COVER SHEET

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SEC Registration Number

METROPOLITAN BANK & TRUST COMPANY

(Company's Full Name)

Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila

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

ATTY. LAARNI D. BERNABE	898-8733
(Contact Person)	(Company Telephone Number)

1 2	3 1	2 0 - I S	0 4	2 7
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

NONE

(Secondary License Type, If Applicable)

Corporation Finance Department	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

3,164 as of March 11, 2016 Record Date		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SEC Number 20573
File Number______

METROPOLITAN BANK & TRUST COMPANY

(Company's Full Name)

Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila

(Company's Address)

898-8000

(Telephone Number)

December 31

(Fiscal year ending)

FORM 20-IS

(Form Type)

(Amendment Designation, if applicable)

March 28, 2016

(Period Ended Date)

None

(Secondary License Type and File Number)

METROPOLITAN BANK & TRUST COMPANY
Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village
Makati City, Metro Manila, Philippines

INFORMATION STATEMENT
for the
Stockholders' Meeting on
April 27, 2016 at 3:00 p.m.
Metrobank Auditorium
Metrobank Plaza
Sen. Gil Puyat Avenue, Urdaneta Village
Makati City, Metro Manila, Philippines

Metrobank

Annual Meeting of the Stockholders
April 27, 2016 at 3:00 P.M.
Auditorium, 2nd Floor, Metrobank Plaza,
Sen. Gil J. Puyat Avenue, Urdaneta Village, Makati City

AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Meeting Held on April 29, 2015
4. President's Report to the Stockholders
5. Ratification of All Acts and Resolutions of the Board of Directors, Management and All Committees from April 29, 2015 to April 26, 2016
6. Amendment of the Articles of Incorporation and By-Laws Reducing the Number of Directors from Fourteen (14) to Twelve (12)
7. Election of Directors for 2015-2016
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

Stockholders of record as of March 11, 2016 shall be entitled to vote at the Meeting.

If you cannot attend the meeting in person and you wish to be represented, you may designate your authorized representative by submitting a signed proxy document on or before April 22, 2016 to the Stock Transfer Section (Metrobank Trust Banking Group), 17th Floor, GT Tower International, 6813 Ayala Avenue corner H.V. Dela Costa Street, Makati City. Attached for your convenience is a sample proxy form.

Makati City, March 17, 2016.

By:

A. V. Viray
ANTONIO V. VIRAY
Corporate Secretary

METROPOLITAN BANK & TRUST COMPANY
Metrobank Plaza, Sen. Gil J. Puyat Avenue, 1200 Makati City, Philippines; Tel. no. (632) 898-8000 / 857-0000; Fax (632) 817-6248; www.metrobank.com.ph

P R O X Y[1]

The undersigned stockholder of Metropolitan Bank & Trust Company (Metrobank) hereby appoints ____________________________[2] or in his absence, the Chairman of the meeting, as my/our proxy, to act for me and on my/our behalf at the Metrobank Annual Stockholders' Meeting to be held on April 27, 2016 (and at any adjournment thereof) and to vote for me/us as indicated below or, if no such indication is given, as my/our proxy thinks fit:

	RESOLUTION	FOR	AGAINST	ABSTAIN
1	Approval of the Minutes of the Annual Meeting held on April 29, 2015			
2	Ratification of all Acts and Resolutions of the Board of Directors, Management and All Committees from April 29, 2015 to April 26, 2016			
3	Amendment of the Articles of Incorporation and By-Laws Reducing the Number of Directors from 14 to 12			
4	Election of Directors for 2016-2017 1. George S.K. Ty 2. Arthur Ty 3. Francisco C. Sebastian 4. Fabian S. Dee 5. Renato C. Valencia 6. Jesli A. Lapus 7. Alfred V. Ty 8. Robin A. King 9. Rex C. Drilon II 10. Edmund A. Go 11. Francisco F. Del Rosario, Jr. 12. Vicente R. Cuna, Jr.			
5	Appointment of External Auditor			

Signature ______________________________ Date ______________________________

[1] To be valid, this proxy must be submitted on or before 5:00 p.m. on April 22, 2016, to the Stock Transfer Section (Metrobank Trust Banking Group), 17/F, GT Tower International, 6813 Ayala Avenue cor. H.V. Dela Costa Street, Makati City.

[2] If no name is provided, the Chairman of the Meeting will act as the proxy.

THIS PROXY NEED NOT BE NOTARIZED. IF THE STOCKHOLDER ATTENDS IN PERSON AND EXPRESSES HIS INTENTION TO VOTE IN PERSON, THE PROXY WILL BE CONSIDERED REVOKED.

SECURITIES AND EXCHANGE COMMISSION
SEC Form 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the appropriate box:

    ______Preliminary Information Statement
    __X__Definitive Information Statement

2. Name of Registrant as specified in its charter **METROPOLITAN BANK & TRUST COMPANY**

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

4. SEC Identification Number **20573**

5. BIR Tax Identification Code **000-477-863**

6. Address of principal office **Metrobank Plaza Sen. Gil Puyat Avenue, Urdaneta Village, Makati City** **1200** Postal Code

7. Registrant's telephone number, including area code **(632) 898-8000; (632) 898-8733**

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

    April 27, 2016, 3:00 PM, Metrobank Auditorium
    Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila

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

    April 6, 2016

10. Securities registered pursuant to Sections 4 and 8 of RSA (information on number of shares and amount of debt is applicable only to corporate registrant):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Shares	***3,180,172,786***

11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

    Yes __X__ **No**_____

12. If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Stock Exchange	:	**Philippine Stock Exchange**
Class of Securities	:	**Common Shares**

A. GENERAL INFORMATION

Item 1. Date, Time, and Place of Meeting of Security Holders

Date	:	April 27, 2016
Time	:	3:00 P.M.
Place	:	Metrobank Auditorium, Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila, Philippines
Mailing Address	:	Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila

The approximate date on which the Information Statement is first to be sent or given to security holders is on April 6, 2016.

**WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY.**

Item 2. Dissenter's Right of Appraisal

There is no matter included in the Agenda of the Annual Stockholders' Meeting ("Meeting") which may give rise to the exercise by the stockholders of the right of appraisal.

In general, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence. Appraisal right is also available in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets of the corporation; in case of merger or consolidation.

In the above instances, the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the corporation for payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

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

(a) No director, officer or nominee for election as director, or any associate of the foregoing persons has any substantial interest, direct or indirect, by security holdings or otherwise, which needs to be acted upon during the Meeting, other than the election of the nominees to the 2016-2017 Board of Directors.

(b) No director has informed Metrobank that he intends to oppose any action to be taken up at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Number of shares outstanding as of March 11, 2016	:	3,180,172,786 shares
Number of votes entitled	:	One (1) vote per share
(b) Record date to determine stockholders entitled to notice and to vote at the regular meeting	:	March 11, 2016
(c) Number of holders as of March 11, 2016	:	3,164 holders

All of the securities of the issuer are listed in the Philippine Stock Exchange.

(d) Election of Directors

Majority vote is required for the election of directors. Stockholders shall have the right to cumulative voting. Cumulative voting is allowed provided that the total number of votes cast by a stockholder does not exceed the number of shares registered in his name in the books of Metrobank as of the record date multiplied by the number of directors to be elected. There is no condition precedent to the exercise of the right to cumulative voting.

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

(1) Security Ownership of Certain Record and Beneficial Owners

As of March 11, 2016, the following stockholders own more than 5% of the common shares of stock:

	Class of Shares	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
1	Common	***PCD NOMINEE CORPORATION (Non-Filipino)*** 37/F The Enterprise Center Ayala Avenue, Makati City	Various Scripless Stockholders *There is no participant of PCD who holds more than 5% of the common stock of Metrobank.*	Foreign	1,071,830,802	33.704%
2	Common	***GT CAPITAL HOLDINGS, INC.*** Stockholder 43/F GT Tower International Ayala Avenue Corner H.V. Dela Costa Street, Makati City *Arthur Ty is authorized to vote the shares of GT Capital Holdings, Inc. in Metrobank.*	Beneficial and Record Owner *The following persons own more than 5% of the outstanding voting shares of GT Capital Holdings, Inc.:* *Grand Titan Capital Holdings, Inc. – 54.306%* *PCD Nominee Corporation (Non-Filipino) – 36.152%*	Filipino	806,781,945	25.369%

	Class of Shares	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
		GT CAPITAL HOLDINGS, INC. (continuation)	*PCD Nominee Corporation (Filipino) – 9.192%* *GT Capital Holdings, Inc. is a publicly-listed company that is majority owned and controlled by George S.K. Ty and the members of his family through Grand Titan Capital Holdings, Inc.*			
3	Common	***PCD NOMINEE CORPORATION (Filipino)*** ***37/F The Enterprise Center 6766 Ayala Avenue, Makati City***	Various Scripless Stockholders *There is no participant of PCD who holds more than 5% of the common stock of Metrobank.*	Filipino	443,992,067	13.961%
		TOTAL			**2,322,604,814**	**73.034%**

PCD Nominee Corporation (Filipino and Non-Filipino) (PCNC) is a wholly owned subsidiary of the Philippine Central Depository (PCD) and acts as trustee-nominee for all shares lodged in the PCD system where trades effected on the Philippine Stock Exchange are finally settled and lodged. Persons who opt to trade through the PCD do not receive stock certificates as an evidence of ownership, as trading using the PCD is completely paperless. Beneficial ownership of shares lodged with the PCNC remains with the lodging stockholder.

(2) Security Ownership of Directors and Management

As of March 11, 2016, the registrant's directors and officers as a group held a total of 35,524,776 common voting shares, broken down as follows:

	Class of Shares	Name of Beneficial Owner	Beneficial Ownership		Citizenship	Percent of Class
			No. of Shares	**Nature**		
Directors (14)						
1	Common	GEORGE S. K. TY	13,852,150	Direct	Filipino	0.436%
2	Common	ARTHUR TY	10,525,485	Direct	Filipino	0.331
3	Common	FRANCISCO C. SEBASTIAN	500,000	Direct	Filipino	0.016
4	Common	FABIAN S. DEE (a)	650	Direct	Filipino	0.000
5	Common	RENATO C. VALENCIA (b)	871	Direct	Filipino	0.000
6	Common	JESLI A. LAPUS (b)	150	Direct	Filipino	0.000
7	Common	ROBIN A. KING (b)	187	Direct	Filipino	0.000
8	Common	VICENTE B. VALDEPEÑAS, JR. (b)	130	Direct	Filipino	0.000
9	Common	REX C. DRILON II (b)	1,430	Direct	Filipino	0.000
10	Common	REMEDIOS L. MACALINCAG (b)	1,040	Direct	Filipino	0.000

Class of Shares		Name of Beneficial Owner	Beneficial Ownership No. of Shares	Nature	Citizenship	Percent of Class
11	Common	FRANCISCO F. DEL ROSARIO, JR. (b)	130	Direct	Filipino	0.000
12	Common	ALFRED V. TY	10,525,750	Direct	Filipino	0.331
13	Common	VICENTE R. CUNA, JR.	115	Direct	Filipino	0.000
14	Common	EDMUND A. GO	5,281	Direct	Filipino	0.000
	Sub-total		35,413,369			1.114%

(a) *Director and President*
(b) *Independent Directors*

Class of Shares		Name of Beneficial Owner	Beneficial Ownership No. of Shares	Nature	Citizenship	Percent of Class
Officers (12)						
Senior Executive Vice Presidents (2)						
1		JOSHUA E. NAING	100,000	Direct	Filipino	0.003%
2		FERNAND ANTONIO A. TANSINGCO			Filipino	
Executive Vice Presidents (10)						
3		MARITESS B. ANTONIO			Filipino	
4		MARY MYLENE A. CAPARAS			Filipino	
5		ELIGIO C. LABOG, JR.			Filipino	
6		PAUL ROBERT Y. MURGA			Filipino	
7		CORAZON MA. THERESE B. NEPOMUCENO			Filipino	
8		RICHARD BENEDICT S. SO			Filipino	
9	Common	ANICETO M. SOBREPEÑA	9,148	Direct	Filipino	0.000
10		VIVIAN L. TIU			Filipino	
11	Common	JOSEFINA T. TUPLANO	2,259	Direct	Filipino	0.000
12		AMELIN S. YAO			Filipino	
	Sub-total		111,407			0.003%
	Total (Directors and Officers)		**35,524,776**			**1.117%**

(3) Voting Trust Holders of 5% or More

There is no person who holds more than 5% of the registrant's securities under a voting trust or similar agreement.

(4) Changes in Control

There is no arrangement that may result in a change in control of the registrant. There is no change in control that has occurred since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

Incumbent Directors (14) - All directors are elected for a term of one year and until their successors shall have been elected and qualified. Below is a list of Metrobank's incumbent directors with their corresponding business affiliations and other qualifications.

Name	Experience
GEORGE S.K. TY Group Chairman	Dr. George S.K. Ty, Filipino, 83 years old, founder of Metrobank, has been the Chairman of the Metrobank Group since 2006. Previous to that, or from 1975 to 2006, he was Metrobank's Chairman. Dr. Ty served as GT Capital Holdings, Inc.'s (GTCAP) Chairman from its inception in 2007 until 2012. After that, he became GTCAP's Group Chairman, a position that he continues to hold. He is also concurrently the Chairman of the Board of Trustees of the Metrobank Foundation, Inc. and the Board of Directors of Toyota Motor Philippines Corporation (TMPC). Dr. Ty graduated from the University of Santo Tomas.

Name	Experience
GEORGE S.K. TY (continuation)	Dr. Ty is the father of Chairman Arthur Ty, Director Alfred Ty and Vice-President Anjanette T. Dy Buncio, and father-in-law of First Vice-President Zandra M. Ty.
ARTHUR TY Chairman Chairman, Executive Committee IT Steering Committee Member, Anti-Money Laundering Committee Corporate Governance Committee Domestic Equity Investments Committee	Mr. Arthur Ty, Filipino, 49 years old, has been the Bank's Chairman since 2012. Previous to that, or from 2006 to 2012, he was the Bank's President. He has been a co-Vice Chairman of GTCAP since 2014, Chairman of Metropolitan Bank China (Ltd.) since 2010, Vice-Chairman of PSBank since 2001, and Vice-Chairman of FMIC since 2012. He earned his Bachelor of Science degree in Economics at the University of California, Los Angeles and obtained his Masters in Business Administration degree from Columbia University, New York. His father, Dr. George S. K. Ty, is the Metrobank Group Chairman while his siblings Alfred Ty and Anjanette T. Dy Buncio are Director and Vice-President, respectively. He is married to Zandra M. Ty, Metrobank First Vice-President.
FRANCISCO C. SEBASTIAN Vice-Chairman Vice-Chairman, Overseas Banking Committee Member, Domestic Equity Investments Committee Rotating Member, Executive Committee	Mr. Francisco C. Sebastian, Filipino, 61 years old, has been the Vice-Chairman of the Bank since 2006. He joined the Metrobank Group in 1997 as FMIC President until he was appointed Chairman in 2011. He has been the Chairman of GTCAP since 2014. He earned his AB degree in Economics, Magna Cum Laude, from the Ateneo de Manila University in 1975.
FABIAN S. DEE President Chairman, Manpower Committee Senior Credit Committee Anti-Money Laundering Compliance Committee IT Governance Committee Vice-Chairman, Executive Committee Member, Trust Committee IT Steering Committee Overseas Banking Committee	Mr. Fabian S. Dee, Filipino, 53 years old, became President of Metrobank in 2012. Before becoming President, he headed the National Branch Banking Sector (2006-2012), Account Management Group (2002-2006) and Marketing Center (2001-2002). He has been the Chairman and Director of Metrobank Card Corporation since 2006. He holds a degree in Management Engineering from the Ateneo de Manila University.
RENATO C. VALENCIA Independent Director Chairman, Related Party Transactions Committee Vice Chairman, Audit Committee Member, Risk Oversight Committee	Mr. Renato C. Valencia, Filipino, 73 years old, was first elected independent director in 1998. He is the Chairman and Independent Director of iPeople Inc., Independent Director of House of Investments, Inc., EEI Corporation, Anglo Philippine Holdings, Inc. and Vulcan Industrial and Mining, Inc. He was the President and CEO of the Social Security System from 1990 to 1998, subsequently Chairman and CEO of Union Bank of the Philippines from 1987 to 1991 and President and CEO of Roxas Holdings, Inc. from 2011 to 2015. He is a graduate of Philippine Military Academy with a degree in B.S. Gen. Engineering, and also holds an MBA from the Asian Institute Management.

Name	Experience
JESLI A. LAPUS Independent Director Chairman, Trust Committee Vice-Chairman, Risk Oversight Committee Member, Domestic Equity Investments Committee Nominations Committee	Mr. Jesli A. Lapus, Filipino, 66 years old, became an independent director in 2010. He has been Chairman and Independent Director of STI Education Services Group, Inc. since 2013 and Chairman of LBP Service Corporation since 2012. He has been Independent Director of STI Education Systems Holdings Inc. since 2013 and Philippine Life Financial Assurance Corp. since June 2012. He is the Board of Governor of Information and Communication Technology Academy, Inc. since November 2010. He is the Advisor to the Board since 2013 and Director from 2010 to 2013 of Radiowealth Finance Company. He was the Chairman of Manila Tytana Colleges from 2010 to 2013. He was a member of the Board of Trustees of the Asian Institute of Management (2010-2013), Secretary of the Department of Trade and Industry (2010), Secretary of the Department of Education (2006-2010), Congressman, Third District of Tarlac, House of Representatives (1998-2006) and President/CEO and Vice Chairman of Land Bank of the Philippines (1992-1998). He is a Certified Public Accountant and holds an Accountancy degree from the Philippine School of Business Administration and a Master in Business Management from the Asian Institute of Management. He has a Doctorate in Public Administration (Honoris Causa) from the Polytechnic University of the Philippines. He also studied Investment Appraisal and Management at Harvard University; Management of Transfer of Technology at INSEAD (France), Project Management at BITS (Sweden); and Personal Financing Planning at UCLA.
ROBIN A. KING Independent Director Chairman, Audit Committee Vice Chairman, Domestic Equity Investments Committee Member, Overseas Banking Committee Anti-Money Laundering Committee Nominations Committee	Mr. Robin A. King, Filipino, 69 years old, was first elected independent director in 2011. He was an independent director of FMIC (2010-2011), Toyota Financial Services Philippines Corporation (2008-2010), President and Director of Global Business Bank (1997-2002) and President and Vice Chairman of International Bank of California (1994-1997). He is a Certified Public Accountant. He obtained his BSBA degree from the University of San Carlos in 1967 and his MBA degree major in Banking and Finance from the University of the Philippines in 1970.
VICENTE B. VALDEPEÑAS, JR. Independent Director Chairman, Nominations Committee Member, Audit Committee Related Party Transactions Committee Risk Oversight Committee	Dr. Vicente B. Valdepenas, Jr., Filipino, 78 years old, became an independent director in 2011. He has been a BSP consultant since 2008, member of the Supervisory Committee of the ABF Philippines Bond Index Fund since January 2015, and member of the Advisory Panel of the ASEAN+3 (China, Japan, Korea) since 2011. From 1997 to 2008, he was a member of the Monetary Board. He holds an AB degree in Economics from the Ateneo de Manila, and a PhD, AM from Cornell University.
REX C. DRILON II Independent Director Chairman, Corporate Governance and Compensation Committee Vice Chairman, Trust Committee, Related Party Transactions Committee Member, Domestic Equity Investment Committee, Anti-Money Laundering Committee	Mr. Rex C. Drilon II, Filipino, 69 years old, became an independent director in 2012. He also served as independent director of FMIC (2011-2014). He has been a member of the Board of Trustees of the Institute of Corporate Directors since 2013, member of the Board of Trustees of Institute of Solidarity in Asia since 2010, and director of Keyland Corporation and YLD Holdings, Inc. since 2012. He was the President of the Institute of Corporate Directors (2010-2012), Chief Operating Officer of Ortigas & Company, Limited Partnership (2001-2010) and CEO of Ayala Land’s publicly listed subsdiaries CHI and CPVDC (1998-2001). He has a Business Administration degree from the University of the East. He pursued further studies at the University of Asia and The Pacific.

Name	Experience
REMEDIOS L. MACALINCAG Independent Director Chairman, Overseas Banking Committee Vice-Chairman, Corporate Governance Committee Member, Audit Committee Related Party Transactions Committee Risk Oversight Committee	Mrs. Remedios C. Macalincag, Filipino, 79 years old, was first elected independent director in 2004. She has been the Chairperson and President of Premium Equities, Inc. since 1999, served as President and CEO of Development Bank of the Philippines (1998-2002) and Chairperson of LGU Guarantee Corporation (1998-2002). She finished her degree in Business Administration from the University of the East where she also completed the academic requirements for a Master of Arts in Economics. She also holds a Diploma in Economic Development from the University of Manchester, England.
FRANCISCO F. DEL ROSARIO, JR. Independent Director Chairman, Domestic Equity Investments Committee Member, Audit Committee Corporate Governance Committee Overseas Banking Committee	Mr. Francisco F. Del Rosario, Jr., Filipino, 68 years old, was first elected independent director in 2011. He is the incumbent President of the Management Association of the Philippines and will be a director of Philab Industries, Inc. on March 21, 2016, Omnipay, Inc. since 2014, DMCI, Homes, Inc. and Mapfre Insular Insurance Corp. since 2011, and Cabinet Member of the Habitat for Humanity, Philippines since 2009. He was the President and CEO of Development Bank of the Philippines from 2010 to 2012. He obtained his BSC Accounting and BA Economics degrees from De La Salle University, and his MBA degree from the Asian Institute of Management.
ALFRED V. TY Director Member, Domestic Equity Investments Committee Overseas Banking Committee	Mr. Alfred V. Ty, Filipino, 48 years old, was first elected director in September 2015. He serves as the Chairman of Federal Land, Inc. (FLI) and Property Company of Friends, Inc. since 2015. He is the President and Director of Tytana Corporation since 2015 and an independent director of Metro Pacific Investment Corp. since 2015. Since 2013, he is the Chairman of Cathay International Resources, Inc. and Vice Chairman of Global Business Power Corp., Toyota Motor Phils. School of Technology, Inc. and Omni-Orient Management Corp. He is the Chairman/President of Up Swing Corporation and Vice Chairman of Federal Homes, Inc. and GTCAP since 2012, President/Director of Ferum Cee, Inc. and Chairman of Horizon Land Property Devt. Corp. since 2011; Chairman/President of 82 Alpha Holdings, Corp. and Honorary Consul to the Oriental Republic of Uruguay to the Philippines since 2009; Chairman of Bonifacio Landmark Realty & Devt. Corp. and Lexus Manila, Inc. since 2008; President/Director of Great Mark Resources Corp. and Grand Titan Capital Holdings, Inc. and Vice Chairman of FLI and Orix Corp. since 2007; President/Director of Global Treasure Holdings, Inc. since 2006; Executive Vice President/Director of Philippine Securities Corp. since 2005; Chairman of Federal Brent Retail, Inc. and Vice Chairman of TMPC since 2004 and President/Director of Grand Estate Property Corp. since 2001. He graduated with a Bachelor of Science degree in Business Administration from the University of Southern California in 1989.
VICENTE R. CUNA, JR. Director Vice Chairman, IT Steering Committee Rotating Member, Executive Committee	Mr. Vicente R. Cuna, Jr., Filipino, 54 years old, became a director of Metrobank in 2014. He has been on secondment as President of PSBank since 2013 and has been a director of FMIC since 2011. He was the former Head of the Bank's Institutional Banking Sector (2012-2013) and Corporate Banking Group (2006-2012). He will be the Chairman of ORIX Auto Leasing Philippines Corporation on March 30, 2016. He graduated from the De La Salle University with a degree in AB Economics and pursued further studies at the Ateneo Graduate School of Business.

Name	Experience
EDMUND A. GO Director Chairman, Anti-Money Laundering Committee Risk Oversight Committee Member, IT Steering Committee Trust Committee	Mr. Edmund A. Go, Filipino, 65 years old, was first elected director in 2007. He has been a director of Metropolitan Bank China (Ltd.) since 2010. He is a member of the Board of Advisors of PSBank since 2009. He has been a Director for Investments of Ateneo de Manila University since 2010 and Investment Consultant for St. Peter's Life Group since 2011. He served as Metrobank Treasurer (2000-2007) and consultant of the Philippine Dealing and Exchange Corp. on Securities Training and Development (2008-2010). He is a Certified Public Accountant and holds a BS Commerce Degree in Accounting, Cum Laude, from the San Beda College and an MBA, with distinction, from the Asian Institute of Management.

The seven (7) Independent Directors, namely, Mr. Renato C. Valencia, Mr. Jesli A. Lapus, Mr. Robin A. King, Dr. Vicente B. Valdepeñas, Jr., Mr. Rex C. Drilon II, Ms. Remedios L. Macalincag and Mr. Francisco F. Del Rosario, Jr. have always possessed the qualifications and none of the disqualifications of an independent director.

On September 23, 2015, Atty. Antonio V. Viray resigned as director of Metrobank and immediately after, the Board of Directors, accepted his resignation and appointed him as the Bank's Corporate Secretary. His resignation was not due to any disagreement with Board or management policy.

B. Executive Officers (12)

Name	Experience
Joshua E. Naing Senior Executive Vice-President	Mr. Joshua E. Naing, Filipino, 55 years old, was appointed Head of the Financial and Control Sector in 2013 after serving as Controller from 2002 to 2013. He was appointed Adviser of Global Business Power Corporation in 2013. He has been a director of FMIC since April 2015; Metro Remittance Center, Inc. (USA) since June 2008; Metro Remittance (Hong Kong) Limited since January 2009 and MB Remittance Center (Hawaii), Ltd. since April 2010.
Fernand Antonio A. Tansingco Senior Executive Vice-President	Mr. Fernand Antonio A. Tansingco, Filipino, 49 years old, has been the Head of the Financial Markets Sector since 2013, and Treasurer since 2007. He has been a director of Metropolitan Bank China (Ltd.) since 2012, Chairman of Metrobank Bahamas since 2010, and Vice-Chairperson of Philippine AXA Life Insurance Corporation (AXA Philippines) since 2010.
Maritess B. Antonio Executive Vice-President	Ms. Maritess B. Antonio, Filipino, 55 years old, has been the Head of Internal Audit Group and Chief Audit Executive since 2010 after serving as Deputy Chief Audit Executive from 2008 to 2010.
Mary Mylene A. Caparas Executive Vice-President	Ms. Mary Mylene A. Caparas, Filipino, 51 years old, has been the Head of the Institutional Banking Sector since 2014. From 2013 to 2014, she was the Managing Director, Regional Head of Client Delivery, Treasury and Trade Solutions of Citibank N.A., Hong Kong Branch. From 2011 to 2013, she was the Managing Director, Country Head of Citi Transaction Services of Citibank N.A., Manila Branch.
Eligio C. Labog, Jr. Executive Vice-President	Mr. Eligio C. Labog, Jr., Filipino, 60 years old, has been the Head of Commercial Banking Group since 2012, and was head of the Branch Lending Group from 2005 to 2012. He has been a Director of Jaka Tagaytay Holdings. Corp. since 2004 and ORIX METRO Leasing and Financing Corporation (ORIX Metro) since 2014. He is also the Treasurer of ORIX Metro since 2015.
Paul Robert Y. Murga Executive Vice-President	Mr. Paul Robert Y. Murga, Filipino, 50 years old, has been the Head of Operations Group since March 2014. He joined Metrobank as Assistant to the Operations Group Head in April 2013. He is a member of the Board of Directors of the Philippine Clearing House Corporation since 2014.

Name	Experience
Corazon Ma. Therese B. Nepomuceno Executive Vice-President	Ms. Corazon Ma. Therese B. Nepomuceno, Filipino, 54 years old, has been the Head of Credit Group since 2012 after serving as its Deputy from 2005 to 2012.
Richard Benedict S. So Executive Vice-President	Mr. Richard Benedict S. So, Filipino, 50 years old, was appointed Head of the International Offices and Subsidiaries Group (IOSG) in 2009 after serving as its Deputy from 2007 to 2009. He was also appointed as Head of the Transaction Banking Segment in 2014. Effective March 16, 2016, he is the concurrent Head of the Countryside Branch Banking under the National Branch Banking Sector. He chairs the Board of Directors of several remittance companies wholly-owned by Metrobank. He has been a Vice Chairman of Metro Remittance Singapore Pte. Ltd. since 2010. He has been a director of Metrobank Bahamas since 2009, Metrobank Card Corporation since 2010 and Corporate Secretary of Metropolitan Bank China (Ltd.) since 2014.
Aniceto M. Sobrepeña Executive Vice-President	Mr. Aniceto M. Sobrepeña, Filipino, 62 years old, has been the President of Metrobank Foundation, Inc. since 2006 and Vice-Chairman of Manila Tytana Colleges and Federal Land, Inc. since 2011. He is the Executive Director of GT Metro Foundation, Inc. since January 2010. He is a member of Board of Trustees of PinoyMe Foundation since 2007 and Philippine Business for Education since 2008. He is also a member of Galing Pook Foundation since 2000, International Center for Innovation Transformation and Excellence in Governance since 2000 and Philippine Institute of Environmental Planners since 1995.
Vivian L. Tiu Executive Vice-President	Ms. Vivian Lee-Tiu, Filipino, 55 years old has been the Head of Human Resources Management Group since 2001. She has been serving as Corporate Secretary of Manila Tytana Colleges since 2004.
Josefina T. Tuplano Executive Vice-President	Ms. Josefina T. Tuplano, Filipino, 54 years old, has been the Trust Officer since 2012. She joined Metrobank in 2000 and headed the Treasury Sales Division and Investment Management Distribution Division until her transfer to Trust Banking Group in 2011 as Deputy Group Head.
Amelin S. Yao Executive Vice-President	Ms. Amelin S. Yao, Filipino, 62 years old, has been heading the Commercial Banking Center since 2006. Previous to that, she held various positions in Branch Banking.

The above executive officers are not related to each other or to the directors either by consanguinity or affinity.

None of the Bank's directors and officers works with the government.

C. Significant Employee

Except for the above list of executive officers, there are no other significant employees as contemplated under the Securities Regulation Code.

Nomination Procedure

1. Any stockholder may submit nominations for directorial positions to the Nominations Committee.

2. The nominating stockholder is required to submit his proposed nomination to the Nominations Committee, together with the bio-data, acceptance and conformity of the would-be nominee. In the case of a nominee for the position of an independent director, the would-be nominee is also required to submit a Certification that he/she has all the qualifications and none of the disqualifications to become an independent director.

3. The Nominations Committee and the Corporate Governance and Compensation Committee then jointly screen the nominations of directors prior to the submission of the Definitive Information Statement and come up with a Final List of Candidates.

   The Nominations Committee is composed of independent directors Vicente B. Valdepenas, Jr. (Committee Chairman) and Jesli A. Lapus and Robin A. King (Committee Members).

   The Corporate Governance and Compensation Committee is composed of independent director Rex C. Drilon II as Chairman, independent director Remedios L. Macalincag as Vice-Chairman, independent director Francisco F. Del Rosario and director Arthur Ty as members.

4. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director.

Nominee Directors

On March 16, 2016, the Board of Directors approved the recommendation of the Corporate Governance and Compensation Committee to amend the Bank's Articles of Incorporation and By-laws by reducing the number of directors from fourteen (14) to twelve (12) due to certain developments in the business strategies of the Bank and the changes in regulations and corporate governance best practices. (See C. OTHER MATTERS - Proposed Action for further information). This proposal shall be submitted to the stockholders for ratification during the Annual Stockholders' Meeting on April 27, 2016. Existing regulations as well as the Bank's Corporate Governance Manual provide that at least twenty percent (20%) but not less than two (2) members of the Board shall be independent directors.

For the 2016-2017 term of office, there are five (5) nominees for independent directors, namely, Messrs. Francisco F. Del Rosario, Jr., Rex C. Drilon II, Robin A. King, Jesli A. Lapus and Renato C. Valencia. They were nominated by Irian Solas, Dulce Y. Edillor, Joselito Dela Rosa, Jeanette B. Bautista and Shirley Amin, respectively. The nominees for independent directors are not related either by consanguinity or affinity to the persons who nominated them. For non-independent director positions, there are seven (7) nominees, namely, Messrs. George S.K. Ty, Arthur Ty, Francisco C. Sebastian, Fabian S. Dee, Alfred Ty, Edmund A. Go and Vicente R. Cuna Jr.

All twelve (12) nominees are incumbent directors of the Bank. All of them confirmed and accepted their nomination to become directors. No other nomination has been submitted to Metrobank.

For a complete background information on the candidates for directors, please refer to Item 5. Directors and Executive Officers.

Based on a joint evaluation made by the Nominations Committee and the Corporate Governance and Compensation Committee, all nominees have the qualifications and none of the disqualifications provided by law. The evaluation was made following the requirements of the Securities Regulation Code, the regulations of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission (including SEC Memorandum Circular No. 9, series of 2011 on the term limit of independent directors), as well as the Bank's Corporate Governance Manual.

Legal Proceedings

To the Bank's best knowledge and information, there are no material legal proceedings filed by or against Metrobank's directors and executive officers during the past five years.

Certain Relationships and Related Transactions

In the ordinary course of business, the Group has loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI) based on BSP Circular No. 423 dated March 15, 2004, as amended. 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 the respective total equity or 15.00% of total loan portfolio, whichever is lower, of the Bank, PSBank, FMIC and ORIX Metro.

Transactions with related parties and with certain directors, officers, stockholders and related interests (DOSRI) are discussed in Note 31 of the audited financial statements of the Group as presented in Exhibit 3.

Others

No director has resigned or declined to stand for re-election because of disagreement with Metrobank.

No director has informed Metrobank in writing that he intends to oppose any action to be taken up at the Annual Stockholders' Meeting.

Item 6. Executive Compensation

Name and Principal Position	2016 (Estimate)		
	Salary	**Bonus**	**Other Annual Compensation***
1 Arthur Ty Director and Chairman 2 Fabian S. Dee Director and President 3 Joshua E. Naing Senior Executive Vice-President 4 Fernand Antonio A. Tansingco Senior Executive Vice-President 5 Mary Mylene A. Caparas Executive Vice-President			
Total for the President and four (4) other highest paid executive officers and directors named above	**₱129.52 million**	**₱44.33 million**	**₱15.00 million**
All executive officers and directors as a group unnamed (except the President and four other highly compensated executive officers and directors mentioned above)	**₱254.20 million**	**₱111.26 million**	**₱44.94 million**

Name and Principal Position	2015		
	Salary	**Bonus**	**Other Annual Compensation***
1 Arthur Ty Director and Chairman 2 Fabian S. Dee Director and President 3 Joshua E. Naing Senior Executive Vice-President 4 Fernand Antonio A. Tansingco Senior Executive Vice-President 5 Corazon Ma. Therese B. Nepomuceno Executive Vice-President			
Total for the President and four (4) other highest paid executive officers and directors named above	**₱111.70 million**	**₱36.80 million**	**₱13.97 million**
All executive officers and directors as a group unnamed (except the President and four other highly compensated executive officers and directors mentioned above)	**₱217.60 million**	**₱90.07 million**	**₱47.18 million**

Name and Principal Position	2014		
	Salary	**Bonus**	**Other Annual Compensation***
1 Arthur Ty Director and Chairman 2 Fabian S. Dee Director and President 3 Joshua E. Naing Senior Executive Vice-President 4 Fernand Antonio A. Tansingco Senior Executive Vice-President 5 Corazon Ma. Therese B. Nepomuceno Executive Vice-President			
Total for the President and four (4) other highest paid executive officers and directors named above	**₱89.19 million**	**₱37.34 million**	**₱11.50 million**
All executive officers and directors as a group unnamed (except the President and four other highly compensated executive officers and directors mentioned above)	**₱182.71 million**	**₱81.84 million**	**₱39.08 million**

* Inclusive of directors' per diem and transportation allowances amounting to ₱37.14 million, ₱36.72 million and ₱30.21 million as of December 31, 2016, 2015, and 2014, respectively, or an average of ₱221,071.43, ₱204,000.00 and ₱179,851.00 per month/per director in 2016, 2015 and 2014, respectively.

The directors receive fees, bonuses and allowances that are already included in the amounts stated above. Aside from the said amounts, they have no other compensation plan or arrangement with the registrant. The directors receive compensation based on their banking or finance experience and their attendance in the meetings of the board and the committees where they are members or chairs of.

The executive officers receive salaries, bonuses and other usual cash benefits that are also already included in the amounts stated above. Aside from the said amounts, they have no other compensation plan or arrangement with the Metrobank.

None of the directors and officers holds any warrant or option related to Metrobank.

Item 7. Independent Public Accountants

SyCip Gorres Velayo & Co., CPAs (SGV) has been the external auditors of the Bank since 1962. Representatives of SGV are expected to be present at the Meeting and will have the opportunity to make a statement if they desire to do so, and will be available to answer appropriate questions from the stockholders.

Ms. Janeth T. Nuñez-Javier, SGV Partner, reviewed/audited the Group's financial statements as of and for the years ended December 31, 2015 and 2014. In compliance with the amended SRC Rule 68 (3) (b) (ix), the signing partners are rotated after every five years reckoned from the year 2002.

The Bank intends to retain SGV as its external auditors for the year 2016 and is submitting the same to the stockholders for ratification as endorsed by the Audit Committee with the approval of the Board of Directors.

C. OTHER MATTERS

Proposed Action

1. Approval of the minutes of the annual meeting of stockholders held on April 29, 2015:

i. Call to Order and Certification of Quorum. The meeting was called to order by Chairman Arthur Ty at 3:00 o'clock in the afternoon. The Corporate Secretary, Alfred V. Ty, certified that there were 1,981,210,468 common shares actually present in person or by proxy, out of the 2,744,801,066 common shares outstanding. This constituted 72.18% of the outstanding capital stock.

ii. *Approval of the Minutes of the Annual Stockholders' Meeting held on April 30, 2014 via the following:*

RESOLUTION NO. 044-MBTC-SH-2015

RESOLVED, that the Minutes of the Annual Stockholders' Meeting on April 30, 2014 are hereby approved.

iii. *President's Report on the performance of Metrobank for 2014, as further detailed in the Annual Report for 2014.*

During the Meeting, stockholders were given the opportunity to be heard. The following questions and comments were raised from the floor:

a. *On the drop in Net Income from Php22.5 Billion in 2013 to Php20 Billion in 2014 – this question was raised by Mr. Phillip Turner. Metrobank President Fabian S. Dee explained that in 2013, the Bank earned around Php15 Billion from trading gains and foreign exchange. In 2014, this was down to Php3 Billion. Focusing on the interest income which is the core source of the Bank's revenue, the growth was 20% year-on-year. Chairman Arthur Ty added that 2013 was an extraordinary year as the Bank disposed and took profits on its investment portfolio in order to reflect higher income and capital in preparation for the Basel III regulations which took effect in 2014.*
b. *On how the slowdown in the Japan economy will impact the Bank's business with Japanese companies – this is a question that was raised also by Mr. Turner. President Dee assured that the Bank's business with Japan, driven by its dedicated Japan desk, was basically on cash management, foreign exchange and trade-related business. Exposure to Japanese names was limited and mostly supported by underlying trade transactions making the source of repayment certain.*
c. *On how the Bank was addressing security issues related to the handling of ATM cards – another question raised by Mr. Turner. President Dee replied that the Bank was moving toward the use of EMV technology or the new global standards in the handling of ATM, credit and debit cards. The Bank was expecting to roll this out by 2016, with full re-carding probably taking about a year and a half.*
d. *On the possibility of the Bank doing another Stock Rights Offering (SRO), a question asked by Ms. Elvie Estavillo. The President replied that another SRO exercise was not likely in the immediate future given the CAR position and the projected growth in the next 3-4 years.*
e. *On whether the Bank was already exploring the possibility of launching exchange traded funds (ETFs) based on consumer and fixed income securities indices following the strong performance of the First Metro ETF. The question was asked by Cecille Umali. Chairman Ty referred the query to Mr. Jojo Dispo, President of First Metro Investment Corporation (FMIC), a subsidiary of Metrobank. Mr. Dispo confirmed that since its launch in December 2013, return for the First Metro ETF already stood at 24%. He shared the plans to offer other variations such as the consumer based index and fixed income securities index. These will require approvals from both the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). The public will be advised once the plans materialize.*
f. *On the appointment of SGV and Co. as external auditor for 2015, stockholder Ms. Esperanza Lopez wanted to know the audit fee charged in 2014 and the duration of the contract. The Bank's Controller, Ms. Marilou Bartolome, replied that for 2014, SGV's audit fee amounted to Php5.07 million, exclusive of VAT and expenses. The audit contract is reviewed annually.*
g. *On the timeline for the demonetization of Philippine bank notes, Mr. Turner commented that the BSP had announced that old notes may be used to transact business only until the end of 2015. After that, and until the end of 2016, old notes may still be exchanged at face value with financial institutions. Mr. Turner requested the Bank to apprise its employees about this development and the actual procedures. Chairman Ty took note of the suggestion as President Dee confirmed the banks' duty to advise the public and its clients about the BSP's directive in line with the goal of protecting the integrity of the Philippine currency.*
h. *Lastly, stockholder Eduardo Lucero wanted to make sure that the directors had actually been elected, hence, he moved for the election of the directors earlier enumerated by Nominations Committee Chairman Mr. Renato Valencia as well as Chairman Ty. Chairman Ty thanked Mr. Lucero for the motion.*

iv. *Ratification of All Acts and Resolutions of the Board of Directors, Management, Board and Management Committees from April 30, 2014 to April 28, 2015 via the following:*

RESOLUTION NO. 045-MBTC-SH-2015

RESOLVED, that all acts, transactions and resolutions of the Board of Directors, management, board and management committees from April 30, 2014 to April 28, 2015, including among others, the approval of all loans, investments, new Bank products and services and related party transactions, are hereby ratified and confirmed.

v. *Election of the Fourteen (14) Members of the Board Directors*

Mr. Renato C. Valencia, Chairman of the Nominations Committee, explained that the Nominations Committee and the Corporate Governance and Compensation Committee chaired by Rex C. Drilon II had jointly evaluated the qualifications of all nominees to the Board of Directors, and that the Committees found that the nominees had all the qualifications and none of the disqualifications prescribed by law and regulations, and that out of the fourteen (14) nominees, seven (7) were nominated as independent directors. Fourteen (14) directors were elected for the year 2015-2016:

RESOLUTION NO. 046-MBTC-SH-2015

RESOLVED, that the following are hereby elected as directors of Metrobank effective immediately and until the successors are elected and qualified:

1)	Dr. George S.K. Ty	8)	Dr. Vicente B. Valdepeñas, Jr.*
2)	Mr. Francisco C. Sebastian.	9)	Mr. Robin A. King *
3)	Mr. Arthur Ty	10)	Ms. Rex C. Drilon II*
4)	Mr. Fabian S. Dee	11)	Mr. Francisco F. Del Rosario, Jr.*
5)	Mr. Jesli A. Lapus*	12)	Mr. Edmund A. Go
6)	Mr. Renato C. Valencia*	13)	Atty. Antonio V. Viray
7)	Ms. Remedios L. Macalincag*	14)	Mr. Vicente R. Cuna, Jr.

** Independent directors*

vi. *Election of SGV & Co. as External Auditors via the following:*

RESOLUTION NO. 047-MBTC-SH-2015

RESOLVED, that as recommended by the Audit Committee and approved by the Board of Directors, SGV & Co. is hereby appointed as the External Auditors of Metrobank for the year 2015.

There being no other matters for discussion, the meeting was adjourned.

2. Ratification of Corporate Acts

The matters for ratification include all acts, transactions and resolutions of the Board of Directors, management and all Committees done in the ordinary course of business from April 29, 2015 until April 26, 2016, including, among others, the approval of loans, investments, new Bank products and services and related party transactions.

3. Amendment of the Articles of Incorporation and By-Laws Reducing the Number of Directors from Fourteen (14) to Twelve (12)

On March 16, 2016, the Board of Directors approved the recommendation of the Corporate Governance and Compensation Committee to amend the Bank’s Articles of Incorporation and By-laws reducing the number of directors from fourteen (14) to twelve (12) as brought about by certain developments in the business strategies of the Bank and the changes in regulations and corporate governance best practices, namely:

i. Over the past three (3) years, the Bank has been gradually divesting interests in non-core banking assets and closing down international offices, as necessitated by Basel III requirements. This resulted in lessening the number of investments that require directorial oversight.

ii. Of late, there has been a general difficulty in recruiting willing and qualified directors not only for the Bank but also for its subsidiaries and affiliates. The regulations have become more complex, requiring a higher degree of expertise from the candidates.
iii. Note also the restrictions set by SEC and the Asean Corporate Governance Scorecard (ACGS) on the term limits of independent directors.
iv. There are also instances when qualified potential candidates as independent directors have to beg off due to existing directorships or officerships with companies which are borrowing clients of Metrobank. In those cases, an interlocking directorship will have the unwelcome effect of such companies becoming DOSRI or RPT companies of Metrobank, or worse, compromising the independent directorship position in existing affiliations.
v. The proposal is meant to align the Metrobank Board of Directors with the Asean Corporate Govenrance Scorecard standard of 12 directors as the ideal board size for publicly-listed companies.

All board committees have more than the adequate number of directors (both independent and nominee) as members.

The following are the proposed amendments:

1. On the Articles of Incorporation

> "SIXTH That the number of directors of said corporation shall be twelve (12) and that the names, nationalities and residence of those who are to serve until their successors are duly elected and qualified as provided in the by laws are as follows xxx."

2. On the By-Laws

> "ARTICLE IV
>
> THE BOARD OF DIRECTORS
>
> 1. NUMBER AND QUALIFICATIONS. The members of the Board of Directors shall be twelve (12) who shall serve for a term of one (1) year and until their successors shall have been elected and qualified xxx."

Upon favorable approval by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, the proposed amendment will be submitted to both BSP and SEC for evaluation and approval.

4. Election of Directors - Please refer to the list of nominees under Item 5 - "Directors and Executive Officers - Nominee Directors" for details.

5. Election of SGV & Co. as External Auditors – Please refer to the write-up on SGV & Co. under Item 7 – "Independent Public Accountants" for details.

Voting Procedures

1. At least 2/3 of the outstanding capital stock is required for the approval of the following:

   Amendment of the Articles of Incorporation and By-laws Reducing the Number of Directors from Fourteen (14) to Twelve (12)

2. Majority vote is required for the following:

   a) Approval of the minutes of the annual meeting of the stockholders held on April 29, 2015
   b) Ratification of Corporate Acts
   c) Election of External Auditors

   On the election of directors, nominees receiving the highest number of votes shall be declared elected following the provisions of the Corporation Code.

3. Every stockholder entitled to vote on a particular question or matter involved shall be entitled to one (1) vote for each share of stock in his name. Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his name as of the record date multiplied by the number of directors to be elected. Matters submitted to stockholders for ratification shall be decided by the required vote of stockholders present in person or by proxy.

4. Metrobank has not solicited any discretionary authority to cumulative voting.

5. Votes cast at the meeting shall be counted by the Bank's Stock Transfer Agent and validated by SGV & Co.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on March 28, 2016.

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this statement to be signed on its behalf by the undersigned hereunto duly authorized.

METROPOLITAN BANK & TRUST COMPANY

By:

LAARNI D. BERNABE
Assistant Corporate Secretary

METROPOLITAN BANK & TRUST COMPANY

PART I – BUSINESS

DESCRIPTION OF BUSINESS

1. Business Development

Metropolitan Bank & Trust Company ("Metrobank" or "the Bank") was incorporated on April 6, 1962 by a group of Filipino businessmen to provide financial services to the Filipino-Chinese community. Since its formation, the Bank has diversified its business, and to date provides a broad range of banking and collateral services to all sectors of the Philippine economy.

The Bank opened its first office in Binondo, Manila on September 5, 1962. Within a year, the Bank opened its second branch in Divisoria, Manila. Soon after, the Bank started expanding outside Manila with the opening of its first provincial branch in Davao. In 1975, the Bank rolled out its first international branch in Taipei, followed by offices in New York, Guam, Hong Kong, and Tokyo towards the early 1980s. Initially, the role of the Bank's foreign offices was to tap expanding Overseas Filipino Workers (OFW) remittance business and to complement its corresponding branch network. This strategy proved successful as the OFW market grew strongly and the political turbulence in the Philippines made access to foreign exchange difficult. It was during this period that the Bank started its Foreign Currency Deposit Unit (FCDU) operations. The Philippine Central Bank authorized Metrobank to operate its FCDU on April 15, 1977.

In November 1980, the Securities and Exchange Commission (SEC) approved and certified the listing of 500,000 common shares of Metrobank's capital stock. On February 26, 1981, Metrobank's common shares were listed on the Makati Stock Exchange Inc. and the Manila Stock Exchange, (which unified and now The Philippine Stock Exchange, Inc. or PSE) with the trading symbol of ***MBT***.

On August 21, 1981, Metrobank became one of the first to be granted a universal banking license by the Philippine Central Bank, now Bangko Sentral ng Pilipinas (BSP). This license allowed the Bank to engage in "non-allied undertakings", which include automobile manufacturing, travel services and real estate, as well as finance-related businesses such as insurance, savings and retail banking, credit card services and leasing.

The original Certification of Incorporation of the Bank was issued by the SEC on April 6, 1962 for a 50-year corporate term. On March 21 and November 19, 2007, the Board of Directors (BOD) of the Bank and the SEC, respectively, approved the extension of its corporate term for another 50 years or up to April 6, 2057.

On August 13, 2013, the SEC approved the amendment of the Articles of Incorporation of the Bank increasing its authorized capital stock from ₱50 billion to ₱100 billion composed of 4.0 billion common shares and 1.0 billion non-voting preferred shares, each with a par value of ₱20 per share. The Bank declared a 30% stock dividend equivalent to 633.4 million common shares (approved for listing by PSE on September 16, 2013) which was applied as payment for the required minimum 25% subscription to the increase in authorized capital stock. Total outstanding shares increased to 2,744,801,066 after the stock dividend.

On February 24, 2015, the SEC confirmed the exemption of a rights offer for up to ₱32.0 billion worth of common shares from the registration requirements under Section 8 of the Securities Regulation Code. Subsequently, in April 2015, the Bank completed a rights offer for 435,371,720 common shares with par value of ₱20.00. Total outstanding shares increased to 3,180,172,786 after the transaction.

2. Business of Registrant

Services/Customers/Clients

Metrobank offers a complete range of commercial and investment banking services. The Bank's customer base covers a cross section of the top Philippine corporate market. The Bank has always been particularly strong in the middle market corporate sector, a significant proportion of which consists of Filipino-Chinese business.

The Bank's principal business activities involve deposit-taking and lending, trade finance, remittances, treasury, investment banking and thrift banking. The Bank is also a major participant in the Philippine foreign exchange market. It is accredited as a Government Securities Eligible Dealer (GSED) and has played an active role in the development of the domestic capital markets.

The Bank provides investment banking services through First Metro Investment Corporation (FMIC) and retail banking through the Bank and its subsidiaries Philippine Savings Bank (PSBank) and Metrobank Card Corporation (MCC).

Contribution to Sales/Revenues

The net interest income derived from lending, investment and borrowing activities represents 72.22%, 60.74% and 47.60% of the Group's revenue net of interest and finance charges in 2015, 2014 and 2013, respectively. Other operating income (consisting of service charges, fees and commissions; net trading and securities gains; net foreign exchange gain; gain on sale of investments in an associates; gain on sale of non-current asset held for sale; leasing income; profit from assets sold; income from trust operations; dividend income; and miscellaneous income) and share in net income of associates and a joint venture account for 27.78%, 39.26% and 52.40% of the Group's revenue net of interest and finance charges in 2015, 2014 and 2013, respectively.

Contribution of Foreign Offices

The percentage contributions of the Group's offices in Asia, the United States and Europe to the Group's revenue, net of interest and finance charges, and external net operating income for the years 2015, 2014 and 2013 are as follows:

Offices in	**Year**	**Percentage Contribution to**	
		Revenue, Net	**External Net Operating Income**
Asia (Other than Philippines)	2015	2.78	2.76
	2014	2.66	2.62
	2013	2.26	2.48
United States	2015	0.72	0.73
	2014	0.48	0.51
	2013	0.56	0.65
Europe	2015	0.08	0.09
	2014	0.07	0.07
	2013	0.14	0.17

Significant Subsidiaries

1. First Metro Investment Corporation (FMIC)

FMIC is the investment banking arm of the Metrobank Group. It is an investment house incorporated in the Philippines on June 25, 1963 with principal place of business at 45th Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa Street, Makati City. On September 22, 2000, FMIC was merged with Solidbank Corporation (Solidbank) with Solidbank as the surviving entity and subsequently renamed as First Metro Investment Corporation. FMIC's shares of stock (originally Solidbank) were listed on the PSE on October 25, 1963 and were subsequently delisted effective December 21, 2012. The company is a 99.24%-owned subsidiary of Metrobank.

FMIC is primarily engaged in investment banking and has a quasi-banking license. Its operating businesses are organized and managed separately according to the nature of the services and products provided, as well as different markets served, with each segment representing a strategic business unit:

- Investment Banking Group - manages the investment banking business of the company consisting of debt and equity origination and underwriting, financial advisory, project finance and structured financial solutions, and loan syndication.

  Debt & Equity Underwriting - as a leading investment banking institution in the country, FMIC regularly participates in the underwriting of private debt and equity flotation. FMIC's core competence in tapping the capital market and huge capital accounts, as well as wide distribution capability through the Metrobank branch network, is an enviable advantage that enables FMIC to lead major underwriting activities.

Loan Syndication - syndicated loans remain as one of the primary lending vehicles for borrowers to finance major business operations with heavy financial requirements. Its flexibility and innovative nature makes it a highly attractive funding technique for borrowers, applicable over a broad mix of industries. Financial institutions originate and arrange these loans for these large borrowers on a consolidated basis. Since secondary market participation is becoming more and more common-place, smaller capitalized banks are seeking greater return on their assets as they participate in credit previously outside their pricing or relationship reach.

Project Finance - FMIC also advises and arranges the financing of specific projects which require huge capital outlay. Its services in this particular area of investment banking activity normally involve formulating creative strategies and techniques for the structuring of appropriate financial package to address the funding requirements of the project.

Financial Advisory or Consultancy - in addition to extending financial assistance, FMIC renders fee - based advisory (technical and management) services. This covers advice on debt and equity fundraising, capital and corporate restructuring, mergers and acquisitions, asset valuation, and fairness opinion.

- Financial Markets Group - manages the liquidity and funding requirements of the company, and the trading and distribution of financial instruments such as government securities and corporate papers.

Government Securities and Corporate Debt Trading - as a GSED, FMIC is authorized by the Bureau of the Treasury and the SEC to trade government securities. Over the years, FMIC has remained a dominant selling agent in the distribution of government securities, GOCCs and other corporate issuances.

Fixed Income Distribution - as part of its participation in the underwriting of various private debt issues, FMIC also distributes and sells commercial papers floated by large and prime corporations.

Money Market Placements - it offers money market instruments such as treasury bills, fixed income instruments, commercial papers, promissory notes (PNs) and collateralized PNs or repurchase agreements. These are short-term investments with maturities ranging from 1 day to 1 year.

- Investment Advisory and Trust Group - provides professional portfolio investment advisory services to both individuals and institutions. It also offers portfolio management for institutions with discretionary mandates, such as government pension funds and select retirement funds, and funds of educational institutions.

Advisory
Investment advisory services for investment companies and mutual funds:
- Save & Learn Mutual Funds
- New Prospective Mutual Funds
- Exchange-Traded Funds

Investment advisory services for institutional clients:
- Insurance companies
- Educational institutions

Discretionary Mandates
Active portfolio management offerings for institutions with discretionary mandates:
- Government pension funds
- Select retirement funds and funds of educational institutions

Trust
FMIC was granted by the BSP its Authority to Engage in Trust and Other Fiduciary Business on September 13, 2011. With the Trust franchise, FMIC aims to strengthen its position as the premier investment house in the country with a full range of financial products and services. As a dominant player in underwriting corporate issues, the Trust business will be positioned as a formidable distribution machinery to complement the underwriting business.

Significant Subsidiaries and Associates of FMIC:

- *First Metro Securities Brokerage Corporation (FMSBC)*, a wholly-owned subsidiary, was incorporated in the Philippines on October 16, 1987 to engage in the trading of or otherwise dealing in stocks, bonds, debentures and other securities or commercial papers and rendering financial advisory services. It started commercial operations in June 1994. FMSBC is a member of the PSE. FMSBC serves both institutional and retail clients. Since October 2006, FMSBC has put in place an online stock trading facility where clients can trade equities by simply logging on to www.firstmetrosec.com.ph.

- *PBC Capital Investment Corporation (PBC Capital)*, a wholly-owned subsidiary, was incorporated on March 1, 1996 and started commercial operations on March 8, 1996. Metrobank acquired PBC Capital as part of the acquisition of the Philippine Banking Corporation. It was incorporated primarily to perform basic investment banking activities, such as equity and debt underwriting, loan arrangement and syndication, financial advisory services and other corporate finance work.

- *First Metro Asia Focus Equity Fund, Inc. (FMAFEF)*, formerly First Metro Global Opportunity Fund, Inc., a wholly-owned subsidiary, was incorporated on December 23, 2009 to generally engage and to carry on the business of an open-ended investment company in all the elements and details thereof.

- *First Metro Save and Learn Dollar Bond Fund, Inc. (SALDBF)*, formerly First Metro Save and Learn Money Market Fund, Inc., 94.43% owned by FMIC, was incorporated on November 4, 2008. SALDBF is an open-end mutual fund engaged in selling its capital to the public and investing the proceeds in selected high grade stocks and fixed–income securities. It can also redeem its outstanding capital stock at net asset value per share at any time upon redemption of its investors.

- *First Metro Asset Management, Inc. (FAMI*), was incorporated on April 21, 2005 to manage, provide and render management and technical advice/services for partnerships, corporations and other entities. FAMI is registered and authorized by the SEC to act as an investment company adviser and manager, administrator, and principal distributor of First Metro Save and Learn Fixed Income Fund, Inc., First Metro Save and Learn Equity Fund, Inc., First Metro Save and Learn Balanced Fund, Inc., First Metro Save and Learn Dollar Bond Fund, Inc., First Metro Asia Focus Equity Fund, Inc. and First Metro Philippine Equity Exchange Traded Fund, Inc. FAMI is 70.0% owned by First Metro, while 30.0% is shared equally by the Catholic Educational Association of the Philippine (CEAP) and by the Marist (Marist Brothers) Development Foundation.

- *First Metro Philippine Equity Exchange Traded Fund, Inc. (FMETF)*, 50.85% owned by FMIC, was incorporated on January 15, 2013 and subsequently registered under the Philippine Investment Company Act and the Securities Regulation Code as an open-end investment company engaged in the business of investing, reinvesting and trading in and issuing and redeeming its shares of stock in creation unit in exchange for basket of securities representing an index.

- *Cathay International Resources Corporation*, 34.74% owned by FMIC, was incorporated on April 26, 2005 primarily to acquire by purchase or exchange and use for investment or otherwise sell or transfer properties. It owns Marco Polo Cebu Plaza Hotel.

- *Philippine Axa Life Insurance Corporation ("AXA Philippines") (PALIC)*, 28.18% owned by FMIC, is a life insurance company incorporated in November 1962. Year 2015 is the 15th year of the joint venture between Metrobank and the AXA Group (the world's largest insurance company). PALIC affirmed its position as a major player and formidable new entrant in the life insurance industry. PALIC ranked no. 2 based on premium income and no. 5 based on total assets owned as of December 31, 2014 and 2013, respectively, based on Insurance Commission statistical reports.

- *First Metro International Investment Company Ltd. (FMIIC)*, 20.00% owned by FMIC, was incorporated in Hong Kong in 1972. It is engaged in the remittance business.

- *Orix Metro Leasing and Finance Corporation (ORIX Metro)*, 20.00% owned by FMIC, was incorporated and registered with SEC on June 28, 1977. Its primary purpose is to engage in financing by leasing of all kinds of real and personal property, extending credit facilities to consumers and enterprises by discounting commercial papers or accounts receivable, or by buying or selling evidences of indebtedness, and underwriting of securities.

- *First Metro Save and Learn Equity Fund, Inc. (SALEF)*, 22.21% owned by FMIC, was registered with SEC on May 27, 2005 and registered under the Philippine Investment Company Act on September 6, 2005 as an open-end mutual fund primarily engaged in selling its capital and investing the proceeds in selected stocks with strong balance sheets and attractive valuations.

- *<u>First Metro Save and Learn Balanced Fund, Inc. (SALBF)</u>*, 19.82% owned by FMIC, was incorporated in the Philippines on January 29, 2007 and subsequently registered under the Philippine Investment Company Act last May 10, 2007 to engage in the trading of stocks and fixed income securities.

- *<u>First Metro Save and Learn Fixed Income Fund, Inc. (SALFIF)</u>*, 17.22% owned by FMIC, was incorporated in the Philippines on June 3, 2005 and subsequently registered under the Philippine Investment Company Act on September 6, 2005. SALFIF is an open-end mutual fund company engaged in selling its capital to the public and investing the proceeds in selected high grade fixed income generating instruments, such as bonds, commercial papers and other money market instruments. It stands at any time to redeem its outstanding capital stock at net asset value per share.

- *<u>Lepanto Consolidated Mining Company (LCMC)</u>*, 14.33% owned by First Metro, was incorporated in 1936 and until 1997 was operating an enargite copper mine located in Mankayan, Benguet. LCMC shifted to gold bullion production in 1997 through its Victoria Project. LCMC continues to produce gold from its Victoria and Teresa operations, both located in Mankayan, Benguet.

2. Philippine Savings Bank (PSBank)

PSBank was incorporated on June 30, 1959 to primarily engage in savings and mortgage banking. PSBank is the country’s first publicly listed thrift bank. Its principal office is located at the PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City. PSBank is a 75.98% owned subsidiary of Metrobank.

It has outpaced some of its key competitors and is the country’s second largest thrift bank in terms of assets. It mainly caters the retail and consumer markets and offers a wide range of products and services such as deposits, loans, treasury and trust. PSBank’s network comprises 248 branches and 614 ATMs in strategic locations nationwide.

PSBank has a 40% interest in Sumisho Motor Finance Corporation (SMFC), a partnership with Sumitomo Corporation of Japan. SMFC is not listed in the stock exchange.

3. Metrobank Card Corporation (A Finance Company) (MCC)

Metrobank Card Corporation (A Finance Company) [MCC] was established in August 1985, known then as Unibancard Corporation. Its maiden product was called Unicard, a single currency credit card accepted in key establishments in the Philippines. Over the years, Unicard evolved from a locally accepted card to an internationally recognized credit card when it rode on the MasterCard scheme in 1994 and the Visa scheme in 1998.

In October 2003, Australia New Zealand Bank (ANZ) entered into a joint venture with the Bank for the cards operation business of MCC. Since then, MCC has already tripled its cardholder base, and has launched a string of new products that offer distinct advantages to its customers, such as special installment plans, unmatched perks and privileges, and invites to exclusive events.

In October 2015, MCC was named winner of the “Best Credit Card award in the Philippines for 2015” for its much improved operational efficiencies, better coordination among units and customer centric product offers. The awards program was administered by The Asian Banker and refereed by prominent global bankers, senior retail bankers and academics. The Asian Banker is the region’s most authoritative provider of strategic business intelligence to the financial services community.

In November 2015, MCC further diversified its product suite with the introduction of the YAZZ Prepaid Card, a general purpose Prepaid VISA Card that is reloadable and made available at the retail environment.

MCC’s goal is to be the Philippines’ leading payment solutions provider.

4. ORIX METRO Leasing and Finance Corporation (ORIX Metro)

ORIX Metro was incorporated in the Philippines and was registered with the SEC on June 28, 1977. Its primary purpose is to engage in financing by leasing all kinds of real and personal property; extending credit facilities to consumers and enterprises by discounting commercial papers or accounts receivable, or by buying or selling evidences of indebtedness; and underwriting of securities.

On January 12, 2007, the BSP lifted the moratorium on the granting of quasi-banking licenses to investment houses and finance companies. On August 24, 2007, ORIX Metro was authorized by the BSP to engage in quasi-banking functions. ORIX Metro engaged in quasi-banking functions effective January 1, 2008 as agreed to by the BSP subject to certain conditions.

ORIX Metro and its subsidiaries' ultimate Parent Company is Metrobank. As of December 31, 2015, ORIX Metro is 40% and 20% owned by Metrobank and FMIC, respectively. The registered office address of ORIX Metro is at 21st Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa Street, Makati City.

5. Metropolitan Bank (China) Ltd. (MBCL)

MBCL is a wholly-owned subsidiary of Metrobank established in the People's Republic of China with the approval of China Banking Regulatory Commission (CBRC) on January 14, 2010. Within the territory of China, MBCL may engage in provision of all kinds of foreign exchange services to all types of customers and except for PRC citizens, provide all kinds of Renminbi services to all types of customers, with the business scope to include: accepting deposits; granting short-term, medium-term and long-term loans; handling acceptance and discount of negotiable instruments; buying and selling treasury bonds, financial bonds and other foreign exchange securities (other than stocks); offering L/C services and guarantees; arranging settlements of both domestic and overseas accounts; buying and selling foreign exchange either for itself or on behalf of its clients; handling insurance business as an agent; undertaking inter-bank borrowing or lending; providing service of safety deposit box; providing credit standing investigation and consultation service; and other business activities as approved by CBRC.

MBCL started its operations on March 2, 2010. Its headquarters is located in Nanjing, Jiangsu Province. It is the first wholly foreign-owned bank incorporated in Jiangsu Province, China. The former Metrobank Shanghai Branch and Pudong Sub-Branch were absorbed by MBCL. At present, MBCL has six (6) branches as follows: MBCL Nanjing Branch, MBCL Shanghai Branch, MBCL Pudong Sub-Branch, MBCL Changzhou Branch, MBCL Quanzhou Branch and MBCL Changzhou Xinbei Sub-Branch.

6. Metropolitan Bank (Bahamas) Limited (Metrobank Bahamas)

This is a wholly-owned subsidiary of Metrobank based in The Bahamas. The registered office of the Bank is located in New Providence Financial Centre, East Bay Street, P.O. Box CR-56766m, Nassau, The Bahamas. It holds 26.74% of the outstanding capital stock of FMIIC based in Hong Kong. It is a limited company incorporated in the Commonwealth of the Bahamas and is licensed under the Banks and Trust Companies Regulation Act 2000 (as amended) to carry on international banking business and by the Securities Commission of The Bahamas under Section 22 of the Securities Act of 1999 (as amended) to provide brokering and related services to international clients.

7. First Metro International Investment Company Limited (FMIIC)

FMIIC is a Hong Kong-registered company incorporated in 1972. It was engaged mainly in deposit-taking, loans, and remittances. However, from 2008 onwards, its activity was limited to investment; non-operating entity. Metrobank acquired majority shares in FMIIC in 1978. Currently, Metrobank owns 53.26%, Metrobank Bahamas owns 26.74%, and FMIC owns the remaining 20%.

8. Metro Remittance (Hong Kong) Limited

This is a wholly-owned subsidiary of Metrobank incorporated in October 1994 to provide money transmission services in Hong Kong. At present, MRHKL has five (5) branches located in United Centre, Worldwide House, Shatin, Tsuen Wan and Tsueng Kwan O.

9. Metro Remittance (Singapore) Pte. Ltd.

This is a wholly-owned remittance subsidiary of Metrobank established in April 2004 to conduct money-changing businesses and provide remittance services to Filipinos and other nationals in Singapore. The Company started commercial operations on November 12, 2004.

10. Metro Remittance (USA), Inc. (MR USA)

This is a wholly-owned remittance subsidiary of Metrobank established to pursue the plan of expanding its remittance operations in California, U.S.A.

11. Metro Remittance Center, Inc. (MRCI)

    MRCI is a wholly-owned subsidiary of Metrobank incorporated under the General Corporation Law of the State of Delaware on November 12, 1992 for the purpose of providing money transmission services to its clients. It was formerly known as Asia Money Link Corporation.

    MRCI officially started doing business on February 8, 1997 after obtaining the necessary regulatory approvals. The Company is licensed to do business in New York, New Jersey, Illinois and Nevada. MRCI's main office is located at 69-11 C Roosevelt Avenue, Woodside, New York, 11377. Its subsidiaries are:

    - Metro Remittance (Canada), Inc.
      The Company was established to further strengthen the Bank's presence and address the remittance needs of the growing number of Filipinos in Canada. Its branches are located in Vancouver and Toronto which opened on August 1 and November 6, 2006, respectively.

    - MB Remittance Center Hawaii, Ltd.
      The Company was established in 2002 and acquired by MRCI in 2005 which provides money transmission services to Filipinos in Hawaii.

12. Metro Remittance (UK) Limited (MR UK)

    Metrobank acquired all of the outstanding shares of MRUK in May 2004. It was incorporated on September 24, 2002 in England as a private limited company and commenced trading at its premises at Kensington Church Street in London on June 4, 2003. The Company provides fast, secure and affordable money transmission services to the Philippines. It utilizes on-line, real-time computerized links with Metrobank which completes the funds delivery processes to named beneficiaries.

13. Metro Remittance (Japan) Co. Ltd. (MR Japan)

    A wholly-owned subsidiary of Metrobank incorporated in Yokohama, Japan on May 8, 2013. It started its remittance operations on October 31, 2013. The Company was established to expand the Bank's presence as well as to strengthen its remittance business in Japan.

Distribution Methods of Products and Services

To remain strongly positioned and retain its leadership, Metrobank continued to upgrade and expand its distribution channels:

1. Branches

   Metrobank ended 2015 with 697 branches as compared to 675 in 2014. Selected branches in Metro Manila and the countryside were relocated to maximize visibility and greater reach to its clients. Branch renovations were done and continued to reflect the Bank's customer centric and sales oriented focus to its existing and potential clients.

2. Remittance Centers

   To further expand the remittance business of the Bank and its presence in the international market, remittance alliances were established between the Bank and several well-established businesses in the country.

   2015 - New International Remittance Tie-Ups

   a. AFTAB Currency Exchange, UK
   b. ALINMA Bank, KSA
   c. AMAN Exchange, Kuwait
   d. Day Exchange, UAE
   e. I-Remit to the Philippines Ltd., Australia
   f. JM Remittance & Travel Ltd., UK
   g. Joyalukkas Exchange (Kuwait), UAE
   h. Onyx Exchange, UAE
   i. Orbit Remit Global Money Transfer Ltd.,New Zealand
   j. Premier International Exchange, UAE
   k. RAPIDA Ltd., Russia
   l. Streetcorner Ecommerce Ltd., Hong Kong
   m. Tempo Money Transfer, France

2015 - Local Remittance Tie-Ups

New Collection Partner

- M Lhuillier

New Shipping Tie-ups

- Intermodal Shipping

3. ATMs

All of Metrobank's 1,612 ATMs are full-featured and allow a wide array financial and non-financial transactions for its clients and those of Bancnet member banks. Apart from being the first bank to secure EMV-chip (Euro MasterCard VISA) certification in the Philippines, it has also started deploying Cash Accept Machines in selected branches to allow clients to make real-time cash deposits to their accounts 24 by 7 and have installed security device in machines, thus providing more secure and convenient solutions to meet its clients' banking needs.

4. Metrophone

Metrophone is the Bank's IVRS (Interactive Voice Response System) banking platform, and one of the first electronic banking channels made available to Metrobank customers. The Bank continues to pursue improvements by exploring the development of more features and functionalities that will further enhance the channel's overall user experience.

5. Mobile Banking

Mobile Banking is an electronic banking channel that caters to feature phones that fill up the majority of the mobile market, it now has its own Apple iOS and Android mobile banking applications for use in the increasingly popular smart phones that have flooded the market.

6. Metrobank*direct*

Metrobank*direct* is the Bank's internet browser based banking platform that allows its clients to access their accounts and make financial transactions at their own personal convenience. With more features to enhance a user's experience, such as online enrollment, Metrobank*direct* now makes internet banking a truly online experience for its clients.

7. E-Government Facilities

- Tax Direct facility is a web based payment facility of Metrobank that allows both retail and corporate clients to pay their dues on tax returns filed through the BIR EFPS website.

- eGov Payment facility is a highly convenient online service that allows clients to electronically remit their monthly SSS, Philhealth and PAG-IBIG contributions and loan payments.

Competition

The Philippine banking industry can be characterized by competitive price and service offerings. All banks in general have similar product offerings and compete mainly through differentiation in service levels and targeting specific niche markets.

The Bank faces competition from both domestic and foreign banks, in part as a result of the liberalization of the banking industry by the Government in 1994 and again in 2014. The 2014 Foreign Bank Liberalization Act now allows foreign banks to own up to 100% voting stock of an existing bank, new subsidiary or a branch, and up to 40% of the banking industry's total assets (previously 30%). Foreign banks have generally focused their operation on the larger corporations for specific products like cash management and trade finance and selected consumer finance products. As of September 2015, the BSP has given the green light to a total of six foreign banks to operate in the country.

As of September 30, 2015, the commercial banking sector consisted of 37 banks, of which 21 were universal banks and 16 were commercial banks. Of the 21 universal banks, 12 were private domestic banks, three were government banks and six were branches of foreign banks. Of the 16 commercial banks, five were private domestic banks, two were subsidiaries of foreign banks and nine were branches of foreign banks. The BSP has been encouraging consolidation among banks in order to strengthen the Philippine banking system. Mergers and consolidation result in greater competition as a smaller group of "top tier" banks compete for business. As of September 30, 2015, the ten largest commercial banks accounted for approximately 79% of total assets and 81% of total deposits of the commercial banking system based on published statements of condition.

Corporate loan demand remained largely for working capital requirements as some corporations have been able to access the debt capital market for long-term funding. Corporate lending thus remained very competitive resulting in narrower spreads. Most of the recent growth in loans has generally come from the consumer segment, middle corporate market and SMEs.

Innovations and Promotions

In 2015, Metrobank launched several campaigns and promotions of its products and services to boost presence and to keep up with growing customer demands.

- Metrobank strengthened its loan offerings to its retail clients launching its new Home Loan and Car Loan promos. The new *MetroHome* loan promo, *Dream Loan, Dream Home,* entitled borrowers to waived registration fees of up to 1% of the loan amount or P200,000, whichever is lower; while the *MetroCar* promo *'The Awesome Comeback'* continued the Bank's offering of low auto loan amortization with free first year insurance and free chattel mortgage fee.

- To provide clients with more incentives to use its debit and prepaid cards, Metrobank offered several promotions throughout the year which included granting discounts and freebies which cardholders could claim from various merchants depending on card usage at online sites and POS machines.

- For its credit card holders, Metrobank Card Corporation offered premium deals, discounts and freebies through its *M'here* rewards program and tied-up with various merchants for offerings of up to 50% discounts from top restaurants and hotels. Metrobank Card also introduced the *Yazz* Prepaid Card, a reloadable prepaid card which facilitates cashless transactions with accredited *Visa* merchants and automated teller machines nationwide. Metrobank Card re-launched its *Metrobank Gold Visa* as well.

- Through a cross-selling arrangement, Metrobank Card and Philippine Savings Bank also introduced *PSBank Credit MasterCard* featuring a perpetually waived annual fee.

- The Bank did a soft launch of a new peso-denominated UITF product the *Metro Aspire Bond Feeder Fund* catering to investors looking at an investment horizon of at least three years with moderate risk appetite and a low minimum initial and additional participation. The fund is expected to be fully launched in 2016.

Transactions with and/or Dependence on Related Parties

Transactions with related parties and with certain directors, officers, stockholders and related interests (DOSRI) are discussed in Note 31 of the audited financial statements of the Group as presented in Exhibit 3.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

The Bank's major products and service lines are sold through Metrobank trade names or trademarks, among others:

1. For ATMs: Metrobank Electronic Touch or Metrobank E.T. or Metrobank Debit Card or Metrobank Prepaid Card
2. For credit cards: Metrobank Visa/MasterCard Classic; Visa/MasterCard Gold; Femme Signature Visa/Femme Visa; Platinum MasterCard; World MasterCard; Dollar MasterCard; Metrobank ON Internet MasterCard; M Free MasterCard; M Lite MasterCard; Toyota MasterCard; and Robinsons-Cebu Pacific Classic/Gold MasterCard. Features: Cash2Go; Balance Transfer; Bills2Pay; M Here (Shopping Perks & Privileges); M Swipe (Acquiring); Design My Card; and Rewards.
   Prepaid Card: Yazz card
3. For phone banking: Metrophone Banking
4. For internet banking: Metrobank*Direct*

5. For mobile banking: Metrobank Mobile Banking
6. For remittance services: Metrobank Superbilis Padala, World Cash Card, MetroRemit, PayStation and Collect Anywhere
7. For consumer lending: MetroHome and MetroCar
8. For special current account: MetroChecking Extra, Account One
9. For special savings account for kids below 18 yrs.: Fun Savers Club
10. For Trust products: Metro Money Market Fund; Metro Max-3 Bond Fund; Metro Wealth Builder Fund; Metro Max-5 Bond Fund; Metro Balanced Fund; Metro Equity Fund; Metro $ Money Market Fund; Metro $ Max-3 Bond Fund; Metro $ Max-5 Bond Fund; Metro High Dividend Yield Fund; Metro PSEi Tracker Fund; Metro Aspire Balance Fund; Metro Aspire Bond Fund; Metro Aspire Equity Fund and Metro World Equity Feeder Fund.

Corporate licenses include the following:

1. For Metrobank: expanded commercial banking license, FCDU license, license for trust operations, type 2 limited dealer authority, government securities eligible dealer (GSED) with broker-dealer of securities functions
2. For PSBank: savings bank license, FCDU license, license for trust operations, GSED (non-market maker) as dealer-broker, type 3 limited user authority and quasi-banking license
3. For FMIC: investment house, quasi banking and trust licenses
4. For ORIX Metro: financing company and quasi-banking license
5. For MCC: quasi-banking license, finance company and electronic money issuer license
6. For MBCL: business license to expire on January 13, 2040

All the Bank's trademark registrations, except for Metrobank E.T., are valid for 10 years with expiration dates varying from 2017 to 2018. The Bank closely monitors the renewal dates of registrations to protect and secure its rights to these trademarks. Corporate licenses issued by different regulatory bodies have no specific expiration dates except for the GSED licenses of Metrobank and PSBank which will expire in December 2016.

