

COVER SHEET

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SEC Registration Number

P H I L I P P I N E S A V I N G S B A N K

(Company's Full Name)

P S B a n k C e n t e r , 7 7 7 P a s e o d e R o x a s
c o r n e r S e d e ñ o S t r e e t , M a k a t i C i t
y

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

Perfecto Ramon Z. Dimayuga, Jr.

(Contact Person)

885-8208

(Company Telephone Number)

1 2 3 1
Month Day
(Fiscal Year)

1 7 - A
(Form Type)

0 4 2 6
Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

SEC-Corporation Finance

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1529

Total No. of Stockholders
As of March 31, 2016

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 NO. 15552
FILE NO.

PHILIPPINE SAVINGS BANK
(COMPANY'S NAME)

PSBANK CENTER
777 Paseo de Roxas cor. Sedeño St., Makati City
(COMPANY'S ADDRESS)

885-82-08
(TELEPHONE NUMBER)

DECEMBER 31
(FISCAL YEAR ENDING MONTH & DAY)

SEC FORM 17-A
(FORM TYPE)

December 31, 2015
(PERIOD ENDED DATE)

Government Securities Dealer
(SECONDARY LICENSE TYPE AND FILE NUMBER)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A



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

1. For the fiscal year ended : December 31, 2015
2. SEC Identification No. : 15552
3. BIR Tax Identification No. : 000-663-983-000
4. Exact name of registrant as specified in its charter : Philippine Savings Bank
5. Province, Country or other jurisdiction or organization : Metro Manila, Philippines
6. Industry Classification Code : (SEC Use only)
7. Address of principal office : 777 Paseo de Roxas
corner Sedeño St., Makati
City
8. Registrant's telephone No. : (632) 885-82-08
9. Former name, address, and former fiscal year, if changed since last report : Not Applicable
10. Securities registered pursuant to Section 8 & 12 of the SRC
Title of each class : Common Shares
Number of shares outstanding : 240,252,491
11. Are any or all of these securities listed with the Philippine Stock Exchange : Yes
12. Check whether the issuer:
 1. has filed all report required to be filed under Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Section 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) : Yes
 2. has been subject to such filing requirements for the past ninety (90) days : Yes

13. The aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold or the average bid and asked prices of such stock, as of a specified date (March 31, 2016) within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. : **₱5,771,659,600**

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court of the Commission. : **Not Applicable**

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-1 Into which the document is incorporated:
- (a) Any annual report to security holders;
 - (b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b);
 - (c) Any prospectus filed pursuant to SRC Rule 8.1-1

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PART I. BUSINESS AND GENERAL INFORMATION

Item 1. Business

A. Description of Business

1. Business Development

Philippine Savings Bank (PSBank) was incorporated on June 30, 1959 primarily to engage in savings and mortgage banking. In 1983, Metrobank acquired majority share in the Bank, and in 2004 further increased its shareholdings to the present level of 76%.

In 1991, the Bank was authorized to perform trust functions, and in 1995, was granted quasi-banking license. In 1994, PSBank became the country's first publicly listed thrift bank.

It has outpaced its key competitors and is the country's second largest thrift bank in terms of assets today. It caters mainly to the retail and consumer markets and offers a wide range of products and services such as deposits, loans, treasury and trust.

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

Its principal office is located at the PSBank Center, 777 Paseo de Roxas corner Sedefio Street, Makati City.

The past years marked very significant growth as the Bank continued to grow its core business and has been consistently on track in hitting its year-end targets. The Bank has sustained its focus on consumers, which constitutes approximately 80% of its portfolio by providing efficient and creative banking solutions through its wide distribution network.

	Total Resources	Net Income	Branch
2015	₱169.33 billion	₱2.35 billion	248 branches
2014	₱145.61 billion	₱2.32 billion	245 branches
2013*	130.03 billion	2.93 billion	224 branches

* As restated

In **2015**, the Bank reported a full year net income of ₱2.35 billion which was 1.39% higher than the ₱2.32 billion recorded in the same period last year. The increase in net income was due to higher core income in 2015 versus 2014. Its loans and receivables increased by 18.91% to ₱113.87 billion with the sustained increase in its consumer lending business, particularly Auto and Mortgage Loans. It continued to expand its branch network and ended the year with 248 branches and 614 ATMs nationwide. It also renovated a total of 28 branches.

PSBank maintained its Issuer Rating of PRS Aaa (corp.) from the Philippine Rating Services Corporation (Philratings). The rating is in line with its outstanding Tier 2 Unsecured Subordinated Notes issued in 2014 and means that it has very strong capability to meet its financial commitments relative to other Philippine corporations. PRS Aaa is the highest corporate credit rating assignment on the PRS scale.

The Bank emerged as the only savings bank in the Asian Banker 500 (AB 500) list of the Philippines' Top 10 strongest banks by balance sheet. It has kept its spot in the list for the past five consecutive years. PSBank ranked 8th strongest bank by balance sheet, reflecting its strong sales and deposit-taking initiatives, prudent risk management, and above-average capital adequacy.

It was conferred the Pagtugon Award by the Bangko Sentral ng Pilipinas (BSP) for excellence in responding to and addressing issues or concerns of clients referred by the BSP. The award is a testament to its dedication in providing top-quality customer service and delivering on its "Simple Lang, Maaasahan" commitment to all its clients.

PSBank was also recognized by the Social Security System (SSS) with the Balikat ng Bayan Best Paying Partner Thrift Bank award for its role as the pension fund's partner in providing universal, equitable, and viable social security protection to its members. Awardees are recognized for their compliance to provisions of the social security law in terms of coverage, collection and giving out benefits, accuracy and timeliness of reports to the SSS and participation in SSS programs.

During the year, the Bank introduced the Lock and Unlock facility for its ATM cards to provide clients with a tool that will help ensure their accounts' safety amid the rising incidence of ATM and card fraud. The ATM Lock feature is a service that provides an additional layer of protection to PSBank cardholders from ATM loss, theft, skimming and other card-initiated electronic fraud. It allows clients to lock their ATM cards from use for as long as they prefer and unlock them when needed.

On the branch level, it introduced an automated lobby management system called PSBank Queue Anywhere wherein customers can use a laptop or mobile phone to book a transaction ahead with any PSBank branch. The system reduces waiting time and allows the immediate completion of transactions.

PSBank also launched its Mobile 2.0, its mobile banking facility that has an easy-to-use interface and security features that allows clients to perform their banking transactions faster and in a more secure environment. The mobile app allows clients to apply for a loan, search for an ATM or branch, transfer funds, pay bills, buy reloads, among others.

Lastly, the PSBank website www.psbank.com.ph was enhanced to provide a seamless customer experience. The secure site was provided with a clean look and streamlined design that allow easy navigation and adaptability to any device – whether laptop, tablet or mobile phone.

In **2014**, the Bank's net income after tax was at ₱2.32 billion, 21% lower than the previous year. The decrease in net income was due to lower trading gains in 2014 versus 2013. Despite this, its retail lending business mostly coming from auto and mortgage loans provided good core income growth. It continued to expand its branch network by putting up 21 additional branches and 44 ATMs. PSBank ended the year with 245 branches and 595 ATMs.

PSBank successfully issued ₱3.0 billion in Basel 3-compliant Tier 2 Unsecured Subordinated Notes in May 2014. The Notes, aimed to strengthen the Bank's capital base and further expand its banking operations, will mature on August 2024, with a call option in August 2019. In line with the issuance, the Bank was given an Issuer Rating of PRS Aaa (corp) by Philippine Ratings Corporation. The rating is the highest possible corporate rating on the PRS scale.

The Bank was ranked fifth strongest bank in the Philippines by the Asian Bank (AB) in its AB500 annual ranking for 2014-2015. It was the only savings bank in the Top 5. This is the fourth consecutive year that PSBank was included in the AB500, which ranks the strongest and largest banks in the Asia Pacific region based on data gathered from bank annual reports, central banks and industry associations.

For the first time, PSBank was recognized as one of 10 finalists in the Philippine Stock Exchange Bell Awards in 2014. The PSE Bell Awards is a distinct honor given to publicly listed companies and trading participants for their adherence to the highest standards of corporate governance and regulatory compliance. The program seeks to recognize the best corporate governance practices and improve the image of the Philippines as an investment destination.

PSBank also entered a bancassurance partnership with AXA Philippines to provide its customers with easier access to AXA's wide range of insurance products. Starting June 2014, PSBank clients looking for insurance solutions were referred to AXA representatives in its 123 branches in Metro Manila.

The Bank launched its first ever Unit Investment Trust Fund (UITF) product, the PSBank Money Market Fund in 2014. The product made investing easy and affordable with a minimum amount of only ₱10,000. The product targets young professionals starting their own families and OFWs who are looking for investment alternatives to real estate and time deposits.

During the year, PSBank started offering its PSBank Online Mobile App, a real-time online banking facility that allows access to products and services using smartphones and tablets. The mobile app provides clients the ability to perform a wide range of transactions while on the move: paying utility

bills, reloading prepaid credits for mobile phones, monitoring bank accounts, reordering checkbooks, reloading the PSBank Prepaid Mastercard, and freezing or blocking an ATM card in case of loss or theft.

Lastly, PSBank gave clients more ways to interact with the Bank through the PSBank Live Chat. By simply going to the Bank's website www.psbank.com.ph, existing and potential clients anywhere in the world can contact customer service assistants regarding their inquiries on deposits, loans, investments and other banking concerns. This is the first real-time chat service in the Philippine banking industry and provides clients with instant / real-time answers to their inquiries.

In **2013**, the Bank's net income after tax was at ₱2.9 billion with growth coming from both its loan portfolio and trading gains, an improvement of 29% from the previous year. It continued to expand its branch network by putting up an additional four branches in different parts of the country. It ended the year with 224 branches while its total ATMs were at 551, broken down into 237 in-branch ATMs and 314 offsite ATMs.

During the year, the bank launched the PSBank Kiddie Savers and Teen Savers Accounts to introduce children to the concept of saving money. The PSBank Kiddie Savers Account is a savings account for children from 0-12 years old while the PSBank Teen Savers Account is for teens 13-18 years old. Both types of accounts do not require an initial deposit or maintaining balance. Children can start saving even with a small amount and the accounts continue to earn interest regardless of the balance. Account holders are also protected through a free personal accident insurance from Charter Ping An Insurance Corporation equivalent to five times the value of the average daily balance or up to a maximum of ₱500,000.

PSBank also opened a Land Registration Authority (LRA) extension office at the PSBank Head Office last March 2013. The office allows it to receive, process, and issue certified true copies of certificates of land titles for PSBank Home Loan clients. PSBank is the first thrift bank to establish an LRA extension office within its premises. With the extension office, the Bank's title verification processing has been reduced from an average of 15 working days to 1-3 days.

The Bank also participated in the ASEAN corporate governance scorecard that was spearheaded by the Institute of Corporate Directors (ICD) and the Securities and Exchange Commission. It received an overall score of 73% and was part of the top 50 publicly listed corporations in the Philippines. For the third consecutive year, it was also recognized by the Asian Banker 500 publication as the 6th strongest bank in the country for 2013. The annual study, called The Asian Banker 500, focuses on the financial and business performance of the top 500 banks in the Asia Pacific region.

2. Business of Issuer

a) Products and Services

PSBank, a member of the Metrobank Group, has been recognized as the 8th strongest bank in the Philippines and the only savings bank in the top 10, according to the Asian Banker's AB 500 annual ranking, 2015-2016 Edition. It has expanded its network to over 200 branches and more than 600 ATMs nationwide, and strives to consistently make banking simple, fast and convenient to its customers.

