱–	₱720	₱36,230
Investments and trading securities**	–	2,483	2,320	2,427	3,678	14,179	25,087
Loans and receivables***	–	18,997	13,550	10,054	7,834	90,613	141,048
	₱35,510	₱21,480	₱15,870	₱12,481	₱11,512	₱105,512	₱202,365
Financial Liabilities							
Deposit liabilities****	₱–	₱4,990	₱7,231	₱7,243	₱2,901	₱133,237	₱155,602
Bills and acceptances payable	–	5,396	–	–	–	28	5,424
Subordinated debt	–	–	–	–	–	6,500	6,500
Other liabilities	1,383	90	9	9	3	5,647	7,141
Contingent liabilities	–	1,656	65	41	297	(1,336)	723
	₱1,383	₱12,132	₱7,305	₱7,293	₱3,201	₱144,076	₱175,390

* 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	1,224	16	15	16	61	7,272	8,604
Contingent liabilities	–	129	59	204	521	180	1,093
	₱1,224	₱10,461	₱11,679	₱11,117	₱4,470	₱174,076	₱213,027

* 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						
	2014						
	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*	₱35,270	₱–	₱–	₱–	₱–	₱633	₱35,903
Investments and trading securities**	–	2,483	2,320	2,427	3,678	14,179	25,087
Loans and receivables***	–	18,996	13,340	9,746	7,230	85,755	135,067
	₱35,270	₱21,479	₱15,660	₱12,173	₱10,908	₱100,567	₱196,057
Financial Liabilities							
Deposit liabilities****	₱–	₱4,775	₱7,015	₱7,132	₱2,824	₱128,847	₱150,593
Bills and acceptances payable	–	5,182	–	–	–	28	5,210
Subordinated debt	–	–	–	–	–	6,500	6,500
Other liabilities	1,383	90	9	8	3	5,485	6,978
Contingent liabilities	–	1,656	65	41	297	(1,336)	723
	₱1,383	₱11,703	₱7,089	₱7,181	₱3,124	₱139,524	₱170,004

* 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, 2015 and 2014, ₱69.85 billion and ₱49.34 billion, respectively, or 42.10% and 39.28%, 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, 2015 and 2014. With the above presented liquidity profile, the Group remains to be inhibited from liquidity risk that it can't adequately manage.

<u>Market Risk</u>
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 business unit 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 the Bloomberg Multi Asset Risk System. 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. 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 over estimated 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, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR 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 use 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 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 for any trading income that would exceed targets throughout the year. RMD reports compliance to the MRL and trader's VaR limits on a daily basis. 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):

	2015	2014
Year-end VaR	₱162,989	₱200,969
Average VaR	186,191	107,839
Highest VaR	379,820	233,073
Lowest VaR	21,620	8,023

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 year-end VaR for 2014 was based on the Parent Company's fixed income trading book valued at ₱9.90 billion with average yields of 3.73% and 3.90% for the Peso and Foreign currency denominated bonds, respectively. Its average maturities are 8 years and 5 months for the Peso portfolio and 11 years and 2 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):

	2015	2014
Year-end VaR	₱–	₱–
Average VaR	154	–
Highest VaR	581	–
Lowest VaR	–	–

The Parent Company commenced its US Treasury Futures trading in December 2015.

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

	2015	2014
Year-end VaR	₱21,842	₱8,674
Average VaR	19,965	4,521
Highest VaR	25,982	8,674
Lowest VaR	7,444	3,789

As of December 31, 2015, the Parent Company's IRS positions have a notional amount of $20.00 million where it pays fixed rate and receives floating rate interest.

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

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

	2015	2014
Year-end VaR	₱–	₱664
Average VaR	806	13,618
Highest VaR	6,753	49,371
Lowest VaR	–	664

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 in order 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):

	2015	2014
Year-end VaR	₱3,161	₱4,369
Average VaR	2,329	1,780
Highest VaR	6,462	6,571
Lowest VaR	33	10

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 is in compliance with said regulation as of December 31, 2015 and 2014.

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 $50.00 million, whichever is lower. Internal limits regarding the intraday trading and end-of-day trading positions in FX, which take into account 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, 2015 and 2014 (amounts in thousands):

	2015		
	USD	Other Currencies	Total
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

	2014		
	USD	Other Currencies	Total
Assets			
Gross FX assets	$624,465	$13,224	$637,689
Contingent FX assets	58,080	–	58,080
	682,545	13,224	695,769
Liabilities			
Gross FX liabilities	573,872	11,028	584,900
Contingent FX liabilities	98,000	78	98,078
	671,872	11,106	682,978
Net exposure	$10,673	$2,118	$12,791

The table below indicates the sensitivity of the currencies which the Parent Company had significant exposures as of December 31, 2015 and 2014 (amounts in millions):

Foreign currency appreciates (depreciates)	**2015**		
	USD	**EUR**	**CNY**
+10.00%	**₱28.69**	**₱2.10**	**₱8.07**
-10.00%	**(28.69)**	**(2.10)**	**(8.07)**

Foreign currency appreciates (depreciates)	2014		
	USD	EUR	CNY
+10.00%	₱47.73	₱3.41	₱3.65
-10.00%	(47.73)	(3.41)	(3.65)

The analysis calculates the effect of a reasonably possible movement of the currency rate against the Peso, with all other variables held constant, on the statement of income. A negative amount reflects a potential net reduction in net 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, 2015 and 2014:

	2015				
	Up to 1 month	**>1 to 3 months**	**>3 to 6 months**	**>6 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%**

	2014				
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>12 months
RBU					
Financial assets:					
Cash and cash equivalents	–	–	–	–	–
Loans and receivables	2.27%	4.55%	4.86%	6.46%	9.25%
Investment securities	–	3.63%	–	–	3.10%
Financial liabilities:					
Deposit liabilities	1.59%	1.92%	2.43%	4.23%	3.60%
Bills payable	1.51%	–	–	–	–
Subordinated debt	–	–	–	–	6.03%
FCDU					
Financial assets:					
Cash and cash equivalents	–	–	–	–	–
Loans and receivables	3.04%	2.79%	3.78%	4.86%	6.72%
Investment securities	0.61%	–	–	–	4.00%
Financial liabilities:					
Deposit liabilities	1.36%	1.27%	1.56%	1.68%	2.56%

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, 2015 and 2014:

	2015				
	Up to 1 month	**>1 to 3 months**	**>3 to 6 months**	**>6 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%**

	2014				
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>12 months
RBU					
Financial assets:					
Cash and cash equivalents	–	–	–	–	–
Loans and receivables	2.28%	4.54%	4.81%	6.22%	9.41%
Investment securities	–	3.63%	–	–	3.10%
Financial liabilities:					
Deposit liabilities	1.60%	1.95%	2.44%	4.31%	7.62%
Bills payable	1.51%	–	–	–	-
Subordinated debt	–	–	–	–	6.03%
FCDU					
Financial assets:					
Cash and cash equivalents	–	–	–	–	–
Loans and receivables	3.04%	2.79%	3.78%	4.86%	6.72%
Investment securities	0.61%	–	–	–	4.00%
Financial liabilities:					
Deposit liabilities	1.36%	1.27%	1.56%	1.68%	2.56%

The following tables sets forth the interest rate re-pricing gap of the Group as of December 31, 2015 and 2014 (amounts in millions):

2015	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>12 months	Total
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

2014	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>12 months	Total
Financial assets						
Cash and cash equivalents	₱–	₱–	₱–	₱–	₱–	₱–
Loans and receivables	29,634	6,030	3,753	2,207	55,609	97,233
Investment securities	2,422	2,212	2,201	3,246	7,455	17,536
Contingent assets	2	672	–	4	–	678
Total financial assets	32,058	8,914	5,954	5,457	63,064	115,447
Financial liabilities						
Deposit liabilities	42,730	14,504	2,183	1,285	16,423	77,125
Bills and acceptances payable	5,289	–	–	–	–	5,289
Other liabilities	–	–	–	–	–	–
Subordinated debt	–	–	–	–	6,500	6,500
Contingent liabilities	–	–	6	–	669	675
Total financial liabilities	48,019	14,504	2,189	1,285	23,592	89,589
Asset-liability gap	(₱15,961)	(₱5,590)	₱3,765	₱4,172	₱39,472	₱25,858

The following tables sets forth the interest rate re-pricing gap of the Parent Company as of December 31, 2015 and 2014 (amounts in millions):

2015	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>12 months	Total
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

2014	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>12 months	Total
Financial assets						
Cash and cash equivalents	₱–	₱–	₱–	₱–	₱–	₱–
Loans and receivables	29,928	6,012	3,734	2,134	49,703	91,511
Investment securities	2,422	2,212	2,201	3,246	7,455	17,536
Contingent assets	2	672	–	4	–	678
Total financial assets	32,352	8,896	5,935	5,384	57,158	109,725
Financial liabilities						
Deposit liabilities	39,445	13,829	2,165	1,264	16,423	73,126
Bills and acceptances payable	5,289	–	–	–	–	5,289
Other liabilities	–	–	–	–	–	–
Subordinated debt	–	–	–	–	6,500	6,500
Contingent liabilities	–	–	6	–	669	675
Total financial liabilities	44,734	13,829	2,171	1,264	23,592	85,590
Asset-liability gap	(₱12,382)	(₱4,933)	₱3,764	₱4,120	₱33,566	₱24,135

With the above negative re-pricing profile, the Group could expect positive returns from the following months after the end of 2015 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	2015	2014
+100bps	(₱252.9)	(₱165.5)
-100bps	252.9	165.5

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	2015	2014
+100bps	(₱188.2)	(₱149.7)
-100bps	188.2	149.7

Market Risk Weighting as of December 31, 2015 and 2014
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	2015	2014
Interest Rate Exposures	₱5,419	₱7,791
Foreign Exchange Exposures	411	572
	₱5,830	₱8,363

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).

	2015	2014
Group	₱22,426	₱18,152
Parent Company	21,167	17,419

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 ratio of 10.00% as prescribed by BSP.