Government Approval of Principal Products or Services

The Group regularly obtains approvals and permits from regulatory bodies and agencies, as applicable, prior to the offering of its products and services to the public.

Effect of Existing or Probable Government Regulations

Capital Adequacy

Under existing BSP regulations, the determination of the compliance with regulatory requirements and ratios is based on the amount of the "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies that differ from PFRS in some respects.

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 which became effective January 1, 2014, sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50% and also introduced a capital conservation buffer of 2.50% comprised of CET1 capital. The existing requirement for Total Capital Adequacy Ratio (CAR) remains unchanged at 10.00% and these ratios shall be maintained at all times.

Further, Basel III requires that 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 and 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, are recognized as qualifying capital until December 31, 2015. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations.

As of December 31, 2015 and 2014, the Group has no exposures to securitization structures, contracts that provide credit protection through credit derivatives and investments in other types of structured products. The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The issuance of BSP Circular No. 639 covering the Internal Capital Adequacy Assessment Process (ICAAP) in 2009 supplements the BSP's risk-based capital adequacy framework under Circular No. 538. In compliance with this new circular, the Group has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget; as well as regulatory edicts. BSP requires submission of an ICAAP document every January 31. Pursuant to MB Resolution No. 84 dated January 14, 2015, the deadline for submission of ICAAP documents was amended from January 31 of each year to March 31 effective 2015 (BSP Circular No. 869 dated January 30, 2015).

On October 29, 2014, the BSP issued Circular No. 856 covering the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks that will be identified as DSIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer. Compliance with this requirement shall be phased-in starting January 1, 2017, with full compliance on January 1, 2019.

The Group 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.

Applicable Tax Regulations

Under Philippine tax laws, the RBU of the Bank and its domestic subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include 30.00% regular corporate income tax (RCIT) and 20.00% final taxes paid, which is a final withholding tax on gross interest income from government securities and other deposit substitutes. Interest allowed as a deductible expense is reduced by an amount equivalent to 33.00% of interest income subjected to final tax.

Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Bank and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. The regulations also provide for MCIT of 2.00% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's income tax liability and taxable income, respectively, over a three-year period from the year of inception.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 7.50%. Income derived by the FCDU from foreign currency transactions with non-residents, 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.

The applicable taxes and tax rates for the foreign branches of the Bank are discussed in Note 28 of the audited financial statements of the Group as presented in Exhibit 3.

Research and Development Costs

For the last three fiscal years, the Bank has not incurred any expenses for research and development.

Employees

Metrobank had 12,175 employees as of December 31, 2015. By year-end 2016, the Bank projects to have 12,741 employees.

	Officers	Rank and File	Total
As of year-end 2015:			
AVPs and up	353		353
Senior Managers and down	5,101	6,721	11,822
	5,454	6,721	12,175
By year-end 2016 (projected):			
AVPs and up	530		530
Senior Managers and down	5,857	6,354	12,211
	6,387	6,354	12,741

Majority of the registrant's rank and file employees are members of the employees' union. Benefits or incentive arrangements of the rank and file employees are covered by the Collective Bargaining Agreement (CBA) that is effective for three years. The Bank continues to ensure that its employees are properly compensated. The latest CBA that is effective for three years beginning January 2016 will end in December 2018. The Bank has not experienced any labor strikes and the management of the Bank considers its relations with its employees and the Union to be harmonious.

Risk Management

The Group has exposures to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks. Detailed discussions and analysis on Risk Management of the Group are disclosed in Note 4 of the Audited Financial Statements as presented in Exhibit 3.

Risk management framework

The BOD has overall responsibility for the oversight of the Bank's risk management process. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BOD. Supporting the BOD in this function are certain Board-level committees such as Risk Oversight Committee (ROC), Audit Committee (AC) and senior management committees through the Executive Committee, Asset and Liability Committee (ALCO) and Policy Committee.

The AC is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of risk management practices in relation to the risks faced by the Bank. The AC is assisted in these functions by the Internal Audit Group (IAG). IAG undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the AC.

The Bank and its subsidiaries manage their respective financial risks separately. The subsidiaries have their own risk management processes but are structured similar to that of the Bank. To a certain extent, the respective risk management programs and objectives are the same across the Group. Risk management policies adopted by the subsidiaries and affiliates are aligned with the Bank's risk policies. To further promote compliance with PFRS and Basel III, the Bank created a Risk Management Coordinating Council composed of the risk officers of the Bank and its financial institution subsidiaries.

Credit Risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, for market segmentation, and industry concentrations, and by monitoring exposures in relation to such limits. The same is true for treasury-related activities. Each business unit is responsible for the quality of its credit portfolio and for monitoring and controlling all credit risks in its portfolio. Regular reviews and audits of business units and credit processes are undertaken by IAG and Risk Management Group (RSK).

Liquidity Risk

Liquidity risk is defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due. The Group manages its liquidity risk through analyzing net funding requirements under alternative scenarios, diversification of funding sources and contingency planning. Specifically for the Bank, it utilizes a diverse range of sources of funds, although short-term deposits made with its network of domestic branches comprise the majority of such funding. To ensure that funding requirements are met, the Bank manages its liquidity risk by holding sufficient liquid assets of appropriate quality. It also maintains a balanced loan portfolio that is repriced on a regular basis. Deposits with banks are made on a short-term basis.

In Metrobank, the Treasury Group estimates its cash flow needs based on its actual contractual obligations under normal and extraordinary circumstances. RSK generates Maximum Cumulative Outflow (MCO) reports on a monthly basis to estimate short- and long-term net cash flows of the bank under business-as-usual and stress parameters. The Group's financial institution subsidiaries (excluding insurance companies) prepare their respective MCO reports. These are reported to the Bank's ROC monthly.

Market Risk

Market risk is the possibility of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, and other market factors. The Bank's market risk originates from its holdings in foreign currencies, debt securities and derivatives transactions. The Bank manages market risk by segregating its statement of financial position into a trading book and a banking book. ALCO, chaired by the Bank's Chairman is the senior review and decision-making body for the management of all related market risks. The Bank enforces a set of risk limits to properly monitor and manage the market risks. The risk limits are approved by the BOD. The RSK serves under the ROC and performs daily market risk analyses to ensure compliance with the Bank's policies. The Treasury Group manages asset/liability risks arising from both banking book and trading operations in financial markets.

Similarly, certain subsidiaries of the Bank independently quantify and manage their respective market risk exposures. Each institution has its respective risk management system and processes in place.

As part of its oversight function, the Bank regularly coordinates with subsidiaries to monitor their compliance to their respective risk tolerances and ensure consistency of risk management practices. Risk aggregation and consolidation of exposures are part of the ongoing initiatives to provide senior management with a group-wide market risk profile perspective such as Group Trading VaR.

Market Risk - Trading Book
In measuring the potential loss in its trading portfolio, the Group uses Value-at-Risk (VaR) as a primary tool. The VaR method is a procedure for estimating portfolio losses exceeding some specified proportion based on a statistical analysis of historical market price trends, correlations and volatilities. VaR estimates the potential decline in the value of a portfolio, under normal market conditions, for a given "confidence level" over a specified holding period. The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures and by doing stress testing analysis. These processes address potential product concentration risks, monitor portfolio vulnerability and give the management an early advice if an actual loss goes beyond what is deemed to be tolerable to the bank, even before the VaR limit is hit.

Stress testing is performed by the Bank on a quarterly basis, PSBank on monthly basis and FMIC on a daily basis to complement the VaR methodology. The stress testing results of the Parent Company are reported to the ALCO and subsequently to the ROC and the BOD.

Market Risk - Banking Book
To quantify interest rate risk for banking book or accrual portfolios, the Group uses tools or approaches such as Earnings-at-Risk (EaR) and Sensitivity analysis. EaR Methodology is used to measure the potential effect of interest rate movements to net interest earnings. The measurement and monitoring of exposures are done on a monthly basis.

Interest rate risk
EaR is derived by multiplying the repricing gap by the change in interest rate and the time over which the repricing gap is in effect. The repricing/maturity gap is a method that distributes rate-sensitive assets, liabilities, and off-balance sheet positions into predefined time bands. Floating rate positions are distributed based on the time remaining to next repricing dates. On the other hand, fixed rate items are distributed based on the time remaining to respective maturities. There are certain balance sheet items that may require set-up of assumptions as to their distribution to time bands. For the Bank, rate-sensitive positions that lack definitive repricing dates or maturity dates (e.g. demand and savings deposit accounts) are assigned to repricing time bands based according to the judgment, past experience or behavioral patterns.

Foreign currency risk
Foreign exchange risk is the probability of loss to earnings or capital arising from changes in foreign exchange rates. Foreign currency liabilities generally consist of foreign currency deposits in the Group's FCDU account. Foreign currency deposits are generally used to fund the Group's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held in FCDUs. In addition, the BSP requires a 30.00% liquidity reserve on all foreign currency liabilities held in the FCDU. Outside the FCDU, the Group has additional foreign currency assets and liabilities in its foreign branch network. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

PART II – SECURITIES OF THE REGISTRANT

MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

In November 1980, the SEC approved and certified the listing of 500,000 common shares of Metrobank's capital stock with par value of ₱100.00 each. On February 26, 1981, the listing and trading of Metrobank's common shares with the Makati Stock Exchange Inc. and Manila Stock Exchange (which unified) took effect with the trading symbol of ***MBT***. Today, the Bank's common shares are all listed at the PSE.

Average market prices per share for each quarter within the last two years and subsequent interim period were as follows:

	QUARTER/ PERIOD	MARKET PRICES			
YEAR	**ENDED**	**HIGH**	**LOW**	**CLOSE**	**AVERAGE**
2016	February 29	79.50	67.30	75.60	73.67
2015	March 31	98.00	80.51	97.55	91.05
	June 30	99.80	86.00	94.00	93.40
	September 30	93.50	79.95	84.60	86.43
	December 31	87.40	76.55	80.50	82.23
2014	March 31	83.70	70.35	77.30	78.88
	June 30	89.50	79.05	87.40	82.94
	September 30	90.70	85.30	86.80	87.65
	December 31	87.00	78.00	83.00	83.43

Closing price as of March 22, 2016 was ₱87.20 per share.

Holders

The Bank has 3,164 stockholders as of March 11, 2016.

Top Twenty Stockholders

Following are the top 20 stockholders as of March 11, 2016:

NAME OF STOCKHOLDER		TOTAL NO. OF COMMON SHARES HELD	PERCENT TO TOTAL NO. OF OUTSTANDING COMMON SHARES
1	PCD Nominee Corporation (Non-Filipino)	1,071,830,802	33.704
2	GT Capital Holdings, Inc. [a]	806,781,945	25.369
3	PCD Nominee Corporation (Filipino) [b]	443,992,067	13.961
4	Philippine Securities Corp. [c]	139,611,332	4.390
5	Grand Titan Capital Holdings, Inc.	103,656,895	3.259
6	Horizon Royale Holdings, Inc.	88,478,681	2.782
7	Global Treasure Holdings, Inc.	79,118,120	2.488
8	Grand Estate Property Corporation	63,523,155	1.997
9	Federal Homes, Inc. [d]	36,086,336	1.135
10	Ausan Resources Corporation [e]	34,390,562	1.081
11	Inter-Par Phils. Res. Corp.	34,030,262	1.070
12	Nove Ferum Holdings, Inc. [f]	33,234,277	1.045
13	Metrobank Foundation, Inc.	21,042,824	0.662
14	Go, James	20,400,206	0.641
15	Ty, George Siao Kian	13,852,150	0.436
16	82 Alpha Holdings Corporation [g]	13,558,522	0.426
17	Chua, Gabriel	12,346,735	0.388
18	Bloomingdale Enterprises, Inc.	11,813,942	0.371
19	Neiman Rhodes Holdings, Inc. [h]	11,000,177	0.346
20	Ty, Alfred	10,525,750	0.331

a *Inclusive of 4,875,710 shares lodged with PCD Nominee Corporation*
b *Net of 4,875,710, shares owned by GT Capital Holdings, Inc.; 19,611,332 shares owned by Philippine Securities Corporation;5,286,336 shares owned by Federal Homes, Inc.; 360,300 shares owned by Ausan Resources Corporation; 12,100,000 shares owned by Nove Ferum Holdings, Inc.; 1,400,000 shares owned by 82 Alpha Holdings Corporation; and 100,000 shares owned by Neiman Rhodes Holdings, Inc.*
c *Inclusive of 19,611,332 shares lodged with PCD Nominee Corporation*
d *Inclusive of 5,286,336 shares lodged with PCD Nominee Corporation*
e *Inclusive of 360,300 shares lodged with PCD Nominee Corporation*
f *Inclusive of 12,100,000 shares lodged with PCD Nominee Corporation*
g *Inclusive of 1,400,000 shares lodged with PCD Nominee Corporation*
h *Inclusive of 100,000 shares lodged with PCD Nominee Corporation*

As of March 11, 2016, public ownership on the Bank was at 50.314%. Of the total shares issued, 33.760% represents foreign ownership.

Dividends

Except for prior approval by the BSP, there are no restrictions that limit the ability of the Bank to pay cash dividends. Details of cash dividend distribution from 2013 to 2015 follow:

Date of Declaration	Cash Dividend		Date of BSP Approval	Record Date	Payment Date
	Per Share	Amount (In Millions)			
January 27, 2015	P1.00	P2,745	March 3, 2015	March 26, 2015	March 31, 2015
March 26, 2014	₱1.00	₱2,745	April 15,2014	May 7, 2014	May 16, 2014
January 23, 2013	₱1.00	₱2,111	February 8, 2013	March 8, 2013	April 3, 2013

With the issuance of BSP Circular No. 888 dated October 9, 2015, prior BSP approval on dividend payments is no longer required.

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines.

The Bank paid the semi-annual coupon amounting to USD5.6 million in 2006 to 2015 after obtaining their respective BSP approvals. Details of approvals and payments from 2013 to 2015 are as follows:

Date of BSP Approval	Date Paid
July 24, 2015	August 17, 2015
February 9, 2015	February 17, 2015
August 1, 2014	August 15, 2014
February 10, 2014	February 15, 2014
August 12, 2013	August 15, 2013
February 6, 2013	February 15, 2013

Recent Sales of Unregistered or Exempt Securities

The information required under Part II paragraph (A) (4) of Annex C of the Securities Regulation Code (SRC) under SRC Rule 12 is not applicable to the Bank.

Compliance with Lead Practice on Corporate Governance

The Board of Directors

The Board leads in establishing the tone of good governance from the top and in setting corporate values, codes of conduct and other standards of appropriate behavior for itself, the senior management and other employees. It is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values. The Board ensures consistent adoption of corporate governance policies and systems across the Group. Further, the Board is also responsible for monitoring and overseeing the performance of senior management.

The Board is comprised of 14 directors, seven (7) of which or 50% are independent directors, the highest in the banking industry. Both BSP and SEC require a minimum of 20% representation of independent directors in the Board. The Board's composition reflects an appropriate mix with regard to skill representation, board experience, tenure, gender, and age.

The independent directors are independent of management and free from any business or other relationship, have not engaged and do not engage in any transaction with the institution or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of their judgment. The Bank and its independent directors are guided by all the qualifications of an independent director including the limit on the number of companies in a business conglomerate the independent director may be elected, as well as the term limits set forth in SEC Memorandum Circular No. 9-2011, and as adopted in BSP Circular No. 749.

Per Metrobank's By-Laws, directors are elected by the vote of the holders of common stock of the Bank in accordance with Section 24 of the Corporation Code and other pertinent applicable regulations. Any stockholder may submit nominations for directorial positions to the Nominations Committee. The Committee screens the qualifications of the nominees, putting in place screening policies and parameters including alignment with the Bank's strategic directions, to enable it to effectively review the qualifications of the nominees and come up with a Final List of Candidates. All members of the Board are selected based on their qualifications such as integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/training, diligence and knowledge/experience. Only nominees whose names appear in the list are considered for election as director at the annual meeting of the stockholders.

Board Meetings

The Board meets at least once a month. Special meetings may be called at any time by the Chairman, or, in his absence, by the Vice-Chairman, or pursuant to the written request of any four directors. Board-level committees are reconstituted during the organizational meeting of the Board held immediately after the Annual Stockholders' Meeting. The Committees aid the Board in the performance of its functions and responsibilities and have their own charters which set out their mandate, scope and working procedures.

The Office of the Corporate Secretary prepares the agenda and sends out notices and materials at least five business days before the meeting date, prepares and distributes the minutes of the previous meeting and keeps full minutes of all Board and stockholder meetings.

In 2015, the Board had 12 meetings with the incumbent directors attending more than 99% of all meetings. As endorsed by the Corporate Governance and Compensation Committee and approved by the Board of Directors, independent and non-executive directors shall meet at least once a year. In 2015, such meeting was held on 06 July 2015. In addition, Board-level committees (i.e. Related Party Transactions, Audit, Risk Oversight, and Nominations Committee) composed only of independent and non-executive directors regularly meet without the presence of any executive director. On average, each committee meets 12 times a year.

Orientation and Continuing Education

All first-time directors are furnished with a copy of the general responsibility and specific duties and responsibilities of the Board and of a director. Directors are required to certify under oath that they have received copies and fully understand and accept the general responsibility and specific duties. Each director certifies that he or she has all the prescribed qualifications and none of the disqualifications as a director.

All the members of the Board have attended the required Corporate Governance Seminar. In maintaining their professional proficiency, the directors continuously seek to enhance their skills, knowledge and understanding of the activities that the Bank is engaged in or intends to pursue as well as the developments in the banking industry including regulatory changes through continuing education or training. A policy on continuing education for directors is in place and the Corporate Secretary maintains the record of trainings attended by each director.

Other Measures Undertaken

1. Corporate Governance Manual

   The Corporate Governance Manual serves as reference or guide for the Bank, its subsidiaries and affiliates for the implementation of Bangko Sentral ng Pilipinas (BSP) Circular No. 749 and 757 “Guidelines in Strengthening Corporate Governance in BSP Supervised Financial Institutions”, Circular No. 793 “Amendment to Align the Familial Restrictions Applicable to `Independent Director’ with the Existing Provision of the Securities Regulation Code (SRC)”, BSP Memorandum No. 2013-002 “Guidelines in Assessing the Quality of Corporate Governance in BSP-Supervised Financial Institutions”, Securities and Exchange Commission (SEC) Memorandum Circular No. 6 Series of 2009 “Revised Code of Corporate Governance” as amended by SEC Memorandum Circular No. 9 Series of 2014, applicable provisions in the BSP Manual of Regulations for Banks (MORB) and other relevant references.

   The Manual was revised to include changes in the regulations and approved by the Board on 19 August 2015. To enforce bank-wide compliance, a copy of the Board-approved Manual on Corporate Governance is available in the Bank’s Insight Online (intranet) for easy access by the Board, Management and all employees of the Bank. Likewise, it is posted in the Bank’s website to be accessible by the public.

2. Code of Conduct and Ethics for Directors and Metrobank Code of Conduct for Employees

   The members of the Board have adopted the Code of Conduct and Ethics for Directors. It describes the behavioral standards expected from a director so that he/she can better understand and meet the expectations and requirements of the organization and regulators.

   Included in the Code are the standards of conduct for ensuring the proper discharge of the duties and responsibilities, basic principle that a director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests, avoiding situations that would compromise his impartiality; maintaining professional integrity; enhancement of skills, knowledge and understanding of bank activities, etc.

   In place also is the Metrobank Code of Conduct for employees which includes the principles of ensuring the proper discharge of duties and responsibilities, the avoidance of conflict of interest between the Bank’s business and the personal activities, the preservation of confidential information which mandates adoption of every practicable measure to preserve confidential information at all times and the prohibition of direct or indirect offering or receiving by an employee of any gift, gratuity, other payment or entertainment from any person, be it a client, vendor, supplier, business partner or subordinate, when the gift might affect the employee’s judgment or actions in the performance of his/her duties.

These Codes of Conduct aim to instill a commitment and dedication to the virtues of honesty and integrity, together with a high sense of prudence, responsibility and efficiency in the conduct of duties. The Bank is a business community, each Metrobanker belongs to this community where the action of one affects and reflects on the others. It is imperative that directors, officers and employees live by the values that the Bank stands for and reflect these values in their behavior.

To enforce bank-wide compliance, the Bank's Codes of Conduct for directors and employees are posted in the Bank's intranet and the Human Resources Management Group Public Folder for easy access of all directors, officers and employees of the Bank.

The Codes are implemented by the Corporate Governance Committee and the Human Resources Group and breaches are subject to appropriate disciplinary actions which may range from reprimand, suspension, termination, set forth under the Corporate Governance Manual and the Bank's Manual on Policies and Procedures in accordance with the principles of due process.

3. Board Committees

a) Nominations Committee

The Nominations Committee, jointly with the Corporate Governance Committee, reviews and evaluates the qualifications of all persons nominated to the Board. Moreover, it also reviews the qualifications of those nominated to other positions requiring approval by the Board.

b) Corporate Governance and Compensation Committee

The Corporate Governance and Compensation Committee assists the Board in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholders' interest through (a) effective oversight on corporate governance practices, (b) ensuring the effectiveness and observance by the Board of corporate governance principles and guidelines, (c) providing oversight in the implementation of the Bank's Compliance System; (d) making recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the senior officers, and the remuneration policy linked to the corporate and individual performance.

c) Audit Committee

The Audit Committee assists the Board in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholder's interest through (a) effective oversight of internal and external audit functions, (b) transparency and proper reporting, (c) compliance with laws, rules and regulations; and code of conduct, and (d) adequate and effective internal controls.

d) Risk Oversight Committee

The Risk Oversight Committee, as an extension of the Board, is responsible for the development and oversight of the risk management program of the Bank and its Trust Banking Group.

e) Related Party Transactions Committee

The Related Party Transactions Committee assists the Board in ensuring that transactions with related parties (including internal group transactions) are reviewed to assess risks, are subject to appropriate restrictions to ensure that such are conducted at arm's-length terms and that corporate or business resources of the Bank are not misappropriated or misapplied.

f) Domestic Equity Investments Committee

The Domestic Equity Investments Committee assists the Board in overseeing the development and maintenance of the Bank's domestic equity investments policy and in monitoring its implementation by Management.

g) Overseas Banking Committee

The Overseas Banking Committee assists the Board in its oversight functions over the operations and financial performance of the overseas branches and subsidiaries, their compliance with the rules and regulations of their respective host countries and their adherence to the Parent Bank's business and corporate governance policies as prescribed by the BSP and SEC.

h) Information Technology Steering Committee

The Information Technology Steering Committee ensures that IT strategies are consistent with the overall business objectives. As an extension of the Board, it supervises the IT Risk Management Program of the Bank and the development of policies, controls and specific accountabilities consistent with the Bank's IT Risk Management Framework. It also regularly provides adequate information to the Board regarding overall IT performance, status of major projects or other significant issues related to IT risks.

i) Trust Committee

The Trust Committee is responsible for the oversight of all Trust activities and shall act within the sphere of authority as provided by the pertinent rules and regulations in the exercise of fiduciary powers under the Manual or Regulations for Banks (MORB) and BSP Circular 766 - Guidelines in Strengthening Corporate Governance and Risk Management Practices on Trust, Other Fiduciary Business, and Investment Management Activities.

j) Anti-Money Laundering Committee

The Anti-Money Laundering Committee is tasked to assist the Board in fulfilling its oversight responsibility over the Bank's AML Compliance Management to make sure that the Bank complies with the provisions of the Anti-Money Laundering Act (AMLA), as amended, its Revised Implementing Rules and Regulations (RIRR), and BSP regulations.

4. Evaluation System

The Board has created an internal self-rating system and procedures to determine and measure compliance with the Manual on Corporate Governance vis-à-vis good corporate governance principles and practices: (i) Each director self-rates and collectively rates the Board and the President; (ii) Corporate Governance, Audit, Risk Oversight and other Board committees conduct self-rating. When a director or officer has multiple positions in the Group, the Corporate Governance Committee determines whether or not said director or officer is able to and has been adequately carrying out his/her duties.

The results of the annual self-assessment are discussed in the Corporate Governance Committee meeting and reported to the Board.

5. Fair Business Transactions

The members of the Board conduct fair business transactions with the Bank and ensure that personal interest does not bias Board decisions. Directors whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the Bank cannot be avoided, these are done in the regular course of business and upon terms not less favorable to the Bank than those offered to others. Likewise, employees are prohibited from directly or indirectly engaging in any conduct or activity that may directly or indirectly be construed as inconsistent or incompatible with Metrobank's business interests.

The directors are expected to act honestly and in good faith, with loyalty and in the best interest of the Bank, its stockholders, regardless of the amount of their stockholdings, and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates. Employees are expected to effectively manage their personal affairs and avoid any situation or business endeavors arising from associations, interests or relationships that may lead to conflict or potential conflict between their personal interests and that of the Bank.

The Bank has adopted a policy on related party transactions where transactions with related parties are reviewed by a Related Party Transactions Committee, a Board-level Committee, composed of independent directors and require prior written approval of the members of the Board, with the exclusion of the director concerned in case the transaction involves him or his related interests.

6. Policy on Insider Trading

To ensure that the shareholders are afforded protection and that individuals do not benefit from knowledge which is not generally available to the market, Metrobank has instituted its own Insider Trading Policy. The policy covers the standard of conduct applicable to all directors and employees within the Metrobank Group including their immediate family members residing with them in the same household and corporations, other entities and funds subject to their influence or control to the extent that they are considered insiders having access to material nonpublic information about the securities of companies within the Metrobank Group ("Metrobank Group Securities") as well as the securities of any of their corporate clients and business partners ("Partner's Securities").

Following the Securities Regulation Code, it is a crime for a director or employee of a company within the Metrobank Group to do any of the following, directly or indirectly, while in possession of Material Nonpublic Information: (a) to trade Metrobank Group Securities or a Partner's Securities; and (b) to communicate Material Nonpublic Information about Metrobank Group Securities or any Partner's Securities to any person whom the director or employee has reason to believe will trade on those securities. Further, information is considered Material Nonpublic if it has not been generally disclosed to the public and, if disclosed, would likely affect the price of the securities whether positively or negatively.

The policy requires that the disclosure of Material Nonpublic Information about any of the companies within the Metrobank Group or any Partner shall be made on a reasonable need-to-know basis and in furtherance of a legitimate business purpose. It further requires the reporting insiders to confirm their respective beneficial ownership of listed shares of stock in their respective companies, if any, and report any changes thereto on the next trading day from the date of the change pursuant to the requirements of the SEC and the PSE.

7. Whistle Blowing Policy

As a way of strengthening the Bank's system of integrity, all employees are encouraged to report irregular transactions. Towards this end, the Bank instituted a Whistle Blowing Policy where acts of fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and control may be reported to the Chief Audit Executive.

The Whistle Blowing Policy applies in cases when an employee deems it more prudent to report violations or offenses to another authorized unit/person within the Bank, when the matter which is brought to the attention of the immediate superior is not acted upon in accordance with the standard reporting procedures, or is concealed, or the immediate superior is himself involved in the infraction, or the reporting employee fears reprisal.

Under the policy, the Bank shall maintain the identity of the reporting employee as confidential and retaliation against any reporting employee shall not be allowed. Consistent with the principles of good governance, the Chief Audit Executive reports to the Board's Audit Committee.

8. Interest of Stakeholders

Metrobank has a responsibility to all its stakeholders and addresses their needs. It has policies that safeguard the interests of customers & creditors, shareholders, employees, suppliers, and the environment.

a) Customer/Creditor's Welfare

Metrobank measures its success not by numbers but by the success of its customers, the driving force behind everything that the Bank does. The Bank remains anchored on its very purpose of ensuring customer success, by safeguarding its customers' and creditors' welfare, fulfilling their needs and by helping them achieve their goals. The Bank continues to expand its coverage in terms of branch network and sales force. It will continue to improve and develop products and services to suit the evolving needs of its customers.

b) Stockholders' Rights and Protection of Minority Stockholders' Interests

The Board respects the rights of the stockholders as provided for in the Corporation Code. It promotes the rights of the stockholders, removes impediments to the exercise of those rights and provides an adequate avenue for them to seek timely redress for breach of their rights.

The Board makes available to the stockholders accurate and timely information to enable the latter make a sound judgment on all matters brought to their attention for consideration or approval. All material information about the Bank is disclosed in a timely manner to the SEC and PSE.

The Board is transparent and fair in the conduct of the annual stockholders' meetings of the Bank. The Bank encourages the stockholders to personally attend such meetings. If they cannot attend, they are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of the right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

Every stockholder entitled to vote on a particular question or matter involved shall be entitled to one (1) vote for each share of stock in his name. Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his name as of the record date multiplied by the number of directors to be elected. Matters submitted to stockholders for the ratification shall be decided by the required vote of stockholders present in person or by proxy. All shareholders shall have the opportunity to obtain effective redress for violation of their rights.

c) Policy on Health, Safety and Welfare of Employees

The Bank actively promotes a safe and healthy work environment that is conducive to the well-being and professional development of its employees. Among the programs instituted were wellness check of employees, results of which were the basis of choosing relevant health interventions for the workforce; lectures on bank security are conducted to equip personnel.

The Bank is fully committed to ensure that all employees perform their work consistently to high standards and achieve their full potential. It recognizes that training and development is fundamental to the improvement of the bank's operational performance and the achievement of the bank's strategy and goals. The Metrobank Academy provides all officers with a wide range of suitable programs to assist in their continuing professional development, so that the organization will have the right quality of people for the business to grow and achieve its goals. The Bank strives to empower Metrobankers with the right skills, knowledge, work ethics and expertise that are relevant to the stakeholders.

The Bank acknowledges that it has a responsibility to ensure the safety and security of its employees and clients. The Bank also believes that providing them with a secure and safe work environment greatly enhances business and work productivity. In particular, the Bank ensures a drug-and alcohol-free work environment at all times.

d) Supplier/Contractor Selection

The Bank also ensures that it maintains policies for supplier and contract selection. The policy on vendor management and outsourcing of banking support and marketing activities provides guidelines on accreditation of service providers as well as monitoring and reviewing their performance. The Bank also practices the policy of canvassing and bidding services as a basis for the evaluation and approval of the bid process.

e) Environment Protection

Mindful of the impact that its practices may have on the environment, Metrobank is committed to sound environmental stewardship. It consistently strives to look for ways to improve its operations towards the conservation of energy, water and resources. In place are various policies on optimizing the use of paper and power shutdown of office equipment to minimize resource usage and to save on electricity costs.

Recognizing that within each employee is the power to create change and no action is big or small when done collectively and consistently, the Bank shall continue to actively seek ways to improve and convey to its customers, industry associates, vendors and the general public its strong environmental commitment.

f) Community Interaction

The Bank believes that it is responsible not just for its financial performance but also for the state and welfare of the larger society to which it belongs. Metrobank has comprehensive community and social responsibility programs conducted by the Metrobank Foundation and the employees through the Purple Hearts Club.

9. Corporate Governance Scorecard

The duly accomplished Annual Corporate Governance Report & regular updates submitted to SEC and the ASEAN Corporate Governance Scorecard for publicly listed companies have been posted on the Bank's website.

10. Plans for Improvement of Corporate Governance

Recognizing that the ultimate responsibility for the overall quality of corporate governance rests with the Board, greater weight on the practices and performance of the Board and Senior Management shall be the main focus. The Bank will continue to actively seek ways to adopt best practices in corporate governance.

11. Awards

- Strongest Bank in the Philippines and ranked 9th in Asia Pacific by the Asian Banker 500
- Best Automobile Lending Award by the Asian Banker Philippine Country Awards
- Best Credit Card Product by The Asian Banker Philippine Country Awards
- Best Securities House (bank category) during the 10th PDS Annual Awards

Deviations

This is not applicable to the Bank.

PART III - MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Audited Financial Statements

The audited financial statements of the Group and the Bank are presented in Exhibit 3 as an attachment to this report, together with the notarized Statement of Management Responsibility for Financial Statements which was signed by the Chairman, President, Head of Financial and Control Sector, Treasurer and Controller of the registrant.

Statements of Financial Position

(Amounts in millions)

	December 31			Increase (Decrease) 2015 vs. 2014		Increase (Decrease) 2014 vs. 2013	
	2015	**2014**	**2013**	**Amount**	%	**Amount**	%
Assets							
Cash and Other Cash Items	₱32,536	₱34,943	₱29,742	(₱2,407)	**(6.89)**	₱5,201	**17.49**
Due from Bangko Sentral ng Pilipinas (BSP)	214,704	215,253	166,774	(549)	(0.26)	48,479	**29.07**
Due from Other Banks	36,864	38,200	26,275	(1,336)	(3.50)	11,925	**45.39**
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	36,118	119,839	122,011	(83,721)	**(69.86)**	(2,172)	(1.78)
Financial Assets at Fair Value Through Profit of Loss (FVPL)	48,856	45,935	55,441	2,921	**6.36**	(9,506)	**(17.15)**
Available-for-Sale (AFS) Investments	235,158	207,711	273,429	27,447	**13.21**	(65,718)	**(24.03)**
Held-to-Maturity (HTM) Investments	208,432	129,076	38,425	79,356	**61.48**	90,651	**235.92**
Loans and Receivables	887,202	759,481	611,064	127,721	**16.82**	148,417	**24.29**
Investments in Associates and a Joint Venture	5,272	2,589	6,274	2,683	**103.63**	(3,685)	**(58.73)**
Property and Equipment	21,670	16,231	15,756	5,439	**33.51**	475	3.01
Investment Properties	8,195	10,037	13,125	(1,842)	**(18.35)**	(3,088)	**(23.53)**
Deferred Tax Assets	8,427	6,831	7,190	1,596	**23.36**	(359)	(4.99)
Goodwill	5,202	5,201	5,206	1	0.02	(5)	(0.10)
Other Assets	12,056	13,213	7,857	(1,157)	**(8.76)**	5,356	**68.17**
Total Assets	₱1,760,692	₱1,604,540	₱1,378,569	₱156,152	**9.73**	₱225,971	**16.39**

Liabilities and Equity							
Liabilities							
Deposit Liabilities	₱1,257,970	₱1,184,454	₱1,016,268	₱73,516	**6.21**	₱168,186	**16.55**
Bills Payable and Securities Sold Under Repurchase Agreements	176,791	140,399	127,204	36,392	**25.92**	13,195	**10.37**
Derivative Liabilities	4,145	3,071	4,452	1,074	**34.97**	(1,381)	**(31.02)**
Manager's Checks and Demand Drafts Outstanding	5,613	4,653	3,927	960	**20.63**	726	**18.49**
Income Taxes Payable	880	1,191	676	(311)	**(26.11)**	515	**76.18**
Accrued Interest and Other Expenses	8,187	9,874	8,507	(1,687)	**(17.09)**	1,367	**16.07**
Bonds Payable	11,516	11,444	11,643	72	0.63	(199)	(1.71)
Subordinated Debts	29,487	29,452	8,628	35	0.12	20,824	**241.35**
Deferred Tax Liabilities	451	457	479	(6)	(1.31)	(22)	(4.59)
Non-equity Non-controlling Interest	9,909	10,124	10,368	(215)	(2.12)	(244)	(2.35)
Other Liabilities	52,433	50,636	43,712	1,797	3.55	6,924	**15.84**
Total Liabilities	1,557,382	1,445,755	1,235,864	111,627	**7.72**	209,891	**16.98**

	December 31			Increase (Decrease) 2015 vs. 2014		Increase (Decrease) 2014 vs. 2013	
	2015	2014	2013	Amount	%	Amount	%
Equity							
Equity Attributable to Equity Holders of the Bank							
Common stock	₱63,603	₱54,896	₱54,896	₱8,707	**15.86**	₱-	-
Hybrid capital securities	6,351	6,351	6,351	-	-	-	-
Capital paid in excess of par value	42,139	19,312	19,312	22,827	**118.20**	-	-
Surplus reserves	1,506	1,371	1,235	135	**9.85**	136	**11.01**
Surplus	87,497	72,258	55,525	15,239	**21.09**	16,733	**30.14**
Treasury stock	(187)	(30)	-	(157)	**(523.33)**	(30)	-
Remeasurement losses on retirement plan	(3,530)	(2,440)	(2,870)	(1,090)	**(44.67)**	430	**14.98**
Net unrealized gain (loss) on AFS investments	(4,783)	(2,394)	(481)	(2,389)	**(99.79)**	(1,913)	**(397.71)**
Equity in other comprehensive income of associates	180	260	272	(80)	**(30.77)**	(12)	**(4.41)**
Translation adjustment and others	983	545	647	438	**80.37**	(102)	**(15.77)**
	193,759	**150,129**	**134,887**	**43,630**	**29.06**	**15,242**	**11.30**
Non-controlling Interest	9,551	8,656	7,818	895	**10.34**	838	**10.72**
Total Equity	203,310	158,785	142,705	44,525	**28.04**	16,080	**11.27**
Total Liabilities and Equity	₱1,760,692	₱1,604,540	₱1,378,569	₱156,152	**9.73**	₱225,971	**16.39**

Statements of Income

Interest Income	₱65,556	₱59,294	₱49,892	₱6,262	**10.56**	₱9,402	**18.84**
Interest and Finance Charges	16,582	13,531	11,623	3,051	**22.55**	1,908	**16.42**
Net Interest Income	48,974	45,763	38,269	3,211	**7.02**	7,494	**19.58**
Other Operating Income	18,428	29,131	40,655	(10,703)	**(36.74)**	(11,524)	**(28.35)**
Total Operating Income	67,402	74,894	78,924	(7,492)	**(10.00)**	(4,030)	**(5.11)**
Total Operating Expenses	41,931	46,843	49,324	(4,912)	**(10.49)**	(2,481)	**(5.03)**
Income Before Share in Net Income of Associates and a Joint Venture	25,471	28,051	29,600	(2,580)	**(9.20)**	(1,549)	**(5.23)**
Share in Net Income of Associates and a Joint Venture	409	443	1,477	(34)	**(7.67)**	(1,034)	**(70.01)**
Income Before Income Tax	25,880	28,494	31,077	(2,614)	**(9.17)**	(2,583)	**(8.31)**
Provision for Income Tax	5,237	6,459	6,748	(1,222)	**(18.92)**	(289)	**(4.28)**
Net Income	₱20,643	₱22,035	₱24,329	(₱1,392)	**(6.32)**	(₱2,294)	**(9.43)**
Attributable to:							
Equity holders of the Bank	₱18,625	₱20,113	₱22,488	(₱1,488)	**(7.40)**	(₱2,375)	**(10.56)**
Non-controlling interest	2,018	1,922	1,841	96	4.99	81	4.40
	₱20,643	₱22,035	₱24,329	(₱1,392)	**(6.32)**	(₱2,294)	**(9.43)**

Statements of Comprehensive Income

Net Income	₱20,643	₱22,035	₱24,329	(₱1,392)	**(6.32)**	(₱2,294)	**(9.43)**
Other Comprehensive Income (Loss) for the Year, net of tax							
Items that may not be reclassified to profit or loss:							
Change in remeasurement loss of retirement plan	(1,178)	363	(897)	(1,541)	**(424.52)**	1,260	**140.47**
Items that may be reclassified to profit or loss:							
Change in net unrealized loss on AFS investments	(2,397)	(2,015)	(2,917)	(382)	**(18.96)**	902	**30.92**
Change in equity in other comprehensive income of associates	(80)	(12)	(498)	(68)	**(566.67)**	486	**97.59**
Translation adjustment and others	430	(112)	1,573	542	**483.93**	(1,685)	**(107.12)**
	(3,225)	(1,776)	(2,739)	(1,449)	**(81.59)**	963	**35.16**
Total Comprehensive Income for the Year	₱17,418	₱20,259	₱21,590	(₱2,841)	**(14.02)**	(₱1,331)	**(6.16)**
Attributable to:							
Equity holders of the Bank	₱15,504	₱18,516	₱19,740	(₱3,012)	**(16.27)**	(₱1,224)	**(6.20)**
Non-controlling Interest	1,914	1,743	1,850	171	**9.81**	(107)	**(5.78)**
	₱17,418	₱20,259	₱21,590	(₱2,841)	**(14.02)**	(₱1,331)	**(6.16)**

Key Performance Indicators

The performance of the Bank and its significant majority-owned subsidiaries are measured by the following key indicators:

Company Name	Performance Indicators				
	Book Value Per Share	Basic/ Diluted Earnings Per Share	Return on Average Equity	Return on Average Assets	Net Interest Margin on Average Earning Assets

For the Interim Period, January 31, 2016 (unaudited)

Metrobank Group	₱59.63	₱0.25	4.87%	0.55%	3.60%
FMIC (a)	48.76	1.93	3.93%	1.03%	1.37%
PSBank	80.95	6.51	8.09%	0.91%	5.58%
MCC	7.31	2.78	38.70%	5.39%	14.45%

For the Year 2015

Metrobank Group	₱58.97	₱5.86	10.83%	1.11%	3.54%
FMIC (a)	49.34	1.01	2.06%	0.53%	1.35%
PSBank	79.81	9.79	12.74%	1.49%	6.37%
MCC	7.07	2.69	39.33%	5.29%	14.26%

For the Year 2014

Metrobank Group	₱52.39	₱6.88*	14.11%	1.35%	3.73%
FMIC (a)	48.93	6.27	12.59%	3.06%	1.91%
PSBank	73.80	9.65	13.64%	1.68%	6.58%
MCC	6.58	2.55	40.11%	5.74%	14.43%

***** *Restated to show the effect of stock rights issued in 2015*
(a) FMIC and Subsidiaries

A separate schedule showing financial soundness indicators of the Group as of December 31, 2015 and 2014 is presented in Exhibit "A" as an attachment to this report.

2015 Performance

Financial Position

The Metrobank Group closed the year 2015 with audited consolidated total assets at ₱1.76 trillion up by ₱156.15 billion from ₱1.60 trillion as of December 31, 2014. Consolidated total liabilities likewise increased to ₱1.56 trillion from ₱1.45 trillion as funds sourced from total deposit liabilities and bills payable and securities sold under repurchase agreements (SSURA) increased by ₱73.52 billion and ₱36.39 billion, respectively. Asset quality continues to improve with non-performing loans ratio at a low of 1.0%. Meanwhile, equity attributable to equity holders of the Bank grew by ₱43.63 billion or 29.06% from ₱150.13 billion to ₱193.76 billion.

Cash and Other Cash Items decreased by ₱2.41 billion or 6.89% due to the lower level of cash requirements of the Parent Company and PSBank. Due from BSP which represents 12.19% of the Group's total assets decreased by ₱0.55 billion or 0.26% due to lower balance of SDA maintained with the BSP. Interbank Loans Receivable and SPURA went down by ₱83.72 billion or 69.86% wherein SPURA dropped by ₱94.33 billion while interbank loans receivable increased by ₱10.61 billion.

Financial Assets at FVPL consist of held-for-trading (HFT) securities and derivative assets amounting to ₱42.91 billion and ₱5.94 billion, respectively, as of December 31, 2015 and ₱42.89 billion and ₱3.04 billion, respectively, as of December 31, 2014. AFS investments went up by ₱27.45 billion or 13.21% due to the net effect of the ₱37.93 billion and ₱1.36 billion increases in treasury notes and bonds and private debt securities, respectively, and the decline in government bonds and equity securities by ₱10.15 billion and ₱1.69 billion, respectively. HTM Investments went up by ₱79.36 billion or 61.48% due to the increases in treasury notes and bonds by ₱73.57 billion, government bonds by ₱4.63 billion and private investments by ₱1.16 billion.

Loans and Receivables, representing 50.39% and 47.33% of the Group's total assets as of December 31, 2015 and 2014, respectively, went up by ₱127.72 billion or 16.82% driven by the strong demand for loans from all segments.

Investments in Associates and a Joint Venture went up by ₱2.68 billion or 103.63% due to the reclassification of the FMIC's investment in Lepanto Consolidated Mining Corporation from AFS investments. Property and Equipment increased by ₱5.44 billion or 33.51% due to acquisition of various furniture and fixtures and the building under construction representing commercial and office spaces located at Bonifacio Global City (BGC), Taguig City. On the other hand, investment properties went down by ₱1.84 billion or 18.35% due to the sustained disposal of foreclosed real estate properties.

Deferred Tax Assets increased by ₱1.60 billion or 23.36% due to movements in the accounts with temporary tax differences. Other Assets consist of, among others, assets held under joint operations, software costs, inter-office float items, creditable withholding tax and miscellaneous assets. The decline of ₱1.16 billion or 8.76% was mainly due to the decrease in miscellaneous assets due to the reclassification of the commercial and office spaces located at BGC to Building under Construction offset by the increases in inter-office float items and software costs.

Deposit liabilities represent 80.77% and 81.93% of the consolidated total liabilities as of December 31, 2015 and 2014, respectively. The Group's deposit level, sourced by the Bank, PSBank and MBCL reached ₱1.26 trillion as of December 31, 2015, an increase of ₱73.52 billion or 6.21% from ₱1.18 trillion as of December 31, 2014. The increment came from demand deposits by ₱46.63 billion and savings deposits by ₱60.82 billion net of the decline in time deposits by ₱33.93 billion. Low cost deposits represent 55.75% and 50.14% of the Group's total deposits as of December 31, 2015 and 2014, respectively.

Bills Payable and SSURA representing 11.35% and 9.71% of the Group's total liabilities as of December 31, 2015 and 2014, respectively, went up by ₱36.39 billion or 25.92%. Higher balances of borrowings from local and foreign banks by ₱0.92 billion and ₱1.33 billion, respectively, deposits substitutes by ₱13.71 billion and SSURA by ₱20.44 billion accounted for the variance. Derivative Liabilities which represent mark-to-market of foreign currency forwards, interest rate swaps, cross currency swaps and foreign currency options with negative fair value increased by ₱1.07 billion or 34.97%.

The increase of ₱0.96 billion or 20.63% in Manager's Checks and Demand Drafts Outstanding resulted from normal banking operations of the Bank and PSBank. Income taxes payable decreased by ₱0.31 billion or 26.11% due to settlement of the 2014 income tax liabilities in April 2015 net of accrual for 2015. Accrued interest and other expenses payable decreased by ₱1.69 billion or 17.09% mainly due to payment of other bank expenses.

The growth of ₱43.63 billion or 29.06% in equity attributable to equity holders of the Bank was mainly attributable to the issuance of stock rights in April 2015 with total net proceeds of ₱31.54 billion; the ₱18.63 billion net income generated by the Group (excluding non-controlling interest) reduced by the additional ₱2.39 billion net unrealized loss recognized on AFS investments; the additional ₱1.09 billion remeasurement loss recognized on retirement plan; cash dividends payment of ₱2.75 billion; and coupon payment on HT1 capital securities of ₱0.51billion (USD11.25 million). The ₱0.90 billion or 10.34% increase in non-controlling interest was attributed to the net income generated by the majority-owned subsidiaries and net of cash dividend declared.

Results of Operations

Net income attributable to equity holders of the Bank reached ₱18.63 billion for the year 2015, ₱1.49 billion or 7.40% lower than the ₱20.11 billion net income recorded for the year 2014. The net decrease was attributed to lower other operating income by ₱10.70 billion and share in net income of associates and a joint venture by ₱0.03 billion offset by higher net interest income by ₱3.21 billion and decrease in total operating expenses and provision for income tax by ₱4.91 billion and ₱1.22 billion, respectively.

Interest income improved by ₱6.26 billion or 10.56% resulting from the increases in interest income on loans receivables by ₱4.35 billion (volume driven) and trading and investment securities by ₱2.84 billion net of the decline in interest income on interbank loans and SPURA by ₱1.16 billion. On the other hand, interest expense increased by ₱3.05 billion or 22.55% coming from the increases in interest expense on deposit liabilities by ₱1.86 billion and on bills payable and SSURA, subordinated debts and other borrowings by ₱1.19 billion. These resulted in a 7.02% or ₱3.21 billion growth in net interest income.

Other operating income of ₱18.43 billion was lower by ₱10.70 billion or 36.74% from ₱29.13 billion in 2014. For the year 2015, the Group reported a lower profit from the disposal of foreclosed properties of ₱1.29 billion compared with ₱10.20 billion in 2014 due to last year's profit realized from the sale of bank-owned property and ROPA and divestments of non-core assets. Trading and securities gain of ₱1.28 billion also decreased by ₱2.02 billion from ₱3.3 billion in 2014. Last year's gain realized from the sale of the Bank's 15% and PSBank's 25% ownerships in Toyota Financial Services Philippines Corporation (TFSPC) totalling to ₱0.91 billion and FMIC's 33.33% ownership in Charter Ping An Insurance Corporation (CPAIC) of ₱0.31 billion contributed to the variance in other operating income.

Total operating expenses decreased by ₱4.91 billion or 10.49% from ₱46.84 billion in 2014 to ₱41.93 billion in 2015 with lower provision for credit and impairment losses by ₱2.79 billion or 57.54%, compensation and fringe benefits by ₱1.23 billion or 7.14%, taxes and licenses by ₱0.89 billion or 12.68%, and miscellaneous expenses by ₱0.90 billion or 7.93% offset by the increases in depreciation and amortization by ₱0.31 billion or 12.20% and occupancy and equipment-related expenses by ₱0.15 billion or 6.14%.

Share in net income of associates and a joint venture decreased by ₱0.03 billion or 7.67% due to lower net income of certain associates while income attributable to non-controlling interest went up by ₱0.10 billion or 4.99% with noted improvement on the results of operations of certain majority-owned subsidiaries.

Total comprehensive income went down by ₱2.84 billion from ₱20.26 billion in 2014 to ₱17.42 billion in 2015. The variance was attributed to the ₱1.39 billion decrease in the net income of the Group and the ₱1.45 billion decrease in other comprehensive income (resulted from the recognition of additional remeasurement losses on retirement plan). Total comprehensive income attributable to equity holders of the Bank went down to ₱15.50 billion from ₱18.52 billion in 2014.

Market share price as of December 31, 2015 was at ₱80.50 from ₱83.0 in 2014 with a market capitalization of ₱256.0 billion as at December 31, 2015.

2014 Performance

Financial Position

The Metrobank Group closed the year 2014 with audited consolidated total assets at ₱1.60 trillion up by ₱225.97 billion from ₱1.38 trillion as of December 31, 2013. Consolidated total liabilities likewise increased to ₱1.45 trillion from ₱1.24 trillion as funds sourced from total deposit liabilities, bills payable and securities sold under repurchase agreements (SSURA) and subordinated debts increased by ₱168.19 billion, ₱13.20 billion and ₱20.82 billion, respectively. Meanwhile, equity attributable to equity holders of the Bank grew by ₱15.24 billion or 11.30% from ₱134.89 billion to ₱150.13 billion.

Cash and Other Cash Items increased by ₱5.20 billion or 17.49% due to the higher level of cash requirements of the Parent Company and PSBank. Due from BSP which represents 13.42% of the Group's total assets increased by ₱48.48 billion or 29.07% due to higher balance of SDA maintained with the BSP. On the other hand, Due from Other Banks was higher by ₱11.93 billion or 45.39% as a result of the net movements in the balances maintained with various local and foreign banks.

HTM Investments went up by ₱90.65 billion or 235.92% due to the ₱96.58 billion and ₱3.37 billion increases in investments in treasury notes and private bonds, respectively, reduced by the ₱9.30 billion decline in investment in government bonds. Financial Assets at FVPL consist of held-for-trading (HFT) securities and derivative assets amounting to ₱42.89 billion and ₱3.04 billion, respectively, as of December 31, 2014 and ₱51.36 billion and ₱4.09 billion, respectively, as of December 31, 2013. The ₱9.51 billion or 17.15% decrease resulted from the net disposals of various HFT securities. AFS investments went down by ₱65.72 billion or 24.03% due to the net effect of the ₱71.89 billion decrease in government bonds, and the ₱5.21 billion and ₱0.92 billion increases in investments in private debt securities and equity securities, respectively.

Loans and Receivables, representing 47.33% and 44.33% of the Group's total assets as of December 31, 2014 and 2013, respectively, expanded by ₱148.42 billion or 24.29% driven by the strong demand for loans from all segments and the decrease in unquoted debt securities by ₱2.29 billion due to various redemptions and disposals in 2014.

Investments in Associates and a Joint Venture went down by ₱3.69 billion or 58.73% due to the sale to GT Capital Holdings, Inc. of the Bank's and PSBank's ownership in TFSPC; and FMIC's ownership in CPAIC. In addition, the reclassification of the FMIC's investment in LCMC to AFS investments as a result of the loss of significant influence contributed to the variance. On the other hand, investment properties also went down by ₱3.09 billion or 23.53% due to the sustained disposal of foreclosed real estate properties including the properties sold to FLI.

Other Assets consist of, among others, assets held under joint operations, software costs, inter-office float items, creditable withholding tax and miscellaneous assets. The increment of ₱5.36 billion or 68.17% was mainly due to the increases in inter-office float items (₱2.03 billion), creditable withholding taxes (₱0.70 billion) and miscellaneous assets (₱2.47 billion).

Deposit liabilities represent 81.93% and 82.23% of the consolidated total liabilities as of December 31, 2014 and 2013, respectively. The Group's deposit level, sourced by the Bank, PSBank and MBCL reached ₱1.18 trillion as of December 31, 2014, an increase of ₱168.19 billion or 16.55% from ₱1.02 trillion as of December 31, 2013. The increment came from demand deposits by ₱36.59 billion, savings deposits by ₱43.85 billion, time deposits by ₱73.49 billion, and Long Term Negotiable Certificates of Deposit (LTNCD) by ₱14.25 billion. Low cost deposits represent 50.14% and 50.52% of the Group's total deposits as of December 31, 2014 and 2013, respectively. On September 18, 2014, the BSP approved the issuance of the Bank of up to ₱20 billion LTNCDs and the subsequent amendment was also approved by the BSP on October 14, 2014. The Bank issued the first tranche amounting to ₱8 billion on October 24, 2014 at 4.00% per annum, payable quarterly, with a tenor of 5.5 years and maturing on April 24, 2020 while the second tranche amounting to ₱6.25 billion was issued on November 21, 2014 at 4.25% per annum, payable quarterly, with a tenor of 7 years and maturing on November 22, 2021. The minimum investment size of the LTNCDs is ₱50 thousand with increments of ₱50 thousand thereafter.

Bills Payable and SSURA representing 9.71% and 10.29% of the Group's total liabilities as of December 31, 2014 and 2013, respectively, went up by ₱13.20 billion or 10.37%. Higher balances of borrowings from local banks by ₱6.16 billion and SSURA by ₱17.63 billion reduced by the decline in balances of borrowings from foreign banks by ₱3.11 billion and deposit substitutes by ₱7.49 billion accounted for the variance. Derivative Liabilities which represent mark-to-market of foreign currency forwards, interest rate swaps, credit default swaps and cross currency swaps with negative fair value decreased by ₱1.38 billion or 31.02%.

The increase of ₱0.73 billion or 18.49% in Manager's Checks and Demand Drafts Outstanding resulted from normal banking operations of the Bank and PSBank. Income taxes payable increased by ₱0.52 billion or 76.18% due to booking of additional accrual for corporate income tax. Accrued interest and other expenses payable increased by ₱1.37 billion or 16.07% due to the increases in accruals for other expenses by ₱1.27 billion and for interest on deposit liabilities and other borrowings by ₱0.10 billion. Accrued other expenses include accruals for compensation and fringe benefits, rentals, percentage and other taxes, professional fees, advertising and information technology expenses and other expenses.

Subordinated Debts increased by 241.35% from ₱8.63 billion to ₱29.45 billion due to the issuance of Basel III-compliant Tier 2 capital notes by the Bank and PSBank amounting to ₱22.5 billion and ₱3.0 billion, respectively, net of the ₱4.5 billion Peso Notes redeemed by the Bank.

Other Liabilities increased by ₱6.92 billion or 15.84% primarily due to higher balance of bills purchased (with contra account classified under Loans and Receivables) by ₱9.75 billion reduced by the ₱2.24 billion decline in marginal deposits.

The growth of ₱15.24 billion or 11.30% in equity attributable to equity holders of the Bank was mainly attributable to the ₱20.11 billion net income generated by the Group (excluding non-controlling interest) reduced by the additional ₱1.91 billion net unrealized loss recognized on AFS investments; cash dividends payment of ₱2.75 billion; and coupon payment on HT1 capital securities of ₱0.50 billion (USD11.25 million). Net unrealized gain on AFS investments decreased by ₱1.91 billion or 397.71% caused by the various disposals of AFS investments and fair value movements. The ₱0.84 billion or 10.72% increase in non-controlling interest was attributed to the net income generated by the majority-owned subsidiaries, net of cash dividend declared and effect of the decrease in the market valuation of AFS investments.

Results of Operations

Net income attributable to equity holders of the Bank reached ₱20.11 billion for the year 2014, ₱2.38 billion or 10.56% lower than the ₱22.49 billion net income recorded for the year 2013. The net decrease was attributed to the decline in other operating income by ₱11.52 billion and share in net income of associates and a joint venture by ₱1.03 billion offset by the increase in net interest income by ₱7.49 billion and lower total operating expenses and provision for income tax by ₱2.48 billion and ₱0.29 billion, respectively.

Interest income improved by ₱9.40 billion or 18.84% resulting from the increases in interest income on loans receivables by ₱4.29 billion (relative to the expansion in loan portfolio); interest income on trading and investment securities by ₱3.58 billion (higher investment portfolio in 2014); and interest income on interbank loans and SPURA by ₱1.73 billion. However, interest expense also increased by ₱1.91 billion coming from the increases in interest expense on deposit liabilities by ₱1.74 billion (volume driven) and on bills payable and SSURA, subordinated debts and other borrowings by ₱0.17 billion. These movements caused improvement in net interest income by ₱7.49 billion or 19.58%.

Other operating income of ₱29.13 billion was lower by ₱11.52 billion or 28.35% from ₱40.66 billion in 2013. For the year 2014, the Group reported a higher profit from the disposal of foreclosed properties of ₱10.20 billion compared with ₱0.89 billion in 2013. However, this was offset by the ₱13.88 billion decrease in trading and securities gain. Moreover, the gain realized by the Group in 2013 from the sale of FMIC's 40% ownership in Global Business Power Corporation and the Bank's 15% ownership in Toyota Motor Philippines Corporation amounting to ₱7.39 billion and ₱3.44 billion, respectively, as against the gain realized from the sale of the Bank's 15% and PSBank's 25% ownerships in TFSPC totalling to ₱0.91 billion and FMIC's 33.33% ownership in CPAIC of ₱0.31 billion in 2014 contributed to the variance in other operating income.

Total operating expenses decreased by ₱2.48 billion or 5.03% from ₱49.32 billion in 2013 to ₱46.84 billion in 2014 with lower provision for credit and impairment losses by ₱5.87 billion or 54.78%, lower taxes and licenses by ₱1.08 billion or 13.27%, higher compensation and fringe benefits by ₱1.61 billion or 10.30% and miscellaneous expenses by ₱1.19 billion or 11.76%.

Share in net income of associates and a joint venture decreased by ₱1.03 billion or 70.01% due to lower net income of certain associates while income attributable to non-controlling interest went up by ₱0.08 billion or 4.40% with noted improvement on the results of operations of certain majority-owned subsidiaries.

Total comprehensive income went down by ₱1.33 billion from ₱21.59 billion in 2013 to ₱20.26 billion in 2014. The variance was attributed to the ₱2.29 billion decrease in the net income of the Group offset by the ₱0.96 billion increase in other comprehensive income. The increase of ₱0.96 billion in other comprehensive income resulted from the net effect of the positive movement in remeasurement of retirement plan from a loss of ₱0.90 billion to a gain of ₱0.36 billion and lower net unrealized loss recognized on AFS investments by ₱0.90 billion reduced by the decline of ₱1.69 billion in translation adjustment and others. As a result, total comprehensive income attributable to equity holders of the Bank went down to ₱18.52 billion from ₱19.74 billion in 2013.

Market share price as of December 31, 2014 was at ₱83.00 from ₱75.55 in 2013 with a market capitalization of ₱227.82 billion as at December 31, 2014.

Key Variable and Other Qualitative and Quantitative Factors

Plans for 2016

Metrobank's medium term vision remains anchored on increasing market relevance and achieving sustained profitability. The Bank is focused on building the brand franchise by improving customer experience. This should improve the Bank's ability to increase customer acquisition and improve client retention.

Placing a stronger focus on customer service will allow the Bank to build sufficient capacity to propel volume growth which would contribute to keeping core earnings robust and sustainable. Towards this end, priority will be on crafting overall customer experience standards for the Bank and for its different target segments. Appropriate strategies on customer acquisition, retention and deepening relationships, shall continue to be pushed and developed using feedback from its recent voice of the customer initiatives.

Simultaneously, the Bank shall improve its talent acquisition and training programs to improve client coverage and will continue with the implementation of infrastructure and technology initiatives. The Bank intends to integrate its new hires and new technology initiatives with its envisioned customer experience framework, with the expectation that this will improve customer service standards and differentiate Metrobank from the rest of the competition.

Finally, the Bank will continue to execute sustainable process efficiency initiatives while maintaining strict standards on project management for key infrastructure and technology imperatives. These will be underscored by a shared KRA framework that pinpoints accountability throughout the hierarchy.

Capital position

The Bank will continue to actively improve on the Group's strong capital position. The Bank has benefited from a series of capital markets transactions to raise Tier 1 and Tier 2 capital. Recently, the Bank also concluded a series of corporate restructuring measures to prepare for Basel III implementation.

In 2006, the Bank issued US$125.0 million Hybrid Tier 1 capital security in February and 173,618,400 common shares at ₱38.00 per common share in October. In May 2010, the Bank raised an additional ₱5.0 billion in capital through a private placement of common shares. In January 2011, the Bank raised approximately US$220.0 million through a rights offer for 200 million common shares at the offer price of ₱50.00 per rights share. In August 2013, the Bank increased its capital stock from ₱50 billion to ₱100 billion and on September 16, 2013, it issued a stock dividend equivalent to 633,415,805 common shares (with a par value of ₱20) that was applied as payment of the required subscription to the increase in capital stock, which further improved the Bank's capital position. In April 2015, the Bank raised approximately ₱32.0 billion through a rights offer for 435,371,720 common shares with par value of ₱20.00 priced at ₱73.50 per share. The newly issued shares were listed on the PSE on April 7, 2015.

The Bank also issued Tier 2 instruments to boost its capital adequacy ratio. The Bank issued Basel II compliant Tier 2 subordinated notes in October 2007 for ₱8.5 billion with a coupon of 7.0%; in October 2008 for ₱5.5 billion with a coupon of 7.75%; and in May 2009 for ₱4.5 billion with a coupon of 7.5%. With the advent of Basel III, the Bank subsequently redeemed these previously issued subordinated debt issuances as they would not have been considered as capital beginning January 1, 2014. The Bank exercised the call option on its ₱8.5 billion 7.0%; ₱5.5 billion 7.75% and ₱4.5 billion 7.5% Lower Tier 2 Notes on October 22, 2012, October 4, 2013 and May 6, 2014, respectively. The early redemptions of these instruments were in accordance with the terms and conditions of the notes when they were originally issued. By redeeming the notes, the Bank avoided a step-up in the interest rate and the capital decay from the instruments. In 2014, the Bank raised a total of ₱22.5 billion in subordinated debt wherein ₱16.0 billion was issued on March 27, 2014 at a coupon rate of 5.375% and ₱6.5 billion on August 8, 2014 at 5.25%. The terms of the notes contain a loss absorption feature, allowing them to be recognized as bank capital in accordance with Basel III standards. The transactions were done in part to replace the Basel II Tier 2 notes which were redeemed on their call option dates.

Basel III penalizes banks for their holdings in non-allied undertakings. As such, the Group has actively sought to divest itself of such undertakings and strengthen its standing under Basel III. As a result of the Bank's sale of its ownership in TMPC to GT Capital in the fourth quarter of 2012 and the first quarter of 2013 as well as the partial sale of the FMIC's holdings in GBPC in the second and fourth quarters of 2013, the Bank has been able to increase its CAR position under Basel III. On January 27, 2014, FMIC sold its 1.7 million common shares of Charter Ping An Insurance Corporation for a consideration of ₱712.0 million to GT Capital. It represents the 33.3% holding of FMIC in the non-life insurance firm's outstanding capital stock. On August 29, 2014, the BOD of the Bank and PSBank approved the sale of their 15% and 25% respective ownerships in TFSPC to GT Capital, for an aggregate consideration of ₱2.1 billion. These sales further improved the Bank's CAR position under Basel III. The Bank continues to review its holdings in non-allied undertakings and may sell additional stakes as necessary.

2015 Economic Performance

The Philippine economy remained resilient even amid a gloomy global macroeconomic backdrop in 2015. The economy gained steam in the third quarter, supported by the acceleration in government spending and rise in fixed investment. Year-to-date average GDP growth came in at 5.6% against 6% in the same period in 2014. The Philippines is third among ASEAN economies including China in terms of economic growth.

On the demand side, consumption spending remained robust, growing by 6.3%, supported by the sustained easing of inflation rates. Government spending also recorded a strong rebound, coming from a contraction last year, amid the continued growth in disbursements for the implementation of government programs and projects. Investment spending likewise bounced back from a negative territory last year. Net trade remained a drag to the economy on a number of factors like lower global commodity prices, strong US dollar, and fragile economies of major trading partners. On the supply side, growth of the services sector accelerated to 7.3%, the highest since the recorded 7.4% growth in the third quarter of 2013, on the back of solid expansions of most of its subsectors.

Full-year inflation came in lower than the government's target range of 2% to 4% amid the sustained drop in global commodity prices. Global oil prices, most especially, have fallen from $114 per barrel in mid-2014 to below $40 per barrel in 2015. Average inflation was recorded at 1.4% from 4.1% in 2014. Given the low inflation environment, the BSP kept policy rates steady the whole year at 4% for the RRP facility and 6% for the RP facility.

The National Government fiscal gap remained narrow at only P52.3 billion in the January to October period even as government expenditures consistently registered double-digit growth since June. Full-year deficit is seen to cap the year below the set program of P283.7 billion.

Emerging economies were battered in 2015 because of low global commodity prices, strong US dollar, and slowdown of the Chinese economy. Even so, economic growth of most emerging economies remained higher than the growth of advanced economies. The PSEi closed the year at 6,952.08, wiping out gains from a 6-year run-up, as investors remained on edge over the health of the global economy. The Philippine Peso also took a beating as it went below the ₱47 level towards yearend, depreciating by 5% from the start of the year close of ₱45 to a dollar.

Growth prospects for the Philippine economy remain fairly bright given its solid macroeconomic fundamentals. Risks to the domestic economy remain amid the effects of the still uneven global economic growth and impact of financial market volatilities.

Liquidity

To ensure that funds are more than adequate to meet its obligations, the Bank proactively monitors its liquidity position daily. Based on this system of monitoring, the Bank does not anticipate having any cash flow or liquidity problem within the next twelve months. As of December 31, 2015, the contractual maturity profile shows that the Bank has at its disposal about ₱723.12 billion of cash inflows in the next twelve (12) months from its portfolio of cash, placements with banks, debt securities and receivable from customers. This will cover 66.84% of the ₱1.08 trillion total deposits that may mature during the same period. These cash inflows exclude AFS investments with maturities beyond one (1) year but may easily be liquidated in an active secondary market. Inclusive of these securities, the total financial assets will cover 84.54% of the total deposits that may mature during the same period. On the other hand, historical balances of deposits showed that no substantial portion has been withdrawn in one year.

Events That Will Trigger Material Direct or Contingent Financial Obligation

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. No material losses are anticipated as a result of these transactions.

On October 17, 2011, a consortium of eight banks including the Bank filed a Petition for Certiorari, Prohibition and/or Mandamus (with Urgent Application for a Temporary Restraining Order (TRO) and/or Writ of preliminary Injunction) with the Supreme Court (SC) against respondents the Republic of the Philippines, Bureau of Internal Revenue (BIR) and its Commissioner, the Department of Finance and its Secretary and the Bureau of Treasury (BTr) and the National Treasurer, asking the Court to annul BIR Ruling No. 370-2011 which imposes a 20-percent final withholding tax on the 10-year Zero-Coupon Government Bonds (also known as the PEACe bonds) that matured on October 18, 2011 and command the respondents to pay the full amount of the face value of the PEACe Bonds. On October 18, 2011, the SC issued the TRO enjoining the implementation of the said BIR ruling on the condition that the 20-percent final withholding tax be withheld by the petitioner banks and placed in escrow pending resolution of the Petition. However, to date, the respondents have not complied with the said TRO, i.e., they have not credited the banks’ escrow accounts with the amount corresponding to the questioned 20-percent final tax. The case is still pending resolution with the SC.

Several suits and claims relating to the Group’s lending operations and labor-related cases remain unsettled. In the opinion of management, these suits and claims, if decided adversely, will not involve sums having a material effect on the Group’s financial statements.

Material Off-Balance Sheet Transactions, Arrangements or Obligations

The following is a summary of contingencies and commitments of the Group at their peso-equivalent contractual amounts arising from off-balance sheet items as of December 31, 2015 and 2014 (in millions):

	2015	2014
Trust Banking Group accounts	**₱357,001**	₱336,860
Commitments		
Credit card lines	**97,964**	85,553
Undrawn – facilities to lend	**18,404**	19,001
Unused commercial letters of credit	**38,073**	37,980
Bank guaranty with indemnity agreement	**11,320**	7,669
Credit line certificate with bank commission	**4,722**	4,082
Outstanding shipside bonds/airway bills	**2,685**	776
Late deposits/payments received	**1,237**	1,535
Inward bills for collection	**715**	985
Outward bills for collection	**486**	612
Confirmed export letters of credits	**109**	335
Outstanding guarantees	**109**	57
Others	**10,801**	9,659
	₱543,626	₱505,104

Other Relationships of the Registrant with Unconsolidated Entities or Other Persons

The Group has ownership in the following significant unconsolidated entities as of December 31, 2015:

	Effective % of Ownership
Sumisho Motor Financing Corporation*	30.39%
Northpine Land, Inc.	20.00%
SMBC Metro Investment Corporation	30.00%
Taal Land, Inc.	35.00%
Cathay International Resources Corporation	34.47%
Philippine AXA Life Insurance Corporation	27.96%
Lepanto Consolidated Mining Company	14.33%

* Represents investments in a joint venture of the Group.

Material Commitments for Capital Expenditures

In 2015, the Bank incurred about ₱1.82 billion for capital expenditures, of which ₱1.08 billion and ₱739 million were incurred for furniture, fixtures and equipment (including information technology) and land, buildings and leasehold improvements, respectively. Information technology–related expenditures include upgrades of personal computers, central processing units, automatic tellering machine tandem hosts, corporate local area networks, servers, and on-line back-up recovery centers as required by the BSP. Capital expenditures were sourced from the Bank's working capital.

For the year 2016, the Bank estimates to incur capital expenditures of about ₱7.0 billion, of which ₱4.9 billion is estimated to be incurred for information technology. This amount is not considered material to the Bank's operations.

Significant Elements from Continuing Operations

Standards Issued But Not Yet Effective

Standards issued but not yet effective up to date of issuance of the Group's financial statements are listed in Note 2 of the audited financial statements of the Group as presented in Exhibit 3. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements. The Group will assess impact of these amendments on its financial position or performance when they become effective.

Information on Independent Accountant

1. SGV has been the external auditors of the registrant since 1962. In compliance with the amended SRC Rule 68 (3) (b) (ix), the signing partners are rotated after every five years reckoned from the year 2002. The following SGV Partners have reviewed/audited the financial statements of the registrant and signed the reports of the independent auditors for the years ended as indicated below:

SGV Partner	Years Ended December 31
Ms. Janeth T. Nuñez-Javier	2015 and 2014 2014 and 2013
Mr. Aris C. Malantic	2013 and 2012 2012 and 2011 2011 and 2010 2010 and 2009 2009 and 2008
Ms. Vicky B. Lee-Salas	2008 and 2007 2007 and 2006

2. The Bank intends to retain SGV as its external auditors for the year 2016. The external auditors are appointed annually by the registrant's Board of Directors in its organizational meeting held immediately after the Annual Stockholders' Meeting.

3. The aggregate fees billed and paid for each of the last two fiscal years for professional services rendered by the registrant's external auditors are summarized below:

Nature of Services Rendered		Aggregate Fees (in millions)	
		2015	**2014**
Audit and Audit-Related Fees	Annual audit of the Consolidated, Parent Company and FCDU Financial Statements in connection with statutory and regulatory filings, including the Combined Financial Statements of Trust and Managed Funds Operated by the Trust Banking Group with Supplementary Combining Information; limited review of financial statements based on agreed-upon procedures; issuance of comfort letters relative to the offering of stock rights; and other services	₱25.95	₱27.72
Tax Fees	None	-	-
All Other Fees	Seminars and others	3.06	0.48
Total Fees		**₱29.01**	**₱28.20**

<u>Audit Committee's Approval Policies and Procedures for Above Services</u>

The Institutional Accounting Division of the Bank's Controllership Group, upon consultation with the Controller, the Financial and Control Sector Head and the President, reviews the continuing eligibility of the Bank's external auditors and/or other probable candidates, considering certain criteria.

Upon selection by the Controller, the Financial and Control Sector Head and the President, the recommendation for hiring of the preferred external auditors shall be presented by the Controller to the Audit Committee which shall then evaluate and endorse the appointment of the external auditors to the Board of Directors for approval.

On March 16, 2016, the Board of Directors approved the endorsement of the Audit Committee re-appointing SGV & Co. as the external auditors for 2016. This item is included for ratification by the stockholders during the Annual Stockholders' Meeting on April 27, 2016.

<u>Appointment of Members and Composition of the Audit Committee</u>

The members of the Audit Committee are appointed annually by the Board of Directors of Metrobank. It shall be composed of at least three (3) board members, majority of which shall be non-executive directors, and at least two (2) of whom shall be independent directors, including the Chairman, preferably with accounting and financial management experience, and one (1) of whom shall have related audit experience commensurate with the size, complexity of operations and risk profile of the Bank. Metrobank's Audit Committee is composed of the following:

Names of Members	Designation - Audit Committee	Designation - Registrant
Robin A. King	Chairman	Independent Director
Renato C. Valencia	Vice-Chairman	Independent Director
Remedios L. Macalincag	Member	Independent Director
Vicente B. Valdepeñas, Jr.	Member	Independent Director
Francisco F. Del Rosario, Jr.	Member	Independent Director
Antonio S. Abacan, Jr.	Adviser	Chairman, Board of Advisers
Cornelio C. Gison	Adviser	Board Adviser

As provided in its amended charter, one of the duties and responsibilities of the Audit Committee is to exercise effective oversight of external audit functions. With respect to the registrant's independent external auditors, the Audit Committee is responsible to:

1. Appoint, re-appoint and terminate the independent external auditors based on fair and transparent criteria;
2. Discuss and agree to the terms of the engagement letter issued by the external auditor prior to the approval of the engagement, obtain an understanding of the scope and audit approach, set compensation of the external auditor in relation to the scope of its duties upon recommendation of Controller, and ensure coordination where more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
3. Review management representation letters before these are transmitted to the external auditor to ensure that items in the letter are complete and accurate;

4. Review independent external auditors' report on the results of the audit of the annual financial statements before these are submitted to the Board of Directors for approval, focusing particularly on any change/s in accounting policies and procedures, major estimates, assumptions and judgmental areas, unusual or complex transactions, significant adjustments, material errors and fraud, going concern assumption, compliance with accounting standards, and compliance with tax, legal and regulatory requirements;
5. Understand and duly assess the external auditor's opinion regarding the capability of the management and the adequacy of accounting/information systems to comply with the financial and prudential reporting responsibilities;
6. Review reports of external auditors and ensure that Management is taking appropriate corrective actions, in a timely manner in addressing control weaknesses and non-compliance with policies, laws and regulations and other issues identified by auditors. Furthermore, significant matters in the said reports should be reported to the Board of Directors;
7. Keep the nature and extent of non-audit services provided by the external auditors under review and disallow any non-audit work that will conflict with or pose a threat to the independence of the external auditors;
8. Meet with the lead audit partner and other members of the audit team as necessary, without the presence of management, to discuss issues arising from the audit and any other matters that the external auditors may wish to raise with the AC and vice versa;
9. Review and monitor the overall effectiveness and conduct regular performance appraisal of external auditors;
10. Ensure that the external auditors shall have free and full access to all the Bank's records, properties and personnel relevant to the audit activity, and that audit be given latitude in determining the scope, performing work, and communicating results and shall be free from interference by outside parties in the performance of work;
11. Assess the extent of cooperation provided by the management during the conduct of the external audit; and
12. Recommend necessary enhancements in the audit processes.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

SGV & Co. has been the external auditors of the Bank since 1962 with engagement partner being changed every five (5) years effective 2002 in accordance with SEC and BSP regulations. There have been no disagreements with the Bank's independent accountants on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

Material Subsequent Events

1. On January 19, 2016, the BOD of PSBank declared a 7.50% regular cash dividend for the fourth quarter of 2015 amounting to ₱180.2 million equivalent to ₱0.75 per share, payable not later than February 19, 2016 to all stockholders of record date as of February 1, 2016.

2. On January 25, 2016, SMBC paid 10.00% cash dividends amounting to ₱60.0 million to its stockholders of record as of December 11, 2015 which was approved by its BOD on same date.

3. On February 16, 2016, the Bank paid the semi-annual coupon payment on the HT1 Capital, representing the USD125.0 million 9.00% non-cumulative step-up callable perpetual capital securities which were redeemed on the same date under the optional redemption.

Others

As of December 31, 2015, the Group has no significant matters to report on the following:

1. Known trends, events or uncertainties that would have material impact on liquidity and on the sales or revenues.

2. Explanatory comments about the seasonality or cyclicality of operations.

3. Issuances, repurchases and repayments of debt and equity securities except for the issuance of P32.0 billion stock rights as discussed in Note 23 of the audited financial statements of the Group as presented in Exhibit 3.

4. Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payments of cash dividend and semi-annual coupons on the HT1 Capital as discussed in Notes 23 of the audited financial statements of the Group as presented in Exhibit 3.

5. Effect of changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

SEC FORM 17-A (ANNUAL REPORT)

A copy of SEC Form 17-A (2015 Annual Report) will be provided free of charge upon written request addressed to:

ATTY. LAARNI D. BERNABE
Assistant Corporate Secretary
Metropolitan Bank & Trust Company
11/F Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village,
Makati City, Metro Manila, Philippines

PART IV – SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

This report is signed in the City of Makati on March 28, 2016.

METROPOLITAN BANK & TRUST COMPANY
Registrant

By:

LAARNI D. BERNABE
Assistant Corporate Secretary

Exhibit A

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
FINANCIAL INDICATORS
AS OF DECEMBER 31, 2015 AND 2014

		2015	2014
a)	Liquidity Ratio	46.16%	49.29%
b)	Loans to Deposits Ratio	70.01%	64.07%
c)	Debt to Equity Ratio	803.77%	963.01%
d)	Asset to Equity Ratio	908.70%	1068.77%
e)	Return on Average Equity	10.83%	14.11%
f)	Return on Average Assets	1.11%	1.35%
g)	Net Interest Margin on Average Earning Assets	3.54%	3.73%
h)	Operating Efficiency Ratio	59.15%	56.07%
i)	Capital Adequacy Ratio	17.75%	16.03%
j)	Common Equity Tier 1 Ratio	14.25%	12.14%

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Metropolitan Bank & Trust Company and Subsidiaries (the Group) and of Metropolitan Bank & Trust Company (the Parent Company) is responsible for the preparation and fair presentation of the financial statements as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, including the additional components attached therein, in accordance with accounting principles generally accepted in the Philippines for banks for the Group and Philippine Financial Reporting Standards for the Parent Company. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the 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 stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the Group and of the Parent Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed this 17th day of February, 2016.

ARTHUR TY **Chairman**	**FABIAN S. DEE** **President**
JOSHUA E. NAING **SEVP and Head, Financial and Control Sector**	**FERNAND ANTONIO A. TANSINGCO** **SEVP, Treasurer and Head, Financial Market Sector**

MARILOU C. BARTOLOME
SVP and Controller

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

SUBSCRIBED AND SWORN to before me at Makati City, Metro Manila this MAR 0 7 2016, affiants exhibiting to me their respective Passports with the following details:

Names	Passport No.	Date/Place of Issue	Valid Until
ARTHUR TY	EB7793813	Apr. 4, 2013/DFA Manila	Apr. 3, 2018
FABIAN S. DEE	EB9374579	Oct. 16, 2013/PCG Vancouver	Oct. 15, 2018
JOSHUA E. NAING	EC1638005	Jul. 15, 2014/DFA Manila	Jul. 14, 2019
FERNAND ANTONIO A. TANSINGCO	EB6547601	Oct. 12, 2012/DFA Manila	Oct. 11, 2017
MARILOU C. BARTOLOME	EB9792501	Dec. 11, 2013/DFA Manila	Dec. 10, 2018

ATTY. RHEA C. BALATO
Notary Public - Makati City
Appointment No. M-254 until December 31, 2016
7/F Metrobank Plaza, Sen. Gil Puyat Ave., Makati City
PTR No. MKT4759477 01/12/15 Makati City
IBP Lifetime No. 07134 Northern Samar
Roll No. 44411
MCLE Cert. No. IV-0014182 issued on 03/20/13

Doc. No. 74;
Page No. 46;
Book No. I;
Series of 2016.

EXHIBIT 3

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 0 5 7 3

C O M P A N Y   N A M E

M E T R O P O L I T A N   B A N K   &   T R U S T   C O M P A N Y   A N D   S U B S I D I A R I E S

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

M e t r o b a n k   P l a z a ,   S e n .   G i l   P u y a t   A v e n u e ,   U r d a n e t a   V i l l a g e ,   M a k a t i   C i t y ,   M e t r o   M a n i l a

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
https://www.metrobank.com.ph	898-8000	N.A.

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,159		12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Marilou C. Bartolome	marilou.bartolome@metrobank.com.ph	898-8805	09178172814

CONTACT PERSON's ADDRESS

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Metropolitan Bank & Trust Company
Metrobank Plaza, Sen. Gil Puyat Avenue
Urdaneta Village, Makati City
Metro Manila, Philippines

Report on the Financial Statements

We have audited the accompanying financial statements of Metropolitan Bank & Trust Company and Subsidiaries (the Group) and of Metropolitan Bank & Trust Company (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

The Group's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Philippines for banks for the Group and Philippine Financial Reporting Standards for the Parent Company as described in Note 2 to the financial statements, and for such internal control as the Group's 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 Group'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 Group'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 as at December 31, 2015 and 2014 and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with the accounting principles generally accepted in the Philippines for banks as described in Note 2 to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2015 and 2014 and its financial performance and its 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 19-2011 and 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 19-2011 and 15-2010 in Note 37 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of 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.

Janeth T. Nuñez-Javier

Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
SEC Accreditation No. 1328-A (Group A),
July 1, 2013, valid until June 30, 2016
Tax Identification No. 900-322-673
BIR Accreditation No. 08-001998-69-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321671, January 4, 2016, Makati City

February 17, 2016

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(In Millions)

	Consolidated		Parent Company	
	December 31			
	2015	2014	**2015**	2014
ASSETS				
Cash and Other Cash Items	**₱32,536**	₱34,943	**₱28,570**	₱30,733
Due from Bangko Sentral ng Pilipinas (Note 16)	**214,704**	215,253	**185,484**	174,259
Due from Other Banks	**36,864**	38,200	**26,213**	25,583
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (Notes 7 and 26)	**36,118**	119,839	**25,951**	108,441
Financial Assets at Fair Value Through Profit or Loss (Note 8)	**48,856**	45,935	**34,568**	29,850
Available-for-Sale Investments (Note 8)	**235,158**	207,711	**202,312**	179,375
Held-to-Maturity Investments (Note 8)	**208,432**	129,076	**175,816**	110,777
Loans and Receivables (Note 9)	**887,202**	759,481	**692,404**	589,993
Investments in Subsidiaries (Note 11)	**–**	–	**26,368**	26,276
Investments in Associates and a Joint Venture (Note 11)	**5,272**	2,589	**515**	428
Property and Equipment (Note 10)	**21,670**	16,231	**15,390**	10,456
Investment Properties (Note 12)	**8,195**	10,037	**4,132**	6,229
Deferred Tax Assets (Note 28)	**8,427**	6,831	**6,284**	5,273
Goodwill (Note 11)	**5,202**	5,201	**–**	–
Other Assets (Note 14)	**12,056**	13,213	**7,726**	9,507
	₱1,760,692	₱1,604,540	**₱1,431,733**	₱1,307,180

LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 16 and 31)				
Demand	**₱233,912**	₱187,285	**₱219,772**	₱169,851
Savings	**467,587**	406,767	**446,734**	390,509
Time	**542,221**	576,152	**425,629**	475,818
Long-Term Negotiable Certificates	**14,250**	14,250	**14,250**	14,250
	1,257,970	1,184,454	**1,106,385**	1,050,428
Bills Payable and Securities Sold Under Repurchase Agreements (Notes 17 and 31)	**176,791**	140,399	**88,640**	62,345
Derivative Liabilities (Note 8)	**4,145**	3,071	**4,145**	3,054
Manager's Checks and Demand Drafts Outstanding	**5,613**	4,653	**4,264**	3,399
Income Taxes Payable	**880**	1,191	**300**	591
Accrued Interest and Other Expenses (Note 18)	**8,187**	9,874	**5,771**	7,514
Bonds Payable (Note 19)	**11,516**	11,444	**–**	–
Subordinated Debts (Note 20)	**29,487**	29,452	**22,374**	22,344
Deferred Tax Liabilities (Note 28)	**451**	457	**–**	–
Non-equity Non-controlling Interest (Note 21)	**9,909**	10,124	**–**	–
Other Liabilities (Note 21)	**52,433**	50,636	**36,630**	35,789
	1,557,382	1,445,755	**1,268,509**	1,185,464

(Forward)

	Consolidated		Parent Company	
	December 31			
	2015	2014	**2015**	2014
EQUITY				
Equity Attributable to Equity Holders of the Parent Company				
Common stock (Notes 23 and 31)	**₱63,603**	₱54,896	**₱63,603**	₱54,896
Hybrid capital securities (Note 23)	**6,351**	6,351	**6,351**	6,351
Capital paid in excess of par value (Note 23)	**42,139**	19,312	**42,139**	19,312
Surplus reserves (Note 24)	**1,506**	1,371	**1,506**	1,371
Surplus (Notes 23 and 24)	**87,497**	72,258	**57,605**	45,265
Treasury stock (Note 23)	**(187)**	(30)	**–**	–
Remeasurement losses on retirement plan (Note 27)	**(3,530)**	(2,440)	**(2,915)**	(2,028)
Net unrealized loss on available-for-sale investments (Note 8)	**(4,783)**	(2,394)	**(4,502)**	(2,609)
Equity in other comprehensive income of associates (Note 11)	**180**	260	**–**	–
Translation adjustment and others (Notes 8 and 11)	**983**	545	**(563)**	(842)
	193,759	150,129	**163,224**	121,716
Non-controlling Interest	**9,551**	8,656	**–**	–
	203,310	158,785	**163,224**	121,716
	₱1,760,692	₱1,604,540	**₱1,431,733**	₱1,307,180

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF INCOME

(In Millions, Except Earnings Per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014	2013	**2015**	2014	2013
INTEREST INCOME ON						
Loans and receivables (Notes 9 and 31)	**₱44,179**	₱39,829	₱35,537	**₱22,930**	₱20,361	₱18,156
Trading and investment securities (Note 8)	**17,838**	14,995	11,415	**15,282**	12,951	9,106
Interbank loans receivable and securities purchased under resale agreements (Note 31)	**2,986**	4,145	2,417	**2,657**	3,029	1,705
Deposits with banks and others	**553**	325	523	**297**	108	282
	65,556	59,294	49,892	**41,166**	36,449	29,249
INTEREST AND FINANCE CHARGES						
Deposit liabilities (Notes 16 and 31)	**11,159**	9,299	7,556	**8,476**	6,588	4,975
Bills payable and securities sold under repurchase agreements, bonds payable, subordinated debts and others (Notes 17, 19, 20 and 31)	**5,423**	4,232	4,067	**2,019**	1,263	873
	16,582	13,531	11,623	**10,495**	7,851	5,848
NET INTEREST INCOME	**48,974**	45,763	38,269	**30,671**	28,598	23,401
Service charges, fees and commissions (Note 31)	**9,794**	8,898	8,640	**3,592**	3,483	3,555
Leasing (Notes 12, 13 and 31)	**1,970**	1,894	1,638	**244**	238	243
Profit from assets sold (Notes 10 and 12)	**1,293**	10,200	894	**1,187**	9,815	643
Trading and securities gain - net (Notes 8 and 31)	**1,282**	3,305	17,182	**1,604**	699	8,586
Income from trust operations (Notes 24, 29 and 31)	**1,164**	1,186	1,071	**1,142**	1,139	1,057
Foreign exchange gain (loss) - net (Note 31)	**517**	(102)	(2,266)	**18**	(357)	(2,575)
Dividends (Notes 11 and 31)	**478**	262	435	**1,849**	3,147	10,006
Gain on sale of investment in associates (Notes 8, 11 and 31)	**–**	1,225	7,388	**–**	638	–
Gain on sale of non-current asset held for sale (Note 31)	**–**	–	3,440	**–**	–	4,201
Miscellaneous (Notes 25 and 31)	**1,930**	2,263	2,233	**520**	973	421
TOTAL OPERATING INCOME	**67,402**	74,894	78,924	**40,827**	48,373	49,538
Compensation and fringe benefits (Notes 27 and 31)	**16,014**	17,245	15,634	**10,469**	12,268	11,018
Taxes and licenses	**6,158**	7,052	8,131	**3,712**	4,413	4,167
Depreciation and amortization (Notes 10, 12 and 14)	**2,879**	2,566	2,400	**1,254**	1,057	1,112
Occupancy and equipment-related cost (Note 13)	**2,592**	2,442	2,225	**1,510**	1,405	1,286
Provision for (reversal of) credit and impairment losses (Notes 15 and 31)	**2,059**	4,849	10,722	**(2,926)**	7	5,294
Amortization of software costs (Note 14)	**381**	330	284	**160**	146	139
Income (loss) attributable to non-equity non-controlling interests (Note 21)	**(336)**	1,070	(173)	**–**	–	–
Miscellaneous (Note 25)	**12,184**	11,289	10,101	**7,716**	6,980	6,162
TOTAL OPERATING EXPENSES (Note 21)	**41,931**	46,843	49,324	**21,895**	26,276	29,178
INCOME BEFORE SHARE IN NET INCOME OF ASSOCIATES AND A JOINT VENTURE	**25,471**	28,051	29,600	**18,932**	22,097	20,360
SHARE IN NET INCOME OF ASSOCIATES AND A JOINT VENTURE (Note 11)	**409**	443	1,477	**–**	–	–
INCOME BEFORE INCOME TAX	**25,880**	28,494	31,077	**18,932**	22,097	20,360
PROVISION FOR INCOME TAX (Note 28)	**5,237**	6,459	6,748	**3,206**	4,355	3,646
NET INCOME (Note 21)	**₱20,643**	₱22,035	₱24,329	**₱15,726**	₱17,742	₱16,714
Attributable to:						
Equity holders of the Parent Company (Note 32)	**₱18,625**	₱20,113	₱22,488			
Non-controlling Interest (Notes 11 and 21)	**2,018**	1,922	1,841			
	₱20,643	₱22,035	₱24,329			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 32)	**₱5.86**	₱6.88*	₱7.72*			

*Restated to show the effect of stock rights issued in 2015.

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014	2013	**2015**	2014	2013
Net Income (Note 21)	**₱20,643**	₱22,035	₱24,329	**₱15,726**	₱17,742	₱16,714
Other Comprehensive Income (Loss) for the Year, Net of Tax						
Items that may not be reclassified to profit or loss:						
Change in remeasurement loss on retirement plan	**(1,178)**	363	(897)	**(887)**	589	(740)
Items that may be reclassified to profit or loss:						
Change in net unrealized loss on available-for-sale investments (Note 8)	**(2,397)**	(2,015)	(2,917)	**(1,893)**	(476)	(3,746)
Change in equity in other comprehensive income of associates (Note 11)	**(80)**	(12)	(498)	**–**	–	–
Translation adjustment and others (Notes 8 and 11)	**430**	(112)	1,573	**279**	46	406
	(2,047)	(2,139)	(1,842)	**(1,614)**	(430)	(3,340)
Total Comprehensive Income for the Year	**₱17,418**	₱20,259	₱21,590	**₱13,225**	₱17,901	₱12,634
Attributable to:						
Equity holders of the Parent Company	**₱15,504**	₱18,516	₱19,740			
Non-controlling Interest	**1,914**	1,743	1,850			
	₱17,418	₱20,259	₱21,590			

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Millions)

	Consolidated												
	Equity Attributable to Equity Holders of the Parent Company												
	Common Stock (Note 23)	Hybrid Capital Securities (Note 23)	Capital Paid In Excess of Par Value (Note 23)	Surplus Reserves (Note 24)	Surplus (Notes 23 and 24)	Treasury Stock (Note 23)	Remeasurement Losses on Retirement Plan (Note 27)	Net Unrealized Gain (Loss) on Available-for-Sale Investments (Note 8)	Equity in Other Comprehensive Income of Associates (Note 11)	Translation Adjustment and Others (Notes 8 and 11)	Total	Non-controlling Interest	Total Equity
Balance as at January 1, 2015	**₱54,896**	**₱6,351**	**₱19,312**	**₱1,371**	**₱72,258**	**(₱30)**	**(₱2,440)**	**(₱2,394)**	**₱260**	**₱545**	**₱150,129**	**₱8,656**	**₱158,785**
Total comprehensive income for the year	–	–	–	–	**18,625**	–	**(1,090)**	**(2,389)**	**(80)**	**438**	**15,504**	**1,914**	**17,418**
Transfer to surplus reserves	–	–	–	**135**	**(135)**	–	–	–	–	–	–	–	–
Cash dividends	–	–	–	–	**(2,745)**	–	–	–	–	–	**(2,745)**	**(1,019)**	**(3,764)**
Coupon payment of hybrid capital securities (Note 32)	–	–	–	–	**(506)**	–	–	–	–	–	**(506)**	–	**(506)**
Issuance of shares of stock	**8,707**	–	**22,827**	–	–	–	–	–	–	–	**31,534**	–	**31,534**
Parent Company shares held by mutual fund subsidiaries	–	–	–	–	–	**(157)**	–	–	–	–	**(157)**	–	**(157)**
Balance as at December 31, 2015	**₱63,603**	**₱6,351**	**₱42,139**	**₱1,506**	**₱87,497**	**(₱187)**	**(₱3,530)**	**(₱4,783)**	**₱180**	**₱983**	**₱193,759**	**₱9,551**	**₱203,310**
Balance as at January 1, 2014	₱54,896	₱6,351	₱19,312	₱1,235	₱55,525	₱–	(₱2,870)	(₱481)	₱272	₱647	₱134,887	₱7,818	₱142,705
Total comprehensive income for the year	–	–	–	–	20,113	–	430	(1,913)	(12)	(102)	18,516	1,743	20,259
Transfer to surplus reserves	–	–	–	136	(136)	–	–	–	–	–	–	–	–
Cash dividends	–	–	–	–	(2,745)	–	–	–	–	–	(2,745)	(905)	(3,650)
Coupon payment of hybrid capital securities (Note 32)	–	–	–	–	(499)	–	–	–	–	–	(499)	–	(499)
Parent Company shares held by a mutual fund subsidiary	–	–	–	–	–	(30)	–	–	–	–	(30)	–	(30)
Balance as at December 31, 2014	₱54,896	₱6,351	₱19,312	₱1,371	₱72,258	(₱30)	(₱2,440)	(₱2,394)	₱260	₱545	₱150,129	₱8,656	₱158,785
Balance as at January 1, 2013	₱42,228	₱6,351	₱19,312	₱1,108	₱48,418	₱–	(₱2,011)	₱2,439	₱757	(₱869)	₱117,733	₱6,976	₱124,709
Total comprehensive income for the year	–	–	–	–	22,488	–	(859)	(2,920)	(485)	1,516	19,740	1,850	21,590
Transfer to surplus reserves	–	–	–	127	(127)	–	–	–	–	–	–	–	–
Cash dividends	–	–	–	–	(2,111)	–	–	–	–	–	(2,111)	(1,008)	(3,119)
Stock dividend	12,668	–	–	–	(12,668)	–	–	–	–	–	–	–	–
Coupon payment of hybrid capital securities (Note 32)	–	–	–	–	(475)	–	–	–	–	–	(475)	–	(475)
Balance as at December 31, 2013	₱54,896	₱6,351	₱19,312	₱1,235	₱55,525	₱–	(₱2,870)	(₱481)	₱272	₱647	₱134,887	₱7,818	₱142,705

	Parent Company								
	Common Stock (Note 23)	**Hybrid Capital Securities** (Note 23)	**Capital Paid In Excess of Par Value** (Note 23)	**Surplus Reserves** (Note 24)	**Surplus** (Notes 23 and 24)	**Remeasurement Losses on Retirement Plan** (Note 27)	**Net Unrealized Gain (Loss) on Available-for-Sale Investments** (Note 8)	**Translation Adjustment and Others** (Notes 8 and 11)	**Total Equity**
Balance as at January 1, 2015	**₱54,896**	**₱6,351**	**₱19,312**	**₱1,371**	**₱45,265**	**(₱2,028)**	**(₱2,609)**	**(₱842)**	**₱121,716**
Total comprehensive income for the year	–	–	–	–	**15,726**	**(887)**	**(1,893)**	**279**	**13,225**
Transfer to surplus reserves	–	–	–	**135**	**(135)**	–	–	–	–
Cash dividends	–	–	–	–	**(2,745)**	–	–	–	**(2,745)**
Coupon payment of hybrid capital securities (Note 32)	–	–	–	–	**(506)**	–	–	–	**(506)**
Issuance from shares of stock	**8,707**	–	**22,827**	–	–	–	–	–	**31,534**
Balance as at December 31, 2015	**₱63,603**	**₱6,351**	**₱42,139**	**₱1,506**	**₱57,605**	**(₱2,915)**	**(₱4,502)**	**(₱563)**	**₱163,224**
Balance as at January 1, 2014	₱54,896	₱6,351	₱19,312	₱1,235	₱30,903	(₱2,617)	(₱2,133)	(₱888)	₱107,059
Total comprehensive income for the year	–	–	–	–	17,742	589	(476)	46	17,901
Transfer to surplus reserves	–	–	–	136	(136)	–	–	–	–
Cash dividends	–	–	–	–	(2,745)	–	–	–	(2,745)
Coupon payment of hybrid capital securities (Note 32)	–	–	–	–	(499)	–	–	–	(499)
Balance as at December 31, 2014	₱54,896	₱6,351	₱19,312	₱1,371	₱45,265	(₱2,028)	(₱2,609)	(₱842)	₱121,716
Balance as at January 1, 2013	₱42,228	₱6,351	₱19,312	₱1,108	₱29,570	(₱1,877)	₱1,613	(₱1,294)	₱97,011
Total comprehensive income for the year	–	–	–	–	16,714	(740)	(3,746)	406	12,634
Transfer to surplus reserves	–	–	–	127	(127)	–	–	–	–
Cash dividends	–	–	–	–	(2,111)	–	–	–	(2,111)
Stock dividend	12,668	–	–	–	(12,668)	–	–	–	–
Coupon payment of hybrid capital securities (Note 32)	–	–	–	–	(475)	–	–	–	(475)
Balance as at December 31, 2013	₱54,896	₱6,351	₱19,312	₱1,235	₱30,903	(₱2,617)	(₱2,133)	(₱888)	₱107,059

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(In Millions)

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014	2013	**2015**	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱25,880**	₱28,494	₱31,077	**₱18,932**	₱22,097	₱20,360
Adjustments for:						
Provision for (reversal of) credit and impairment losses (Note 15)	**2,059**	4,849	10,722	**(2,926)**	7	5,294
Trading and securities gain on available-for-sale investments (Note 8)	**(1,430)**	(1,862)	(12,833)	**(1,301)**	(965)	(4,816)
Depreciation and amortization (Notes 10, 12 and 14)	**2,879**	2,566	2,400	**1,254**	1,057	1,112
Share in net income of associates and a joint venture (Note 11)	**(409)**	(443)	(1,477)	–	–	–
Profit from assets sold (Notes 10 and 12)	**(1,293)**	(10,200)	(894)	**(1,187)**	(9,815)	(643)
Gain on initial recognition of investment properties and chattel properties acquired in foreclosure (Note 25)	**(713)**	(748)	(649)	**(21)**	(54)	(61)
Amortization of software costs (Note 14)	**381**	330	284	**160**	146	139
Amortization of discount on subordinated debts and bonds payable	**45**	16	29	**29**	4	20
Unrealized market valuation gain on financial assets and liabilities at FVPL	**(1,828)**	(334)	(4,624)	**(1,847)**	(391)	(3,691)
Dividends (Note 11)	**(478)**	(262)	(435)	**(1,849)**	(3,147)	(10,006)
Gain on sale of non-current asset held for sale (Note 31)	–	–	(3,440)	–	–	(4,201)
Net loss on dissolution of investment in a subsidiary (Note 11)	–	–	–	–	–	1
Gain on sale of investment in associates (Note 11)	–	(1,225)	(7,388)	–	(638)	–
Changes in operating assets and liabilities:						
Decrease (increase) in:						
Financial assets at fair value through profit or loss	**(19)**	8,480	19,958	**(1,814)**	5,305	23,201
Loans and receivables	**(129,882)**	(153,622)	(95,041)	**(98,844)**	(132,554)	(61,553)
Other assets	**(4,371)**	(5,730)	245	**(3,824)**	(5,216)	1,191
Increase (decrease) in:						
Deposit liabilities	**73,516**	168,186	277,574	**55,957**	159,674	256,335
Bills payable - deposit substitutes	**13,718**	(7,489)	(1,095)	–	–	–
Manager's checks and demand drafts outstanding	**960**	726	438	**865**	583	84
Accrued interest and other expenses	**(1,687)**	1,367	166	**(1,743)**	1,512	95
Non-equity non-controlling interest	**(215)**	(244)	3,561	–	–	–
Other liabilities	**617**	8,335	9,186	**(12)**	7,495	2,366
Net cash generated from (used in) operations	**(22,270)**	41,190	227,764	**(38,171)**	45,100	225,227
Dividends received	**470**	579	716	**1,986**	3,147	10,006
Income taxes paid	**(7,150)**	(5,608)	(5,482)	**(4,508)**	(2,971)	(3,347)
Net cash provided by (used in) operating activities	**(28,950)**	36,161	222,998	**(40,693)**	45,276	231,886
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Available-for-sale investments	**(170,783)**	(218,572)	(982,284)	**(98,137)**	(187,532)	(882,101)
Held-to-maturity investments	**(79,513)**	(106,377)	(23,798)	**(65,196)**	(88,319)	(23,798)
Property and equipment (Note 10)	**(3,840)**	(3,073)	(3,293)	**(1,819)**	(1,447)	(1,560)
Additional investments in subsidiaries and associates (Note 11)	–	–	(959)	**(30)**	(1,452)	(41)
Proceeds from sale of:						
Available-for-sale investments	**140,573**	285,284	877,988	**74,888**	235,636	759,206
Property and equipment	**472**	739	1,299	**287**	645	954

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014	2013	**2015**	2014	2013
Investments in subsidiaries and associates (Note 11)	**₱–**	₱2,812	₱14,308	**₱–**	₱788	₱–
Investment properties (Note 12)	**4,090**	13,412	3,059	**3,167**	12,495	2,402
Non-current asset held for sale (Note 31)	**–**	–	4,537	**–**	–	4,537
Decrease (increase) in interbank loans receivable and securities purchased under resale agreements (Note 26)	**3,065**	(2,815)	(492)	**5,228**	(2,815)	(492)
Proceeds from maturity of held-to-maturity investments	**157**	15,727	6,932	**157**	15,899	6,932
Net cash used in investing activities	**(105,779)**	(12,863)	(102,703)	**(81,455)**	(16,102)	(133,961)
CASH FLOWS FROM FINANCING ACTIVITIES						
Settlements of bills payable	**(1,275,001)**	(1,971,229)	(1,495,307)	**(776,422)**	(1,763,584)	(1,271,929)
Availments of bills payable and securities sold under repurchase agreement	**1,297,675**	1,991,913	1,526,498	**802,717**	1,779,936	1,301,699
Repayments of subordinated debts (Note 20)	**–**	(4,500)	(6,800)	**–**	(4,500)	(5,500)
Proceeds from issuance of:						
Subordinated debts (Note 20)	**–**	25,315	1,170	**–**	22,344	–
Shares of stock (Note 23)	**31,534**	–	–	**31,534**	–	–
Cash dividends paid (Note 23)	**(3,764)**	(3,650)	(3,119)	**(2,745)**	(2,745)	(2,111)
Coupon payment of hybrid capital securities (Note 23)	**(506)**	(499)	(475)	**(506)**	(499)	(475)
Acquisition of Parent Company shares by a mutual fund subsidiary (Note 23)	**(157)**	(30)	–	**–**	–	–
Net cash provided by financing activities	**49,781**	37,320	21,967	**54,578**	30,952	21,684
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(84,948)**	60,618	142,262	**(67,570)**	60,126	119,609
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**34,943**	29,742	24,382	**30,733**	26,532	21,540
Due from Bangko Sentral ng Pilipinas	**215,253**	166,774	131,278	**174,259**	143,724	111,515
Due from other banks	**38,200**	26,275	22,996	**25,583**	8,947	7,873
Interbank loans receivable and securities purchased under resale agreements (Note 26)	**112,188**	117,175	19,048	**100,790**	92,036	10,702
	400,584	339,966	197,704	**331,365**	271,239	151,630
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**32,536**	34,943	29,742	**28,570**	30,733	26,532
Due from Bangko Sentral ng Pilipinas	**214,704**	215,253	166,774	**185,484**	174,259	143,724
Due from other banks	**36,864**	38,200	26,275	**26,213**	25,583	8,947
Interbank loans receivable and securities purchased under resale agreements (Note 26)	**31,532**	112,188	117,175	**23,528**	100,790	92,036
	₱315,636	₱400,584	₱339,966	**₱263,795**	₱331,365	₱271,239

OPERATIONAL CASH FLOWS FROM INTEREST

	Consolidated			Parent Company		
	Years Ended December 31					
	2015	2014	2013	**2015**	2014	2013
Interest paid	**₱16,616**	₱13,436	₱11,663	**₱10,440**	₱7,701	₱5,904
Interest received	**64,663**	59,389	48,836	**40,936**	36,654	27,985

See accompanying Notes to Financial Statements.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Metropolitan Bank & Trust Company (the Parent Company) is a universal bank incorporated in the Philippines on April 6, 1962. The Securities and Exchange Commission (SEC) approved the renewal of its Certification of Incorporation until April 6, 2057 on November 19, 2007.

The Parent Company's shares were listed with the Philippine Stock Exchange, Inc. (PSE) on February 26, 1981, as approved by the SEC in November 1980. It has a universal banking license granted by the Bangko Sentral ng Pilipinas (BSP) on August 21, 1981.

The Parent Company and its subsidiaries (the Group) are engaged in all aspects of banking, financing, leasing, real estate and stock brokering through a network of about 2,000 local and international branches, subsidiaries, representative offices, remittance correspondents and agencies. As a bank, the Parent Company, which is the ultimate parent of the Group, provides services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury, foreign exchange, trading and remittances, and trust services. Its principal place of business is at Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila, Philippines.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities at fair value through profit or loss (FVPL) and available-for-sale (AFS) investments that have been measured at fair value.

The financial statements of the Parent Company and Philippine Savings Bank (PSBank) include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine Peso (PHP) 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 (see accounting policy on Foreign Currency Translation). The financial statements of these units are combined after eliminating inter-unit accounts.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The respective functional currencies of the subsidiaries are presented under Basis of Consolidation.
The financial statements are presented in PHP, and all values are rounded to the nearest million pesos (₱000,000), except when otherwise indicated.

Statement of Compliance
The financial statements of the Group have been prepared in compliance with the accounting principles generally accepted in the Philippines for banks or Philippine GAAP for banks. As discussed in Note 8, in 2011, First Metro Investment Corporation (FMIC), a majority-owned subsidiary of the Parent Company, participated in a bond exchange transaction under the liability management exercise of the Philippine Government. The SEC granted an exemptive relief from the existing tainting rule on held-to-maturity (HTM) investments under Philippine Accounting

Standard (PAS) 39, *Financial Instruments: Recognition and Measurement,* while the BSP also provided the same exemption for prudential reporting to the participants. Following this exemption, the basis of preparation of the financial statements of the availing entities shall not be Philippine Financial Reporting Standards (PFRS) but should be the prescribed financial reporting framework for entities which are given relief from certain requirements of the PFRS. Except for the aforementioned exemption which is applied starting 2011, the financial statements of the Group have been prepared in compliance with the PFRS.

The financial statements of the Parent Company have been prepared in compliance with the PFRS.

Presentation of Financial Statements
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and of its subsidiaries and are prepared for the same reporting period as the Parent Company using consistent accounting policies. The following are the wholly and majority-owned foreign and domestic subsidiaries of the Parent Company in 2015 and 2014 (Note 11):

Subsidiary	Country of Incorporation	Effective Percentage of Ownership	Functional Currency
Financial Markets:			
Domestic:			
FMIC and Subsidiaries (99.23% in 2014)	Philippines	99.24	PHP
PSBank	Philippines	75.98	PHP
Metrobank Card Corporation (A Finance Company) (MCC)	Philippines	60.00	PHP
ORIX Metro Leasing and Finance Corporation (ORIX Metro) and Subsidiaries	Philippines	59.85	PHP
Foreign:			
Metropolitan Bank (China) Ltd. (MBCL)	China	100.00	Chinese Yuan
Metropolitan Bank (Bahamas) Limited (Metrobank Bahamas)	The Bahamas	100.00	USD
First Metro International Investment Company Limited (FMIIC) and Subsidiary	Hong Kong	99.85	Hong Kong Dollar (HKD)
Remittances:			
Metro Remittance (Hong Kong) Limited (MRHL)	Hong Kong	100.00	HKD
Metro Remittance (Singapore) Pte. Ltd. (MRSPL)	Singapore	100.00	Singapore Dollar
Metro Remittance (UK) Limited (MR UK)	United Kingdom	100.00	Great Britain Pound
Metro Remittance (USA), Inc. (MR USA)	United States of America (USA)	100.00	USD
Metro Remittance Center, Inc. (MRCI)	USA	100.00	USD
Metro Remittance (Japan) Co. Ltd. (MR Japan)	Japan	100.00	Japanese Yen
Metro Remittance (Italia), S.p.A. (MR Italia)*	Italy	100.00	Euro
Real Estate:			
Circa 2000 Homes, Inc. (Circa)*	Philippines	100.00	PHP
Others:			
Philbancor Venture Capital Corporation (PVCC)*	Philippines	60.00	PHP
MBTC Technology, Inc. (MTI)**	Philippines	100.00	PHP

* In process of dissolution.
** In process of liquidation.

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation (Note 31). Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved where the Group 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. Consolidation of subsidiaries ceases when control is transferred out of the Group or the Parent Company. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of income and consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any non-controlling interest; (c) derecognizes the related other comprehensive income recorded in equity and recycles the same to statement of income or retained earnings; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in statement of income; and (g) reclassifies the Parent Company's share of components previously recognized in other comprehensive income (OCI) to profit or loss or surplus, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Entity with Significant Influence over the Group

GT Capital Holdings, Inc. (GT Capital) holds 25.22% and 25.11% of the total shares of the Parent Company as of December 31, 2015 and 2014, respectively (Note 31).

Non-controlling Interest

Non-controlling interest represents the portion of profit or loss and the net assets not held by the Group and 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 Parent Company. Any losses applicable to the non-controlling interests in excess of 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 are accounted for as equity transactions.

Non-equity Non-controlling Interest

The Group has seed capital investments in a number of funds where it is in a position to be able to control those funds. These funds are consolidated.

Non-equity non-controlling interest (NENCI) represents the portion of profit or loss and net assets of the consolidated funds not attributed, directly or indirectly, to the Parent Company and are presented separately in the consolidated statement of income and in the liability section in the consolidated statement of financial position.

Changes in Accounting Policies and Disclosures

The Group applied, for the first time, the following applicable new and revised accounting standards. Unless otherwise indicated, these new and revised accounting standards have no impact to the Group. Except for these standards and amended PFRS which were adopted as of

January 1, 2015, the accounting policies adopted are consistent with those of the previous financial year.

Annual Improvements to PFRSs (2011 - 2013 cycle)
The Annual Improvements to PFRSs (2011 - 2013 cycle) which took effect on July 1, 2014 contain non-urgent but necessary amendments to the following standards:

PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The Group will consider this amendment for future joint arrangements.

PFRS 13, *Fair Value Measurement - Portfolio Exception*
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts.

PAS 40, *Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3.

The Group will consider the amendments to the following standards as applicable to future transactions:

PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 shall be applied retrospectively.

Annual Improvements to PFRSs (2010 - 2012 cycle)
The Annual Improvements to PFRSs (2010 - 2012 cycle) which took effect on January 1, 2015, contain non-urgent but necessary amendments to the following standards:

PFRS 2, *Share-based Payment - Definition of Vesting Condition*
The amendment revised the definitions of vesting and market conditions and added the definitions of performance and service conditions to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after January 1, 2015.

PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. 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 PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after January 1, 2015.

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 require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments shall be applied retrospectively and will affect disclosures only.

PAS 24, *Related Party Disclosures - Key Management Personnel*
The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments shall be applied retrospectively and will affect disclosures only.

Significant Accounting Policies

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

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

FCDU, foreign branches and subsidiaries
As at the reporting date, the assets and liabilities of foreign branches and subsidiaries and FCDU of the Parent Company and PSBank 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 statement of comprehensive income as 'Translation adjustment and others'. Upon disposal of a foreign entity or when the Parent Company ceases to have control over the subsidiaries or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statement of comprehensive income is recognized in the statement of income.

Fair Value Measurement

The Group measures certain financial instruments, such as derivatives, at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortized cost and investment properties are disclosed in Note 5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). 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.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid - ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

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

For assets and liabilities not listed in an active market, 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.

The Group determines the policies and procedures for both recurring fair value measurement, such as financial assets at FVPL, and for non-recurring measurement, such as investment properties.

External valuers are involved for valuation of significant 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 as explained above.

Financial Instruments - Initial Recognition and Subsequent Measurement
Date of recognition
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. Derivatives are recognized on trade date basis. Deposits, amounts due to banks and customers and loans are recognized when cash is received by the Group or advanced to the borrowers.

Initial recognition of financial instruments
All financial instruments are initially measured at fair value. Except for financial assets and financial liabilities valued at FVPL, the initial measurement of financial instruments includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, HTM investments, AFS investments, and loans and receivables while financial liabilities are classified as financial liabilities at FVPL and financial liabilities carried at amortized cost. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

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

Derivatives recorded at FVPL
The Parent Company and some of its subsidiaries are counterparties to derivative contracts, such as currency forwards, currency swaps, interest rate swaps (IRS), call options, non-deliverable forwards (NDF) and other interest rate derivatives. These derivatives are entered into as a service to customers and as a means of reducing or managing their respective foreign exchange and interest rate exposures, as well as for trading purposes. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the statement of income and are included in 'Trading and securities gain - net'. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Hedge accounting
For the purpose of hedge accounting, hedges are classified primarily as either: (a) a hedge of the fair value of an asset, liability or a firm commitment (fair value hedge); or (b) a hedge of the exposure to variability in cash flows attributable to an asset or liability or a forecasted transaction (cash flow hedge); or (c) a hedge of a net investment in a foreign operation (net investment hedge). Hedge accounting is applied to derivatives designated as hedging instruments in a fair value, cash flow, or net investment hedge provided certain criteria are met.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedge
The effective portion of the gain or loss on the hedging instrument is recognized directly as 'Translation adjustment and others' in the statement of comprehensive income. Any gain or loss in fair value relating to an ineffective portion is recognized immediately in the statement of income.

Amounts recognized as other comprehensive income are transferred to the statement of income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the statement of comprehensive income are transferred to the statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss. If the related transaction is no longer expected to occur, the amount is recognized in the statement of income.

Hedge effectiveness testing
To qualify for hedge accounting, the Group requires that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective (prospective effectiveness), and demonstrate actual effectiveness (retrospective effectiveness) on an ongoing basis. The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method that the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

For prospective effectiveness, the hedging instrument must be expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. The Group applies the dollar-offset method using hypothetical derivatives in performing hedge effectiveness testing. For actual effectiveness to be achieved, the changes in fair value or cash flows must offset each other in the range of 80.00% to 125.00%. Any hedge ineffectiveness is recognized in the statement of income.

Embedded derivatives
The Group has certain derivatives that are embedded in host financial (such as structured notes and debt instruments) and non-financial (such as lease and service agreements) contracts. These embedded derivatives include interest rate derivatives in debt instruments which include structured notes and foreign currency derivatives in debt instruments and lease agreements.

Embedded derivatives are bifurcated from their host contracts and carried at fair value with fair value changes being reported through profit or loss, when the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial assets or liabilities at FVPL, when their economic risks and characteristics are not clearly and closely related to those of their respective host contracts, and when a separate instrument with the same terms as the embedded derivatives would meet the definition of a derivative. The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group first becomes a party to the contract. Reassessment of embedded derivatives is only done when there are changes in the contract that significantly modifies the contractual cash flows.

Financial assets or financial liabilities held for trading
Financial assets or financial liabilities held for trading are recorded in the statement of financial position at fair value. Changes in fair value relating to the held for trading positions are recognized in 'Trading and securities gain - net'. Interest earned or incurred is recorded in 'Interest income' or 'Interest expense' respectively, while dividend income is recorded in 'Dividends' when the right to receive payment has been established. Included in this classification are debt and equity securities which have been acquired principally for the purpose of selling or repurchasing in the near term.

AFS investments
AFS investments include debt and equity instruments. Equity investments classified under AFS investments are those which are neither classified as held-for-trading (HFT) nor designated at FVPL. Debt securities are those that do not qualify to be classified as HTM investments or loans and receivables, are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS investments are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the statement of income. The unrealized gains and losses arising from the fair valuation of AFS investments are excluded, net of tax, from reported earnings and are included in the statement of comprehensive income as 'Net unrealized gain (loss) on AFS investments'.

When the security is disposed of, the cumulative gain or loss previously recognized in the statement of comprehensive income is recognized as 'Trading and securities gain - net' in the statement of income. Gains and losses on disposal are determined using the average cost method. Interest earned on holding AFS investments are reported as 'Interest income' using the effective interest rate (EIR) method. Dividends earned on holding AFS investments are recognized in the statement of income as 'Dividends' when the right of the payment has been established. The losses arising from impairment of such investments are recognized as 'Provision for credit and impairment losses' in the statement of income.

HTM investments
HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS investments unless for sales or reclassifications that:

- are so close to maturity or the financial asset's call date (for example, less than three months before maturity) that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;

- occur after the entity has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
- are attributable to an isolated event that is beyond the entity's control, is non-recurring and could not have been reasonably anticipated by the entity.

After initial measurement, these investments are subsequently measured at amortized cost using the EIR method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of income. Gains and losses are recognized in statement of income when the HTM investments are derecognized or impaired, as well as through the amortization process. The losses arising from impairment of such investments are recognized in the statement of income under 'Provision for credit and impairment losses'. The effects of revaluation on foreign currency-denominated HTM investments are recognized in the statement of income.

The Group follows Philippine GAAP for banks in accounting for its HTM investments in the consolidated financial statements. Under Philippine GAAP for banks, the gain on exchange on FMIC's participation in the domestic bond exchange was deferred and amortized over the term of new bonds (see Statement of Compliance discussion).

Loans and receivables
This accounting policy relates to the statement of financial position captions 'Due from BSP', 'Due from other banks', 'Interbank loans receivable and securities purchased under resale agreements (SPURA)' and 'Loans and receivables'. These are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as 'other financial assets held for trading', designated as AFS investments or 'financial assets designated at FVPL'.

Loans and receivables include purchases made by MCC's cardholders which are collected on installments and are recorded at the cost of the items purchased plus interest covering the installment period which is initially credited to unearned discount, shown as a deduction from 'Loans and receivables'.

Loans and receivables also include ORIX Metro's lease contracts receivable and notes receivable financed which are stated at the outstanding balance, reduced by unearned lease income and unearned finance income, respectively.

After initial measurement, 'Due from BSP', 'Due from other banks', 'Interbank loans receivable and SPURA' and 'Loans and receivables', are subsequently measured at amortized cost using the EIR method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of income. The losses arising from impairment are recognized in 'Provision for credit and impairment losses' in the statement of income.

Other financial liabilities
Issued financial instruments or their components, which are not designated at FVPL, are classified as liabilities under 'Deposit liabilities', 'Bills 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 at FVPL, are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Derecognition of Financial Assets and Liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred 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 of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the Group could be required to repay ('the guarantee amount'). When the Group's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in case of a written put option to an asset that is measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price. When the Group's continuing involvement takes the form of a cash-settled option or similar provision on the transferred asset, the extent of the Group's continuing involvement is measured in the same way as that which results from non-cash settled options.

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 securities sold under repurchase agreements (SSURA) included in 'Bills Payable and SSURA' and is considered as a loan to the Group, reflecting the economic substance of such transaction.

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

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.

Financial assets carried at amortized cost

For financial assets carried at amortized cost such as loans and receivables, due from other banks, and HTM investments, 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 EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

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 the statement of income. Interest income continues to be recognized based on the original EIR of the asset. Financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to the 'Provision for credit and impairment losses' 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 credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such as changes in property prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The Group also uses the Net Flow Rate method to determine the credit loss rate of a particular delinquency age bucket based on historical data of flow-through and flow-back of loans across specific delinquency age buckets. The allowance for credit losses is determined based on the results of the net flow to write-off methodology. Net flow tables are derived from monitoring of monthly peso movements between different stage buckets, from 1-day past due to 180-day past due. The net flow to write-off methodology relies on the last 12 months of net flow tables to establish a percentage ('net flow rate') of accounts receivable that are current or in any state of delinquency (i.e., 30, 60, 90, 120, 150 and 180 day past due) as of reporting date that will eventually result in write-off. The gross provision is then computed based on the outstanding balances of the receivables as of statement of financial position date and the net flow rates determined for the current and each delinquency bucket. This gross provision is reduced by the estimated recoveries, which are also based on historical data, to arrive at the required allowance for credit losses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS investments
In case of quoted equity investments classified as 'AFS investments', this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of income - is removed from the statement of comprehensive income and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized directly in the statement of comprehensive income.

In case of unquoted equity investments classified as 'AFS investments', the amount of the impairment is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

In case of debt instruments classified as 'AFS investments', impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of 'Interest income' in the statement of income. If subsequently, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

Restructured loans
Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for credit and impairment losses' in the statement of income.

<u>Revenue Recognition</u>
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. Revenue is measured at the fair value of the consideration received. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group concluded that it is acting as a principal in all of its revenue arrangements except for certain trading transactions. The following specific recognition criteria must also be met before revenue is recognized:

Interest income
For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as AFS investments, interest income is recorded at the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as 'Interest income'.

Once the recorded value of a financial asset or group of similar financial assets carried at amortized cost has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

Purchases by credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus a 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 consolidated statement of financial position. The unearned discount is taken up to interest income over the installment terms and is computed using the EIR method.

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 investment fund fees, custodian fees, fiduciary fees, commission income, credit related fees, asset management fees, portfolio and other management fees, and advisory fees. Loan commitment fees for loans that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the EIR on the loan.

b. *Fee income from providing transaction services*
Fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as underwriting fees, corporate finance fees and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses - are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. Loan syndication fees are recognized in the statement of income when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same EIR as for the other participants.

Leasing income - Finance lease
The excess of aggregate lease rentals plus the estimated residual value over the cost of the leased equipment constitutes the unearned lease income. Residual values represent estimated proceeds from the disposal of equipment at the time lease is estimated. The unearned lease income is amortized over the term of the lease, commencing on the month the lease is executed using the EIR method.

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

Trading and securities gain - net
Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL and gains and losses from disposal of financial assets held for trading, AFS and HTM investments.

Rental income
Rental income arising on leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the statement of income under 'Leasing'.

Discounts earned and awards revenue on credit cards
Discounts are taken up as income, presented under 'Service charges, fees and commissions', upon receipt from member establishments of charges arising from credit availments by the Group's cardholders and other credit companies' cardholders when Group is acting as an acquirer. These discounts are computed based on certain agreed rates and are deducted from amounts remitted to the member establishments. This account also includes interchange income from transactions processed by other acquirers through VISA Inc. (Visa) and MasterCard Incorporated (MasterCard) and service fee from cash advance transactions of cardholders.

MCC operates a loyalty points program which allows customers to accumulate points when they purchase from member establishments using the issued card of MCC. The points can then be redeemed for free products subject to a minimum number of points being obtained. Consideration received is allocated between the discounts earned, interchange fee and the points earned, with the consideration allocated to the points equal to its fair value. The fair value is determined by applying statistical analysis. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed.

Income on direct financing leases and receivables financed
Income on loans and receivables financed with short-term maturities is recorded in 'Interest income' and is recognized using the EIR method. Interest and finance fees on finance leases and loans and receivables financed with long-term maturities and the excess of the aggregate lease rentals plus the estimated terminal value of the leased equipment over its cost are credited to unearned discount and amortized over the term of the note or lease using the EIR method.

Gain on sale of investment in associate
Upon loss of significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Gain on sale of non-current asset held for sale
The gain or loss arising from the sale of non-current asset held for sale is included in profit or loss when the item is derecognized. The gain or loss arising from the derecognition of non-current asset held for sale is determined as the difference between the net disposal proceeds and its carrying amount on the date of the transaction.

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 the collectibility of the sales price is reasonably assured. Revenue on sale of residential and commercial units is recognized only upon completion of the project. Payments received before completions are included under 'Miscellaneous liabilities'.

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

Property and Equipment
Land is stated at cost less any impairment in value and depreciable properties including buildings, furniture, fixtures and equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization, and any impairment in value. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred, if the recognition criteria are met but excludes repairs and maintenance costs.

Building under construction (BUC) is stated at cost and includes cost of construction and other direct costs. BUC is not depreciated until such time that the relevant asset is completed and put into operational use.

Depreciation is calculated on the straight-line method over the estimated useful life of the depreciable assets. Leasehold improvements are amortized over the shorter of the terms of the covering leases and the estimated useful lives of the improvements.

The range of estimated useful lives of property and equipment follows:

Buildings	25 to 50 years
Furniture, fixtures and equipment	2 to 5 years
Leasehold improvements	5 to 20 years

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income under 'Profit from assets sold' in the year the asset is derecognized.

Investments in Subsidiaries, Associates and a Joint Venture (JV)

Investment in subsidiaries

Subsidiaries pertain to all entities over which the Group has control. Control is achieved when the Group 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. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights.

Investment in associates

Associates pertain to all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. In the consolidated financial statements, investment in associates is accounted for under the equity method of accounting.

Investment in a JV

A JV is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the JV. 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. Investment in a JV is accounted for under the equity method of accounting. The Group's investment in a JV represents the 40.00% interest of PSBank in Sumisho Motor Finance Corporation (SMFC).

Under the equity method, an investment in an associate or a JV is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate or JV. Goodwill relating to an associate and a JV is included in the carrying value of the investment and is not amortized. When the Group increases its ownership interest in an associate or a JV that continues to be accounted for under the equity method, the cost for the additional interest is added to the existing carrying amount of the associate or JV and the existing interest in the associate or JV is not remeasured. The Group's share in an associate or a JV's post-acquisition profits or losses is recognized in the statement of income as 'Share in net income of associates and a joint venture' while its share of post-acquisition movements in the associate or

JV's equity reserves is recognized directly in the statement of comprehensive income. When the Group's share of losses in an associate or a JV equals or exceeds its interest in the associate or JV, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or JV. Profits and losses resulting from transactions between the Group and an associate or JV are eliminated to the extent of the Group's interest in the associate or JV.

Upon loss of significant influence over the associate or joint control over the JV, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or JV upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the statement of income.

In the Parent Company financial statements, investments in subsidiaries, associates and a JV are carried at cost less allowance for impairment losses.

Investment Properties
Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at 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 asset given up. Foreclosed properties are classified under '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, investment properties are carried at cost less accumulated depreciation (for depreciable investment properties) and impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income under 'Profit from assets sold' 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 operations in the year 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 based on appraisal reports but not to exceed 50 years for buildings and condominium units.

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.

Interest in Joint Operations
The Group is a party to joint operations whereby it contributed parcels of land for development into residential and commercial units. In respect of the Group's interest in the joint operations, the Group recognizes the following: (a) the assets that it controls and the liabilities that it incurs; and (b) the expenses that it incurs and its share of the income that it earns from the sale of units by the joint operations. The assets contributed to the joint operations are measured at the lower of cost or

net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale (Note 14).

Chattel Mortgage Properties
Chattel mortgage properties comprise of repossessed vehicles. Chattel mortgage properties are stated at cost less accumulated depreciation and impairment in value. Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the vehicles. The useful lives of chattel mortgage properties are estimated to be 5 years.

Subordinated Notes
Subordinated notes issued by Special Purpose Vehicles (SPV) (presented as 'Investment in SPVs' under 'Other assets' in the Parent Company financial statements) are stated at amortized cost reduced by an allowance for credit losses. The allowance for credit losses is determined based on the difference between the outstanding principal amount and the recoverable amount which is the present value of the future cash flow expected to be received as payment for the subordinated notes.

Intangible Assets
Software costs
Software costs (presented under 'Other assets') are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortized over three to five years on a straight-line basis. Costs associated with maintaining the computer software programs are recognized as expense when incurred. Software costs are carried at cost less accumulated amortization.

Exchange trading right
Exchange trading right (included in 'Miscellaneous assets' presented under 'Other assets') is a result of the PSE conversion plan to preserve access of FMIC's subsidiary to the trading facilities and continue transacting business in the PSE. The exchange trading right has an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows. It is carried at the amount allocated from the original cost to the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares) less any allowance for impairment losses. FMIC's subsidiary does not intend to sell the exchange trading right in the near future.

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. With respect to investments in associates and a JV, goodwill is included in the carrying amounts of the investments. Following initial recognition, goodwill is measured at cost net of impairment losses (see accounting policy on Impairment of Non-financial Assets).

Impairment of Non-financial Assets
Property and equipment, investments in subsidiaries, associates and a JV, investment properties, chattel mortgage properties, and intangible assets with finite useful lives
At each statement of financial position date, the Group assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in

which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to operations in the year in which it arises.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Intangible assets
Intangible assets with indefinite useful lives such as exchange trading right and goodwill are tested for impairment annually at statement of financial position date either individually or at the cash generating unit level, as appropriate. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (CGU) (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. The Group performs its impairment test of goodwill annually.

<u>Leases</u>
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 gives rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Residual Value of Leased Assets and Deposits on Lease Contracts
The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the sale of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee when the lessee decides to buy the leased asset.

Group as lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and included in 'Property and equipment' with the corresponding liability to the lessor included in 'Other liabilities'. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded directly to 'Interest expense'.

Capitalized leased assets are depreciated over the shorter of the estimated useful lives of the assets or the respective lease terms, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risk and benefits of ownership of the assets 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 rental payables are recognized as expense in the year in which they are incurred.

Group as lessor
Finance leases, where the Group transfers substantially all the risks and benefits incidental to the ownership of the leased item to the lessee, are included in the statement of financial position under 'Loans and receivables'. All income resulting from the receivable is included in 'Interest income' in the statement of income.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the year in which they are earned.

<u>Retirement Cost</u>
The Group has a non-contributory defined benefit retirement plan except for FMIIC and its subsidiary which follow the defined contribution retirement benefit plan and the Mandatory Provident Fund Scheme (MPFS). The retirement cost of the Parent Company and most of its subsidiaries is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current year.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (DBO) 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 profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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 profit or loss.

Retirement expense is presented under 'Compensation and fringe benefits' in the statement of income.

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

Plan assets are assets that are held by a long-term employee benefit fund 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). If the fair value of the plan assets is higher than the present value of the DBO, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a DBO is recognized as a separate asset at fair value when and only when reimbursement is virtually certain. Payments to the defined contribution retirement benefit plans and the MPFS are recognized as expenses when employees have rendered service entitling them to the contributions.

<u>Equity</u>

When the shares are sold at a premium, the difference between the proceeds and par value is credited to 'Capital paid in excess of par value', net of direct costs incurred related to the equity issuance. If 'Capital paid in excess of par value' is not sufficient, the excess is charged against surplus. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of stocks issued.

Subscriptions receivable pertains to the uncollected portion of the subscribed stocks.

Surplus represents accumulated earnings of the Group less dividends declared.

Own equity instruments which are reacquired (treasury stocks) are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in 'Capital paid in excess of par value'. Voting rights related to treasury stocks are nullified for the Group and no dividends are allocated to them respectively. When the stocks are retired, the Common stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to capital paid in excess of par value at the time the stocks were issued and to surplus for the remaining balance.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense'.

Contingent Liabilities and Contingent Assets

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

Income Taxes

Current 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 taxing 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 on 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, except:

a. Where the deferred tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss.
b. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized except:

a. Where the deferred tax asset relating to the deductible temporary difference arises 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 profit nor taxable profit or loss.
b. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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 future taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

Earnings Per Share

Basic earnings per share is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year. The Group does not have dilutive potential common shares.

Dividends on Common Shares

Cash dividends on common shares are recognized as a liability and deducted from the equity when approved by the Board of Directors (BOD) of the Parent Company while stock dividends are deducted from equity when approved by BOD and shareholders of the Parent Company. Dividends declared during the year but are paid or issued after the statement of financial position date are dealt with as a subsequent event.

Coupon Payment on Hybrid Capital Securities

Coupon payment on hybrid capital securities (HT1 Capital) is treated as dividend for financial reporting purposes, rather than interest expense and deducted from equity when due, after the approval by the BOD of the Parent Company and the BSP.

Debt Issue Costs
Issuance, underwriting and other related costs incurred in connection with the issuance of debt instruments are deferred and amortized over the terms of the instruments using the EIR method. Unamortized debt issuance costs are included in the related carrying amount of the debt instrument in the statement of financial position.

Capital Securities Issuance Costs
Issuance, underwriting and other related costs incurred in connection with the issuance of the capital securities are treated as a reduction of equity.

Events after the Statement of Financial Position Date
Post year-end events that provide additional information about the Group's position at the statement of financial position date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6.

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, PSBank and FMIC act in a fiduciary capacity such as nominee, trustee or agent.

Standards Issued but not yet Effective

The Group intends to adopt the following standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards to have significant impact on its financial statements.

New Standards

PFRS 9, *Financial Instruments* (2014 or final version)
PFRS 9 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 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: (a) 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; or (b) at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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. PFRS 9 also replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship. 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.

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

The Group conducted an evaluation of the financial impact of the adoption of PFRS 9 based on the audited financial statements as of December 31, 2014 and decided not to early adopt PFRS 9 in its 2015 financial reporting.

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 Financial Reporting Standards Council (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.

PFRS 14, *Regulatory Deferral Accounts*
This is an interim standard aimed at enhancing the comparability of financial reporting by entities that are engaged in rate-regulated activities. It allows first-time adopters to continue to recognize amounts related to rate regulation in accordance with the previous GAAP requirements when they adopt IFRS. The standard which becomes effective on January 1, 2016, is not applicable to the Group.

Amendments
PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*
The revised PAS 16 and PAS 38 both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. The amendments to PAS 16 explicitly prohibits revenue-based depreciation of property, plant and equipment while the amendments to PAS 38 introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reason that there are multiple factors that influence revenue and that not all these factors are related to the way the asset is used or consumed. The revised standards are effective for periods beginning January 1, 2016, with earlier application permitted.

PAS 16, *Property, Plant and Equipment* and PAS 41, *Agriculture - Change in Financial Reporting for Bearer Plants*
The amendments require entities to account for bearer plants in the same way as property, plant and equipment in PAS 16 because their operation is similar to that of manufacturing, bringing them within the scope of PAS 16, instead of PAS 41. The produce growing on bearer plants will remain within the scope of PAS 41. The amended standards are effective for annual periods beginning on or after January 1, 2016, with earlier applications permitted. The amendments are not applicable to the Group.

PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
The amendments provide guidance on how to account for acquisition of an interest in a joint operation that constitutes a business, and apply the relevant principles of IFRS 3 and other IFRS in accounting for business combination as well as the disclosures required by such IFRS. The amendments shall be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*
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. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

In December 2015, the IASB deferred the effectivity of the amendments to PFRS 10 and PAS 28 for a broader review by the Board.

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).

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Judgments

a. *Consolidation of subsidiaries*
   The determination whether the Group has control over an investee company requires significant judgment. The Group considers that the following criteria are all met, including: (a) an investor has the power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's return.

In accordance with PFRS 10, the Group included the accounts of First Metro Save and Learn Balance Fund, Inc. (FMSALBF) and First Metro Save and Learn Equity Fund, Inc. (FMSALEF), collectively the “Funds”, in its consolidated financial statements. The Group re-assessed the control conclusion for these Funds. Although the ownership is less than half of the voting power of these investees, the Group has control due to its power to direct the relevant activities of the Funds through First Metro Asset Management Inc. (FAMI), a subsidiary of FMIC, which acts as the fund manager of the Funds. Further, the Group has the exposure to variable returns from its investments and its ability to use its power over the Funds to affect their returns.

b. *Existence of significant influence over an associate with less than 20.00% ownership*
As discussed in Note 11, there are instances that an investor exercises significant influence even if its ownership is less than 20.00%. The Group applies significant judgment in assessing whether it holds significant influence over an investee and considers the following: (a) representation in the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; (e) joint voting agreement with other investors; or (f) provision of essential technical information.

c. *HTM investments*
The classification under HTM investments requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than in certain specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire portfolio as AFS investments. The investments would therefore be measured at fair value and not at amortized cost. In 2015 and 2014, the Group follows Philippine GAAP for banks in accounting for HTM investments in the consolidated financial statements (Notes 2 and 8).

d. *Fair value of financial instruments*
Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These judgments may include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives (Note 5).

e. *Financial assets not quoted in an active market*
The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm’s-length basis.

f. *Embedded derivatives*
Where a hybrid instrument is not classified as financial assets or liabilities at FVPL, the Group evaluates whether the embedded derivative should be bifurcated and accounted for separately. This includes assessing whether the embedded derivative has a close economic relationship to the host contract.

g. *Leases*

Operating lease

Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio and over various items of furniture, fixtures and equipment. The Group has determined, based on an evaluation of the terms and conditions of the arrangements (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable and the lease term is not for the major part of the asset's economic life), that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Group as lessee

The Group has entered into lease on premises it uses for its operations. The Group has determined, based on the evaluation of the terms and conditions of the lease agreement (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term and lease term is not for the major part of the asset's economic life), that the lessor retains all the significant risks and rewards of ownership of these properties.

Finance lease

The Group has determined, based on an evaluation of terms and conditions of the lease arrangements (i.e., present value of minimum lease payments amounts to at least substantially all of the fair value of leased asset, lease term is for the major part of the economic useful life of the asset, and lessor's losses associated with the cancellation are borne by the lessee), that it has transferred all significant risks and rewards of ownership of the properties it leases out on finance leases.

h. *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. In making this judgment, the Group considers the following: (a) 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); (b) the currency in which funds from financing activities are generated; and (c) the currency in which receipts from operating activities are usually retained.

i. *Contingencies*

The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the outside legal counsel handling the Group's defense in this matter and is based upon an analysis of potential results. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to this proceeding (Note 30).

Estimates

a. *Credit losses of loans and receivables*

The Group reviews its loan portfolios and receivables to assess impairment on a semi-annual basis with updating provisions made during the intervals as necessary based on the continuing analysis and monitoring of individual accounts by credit officers. In determining whether credit losses should be recorded in the statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates in the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes in 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.

The carrying values of loans and receivables and the related allowance for credit losses of the Group and the Parent Company are disclosed in Note 9. In 2015, 2014 and 2013, provision for (reversal of) credit losses on loans and receivables amounted to ₱2.1 billion, ₱4.8 billion and ₱8.7 billion, respectively, for the Group and (₱2.9 billion), ₱7.3 million and ₱3.3 billion, respectively, for the Parent Company (Note 15).

b. *Fair values of structured debt instruments and derivatives*
The fair values of structured debt instruments and derivatives that are not quoted in active markets are determined using valuation techniques such as discounted cash flow analysis and standard option pricing models. The models incorporate various inputs including the credit quality of counterparties. Where valuation techniques are used to determine fair values, they are reviewed by qualified personnel independent of the area that created them. All models are reviewed before they are used and to the extent practicable, models use only observable data. Changes in assumptions about these factors could affect reported fair value of financial instruments. Credit valuation adjustments (CVA) are applied to over-the-counter derivative instruments where the theoretical base spread is discounted using the relevant yield curve as discount rate. The effect of such CVA on the marked-to-market value of derivatives is not material. Refer to Note 5 for the information on the fair values of these investments and Note 8 for information on the carrying values of these instruments.

c. *Valuation of unquoted equity securities*
The Group's investments in equity securities that do not have quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost less impairment losses.

As of December 31, 2015 and 2014, the carrying value (net of allowance for impairment losses) of unquoted AFS equity securities amounted to ₱3.5 billion for the Group and ₱60.8 million for the Parent Company (Note 8).

d. *Impairment of AFS equity securities*
The Group determines that AFS equity securities are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. The Group treats 'significant' generally as 20.00% or more of the original cost of investment, and 'prolonged', greater than 12 months. In making this judgment, the Group evaluates among other factors, the normal volatility in

share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

As of December 31, 2015 and 2014, allowance for impairment losses on AFS equity securities amounted to ₱481.7 million and ₱525.9 million, respectively, for the Group and ₱160.3 million and ₱162.0 million, respectively, for the Parent Company. As of December 31, 2015 and 2014, the carrying value of AFS equity securities (included under AFS investments) amounted to ₱5.7 billion and ₱7.3 billion, respectively, for the Group and ₱358.2 million and ₱349.4 million, respectively, for the Parent Company (Notes 8 and 15).

e. *Recognition of deferred income taxes*
Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit 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 estimates of future taxable income indicate that certain temporary differences will be realized in the future. The recognized net deferred tax assets and unrecognized deferred tax assets for the Group and the Parent Company are disclosed in Note 28.

f. *Present value of retirement liability*
The cost of defined retirement pension plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the statement of financial position date. The present values of the retirement liability of the Group and the Parent Company are disclosed in Note 27.

g. *Impairment of non-financial assets*
Property and equipment, investments in subsidiaries, associates and a JV, investment properties, software costs and chattel mortgage properties
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: a) significant underperformance relative to expected historical or projected future operating results; b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and c) significant negative industry or economic trends. The Group uses the higher of fair value less costs to sell and VIU in determining recoverable amount. The carrying values of the property and equipment, investments in subsidiaries and associates and a JV, investment properties, software costs and chattel mortgage properties of the Group and the Parent Company are disclosed in Notes 10, 11, 12 and 14, respectively.

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. The Group estimated

the discount rate used for the computation of the net present value by reference to industry cost of capital. Future cash flows from the business are estimated based on the theoretical annual income of the CGU. 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 senior management covering a five-year period. In 2015 and 2014, the applicable pre-tax discount rate applied to cash flow projections is 13.41% and 14.09%, respectively. Key assumptions in VIU calculation of CGUs are most sensitive to discount rates and growth rates used to project cash flows.

The Parent Company has undergone reorganizations of various units and has changed its business plans which affected the recoverable amount of the CGUs to which the goodwill relates. In 2013, the Parent Company fully impaired its goodwill amounting to ₱1.2 billion. As of December 31, 2015 and 2014, the Group's goodwill amounted to ₱5.2 billion (Note 11).

4. **Financial Risk and Capital Management**

Introduction

The Group has exposure to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks.

Risk management framework

The BOD has overall responsibility for the oversight of the Parent Company's risk management process. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BOD. Supporting the BOD in this function are certain Board-level committees such as Risk Oversight Committee (ROC), Audit Committee (AC) and senior management committees through the Executive Committee, Asset and Liability Committee (ALCO) and Policy Committee.

The AC is responsible for monitoring compliance with the Parent Company's risk management policies and procedures, and for reviewing the adequacy of risk management practices in relation to the risks faced by the Parent Company. The AC is assisted in these functions by the Internal Audit Group (IAG). IAG undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the AC.

The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries have their own risk management processes but are structured similar to that of the Parent Company. To a certain extent, the respective risk management programs and objectives are the same across the Group. Risk management policies adopted by the subsidiaries and affiliates are aligned with the Parent Company's risk policies. To further promote compliance with PFRS and Basel III, the Parent Company created a Risk Management Coordinating Council composed of the risk officers of the Parent Company and its financial institution subsidiaries.

Credit Risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, for market segmentation, and industry concentrations, and by monitoring exposures in relation to such limits. The same is true for treasury-related activities. Each business unit is responsible for the quality of its credit portfolio and for monitoring and controlling all credit risks in its portfolio. Regular reviews and audits of business units and credit processes are undertaken by IAG and Risk Management Group (RSK).

Management of credit risk
The Group faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (e.g., investment securities issued by either sovereign or corporate entities) or enter into either market-traded or over-the-counter derivatives, either through implied or actual contractual agreements (i.e., on- or off-balance sheet exposures). The Parent Company manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual obligor or transaction) by adopting a credit risk management environment that has the following components:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit/financial assessment, risk grading and reporting and compliance with regulatory requirements;
- Establishment of authorization limits for the approval and renewal of credit facilities;
- Limiting concentrations of exposure to counterparties and industries (for loans), and by issuer (for investment securities);
- Utilizing the Internal Credit Risk Rating System (ICRRS) in order to categorize exposures according to the risk profile. The risk grading system is used for determining impairment provisions against specific credit exposures. The current risk grading framework consists of ten grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation; and
- Monitoring compliance with approved exposure limits.

Borrowers, counterparties or group of related accounts across the Group are aggregated and managed by the Parent Company's Institutional Banking Sector as the "Control Unit". Group Limits for conglomerates are set-up and approved to guide subsidiaries and affiliates of the Group. Consolidated exposures are regularly reported to senior management and the ROC.

The ICRRS contains the following:

a. Borrower Risk Rating (BRR) - an assessment of the credit worthiness of the borrower (or guarantor) without considering the type or amount of the facility and security arrangements. It is an indicator of the probability that a borrower cannot meet its credit obligations when it falls due. The assessment is described below:

Component	Description	Credit Factor Weight
Financial Condition	Refers to the financial condition of the borrower based on audited financial statements as indicated by certain financial ratios. The Financial Factor Evaluation is conducted manually.	40.00%
Industry Analysis	Refers to the prospects of the industry as well as the company's performance and position in the industry.	30.00%
Management Quality	Refers to the management's ability to run the company successfully.	30.00%

b. Facility Risk Factor (FRF) - determined for each individual facility considering the term of the facility, security arrangement and quality of documentation. This factor can downgrade or upgrade the BRR based on the elements relating to cover (collateral including pledged cash deposits and guarantee), quality of documentation and structure of transactions.

c. Adjusted Borrower Risk Rating - combination of BRR and FRF.

Maximum exposure to credit risk after collateral held or other credit enhancements
An analysis of the maximum credit risk exposure relating to on balance sheet assets is shown below:

	Consolidated							
	2015				2014			
	Carrying Amount	**Fair Value of Collateral**	**Financial Effect of Collateral or Credit Enhancement**	**Maximum Exposure to Credit Risk**	Carrying Amount	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Maximum Exposure to Credit Risk
Interbank loans receivable and SPURA	**₱2,500**	**₱3,023**	**₱2,500**	**₱–**	₱96,527	₱98,394	₱96,400	₱127
Loans and receivables - net								
Receivables from customers								
Commercial loans	**178,445**	**300,586**	**160,564**	**17,881**	158,815	267,870	143,280	15,535
Residential mortgage loans	**84,670**	**178,061**	**84,525**	**145**	73,160	156,799	72,996	164
Auto loans	**80,788**	**123,101**	**80,661**	**127**	63,158	106,900	62,773	385
Trade	**31,159**	**30,452**	**30,293**	**866**	34,821	34,368	34,210	611
Others	**2,687**	**2,614**	**2,569**	**118**	3,471	3,476	3,394	77
	377,749	**634,814**	**358,612**	**19,137**	333,425	569,413	316,653	16,772
Unquoted debt securities	**350**	**1,015**	**350**	**–**	350	661	350	–
Accrued interest receivable	**2,313**	**1,923**	**1,958**	**355**	2,533	1,976	1,377	1,156
Sales contract receivable	**358**	**663**	**351**	**7**	420	1,140	409	11
	380,770	**638,415**	**361,271**	**19,499**	336,728	573,190	318,789	17,939
Total	**₱383,270**	**₱641,438**	**₱363,771**	**₱19,499**	₱433,255	₱671,584	₱415,189	₱18,066

	Parent Company							
	2015				2014			
	Carrying Amount	**Fair Value of Collateral**	**Financial Effect of Collateral or Credit Enhancement**	**Maximum Exposure to Credit Risk**	Carrying Amount	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Maximum Exposure to Credit Risk
Interbank loans receivable and SPURA	**₱471**	**₱649**	**₱471**	**₱–**	₱95,460	₱97,239	₱95,333	₱127
Loans and receivables - net								
Receivables from customers								
Commercial loans	**154,560**	**271,127**	**138,938**	**15,622**	136,906	239,450	122,738	14,168
Residential mortgage loans	**44,529**	**106,380**	**44,384**	**145**	39,131	92,673	38,967	164
Auto loans	**21,467**	**49,248**	**21,341**	**126**	17,672	41,878	17,300	372
Trade	**31,159**	**30,452**	**30,293**	**866**	34,821	34,368	34,210	611
Others	**1,697**	**1,611**	**1,579**	**118**	1,664	1,624	1,592	72
	253,412	**458,818**	**236,535**	**16,877**	230,194	409,993	214,807	15,387
Accrued interest receivable	**1,012**	**657**	**656**	**356**	1,771	614	614	1,157
Sales contract receivable	**167**	**377**	**160**	**7**	174	615	166	8
	254,591	**459,852**	**237,351**	**17,240**	232,139	411,222	215,587	16,552
Total	**₱255,062**	**₱460,501**	**₱237,822**	**₱17,240**	₱327,599	₱508,461	₱310,920	₱16,679

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

The following tables show the effect of rights of set-off associated with the recognized financial assets and financial liabilities.

				Effect of Remaining Rights of Set-Off (including rights to set-off financial collateral) offsetting criteria		
Financial assets recognized by type	**Gross Carrying Amounts (before offsetting)**	**Gross Amounts Offset in Accordance with the Offsetting Criteria**	**Net Amount Presented in Statement of Financial Position**	**Financial Instruments**	**Fair Value of Financial Collateral**	**Net Exposure**
Consolidated						
2015						
Derivative assets	₱115,203	₱109,445	₱5,758	₱405	₱–	₱5,353
SPURA	2,500	–	2,500	–	2,500	–
	₱117,703	₱109,445	₱8,258	₱405	₱2,500	₱5,353
2014						
Derivative assets	₱139,700	₱136,901	₱2,799	₱631	₱–	₱2,168
SPURA	96,826	–	96,826	–	96,700	126
	₱236,526	₱136,901	₱99,625	₱631	₱96,700	₱2,294
Parent Company						
2015						
Derivative assets	₱115,203	₱109,445	₱5,758	₱405	₱–	₱5,353
SPURA	–	–	–	–	–	–
	₱115,203	₱109,445	₱5,758	₱405	₱–	₱5,353
2014						
Derivative assets	₱139,244	₱136,455	₱2,789	₱631	₱–	₱2,158
SPURA	95,042	–	95,042	–	94,915	127
	₱234,286	₱136,455	₱97,831	₱631	₱94,915	₱2,285
Financial liabilities recognized by type						
Consolidated						
2015						
Derivative liabilities	₱83,465	₱79,329	₱4,136	₱405	₱–	₱3,731
SSURA	63,187	–	63,187	–	63,187	–
	₱146,652	₱79,329	₱67,323	₱405	₱63,187	₱3,731
2014						
Derivative liabilities	₱89,646	₱86,575	₱3,071	₱631	₱–	₱2,440
SSURA	42,748	–	42,748	–	42,748	–
	₱132,394	₱86,575	₱45,819	₱631	₱42,748	₱2,440
Parent Company						
2015						
Derivative liabilities	₱83,465	₱79,329	₱4,136	₱405	₱–	₱3,731
SSURA	61,187	–	61,187	–	61,187	–
	₱144,652	₱79,329	₱65,323	₱405	₱61,187	₱3,731
2014						
Derivative liabilities	₱87,909	₱84,855	₱3,054	₱631	₱–	₱2,423
SSURA	40,248	–	40,248	–	40,248	–
	₱128,157	₱84,855	₱43,302	₱631	₱40,248	₱2,423

Excessive risk concentration

Credit risk concentrations can arise whenever a significant number of borrowers have similar characteristics and are affected similarly by changes in economic or other conditions. The Parent Company analyzes the credit risk concentration to an individual borrower, related group of accounts, industry, internal rating buckets, and security. For risk concentration monitoring purposes, the financial assets are broadly categorized into (1) loans and receivables and (2) trading and financial investment securities. To mitigate risk concentration, the Parent Company constantly checks for breaches in regulatory and internal limits.