Deposits	
Savings Accounts	Peso Time Deposit Accounts
PSBank Kiddie Savers & Teen Savers	PSBank Prime Time Deposit (TD)
PSBank ATM Savings	PSBank Peso Time Deposit
PSBank Passbook with ATM	PSBank 1-Year, 2-Year, or 3-Year Peso TD
PSBank Regular Passbook Savings	
PSBank Overseas Filipino Savings	Foreign Currency Accounts
Checking Accounts	PSBank Dollar Savings
PSBank Regular Checking	PSBank Dollar Time Deposit
PSBank Premium Checking	PSBank Euro Savings
	PSBank Euro Time Deposit

Consumer Loans	
PSBank Auto Loan with Prime Rebate	PSBank Flexi Personal Loan with Prime Rebate
PSBank Home Loan with Prime Rebate	PSBank Home Credit Line
PSBank Home Construction Loan	
Commercial Loans	
PSBank SME Business Credit Line	PSBank Credit Line
PSBank SME Term Loan with Prime Rebate	Standby Credit Line Certification
Domestic Bills Purchase Line	
Trust Products and Services	
PSBank Money Market Fund	Investment Management Account
Escrow Account	Living Trust Account
Employee Benefit/ Retirement Fund Management	
Other Products and Services	
PSBank Debit MasterCard	PSBank Prepaid MasterCard
PSBank Credit MasterCard	PSBank e-Credit
PSBank Bills Payment Collection	PSBank Remittance Services
PSBank Online	PSBank Mobile
PSBank LiveChat	PSBank AXA – Bancassurance Partnership

b) Business Contribution

(In Millions)	December 31					
	2015	%	2014	%	2013*	%
INTEREST INCOME ON						
Loans and receivables	₱9,930		₱8,815		₱8,122	
Interbank loans receivable and securities purchased under resale agreements	191		859		479	
Investment securities	728		364		376	
Due from BSP	146		57		42	
Due from other banks	8		18		8	
	11,003		10,113		9,026	
INTEREST EXPENSE ON						
Deposit liabilities	2,171		2,116		2,158	
Subordinated notes payable	343		276		175	
Bills payable	7		11		7	
	2,521		2,403		2,340	
NET INTEREST INCOME	8,482	78%	7,709	72%	6,686	52%
NET SERVICE FEES AND COMMISSION INCOME	1,196	11%	1,078	10%	963	8%
OTHER OPERATING INCOME (CHARGES)	1,124	10%	1,781	17%	5,035	39%
SHARE IN NET EARNINGS OF AN ASSOCIATE AND A JOINT VENTURE	20	1%	77	1%	110	1%
TOTAL OPERATING INCOME BEFORE OPEX AND INCOME TAX	₱10,822	100%	₱10,646	100%	₱12,794	100%

* As restated

c) Distribution Methods of Products and Services

The Bank's operating segments are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit that offers different products and serves different markets. The Bank's reportable segments are as follows:

- i. Consumer Banking - principally provides consumer-type loans generated by the Home Office;
- ii. Corporate Banking - principally handles loans and other credit facilities for small and medium enterprises, corporate and institutional customers acquired in the Home Office;
- iii. Branch Banking - serves as the Bank's main customer touch point which offers consumer and corporate banking products; and
- iv. Treasury - principally handles institutional deposit accounts, providing money market, trading and treasury services, as well as managing the Bank's funding operations by use of government securities and placements and acceptances with other banks.

The Bank has no single customer with revenues from which is 10.00% or more of the Bank's total revenue. The Bank presented the disclosure requirements prescribed under PFRS in Note 6 of the Audited Financial Statements (EXHIBIT 6).

The Bank's assets generating revenues are all located in the Philippines.

d) Status of any publicly-announced new products or services

Products	Date Launched
ATM Lock	June 6, 2015
PSBank Mobile App 2.0	June 6, 2015
Redesigned website	August 10, 2015
Queue Anywhere	August 26, 2015
PSBank Credit MasterCard (cross sell)	July 15, 2015
AXA VUL product (cross sell)	August 10, 2015

e) Competition

PSBank is the second largest thrift bank in asset terms and even recorded higher total resources than some commercial banks as of end-2015. It has been aggressive in the consumer and retail banking arena, launching various marketing campaigns to go head on against competition. Amid tight competition and market uncertainty, PSBank managed to sustain its growth momentum through the integration of various efficiencies in its operations.

f) Customer/Clients

There is no single customer that accounts for 20% or more of the Bank's deposits and loans.

g) 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 29 of the Audited Financial Statements (EXHIBIT 6).

h) Patents, Trademarks, Copyrights, Licenses, Franchises, etc.

The Bank sells its products and services thru the PSBank trademarks and/or tradenames.

i) Government approval of principal products or services

Its authority to operate as a thrift bank governs the Bank's principal products and services. Existing products and services are within the scope allowed under the Bank's regulatory licenses.

j) Research and Development Costs

There are no major expenses on research and development activities. Expenses incurred related to these activities are included into the regular business expense of the Bank.

k) Employees

PSBank has always considered employees as its most important asset. This is why learning and development programs are continuously being revisited and improved to usher PSBankers into a more competitive and performance-driven arena.

PSBank advocates that a work environment free of work hazards is conducive to the well-being and professional development of its employees. Human Resources Group (HRG) actively does branch visits. During these visits, HRG meets with branch employees and conducts engagement sessions to check on their welfare and needs. Facilities are also checked if they are in accordance with our occupational health and safety standards. This has been going on since 2014 and observations are submitted to higher management. HRG, in collaboration with Compliance Office, Customer Experience Division, and the Union, shall also conduct a Bankwide Training Caravan to rollout mandatory and regulatory trainings such as Anti-Money Laundering, Financial Consumer Protection, Code of Conduct, 2016-2018 Collecting Bargaining Agreement, and Customer Experience. This will start on April 23 and end in June 2016.

PSBank also believes that the campaign for environmental protection and sustainable development starts with small initiatives that when combined, produces a culture of concern.

The following are the existing and projected manpower complement:

	As of 12/31/2015	Projected – Dec 2016
Senior Officers	53	55
Junior Officers	1,024	1,064
Staff	1,983	2,060
Total	3,060	3,179

The Bank continues to produce new officers for branch and head office positions through the Staff Professional Enhancement and Development 2.0 (SPEED 2.0) program for Branch Control and Service Officers and Exceptional Employee Enhancement and Development (XCEED) for high potential staff. Other employee development programs such as Senior Officers Development (SOLID), Sales Professional (SP) and "Ideal BSCO" are also underway. All of these development programs are anchored on the Competencies Matrix which is being completed and updated by HRG.

PSBank is extraordinarily proud of its harmonious relationship with the Union. The recently concluded and highly successful Collective Bargaining Agreement (CBA) negotiation is a testament to this strong partnership. The new CBA, which is in effect for three years starting January 1, 2016 until December 31, 2018, has yielded improvements in almost all incentives, allowances and subsidies for the Rank and File employees. The Bank, in collaboration with the Union, regularly conducts the Labor-Management Council (LMC) every 3rd Thursday of the month. In the LMC, issues are immediately discussed in a dialogue and settled even before they turn to grievances. Currently, HR and the Union are jointly documenting and collating their efforts as part of the LMC fact sheet.

l) Risk Management

PSBank is exposed to all business risks that confront all banks in general, such as credit, market, interest, liquidity, legal, regulatory and operational risk. The Bank's risk management structure and process that serve as mechanism to identify, assess and manage these risks are further discussed in Note 5 of the Audited Financial Statements (EXHIBIT 6).

Item 2. Properties

The Bank owns the premises it occupies for the Head Office and 28 of its branches. These offices and branches are all in good condition and there is no mortgage or lien on any of these properties owned by the Bank. Schedule of owned branch sites is shown in EXHIBIT 1. The rest of the Bank's branch premises are under lease agreements. Terms of leases range from 1 year to 30 years renewable under certain terms and conditions. Rentals charged against operations under these lease contracts amounted to ₱521.8 million in 2015. Please refer to EXHIBIT 2 for the schedule of branch sites under lease agreements.

The Bank has no immediate plans to acquire properties in relation to its branch expansion programs.

Item 3. Legal Proceedings

The Bank in the course of its operations and in running its business has several legal cases that are filed in its behalf and against it. However, these cases will not give any material effect to its financial status nor would have any material impact in continuing its operations. These cases are part of its daily business activities and consequence of its collection efforts and business dealings with the public.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

1. Market Information

PSBank common shares were listed in the Philippine Stock Exchange (PSE) in 1994. The shares are traded under the symbol "PSB".

The high and low sales prices of the Shares as reported in the PSE for each quarter in the years ending December 31, 2015, 2014 and subsequent interim periods were as follows:

For the quarter-ended	Highest	Lowest
	In Php	
March 31, 2016	104.00	95.00
March 31, 2015	104.20	95.00
June 30, 2015	95.50	92.00
September 30, 2015	104.00	85.00
December 31, 2015	108.10	100.00
March 31, 2014	139.00	136.80
June 30, 2014	137.00	132.00
September 30, 2014	134.90	128.50
December 31, 2014	106.00	100.10

Closing price as of April 8, 2016 was ₱103.80 per share.

2. Holders

As of March 31, 2016, the Bank has 1,529 stockholders.

Top 20 Stockholders as of March 31, 2016

	Name of Stockholders	No. of Shares	% to Total
1.	Metropolitan Bank and Trust Co.	182,535,895	75.977
2.	PCD Nominee Corporation (Filipino)	18,464,124	7.685
3.	Dolor, Danilo L.	12,610,891	5.249
4.	Dolor, Erlinda L.	7,605,832	3.166
5.	De Leon, Maria Soledad S.	4,000,000	1.665
6.	De Leon, Gian Carlo S.	2,741,378	1.141
7.	De Leon, Leonard Frederick S.	2,598,334	1.082
8.	De Leon, Alvin Benjamin S.	2,437,887	1.015
9.	De Leon, Kevin Anthony S.	2,407,964	1.002
10.	PCD Nominee Corp. (Non-Filipino)	1,678,994	0.699
11.	Go, James (c/o Mr. Olayer)	298,823	0.124
12.	Chua, Gabriel	100,337	0.042
13.	Chua, Josephine T.	81,056	0.034
14.	Que, Liong H.	68,062	0.028
15.	Choa, Johnny K.	64,843	0.027
16.	Choa, Victoria K.	61,875	0.026
17.	Ty, Alejandro	57,345	0.024
18.	Cheng, Berck Y.	45,000	0.019
19.	Sy, Victor G.	40,975	0.017
20.	Perez, Ma. Georgina V.	39,866	0.017

Minimum Public Ownership

As of March 31, 2016, public ownership of the Bank was at 22.11%. Of the total shares issued, 1.72 million shares or 0.72% represents foreign ownership.

3. Dividends and Dividend Policy

Dividends to be paid in cash by the Bank are subject to approval by a majority of the Board of Directors and no further approval from the Bank's shareholders is required. Dividends to be paid in the form of stock requires both the approval of a majority of the Board of Directors and the approval of shareholders representing not less than two-thirds of the Bank's outstanding capital stock. All dividends to be declared are subject to the approval of the BSP and the SEC. There are no known restrictions to the Bank's ability to pay dividends on shares.

Pursuant to existing Philippine SEC rules, cash dividends declared by the Bank must have a record date not less than 10 or more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 but not more than 30 days from the date of shareholders' approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Subject as described herein, the Bank has historically paid and intends to continue to pay (subject as described below) dividends on its Shares. The payment of dividends in the future will depend on the Bank's earnings, cash flow, financial condition and other factors. Circumstances which could restrict the payment of cash dividends include, but are not limited to, when the Bank undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Board of Directors may, at any

time, modify the Bank's dividend payout ratio depending on the results of operations and future projects and plans of the Bank.