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				
	2015				
		Fair Value			
	Carrying Value	Total	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	86,185,338	85,167,292	–	–	85,167,292
Unquoted debt securities	330,761	443,668	–	–	443,668
	149,697,980	149,557,506	–	–	149,557,506
Non-financial assets					
Investment properties	727,613	1,177,473	–	–	1,177,473
Total assets	₱165,758,043	₱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

	Consolidated				
	2014				
		Fair Value			
	Carrying Value	Total	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	₱7,391,724	₱7,391,724	₱7,255,622	₱136,102	₱–
Private bonds	2,565,307	2,565,307	2,565,307	–	–
Equity securities	225,659	225,659	225,659	–	–
	10,182,690	10,182,690	10,046,588	136,102	–
Derivative assets	110,668	110,668	–	110,668	–
Financial assets at FVTOCI	14,419	14,419	14,419	–	–
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	7,536,445	7,660,169	7,433,658	226,511	–
Private bonds	1,258,433	1,258,656	1,258,656	–	–
	8,794,878	8,918,825	8,692,314	226,511	–
Loans and receivables					
Receivable from customers:					
Corporate lending	55,161,693	55,019,062	–	–	55,019,062
Consumer lending	62,489,524	58,798,980	–	–	58,798,980
Unquoted debt securities	291,836	227,675	–	–	227,675
	117,943,053	114,045,717	–	–	114,045,717
Non-financial assets					
Investment properties	912,687	1,285,877	–	–	1,285,877
Total assets	₱137,958,395	₱134,558,196	₱18,753,321	₱473,281	₱115,331,594
Liabilities measured at fair value					
Financial liabilities					
Derivative liabilities	₱101,290	₱101,290	₱–	₱101,290	₱–
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Time	69,027,909	69,029,018	–	–	69,029,018
LTNCD	8,033,623	8,825,239	–	–	8,825,239
	77,061,532	77,854,257	–	–	77,854,257
Subordinated debt	6,463,731	7,462,161	–	–	7,462,161
Total liabilities	₱83,626,553	₱85,417,708	₱–	₱101,290	₱85,316,418

	Parent Company				
	2015				
		Fair Value			
	Carrying Value	Total	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	–	–

(Forward)

	Parent Company				
	2015				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
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**

	Parent Company				
	2014				
		Fair Value			
	Carrying Value	Total	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	₱7,391,724	₱7,391,724	₱7,255,622	₱136,102	₱–
Private bonds	2,565,307	2,565,307	2,565,307	–	–
Equity securities	225,659	225,659	225,659	–	–
	10,182,690	10,182,690	10,046,588	136,102	–
Derivative assets	110,668	110,668	–	110,668	–
Financial assets at FVTOCI	14,419	14,419	14,419	–	–
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	7,536,445	7,660,169	7,433,658	226,511	–
Private bonds	1,258,433	1,258,656	1,258,656	–	–
	8,794,878	8,918,825	8,692,314	226,511	–
Loans and receivables					
Receivable from customers:					
Corporate lending	55,461,693	55,019,062	–	–	55,019,062
Consumer lending	56,621,229	58,798,980	–	–	58,798,980
Unquoted debt securities	209,097	227,258	–	–	227,258
	112,292,019	114,045,300	–	–	114,045,300

(Forward)

	Parent Company				
	2014				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non-financial assets					
Investment properties	₱911,987	₱1,285,174	₱–	₱–	₱1,285,174
Total assets	₱132,306,661	₱134,557,076	₱18,753,321	₱473,281	₱115,330,474
Liabilities measured at fair value					
Financial liabilities					
Derivative liabilities	₱101,290	₱101,290	₱–	₱101,290	₱–
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Time	65,029,612	65,029,772	–	–	65,029,772
LTNCD	8,033,623	8,825,239	–	–	8,825,239
	73,063,235	73,855,011	–	–	73,855,011
Subordinated debt	6,463,731	7,462,161	–	–	7,462,161
Total liabilities	₱79,628,256	₱81,418,462	₱–	₱101,290	₱81,317,172

In 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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 either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Equity securities - Fair values of quoted equity securities are based on quoted market prices. Unquoted equity investments are simply carried at cost since there is insufficient information available to determine fair values.

Derivative instruments - Fair values of derivative instruments, mainly forwards and swaps, are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique is forward pricing, which uses present value calculations. The model incorporates various inputs including the foreign exchange rates 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 hedges. The table below sets out information about the Parent Company's derivative financial instruments and the related fair value as of December 31, 2015 and 2014:

Foreign Currency Forwards and Swaps	**2015**	2014
Notional amount	**$13,113**	$40,000
Derivative assets	**₱3,837**	₱13,661
Derivative liabilities	**581**	6,450

	2013					
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	Total
Statement of Income						
Net Interest Income:						
Third Party	₱2,122	₱597	₱5,334	₱5	₱335	₱8,393
Intersegment	50	426	–	–	(476)	–
	2,172	1,023	5,334	5	(141)	8,393
Noninterest Income	654	56	2,391	1,474	197	4,772
Revenue - Net of Interest Expense	2,826	1,079	7,725	1,479	56	13,165
Noninterest Expense	(3,440)	(761)	(5,456)	(267)	(966)	(10,890)
Income Before Income Tax	(614)	318	2,269	1,212	(910)	2,275
Provision for Income Tax	–	–	–	–	(219)	(219)
Net Income for the Year	(₱614)	₱318	₱2,269	₱1,212	(₱1,129)	₱2,056
Statement of Financial Position						
Total Assets	₱25,539	₱47,192	₱44,414	₱10,124	₱15,030	₱142,299
Total Liabilities	109,315	21,556	1,806	10,579	(20,350)	122,906
Statement of Income						
Depreciation and Amortization	417	27	191	17	66	718
Provision for Impairment and Credit Losses	3	376	2,191	4	526	3,100

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. Merger of Green Bank, Inc. with the Parent Company

On June 21, 2013, the Parent Company and GBI entered into a Plan of Merger Agreement. Under the agreement, GBI will be merged to the Parent Company upon completion of its equity restructuring and the transfer of certain assets and liabilities to EWRB. GBI's equity restructuring and the transfer of assets and liabilities to EWRB were completed in 2013.

On March 28, 2014 and June 5, 2014, the BSP and the SEC, respectively, approved the merger of the Parent Company and GBI. On July 31, 2014, the Parent Company and GBI concluded its 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 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 (Note 10)	22,870
Investment properties (Note 11)	189,146
Branch licenses (Note 12)	625,400
Goodwill (Note 12)	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:

	2015	2014
Financial assets at FVTPL	**₱10,540,806**	₱10,182,690
Financial assets at FVTOCI	**6,255**	14,419
Investment securities at amortized cost	**4,617,898**	8,794,878
	₱15,164,959	₱18,991,987

Financial assets at FVTPL
Financial assets at FVTPL of the Group and of the Parent Company consist of:

	2015	2014
Held-for-trading:		
Government securities	**₱4,344,376**	₱7,391,724
Private bonds	**6,185,982**	2,565,307
Equity securities	**10,448**	225,659
	₱10,540,806	₱10,182,690

As of December 31, 2015 and 2014, financial assets at FVTPL include net unrealized loss of ₱27.83 million and net unrealized gain of ₱52.65 million, respectively, for the Group and for the Parent Company.

Financial assets at FVTOCI
Financial assets at FVTOCI of the Group and of the Parent Company consist of:

	2015	2014
Quoted equity securities	**₱6,255**	₱7,273
Unquoted equity securities	**–**	7,146
	₱6,255	₱14,419

The Group has designated the above equity investments as at FVTOCI because they are held for long-term investments rather than for trading. The unquoted equity securities were deemed to have no value in 2015.

In 2015 and 2014, no dividends were recognized on these equity investments and no cumulative gain or loss was transferred within equity.

The movements in Net unrealized gain (loss) on financial assets at FVTOCI follow:

	2015	2014
Balance at beginning	**₱5,722**	₱1,925
Unrealized gains (losses) for the year	**(8,164)**	3,797
Balance at end	**(₱2,442)**	₱5,722

Investment securities at amortized cost
Investment securities at amortized cost of the Group and of the Parent Company consist of:

	2015	2014
Government securities	**₱4,046,482**	₱7,536,445
Private bonds	**571,416**	1,258,433
	₱4,617,898	₱8,794,878

Peso-denominated government bonds have effective interest rate of 5.70% in 2015 and effective interest rates ranging from 5.70% to 6.02% in 2014 and 2013. Foreign currency-denominated bonds have effective interest rates ranging from 2.87% to 7.07% in 2015, 2014, and 2013.

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. As of December 31, 2015, the remaining investment securities in the affected portfolios amounted to ₱144.93 million. There were no additions to the portfolios subsequent to the sale.

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. As of December 31, 2015 and 2014, the remaining investment securities in the affected portfolios amounted to ₱1.01 billion and ₱926.73 million, respectively. Additions to the portfolios subsequent to the sale amounted to ₱1.82 billion and is carried at fair value through profit or loss.

In 2013, the Parent Company sold government securities carried at amortized cost, with aggregate carrying amount of ₱1.10 billion, and recognized a gain amounting to ₱572.49 million. The gain is presented as Gain on sale of investment securities at amortized cost in the statement of income. The securities were sold to fund the lending requirement for FDC. As a result of the sale, subsequent acquisitions of investment securities in the affected portfolio will be classified as financial assets at FVTPL while the remaining securities will remain to be classified as investment securities at amortized cost. As of December 31, 2015 and 2014, the remaining government securities in the portfolio amounted to ₱246.30 million and ₱233.57 million, respectively. There were no additions to the portfolio subsequent to the sale.

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 follows:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Financial assets at FVTPL	**₱301,674**	₱169,745	₱106,912	**₱301,674**	₱169,745	₱106,912
Investment securities at amortized cost	**281,779**	391,861	426,454	**281,779**	391,861	426,447
	₱583,453	₱561,606	₱533,366	**₱583,453**	₱561,606	₱533,359

Trading and securities gain (loss) of the Group and of the Parent Company consists of:

	2015	2014	2013
Financial assets at FVTPL	**(₱62,397)**	₱497,352	₱1,005,237
Interest rate swaps	**(35,027)**	2,173	–
US Treasury Futures	**334**	–	–
	(97,090)	499,525	1,005,237
Investment securities at amortized cost	**287,361**	305,997	572,490
	₱190,271	₱805,522	₱1,577,727

9. Loans and Receivables

Loans and receivables consist of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Receivables from customers:				
Corporate lending	**₱64,611,066**	₱56,486,240	**₱64,611,066**	₱56,786,240
Consumer lending	**88,760,108**	64,130,757	**81,388,683**	58,181,205
	153,371,174	120,616,997	**145,999,749**	114,967,445
Unamortized premium	**3,638,482**	1,515,034	**3,856,744**	1,541,257
	157,009,656	122,132,031	**149,856,493**	116,508,702
Unquoted debt securities:				
Government securities	**42,553**	39,429	**42,553**	39,429
Private bonds	**364,292**	352,062	**353,975**	341,323
	406,845	391,491	**396,528**	380,752
Other receivables:				
Accrued interest receivable	**1,482,532**	1,198,722	**1,426,646**	1,163,810
Accounts receivable	**908,412**	1,304,002	**1,985,414**	1,867,317
Sales contracts receivable	**205,841**	208,328	**205,841**	208,328
	2,596,785	2,711,052	**3,617,901**	3,239,455
	160,013,286	125,234,574	**153,870,922**	120,128,909
Allowance for credit and impairment losses (Note 14)	**(4,737,049)**	(3,811,163)	**(4,623,689)**	(3,728,222)
	₱155,276,237	₱121,423,411	**₱149,247,233**	₱116,400,687

Credit card receivables under consumer lending amounted to ₱22.75 billion and ₱21.55 billion as of December 31, 2015 and 2014, respectively.