Concentration of risks of financial assets with credit risk exposure

An analysis of concentrations of credit risk at the reporting date based on carrying amount is shown below:

	Consolidated				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
2015					
Concentration by Industry					
Financial and insurance activities	**₱49,992**	**₱287,697**	**₱36,613**	**₱109,356**	**₱483,658**
Manufacturing	**185,768**	–	**1,867**	**10,431**	**198,066**
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	**176,923**	–	**2,873**	**134**	**179,930**
Wholesale and retail trade, repair of motor vehicles, motorcycles	**145,760**	–	**829**	**21,458**	**168,047**
Real estate activities	**125,300**	–	**7,522**	**796**	**133,618**
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	**64,567**	–	**5,142**	**1,378**	**71,087**
Transportation and storage, information and communication	**49,334**	–	**1,408**	**1,065**	**51,807**
Construction	**29,519**	–	**75**	**8,736**	**38,330**
Accommodation and food service activities	**18,693**	–	**148**	**53**	**18,894**
Agricultural, forestry and fishing	**16,898**	–	**26**	**512**	**17,436**
Others****	**33,365**	–	**436,431**	**16,284**	**486,080**
	896,119	**287,697**	**492,934**	**170,203**	**1,846,953**
Less allowance for credit losses	**12,902**	**11**	**488**	**9,996**	**23,397**
	₱883,217	**₱287,686**	**₱492,446**	**₱160,207**	**₱1,823,556**
Concentration by Location					
Philippines	**₱874,982**	**₱220,420**	**₱448,531**	**₱166,856**	**₱1,710,789**
Asia	**20,520**	**41,370**	**25,886**	**3,234**	**91,010**
USA	**563**	**11,388**	**18,076**	**113**	**30,140**
Europe	**53**	**14,226**	**264**	–	**14,543**
Others	**1**	**293**	**177**	–	**471**
	896,119	**287,697**	**492,934**	**170,203**	**1,846,953**
Less allowance for credit losses	**12,902**	**11**	**488**	**9,996**	**23,397**
	₱883,217	**₱287,686**	**₱492,446**	**₱160,207**	**₱1,823,556**
2014					
Concentration by Industry					
Financial and insurance activities	₱43,607	₱373,296	₱27,427	₱95,843	₱540,173
Manufacturing	168,807	–	1,322	10,630	180,759
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	151,013	–	953	48	152,014
Wholesale and retail trade, repair of motor vehicles, motorcycles	121,196	–	775	15,332	137,303
Real estate activities	121,211	–	6,673	713	128,597
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	54,158	–	5,274	1,846	61,278
Transportation and storage, information and communication	36,060	–	2,729	4,219	43,008
Construction	23,012	–	243	609	23,864
Accommodation and food service activities	15,327	–	4	6	15,337
Agricultural, forestry and fishing	12,021	–	26	682	12,729
Others****	26,635	–	337,825	7,252	371,712
	773,047	373,296	383,251	137,180	1,666,774
Less allowance for credit losses	16,450	4	529	9,961	26,944
	₱756,597	₱373,292	₱382,722	₱127,219	₱1,639,830

(Forward)

	Consolidated				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
Concentration by Location					
Philippines	₱752,802	₱315,868	₱342,567	₱134,089	₱1,545,326
Asia	20,055	32,575	28,985	3,085	84,700
USA	131	20,664	11,128	6	31,929
Europe	57	4,036	316	–	4,409
Others	2	153	255	–	410
	773,047	373,296	383,251	137,180	1,666,774
Less allowance for credit losses	16,450	4	529	9,961	26,944
	₱756,597	₱373,292	₱382,722	₱127,219	₱1,639,830

	Parent Company				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
2015					
Concentration by Industry					
Financial and insurance activities	**₱49,013**	**₱237,648**	**₱24,302**	**₱11,192**	**₱322,155**
Manufacturing	**179,537**	**–**	**286**	**10,431**	**190,254**
Wholesale and retail trade, repair of motor vehicles, motorcycles	**132,096**	**–**	**28**	**21,458**	**153,582**
Real estate activities	**87,411**	**–**	**3,322**	**784**	**91,517**
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	**66,836**	**–**	**2,873**	**134**	**69,843**
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	**61,893**	**–**	**530**	**1,378**	**63,801**
Transportation and storage, information and communication	**44,836**	**–**	**180**	**1,065**	**46,081**
Construction	**21,880**	**–**	**6**	**8,682**	**30,568**
Accommodation and food service activities	**18,275**	**–**	**35**	**53**	**18,363**
Agricultural, forestry and fishing	**13,620**	**–**	**3**	**512**	**14,135**
Others****	**18,594**	**–**	**381,291**	**14,884**	**414,769**
	693,991	**237,648**	**412,856**	**70,573**	**1,415,068**
Less allowance for credit losses	**5,572**	**–**	**160**	**9,996**	**15,728**
	₱688,419	**₱237,648**	**₱412,696**	**₱60,577**	**₱1,399,340**
Concentration by Location					
Philippines	**₱690,895**	**₱186,217**	**₱373,547**	**₱67,253**	**₱1,317,912**
Asia	**2,285**	**25,740**	**20,863**	**3,209**	**52,097**
USA	**758**	**11,164**	**18,005**	**111**	**30,038**
Europe	**53**	**14,235**	**264**	**–**	**14,552**
Others	**–**	**292**	**177**	**–**	**469**
	693,991	**237,648**	**412,856**	**70,573**	**1,415,068**
Less allowance for credit losses	**5,572**	**–**	**160**	**9,996**	**15,728**
	₱688,419	**₱237,648**	**₱412,696**	**₱60,577**	**₱1,399,340**
2014					
Concentration by Industry					
Financial and insurance activities	₱40,738	₱308,283	₱17,593	₱10,088	₱376,702
Manufacturing	161,499	–	196	10,630	172,325
Wholesale and retail trade, repair of motor vehicles, motorcycles	108,079	–	19	15,332	123,430
Real estate activities	87,769	–	1,943	703	90,415
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	58,818	–	953	48	59,819
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	51,805	–	337	1,846	53,988
Transportation and storage, information and communication	29,435	–	2,115	4,219	35,769

(Forward)

	Parent Company				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
Construction	₱18,149	₱–	₱1	₱555	₱18,705
Accommodation and food service activities	15,006	–	2	6	15,014
Agricultural, forestry and fishing	10,202	–	3	683	10,888
Others****	14,564	–	297,002	6,198	317,764
	596,064	308,283	320,164	50,308	1,274,819
Less allowance for credit losses	8,955	–	162	9,961	19,078
	₱587,109	₱308,283	₱320,002	₱40,347	₱1,255,741
Concentration by Location					
Philippines	₱592,564	₱269,789	₱284,622	₱47,233	₱1,194,208
Asia	3,127	13,806	23,982	3,070	43,985
USA	280	20,513	11,012	5	31,810
Europe	91	4,023	316	–	4,430
Others	2	152	232	–	386
	596,064	308,283	320,164	50,308	1,274,819
Less allowance for credit losses	8,955	–	162	9,961	19,078
	₱587,109	₱308,283	₱320,002	₱40,347	₱1,255,741

* Comprised of Due from BSP, Due from other banks and Interbank loans receivable and SPURA.
** Comprised of Financial assets at FVPL, AFS investments and HTM investments.
*** Comprised of applicable accounts under Other assets, financial guarantees and loan commitments and other credit related liabilities.
**** Includes government-issued debt securities.

Credit quality per class of financial assets
The credit quality of financial assets is assessed and managed using external and internal ratings.

Loans and receivables
The credit quality is generally monitored using the 10-grade ICRRS which is integrated in the credit process particularly in provision for credit losses. Probability of default (PD) models are used in parallel to the ICRRS. The models are assessed and recalibrated as needed. Validation of the individual borrower's risk rating is performed by the Credit Group to maintain accurate and consistent risk ratings across the credit portfolio. The credit quality with the corresponding ICRRS Grade and description of commercial loans follows:

<u>High Grade</u>
1 - Excellent
An excellent rating is given to a borrower with a very low probability of going into default and with high degree of stability, substance and diversity. Borrower has access to raise substantial amounts of funds through public market at any time; very strong debt service capacity and has conservative balance sheet ratios. Track record in profit terms is very good. Borrower exhibits highest quality under virtually all economic conditions.

2 - Strong
This rating is given to borrowers with low probability of going into default in the coming year. Normally has a comfortable degree of stability, substance and diversity. Under normal market conditions, borrower has good access to public markets to raise funds. Have a strong market and financial position with a history of successful performance. Overall debt service capacity is deemed very strong; critical balance sheet ratios are conservative. Concerned multinationals or local corporations are well capitalized.

<u>Standard Grade</u>
3 - Good
This rating is given to smaller corporations with limited access to public capital markets or to alternative financial markets. Access is however limited to favorable economic and/or market conditions. While probability of default is quite low, it bears characteristics of some degree of

stability and substance. However, susceptibility to cyclical changes and more concentration of business risk, by product or market, may be present. Typical is the combination of comfortable asset protection and an acceptable balance sheet structure. Debt service capacity is strong.

4 - Satisfactory
A ‘satisfactory’ rating is given to a borrower where clear risk elements exist and probability of default is somewhat greater. Volatility of earnings and overall performance: normally has limited access to public markets. Borrower should be able to withstand normal business cycles, but any prolonged unfavorable economic period would create deterioration beyond acceptable levels. Combination of reasonable sound asset and cash flow protection: debt service capacity is adequate. Reported profits in the past year and is expected to report a profit in the current year.

5 - Acceptable
An ‘acceptable’ rating is given to a borrower whose risk elements are sufficiently pronounced although borrower should still be able to withstand normal business cycles. Any prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels. Risk is still acceptable as there is sufficient cash flow either historically or expected for the future; new business or projected finance transaction; an existing borrower where the nature of the exposure represents a higher risk because of extraordinary developments but for which a decreasing risk within an acceptable period can be expected.

<u>Substandard Grade</u>
6 - Watchlist
This rating is given to a borrower that belongs to an unfavorable industry or has company-specific risk factors which represent a concern. Operating performance and financial strength may be marginal and it is uncertain if borrower can attract alternative course of finance. Borrower finds it hard to cope with any significant economic downturn and a default in such a case is more than a possibility. Borrower which incurs net losses and has salient financial weaknesses, reflected on statements specifically in profitability. Credit exposure is not at risk of loss at the moment but performance of the borrower has weakened and unless present trends are reversed, could lead to losses.

7 - Especially Mentioned
This rating is given to a borrower that exhibits potential weaknesses that deserve management’s close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the loan and thus, increase credit risk to the Bank.

<u>Impaired</u>
8 - Substandard
These are loans or portions, thereof which appear to involve a substantial and unreasonable degree of risk to the Bank because of unfavorable record or unsatisfactory characteristics. There exists the possibility of future losses to the Bank unless given closer supervision. Borrower has well-defined weaknesses or weaknesses that jeopardize loan liquidation. Such well-defined weaknesses may include adverse trends or development of financial, managerial, economic or political nature, or a significant weakness in collateral.

9 - Doubtful
This rating is given to a nonperforming borrower whose loans or portions thereof have the weaknesses inherent in those classified as Substandard, with the added characteristics that existing facts, conditions, and values make collection or liquidation in full highly improbable and in which substantial loss is probable.

10 - Loss
This rating is given to a borrower whose loans or portions thereof are considered uncollectible or worthless and of such little value that their continuance as bankable assets is not warranted although the loans may have some recovery or salvage value. The amount of loss is difficult to measure and it is not practical or desirable to defer writing off these basically worthless assets even though partial recovery may be obtained in the future.

The credit quality of consumer loan applicants are currently evaluated using PD models.

For booked consumer loans, the description of credit quality is as follows:

High Grade
Good credit rating
This rating is given to a good repeat client with very satisfactory track record of its loan repayment (paid at least 50.00%) and whose account did not turn past due during the entire term of the loan.

Standard Grade
Good
A good rating is given to accounts which did not turn past due for 90 days and over.

Limited
This rating is given to borrowers who have average track record on loan repayment (paid less than 50.00%) and whose account did not turn past due for 90 days and over.

Substandard Grade
Poor
A poor rating is given to accounts who reached 90 days past due regardless of the number of times and the number of months past due.

Poor litigation
This rating is given to accounts that were past due for 180 days and over and are currently being handled by lawyers.

Impaired
Poor repossessed
This rating is given to accounts whose collaterals were repossessed.

Poor written-off
This rating is given to accounts that were recommended for write-off.

Trading and investment securities
In ensuring quality investment portfolio, the Parent Company uses the credit risk rating from the published data providers like Moody's, Standard & Poor's (S&P) or other reputable rating agencies. Presented here is Moody's rating - equivalent S&P rating and other rating agencies applies:

Credit Quality	**External Rating**								
High grade	Aaa	Aa1	Aa2	A1	A2	A3	Baa1	Baa2	Baa3
Standard grade	Ba1	Ba2	Ba3	B1	B2				
Substandard grade	B3	Caa1	Caa2	Caa3	Ca	C			
Impaired	D								

The following table shows the credit quality of financial assets:

	Consolidated				
	Loans and Receivables	**Loans and Advances to Banks***	**Investment Securities****	**Others*****	**Total**
2015					
Neither past due nor impaired	**₱865,278**	**₱287,697**	**₱490,792**	**₱160,207**	**₱1,803,974**
Past due but not individually impaired	**16,181**	–	–	–	**16,181**
Impaired	**14,660**	–	**2,142**	**9,996**	**26,798**
Gross	**896,119**	**287,697**	**492,934**	**170,203**	**1,846,953**
Less allowance for credit losses	**12,902**	**11**	**488**	**9,996**	**23,397**
Net	**₱883,217**	**₱287,686**	**₱492,446**	**₱160,207**	**₱1,823,556**
2014					
Neither past due nor impaired	₱745,692	₱373,296	₱381,284	₱127,219	₱1,627,491
Past due but not individually impaired	14,933	–	–	–	14,933
Impaired	12,422	–	1,967	9,961	24,350
Gross	773,047	373,296	383,251	137,180	1,666,774
Less allowance for credit losses	16,450	4	529	9,961	26,944
Net	₱756,597	₱373,292	₱382,722	₱127,219	₱1,639,830

	Parent Company				
	Loans and Receivables	**Loans and Advances to Banks***	**Investment Securities****	**Others*****	**Total**
2015					
Neither past due nor impaired	**₱683,426**	**₱237,648**	**₱412,629**	**₱60,577**	**₱1,394,280**
Past due but not individually impaired	**298**	–	–	–	**298**
Impaired	**10,267**	–	**227**	**9,996**	**20,490**
Gross	**693,991**	**237,648**	**412,856**	**70,573**	**1,415,068**
Less allowance for credit losses	**5,572**	–	**160**	**9,996**	**15,728**
Net	**₱688,419**	**₱237,648**	**₱412,696**	**₱60,577**	**₱1,399,340**
2014					
Neither past due nor impaired	₱588,191	₱308,283	₱319,934	₱40,347	₱1,256,755
Past due but not individually impaired	348	–	–	–	348
Impaired	7,525	–	230	9,961	17,716
Gross	596,064	308,283	320,164	50,308	1,274,819
Less allowance for credit losses	8,955	–	162	9,961	19,078
Net	₱587,109	₱308,283	₱320,002	₱40,347	₱1,255,741

*   Comprised of Due from BSP, Due from other banks and Interbank loans receivable and SPURA.
** Comprised of Financial assets at FVPL, AFS investments and HTM investments.
*** Comprised of applicable accounts under Other assets, financial guarantees and loan commitments and other credit related liabilities.

The table below shows the credit quality per class of financial assets that are neither past due nor individually impaired (gross of allowance for credit losses):

	Consolidated				
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Total**
2015					
Loans and advances to banks					
Due from BSP	**₱214,704**	**₱–**	**₱–**	**₱–**	**₱214,704**
Due from other banks	**33,995**	**2,526**	–	**351**	**36,872**
Interbank loans receivable and SPURA	**27,551**	**2,514**	–	**6,056**	**36,121**
	276,250	**5,040**	–	**6,407**	**287,697**
Financial assets at FVPL					
HFT investments					
Debt securities					
Government	**10,348**	**3**	–	–	**10,351**
Private	**2,604**	**351**	–	**768**	**3,723**
Treasury bills	**104**	–	–	–	**104**
Treasury notes and bonds	**19,511**	–	–	–	**19,511**

(Forward)

	Consolidated				
	High Grade	Standard Grade	Substandard Grade	Unrated	Total
Equity securities - quoted	**₱4,446**	**₱4,753**	**₱–**	**₱26**	**₱9,225**
Derivative assets	**755**	**68**	**–**	**5,119**	**5,942**
	37,768	**5,175**	**–**	**5,913**	**48,856**
AFS investments					
Debt securities					
Government	**39,700**	**385**	**50**	**28**	**40,163**
Private	**13,783**	**5,312**	**–**	**9,003**	**28,098**
Treasury notes and bonds	**160,693**	**–**	**–**	**–**	**160,693**
Subtotal	**214,176**	**5,697**	**50**	**9,031**	**228,954**
Equity securities					
Quoted	**8**	**780**	**–**	**310**	**1,098**
Unquoted	**–**	**3,376**	**–**	**76**	**3,452**
Subtotal	**8**	**4,156**	**–**	**386**	**4,550**
	214,184	**9,853**	**50**	**9,417**	**233,504**
HTM investments					
Government	**15,463**	**3,644**	**–**	**–**	**19,107**
Private bonds	**1,428**	**3,102**	**–**	**–**	**4,530**
Treasury notes and bonds	**176,350**	**8,445**	**–**	**–**	**184,795**
	193,241	**15,191**	**–**	**–**	**208,432**
Loans and receivables					
Receivables from customers					
Commercial loans	**181,958**	**351,673**	**55,721**	**–**	**589,352**
Residential mortgage loans	**35,630**	**42,761**	**1,026**	**–**	**79,417**
Auto loans	**52,198**	**20,399**	**100**	**–**	**72,697**
Trade	**6,896**	**25,334**	**803**	**–**	**33,033**
Others	**68,084**	**8,283**	**77**	**79**	**76,523**
	344,766	**448,450**	**57,727**	**79**	**851,022**
Unquoted debt securities	**716**	**1,214**	**–**	**6**	**1,936**
Accrued interest receivable	**6,165**	**1,597**	**129**	**179**	**8,070**
Accounts receivable	**1,054**	**3**	**13**	**2,519**	**3,589**
Sales contract receivable	**170**	**1**	**–**	**173**	**344**
Other receivables	**–**	**146**	**–**	**171**	**317**
	352,871	**451,411**	**57,869**	**3,127**	**865,278**
Others	**97,964**	**–**	**–**	**62,243**	**160,207**
	₱1,172,278	**₱486,670**	**₱57,919**	**₱87,107**	**₱1,803,974**
2014					
Loans and advances to banks					
Due from BSP	₱215,253	₱–	₱–	₱–	₱215,253
Due from other banks	33,535	3,910	–	755	38,200
Interbank loans receivable and SPURA	115,158	2,186	–	2,499	119,843
	363,946	6,096	–	3,254	373,296
Financial assets at FVPL					
HFT investments					
Debt securities					
Government	8,222	2,281	–	–	10,503
Private	1,793	763	46	1,323	3,925
Treasury bills	1,763	–	–	–	1,763
Treasury notes and bonds	16,864	48	–	–	16,912
Equity securities - quoted	4,324	4,729	738	–	9,791
Derivative assets	973	146	–	1,922	3,041
	33,939	7,967	784	3,245	45,935
AFS investments					
Debt securities					
Government	43,514	6,688	37	336	50,575
Private	8,486	6,614	–	11,639	26,739
Treasury notes and bonds	122,241	526	–	–	122,767
Subtotal	174,241	13,828	37	11,975	200,081
Equity securities					
Quoted	7	799	1,628	286	2,720
Unquoted	–	3,298	99	75	3,472
Subtotal	7	4,097	1,727	361	6,192
	174,248	17,925	1,764	12,336	206,273

(Forward)

	Consolidated				
	High Grade	Standard Grade	Substandard Grade	Unrated	Total
HTM investments					
Government	₱12,511	₱1,967	₱–	₱–	₱14,478
Private	849	2,522	–	–	3,371
Treasury notes and bonds	111,159	23	–	45	111,227
	124,519	4,512	–	45	129,076
Loans and receivables					
Receivables from customers					
Commercial loans	154,254	311,495	30,590	–	496,339
Residential mortgage loans	28,737	38,400	1,620	–	68,757
Auto loans	39,470	16,558	85	–	56,113
Trade	4,829	30,150	1,201	–	36,180
Others	67,466	8,007	101	127	75,701
	294,756	404,610	33,597	127	733,090
Unquoted debt securities	1,291	925	–	–	2,216
Accrued interest receivable	4,978	1,315	119	224	6,636
Accounts receivable	802	323	–	1,726	2,851
Sales contract receivable	211	–	1	184	396
Other receivables	3	2	–	498	503
	302,041	407,175	33,717	2,759	745,692
Others	85,553	–	–	41,666	127,219
	₱1,084,246	₱443,675	₱36,265	₱63,305	₱1,627,491

	Parent Company				
	High Grade	Standard Grade	Substandard Grade	Unrated	Total
2015					
Loans and advances to banks					
Due from BSP	**₱185,484**	**₱–**	**₱–**	**₱–**	**₱185,484**
Due from other banks	**26,027**	**61**	**–**	**125**	**26,213**
Interbank loans receivable and SPURA	**19,894**	**–**	**–**	**6,057**	**25,951**
	231,405	**61**	**–**	**6,182**	**237,648**
Financial assets at FVPL					
HFT debt securities					
Government	**7,507**	**2**	**–**	**–**	**7,509**
Private	**2,128**	**254**	**–**	**686**	**3,068**
Treasury notes and bonds	**18,074**	**–**	**–**	**–**	**18,074**
Derivative assets	**755**	**43**	**–**	**5,119**	**5,917**
	28,464	**299**	**–**	**5,805**	**34,568**
AFS investments					
Debt securities					
Government	**32,608**	**385**	**50**	**28**	**33,071**
Private	**13,180**	**716**	**–**	**9,002**	**22,898**
Treasury notes and bonds	**145,984**	**–**	**–**	**–**	**145,984**
Subtotal	**191,772**	**1,101**	**50**	**9,030**	**201,953**
Equity securities					
Quoted	**8**	**–**	**–**	**223**	**231**
Unquoted	**–**	**–**	**–**	**61**	**61**
Subtotal	**8**	**–**	**–**	**284**	**292**
	191,780	**1,101**	**50**	**9,314**	**202,245**
HTM investments					
Government	**15,035**	**–**	**–**	**–**	**15,035**
Treasury notes and bonds	**160,781**	**–**	**–**	**–**	**160,781**
	175,816	**–**	**–**	**–**	**175,816**
Loans and receivables					
Receivables from customers					
Commercial loans	**155,257**	**340,418**	**55,356**	**–**	**551,031**
Residential mortgage loans	**1,384**	**42,034**	**836**	**–**	**44,254**
Auto loans	**1,760**	**19,856**	**20**	**–**	**21,636**
Trade	**6,896**	**25,334**	**803**	**–**	**33,033**
Others	**23,784**	**359**	**–**	**–**	**24,143**
	189,081	**428,001**	**57,015**	**–**	**674,097**
Unquoted debt securities	**194**	**–**	**–**	**–**	**194**
Accrued interest receivable	**4,980**	**1,067**	**127**	**177**	**6,351**

(Forward)

	Parent Company				
	High Grade	**Standard Grade**	**Substandard Grade**	**Unrated**	**Total**
Accounts receivable	**₱–**	**₱–**	**₱–**	**₱2,596**	**₱2,596**
Sales contract receivable	**–**	**–**	**–**	**162**	**162**
Other receivables	**–**	**–**	**–**	**26**	**26**
	194,255	**429,068**	**57,142**	**2,961**	**683,426**
Others	**–**	**–**	**–**	**60,577**	**60,577**
	₱821,720	**₱430,529**	**₱57,192**	**₱84,839**	**₱1,394,280**
2014					
Loans and advances to banks					
Due from BSP	₱174,259	₱–	₱–	₱–	₱174,259
Due from other banks	25,424	5	–	154	25,583
Interbank loans receivable and SPURA	105,942	–	–	2,499	108,441
	305,625	5	–	2,653	308,283
Financial assets at FVPL					
HFT debt securities					
Government	7,186	2,050	–	–	9,236
Private	1,277	484	–	1,288	3,049
Treasury bills	56	–	–	–	56
Treasury notes and bonds	14,523	–	–	–	14,523
Derivative assets	963	102	–	1,921	2,986
	24,005	2,636	–	3,209	29,850
AFS investments					
Debt securities					
Government	40,161	3,287	37	336	43,821
Private	7,745	4,030	–	11,633	23,408
Treasury notes and bonds	111,796	–	–	–	111,796
Subtotal	159,702	7,317	37	11,969	179,025
Equity securities					
Quoted	7	–	–	214	221
Unquoted	–	–	–	61	61
Subtotal	7	–	–	275	282
	159,709	7,317	37	12,244	179,307
HTM investments					
Government bonds	12,228	1,967	–	–	14,195
Treasury notes and bonds	96,582	–	–	–	96,582
	108,810	1,967	–	–	110,777
Loans and receivables					
Receivables from customers					
Commercial loans	127,725	302,234	30,321	–	460,280
Residential mortgage loans	1,224	37,572	751	–	39,547
Auto loans	1,772	15,992	24	–	17,788
Trade	4,829	30,150	1,201	–	36,180
Others	26,307	427	–	–	26,734
	161,857	386,375	32,297	–	580,529
Accrued interest receivable	4,031	1,150	111	223	5,515
Accounts receivable	–	–	–	1,813	1,813
Sales contract receivable	–	–	–	171	171
Other receivables	–	–	–	163	163
	165,888	387,525	32,408	2,370	588,191
Others	–	–	–	40,347	40,347
	₱764,037	₱399,450	₱32,445	₱60,823	₱1,256,755

Notes:
1. *Accounts are presented gross of allowance for credit losses but net of unearned interest and discount.*
2. *For classification by grade, refer to Risk Rating Table for Investments (based on Moody's Rating Scale) as guide.*

Breakdown of restructured receivables from customers by class are shown below:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Commercial loans	**₱2,100**	₱3,284	**₱1,694**	₱2,850
Residential mortgage loans	**204**	231	**21**	37
Auto loans	**45**	89	**–**	2
Others	**147**	171	**–**	–
	₱2,496	₱3,775	**₱1,715**	₱2,889

Aging analysis of past due but not individually impaired loans and receivables is shown below:

	Consolidated					
	Within 30 days	**31-60 days**	**61-90 days**	**91-180 days**	**Over 180 days**	**Total**
2015						
Receivables from customers						
Commercial loans	**₱48**	**₱45**	**₱2**	**₱–**	**₱53**	**₱148**
Residential mortgage loans	**2,953**	**1,052**	**405**	**60**	**199**	**4,669**
Auto loans	**4,447**	**2,036**	**879**	**963**	**807**	**9,132**
Others	**165**	**626**	**500**	**59**	**332**	**1,682**
Receivables from customers - net of unearned discounts and capitalized interest	**7,613**	**3,759**	**1,786**	**1,082**	**1,391**	**15,631**
Accrued interest receivable	**74**	**44**	**24**	**29**	**34**	**205**
Accounts receivable	**7**	**4**	**5**	**276**	**18**	**310**
Sales contract receivable	**8**	**11**	**–**	**–**	**16**	**35**
	₱7,702	**₱3,818**	**₱1,815**	**₱1,387**	**₱1,459**	**₱16,181**
2014						
Receivables from customers						
Commercial loans	₱176	₱37	₱25	₱5	₱69	₱312
Residential mortgage loans	2,912	933	323	219	218	4,605
Auto loans	4,077	1,639	697	684	664	7,761
Trade	–	–	–	–	5	5
Others	249	617	486	72	302	1,726
Receivables from customers - net of unearned discounts and capitalized interest	7,414	3,226	1,531	980	1,258	14,409
Accrued interest receivable	65	32	18	23	27	165
Accounts receivable	8	1	2	283	24	318
Sales contract receivable	9	4	5	2	21	41
	₱7,496	₱3,263	₱1,556	₱1,288	₱1,330	₱14,933

	Parent Company					
	Within 30 days	**31-60 days**	**61-90 days**	**91-180 days**	**Over 180 days**	**Total**
2015						
Receivables from customers						
Commercial loans	**₱–**	**₱–**	**₱2**	**₱–**	**₱31**	**₱33**
Residential mortgage loans	–	–	–	**9**	**159**	**168**
Auto loans	–	–	–	–	**85**	**85**
Receivables from customers - net of unearned discounts and capitalized interest	–	–	**2**	**9**	**275**	**286**
Accrued interest receivable	–	–	–	–	**3**	**3**
Sales contract receivable	–	–	–	–	**9**	**9**
	₱–	**₱–**	**₱2**	**₱9**	**₱287**	**₱298**
2014						
Receivables from customers						
Commercial loans	₱–	₱–	₱–	₱3	₱55	₱58
Residential mortgage loans	–	–	–	9	182	191
Auto loans	–	–	–	–	76	76
Trade	–	–	–	–	5	5
Others	3	–	–	–	1	4
Receivables from customers - net of unearned discounts and capitalized interest	3	–	–	12	319	334
Accrued interest receivable	–	–	–	–	3	3
Sales contract receivable	–	–	–	–	11	11
	₱3	₱–	₱–	₱12	₱333	₱348

The Group holds collateral against loans and receivables in the form of real estate and chattel mortgages, guarantees, and other registered securities over assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are regularly updated according to internal lending policies and regulatory guidelines. Generally, collateral is not held over loans and advances to banks except for reverse repurchase agreements. Collateral usually is not held against investment securities, and no such collateral was held as of December 31, 2015 and 2014.

Liquidity Risk

Liquidity risk is defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due.

The Group manages its liquidity risk through analyzing net funding requirements under alternative scenarios, diversification of funding sources and contingency planning.

Specifically for the Parent Company, it utilizes a diverse range of sources of funds, although short-term deposits made with its network of domestic branches comprise the majority of such funding. To ensure that funding requirements are met, the Parent Company manages its liquidity risk by holding sufficient liquid assets of appropriate quality. It also maintains a balanced loan portfolio that is repriced on a regular basis. Deposits with banks are made on a short-term basis.

In the Parent Company, the Treasury Group estimates its cash flow needs based on its actual contractual obligations under normal and extraordinary circumstances. RSK generates Maximum Cumulative Outflow (MCO) reports on a monthly basis to estimate short- and long-term net cash flows of the bank under business-as-usual and stress parameters. The Group's financial institution subsidiaries (excluding insurance companies) prepare their respective MCO reports. These are reported to the Parent Company's ROC monthly.

Financial assets

Analysis of equity securities at FVPL into maturity groupings is based on the expected date on which these assets will be realized. For other financial assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier the expected date the assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

The table below summarizes the maturity profile of financial instruments and gross-settled derivatives based on contractual undiscounted cash flows.

	Consolidated						
	On demand	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Beyond 1 year**	**Total**
2015							
Financial Assets							
Cash and other cash items	**₱32,536**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱32,536**
Due from BSP	**214,704**	**–**	**–**	**–**	**–**	**–**	**214,704**
Due from other banks	**35,652**	**564**	**661**	**–**	**–**	**–**	**36,877**
Interbank loans receivable and SPURA	**1,514**	**30,381**	**3,044**	**1,579**	**–**	**–**	**36,518**
Financial assets at FVPL HFT investments	**2,821**	**–**	**37,758**	**–**	**826**	**–**	**41,405**

(Forward)

	Consolidated						
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	Total
Derivative assets*							
Trading:							
Receive	₱–	₱23,172	₱11,661	₱13,110	₱4,656	₱1,077	₱53,676
Pay	–	(22,958)	(11,557)	(12,889)	(4,508)	(867)	(52,779)
	–	214	104	221	148	210	897
AFS investments	–	358	1,426	872	10,718	274,846	288,220
HTM investments	–	291	277	328	762	333,294	334,952
Loans and receivables							
Receivables from customers	31,078	139,171	129,905	80,668	78,319	586,222	1,045,363
Unquoted debt securities	–	15	420	34	577	2,002	3,048
Accounts receivable	4,961	99	29	5	462	21	5,577
Accrued interest receivable	7,844	9	232	25	1,102	–	9,212
Sales contract receivable	34	3	28	32	77	245	419
Other receivables	245	73	–	–	–	–	318
Other assets							
Returned checks and other cash items	20	–	81	–	–	–	101
Residual value of leased assets	11	15	53	74	124	622	899
Miscellaneous	17	1	3	5	9	156	191
	₱331,437	₱171,194	₱174,021	₱83,843	₱93,124	₱1,197,618	₱2,051,237
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱233,912	₱–	₱–	₱–	₱–	₱–	₱233,912
Savings	467,587	–	–	–	–	–	467,587
Time	–	298,776	150,672	40,875	19,814	36,869	547,006
LTNCD	–	22	38	146	293	16,698	17,197
	701,499	298,798	150,710	41,021	20,107	53,567	1,265,702
Bills payable and SSURA	–	115,250	19,129	11,669	15,110	16,746	177,904
Manager's checks and demand drafts outstanding	5,613	–	–	–	–	–	5,613
Accrued interest payable	121	313	532	53	417	394	1,830
Accrued other expenses	4,434	496	127	–	–	–	5,057
Bonds payable	–	–	135	135	271	12,612	13,153
Subordinated debt	–	–	326	385	554	35,845	37,110
Other liabilities*							
Bills purchased - contra	23,802	–	–	–	–	–	23,802
Accounts payable	2,617	8,077	–	106	166	–	10,966
Outstanding acceptances	–	503	549	120	452	103	1,727
Marginal deposits	3	–	189	5,284	–	–	5,476
Deposits on lease contracts	–	33	73	96	243	803	1,248
Dividends payable	64	–	–	–	–	–	64
Notes payable	–	–	–	–	–	422	422
Miscellaneous	53	–	–	–	–	–	53
	738,206	423,470	171,770	58,869	37,320	120,492	1,550,127
Derivative liabilities*							
Trading:							
Pay	–	27,960	9,076	9,262	3,601	6,192	56,091
Receive	–	(27,684)	(8,784)	(9,115)	(3,509)	(5,581)	(54,673)
	–	276	292	147	92	611	1,418
Loan commitments and financial guarantees	103,210	5,602	13,305	13,766	14,040	4,285	154,208
	₱841,416	₱429,348	₱185,367	₱72,782	₱51,452	₱125,388	₱1,705,753

	Consolidated						
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	Total
2014							
Financial Assets							
Cash and other cash items	₱34,943	₱–	₱–	₱–	₱–	₱–	₱34,943
Due from BSP	184,453	30,808	–	–	–	–	215,261
Due from other banks	36,032	788	1,381	–	–	–	38,201
Interbank loans receivable and SPURA	–	110,575	5,989	849	2,670	–	120,083
Financial assets at FVPL							
HFT investments	279	–	31,197	65	–	–	31,541
Derivative assets*							
Trading:							
Receive	–	36,658	18,030	17,282	3,540	1,000	76,510
Pay	–	(36,531)	(17,859)	(17,132)	(3,531)	(475)	(75,528)
	–	127	171	150	9	525	982
AFS investments	–	181	1,006	2,362	5,892	235,754	245,195
HTM investments	–	128	407	115	294	215,003	215,947
Loans and receivables							
Receivables from customers	28,005	137,839	96,999	66,440	78,898	488,762	896,943
Unquoted debt securities	–	14	20	320	762	2,555	3,671
Accounts receivable	3,736	95	528	3	26	29	4,417
Accrued interest receivable	6,883	8	330	260	838	–	8,319
Sales contract receivable	47	49	62	18	46	383	605
Other receivables	13	47	445	–	–	–	505
Other assets							
Returned checks and other cash items	83	–	189	–	–	–	272
Residual value of leased assets	13	22	44	49	124	580	832
Miscellaneous	2	5	3	6	13	103	132
	₱294,489	₱280,686	₱138,771	₱70,637	₱89,572	₱943,694	₱1,817,849
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱187,285	₱–	₱–	₱–	₱–	₱–	₱187,285
Savings	406,767	–	–	–	–	–	406,767
Time	–	346,345	161,866	25,197	10,086	38,104	581,598
LTNCD	–	80	66	146	293	17,284	17,869
	594,052	346,425	161,932	25,343	10,379	55,388	1,193,519
Bills payable and SSURA	–	54,508	55,676	7,894	9,145	14,926	142,149
Manager's checks and demand drafts outstanding	4,653	–	–	–	–	–	4,653
Accrued interest payable	–	596	837	66	42	324	1,865
Accrued other expenses	6,296	454	69	–	71	–	6,890
Bonds payable	–	–	135	135	484	12,431	13,185
Subordinated debt	–	–	403	403	807	37,028	38,641
Other liabilities							
Bills purchased - contra	26,386	–	–	–	–	–	26,386
Accounts payable	1,218	6,058	3	–	1,673	21	8,973
Outstanding acceptances	–	252	287	69	73	8	689
Marginal deposits	6	–	4,574	–	–	–	4,580
Deposits on lease contracts	3	26	57	65	254	766	1,171
Dividends payable	–	40	–	–	64	–	104
Notes payable	–	–	–	–	–	517	517
Miscellaneous	4	27	–	–	–	–	31
	632,618	408,386	223,973	33,975	22,992	121,409	1,443,353
Derivative liabilities*							
Trading:							
Pay	–	31,355	7,224	3,722	4,601	5,979	52,881
Receive	–	(30,647)	(6,882)	(3,473)	(4,445)	(5,762)	(51,209)
	–	708	342	249	156	217	1,672
Loan commitments and financial guarantees	2,317	3,557	12,309	8,014	7,190	90,115	123,502
	₱634,935	₱412,651	₱236,624	₱42,238	₱30,338	₱211,741	₱1,568,527

	Parent Company						
	On demand	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Beyond 1 year**	**Total**
2015							
Financial Assets							
Cash and other cash items	**₱28,570**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱28,570**
Due from BSP	**185,484**	**–**	**–**	**–**	**–**	**–**	**185,484**
Due from other banks	**25,517**	**245**	**456**	**–**	**–**	**–**	**26,218**
Interbank loans receivable and SPURA	**–**	**23,837**	**1,178**	**–**	**959**	**–**	**25,974**
Financial assets at FVPL							
HFT investments	**–**	**–**	**27,141**	**–**	**–**	**–**	**27,141**
Derivative assets*							
Trading:							
Receive	**–**	**23,171**	**11,661**	**13,110**	**4,656**	**1,077**	**53,675**
Pay	**–**	**(22,958)**	**(11,557)**	**(12,889)**	**(4,508)**	**(867)**	**(52,779)**
	–	**213**	**104**	**221**	**148**	**210**	**896**
AFS investments	**–**	**217**	**1,147**	**750**	**8,523**	**241,486**	**252,123**
HTM investments	**–**	**102**	**–**	**–**	**–**	**292,378**	**292,480**
Loans and receivables							
Receivables from customers	**1,958**	**135,706**	**121,182**	**68,825**	**46,775**	**400,981**	**775,427**
Unquoted debt securities	**–**	**–**	**–**	**–**	**–**	**852**	**852**
Accounts receivable	**3,989**	**–**	**–**	**–**	**–**	**–**	**3,989**
Accrued interest receivable	**6,935**	**–**	**–**	**–**	**–**	**–**	**6,935**
Sales contract receivable	**23**	**3**	**28**	**32**	**77**	**30**	**193**
Other receivables	**10**	**18**	**–**	**–**	**–**	**–**	**28**
Other assets							
Returned checks and other cash items	**–**	**–**	**81**	**–**	**–**	**–**	**81**
	₱252,486	**₱160,341**	**₱151,317**	**₱69,828**	**₱56,482**	**₱935,937**	**₱1,626,391**
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	**₱219,772**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱219,772**
Savings	**446,734**	**–**	**–**	**–**	**–**	**–**	**446,734**
Time	**–**	**268,487**	**108,132**	**26,897**	**12,311**	**10,846**	**426,673**
LTNCD	**–**	**22**	**38**	**146**	**293**	**16,698**	**17,197**
	666,506	**268,509**	**108,170**	**27,043**	**12,604**	**27,544**	**1,110,376**
Bills payable and SSURA	**–**	**74,549**	**2,358**	**2,364**	**9,553**	**–**	**88,824**
Manager's checks and demand drafts outstanding	**4,264**	**–**	**–**	**–**	**–**	**–**	**4,264**
Accrued interest payable	**–**	**108**	**245**	**13**	**387**	**355**	**1,108**
Accrued other expenses	**3,388**	**–**	**–**	**–**	**–**	**–**	**3,388**
Subordinated debt	**–**	**–**	**241**	**300**	**386**	**26,145**	**27,072**
Other liabilities							
Bills purchased - contra	**23,749**	**–**	**–**	**–**	**–**	**–**	**23,749**
Accounts payable	**–**	**6,190**	**–**	**–**	**–**	**–**	**6,190**
Outstanding acceptances	**–**	**503**	**549**	**120**	**452**	**103**	**1,727**
Marginal deposits	**–**	**–**	**189**	**–**	**–**	**–**	**189**
	697,907	**349,859**	**111,752**	**29,840**	**23,382**	**54,147**	**1,266,887**
Derivative liabilities*							
Trading:							
Pay	**–**	**27,960**	**9,076**	**9,262**	**3,601**	**6,192**	**56,091**
Receive	**–**	**(27,684)**	**(8,784)**	**(9,115)**	**(3,509)**	**(5,581)**	**(54,673)**
	–	**276**	**292**	**147**	**92**	**611**	**1,418**
Loan commitments and financial guarantees	**5,246**	**5,602**	**13,297**	**13,750**	**13,985**	**4,285**	**56,165**
	₱703,153	**₱355,737**	**₱125,341**	**₱43,737**	**₱37,459**	**₱59,043**	**₱1,324,470**
2014							
Financial Assets							
Cash and other cash items	₱30,733	₱–	₱–	₱–	₱–	₱–	₱30,733
Due from BSP	157,759	16,506	–	–	–	–	174,265
Due from other banks	25,583	–	–	–	–	–	25,583
Interbank loans receivable and SPURA	–	102,236	1,802	874	3,755	–	108,667
Financial assets at FVPL							
HFT investments	–	–	25,302	–	–	–	25,302
Derivative assets*							
Trading:							
Receive	–	36,658	17,574	17,282	3,540	1,000	76,054
Pay	–	(36,531)	(17,414)	(17,132)	(3,531)	(475)	(75,083)
	–	127	160	150	9	525	971

(Forward)

	Parent Company						
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	Total
AFS investments	₱–	₱101	₱854	₱1,696	₱5,319	₱211,960	₱219,930
HTM investments	–	–	152	–	–	191,453	191,605
Loans and receivables							
Receivables from customers	1,966	134,972	86,197	53,673	46,695	338,076	661,579
Unquoted debt securities	–	–	–	–	–	822	822
Accounts receivable	2,878	–	–	–	–	–	2,878
Accrued interest receivable	6,705	–	–	–	–	–	6,705
Sales contract receivable	21	47	58	9	29	36	200
Other receivables	10	155	–	–	–	–	165
Other assets							
Returned checks and other cash items	–	–	189	–	–	–	189
	₱225,655	₱254,144	₱114,714	₱56,402	₱55,807	₱742,872	₱1,449,594
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱169,851	₱–	₱–	₱–	₱–	₱–	₱169,851
Savings	390,509	–	–	–	–	–	390,509
Time	–	327,343	109,684	21,127	8,401	10,428	476,983
LTNCD	–	80	66	146	293	17,284	17,869
	560,360	327,423	109,750	21,273	8,694	27,712	1,055,212
Bills payable and SSURA	–	28,355	32,674	1,400	–	–	62,429
Manager's checks and demand drafts outstanding	3,399	–	–	–	–	–	3,399
Accrued interest payable	–	587	203	28	10	225	1,053
Accrued other expenses	5,356	–	–	–	–	–	5,356
Subordinated debt	–	–	300	300	601	27,131	28,332
Other liabilities							
Bills purchased - contra	26,303	–	–	–	–	–	26,303
Accounts payable	–	4,356	–	–	–	–	4,356
Outstanding acceptances	–	252	287	69	73	8	689
Marginal deposits	–	–	130	–	–	–	130
	595,418	360,973	143,344	23,070	9,378	55,076	1,187,259
Derivative liabilities*							
Trading:							
Pay	–	30,326	6,509	3,722	4,601	5,979	51,137
Receive	–	(29,615)	(6,169)	(3,473)	(4,445)	(5,762)	(49,464)
	–	711	340	249	156	217	1,673
Loan commitments and financial guarantees	2,317	3,557	12,303	7,997	7,135	4,562	37,871
	₱597,735	₱365,241	₱155,987	₱31,316	₱16,669	₱59,855	₱1,226,803

*Does not include derivatives embedded in financial and non-financial contracts.

Market Risk

Market risk is the possibility of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, and other market factors. The Parent Company's market risk originates from its holdings in foreign currencies, debt securities and derivatives transactions. The Parent Company manages market risk by segregating its statement of financial position into a trading book and a banking book. ALCO, chaired by the Parent Company's Chairman is the senior review and decision-making body for the management of all related market risks. The Parent Company enforces a set of risk limits to properly monitor and manage the market risks. The risk limits are approved by the BOD. The RSK serves under the ROC and performs daily market risk analyses to ensure compliance with the Parent Company's policies. The Treasury Group manages asset/liability risks arising from both banking book and trading operations in financial markets.

Similarly, certain subsidiaries of the Parent Company independently quantify and manage their respective market risk exposures. Each institution has its respective risk management system and processes in place.

As part of its oversight function, the Parent Company regularly coordinates with subsidiaries to monitor their compliance to their respective risk tolerances and ensure consistency of risk management practices. Risk aggregation and consolidation of exposures are part of the ongoing initiatives to provide senior management with a group-wide market risk profile perspective such as Group Trading VaR.

Market risk - trading book

In measuring the potential loss in its trading portfolio, the Group uses Value-at-Risk (VaR) as a primary tool. The VaR method is a procedure for estimating portfolio losses exceeding some specified proportion based on a statistical analysis of historical market price trends, correlations and volatilities. VaR estimates the potential decline in the value of a portfolio, under normal market conditions, for a given "confidence level" over a specified holding period.

VaR methodology assumptions and parameters

The Parent Company is using 260-day Historical Simulation Method to compute the VaR. This method assumes that market rates volatility in the future will follow the same movement that occurred within the specified historical period. In calculating VaR, the Parent Company uses a 99.00% confidence level and a one-day holding period. This means that, statistically, within a one-day horizon, the trading losses will exceed VaR in 1 out of 100 trading days. Like any other model, the Historical Simulation Method has its own limitations. To wit, it cannot predict volatility levels which did not happen in the specified historical period. The validity of the VaR model is verified through a daily back testing analysis, which examines how frequently both actual and hypothetical daily losses exceed VaR. The result of the daily back testing analysis is reported to the ALCO and ROC monthly. The Parent Company measures and monitors the VaR daily and this value is compared against the set VaR limit.

A summary of the VaR levels of the trading portfolio of the Parent Company appears below:

	Rates and FX	Fixed Income	FX Options
As of December 31, 2015			
December 29	**₱53.63**	**₱248.37**	**₱11.86**
Average	**128.05**	**177.24**	**12.80**
Highest	**262.73**	**418.92**	**46.82**
Lowest	**42.01**	**68.05**	**0.07**
As of December 31, 2014			
December 29	149.86	133.32	0.07
Average	209.60	203.62	20.78
Highest	305.97	339.47	64.58
Lowest	145.39	87.60	0.02

Rates and Foreign Exchange (FX) VaR is the correlated VaR of the following products: FX spot, outright forward, NDF, FX swaps, IRS and cross currency swaps. The Fixed Income VaR is the correlated VaR of these products: peso and foreign currency bonds, bond forwards and credit default swaps (CDS).

Each subsidiary performs daily mark-to-market valuation and VaR calculations for their trading book exposures. Risk exposures are bounded by a system of risk limits and monitoring tools to effectively manage these risks.

The table below summarizes the VaR levels of FMIC and PSBank:

	FMIC						PSBank		
			Bonds				Bonds		
	EQUITIES		PHP		USD		PHP	USD	FX
As of December 31, 2015									
December 29		**₱10.46****		**₱0.78****		**USD0.045****	**₱18.866**	**USD0.142**	**₱6.705**
Average	**₱18.09***	**20.02****	**₱95.86***	**112.13****	**USD0.536***	**0.045****	**12.754**	**0.077**	**0.532**
Highest	**32.42***	**23.57****	**199.04***	**185.11****	**1.313***	**0.122****	**56.332**	**0.268**	**1.908**
Lowest	**13.32***	**10.42****	**11.12***	**2.89****	**0.005***	**0.001****	**1.331**	**0.003**	**0.001**

* January 1 to May 31 – VaR number is generated using Riskmark system
**June 1 to December 31 – VaR number is generated using MetRisk VaR calculator

	FMIC			PSBank		
		Bonds		Bonds		
	EQUITIES	PHP	USD	PHP	USD	FX
As of December 31, 2014						
December 29	₱14.275	₱31.119	USD0.000	₱1.470	USD0.014	₱0.450
Average	21.939	105.517	0.182	4.000	0.017	0.580
Highest	33.654	218.137	0.468	24.690	0.070	2.030
Lowest	11.628	18.187	0.000	0.320	0.004	0.002

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures and by doing stress testing analysis. These processes address potential product concentration risks, monitor portfolio vulnerability and give the management an early advice if an actual loss goes beyond what is deemed to be tolerable to the bank, even before the VaR limit is hit.

Stress testing is performed by the Parent Company on a quarterly basis, PSBank on monthly basis and FMIC on a daily basis to complement the VaR methodology. The stress testing results of the Parent Company are reported to the ALCO and subsequently to the ROC and the BOD.

Market risk - banking book
To quantify interest rate risk for banking book or accrual portfolios, the Group uses tools or approaches such as Earnings-at-Risk (EaR) and Sensitivity analysis. EaR Methodology is used to measure the potential effect of interest rate movements to net interest earnings. The measurement and monitoring of exposures are done on a monthly basis.

EaR is derived by multiplying the repricing gap by the change in interest rate and the time over which the repricing gap is in effect. The repricing/maturity gap is a method that distributes rate-sensitive assets, liabilities, and off-balance sheet positions into predefined time bands. Floating rate positions are distributed based on the time remaining to next repricing dates. On the other hand, fixed rate items are distributed based on the time remaining to respective maturities. There are certain balance sheet items that may require set-up of assumptions as to their distribution to time bands. For the Parent Company, rate-sensitive positions that lack definitive repricing dates or maturity dates (e.g. demand and savings deposit accounts) are assigned to repricing time bands based according to the judgment, past experience or behavioral patterns.

The table below shows the earnings-at-risk profile of the Parent Company and certain subsidiaries as of December 31, 2015 and 2014:

	Parent Company	FMIC	PSBank	MCC	ORIX Metro	Total
2015	**(₱2,204.17)**	**(₱294.00)**	**(₱577.04)**	**(₱64.01)**	**(₱3.11)**	**(₱3,142.33)**
2014	(₱2,542.86)	(₱122.36)	(₱429.52)	(₱88.70)	(₱0.98)	(₱3,184.42)

Foreign currency risk
Foreign exchange risk is the probability of loss to earnings or capital arising from changes in foreign exchange rates. Foreign currency liabilities generally consist of foreign currency deposits in the Group's FCDU account. Foreign currency deposits are generally used to fund the Group's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held in FCDUs. In addition, the BSP requires a 30.00% liquidity reserve on all foreign currency liabilities held in the FCDU. Outside the FCDU, the Group has additional foreign currency assets and liabilities in its foreign branch network. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The following table sets forth, for the year indicated, the impact of reasonably possible changes in the USD exchange rate and other currencies per Philippine peso on pre-tax income and equity:

	Consolidated						**Parent Company**					
	2015			2014			**2015**			2014		
Currency	**Change in currency rate in %**	**Effect on profit before tax**	**Effect on equity**	Change in currency rate in %	Effect on profit before tax	Effect on equity	**Change in currency rate in %**	**Effect on profit before tax**	**Effect on equity**	Change in currency rate in %	Effect on profit before tax	Effect on equity
USD	**+1.00%**	**(₱23.72)**	**(₱1.55)**	+1.00%	(₱67.75)	(₱0.26)	**+1.00%**	**(₱24.26)**	**(₱1.45)**	+1.00%	(₱70.22)	(₱0.27)
EUR	**+1.00%**	**(0.09)**	–	+1.00%	3.34	–	**+1.00%**	**(0.22)**	–	+1.00%	3.24	–
JPY	**+1.00%**	**28.25**	–	+1.00%	0.95	–	**+1.00%**	**28.25**	–	+1.00%	0.95	–
GBP	**+1.00%**	**(3.27)**	–	+1.00%	(3.34)	–	**+1.00%**	**(3.27)**	–	+1.00%	(3.34)	–
Others	**+1.00%**	**5.18**	–	+1.00%	150.22	–	**+1.00%**	**5.18**	–	+1.00%	150.22	–
USD	**-1.00%**	**23.72**	**1.55**	-1.00%	67.75	0.26	**-1.00%**	**24.26**	**1.45**	-1.00%	70.22	0.27
EUR	**-1.00%**	**0.09**	–	-1.00%	(3.34)	–	**-1.00%**	**0.22**	–	-1.00%	(3.24)	–
JPY	**-1.00%**	**(28.25)**	–	-1.00%	(0.95)	–	**-1.00%**	**(28.25)**	–	-1.00%	(0.95)	–
GBP	**-1.00%**	**3.27**	–	-1.00%	3.34	–	**-1.00%**	**3.27**	–	-1.00%	3.34	–
Others	**-1.00%**	**(5.18)**	–	-1.00%	(150.22)	–	**-1.00%**	**(5.18)**	–	-1.00%	(150.22)	–

Information relating to Parent Company's currency derivatives is included in Note 8. As of December 31, 2015 and 2014, the Parent Company has outstanding foreign currency spot transactions (in equivalent peso amounts) of ₱5.8 billion and ₱8.1 billion, respectively (sold), and ₱7.5 billion and ₱6.9 billion, respectively (bought).

The impact on the Parent Company's equity already excludes the impact on transactions affecting the profit and loss.

Capital Management
The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

Regulatory Qualifying Capital
Under existing BSP regulations, the determination of the compliance with regulatory requirements and ratios is based on the amount of the "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies that differ from PFRS in some respects.

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 which became effective January 1, 2014, sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50% and also introduced a capital conservation buffer of 2.50% comprised of CET1 capital. The existing requirement for Total Capital Adequacy Ratio (CAR) remains unchanged at 10.00% and these ratios shall be maintained at all times.

Further, Basel III requires that 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 and 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, are recognized as qualifying capital until December 31, 2015. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

The details of CAR, as reported to the BSP, as of December 31, 2015 and 2014 based on Basel III follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Tier 1 capital	**₱190,265**	₱147,953	**₱181,062**	₱139,523
CET1 Capital	**190,265**	147,953	**181,062**	139,523
Less: Required deductions	**32,317**	31,055	**69,455**	66,960
Net Tier 1 Capital	**157,948**	116,898	**111,607**	72,563
Tier 2 capital	**38,814**	37,430	**28,977**	27,874
Total Qualifying Capital	**₱196,762**	₱154,328	**₱140,584**	₱100,437

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Credit Risk-Weighted Assets	**₱956,524**	₱816,557	**₱758,218**	₱634,754
Market Risk-Weighted Assets	**29,487**	34,042	**27,361**	32,571
Operational Risk-Weighted Assets	**122,471**	112,180	**73,082**	66,708
Total Risk-Weighted Assets	**1,108,482**	962,779	**858,661**	734,033
CET1 Ratio*	**14.25%**	12.14%	**13.00%**	9.89%
Tier 1 capital ratio	**14.25%**	12.14%	**13.00%**	9.89%
Total capital ratio	**17.75%**	16.03%	**16.37%**	13.68%

**of which capital conservation buffer is 8.25% and 7.00% for the Group and Parent Company, respectively.*

Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations.

Under Basel III, the regulatory qualifying capital of the Parent Company consists of CET1 capital, which comprises paid-up common stock, surplus including current year profit, surplus reserves, other comprehensive income (net unrealized gains or losses on AFS securities and cumulative foreign currency translation) and non-controlling interest less required deductions such as unsecured credit accommodations to directors, officers, stockholders and related interests (DOSRI), deferred income tax, other intangible assets, defined benefit pension fund assets and goodwill. The other component of regulatory capital is Tier 2 (supplementary) capital, which includes unsecured subordinated debt and general loan loss provision.

RWA consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP.

As of December 31, 2015 and 2014, the Group has no exposures to securitization structures, contracts that provide credit protection through credit derivatives and investments in other types of structured products.

Credit risk mitigants on risk-weighted assets were based on collateralized transactions (margin deposits and hold-out on deposits) as well as guarantees by the Philippine National Government and those guarantors and exposures with highest credit rating.

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on the ratings by S&P, Moody's, Fitch and PhilRatings on exposures to Sovereigns, Multilateral Development Banks, Banks, Local Government Units, Government Corporations, and Corporates.

Operational RWA are computed using the Basic Indicator Approach.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The issuance of BSP Circular No. 639 covering the Internal Capital Adequacy Assessment Process (ICAAP) in 2009 supplements the BSP's risk-based capital adequacy framework under Circular No. 538. In compliance with this new circular, the Group has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget; as well as regulatory edicts. BSP requires submission of an ICAAP document every January 31. Pursuant to MB Resolution No. 84 dated January 14, 2015, the deadline for submission of ICAAP documents was amended from January 31 of each year to March 31 effective 2015 (BSP Circular No. 869 dated January 30, 2015).

On October 29, 2014, the BSP issued Circular No. 856 covering the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks that will be identified as DSIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer. Compliance with this requirement shall be phased-in starting January 1, 2017, with full compliance on January 1, 2019.

The Group 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.

5. Fair Value Measurement

Financial Instruments
The methods and assumptions used by the Group in estimating the fair value of financial instruments are:

Cash and other cash items, due from BSP and other banks and interbank loans receivable and SPURA - Carrying amounts approximate fair values in view of the relatively short-term maturities of these instruments.

Trading and investment securities - Fair values of debt securities (financial assets at FVPL, AFS and HTM investments) and equity investments are generally based on quoted market prices. Where the debt securities are not quoted or the market prices are not readily available, the Group obtained valuations from independent parties offering pricing services, used adjusted quoted market prices of comparable investments, or applied discounted cash flow methodologies. For equity investments that are not quoted, the investments are carried at cost less allowance for impairment losses due to the unpredictable nature of future cash flows and the lack of suitable methods of arriving at a reliable fair value.

Derivative instruments - Fair values are estimated based on quoted market prices, prices provided by independent parties, or prices derived using acceptable valuation models. The models utilize published underlying rates (e.g. interest rates, FX rates, CDS rates, FX volatilities and spot and forward FX rates) and are implemented through validated calculation engines.

Loans and receivables - Fair values of the Group's loans and receivables are estimated using the discounted cash flow methodology, using current incremental lending rates for similar types of loans. Where the instrument reprices on a quarterly basis or has a relatively short maturity, the carrying amounts approximate fair values.

Liabilities - Fair values are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued, if any. The carrying amount of demand and savings deposit liabilities and other short-term liabilities approximate fair value considering that these are either due and demandable or with short-term maturities.

Non-financial Assets
Investment properties - Fair value of investment properties is determined based on valuations performed by independent and in-house appraisers using valuation technique with significant inputs that are not based on observable market data (Level 3). The valuation of investment properties was based on the Sales Comparison Approach and considered recent sales similar or substitute properties in the same areas where the investment properties are located, taking into account the economic conditions prevailing at the time of the valuation. Other factors considered were the location and shape of the properties, environmental issues, development controls such as the height restrictions, building coverage and floor area ratio restrictions, among others. The fair value of investment properties is based on its highest and best use, which is its current use.

The following tables summarize the carrying amounts and fair values of the financial assets and liabilities, analyzed among those whose fair value is based on:
- Quoted market prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

	2015				
	Consolidated				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL					
HFT investments					
Debt securities					
Government	**₱10,351**	**₱9,529**	**₱822**	**₱–**	**₱10,351**
Private	**3,723**	**3,675**	**48**	**–**	**3,723**
Treasury bills	**104**	**104**	**–**	**–**	**104**
Treasury notes and bonds	**19,511**	**19,511**	**–**	**–**	**19,511**
	33,689	**32,819**	**870**	**–**	**33,689**
Equity securities					
Quoted	**9,225**	**9,225**	**–**	**–**	**9,225**
Derivative assets					
Currency forwards	**769**	**–**	**769**	**–**	**769**
Interest rate swaps	**421**	**–**	**421**	**–**	**421**
Cross currency swaps	**4,568**	**–**	**4,568**	**–**	**4,568**
Put option	**149**	**–**	**149**	**–**	**149**
Call option	**32**	**–**	**32**	**–**	**32**
Embedded derivatives in non-financial contract	**3**	**–**	**3**	**–**	**3**
	5,942	**–**	**5,942**	**–**	**5,942**
	48,856	**42,044**	**6,812**	**–**	**48,856**
AFS investments					
Debt securities					
Government	**40,708**	**36,155**	**4,553**	**–**	**40,708**
Private	**28,098**	**27,433**	**665**	**–**	**28,098**
Treasury notes and bonds	**160,693**	**160,604**	**89**	**–**	**160,693**
	229,499	**224,192**	**5,307**	**–**	**229,499**
Equity securities					
Quoted	**2,207**	**2,207**	**–**	**–**	**2,207**
	231,706	**226,399**	**5,307**	**–**	**231,706**
	₱280,562	**₱268,443**	**₱12,119**	**₱–**	**₱280,562**
Assets for which Fair Values are Disclosed					
Financial Assets					
HTM investments					
Government	**₱19,107**	**₱22,376**	**₱–**	**₱–**	**₱22,376**
Private	**4,530**	**4,530**	**–**	**–**	**4,530**
Treasury notes and bonds	**184,795**	**179,288**	**–**	**–**	**179,288**
	208,432	**206,194**	**–**	**–**	**206,194**
Loans and receivables - net					
Receivables from customers					
Commercial loans	**593,034**	**–**	**593,938**	**–**	**593,938**
Residential mortgage loans	**84,520**	**–**	**85,850**	**–**	**85,850**
Auto loans	**81,042**	**–**	**94,394**	**–**	**94,394**
Trade	**32,988**	**–**	**32,994**	**–**	**32,994**
Others	**77,102**	**–**	**79,391**	**–**	**79,391**
	868,686	**–**	**886,567**	**–**	**886,567**
Unquoted debt securities	**1,936**	**–**	**2,035**	**–**	**2,035**
Sales contract receivable	**365**	**–**	**386**	**–**	**386**
	870,987	**–**	**888,988**	**–**	**888,988**
Other Assets					
Residual value of leased assets	**899**	**–**	**831**	**–**	**831**
Miscellaneous	**178**	**–**	**176**	**–**	**176**
	1,077	**–**	**1,007**	**–**	**1,007**
	1,080,496	**206,194**	**889,995**	**–**	**1,096,189**
Non-Financial Assets					
Investment properties	**8,195**	**–**	**–**	**12,981**	**12,981**
	₱1,088,691	**₱206,194**	**₱889,995**	**₱12,981**	**₱1,109,170**

(Forward)

	2015				
	Consolidated				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVPL					
Derivative liabilities					
Currency forwards	**₱730**	**₱–**	**₱730**	**₱–**	**₱730**
Interest rate swaps	**952**	**–**	**952**	**–**	**952**
Cross currency swaps	**2,454**	**–**	**2,454**	**–**	**2,454**
Call option	**9**	**–**	**9**	**–**	**9**
	₱4,145	**₱–**	**₱4,145**	**₱–**	**₱4,145**
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	**₱542,221**	**₱–**	**₱545,963**	**₱–**	**₱545,963**
LTNCD	**14,250**	**13,862**	**–**	**–**	**13,862**
Bills payable and SSURA	**176,791**	**–**	**173,911**	**–**	**173,911**
Bonds payable	**11,516**	**–**	**11,858**	**–**	**11,858**
Subordinated debt	**29,487**	**18,757**	**6,909**	**–**	**25,666**
Other liabilities					
Deposits on lease contracts	**1,249**	**–**	**1,069**	**–**	**1,069**
	₱775,514	**₱32,619**	**₱739,710**	**₱–**	**₱772,329**

	2015				
	Parent Company				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL					
HFT investments					
Debt securities					
Government	**₱7,509**	**₱7,509**	**₱–**	**₱–**	**₱7,509**
Private	**3,068**	**3,068**	**–**	**–**	**3,068**
Treasury notes and bonds	**18,074**	**18,074**	**–**	**–**	**18,074**
	28,651	**28,651**	**–**	**–**	**28,651**
Derivative assets					
Currency forwards	**769**	**–**	**769**	**–**	**769**
Interest rate swaps	**420**	**–**	**420**	**–**	**420**
Cross currency swaps	**4,568**	**–**	**4,568**	**–**	**4,568**
Put option purchased - warrants	**149**	**–**	**149**	**–**	**149**
Call option	**8**	**–**	**8**	**–**	**8**
Embedded derivatives in non-financial contract	**3**	**–**	**3**	**–**	**3**
	5,917	**–**	**5,917**	**–**	**5,917**
	34,568	**28,651**	**5,917**	**–**	**34,568**
AFS investments					
Debt securities					
Government	**33,071**	**33,041**	**30**	**–**	**33,071**
Private	**22,898**	**22,377**	**521**	**–**	**22,898**
Treasury notes and bonds	**145,985**	**145,895**	**90**	**–**	**145,985**
	201,954	**201,313**	**641**	**–**	**201,954**
Equity securities					
Quoted	**297**	**297**	**–**	**–**	**297**
	202,251	**201,610**	**641**	**–**	**202,251**
	₱236,819	**₱230,261**	**₱6,558**	**₱–**	**₱236,819**
Assets for which Fair Values are Disclosed					
Financial Assets					
HTM investments					
Government	**₱15,035**	**₱18,432**	**₱–**	**₱–**	**₱18,432**
Treasury notes and bonds	**160,781**	**155,678**	**–**	**–**	**155,678**
	175,816	**174,110**	**–**	**–**	**174,110**
Loans and receivables - net					
Receivables from customers					
Commercial loans	**555,790**	**–**	**554,813**	**–**	**554,813**
Residential mortgage loans	**44,410**	**–**	**44,693**	**–**	**44,693**
Auto loans	**21,713**	**–**	**21,824**	**–**	**21,824**
Trade	**32,988**	**–**	**32,994**	**–**	**32,994**
Others	**24,144**	**–**	**24,144**	**–**	**24,144**
	679,045	**–**	**678,468**	**–**	**678,468**

(Forward)

	2015				
	Parent Company				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Unquoted debt securities	**₱194**	**₱–**	**₱194**	**₱–**	**₱194**
Sales contract receivable	**174**	**–**	**174**	**–**	**174**
	679,413	**–**	**678,836**	**–**	**678,836**
	855,229	**174,110**	**678,836**	**–**	**852,946**
Non-Financial Assets					
Investment properties	**4,132**	**–**	**–**	**7,487**	**7,487**
	₱859,361	**₱174,110**	**₱678,836**	**₱7,487**	**₱860,433**
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVPL					
Derivative liabilities					
Currency forwards	**₱730**	**₱–**	**₱730**	**₱–**	**₱730**
Interest rate swaps	**952**	**–**	**952**	**–**	**952**
Cross currency swaps	**2,454**	**–**	**2,454**	**–**	**2,454**
Call option	**9**	**–**	**9**	**–**	**9**
	₱4,145	**₱–**	**₱4,145**	**₱–**	**₱4,145**
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	**₱425,629**	**₱–**	**₱425,629**	**₱–**	**₱425,629**
LTNCD	**14,250**	**13,862**	**–**	**–**	**13,862**
	439,879	**13,862**	**425,629**	**–**	**439,491**
Bills payable and SSURA	**88,640**	**–**	**88,640**	**–**	**88,640**
Subordinated debt	**22,374**	**18,757**	**–**	**–**	**18,757**
	₱550,893	**₱32,619**	**₱514,269**	**₱–**	**₱546,888**

	2014				
	Consolidated				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL					
HFT investments					
Debt securities					
Government	₱10,503	₱9,467	₱1,036	₱–	₱10,503
Private	3,925	3,887	38	–	3,925
Treasury bills	1,763	1,763	–	–	1,763
Treasury notes and bonds	16,912	16,912	–	–	16,912
	33,103	32,029	1,074	–	33,103
Equity securities					
Quoted	9,791	9,791	–	–	9,791
Derivative assets					
Currency forwards	598	–	598	–	598
Bond forward	27	–	27	–	27
Interest rate swaps	345	–	345	–	345
Cross currency swaps	1,857	–	1,857	–	1,857
Put option	164	–	164	–	164
Call option	45	–	45	–	45
Embedded derivatives in non-financial contract	5	–	5	–	5
	3,041	–	3,041	–	3,041
	45,935	41,820	4,115	–	45,935
AFS investments					
Debt securities					
Government	50,861	46,560	4,301	–	50,861
Private	26,739	25,923	816	–	26,739
Treasury notes and bonds	122,767	122,718	49	–	122,767
	200,367	195,201	5,166	–	200,367
Equity securities					
Quoted	3,892	3,892	–	–	3,892
	204,259	199,093	5,166	–	204,259
	₱250,194	₱240,913	₱9,281	₱–	₱250,194

(Forward)

	2014				
	Consolidated				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets for which Fair Values are Disclosed					
Financial Assets					
HTM investments					
Government	₱14,478	₱18,157	₱–	₱–	₱18,157
Private	3,371	3,344	–	–	3,344
Treasury notes and bonds	111,227	113,548	24	–	113,572
	129,076	135,049	24	–	135,073
Loans and receivables - net					
Receivables from customers					
Commercial loans	493,604	–	494,875	–	494,875
Residential mortgage loans	73,826	–	72,149	–	72,149
Auto loans	63,353	–	66,485	–	66,485
Trade	36,189	–	36,197	–	36,197
Others	76,452	–	76,351	–	76,351
	743,424	–	746,057	–	746,057
Unquoted debt securities	2,508	–	2,740	–	2,740
Sales contract receivable	430	–	451	–	451
	746,362	–	749,248	–	749,248
Other Assets					
Residual value of leased assets	832	–	791	–	791
Miscellaneous	115	–	117	–	117
	947	–	908	–	908
	876,385	135,049	750,180	–	885,229
Non-Financial Assets					
Investment properties	10,037	–	–	15,773	15,773
	₱886,422	₱135,049	₱750,180	₱15,773	₱901,002
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVPL					
Derivative liabilities					
Currency forwards	₱506	₱–	₱506	₱–	₱506
Foreign exchange swaps	16	–	16	–	16
Interest rate swaps	1,113	–	1,113	–	1,113
Cross currency swaps	1,436	–	1,436	–	1,436
	₱3,071	₱–	₱3,071	₱–	₱3,071
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱576,152	₱–	₱580,433	₱–	₱580,433
LTNCD	14,250	8,080	6,215	–	14,295
Bills payable and SSURA	140,399	–	141,626	–	141,626
Bonds payable	11,444	–	12,004	–	12,004
Subordinated debt	29,452	19,687	7,107	–	26,794
Other liabilities					
Deposits on lease contracts	1,171	–	1,031	–	1,031
	₱772,868	₱27,767	₱748,416	₱–	₱776,183

	2014				
	Parent Company				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL					
HFT investments					
Debt securities					
Government	₱9,236	₱9,236	₱–	₱–	₱9,236
Private	3,049	3,049	–	–	3,049
Treasury bills	56	56	–	–	56
Treasury notes and bonds	14,523	14,523	–	–	14,523
	26,864	26,864	–	–	26,864
Derivative assets					
Currency forwards	598	–	598	–	598
Bond forward	27	–	27	–	27
Interest rate swaps	345	–	345	–	345
Cross currency swaps	1,847	–	1,847	–	1,847

(Forward)

	2014				
	Parent Company				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Put option purchased - warrants	₱164	₱–	₱164	₱–	₱164
Embedded derivatives in non-financial contract	5	–	5	–	5
	2,986	–	2,986	–	2,986
	29,850	26,864	2,986	–	29,850
AFS investments					
Debt securities					
Government	43,821	43,705	116	–	43,821
Private	23,408	22,912	496	–	23,408
Treasury notes and bonds	111,796	111,796	–	–	111,796
	179,025	178,413	612	–	179,025
Equity securities					
Quoted	289	289	–	–	289
	179,314	178,702	612	–	179,314
	₱209,164	₱205,566	₱3,598	₱–	₱209,164
Assets for which Fair Values are Disclosed					
Financial Assets					
HTM investments					
Government	₱14,195	₱17,868	₱–	₱–	₱17,868
Treasury notes and bonds	96,582	98,702	–	–	98,702
	110,777	116,570	–	–	116,570
Loans and receivables - net					
Receivables from customers					
Commercial loans	458,516	–	457,438	–	457,438
Residential mortgage loans	39,797	–	40,028	–	40,028
Auto loans	17,853	–	17,981	–	17,981
Trade	36,189	–	36,197	–	36,197
Others	26,740	–	26,740	–	26,740
	579,095	–	578,384	–	578,384
Unquoted debt securities	163	–	163	–	163
Sales contract receivable	184	–	184	–	184
	579,442	–	578,731	–	578,731
	690,219	116,570	578,731	–	695,301
Non-Financial Assets					
Investment properties	6,229	–	–	10,672	10,672
	₱696,448	₱116,570	₱578,731	₱10,672	₱705,973
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVPL					
Derivative liabilities					
Currency forwards	₱506	₱–	₱506	₱–	₱506
Interest rate swaps	1,113	–	1,113	–	1,113
Cross currency swaps	1,435	–	1,435	–	1,435
	₱3,054	₱–	₱3,054	₱–	₱3,054
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱475,818	₱–	₱475,818	₱–	₱475,818
LTNCD	14,250	8,080	6,215	–	14,295
	490,068	8,080	482,033	–	490,113
Bills payable and SSURA	62,345	–	62,345	–	62,345
Subordinated debt	22,344	19,687	–	–	19,687
	₱574,757	₱27,767	₱544,378	₱–	₱572,145

When fair values of listed equity and debt securities, as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.
For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models.

Instruments included in Level 3 include those for which there is currently no active market.

The following table shows transfers from Level 2 to Level 1 of the fair value hierarchy;

	Carrying Values			
	December 31, 2015		December 31, 2014	
	Level 1	Level 2	Level 1	Level 2
HFT investments - debt securities	**₱–**	**₱–**	₱15	(₱15)
AFS investments - debt securities	**47**	**(47)**	45	(45)

As of December 31, 2015 and 2014, the prices of these securities are quoted in an active market.

6. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to the Senior Management who is responsible for allocating resources to the segments and assessing its performance. The Group's business segments follow:

- Consumer Banking - principally providing consumer type loans and support for effective sourcing and generation of consumer business;
- Corporate Banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Investment Banking - principally arranging structured financing, and providing services relating to privatizations, initial public offerings, mergers and acquisitions; and providing advisory services primarily aimed to create wealth to individuals and institutions;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and corporate banking;
- Branch Banking - principally handling branch deposits and providing loans and other loan related businesses for domestic middle market clients; and
- Others - principally handling other services including but not limited to remittances, leasing, account financing, and other support services. Other operations of the Group comprise the operations and financial control groups.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense. The Group has no significant customers which contributes 10.00% or more of the consolidated revenue net of interest expense. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds. The following table presents revenue and income information of operating segments presented in accordance with PFRS and segment assets and liabilities:

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
2015							
Results of Operations							
Net interest income (expense)							
Third party	₱10,287	₱19,170	₱5	₱16,617	₱1,027	₱1,868	₱48,974
Intersegment	(242)	(7,607)	–	(6,054)	15,633	(1,730)	–
Net interest income after intersegment transactions	10,045	11,563	5	10,563	16,660	138	48,974
Non-interest income	4,976	570	682	1,181	3,818	7,201	18,428
Revenue - net of interest expense	15,021	12,133	687	11,744	20,478	7,339	67,402
Non-interest expense	9,184	2,656	(42)	1,612	19,073	9,448	41,931
Income before share in net income of associates and a JV	5,837	9,477	729	10,132	1,405	(2,109)	25,471
Share in net income of associates and a JV	–	20	–	–	–	389	409
Provision for income tax	(1,153)	(233)	–	(3,817)	217	(251)	(5,237)
Non-controlling interest in net income of consolidated subsidiaries	–	–	–	–	–	(2,018)	(2,018)
Net income (loss)	₱4,684	₱9,264	₱729	₱6,315	₱1,622	(₱3,989)	₱18,625
Statement of Financial Position							
Total assets	₱143,962	₱636,495	₱–	₱538,974	₱138,110	₱303,151	₱1,760,692
Total liabilities	₱52,912	₱602,773	₱–	₱551,573	₱213,643	₱136,481	₱1,557,382
Other Segment Information							
Capital expenditures	₱681	₱78	₱–	₱136	₱163	₱3,597	₱4,655
Depreciation and amortization	₱284	₱164	₱–	₱10	₱1,159	₱1,643	₱3,260
Provision for credit and impairment losses	₱3,913	₱94	(₱91)	₱3	₱1,017	(₱2,877)	₱2,059
2014							
Results of Operations							
Net interest income (expense)							
Third party	₱9,183	₱17,004	₱164	₱16,265	₱1,248	₱1,899	₱45,763
Intersegment	(331)	(9,731)	–	(7,834)	20,612	(2,716)	–
Net interest income (expense) after intersegment transactions	8,852	7,273	164	8,431	21,860	(817)	45,763
Non-interest income	5,009	940	408	912	3,886	17,976	29,131
Revenue - net of interest expense	13,861	8,213	572	9,343	25,746	17,159	74,894
Non-interest expense	9,024	2,089	28	1,288	17,898	16,516	46,843
Income before share in net income of associates and a JV	4,837	6,124	544	8,055	7,848	643	28,051
Share in net income of associates and a JV	–	77	–	–	–	366	443
Provision for income tax	(946)	(280)	–	(3,475)	201	(1,959)	(6,459)
Non-controlling interest in net income of consolidated subsidiaries	–	–	–	–	–	(1,922)	(1,922)
Net income (loss)	₱3,891	₱5,921	₱544	₱4,580	₱8,049	(₱2,872)	₱20,113
Statement of Financial Position							
Total assets	₱119,790	₱521,546	₱–	₱566,013	₱134,958	₱262,233	₱1,604,540
Total liabilities	₱51,474	₱512,814	₱–	₱545,049	₱204,002	₱132,416	₱1,445,755
Other Segment Information							
Capital expenditures	₱450	₱119	₱–	₱121	₱226	₱2,883	₱3,799
Depreciation and amortization	₱296	₱116	₱–	₱29	₱1,016	₱1,439	₱2,896
Provision for credit and impairment losses	₱4,195	₱43	₱–	₱8	₱858	(₱255)	₱4,849
2013							
Results of Operations							
Net interest income (expense)							
Third party	₱7,851	₱7,999	(₱44)	₱11,148	₱9,994	₱1,321	₱38,269
Intersegment	(280)	(4,014)	–	(5,995)	12,443	(2,154)	–
Net interest income (expense) after intersegment transactions	7,571	3,985	(44)	5,153	22,437	(833)	38,269
Non-interest income	4,068	382	731	13,426	3,646	18,402	40,655
Revenue - net of interest expense	11,639	4,367	687	18,579	26,083	17,569	78,924
Non-interest expense	8,307	1,573	149	2,547	17,123	19,625	49,324
Income (loss) before share in net income of associates and a JV	3,332	2,794	538	16,032	8,960	(2,056)	29,600
Share in net income of associates and a JV	–	110	–	–	–	1,367	1,477
Provision for income tax	(862)	(370)	(52)	(3,242)	64	(2,286)	(6,748)
Non-controlling interest in net income of consolidated subsidiaries	–	–	–	–	–	(1,841)	(1,841)
Net income (loss)	₱2,470	₱2,534	₱486	₱12,790	₱9,024	(₱4,816)	₱22,488
Statement of Financial Position							
Total assets	₱97,439	₱202,740	₱861	₱503,490	₱321,033	₱253,006	₱1,378,569
Total liabilities	₱41,792	₱197,033	₱6	₱481,636	₱377,608	₱137,789	₱1,235,864
Other Segment Information							
Capital expenditures	₱409	₱212	₱–	₱105	₱328	₱2,599	₱3,653
Depreciation and amortization	₱293	₱103	₱–	₱7	₱949	₱1,332	₱2,684
Provision for credit and impairment losses	₱3,665	(₱157)	₱–	₱426	₱1,886	₱4,902	₱10,722

Non-interest income consists of service charges, fees and commissions, profit from assets sold, trading and securities gain - net, foreign exchange gain - net, income from trust operations, leasing, dividends and miscellaneous income. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, provision for credit and impairment losses, depreciation and amortization, occupancy and equipment-related cost, amortization of software costs, income (loss) attributable to NENCI and miscellaneous expense.