The Bank declared cash dividends to stockholders on the following dates:

Date of declaration	Cash Dividends		Date of BSP approval	Record date	Payment date
	Per share	Total amount			
October 23, 2012	0.75	180,189,368	November 21, 2012	December 27, 2012	January 14, 2013
January 22, 2013	0.75	180,189,368	February 8, 2013	March 5, 2013	March 20, 2013
April 19, 2013	0.75	180,189,368	May 28, 2013	June 18, 2013	July 3, 2013
July 18, 2013	0.75	180,189,368	August 8, 2013	September 4, 2013	September 19, 2013
October 22, 2013	0.75	180,189,368	November 12, 2013	November 29, 2013	December 16, 2013
October 22, 2013	3.00	720,757,473	November 12, 2013	November 29, 2013	December 16, 2013
January 24, 2014	0.75	180,189,368	February 12, 2014	March 5, 2014	March 20, 2014
April 28, 2014	0.75	180,189,368	June 6, 2014	July 1, 2014	July 16, 2014
July 22, 2014	0.75	180,189,368	August 12, 2014	September 2, 2014	September 17, 2014
October 30, 2014	0.75	180,189,368	November 27, 2014	January 12, 2015	January 30, 2015
January 22, 2015	0.75	180,189,368	March 3, 2015	March 30, 2015	April 17, 2015
April 28, 2015	0.75	180,189,368	June 5, 2015	July 14, 2015	July 28, 2015
July 28, 2015	0.75	180,189,368	September 23, 2015	October 26, 2015	November 11, 2015
October 29, 2015	0.75	180,189,368	- *	November 16, 2015	November 27, 2015
January 19, 2016	0.75	180,189,368	- *	February 1, 2016	February 19, 2016

* The Bank is compliant with the BSP Circular No. 888 *Amendments to Regulations on Dividend Declaration and Interest Payments on Tier 1 Capital Instruments*, beginning with the third and fourth quarter dividend declarations in 2015.

No unregistered securities were sold or offered for sale by the Bank for the year 2015.

PHILIPPINE SAVINGS BANK
STATEMENTS OF CONDITION

	December 31				Increase/(Decrease)		Increase/(Decrease)	
	2015		2014		2015 vs. 2014		2014 vs. 2013	
	Amount	P	Amount	P	Amount	%	Amount	%
ASSETS								
Cash and Other Cash Items	3,934,196,578	P	4,174,756,446	P	3,157,499,370	P	1,017,257,076	32.22%
Due from BangkoSentral ng Pilipinas	11,143,781,766		23,997,102,406		7,401,657,444		15,595,444,962	224.21%
Due from Other Banks	1,861,110,141		3,382,662,578		8,491,340,954		(5,108,678,376)	-60.16%
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	2,513,904,112		2,786,320,000		14,527,000,000		(12,340,680,000)	-84.95%
Fair Value Through Profit or Loss Investments	2,821,437,211		278,909,438		184,607,411		94,302,027	51.08%
Available-for-Sale Investments	8,928,662,491		5,083,317,341		5,649,063,231		434,254,110	7.69%
Held-to-Maturity Investments	14,946,668,457		1,683,128,162		2,845,345,150		12,842,628,836	15.49%
Loans and Receivables	113,867,515,442		95,759,749,830		13,263,540,295		1,683,128,162	0.00%
Investments in an Associate and a Joint Venture	590,333,838		668,606,533		18,107,765,512		12,842,628,836	-15.49%
Property and Equipment	2,746,074,371		2,469,507,446		21,727,305		(677,535,879)	-50.33%
Investment Properties	3,344,154,413		2,933,068,849		276,566,325		79,727,042	3.34%
Deferred Tax Assets	1,194,416,550		731,937,469		411,085,564		343,660,538	13.27%
Goodwill and Intangible Assets	444,460,121		369,140,026		462,479,081		488,818,222	201.05%
Other Assets	894,231,737	P	868,822,949	P	75,320,095		76,307,972	26.06%
	169,331,247,228	P	145,607,029,473	P	23,724,217,755	16.29% P	15,581,154,724	11.98%
LIABILITIES AND EQUITY								
Liabilities								
Deposit Liabilities		P		P				
Demand	12,906,567,074	P	10,609,490,126	P	9,050,826,107	P	1,558,664,019	17.22%
Savings	22,835,987,240		18,502,557,268		16,181,291,134		2,321,266,134	14.36%
Time	98,553,753,813		87,415,706,427		81,286,386,669		5,129,319,758	7.54%
	134,296,308,127		116,527,753,821		106,510,503,910		10,009,249,911	9.40%
Subordinated Notes	5,952,051,581		5,945,901,321		5,150,260		2,974,535,297	100.07%
Bills Payable	4,494,845,747		1,253,781,718		4,494,845,747		-	0.00%
Treasurer's, Cashier's and Manager's Checks	1,348,621,410		94,839,692		94,839,692		143,264,488	12.90%
Accrued Taxes, Interest and Other Expenses	1,050,769,312		1,128,438,120		(77,668,808)		28,707,126	2.61%
Income Tax Payable	8,055,422		7,134,677		920,745		7,002,338	5291.21%
Other Liabilities	3,005,540,869		3,012,717,598		(7,176,729)		951,168,825	46.14%
	150,156,192,468		127,876,727,255		22,279,465,213	17.42%	14,113,927,985	12.41%
Equity								
Common Stock	2,402,524,910		2,402,524,910		-		-	0.00%
Capital Paid in Excess of Par Value	2,818,083,506		2,818,083,506		-		-	0.00%
Surplus Reserves	1,035,275,317		1,035,275,317		-		-	0.00%
Surplus	13,433,426,596		11,803,283,969		10,205,364,827		1,597,919,142	15.66%
	179,775		26,600,463		(26,420,688)		4,310,948	19.34%
Net Unrealized Gain on Available-for-Sale Investments	-		-		25,000		(25,000)	-100.00%
Equity in Net Unrealized Gain on Available-for-Sale Investments of an Associate	(471,371,011)		(312,363,737)		(159,007,274)		(133,785,844)	74.92%
Reinvestment Losses on Retirement Plan	67,542		(1,445,728)		1,513,370		(966,038)	201.39%
Equity in Reinvestment Losses on Retirement Plan of a Joint Venture	-		-		(335,158)		335,158	-100.00%
Equity in Cash Flow Hedge Reserve of an Associate	(43,131,975)		(41,656,482)		(1,475,493)		(561,527)	1.37%
Cumulative Translation Adjustment	19,175,954,760		17,730,302,218		1,444,752,542		1,467,726,739	9.02%
	169,331,247,228	P	145,607,029,473	P	23,724,217,755	16.29% P	15,581,154,724	11.98%

PHILIPPINE SAVINGS BANK
STATEMENTS OF INCOME

	Years Ended December 31				Increase/(Decrease)		Increase/(Decrease)	
	2015	2014	2013	P	2015 vs. 2014		2014 vs. 2013	
					Amount	%	Amount	%
INTEREST INCOME ON								
Loans and receivables	9,929,658,464	8,814,815,985	8,122,435,842	P	1,114,842,479	12.65%	692,360,143	8.52%
Investment securities	727,768,591	363,963,140	375,404,035		363,805,451	99.96%	-11,440,895	-3.05%
Interbank loans receivable and securities purchased under resale agreements	190,814,354	959,982,128	478,936,597		(668,167,774)	-77.79%	380,045,531	79.35%
Due from BangkoSentral ng Pilipinas	146,667,295	57,292,813	42,216,693		89,374,482	156.00%	15,076,120	35.71%
Due from other banks	7,818,217	18,355,744	8,242,444		(10,537,527)	-57.41%	10,113,300	122.70%
	11,002,726,921	10,113,409,810	9,027,235,611		889,317,111	8.79%	1,086,174,199	12.03%
INTEREST EXPENSE ON								
Deposit liabilities	2,170,741,412	2,115,632,785	2,157,685,611		55,108,627	2.60%	-42,052,826	-1.95%
Subordinated notes	342,650,259	276,587,317	175,251,074		66,062,942	23.89%	101,336,243	57.82%
Bills payable	7,388,984	10,807,483	7,479,125		(3,418,499)	-31.63%	3,328,368	44.50%
	2,520,780,655	2,403,027,585	2,340,415,810		117,763,070	4.90%	62,611,775	2.68%
NET INTEREST INCOME	8,481,946,266	7,710,382,225	6,686,819,801		771,564,041	10.01%	1,023,562,424	15.31%
Service fees and commission income	1,293,599,761	1,151,818,925	1,040,395,077		141,880,836	12.32%	111,423,848	10.71%
Service fees and commission expense	98,207,711	73,928,520	77,836,620		24,279,191	32.84%	-3,908,100	-5.02%
NET SERVICE FEES AND COMMISSION INCOME	1,195,392,050	1,077,890,405	962,558,457		117,601,645	10.91%	115,331,948	11.98%
OTHER OPERATING INCOME (LOSSES)								
Gain on foreclosure and sale of chattel mortgage properties - net	377,657,511	316,813,642	378,583,708		60,843,869	19.20%	-81,770,066	-16.32%
Gain on foreclosure and sale of investment properties - net	258,030,111	298,854,312	269,751,500		(40,824,201)	-13.66%	29,102,812	10.79%
Trading and securities gains - net	(63,569,750)	209,952,831	4,070,899,035		(273,522,581)	-130.28%	3,860,946,204	-94.84%
Foreign exchange gain (loss)	18,823,668	7,813,164	(3,877,015)		11,010,504	140.92%	11,690,179	-301.53%
Gain on sale of property and equipment	17,739,663	45,013,382	138,464,473		(27,273,719)	-60.59%	93,451,091	-67.49%
Gain on sale of investment in an associate	-	558,653,928	(558,663,928)		171,845,833	50.02%	558,663,928	100.00%
Miscellaneous	515,413,451	343,567,618	181,271,700		171,845,833	50.02%	162,296,518	89.53%
	1,124,994,654	1,780,678,877	5,035,052,801		(656,584,223)	-36.87%	3,254,413,924	-64.63%
TOTAL OPERATING INCOME	10,801,532,970	10,568,951,507	12,684,471,059		232,581,463	2.20%	-2,115,519,552	-16.68%
OTHER OPERATING EXPENSES								
Compensation and fringe benefits	2,613,867,706	2,395,951,076	2,159,694,707		217,916,630	9.10%	236,255,369	10.94%
Provision for credit and impairment losses	1,588,298,396	1,743,821,080	2,549,072,916		(155,522,684)	-8.92%	-905,251,836	-34.17%
Taxes and licenses	961,093,132	1,061,593,720	1,053,840,964		(100,500,588)	-9.47%	7,752,756	0.74%
Occupancy and equipment-related costs	671,728,902	627,737,333	559,762,849		43,991,569	7.01%	67,974,484	12.14%
Depreciation	501,311,146	504,628,955	483,260,520		(3,317,809)	-0.66%	21,368,435	4.42%
Security, messenger and janitorial services	334,030,017	287,079,453	252,382,828		46,950,564	16.35%	34,696,525	13.75%
Amortization of intangible assets	100,224,715	82,368,321	68,454,285		17,856,394	21.68%	13,914,036	20.33%
Miscellaneous	1,742,754,431	1,646,584,153	1,458,908,377		96,170,278	5.84%	187,675,776	12.86%
	8,513,308,445	8,349,764,091	8,685,377,446		163,544,354	1.96%	-335,613,355	-3.86%
INCOME BEFORE SHARE IN NET INCOME (LOSS) OF AN ASSOCIATE AND A JOINT VENTURE								
AND INCOME TAX	2,288,224,525	2,219,187,416	3,999,093,613		69,037,109	3.11%	-1,779,906,197	-44.51%
SHARE IN NET INCOME (LOSS) OF AN ASSOCIATE AND A JOINT VENTURE (Notes 10)	20,213,935	76,956,073	109,559,150		(56,742,138)	-73.73%	-32,813,087	-29.76%
INCOME BEFORE INCOME TAX	2,308,448,460	2,295,143,489	4,108,652,773		12,794,971	0.54%	-1,812,519,284	-44.11%
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27)								
Current	351,871,466	408,948,263	358,673,716		(57,076,797)	-13.96%	50,274,545	14.02%
Deferred	(394,333,106)	(431,481,389)	821,500,247		37,148,283	8.61%	-1,252,981,836	-152.52%
	(42,461,640)	(22,533,126)	1,180,173,965		(19,928,514)	-88.44%	-1,202,707,091	-101.91%
NET INCOME	2,350,900,100	2,318,676,615	2,928,488,808	P	32,223,485	1.39% P	-609,812,193	-20.82%
Basic/Diluted Earnings Per Share								
	9.79 P	9.65 P	12.19					

Item 6. Management's Discussion and Analysis or Plan of Operations

A. Plan of Operation

The Bank plans to open at least 10 branches in 2016. Expansion of ATM presence in non-branch locations will still be pursued given the growing demand for customer convenience. In line with the Bank's strategic initiatives on information technology, it will provide reliable technology infrastructure to improve operating efficiency. The Bank will continue to enhance its online and mobile banking facilities to keep up with the constantly changing preferences of our clients.