Receivables from customers consist of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Loans and discounts	**₱148,981,076**	₱116,198,579	**₱141,609,651**	₱110,549,027
Customers' liabilities under letters of credit/trust receipts	**3,598,793**	3,317,693	**3,598,793**	3,317,693
Bills purchased	**791,305**	1,100,725	**791,305**	1,100,725
	₱153,371,174	₱120,616,997	**₱145,999,749**	₱114,967,445

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 2015 and 2014, the total salary loans purchased by the Parent Company amounted to ₱12.93 billion and ₱5.74 billion, respectively. The Parent Company's acquisition cost of the salary loans approximate the fair value at the acquisition date. As of December 31, 2015 and 2014, outstanding salary loans purchased from EWRB, included in Loans and discounts of the Parent Company, amounted to ₱8.34 billion and ₱3.89 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 ₱30.57 million, ₱16.48 million and ₱1.67 million in 2015, 2014 and 2013, respectively (see Note 26).

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. There were no receivables purchased in 2015 and 2014.

Outstanding receivables purchased included in Loans and discounts amounted to ₱0.52 billion and ₱0.86 billion as of December 31, 2015 and 2014, 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 ₱1.95 million and ₱5.43 million in 2015 and 2014, respectively (see Note 26).

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, 2015 follows:

	Consolidated			
	2015			
	Corporate Lending	**Consumer Lending**	**Others**	**Total**
At January 1	**₱1,324,547**	**₱1,641,233**	**₱845,383**	**₱3,811,163**
Provision for impairment and credit losses (Note 14)	**142,279**	**3,493,515**	**88,977**	**3,724,771**
Write-off (Note 14)	**(30,355)**	**(2,559,978)**	**(201,266)**	**(2,791,599)**
Interest accrued on impaired loans	**(7,286)**	**–**	**–**	**(7,286)**
At December 31	**₱1,429,185**	**₱2,574,770**	**₱733,094**	**₱4,737,049**
Specific impairment	**₱742,432**	**₱–**	**₱66,084**	**₱808,516**
Collective impairment	**686,753**	**2,574,770**	**667,010**	**3,928,533**
	₱1,429,185	**₱2,574,770**	**₱733,094**	**₱4,737,049**
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 14)	**142,279**	**3,463,096**	**88,977**	**3,694,352**
Write-off (Note 14)	**(30,355)**	**(2,559,978)**	**(201,266)**	**(2,791,599)**
Interest accrued on impaired loans	**(7,286)**	**–**	**–**	**(7,286)**
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**

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, 2014 follows:

	Consolidated			
	2014			
	Corporate Lending	Consumer Lending	Others	Total
At January 1	₱1,427,055	₱1,747,911	₱827,389	₱4,002,355
Provision for impairment and credit losses (Note 14)	196,637	2,922,177	149,119	3,267,933
Write-off (Note 14)	(274,927)	(3,028,855)	(131,125)	(3,434,907)
Interest accrued on impaired loans	(24,218)	–	–	(24,218)
At December 31	₱1,324,547	₱1,641,233	₱845,383	₱3,811,163
Specific impairment	₱558,859	₱–	₱171,655	₱730,514
Collective impairment	765,688	1,641,233	673,728	3,080,649
	₱1,324,547	₱1,641,233	₱845,383	₱3,811,163
Gross amount of individually impaired loans	₱931,129	₱–	₱380,752	₱1,311,881

	Parent Company			
	2014			
	Corporate Lending	Consumer Lending	Others	Total
At January 1	₱1,427,055	₱1,720,893	₱827,389	₱3,975,337
Provision for impairment and credit losses (Note 14)	196,637	2,867,938	147,435	3,212,010
Write-off (Note 14)	(274,927)	(3,028,855)	(131,125)	(3,434,907)
Interest accrued on impaired loans	(24,218)	–	–	(24,218)
At December 31	₱1,324,547	₱1,559,976	₱843,699	₱3,728,222
Specific impairment	₱558,859	₱–	₱171,655	₱730,514
Collective impairment	765,688	1,559,976	672,044	2,997,708
	₱1,324,547	₱1,559,976	₱843,699	₱3,728,222
Gross amount of individually impaired loans	₱931,129	₱–	₱380,752	₱1,311,881

The Parent Company took possession of various properties previously held as collateral with an estimated value of ₱967.97 million, ₱487.60 million, and ₱563.45 million in 2015, 2014, and 2013, respectively (see Notes 11 and 13).

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					
	2015			2014		
	Specific Impairment	**Collective Impairment**	**Total**	Specific Impairment	Collective Impairment	Total
At January 1	**₱730,514**	**₱3,080,649**	**₱3,811,163**	₱948,461	₱3,053,894	₱4,002,355
Provision for impairment and credit losses	**115,643**	**3,609,128**	**3,724,771**	81,198	3,186,735	3,267,933
Write-off	**(30,355)**	**(2,761,244)**	**(2,791,599)**	(274,927)	(3,159,980)	(3,434,907)
Interest accrued on impaired loans	**(7,286)**	**–**	**(7,286)**	(24,218)	–	(24,218)
At December 31	**₱808,516**	**₱3,928,533**	**₱4,737,049**	₱730,514	₱3,080,649	₱3,811,163

	Parent Company					
	2015			2014		
	Specific Impairment	**Collective Impairment**	**Total**	Specific Impairment	Collective Impairment	Total
At January 1	**₱730,514**	**₱2,997,708**	**₱3,728,222**	₱948,461	₱3,026,876	₱3,975,337
Provision for impairment and credit losses	**115,643**	**3,578,709**	**3,694,352**	81,198	3,130,812	3,212,010
Write-off	**(30,355)**	**(2,761,244)**	**(2,791,599)**	(274,927)	(3,159,980)	(3,434,907)
Interest accrued on impaired loans	**(7,286)**	**–**	**(7,286)**	(24,218)	–	(24,218)
At December 31	**₱808,516**	**₱3,815,173**	**₱4,623,689**	₱730,514	₱2,997,708	₱3,728,222

Interest income on loans and receivables consist of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Receivables from customers	**₱13,784,421**	₱11,019,641	₱9,106,302	**₱12,947,424**	₱10,520,104	₱8,706,551
Unquoted debt securities	**128,478**	6,403	7,237	**128,478**	6,402	7,237
Interest accrued on impaired loans	**7,286**	24,218	47,341	**7,286**	24,218	47,341
	₱13,920,185	₱11,050,262	₱9,160,880	**₱13,083,188**	₱10,550,724	₱8,761,129

BSP Reporting
Of the total receivables from customers of the Parent Company as of December 31, 2015, 2014 and 2013, 21.00%, 33.43%, and 33.27%, respectively, are subject to periodic interest repricing. The remaining peso receivables from customers earn annual fixed interest rates ranging from 0.50% to 52.16 %, 1.13% to 23.68% , and 1.50% to 16.96% in 2015, 2014 and 2013, respectively, while foreign currency-denominated receivables from customers earn annual fixed interest rates ranging from 1.40% to 7.56%, 3.08% to 7.56% and 1.56% to 7.56% in 2015, 2014 and 2013, respectively.

The details of the secured and unsecured receivables from customers of the Group and of the Parent Company follow:

	Consolidated				Parent Company			
	2015		2014		2015		2014	
	Gross Amount	**%**	Gross Amount	%	**Gross Amount**	**%**	Gross Amount	%
Loans secured by:								
Chattel	**₱36,921,286**	**23.52**	₱21,509,682	17.61	**₱36,921,286**	**24.64**	₱21,509,682	18.46
Real estate	**19,111,824**	**12.17**	18,275,599	14.96	**19,008,128**	**12.68**	16,974,840	14.57
Hold-out on deposit	**5,623,055**	**3.58**	6,129,665	5.02	**5,621,850**	**3.75**	6,129,665	5.26
Others	**2,869,628**	**1.83**	2,266,396	1.86	**3,001,867**	**2.00**	5,062,078	4.34
	64,525,793	**41.10**	48,181,342	39.45	**64,553,131**	**43.07**	49,676,265	42.63
Unsecured	**92,483,863**	**58.90**	73,950,689	60.55	**85,303,362**	**56.93**	66,832,437	57.37
	₱157,009,656	**100.00**	₱122,132,031	100.00	**₱149,856,493**	**100.00**	₱116,508,702	100.00

Information on the concentration of credit as to industry follows (in millions):

	Consolidated				Parent Company			
	2015		2014		2015		2014	
	Gross Amount	**%**	Gross Amount	%	**Gross Amount**	**%**	Gross Amount	%
Personal consumption	**₱72,552**	**46.21**	₱51,501	42.17	**₱72,552**	**48.41**	₱47,523	40.79
Real estate, renting and business activity	**18,746**	**11.94**	19,132	15.67	**18,728**	**12.50**	19,102	16.40
Wholesale and retail trade	**15,219**	**9.69**	14,245	11.66	**15,199**	**10.14**	14,213	12.20
Financial intermediaries	**9,988**	**6.36**	5,697	4.66	**9,918**	**6.62**	4,944	4.24
Manufacturing	**5,291**	**3.37**	6,800	5.57	**5,286**	**3.53**	6,795	5.83
Agriculture, fisheries and forestry	**1,690**	**1.08**	2,347	1.92	**1,566**	**1.05**	1,657	1.42
Transportation, storage and communications	**1,157**	**0.74**	955	0.78	**1,156**	**0.77**	954	0.82
Others	**32,367**	**20.61**	21,455	17.57	**25,451**	**16.98**	21,321	18.30
	₱157,010	**100.00**	₱122,132	100.00	**₱149,856**	**100.00**	₱116,509	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, 2015 and 2014, NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Gross NPLs	**₱7,363,663**	₱5,769,505	**₱7,131,527**	₱5,576,281
Deductions as required by the BSP	**(2,728,927)**	(2,112,161)	**(2,728,927)**	(1,947,018)
	₱4,634,736	₱3,657,344	**₱4,402,600**	₱3,629,263

As of December 31, 2015 and 2014, secured and unsecured NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Secured	**₱3,142,388**	₱3,214,825	**₱3,050,180**	₱3,214,825
Unsecured	**4,221,275**	2,554,680	**4,081,347**	2,361,456
	₱7,363,663	₱5,769,505	**₱7,131,527**	₱5,576,281

10. Property and Equipment

The composition of and movements in the Group's property and equipment follow:

	2015				
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Total**
Cost					
As of January 1	**₱121,367**	**₱970,442**	**₱1,661,331**	**₱2,858,543**	**₱5,611,683**
Additions	**–**	**26,831**	**304,434**	**299,864**	**631,129**
Disposals	**–**	**–**	**(49,850)**	**–**	**(48,358)**
As of December 31	**121,367**	**997,273**	**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	**₱121,367**	**₱869,875**	**₱578,078**	**₱1,953,849**	**₱3,523,169**

	2014				
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Total
Cost					
As of January 1	₱290,493	₱959,298	₱1,862,956	₱2,312,119	₱5,424,866
Additions	–	21,438	237,747	546,618	805,803
Disposals	(169,126)	(10,294)	(439,372)	(194)	(618,986)
As of December 31	121,367	970,442	1,661,331	2,858,543	5,611,683
Accumulated Depreciation and Amortization					
As of January 1	–	77,467	1,221,114	672,120	1,970,701
Depreciation and amortization	–	28,741	293,640	246,726	569,107
Disposals	–	(8,271)	(432,896)	(62)	(441,229)
As of December 31	–	97,937	1,081,858	918,784	2,098,579
Allowance for Impairment Losses (Note 14)					
Provision during the year	–	1,424	–	–	1,424
Disposals	–	(1,424)	–	–	(1,424)
As of December 31	–	–	–	–	–
Net Book Value	₱121,367	₱872,505	₱579,473	₱1,939,759	₱3,513,104

As of December 31, 2015 and 2014, the cost of fully depreciated property and equipment still in use by the Group amounted to ₱989.03 million and ₱845.45 million, respectively.