Geographical Information

The Group operates in four geographic markets: Philippines, Asia other than Philippines, USA and Europe (Note 2). The following tables show the distribution of Group's external net operating income and non-current assets allocated based on the location of the customers and assets, respectively, for the years ended December 31:

	Philippines	Asia (Other than Philippines)	USA	Europe	Total
2015					
Interest income	**₱64,225**	**₱1,297**	**₱34**	**₱–**	**₱65,556**
Interest expense	**16,035**	**541**	**6**	**–**	**16,582**
Net interest income	**48,190**	**756**	**28**	**–**	**48,974**
Non-interest income	**16,801**	**1,117**	**454**	**56**	**18,428**
Provision for credit and impairment losses	**1,985**	**72**	**2**	**–**	**2,059**
Total external net operating income	**₱63,006**	**₱1,801**	**₱480**	**₱56**	**₱65,343**
Non-current assets	**₱31,847**	**₱644**	**₱19**	**₱6**	**₱32,516**
2014					
Interest income	₱57,557	₱1,709	₱28	₱–	₱59,294
Interest expense	12,893	632	6	–	13,531
Net interest income	44,664	1,077	22	–	45,763
Non-interest income	27,834	912	335	50	29,131
Provision for credit and impairment losses	4,689	157	3	–	4,849
Total external net operating income	₱67,809	₱1,832	₱354	₱50	₱70,045
Non-current assets	₱27,851	₱691	₱19	₱5	₱28,566
2013					
Interest income	₱48,614	₱1,243	₱35	₱–	₱49,892
Interest expense	11,155	462	6	–	11,623
Net interest income	37,459	781	29	–	38,269
Non-interest income	39,130	1,000	411	114	40,655
Provision for credit and impairment losses	10,630	92	–	–	10,722
Total external net operating income	₱65,959	₱1,689	₱440	₱114	₱68,202
Non-current assets	₱30,985	₱667	₱25	₱13	₱31,690

Non-current assets consist of property and equipment, investment properties, chattel properties acquired in foreclosure, software costs and assets held under joint operations.

7. Interbank Loans Receivable and Securities Purchased Under Resale Agreements

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Interbank loans receivable (Note 31)	**₱33,621**	₱23,017	**₱25,951**	₱13,399
SPURA	**2,500**	96,826	**–**	95,042
	36,121	119,843	**25,951**	108,441
Less allowance for credit losses (Note 15)	**3**	4	**–**	–
	₱36,118	₱119,839	**₱25,951**	₱108,441

The outstanding balance of SPURA represents overnight placements with the BSP where the underlying securities cannot be sold or repledged to parties other than the BSP.

8. Trading and Investment Securities

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Financial assets at FVPL (Note 29)	**₱48,856**	₱45,935	**₱34,568**	₱29,850
AFS investments (Notes 29 and 31)	**235,158**	207,711	**202,312**	179,375
HTM investments (Note 29)	**208,432**	129,076	**175,816**	110,777
	₱492,446	₱382,722	**₱412,696**	₱320,002

Financial assets at FVPL consist of the following:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
HFT investments (Note 31)				
Debt securities				
Government (Note 17)	**₱10,351**	₱10,503	**₱7,509**	₱9,236
Private	**3,723**	3,925	**3,068**	3,049
Treasury bills	**104**	1,763	**–**	56
Treasury notes and bonds	**19,511**	16,912	**18,074**	14,523
	33,689	33,103	**28,651**	26,864
Equity securities - quoted	**9,225**	9,791	**–**	–
	42,914	42,894	**28,651**	26,864
Derivative assets	**5,942**	3,041	**5,917**	2,986
	₱48,856	₱45,935	**₱34,568**	₱29,850

Derivative Financial Instruments

The following are fair values of derivative financial instruments of the Parent Company recorded as derivative assets/liabilities, together with the notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2015 and 2014 and are not indicative of either market risk or credit risk.

	Assets	Liabilities	Notional Amount	Average Forward Rate (in every USD 1)
December 31, 2015				
Freestanding derivatives:				
Currency forwards				
BOUGHT:				
USD	**₱410**	**₱115**	**USD 967**	**₱46.9406**
CNY	**–**	**158**	**CNY 652**	**CNY 0.1552**
EUR	**0**	**1**	**EUR 2**	**EUR 1.1148**
TWD	**70**	**–**	**TWD 1,636**	**TWD 0.0312**
CAD	**–**	**3**	**CAD 2**	**CAD 0.7213**
SOLD:				
USD	**106**	**441**	**USD 1,094**	**₱47.0101**
CNY	**180**	**–**	**CNY 681**	**CNY 0.1558**
GBP	**0**	**0**	**GBP 6**	**GBP 1.4924**

(Forward)

	Assets	Liabilities	Notional Amount	Average Forward Rate (in every USD 1)
JPY	**₱0**	**₱5**	**JPY 2,584**	**JPY 0.0083**
EUR	**1**	**2**	**EUR 9**	**EUR 1.0918**
THB	**0**	**0**	**THB 150**	**THB 0.0277**
SGD	**2**	**–**	**SGD 21**	**SGD 0.7107**
TRY	**–**	**0**	**TRY 0**	**TRY 0.3356**
AUD	**–**	**5**	**AUD 15**	**AUD 0.7207**
HKD	**–**	**0**	**HKD 101**	**HKD 0.1290**
Put option purchased warrants	**149**	**–**	**USD 645**	
Interest rate swaps - PHP	**154**	**265**	**₱40,706**	
Interest rate swaps - FX	**266**	**687**	**USD 1,955**	
Cross currency swaps	**4,563**	**1**	**USD 1,083**	
Cross currency swaps - PHP	**5**	**2,453**	**₱19,444**	
Over-the-counter FX options	**8**	**9**	**USD 158**	
Embedded derivatives in non-financial contract*	**3**	**–**	**USD 0**	
	₱5,917	**₱4,145**		
December 31, 2014				
Freestanding derivatives:				
Currency forwards				
BOUGHT:				
USD	₱140	₱65	USD 830	₱44.7364
CNY	11	238	CNY 3,931	CNY 0.1601
EUR	–	1	EUR 0	EUR 1.2695
TWD	77	–	TWD 1,641	TWD 0.0326
HKD	–	0	HKD 15	HKD 0.1289
CHF	–	4	CHF 4	CHF 1.0358
AUD	–	0	AUD 1	AUD 0.8183
SOLD:				
USD	112	180	USD 1,067	₱44.8498
CNY	250	17	CNY 3,963	CNY 0.1608
JPY	4	–	JPY 807	JPY 0.0084
EUR	3	–	EUR 1	EUR 1.2080
THB	0	0	THB 15	THB 0.0303
CHF	0	–	CHF 2	CHF 1.0133
SGD	1	–	SGD 31	SGD 0.7560
AUD	0	1	AUD 14	AUD 0.8131
DKK	0	–	DKK 1	DKK 0.1675
ZAR	0	–	ZAR 3	ZAR 0.0864
Put option purchased warrants	164	–	USD 645	
Interest rate swaps - PHP	252	386	₱54,788	
Interest rate swaps - FX	93	727	USD 1,455	
Cross currency swaps	1,804	46	USD 1,088	
Cross currency swaps - PHP	43	1,389	₱18,047	
Over-the-counter FX options	0	–	USD 2	
Bond forwards	27	–	USD 50	
Embedded derivatives in: non-financial contract*	5	–	USD 0	
	₱2,986	₱3,054		

*Non-financial host contracts include foreign currency derivatives with average notional amounts of USD1,497 and USD1,467 per month as of December 31, 2015 and 2014, respectively (with maturities until 2021).

The Group's derivative assets include embedded call option in a financial contract amounting to ₱24.6 million and ₱44.5 million as of December 31, 2015 and 2014, respectively and IRS amounting to ₱10.6 million as of December 31, 2014. Derivative liabilities of the Group include foreign currency swaps of ₱16.2 million as of December 31, 2014.

Derivatives Designated as Accounting Hedges

MCC had a cross currency swap agreement with a certain bank to hedge the foreign exchange and interest rate risks arising from its dollar-denominated loan with the same bank which was paid off on December 21, 2015. Under the agreement, MCC, on a quarterly basis, pays fixed annual interest rate of 5.45% in 2015 and from 5.25% to 5.50% in 2014, on the peso principal and receives floating interest at 3 months London interbank offered rate (LIBOR) on the USD principal. As of December 31, 2014, the swaps which are designated as hedging instruments under cash flow hedges have an aggregate positive fair value of ₱10.6 million. MCC assessed the hedge relationship of the swaps and the hedged loans as highly effective. The effective fair value changes on the swaps that were deferred in equity under ‘Translation adjustment and others’ as of December 31, 2014 amounted to ₱2.7 million. This is to recognize the offsetting effect of the change in fair value of the swaps and that of the hedged loans in the statement of income due to movements in the foreign exchange rates. No ineffectiveness was recognized in 2014.

AFS investments consist of the following:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Debt securities:				
Government (Notes 17 and 19)	**₱40,714**	₱50,864	**₱33,071**	₱43,821
Private	**28,098**	26,739	**22,898**	23,408
Treasury notes and bonds	**160,693**	122,767	**145,985**	111,796
	229,505	200,370	**201,954**	179,025
Equity securities:				
Quoted (Note 11)	**2,476**	4,205	**376**	370
Unquoted	**3,665**	3,665	**142**	142
	6,141	7,870	**518**	512
	235,646	208,240	**202,472**	179,537
Less allowance for impairment losses (Note 15)	**488**	529	**160**	162
	₱235,158	₱207,711	**₱202,312**	₱179,375

AFS investments include net unrealized losses as follows:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Balance at the beginning of year	**₱2,386**	₱371	**₱2,609**	₱2,133
Unrealized loss (gain) recognized in other comprehensive income	**899**	119	**505**	(523)
Amounts realized in profit or loss	**1,430**	1,862	**1,301**	965
	4,715	2,352	**4,415**	2,575
Tax (Note 28)	**68**	34	**87**	34
Balance at end of year	**₱4,783**	₱2,386	**₱4,502**	₱2,609

As of December 31, 2015 and 2014, AFS investments include floating and fixed rate private notes with total carrying value of USD11.1 million (with peso equivalent of ₱521.6 million and ₱496.2 million, respectively) which are pledged by the Parent Company’s New York Branch in compliance with the regulatory requirements of the Federal Deposit Insurance Corporation (FDIC) and the Office of the Controller of the Currency (OCC) in New York.

In August 2014, the Parent Company and FMIC participated in a bond exchange transaction affecting HFT and AFS investments and received 10-year Benchmark bonds with coupon of 4.125% and face value of ₱13.3 billion and ₱10.2 billion, respectively, at a price equivalent to the ratio of the Eligible Bond Repurchase Price to the New Benchmark Bond Issue Price for every

₱1.00 principal amount of each series of Eligible Bonds offered. The Parent Company and FMIC realized net trading loss of ₱9.0 thousand and ₱80.4 million, respectively.

In September 2015, the Parent Company and its subsidiaries, FMIC and PSBank, participated in a bond exchange transaction affecting HFT and AFS investments and received 10-year and 25-year Benchmark bonds with coupon of 3.625% and 4.625%, respectively, and face value of ₱16.0 billion and ₱15.0 billion, respectively, at a price equivalent to the ratio of Eligible Bond Repurchase Price to the New Benchmark Bond Issue Price for every ₱1.00 principal amount of each series of Eligible Bonds offered. The Parent Company, FMIC and PSBank realized net trading gain of ₱32.9 million, ₱0.9 million and ₱4.4 million, respectively. Further, the Parent Company and FMIC also subscribed to new 10-year Benchmark bonds for cash amounting to ₱878.0 million and ₱307.0 million, respectively.

Investment of FMIC in Global Business Power Corporation (GBPC)
The Group's AFS investment - equity securities include FMIC's 4.73% ownership in GBPC amounting to ₱3.3 billion following the sale in 2013 of its 20.00% ownership to ORIX Corporation of Tokyo, Japan at a consideration of ₱7.2 billion which resulted in a gain of ₱3.1 billion and another 20.00% to Meralco PowerGen Corporation, a wholly-owned subsidiary of Manila Electric Company, at a consideration of ₱7.2 billion which resulted in a gain of ₱4.3 billion. The sale of GBPC shares was in line with the Group's capital raising initiatives in preparation for the implementation of Basel III in the Philippines on January 1, 2014.

Investments of FMIC in Toyota Manila Bay Corporation (TMBC) and Toyota Cubao, Inc. (TCI)
In March 2014, FMIC sold AFS investments representing 19.25% ownership in TMBC and 9.00% ownership in TCI to GT Capital at a price of ₱237.3 million and ₱35.9 million, respectively, resulting in trading and securities gain of ₱189.1 million and ₱28.7 million, respectively (Note 31).

HTM investments consist of the following:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Government bonds (Notes 17 and 19)	**₱19,107**	₱14,478	**₱15,035**	₱14,195
Treasury notes and bonds	**184,795**	111,227	**160,781**	96,582
Private bonds	**4,530**	3,371	**–**	–
	₱208,432	₱129,076	**₱175,816**	₱110,777

HTM investments include US Treasury notes with carrying value of USD1.0 million (with peso equivalent of ₱47.7 million and ₱45.2 million as of December 31, 2015 and 2014, respectively) which are pledged by MR USA to the State Treasury Office pursuant to the California Financial Code and in accordance with the requirements of the California Department of Business Oversight relative to its license as a transmitter of money.

Bond Exchange Transaction
In July 2011, the Department of Finance and the Bureau of Treasury embarked on a Liability Management exercise through the exchange of eligible fixed income government bonds for a new 10-year bonds (due 2022) or 20-year bonds (due 2031) wherein the proceeds of a simultaneous issuance of additional new 20-year bonds were used to buy back Eligible bonds via Tender Offer. Given the existing tainting rule on HTM investment under PAS 39, the SEC granted an exemptive relief from the tainting rule subject to, among others, (a) proper disclosures to the SEC; (b) Day 1 profit or loss shall not be recognized and any unrealized gains or losses shall be amortized over the term of the new benchmark bonds; (c) basis of preparation of the financial statements shall not be PFRS but should be the prescribed financial reporting framework for entities which are given

relief from certain requirements of the PFRS; and (d) appropriate clearance shall be obtained from the BSP. In October 2011, the BSP through Circular 738 issued exemption from tainting provision for prudential reporting on certain securities booked under HTM category which are covered by an offer and accepted tender offer pursuant to liability management transactions of the Republic of the Philippines, among others.

In July 2011, given its nature of business, FMIC participated in the domestic bond exchange covering its ₱3.0 billion eligible government bonds classified as HTM investments to extend the bond holdings (from maturity date of December 16, 2020 to July 19, 2031) and benefit from the higher yields (from 5.875% to 8.00%). FMIC has complied with the disclosure and other requirements of the SEC as follows: total HTM investments portfolio of FMIC before and after the exchange remain the same while the gain on exchange of ₱14.5 million is deferred and amortized over the term of the new bonds; and as disclosed in Note 2, the related financial statements of the Group have been prepared in accordance with Philippine GAAP for banks.

Reporting under PFRS
Had the Group accounted for the transaction under PFRS, the entire HTM investments portfolio of the Group covered by the tainting period under the bond exchange, with amortized cost of ₱35.9 billion and ₱36.6 billion as of December 31, 2015 and 2014, respectively, would have been reclassified to AFS investments and carried at fair value with net unrealized gain of ₱3.8 billion and ₱4.1 billion, respectively, being recognized in other comprehensive income.

Interest income on trading and investment securities consists of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Financial assets at FVPL	**₱1,740**	₱1,799	₱1,775	**₱1,299**	₱1,409	₱1,495
AFS investments	**7,473**	8,883	8,119	**6,481**	7,660	6,469
HTM investments	**8,625**	4,313	1,521	**7,502**	3,882	1,142
	₱17,838	₱14,995	₱11,415	**₱15,282**	₱12,951	₱9,106

In 2015, 2014 and 2013, foreign currency-denominated trading and investment securities bear nominal annual interest rates ranging from 0.31% to 11.63%, 0.39% to 10.63% and 0.54% to 10.63%, respectively, for the Group and from 0.31% to 11.63%, 0.39% to 10.63% and 0.63% to 10.63%, respectively, for the Parent Company while peso-denominated trading and investment securities bear nominal annual interest rates ranging from 1.63% to 14.38%, 1.63% to 18.25% and 1.30% to 14.60%, respectively, for the Group and from 2.13% to 13.75%, 1.63% to 18.25% and 1.70% to 14.60%, respectively, for the Parent Company.

Trading and securities gain - net consists of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
HFT investments	**(₱1,261)**	₱1,790	₱992	**(₱824)**	₱33	₱409
AFS investments	**1,430**	1,862	12,833	**1,301**	965	4,816
Derivative asset/liabilities - net	**1,113**	(347)	3,357	**1,127**	(299)	3,361
	₱1,282	₱3,305	₱17,182	**₱1,604**	₱699	₱8,586

Trading gains on AFS investments include realized gains/losses previously reported in other comprehensive income.

9. **Loans and Receivables**

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Receivables from customers (Note 31):				
Commercial loans	**₱599,540**	₱502,858	**₱558,435**	₱464,368
Residential mortgage loans	**85,520**	74,870	**44,839**	40,225
Auto loans	**82,025**	65,048	**21,745**	17,990
Trade loans	**33,262**	36,427	**33,262**	36,427
Others	**80,350**	79,689	**24,184**	26,779
	880,697	758,892	**682,465**	585,789
Less unearned discounts and capitalized interest	**2,414**	2,628	**187**	284
	878,283	756,264	**682,278**	585,505
Unquoted debt securities:				
Government	**855**	614	**432**	194
Private	**1,467**	2,456	**148**	425
	2,322	3,070	**580**	619
Accrued interest receivable (Note 31)	**9,212**	8,319	**6,935**	6,705
Accounts receivable (Note 31)	**9,562**	7,301	**7,974**	5,762
Sales contract receivable	**407**	472	**181**	192
Other receivables (Note 31)	**318**	505	**28**	165
	900,104	775,931	**697,976**	598,948
Less allowance for credit losses (Note 15)	**12,902**	16,450	**5,572**	8,955
	₱887,202	₱759,481	**₱692,404**	₱589,993

Receivables from customers consist of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Loans and discounts	**₱824,788**	₱697,947	**₱626,268**	₱524,348
Less unearned discounts and capitalized interest	**2,414**	2,628	**187**	284
	822,374	695,319	**626,081**	524,064
Customers' liabilities under letters of credit (LC)/trust receipts	**32,352**	34,981	**32,352**	34,981
Bills purchased (Note 21)	**23,557**	25,964	**23,845**	26,460
	₱878,283	₱756,264	**₱682,278**	₱585,505

Receivables from customers - others of the Group include credit card receivables, notes receivables financed and lease contract receivables amounting to ₱42.3 billion, ₱4.8 billion and ₱4.7 billion, respectively, as of December 31, 2015 and ₱38.8 billion, ₱4.6 billion and ₱4.4 billion, respectively, as of December 31, 2014.

As of December 31, 2015 and 2014, other receivables include dividends receivable of ₱167.7 million and ₱160.1 million, respectively, for the Group and ₱18.0 million and ₱154.9 million, respectively, for the Parent Company. Dividends receivable of FMIC from its investee companies amounted to ₱149.7 million and ₱5.2 million as of December 31, 2015 and 2014, respectively.

Interest income on loans and receivables consists of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Receivables from customers	**₱32,366**	₱28,810	₱25,853	**₱21,588**	₱18,871	₱16,953
Receivables from cardholders	**8,272**	7,415	6,500	**–**	–	–
Lease contract receivables	**1,947**	1,556	1,372	**–**	–	–
Customer liabilities under LC/trust receipts	**833**	752	713	**833**	752	713
Restructured loans	**194**	202	268	**139**	150	207
Unquoted debt securities and others	**567**	1,094	831	**370**	588	283
	₱44,179	₱39,829	₱35,537	**₱22,930**	₱20,361	₱18,156

Interest income on unquoted debt securities and others include interest accreted on impaired receivables in accordance with PAS 39 and interest income on sales contract receivable.

BSP Reporting

As of December 31, 2015 and 2014, 81.83% and 80.93% of the total receivables from customers of the Group, respectively, are subject to periodic interest repricing. In 2015 and 2014, the remaining peso receivables from customers earn annual fixed interest rates ranging from 3.00% to 42.00%, while foreign currency-denominated receivables from customers earn annual fixed interest rates ranging from 1.34% to 36.00% and from 1.27% to 36.00%, respectively.

The following table shows information relating to receivables from customers by collateral, gross of unearned discounts and capitalized interest:

	Consolidated				Parent Company			
	2015		2014		**2015**		2014	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Secured by:								
Other securities	**₱148,163**	**16.82**	₱124,938	16.46	**₱148,163**	**21.71**	₱124,938	21.33
Real estate	**99,479**	**11.30**	87,344	11.51	**63,720**	**9.34**	61,064	10.42
Chattel	**99,465**	**11.29**	78,737	10.38	**21,496**	**3.15**	18,286	3.12
Deposit hold-out	**16,288**	**1.85**	14,822	1.95	**15,974**	**2.34**	14,116	2.41
Equity securities	**14,381**	**1.63**	21,073	2.78	**3,264**	**0.48**	10,947	1.87
Others	**8,258**	**0.94**	10,766	1.42	**2,296**	**0.33**	2,782	0.48
	386,034	**43.83**	337,680	44.50	**254,913**	**37.35**	232,133	39.63
Unsecured	**494,663**	**56.17**	421,212	55.50	**427,552**	**62.65**	353,656	60.37
	₱880,697	**100.00**	₱758,892	100.00	**₱682,465**	**100.00**	₱585,789	100.00

Information on the concentration of credit as to industry of receivables from customers, gross of unearned discount and capitalized interest, follows:

	Consolidated				Parent Company			
	2015		2014		**2015**		2014	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Manufacturing	**₱185,257**	**21.04**	₱167,183	22.03	**₱178,936**	**26.22**	₱159,782	27.27
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	**173,457**	**19.70**	148,452	19.56	**64,986**	**9.52**	57,138	9.75
Wholesale and retail trade, repair of motor vehicles, motorcycles	**146,546**	**16.64**	121,828	16.05	**131,903**	**19.33**	108,015	18.44
Real estate activities	**123,874**	**14.07**	119,749	15.78	**86,959**	**12.74**	87,743	14.98
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	**63,668**	**7.23**	53,158	7.00	**61,273**	**8.98**	51,772	8.84
Transportation and storage, information and communication	**50,632**	**5.75**	35,871	4.73	**44,462**	**6.52**	29,102	4.97
Financial and insurance activities	**45,833**	**5.20**	41,483	5.47	**46,138**	**6.76**	38,085	6.50
Construction	**29,804**	**3.38**	23,104	3.04	**21,847**	**3.20**	18,006	3.07
Accommodation and food service activities	**18,521**	**2.10**	15,139	2.00	**18,247**	**2.67**	14,912	2.55
Agricultural, forestry and fishing	**17,258**	**1.96**	12,285	1.62	**13,589**	**1.99**	10,176	1.74
Others	**25,847**	**2.93**	20,640	2.72	**14,125**	**2.07**	11,058	1.89
	₱880,697	**100.00**	₱758,892	100.00	**₱682,465**	**100.00**	₱585,789	100.00

The BSP considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio except for thrift banks.

Non-performing loans (NPLs) included in the total loan portfolio of the Group and the Parent Company, as reported to the BSP, are presented below, net of specific allowance for impairment in compliance with BSP Circular No. 772:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Gross NPLs	**₱8,666**	₱7,524	**₱2,533**	₱2,456
Less allowance for credit losses	**7,562**	11,046	**3,732**	6,911
	₱1,104	(₱3,522)	**(₱1,199)**	(₱4,455)

Under banking regulations, NPLs shall, as a general rule, refer to loan accounts whose principal and/or interest is unpaid for thirty (30) days or more after due date or after they have become past due in accordance with existing rules and regulations. This shall apply to loans payable in lump sum and loans payable in quarterly, semi-annual, or annual installments, in which case, the total outstanding balance thereof shall be considered non-performing.

In the case of receivables that are payable in monthly installments, the total outstanding balance thereof shall be considered non-performing when three (3) or more installments are in arrears. In the case of receivables that are payable in daily, weekly, or semi-monthly installments, the total outstanding balance thereof shall be considered non-performing at the same time that they become past due in accordance with existing BSP regulations, i.e., the entire outstanding balance of the receivable shall be considered as past due when the total amount of arrearages reaches 10.00% of the total receivable balance. Restructured receivables which do not meet the requirements to be treated as performing receivables shall also be considered as NPLs.

10. Property and Equipment

The composition of and movements in this account follow:

	Consolidated					
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Building Under Construction**	**Total**
2015						
Cost						
Balance at beginning of year	**₱5,768**	**₱7,930**	**₱17,361**	**₱3,204**	**₱294**	**₱34,557**
Additions	**128**	**70**	**2,737**	**187**	**718**	**3,840**
Disposals	**–**	**(10)**	**(1,501)**	**(19)**	**–**	**(1,530)**
Reclassification/others	**–**	**446**	**(107)**	**437**	**3,680**	**4,456**
Balance at end of year	**5,896**	**8,436**	**18,490**	**3,809**	**4,692**	**41,323**
Accumulated depreciation and amortization						
Balance at beginning of year	**–**	**3,950**	**12,338**	**2,012**	**–**	**18,300**
Depreciation and amortization	**–**	**382**	**1,887**	**336**	**–**	**2,605**
Disposals	**–**	**(4)**	**(1,343)**	**(14)**	**–**	**(1,361)**
Reclassification/others	**–**	**4**	**75**	**4**	**–**	**83**
Balance at end of year	**–**	**4,332**	**12,957**	**2,338**	**–**	**19,627**
Allowance for impairment losses (Note 15)	**–**	**24**	**2**	**–**	**–**	**26**
Net book value at end of year	**₱5,896**	**₱4,080**	**₱5,531**	**₱1,471**	**₱4,692**	**₱21,670**

	Consolidated					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Building Under Construction	Total
2014						
Cost						
Balance at beginning of year	₱5,858	₱7,725	₱16,673	₱2,682	₱40	₱32,978
Additions	–	80	2,201	219	573	3,073
Disposals	(583)	(49)	(1,449)	–	–	(2,081)
Reclassification/others	493	174	(64)	303	(319)	587
Balance at end of year	5,768	7,930	17,361	3,204	294	34,557
Accumulated depreciation and amortization						
Balance at beginning of year	–	3,629	11,914	1,677	–	17,220
Depreciation and amortization	–	345	1,634	281	–	2,260
Disposals	–	(27)	(1,263)	–	–	(1,290)
Reclassification/others	–	3	53	54	–	110
Balance at end of year	–	3,950	12,338	2,012	–	18,300
Allowance for impairment losses (Note 15)						
Balance at beginning of year	–	–	2	–	–	2
Reclassification	–	24	–	–	–	24
Balance at end of year	–	24	2	–	–	26
Net book value at end of year	₱5,768	₱3,956	₱5,021	₱1,192	₱294	₱16,231

	Parent Company					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Building Under Construction	Total
2015						
Cost						
Balance at beginning of year	**₱4,452**	**₱6,444**	**₱10,208**	**₱1,834**	**₱294**	**₱23,232**
Additions	**1**	**6**	**1,080**	**14**	**718**	**1,819**
Disposals	**–**	**(4)**	**(744)**	**(17)**	**–**	**(765)**
Reclassification/others	**–**	**442**	**(107)**	**429**	**3,680**	**4,444**
Balance at end of year	**4,453**	**6,888**	**10,437**	**2,260**	**4,692**	**28,730**
Accumulated depreciation and amortization						
Balance at beginning of year	**–**	**3,455**	**8,177**	**1,120**	**–**	**12,752**
Depreciation and amortization	**–**	**331**	**668**	**173**	**–**	**1,172**
Disposals	**–**	**(4)**	**(649)**	**(14)**	**–**	**(667)**
Reclassification/others	**–**	**2**	**57**	**–**	**–**	**59**
Balance at end of year	**–**	**3,784**	**8,253**	**1,279**	**–**	**13,316**
Allowance for impairment losses (Note 15)	**–**	**24**	**–**	**–**	**–**	**24**
Net book value at end of year	**₱4,453**	**₱3,080**	**₱2,184**	**₱981**	**₱4,692**	**₱15,390**
2014						
Cost						
Balance at beginning of year	₱4,542	₱6,274	₱10,344	₱1,672	₱40	₱22,872
Additions	–	1	867	6	573	1,447
Disposals	(583)	–	(998)	–	–	(1,581)
Reclassification/others	493	169	(5)	156	(319)	494
Balance at end of year	4,452	6,444	10,208	1,834	294	23,232
Accumulated depreciation and amortization						
Balance at beginning of year	–	3,158	8,419	999	–	12,576
Depreciation and amortization	–	297	532	125	–	954
Disposals	–	–	(843)	–	–	(843)
Reclassification/others	–	–	69	(4)	–	65
Balance at end of year	–	3,455	8,177	1,120	–	12,752
Allowance for impairment losses (Note 15)						
Balance at beginning of year	–	–	–	–	–	–
Reclassification	–	24	–	–	–	24
Balance at end of year	–	24	–	–	–	24
Net book value at end of year	₱4,452	₱2,965	₱2,031	₱714	₱294	₱10,456

Building under construction pertains to bank premises yet to be completed and used by the Parent Company. This includes cost of properties amounting to ₱4.5 billion, consisting of commercial and office spaces located at Bonifacio Global City, Taguig City, purchased from Bonifacio Landmark Realty and Development Corp. (BLRDC), a jointly controlled entity of GT Capital through Federal Land, Inc. (FLI), a related party (presented under Miscellaneous assets in 2014) (Notes 14 and 31).

As of December 31, 2015 and 2014, the cost of fully depreciated property and equipment still in use amounted to ₱7.9 billion and ₱3.0 billion, respectively, for the Group and ₱5.9 billion and ₱1.3 billion, respectively, for the Parent Company.

In January 2014, the BOD of the Parent Company, upon the endorsement of the Related Party Transactions Committee (RPTC), has approved the sale of a bank owned property to FLI, a related party. This property, consisting of a vacant commercial lot located at the Metropolitan Park, Pasay City, was sold at ₱856.4 million and recognized a gain on sale of ₱274.3 million included in “Profit from assets sold”. This transaction has been presented and vetted through the RPTC and the valuation of the properties was based on the sales comparison approach which was used by the independent external appraisal firms to provide a reasonable basis for comparison. Other factors that were considered in the valuation were the location and shape of the properties, environmental issues, development controls such as the height restrictions, building coverage and floor area ratio restrictions, among others (Note 31).

11. Investments in Subsidiaries, Associates and a Joint Venture

Investments in subsidiaries consist of:

	2015	2014
Acquisition cost		
FMIC	**₱11,751**	₱11,751
MBCL	**10,079**	10,079
PSBank	**3,626**	3,626
Circa	**837**	837
ORIX Metro	**265**	265
MCC	**214**	214
MTI	**200**	200
MR USA	**158**	158
MRCI	**131**	131
MR Japan	**102**	72
MR Italia	**66**	66
MR UK	**31**	31
MRHL	**26**	26
MRSPL	**17**	17
FMIIC	**12**	12
Metrobank Bahamas	**8**	8
PVCC	**5**	5
	27,528	27,498
Allowance for impairment losses (Note 15)		
Circa	**(724)**	(786)
MTI	**(194)**	(194)
MR USA	**(52)**	(52)
MRCI	**(124)**	(124)
MR Italia	**(66)**	(66)
	(1,160)	(1,222)
Carrying value		
FMIC	**11,751**	11,751
MBCL	**10,079**	10,079
PSBank	**3,626**	3,626
Circa	**113**	51
ORIX Metro	**265**	265

(Forward)

	2015	2014
MCC	**₱214**	₱214
MTI	**6**	6
MR USA	**106**	106
MRCI	**7**	7
MR Japan	**102**	72
MR Italia	**–**	–
MR UK	**31**	31
MRHL	**26**	26
MRSPL	**17**	17
FMIIC	**12**	12
Metrobank Bahamas	**8**	8
PVCC	**5**	5
	₱26,368	₱26,276

As of December 31, 2015 and 2014, the following subsidiaries have material non-controlling interests:

	Principal Activities	**Effective Ownership of Non-Controlling Interest**
ORIX Metro	Leasing, Finance	**40.15%**
MCC	Credit Card Services	**40.00%**
PSBank	Banking	**24.02%**

The following table presents financial information of subsidiaries with material non-controlling interests as of December 31, 2015 and 2014.

	2015			2014		
	PSBank	**MCC**	**ORIX Metro**	PSBank	MCC	ORIX Metro
Statement of Financial Position						
Total assets	**₱169,331**	**₱52,372**	**₱28,770**	₱145,607	₱49,455	₱22,900
Total liabilities	**150,156**	**45,298**	**24,040**	127,877	42,873	19,020
Non-controlling interest	**4,606**	**2,830**	**1,903**	4,259	2,633	1,560
Statement of Income						
Gross income	**13,321**	**12,616**	**4,051**	12,972	11,725	3,488
Operating income	**10,800**	**11,398**	**3,515**	10,569	10,623	3,098
Net income	**2,351**	**2,686**	**892**	2,319	2,547	761
Net income attributable to NCI	**565**	**1,074**	**358**	557	1,019	306
Total comprehensive income	**2,166**	**2,605**	**850**	2,188	2,264	739
Statement of Cash Flows						
Net cash used in operating activities	**(2,830)**	**(507)**	**(2,448)**	(2,866)	(3,061)	(958)
Net cash provided by (used in) investing activities	**(13,668)**	**(437)**	**(1,025)**	(784)	206	(800)
Net cash provided by (used in) financing activities	**3,597**	**(236)**	**4,646**	2,427	7,500	2,429
Net increase (decrease) in cash and cash equivalents	**(12,901)**	**(1,180)**	**1,173**	(1,223)	4,645	671
Cash and cash equivalents at beginning of year	**32,355**	**9,857**	**3,255**	33,578	5,212	2,584
Cash and cash equivalents at end of year	**19,454**	**8,677**	**4,428**	32,355	9,857	3,255

On August 15, 2014, the Parent Company infused an additional investment of RMB200.0 million or ₱1.4 billion to MBCL as approved by the BSP on March 12, 2014.

On January 31, 2013, the BSP approved the Parent Company's request to establish a remittance company in Yokohama, Japan with an initial capital infusion of USD2.5 million. The first tranche amounting to JPY100.0 million or USD1.0 million and the second and third tranches amounting to JPY75.0 million or USD0.7 million each were contributed in May 2013, September 2014 and September 2015, respectively.

Investment in associates and a JV consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Acquisition cost:				
SMFC* (30.39% owned)	**₱800**	₱800		
Northpine Land, Inc. (NLI) (20.00% owned)	**232**	232	**₱232**	₱232
SMBC Metro Investment Corporation (SMBC Metro) (30.00% owned)	**180**	180	**180**	180
Taal Land Inc. (TLI) (35.00% owned)	**178**	178	**178**	178
Cathay International Resources Corporation (CIRC) (34.47% owned)	**175**	175		
Philippine AXA Life Insurance Corporation (PALIC) (27.96% owned)	**172**	172		
Toyota Financial Services Philippines Corporation (TFSPC) (34.00% owned in 2013)	**–**	–		
Charter Ping An Insurance Corporation (CPAIC) (33.07% owned in 2013)	**–**	–		
Lepanto Consolidated Mining Company (LCMC) (14.33% owned)	**2,292**	–		
Others	**33**	33		
	4,062	1,770	**590**	590
Accumulated equity in net income (loss):				
Balance at beginning of year				
SMFC	**(131)**	(135)		
NLI	**116**	99		
SMBC Metro	**74**	73		
TLI	**(84)**	(84)		
CIRC	**35**	9		
PALIC	**720**	671		
LCMC	**–**	(87)		
TFSPC	**–**	663		
CPAIC	**–**	331		
Others	**(11)**	(22)		
	719	1,518		
Share in net income (loss)				
SMFC	**20**	4		
NLI	**21**	22		
SMBC Metro	**15**	19		
CIRC	**(1)**	26		
PALIC	**391**	343		
LCMC	**(37)**	(96)		
TFSPC	**–**	107		
CPAIC	**–**	7		
Others	**–**	11		
	409	443		
Dividends				
NLI (Note 31)	**(7)**	(5)		
SMBC Metro (Note 31)	**(18)**	(18)		
PALIC	**–**	(294)		
	(25)	(317)		
Divestments/reclassification				
LCMC	**–**	183		
TFSPC	**–**	(770)		
CPAIC	**–**	(338)		
	–	(925)		
Balance at end of year				
SMFC	**(111)**	(131)		
NLI	**130**	116		
SMBC Metro	**71**	74		
TLI	**(84)**	(84)		
CIRC	**34**	35		
PALIC	**1,111**	720		
LCMC	**(37)**	–		

(Forward)

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
TFSPC	**₱–**	₱–		
CPAIC	**–**	–		
Others	**(11)**	(11)		
	1,103	719		
Equity in net unrealized gain (loss) on AFS investments				
SMBC Metro	**10**	7		
TLI	**(3)**	(3)		
PALIC	**175**	260		
	182	264		
Equity in net unrealized loss on remeasurement of retirement plan and translation adjustment and others				
SMFC	**–**	(1)		
NLI	**1**	–		
SMBC Metro	**(1)**	(1)		
	–	(2)		
Allowance for impairment losses (Note 15)				
TLI	**(75)**	(162)	**(₱75)**	(₱162)
Carrying value				
SMFC	**689**	668		
NLI	**363**	348	**232**	232
SMBC Metro	**260**	260	**180**	180
TLI	**16**	(71)	**103**	16
CIRC	**209**	210		
PALIC	**1,458**	1,152		
LCMC	**2,255**	–		
TFSPC	**–**	–		
CPAIC	**–**	–		
Others	**22**	22		
	₱5,272	₱2,589	**₱515**	₱428

*Represents investment in a JV of the Group.

As of December 31, 2015 and 2014, carrying amount of goodwill of the Group amounted to ₱5.2 billion. The goodwill of the Parent Company amounting to ₱1.2 billion was fully impaired in 2013 (Note 3).

Investment in TFSPC
In August 2014, the respective BODs of the Parent Company and PSBank on separate meetings, upon the endorsement of their respective RPTCs, have approved the sale of the Parent Company's 15.00% and PSBank's 25.00% ownerships in TFSPC to GT Capital, a stockholder with significant influence, for an aggregate price of ₱2.1 billion. This transaction has been presented and vetted through joint meetings held by the RPTCs of the Parent Company and PSBank. The amount was based on an independent valuation report which was subjected to a third party fairness opinion. The divestment of TFSPC shares was in line with their capital planning initiatives under the new Basel III regime. This transaction resulted in a gain of ₱0.9 billion for the Group and ₱0.6 billion for the Parent Company (Note 31).

Investment of FMIC in CPAIC
In January 2014, FMIC sold its 33.33% ownership in CPAIC to GT Capital at a consideration of ₱712.0 million which resulted in a gain of ₱313.9 million, included under "Gain on sale of investment in associates" (Note 31).

Investment of FMIC in LCMC
As of December 31, 2015 and 2014, FMIC owns 14.33% in LCMC. FMIC did not avail of its entitlement on LCMC stock rights offering to its stockholders as disclosed by LCMC with the PSE on October 31, 2014. With this strategic decision, the Group has lost its significant influence and reclassified its investment in LCMC to AFS investments without any gain or loss and as of December 31, 2014, this is carried at fair market value of ₱1.6 billion. Starting in July 2015, FMIC has the ability to exercise significant influence through a 5-year agreement with Philex Mining Corporation to jointly vote their 18.6% ownership. As such, FMIC reclassified its ownership in LCMC from AFS investment to equity investment in associate without any gain or loss.

The following tables present financial information of significant associates and a JV as of and for the years ended:

	Statement of Financial Position		Statement of Income and Other Comprehensive Income				
	Total Assets	Total Liabilities	Gross Income	Operating Income (Loss)	Net Income (Loss)	Other Comprehensive Income	Total Comprehensive Income
December 31, 2015							
PALIC	**₱79,978**	**₱74,810**	**₱7,189**	**₱1,925**	**₱1,383**	**(₱302)**	**₱1,081**
LCMC	**9,347**	**2,904**	**1,049**	**(638)**	**(642)**	–	**(642)**
CIRC	**2,623**	**1,733**	**286**	**37**	**26**	–	**26**
NLI	**2,406**	**723**	**347**	**73**	**105**	–	**105**
SMFC	**1,880**	**151**	**443**	**50**	**50**	**4**	**54**
SMBC Metro	**866**	**75**	**105**	**64**	**47**	**10**	**57**
TLI	**48**	**0**	**1**	**1**	**1**	–	**1**
December 31, 2014							
PALIC	68,070	63,983	6,396	1,627	1,226	(153)	1,073
LCMC	16,909	9,519	1,482	(689)	(713)	(204)	(917)
CIRC	2,292	1,568	708	17	12	–	12
NLI	1,980	367	300	79	99	5	104
SMFC	1,767	93	351	(24)	15	(3)	12
SMBC Metro	863	68	116	79	65	(19)	46
TLI	47	0	1	0	0	–	0

Major assets of significant associates and a JV include the following:

	2015	2014
PALIC		
Cash and cash equivalents	**₱4,241**	₱3,768
Loans and receivables - net	**784**	758
Financial assets at FVPL	**1,070**	1,084
AFS investments	**8,089**	6,492
Investment in unit-linked funds	**50**	51
Property and equipment	**199**	214
LCMC		
Inventories	**289**	557
Investments and advances	**963**	925
Property, plant and equipment - net	**6,405**	7,139
CIRC		
Receivables - net	**385**	188
Investment properties - net	**502**	410
NLI		
Cash and cash equivalents	**343**	437
Real estate properties	**1,304**	949
Receivables - net	**617**	478

(Forward)

	2015	2014
SMFC		
Cash and cash equivalents	**₱65**	₱449
Receivables - net	**1,688**	1,164
SMBC Metro		
Cash and cash equivalents	**245**	233
AFS investments	**240**	220
Receivables - net	**347**	404
TLI		
Investments	**48**	47

Dividends declared by investee companies of the Parent Company follow:

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Date of BSP Approval	Record Date	Payment Date
2015						
Subsidiaries						
Cash Dividend						
MCC	June 3, 2015	₱2.16	₱2,164	July 10, 2015	July 16, 2015	August 6, 2015
PSBank	January 22, 2015	0.75	180	March 3, 2015	March 30, 2015	April 17, 2015
PSBank	April 28, 2015	0.75	180	June 5, 2015	July 14, 2015	July 28, 2015
PSBank	July 28, 2015	0.75	180	September 23, 2015	October 26, 2015	November 11, 2015
PSBank	October 29, 2015	0.75	180	a/	November 16, 2015	November 27, 2015
Stock Dividend						
ORIX Metro	October 29, 2015	100.00	474	a/	October 29, 2015	
Associates						
Cash Dividend						
NLI	February 25, 2015	2.84	35	Not required	December 31, 2014	March 3, 2015
NLI	December 10, 2015	2.97	36	Not required		
SMBC Metro	December 11, 2015	10.00	60	Not required	December 11, 2015	Note 35b
2014						
Subsidiaries						
Cash Dividend						
FMIC	February 20, 2014	4.03	1,502	March 28, 2014	April 15, 2014	May 14, 2014
MCC	March 19, 2014	1.50	1,500	April 30, 2014	May 5, 2014	July 7, 2014
MCC	March 19, 2014	0.30	300	April 30, 2014	May 5, 2014	September 8, 2014
PSBank	October 30, 2014	0.75	180	November 27, 2014	January 12, 2015	January 30, 2015
PSBank	July 22, 2014	0.75	180	August 12, 2014	September 2, 2014	September 17, 2014
PSBank	April 28, 2014	0.75	180	July 1, 2014	July 1, 2014	July 16, 2014
PSBank	January 24, 2014	0.75	180	February 12, 2014	March 5, 2014	March 20, 2014
Stock Dividend						
ORIX Metro	October 29, 2014	100.00	379	March 12, 2015	October 29, 2014	March 12, 2015
Associates						
Cash Dividend						
NLI	January 24, 2014	2.24	27	Not required	December 31, 2013	April 4, 2014
SMBC Metro	December 4, 2014	10.00	60	Not required	December 4, 2014	January 23, 2015

a/ No longer required in accordance with BSP Circular No. 888 dated October 9, 2015.

Dividends declared by significant investee companies of FMIC follow:

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Date of BSP Approval	Record Date	Payment Date
2015						
Subsidiaries						
Cash Dividend						
FAMI	September 18, 2015	₱62.50	₱25	Not required	August 30, 2015	September 15, 2015
FMSBC*	September 30, 2015	66.70	113	Not required	September 30, 2015	October 30, 2015
FMSBC*	November 27, 2015	59.18	100	Not required	November 18, 2015	February 16, 2016
PBCCIC**	December 15, 2015	18.33	55	Not required	December 15, 2015	January 15, 2016
Associates						
Stock Dividend						
ORIX Metro	October 29, 2015	100.00	474	a/	October 29, 2015	
2014						
Subsidiaries						
Cash Dividend						
PVDC***	March 12, 2014	0.21	1	Not required	March 26, 2014	June 19, 2014
PBCCIC**	June 19, 2014	33.33	100	Not required	June 23, 2014	June 30, 2014
PBCCIC**	August 18, 2014	33.33	100	Not required	August 29, 2014	September 15, 2014
FAMI	August 29, 2014	62.50	25	Not required	August 29, 2014	November 6, 2014

(Forward)

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Date of BSP Approval	Record Date	Payment Date
Associates						
Cash Dividend						
PALIC	October 23, 2014	₱104.30	₱1,043	Not required	October 23, 2014	November 26, 2014
Stock Dividend						
ORIX Metro	October 29, 2014	100.00	379	March 12, 2015	October 29, 2014	March 12, 2015

* First Metro Securities Brokerage Corporation
** PBC Capital Investment Corporation
*** Prima Venture Development Corporation

12. Investment Properties

This account consists of foreclosed real estate properties and investments in real estate:

	Consolidated					
	2015			2014		
	Land	**Buildings and Improvements**	**Total**	Land	Buildings and Improvements	Total
Cost						
Balance at beginning of year	**₱9,016**	**₱4,667**	**₱13,683**	₱12,316	₱5,083	₱17,399
Additions	**385**	**713**	**1,098**	447	770	1,217
Disposals	**(2,518)**	**(586)**	**(3,104)**	(3,733)	(1,184)	(4,917)
Reclassification/others	**(24)**	**4**	**(20)**	(14)	(2)	(16)
Balance at end of year	**6,859**	**4,798**	**11,657**	9,016	4,667	13,683
Accumulated depreciation and amortization						
Balance at beginning of year	**–**	**1,524**	**1,524**	–	1,784	1,784
Depreciation and amortization	**–**	**151**	**151**	–	166	166
Disposals	**–**	**(168)**	**(168)**	–	(428)	(428)
Reclassification/others	**–**	**1**	**1**	–	2	2
Balance at end of year	**–**	**1,508**	**1,508**	–	1,524	1,524
Allowance for impairment losses (Note 15)						
Balance at beginning of year	**1,896**	**226**	**2,122**	2,287	203	2,490
Provision for (reversal of) impairment loss	**(38)**	**1**	**(37)**	2	27	29
Disposals	**(80)**	**(75)**	**(155)**	(360)	(5)	(365)
Reclassification/others	**22**	**2**	**24**	(33)	1	(32)
Balance at end of year	**1,800**	**154**	**1,954**	1,896	226	2,122
Net book value at end of year	**₱5,059**	**₱3,136**	**₱8,195**	₱7,120	₱2,917	₱10,037

	Parent Company					
	2015			2014		
	Land	**Buildings and Improvements**	**Total**	Land	Buildings and Improvements	Total
Cost						
Balance at beginning of year	**₱6,532**	**₱2,380**	**₱8,912**	₱9,808	₱3,061	₱12,869
Additions	**52**	**121**	**173**	142	196	338
Disposals	**(2,129)**	**(291)**	**(2,420)**	(3,404)	(875)	(4,279)
Reclassification/others	**2**	**4**	**6**	(14)	(2)	(16)
Balance at end of year	**4,457**	**2,214**	**6,671**	6,532	2,380	8,912
Accumulated depreciation and amortization						
Balance at beginning of year	**–**	**1,170**	**1,170**	–	1,449	1,449
Depreciation and amortization	**–**	**74**	**74**	–	93	93
Disposals	**–**	**(134)**	**(134)**	–	(370)	(370)
Reclassification/others	**–**	**1**	**1**	–	(2)	(2)
Balance at end of year	**–**	**1,111**	**1,111**	–	1,170	1,170
Allowance for impairment losses (Note 15)						
Balance at beginning of year	**1,448**	**65**	**1,513**	1,847	69	1,916
Disposals	**(80)**	**(5)**	**(85)**	(356)	(5)	(361)
Reclassification/others	**(2)**	**2**	**–**	(43)	1	(42)
Balance at end of year	**1,366**	**62**	**1,428**	1,448	65	1,513
Net book value at end of year	**₱3,091**	**₱1,041**	**₱4,132**	₱5,084	₱1,145	₱6,229

As of December 31, 2015 and 2014, foreclosed investment properties still subject to redemption period by the borrowers amounted to ₱1.1 billion and ₱1.2 billion, respectively, for the Group and ₱221.7 million and ₱332.1 million, respectively, for the Parent Company.

As of December 31, 2015 and 2014, aggregate market value of investment properties amounted to ₱13.0 billion and ₱15.8 billion, respectively, for the Group and ₱7.5 billion and ₱10.7 billion, respectively, for the Parent Company, of which the aggregate market value of investment properties determined by independent external appraisers amounted to ₱9.5 billion and ₱12.4 billion, respectively, for the Group and ₱7.4 billion and ₱10.6 billion, respectively, for the Parent Company. Information about the fair value measurement of investment properties are also presented in Note 5.

Rental income on investment properties (included in 'Leasing income' in the statement of income) in 2015, 2014 and 2013 amounted to ₱76.4 million, ₱87.9 million and ₱83.1 million, respectively, for the Group and ₱22.5 million, ₱34.5 million and ₱37.0 million, respectively, for the Parent Company.

Direct operating expenses on investment properties that generated rental income (included under 'Litigation expenses') in 2015, 2014 and 2013 amounted to ₱1.5 million, ₱4.3 million and ₱5.4 million, respectively, for the Group and ₱1.0 million, ₱2.3 million and ₱5.2 million, respectively, for the Parent Company. Direct operating expenses on investment properties that did not generate rental income (included under 'Litigation expenses') in 2015, 2014 and 2013 amounted to ₱205.3 million, ₱274.0 million and ₱281.6 million, respectively, for the Group and ₱113.8 million, ₱195.0 million and ₱226.3 million, respectively, for the Parent Company (Note 25).

Net gains from sale of investment properties (included in 'Profit from assets sold' in the statement of income) in 2015, 2014 and 2013 amounted to ₱1.0 billion, ₱9.0 billion and ₱0.5 billion, respectively, for the Group and ₱1.0 billion, ₱8.9 billion and ₱0.4 billion, respectively, for the Parent Company (Note 31).

In 2014, the BOD of the Parent Company, upon the endorsement of the RPTC, has approved the sale of real and other properties acquired (ROPA) to FLI, a related party, consisting of lots located at Bonifacio Global City and Ortigas Center, Pasig City at total price of ₱9.3 billion and ₱1.8 billion, respectively. In 2015 and 2014, the Parent Company recognized a gain on sale totaling to ₱0.6 billion on the sale of lots located at Ortigas Center, Pasig City and ₱8.1 billion on the sale of lots located at Bonifacio Global City, respectively. These transactions have been presented and vetted through the RPTC. The valuations of the properties were based on sales comparison approach which was used by the independent external appraisal firms to provide a reasonable basis for comparison. Other factors that were considered in the valuations were the location and shape of the properties, environmental issues, development controls such as the height restrictions, building coverage and floor area ratio restrictions among others (Note 31).

13. **Long-term Leases**

The Parent Company leases the premises occupied by some of its branches (about 40.75% and 41.93% of the branch sites as of December 31, 2015 and 2014, respectively, are Parent Company-owned). Also, some of its subsidiaries lease the premises occupied by their Head Offices and most of their branches. The lease contracts are for periods ranging from 1 to 25 years and are renewable at the Group's option under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5.00% to 10.00%. As of December 31, 2015 and 2014, the Group has no contingent rent payable.

Rent expense (included in 'Occupancy and equipment-related cost' in the statement of income) in 2015, 2014 and 2013 amounted to ₱1.9 billion, ₱1.8 billion and ₱1.5 billion, respectively, for the Group and ₱1.0 billion, ₱922.9 million and ₱812.6 million, respectively, for the Parent Company.

Future minimum rentals payable under non-cancelable operating leases follows:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Within one year	**₱1,111**	₱1,013	**₱462**	₱407
After one year but not more than five years	**2,834**	2,711	**1,256**	1,177
More than five years	**1,060**	1,022	**285**	269
	₱5,005	₱4,746	**₱2,003**	₱1,853

The Group has entered into commercial property leases on its investment property portfolio, consisting of the Group's available office spaces and ROPA and finance lease agreements over various items of machinery and equipment which are non-cancelable and have remaining non-cancelable lease terms between 1 and 20 years. In 2015, 2014 and 2013, leasing income amounted to ₱2.0 billion, ₱1.9 billion and ₱1.6 billion respectively, for the Group and ₱244.4 million, ₱238.0 million and ₱243.2 million, respectively, for the Parent Company.

Future minimum rentals receivable under non-cancelable operating leases follows:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Within one year	**₱1,164**	₱1,058	**₱105**	₱144
After one year but not more than five years	**853**	977	**73**	145
More than five years	**6**	1	**2**	1
	₱2,023	₱2,036	**₱180**	₱290

14. **Other Assets**

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Investment in SPV	**₱8,857**	₱8,857	**₱8,857**	₱8,857
Interoffice float items	**5,482**	3,156	**5,043**	2,965
Software costs - net	**1,732**	1,302	**1,092**	736
Creditable withholding tax	**1,622**	2,132	**1,105**	1,663
Residual value of leased assets	**899**	832	**–**	–
Chattel properties acquired in foreclosure - net	**518**	452	**22**	37
Assets held under joint operations	**401**	544	**401**	544
Prepaid expenses	**382**	519	**74**	114
Documentary and postage stamps on hand	**266**	369	**202**	342
Returned checks and other cash items	**101**	272	**81**	189
Retirement asset*	**17**	13	**17**	13
Miscellaneous (Note 10)	**2,552**	5,543	**1,563**	4,778
	22,829	23,991	**18,457**	20,238
Less allowance for impairment losses (Note 15)	**10,773**	10,778	**10,731**	10,731
	₱12,056	₱13,213	**₱7,726**	₱9,507

* Pertains to retirement asset of a foreign branch.

Investment in SPVs represents subordinated notes issued by Cameron Granville 3 Asset Management, Inc. and LNC 3 Asset Management, Inc. with face amount of ₱9.4 billion and ₱2.6 billion, respectively. These notes are non-interest bearing and payable over five (5) years starting April 1, 2006, with rollover of two (2) years at the option of the note issuers. These were received by the Parent Company on April 1, 2006 in exchange for the subordinated note issued by Asia Recovery Corporation (ARC) in 2003 with face amount of ₱11.9 billion. The subordinated note issued by ARC represents payment on the non-performing assets (NPAs) sold by the Parent Company to ARC in 2003. The related deed of absolute sale was formalized on September 17, 2003 and approved by the BSP on November 28, 2003, having qualified as a true sale. As of December 31, 2015 and 2014, the estimated fair value of the subordinated notes, which is the present value of the estimated cash flows from such notes (derived from the sale of the underlying collaterals of the NPAs, net of the payment to senior notes by the SPV) amounted to nil, after deducting allowance for impairment losses of ₱8.8 billion.

Movements in software costs account follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Cost				
Balance at beginning of year	**₱2,892**	₱2,141	**₱1,602**	₱1,153
Additions	**815**	726	**528**	458
Others	**3**	25	**3**	(9)
Balance at end of year	**3,710**	2,892	**2,133**	1,602
Accumulated amortization				
Balance at beginning of year	**1,590**	1,245	**866**	722
Amortization	**381**	330	**160**	146
Others	**7**	15	**15**	(2)
Balance at end of year	**1,978**	1,590	**1,041**	866
Net book value at end of year	**₱1,732**	₱1,302	**₱1,092**	₱736

Movements in chattel properties acquired in foreclosure follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Cost				
Balance at beginning of year	**₱569**	₱676	**₱57**	₱45
Additions	**1,694**	1,420	**14**	41
Disposals/others	**(1,624)**	(1,527)	**(31)**	(29)
Balance at end of year	**639**	569	**40**	57
Accumulated depreciation and amortization				
Balance at beginning of year	**105**	112	**17**	12
Depreciation and amortization	**123**	140	**8**	10
Disposals/others	**(118)**	(147)	**(10)**	(5)
Balance at end of year	**110**	105	**15**	17
Allowance for impairment losses (Note 15)				
Balance at beginning of year	**12**	12	**3**	5
Provision for impairment loss	**2**	2	–	–
Disposals	**(3)**	(2)	–	(2)
Balance at end of year	**11**	12	**3**	3
Net book value at end of year	**₱518**	₱452	**₱22**	₱37

Assets held under joint operations are parcels of land and former branch sites of the Parent Company which were contributed to separate joint operations with FLI and Federal Land Orix Corporation (Notes 26 and 31). These are carried at costs which are lower than the net realizable values.

Miscellaneous account includes a receivable from a third party of ₱425.7 million pertaining to the final tax withheld on Poverty Eradication and Alleviation Certificates (PEACe) bonds which matured on October 18, 2011 (Note 30).

15. Allowance for Credit and Impairment Losses

Changes in the allowance for credit and impairment losses follow:

	Consolidated		Parent Company	
	December 31			
	2015	2014	**2015**	2014
Balance at beginning of year:				
Interbank loans and receivable (Note 7)	**₱4**	₱2	**₱–**	₱–
AFS investments (Note 8)				
Debt securities				
Government	**3**	–	**–**	–
Equity securities				
Quoted	**313**	300	**81**	92
Unquoted	**213**	268	**81**	86
Loans and receivables (Note 9)	**16,450**	16,626	**8,955**	9,650
Investments in subsidiaries (Note 11)	**–**	–	**1,222**	1,164
Investments in associates (Note 11)	**162**	162	**162**	162
Property and equipment (Note 10)	**26**	2	**24**	–
Investment properties (Note 12)	**2,122**	2,490	**1,513**	1,916
Other assets* (Note 14)	**10,791**	10,780	**10,735**	10,737
	30,084	30,630	**22,773**	23,807
Provisions for (reversal of) credit and impairment losses	**2,059**	4,849	**(2,926)**	7
Accounts written off/others	**(5,903)**	(5,395)	**(694)**	(1,041)
Balance at end of year:				
Due from other banks	**8**	–	**–**	–
Interbank loans and receivable (Note 7)	**3**	4	**–**	–
AFS investments (Note 8)				
Debt securities				
Government	**6**	3	**–**	–
Equity securities				
Quoted	**269**	313	**79**	81
Unquoted	**213**	213	**81**	81
Loans and receivables (Note 9)	**12,902**	16,450	**5,572**	8,955
Investments in subsidiaries (Note 11)	**–**	–	**1,160**	1,222
Investments in associates (Note 11)	**75**	162	**75**	162
Property and equipment (Note 10)	**26**	26	**24**	24
Investment properties (Note 12)	**1,954**	2,122	**1,428**	1,513
Other assets* (Note 14)	**10,784**	10,791	**10,734**	10,735
	₱26,240	₱30,084	**₱19,153**	₱22,773

* Allowance for credit and impairment losses of other assets include allowance on investments in SPVs, chattel mortgage properties and miscellaneous assets.

Below is the breakdown of provision for credit and impairment losses:

	Consolidated			Parent Company		
	December 31					
	2015	2014	2013	**2015**	2014	2013
Due from other banks	**₱2**	₱–	₱–	**₱–**	₱–	₱–
Interbank loans and receivable (Note 7)	**(1)**	2	–	**–**	–	–
AFS investments	**2**	(4)	2	**–**	–	2
Loans and receivables	**2,091**	4,820	8,689	**(2,926)**	7	3,255
Investments in subsidiaries	**–**	–	–	**–**	–	79
Investment properties (Note 12)	**(37)**	29	400	**–**	–	326
Chattel properties acquired in foreclosure (Note 14)	**2**	2	4	**–**	–	3
Goodwill (Note 11)	**–**	–	1,203	**–**	–	1,203
Other assets	**–**	–	424	**–**	–	426
	₱2,059	₱4,849	₱10,722	**(₱2,926)**	₱7	₱5,294

With the foregoing level of allowance for credit and impairment losses, management believes that the Group has sufficient allowance to take care of any losses that the Group may incur from the non-collection or non-realization of its receivables and other risk assets.

A reconciliation of the allowance for credit losses by class of loans and receivables is as follows:

	Consolidated							
	Commercial Loans	Residential Mortgage Loans	Auto Loans	Trade	Others	Subtotal	Other Receivables*	Total
Balance at January 1, 2015	**₱8,173**	**₱1,043**	**₱851**	**₱238**	**₱2,535**	**₱12,840**	**₱3,610**	**₱16,450**
Provisions (reversals) during the year	**(2,727)**	**69**	**1,081**	**–**	**3,633**	**2,056**	**35**	**2,091**
Accounts written off/others	**(432)**	**(113)**	**(1,144)**	**36**	**(3,646)**	**(5,299)**	**(340)**	**(5,639)**
Balance at December 31, 2015	**₱5,014**	**₱999**	**₱788**	**₱274**	**₱2,522**	**₱9,597**	**₱3,305**	**₱12,902**
Individual impairment	**₱2,827**	**₱738**	**₱–**	**₱179**	**₱133**	**₱3,877**	**₱2,584**	**₱6,461**
Collective impairment	**2,187**	**261**	**788**	**95**	**2,389**	**5,720**	**721**	**6,441**
	₱5,014	**₱999**	**₱788**	**₱274**	**₱2,522**	**₱9,597**	**₱3,305**	**₱12,902**
Gross amount of loans individually determined to be impaired	**₱8,533**	**₱1,446**	**₱–**	**₱229**	**₱1,421**	**₱11,629**	**₱3,031**	**₱14,660**
Balance at January 1, 2014	₱7,643	₱1,190	₱1,218	₱339	₱2,425	₱12,815	₱3,811	₱16,626
Provisions during the year	685	54	182	1	3,524	4,446	374	4,820
Accounts written off/others	(155)	(201)	(549)	(102)	(3,414)	(4,421)	(575)	(4,996)
Balance at December 31, 2014	₱8,173	₱1,043	₱851	₱238	₱2,535	₱12,840	₱3,610	₱16,450
Individual impairment	₱3,200	₱890	₱242	₱179	₱183	₱4,694	₱2,194	₱6,888
Collective impairment	4,973	153	609	59	2,352	8,146	1,416	9,562
	₱8,173	₱1,043	₱851	₱238	₱2,535	₱12,840	₱3,610	₱16,450
Gross amount of loans individually determined to be impaired	₱5,116	₱1,508	₱328	₱242	₱1,571	₱8,765	₱3,657	₱12,422

	Parent Company							
	Commercial Loans	Residential Mortgage Loans	Auto Loans	Trade	Others	Subtotal	Other Receivables*	Total
Balance at January 1, 2015	**₱5,693**	**₱428**	**₱11**	**₱238**	**₱39**	**₱6,409**	**₱2,546**	**₱8,955**
Provisions (reversals) during the year	**(2,926)**	**–**	**–**	**–**	**–**	**(2,926)**	**–**	**(2,926)**
Accounts written off/others	**(284)**	**–**	**(2)**	**36**	**–**	**(250)**	**(207)**	**(457)**
Balance at December 31, 2015	**₱2,483**	**₱428**	**₱9**	**₱274**	**₱39**	**₱3,233**	**₱2,339**	**₱5,572**
Individual impairment	**₱2,071**	**₱289**	**₱–**	**₱179**	**₱35**	**₱2,574**	**₱2,192**	**₱4,766**
Collective impairment	**412**	**139**	**9**	**95**	**4**	**659**	**147**	**806**
	₱2,483	**₱428**	**₱9**	**₱274**	**₱39**	**₱3,233**	**₱2,339**	**₱5,572**
Gross amount of loans individually determined to be impaired	**₱7,209**	**₱417**	**₱–**	**₱229**	**₱41**	**₱7,896**	**₱2,371**	**₱10,267**

	Parent Company							
	Commercial Loans	Residential Mortgage Loans	Auto Loans	Trade	Others	Subtotal	Other Receivables*	Total
Balance at January 1, 2014	₱6,105	₱429	₱19	₱339	₱42	₱6,934	₱2,716	₱9,650
Provisions during the year	6	–	–	1	–	7	–	7
Accounts written off/others	(418)	(1)	(8)	(102)	(3)	(532)	(170)	(702)
Balance at December 31, 2014	₱5,693	₱428	₱11	₱238	₱39	₱6,409	₱2,546	₱8,955
Individual impairment	₱2,422	₱340	₱–	₱179	₱35	₱2,976	₱1,648	₱4,624
Collective impairment	3,271	88	11	59	4	3,433	898	4,331
	₱5,693	₱428	₱11	₱238	₱39	₱6,409	₱2,546	₱8,955
Gross amount of loans individually determined to be impaired	₱3,871	₱487	₱–	₱242	₱41	₱4,641	₱2,884	₱7,525

* Allowance for credit losses on other receivables include allowance on unquoted debt securities, accounts receivables, accrued interest receivable, sales contract receivable and deficiency judgment receivable.

Movements in the allowance for impairment losses on AFS investments and other assets follow:

	Consolidated				**Parent Company**			
	AFS Investments				**AFS Investments**			
	Debt Securities	**Equity Securities**	**Other Assets****	**Total**	**Debt Securities**	**Equity Securities**	**Other Assets****	**Total**
Balance at January 1, 2015	**₱3**	**₱526**	**₱10,791**	**₱11,320**	**₱–**	**₱162**	**₱10,735**	**₱10,897**
Provisions for impairment losses	**2**	**–**	**2**	**4**	**–**	**–**	**–**	**–**
Disposals	**–**	**(2)**	**(1)**	**(3)**	**–**	**(2)**	**(1)**	**(3)**
Reclassifications/reversals/others	**1**	**(42)**	**(8)**	**(49)**	**–**	**–**	**–**	**–**
Balance at December 31, 2015	**₱6**	**₱482**	**₱10,784**	**₱11,272**	**₱–**	**₱160**	**₱10,734**	**₱10,894**
Balance at January 1, 2014	₱–	₱568	₱10,780	₱11,348	₱–	₱178	₱10,737	₱10,915
Provisions for (reversals of) impairment losses	3	(7)	2	(2)	–	–	–	–
Disposals	–	(68)	–	(68)	–	(68)	–	(68)
Reclassifications/reversals/others	–	33	9	42	–	52	(2)	50
Balance at December 31, 2014	₱3	₱526	₱10,791	₱11,320	₱–	₱162	₱10,735	₱10,897

** Allowance for impairment losses of other assets include allowance on investments in SPVs, chattel mortgage properties and miscellaneous assets.

16. **Deposit Liabilities**

Long-Term Negotiable Certificates of Deposit (LTNCD)

On September 18, 2014, the BSP approved the issuance of the Parent Company of up to ₱20.0 billion LTNCD and the subsequent amendment was also approved by the BSP on October 14, 2014. The Parent Company issued the first tranche amounting to ₱8.0 billion on October 24, 2014 at a rate of 4.00% per annum, payable quarterly, with a tenor of 5.5 years and maturing on April 24, 2020 while the second tranche amounting to ₱6.25 billion was issued on November 21, 2014 with a rate of 4.25% per annum, payable quarterly, with a tenor of 7 years and maturing on November 22, 2021. The minimum investment size for the LTNCD is ₱50.0 thousand with increments of ₱50.0 thousand thereafter.

Of the total interest-bearing deposit liabilities of the Group as of December 31, 2015 and 2014, 40.81% and 47.00%, respectively, are subject to periodic interest repricing. In 2015, 2014 and 2013, remaining peso deposit liabilities earn annual fixed interest rates ranging from 0.00% to 6.59%, while foreign currency-denominated deposit liabilities earn annual fixed interest rates ranging from 0.00% to 2.75%, from 0.00% to 4.25%, and from 0.00% to 3.50% in 2015, 2014 and 2013, respectively.

Interest expense on deposit liabilities consists of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Demand	**₱529**	₱443	₱340	**₱378**	₱285	₱208
Savings	**999**	881	799	**906**	805	734
Time	**9,050**	7,883	6,417	**6,611**	5,406	4,033
LTNCD	**581**	92	–	**581**	92	–
	₱11,159	₱9,299	₱7,556	**₱8,476**	₱6,588	₱4,975

Reserve Requirement

Effective reserve week starting May 30, 2014, non-FCDU deposit liabilities of the Parent Company and deposit substitutes of FMIC, ORIX Metro and MCC are subject to required reserves equivalent to 20.00% from the previous 18.00%. On the other hand, non-FCDU deposit liabilities of PSBank are subject to required reserves equivalent to 8.00% from the previous 6.00%. The required reserves shall be kept in the form of deposits maintained in the Demand Deposit Accounts (DDAs) with the BSP and any government securities which are previously used as compliance until they mature. The Parent Company, PSBank, FMIC, MCC and ORIX Metro were in compliance with such regulations as of December 31, 2015 and 2014.

The total liquidity and statutory reserves (under Due from BSP accounts), as reported to the BSP, are as follows:

	Due from BSP	
	2015	2014
Parent Company	**₱185,484**	₱157,759
PSBank	**10,341**	9,280
MCC	**7,636**	7,086
FMIC	**6,600**	5,340
Orix Metro	**3,840**	2,971
	₱213,901	₱182,436

17. Bills Payable and Securities Sold Under Repurchase Agreements

This account consists of borrowings from:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Deposit substitutes (Note 16)	**₱65,752**	₱52,046	**₱–**	₱–
Local banks	**28,852**	27,930	**8,215**	5,843
Foreign banks	**19,000**	17,675	**19,238**	16,254
SSURA	**63,187**	42,748	**61,187**	40,248
	₱176,791	₱140,399	**₱88,640**	₱62,345

Interbank borrowings with foreign and local banks are mainly short-term borrowings. Deposit substitutes pertain to borrowings from the public of FMIC, ORIX Metro and MCC.

The following are the carrying values of government debt securities (Note 8) pledged and transferred under SSURA transactions of the Group and the Parent Company:

	Consolidated				Parent Company			
	2015		2014		**2015**		2014	
	Transferred Securities	**SSURA**	Transferred Securities	SSURA	**Transferred Securities**	**SSURA**	Transferred Securities	SSURA
HFT investments	**₱867**	**₱798**	₱242	₱210	**₱867**	**₱798**	₱242	₱210
AFS investments	**23,707**	**21,617**	26,289	21,951	**23,040**	**21,034**	22,692	19,451
HTM investments	**46,629**	**40,772**	23,801	20,587	**44,867**	**39,355**	23,801	20,587
	₱71,203	**₱63,187**	₱50,332	₱42,748	**₱68,774**	**₱61,187**	₱46,735	₱40,248

The Group's peso borrowings are subject to annual fixed interest rates ranging from 0.06% to 6.21%, from 0.20% to 5.88% and from 1.00% to 8.54% in 2015, 2014 and 2013, respectively, while the Group's foreign currency-denominated borrowings are subject to annual fixed interest rates ranging from 0.19% to 4.65%, from 0.15% to 4.30% and from 0.16% to 2.63% in 2015, 2014 and 2013, respectively.

Interest expense on bills payable (included in the 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others' in the statements of income) in 2015, 2014 and 2013 amounted to ₱2.9 billion, ₱2.1 billion and ₱2.3 billion, respectively, for the Group and ₱662.2 million, ₱208.2 million and ₱109.6 million, respectively, for the Parent Company.

18. Accrued Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Accrued interest (Note 31)	**₱1,830**	₱1,865	**₱1,108**	₱1,053
Accrued other expenses	**6,357**	8,009	**4,663**	6,461
	₱8,187	₱9,874	**₱5,771**	₱7,514

Accrued other expenses include accruals for compensation and fringe benefits, rentals, percentage and other taxes, professional fees, advertising and information technology expenses and other expenses.

19. Bonds Payable

This account represents scripless fixed rate corporation bonds issued by FMIC as follows:

Issue Date	Maturity Date	Interest Rate	Redemption Period	Face Value	Carrying Value 2015	Carrying Value 2014
November 25, 2011	February 25, 2017	5.675%	after 4th year	₱5,000	**₱4,863**	₱4,819
August 10, 2012	November 10, 2017	5.500%	after 4th year	4,000	**3,867**	3,820
August 10, 2012	August 10, 2019	5.750%	after 5th year	3,000	**2,786**	2,805
				₱12,000	**₱11,516**	₱11,444

These bonds were issued in principal amounts of ₱50,000 and in multiples of ₱5,000 in excess of ₱50,000 with an option to redeem in whole, but not in part, on any quarterly interest payment after the fourth or fifth anniversary of the issue date at 102.00% of its face value plus accrued interest. These are exempt securities pursuant to certain provisions of the Securities Regulation Code and are covered by deed of assignments on government securities held in trust by a collateral agent which shall have aggregate market value of 100.00% of the issued amount, otherwise, additional government securities shall be offered to increase and maintain the cover at 100.00%.

As of December 31, 2015 and 2014, the carrying amount of government securities assigned as collateral classified under AFS investments amounted to ₱0.9 billion with market value of ₱0.8 billion and ₱0.9 billion, respectively, and under HTM investments with carrying value of ₱11.9 billion and ₱12.0 billion and with market value of ₱11.8 billion and ₱11.7 billion, respectively.

As of December 31, 2015 and 2014, FMIC has complied with the terms of the issuance.

Interest expense on bonds payable (included in 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others') in 2015, 2014 and 2013 amounted to ₱659.5 million, ₱666.1 million and ₱665.9 million, respectively.

20. Subordinated Debts

This account consists of the following Peso Notes:

			Carrying Value		Market Value	
	Maturity Date	**Face Value**	**2015**	2014	**2015**	2014
Parent Company						
2024	June 27, 2024	₱16,000	**₱15,915**	₱15,893	**₱12,574**	₱13,144
2025	August 8, 2025	6,500	**6,459**	6,451	**6,183**	6,543
		22,500	**22,374**	22,344	**18,757**	19,687
PSBank – 2022	February 20, 2022	3,000	**2,978**	2,975	**3,328**	3,452
PSBank – 2024	August 23, 2024	3,000	**2,974**	2,972	**2,318**	2,333
MCC – 2023	December 20, 2023	1,170	**1,161**	1,161	**1,263**	1,322
		₱29,670	**₱29,487**	₱29,452	**₱25,666**	₱26,794

On April 15, 2013, the BOD of the Parent Company approved the issuance of Basel III - compliant Tier 2 capital notes up to USD500 million in one or more tranches, issued as part of the Parent Company's regulatory capital compliance in accordance with Basel III capital guidelines of the BSP and to proactively manage its capital base for growth and refinancing of maturing capital securities. The issuance was approved by the BSP on July 26, 2013 and the amendment to the terms and conditions on January 30, 2014. Specifically, the BSP approved the issuance of up to USD500 million equivalent in either USD or PHP or combination in one or more tranches over the course of one (1) year.

Peso Notes issued by the Parent Company are unsecured and subordinated obligations and will rank pari passu and without any preference among themselves and at least equally with all other present and future unsecured and subordinated obligations of the Parent Company. The 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. These Peso Notes have a term of 10.25 and 11 years and are redeemable at the option of the Parent Company (but not the holders) on the call option date in whole but not in part at redemption price equal to 100.00% of the principal amount together with accrued and unpaid interest on the call option date, upon prior approval of the BSP and at least 30-banking day prior written notice to the Noteholders of record, subject to the following conditions: (1) the capital adequacy of the Issuer is at least equal to the required minimum ratio; (2) the note is simultaneously replaced with the issues of new capital which are neither smaller in size nor lower in quality than the original issue.

Furthermore, upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event, the Parent Company may, upon prior approval of the BSP and at least a 30-banking day prior written notice to the Noteholders on record, redeem all and not less than all of the outstanding 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 Note 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 101.00% of the face value of the Note 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 Notes have a loss absorption feature which are subject to a Non-Viability Write-Down in case of the occurrence of a Non-Viability Trigger Event, subject to certain conditions as set out in “Terms and Conditions of the Notes - Loss Absorption Measure”, when the Issuer is considered non-viable as determined by the BSP. Non-Viability is defined as a deviation from a certain level of CET1 Ratio or the inability of the Issuer to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. A Non-Viability Trigger Event shall be deemed to have occurred if the BSP notifies the Issuer in writing that it has determined that a:
(i) a Write-Down (as defined in “Terms and Conditions of the Notes”) of the Notes and other capital instruments of the Issuer is necessary because, without such Write-Down, the Issuer would become non-viable, (ii) public sector injection of capital, or equivalent support, is necessary because, without such injection or support, the Issuer would become non-viable, or
(iii) Write-Down of the Notes and other capital instruments of the Issuer is necessary because, as a result of the closure of the Issuer, the Issuer has become non-viable.