B. Management's Discussion And Analysis

1. Analysis of Statements of Condition

As of December 31, 2015 and 2014

The Bank's Total Assets for the year ended December 31, 2015 stood at ₱169.33 billion. This was 16.29% better than the December 2014 level of ₱145.61 billion. Significant year-on-year increase was due to growth in loan portfolio and investment securities.

Loans and Receivables, net of allowance and unearned interest discounts, representing 67.25% of total assets increased by 18.91% to ₱113.87 billion from ₱95.76 billion. Auto Loans increased by ₱13.82 billion to ₱59.32 billion from ₱45.50 billion last year. Mortgage Loans also climbed to ₱40.11 billion from ₱34 billion in 2014.

Due from BSP representing 6.58% of total assets declined by ₱12.85 billion or 53.56% to ₱11.14 billion from ₱24 billion in December 2014 as excess funds were placed in higher yielding investment securities. On the other hand, Interbank Loans Receivable and Securities Purchased under Resale Agreements (SPURA) rose by ₱327.58 million or 14.98% from last year.

Available-for-Sale Investments went up by ₱2.85 billion to ₱8.93 billion from ₱6.08 billion in 2014. Fair Value through Profit or Loss (FVPL) also increased by ₱2.54 billion. Held-to-Maturity (HTM) investments rose to ₱14.95 billion as the Bank started to shift excess funds to higher yielding sovereign and corporate bonds.

Deferred Tax Assets rose by 63.19% to ₱1.19 billion from ₱731.94 million in 2014 due to recognition of deferred tax benefits from the loan-loss provisioning during the year.

Investment Properties increased by 14.02% to ₱3.34 billion as of December 2015 due to higher foreclosures of real estate properties. Property and Equipment also increased by 11.20% or ₱276.57 million to ₱2.75 billion due to newly opened branches and renovation of bank premises, among others.

The Bank's deposit level comprising of 89.44% of total liabilities grew by 15.25% or ₱17.77 billion to ₱134.30 billion from ₱116.53 billion recorded in 2014. Time Deposits were higher by 12.74% or ₱11.14 billion to ₱98.55 billion. Likewise, Demand Deposits increased by 21.65% to ₱12.91 billion from ₱10.61 billion in 2014 while Savings Deposits rose by 23.42% to ₱22.84 billion.

On May 23, 2014, the Bank issued a ₱3.0 billion Unsecured Subordinated Notes (Tier 2) with an interest rate of 5.50% due on August 23, 2024, callable in 2019. The Notes will qualify as Tier 2 capital in the BSP's revised risk-based capital adequacy framework in line with BASEL III standards. The issuance has a loss absorption feature to conform with BASEL III requirements. PSBank has an issuer rating of PRS Aaa (corp.) from Philratings. As of December 31, 2015, the total Tier 2 Notes, including those issued last February 2012 amounted to ₱5.95 billion.

Treasurer's, Cashier's and Manager's Checks increased by 7.56% to ₱1.35 billion from ₱1.25 billion last year. Income Tax Payable representing corporate income tax for the last quarter of 2015 was at ₱8.06 million. This will be remitted on or before April 15, 2016. Other Liabilities slid to ₱2.95 billion from ₱3.01 billion with the Bank's payment of its dividends for the 3rd quarter of 2015.

Bills Payable of ₱4.49 billion consists of Interbank borrowings and securities sold under repurchase agreements (SSURA).

As of December 31, 2015, the Bank's Capital stood at ₱19.18 billion, 8.15% better than the ₱17.73 billion level in 2014. Mark-to-market gains on Available-for-Sale Investments were 99.32% lower at ₱179.78 thousand in December 31, 2015 versus ₱ 26.60 million last year. Meanwhile, the Bank recorded Remeasurement Losses of ₱471.37 million on its Retirement Plan in 2015 due to lower fair value of plan assets. On the other hand, the Bank's share in the Remeasurement Losses on Retirement Plan of a Joint Venture was posted at ₱67.64 thousand from ₱1.45 million in December 2014.

As of end of 2015, Total Capital Adequacy Ratio (CAR) was at 18.04%, this is above the minimum regulatory requirement of 10%. As of December 31, 2015 and 2014, the Bank recorded a loss on its 'Cumulative Translation Adjustment' under equity amounting to ₱43.13 million and ₱41.66 million, respectively.

Meanwhile, Return on Average Equity (ROAE) decreased to 12.74% in 2015 versus 13.64% in 2014. Return on Average Assets (ROAA) also decreased to 1.49% in 2015 from 1.68% in 2014.

As of December 31, 2014 and 2013

The Bank's Total Assets for the year ending December 31, 2014 stood at ₱145.61 billion. This was 11.98% better than the December 2013 level of ₱130.03 billion. Significant year-on-year increase was due to growth in loan portfolio and higher SDA placement with BSP.

Loans and Receivables, net of allowance and unearned interest discounts, representing 65.77% of total assets increased by 15.49% to ₱95.76 billion from ₱82.92 billion. Auto Loans increased by ₱7.54 billion to ₱45.50 billion from ₱37.96 billion last year. Mortgage Loans also climbed to ₱34 billion from ₱28.01 billion in 2013.

Due from BSP representing 16.48% of total assets rose by ₱16.60 billion or 224.21% to ₱24 billion from ₱7.40 billion in December 2013 as excess funds were placed in SDA with BSP. On the other hand, Interbank Loans Receivable and Securities Purchased under Resale Agreements (SPURA) decreased by ₱12.34 billion or 84.95% from last year. The Bank was not able to roll-over its RRP placement with BSP during the last month of the year. Thus, excess funds were invested in SDA.

The Bank's DDA also increased due to the 2.0% hike in statutory reserve requirements imposed on thrift banks by the BSP in April and May 2014.

Available-for-Sale Investments went up by 7.69% or ₱434.25 million to ₱6.08 billion from ₱5.65 billion in 2013. Fair Value through Profit or Loss (FVPL) also increased by ₱94.30 million or 51.08%.

Deferred Tax Assets rose by 201.06% to ₱731.94 million from ₱243.12 million in 2013 due to recognition of deferred tax benefits from the loan-loss provisioning during the year. Meanwhile, Investment in an Associate and a Joint Venture went down by ₱677.54 million to ₱668.61 million, due to the sale of the Bank's 25% ownership in Toyota Financial Services Philippines Corporation (TFSPC) to GT Capital Holdings Inc.

Investment Property increased by 13.27% to ₱2.93 billion as of December 2014 due to higher foreclosures of real estate properties. Property and Equipment also increased by 3.34% or ₱79.73 million to ₱2.47 billion due to newly opened branches and renovation of bank premises, among others. On the other hand, Other Assets went up by 6.28% or ₱52.52 million.

The Bank's deposit level comprising of 91.13% of total liabilities grew by 9.40% or ₱10.00 billion to ₱116.53 billion from ₱106.52 billion recorded in 2013. Time Deposits were higher by 7.54% or ₱6.13 billion to ₱87.42 billion. Likewise, Demand Deposits increased by 17.22% to ₱10.61 billion from ₱9.05 billion in 2013 while Savings Deposits rose by 14.35% to ₱18.50 billion.

On May 23, 2014, the Bank issued a ₱3.0 billion Unsecured Subordinated Notes (Tier II) with an interest rate of 5.50% due on August 23, 2024, callable in 2019. The Notes will qualify as Tier II capital in the BSP's revised risk-based capital adequacy framework in line with BASEL III standards. The issuance has a loss absorption feature to conform with BASEL III requirements. PSBank has an issuer rating of PRS Aaa (corp.) from Philratings. As of December 31, 2014, the total Tier II Notes, including those issued last February 2012 amounted to ₱5.95 billion.

Treasurer's, Cashier's and Manager's Checks increased by 12.90% to ₱1.25 billion from ₱1.11 billion last year. Income Tax Payable representing corporate income tax for the last quarter of 2014 was at ₱7.13 million. This will be remitted on or before April 15, 2015. Other Liabilities rose to ₱3.01 billion from ₱2.06 billion due to dividend payable for the 3rd quarter of 2014 and adjustment made on net retirement liability as a result of latest actuarial valuation report.

As of December 31, 2014 the Bank's Capital stood at ₱17.73 billion, 9.02% better than the ₱16.26 billion level in 2013. Mark-to-market gains on Available-for-Sale Investments were recorded at ₱ 26.60 million in December 31, 2014 versus ₱ 22.29 million last year. As a result of the Bank's sale of its 25% investment in TFS, no Unrealized Gain/Loss and Cash Flow Hedge were reflected in December 2014. Meanwhile, the Bank recorded remeasurement Losses of ₱133.79 million on its Retirement Plan in 2014 due to lower fair value of plan assets. On the other hand, the Bank's share in the Remeasurement Losses on Retirement Plan of a Joint Venture was posted at ₱1.45 million from ₱479.69 thousand in December 2013.

As of end of 2014, Total Capital Adequacy Ratio (CAR) was at 19.57%, this is above the minimum regulatory requirement of 10%. As of December 31, 2014 and 2013, the Bank recorded a loss on its 'Cumulative Translation Adjustment' under equity amounting to ₱41.66 million and ₱41.09 million, respectively.

Meanwhile, Return on Average Equity (ROAE) decreased to 13.64% in 2014 versus 18.72% in 2013. Return on Average Assets (ROAA) also decreased to 1.68% in 2014 from 2.38% in 2013.

2. Discussion of Results of Operations

For the years ended December 31, 2015 and 2014

The Bank registered a net income after tax of ₱2.35 billion or 1.39% higher than the ₱2.32 billion recorded for the same period last year. The increase in net income was due to higher core income in 2015 versus 2014.

Total Interest Income increased by 8.79% or ₱889.32 million, better than the ₱10.11 billion recorded last year.

Interest income on Loans and Receivables showed a 12.65% improvement or an increase of ₱1.11 billion. On the other hand, Interest Income on Investment Securities increased to ₱727.77 million from ₱363.96 million as the Bank shifted its investments from SDA and RRP of BSP to higher yielding, longer-term FxTNs and ROP Bonds. Meanwhile, Interest earned from Interbank Loans Receivable and SPURA declined by 77.79% to ₱190.81 million from ₱858.98 million. Interest earned from deposits with BSP was higher by 156.00% to ₱146.67 million while interest income from other banks was down by 57.41% to ₱7.82million.

Interest expenses on deposit liabilities increased by 2.60% to ₱2.17 billion with overall rise in total deposits in 2015 by 15.25%. Meanwhile, interest expense on Tier 2 Unsecured Subordinated Notes rose to ₱342.65 million from ₱276.59 million in 2014. This was due to our additional ₱3 billion Unsecured Subordinated Notes (Tier 2) issuance in May 2014.

The Bank recorded ₱7.39 million in Interest Expense on Bills Payable as of December 31 2015, ₱3.42 million lower compared to last year.

As of December 2015, Net Interest Income rose by 10.01% to ₱8.48 billion from ₱7.71 billion in 2014.

Net Service Fees and Commission Income increased by 10.91% to ₱1.20 billion from ₱1.08 billion in 2014.

Other Operating Income was lower in 2015 compared with previous year which included significant one-time gains from the sale of the Bank's interest in Toyota Financial Services (TFS) and Victorias Milling Corporation. As a result, Other Operating Income slid by 36.87% to ₱1.12 billion. Also, the Bank registered a net trading loss of ₱63.57 million in 2015 compared to the ₱209.95 million in trading gains in 2014.

The Bank recorded a net gain on foreclosure and sale of chattel mortgage amounting to ₱377.66 million, ₱60.84 million higher compared with the ₱316.81 million during the same period last year. On the other hand, net gain on foreclosure and sale of investment properties decreased by ₱40.82 million to ₱258.03 million from ₱298.85 million in 2014.