The composition of and movements in the Parent Company's property and equipment follow:

	2015				
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Total**
Cost					
As of January 1	**₱100,030**	**₱921,492**	**₱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	**100,030**	**937,843**	**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	**₱100,030**	**₱816,062**	**₱455,626**	**₱1,839,657**	**₱3,211,375**

	2014				
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Total
Cost					
As of January 1	₱263,804	₱868,799	₱1,856,651	₱2,324,974	₱5,314,228
Additions	–	21,043	202,700	506,003	729,746
Acquired from merger (Note 7)	5,353	31,650	–	–	37,003
Disposals	(169,127)	–	(435,634)	–	(604,761)
As of December 31	100,030	921,492	1,623,717	2,830,977	5,476,216
Accumulated Depreciation and Amortization					
As of January 1	–	54,562	1,242,027	697,008	1,993,597
Depreciation and amortization	–	26,594	277,731	242,049	546,374
Acquired from merger (Note 7)	–	14,133	–	–	14,133
Disposals	–	–	(429,330)	–	(429,330)
As of December 31	–	95,289	1,090,428	939,057	2,124,774
Net Book Value	₱100,030	₱826,203	₱533,289	₱1,891,920	₱3,351,442

The gain on sale recognized by the Group for the disposal of its property and equipment amounted to ₱5.93 million, ₱265.82 million and ₱4.93 million in 2015, 2014 and 2013, respectively. The gain on sale recognized by the Parent Company for the disposal of its property and equipment amounted to ₱0.90 million, ₱265.82 million in 2015 and 2014, respectively, and loss on sale amounted to ₱0.28 million in 2013.

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, 2015 and 2014, 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 ₱368.27 million and ₱411.60 million, respectively (see Note 26).

As of December 31, 2015 and 2014, the cost of fully depreciated property and equipment still in use by the Parent Company amounted to ₱870.94 million and ₱704.70 million, respectively.

11. Investment Properties

The composition of and movements in the Group's investment properties follow:

	2015		
	Land	**Buildings and Improvements**	**Total**
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 14)			
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**

	2014		
	Land	Buildings and Improvements	Total
Cost			
At January 1	₱847,004	₱571,672	₱1,418,676
Additions	51,952	44,171	96,123
Disposals	(149,178)	(94,463)	(243,641)
At December 31	749,778	521,380	1,271,158
Accumulated Depreciation and Amortization			
At January 1	–	248,231	248,231
Depreciation and amortization	–	46,849	46,849
Disposals	–	(36,350)	(36,350)
At December 31	–	258,730	258,730
Accumulated Impairment Losses (Note 14)			
At January 1	142,662	21,067	163,729
Disposals	(57,403)	(6,585)	(63,988)
At December 31	85,259	14,482	99,741
Net Book Value	₱664,519	₱248,168	₱912,687

The composition of and movements in the Parent Company's investment properties follow:

	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 14)			
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**

	2014		
	Land	Buildings and Improvements	Total
Cost			
At January 1	₱698,634	₱508,412	₱1,207,046
Additions	42,566	52,771	95,337
Acquired from merger (Note 7)	148,953	51,186	200,139
Disposals	(142,937)	(94,474)	(237,411)
At December 31	747,216	517,895	1,265,111
Accumulated Depreciation and Amortization			
At January 1	–	231,894	231,894
Depreciation and amortization	–	46,845	46,845
Acquired from merger (Note 7)	–	10,993	10,993
Disposals	–	(36,349)	(36,349)
At December 31	–	253,383	253,383
Accumulated Impairment Losses (Note 14)			
At January 1	142,662	21,067	163,729
Disposals	(57,403)	(6,585)	(63,988)
At December 31	85,259	14,482	99,741
Net Book Value	₱661,957	₱250,030	₱911,987

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 ₱1.18 billion and ₱1.29 billion as of December 31, 2015 and 2014, 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, 2015 and 2014, 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 ₱60.46 million and ₱58.79 million, respectively.

Gain on sale recognized by the Group for the disposal of its foreclosed assets amounted to ₱55.34 million, ₱60.77 million, and ₱13.67 million in 2015, 2014 and 2013, respectively. Gain on sale recognized by the Parent Company for the disposal of its foreclosed assets amounted to ₱55.34 million, ₱60.77 million, and ₱11.94 million in 2015, 2014 and 2013, respectively.

Direct operating expenses from investment properties not generating rent income amounted to ₱44.01 million, ₱47.83 million and ₱49.33 million for the Group in 2015, 2014 and 2013, respectively, and ₱44.01 million, ₱47.83 million and ₱43.57 million for the Parent Company in 2015, 2014 and 2013, respectively.

12. Goodwill and Other Intangible Assets

As of December 31, 2015 and 2014, the intangible assets of the Group consist of:

	2015					
	Goodwill	**Branch Licenses**	**Customer Relationship**	**Core Deposits**	**Capitalized Software**	**Total**
Cost						
As of January 1	**₱1,316,728**	**₱2,167,396**	**₱154,626**	**₱40,433**	**₱1,430,745**	**₱5,109,928**
Acquisitions	**–**	**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**

	2014					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
As of January 1	₱1,316,728	₱1,662,200	₱154,626	₱40,433	₱977,873	₱4,151,860
Acquisitions	–	505,196	–	–	455,523	960,719
Write-off	–	–	–	–	(2,651)	(2,651)
As of December 31	1,316,728	2,167,396	154,626	40,433	1,430,745	5,109,928
Accumulated Amortization						
As of January 1	–	–	20,838	19,542	455,745	496,125
Amortization	–	–	4,312	4,043	183,326	191,681
Write-off	–	–	–	–	(2,651)	(2,651)
As of December 31	–	–	25,150	23,585	636,420	685,155
Net Book Value	₱1,316,728	₱2,167,396	₱129,476	₱16,848	₱794,325	₱4,424,773

As of December 31, 2015 and 2014, the intangible assets of the Parent Company consist of:

	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**
Acquisitions	**–**	**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**

	2014					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
As of January 1	₱919,254	₱1,036,800	₱154,626	₱40,433	₱963,136	₱3,114,249
Acquisitions	–	505,196	–	–	401,008	906,204
Acquired from merger (Note 7)	373,996	625,400	–	–	–	999,396
As of December 31	1,293,250	2,167,396	154,626	40,433	1,364,144	5,019,849
Accumulated Amortization						
As of January 1	–	–	20,838	19,542	446,839	487,219
Amortization	–	–	4,312	4,043	174,033	182,388
As of December 31	–	–	25,150	23,585	620,872	669,607
Net Book Value	₱1,293,250	₱2,167,396	₱129,476	₱16,848	₱743,272	₱4,350,242

Goodwill

The acquisition of EWRB in 2012 resulted in goodwill amounting ₱23.48 million, which has been allocated to EWRB. The acquisition of GBI in 2011 resulted in goodwill amounting to ₱374.00 million. The goodwill has been allocated to branch operations of GBI.

As discussed in Note 1, 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, 2015 and 2014, the carrying amount of goodwill, after impairment recognized in prior years, amounted to ₱150.21 million.

Key assumptions used in value in use calculations
The recoverable amount of the consumer business lending and branch units 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 discount rate applied to the cash flow projections is 12.25% and 11.68% in 2015 and 2014, respectively.

Discount rates
Discount rates reflect the current market assessment of the risk specific to each CGU.

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, 2015 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, 2015 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 2015 and 2014 acquisitions are software licenses acquired by the Group for the upgrade of its core banking systems amounting to ₱6.62 million and ₱289.09 million, respectively.

13. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Other repossessed assets	**₱577,214**	₱204,546	**₱577,214**	₱204,546
Security deposits	**211,280**	197,488	**211,280**	189,413
Derivative assets (Note 5)	**167,491**	110,668	**167,491**	110,668
Card acquisition costs	**161,422**	145,479	**161,422**	145,479
Prepaid expenses	**156,677**	115,519	**151,882**	109,420
Returned cash and other cash items	**127,021**	632,970	**127,021**	632,970
Documentary stamps	**7,732**	54,020	**7,732**	54,020
Miscellaneous	**798,808**	1,048,039	**777,235**	1,045,119
	2,207,645	2,508,729	**2,181,277**	2,491,635
Allowance for impairment losses (Note 14)	**(190,735)**	(85,623)	**(190,735)**	(85,623)
	₱2,016,910	₱2,423,106	**₱1,990,542**	₱2,406,012

As of December 31, 2015 and 2014, miscellaneous assets of the Group and Parent Company include sundry debits and interoffice floats amounting to ₱286.97 million and ₱805.67 million, respectively.

The movements in the allowance for impairment losses on other assets of the Group and the Parent Company follow:

	2015	2014
As of January 1	**₱85,623**	₱67,656
Provision during the year	**159,971**	43,416
Reversal of allowance from disposals	**(54,859)**	(11,304)
Write-off	**–**	(14,145)
As of December 31	**₱190,735**	₱85,623

The movements in other repossessed assets of the Group and the Parent Company follow:

	2015	2014
Cost		
As of January 1	**₱234,303**	₱206,246
Additions	**898,888**	392,267
Disposals	**(468,858)**	(364,210)
As of December 31	**664,333**	234,303
Accumulated Depreciation		
As of January 1	**29,757**	33,600
Depreciation and amortization	**117,080**	54,335
Disposals	**(59,718)**	(58,178)
As of December 31	**87,119**	29,757
Net Book Value, gross of impairment	**577,214**	204,546
Accumulated Impairment Losses		
As of January 1	**9,444**	10,452
Provision during the year	**66,793**	10,296
Disposals	**(54,859)**	(11,304)
As of December 31	**21,378**	9,444
Net Book Value, net of impairment	**₱555,836**	₱195,102

In 2015, gain on sale recognized by the Group and the Parent Company for the disposal of its repossessed assets amounted to ₱18.77 million. In 2014, loss on sale recognized by the Group and Parent Company amounted to ₱24.83 million and ₱25.70 million, respectively. In 2013, loss on sale recognized by the Group and Parent Company amounted to ₱3.44 million.