Each Noteholder 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 Peso Notes and to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off. These Notes are not deposits and are not insured by the Philippine Deposit Insurance Corporation (PDIC).

Specific terms of these Basel III - compliant Notes follow:

2024 Peso Notes - issued on March 27, 2014 at 100.00% of the principal amount of ₱16.0 billion
- Bear interest at 5.375% per annum from March 27, 2014 to but excluding June 27, 2019. Interest will be payable quarterly in arrears on March 27, June 27, September 27 and December 27 of each year, commencing on June 27, 2014. Unless the Notes are previously redeemed, the initial interest rate will be reset at the equivalent of the five-year PDST-F as of reset date plus a spread of 1.51% per annum and such interest will be payable commencing on June 27, 2019 (call option date) up to and including June 27, 2024.

2025 Peso Notes - issued on August 8, 2014 at 100.00% of the principal amount of ₱6.5 billion

- Bear interest at 5.25% per annum from August 8, 2014 to but excluding August 8, 2020. Interest will be payable quarterly in arrears on February 8, May 8, August 8 and November 8 of each year, commencing on November 8, 2014. Unless the Notes are previously redeemed, the initial interest rate will be reset at equivalent of the five-year PDST-R2 as of reset date plus a spread of 1.67% per annum and such interest will be payable commencing on August 8, 2020 (call option date) up to and including August 8, 2025.

MCC

2023 Peso Notes - issued on December 20, 2013 at 100.00% of the principal amount of ₱1.2 billion

- Bear interest at 6.21% per annum payable quarterly in arrears every 20th of March, June, September and December each year, commencing on March 20, 2014.
- Basel III - compliant unsecured subordinated notes qualified as Tier 2 capital as approved by the BSP on February 17, 2013.
- In case of insolvency or liquidation of MCC, the notes will be subordinated in the right of payment of principal and interest to all depositors and other creditors of MCC, except those creditors expressed to rank equally with, or behind holders of the notes.
- If a non-viability trigger event occurs, MCC shall immediately write down some or all of the notes in accordance with the BSP's determination.
- Subject to the written approval of the BSP, MCC may redeem all and not less than the entire outstanding 2023 Notes, at a redemption price equal to the face value together with the accrued and unpaid interest based on the interest rate.

PSBank

2022 Peso Notes - issued on February 20, 2012 at 100.00% of the principal amount of ₱3.0 billion

- Bear interest at 5.75% per annum from and including February 20, 2012 but excluding February 20, 2017 which is payable quarterly in arrears every May 20, August 20, November 20 and February 20, commencing on February 20, 2012.
- Constitute direct, unconditional, and unsecured obligations of PSBank and claim in respect of the 2022 Notes shall be at all times pari passu and without any preference among themselves.
- Subject to satisfaction of certain regulatory approval requirements, PSBank may redeem all and not less than the entire outstanding 2022 Notes, at a redemption price equal to the face value together with accrued and unpaid interest based on the interest rate.

2024 Peso Notes - issued on May 23, 2014 at 100.00% of the face value of ₱3.0 billion

- Bear interest at the rate 5.50% per annum for the first 5 years and 3 months. Interest will be payable quarterly in arrears on August 23, November 23, February 23 and May 23 of each year, commencing on August 23, 2014. Unless the Notes are previously redeemed, the initial interest rate will be reset at the equivalent of the five-year PDST-F as of reset date plus a spread of 1.4438% per annum.
- Basel III - compliant unsecured subordinated notes qualified as Tier 2 capital as approved by the BSP on April 14, 2014.
- May be redeemed by PSBank in full, but not in part, on the call option date upon prior approval of the BSP and subject to certain conditions.
- May be redeemed by PSBank in full, but not in part, upon the occurrence of a Tax Redemption or Regulatory Redemption Event prior to maturity by paying the Holders the following:
    a) In the case of a Tax Redemption Event, 100.00% of the face value of the Note plus accrued interest

b) In the case of a Regulatory Redemption Event, 101.00% of the face value of the Note plus accrued interest.

- Have a loss absorption feature which means the Notes are subject to a Non-Viability Write-Down in case of the occurrence of a Non-Viability Trigger Event, subject to certain conditions.

As of December 31, 2015 and 2014, the Parent Company, PSBank and MCC are in compliance with the terms and conditions upon which these subordinated notes have been issued.

In 2015, 2014 and 2013, interest expense on subordinated debt included in ‘Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others’ amounted to ₱1.6 billion, ₱1.3 billion and ₱0.9 billion (including amortization of debt issue cost and premium of ₱35.5 million, ₱27.0 million and ₱24.3 million), respectively, for the Group, and ₱1.2 billion, ₱0.9 billion and ₱0.7 billion (including amortization of debt issue cost and premium of ₱29.2 million, ₱22.0 million and ₱19.7 million), respectively, for the Parent Company.

21. Non-equity Non-controlling Interest and Other Liabilities

Non-equity non-controlling interest arises when mutual funds are consolidated and where the Group holds less than 100.00% of the investment in these funds. When this occurs, the Group acquires a liability in respect of non-controlling interests in the funds of which the Group has control. Such non-controlling interests are distinguished from equity non-controlling interests in that the Group does not hold an equity stake in such funds. Further, income or loss attributable to non-equity non-controlling interest is presented as part of Operating Expenses in the statements of income. Previously, this account is included in the ‘Net income attributable to non-controlling interests’. For comparative purposes, the Group aligned its 2014 and 2013 statements of income to conform with the current presentation wherein the ‘Total operating expenses’ of the Group is reported at ₱46.8 billion from ₱45.8 billion and ₱49.3 billion from ₱49.5 billion, respectively, while the ‘Net income’ of the Group is reported at ₱22.0 billion from ₱23.1 billion and ₱24.3 billion from ₱24.2 billion, respectively.

Other liabilities consist of:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Bills purchased - contra (Note 9)	**₱23,802**	₱26,386	**₱23,749**	₱26,303
Accounts payable	**10,966**	8,973	**6,190**	4,356
Marginal deposits	**5,476**	4,580	**189**	130
Retirement liability (Note 27)	**4,401**	3,553	**3,004**	2,566
Outstanding acceptances	**1,727**	689	**1,727**	689
Deposits on lease contracts	**1,249**	1,171	**–**	–
Deferred revenues	**1,099**	1,073	**28**	98
Other credits	**954**	885	**484**	446
Withholding taxes payable	**606**	481	**383**	290
Miscellaneous	**2,153**	2,845	**876**	911
	₱52,433	₱50,636	**₱36,630**	₱35,789

Deferred revenues include deferral and release of MCC's loyalty points program transactions and membership fees and dues.

As of December 31, 2015 and 2014, miscellaneous liabilities of the Group include dividends payable amounting to ₱63.8 million and ₱104.2 million, respectively, and notes payable amounting to ₱398.1 million and ₱488.1 million, respectively.

22. Maturity Profile of Assets and Liabilities

The following tables present the assets and liabilities by contractual maturity and settlement dates:

	Consolidated					
	2015			2014		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	**₱32,536**	**₱–**	**₱32,536**	₱34,943	₱–	₱34,943
Due from BSP	**214,704**	**–**	**214,704**	215,253	–	215,253
Due from other banks	**36,872**	**–**	**36,872**	38,200	–	38,200
Interbank loans receivable and SPURA (Note 7)	**36,121**	**–**	**36,121**	119,843	–	119,843
Financial assets at FVPL (Note 8)	**48,856**	**–**	**48,856**	45,935	–	45,935
AFS investments (Note 8)	**13,091**	**222,554**	**235,645**	12,531	195,709	208,240
HTM investments (Note 8)	**125**	**208,307**	**208,432**	150	128,926	129,076
Loans and receivables (Note 9)						
Receivables from customers	**442,966**	**437,731**	**880,697**	395,690	363,202	758,892
Unquoted debt securities	**1,317**	**1,005**	**2,322**	1,104	1,966	3,070
Accrued interest receivable	**9,212**	**–**	**9,212**	8,319	–	8,319
Accounts receivable	**5,577**	**–**	**5,577**	4,417	–	4,417
Sales contract receivable	**160**	**247**	**407**	162	310	472
Other receivables	**318**	**–**	**318**	505	–	505
Other assets (Note 14)						
Interoffice float items	**5,482**	**–**	**5,482**	3,156	–	3,156
Returned checks and other cash items	**101**	**–**	**101**	272	–	272
Residual value of leased asset	**602**	**297**	**899**	557	275	832
Other investments	**–**	**26**	**26**	–	3	3
Investments in SPVs	**8,857**	**–**	**8,857**	8,857	–	8,857
Miscellaneous assets	**–**	**426**	**426**	–	426	426
	856,897	**870,593**	**1,727,490**	889,894	690,817	1,580,711
Non-Financial Assets - at gross						
Property and equipment (Note 10)	**–**	**41,323**	**41,323**	–	34,557	34,557
Investments in associates (Note 11)	**–**	**5,347**	**5,347**	–	2,751	2,751
Investment properties (Note 12)	**–**	**11,657**	**11,657**	–	13,683	13,683
Deferred tax assets (Note 28)	**–**	**8,427**	**8,427**	–	6,831	6,831
Goodwill (Note 11)	**–**	**5,202**	**5,202**	–	5,201	5,201
Retirement asset (Note 14)	**–**	**17**	**17**	–	13	13
Assets held under joint operations (Note 14)	**–**	**401**	**401**	–	544	544
Accounts receivable (Note 9)	**–**	**3,985**	**3,985**	–	2,884	2,884
Other assets (Note 14)	**2,270**	**6,450**	**8,720**	3,020	8,576	11,596
	2,270	**82,809**	**85,079**	3,020	75,040	78,060
	₱859,167	**₱953,402**	**1,812,569**	₱892,914	₱765,857	1,658,771
Less:						
Unearned discounts and capitalized interest (Note 9)			**2,414**			2,628
Accumulated depreciation and amortization (Notes 10, 12 and 14)			**23,223**			21,519
Allowance for credit and impairment losses (Note 15)			**26,240**			30,084
			₱1,760,692			₱1,604,540
Financial Liabilities						
Deposit liabilities						
Demand	**₱233,912**	**₱–**	**₱233,912**	₱187,285	₱–	₱187,285
Savings	**467,587**	**–**	**467,587**	406,767	–	406,767
Time	**509,443**	**32,778**	**542,221**	545,275	30,877	576,152
LTNCD	**–**	**14,250**	**14,250**	–	14,250	14,250
	1,210,942	**47,028**	**1,257,970**	1,139,327	45,127	1,184,454

(Forward)

	Consolidated					
	2015			2014		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Bills payable and SSURA (Note 17)	**₱163,137**	**₱13,654**	**₱176,791**	₱129,146	₱11,253	₱140,399
Derivative liabilities	**4,145**	**–**	**4,145**	3,071	–	3,071
Manager's checks and demand drafts outstanding	**5,613**	**–**	**5,613**	4,653	–	4,653
Accrued interest and other expenses	**6,824**	**–**	**6,824**	8,769	–	8,769
Bonds payable (Note 19)	**–**	**11,516**	**11,516**	–	11,444	11,444
Subordinated debts (Note 20)	**–**	**29,487**	**29,487**	–	29,452	29,452
Other liabilities (Note 21)						
Bills purchased – contra	**23,802**	**–**	**23,802**	26,386	–	26,386
Accounts payable	**10,966**	**–**	**10,966**	8,973	–	8,973
Non-equity non-controlling interest	**–**	**9,909**	**9,909**	–	10,124	10,124
Marginal deposits	**5,476**	**–**	**5,476**	4,580	–	4,580
Outstanding acceptances	**1,624**	**103**	**1,727**	681	8	689
Deposits on lease contracts	**829**	**420**	**1,249**	–	1,171	1,171
Dividends payable	**64**	**–**	**64**	104	–	104
Miscellaneous	**–**	**398**	**398**	–	488	488
	1,433,422	**112,515**	**1,545,937**	1,325,690	109,067	1,434,757
Non-Financial Liabilities						
Retirement liability (Note 27)	**–**	**4,401**	**4,401**	–	3,553	3,553
Income taxes payable	**880**	**–**	**880**	1,191	–	1,191
Accrued interest and other expenses	**1,363**	**–**	**1,363**	1,105	–	1,105
Withholding taxes payable (Note 21)	**606**	**–**	**606**	481	–	481
Deferred tax and other liabilities (Notes 21 and 28)	**2,790**	**1,405**	**4,195**	3,325	1,343	4,668
	5,639	**5,806**	**11,445**	6,102	4,896	10,998
	₱1,439,061	**₱118,321**	**₱1,557,382**	₱1,331,792	₱113,963	₱1,445,755

	Parent Company					
	2015			2014		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	**₱28,570**	**₱–**	**₱28,570**	₱30,733	₱–	₱30,733
Due from BSP	**185,484**	**–**	**185,484**	174,259	–	174,259
Due from other banks	**26,213**	**–**	**26,213**	25,583	–	25,583
Interbank loans receivable and SPURA (Note 7)	**25,951**	**–**	**25,951**	108,441	–	108,441
Financial assets at FVPL (Note 8)	**34,568**	**–**	**34,568**	29,850	–	29,850
AFS investments (Note 8)	**10,982**	**191,490**	**202,472**	8,369	171,168	179,537
HTM investments (Note 8)	**102**	**175,714**	**175,816**	150	110,627	110,777
Loans and receivables (Note 9)						
Receivables from customers	**372,196**	**310,269**	**682,465**	325,158	260,631	585,789
Unquoted debt securities	**386**	**193**	**579**	426	194	620
Accrued interest receivable	**6,935**	**–**	**6,935**	6,705	–	6,705
Accounts receivable	**3,989**	**–**	**3,989**	2,878	–	2,878
Sales contract receivable	**136**	**45**	**181**	145	47	192
Other receivables	**28**	**–**	**28**	165	–	165
Other assets (Note 14)						
Interoffice float items	**5,043**	**–**	**5,043**	2,965	–	2,965
Returned checks and other cash items	**81**	**–**	**81**	189	–	189
Investments in SPVs	**8,857**	**–**	**8,857**	8,857	–	8,857
Miscellaneous assets	**–**	**426**	**426**	–	426	426
	709,521	**678,137**	**1,387,658**	724,873	543,093	1,267,966
Non-Financial Assets - at gross						
Property and equipment (Note 10)	**–**	**28,730**	**28,730**	–	23,232	23,232
Investment in subsidiaries (Note 11)	**–**	**27,528**	**27,528**	–	27,498	27,498
Investments in associates (Note 11)	**–**	**590**	**590**	–	590	590
Investment properties (Note 12)	**–**	**6,671**	**6,671**	–	8,912	8,912
Deferred tax assets (Note 28)	**–**	**6,284**	**6,284**		5,273	5,273
Retirement asset (Note 14)	**–**	**17**	**17**	–	13	13
Assets held under joint operations (Note 14)	**–**	**401**	**401**	–	544	544
Accounts receivable (Note 9)	**–**	**3,985**	**3,985**	–	2,884	2,884
Other assets (Note 14)	**1,381**	**3,311**	**4,692**	2,119	6,011	8,130
	1,381	**77,517**	**78,898**	2,119	74,957	77,076
	₱710,902	**₱755,654**	**1,466,556**	₱726,992	₱618,050	1,345,042

(Forward)

	Parent Company					
	2015			2014		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Less:						
Unearned discounts and capitalized interest (Note 9)			**₱187**			₱284
Accumulated depreciation and amortization (Notes 10, 12 and 14)			**15,483**			14,805
Allowance for credit and impairment losses (Note 15)			**19,153**			22,773
			₱1,431,733			₱1,307,180
Financial Liabilities						
Deposit liabilities						
Demand	**₱219,772**	**₱–**	**₱219,772**	₱169,851	₱–	₱169,851
Savings	**446,734**	**–**	**446,734**	390,509	–	390,509
Time	**415,392**	**10,237**	**425,629**	465,947	9,871	475,818
LTNCD	**–**	**14,250**	**14,250**	–	14,250	14,250
	1,081,898	**24,487**	**1,106,385**	1,026,307	24,121	1,050,428
Bills payable and SSURA (Note 17)	**88,640**	**–**	**88,640**	62,345	–	62,345
Derivative liabilities	**4,145**	**–**	**4,145**	3,054	–	3,054
Manager's checks and demand drafts outstanding	**4,264**	**–**	**4,264**	3,399	–	3,399
Accrued interest and other expenses	**4,497**	**–**	**4,497**	6,409	–	6,409
Subordinated debts (Note 20)	**–**	**22,374**	**22,374**	–	22,344	22,344
Other liabilities (Note 21)						
Bills purchased - contra	**23,749**	**–**	**23,749**	26,303	–	26,303
Accounts payable	**6,190**	**–**	**6,190**	4,356	–	4,356
Marginal deposits	**189**	**–**	**189**	130	–	130
Outstanding acceptances	**1,624**	**103**	**1,727**	681	8	689
	1,215,196	**46,964**	**1,262,160**	1,132,984	46,473	1,179,457
Non-Financial Liabilities						
Retirement liability (Note 27)	**–**	**3,004**	**3,004**	–	2,566	2,566
Income taxes payable	**300**	**–**	**300**	591	–	591
Accrued interest and other expenses	**1,274**	**–**	**1,274**	1,105	–	1,105
Withholding taxes payable (Note 21)	**383**	**–**	**383**	290	–	290
Other liabilities (Note 21)	**904**	**484**	**1,388**	1,009	446	1,455
	2,861	**3,488**	**6,349**	2,995	3,012	6,007
	₱1,218,057	**₱50,452**	**₱1,268,509**	₱1,135,979	₱49,485	₱1,185,464

23. Capital Stock

This account consists of (amounts in millions, except par value and number of shares):

	Shares			Amount		
	2015	2014	2013	**2015**	2014	2013
Authorized						
Preferred stock – ₱20.00 par value	**1,000,000,000**	1,000,000,000	1,000,000,000			
Common stock – ₱20.00 par value	**4,000,000,000**	4,000,000,000	4,000,000,000			
Common stock issued and outstanding						
Balance at beginning of year	**2,744,801,066**	2,744,801,066	2,111,386,017	**₱54,896**	₱54,896	₱42,228
Issuance of stock rights	**435,371,720**	–	–	**8,707**	–	–
Issuance of stock dividends	**–**	–	633,415,049	**–**	–	12,668
Balance at end of year	**3,180,172,786**	2,744,801,066	2,744,801,066	**63,603**	54,896	54,896
HT1 Capital	**–**	–	–	**6,351**	6,351	6,351
	3,180,172,786	2,744,801,066	2,744,801,066	**₱69,954**	₱61,247	₱61,247

As of December 31, 2015 and 2014, treasury shares totaling 2,058,912 and 391,320, respectively, represent shares of the Parent Company held by FMIC's mutual fund subsidiaries (Note 31).

On March 15, 2013, the BOD of the Bank approved (a) the amendment of the Articles of Incorporation (AOI) for the purpose of increasing the authorized capital stock and (b) the declaration of 30.00% stock dividend, which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 15, 2013. These were subsequently approved by the BSP on May 15, 2013 while the SEC approved the amended AOI on August 13, 2013.

Following this, the authorized capital stock of the Bank increased from ₱50.0 billion to ₱100.0 billion consisting of 4.0 billion Common Shares and 1.0 billion Preferred Shares, both with par value of ₱20 per share. Preferred Shares are non-voting except as provided by law; have preference over Common Shares in the distribution of dividends; subject to such terms and conditions as may be determined by the BOD and to the extent permitted by applicable law, may or may not be redeemable; and shall have such other features as may be determined by the BOD at the time of issuance. Further, the 30.00% stock dividend equivalent to 633.4 million common shares amounting to ₱12.7 billion represents at least the minimum 25.00% subscribed and paid-up capital for the increase in the authorized capital stock referred to above. As delegated by the BOD, the President fixed the record and payment dates on September 3 and 16, 2013, respectively. On September 10, 2013, the PSE approved the listing of additional 633,415,805 common shares and on September 16, 2013, the Parent Company issued the stock dividend and paid the cash equivalent of the related fractional shares.

On January 21, 2015, the Parent Company's BOD approved the Stock Rights Offer (SRO) by way of issuance from the unissued portion of the authorized capital stock. This was noted by BSP with the issuance of a letter of no objection to the Rights Issue on February 17, 2015. On February 24, 2015, the SEC confirmed the exemption of the proposed issuance of ₱32.0 billion worth of common shares from the registration requirements under Section 8 of the Securities Regulation Code. On February 25, 2015, the PSE approved the listing of up to 500.0 million common shares to cover the SRO to all stockholders of record as of March 18, 2015. On April 7, 2015, following regulatory approvals, the Parent Company concluded the ₱32.0 billion SRO, involving 435,371,720 common shares with par value of ₱20.00 priced at ₱73.50 per share and listed with the PSE on the same date. The difference between the issued price and the par value is recognized as 'Capital paid in excess of par value'.

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As of December 31, 2015 and 2014, there are 3,159 and 3,178 holders, respectively, of the listed shares of the Parent Company, with share price closed at ₱80.50 and ₱83.00 a share, respectively. The history of share issuances during the last five years follows:

Year	Issuance	Listing Date	Number of Shares Issued
2015	Stock rights	April 7, 2015	435,371,720
2013	Stock dividend	September 16, 2013	633,415,049
2011	Stock rights	January 24, 2011	200,000,000

HT1 Capital represents USD125.0 million, 9.00% non-cumulative step-up callable perpetual capital securities with liquidation preference of USD100,000 per capital security issued by the Parent Company on February 15, 2006 pursuant to a trust deed with The Bank of New York (Trustee) and listed with the Singapore Exchange Securities Trading Limited. The HT1 Capital is governed by English law except on certain clauses in the Trust Deed which are governed by Philippine law. On June 17, 2015 and October 22, 2015, the BOD of the Parent Company and the BSP, respectively, approved its redemption on February 15, 2016 (Note 35). Basic features of the HT1 Capital follow:

- Coupons - bear interest at 9.00% per annum payable semi-annually in arrear from (and including) February 15, 2006 to (but excluding) February 15, 2016, and thereafter at a rate, reset and payable quarterly in arrear, of 6.10% per annum above the then prevailing LIBOR for three-month USD deposits. Under certain conditions, the Parent Company is not obliged to make any coupon payment if the BOD of the Parent Company, in its absolute discretion, elects not to make any coupon payment in whole or in part.

- Coupon Payment Dates - payable on February 15 and August 15 in each year, commencing on August 15, 2006 (in respect of the period from (and including) February 15, 2006 to (but excluding) August 15, 2006 and ending on February 15, 2016 (first optional redemption date); thereafter coupon amounts will be payable (subject to adjustment for days which are not business days) on February 15, May 15, August 15 and November 15 in each year commencing on May 15, 2016.

- Dividend and Capital Stopper - in the event that any coupon payment is not made, the Parent Company: (a) will not declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on any junior share capital or any parity securities; or (b) will not redeem, purchase, cancel, reduce or otherwise acquire any junior share capital or any parity securities. Such dividend and capital stopper shall remain in force so as to prevent the Parent Company from undertaking any such declaration, payment or other activity unless and until payment is made to the holders in an amount equal to the unpaid amount, if any, of coupon payments in respect of coupon periods in the 12 months including and immediately preceding the date such coupon payment was due, and the BSP does not otherwise object.

- Redemption
  - may be redeemed at the option of the Parent Company (but not the holders) under optional redemption, tax event call, and regulatory event call, subject to limitation of the terms of the issuance.
  - may not be redeemed (i) for so long as the dividend and capital stopper is in force; and (ii) without the prior written approval of the BSP which, as of February 8, 2006, is subject to the following conditions: (a) the Parent Company's capital adequacy must be at least equal to the BSP's minimum capital ratio; and (b) the HT1 Capital are simultaneously replaced with the issue of new capital which is neither smaller in size nor lower in quality than the original issue.

The HT1 Capital is unsecured and subordinated to the claims of senior creditors. In the event of the dissolution or winding-up of the Parent Company, holders will be entitled, subject to satisfaction of certain conditions and applicable law, to receive a liquidation distribution equivalent to the liquidation preference. Also, the HT1 Capital is not treated as deposit and is not guaranteed or insured by the Parent Company or any of its related parties or the PDIC and these may not be used as collateral for any loan availments. The Parent Company or any of its subsidiaries may not at any time purchase HT1 Capital except as permitted under optional redemption, tax event call, and regulatory event call as described in the terms of issuance. The HT1 Capital is sold to non-U.S. persons outside the United States pursuant to Regulation under the U.S. Securities Act of 1933, as amended, and represented by a global certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream.

The Parent Company paid the semi-annual coupon amounting to USD5.6 million from 2006 to 2015 after obtaining their respective BSP approvals. Details of approvals and payments from 2013 to 2015 are as follows:

Date of BSP Approval	Date Paid
July 24, 2015	August 17, 2015
February 9, 2015	February 17, 2015
August 1, 2014	August 15, 2014
February 10, 2014	February 15, 2014
August 12, 2013	August 15, 2013
February 6, 2013	February 15, 2013

Details of the Parent Company's cash dividend distributions from 2013 to 2015 follow:

Date of Declaration	Per Share	Total Amount	Date of BSP Approval	Record date	Payment date
January 27, 2015	₱1.00	₱2,745	March 3, 2015	March 26, 2015	March 31, 2015
March 26, 2014	1.00	2,745	April 15, 2014	May 7, 2014	May 16, 2014
January 23, 2013	1.00	2,111	February 8, 2013	March 8, 2013	April 3, 2013

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines.

24. Surplus Reserves

This account consists of:

	2015	2014
Reserve for trust business (Note 29)	**₱1,090**	₱976
Reserve for self-insurance	**416**	395
	₱1,506	₱1,371

In compliance with existing BSP regulations, 10.00% of the Parent Company's income from trust business is appropriated to surplus reserves. This yearly appropriation is required until the surplus reserve for trust business equals 20.00% of the Parent Company's regulatory net worth.

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation by and other unlawful acts of the Parent Company's personnel or third parties.

25. Miscellaneous Income and Expenses

In 2015, 2014 and 2013, miscellaneous income includes gain on initial recognition of investment properties and other non-financial assets amounting to ₱713.4 million, ₱748.5 million and ₱648.8 million, respectively, for the Group and ₱21.4 million, ₱53.6 million and ₱61.2 million, respectively, for the Parent Company; recovery on charged-off assets amounting to ₱722.2 million, ₱562.6 million and ₱455.4 million, respectively, for the Group and ₱10.2 million, ₱10.5 million and ₱27.9 million, respectively, for the Parent Company; and information technology and other fees amounting to ₱432.8 million, ₱326.1 million and ₱300.6 million, respectively, for the Parent Company (Note 31).

Miscellaneous expenses consist of:

	Consolidated			**Parent Company**		
	2015	2014	2013	**2015**	2014	2013
Insurance	**₱2,712**	₱2,317	₱1,672	**₱2,140**	₱1,823	₱1,333
Security, messengerial and janitorial	**2,117**	2,016	1,800	**1,651**	1,628	1,408
Advertising	**920**	738	725	**216**	66	91
Information technology (Note 31)	**827**	644	718	**621**	451	576
Management and professional fees	**775**	548	460	**567**	298	272
Litigation (Note 12)	**640**	678	705	**291**	395	450
Communications	**603**	567	528	**62**	43	69
Repairs and maintenance	**591**	580	409	**301**	265	249
Supervision fees	**573**	507	448	**469**	424	362

(Forward)

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Stationery and supplies used	**₱490**	₱536	₱487	**₱319**	₱338	₱308
Transportation and travel	**463**	442	489	**315**	307	369
Entertainment, amusement and representation (EAR) (Note 28)	**290**	320	236	**246**	284	198
Others (Note 31)	**1,183**	1,396	1,424	**518**	658	477
	₱12,184	₱11,289	₱10,101	**₱7,716**	₱6,980	₱6,162

26. Notes to Statements of Cash Flows

The amounts of interbank loans receivable and securities purchased under agreements to resell considered as cash and cash equivalents follow:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Interbank loans receivable and SPURA	**₱36,118**	₱119,839	₱122,011	**₱25,951**	₱108,441	₱96,872
Interbank loans receivable and SPURA not considered as cash and cash equivalents	**(4,586)**	(7,651)	(4,836)	**(2,423)**	(7,651)	(4,836)
	₱31,532	₱112,188	₱117,175	**₱23,528**	₱100,790	₱92,036

Significant non-cash transactions of the Group and the Parent Company include foreclosures of properties or additions to investment and chattel properties as disclosed in Notes 12 and 14, respectively; reclassification of investment in LCMC (Note 11); reclassification to building under construction in 2015 (Note 10); and reclassification of assets held under joint operations amounting to ₱0.5 million to investment properties in 2014. Further, in 2013, investment of FMIC in GBPC and HTM investments of PSBank and FMIC were reclassified to AFS investments (Note 8).

27. Retirement Plan and Other Employee Benefits

The Parent Company and most of its subsidiaries have funded non-contributory defined benefit retirement plan covering all their respective permanent and full-time employees. Benefits are based on the employee's years of service and final plan salary.

For employees of the Parent Company, retirement from service is compulsory upon the attainment of the 55th birthday or 30th year of service, whichever comes first.

Under the existing regulatory framework, Republic Act (RA) 7641 (Retirement Pay Law) requires a provision for retirement pay 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. The Parent Company and most of its subsidiaries meet the minimum retirement benefit specified under RA 7641.

The principal actuarial assumptions used in determining retirement liability of the Parent Company and significant subsidiaries are shown below:

	Parent Company	FMIC	PSBank	MCC	ORIX Metro
As of January 1, 2015					
Average remaining working life	**8 years**	**7 to 10 years**	**9 years**	**10 years**	**22 to 42 years**
Discount rate	**4.32%**	**4.42% to 4.65%**	**4.55%**	**4.80%**	**4.92% to 5.50%**
Future salary increases	**8.00%**	**10.00%**	**8.00%**	**9.00%**	**8.00%**
As of January 1, 2014					
Average remaining working life	8 years	7 to 8 years	9 years	10 years	15 to 26 years
Discount rate	4.33%	4.51% to 5.59%	4.86%	4.85%	4.07% to 6.50%
Future salary increases	8.00%	10.00%	9.00%	8.00%	7.00% to 8.00%

Discount rates used in computing for the present value of the DBO of the Parent Company and significant subsidiaries as of December 31, 2015 and 2014 follow:

	Parent Company	FMIC	PSBank	MCC	ORIX Metro
2015	**4.79%**	**4.93% to 5.08%**	**5.01%**	**5.23%**	**4.59% to 5.56%**
2014	4.32%	4.42% to 4.65%	4.55%	4.80%	4.92% to 5.50%

Net retirement liability included in 'Other liabilities' as of December 31, 2015 and 2014 amounted to ₱4.4 billion and ₱3.6 billion, respectively, for the Group and ₱3.0 billion and ₱2.6 billion, respectively, for the Parent Company (Note 21).

The fair value of plan assets by each class as at the end of the reporting period are as follows:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Due from BSP	**₱548**	₱523	**₱186**	₱257
Deposit in banks	**130**	72	**51**	21
	678	595	**237**	278
FVPL - quoted equity securities	**185**	15	**169**	–
AFS investments - net				
Quoted debt instruments				
Private	**964**	454	**826**	434
Government	**7,916**	7,576	**7,314**	7,014
	8,880	8,030	**8,140**	7,448
Equity securities				
Quoted	**2,677**	2,500	**2,144**	1,933
Unquoted	**213**	213	**13**	13
	2,890	2,713	**2,157**	1,946
Investment funds	**166**	161	**28**	20
Total AFS investments	**11,936**	10,904	**10,325**	9,414
Loans and discounts - net	**72**	–	**72**	–
Other receivables - net	**143**	157	**128**	148
Liabilities	**(11)**	(18)	**(7)**	(6)
Total assets	**₱13,003**	₱11,653	**₱10,924**	₱9,834

Changes in net defined benefit liability of funded funds in 2015 are as follows:

Consolidated	**Present Value of DBO**	**Fair Value of Plan Assets**	**Net retirement liability/(asset)**
January 1, 2015	**₱15,206**	**(₱11,653)**	**₱3,553**
Net Benefit Cost in Consolidated Statement of Income			
Current service cost	**1,269**	**–**	**1,269**
Past service cost	**55**	**–**	**55**
Net interest	**657**	**(506)**	**151**
Sub-total	**1,981**	**(506)**	**1,475**
Benefits paid	**(939)**	**939**	**–**
Remeasurement in Other Comprehensive Income			
Return on plan assets (excluding amount included in net interest)	**–**	**519**	**519**
Actuarial changes arising from experience adjustments	**1,507**	**–**	**1,507**
Actuarial changes arising from changes in financial/demographic assumptions	**(351)**	**4**	**(347)**
Sub-total	**1,156**	**523**	**1,679**
Contributions paid	**–**	**(2,306)**	**(2,306)**
December 31, 2015	**₱17,404**	**(₱13,003)**	**₱4,401**

Parent Company	**Present Value of DBO**	**Fair Value of Plan Assets**	**Net retirement liability/(asset)**
January 1, 2015	**₱12,400**	**(₱9,834)**	**₱2,566**
Net Benefit Cost in Consolidated Statement of Income			
Current service cost	**934**	**–**	**934**
Net interest	**527**	**(421)**	**106**
Sub-total	**1,461**	**(421)**	**1,040**
Benefits paid	**(762)**	**762**	**–**
Remeasurement in Other Comprehensive Income			
Return on plan assets (excluding amount included in net interest)	**–**	**435**	**435**
Actuarial changes arising from experience adjustments	**1,078**	**–**	**1,078**
Actuarial changes arising from changes in financial/demographic assumptions	**(249)**	**–**	**(249)**
Sub-total	**829**	**435**	**1,264**
Contributions paid	**–**	**(1,866)**	**(1,866)**
December 31, 2015	**₱13,928**	**(₱10,924)**	**₱3,004**

Changes in net defined benefit liability of funded funds in 2014 are as follows:

Consolidated	Present Value of DBO	Fair Value of Plan Assets	Net retirement liability/(asset)
January 1, 2014	₱14,209	(₱9,405)	₱4,804
Net Benefit Cost in Consolidated Statement of Income			
Current service cost	1,201	–	1,201
Past service cost	3	–	3
Net interest	610	(448)	162
Sub-total	1,814	(448)	1,366
Benefits paid	(611)	611	–
Remeasurement in Other Comprehensive Income			
Return on plan assets (excluding amount included in net interest)	–	(287)	(287)
Actuarial changes arising from experience adjustments	(245)	–	(245)
Actuarial changes arising from changes in financial/demographic assumptions	39	9	48
Sub-total	(206)	(278)	(484)
Contributions paid	–	(2,133)	(2,133)
December 31, 2014	₱15,206	(₱11,653)	₱3,553

Parent Company	Present Value of DBO	Fair Value of Plan Assets	Net retirement liability/(asset)
January 1, 2014	₱11,867	(₱7,705)	₱4,162
Net Benefit Cost in Consolidated Statement of Income			
Current service cost	917	–	917
Net interest	497	(362)	135
Sub-total	1,414	(362)	1,052
Benefits paid	(504)	504	–
Remeasurement in Other Comprehensive Income			
Return on plan assets (excluding amount included in net interest)	–	(479)	(479)
Actuarial changes arising from experience adjustments	(387)	–	(387)
Actuarial changes arising from changes in financial/demographic assumptions	10	–	10
Sub-total	(377)	(479)	(856)
Contributions paid	–	(1,792)	(1,792)
December 31, 2014	₱12,400	(₱9,834)	₱2,566

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of December 31, 2015 and 2014, assuming all other assumptions were held constant:

	Parent Company	FMIC	PSBank	MCC	Orix Metro
As of December 31, 2015					
Discount rate					
-50 basis points (bps)	**₱–**	**₱–**	**₱–**	**₱–**	**₱3**
+100 bps	**13,279**	**351**	**1,911**	**727**	**(34)**
-100 bps	**14,698**	**417**	**2,098**	**926**	**38**
Salary increase rate					
+75 bps	**–**	**–**	**–**	**–**	**3**
+100 bps	**14,758**	**414**	**2,151**	**897**	**34**
-100 bps	**13,171**	**354**	**1,914**	**750**	**(29)**
-125 bps	**–**	**–**	**–**	**–**	**(3)**
Turnover rate					
+300 bps	**13,595**	**–**	**–**	**–**	**–**
- 300 bps	**14,312**	**–**	**–**	**–**	**–**
As of December 31, 2014					
Discount rate					
-50 bps	–	–	–	–	29
+100 bps	11,491	335	1,509	507	174
-100 bps	13,437	399	1,854	658	196
Salary increase rate					
+75 bps	–	–	–	–	28
+100 bps	13,190	395	1,843	645	194
-100 bps	11,681	338	1,515	515	152
-125 bps	–	–	–	–	23
Turnover rate					
+200 bps	–	355	1,543	524	–
- 200 bps	–	376	1,822	638	–
+300 bps	11,932	–	–	–	–
- 300 bps	12,948	–	–	–	–

The Group expects to contribute to the defined benefit retirement plans the required funding for normal cost in 2016 amounting to ₱1.3 billion.

The average duration of the DBO of the Parent Company as of December 31, 2015 and 2014 are 12.7 years and 12.39 years, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments:

	Parent Company	FMIC	PSBank	MCC	Orix Metro
As of December 31, 2015					
Less than 1 year	**₱1,147**	**₱33**	**₱212**	**₱36**	**₱3**
More than 1 year to 5 years	**7,094**	**150**	**669**	**178**	**–**
More than 5 years to 10 years	**11,167**	**236**	**1,267**	**434**	**96**
More than 10 years to 15 years	**8,190**	**417**	**1,754**	**1,172**	**–**
More than 15 years to 20 years	**6,680**	**379**	**1,584**	**1,708**	**–**
More than 20 years	**8,130**	**695**	**3,347**	**1,711**	**–**
As of December 31, 2014					
Less than 1 year	926	31	124	7	12
More than 1 year to 5 years	5,770	228	586	140	–
More than 5 years to 10 years	9,928	231	1,259	238	74
More than 10 years to 15 years	7,962	368	1,913	722	–
More than 15 years to 20 years	5,580	358	1,794	1,366	–
More than 20 years	6,527	527	3,451	1,732	–

In addition, the Parent Company has a Provident Plan which is a supplementary contributory retirement plan to and forms part of the main plan, the Retirement Plan, for the exclusive benefit of eligible employees of the Parent Company in the Philippines. Based on the provisions of the plan, upon retirement or resignation, a member shall be entitled to receive as retirement or resignation benefits 100.00% of the accumulated value of the personal contribution plus a percentage of the accumulated value arising from the Parent Company's contributions in accordance with the completed number of years serviced. The Parent Company's contribution to the Provident Fund in 2015 and 2014 amounted to ₱224.4 million and ₱193.1 million, respectively.

As of December 31, 2015 and 2014, the retirement fund of the Parent Company's employees amounting to ₱10.9 billion and ₱9.8 billion, respectively, is being managed by the Parent Company's Trust Banking Group (as defined in the trust agreement), which has a Trust Committee that is mandated to approve, the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the retirement plan. Certain members of the BOD of the Parent Company are represented in the Trust Committee. Directors' fees and bonuses of the Parent Company in 2015, 2014 and 2013 amounted to ₱61.2 million, ₱49.3 million and ₱48.9 million, respectively, while, officers' compensation and benefits of the Parent Company aggregated to ₱6.2 billion, ₱5.7 billion and ₱5.0 billion, respectively.

28. Income and Other Taxes

Under Philippine tax laws, the RBU of the Parent Company and its domestic subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include 30.00% regular corporate income tax (RCIT) and 20.00% final taxes paid, which is a final withholding tax on gross interest income from government securities and other deposit substitutes. Interest allowed as a deductible expense is reduced by an amount equivalent to 33.00% of interest income subjected to final tax.

Current tax regulations also provide for the ceiling on the amount of EAR expense (Note 25) that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. The regulations also provide for MCIT of 2.00% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's income tax liability and taxable income, respectively, over a three-year period from the year of inception.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 7.50%. Income derived by the FCDU from foreign currency transactions with non-residents, 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.

Following are the applicable taxes and tax rates for the foreign branches of the Parent Company:

Foreign Branches	Tax Rates
USA - New York (NY) Branch	20.00% income tax; business taxes - 0.01% (NY State) and 0.26% (NY City)
Japan - Tokyo and Osaka Branches	29.90% income tax; various rates for business taxes - income tax, local business, sheet value and sheet capital allocations
Korea - Seoul and Pusan Branches	20.00% income tax; 0.50% education tax
Taiwan - Taipei Branch	17.00% income tax; 5.00% gross business receipts tax; 5.00% VAT

The provision for income tax consists of:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Current:						
Final tax	**₱3,895**	₱3,607	₱2,546	**₱3,323**	₱2,919	₱1,906
RCIT*	**2,036**	2,392	1,377	**129**	692	115
MCIT	**324**	4	266	**324**	4	244
	6,255	6,003	4,189	**3,776**	3,615	2,265
Deferred*	**(1,018)**	456	2,559	**(570)**	740	1,381
	₱5,237	₱6,459	₱6,748	**₱3,206**	₱4,355	₱3,646

* Includes income taxes of foreign subsidiaries.

Components of net deferred tax assets of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Deferred tax asset on:				
Allowance for credit and impairment losses	**₱6,328**	₱4,824	**₱4,588**	₱3,505
Retirement liability	**1,284**	1,050	**921**	789
Unamortized past service cost	**911**	696	**867**	675
Accumulated depreciation of investment properties	**386**	392	**303**	319
Unrealized losses	**305**	187	**305**	187
Deferred membership/awards	**124**	245	**–**	–
Others	**376**	281	**106**	187
	9,714	7,675	**7,090**	5,662
Deferred tax liability on:				
Unrealized gains	**571**	111	**548**	95
Unrealized gain on initial measurement of investment properties	**563**	578	**258**	294
Others	**153**	155	**–**	–
	1,287	844	**806**	389
Net deferred tax assets	**₱8,427**	₱6,831	**₱6,284**	₱5,273

Components of net deferred tax liabilities of the Group follow:

	2015	2014
Deferred tax asset on:		
Retirement liability	**₱56**	₱31
Allowance for credit and impairment losses	**31**	–
Unamortized past service cost	**13**	4
Others	**127**	117
	227	152
Deferred tax liability on:		
Leasing income differential between finance and operating lease method	**437**	381
Unrealized gain	**34**	20
Others	**207**	208
	678	609
Net deferred tax liabilities	**₱451**	₱457

As of December 31, 2015 and 2014, no deferred tax asset was recognized on the following temporary differences: (a) allowance for credit and impairment losses amounting to ₱2.5 billion and ₱8.9 billion, respectively, for the Group and ₱1.7 billion and ₱8.9 billion, respectively, for the Parent Company; (b) NOLCO of ₱1.3 billion and ₱1.1 billion, respectively, for the Group and ₱174.3 million and ₱118.5 million, respectively, for the Parent Company; (c) MCIT of

₱15.0 million and ₱7.9 million, respectively, for the Group and ₱11.0 million and ₱7.9 million, respectively, for the Parent Company; and (d) others amounting to ₱2.3 million and ₱95.7 million, respectively, for the Group. The Group believes that it is not reasonably probable that the tax benefits of these temporary differences will be realized in the future.

There are no income tax consequences attaching to the payment of dividends by the Group to the shareholders of the Group.

Details of the excess MCIT credits follow:

	Consolidated				**Parent Company**			
Inception Year	Amount	Used/Expired	Balance	Expiry Year	Amount	Used/Expired	Balance	Expiry Year
2012	₱13	₱13	₱–	2015				
2013	271	266	5	2016	₱247	₱244	₱3	2016
2014	4	–	4	2017	4	–	4	2017
2015	6	–	6	2018	4	–	4	2018
	₱294	₱279	₱15		₱255	₱244	₱11	

Details of the NOLCO follow:

	Consolidated				**Parent Company**			
Inception Year	Amount	Used/Expired	Balance	Expiry Year	Amount	Used/Expired	Balance	Expiry Year
2012	₱446	₱446	₱–	2015	₱291	₱291	₱–	2015
2013	3,882	3,510	372	2016	3,510	3,510	–	2016
2014	395	–	395	2017				
2015	520	–	520	2018	174	–	174	2018
	₱5,243	₱3,956	₱1,287		₱3,975	₱3,801	₱174	

A reconciliation of the statutory income tax rates and the effective income tax rates follows:

	Consolidated			**Parent Company**		
	2015	2014	2013	**2015**	2014	2013
Statutory income tax rate	**30.00%**	30.00%	30.00%	**30.00%**	30.00%	30.00%
Tax effect of:						
Tax-paid and tax-exempt income	**(10.56)**	(15.90)	(27.66)	**(10.82)**	(11.92)	(30.37)
Non-deductible interest expense	**5.11**	6.73	7.83	**5.21**	3.82	2.75
Non-recognition of deferred tax asset	**(2.34)**	(0.99)	6.77	**(3.01)**	(1.57)	7.98
FCDU income	**(0.84)**	(0.91)	(0.74)	**(1.02)**	(1.46)	(1.08)
Others - net	**(1.13)**	3.74	5.51	**(3.43)**	0.84	8.63
Effective income tax rate	**20.24%**	22.67%	21.71%	**16.93%**	19.71%	17.91%

29. Trust Operations

Properties held by the Parent Company and certain subsidiaries in fiduciary or agency capacity for their customers are not included in the accompanying statements of financial position since these are not resources of the Parent Company and its subsidiaries (Note 30).

In compliance with current banking regulations relative to the Parent Company and certain subsidiaries' trust functions, government securities with the following total face values are deposited with the BSP.

	Consolidated		**Parent Company**	
	2015	2014	**2015**	2014
HFT investments	**₱33**	₱19	**₱–**	₱–
AFS investments	**5,040**	4,599	**5,000**	4,559
HTM investments	**–**	67,659	**–**	67,659
	₱5,073	₱72,277	**₱5,000**	₱72,218

30. 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. No material losses are anticipated as a result of these transactions.

The following is a summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Trust Banking Group accounts (Note 29)	**₱357,001**	₱336,860	**₱351,878**	₱333,215
Commitments				
Credit card lines	**97,964**	85,553	**–**	–
Undrawn - facilities to lend	**18,404**	19,001	**18,404**	19,001
Unused commercial letters of credit (Note 31)	**38,073**	37,980	**37,262**	36,971
Bank guaranty with indemnity agreement (Note 31)	**11,320**	7,669	**11,320**	7,669
Credit line certificate with bank commission	**4,722**	4,082	**4,722**	4,082
Outstanding shipside bonds/airway bills (Note 31)	**2,685**	776	**2,685**	776
Late deposits/payments received	**1,237**	1,535	**1,180**	1,464
Inward bills for collection	**715**	985	**713**	977
Outward bills for collection	**486**	612	**485**	612
Outstanding guarantees (Note 31)	**109**	57	**109**	57
Confirmed export letters of credits	**109**	335	**68**	69
Others	**10,801**	9,659	**405**	460
	₱543,626	₱505,104	**₱429,231**	₱405,353

On October 17, 2011, a consortium of eight banks including the Parent Company filed a Petition for Certiorari, Prohibition and/or Mandamus (with Urgent Application for a Temporary Restraining Order (TRO) and/or Writ of preliminary Injunction) with the Supreme Court (SC) against respondents the ROP, Bureau of Internal Revenue (BIR) and its Commissioner, the Department of Finance and its Secretary and the Bureau of Treasury (BTr) and the National Treasurer, asking the Court to annul BIR Ruling No. 370-2011 which imposes a 20-percent final withholding tax on the 10-year Zero-Coupon Government Bonds (also known as the PEACe bonds) that matured on October 18, 2011 and command the respondents to pay the full amount of the face value of the PEACe Bonds. On October 18, 2011, the SC issued the TRO enjoining the implementation of the said BIR ruling on the condition that the 20-percent final withholding tax be withheld by the petitioner banks and placed in escrow pending resolution of the Petition. However, to date, the respondents have not complied with the said TRO, i.e., they have not credited the banks' escrow accounts with the amount corresponding to the questioned 20-percent final tax. The case is still pending resolution with the SC.

Several suits and claims relating to the Group's lending operations and labor-related cases remain unsettled. In the opinion of management, these suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.

31. **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 or if they are subjected to common control or common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities and are classified as entities with significant influence, subsidiaries, associates, other related parties and key personnel (Notes 2 and 11).

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectibility and did not present other unfavorable conditions.

The Parent Company has a Related Party Transactions Committee (RPTC) which is created to assist the BOD in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that corporate or business resources of the Parent Company are not misappropriated or misapplied. After appropriate review, RPTC discloses all information and endorses to the BOD with recommendations, the proposed related party transactions. The members of the RPTC are appointed annually by the BOD. Currently, RPTC is composed of four (4) independent directors (including the Committee's Chairman); the head of Internal Audit Group (as Resource Person); and the Compliance Officer (as the Committee Secretary) and meets monthly or as the need arises. RPTC's review of the proposed related party transactions considers the following: (a) identity of the parties involved in the transaction or relationship; (b) terms of the transaction or relationship and whether these are no less favorable than terms generally available to an unrelated third party under the same circumstances; (c) business purpose, timing, rationale and benefits of the transaction or relationship; (d) approximate monetary value of the transaction and the approximate monetary value of the related party's interest in the transaction; (e) valuation methodology used and alternative approaches to valuation of the transaction; (f) information concerning potential counterparties in the transaction; (g) description of provisions or limitations imposed as a result of entering into the transaction; (h) whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the transaction; (i) impact to a director's independence; and (j) extent that such transaction or relationship would present an improper conflict of interest. Further, no director or officer participates in any discussion of a related party transaction for which he, she, or any member of his or her immediate family is a related party, except in order to provide material information on the related party transaction to RPTC.

Major subsidiaries, which include FMIC, PSBank, MCC and MBCL, have their own respective RPTCs which assist their respective BODs in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that their corporate or business resources are not misappropriated or misapplied.

In the ordinary course of business, the Group has loan transactions with investees and with certain DOSRI based on BSP Circular No. 423 dated March 15, 2004, as amended. 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 the respective total equity or 15.00% of the respective total loan portfolio, whichever is lower, of the Parent Company, PSBank, FMIC and ORIX Metro.

The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts:

	Consolidated		Parent Company	
	2015	2014	**2015**	2014
Total outstanding DOSRI accounts	**₱6,713**	₱5,636	**₱4,944**	₱4,876
Percent of DOSRI accounts granted prior to effectivity of BSP Circular No. 423 to total loans	**0.00%**	0.00%	**0.00%**	0.00%
Percent of DOSRI accounts granted after effectivity of BSP Circular No. 423 to total loans	**0.76%**	0.74%	**0.72%**	0.83%
Percent of DOSRI accounts to total loans	**0.76%**	0.74%	**0.72%**	0.83%
Percent of unsecured DOSRI accounts to total DOSRI accounts	**14.04%**	20.54%	**13.17%**	18.41%
Percent of past due DOSRI accounts to total DOSRI accounts	**5.68%**	0.00%	**0.00%**	0.00%
Percent of non-accruing DOSRI accounts to total DOSRI accounts	**5.68%**	0.00%	**0.00%**	0.00%

BSP Circular No. 560 provides the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said Circular, the total outstanding loans, other credit accommodations 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 reported to the BSP. As of December 31, 2015 and 2014, the total outstanding loans, other credit accommodations and guarantees to each of the Parent Company's subsidiaries and affiliates did not exceed 10.00% of the Parent Company's net worth, as reported to the BSP, and the unsecured portion did not exceed 5.00% of such net worth wherein the total outstanding loans, other credit accommodations and guarantees to all such subsidiaries and affiliates represent 2.57% and 3.73%, respectively, of the Parent Company's net worth.

Further, BSP issued Circular No. 654 allows a separate individual limit to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation, i.e., a separate individual limit of twenty-five (25.00%) of the net worth of the lending bank/quasi-bank: provided, that the unsecured portion thereof shall not exceed twelve and one-half percent (12.50%) of such net worth: provided further, that these subsidiaries and affiliates are not related interests of any of the director, officer and/or stockholder of the lending bank/quasi-bank; 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 total outstanding loans, other credit accommodations and guarantees to each of the Parent Company's subsidiaries and affiliates engaged in energy and power generation did not exceed 25.00% of the Parent Company's net worth, as reported to the BSP, and the unsecured portion did not exceed 12.50% of such net worth.

Total interest income on the DOSRI loans in 2015, 2014 and 2013 amounted to ₱107.2 million, ₱117.0 million and ₱275.5 million, respectively, for the Group and ₱55.6 million, ₱56.5 million and ₱184.0 million, respectively, for the Parent Company.

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements):

	Consolidated	
	December 31, 2015	
Category	Amount	Terms and Conditions/Nature
Entities with Significant Influence		
Outstanding Balance:		
Deposit liabilities*	**₱6,384**	With annual fixed interest rates ranging from 0.00% to 2.50% including time deposits with maturity terms from 21 days to 38 days (Note 16)
Amount/Volume:		
Receivables from customers	**(402)**	Secured - ₱280.0 million and unsecured - ₱122.4 million, no impairment Settlement of short-term loan with interest rate of 3.25% subject to regular repricing with maturity terms from 31 days to 91 days (Note 9)
Deposit liabilities	**6,035**	Generally similar to terms and conditions above
Interest expense	**7**	Interest expense on deposit liabilities (Note 16)
Foreign currency		
Sell	**6**	Outright sale of foreign currency
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	**₱1,413**	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 1.71% to 2.01% with maturity terms from 99 days to 373 days, no impairment (Note 7)
Receivables from customers*	**3,043**	Unsecured with no impairment With annual fixed interest rates ranging from 2.25% to 5.59% and maturity terms from 2 days to 5 years (Note 9)
Accounts receivable	**279**	Outstanding remittance receivables,credit card receivables and rental fees, non-interest bearing
Deposit liabilities*	**5,270**	With annual fixed interest rates ranging from 0.00% to 1.25% including time deposits with maturity terms from 6 days to 270 days (Note 16)
Bills payable*	**4,419**	Peso and foreign currency-denominated borrowings subject to annual fixed interest rates ranging from 0.19% to 2.50% with maturity terms from 1 day to 45 days (Note 17)
Bonds payable*	**450**	Issued by FMIC with interest rates ranging from 5.50% to 5.75% with maturity terms from 2 years to 5 years, covered by deed of assignments on government securities (Note 19)
Treasury stock	**187**	Parent Company's shares held by FMIC's mutual fund subsidiaries (Note 23)
Amount/Volume:		
Interbank loans receivable	**(350)**	Generally similar to terms and conditions above
Receivables from customers	**196**	Generally similar to terms and conditions above
Deposit liabilities	**(62)**	Generally similar to terms and conditions above
Bills payable	**1,627**	Generally similar to terms and conditions above
Bonds payable	**(60)**	Generally similar to terms and conditions above
Interest income	**97**	Income on receivables from customers (Note 9) and interbank loans receivables
Service charges, fees and commissions	**40**	Income from transactional fees
Trading and securities loss - net	**(14)**	Net loss from securities transactions
Foreign exchange gain - net	**210**	Net gain from foreign exchange transactions
Leasing income	**87**	Income from leasing agreements with various lease terms
Dividend income	**1,817**	Dividend income from PSBank and MCC (Note 11)
Miscellaneous income	**433**	Information technology and other fees
Interest expense	**47**	Interest expense on deposit liabilities, bills payable and bonds payable (Notes 16 and 17)
Miscellaneous expense	**49**	Call center services and other fees (Note 25)

(Forward)

	Consolidated	
	December 31, 2015	
Category	**Amount**	**Terms and Conditions/Nature**
Securities transactions		
Purchases	**₱51,123**	Outright purchases of HFT securities and AFS investments
Sales	**50,340**	Outright sale of HFT securities and AFS investments
Foreign currency		
Buy	**43,072**	Outright purchases of foreign currency
Sell	**38,624**	Outright sale of foreign currency
Other transaction		
Underwriting/Arranging agreement	**102**	Arranging and underwriting fee of FMIC relative to the Parent Company's SRO in 2015
Associates		
Outstanding Balance:		
Other receivables	**₱18**	Dividend receivable from SMBC Metro
Deposit liabilities*	**1,788**	With annual fixed interest rates ranging from 0.00% to 1.75% including time deposits with maturity terms from 7 days to 90 days (Note 16)
Amount/Volume:		
Deposit liabilities	**74**	Generally similar to terms and conditions above (Note 16)
Bills payable	**(1)**	Settlement of peso-denominated borrowings subject to annual fixed interest rate of 0.63% with maturity term of 91 days (Note 17)
Foreign exchange gain - net	**2**	Income from foreign exchange transactions
Leasing income	**19**	Income from leasing agreements with various lease terms
Dividend income	**25**	Dividend income from NLI and SMBC Metro (Note 11)
Interest expense	**2**	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright purchases	**406**	Outright purchases of HFT securities and AFS investments
Outright sales	**1,183**	Outright sale of HFT securities and AFS investments
Foreign currency		
Buy	**48**	Outright purchases of foreign currency
Sell	**271**	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	**₱9,916**	Secured - ₱9.6 billion and unsecured - ₱270.5 million, no impairment With annual fixed interest rates ranging from 3.00% to 10.37% and maturity terms from 30 days to 12 years (Note 9)
Accounts receivable	**2**	Credit card receivables, non-interest bearing
Building under construction	**4,547**	Commercial and office spaces located at Bonifacio Global City, Taguig City purchased from BLRDC (Note 10)
Assets held under joint operations	**401**	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	**16,130**	With annual fixed interest rates ranging from 0.00% to 2.55% including time deposits with maturity terms from 6 days to 367 days (Note 16)
Bills payable*	**3,239**	Peso-denominated borrowings subject to annual fixed interest rates ranging from 1.63% to 5.54% with maturity terms from 28 days to 5 years (Note 17)
Amount/Volume:		
Receivables from customers	**(2,102)**	Generally similar to terms and conditions above
Deposit liabilities	**(7,090)**	Generally similar to terms and conditions above
Bills payable	**(254)**	Generally similar to terms and conditions above
Interest income	**833**	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	**(25)**	Net loss from foreign exchange transactions
Leasing income	**22**	Income from leasing agreements with various lease terms
Profit from assets sold	**603**	Gain on sale of investment properties to FLI (Notes 10 and 12)
Interest expense	**165**	Interest expense on deposit liabilities (Note 16) and bills payable (Note 17)

(Forward)

Category	**Consolidated December 31, 2015 Amount**	**Terms and Conditions/Nature**
Contingent		
Unused commercial LCs	**₱113**	LC transactions with various terms
Others	**2**	Bank guaranty with indemnity agreement
Securities transactions		
Outright purchases	**43**	Outright purchases of HFT securities and AFS investments
Outright sales	**144**	Outright sale of HFT securities and AFS investments
Foreign currency		
Buy	**465**	Outright purchases of foreign currency
Sell	**39,794**	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	**₱82**	Secured - ₱58.2 million and unsecured - ₱23.6 million, no impairment, with annual fixed interest rates ranging from 0.00% to 10.00% and maturity terms from 2 years to 15 years (Note 9)
Deposit liabilities	**135**	With various terms and with minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	**(8)**	Generally similar to terms and conditions above
Deposit liabilities	**27**	Generally similar to terms and conditions above
Interest income	**5**	Interest income on receivables from customers (Note 9)

Category	Consolidated December 31, 2014 Amount	Terms and Conditions/Nature
Entities with Significant Influence		
Outstanding Balance:		
Receivables from customers*	₱402	Secured - ₱280.0 million and unsecured - ₱122.4 million, no impairment Short-term lending with interest rate of 3.25% subject to regular repricing with maturity terms from 31 days to 91 days (Note 9)
Deposit liabilities*	349	With annual fixed interest rates ranging from 0.00% to 1.00% including time deposits with maturity terms from 14 days to 29 days (Note 16)
Amount/Volume:		
Receivables from customers	(303)	Generally similar to terms and conditions above
Deposit liabilities	118	Generally similar to terms and conditions above
Interest income	10	Interest income on receivables from customers
Foreign exchange gain - net	0	Net gain from foreign exchange transactions
Trading and securities gain - net	218	Gain on sale of FMIC's 19.25% ownership in TMBC and 9.00% ownership in TCI (Note 8)
Provision for credit and impairment losses	(7)	Reversal of related allowance for credit and impairment losses on TCI shares sold
Gain on sale of investment in associates	1,225	Gain on sale of FMIC's 33.33% ownership in CPAIC and Parent Company's 15.00% and PSBank's 25.00% ownership in TFSPC (Note 11)
Interest expense	1	Interest expense on deposit liabilities
Securities transactions		
Sales	55	Outright sale of FMIC's investments in TMBC and TCI
Foreign currency		
Sell	2	Outright sale of foreign currency
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	₱1,763	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 1.40% to 1.56% with maturity terms from 30 days to 390 days, no impairment
Receivables from customers*	2,847	Unsecured with no impairment With annual fixed interest rates ranging from 3.00% to 5.59% and maturity terms from 8 days to 5 years (Note 9)
Accounts receivable	286	Outstanding information technology fees and remittance receivable, non-interest bearing

(Forward)

	Consolidated	
	December 31, 2014	
Category	Amount	Terms and Conditions/Nature
Deposit liabilities*	₱5,332	With annual fixed interest rates ranging from 0.00% to 4.00% including time deposits with maturity terms from 7 days to 270 days (Note 16)
Bills payable*	2,792	Peso and foreign currency-denominated borrowings subject to annual fixed interest rates ranging from 0.19% to 2.50% with maturity terms from 11 days to 360 days (Note 17)
Bonds payable*	510	Issued by FMIC with interest rates ranging from 5.50% to 5.75% with maturity terms from 2 years to 5 years, covered by deed of assignments on government securities (Note 19)
Treasury stock	30	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Amount/Volume:		
Interbank loans receivable	(119)	Generally similar to terms and conditions above
Receivables from customers	1,786	Generally similar to terms and conditions above
Deposit liabilities	1,426	Generally similar to terms and conditions above
Bills payable	2,157	Generally similar to terms and conditions above
Bonds payable	201	Generally similar to terms and conditions above
Interest income	88	Income on receivables from customers (Note 9) and interbank loans receivables
Service charges, fees and commissions	82	Income from transactional fees
Trading and securities gain - net	4	Income from securities transactions
Foreign exchange gain - net	144	Net gain from foreign exchange transactions
Leasing income	65	Income from leasing agreements with various lease terms
Dividend income	3,118	Dividend income from PSBank, FMIC and MCC (Note 11)
Miscellaneous income	326	Information technology and other fees (Note 25)
Interest expense	71	Interest expense on deposit liabilities, bills payable and bonds payable (Notes 16 and 17)
Miscellaneous expense	59	Payments relative to merchant's discounts
Securities transactions		
Purchases	48,747	Outright purchases of HFT securities and AFS investments
Sales	39,366	Outright sale of HFT securities and AFS investments
Foreign currency		
Buy	26,884	Outright purchases of foreign currency
Sell	15,217	Outright sale of foreign currency
Associates		
Outstanding Balance:		
Deposit liabilities*	₱1,714	With annual fixed interest rates ranging from 0.00% to 2.50% including time deposits with maturity terms from 7 days to 182 days (Note 16)
Bills payable*	1	Peso-denominated borrowings subject to annual fixed interest rate of 0.63% with maturity term of 91 days (Note 17)
Amount/Volume:		
Receivables from customers	(129)	Non-interest bearing domestic bills purchased (Note 9)
Deposit liabilities	(793)	Generally similar to terms and conditions above (Note 16)
Bills payable	1	Generally similar to terms and conditions above (Note 17)
Bonds payable	(10)	Issued by FMIC subject to annual fixed interest rate of 5.68% and maturity term of 5 years (Note 19)
Foreign exchange gain - net	10	Net gain from foreign exchange transactions
Leasing income	17	Income from leasing agreements with various lease terms
Dividend income	23	Dividend income from NLI and SMBC Metro (Note 11)
Interest expense	4	Interest expense on deposit liabilities and bills payable (Notes 16 and 17)
Securities transactions		
Outright purchases	1,600	Outright purchases of HFT securities and AFS investments
Outright sales	721	Outright sale of HFT securities and AFS investments
Foreign currency		
Buy	268	Outright purchases of foreign currency
Sell	390	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	₱12,018	Secured - ₱11.3 billion and unsecured - ₱754.2 million, no impairment With annual fixed interest rates ranging from 3.25% to 10.37% and maturity terms from 180 days to 12 years (Note 9)
Assets held under joint operations	544	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)

(Forward)

	Consolidated	
	December 31, 2014	
Category	Amount	Terms and Conditions/Nature
Miscellaneous assets	₱3,322	Payments to FLI on the purchase of commercial and office spaces located at Bonifacio Global City, Taguig City (Note 14)
Deposit liabilities*	23,220	With annual fixed interest rates ranging from 0.00% to 4.00% including time deposits with maturity terms from 6 days to 365 days (Note 16)
Bills payable*	3,493	Peso-denominated borrowings subject to annual fixed interest rates ranging from 0.01% to 5.54% with maturity terms from 15 days to 5 years (Note 17)
Amount/Volume:		
Receivables from customers	(2,116)	Generally similar to terms and conditions above
Deposit liabilities	8,046	Generally similar to terms and conditions above
Bills payable	(3,521)	Generally similar to terms and conditions above
Interest income	923	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	(31)	Net loss from foreign exchange transactions
Leasing income	17	Income from leasing agreements with various lease terms
Profit from assets sold	8,328	Gain on sale of the Parent Company's bank-owned and investment properties to FLI (Notes 10 and 12)
Interest expense	132	Interest expense on deposit liabilities (Note 16) and bills payable (Note 17)
Contingent		
Unused commercial LCs	3	LC transactions with various terms
Others	1	Outstanding shipside bonds/airway bills and outstanding guarantees
Securities transactions		
Outright purchases	311	Outright purchases of HFT securities and AFS investments
Outright sales	239	Outright sale of HFT securities and AFS investments
Foreign currency		
Buy	1,569	Outright purchases of foreign currency
Sell	54,216	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	₱90	Secured - ₱65.6 million and unsecured - ₱24.7 million, no impairment, with annual fixed interest rates ranging from 0.00% to 10.00% and maturity terms from 5 years to 15 years (Note 9)
Deposit liabilities	108	With various terms and with minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	23	Generally similar to terms and conditions above
Deposit liabilities	(35)	Generally similar to terms and conditions above
Interest income	6	Interest income on receivables from customers (Note 9)

	Parent Company	
	December 31, 2015	
Category	**Amount**	**Terms and Conditions/Nature**
Entities with Significant Influence		
Outstanding Balance:		
Deposit liabilities*	**₱6,384**	With annual fixed interest rates ranging from 0.00% to 2.50% including time deposits with maturity terms from 21 days to 38 days (Note 16)
Amount/Volume:		
Receivables from customers	**(402)**	Secured - ₱280.0 million and unsecured - ₱122.4 million, no impairment Settlement of short-term loan with interest rate of 3.25% subject to regular repricing with maturity terms from 31 days to 91 days (Note 9)
Deposit liabilities	**6,035**	Generally similar to terms and conditions above
Interest expense	**7**	Interest expense on deposit liabilities (Note 16)
Foreign currency		
Sell	**6**	Outright sale of foreign currency

	Parent Company	
	December 31, 2015	
Category	Amount	Terms and Conditions/Nature
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	**₱1,413**	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 1.71% to 2.01% with maturity terms from 99 days to 373 days, no impairment (Note 7)
Receivables from customers*	**3,043**	Unsecured with no impairment With annual fixed interest rates ranging from 2.25% to 5.59% and maturity terms from 2 days to 5 years (Note 9)
Accounts receivable	**277**	Outstanding information technology fees and remittance receivable, non-interest bearing
Deposit liabilities*	**5,202**	With annual fixed interest rates ranging from 0.00% to 1.25% including time deposits with maturity terms from 6 days to 270 days (Note 16)
Bills payable*	**3,876**	Foreign currency-denominated borrowings subject to annual fixed interest rates ranging from 0.19% to 2.50% with maturity terms from 1 day to 33 days (Note 17)
Amount/Volume:		
Interbank loans receivable	**(350)**	Generally similar to terms and conditions above
Receivables from customers	**196**	Generally similar to terms and conditions above
Deposit liabilities	**(41)**	Generally similar to terms and conditions above
Bills payable	**1,435**	Generally similar to terms and conditions above
Interest income	**86**	Income on receivables from customers and interbank loans receivables
Service charges, fees and commissions	**35**	Income from transactional fees
Trading and securities loss - net	**(23)**	Net loss from securities transactions
Foreign exchange gain - net	**210**	Net gain from foreign exchange transactions
Leasing income	**32**	Income from leasing agreements with various lease terms
Dividend income	**1,817**	Dividend income from PSBank and MCC (Note 11)
Miscellaneous income	**433**	Information technology and other fees (Note 25)
Interest expense	**34**	Interest expense on deposit liabilities, bills payable and interbank loans payable (Notes 16 and 17)
Miscellaneous expense	**49**	Call center services and other fees (Note 25)
Securities transactions		
Purchases	**34,205**	Outright purchases of HFT securities and AFS investments
Sales	**32,315**	Outright sale of HFT securities and AFS investments
Foreign currency		
Buy	**43,072**	Outright purchases of foreign currency
Sell	**38,624**	Outright sale of foreign currency
Other transaction		
Underwriting/Arranging agreement	**102**	Arranging and underwriting fee of FMIC relative to the Parent Company's SRO in 2015
Associates		
Outstanding Balance:		
Other receivables	**₱18**	Dividend receivable from SMBC Metro
Deposit liabilities*	**1,783**	With annual fixed interest rates ranging from 0.00% to 1.25% including time deposits with maturity terms from 7 days to 90 days (Note 16)
Amount/Volume:		
Deposit liabilities	**149**	Generally similar to terms and conditions above
Leasing income	**8**	Income from leasing agreements with various lease terms
Dividend income	**25**	Dividend income from NLI and SMBC Metro (Note 11)
Interest expense	**1**	Interest expense on deposit liabilities
Securities transactions		
Outright purchases	**337**	Outright purchases of HFT securities and AFS investments
Outright sales	**572**	Outright sale of HFT securities and AFS investments
Foreign currency		
Buy	**48**	Outright purchases of foreign currency
Sell	**271**	Outright sale of foreign currency

Category	Parent Company December 31, 2015 Amount	Terms and Conditions/Nature
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	**₱9,211**	Secured - ₱9.0 billion and unsecured - ₱251.8 million, no impairment With annual fixed interest rates ranging from 3.00% to 10.37% and maturity terms from 30 days to 12 years (Note 9)
Building under construction	**4,547**	Commercial and office spaces located at Bonifacio Global City, Taguig City purchased from BLRDC (Note 10)
Assets held under joint operations	**401**	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	**12,008**	With annual fixed interest rates ranging from 0.00% to 2.55% including time deposits with maturity terms from 6 days to 367 days (Note 16)
Amount/Volume:		
Receivables from customers	**(1,976)**	Generally similar to terms and conditions above
Deposit liabilities	**(5,439)**	Generally similar to terms and conditions above
Interest income	**757**	Interest income on receivables from customers
Foreign exchange loss - net	**(25)**	Net loss from foreign exchange transactions
Leasing income	**21**	Income from leasing agreements with various lease terms
Profit from assets sold	**603**	Gain on sale of investment properties to FLI (Notes 10 and 12)
Interest expense	**7**	Interest expense on deposit liabilities (Note 16)
Contingent		
Unused commercial LCs	**113**	LC transactions with various terms
Others	**2**	Bank guaranty with indemnity agreement
Foreign currency		
Buy	**465**	Outright purchases of foreign currency
Sell	**39,794**	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	**₱59**	Secured - ₱47.0 million and unsecured - ₱11.8 million, no impairment, with annual fixed interest rates ranging from 0.00% to 10.00% and maturity terms from 5 years to 15 years (Note 9)
Deposit liabilities	**135**	With various terms and with minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	**(3)**	Generally similar to terms and conditions above
Deposit liabilities	**27**	Generally similar to terms and conditions above
Interest income	**2**	Interest income on receivables from customers (Note 9)

Category	Parent Company December 31, 2014 Amount	Terms and Conditions/Nature
Entities with Significant Influence		
Outstanding Balance:		
Receivables from customers*	₱402	Secured - ₱280.0 million and unsecured - ₱122.4 million, no impairment Short-term lending with interest rate of 3.25% subject to regular repricing with maturity terms from 31 days to 91 days (Note 9)
Deposit liabilities*	349	With annual fixed interest rates ranging from 0.00% to 1.00% including time deposits with maturity terms from 14 days to 29 days (Note 16)
Amount/Volume:		
Receivables from customers	(303)	Generally similar to terms and conditions above
Deposit liabilities	118	Generally similar to terms and conditions above
Interest income	10	Income on receivables from customers (Note 9)
Foreign exchange gain - net	0	Net gain from foreign exchange transactions
Gain on sale of investment in associate	638	Gain on sale of 15.00% ownership in TFSPC (Note 11)
Interest expense	1	Interest expense on deposit liabilities (Note 16)
Foreign currency		
Sell	2	Outright sale of foreign currency

	Parent Company	
	December 31, 2014	
Category	Amount	Terms and Conditions/Nature
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	₱1,763	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 1.40% to 1.56% with maturity terms from 30 days to 390 days, no impairment
Receivables from customers*	2,847	Unsecured with no impairment With annual fixed interest rates ranging from 3.00% to 5.59% and maturity terms from 8 days to 5 years (Note 9)
Accounts receivable	284	Outstanding information technology fees and remittance receivable, non-interest bearing
Deposit liabilities*	5,243	With annual fixed interest rates ranging from 0.00% to 4.00% including time deposits with maturity terms from 7 days to 270 days (Note 16)
Bills payable*	2,441	Peso and foreign currency-denominated borrowings subject to annual fixed interest rates ranging from 0.19% to 2.50% with maturity terms from 11 days to 360 days (Note 17)
Amount/Volume:		
Interbank loans receivable	(119)	Generally similar to terms and conditions above
Receivables from customers	1,786	Generally similar to terms and conditions above
Deposit liabilities	1,440	Generally similar to terms and conditions above
Bills payable	1,806	Generally similar to terms and conditions above
Interest income	83	Income on receivables from customers and interbank loans receivables
Service charges, fees and commissions	23	Income from transactional fees
Trading and securities loss - net	(10)	Net loss from securities transactions
Foreign exchange gain - net	144	Net gain from foreign exchange transactions
Leasing income	30	Income from leasing agreements with various lease terms
Dividend income	3,118	Dividend income from PSBank, FMIC and MCC (Note 11)
Miscellaneous income	326	Information technology and other fees (Note 25)
Interest expense	44	Interest expense on deposit liabilities, bills payable and interbank loans payable (Notes 16 and 17)
Securities transactions		
Purchases	37,093	Outright purchases of HFT securities and AFS investments
Sales	28,545	Outright sale of HFT securities and AFS investments
Foreign currency		
Buy	26,884	Outright purchases of foreign currency
Sell	15,217	Outright sale of foreign currency
Associates		
Outstanding Balance:		
Deposit liabilities*	₱1,634	With annual fixed interest rates ranging from 0.00% to 1.25% including time deposits with maturity terms from 7 days to 182 days (Note 16)
Amount/Volume:		
Receivables from customers	(129)	Non-interest bearing domestic bills purchased (Note 9)
Deposit liabilities	(617)	Generally similar to terms and conditions above
Foreign exchange gain - net	9	Net gain from foreign exchange transactions
Leasing income	7	Income from leasing agreements with various lease terms
Dividend income	23	Dividend income from NLI and SMBC Metro (Note 11)
Interest expense	2	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright purchases	1,600	Outright purchases of HFT securities and AFS investments
Outright sales	721	Outright sale of HFT securities and AFS investments
Foreign currency		
Buy	268	Outright purchases of foreign currency
Sell	390	Outright sale of foreign currency

	Parent Company	
	December 31, 2014	
Category	Amount	Terms and Conditions/Nature
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	₱11,187	Secured - ₱10.5 billion and unsecured - ₱682.7 million, no impairment With annual fixed interest rates ranging from 3.25% to 10.37% and maturity terms from 180 days to 12 years (Note 9)
Assets held under joint operations	544	Parcels of land and former branch sites of the Parent Company contributed to joint operations
Miscellaneous assets	3,322	Payments to FLI relative to the purchase of commercial and office spaces located at Bonifacio Global City, Taguig City (Note 14)
Deposit liabilities*	17,447	With annual fixed interest rates ranging from 0.00% to 4.00% including time deposits with maturity terms from 6 days to 365 days (Note 16)
Amount/Volume:		
Receivables from customers	(1,831)	Generally similar to terms and conditions above
Deposit liabilities	5,764	Generally similar to terms and conditions above
Interest income	836	Interest income on receivables from customers
Foreign exchange loss - net	(31)	Net loss from foreign exchange transactions
Leasing income	17	Income from leasing agreements with various lease terms
Profit from assets sold	8,328	Gain on sale of Parent Company's bank-owned and investment properties to FLI (Notes 10 and 12)
Interest expense	5	Interest expense on deposit liabilities (Note 16)
Contingent		
Unused commercial LCs	3	LC transactions with various terms
Others	1	Include outstanding shipside bonds/airway bills and outstanding guarantees
Foreign currency		
Buy	1,569	Outright purchases of foreign currency
Sell	54,216	Outright sale of foreign currency
Key Personnel		
Outstanding Balance:		
Receivables from customers	₱62	Secured - ₱49.2 million and unsecured - ₱13.0 million, no impairment, with annual fixed interest rates ranging from 0.00% to 10.00% and maturity terms from 5 years to 15 years (Note 9)
Deposit liabilities	108	With various terms and with minimum annual interest rate of 0.00% (Note 16)
Amount/Volume:		
Receivables from customers	(5)	Generally similar to terms and conditions above
Deposit liabilities	(35)	Generally similar to terms and conditions above
Interest income	4	Interest income on receivables from customers

*including accrued interest

Investment of Parent Company in Toyota Motor Philippines Corporation (TMPC)

On October 22, 2012, the respective BODs of the Parent Company and GT Capital on separate meetings, upon endorsement of their respective RPTCs, have approved in principle the sale of the former's 30.00% ownership in TMPC to GT Capital at a price of ₱9.0 billion. This amount was arrived at after an independent valuation exercise and subjected to third party fairness opinions. The divestment of TMPC shares was undertaken by the Parent Company to enhance its regulatory capital position in preparation for the implementation of Basel III on January 1, 2014. Accordingly, the investment has been reclassified to Non-Current Assets Held for Sale and in December 2012, the Parent Company initially sold its 15.00% ownership and recognized a gain on sale of ₱3.4 billion and ₱4.2 billion for the Group and the Parent Company, respectively. The remaining 15.00% ownership was sold in January 2013 wherein the Group and the Parent Company recognized gain on sale of ₱3.4 billion and ₱4.2 billion, respectively.