Income on sale of property and equipment in 2015 was lower at ₱17.74 million versus ₱45.01 million in 2014.

Foreign Exchange gain was posted at ₱18.82 million, an improvement from ₱7.81 million in 2014. Miscellaneous Income was higher by ₱171.85 million to ₱515.41 million from ₱343.57 million in 2014.

Other Operating Expenses, excluding provision for impairment, was up by 4.83% to ₱6.93 billion from ₱6.61 billion a year ago. Compensation and Fringe Benefits was posted at ₱2.61 billion while Occupancy and equipment-related costs increased by ₱43.99 million or 7.01% to ₱671.73 million. This was a result of branch and ATM expansion efforts as we ended 2015 with 248 branches and 614 ATMs nationwide. We also renovated a total of 28 branches in 2015.

Depreciation and amortization of Bank's properties and leasehold improvements were ₱501.31 million from ₱504.63 million in 2014. Meanwhile, security, messengerial and janitorial services were at ₱334.03 million. Amortization of intangible assets was recorded at ₱100.22 million. Miscellaneous Expenses were higher by 5.84% at ₱1.74 billion from ₱1.65 billion last year.

Taxes and Licenses went down by 9.47% compared to last year due to lower Gross Receipts Tax on trading gains and one-time Capital Gains Tax on the sale of TFS shares in 2014.

The Bank set aside ₱1.59 billion in provisions for impairment and credit losses.

The Bank recorded its share in the net income of its investments in Sumisho Motor Finance Corporation at ₱20.21 million from ₱4.83 million in the same period last year. This was lower by 73.73% versus the same period last year which included the ₱72.13 million share in the net earnings of Toyota Financial Services Philippines Corporation (an associate) which the Bank sold in the third quarter of 2014.

For the years ended December 31, 2014 and 2013 (As restated)

The Bank registered a net income after tax of ₱2.32 billion or 20.82% lower than the ₱2.93 billion recorded for the same period last year. The decrease in net income was due to lower trading gains in 2014 versus 2013.

Total Interest Income increased by 12.03% or ₱1.09 billion, better than the ₱9.03 billion recorded last year.

Interest income on Loans and Receivables showed an 8.52% improvement or an increase of ₱692.38 million. On the other hand, Interest income on Investment Securities slid to ₱363.96 million from ₱375.40 million due to lower investment portfolio in 2014. Meanwhile, Interest earned from Interbank Loans Receivable and SPURA increased by 79.35% or ₱380.05 million to ₱858.98 million versus ₱478.94 million. Interest earned from deposits with BSP increased by 35.71% to ₱57.29 million while interest income from other banks was up by 122.70% to ₱18.36 million.

Interest Expense on the Bank's deposit liabilities decreased by 1.95% to ₱2.12 billion due to lower cost of funds in 2014. Interest Expense on Subordinated Notes rose to ₱276.59 million from ₱175.25 million due to the ₱3 billion Unsecured Subordinated Notes (Tier II) issuance in May 2014. The Bank also recorded ₱10.81 million Interest Expense on Bills Payable as of December 31, 2014, ₱3.33 million higher compared to last year.

As of December 2014, Net Interest Income rose by 15.31% to ₱7.71 billion from ₱6.69 billion in 2013.

Net Service Fees and Commission Income increased by 11.98% to ₱1.08 billion from ₱962.56 million in 2013.

Other Operating Income slid by 64.63% or ₱ 3.25 billion to ₱1.78 billion due to lower trading gains recorded in 2014. The Bank registered ₱209.95 million trading income in 2014 versus ₱4.07 billion in 2013.

In January 2014, to align with Metrobank group's policy, the Bank revised its accounting treatment with regards to the foreclosure of chattel mortgage properties. The Bank recorded a net gain on foreclosure and sale of chattel mortgage amounting to ₱316.81 million, ₱61.77 million lower compared with the ₱378.58 million gain during the same period last year. On the other hand, net gain on foreclosure and sale of investment properties increased by ₱29.10 million to ₱298.85 million from ₱269.75 million in 2013.

Income on sale of property and equipment in 2014 was lower at ₱ 45.01 million versus ₱ 138.46 million in 2013. In August 2013, the Bank sold various units located at Philippine Axa Tower.

Foreign Exchange gain was posted at ₱7.81 million from a ₱3.88 million loss in 2013. In 2014, the Bank recognized gain on sale of investment in an associate due to the sale of equity investment in TFSPC. Miscellaneous Income was higher by ₱162.30 million to ₱343.57 million from ₱181.27 million in 2013.

Other Operating Expenses, excluding provision for impairment, was up by 9.44% to ₱6.61 billion from ₱6.04 billion a year ago. Compensation and Fringe Benefits was posted at ₱2.40 billion while Occupancy and equipment-related cost increased by ₱67.97 million or 12.14% to ₱627.74 million due to the opening of twenty one (21) additional branches and installation of forty-four (44) ATMs during the year. As of December 31, 2014, the Bank has 245 branches and 595 ATMs nationwide.

Depreciation and amortization of Bank's properties and leasehold improvements were ₱504.63 million from ₱483.26 million in 2013. Meanwhile, security, messengerial and janitorial services were ₱287.08 million. Amortization of intangible assets was recorded at ₱82.37 million. Miscellaneous Expenses were higher by 12.86% at ₱1.65 billion from ₱1.46 billion last year.

Taxes and Licenses slightly went up by 0.74% or ₱7.75 million compared to last year.

The Bank set aside ₱1.74 billion in provisions for impairment and credit losses.

The Bank recorded its share in the net income of its investments in TFSPC and Sumisho Motor Finance Corporation at ₱76.96 million from ₱109.57 million in the same period last year. This is attributed to the sale of the Bank's 25% ownership in Toyota Financial Services Philippines Corporation (TFSPC) to GT Capital Holdings Inc.

3. Analysis of Key Performance Indicators

The following basic ratios measure the financial performance of the Bank:

		2015	2014	2013
Return on Average Equity	ROAE	12.74%	13.64%	18.72%
Return on Average Assets	ROAA	1.49%	1.68%	2.38%
Net Interest Margin on Average Earning Assets	NIM	6.37%	6.58%	5.88%
Earnings per share	EPS	₱9.79	₱9.65	₱12.19
Capital-to-Risk Assets Ratio	CAR	18.04%	19.57%	16.92%
Liquidity Ratio	LR	28.72%	46.83%	51.68%
Debt-Equity Ratio	DER	7.83:1	7.21:1	7.00:1
Asset-to-Equity Ratio	AER	8.83:1	8.21:1	8.00:1
Interest Rate Coverage Ratio	IRC	1.92:1	1.96:1	2.76:1

2015 vs. 2014 Comparative highlights on key performance indicators

- Return on Average Equity (ROAE) decreased from 13.64% in 2014 to 12.74% in 2015. ROAE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing the net income by the year-on-year average of the outstanding shareholders' equity.
- Return on Average Assets (ROAA) decreased to 1.49% in December 2015 from 1.68% in 2014. ROAA is calculated by dividing the net income by the year-on-year average of the outstanding total assets.
- Net Interest Margin on Average Earning Assets (NIM) went down from 6.58% in 2014 to 6.37% in 2015. NIM is calculated by dividing the net interest income by the average earning assets.
- Earnings per Share (EPS) improved to ₱9.79 in 2015 from ₱9.65 in 2014. EPS is the net profit the Bank has generated per common share. It is computed by dividing the net income by the weighted average number of outstanding common shares.
- Capital-to-Risk Assets Ratio (CAR) decreased from 19.57% to 18.04% in 2015. The Bank issued a P3.0 billion Unsecured Subordinated Notes (Tier II) in May 2014. CAR is the measure of the Bank's capital strength. It is calculated by dividing the qualified capital by risk-weighted assets as defined by the Bangko Sentral ng Pilipinas (BSP).
- Liquidity Ratio (LR) decreased in 2015 at 28.72% compared to 46.83% in 2014 as excess funds were placed in higher yielding investment securities. LR measures the Bank's ability to meet its short-term liabilities. It is derived from dividing the current assets by current liabilities.
- Debt-to-Equity Ratio (DER) was at 7.83:1 as of December 2015 versus 7.21:1 in 2014. DER measures the Bank's financial leverage. This is computed by dividing total liabilities by total stockholder's equity.
- Asset-to-Equity Ratio (AER) increased to 8.83:1 in 2015 versus 8.21:1 in 2014. AER is computed by dividing the total assets by total shareholder's equity.
- Interest Rate Coverage Ratio (IRC) went down to 1.92:1 as of December 31, 2015 from 1.96:1 the same period last year. IRCR is a measure of the Bank's ability to meet its interest payments on outstanding debt. It is calculated by dividing the total earnings before interest and taxes over interest expense.

2014 vs 2013 Comparative highlights on key performance indicators

- a) Return on Average Equity (ROAE) decreased from 18.72% in 2013 to 13.64% in 2014. ROAE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing the net income by the year-on-year average of the outstanding shareholders' equity.
- b) Return on Average Assets (ROAA) decreased to 1.68% in December 2014 from 2.38% in 2013. ROAA is calculated by dividing the net income by the year-on-year average of the outstanding total assets.
- c) Net Interest Margin on Average Earning Assets (NIM) improved from 5.88% in 2013 to 6.58% in 2014. NIM is calculated by dividing the net interest income by the average earning assets.
- d) Earnings per Share (EPS) decreased to ₱9.65 in 2014 from ₱12.19 in 2013. EPS is the net profit the Bank has generated per common share. It is computed by dividing the net income by the weighted average number of outstanding common shares.
- e) Capital-to-Risk Assets Ratio (CAR) increased from 16.92% to 19.57% in 2014. The Bank issued a P3.0 billion Unsecured Subordinated Notes (Tier II) in May 2014. CAR is the measure of the Bank's capital strength. It is calculated by dividing the qualified capital by risk-weighted assets as defined by the Bangko Sentral ng Pilipinas (BSP).
- f) Liquidity Ratio (LR) decreased in 2014 at 46.83% compared to 51.68% in 2013. LR measures the Bank's ability to meet its short-term liabilities. It is derived from dividing the current assets by current liabilities.
- g) Debt-to-Equity Ratio (DER) was at 7.21:1 as of December 2014 versus 7.00:1 in 2013. DER measures the Bank's financial leverage. This is computed by dividing total liabilities by total stockholder's equity.
- h) Asset-to-Equity Ratio (AER) increased to 8.21:1 in 2014 versus 8.00:1 in 2013. AER is computed by dividing the total assets by total shareholder's equity.
- i) Interest Rate Coverage Ratio (IRC) went down to 1.96:1 as of December 31, 2014 from 2.76:1 the same period last year. IRCR is a measure of the Bank's ability to meet its interest payments on outstanding debt. It is calculated by dividing the total earnings before interest and taxes over interest expense.

4. Key Variables and Other Qualitative and Quantitative Factors

a) Liquidity

PSBank manages its liquidity position to ensure that it has more than adequate funds to meet its obligations at any given time. The Bank monitors its daily liquidity and reserve position by determining inflows and outflows, short-term and long-term obligations, holdings and repayments. Short-term liquidity management identifies obligations and repayments in the next 12-months, aids in the determination of the securities trading strategy, and influences the Bank's pricing mechanism. On the other hand, long-term liquidity management covers maturing obligations and repayments of loans and investments beyond the next 12-months.

The level of liquid assets remained strong, exhibiting healthy growth in both placements with BSP/other banks and securities investments.

With the Bank's high capitalization, current liquidity position, strong deposit growth trend, continuing development of retail and corporate accounts, and prudent liquidity management, PSBank does not anticipate encountering any cash flow or liquidity problems in the next 12

months. It remains confident of its ability to meet its obligations and is committed to providing the necessary funding to support the projected loan growth, investment activities and expenditures for 2015.