14. Allowance for Impairment and Credit Losses

Details of and changes in the allowance for impairment and credit losses follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Balances at the beginning of year:				
Loans and receivables (Note 9)	**₱3,811,163**	₱4,002,355	**₱3,728,222**	₱3,975,337
Investment properties (Note 11)	**99,741**	163,729	**99,741**	163,729
Property and equipment (Note 10)	**–**	1,424	**–**	–
Other assets (Note 13)	**85,623**	67,656	**85,623**	67,656
	3,996,527	4,235,164	**3,913,586**	4,206,722
Provisions charged to current operations (Notes 9, 10, 11 and 13)	**3,899,002**	3,311,349	**3,868,583**	3,255,426
Interest accrued on impaired loans	**(7,286)**	(24,218)	**(7,286)**	(24,218)
Write-off of loans and receivables	**(2,791,599)**	(3,434,907)	**(2,791,599)**	(3,434,907)
Reversal of allowance on disposals of property and equipment, investment properties and other repossessed assets (Notes 10, 11 and 13)	**(149,069)**	(76,716)	**(149,069)**	(75,292)
Write-off of other assets	**–**	(14,145)	**–**	(14,145)
Balances at the end of year:				
Loans and receivables (Note 9)	**4,737,049**	3,811,163	**4,623,689**	3,728,222
Investment properties (Note 11)	**19,791**	99,741	**19,791**	99,741
Other assets (Note 13)	**190,735**	85,623	**190,735**	85,623
	₱4,947,575	₱3,996,527	**₱4,834,215**	₱3,913,586

15. 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 from 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, 2015 and 2014, the Parent Company and EWRB are in compliance with such regulations.

As of December 31, 2015 and 2014, Due from BSP of the Parent Company amounting to ₱28.31 billion and ₱23.06 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, 2015, 2014 and 2013, about 44.60%, 52.19% and 42.93%, respectively, are subject to periodic interest repricing. The remaining deposit liabilities earn annual fixed interest rates ranging from 0.50% to 6.25% in 2015 and 2014, and 3.25% to 9.50% in 2013.

The Group's interest expense on deposit liabilities amounted to ₱1.84 billion, ₱1.33 billion and ₱1.17 billion in 2015, 2014, and 2013, respectively. The Parent Company's interest expense on deposit liabilities amounted to ₱1.74 billion in 2015, ₱1.26 billion in 2014 and ₱1.04 billion in 2013.

<u>Long-term Negotiable Certificates of Deposits due 2018 (LTNCD Series 1)</u>
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.

<u>Long-term Negotiable Certificates of Deposits due 2019 (LTNCD Series 2)</u>
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.

<u>Long-term Negotiable Certificates of Deposits due 2020 (LTNCD Series 3)</u>
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 premium (discount) as of December 31, 2015 and 2014 follow:

	2015	2014
Beginning balance	**(₱25,518)**	₱67,565
Premium (discount) of issuances during the year	–	(89,675)
Amortization during the year	**892**	(3,408)
Ending balance	**(₱24,626)**	(₱25,518)

16. Bills and Acceptances Payable

This account consists of:

	2015	2014
Banks and other financial institutions	**₱2,950,991**	₱5,289,389
Outstanding acceptances	**122,532**	28,263
	₱3,073,523	₱5,317,652

As of December 31, 2015 and 2014, 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 ₱2.56 billion and ₱3.32 billion, respectively, and fair value of ₱2.69 billion and ₱4.01 billion, respectively, were pledged with other banks as collateral for borrowings amounting to ₱2.20 billion and ₱3.27 billion, respectively.

Bills payable to the BSP, other banks and other financial institutions are subject to annual interest rates ranging from 0.55% to 1.20% in 2015, 0.50% to 3.22% in 2014, and 0.60% to 3.50% in 2013.

The Group's interest expense on bills and acceptances payable amounted to ₱17.26 million in 2015, ₱39.90 million in 2014 and ₱40.23 million in 2013. The Parent Company's interest expense on bills and acceptances payable amounted to ₱17.26 million in 2015 and ₱39.90 million in 2014 and ₱38.85 million in 2013.

17. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2015	2014	2015	2014
Accrued other expenses	**₱768,098**	₱862,748	**₱733,823**	₱842,525
Accrued interest payable	**398,104**	348,356	**392,914**	343,435
Accrued taxes	**150,961**	130,171	**100,041**	83,493
	₱1,317,163	₱1,341,275	**₱1,226,778**	₱1,269,453

Accrued other expenses pertain to accruals of various operating expenses such as rent, utilities, management and professional fees, employee bonus and other expenses.

18. Subordinated Debt

The Group's and the Parent Company's subordinated debt consists of (in millions):

		Carrying Value	
	Face Value	2015	2014
Lower Tier 2 unsecured subordinated notes due 2025	₱5,000	**₱4,967**	₱4,964
Lower Tier 2 unsecured subordinated notes due 2021	1,500	**1,500**	1,500
	₱6,500	**₱6,467**	₱6,464

<u>Lower Tier 2 unsecured subordinated notes due 2025</u>
On July 4, 2014, the Parent Company issued 5.50% coupon rate Lower Tier 2 unsecured subordinated note (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.

<u>Lower Tier 2 unsecured subordinated notes due 2021</u>
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:

a. 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.

b. 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.

The Group’s interest expense on subordinated debt amounted to ₱390.70 million, ₱258.71 million, and ₱232.16 million in 2015, 2014, and 2013, respectively. The Parent Company’s interest expense on subordinated debt amounted to ₱390.70 million, ₱258.71 million, and ₱220.31 million in 2015, 2014, and 2013, respectively.

19. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Accounts payable	**₱2,574,717**	₱2,082,995	**₱2,433,803**	₱2,052,446
Bills purchased-contra	**688,852**	993,784	**688,852**	993,784
Deferred revenue	**519,613**	463,510	**519,613**	463,510
Derivative liabilities (Note 5)	**183,755**	101,290	**183,755**	101,290
Retention payable	**120,812**	183,305	**120,812**	183,305
Withholding tax payable	**110,628**	66,790	**106,019**	64,670
Net retirement obligation (Note 24)	**48,784**	26,925	**46,626**	25,927
Payment orders payable	**6,207**	12,145	**6,207**	12,145
Marginal deposits and letters of credit	**4,737**	115,369	**4,737**	115,369
Miscellaneous	**490,170**	516,967	**489,408**	516,017
	₱4,748,275	₱4,563,080	**₱4,599,832**	₱4,528,463

Deferred revenue pertains to deferral and release of loyalty points program transactions and membership fees and dues. As of December 31, 2015 and 2014, miscellaneous liabilities of the Group and the Parent Company include sundry credits and interoffice floats amounting to ₱243.40 million and ₱253.50 million, respectively.

20. 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					
	2015			2014		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial assets:						
Cash and other cash items	₱5,899,131	₱–	₱5,899,131	₱5,993,499	₱–	₱5,993,499
Due from BSP	30,908,680	–	30,908,680	23,128,678	–	23,128,678
Due from other banks	5,376,926	–	5,376,926	3,580,528	–	3,580,528
IBLR	7,722,546	–	7,722,546	2,893,384	–	2,893,384
Financial assets at FVTPL (Note 8)	10,540,806	–	10,540,806	10,182,690	–	10,182,690
Investments at FVTOCI (Note 8)	–	6,255	6,255	–	14,419	14,419
Investment securities at amortized cost (Note 8)	–	4,617,898	4,617,898	–	8,794,878	8,794,878
Loans and receivables - gross (Note 9)	58,197,712	98,177,092	156,374,804	60,968,220	62,751,320	123,719,540
Other assets (Note 13)	299,441	211,279	510,720	792,503	197,489	989,992
	118,945,242	103,012,524	221,957,766	107,539,502	71,758,106	179,297,608
Nonfinancial assets:						
Investment in Subsidiaries (Note 7)	–	471,287	471,287	–	–	–
Property and equipment (Note 10)	–	3,523,169	3,523,169	–	3,513,104	3,513,104
Investment properties (Note 11)	–	727,613	727,613	–	912,687	912,687
Deferred tax assets (Note 23)	–	1,322,271	1,322,271	–	977,426	977,426
Goodwill and other intangible assets (Note 12)	–	4,446,622	4,446,622	–	4,424,773	4,424,773
Other assets (Note 13)	823,351	682,839	1,506,190	1,068,302	364,812	1,433,114
	823,351	11,173,801	11,997,152	1,068,302	10,192,802	11,261,104
	119,768,593	114,186,325	233,954,918	108,607,804	81,950,908	190,558,712
Allowances for impairment and credit losses on loans and receivables (Note 14)	–	(4,737,049)	(4,737,049)	–	(3,811,163)	(3,811,163)
Unearned premium (Note 9)	–	3,638,482	3,638,482	–	1,515,034	1,515,034
	₱119,768,593	₱113,087,758	₱232,856,351	₱108,607,804	₱79,654,779	₱188,262,583
Financial liabilities:						
Deposit liabilities	₱156,332,129	₱27,811,867	₱184,143,996	₱114,474,883	₱33,212,596	₱147,687,479
Bills and acceptances payable (Note 16)	3,073,523	–	3,073,523	5,317,652	–	5,317,652
Cashiers' checks and demand drafts payable	1,217,741	–	1,217,741	1,256,982	–	1,256,982
Subordinated debt (Note 18)	–	6,466,516	6,466,516	–	6,463,731	6,463,731
Accrued interest, taxes and other expenses (Note 17)	1,166,202	–	1,166,202	1,252,060	–	1,252,060
Other liabilities (Note 19)	2,661,743	136,940	2,798,683	2,397,713	183,305	2,581,018
	164,451,338	34,415,323	198,866,661	124,699,290	39,859,632	164,558,922
Nonfinancial liabilities:						
Income tax payable	486,390	–	486,390	184,577	–	184,577
Accrued interest, taxes and other expenses (Note 17)	150,961	–	150,961	89,215	–	89,215
Other liabilities (Note 19)	1,429,979	519,613	1,949,592	1,516,171	465,891	1,982,062
	2,067,330	519,613	2,586,943	1,789,963	465,891	2,255,854
	₱166,518,668	₱34,934,936	₱201,453,604	₱126,489,253	₱40,325,523	₱166,814,776