As of December 31, 2015 and 2014, government bonds (classified under AFS investments) with total face value of ₱50.0 million are pledged by PSBank to the Parent Company to secure the latter's payroll account with the PSBank. Also, the Parent Company has assigned to PSBank government securities (classified under AFS investments) with total face value of ₱3.0 billion to secure PSBank deposits to the Parent Company.

Receivables from customers and deposit liabilities and their related statement of financial position and statement of income accounts resulted from the lending and deposit-taking activities of the Group and the Parent Company. Together with the sale of investment properties, borrowings, contingent accounts including derivative transactions, outright purchases and sales of HFT securities and AFS investments, foreign currency buy and sell, leasing of office premises, securing of insurance coverage on loans and property risk, and other management services rendered, these are conducted in the normal course of business, at arm's-length transactions and are generally settled in cash. The amounts and related volumes and changes are presented in the summary above. Terms of receivables from customers, deposit liabilities and borrowings are disclosed in Notes 9, 16 and 17, respectively, while other related party transactions above have been referred to their respective note disclosures.

The compensation of the key management personnel of the Group and the Parent Company follows:

	Consolidated			Parent Company		
	2015	2014	2013	**2015**	2014	2013
Short-term employee benefits	**₱2,197**	₱2,091	₱1,866	**₱1,546**	₱1,418	₱1,282
Post-employment benefits	**193**	125	142	**93**	69	68
	₱2,390	₱2,216	₱2,008	**₱1,639**	₱1,487	₱1,350

Transactions with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company has business relationships with a number of related party retirement plans pursuant to which it provides trust and management services to these plans. Certain trustees of the plans are either officers or directors of the Parent Company and/or the subsidiaries. Income earned by the Parent Company from such services amounted to ₱54.1 million, ₱41.6 million and ₱40.4 million in 2015, 2014 and 2013, respectively. As of December 31, 2015 and 2014, the Parent Company sold securities totaling ₱2.6 billion and ₱872.8 million, respectively, to its related party retirement plans and recognized net trading gain of ₱0.3 million and ₱0.1 million, respectively. The Parent Company also purchased securities totaling ₱612.4 million and ₱396.9 million as of December 31, 2015 and 2014, respectively. Further, as of December 31, 2015 and 2014, the total outstanding deposit liabilities of the Group to these related party retirement funds amounted to ₱279.5 million and ₱137.2 million, respectively. Interest expense on deposit liabilities amounted to ₱0.7 million, ₱0.8 million and ₱2.5 million in 2015, 2014 and 2013, respectively.

As of December 31, 2015 and 2014, the related party retirement plans also hold investments in the equity shares of various companies within the Group amounting to ₱850.4 million and ₱819.8 million, respectively, with unrealized trading gains of ₱313.4 million and ₱309.9 million, respectively, and investments in mutual funds and trust funds of various companies within the Group amounting to ₱183.4 million and ₱142.5 million, respectively, with unrealized trading gains of ₱1.70 million and ₱6.5 million, respectively. As of December 31, 2015, 2014 and 2013, dividend income recognized from these securities amounted to ₱17.3 million, ₱10.5 million and ₱33.4 million, respectively, and realized trading gains amounting to ₱14.7 million, ₱16.2 million and ₱54.2 million, respectively.

32. Financial Performance

The basis of calculation for earnings per share attributable to equity holdings of the Parent Company follows (amounts in millions except for earnings per share):

	2015	2014	2013
a. Net income attributable to equity holders of the Parent Company	**₱18,625**	₱20,113	₱22,488
b. Share of hybrid capital securities holders	**(506)**	(499)	(475)
c. Net income attributable to common shareholders	**18,119**	19,614	22,013
d. Weighted average number of outstanding common shares of the Parent Company, as previously reported		2,742	2,745
e. Basic/diluted earnings per share, as previously reported (c/d)		₱7.15	₱8.02
f. Weighted average number of outstanding common shares of the Parent Company, including effect of stock rights issued in 2015 (Note 23)	**3,092**	2,849	2,852
g. Basic/diluted earnings per share (c/f)	**₱5.86**	₱6.88	₱7.72

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

	Consolidated			**Parent Company**		
	2015	2014	2013	**2015**	2014	2013
Return on average equity	**10.83%**	14.11%	17.80%	**11.04%**	15.51%	16.38%
Return on average assets	**1.11%**	1.35%	1.85%	**1.15%**	1.48%	1.77%
Net interest margin on average earning assets	**3.54%**	3.73%	3.90%	**2.79%**	2.99%	3.17%

33. Foreign Exchange

PDS closing rates as of December 31 and PDSWAR for the year ended December 31 are as follows:

	2015	2014	2013
PDS Closing	**₱47.06**	₱44.72	₱44.40
PDSWAR	**45.50**	44.39	42.43

34. Other Matters

The Group has no significant matters to report in 2015 on the following:

a. Known trends, events or uncertainties that would have material impact on liquidity and on the sales or revenues.
b. Explanatory comments about the seasonality or cyclicality of operations.
c. Issuances, repurchases and repayments of debt and equity securities except for the issuance of ₱32.0 billion stock rights as discussed in Note 23.

d. Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payments of cash dividend and semi-annual coupons on the HT1 Capital as discussed in Note 23.
e. Effect of changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

35. Subsequent Events

a. On January 19, 2016, the BOD of PSBank declared a 7.50% regular cash dividend for the fourth quarter of 2015 amounting to ₱180.2 million equivalent to ₱0.75 per share, payable not later than February 19, 2016 to all stockholders of record as of February 1, 2016.

b. On January 25, 2016, SMBC Metro paid 10.00% cash dividends amounting to ₱60.0 million to its stockholders of record as of December 11, 2015 which was approved by its BOD on the same date (Note 11).

c. On February 16, 2016, the Parent Company paid the semi-annual coupon payment on the HT1 Capital, representing the USD125.0 million 9.00% non-cumulative step-up callable perpetual capital securities which were redeemed on the same date under the optional redemption provision (Note 23).

36. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the BOD on February 17, 2016.

37. Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 19-2011 and 15-2010

Supplementary Information Under RR No. 19-2011
In addition to the required supplementary information under RR No. 15-2010, the BIR issued RR No. 19-2011 which requires companies to disclose certain information in their respective notes to financial statements. For the taxable year December 31, 2015, the Parent Company reported the following revenues and expenses for income tax purposes:

Revenues

Services/operations	₱21,613
Non-operating and taxable other income:	
Service charges, fees and commissions	₱3,356
Profit from assets sold	1,187
Income from trust operations	1,143
Trading and securities loss	(79)
Others	741
	₱6,348

Expenses

Cost of services:	
Compensation and fringe benefits	₱5,056
Others	6,686
	₱11,742

Itemized deductions:	
Compensation and fringe benefits	₱4,508
Taxes and licenses	3,322
Security, messengerial and janitorial	1,485
Rent	936
Depreciation	909
Information technology	558
Management and professional fees	510
Communication, light and water	476
Transportation and travel	283
Repairs and maintenance	270
EAR	221
Bad debts	24
Others	1,643
	₱15,145

Supplementary Information Under RR No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002 which provides that starting 2010 the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

The Parent Company reported the following types of taxes for the year ended December 31, 2015 included under 'Taxes and licenses' account in the statement of income:

DST	₱1,875
GRT	1,591
Real estate tax	108
Local taxes	95
Others	43
	₱3,712

Details of total withholding taxes remitted for the taxable year December 31, 2015 follow:

Taxes withheld on compensation	₱2,140
Final withholding taxes	1,892
Expanded withholding taxes	240
	₱4,272

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Metropolitan Bank & Trust Company
Metrobank Plaza, Sen. Gil Puyat Avenue
Urdaneta Village, Makati City
Metro Manila, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Metropolitan Bank & Trust Company and Subsidiaries (the Group) as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form Definitive IS, and have issued our report thereon dated February 17, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier

Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
SEC Accreditation No. 1328-A (Group A),
July 1, 2013, valid until June 30, 2016
Tax Identification No. 900-322-673
BIR Accreditation No. 08-001998-69-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321671, January 4, 2016, Makati City

February 17, 2016

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2015

Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68

Other Required Schedules/Information

Metropolitan Bank & Trust Company and Subsidiaries
Schedule A - Financial Assets
December 31, 2015

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes in ₱	Amount shown in the balance sheet * (in ₱ millions)	Valued based on market quotation at end of reporting period (in ₱ millions)	Income received and accrued (in ₱ million)
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)				
Held-for-Trading (HFT) Securities				
Debt Securities				
ACFXBOND2017	7,300,000.00	8	8	
ACFXBOND2019	43,620,000.00	45	45	
ACFXBOND2021	113,290,000.00	123	123	
ACFXBOND2027	21,863,000.00	24	24	
AEV2FXBD2020	113,780,000.00	114	114	
AEVFXBND2020	79,120,000.00	79	79	
AEVFXBND2023	200,000.00	0	0	
AEVFXBND2027	1,050,000.00	1	1	
AGIPM - 6 1/2 08/18/17	179,439,780.00	187	187	
AGIPM 17	1,411,800.00	1	1	
ALI2FXBD2022	127,460,000.00	126	126	
ALIFXBND2019	97,480,000.00	101	101	
ALIFXBND2020	61,080,000.00	62	62	
ALIFXBND2022	16,140,000.00	17	17	
ALIFXBND2024	85,560,000.00	87	87	
ALIFXBND2025	21,100,000.00	21	21	
ALIFXBND2033	11,200,000.00	12	12	
APCFXBND2021	252,000,000.00	258	258	
APCFXBND2026	3,150,000.00	3	3	
BDO 2017 - 4.5 02/16/17	2,258,880.00	2	2	
BDOPM 17	423,540.00	0	0	
CHIFXBND2021	600,000.00	1	1	
CHINA AGRICULTURE DEVELOPMENT BANK	362,355,000.00	373	373	
CHINA DEVELOPMENT BANK	72,471,000.00	79	79	
CHINA EXPORT IMPORT BANK	362,355,000.00	371	371	
EDC 6.5 - 01/20/2021	210,452,320.00	230	230	
EDC21	3,764,800.00	4	4	
EDCFXBND2020	900,000.00	1	1	
EDCFXBND2023	300,000.00	0	0	
FDCFXBND2024	11,650,000.00	12	12	
FDCPM - 4.250 04/02/2020	89,555,180.00	89	89	
FDCPM 20	3,764,800.00	4	4	
FIRPAC 20	9,976,720.00	11	11	
FIRPAC 2017 - 7 3/8 07/24/17	72,943,000.00	77	77	
FIRPAC 2019 - 6.0 06/28/19	33,553,780.00	36	36	
FIRPAC 2023 - 4.500 04/16/2023	2,541,240.00	3	3	
FIRPAC17	9,412,000.00	10	10	
FIRPAC19	470,600.00	0	0	
FLI 19	3,000,000.00	3	3	
FLIFXBND2019	4,100,000.00	4	4	
FLIFXBND2020	37,900,000.00	38	38	
FLIFXBND2021	83,650,000.00	86	86	
FLIFXBND2022	139,309,000.00	143	143	
FLIFXBND2023	7,000,000.00	7	7	
FLIFXBND2024	50,000.00	0	0	
FLIFXBND2025	330,000.00	0	0	
FPFL 6.375 09/28/2020	91,767,000.00	100	100	
GLOBE 17	6,520,000.00	7	7	
GLOFXBND2019	1,000,000.00	1	1	
GLOFXBND2020	15,010,000.00	15	15	
GLOFXBND2023	20,000.00	0	0	
GTCAP 21 R19	20,000,000.00	20	20	
GTCAP 23 R20	60,390,000.00	56	56	
GTCFXBND2019	5,940,000.00	6	6	
GTCFXBND2021	4,200,000.00	4	4	
GTCFXBND2023	50,000.00	0	0	
GTCFXBND2024	10,050,000.00	10	10	
HOUSEFBD2020	281,000.00	0	0	
HOUSEFBD2025	5,000,000.00	5	5	
HUWHY22	2,353,000.00	2	2	
ICTPM - 5.5 12/29/49 CORP	172,380,780.00	167	167	
ICTPM - 5.8750 09/17/2025	47,718,840.00	51	51	
ICTPM 20	6,588,400.00	7	7	
ICTPM 23	9,788,480.00	10	10	
ICTPM 25	9,412,000.00	10	10	
ICTSI20	5,176,600.00	6	6	
INDON 3.3750 4/15/2023	9,412,000.00	9	9	
INDON 4.125 - 01/15/2025	47,060.00	0	0	
INDON 4.625 4/15/2043	517,660.00	0	0	
INDON 4.75 1/08/26 CORP	873,151,240.00	861	861	
INDON 5.125 - 01/15/2045	5,176,600.00	5	5	
INDON 5.95 1/08/46 CORP	3,105,960.00	3	3	
INDON 6.625 02/17/2037	941,200.00	1	1	
INDON 6.75 01/15/2044	2,258,880.00	2	2	
INDON 2.875 - 07/08/2021	8,689,822.00	9	9	

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes in ₱	Amount shown in the balance sheet * (in ₱ millions)	Valued based on market quotation at end of reporting period (in ₱ millions)	Income received and accrued (in ₱ million)
INDON 2038 - 7.75 1/17/2038	2,823,600.00	3	3	
INDON 3.375 - 07/30/2025	5,009,426.80	5	5	
INDON 5 3/8 - 10/17/2023	8,000,200.00	8	8	
JGSFXBND2019	20,486,000.00	21	21	
JGSFXBND2021	25,690,000.00	26	26	
JGSFXBND2024	4,100,000.00	4	4	
JGSPM23	11,765,000.00	12	12	
KOREA - 4.1250 06/10/2044	3,764,800.00	4	4	
MEG 18	188,240.00	0	0	
MEGPM - 6.75 4/15/2018	55,624,920.00	59	59	
MEGPM 18	2,353,000.00	3	3	
MERFXBND2020	12,980,000.00	13	13	
MERFXBND2025	17,493,000.00	17	17	
MNTCFXBD2021	92,875,000.00	94	94	
MNTCFXBD2024	1,400,000.00	1	1	
ODB - RPGB 2.75 06/04/2023	86,731,580.00	83	83	
PERTIJ 42	47,060.00	0	0	
PIBD0317E212	3,220,000.00	3	3	
PIBD0518E723	771,238,100.00	750	750	
PIBD0520H735	724,798,000.00	711	711	
PIBD0716A488	26,000,000.00	26	26	
PIBD0717C493	12,200,000.00	13	13	
PIBD0717J502	5,800,000.00	6	6	
PIBD0718H511	22,000,000.00	23	23	
PIBD0719K560	1,965,285,300.00	1,965	1,965	
PIBD0721C574	578,471,233.00	567	567	
PIBD1016I420	175,000.00	0	0	
PIBD1018A451	100,000.00	0	0	
PIBD1019B485	10,300,000.00	11	11	
PIBD1020I510	1,800,000.00	2	2	
PIBD1020L525	43,198,000.00	46	46	
PIBD1022G545	105,659.00	0	0	
PIBD1022L585	30,059,000.00	29	29	
PIBD1024H595	35,527,136.00	36	36	
PIBD10251608	300,000,000.00	290	290	
PIBD1025I608	4,672,199,515.00	4,526	4,526	
PIBD2031G171	4,167,570,814.00	5,524	5,524	
PIBD2032B183	25,658,000.00	28	28	
PIBD2032I195	3,000,000.00	3	3	
PIBD2033C206	35,919,638.00	31	31	
PIBD2534K062	100,000.00	0	0	
PIBD2535I071	7,579,000.00	10	10	
PIBD2535L086	13,397,286.00	17	17	
PIBD2536I097	11,000,000.00	14	14	
PIBD2537H103	91,416,300.00	96	96	
PIBD25401116	46,521.00	0	0	
PIBD2540I116	730,805,371.00	705	705	
PIBL0615G013	204,800.00	0	0	
PIBL0615I020	176,926,555.00	176	176	
PIBL0615L035	89,624,840.00	89	89	
PIBL1215B025	2,608,540.00	3	3	
PIBL1215D041	8,800.00	0	0	
PIBL1215E059	839,100.00	1	1	
PIBL1215H083	56,000.00	0	0	
PIBL1215I091	955,000.00	1	1	
PIBL1215L122	14,904,500.00	15	15	
PIID0516C107	95,254,814.00	96	96	
PIID0716I018	13,201,700.00	14	14	
PIID0717H026	23,000,000.00	24	24	
PIID1020H015	4,865,000.00	5	5	
PIID1021C027	12,938,000.00	15	15	
PIID1021J039	26,905,000.00	29	29	
PIID1023H046	687,899,400.00	651	651	
PIID1526J019	5,024,000.00	6	6	
PIID1527C023	19,064,000.00	21	21	
PIID2032C014	144,510,502.00	156	156	
PIID2537J015	50,724,390.00	57	57	
PLBII 25	4,941,300.00	4	4	
PLBIIJ 45	941,200.00	1	1	
PLNIJ 2021 - 5.5 11/22/2021	3,482,440.00	4	4	
PSAL0717D019	1,612,991,200.00	1,687	1,687	
PSALM 07-01	13,283,000.00	14	14	
PSALM -7.250 05/27/2019	23,765,300.00	27	27	
PSALM -7.390 12/02/2024	14,682,720.00	19	19	
RCBC - 5.25 01/31/2017	27,953,640.00	29	29	
RCBC 20	13,600,340.00	14	14	
RCBPM - 3.45 02/02/21	188,240.00	0	0	
RCBPM - 4.25 01/22/2020	40,189,240.00	42	42	
RCBPM 24	4,706,000.00	5	5	
RCBPM17	1,411,800.00	1	1	
REP. OF INDONESIA - 4.875 5/5/2021	6,447,220.00	7	7	
REPUBLIC OF INDONESIA SOVEREIGN BONDS - 11.625% 3/04/2019	3,529,500.00	4	4	
RLCFXBND2022	20,150,000.00	20	20	
ROCKFXBD2021	5,125,500.00	5	5	

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes in ₱	Amount shown in the balance sheet * (in ₱ millions)	Valued based on market quotation at end of reporting period (in ₱ millions)	Income received and accrued (in ₱ million)
ROP 2024 - 4.2 01/21/2024	259,347,660.21	281	281	
ROP 2037 - 5 01/13/2037	5,035,420.00	6	6	
ROP2016 8.75 10/7/2016	59,248,540.00	63	63	
ROP2017 9.375 1/18/2017	719,123,860.00	781	781	
ROP2019N 8.375 06/17/2019	860,209,740.00	1,045	1,045	
ROP2019 9.875 1/15/2019	1,615,240,380.00	2,001	2,001	
ROP2021 4.00 1/15/2021	474,600,100.00	515	515	
ROP2024 7.5 9/25/2024	8,235,500.00	11	11	
ROP2024 9.5 10/21/2024	8,753,160.00	13	13	
ROP2025 10.625 3/16/2025	6,211,920.00	10	10	
ROP2030 9.50 02/02/2030	376,480.00	1	1	
ROP2031 7.75 1/14/2031	1,882,400.00	3	3	
ROP2032 6.375 1/15/2032	20,800,532.58	27	27	
ROP2034 6.375 10/23/2034	6,070,740.00	8	8	
ROP2040 3.95 01/20/2040	2,494,180.00	3	3	
SECBPM - 3.95 02/03/2020	232,335,220.00	237	237	
SECBPM 20	894,140.00	1	1	
SMB 10-22	112,630,000.00	120	120	
SMB2FXBD2019	40,128,000.00	42	42	
SMBFXBND2017	16,943,000.00	17	17	
SMBFXBND2021	57,350,000.00	59	59	
SMBFXBND2024	110,000.00	0	0	
SMICFXBD	54,980,000.00	60	60	
SMICFXBD2019	29,560,000.00	31	31	
SMICFXBD2021	42,690,000.00	44	44	
SMICFXBD2022	1,100,000.00	1	1	
SMICFXBD2024	6,200,000.00	6	6	
SMPH2FBD2021	89,220,000.00	89	89	
SMPHFXBD2020	32,650,200.00	33	33	
SMPHFXBD2021	6,000,000.00	6	6	
SMPHFXBD2024	1,000,000.00	1	1	
SMPHFXBD2025	20,200,000.00	20	20	
SMPM - 4.25% 10/17/2019	55,342,560.00	56	56	
SMPM - 4.875% 06/10/2024	1,129,440.00	1	1	
SMPM 17	1,317,680.00	1	1	
SMPM 24	282,360.00	0	0	
SMPM19	5,976,620.00	6	6	
T 2 - 11/30/22 GOVT	470,600,000.00	469	469	
T 2 1/4 - 11/15/25 GOVT	2,353,000,000.00	2,357	2,357	
TELFXBND2021	3,950,000.00	4	4	
TELFXBND2024	3,600,000.00	4	4	
US718286AK32	988,260,000.00	1,256	1,256	
US718286AP29	47,060,000.00	46	46	
US718286BB24	94,120,000.00	95	95	
US718286BE62	141,180,000.00	158	158	
US718286BF38	235,300,000.00	371	371	
USY20721BM04	70,590,000.00	80	80	
VIETNAM 4.80 - 11/19/2024	2,776,540.00	3	3	
Total HFT Debt Securities		***33,689***	***33,689***	***1,740***
Equity Securities				
ABOITIZ EQUITY VENTURES, INC.	1,083,420	63	63	
ABOITIZ POWER CORPORATION	631,800	26	26	
ALLIANCE GLOBAL GROUP, INC.	3,697,700	59	59	
AYALA CORPORATION	674,160	510	510	
AYALA LAND, INC.	14,832,900	511	511	
BANK OF THE PHILIPPINE ISLANDS	2,535,320	213	213	
BDO UNIBANK, INC.	3,699,200	388	388	
BELLE CORPORATION	30,463,400	89	89	
BLOOMBERRY RESORTS CORPORATION	9,024,500	41	41	
CEBU AIR, INC.	2,079,610	171	171	
CENTURY PACIFIC FOOD, INC.	7,261,600	120	120	
CIRTEK HOLDINGS PHILIPPINES CORPORATION	18,401,800	382	382	
CONCEPCION INDUSTRIAL CORPORATION	973,500	42	42	
COSCO CAPITAL, INC.	1,823,100	15	15	
CROWN ASIA CHEMICALS CORPORATION	50,786,000	119	119	
D&L INDUSTRIES, INC.	29,220,600	267	267	
DMCI HOLDINGS, INC.	12,083,200	167	167	
EMPERADOR INC.	1,848,600	16	16	
ENERGY DEVELOPMENT CORPORATION	44,212,300	274	274	
FILINVEST LAND, INC.	15,419,000	28	28	
FIRST GEN CORPORATION	7,583,100	171	171	
GLOBE TELECOM, INC.	92,570	171	171	
GT CAPITAL HOLDINGS, INC.	256,400	338	338	
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.	579,920	41	41	
JG SUMMIT HOLDINGS, INC.	2,252,740	165	165	
JOLLIBEE FOODS CORPORATION	190,130	42	42	
LT GROUP, INC.	1,193,400	18	18	
MANILA ELECTRIC COMPANY	546,220	175	175	
MAX'S GROUP, INC.	4,968,600	99	99	
MEGAWORLD CORPORATION	61,460,000	261	261	
METRO PACIFIC INVESTMENTS CORPORATION	36,715,300	191	191	
NICKEL ASIA CORPORATION	15,785,156	99	99	
PETRON CORPORATION	33,389,600	233	233	

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PHILIPPINE LONG DISTANCE TELEPHONE COMPANY	150,015	309	309	
PUREGOLD PRICE CLUB, INC.	13,456,300	467	467	
ROBINSONS LAND CORPORATION	683,600	19	19	
ROBINSONS RETAIL HOLDINGS, INC.	4,138,700	261	261	
SAN MIGUEL CORPORATION	153,200	8	8	
SECURITY BANK CORPORATION	537,790	76	76	
SEMIRARA MINING AND POWER CORPORATION	2,000,580	273	273	
SM INVESTMENTS CORPORATION	523,796	453	453	
SM PRIME HOLDINGS, INC.	18,584,100	403	403	
SSI GROUP, INC.	15,068,600	52	52	
UNIVERSAL ROBINA CORPORATION	3,092,390	575	575	
XURPAS INC.	25,888,900	394	394	
OTHERS	4,180,412	430	430	
Total HFT Equity Securities		***9,225***	***9,225***	***184***
Total HFT Securities		***42,914***	***42,914***	***1,924***
Derivative Assets				
CURRENCY FORWARDS:				
BOUGHT				
USD	20,028,738,378.41	410	410	
EUR	11,989,292.72	0	0	
TWD	2,345,651,963.65	70	70	
SOLD				
USD	27,842,302,890.99	106	106	
CNY	4,937,666,643.00	180	180	
GBP	362,612,669.86	0	0	
JPY	263,512.32	0	0	
EUR	115,864,334.91	1	1	
THB	130,870,960.09	0	0	
SGD	687,128,220.00	2	2	
PUT OPTION PURCHASED WARRANTS	30,350,923,460.00	149	149	
INTEREST RATE SWAPS	58,541,955,555.54	421	421	
CROSS CURRENCY SWAPS	51,294,894,134.30	4,568	4,568	
PUT OPTION	1,131,793,000.00	0	0	
CALL OPTION	6,864,968,463.05	32	32	
EMBEDDED DERIVATIVE IN NON-FINANCIAL CONTRACT	6,972,731.15	3	3	
Total Derivative Assets		***5,942***	***5,942***	*-*
TOTAL FINANCIAL ASSETS AT FVPL		**48,856**	**48,856**	**1,924**
AVAILABLE-FOR-SALE (AFS) INVESTMENTS				
Debt Securities				
ACFXBOND2019	70,000.00	0	0	
ACFXBOND2021	12,290,000.00	13	13	
ACFXBOND2027	45,000,000.00	50	50	
AEVFXBND2020	39,550,000.00	40	40	
AEVFXBND2023	19,100,000.00	18	18	
AGRBK - 2 1/8 10/20/18	11,765,000.00	12	12	
AGRBK - 2 3/4 10/20/20	11,765,000.00	12	12	
ALI25R21	200,000,000.00	203	203	
ALIFXBND2022	16,750,000.00	18	18	
ALIFXBND2024	50,000.00	0	0	
ALIFXBND2025	4,500,000.00	5	5	
BAC - 2.00 01/11/2018	70,590,000.00	70	70	
BAC - 3.30 01/11/2023	235,300,000.00	232	232	
BAC - 4.75 04/03/2017	153,349,800.00	162	162	
BAC FLOAT - 03/22/2018	23,530,000.00	24	24	
BACR - 4.125 03/15/2016	102,233,200.00	103	103	
BANK OF AMERICA	517,660,000.00	522	522	
BANK OF AMERICA CORP.	23,530,000.00	24	24	
BANK OF CHINA 3.45 01/16/2017	413,084,700.00	407	407	
BANK OF CHINA HK	23,530,000.00	24	24	
BBLTB 3.875 - 09/27/2022	470,600,000.00	482	482	
BBRIIJ 2.95 03/28/18 CORP	390,362,700.00	385	385	
BCHINA - 2.875 06/30/20 CORP	235,300,000.00	236	236	
BCHINA - 3.50 05/15/2017	362,355,000.00	357	357	
BCHINA - 3.75 11/08/2016	870,610,000.00	886	886	
BDO 3.875% - 04/22/16	235,300,000.00	236	236	
CCB - 1.50 02/11/2020	153,349,800.00	154	154	
CCB - 3.25 05/20/2016	43,482,600.00	43	43	
CCB - 3.38 05/28/2016	86,965,200.00	86	86	
CENTRAL GOVERNMENT BOND (A01106)	14,341,000.00	15	15	
CENTRAL GOVERNMENT BOND (A97103)	71,705,000.00	75	75	
CGB 2.36 08/18/2021	79,718,100.00	74	74	
CHINA AGRICULTURE DEVELOPMENT BANK	1,014,594,000.00	1,030	1,030	
CHINA DEVELOPMENT BANK	942,123,000.00	952	952	
CHINA EXPORT IMPORT BANK	507,297,000.00	514	514	
CHINA GOVERNMENT BOND - 3.1 06/29/2022	144,942,000.00	140	140	
CHINA GOVERNMENT BOND 1.4 08/17/2011 - 08/18/2016	2,174,130,000.00	2,140	2,140	
CHINA MINISTRY OF FINANCE	724,710,000.00	743	743	
CHINA RAILWAY	217,413,000.00	215	215	
CITNAT - 1.375 01/15/2016	23,530,000.00	24	24	
CITNAT FLOAT - 10/11/2016	94,120,000.00	95	95	
CNOOC 2.625 - 05/05/2020 CORP	47,060,000.00	46	46	

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CNOOC 3.5 - 05/05/2025 CORP	470,600,000.00	450	450	
DBP 5.5% - 03/25/2021	94,120,000.00	105	105	
EIBKOR - 1.20 04/26/2016	195,600,000.00	196	196	
EIBKOR - 4.625 02/20/2017	255,583,000.00	268	268	
EIBKOR 0 - 01/14/2017	23,530,000.00	24	24	
EIBKOR 0.31 09/25/17 CORP	586,800,000.00	586	586	
EIBKOR 0.37 09/25/18 CORP	586,800,000.00	586	586	
EIBKOR 3.750 - 10/20/2016	211,770,000.00	216	216	
EIBKOR FLOAT - 09/17/2016	94,120,000.00	94	94	
EXIMCH - 3.00 05/14/2016	108,706,500.00	108	108	
EXIMCH - 3.35 06/18/2017	108,706,500.00	107	107	
EXIMCH 2.85 - 09/16/20 CORP	235,300,000.00	235	235	
EXIMCH 3.625 - 07/31/2024	23,530,000.00	24	24	
EXMICH 3.00 - 01/21/2016	144,942,000.00	145	145	
EXPORT IMPORT BANK KOREA	23,530,000.00	24	24	
FDCFXBND2024	43,000,000.00	45	45	
FED REP OF BRAZIL - 2.625 01/05/2023	705,900,000.00	538	538	
FIRPAC 2019 - 6.0 06/28/19	47,060,000.00	50	50	
FIRST PACIFIC 23 - XS0914313357	701,194,000.00	691	691	
FLIFXBND2023	1,150,000.00	1	1	
GOLDMAN SACHS 7.75 - 11/23/2016	68,715,800.00	71	71	
GTCAP 21 R19	54,815,000.00	56	56	
GTCAP 23 R20	39,044,000.00	36	36	
GTCAP 24 R21	5,200,000.00	5	5	
ICBC - INDUSTRIAL & COMMERCIAL BK OF CHINA	23,530,000.00	24	24	
ICBCAS 3.2 - 04/24/2016	72,471,000.00	72	72	
ICTPM - 4.625 01/16/2023	2,971,839,000.00	2,998	2,998	
ICTPM - 5.8750 09/17/2025	2,809,576,120.00	3,001	3,001	
ICTSI 23 – XS0875298191	94,120,000.00	95	95	
ICTSI 25 - XS0972298300	282,360,000.00	301	301	
INDKOR - 3.75 09/29/2016	376,480,000.00	383	383	
INDON 4.125 - 01/15/2025	1,105,910,000.00	1,054	1,054	
INDON 5.875 3/13/20	248,476,800.00	270	270	
INDON 2.875 - 07/08/2021	562,282,600.00	555	555	
INDON 2022 - 3.75 4/25/2022	752,960,000.00	722	722	
INDON 3.375 - 07/30/2025	255,583,000.00	241	241	
JGS08-19	1,000,000,000.00	1,020	1,020	
JGSPM - 4.375% 01/23/2023	2,353,000,000.00	2,371	2,371	
KDB - 0.43 01/29/2016	39,120,000.00	39	39	
KOREA EXCHANGE BANK	23,530,000.00	24	24	
MAJAPAHIT HOLDING BV - 8 08/07/2019	400,010,000.00	449	449	
MAYMK 0.397 4/27/18 CORP	586,800,000.00	584	584	
MEGPM - 6.75 4/15/2018	313,937,260.00	335	335	
MERFXBND2020	2,500,210,000.00	2,516	2,516	
MERFXBND2025	1,799,400,000.00	1,791	1,791	
MNTC21R19	670,300,000.00	678	678	
MS 0.557 - 05/22/2018	312,960,000.00	314	314	
NACF - NATIONAL AGRI COOP	23,530,000.00	24	24	
NATIONAL POWER FRN	23,530,000.00	24	24	
NATL POWER CORP - 8.40 12/15/2016	1,616,275,700.00	1,715	1,715	
NATPOW FRN - 6.875 11/02/2016	1,428,600,420.00	1,488	1,488	
NEW ARGENT 8.28% 12/31/2033	43,937,712.53	50	50	
NFAB1018A016	500,000,000.00	522	522	
NPCB1016L014	1,000,000,000.00	1,034	1,034	
ODTB1023L018	470,600.00	0	0	
PETBRA - 5.375 01/27/2021	376,480,000.00	280	280	
PIBD0316D206	30,000,000.00	30	30	
PIBD0317E212	1,528,100,000.00	1,528	1,528	
PIBD0517G705	1,450,000,000.00	1,461	1,461	
PIBD0517K719	750,000,000.00	751	751	
PIBD0518E723	22,679,000,000.00	22,068	22,068	
PIBD0520H735	100,000,000.00	98	98	
PIBD0718H511	13,705,000.00	14	14	
PIBD0719K560	45,169,950,200.00	45,156	45,156	
PIBD0721C574	400,000,000.00	392	392	
PIBD1016I420	500.00	0	0	
PIBD1018A451	1,000,000,000.00	1,031	1,031	
PIBD1020L525	1,590,000.00	2	2	
PIBD1021D531	3,376,837,000.00	3,701	3,701	
PIBD1022G545	4,554,192,770.00	4,971	4,971	
PIBD1022I570	10,010,850,000.00	10,088	10,088	
PIBD1024H595	6,014,172,740.00	6,005	6,005	
PIBD1025I608	11,349,216,886.00	10,993	10,993	
PIBD2024H086	229,300,000.00	345	345	
PIBD2024K091	150,000,000.00	236	236	
PIBD2031G171	3,633,565,272.00	4,816	4,816	
PIBD2033C206	5,497,533,800.00	4,788	4,788	
PIBD2535L086	5,645.00	0	0	
PIBD25401116	393,472,550.00	379	379	
PIBD2540I116	5,656,457,368.00	5,465	5,465	
PIID0516C107	8,975,000.00	9	9	
PIID0717H026	2,200,000.00	2	2	
PIID1023H046	22,002,790,000.00	20,825	20,825	
PIID2032C014	50,000,000.00	55	55	

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PIID2537J015	185,175,000.00	210	210	
PLNIJ 7 3/4 01/20/2020	352,950,000.00	395	395	
PSAL0717D019	1,500,000,000.00	1,569	1,569	
PTTGC - 4.25 09/19/2022	235,300,000.00	242	242	
PTTTB - 3.375 10/25/2022	235,300,000.00	232	232	
QATAR 4.50 - 01/20/2022	235,300,000.00	257	257	
QTELQD 3.25 - 02/21/2023	141,180,000.00	137	137	
REPUBLIC OF INDONESIA	470,597,685.60	546	546	
REPUBLIC OF INDONESIA SOVEREIGN BONDS - 11.625% 3/04/2019	941,952,960.00	1,182	1,182	
ROCKFXBD2021	1,902,670,000.00	1,892	1,892	
ROP 2016 EURO 6.250 3/15/2016	1,030,357,306.20	1,042	1,042	
ROP BOND 16N	9,483,990.12	10	10	
ROP BOND 17/12	18,967,980.24	21	21	
ROP2017 9.375 1/18/2017	615,403,620.00	668	668	
ROP2019N 8.375 06/17/2019	3,411,473,520.00	4,146	4,146	
ROP2019 9.875 1/15/2019	240,382,480.00	298	298	
ROP2020 6.5 1/20/20	987,695,280.00	1,154	1,154	
ROP2021 4.00 1/15/2021	592,485,400.00	642	642	
ROP2024 NEW 7.5 9/25/2024	1,278,573,140.00	1,662	1,662	
ROP2024 9.5 10/21/2024	281,183,500.00	416	416	
ROP2025 10.625 3/16/2025	1,129,440,000.00	1,779	1,779	
ROP2030 9.50 02/02/2030	1,082,380,000.00	1,705	1,705	
ROP2031 7.75 1/14/2031	1,223,560,000.00	1,718	1,718	
ROP2032 6.375 1/15/2032	564,720,000.00	722	722	
SCBTB - 3.9 11/14/2016	235,300,000.00	239	239	
SDBC - 3.35 03/20/2017	362,355,000.00	358	358	
SDBC 2017 - 3.45 - 01/16/2017	28,988,400.00	29	29	
SDBC 2018 - 3.60 11/13/2018	362,355,000.00	357	357	
SECBPM - 3.95 02/03/2020	470,600,000.00	480	480	
SHINHAN - 0.39 11/13/2017	391,200,000.00	390	390	
SHNHAN FLOAT	23,530,000.00	23	23	
SHNHAN FLOAT - 04/08/2017	94,120,000.00	94	94	
SINOCH - 3.55 05/13/2017	28,988,400.00	28	28	
SINOPC - 3.1250% 04/24/2023	235,300,000.00	225	225	
SINOPEC	23,530,000.00	24	24	
SMB21R19	200,000,000.00	205	205	
SMBFXBND2021	1,000,000,000.00	1,026	1,026	
SMICBOND2022	135,000,000.00	148	148	
T 2 - 8/15/25 GOVT	5,882,500,000.00	5,757	5,757	
T 2 1/4 - 11/15/25 GOVT	7,059,000,000.00	7,072	7,072	
TRAVEL CP - 6.9 11/03/2017	235,300,000.00	248	248	
US718286AP29	705,900,000.00	1,112	1,112	
US718286AQ02	235,300,000.00	256	256	
US718286BB24	235,300,000.00	330	330	
US718286BF38	94,120,000.00	110	110	
US718286BG11	47,060,000.00	61	61	
US718286BK23	470,600,000.00	510	510	
US718286BW60	94,120,000.00	110	110	
US718286BZ91	141,180,000.00	143	143	
US71828AY36	157,839,240.00	249	249	
US912828N565	235,300,000.00	233	233	
WFC FLOAT - 6/15/2017	70,590,000.00	70	70	
XS0798486543	202,828,600.00	215	215	
XS0914313357	291,772,000.00	288	288	
XS0972298300	705,900,000.00	753	753	
OTHERS	188.24	0	0	
Total AFS Debt Securities		***229,499***	***229,499***	***7,473***
Equity Securities				
Quoted				
ALABANG COUNTRY CLUB (A)	8	21	21	
ALTAVISTA GOLF (B)	2	1	1	
APEX MINING CORPORATION (A)	70,000	0	0	
ATLAS MINING CORPORATION (A)	1,605,381	24	24	
ATLAS MINING CORPORATION (B)	95,900	0	0	
BAGUIO COUNTRY CLUB	8	12	12	
BENPRES HOLDINGS (LOPEZ HOLDINGS)	71,000	1	1	
CALATAGAN GOLF CLUB (A)	1	0	0	
CAMP JOHN HAY GOLF CLUB	2	0	0	
CANLUBANG GOLF & COUNTRY CLUB (A)	1	1	1	
CAPITOL HILLS GOLF & COUNTRY	6	0	0	
CEBU COUNTRY CLUB	3	15	15	
CEBU HOLDINGS	200,953,364	1,041	1,041	
CLUB FILIPINO	3	1	1	
EAGLE RIDGE & COUNTRY CLUB (A)	1	0	0	
EVERCREST GOLF CLUB (A)	1	0	0	
FOREST HILLS GOLF AND COUNTRY CLUB (C)	3	1	1	
LUISITA GOLF & COUNTRY CLUB (B)	12	2	2	
MAKATI SPORTS CLUB (A)	6	2	2	
MAKATI SPORTS CLUB (B)	1	1	1	
MANILA GOLF CLUB (CORP)	3	117	117	
MANILA POLO CLUB	5	60	60	
MANILA SOUTHWOODS (A)	5	3	3	
MERALCO	9,045	0	0	

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METROPOLITAN CLUB, INC. (A)	1	0	0	
ORCHARD GOLF AND COUNTRY CLUB (C)	1	0	0	
ORCHARD GOLF CLUB (C)	2	0	0	
PHIL NATIONAL CONSTRUCTION CORP.	727	0	0	
PHILEX MINING CORPORATION (A)	167,162	1	1	
PHILEX MINING CORPORATION (B)	81	0	0	
PHILIPPINE COLUMBIAN ASSOCIATION	2	0	0	
PLDT (COMMON)	1,972	4	4	
PLDT (PREFERRED)	429,515	5	5	
PLDT (PT&T)	350	0	0	
PLDT COMM ENERGY VENTURES-PREFFERED (PILTEL)	3,105	0	0	
PSE	239,999	66	66	
PUEBLO DE ORO GOLF & COUNTRY CLUB	1	0	0	
PUERTO AZUL	1	0	0	
QUEZON CITY SPORTS CLUB (A)	2	1	1	
RIVIERA GOLF & COUNTRY CLUB (A)	2	0	0	
RIVIERA GOLF & COUNTRY CLUB (C)	2	0	0	
RIVIERA GOLF AND COUNTRY CLUB (B)	1	0	0	
RIVIERA GOLF CLUB (C)	1	0	0	
ROCKWELL CLUB (A)	2	1	1	
SAN MIGUEL CORPORATION (A)	46,553	2	2	
SHERWOOD HILLS (C)	1	0	0	
SHERWOOD HILLS (D)	2	0	0	
SPLENDIDO GOLF CLUB	7	1	1	
STA.ELENA GOLF CLUB INC.(A)	1	3	3	
SUBIC BAY GOLF & COUNTRY CLUB	1	0	0	
SUBIC BAY YACHT CLUB (SBYC) (CORP)	11	2	2	
SUBIC BAY YACHT CLUB (SBYC) (IND)	2	0	0	
TAGAYTAY HIGHLANDS	1	1	1	
TAGAYTAY MIDLANDS	2	1	1	
VALLE VERDE COUNTRY CLUB (CORP)	4	2	2	
VALLEY GOLF AND COUNTRY CLUB	5	1	1	
WACK-WACK GOLF CLUB	1	16	16	
OTHERS	7,891,727	797	797	
		2,207	2,207	54
Unquoted				
ALABANG COUNTRY CLUB (B)	2	2	2	
APO GOLF CLUB	1	0	0	
ASEAN FINANCE CORPORATION	200,000	0	0	
BANCNET	99,998	10	10	
BAP CREDIT GUARANTY	1	0	0	
BATULAO RESORT	2	0	0	
BONIFACIO LAND CORP.	247,721	99	99	
CATHAY INSURANCE CO., INC.	20,526	0	0	
CITY SPORTS CEBU	1	0	0	
CITY SPORTS CLUB	1	0	0	
CLASS A JAKA HOLDING PROJ	1	1	1	
FILSYN CORPORATION	916	0	0	
GLOBAL BUSINESS HOLDINGS INC.	18,855	16	16	
GLOBAL BUSINESS POWER CORP.	91,098,308	3,258	3,258	
HONDA PHILIPPINES, INC.	122,054	1	1	
INTL. SPORTS DEV. CORP	2	0	0	
LAGOS DELA SIERRA	225,000	0	0	
LGU GUARANTEE CORP.	200,000	20	20	
MAKATI EXECUTIVE CENTER, INC.	1	0	0	
MAKATI SPORTS CLUB (A)	1	0	0	
MAYNILAD WATER SERVICES	524,000	0	0	
MONDRAGON INTERNATIONAL	1,728,529	0	0	
NEGROS NAVIGATION CORP	2,493,985	0	0	
ONE CORPORATE SHARE - TOWER CLUB INC	1	1	1	
PHIL. CENTRAL DEPOSITORY	10,228	1	1	
PHILIPPINE CLEARING HOUSE CORP.	105,000	13	13	
PHILIPPINE DEALING SYSTEM HOLDINGS	146,309	17	17	
PICOP RESOURCES	48,800,000	0	0	
PLDT	69,800	1	1	
RETELCO	850	0	0	
SAGARA METRO PLASTIC	10,000	0	0	
SICOGON CLUB	1	0	0	
SOUTH COTABATO GOLF & COUNTRY CLUB	1	0	0	
SPLENDIDO TAAL GOLF	4	4	4	
TAGAYTAY HIGHLANDS INTERNATIONAL GOLF CLUB, INC.	2	2	2	
TOWER CLUB, INC.	1	1	1	
TRANS UNION	1	5	5	
TRUST INTERNATIONAL PAPER CORP.	272,727	0	0	
UNIVERSAL LEISURE CLUB	1	0	0	
VICTORIAS MILLING	1	0	0	
XAVIER ESTATES SPORTS & COUNTRY CLUB	1,547,027	0	0	
		3,452	3,452	240
Total AFS Equity Securities		*5,659*	*5,659*	*294*
TOTAL AFS INVESTMENTS		**235,158**	**235,158**	**7,767**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes in ₱	Amount shown in the balance sheet * (in ₱ millions)	Valued based on market quotation at end of reporting period (in ₱ millions)	Income received and accrued (in ₱ million)
HELD-TO-MATURITY (HTM) INVESTMENTS				
ACFXBOND2021	49,500,000.00	53	54	
ACFXBOND2027	30,000,000.00	32	33	
AGI 17 - XS0533657440	305,890,000.00	322	320	
ALIFXBND2019	500,000.00	1	1	
ALIFXBND2022	135,400,000.00	139	145	
ALIFXBND2024	154,549,000.00	152	157	
ALIFXBND2025	5,000,000.00	5	5	
AP21R19	210,000,000.00	210	216	
APCFXBND2021	113,250,000.00	113	116	
APCFXBND2026	103,000,000.00	103	104	
CHI21R19	800,000,000.00	800	757	
FDCFXBND2024	50,000,000.00	50	52	
FIRST PACIFIC 19 – XS0798486543	122,356,000.00	129	130	
FIRST PACIFIC 20 – XS0544536047	112,944,000.00	122	123	
FLIFXBND2019	20,000,000.00	21	21	
FLIFXBND2020	25,000,000.00	25	25	
FLIFXBND2021	150,000,000.00	150	154	
FLIFXBND2023	500,000.00	0	0	
FLIFXBND2024	303,550,000.00	304	300	
GTCAP 24 R21	3,000,000.00	3	3	
ICTSI – 20 XS0493501125	23,530,000.00	26	27	
ICTSI 23 – XS0875298191	235,300,000.00	239	237	
ICTSI 25 - XS0972298300	188,240,000.00	201	201	
INDON 4.125 - 01/15/2025	470,600,000.00	476	449	
INDON 5.875 01/15/2024	1,176,500,000.00	1,295	1,258	
INDON 5 3/8 - 10/17/2023	470,600,000.00	498	490	
JGS08-19	300,000,000.00	308	307	
JGSFXBND2019	5,000,000.00	5	5	
MERFXBND2020	97,000,000.00	94	98	
NFA	3,486,420,000.00	3,486	3,646	
ODTB1023L018	117,650,000.00	110	113	
PIBD 2017 D011	422,520,000.00	472	475	
PIBD0517G705	4,829,544,000.00	4,934	4,870	
PIBD0518E723	2,260,000,000.00	2,224	2,199	
PIBD0717C493	2,997,262,000.00	3,117	3,129	
PIBD0719G547	400,000,000.00	415	409	
PIBD0719K560	530,000,000.00	541	527	
PIBD0721C574	1,300,000,000.00	1,291	1,273	
PIBD1018A451	1,683,585,000.00	1,761	1,763	
PIBD1019B485	100,000,000.00	111	110	
PIBD1020L525	600,000,000.00	652	643	
PIBD1021D531	1,950,000,000.00	2,121	2,137	
PIBD1021K551	4,350,000,000.00	4,718	4,633	
PIBD1022G545	2,369,000,000.00	2,650	2,612	
PIBD1022H562	400,000,000.00	424	405	
PIBD1022L585	19,250,000,000.00	19,423	18,702	
PIBD1024H595	7,015,000,000.00	7,038	6,999	
PIBD2023E054	575,000,000.00	801	793	
PIBD2024K091	65,000,000.00	103	108	
PIBD2025J116	62,900,000.00	96	97	
PIBD2026A122	984,653,000.00	1,393	1,396	
PIBD2026L139	245,460,000.00	313	313	
PIBD2027I140	363,250,000.00	474	482	
PIBD2028L151	1,070,000,000.00	1,503	1,508	
PIBD2030E166	4,230,000,000.00	5,933	5,780	
PIBD2031G171	10,676,000,000.00	14,056	14,269	
PIBD2032B183	2,918,000,000.00	3,260	3,170	
PIBD2032I195	1,294,000,000.00	1,409	1,381	
PIBD2033C206	5,415,000,000.00	4,735	4,715	
PIBD2530G029	400,000,000.00	715	676	
PIBD2531A032	1,000,000,000.00	1,604	1,584	
PIBD2531J042	120,000,000.00	178	170	
PIBD2532K057	2,603,000,000.00	3,456	3,468	
PIBD2534K062	234,000,000.00	349	328	
PIBD2535I071	4,526,000,000.00	6,148	5,731	
PIBD2535L086	12,530,620,827.00	17,158	15,990	
PIBD2536I097	6,990,677,000.00	8,968	8,659	
PIBD2537H103	294,200,000.00	323	310	
PIID0717H026	15,000,000.00	16	16	
PIID1021C027	2,350,000,000.00	2,702	2,654	
PIID1021J039	50,000,000.00	54	54	
PIID1023H046	50,100,000.00	49	47	
PIID1526J019	2,508,455,000.00	2,896	2,875	
PIID1527C023	2,940,000,000.00	3,210	3,182	
PIID2032C014	28,787,453,000.00	32,476	31,059	
PIID2537J015	15,687,359,068.00	18,475	17,540	
REP OF THE PHILS 2016	23,530,000.00	24	24	
ROCKFXBD2021	100,000,000.00	100	99	
ROP2016 8 01/15/2016	101,931,960.00	102	102	
ROP2030 9.50 02/02/2030	3,505,970,000.00	4,111	5,523	
ROP2031 7.75 1/14/2031	3,200,032,940.00	3,268	4,494	
ROP2032 6.375 1/15/2032	1,932,613,020.00	1,799	2,470	
SM21R19	300,000,000.00	300	308	

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes in ₱	Amount shown in the balance sheet * (in ₱ millions)	Valued based on market quotation at end of reporting period (in ₱ millions)	Income received and accrued (in ₱ million)
SM24R21	200,000,000.00	200	205	
SMICFXBD2021	5,000,000.00	5	5	
SMICFXBD2022	2,000,000.00	2	2	
SMICFXBD2024	4,600,000.00	5	5	
SMPHFXBD2020	61,600,000.00	62	62	
SMPHFXBD2021	150,000,000.00	150	152	
SMPHFXBD2024	100,600,000.00	101	100	
US718286AL15	235,300,000.00	349	348	
US718286AP29	235,300,000.00	375	371	
US718286BG11	235,300,000.00	295	297	
US71828AY36	1,176,500,000.00	1,932	1,853	
US-TREASURY NOTE	47,812,960.00	48	48	
USY20721BG36	470,600,000.00	472	448	
USY20721BH19	470,600,000.00	515	490	
TOTAL HTM INVESTMENTS		**208,432**	**206,194**	**8,625**
LOANS AND RECEIVABLES - UNQUOTED DEBT SECURITIES				
AYALA LAND INC. - NOTES	100,000,000.00	100	102	
GLOBAL ISPAT HOLDINGS INC A*	45,370,899.03	0	0	
GLOBAL ISPAT HOLDINGS INC B*	482,897,914.44	0	0	
GUARANTEED INVESTMENT CERTIFICATE	5,091,604.15	5	5	
GUARANTEED INVESTMENT CERTIFICATE	848,600.69	1	1	
HOME FUNDING SPC, INC.	46,587,629.81	46	46	
MANILA WATER COMPANY, INC.	490,000,000.00	490	554	
MEGAWIDE	123,750,000.00	124	123	
METRO RAIL TRANSIT III SERIES 3	783,789,555.66	147	147	
NAPOCOR	425,200,000.00	423	439	
PROPERTY COMPANY OF FRIENDS	400,000,000.00	400	403	
RCBC	200,000,000.00	200	215	
UNQUOTED DEBT SECURITIES (GROSS)		**1,936**	**2,035**	**194**

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
December 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period

NOT APPLICABLE

Note: Transactions to these parties are made in the ordinary course of business.

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule C - Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

December 31, 2015

(In ₱ Millions)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Not Current	Balance at End of Period
			Amounts Collected	Amounts Written-Off			
First Metro Investment Corporation	455	10,316	7,080	-	3,691	-	3,691
Metrobank Card Corporation	2,750	9,319	9,197	-	2,872	-	2,872
Metropolitan Bank (China) Ltd.	1,345	14,669	15,072	-	942	-	942
ORIX METRO Leasing and Finance Corporation	1,594	5,353	6,706	-	241	-	241
Philippine Savings Bank	1,550	11,632	13,158	-	24	-	24
Remittance Centers:							
Metro Remittance Center, Inc.	114	2,453	2,387	-	180	-	180
Metro Remittance (Italia), S.p.A.	31	325	356	-	-	-	-
Metro Remittance (Singapore) Pte. Ltd.	55	779	798	-	36	-	36
Metro Remittance (USA), Inc.	55	592	610	-	37	-	37
Metro Remittance (UK) Limited	5	56	61	-	-	-	-
Others	13	189	189	-	13	-	13
Total	7,967	55,683	55,614	-	8,036	-	8,036

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule D - Intangible Assets - Other Assets

December 31, 2015
(In ₱ Millions)

Description	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions)	Ending Balance
Software Costs	1,302	815	(381)	-	(4)	1,732
Goodwill	5,201	-	-	-	1	5,202

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Subordinated Debt					
2022 Peso Notes issued February 20, 2012	3,000	-	2,978	5.750%	February 20, 2022
2023 Peso Notes issued December 20, 2013	1,170	-	1,161	6.210%	December 20, 2023
2024 Peso Notes issued March 27, 2014	16,000	-	15,915	5.375%	June 27, 2024
2024 Peso Notes issued May 23, 2014	3,000	-	2,974	5.500%	August 23, 2024
2025 Peso Notes issued August 8, 2014	6,500	-	6,459	5.250%	August 8, 2025
Total Subordinated Debt	29,670		29,487		
Bills Payable					
Local Banks	100	-	100	3.750%	February 1, 2017
Local Banks	50	-	50	3.875%	February 3, 2017
Local Banks	100	-	100	4.250%	February 20, 2017
Local Banks	291	-	291	6.146%	April 27, 2017
Local Banks	485	-	485	6.146%	April 27, 2017
Local Banks	194	-	194	6.146%	April 27, 2017
Local Banks	0	-	0	5.875%	May 14, 2017
Local Banks	50	-	50	4.200%	May 16, 2017
Local Banks	500	-	500	3.750%	June 17, 2017
Local Banks	226	-	226	3.750%	June 17, 2017
Local Banks	5	-	4	3.950%	June 26, 2017
Local Banks	250	-	249	3.750%	August 25, 2017
Local Banks	200	-	200	3.750%	September 6, 2017
Local Banks	5	-	5	4.750%	September 15, 2017
Local Banks	320	-	319	4.750%	November 24, 2017
Local Banks	0	-	0	6.000%	December 12, 2017
Local Banks	0	-	0	6.000%	December 30, 2017
Local Banks	0	-	1	5.500%	February 15, 2018
Local Banks	12	-	12	4.800%	February 23, 2018
Local Banks	8	-	8	4.615%	March 16, 2018
Local Banks	3	-	3	4.800%	March 26, 2018
Local Banks	13	-	13	4.750%	March 27, 2018
Local Banks	0	-	0	5.000%	June 12, 2018
Local Banks	200	-	199	4.000%	July 19, 2018
Local Banks	100	-	100	4.000%	August 6, 2018
Local Banks	150	-	149	4.000%	August 13, 2018
Local Banks	200	-	199	4.000%	August 17, 2018
Local Banks	100	-	100	3.950%	August 31, 2018
Local Banks	0	-	0	5.000%	September 11, 2018
Local Banks	1	-	1	5.000%	October 23, 2018
Local Banks	198	-	198	5.272%	April 22, 2019
Local Banks	550	-	550	5.260%	April 22, 2019

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Local Banks	50	-	50	5.535%	April 22, 2019
Local Banks	100	-	100	5.333%	April 22, 2019
Local Banks	291	-	291	6.337%	April 29, 2019
Local Banks	340	-	340	6.337%	April 29, 2019
Local Banks	243	-	243	6.337%	April 29, 2019
Local Banks	679	-	679	6.337%	April 29, 2019
Local Banks	97	-	97	6.337%	April 29, 2019
Local Banks	291	-	291	6.337%	April 29, 2019
Local Banks	600	-	600	5.270%	May 13, 2019
Local Banks	990	-	990	5.300%	April 21, 2021
	7,992		7,986		
Foreign Banks					
	-		-		
Deposit Substitutes	5	-	5	3.50%	January 3, 2017
Deposit Substitutes	5	-	5	3.50%	January 3, 2017
Deposit Substitutes	2	-	2	2.38%	January 3, 2017
Deposit Substitutes	1	-	1	2.38%	January 3, 2017
Deposit Substitutes	2	-	2	3.38%	January 4, 2017
Deposit Substitutes	3	-	3	3.63%	January 4, 2017
Deposit Substitutes	3	-	3	3.38%	January 4, 2017
Deposit Substitutes	1	-	1	3.38%	January 4, 2017
Deposit Substitutes	28	-	28	3.63%	January 4, 2017
Deposit Substitutes	22	-	22	3.63%	January 4, 2017
Deposit Substitutes	6	-	6	3.63%	January 4, 2017
Deposit Substitutes	1	-	1	3.38%	January 4, 2017
Deposit Substitutes	2	-	2	2.63%	January 4, 2017
Deposit Substitutes	14	-	14	2.75%	January 4, 2017
Deposit Substitutes	10	-	10	2.75%	January 4, 2017
Deposit Substitutes	3	-	3	2.63%	January 4, 2017
Deposit Substitutes	2	-	2	2.63%	January 4, 2017
Deposit Substitutes	20	-	20	2.75%	January 4, 2017
Deposit Substitutes	1	-	1	2.63%	January 4, 2017
Deposit Substitutes	1	-	1	2.38%	January 4, 2017
Deposit Substitutes	2	-	2	2.38%	January 4, 2017
Deposit Substitutes	1	-	1	3.38%	January 5, 2017
Deposit Substitutes	20	-	20	2.75%	January 5, 2017
Deposit Substitutes	3	-	3	2.63%	January 5, 2017
Deposit Substitutes	10	-	10	2.75%	January 5, 2017
Deposit Substitutes	20	-	20	2.75%	January 5, 2017
Deposit Substitutes	1	-	1	2.75%	January 5, 2017
Deposit Substitutes	9	-	9	2.75%	January 5, 2017

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	7	-	7	2.75%	January 5, 2017
Deposit Substitutes	7	-	7	2.75%	January 5, 2017
Deposit Substitutes	8	-	8	2.75%	January 5, 2017
Deposit Substitutes	1	-	1	2.63%	January 5, 2017
Deposit Substitutes	1	-	1	2.63%	January 5, 2017
Deposit Substitutes	1	-	1	2.38%	January 5, 2017
Deposit Substitutes	3	-	3	3.38%	January 9, 2017
Deposit Substitutes	3	-	3	2.63%	January 9, 2017
Deposit Substitutes	1	-	1	2.63%	January 9, 2017
Deposit Substitutes	2	-	2	2.63%	January 9, 2017
Deposit Substitutes	10	-	10	2.75%	January 9, 2017
Deposit Substitutes	1	-	1	2.63%	January 9, 2017
Deposit Substitutes	1	-	1	2.63%	January 9, 2017
Deposit Substitutes	1	-	1	2.63%	January 9, 2017
Deposit Substitutes	2	-	2	2.63%	January 9, 2017
Deposit Substitutes	2	-	2	2.38%	January 9, 2017
Deposit Substitutes	5	-	5	2.75%	January 12, 2017
Deposit Substitutes	1	-	1	2.63%	January 12, 2017
Deposit Substitutes	1	-	1	2.63%	January 12, 2017
Deposit Substitutes	12	-	12	2.75%	January 12, 2017
Deposit Substitutes	2	-	2	2.63%	January 16, 2017
Deposit Substitutes	3	-	3	2.88%	January 19, 2017
Deposit Substitutes	1	-	1	3.13%	January 23, 2017
Deposit Substitutes	5	-	5	3.38%	January 23, 2017
Deposit Substitutes	1	-	1	2.88%	January 23, 2017
Deposit Substitutes	2	-	2	2.63%	January 23, 2017
Deposit Substitutes	5	-	5	2.63%	January 23, 2017
Deposit Substitutes	2	-	2	2.63%	January 23, 2017
Deposit Substitutes	1	-	1	2.63%	January 23, 2017
Deposit Substitutes	2	-	2	3.13%	January 26, 2017
Deposit Substitutes	1	-	1	3.13%	January 26, 2017
Deposit Substitutes	3	-	3	3.13%	January 30, 2017
Deposit Substitutes	1	-	1	3.25%	January 30, 2017
Deposit Substitutes	1	-	1	2.63%	January 30, 2017
Deposit Substitutes	1	-	1	2.63%	January 30, 2017
Deposit Substitutes	3	-	3	2.63%	January 30, 2017
Deposit Substitutes	27	-	27	2.75%	January 30, 2017
Deposit Substitutes	1	-	1	3.25%	February 2, 2017
Deposit Substitutes	1	-	1	3.25%	February 2, 2017
Deposit Substitutes	1	-	1	3.25%	February 2, 2017
Deposit Substitutes	3	-	3	3.25%	February 2, 2017
Deposit Substitutes	1	-	1	3.25%	February 2, 2017
Deposit Substitutes	6	-	6	2.75%	February 2, 2017
Deposit Substitutes	3	-	3	3.25%	February 6, 2017
Deposit Substitutes	2	-	2	2.88%	February 6, 2017

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	4	-	4	2.75%	February 6, 2017
Deposit Substitutes	2	-	2	3.25%	February 9, 2017
Deposit Substitutes	15	-	15	2.88%	February 9, 2017
Deposit Substitutes	10	-	10	3.13%	February 10, 2017
Deposit Substitutes	2	-	2	3.13%	February 10, 2017
Deposit Substitutes	5	-	5	2.63%	February 14, 2017
Deposit Substitutes	5	-	5	3.38%	February 16, 2017
Deposit Substitutes	29	-	29	3.50%	February 16, 2017
Deposit Substitutes	1	-	1	3.25%	February 16, 2017
Deposit Substitutes	2	-	2	3.25%	February 16, 2017
Deposit Substitutes	10	-	10	3.38%	February 20, 2017
Deposit Substitutes	8	-	8	3.50%	February 20, 2017
Deposit Substitutes	2	-	2	3.25%	February 20, 2017
Deposit Substitutes	1	-	1	3.25%	February 20, 2017
Deposit Substitutes	1	-	1	3.25%	February 20, 2017
Deposit Substitutes	1	-	1	3.25%	February 20, 2017
Deposit Substitutes	57	-	57	3.63%	February 20, 2017
Deposit Substitutes	14	-	14	3.63%	February 20, 2017
Deposit Substitutes	5	-	5	3.38%	February 20, 2017
Deposit Substitutes	1	-	1	3.25%	February 20, 2017
Deposit Substitutes	20	-	20	3.25%	February 22, 2017
Deposit Substitutes	39	-	39	3.25%	February 22, 2017
Deposit Substitutes	20	-	20	3.13%	February 23, 2017
Deposit Substitutes	30	-	30	3.63%	February 23, 2017
Deposit Substitutes	5	-	5	3.25%	February 23, 2017
Deposit Substitutes	2	-	2	3.25%	February 23, 2017
Deposit Substitutes	2	-	2	2.88%	February 23, 2017
Deposit Substitutes	15	-	15	3.13%	February 27, 2017
Deposit Substitutes	1	-	1	3.25%	February 27, 2017
Deposit Substitutes	2	-	2	3.25%	February 27, 2017
Deposit Substitutes	23	-	23	3.50%	February 27, 2017
Deposit Substitutes	1	-	1	3.38%	February 27, 2017
Deposit Substitutes	1	-	1	3.25%	February 27, 2017
Deposit Substitutes	1	-	1	3.38%	February 27, 2017
Deposit Substitutes	1	-	1	3.38%	February 27, 2017
Deposit Substitutes	1	-	1	3.38%	February 27, 2017
Deposit Substitutes	1	-	1	3.38%	February 27, 2017
Deposit Substitutes	1	-	1	3.38%	February 27, 2017
Deposit Substitutes	2	-	2	2.75%	February 27, 2017
Deposit Substitutes	1	-	1	3.25%	March 2, 2017
Deposit Substitutes	40	-	40	3.50%	March 2, 2017
Deposit Substitutes	3	-	3	2.88%	March 2, 2017
Deposit Substitutes	105	-	105	3.50%	March 6, 2017
Deposit Substitutes	1	-	1	3.25%	March 6, 2017
Deposit Substitutes	2	-	2	3.25%	March 6, 2017

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	5	-	5	3.38%	March 6, 2017
Deposit Substitutes	1	-	1	2.63%	March 7, 2017
Deposit Substitutes	4	-	4	3.38%	March 9, 2017
Deposit Substitutes	3	-	3	3.50%	March 9, 2017
Deposit Substitutes	12	-	12	3.50%	March 9, 2017
Deposit Substitutes	3	-	3	3.50%	March 9, 2017
Deposit Substitutes	4	-	4	3.25%	March 9, 2017
Deposit Substitutes	3	-	3	2.88%	March 9, 2017
Deposit Substitutes	1	-	1	3.25%	March 13, 2017
Deposit Substitutes	7	-	7	3.50%	March 13, 2017
Deposit Substitutes	1	-	1	2.63%	March 13, 2017
Deposit Substitutes	2	-	2	3.38%	March 16, 2017
Deposit Substitutes	10	-	10	3.50%	March 20, 2017
Deposit Substitutes	5	-	5	3.50%	March 20, 2017
Deposit Substitutes	2	-	2	3.38%	March 20, 2017
Deposit Substitutes	1	-	1	3.25%	March 20, 2017
Deposit Substitutes	1	-	1	3.25%	March 20, 2017
Deposit Substitutes	8	-	8	3.38%	March 20, 2017
Deposit Substitutes	1	-	1	2.88%	March 20, 2017
Deposit Substitutes	5	-	5	3.38%	March 21, 2017
Deposit Substitutes	1	-	1	3.38%	March 21, 2017
Deposit Substitutes	10	-	10	3.50%	March 23, 2017
Deposit Substitutes	10	-	10	2.75%	March 23, 2017
Deposit Substitutes	2	-	2	3.38%	March 27, 2017
Deposit Substitutes	3	-	3	3.38%	March 27, 2017
Deposit Substitutes	2	-	2	3.25%	March 27, 2017
Deposit Substitutes	3	-	3	3.25%	March 27, 2017
Deposit Substitutes	2	-	2	3.25%	March 27, 2017
Deposit Substitutes	5	-	5	3.38%	March 28, 2017
Deposit Substitutes	1	-	1	2.88%	March 28, 2017
Deposit Substitutes	12	-	12	3.25%	March 30, 2017
Deposit Substitutes	15	-	15	3.00%	March 30, 2017
Deposit Substitutes	1	-	1	2.88%	March 30, 2017
Deposit Substitutes	10	-	10	2.88%	March 30, 2017
Deposit Substitutes	7	-	7	2.75%	March 30, 2017
Deposit Substitutes	1	-	1	2.63%	March 30, 2017
Deposit Substitutes	1	-	1	3.25%	April 3, 2017
Deposit Substitutes	1	-	1	3.00%	April 3, 2017
Deposit Substitutes	2	-	2	2.88%	April 3, 2017
Deposit Substitutes	1	-	1	2.88%	April 3, 2017
Deposit Substitutes	5	-	5	3.50%	April 4, 2017
Deposit Substitutes	1	-	1	2.63%	April 4, 2017
Deposit Substitutes	1	-	1	3.25%	April 6, 2017
Deposit Substitutes	8	-	8	3.50%	April 6, 2017
Deposit Substitutes	1	-	1	2.88%	April 6, 2017

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	0	-	0	2.88%	April 6, 2017
Deposit Substitutes	2	-	2	2.63%	April 6, 2017
Deposit Substitutes	10	-	10	3.00%	April 10, 2017
Deposit Substitutes	1	-	1	3.25%	April 10, 2017
Deposit Substitutes	1	-	1	3.25%	April 10, 2017
Deposit Substitutes	1	-	1	3.25%	April 10, 2017
Deposit Substitutes	3	-	3	3.25%	April 10, 2017
Deposit Substitutes	1	-	1	3.25%	April 10, 2017
Deposit Substitutes	6	-	6	2.88%	April 10, 2017
Deposit Substitutes	6	-	6	2.88%	April 10, 2017
Deposit Substitutes	1	-	1	2.63%	April 13, 2017
Deposit Substitutes	10	-	10	2.88%	April 13, 2017
Deposit Substitutes	3	-	3	3.25%	April 17, 2017
Deposit Substitutes	4	-	4	3.50%	April 17, 2017
Deposit Substitutes	3	-	3	2.88%	April 17, 2017
Deposit Substitutes	6	-	6	3.38%	April 20, 2017
Deposit Substitutes	4	-	4	2.88%	April 20, 2017
Deposit Substitutes	1	-	1	2.88%	April 20, 2017
Deposit Substitutes	1	-	1	2.88%	April 20, 2017
Deposit Substitutes	10	-	10	3.00%	April 24, 2017
Deposit Substitutes	1	-	1	3.25%	April 24, 2017
Deposit Substitutes	1	-	1	3.25%	April 24, 2017
Deposit Substitutes	5	-	5	3.38%	April 24, 2017
Deposit Substitutes	1	-	1	3.25%	April 24, 2017
Deposit Substitutes	5	-	5	2.88%	April 24, 2017
Deposit Substitutes	1	-	1	2.63%	April 24, 2017
Deposit Substitutes	1	-	1	2.63%	April 24, 2017
Deposit Substitutes	2	-	2	2.63%	April 24, 2017
Deposit Substitutes	2	-	2	2.63%	April 24, 2017
Deposit Substitutes	2	-	2	2.63%	April 24, 2017
Deposit Substitutes	10	-	10	2.75%	April 25, 2017
Deposit Substitutes	11	-	11	2.75%	April 26, 2017
Deposit Substitutes	20	-	20	3.00%	April 27, 2017
Deposit Substitutes	3	-	3	3.25%	April 27, 2017
Deposit Substitutes	1	-	1	3.25%	April 27, 2017
Deposit Substitutes	1	-	1	2.88%	April 27, 2017
Deposit Substitutes	4	-	4	3.38%	May 2, 2017
Deposit Substitutes	2	-	2	3.25%	May 2, 2017
Deposit Substitutes	1	-	1	3.50%	May 2, 2017
Deposit Substitutes	7	-	7	2.88%	May 2, 2017
Deposit Substitutes	10	-	10	3.00%	May 3, 2017
Deposit Substitutes	10	-	10	3.00%	May 4, 2017
Deposit Substitutes	10	-	10	3.50%	May 4, 2017
Deposit Substitutes	3	-	3	3.38%	May 4, 2017
Deposit Substitutes	1	-	1	2.88%	May 4, 2017

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	10	-	10	3.00%	May 5, 2017
Deposit Substitutes	2	-	2	3.25%	May 8, 2017
Deposit Substitutes	2	-	2	3.25%	May 8, 2017
Deposit Substitutes	5	-	5	3.38%	May 8, 2017
Deposit Substitutes	1	-	1	3.25%	May 8, 2017
Deposit Substitutes	2	-	2	2.88%	May 8, 2017
Deposit Substitutes	2	-	2	2.88%	May 8, 2017
Deposit Substitutes	2	-	2	2.88%	May 8, 2017
Deposit Substitutes	1	-	1	2.88%	May 8, 2017
Deposit Substitutes	2	-	2	2.63%	May 8, 2017
Deposit Substitutes	10	-	10	2.75%	May 8, 2017
Deposit Substitutes	10	-	10	2.75%	May 8, 2017
Deposit Substitutes	3	-	3	3.25%	May 9, 2017
Deposit Substitutes	11	-	11	2.75%	May 9, 2017
Deposit Substitutes	1	-	1	2.63%	May 9, 2017
Deposit Substitutes	1	-	1	2.63%	May 9, 2017
Deposit Substitutes	4	-	4	3.50%	May 11, 2017
Deposit Substitutes	6	-	6	3.50%	May 11, 2017
Deposit Substitutes	10	-	10	3.50%	May 11, 2017
Deposit Substitutes	1	-	1	3.25%	May 15, 2017
Deposit Substitutes	1	-	1	3.25%	May 15, 2017
Deposit Substitutes	1	-	1	3.25%	May 15, 2017
Deposit Substitutes	10	-	10	3.50%	May 15, 2017
Deposit Substitutes	2	-	2	3.25%	May 15, 2017
Deposit Substitutes	1	-	1	3.25%	May 15, 2017
Deposit Substitutes	1	-	1	2.88%	May 15, 2017
Deposit Substitutes	3	-	3	2.63%	May 15, 2017
Deposit Substitutes	5	-	5	2.75%	May 15, 2017
Deposit Substitutes	6	-	6	3.50%	May 16, 2017
Deposit Substitutes	6	-	6	3.50%	May 16, 2017
Deposit Substitutes	1	-	1	3.25%	May 16, 2017
Deposit Substitutes	2	-	2	2.75%	May 16, 2017
Deposit Substitutes	2	-	2	3.25%	May 18, 2017
Deposit Substitutes	1	-	1	2.88%	May 18, 2017
Deposit Substitutes	1	-	1	2.88%	May 18, 2017
Deposit Substitutes	1	-	1	2.88%	May 18, 2017
Deposit Substitutes	1	-	1	3.25%	May 22, 2017
Deposit Substitutes	3	-	3	3.50%	May 22, 2017
Deposit Substitutes	1	-	1	2.88%	May 22, 2017
Deposit Substitutes	5	-	5	2.75%	May 22, 2017
Deposit Substitutes	2	-	2	2.63%	May 24, 2017
Deposit Substitutes	3	-	3	2.63%	May 24, 2017
Deposit Substitutes	1	-	1	3.25%	May 25, 2017
Deposit Substitutes	4	-	4	2.63%	May 25, 2017
Deposit Substitutes	6	-	6	2.75%	May 25, 2017

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	21	-	21	3.00%	May 26, 2017
Deposit Substitutes	29	-	28	3.00%	May 26, 2017
Deposit Substitutes	1	-	1	3.38%	May 29, 2017
Deposit Substitutes	5	-	5	3.38%	May 29, 2017
Deposit Substitutes	2	-	2	3.38%	June 1, 2017
Deposit Substitutes	2	-	2	3.38%	June 1, 2017
Deposit Substitutes	2	-	2	3.50%	June 1, 2017
Deposit Substitutes	5	-	5	2.88%	June 1, 2017
Deposit Substitutes	1	-	1	2.88%	June 1, 2017
Deposit Substitutes	2	-	2	2.63%	June 1, 2017
Deposit Substitutes	1	-	1	2.63%	June 1, 2017
Deposit Substitutes	10	-	10	3.00%	June 5, 2017
Deposit Substitutes	2	-	2	3.38%	June 5, 2017
Deposit Substitutes	2	-	2	3.38%	June 5, 2017
Deposit Substitutes	1	-	1	3.25%	June 5, 2017
Deposit Substitutes	3	-	3	2.88%	June 5, 2017
Deposit Substitutes	5	-	5	2.88%	June 5, 2017
Deposit Substitutes	1	-	1	2.88%	June 5, 2017
Deposit Substitutes	3	-	3	2.63%	June 7, 2017
Deposit Substitutes	1	-	1	3.50%	June 8, 2017
Deposit Substitutes	7	-	7	2.88%	June 8, 2017
Deposit Substitutes	1	-	1	3.50%	June 13, 2017
Deposit Substitutes	3	-	3	3.50%	June 13, 2017
Deposit Substitutes	3	-	3	3.50%	June 14, 2017
Deposit Substitutes	2	-	2	3.25%	June 15, 2017
Deposit Substitutes	8	-	8	3.50%	June 15, 2017
Deposit Substitutes	6	-	6	2.75%	June 15, 2017
Deposit Substitutes	7	-	7	2.88%	June 19, 2017
Deposit Substitutes	1	-	1	2.88%	June 19, 2017
Deposit Substitutes	2	-	2	2.88%	June 19, 2017
Deposit Substitutes	5	-	5	2.88%	June 19, 2017
Deposit Substitutes	2	-	2	2.88%	June 19, 2017
Deposit Substitutes	2	-	2	2.88%	June 22, 2017
Deposit Substitutes	1	-	1	2.88%	June 26, 2017
Deposit Substitutes	5	-	5	2.88%	June 26, 2017
Deposit Substitutes	10	-	10	3.00%	June 28, 2017
Deposit Substitutes	1	-	1	2.88%	July 3, 2017
Deposit Substitutes	2	-	2	2.88%	July 3, 2017
Deposit Substitutes	2	-	2	2.88%	July 3, 2017
Deposit Substitutes	1	-	1	3.35%	July 6, 2017
Deposit Substitutes	1	-	1	3.35%	July 6, 2017
Deposit Substitutes	1	-	1	3.35%	July 6, 2017
Deposit Substitutes	1	-	1	3.35%	July 10, 2017
Deposit Substitutes	4	-	4	3.47%	July 10, 2017
Deposit Substitutes	1	-	1	2.88%	July 13, 2017