The Bank also performs liquidity stress testing under various stress scenarios to ensure its ability to meet its funding obligations. The Bank has a Liquidity Contingency Funding Plan to anticipate and manage any funding crisis that may occur.

b) Events that will Trigger Direct or Contingent Financial Obligation

In the normal course of the Bank's operations, there are various outstanding commitments and contingent liabilities such as guarantees and commitments to extend credit, which are part of its lending and related businesses but due to their nature, may not be reflected in the accompanying financial statements. The Bank, however, does not anticipate significant losses as a result of these transactions.

Also, several suit and claims, in behalf or against the Bank in relation to its operations, including labor-related cases are pending before the courts and quasi-judicial bodies. In the opinion of management, these suits and claims, if decided adversely, will not involve an amount having a material effect on the financial statements.

c) Material Off-Balance Sheet Transactions, Arrangements and Obligations

The following is a summary of the Bank's commitments and contingent liabilities at their equivalent peso contractual amounts:

	2015	2014	2013
Trust department accounts	₱2,349,289,988	₱1,751,995,244	₱1,183,684,353
Spot Foreign Exchange Contract Sale	70,590,000	-	-
Stand-by credit line	78,408,259	78,623,503	73,413,399
Late deposits/payments received	57,141,192	70,408,879	63,998,571
Items held for safekeeping	311,877	217,509	260,102
Others	143,111	121,385	109,876

None of these off-balance sheet transactions, arising in the ordinary course, either individually or in the aggregate, are expected to have a material adverse effect on the Bank's financial condition.

d) Material Commitments for Capital Expenditures

The Bank's capital expenditures in 2015 included expenses for four (4) new branches, nineteen (19) new on-site and off-site ATMs, upgrade of bank premises including infrastructure, furniture, fixtures and equipment, IT-related activities on systems and licenses. For 2016, the Bank plans to open at least ten (10) branches and twenty (20) on-site and off-site ATMs. Capital expenditures were sourced from the Bank's capital.

e) Causes for Any Material Changes from Period to Period of Financial Statements

See previous discussion on Analysis of Statement of Condition and Discussion of Results of Operations.

f) Known Trends, Events or Uncertainties or Seasonal Aspects

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

g) Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRSs and Philippine Accounting Standards (PAS), which were adopted as of January 1, 2015.

The following new and amended did not have any material impact on the accounting policies, financial position or performance of the Bank:

- PAS 19, Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)

Annual Improvements to PFRSs (2010-2012 cycle)

- PFRS 2, Share-based Payment – Definition of Vesting Condition
- PFRS 3, Business Combinations – Accounting for Contingent Consideration in a Business Combination
- PFRS 8, Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets
- PAS 16, Property, Plant and Equipment and PAS 38, Intangible Assets – Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization
- PAS 24, Related Party Disclosures – Key Management Personnel

Annual Improvements to PFRSs (2011-2013 cycle)

- PFRS 3, Business Combinations – Scope Exceptions for Joint Arrangements
- PFRS 13, Fair Value Measurement – Portfolio Exception
- PAS 40, Investment Property

Item 7. Financial statements

Please refer to EXHIBITS 5 and 6, for the Bank's Management's Responsibility for Financial Statements and Audited Financial Statements as of December 31, 2015 and 2014.

Independent Public Accountant

SyCip Gorres Velayo & Co. (SGV & Co.), independent certified public accountants, audited the Bank's financial statements without qualification and in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of its examination, in its report to the stockholders and Board of Directors.

The following table sets out the aggregate fees billed for each of the years ended December 31, 2015 and 2014 for professional services rendered by SGV & Co for the audit of the Bank's annual financial statements.

	2015	2014
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱2,275,000	₱2,275,000

Tax and All Other Fees for Services of External Auditor

The Bank has engaged the services of external auditor for tax accounting, compliance, advice, planning and any other form of services during the last three (3) years. The collective fees for each year ended December 31, 2015, 2014 and 2013 amounted to ₱1,053,920.00, ₱2,020,000.00 and ₱112,000.00, respectively.

Fees for Services of other Tax Consultant

The Bank also engaged the services of Du-Baladad and Associates for tax consultancy. The collective fees amounted to ₱266,112.00, ₱668,976.00 and ₱192,192.00 for 2015, 2014 and 2013, respectively.

Audit Committee's Approval Policies and Procedures for Above Services

As Metrobank subsidiary, the Bank adopted the Parent's policies and procedures on audit engagement contract for external auditors. The same was discussed and approved by the Audit Committee.

Included in the duties and responsibilities of the Audit Committee as provided for in the Audit Committee Charter are to recommend to the Board the appointment, re-appointment and dismissal of external auditors; to review and evaluate the external auditors' qualifications, performance, independence, and objectivity; and to review the external auditors' audit plan and scope among others.

The following are the members of Bank's Audit Committee:

Name	Position
Jose T. Pardo, Chairman/ Independent Director	Chairman
Samson C. Lim, Independent Director	Member
Amelia B. Cabal, Director	Member

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

SGV & Co. has acted as the Bank's external auditors since 1979. In compliance with the 5-year rotation requirement, the new certifying partner from SGV and Co. is Miguel U. Ballelos, Jr. The Bank has no disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period.

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

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

A. Directors and Executive Officers

Directors

The following are the Directors for 2015 – 2016:

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
Jose T. Pardo Chairman of the Board of Directors / Independent Director	77	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> Chairman since Jan 2003/Independent Director since May 2007, Philippine Savings Bank* Chairman and Independent Director, Philippine Seven Corporation since Jan 2015* Chairman/Independent Director, Philippine Stock Exchange since 2011 Chairman/Independent Director, Securities Clearing Corporation of the Philippines since 2011 Chairman/Independent Director, Bank of Commerce since 2003 Independent Director, National GRID Corporation of the Philippines since 2009 Independent Director, JG Summit Holdings, Inc.* since 2013 Independent Director, ZNN Radio Veritas since 2006 Independent Director, Monte Oro Grid Resources Corporation 2015 Chairman, De La Salle University, Inc. since 2010 Co-Chairman, De La Salle Philippines Chairman, ECOP Council of Business Leaders since 2009 Chairman, PCCI Council of Business Leaders since 2007 Chairman, Philippine Business Center Inc. since 2011 Chairman, Foundation for Crime Prevention since 2007 Chairman, Assumption (Antipolo) since 2006 Vice Chairman, EDSA People Power Commission, Office of the President since 2010 Chairman, EDSA People Power Foundation since 2011 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> President/Chairman, Philippine Seven Corporation (Philippine Area Licensee of 7-Eleven, USA) President/Chairman, Wenphil Corporation (Philippine Area Licensee of Wendy's, USA) President/Chairman, Asian Holdings Corporation President/Chairman, Land and Housing Development Corporation President/Chairman, Overseas Ohsaki Construction Corp. President/Chairman, Capital Market Integrity 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<p>Corporation in 2011</p> <ul style="list-style-type: none"> Chairman/ President, Franchise Investment Holdings Inc. Chairman, EC Pay Network Inc.in 2003 Director, San Miguel Purefoods Inc. Director, GMA Network, Inc. (Channel 7) Director, Metropolitan Bank and Trust Company Director, C.C. Unson Co., Inc. (Battery Manufacturing) Director, Mabuhay Philippine Satellite Corporation in 2001 Director, Coca-Cola Bottlers Philippines, Inc. Director, ABC Development Corporation (ABC-5) in 2004 Director, Associated Broadcast Marketing Corp.in 2004 <p><u>Past Experiences/Positions Held in Government Service</u></p> <ul style="list-style-type: none"> Cabinet Secretary, Department of Finance from 2000-2001 Cabinet Secretary, Department of Trade and Industry from 1998-2000 Governor for the Philippines, Asian Development Bank Alternate Governor for the Philippines, International Monetary Fund Governor, International Fund for Agricultural Development Chairman, Committee on Privatization Chairman, Philippine Deposit Insurance Corporation Chairman, Trade and Investment Development Corporation Chairman, Mount Pinatubo Commission Chairman, Council of ASEAN Trade Ministers from 1998-1999 Vice Chairman, Economic Coordinating Council Member, National Dev't Company Fellow, Development Academy of the Philippines Member, Bangko Sentral Monetary Board from 1998-2001 Commissioner, Career Executive Service Board Commissioner, Presidential Anti-Crime Commission Member, Presidential Council of Economic Advisers in 1992 Member, CB Monetary Board from 1992-1993 ASEAN Free Trade Area (AFTA) Advisory Council from 1992-1994 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> Master's Degree in Business Administration - First graduate of the Harvard-DLSU Advisory Program, De La Salle University Manila BS Commerce-Accountancy, De La Salle University Manila 	

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
Arthur V. Ty Vice Chairman	49	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> Chairman, Metropolitan Bank and Trust Company* since April 2012 Vice Chairman/Director, Philippine Savings Bank* since 2001 Vice Chairman/Director, First Metro Investment Corporation since April 2012 Director, Federal Land, Inc. since 2002 Chairman/Director, Global Treasure Holdings, Inc. since 2006 Chairman, Great Mark Resources Corporation since 2015 President/Director, Horizon Royale Holdings, Inc. since 2000 Vice Chairman, Metrobank Foundation, Inc. since 2006 President/Director, Philippine Securities Corporation since 2005 Vice Chairman, GT Capital Holdings Inc.* since 2014 Chairman/Director, Grand Titan Capital Holdings, Inc. since 2007 Chairman/President, Nove Ferum Holdings, Inc. since 2009 Chairman, Metropolitan Bank (China) Ltd. since 2010 Chairman, Ferum Cee Inc. since 2011 Chairman, GT Metro Foundation Inc. since 2010 <p><u>Past Experiences/Positions Held</u></p> <ul style="list-style-type: none"> President, Philippine Savings Bank from 2000-2001 Vice Chairman, Great Mark Resources Corporation from 2012-2015 President, Metropolitan Bank and Trust Company from 2006-2012 Treasurer, FMIC Equities, Inc. from 2001-2006 Chairman, First Metro International Investment Corp. (Hong Kong) from 2006-2009 Vice Chairman/Director, Global Business Holdings from 2002-2006 Chairman, Great Mark Resources Corporation from 2006-2012 Vice Chairman/Director, Metropolitan Bank (Bahamas), Ltd. from 2006-2009 Chairman/Director, Metrobank Card Corp. from 2002-2009 Senior Vice President, Metrobank Foundation, Inc. from 2003-2005 EVP/ Director, Philippine Securities Corporation from 2001-2003 Director, SMBC Metro Investment Corporation from 2001-2005 Director, Lepanto Consolidated Mining Company from 1997-2003 Director, Baywatch Realty Corp. from 2000-2003 Vice Chairman, Metro Remittance Singapore 	Jeanne Frances Ty Chua (Cousin)