	Parent Company					
	2015			2014		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial assets:						
Cash and other cash items	₱5,829,104	₱–	₱5,829,104	₱5,912,309	₱–	₱5,912,309
Due from BSP	30,725,169	–	30,725,169	22,970,798	–	22,970,798
Due from other banks	5,310,299	–	5,310,299	3,493,976	–	3,493,976
IBLR	7,722,546	–	7,722,546	2,893,384	–	2,893,384
Financial assets at FVTPL (Note 8)	10,540,806	–	10,540,806	10,182,690	–	10,182,690
Investments at FVTOCI (Note 8)	–	6,255	6,255	–	14,419	14,419
Investment securities at amortized cost (Note 8)	–	4,617,898	4,617,898	–	8,794,878	8,794,878
Loans and receivables - gross (Note 9)	54,549,649	95,464,529	150,014,178	61,485,884	57,101,768	118,587,652
Other assets (Note 13)	298,820	211,279	510,099	792,087	189,412	981,499
	114,976,393	100,299,961	215,276,354	107,731,128	66,100,477	173,831,605
Nonfinancial assets:						
Investment in subsidiaries (Note 7)	–	551,000	551,000	–	521,000	521,000
Investment in a joint venture	–	471,287	471,287	–	–	–
Property and equipment (Note 10)	–	3,211,375	3,211,375	–	3,351,442	3,351,442
Investment properties (Note 11)	–	726,916	726,916	–	911,987	911,987
Deferred tax assets (Note 23)	–	1,295,956	1,295,956	–	952,751	952,751
Goodwill and other intangible assets (Note 12)	–	4,384,736	4,384,736	–	4,350,242	4,350,242
Other assets (Note 13)	797,611	682,832	1,480,443	1,071,429	353,084	1,424,513
	797,611	11,324,102	12,121,713	1,071,429	10,440,506	11,511,935
	115,774,004	111,624,063	227,398,067	108,802,557	76,540,983	185,343,540
Allowances for impairment and credit losses on loans and receivables (Note 14)	–	(4,623,689)	(4,623,689)	–	(3,728,222)	(3,728,222)
Unamortized premium (Note 9)	–	3,856,744	3,856,744	–	1,541,257	1,541,257
	₱115,774,004	₱110,857,118	₱226,631,122	₱108,802,557	₱74,354,018	₱183,156,575
Financial liabilities:						
Deposit liabilities	₱151,253,687	₱27,811,867	₱179,065,554	₱113,955,417	₱29,214,299	₱143,169,716
Bills and acceptances payable (Note 16)	3,073,523	–	3,073,523	5,317,652	–	5,317,652
Cashiers' checks and demand drafts payable	1,217,741	–	1,217,741	1,256,982	–	1,256,982
Subordinated debt (Note 18)	–	6,466,516	6,466,516	–	6,463,731	6,463,731
Accrued interest, taxes and other expenses (Note 17)	1,126,737	–	1,126,737	1,190,052	–	1,190,052
Other liabilities (Note 19)	2,514,622	136,940	2,651,562	2,364,554	183,305	2,547,859
	159,186,310	34,415,323	193,601,633	124,084,657	35,861,335	159,945,992
Nonfinancial liabilities:						
Income tax payable	396,052	–	396,052	127,952	–	127,952
Accrued interest, taxes and other expenses (Note 17)	100,041	–	100,041	79,401	–	79,401
Other liabilities (Note 19)	1,428,657	519,613	1,948,270	1,514,713	465,891	1,980,604
	1,924,750	519,613	2,444,363	1,722,066	465,891	2,187,957
	₱161,111,060	₱34,934,936	₱196,045,996	₱125,806,723	₱36,327,226	₱162,133,949

21. 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.

Presented below are the composition of qualifying capital and the related deductions as reported to the BSP (amounts in millions):

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Tier 1 capital	**₱31,035**	₱21,209	**₱30,297**	₱20,784
CET1 capital	**31,035**	21,209	**30,297**	20,784
Less required deductions	**6,751**	6,264	**7,481**	6,986
Subtotal	**24,284**	14,945	**22,816**	13,798
Less: deductions from Tier 1 capital	**–**	–	**–**	–
Net Tier 1 Capital	**24,284**	14,945	**22,816**	13,798
Tier 2 capital	**6,232**	6,023	**6,201**	5,961
Less deductions from Tier 2 capital	**–**	–	**–**	–
Net Tier 2 Capital	**6,232**	6,023	**6,201**	5,961
Total Qualifying capital	**₱30,516**	₱20,968	**₱29,017**	₱19,759

The capital-to-risk assets ratio reported to the BSP as of December 31, 2015 and 2014 are shown in the table below (amounts in millions):

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Tier 1 capital:				
Paid up common stock	**₱15,000**	₱11,284	**₱15,000**	₱11,284
Additional paid-in capital	**5,209**	979	**5,209**	979
Retained earnings	**8,857**	6,849	**8,508**	6,861
Undivided profits	**1,975**	2,084	**1,586**	1,647
Cumulative foreign currency translation	**(6)**	13	**(6)**	13
Core Tier 1 capital	**31,035**	21,209	**30,297**	20,784
Deductions from Tier 1 capital:				
Total outstanding unsecured credit accommodation to a DOSRI and subsidiary	**405**	583	**738**	883
Investments in equity securities	**518**	240	**1,039**	761
Defined benefit asset	**39**	26	**36**	26
Deferred income tax	**1,342**	990	**1,283**	966
Goodwill and other intangible assets	**4,447**	4,425	**4,385**	4,350
Total Deductions	**6,751**	6,264	**7,481**	6,986
Total Tier 1 Capital	**24,284**	14,945	**22,816**	13,798
Tier 2 capital:				
General loan loss provision	**1,265**	1,060	**1,234**	998
Unsecured subordinated debt	**4,967**	4,963	**4,967**	4,963
Total Tier 2 capital	**6,232**	6,023	**6,201**	5,961
Deductions from Tier 1 and Tier 2 capital	**–**	–	**–**	–
Qualifying capital:				
Net Tier 1 capital	**24,284**	14,945	**22,816**	13,798
Net Tier 2 capital	**6,232**	6,023	**6,201**	5,961
Total qualifying capital	**30,516**	20,968	**29,017**	19,759
Capital requirements:				
Credit risk	**167,442**	133,495	**160,763**	127,826
Market risk	**5,830**	8,363	**5,830**	8,363
Operational risk	**22,426**	18,152	**21,167**	17,419
Total capital requirements	**₱195,698**	₱160,010	**₱187,760**	₱153,608
CET1 capital ratio	**12.41%**	9.34%	**12.15%**	8.98%
Tier 1 capital ratio	**12.41%**	9.34%	**12.15%**	8.98%
Total capital ratio	**15.59%**	13.10%	**15.45%**	12.86%

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), composed of Common Equity Tier 1 and Additional Tier 1, and Tier 2 (supplementary) capital. Tier 1 capital comprises share capital, retained earnings (including current year profit) and non-controlling interest less required deductions such as deferred income tax and unsecured credit accommodations to DOSRI. Tier 2 capital includes unsecured subordinated debts, revaluation reserves and general loan loss provision. Certain items are deducted from the regulatory Gross Qualifying Capital, such as but not limited to equity investments in unconsolidated subsidiary banks and other financial allied undertakings, but excluding investments in debt capital instruments of unconsolidated subsidiary banks (for solo basis) and equity investments in subsidiary and non-financial allied undertakings.

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 2015 and 2014, 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, 2015 and 2014.

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 consist of (amounts in thousands, except for par value and number of shares):

	Shares			Amount		
	2015	2014	2013	**2015**	2014	2013
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	**1,128,409,610**	1,128,409,610	1,128,409,610	**₱11,284,096**	₱11,284,096	₱11,284,096
Issuance of stock rights	**371,574,000**	–	–	**3,715,740**	–	–
Balance at year end	**1,499,983,610**	1,128,409,610	1,128,409,610	**₱14,999,836**	₱11,284,096	₱11,284,096

On January 19, 2012 and February 10, 2012, the Parent Company received cash from its shareholders totaling ₱3.00 billion as deposits for future stock subscription for 300 million common shares which were subsequently issued in March 2012. Also in the same period, the preferred shareholders converted a total of 300 million preferred shares amounting to ₱3.00 billion to 300 million common shares.

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. In March 2015, the BOD approved the application of the Parent Company to list up to 371,574,000 common shares with par value of ₱10 per share to cover its stock rights offering. Details of the offer are as follows:

Entitlement Ratio	32.929 right shares for every 100 shares
Offer Price	₱21.53
Number of shares to be offered	371,574,000 shares
Ex-rights date	April 16, 2015
Record date	April 21, 2015
Start of offer period	April 24, 2015
End of Offer Period	April 30, 2015

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.

22. Income and Expenses

Service charges, fees and commissions consist of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Credit Cards	**₱1,857,903**	₱1,790,379	₱1,614,723	**₱1,857,903**	₱1,790,379	₱1,614,723
Loans	**831,458**	1,021,233	460,944	**387,457**	393,108	174,234
Deposits	**552,419**	385,523	318,319	**510,601**	385,523	318,319
Remittances	**28,704**	7,144	1,113	**28,704**	7,144	1,113
Others	**15,698**	93,560	133,371	**15,697**	93,560	96,478
	₱3,286,182	₱3,297,839	₱2,528,470	**₱2,800,362**	₱2,669,714	₱2,204,867

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, interchange fees, merchant discounts and other commissions.

Miscellaneous income consists of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Recovery on written-off assets	**₱235,558**	₱150,192	₱299,399	**₱234,675**	₱148,344	₱297,781
Rental income	**5,226**	4,546	3,333	**5,379**	4,546	3,333
Dividend income	**7,108**	22,221	76,946	**7,108**	22,221	76,946
Others	**58,547**	45,072	27,249	**47,086**	39,749	22,972
	₱306,439	₱222,031	₱406,927	**₱294,248**	₱214,860	₱401,032

Others include referral income earned on insurance premiums charged through credit cards.

Miscellaneous expenses consist of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	**2013**
Security, messengerial and janitorial services	**₱457,280**	₱429,635	₱362,303	**₱420,577**	₱403,015	₱340,782
Advertising	**403,739**	407,578	395,164	**394,377**	401,688	394,513
Service charges, fees and commissions	**390,087**	657,067	494,454	**390,170**	635,241	485,648
Technological fees	**352,010**	242,537	179,279	**352,010**	242,519	178,866
Insurance	**351,853**	264,238	211,207	**334,907**	249,577	197,357
Brokerage fees	**326,214**	206,896	239,503	**342,268**	223,378	239,503
Postage, telephone, cables and telegram	**315,743**	323,304	282,808	**296,584**	310,845	274,372
Transportation and travel	**213,759**	194,571	189,705	**170,896**	167,762	156,789
Power, light and water	**186,725**	183,769	165,633	**173,234**	171,983	155,079
Management and other professional fees	**150,243**	81,768	57,000	**148,309**	79,733	53,818
Stationery and supplies	**78,801**	79,992	74,742	**70,195**	73,088	68,156
Repairs and maintenance	**77,790**	74,303	40,525	**70,567**	63,836	31,635
Entertainment, amusement and recreation	**46,653**	48,223	47,970	**42,852**	45,306	43,838
Supervision fees	**42,881**	42,353	35,431	**41,118**	41,010	34,270
Litigation expenses	**33,689**	37,099	37,763	**33,685**	37,072	36,753
Others	**205,844**	190,230	137,845	**198,022**	184,540	127,160
	₱3,633,311	₱3,463,563	₱2,951,332	**₱3,479,771**	₱3,330,593	₱2,818,539

Others include payments for subscriptions, membership fees, trainings, donations and contributions, delivery and freight expenses, fines, penalties, other charges and clearing fees.