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	1	-	1	3.50%	July 17, 2017
Deposit Substitutes	29	-	29	3.50%	July 17, 2017
Deposit Substitutes	1	-	1	3.50%	July 18, 2017
Deposit Substitutes	3	-	3	3.50%	July 27, 2017
Deposit Substitutes	1	-	1	2.88%	July 27, 2017
Deposit Substitutes	1	-	1	2.88%	July 27, 2017
Deposit Substitutes	2	-	2	2.88%	July 31, 2017
Deposit Substitutes	1	-	1	2.88%	July 31, 2017
Deposit Substitutes	10	-	10	3.50%	August 4, 2017
Deposit Substitutes	3	-	3	2.88%	August 14, 2017
Deposit Substitutes	28	-	28	3.50%	August 17, 2017
Deposit Substitutes	5	-	5	2.85%	August 21, 2017
Deposit Substitutes	1	-	1	3.50%	August 22, 2017
Deposit Substitutes	1	-	1	2.85%	August 22, 2017
Deposit Substitutes	1	-	1	3.50%	August 29, 2017
Deposit Substitutes	5	-	5	2.88%	August 29, 2017
Deposit Substitutes	2	-	2	2.88%	August 31, 2017
Deposit Substitutes	1	-	1	2.88%	September 5, 2017
Deposit Substitutes	13	-	12	3.63%	September 6, 2017
Deposit Substitutes	4	-	4	2.88%	September 11, 2017
Deposit Substitutes	4	-	4	3.13%	September 18, 2017
Deposit Substitutes	1	-	1	3.13%	September 18, 2017
Deposit Substitutes	1	-	1	3.13%	September 18, 2017
Deposit Substitutes	1	-	1	3.13%	September 18, 2017
Deposit Substitutes	1	-	1	3.13%	September 18, 2017
Deposit Substitutes	2	-	2	3.13%	September 21, 2017
Deposit Substitutes	10	-	10	3.13%	September 21, 2017
Deposit Substitutes	5	-	5	3.13%	September 21, 2017
Deposit Substitutes	2	-	2	3.13%	September 25, 2017
Deposit Substitutes	2	-	2	3.13%	September 25, 2017
Deposit Substitutes	12	-	12	3.13%	September 26, 2017
Deposit Substitutes	7	-	7	3.13%	September 26, 2017
Deposit Substitutes	2	-	2	3.13%	September 26, 2017
Deposit Substitutes	3	-	3	3.13%	October 2, 2017
Deposit Substitutes	1	-	1	3.13%	October 2, 2017
Deposit Substitutes	1	-	1	3.13%	October 2, 2017
Deposit Substitutes	2	-	2	3.13%	October 2, 2017
Deposit Substitutes	2	-	2	3.13%	October 2, 2017
Deposit Substitutes	15	-	15	3.13%	October 3, 2017
Deposit Substitutes	1	-	1	3.13%	October 5, 2017
Deposit Substitutes	5	-	5	3.13%	October 5, 2017
Deposit Substitutes	3	-	3	3.50%	October 9, 2017
Deposit Substitutes	15	-	15	3.13%	October 12, 2017
Deposit Substitutes	1	-	1	3.13%	October 12, 2017
Deposit Substitutes	1	-	1	3.13%	October 19, 2017

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	3	-	3	3.50%	October 23, 2017
Deposit Substitutes	1	-	1	3.50%	October 23, 2017
Deposit Substitutes	3	-	3	3.50%	October 23, 2017
Deposit Substitutes	0	-	0	3.50%	October 23, 2017
Deposit Substitutes	2	-	2	3.13%	October 23, 2017
Deposit Substitutes	1	-	1	3.13%	October 30, 2017
Deposit Substitutes	1	-	1	3.13%	October 30, 2017
Deposit Substitutes	10	-	10	3.13%	October 30, 2017
Deposit Substitutes	2	-	2	3.13%	October 30, 2017
Deposit Substitutes	5	-	5	3.13%	October 30, 2017
Deposit Substitutes	1	-	1	3.75%	October 31, 2017
Deposit Substitutes	1	-	1	3.13%	October 31, 2017
Deposit Substitutes	1	-	1	3.13%	November 6, 2017
Deposit Substitutes	5	-	5	3.13%	November 7, 2017
Deposit Substitutes	2	-	2	3.13%	November 7, 2017
Deposit Substitutes	6	-	6	3.13%	November 7, 2017
Deposit Substitutes	2	-	2	3.13%	November 7, 2017
Deposit Substitutes	6	-	6	3.13%	November 7, 2017
Deposit Substitutes	1	-	1	3.13%	November 7, 2017
Deposit Substitutes	2	-	2	3.13%	November 7, 2017
Deposit Substitutes	15	-	15	3.13%	November 7, 2017
Deposit Substitutes	8	-	8	3.13%	November 7, 2017
Deposit Substitutes	2	-	2	3.13%	November 7, 2017
Deposit Substitutes	1	-	1	3.13%	November 7, 2017
Deposit Substitutes	2	-	2	3.13%	November 7, 2017
Deposit Substitutes	20	-	20	3.13%	November 7, 2017
Deposit Substitutes	2	-	2	3.13%	November 8, 2017
Deposit Substitutes	2	-	2	3.50%	November 9, 2017
Deposit Substitutes	3	-	3	3.13%	November 9, 2017
Deposit Substitutes	7	-	7	3.13%	November 9, 2017
Deposit Substitutes	2	-	2	3.13%	November 9, 2017
Deposit Substitutes	2	-	2	3.13%	November 9, 2017
Deposit Substitutes	2	-	2	3.13%	November 9, 2017
Deposit Substitutes	3	-	3	3.13%	November 9, 2017
Deposit Substitutes	3	-	3	3.13%	November 10, 2017
Deposit Substitutes	2	-	2	3.13%	November 13, 2017
Deposit Substitutes	5	-	5	3.13%	November 13, 2017
Deposit Substitutes	6	-	6	3.50%	November 20, 2017
Deposit Substitutes	2	-	2	3.50%	November 20, 2017
Deposit Substitutes	20	-	20	3.13%	November 22, 2017
Deposit Substitutes	3	-	3	3.50%	November 27, 2017
Deposit Substitutes	2	-	2	3.13%	November 27, 2017
Deposit Substitutes	3	-	3	3.13%	November 27, 2017
Deposit Substitutes	4	-	4	3.13%	November 27, 2017
Deposit Substitutes	3	-	3	3.13%	November 29, 2017

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	3	-	3	3.13%	November 29, 2017
Deposit Substitutes	1	-	1	3.13%	November 29, 2017
Deposit Substitutes	1	-	1	3.60%	December 4, 2017
Deposit Substitutes	5	-	5	3.60%	December 4, 2017
Deposit Substitutes	3	-	3	3.60%	December 4, 2017
Deposit Substitutes	2	-	2	3.60%	December 11, 2017
Deposit Substitutes	5	-	5	3.13%	December 11, 2017
Deposit Substitutes	4	-	4	3.60%	December 14, 2017
Deposit Substitutes	1	-	1	3.60%	December 14, 2017
Deposit Substitutes	1	-	1	3.60%	December 14, 2017
Deposit Substitutes	2	-	2	3.60%	January 3, 2018
Deposit Substitutes	3	-	3	3.88%	January 8, 2018
Deposit Substitutes	5	-	5	3.88%	January 8, 2018
Deposit Substitutes	5	-	5	3.88%	January 8, 2018
Deposit Substitutes	3	-	3	3.88%	January 8, 2018
Deposit Substitutes	5	-	5	3.88%	January 8, 2018
Deposit Substitutes	3	-	3	3.88%	January 8, 2018
Deposit Substitutes	2	-	2	3.88%	January 8, 2018
Deposit Substitutes	1	-	1	3.88%	January 8, 2018
Deposit Substitutes	1	-	1	3.88%	January 8, 2018
Deposit Substitutes	5	-	5	3.88%	January 8, 2018
Deposit Substitutes	1	-	1	3.88%	January 8, 2018
Deposit Substitutes	5	-	5	3.88%	January 8, 2018
Deposit Substitutes	1	-	1	3.88%	January 8, 2018
Deposit Substitutes	32	-	32	3.88%	January 8, 2018
Deposit Substitutes	10	-	10	3.88%	January 8, 2018
Deposit Substitutes	1	-	1	3.88%	January 8, 2018
Deposit Substitutes	10	-	10	3.88%	January 8, 2018
Deposit Substitutes	5	-	5	3.88%	January 9, 2018
Deposit Substitutes	10	-	10	3.88%	January 9, 2018
Deposit Substitutes	2	-	2	3.88%	January 9, 2018
Deposit Substitutes	2	-	2	3.88%	January 9, 2018
Deposit Substitutes	1	-	1	3.88%	January 9, 2018
Deposit Substitutes	3	-	3	3.88%	January 9, 2018
Deposit Substitutes	1	-	1	3.88%	January 9, 2018
Deposit Substitutes	3	-	3	3.88%	January 9, 2018
Deposit Substitutes	41	-	41	3.88%	January 9, 2018
Deposit Substitutes	2	-	2	3.88%	January 9, 2018
Deposit Substitutes	10	-	10	3.88%	January 11, 2018
Deposit Substitutes	2	-	2	3.88%	January 11, 2018
Deposit Substitutes	1	-	1	3.88%	January 11, 2018
Deposit Substitutes	1	-	1	3.88%	January 11, 2018
Deposit Substitutes	2	-	2	3.88%	January 11, 2018
Deposit Substitutes	9	-	9	3.88%	January 11, 2018
Deposit Substitutes	2	-	2	3.88%	January 11, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	5	-	5	3.88%	January 15, 2018
Deposit Substitutes	9	-	9	3.88%	January 15, 2018
Deposit Substitutes	3	-	3	3.88%	January 15, 2018
Deposit Substitutes	2	-	2	3.88%	January 15, 2018
Deposit Substitutes	2	-	2	3.88%	January 15, 2018
Deposit Substitutes	25	-	25	3.88%	January 15, 2018
Deposit Substitutes	2	-	2	3.88%	January 15, 2018
Deposit Substitutes	1	-	1	3.88%	January 15, 2018
Deposit Substitutes	25	-	25	3.88%	January 15, 2018
Deposit Substitutes	10	-	10	3.88%	January 15, 2018
Deposit Substitutes	2	-	2	3.88%	January 15, 2018
Deposit Substitutes	2	-	2	3.88%	January 15, 2018
Deposit Substitutes	1	-	1	3.88%	January 15, 2018
Deposit Substitutes	3	-	3	3.88%	January 15, 2018
Deposit Substitutes	1	-	1	3.88%	January 15, 2018
Deposit Substitutes	8	-	8	3.88%	January 15, 2018
Deposit Substitutes	1	-	1	3.88%	January 15, 2018
Deposit Substitutes	1	-	1	3.88%	January 15, 2018
Deposit Substitutes	6	-	6	3.88%	January 15, 2018
Deposit Substitutes	3	-	3	3.88%	January 22, 2018
Deposit Substitutes	4	-	4	3.88%	January 22, 2018
Deposit Substitutes	20	-	20	3.88%	January 22, 2018
Deposit Substitutes	2	-	2	3.88%	January 22, 2018
Deposit Substitutes	2	-	2	3.88%	January 22, 2018
Deposit Substitutes	2	-	2	3.88%	January 22, 2018
Deposit Substitutes	3	-	3	3.88%	January 22, 2018
Deposit Substitutes	2	-	2	3.88%	January 22, 2018
Deposit Substitutes	2	-	2	3.88%	January 22, 2018
Deposit Substitutes	1	-	1	3.88%	January 22, 2018
Deposit Substitutes	22	-	22	3.88%	January 22, 2018
Deposit Substitutes	6	-	6	3.88%	January 22, 2018
Deposit Substitutes	1	-	1	3.88%	January 22, 2018
Deposit Substitutes	5	-	5	3.98%	January 22, 2018
Deposit Substitutes	5	-	5	3.88%	January 22, 2018
Deposit Substitutes	5	-	5	3.88%	January 22, 2018
Deposit Substitutes	5	-	5	3.88%	January 22, 2018
Deposit Substitutes	2	-	2	3.88%	January 22, 2018
Deposit Substitutes	2	-	2	3.88%	January 22, 2018
Deposit Substitutes	58	-	58	3.88%	January 22, 2018
Deposit Substitutes	4	-	4	3.88%	January 22, 2018
Deposit Substitutes	3	-	3	3.88%	January 22, 2018
Deposit Substitutes	4	-	4	3.88%	January 22, 2018
Deposit Substitutes	11	-	11	3.88%	January 22, 2018
Deposit Substitutes	1	-	1	3.88%	January 22, 2018
Deposit Substitutes	2	-	2	3.88%	January 22, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	10	-	10	3.88%	January 22, 2018
Deposit Substitutes	2	-	2	3.88%	January 22, 2018
Deposit Substitutes	1	-	1	3.88%	January 22, 2018
Deposit Substitutes	20	-	20	3.88%	January 23, 2018
Deposit Substitutes	1	-	1	3.88%	January 23, 2018
Deposit Substitutes	3	-	3	3.88%	January 23, 2018
Deposit Substitutes	10	-	10	3.88%	January 23, 2018
Deposit Substitutes	3	-	3	3.88%	January 25, 2018
Deposit Substitutes	2	-	2	3.88%	January 25, 2018
Deposit Substitutes	2	-	2	3.88%	January 25, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	6	-	6	3.88%	January 29, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	3	-	3	3.88%	January 29, 2018
Deposit Substitutes	5	-	5	3.88%	January 29, 2018
Deposit Substitutes	2	-	2	3.88%	January 29, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	8	-	8	3.88%	January 29, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	3	-	3	3.88%	January 29, 2018
Deposit Substitutes	2	-	2	3.88%	January 29, 2018
Deposit Substitutes	3	-	3	3.88%	January 29, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	2	-	2	3.88%	January 29, 2018
Deposit Substitutes	2	-	2	3.88%	January 29, 2018
Deposit Substitutes	5	-	5	3.88%	January 29, 2018
Deposit Substitutes	10	-	10	3.88%	January 29, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	6	-	6	3.88%	January 29, 2018
Deposit Substitutes	1	-	1	3.88%	January 29, 2018
Deposit Substitutes	2	-	2	3.88%	January 29, 2018
Deposit Substitutes	2	-	2	3.88%	January 30, 2018
Deposit Substitutes	1	-	1	3.88%	January 30, 2018
Deposit Substitutes	8	-	8	3.88%	January 30, 2018
Deposit Substitutes	3	-	3	3.88%	January 30, 2018
Deposit Substitutes	5	-	5	3.88%	January 30, 2018
Deposit Substitutes	1	-	1	3.88%	January 30, 2018
Deposit Substitutes	1	-	1	3.88%	January 30, 2018
Deposit Substitutes	5	-	5	3.88%	January 30, 2018
Deposit Substitutes	5	-	5	3.88%	January 30, 2018
Deposit Substitutes	3	-	3	3.88%	January 30, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	2	-	2	3.88%	January 30, 2018
Deposit Substitutes	2	-	2	3.88%	February 5, 2018
Deposit Substitutes	2	-	2	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	2	-	2	3.88%	February 5, 2018
Deposit Substitutes	3	-	3	3.88%	February 5, 2018
Deposit Substitutes	7	-	7	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	5	-	5	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	12	-	12	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	8	-	8	3.88%	February 5, 2018
Deposit Substitutes	2	-	2	3.88%	February 5, 2018
Deposit Substitutes	0	-	0	4.00%	February 5, 2018
Deposit Substitutes	2	-	2	3.88%	February 5, 2018
Deposit Substitutes	10	-	10	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	5	-	5	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	3	-	3	3.88%	February 5, 2018
Deposit Substitutes	2	-	2	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	6	-	6	3.88%	February 5, 2018
Deposit Substitutes	3	-	3	3.88%	February 5, 2018
Deposit Substitutes	8	-	8	3.88%	February 5, 2018
Deposit Substitutes	2	-	2	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	2	-	2	3.88%	February 5, 2018
Deposit Substitutes	2	-	2	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	2	-	2	3.88%	February 5, 2018
Deposit Substitutes	22	-	22	3.88%	February 5, 2018
Deposit Substitutes	1	-	1	3.88%	February 5, 2018
Deposit Substitutes	2	-	2	3.80%	February 6, 2018
Deposit Substitutes	1	-	1	3.88%	February 6, 2018
Deposit Substitutes	1	-	1	3.88%	February 6, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	1	-	1	3.88%	February 6, 2018
Deposit Substitutes	7	-	7	3.88%	February 8, 2018
Deposit Substitutes	2	-	2	3.88%	February 8, 2018
Deposit Substitutes	3	-	3	3.88%	February 8, 2018
Deposit Substitutes	5	-	5	3.88%	February 8, 2018
Deposit Substitutes	2	-	2	3.88%	February 8, 2018
Deposit Substitutes	2	-	2	3.88%	February 8, 2018
Deposit Substitutes	2	-	2	3.88%	February 8, 2018
Deposit Substitutes	2	-	2	3.88%	February 8, 2018
Deposit Substitutes	5	-	5	3.88%	February 12, 2018
Deposit Substitutes	13	-	13	3.88%	February 12, 2018
Deposit Substitutes	1	-	1	3.88%	February 12, 2018
Deposit Substitutes	2	-	2	3.88%	February 12, 2018
Deposit Substitutes	2	-	2	3.88%	February 12, 2018
Deposit Substitutes	5	-	5	3.88%	February 12, 2018
Deposit Substitutes	3	-	3	3.88%	February 12, 2018
Deposit Substitutes	3	-	3	3.88%	February 12, 2018
Deposit Substitutes	2	-	2	3.88%	February 12, 2018
Deposit Substitutes	10	-	10	3.88%	February 12, 2018
Deposit Substitutes	3	-	3	3.88%	February 12, 2018
Deposit Substitutes	9	-	9	3.88%	February 12, 2018
Deposit Substitutes	10	-	10	3.88%	February 12, 2018
Deposit Substitutes	1	-	1	3.88%	February 12, 2018
Deposit Substitutes	9	-	9	3.88%	February 12, 2018
Deposit Substitutes	9	-	9	3.88%	February 12, 2018
Deposit Substitutes	10	-	10	3.88%	February 12, 2018
Deposit Substitutes	8	-	8	3.88%	February 12, 2018
Deposit Substitutes	1	-	1	3.88%	February 12, 2018
Deposit Substitutes	3	-	3	3.88%	February 12, 2018
Deposit Substitutes	2	-	2	3.88%	February 12, 2018
Deposit Substitutes	1	-	1	3.88%	February 12, 2018
Deposit Substitutes	5	-	5	3.88%	February 12, 2018
Deposit Substitutes	25	-	25	3.88%	February 13, 2018
Deposit Substitutes	2	-	2	3.88%	February 13, 2018
Deposit Substitutes	15	-	15	3.88%	February 13, 2018
Deposit Substitutes	5	-	5	3.88%	February 13, 2018
Deposit Substitutes	4	-	4	3.88%	February 13, 2018
Deposit Substitutes	1	-	1	3.88%	February 13, 2018
Deposit Substitutes	5	-	5	3.75%	February 15, 2018
Deposit Substitutes	4	-	4	3.88%	February 15, 2018
Deposit Substitutes	1	-	1	3.88%	February 15, 2018
Deposit Substitutes	1	-	1	3.88%	February 15, 2018
Deposit Substitutes	8	-	8	3.75%	February 19, 2018
Deposit Substitutes	5	-	5	3.75%	February 19, 2018
Deposit Substitutes	15	-	15	3.88%	February 19, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	15	-	15	3.88%	February 19, 2018
Deposit Substitutes	4	-	4	3.75%	February 19, 2018
Deposit Substitutes	11	-	11	3.75%	February 19, 2018
Deposit Substitutes	1	-	1	3.75%	February 19, 2018
Deposit Substitutes	2	-	2	3.75%	February 19, 2018
Deposit Substitutes	10	-	10	3.75%	February 19, 2018
Deposit Substitutes	5	-	5	3.75%	February 19, 2018
Deposit Substitutes	2	-	2	4.00%	February 19, 2018
Deposit Substitutes	3	-	3	3.75%	February 19, 2018
Deposit Substitutes	1	-	1	3.75%	February 19, 2018
Deposit Substitutes	1	-	1	3.75%	February 20, 2018
Deposit Substitutes	10	-	10	3.75%	February 20, 2018
Deposit Substitutes	1	-	1	3.75%	February 20, 2018
Deposit Substitutes	5	-	5	3.75%	February 20, 2018
Deposit Substitutes	5	-	5	3.75%	February 20, 2018
Deposit Substitutes	8	-	8	3.75%	February 22, 2018
Deposit Substitutes	7	-	7	3.75%	February 22, 2018
Deposit Substitutes	2	-	2	3.75%	February 22, 2018
Deposit Substitutes	1	-	1	3.75%	February 22, 2018
Deposit Substitutes	2	-	2	3.75%	February 22, 2018
Deposit Substitutes	1	-	1	3.75%	February 22, 2018
Deposit Substitutes	1	-	1	3.75%	February 22, 2018
Deposit Substitutes	3	-	3	3.75%	February 26, 2018
Deposit Substitutes	3	-	3	3.75%	February 26, 2018
Deposit Substitutes	1	-	1	3.75%	February 26, 2018
Deposit Substitutes	6	-	6	3.75%	February 26, 2018
Deposit Substitutes	5	-	5	3.75%	February 26, 2018
Deposit Substitutes	1	-	1	3.75%	February 26, 2018
Deposit Substitutes	10	-	10	3.75%	February 26, 2018
Deposit Substitutes	2	-	2	3.75%	February 26, 2018
Deposit Substitutes	3	-	3	3.75%	February 26, 2018
Deposit Substitutes	2	-	2	3.75%	February 26, 2018
Deposit Substitutes	3	-	3	3.75%	February 26, 2018
Deposit Substitutes	6	-	6	3.75%	March 1, 2018
Deposit Substitutes	1	-	1	3.75%	March 1, 2018
Deposit Substitutes	2	-	2	3.75%	March 1, 2018
Deposit Substitutes	2	-	2	3.75%	March 1, 2018
Deposit Substitutes	5	-	5	3.75%	March 5, 2018
Deposit Substitutes	3	-	3	3.75%	March 5, 2018
Deposit Substitutes	2	-	2	3.75%	March 5, 2018
Deposit Substitutes	2	-	2	3.75%	March 5, 2018
Deposit Substitutes	2	-	2	3.75%	March 5, 2018
Deposit Substitutes	2	-	2	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 5, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	1	-	1	3.75%	March 5, 2018
Deposit Substitutes	2	-	2	3.75%	March 5, 2018
Deposit Substitutes	2	-	2	3.75%	March 5, 2018
Deposit Substitutes	2	-	2	3.75%	March 5, 2018
Deposit Substitutes	9	-	9	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 5, 2018
Deposit Substitutes	6	-	6	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 5, 2018
Deposit Substitutes	5	-	5	3.75%	March 5, 2018
Deposit Substitutes	5	-	5	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 5, 2018
Deposit Substitutes	2	-	2	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 5, 2018
Deposit Substitutes	30	-	30	3.75%	March 5, 2018
Deposit Substitutes	3	-	3	3.75%	March 5, 2018
Deposit Substitutes	1	-	1	3.75%	March 6, 2018
Deposit Substitutes	6	-	6	3.75%	March 8, 2018
Deposit Substitutes	5	-	5	3.75%	March 8, 2018
Deposit Substitutes	3	-	3	3.75%	March 12, 2018
Deposit Substitutes	2	-	2	3.75%	March 12, 2018
Deposit Substitutes	2	-	2	3.75%	March 12, 2018
Deposit Substitutes	8	-	8	3.75%	March 12, 2018
Deposit Substitutes	8	-	8	3.75%	March 12, 2018
Deposit Substitutes	5	-	5	3.75%	March 12, 2018
Deposit Substitutes	2	-	2	3.75%	March 12, 2018
Deposit Substitutes	1	-	1	3.75%	March 12, 2018
Deposit Substitutes	10	-	10	3.75%	March 12, 2018
Deposit Substitutes	1	-	1	3.75%	March 12, 2018
Deposit Substitutes	12	-	12	3.75%	March 13, 2018
Deposit Substitutes	2	-	2	3.75%	March 13, 2018
Deposit Substitutes	5	-	5	3.75%	March 13, 2018
Deposit Substitutes	2	-	2	3.75%	March 13, 2018
Deposit Substitutes	2	-	2	3.75%	March 13, 2018
Deposit Substitutes	5	-	5	3.75%	March 13, 2018
Deposit Substitutes	2	-	2	3.75%	March 13, 2018
Deposit Substitutes	2	-	2	3.75%	March 13, 2018
Deposit Substitutes	3	-	3	3.75%	March 13, 2018
Deposit Substitutes	4	-	4	3.75%	March 13, 2018
Deposit Substitutes	2	-	2	3.75%	March 15, 2018
Deposit Substitutes	2	-	2	3.75%	March 19, 2018
Deposit Substitutes	3	-	3	3.75%	March 19, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	2	-	2	3.75%	March 19, 2018
Deposit Substitutes	1	-	1	3.75%	March 19, 2018
Deposit Substitutes	2	-	2	3.75%	March 19, 2018
Deposit Substitutes	7	-	7	3.75%	March 19, 2018
Deposit Substitutes	1	-	1	3.75%	March 19, 2018
Deposit Substitutes	2	-	2	3.75%	March 19, 2018
Deposit Substitutes	14	-	14	3.75%	March 19, 2018
Deposit Substitutes	1	-	1	3.75%	March 19, 2018
Deposit Substitutes	1	-	1	3.75%	March 19, 2018
Deposit Substitutes	22	-	22	3.75%	March 19, 2018
Deposit Substitutes	1	-	1	3.75%	March 19, 2018
Deposit Substitutes	5	-	5	3.75%	March 19, 2018
Deposit Substitutes	4	-	4	3.75%	March 19, 2018
Deposit Substitutes	5	-	5	3.75%	March 19, 2018
Deposit Substitutes	2	-	2	3.75%	March 19, 2018
Deposit Substitutes	10	-	10	3.75%	March 19, 2018
Deposit Substitutes	1	-	1	3.75%	March 19, 2018
Deposit Substitutes	7	-	7	3.75%	March 19, 2018
Deposit Substitutes	2	-	2	3.75%	March 19, 2018
Deposit Substitutes	3	-	3	3.75%	March 19, 2018
Deposit Substitutes	9	-	9	3.75%	March 19, 2018
Deposit Substitutes	6	-	6	3.75%	March 23, 2018
Deposit Substitutes	1	-	1	3.75%	March 23, 2018
Deposit Substitutes	4	-	4	3.75%	March 23, 2018
Deposit Substitutes	5	-	5	3.75%	March 23, 2018
Deposit Substitutes	2	-	2	3.75%	March 23, 2018
Deposit Substitutes	3	-	3	3.75%	March 23, 2018
Deposit Substitutes	5	-	5	3.75%	March 23, 2018
Deposit Substitutes	3	-	3	3.75%	March 23, 2018
Deposit Substitutes	5	-	5	3.75%	March 23, 2018
Deposit Substitutes	1	-	1	3.75%	March 26, 2018
Deposit Substitutes	3	-	3	3.75%	March 26, 2018
Deposit Substitutes	2	-	2	3.75%	March 26, 2018
Deposit Substitutes	12	-	12	3.75%	March 26, 2018
Deposit Substitutes	2	-	2	3.75%	March 26, 2018
Deposit Substitutes	3	-	3	3.75%	March 26, 2018
Deposit Substitutes	1	-	1	3.75%	March 26, 2018
Deposit Substitutes	1	-	1	3.75%	March 27, 2018
Deposit Substitutes	4	-	4	3.75%	March 27, 2018
Deposit Substitutes	1	-	1	3.75%	March 27, 2018
Deposit Substitutes	81	-	81	3.75%	March 27, 2018
Deposit Substitutes	1	-	1	3.75%	March 28, 2018
Deposit Substitutes	3	-	3	3.75%	March 28, 2018
Deposit Substitutes	5	-	5	3.75%	March 28, 2018
Deposit Substitutes	2	-	2	3.75%	March 28, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

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Deposit Substitutes	60	-	60	3.75%	March 28, 2018
Deposit Substitutes	5	-	5	3.75%	March 29, 2018
Deposit Substitutes	6	-	6	3.75%	March 29, 2018
Deposit Substitutes	2	-	2	3.75%	March 29, 2018
Deposit Substitutes	5	-	5	3.75%	March 29, 2018
Deposit Substitutes	1	-	1	3.75%	March 29, 2018
Deposit Substitutes	1	-	1	3.75%	March 29, 2018
Deposit Substitutes	5	-	5	3.75%	March 29, 2018
Deposit Substitutes	1	-	1	3.75%	March 29, 2018
Deposit Substitutes	1	-	1	3.75%	March 29, 2018
Deposit Substitutes	1	-	1	3.75%	March 29, 2018
Deposit Substitutes	5	-	5	3.75%	March 29, 2018
Deposit Substitutes	2	-	2	3.75%	April 2, 2018
Deposit Substitutes	3	-	3	3.75%	April 2, 2018
Deposit Substitutes	4	-	4	3.75%	April 2, 2018
Deposit Substitutes	5	-	5	3.75%	April 2, 2018
Deposit Substitutes	7	-	7	3.75%	April 2, 2018
Deposit Substitutes	1	-	1	3.75%	April 2, 2018
Deposit Substitutes	2	-	2	3.75%	April 2, 2018
Deposit Substitutes	7	-	7	3.75%	April 2, 2018
Deposit Substitutes	1	-	1	3.75%	April 2, 2018
Deposit Substitutes	1	-	1	3.75%	April 2, 2018
Deposit Substitutes	1	-	1	3.75%	April 2, 2018
Deposit Substitutes	3	-	3	3.75%	April 2, 2018
Deposit Substitutes	1	-	1	3.75%	April 10, 2018
Deposit Substitutes	1	-	1	3.75%	April 10, 2018
Deposit Substitutes	5	-	5	3.75%	April 10, 2018
Deposit Substitutes	3	-	3	3.75%	April 10, 2018
Deposit Substitutes	1	-	1	3.75%	April 10, 2018
Deposit Substitutes	1	-	1	3.75%	April 10, 2018
Deposit Substitutes	1	-	1	3.75%	April 10, 2018
Deposit Substitutes	1	-	1	3.75%	April 10, 2018
Deposit Substitutes	1	-	1	3.75%	April 10, 2018
Deposit Substitutes	5	-	5	3.75%	April 10, 2018
Deposit Substitutes	4	-	4	3.75%	April 10, 2018
Deposit Substitutes	5	-	5	3.75%	April 12, 2018
Deposit Substitutes	1	-	1	3.75%	April 12, 2018
Deposit Substitutes	3	-	3	3.75%	April 12, 2018
Deposit Substitutes	2	-	2	3.75%	April 12, 2018
Deposit Substitutes	1	-	1	3.75%	April 16, 2018
Deposit Substitutes	1	-	1	3.75%	April 16, 2018
Deposit Substitutes	2	-	2	3.75%	April 16, 2018
Deposit Substitutes	1	-	1	3.75%	April 16, 2018
Deposit Substitutes	10	-	10	3.75%	April 16, 2018
Deposit Substitutes	5	-	5	3.75%	April 16, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	4	-	4	3.75%	April 16, 2018
Deposit Substitutes	4	-	4	3.75%	April 16, 2018
Deposit Substitutes	4	-	4	3.75%	April 16, 2018
Deposit Substitutes	2	-	2	3.75%	April 16, 2018
Deposit Substitutes	2	-	2	3.75%	April 16, 2018
Deposit Substitutes	4	-	4	3.75%	April 16, 2018
Deposit Substitutes	1	-	1	3.75%	April 19, 2018
Deposit Substitutes	2	-	2	3.75%	April 19, 2018
Deposit Substitutes	5	-	5	3.75%	April 19, 2018
Deposit Substitutes	2	-	2	3.75%	April 23, 2018
Deposit Substitutes	1	-	1	3.75%	April 23, 2018
Deposit Substitutes	2	-	2	3.75%	April 23, 2018
Deposit Substitutes	1	-	1	3.75%	April 23, 2018
Deposit Substitutes	2	-	2	3.75%	April 23, 2018
Deposit Substitutes	10	-	10	3.75%	April 23, 2018
Deposit Substitutes	2	-	2	3.75%	April 23, 2018
Deposit Substitutes	10	-	10	3.75%	April 23, 2018
Deposit Substitutes	1	-	1	3.75%	April 23, 2018
Deposit Substitutes	11	-	11	3.75%	April 23, 2018
Deposit Substitutes	2	-	2	3.75%	April 23, 2018
Deposit Substitutes	2	-	2	3.75%	April 23, 2018
Deposit Substitutes	10	-	10	3.75%	April 23, 2018
Deposit Substitutes	1	-	1	3.75%	April 23, 2018
Deposit Substitutes	1	-	1	3.75%	April 23, 2018
Deposit Substitutes	11	-	11	3.75%	April 23, 2018
Deposit Substitutes	4	-	4	3.75%	April 23, 2018
Deposit Substitutes	1	-	1	3.75%	April 23, 2018
Deposit Substitutes	1	-	1	3.75%	April 24, 2018
Deposit Substitutes	2	-	2	3.75%	April 26, 2018
Deposit Substitutes	1	-	1	3.75%	April 26, 2018
Deposit Substitutes	1	-	1	3.75%	April 26, 2018
Deposit Substitutes	1	-	1	3.75%	April 26, 2018
Deposit Substitutes	2	-	2	3.75%	April 30, 2018
Deposit Substitutes	2	-	2	3.75%	April 30, 2018
Deposit Substitutes	1	-	1	3.75%	April 30, 2018
Deposit Substitutes	1	-	1	3.75%	April 30, 2018
Deposit Substitutes	5	-	5	3.75%	May 2, 2018
Deposit Substitutes	1	-	1	3.75%	May 2, 2018
Deposit Substitutes	3	-	3	3.75%	May 2, 2018
Deposit Substitutes	1	-	1	3.75%	May 2, 2018
Deposit Substitutes	5	-	5	3.75%	May 2, 2018
Deposit Substitutes	4	-	4	3.75%	May 3, 2018
Deposit Substitutes	3	-	3	3.75%	May 3, 2018
Deposit Substitutes	1	-	1	3.75%	May 3, 2018
Deposit Substitutes	4	-	4	3.75%	May 7, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	1	-	1	3.75%	May 7, 2018
Deposit Substitutes	2	-	2	3.75%	May 7, 2018
Deposit Substitutes	8	-	8	3.75%	May 7, 2018
Deposit Substitutes	5	-	5	3.75%	May 7, 2018
Deposit Substitutes	3	-	3	3.75%	May 7, 2018
Deposit Substitutes	2	-	2	3.75%	May 7, 2018
Deposit Substitutes	2	-	2	3.75%	May 7, 2018
Deposit Substitutes	3	-	3	3.75%	May 7, 2018
Deposit Substitutes	1	-	1	3.75%	May 7, 2018
Deposit Substitutes	4	-	4	3.75%	May 7, 2018
Deposit Substitutes	20	-	20	3.75%	May 10, 2018
Deposit Substitutes	2	-	2	3.75%	May 10, 2018
Deposit Substitutes	3	-	3	3.75%	May 10, 2018
Deposit Substitutes	1	-	1	3.75%	May 10, 2018
Deposit Substitutes	5	-	5	3.75%	May 10, 2018
Deposit Substitutes	1	-	1	3.75%	May 10, 2018
Deposit Substitutes	3	-	3	3.75%	May 14, 2018
Deposit Substitutes	1	-	1	3.75%	May 14, 2018
Deposit Substitutes	10	-	10	3.75%	May 14, 2018
Deposit Substitutes	10	-	10	3.75%	May 14, 2018
Deposit Substitutes	1	-	1	3.75%	May 14, 2018
Deposit Substitutes	3	-	3	3.75%	May 14, 2018
Deposit Substitutes	3	-	3	3.75%	May 14, 2018
Deposit Substitutes	1	-	1	3.75%	May 14, 2018
Deposit Substitutes	10	-	10	3.75%	May 14, 2018
Deposit Substitutes	2	-	2	3.75%	May 14, 2018
Deposit Substitutes	6	-	6	3.75%	May 14, 2018
Deposit Substitutes	3	-	3	3.75%	May 14, 2018
Deposit Substitutes	5	-	5	3.75%	May 14, 2018
Deposit Substitutes	1	-	1	3.75%	May 14, 2018
Deposit Substitutes	1	-	1	3.75%	May 17, 2018
Deposit Substitutes	60	-	60	3.75%	May 17, 2018
Deposit Substitutes	22	-	22	3.75%	May 21, 2018
Deposit Substitutes	4	-	4	3.75%	May 21, 2018
Deposit Substitutes	2	-	2	3.75%	May 21, 2018
Deposit Substitutes	1	-	1	3.75%	May 21, 2018
Deposit Substitutes	3	-	3	3.75%	May 21, 2018
Deposit Substitutes	3	-	3	3.75%	May 21, 2018
Deposit Substitutes	2	-	2	3.75%	May 21, 2018
Deposit Substitutes	1	-	1	3.75%	May 21, 2018
Deposit Substitutes	1	-	1	3.75%	May 21, 2018
Deposit Substitutes	1	-	1	3.75%	May 21, 2018
Deposit Substitutes	1	-	1	3.75%	May 24, 2018
Deposit Substitutes	3	-	3	3.75%	May 24, 2018
Deposit Substitutes	2	-	2	3.75%	May 24, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	2	-	2	3.75%	May 24, 2018
Deposit Substitutes	5	-	5	3.75%	May 24, 2018
Deposit Substitutes	3	-	3	3.75%	May 24, 2018
Deposit Substitutes	1	-	1	3.75%	May 24, 2018
Deposit Substitutes	5	-	5	3.75%	May 24, 2018
Deposit Substitutes	1	-	1	3.75%	May 24, 2018
Deposit Substitutes	2	-	2	3.75%	May 24, 2018
Deposit Substitutes	2	-	2	3.75%	May 24, 2018
Deposit Substitutes	3	-	3	3.75%	May 28, 2018
Deposit Substitutes	3	-	3	3.75%	May 28, 2018
Deposit Substitutes	3	-	3	3.75%	May 28, 2018
Deposit Substitutes	1	-	1	3.75%	May 28, 2018
Deposit Substitutes	10	-	10	3.75%	May 28, 2018
Deposit Substitutes	2	-	2	3.75%	May 28, 2018
Deposit Substitutes	3	-	3	3.75%	May 28, 2018
Deposit Substitutes	2	-	2	3.75%	May 28, 2018
Deposit Substitutes	1	-	1	3.75%	May 28, 2018
Deposit Substitutes	1	-	1	3.75%	May 28, 2018
Deposit Substitutes	2	-	2	3.75%	May 28, 2018
Deposit Substitutes	3	-	3	3.75%	May 28, 2018
Deposit Substitutes	1	-	1	3.75%	May 28, 2018
Deposit Substitutes	3	-	3	3.75%	May 28, 2018
Deposit Substitutes	8	-	8	3.75%	May 28, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	50	-	50	3.75%	May 31, 2018
Deposit Substitutes	2	-	2	3.75%	May 31, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	2	-	2	3.75%	May 31, 2018
Deposit Substitutes	1	-	1	3.75%	May 31, 2018
Deposit Substitutes	2	-	2	3.75%	June 1, 2018
Deposit Substitutes	1	-	1	3.75%	June 4, 2018
Deposit Substitutes	1	-	1	3.75%	June 4, 2018
Deposit Substitutes	2	-	2	3.75%	June 4, 2018
Deposit Substitutes	5	-	5	3.75%	June 4, 2018
Deposit Substitutes	1	-	1	3.75%	June 4, 2018
Deposit Substitutes	1	-	1	3.75%	June 4, 2018
Deposit Substitutes	2	-	2	3.75%	June 4, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	5	-	5	3.75%	June 4, 2018
Deposit Substitutes	1	-	1	3.75%	June 4, 2018
Deposit Substitutes	5	-	5	3.75%	June 4, 2018
Deposit Substitutes	2	-	2	3.75%	June 4, 2018
Deposit Substitutes	2	-	2	3.75%	June 4, 2018
Deposit Substitutes	1	-	1	3.75%	June 4, 2018
Deposit Substitutes	2	-	2	3.75%	June 4, 2018
Deposit Substitutes	1	-	1	3.75%	June 4, 2018
Deposit Substitutes	2	-	2	3.75%	June 8, 2018
Deposit Substitutes	2	-	2	3.75%	June 8, 2018
Deposit Substitutes	5	-	5	3.75%	June 8, 2018
Deposit Substitutes	10	-	10	3.75%	June 11, 2018
Deposit Substitutes	1	-	1	3.75%	June 11, 2018
Deposit Substitutes	1	-	1	3.75%	June 11, 2018
Deposit Substitutes	3	-	3	3.75%	June 11, 2018
Deposit Substitutes	1	-	1	3.75%	June 13, 2018
Deposit Substitutes	1	-	1	3.75%	June 13, 2018
Deposit Substitutes	2	-	2	3.75%	June 13, 2018
Deposit Substitutes	2	-	2	3.75%	June 18, 2018
Deposit Substitutes	2	-	2	3.75%	June 18, 2018
Deposit Substitutes	4	-	4	3.75%	June 18, 2018
Deposit Substitutes	1	-	1	3.75%	June 18, 2018
Deposit Substitutes	1	-	1	3.75%	June 18, 2018
Deposit Substitutes	2	-	2	3.75%	June 18, 2018
Deposit Substitutes	1	-	1	3.75%	June 18, 2018
Deposit Substitutes	16	-	16	3.75%	June 18, 2018
Deposit Substitutes	1	-	1	3.75%	June 18, 2018
Deposit Substitutes	1	-	1	3.75%	June 18, 2018
Deposit Substitutes	4	-	4	3.75%	June 18, 2018
Deposit Substitutes	1	-	1	3.75%	June 18, 2018
Deposit Substitutes	2	-	2	3.75%	June 18, 2018
Deposit Substitutes	10	-	10	3.75%	June 18, 2018
Deposit Substitutes	1	-	1	3.75%	June 18, 2018
Deposit Substitutes	3	-	3	3.75%	June 18, 2018
Deposit Substitutes	5	-	5	3.75%	June 18, 2018
Deposit Substitutes	1	-	1	3.75%	June 18, 2018
Deposit Substitutes	1	-	1	3.75%	June 18, 2018
Deposit Substitutes	2	-	2	3.75%	June 18, 2018
Deposit Substitutes	3	-	3	3.75%	June 18, 2018
Deposit Substitutes	4	-	4	3.75%	June 18, 2018
Deposit Substitutes	1	-	1	3.75%	June 18, 2018
Deposit Substitutes	2	-	2	3.75%	June 20, 2018
Deposit Substitutes	10	-	10	3.75%	June 21, 2018
Deposit Substitutes	2	-	2	3.75%	June 21, 2018
Deposit Substitutes	6	-	6	3.75%	June 21, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	6	-	6	3.75%	June 21, 2018
Deposit Substitutes	50	-	50	3.75%	June 21, 2018
Deposit Substitutes	4	-	4	3.75%	June 21, 2018
Deposit Substitutes	5	-	5	3.75%	June 21, 2018
Deposit Substitutes	1	-	1	3.75%	June 25, 2018
Deposit Substitutes	10	-	10	3.75%	June 25, 2018
Deposit Substitutes	1	-	1	3.75%	June 25, 2018
Deposit Substitutes	10	-	10	3.75%	June 25, 2018
Deposit Substitutes	10	-	10	3.75%	June 25, 2018
Deposit Substitutes	10	-	10	3.75%	June 25, 2018
Deposit Substitutes	1	-	1	3.75%	June 25, 2018
Deposit Substitutes	3	-	3	3.75%	June 25, 2018
Deposit Substitutes	1	-	1	3.75%	June 25, 2018
Deposit Substitutes	1	-	1	3.75%	June 25, 2018
Deposit Substitutes	1	-	1	3.75%	June 25, 2018
Deposit Substitutes	12	-	12	3.75%	June 25, 2018
Deposit Substitutes	1	-	1	3.75%	June 25, 2018
Deposit Substitutes	1	-	1	3.75%	June 25, 2018
Deposit Substitutes	1	-	1	3.75%	June 25, 2018
Deposit Substitutes	1	-	1	3.75%	June 25, 2018
Deposit Substitutes	4	-	4	3.75%	June 25, 2018
Deposit Substitutes	3	-	3	3.75%	June 28, 2018
Deposit Substitutes	10	-	10	3.75%	June 28, 2018
Deposit Substitutes	3	-	3	3.75%	June 28, 2018
Deposit Substitutes	2	-	2	3.75%	June 28, 2018
Deposit Substitutes	1	-	1	3.75%	June 28, 2018
Deposit Substitutes	3	-	3	3.75%	June 28, 2018
Deposit Substitutes	2	-	2	3.75%	June 28, 2018
Deposit Substitutes	3	-	3	3.75%	June 28, 2018
Deposit Substitutes	10	-	10	3.75%	July 2, 2018
Deposit Substitutes	3	-	3	3.75%	July 2, 2018
Deposit Substitutes	2	-	2	3.75%	July 2, 2018
Deposit Substitutes	1	-	1	3.75%	July 2, 2018
Deposit Substitutes	10	-	10	3.75%	July 2, 2018
Deposit Substitutes	10	-	10	3.75%	July 2, 2018
Deposit Substitutes	5	-	5	3.75%	July 2, 2018
Deposit Substitutes	5	-	5	3.75%	July 9, 2018
Deposit Substitutes	2	-	2	3.75%	July 12, 2018
Deposit Substitutes	11	-	11	3.75%	July 12, 2018
Deposit Substitutes	2	-	2	3.75%	July 12, 2018
Deposit Substitutes	5	-	5	3.75%	July 12, 2018
Deposit Substitutes	1	-	1	3.75%	July 12, 2018
Deposit Substitutes	2	-	2	3.75%	July 12, 2018
Deposit Substitutes	5	-	5	3.75%	July 12, 2018
Deposit Substitutes	10	-	10	3.75%	July 12, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	1	-	1	3.75%	July 23, 2018
Deposit Substitutes	1	-	1	3.75%	July 26, 2018
Deposit Substitutes	1	-	1	3.75%	July 26, 2018
Deposit Substitutes	3	-	3	3.75%	July 26, 2018
Deposit Substitutes	3	-	3	3.75%	July 26, 2018
Deposit Substitutes	3	-	3	3.75%	July 26, 2018
Deposit Substitutes	2	-	2	3.75%	July 26, 2018
Deposit Substitutes	1	-	1	3.75%	July 26, 2018
Deposit Substitutes	1	-	1	3.75%	July 26, 2018
Deposit Substitutes	10	-	10	3.75%	July 26, 2018
Deposit Substitutes	5	-	5	3.75%	July 30, 2018
Deposit Substitutes	3	-	3	3.75%	July 30, 2018
Deposit Substitutes	3	-	3	3.75%	July 30, 2018
Deposit Substitutes	1	-	1	3.75%	July 30, 2018
Deposit Substitutes	1	-	1	3.75%	July 30, 2018
Deposit Substitutes	1	-	1	3.75%	July 30, 2018
Deposit Substitutes	1	-	1	3.75%	July 30, 2018
Deposit Substitutes	4	-	4	3.75%	August 2, 2018
Deposit Substitutes	2	-	2	3.75%	August 2, 2018
Deposit Substitutes	4	-	4	3.75%	August 6, 2018
Deposit Substitutes	10	-	10	3.75%	August 6, 2018
Deposit Substitutes	3	-	3	3.75%	August 6, 2018
Deposit Substitutes	2	-	2	3.75%	August 6, 2018
Deposit Substitutes	3	-	3	3.75%	August 6, 2018
Deposit Substitutes	1	-	1	3.75%	August 13, 2018
Deposit Substitutes	2	-	2	3.75%	August 13, 2018
Deposit Substitutes	1	-	1	3.75%	August 13, 2018
Deposit Substitutes	2	-	2	3.75%	August 13, 2018
Deposit Substitutes	2	-	2	3.85%	August 13, 2018
Deposit Substitutes	1	-	1	3.75%	August 14, 2018
Deposit Substitutes	5	-	5	3.75%	August 14, 2018
Deposit Substitutes	5	-	5	3.75%	August 14, 2018
Deposit Substitutes	2	-	2	3.75%	August 14, 2018
Deposit Substitutes	1	-	1	3.75%	August 14, 2018
Deposit Substitutes	1	-	1	3.75%	August 14, 2018
Deposit Substitutes	5	-	5	3.75%	August 14, 2018
Deposit Substitutes	5	-	5	3.73%	August 20, 2018
Deposit Substitutes	5	-	5	3.73%	August 20, 2018
Deposit Substitutes	1	-	1	3.73%	August 20, 2018
Deposit Substitutes	3	-	3	3.73%	August 22, 2018
Deposit Substitutes	2	-	2	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	3	-	3	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	1	-	1	3.75%	August 27, 2018
Deposit Substitutes	2	-	2	3.75%	August 28, 2018
Deposit Substitutes	1	-	1	3.75%	August 28, 2018
Deposit Substitutes	1	-	1	3.75%	August 28, 2018
Deposit Substitutes	1	-	1	3.75%	August 28, 2018
Deposit Substitutes	1	-	1	3.75%	August 28, 2018
Deposit Substitutes	2	-	2	3.75%	August 28, 2018
Deposit Substitutes	1	-	1	3.75%	August 28, 2018
Deposit Substitutes	2	-	2	3.75%	August 28, 2018
Deposit Substitutes	2	-	2	3.25%	September 3, 2018
Deposit Substitutes	3	-	3	3.75%	September 3, 2018
Deposit Substitutes	5	-	5	3.75%	September 3, 2018
Deposit Substitutes	2	-	2	3.75%	September 3, 2018
Deposit Substitutes	2	-	2	3.75%	September 3, 2018
Deposit Substitutes	9	-	9	3.75%	September 3, 2018
Deposit Substitutes	1	-	1	3.75%	September 3, 2018
Deposit Substitutes	1	-	1	3.75%	September 3, 2018
Deposit Substitutes	1	-	1	3.75%	September 3, 2018
Deposit Substitutes	6	-	6	3.75%	September 6, 2018
Deposit Substitutes	1	-	1	3.75%	September 6, 2018
Deposit Substitutes	1	-	1	3.75%	September 10, 2018
Deposit Substitutes	1	-	1	3.75%	September 10, 2018
Deposit Substitutes	1	-	1	3.75%	September 10, 2018
Deposit Substitutes	1	-	1	3.75%	September 10, 2018
Deposit Substitutes	1	-	1	3.75%	September 10, 2018
Deposit Substitutes	1	-	1	3.75%	September 10, 2018
Deposit Substitutes	5	-	5	3.75%	September 10, 2018
Deposit Substitutes	1	-	1	3.75%	September 12, 2018
Deposit Substitutes	1	-	1	3.75%	September 17, 2018
Deposit Substitutes	1	-	1	3.75%	September 17, 2018
Deposit Substitutes	2	-	2	3.75%	September 17, 2018
Deposit Substitutes	5	-	5	3.75%	September 17, 2018
Deposit Substitutes	1	-	1	3.75%	September 17, 2018
Deposit Substitutes	3	-	3	3.75%	September 17, 2018
Deposit Substitutes	1	-	1	3.75%	September 17, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	1	-	1	3.75%	September 20, 2018
Deposit Substitutes	5	-	5	3.75%	September 20, 2018
Deposit Substitutes	1	-	1	3.75%	September 20, 2018
Deposit Substitutes	3	-	3	3.38%	September 24, 2018
Deposit Substitutes	1	-	1	3.75%	September 24, 2018
Deposit Substitutes	3	-	3	3.75%	September 24, 2018
Deposit Substitutes	1	-	1	3.75%	September 24, 2018
Deposit Substitutes	2	-	2	3.75%	September 24, 2018
Deposit Substitutes	1	-	1	3.75%	September 24, 2018
Deposit Substitutes	5	-	5	3.75%	September 24, 2018
Deposit Substitutes	5	-	5	3.75%	September 24, 2018
Deposit Substitutes	1	-	1	3.75%	September 24, 2018
Deposit Substitutes	1	-	1	3.75%	September 24, 2018
Deposit Substitutes	1	-	1	3.75%	October 1, 2018
Deposit Substitutes	2	-	2	3.75%	October 1, 2018
Deposit Substitutes	2	-	2	3.75%	October 1, 2018
Deposit Substitutes	2	-	2	3.75%	October 1, 2018
Deposit Substitutes	1	-	1	3.75%	October 1, 2018
Deposit Substitutes	3	-	3	3.75%	October 1, 2018
Deposit Substitutes	5	-	5	3.75%	October 1, 2018
Deposit Substitutes	5	-	5	3.75%	October 1, 2018
Deposit Substitutes	3	-	3	3.75%	October 1, 2018
Deposit Substitutes	3	-	3	3.75%	October 1, 2018
Deposit Substitutes	2	-	2	3.75%	October 1, 2018
Deposit Substitutes	10	-	10	3.75%	October 1, 2018
Deposit Substitutes	2	-	2	3.75%	October 1, 2018
Deposit Substitutes	20	-	20	3.75%	October 2, 2018
Deposit Substitutes	5	-	5	3.75%	October 4, 2018
Deposit Substitutes	2	-	2	3.75%	October 4, 2018
Deposit Substitutes	1	-	1	3.38%	October 8, 2018
Deposit Substitutes	4	-	4	3.75%	October 8, 2018
Deposit Substitutes	1	-	1	3.75%	October 10, 2018
Deposit Substitutes	2	-	2	3.75%	October 22, 2018
Deposit Substitutes	4	-	4	3.75%	October 22, 2018
Deposit Substitutes	5	-	5	3.75%	October 22, 2018
Deposit Substitutes	1	-	1	3.75%	October 23, 2018
Deposit Substitutes	1	-	1	3.75%	October 23, 2018
Deposit Substitutes	1	-	1	3.75%	October 23, 2018
Deposit Substitutes	5	-	5	3.75%	October 23, 2018
Deposit Substitutes	1	-	1	3.75%	October 23, 2018
Deposit Substitutes	1	-	1	3.75%	October 23, 2018
Deposit Substitutes	1	-	1	3.75%	October 23, 2018
Deposit Substitutes	2	-	2	3.75%	October 23, 2018
Deposit Substitutes	1	-	1	3.75%	October 23, 2018
Deposit Substitutes	2	-	2	3.75%	October 24, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	3	-	3	3.75%	October 29, 2018
Deposit Substitutes	3	-	3	3.38%	November 5, 2018
Deposit Substitutes	5	-	5	3.75%	November 5, 2018
Deposit Substitutes	5	-	5	3.75%	November 5, 2018
Deposit Substitutes	2	-	2	3.75%	November 5, 2018
Deposit Substitutes	4	-	4	3.75%	November 5, 2018
Deposit Substitutes	1	-	1	3.75%	November 5, 2018
Deposit Substitutes	5	-	5	3.75%	November 5, 2018
Deposit Substitutes	5	-	5	3.75%	November 5, 2018
Deposit Substitutes	7	-	7	3.75%	November 5, 2018
Deposit Substitutes	1	-	1	3.75%	November 5, 2018
Deposit Substitutes	4	-	4	3.75%	November 5, 2018
Deposit Substitutes	2	-	2	3.75%	November 5, 2018
Deposit Substitutes	1	-	1	3.75%	November 5, 2018
Deposit Substitutes	4	-	4	3.75%	November 5, 2018
Deposit Substitutes	1	-	1	3.75%	November 5, 2018
Deposit Substitutes	1	-	1	3.75%	November 6, 2018
Deposit Substitutes	2	-	2	3.75%	November 8, 2018
Deposit Substitutes	5	-	5	3.75%	November 12, 2018
Deposit Substitutes	2	-	2	3.75%	November 12, 2018
Deposit Substitutes	2	-	2	3.75%	November 12, 2018
Deposit Substitutes	5	-	5	3.75%	November 12, 2018
Deposit Substitutes	2	-	2	3.75%	November 12, 2018
Deposit Substitutes	3	-	3	3.75%	November 12, 2018
Deposit Substitutes	5	-	5	3.75%	November 12, 2018
Deposit Substitutes	2	-	2	3.75%	November 12, 2018
Deposit Substitutes	6	-	6	3.75%	November 12, 2018
Deposit Substitutes	1	-	1	3.75%	November 12, 2018
Deposit Substitutes	4	-	4	3.75%	November 26, 2018
Deposit Substitutes	2	-	2	3.75%	November 26, 2018
Deposit Substitutes	2	-	2	3.75%	November 26, 2018
Deposit Substitutes	1	-	1	3.75%	November 26, 2018
Deposit Substitutes	4	-	4	3.75%	November 26, 2018
Deposit Substitutes	1	-	1	3.75%	November 26, 2018
Deposit Substitutes	3	-	3	3.75%	November 26, 2018
Deposit Substitutes	4	-	4	3.75%	November 26, 2018
Deposit Substitutes	2	-	2	3.75%	November 26, 2018
Deposit Substitutes	5	-	5	3.75%	November 26, 2018
Deposit Substitutes	1	-	1	3.75%	November 26, 2018
Deposit Substitutes	1	-	1	3.75%	November 26, 2018
Deposit Substitutes	5	-	5	3.75%	November 26, 2018
Deposit Substitutes	2	-	2	3.75%	November 29, 2018
Deposit Substitutes	1	-	1	3.75%	November 29, 2018
Deposit Substitutes	1	-	1	3.75%	November 29, 2018
Deposit Substitutes	35	-	35	3.75%	November 29, 2018

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	3	-	3	3.75%	November 29, 2018
Deposit Substitutes	2	-	2	3.75%	November 29, 2018
Deposit Substitutes	1	-	1	3.75%	November 29, 2018
Deposit Substitutes	15	-	15	3.85%	November 29, 2018
Deposit Substitutes	16	-	16	3.75%	November 29, 2018
Deposit Substitutes	3	-	3	3.75%	November 29, 2018
Deposit Substitutes	10	-	10	3.75%	November 29, 2018
Deposit Substitutes	2	-	2	3.75%	December 4, 2018
Deposit Substitutes	1	-	1	3.75%	December 4, 2018
Deposit Substitutes	1	-	1	3.75%	December 4, 2018
Deposit Substitutes	1	-	1	3.75%	December 4, 2018
Deposit Substitutes	1	-	1	3.50%	December 10, 2018
Deposit Substitutes	0	-	0	3.50%	December 10, 2018
Deposit Substitutes	1	-	1	3.75%	December 10, 2018
Deposit Substitutes	1	-	1	3.75%	January 7, 2019
Deposit Substitutes	1	-	1	3.75%	January 7, 2019
Deposit Substitutes	1	-	1	3.75%	January 7, 2019
Deposit Substitutes	1	-	1	3.75%	January 8, 2019
Deposit Substitutes	2	-	2	3.75%	January 10, 2019
Deposit Substitutes	100	-	100	3.80%	March 25, 2019
Deposit Substitutes	100	-	100	3.80%	March 25, 2019
Deposit Substitutes	1	-	1	3.63%	March 25, 2019
Deposit Substitutes	1	-	1	3.50%	June 6, 2019
Deposit Substitutes	1	-	1	3.63%	June 25, 2019
Deposit Substitutes	1	-	1	3.75%	August 12, 2019
Deposit Substitutes	2	-	2	3.75%	August 13, 2019
Deposit Substitutes	1	-	1	3.75%	December 2, 2019
Deposit Substitutes	1	-	1	3.75%	December 9, 2019
Deposit Substitutes	6	-	6	3.88%	January 6, 2020
Deposit Substitutes	1	-	1	3.88%	January 7, 2020
Deposit Substitutes	25	-	25	3.88%	February 10, 2020
Deposit Substitutes	1	-	1	3.88%	March 5, 2020
Deposit Substitutes	2	-	2	3.88%	March 16, 2020
Deposit Substitutes	1	-	1	3.88%	March 24, 2020
Deposit Substitutes	8	-	8	3.88%	April 28, 2020
Deposit Substitutes	4	-	4	3.88%	May 27, 2020
Deposit Substitutes	2	-	2	3.88%	May 27, 2020
Deposit Substitutes	2	-	2	3.88%	May 27, 2020
Deposit Substitutes	5	-	5	3.88%	June 16, 2020
Deposit Substitutes	15	-	15	3.88%	June 29, 2020
Deposit Substitutes	4	-	4	3.88%	July 13, 2020
Deposit Substitutes	63	-	63	4.13%	August 25, 2020
Deposit Substitutes	2	-	2	4.13%	September 2, 2020
Deposit Substitutes	6	-	6	4.13%	September 8, 2020
Deposit Substitutes	3	-	3	4.13%	September 9, 2020

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES
Schedule E - Long Term Debt
December 31, 2015

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Maturity Dates
Deposit Substitutes	2	-	2	4.13%	September 9, 2020
Deposit Substitutes	3	-	3	4.13%	September 10, 2020
Deposit Substitutes	2	-	2	4.13%	September 21, 2020
Deposit Substitutes	1	-	1	4.13%	October 26, 2020
Deposit Substitutes	10	-	10	4.13%	October 27, 2020
Deposit Substitutes	5	-	5	4.13%	November 12, 2020
Deposit Substitutes	10	-	10	4.25%	December 1, 2020
Deposit Substitutes	10	-	10	4.25%	December 1, 2020
Deposit Substitutes	2	-	2	4.13%	December 2, 2020
Deposit Substitutes	2	-	2	4.13%	December 2, 2020
Deposit Substitutes	3	-	3	4.13%	December 2, 2020
Deposit Substitutes	16	-	16	5.13%	September 14, 2022
Deposit Substitutes	8	-	8	5.13%	September 21, 2022
Deposit Substitutes	5	-	5	5.13%	November 3, 2022
Deposit Substitutes	1	-	1	5.13%	November 7, 2022
Deposit Substitutes	4	-	4	5.13%	November 14, 2022
Deposit Substitutes	15	-	15	5.13%	December 1, 2022
	5,670		5,668		
Total Bills Payable	13,662		13,654		
Other Liabilities					
Bonds Payable - Fixed Rate Corporate Bonds	5,000	-	4,863	5.675%	February 25, 2017
Bonds Payable - Fixed Rate Corporate Bonds	4,000	-	3,867	5.500%	November 10, 2017
Bonds Payable - Fixed Rate Corporate Bonds	3,000	-	2,786	5.750%	August 10, 2019
	12,000		11,516		
	55,332		54,657		

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Companies)

December 31, 2015

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

NOT APPLICABLE

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule G - Guarantees of Securities of Other Issuers

December 31, 2015

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee

NOT APPLICABLE

METROPOLITAN BANK & TRUST COMPANY AND SUBSIDIARIES

Schedule H - Capital Stock

December 31, 2015

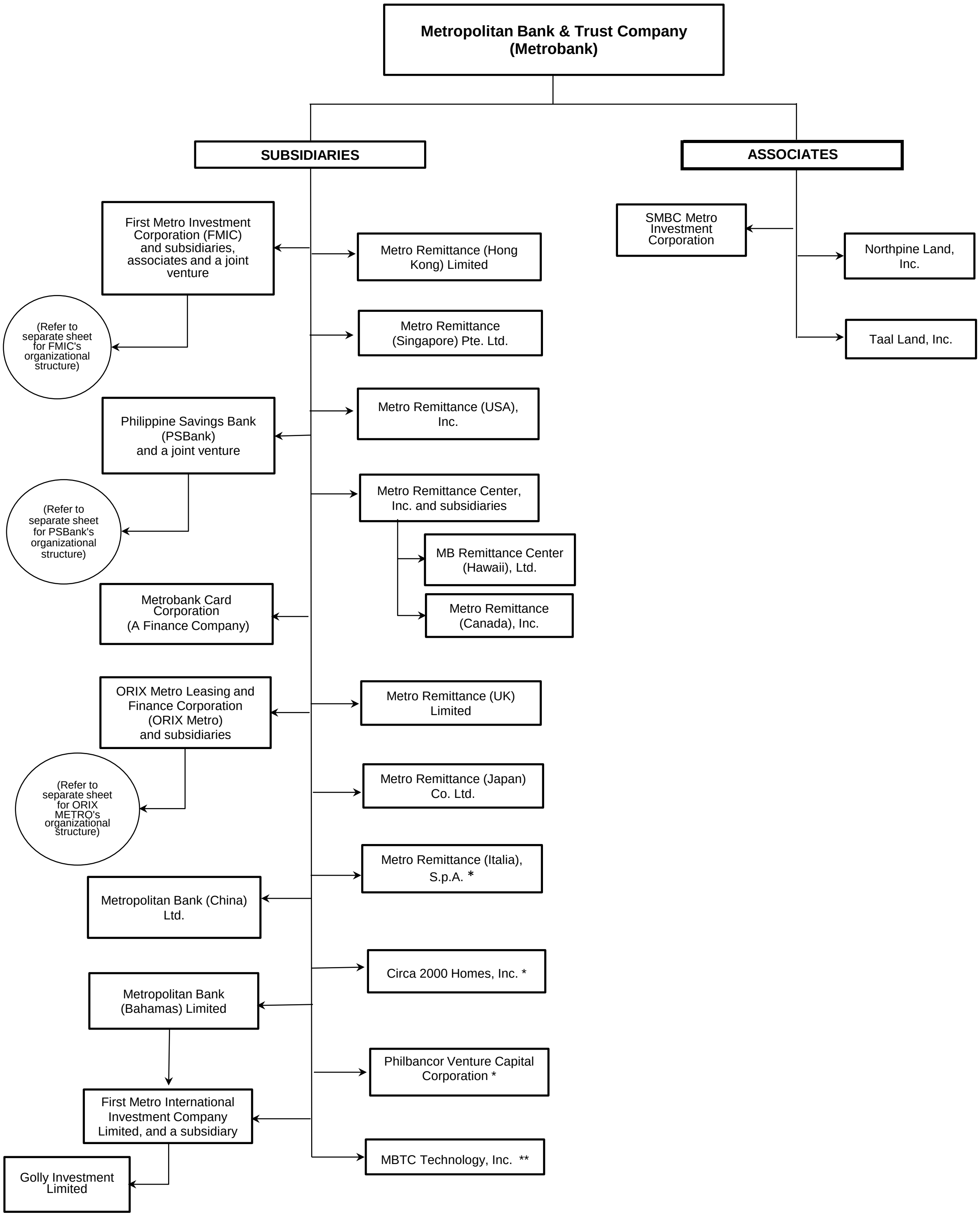
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Authorized						
Preferred stock - P20 par value	1,000,000,000					
Common stock - P20 par value	4,000,000,000					
Issued and outstanding						
Common stock - P20 par value		3,180,172,786		1,578,468,840	35,708,845	1,565,995,101

METROPOLITAN BANK & TRUST COMPANY
SURPLUS AVAILABLE FOR DIVIDENDS *
AS OF DECEMBER 31, 2015
(In ₱ Millions)

UNAPPROPRIATED SURPLUS, BEGINNING	₱	45,265
Adjustments:		
Less: Non-actual/unrealized income net of tax:		
Fair value adjustments (mark-to-market gains)		191
Recognized deferred tax asset		4,928
Unrealized gains on foreclosure of investment properties - net of accumulated depreciation		790
		5,909
UNAPPROPRIATED SURPLUS AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION AT BEGINNING OF YEAR		**39,356**
Add: Net income actually earned/realized during the period:		
Net income during the period closed to Surplus		15,726
Less: Non-actual/unrealized income net of tax:		
Fair value adjustment (mark-to-market gains)		2,448
Unrealized gains on foreclosure of investment properties - net of accumulated depreciation		-
		2,448
Net income actually earned during the year		**13,278**
Add(Less):		
Dividend declarations during the period		(2,745)
Stock Dividends		-
Appropriations of Retained Earnings during the period		(135)
Effect of change in accounting for retirement benefits (PAS 19)		-
Others (Coupon payment of hybrid capital securities)		(506)
		(3,386)
UNAPPROPRIATED SURPLUS AVAILABLE FOR DIVIDEND DISTRIBUTION AT END OF YEAR	₱	**49,248**

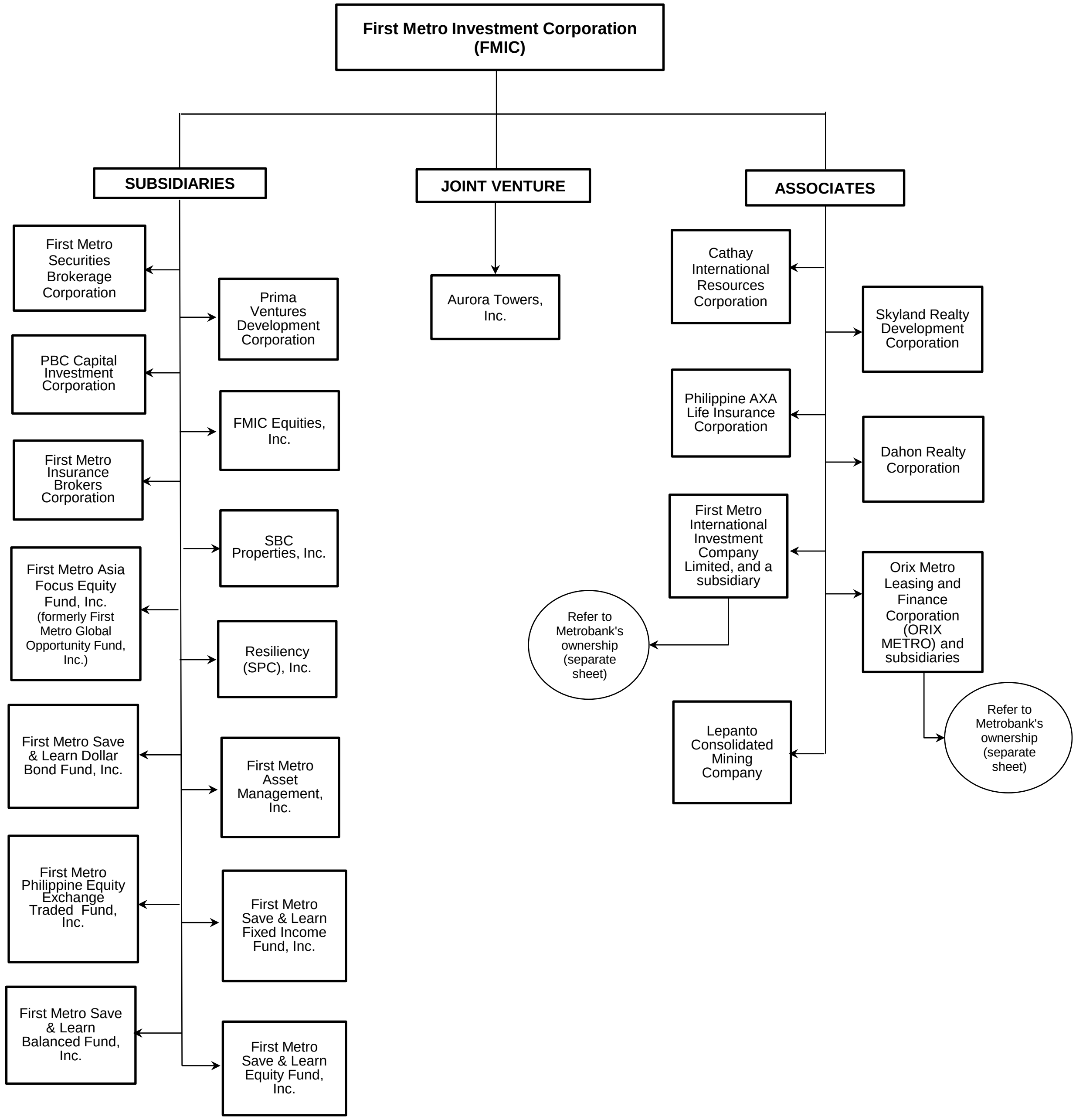
* The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following Bangko Sentral ng Pilipinas guidelines.

Metropolitan Bank & Trust Company
Subsidiaries and Associates
As of December 31, 2015

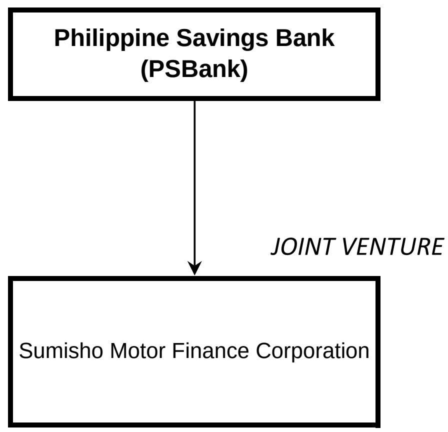


** In process of dissolution*
*** In process of liquidation*

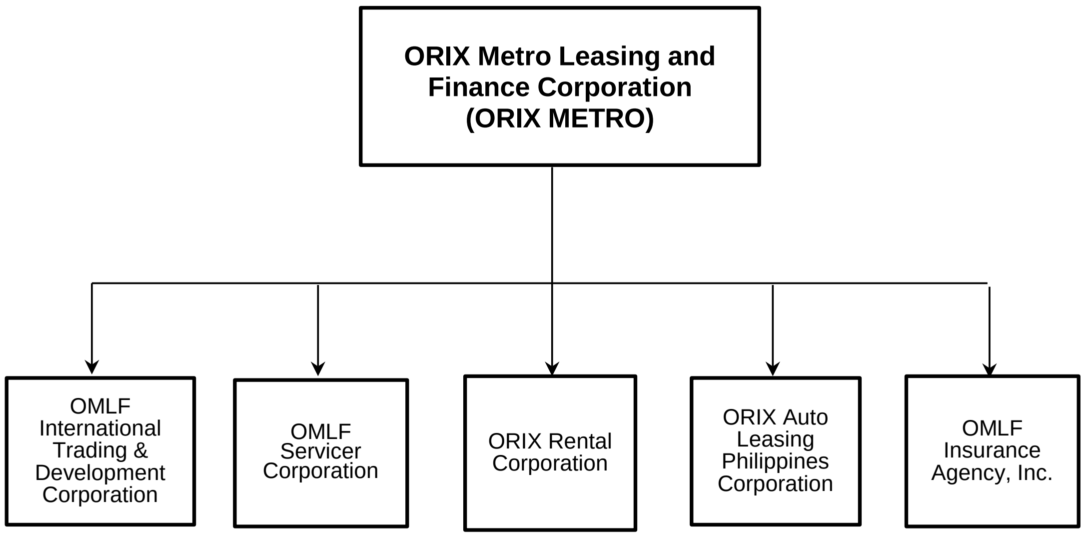
First Metro Investment Corporation
Subsidiaries, Joint Venture and Associates
As of December 31, 2015



Philippine Savings Bank
Joint Venture
As of December 31, 2015



ORIX Metro Leasing and Finance Corporation (ORIX METRO)
Subsidiaries
As of December 31, 2015



Metropolitan Bank & Trust Company and Subsidiaries
Schedule of All the Effective Standards and Interpretations
December 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemption for First-time Adopters			✓
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendment to PFRS 1: Meaning of Effective PFRSs			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendment to PFRS 2: Definition of Vesting Condition			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination	✓		
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Amendment to PFRS 5: Changes in methods of disposal		Effective 01/01/16 (Not early adopted)	
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		Not early adopted	
	Amendments to PFRS 7: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in PFRS 9		Not early adopted	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Servicing Contracts and Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements		Effective 01/01/16 (Not early adopted)	
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments: Classification and Measurement of Financial Assets		Not early adopted	
	Financial Instruments: Classification and Measurement of Financial Liabilities		Not early adopted	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		Not early adopted	
	PFRS 9, Financial Instruments (Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39)		Not early adopted	
	PFRS 9, Financial Instruments (2014)		Effective 01/01/18 (Not early adopted)	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture		Effective 01/01/16 (Not early adopted)*	
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception		Effective 01/01/16 (Not early adopted)	
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Transition Guidance	✓		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations		Effective 01/01/16 (Not early adopted)	
PFRS 12	Disclosures of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 12: Investment Entities Applying the Consolidation Exception		Effective 01/01/16 (Not early adopted)	
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1 (Revised): Disclosure Initiative		Effective 01/01/16 (Not early adopted)	
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12- Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Revaluation Method – Proportionate Restatement of Accumulated Depreciation on Revaluation			✓
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization		Effective 01/01/16 (Not early adopted)	
	Amendments to PAS 16, Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution	✓		
	Amendments to PAS 19: Discount Rate: Regional Market Issue		Effective 01/01/16 (Not early adopted)	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments for investment entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements		Effective 01/01/16 (Not early adopted)	
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28 (Amended): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		Effective 01/01/16 (Not early adopted)*	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 28 (Amended): Investment Entities: Applying the Consolidation Exception		Effective 01/01/16 (Not early adopted)	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendment to PAS 34: Disclosure of information 'Elsewhere in the Interim financial report'		Effective 01/01/16 (Not early adopted)	
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38 : Revaluation Method – Proportionate Restatement Of Accumulated Amortization			✓
	Amendments toPAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		Effective 01/01/16 (Not early adopted)	
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets	✓		
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendment to PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
	Amendments to PAS 39: Hedge Accounting		Not early adopted	
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 41, Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes	✓		
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 16	Hedges of a net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro	✓		
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes- Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

**Original effective date of January 1, 2016 of the amendment was postponed by the FRSC (subject to approval by the Board of Accountancy) on January 13, 2016, until the IASB has completed its broader review of the research project on equity accounting.*

Standards and Interpretations applicable to annual periods beginning on or after January 1, 2016 (where early application is allowed) will be adopted by the Group as they become effective.