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<p>Pte. Ltd. from 2004-2009</p> <ul style="list-style-type: none"> • Vice Chairman, Metro Remittance Center, Inc. (U.S.A) from 2008-2009 • Chairman, MB Remittance Center (Hawaii), Ltd. from 2007-2009 • Chairman, Metro Remittance Center, Inc. (Canada) from 2008-2009 • Vice Chairman, Metro Remittance (Italia) SpA from 2008-2009 • Director, MBTC Remittance GmbH (Vienna) from 2008-2009 • Vice Chairman, Metro Remittance (UK) Ltd. from 2007-2009 • Director, Global Business Power Corp. from 2009 to 2012 • Vice Chairman, GT Capital Holdings Inc. from 2012 to 2014 • Vice Chairman/Director, Cathay International Resources Corp. from 2006-2012 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • MBA, Columbia University • BS Economics, University of California-Los Angeles 	
Vicente R. Cuna, Jr. President / Director	54	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • Director/President, Philippine Savings Bank* since April 2013 • Director, Metropolitan Bank and Trust Company* since April 2014 • Chairman, Orix Metro Leasing & Finance Corp. in March 2016 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> • Director, FMIC from 2011 to 2015 • Senior Executive Vice President - Institutional Banking Sector, Metrobank from 2012 to 2013 • Executive Vice President - Corporate Banking Group, Metrobank from 2006 to 2012 • Adviser, Metrobank from 2007 to 2009 • Chairman, Metro Remittance Center (California), Inc. from 2010 to 2013 • Chairman, Metro Remittance (Canada), Inc. from 2010 to 2013 • Vice Chairman, Metro Remittance Center, Inc. (U.S.A.) from 2010 to 2013 • Vice Chairman, MB Remittance Center (Hawaii) LTD. from 2010 to 2013 • Vice Chairman, PSBank from 2009 to 2011 • Adviser, Charter Ping An Insurance from 2006 to 2008 • Director, Asia Pacific Top Mgt. Int'l., Resources Corp. from 2008 to 2013 • Director, SMBC Metro Investment Corp. from 2006 to 2009 • Adviser, FMICC-HK from 2006 to 2008 • Vice President, Citibank Manila from 1995 to 2006 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • Pursued further studies (MBA) at the Ateneo Graduate School of Business 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<ul style="list-style-type: none"> AB Economics, De La Salle University Manila 	
Samson C. Lim Independent Director	67	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> Independent Director, Philippine Savings Bank* since April 2008 Chairman, Blims Lifestyle Group (BLG) since 2014 Chairman, Collins International Trading Corporation since 2002 Chairman, Francorp Philippines since 2002 Chairman Emeritus/International Relation, Philippine Franchise Association since 2005 Chairman Emeritus, Philippine Retailers Association since 2000 President, Canadian Tourism & Hospitality Institute since 2010 Vice President for Tourism, Philippine Chamber of Commerce and Industry, 2016-2017 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> President, LG Collins Electronics, Phils. from 1988 to 1999 Chairman, Federation of Asian Retailers Association (FARA) from 1992 to 1993 Vice Chairman for Asia, World Franchise Council from 2001 to 2002 Founding Member, Institute of Corporate Governance in 1999 President & Adviser, Philippines- Korea Economic Council from 1987 to 1999 Director, Chamber of Furniture Industries of the Philippines in 2001 Director, USAID – Trade and Investment Policy Analysis and Advocacy in 1992 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> Masters in Business Economics, University of Asia and the Pacific Special Training on International Business, Institute of International Studies and Training, Fujinomia, Japan Top Management Program, Asian Institute of Management BS Liberal Arts, Cum Laude, Ateneo de Manila University Exchange Student, Sophia University Tokyo, Japan 	None
Benedicto Jose R. Arcinas Independent Director	59	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> Independent Director, Philippine Savings Bank* since April 2012 Director and General Manager, Arcinas Freres Inc. since 1989 <p><u>Past Experiences/Positions Held</u></p> <ul style="list-style-type: none"> Executive Vice President and Chief Investment Officer, Government Service Insurance System from 2010 to 2011 Director and Risk Oversight Committee Chairman, GSIS Family Bank from 2010 to 2011 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<ul style="list-style-type: none"> • Consultant, Philippine Consumer Credit, Veda Advantage Australia in 2012 • Director, Valuegen Financial Insurance Co. Inc. from 2009 to 2011 • Director, EIB Securities Inc. from 2009 to 2012 • Executive Vice President and Treasurer, Export and Industry Bank from 2007 to 2010 • Director, Asia Pacific Recoveries Corporation from 2005 to 2010 • Director, Asia Special Situations M3P2 Inc. from 2005 to 2011 • Managing Director, Structured Solutions Inc. from 2002 to 2007 • Managing Director, ATR-Kim Eng Fixed Income Inc. from 1998 to 2002 • Director, Peregrine Fixed Income Philippines and Peregrine Fixed Income Ltd. HK in 1997 • Senior Vice President – Treasury, Metropolitan Bank and Trust Company from 1991-1997 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • Master of Science in Management, Arthur D. Little Management Education Institute (now Hult International Business School) • Certificate Courses in Small Enterprise Management, Operations Research, Economics, Computer Programming, Harvard University, Cambridge, Massachusetts • BS Business Economics, University of the Philippines, Diliman 	
Maria Theresa G. Barretto Director	75	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • Director, Philippine Savings Bank* since April 2006 • Director, Endel Enterprises Corp. since June 1995 • Director, Rural Bank of Candelaria since Nov 2011 <p><u>Past Experiences/ Position Held</u></p> <ul style="list-style-type: none"> • Director, Board of Trustees DLSU- Zobel from 1978 to 1980 • Director, Assumption Alumnae Association from 1987 to 1989 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> • Curso De Estudios Hispanicos, La Universidad de Madrid, Spain • BS Commerce, Assumption College 	None
Jeanne Frances Ty Chua Director	50	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> • Director, Philippine Savings Bank* since April 2013 • Vice President, Legaspi Import & Export Corp. since Jan 2000 <p><u>Past Experiences/Positions Held</u></p> <ul style="list-style-type: none"> • Vice President, Solid State Risk Consultant Inc. from 2003 to 2013 • Senior Vice President and Corporate Secretary, Century Savings Bank from 2012-2013 • Finance Officer, Luzon Petrochemical 	Arthur V. Ty (cousin)

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			Corporation from 1990-1991 <u>Academic Qualifications</u> <ul style="list-style-type: none"> BS Finance, Santa Clara University, USA 	
Amelia B. Cabal Director	69	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> Director, Philippine Savings Bank* since April 2014 Independent Director, Deutsche Regis Partners Inc. since 2012 Independent Director, Ionics, Inc. since 2012 Independent Director, Ionics EMS, Inc. since 2012 Bank Supervisor, Metropolitan Bank (China) Ltd. since 2010 <u>Past Experiences/ Position Held</u> <ul style="list-style-type: none"> Chairman, External Audit Committee of the International Monetary Fund from 2011 to 2012 Director, Metropolitan Bank and Trust Company * from 2009 to 2014 Senior Adviser, Sycip Gorres Velayo and Co. from 2007 to 2009 Vice Chairman and Senior Partner, Sycip Gorres Velayo and Co. from 1985 to 2007 <u>Academic Qualifications</u> <ul style="list-style-type: none"> Advanced Management Program, Harvard Business School Top Management Program – Bangkok, Pacific Coast Banking School / University of Washington Seattle USA Pacific Rim Banking Program, Pacific Coast Banking School / University of Washington Seattle USA Advanced Management Program, Asian Institute of Management BS Commerce major in Accounting, Far Eastern University 	None
Severinus Petrus Paulus Hermans	51	Dutch	<u>Present Involvement</u> <ul style="list-style-type: none"> Director, Philippine Savings Bank since 2015 President and Chief Executive Officer, Philippine AXA Life Insurance Corporation since February 2009 <u>Past Involvements</u> <ul style="list-style-type: none"> Head of Marketing and Executive Board Member, ING Financial Services (Poland) and Board Member of ING Life Insurance from 2006 to 2009 Head of Retail Financial Services and Executive Board Member of ING Insurance Malaysia from 2003 to 2006 Chief Marketing Officer at ING Asia Pacific from 2002 to 2003 President/CEO and Executive Board Member, ING Life Philippines from 1999 to 2002 President/CEO of Orange Healthcare (Aetna) from 2000 to 2002 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<ul style="list-style-type: none"> Executive Board Member of Aetna Healthcare from 2001 to 2008 Board Member of Lion Philippines Ventures and Aetna Life Philippines from 2001 to 2008 Regional Manager for Strategy and Marketing Support at ING Financial Services in 1999 Vice President for Strategy and Planning at ING Netherlands from 1994 to 1998 Product / Marketing Manager at Postbank from 1990 to 1994 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> Master of Marketing, Tilburg Institute for Advanced Studies Masters of Science in Business Economics, University of Amsterdam 	

* Company listed at The Philippine Stock Exchange, Inc.

a) Executive Officers

Name/ Position	Age	Citizenship	Experience	Relatives up to 4 th Civil degree
Vicente R. Cuna, Jr. President/ Director	54	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> Director/President, Philippine Savings Bank* since April 2013 Director, Metropolitan Bank and Trust Company* since April 2014 Chairman, Orix Metro Leasing & Finance Corp. in March 2016 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> Director, FMIC from 2011 to 2015 Senior Executive Vice President - Institutional Banking Sector, Metrobank from 2012 to 2013 Executive Vice President - Corporate Banking Group, Metrobank from 2006 to 2012 Adviser, Metrobank from 2007 to 2009 Chairman, Metro Remittance Center (California), Inc. from 2010 to 2013 Chairman, Metro Remittance (Canada), Inc. from 2010 to 2013 Vice Chairman, Metro Remittance Center, Inc. (U.S.A.) from 2010 to 2013 Vice Chairman, MB Remittance Center (Hawaii) LTD. from 2010 to 2013 Vice Chairman, PSBank from 2009 to 2011 Adviser, Charter Ping An Insurance from 2006 to 2008 Director, Asia Pacific Top Mgt. Int'l., Resources Corp. from 2008 to 2013 Director, SMBC Metro Investment Corp. from 2006 to 2009 Adviser, FMICC-HK from 2006 to 2008 Vice President, Citibank Manila from 1995 to 2006 	None

Name/ Position	Age	Citizenship	Experience	Relatives up to 4 th Civil degree
Jose Vicente L. Alde Executive Vice President	49	Filipino	<u>Present Involvement</u> The following businesses and support groups at PSBank report to Mr. Alde as EVP since Nov 2007: <ul style="list-style-type: none"> - Branch Banking - Direct Sales Channel - Indirect Sales Channel - Asset Sales - Large Enterprises - Marketing and Customer Experience <ul style="list-style-type: none"> • Director, Metrobank Card Corporation <u>Past Involvements</u> <ul style="list-style-type: none"> • Held various Branch Banking and Treasury Positions as Vice President of ABN-AMRO Bank from 1996 to 2007 	None
Noli S. Gomez Senior Vice President	50	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> • SVP and Head at PSBank's Operations Group since Jan 2006 <u>Past Involvements</u> <ul style="list-style-type: none"> • Chief Finance Officer at PSBank from 2001 to 2005 • Head of Systems and Methods and Chief Risk Officer at DBS Bank Phils., Inc. from 1998 to 2001 • System Management Officer of the Bank of the Philippine Islands from 1996 to 1997 	None
Perfecto Ramon Z. Dimayuga, Jr. Senior Vice President	54	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> • SVP, Chief Finance Officer and Finance Group Head, PSBank since Jan 2006 • Corporate Secretary, Sumisho Motor Finance Corp. since Dec 2009 <u>Past Involvements</u> <ul style="list-style-type: none"> • Treasurer, PSBank from June 2002 to May 2004 • Held various treasury positions in Development Bank of Singapore (DBS) Phils., Inc., Bank of the Philippine Islands, Mindanao Development Bank, Citytrust Banking Corp. and Rizal Commercial Banking Corp. from 1988 to 2002 	None
Jose Jesus B. Custodio Senior Vice President	55	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> • SVP and Head at PSBank's Indirect Sales Channel Group since July 2011 <u>Past Involvements</u> <ul style="list-style-type: none"> • Head of Auto Loans at PSBank from 2001 to 2011 • Head of Fleet and Floorstock Department at BPI Family Savings Bank from 1995 to 2000 • Head of Auto Loans-Retail Sales at CityTrust Banking Corporation from 1991 to 1995 	None

Name/ Position	Age	Citizenship	Experience	Relatives up to 4 th Civil degree
Emmanuel A. Tuazon Senior Vice President	52	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> SVP and Head of PSBank's Marketing and Customer Experience Group since July 2014 <u>Past Involvements</u> <ul style="list-style-type: none"> Former Senior Vice President and Chief Marketing Officer, Allied-PNB Savings from 2013 to 2014 and Philippine National Bank from 2010 to 2013 Former Vice President for Marketing at ABN AMRO Bank from 1999 to 2000 and Jardine Pacific Finance from 1997 to 1999 	None
Neil C. Estrellado Senior Vice President	44	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> SVP and Head of PSBank's IT Division since 2002 <u>Past Involvements</u> <ul style="list-style-type: none"> Held various positions in the following Banks: <ul style="list-style-type: none"> - Assistant Manager, BPI (formerly Citytrust Banking Corporation) - Project Manager, DBS Philippines Inc. (formerly Bank of Southeast Asia) - AVP, Development Bank of Singapore - Project Manager, Overseas Chinese Banking Corp (OCBC), Singapore 	None

* Company listed at The Philippine Stock Exchange, Inc.