23. 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		
	2015	2014	2013	**2015**	2014	2013
Current:						
Regular corporate income tax	**₱939,144**	₱461,276	₱171,993	**₱665,314**	₱275,722	₱146,917
Final tax	**58,765**	77,563	68,809	**58,654**	77,281	66,946
	997,909	538,839	240,802	**723,968**	353,003	213,863
Deferred	**(338,577)**	25,206	(22,146)	**(336,995)**	43,411	(30,324)
	₱659,332	₱564,045	₱218,656	**₱386,973**	₱396,414	₱183,539

The components of the Group's and the Parent Company's net deferred tax assets as of December 31, 2015 and 2014 follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Deferred tax asset on:				
Allowance for impairment and credit losses	**₱1,473,378**	₱1,082,393	**₱1,450,264**	₱1,068,408
Accrued expenses	**96,574**	134,341	**93,910**	123,841
Accumulated depreciation of assets foreclosed or dacioned	**91,304**	94,596	**91,302**	94,595
Net retirement obligation	**14,962**	8,062	**14,315**	7,763
Unrealized trading loss	**14,309**	144	**14,309**	144
Unamortized past service cost	**3,786**	4,889	**3,786**	4,889
	1,694,313	1,324,425	**1,667,886**	1,299,640

(Forward)

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Deferred tax liability on:				
Branch licenses acquired from business combination (Note 7)	**₱187,620**	₱187,620	**₱187,620**	₱187,620
Gain on asset foreclosure and dacion transactions	**107,747**	105,380	**107,636**	105,270
Excess of fair value over carrying value of net assets acquired from business combinations	**43,369**	44,939	**43,369**	44,939
Unrealized foreign exchange gain	**33,306**	9,060	**33,305**	9,060
	372,042	346,999	**371,930**	346,889
	₱1,322,271	₱977,426	**₱1,295,956**	₱952,751

As of December 31, 2015 and 2014, the Group and the Parent Company did not recognize deferred tax assets on the following temporary differences:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Allowance for credit and impairment losses	**₱36,315**	₱388,550	**₱-**	₱352,226

As of December 31, 2015 and 2014, the Group and the Parent Company has no 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	
	2015	2014	**2015**	2014
Remeasurements on retirement plan	**₱6,268**	₱7,507	**₱6,210**	₱7,440

The reconciliation of statutory income tax at statutory tax rate to the effective income tax follows:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Statutory income tax	**₱798,980**	₱791,227	₱682,317	**₱599,500**	₱618,889	₱652,359
Additions to (reductions from) income taxes resulting from the tax effects of:						
Nondeductible expenses	**119,385**	233,066	185,303	**117,442**	232,698	180,061
FCDU income	**(100,560)**	(250,539)	(73,524)	**(100,560)**	(250,539)	(73,524)
Non taxable and tax-exempt income	**(50,047)**	(139,699)	(639,005)	**(50,047)**	(139,699)	(516,165)
Interest income subjected to final tax net of tax paid	**(73,750)**	(35,356)	(62,767)	**(73,694)**	(35,021)	(59,192)
Change in unrecognized deferred tax assets and others	**(34,676)**	(34,654)	126,332	**(105,668)**	(29,914)	-
Effective income tax	**₱659,332**	₱564,045	₱218,656	**₱386,973**	₱396,414	₱183,539

24. 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, 2015 and 2014, the retirement plan of EWRB is unfunded.

The net retirement obligation included in 'Other liabilities' in the statements of financial position are as follows:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Present value of the defined benefit obligation	**₱645,344**	₱555,340	**₱643,186**	₱554,342
Fair value of plan assets	**596,560**	528,415	**596,560**	528,415
Net retirement obligation	**₱48,784**	₱26,925	**₱46,626**	₱25,927

Changes in the present value of the defined benefit obligation as of December 31, 2015 and 2014 recognized in the statements of financial position follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Balance at beginning of year	**₱555,340**	₱432,948	**₱554,342**	₱432,782
Current service cost	**103,027**	89,280	**102,105**	88,678
Interest cost	**24,436**	18,186	**24,391**	18,177
Remeasurement (gains) losses:				
Actuarial losses arising from deviations of experience from assumptions	**17,613**	44,863	**17,347**	44,777
Actuarial gains arising from changes in financial assumptions	**(30,360)**	(10,849)	**(30,287)**	(10,849)
Benefits paid	**(24,712)**	(19,088)	**(24,712)**	(19,088)
Balance at end of year	**₱645,344**	₱555,340	**₱643,186**	₱554,342

Changes in the fair value of plan assets are as follows:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Balance at beginning of year	**₱528,415**	₱431,584	**₱528,415**	₱431,584
Contributions	**103,247**	88,802	**103,247**	88,802
Interest income	**23,250**	18,126	**23,250**	18,126
Remeasurements	**(33,640)**	8,991	**(33,640)**	8,991
Benefits paid	**(24,712)**	(19,088)	**(24,712)**	(19,088)
Balance at end of year	**₱596,560**	₱528,415	**₱596,560**	₱528,415

The fair value of plan assets by class are as follows:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Cash and cash equivalents	**₱162,572**	₱284,756	**₱162,572**	₱284,756
Debt instruments:				
Government securities	**75,777**	56,475	**75,777**	56,475
Private securities	**113,259**	81,097	**113,259**	81,097
Equity instruments:				
Financial services	**236,704**	66,685	**236,704**	66,685
Real estate	**5,446**	8,859	**5,446**	8,859
Retail	**104**	3,720	**104**	3,720
Holding	**82**	9,879	**82**	9,879
Utilities	**62**	3,714	**62**	3,714
Telecommunications	**-**	8,662	**-**	8,662
Mining	**-**	1,493	**-**	1,493
Manufacturing	**-**	1,062	**-**	1,062
Others	**2,554**	2,013	**2,554**	2,013
Fair value of plan assets	**₱596,560**	₱528,415	**₱596,560**	₱528,415

The Parent Company's plan assets are carried at fair value. All equity and debt instruments held have quoted prices in an active market. 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 ₱88.70 million to the plan in 2016.

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	
	2015	2014	**2015**	2014
Discount rate				
At January 1	**4.40%**	4.20%	**4.53%**	5.20%
At December 31	**4.88%**	4.40%	**4.68%**	4.53%
Future salary increase rate	**5.00%**	5.00%	**5.00%**	5.00%
Average remaining working life	**16**	15	**16**	16

The sensitivity analysis below on the defined benefit obligation as of December 31, 2015 and 2014 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	
	2015	2014	**2015**	2014
Decrease in discount rate of 1%	**₱67,207**	₱59,734	**₱66,673**	₱59,485
Increase in salary rate increase of 1%	**66,039**	58,388	**65,511**	58,142
Improvement in employee turnover by 10%	**25,687**	24,134	**25,243**	23,925

The amounts included in Compensation and fringe benefits expense in the statements of income are as follows:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Current service cost	**₱103,027**	₱89,280	₱76,300	**₱102,105**	₱88,678	₱74,391
Net interest expense	**1,186**	60	1,211	**1,141**	51	544
Loss on settlement	**–**	–	24,647	**–**	–	–
Expense recognized	**₱104,213**	₱89,340	₱102,158	**₱103,246**	₱88,729	₱74,935

25. 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. For the years ended December 31, 2015, 2014 and 2013, the total rentals of the Group charged to operations amounted to ₱738.15 million, ₱629.29 million, and ₱542.47 million, respectively. For the years ended December 31, 2015, 2014 and 2013, total rentals charged to operations by the Parent Company amounted to ₱699.68 million ₱607.01 million, and ₱518.23 million, respectively.

Future minimum annual rentals payable under the aforementioned lease agreements follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Within one year	**₱674,597**	₱663,588	**₱625,635**	₱637,067
After one year but not more than five years	**2,178,171**	2,328,911	**2,004,968**	2,238,372
More than five years	**1,151,938**	1,704,035	**1,084,234**	1,640,297
	₱4,004,706	₱4,696,534	**₱3,714,837**	₱4,515,736

26. 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 and on substantially the same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties.

The amounts and the balances arising from the foregoing significant related party transactions of the Group and of the Parent Company are as follows:

	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**	Deposit liabilities with interest ranging from 0.50% to 1.00%
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**	Deposit liabilities with interest ranging from 0.50% to 5.88%
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

		2015	
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
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	Deposit liabilities with interest ranging from 0.50% to 6.0%
Accrued interest receivable	–	7,779	Interest income accrued on outstanding loans receivable
Guarantees and commitments	–	444,574	Unused credit lines
Accounts receivable	–	431,529	Receivable from FAI on the sale of land by the Parent Company, payable in 5 years, interest of 6.00% (Note 10) and advances to EWAL
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
Investment in a joint venture	–	471,287	Equity Share of 50% in East West Ageas Life

		2014	
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, no impairment
Deposit liabilities	–	2,864,568	Deposit liabilities with interest ranging from 0.50% to 1.00%
Accrued interest receivable	–	60,224	Interest income accrued on outstanding loans receivable
Accrued expenses	–	13,297	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	–	3,500,000	Unused credit lines
Interest income	228,219	–	Interest income on loans receivable
Interest expense	2,954	–	Interest expense on deposit liabilities
Key management personnel:			
Loans receivable	–	37,777	Loans granted with terms ranging from three to twenty years, interest ranging from 5.59% to 10.42%, secured at 98%
Deposit liabilities	–	259,726	Deposit liabilities with interest ranging from 0.50% to 5.88%
Accrued interest receivable	–	90	Interest income accrued on outstanding loans receivable
Interest income	3,440	–	Interest income on loans receivable
Interest expense	846	–	Interest expense on deposit liabilities
Other related parties:			
Loans receivable	–	2,310,222	Loans granted with terms ranging from two months to thirteen and a half years, interest ranging from 3.75% to 6.40%, 76.00% secured by real estate and chattel mortgage, no impairment
Receivables purchased	–	857,158	Receivables purchased by the Parent Company from FLI

(Forward)

		2015	
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
Financial assets at FVTPL	₱–	₱99,680	FLI- issued debt securities held for trading by the Parent Company, with interest rates ranging from 5.40% to 5.64%, unimpaired
Deposit liabilities	–	15,815,423	Deposit liabilities with interest rates ranging from 0.50% to 5.88%
Accrued interest receivable	–	17,048	Interest income accrued on outstanding loans receivable
Guarantees and commitments	–	5,267,068	Unused credit lines
Accounts receivables	–	411,597	Receivable from FAI on the sale of land by the Parent Company, payable in 5 years, interest of 6.00% (Note 10)
Gain on sale of land	264,132	–	Gain recognized on the sale of the Parent Company's land to FAI (Note 10)
Interest income	21,406	–	Interest income on loans receivable
Interest expense	220,370	–	Interest expen se on deposit liabilities
Service fee expense	5,434	–	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	37,407	–	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 2015 and 2014. 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.

In November 2015, EWAL and the Parent Company entered into an exclusive distribution agreement for a period of 20 years for which the latter shall earn commission fees. As of December 31 2015, no fees have been earned and accrued pending the start of commercial operations of EWAL.

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 2015, 2014, and 2013.

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.

<u>Parent Company Related Party Transactions</u>

Transactions between the Parent Company and its subsidiaries (EWRB and EWIB) meet the definition of related party transactions. Details of the Parent Company's subsidiaries are disclosed in Note 1.

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:

2015

Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
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**	Deposit liabilities with interest rates of 0.05% to 6.00%
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)

2014

Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Subsidiaries:			
Loans receivable	₱300,000	₱300,000	Loans granted with a term of one month or 30 days, interest rate of 4.00%, unsecured, no impairment
Receivables purchased	5,740,168	3,890,662	Receivables purchased by the Parent Company from EWRB (see Note 9)
Accrued interest receivable	–	7,887	Interest on receivables purchased from EWRB and loans granted to EWRB at 4.00% per annum
Accounts receivable	–	564,845	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted by EWRB
Accounts payable	–	72,206	Cash reloading transactions between EWRB and the Parent Company
Interest income	2,537	–	Interest income on outstanding loans receivable
Interest expense	579	–	Interest expense on deposit liabilities
Service fee expense	16,482	–	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 receivabbles 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:

	2015	2014
Cash and cash equivalents	**₱162,572**	₱284,756
Equity instruments	**242,398**	104,074
Debt instruments	**189,036**	137,572
Others	**2,554**	2,013
	₱596,560	₱528,415

As of December 31, 2015 and 2014, cash and cash equivalents include the savings deposit with the Parent Company amounting to ₱32.59 million and ₱3.87 million, respectively, and debt instruments include investments in the Parent Company's LTNCD amounting to ₱66.55 million and ₱62.10 million, respectively. Equity instruments include investments in the Parent Company's PhilEquity Institutional Feeder Fund amounting to ₱177.69 million, equivalent to 195,467 shares with fair market value of ₱909.07 per share as of December 31, 2015, and ₱61.36 million, equivalent to 61,273 shares with fair market value of ₱1,001.37 per share as of December 31, 2014, the Parent Company's equity securities amounting to ₱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 ₱0.72 million equivalent to 30,000 common shares with fair market value of ₱23.95 per share as of December 31, 2014, and the Parent Company's PSEi Tracker Fund amounting to ₱9.81 million, equivalent to 100,000 shares with fair market value of ₱98.11 per share as of December 31, 2015.

The following are the amounts recognized by the retirement plan arising from its transactions with the Parent Company for the years ended December 31, 2015, 2014 and 2013.

	2015	2014	2013
Trust fees	**₱2,899**	₱2,462	₱2,095
Interest income on savings deposit	**146**	136	4,796
Interest income on investments in LTNCD	**2,936**	2,942	2,669
Gain (loss) on investments in equity shares	**(25,892)**	(30)	1,232

Remunerations of Directors and other Key Management Personnel

Total remunerations of key management personnel are as follows:

	Consolidated			**Parent Company**		
	2015	2014	2013	**2015**	2014	2013
Short-term employee benefits	**₱177,663**	₱160,477	₱197,933	**₱164,798**	₱146,966	₱187,535
Post employment benefits	**7,723**	8,192	7,448	**7,723**	8,192	4,160
	₱185,386	₱168,669	₱205,381	**₱172,521**	₱155,158	₱191,695

Remunerations given to directors which were approved by the Board Remuneration Committee amounted to ₱13.40 million in 2015, ₱13.08 million in 2014 and ₱10.16 million in 2013 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**		
	2015	2014	2013	**2015**	2014	2013
Total outstanding DOSRI accounts	**₱10,322,185**	₱7,759,327	₱6,394,361	**₱10,654,933**	₱8,085,550	₱6,394,361
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	**6.401%**	6.283%	6.494%	**6.917%**	6.869%	6.738%
Percent of DOSRI accounts to total loans	**6.402%**	6.283%	6.495%	**6.917%**	6.869%	6.738%
Percent of unsecured DOSRI accounts to total DOSRI accounts	**3.928%**	3.315%	2.499%	**3.805%**	7.216%	2.499%
Percent of past due DOSRI accounts to total DOSRI accounts	**0.000%**	0.001%	0.067%	**0.000%**	0.001%	0.067%

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, 2015 and 2014, 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, 2015 and 2014, the Parent Company is in compliance with this requirement.

27. 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 ₱6.74 billion and ₱6.91 billion as of December 31, 2015 and 2014, respectively.

Government securities with total face value of ₱86.90 million and ₱119.82 million as of December 31, 2015 and 2014, 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, 2015 and 2014.

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 ₱17.01 million, ₱20.37 million and ₱29.02 million in 2015, 2014 and 2013, respectively.

28. 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:

	2015	2014	2013
Unused credit line - credit cards	**₱29,833,506**	₱28,580,201	₱26,932,813
Trust department accounts (Note 27)	**6,740,656**	6,914,400	7,819,270
Treasurer/cashier/manager's checks	**4,205,581**	2,424,865	4,867,487
Unused commercial letters of credit	**3,922,980**	2,194,609	2,965,080
Outstanding guarantees	**2,514,371**	1,149,045	957,760
Inward bills for collection	**832,312**	240,947	930,110
Outward bills for collection	**831,419**	111,494	37,132
Spot exchange bought	**47,060**	1,703,870	1,711,332
Late deposits/payments received	**11,706**	350,747	12,581
Forward exchange sold	**5,377**	4,516,250	2,308,540
Items held for safekeeping	**792**	756	676
Unsold traveler's check	**28**	27	27
Others	**1,032**	2,097	27

29. Financial Performance

Earnings per share amounts were computed as follows:

		2015	2014	2013
a.	Net income attributable to equity holders of the Parent Company	**₱2,003,935**	₱2,073,378	₱2,055,570
b.	Weighted average number of outstanding common shares of the Parent, as previously reported		1,128,410	1,128,410
c.	Basic and diluted EPS, as previously reported (a/b)		1.84	1.82
d.	Weighted average number of outstanding common shares by the Parent Company, including effect of stock rights issued in 2015 (Note 21)	**1,387,235**	1,161,738	1,161,738
e.	Basic and diluted EPS (a/d)	**₱1.44**	₱1.78	₱1.77

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**		
	2015	2014	2013	**2015**	2014	2013
Return on average equity	**7.24%**	10.17%	11.11%	**5.95%**	8.26%	10.65%
Return on average assets	**0.99%**	1.28%	1.60%	**0.82%**	1.03%	1.59%
Net interest margin on average earning assets	**8.00%**	8.05%	8.43%	**7.84%**	6.93%	8.02%

30. 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, 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**		**Net exposure [c-d]**
				Financial instruments	**Fair value of financial collateral**	
	[a]	**[b]**	**[c]**	**[d]**		**[e]**
Derivative assets (Note 5)	**₱167,491**	**₱–**	**₱167,491**	**₱–**	**₱–**	**₱167,491**
Total	**₱167,491**	**₱–**	**₱167,491**	**₱–**	**₱–**	**₱167,491**

December 31, 2014

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		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative assets (Note 5)	₱110,668	₱–	₱110,668	₱–	₱–	₱110,668
Total	₱110,668	₱–	₱110,668	₱–	₱–	₱110,668

Financial liabilities

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		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities (Note 5)	₱183,755	₱–	₱183,755	₱–	₱–	₱183,755
Bills payable* (Note 16)	2,693,240	–	2,693,240	–	2,693,240	–
Total	₱2,876,995	₱–	₱2,876,995	₱–	₱2,693,240	₱183,755

December 31, 2014

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		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities (Note 5)	₱101,290	₱–	₱101,290	₱–	₱–	₱101,290
Bills payable* (Note 16)	3,265,389	–	3,265,389	–	3,265,389	–
Total	₱3,366,679	₱–	₱3,366,679	₱–	₱3,265,389	₱101,290

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. This includes amounts related to financial collateral both received and pledged, whether cash or non-cash collateral, excluding the extent of over-collateralization.

31. Notes to Statement of Cash Flows

Transfers from loans and receivables to investment properties as a result of foreclosures amounted to ₱72.07 million, ₱76.71 million and ₱249.77 million in 2015, 2014 and 2013 respectively, for the Group, and ₱72.07 million, ₱76.29 million and ₱125.58 million in 2015, 2014 and 2013 respectively, for the Parent Company. Amounts mentioned are exclusive of gain (loss) on asset foreclosure and dacion transactions amounting to (₱67.12 million), ₱19.42 million and ₱93.78 million in 2015, 2014 and 2013 respectively, for the Group, and (₱67.12 million), ₱19.05 million and ₱90.55 million in 2015, 2014 and 2013, respectively, for the Parent Company.

In 2015, the Parent Company invested ₱500.00 million in EWAL, a joint venture with Ageas, which shall be primarily engaged in life insurance business. Also in 2015, the Parent Company invested ₱30.00 million in EWIB.

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.

In 2013, the Parent Company applied deposits for future stock subscription amounting to ₱700.00 million and ₱120.00 million as payments for the acquisitions of 441,000,000 common shares of GBI and 46,000,000 common shares of EWRB, respectively.

32. Events Subsequent to Reporting Period

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.

33. 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, 2015:

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 2015 are as follows:

	Gross Receipts	Gross Receipts Tax
Income derived from lending activities	₱13,492,689	₱597,725
Other income	1,146,790	80,275
	₱14,639,479	₱678,000

Exclusive of the above GRT schedule, the Parent Company charged GRT to its clients amounting to ₱15.66 million in 2015.

Other Taxes and Licenses
For the year ended December 31, 2015, other taxes and licenses included in 'Taxes and licenses' consist of:

Documentary stamps taxes	₱275,084
Local taxes	24,807
Fringe benefit taxes	17,476
Others	23,272
	₱340,639

Withholding Taxes
Details of withholding taxes remitted and balances as of December 31, 2015 follow:

	Total Remittances	Balance
Withholding taxes on compensation and benefits	₱458,912	₱38,556
Expanded withholding taxes	134,140	15,664
Final withholding taxes	217,424	51,799
	₱810,476	₱106,019

The Parent Company has no outstanding assessments from the BIR as of December 31, 2015.

For shareholder services and assistance,
please write or call:

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6784 Ayala Avenue, Makati City
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please write or call:

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This 2015 annual report contains forward-looking statements about future events and expectations. These forward-looking statements include words or phrases such as the Bank or its management or other words or phrases of similar import.

Similarly, statements that describe the Bank's objectives, plans or goals are also forward-looking statements. All such statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forwardlooking statement.

Such forward-looking statements are made based on management's current expectations or beliefs, as well as assumptions made by, and information currently available to, management. These statements speak only as at the date of the report and nothing contained in this report is or should be relied upon as a promise or representation as to the future.

This report does not constitute a prospectus or other offering memorandum in whole or in part nor does it constitute an offer to sell or the solicitation of an offer to buy any securities of the Bank. There shall be no sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to any qualification under the securities laws of such state or jurisdiction.

This report has not been and will not be reviewed or approved by any statutory or regulatory authority or any stock exchange in the Philippines or elsewhere. Recipients of this report should undertake their own assessment with regard to investment in the Bank and they should obtain independent advice on any such investment's suitability, inherent risks and merits and any tax, legal and accounting implications which it may have for them.

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