None of the Bank's directors and officers works with the government. All of the above-mentioned officers have been involved in the banking industry for more than five years.

c. Nominee Directors

The following have been duly nominated to become members of the Bank's 2016-2017 Board of Directors: incumbent directors Jose T. Pardo, Arthur V. Ty, Samson C. Lim, Benedicto Jose R. Arcinas, Amelia B. Cabal, Jeanne Frances T. Chua and Vicente R. Cuna, Jr. (please refer to the table above for brief professional background) and the new nominees, Ma. Soledad D.S. De Leon and Jose Vicente L. Alde.

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
Ma. Soledad D.S. De Leon	57	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> Director, St. Patrick College Quezon City since 2002 President / Treasurer, SODEL Realty, Inc. since 1995 Chairman / Treasurer, SODEL Milling Corp since 1995 Chairman / Treasurer, Casa Medica Inc. since 1995 Vice President, Lipa Golden Land Development Inc. since 1994 Vice President / Treasurer, Fil-Homes Realty Development Corporation since 1993 Director, The Pearl Manila, Pearl of the Orient and Seas Hotel and Recreational Resort Inc. since 1993 Director, Hospital Management Services Inc. since 1993 Director, University Physician Services Inc. Property Holdings Inc. since 1993 Director, YamanLahi Foundation Inc. 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<ul style="list-style-type: none"> since 1993 Vice President / Treasurer, Batangas Sugar Central, Inc. since 1993 <p><u>Past Involvements</u></p> <ul style="list-style-type: none"> Vice President / Treasurer, Candelaria Rural Bank from 1998 to 2016 Vice President / Treasurer, Valley View Family Medical Clinic Inc. California USA from 1986 to 1993 Assistant Supervisor, Home Savings of America California USA from 1981-1982 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> International Management Studies, University of California Los Angeles BS in Business Administration, St. Paul College of Manila 	
Jose Vicente L. Alde	49	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> Executive Vice President, Philippine Savings Bank* since July 2010 Director, Metrobank Card Corporation since April 2015 <p><u>Past Involvements</u></p> <ul style="list-style-type: none"> Senior Vice President, Philippine Savings Bank* from 2007 to 2010 Vice President, ABN-AMRO Bank from 1995 to 2007 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> Masters in Business Management, Asian Institute of Management Bachelor in Computer Science, University of the Philippines-Diliman 	None

All nominations were submitted, evaluated and approved by the Bank's Nominations Committee. As such, all nominees possess the qualifications and none of the disqualifications to become directors of the Bank for 2016-2017.

Of the above named nominees, Messrs. Jose T. Pardo, Samson C. Lim and Benedicto Jose R. Arcinas have been nominated as Independent Directors by Mr. Joaquin Aligguy, Ms. Dulce D. Arcebal and Ms. Yolanda L. Dela Paz, respectively, with whom they are not related. Based on the Bank's Manual of Corporate Governance and as required by existing laws and regulations, the stockholders must elect at least two (2) independent directors.

Messrs. Pardo, Lim and Arcinas possess the qualifications and none of the disqualifications to become independent directors.

Nomination Procedures

- 1) A stockholder may submit nominations for directorial positions to the Nominations Committee.
- 2) The nominating stockholder shall submit his proposed nomination in writing to the Nominations Committee together with the biodata, acceptance and conformity by the would-be nominee. In 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 auditor.

- 3) The Nominations Committee shall screen the nomination of directors prior to the submission of the Definitive Information Statement and come up with the Final List of Candidates.
- 4) Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director.
- 5) The nomination process of the Bank is incorporated in the company's amended Code of By-Laws duly approved by the Securities and Exchange Commission as early as September 27, 2006.

The following are the members of the Bank's Nominations Committee:

Name	Position
Samson C. Lim, Independent Director	Chairman
Jose T. Pardo, Chairman/ Independent Director	Member
Arthur V. Ty, Vice Chairman	Member

1. Significant Employees

Except for the above-mentioned executives, there are no other significant employees as contemplated under the Securities Regulations Code.

2. Involvement in Certain Legal Proceedings

To the knowledge and information of the Bank, neither itself nor any of its affiliates, subsidiaries, the Bank's and their respective Directors and Executive Officers are involved or have been involved for the past five (5) years in any legal proceeding affecting/involving a material or substantial portion of their property before any court of law or administrative body in the Philippines or elsewhere.

Item 10. Executive Compensation

Name and Principal Position	2016 (estimate)	
	Salary*	Bonus**
Vicente R. Cuna, Jr. – President		
Jose Vicente L. Alde – Executive Vice President		
Noli S. Gomez – Senior Vice President		
Perfecto Ramon Z. Dimayuga, Jr. – Senior Vice President		
Jose Jesus B. Custodio, Senior Vice President		
Total	₱50.55 million	₱19.57 million
All Officers (AVP up) and Directors	₱138.60 million	₱51.89 million

* Increased 2015 figures by 8%

**Increased 2015 figures by 9%

Name and Principal Position	2015	
	Salary	Bonus
Vicente R. Cuna, Jr. – President		
Jose Vicente L. Alde – Executive Vice President		
Noli S. Gomez – Senior Vice President		
Perfecto Ramon Z. Dimayuga, Jr. – Senior Vice President		
Jose Jesus B. Custodio, Senior Vice President		
Total	₱46.80 million	₱17.96 million
All Officers (AVP up) and Directors	₱128.33 million	₱47.61 million

Name and Principal Position	2014	
	Salary	Bonus
Vicente R. Cuna, Jr. – President		
Jose Vicente L. Alde – Executive Vice President		
Noli S. Gomez – Senior Vice President		
Perfecto Ramon Z. Dimayuga, Jr. – Senior Vice President		
Jose Jesus B. Custodio, Senior Vice President		
Total	₱36.78 million	₱18.15 million
All Officers (AVP up) and Directors	₱132.82 million	₱42.34 million

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

There are no warrants or options held by the Bank's officers and directors.

Each director receives a monthly professional fee for attending Board and committee meetings. This is also in consideration of their valuable contributions in the formulation of the Bank's overall strategy. The total per diem and transportation allowance paid to directors for their attendance in Board meetings amounted to ₱ 16.9 million, ₱16.3 million and ₱13.0 million in 2015, 2014 and 2013, respectively. This translates to an average of ₱123,287.00, ₱116,343.00 and ₱120,490.00, per month/per director in 2015, 2014 and 2013, respectively. Aside from said amounts, they have no other compensation plan or arrangement with the Bank.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

A. Control and Compensation Information

Voting Securities and Principal Holders Thereof

- a) No. of Shares outstanding as of February 29, 2016 : **240,252,491 Common Shares**
No. of votes to which each share is entitled : **one (1) vote per share**
- b) Record date to determine stockholders entitled to Notice and to vote at the regular meeting : **February 2, 2016**
- c) Election of Directors:

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

- d) Arthur V. Ty is the person authorized to vote the MBTC shares in PSBank.

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

(1) Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2016, the following stockholders own more than 5% of the common voting securities:

Title of Class	Name, address of Record Owner and relationship with issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Metropolitan Bank and Trust Co. Metrobank Plaza, Gil Puyat Avenue, Makati City (Parent Company of PSBank)	Arthur V. Ty, Chairman of Metrobank	Filipino	182,535,895	75.977
Common	PCD Nominee Corporation 37 th Floor, Enterprise Bldg, Tower 1 Ayala Avenue, Makati City	Various Stockholders via PCD	Filipino	18,464,124	7.685
Common	Danilo L. Dolor # 56 Tamarind Rd., Forbes Park, Makati City	Danilo L. Dolor	Filipino	12,610,891	5.249

There is no person who holds more than 5% of the Bank's securities lodged with PCD Nominee Corporation.

(2) Security Ownership of Directors and Management as of March 31, 2016

Title of Class	Name	Position	Citizenship	No. of Shares	Percent
Directors					
Common	Jose T. Pardo*	Chairman	Filipino	1,852	.000771
Common	Arthur V. Ty	Vice Chairman	Filipino	117	.000049
Common	Vicente R. Cuna, Jr.	Director/President	Filipino	100	.000042
Common	Cabal, Amelia B.	Director	Filipino	100	.000042
Common	Maria Theresa G. Barretto	Director	Filipino	3,557	.001481
Common	Jeanne Frances T. Chua	Director	Filipino	100	.000042
Common	Samson C. Lim*	Director	Filipino	100	.000042
Common	Benedicto Jose R. Arcinas*	Director	Filipino	100	.000042
Common	Severinus Petrus Hermans	Director	Dutch	100	.000042
Sub-total				6,126	.002550
Officer					
Common	Dulce D. Arcebal	Senior Assistant Manager	Filipino	628	.000261
Sub-total				628	.000261
Total (Directors and Officers)				6,754	.002811

* Independent director

(3) Voting Trust Holders of 5% or more

There is no person who holds more than 5% of the Bank'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 12. Certain Relationships and Related Transactions

The Bank discloses loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI). Under the Bank's policy, these loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. 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 Bank. In the aggregate, loans to DOSRI generally should not exceed total equity or 15.00% of total loan portfolio, whichever is lower.

The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts as of December 31, 2015 and 2014:

	2015	2014
Total outstanding DOSRI Loans	₱1,667,247,339	₱2,802,720,372
% of DOSRI Loans to Total Loans	1.43%	2.82%
% of Unsecured DOSRI Loans to Total DOSRI Loans	12.97%	7.13%
% of Past due DOSRI Loans to Total DOSRI Loans	22.88%	14.12%
% of Non Performing DOSRI Loans to Total DOSRI Loans	22.88%	14.12%

Total interest income from DOSRI loans amounted to ₱44.7 million, ₱49.5 million, ₱53.2 million in 2015, 2014 and 2013, respectively.

Further discussion on transactions with related parties are found in Note 29 of the Audited Financial Statements.

Others

No director has resigned or declined to stand for re-election because of any disagreement with the Bank on any matter relating to the Bank's operations, policies or practices.

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

PART IV. CORPORATE GOVERNANCE

Item 13. Corporate Governance

At PSBank, we have a strong commitment to excellence in corporate governance. We continually strive for high standards and pursue new approaches that ensure greater transparency and integrity in what we do.

Our governance culture

We see our compliance with applicable laws, rules and regulations as a minimum requirement. Going beyond such minimum is the true essence of good corporate governance. We always aim to continually build the trust and confidence of our stakeholders by running our business in a prudent and sound manner, being fair and transparent in all our dealings, providing reliable and better service in response to the ever-growing expectations of our customers, and working with integrity and accountability.

Our core governance policies

The policies and guidelines embodied in our annually updated Corporate Governance Manual, as posted in our website, www.psbank.com.ph, and in our intranet site, InfoChannel, for the guidance of all our stakeholders, primarily revolve around the following three basic values that we observe.

Fairness

We see to it that all our dealings with counterparties and other stakeholders are fairly conducted. We ensure that all such dealings, especially with our related parties, are made in the regular course of our business and upon terms not less favorable to us than those offered to others. It is for this particular reason that we initiated the creation of our Board-level Related Party Transactions Committee (RPTC) to help ensure that our transactions with related parties are conducted at arm's length and that our resources are not misappropriated, in accordance with our Board-approved Related Party Transactions (RPT) policy and its specific guidelines and handling procedures.

We also ensure that all our stockholders are treated equally and without discrimination by preserving all stockholders' rights and protecting our minority stockholders' interests including the latter's right to nominate candidates to our Board of Directors.

Integrity and Accountability

We uphold at all times the value of honesty as a best policy. We believe that our reputation precedes us in the business of trust and confidence. We continue to enhance a working culture of integrity, guided by a Code of Conduct that defines the standards that we must follow in all our business dealings and relationships.

Code of Conduct

Our Code of Conduct includes provisions on:

- Disciplinary process;
- General policies to establish a professional working environment and secure a favorable reputation for our Bank;
- Corrective measures for unacceptable behavior or failure to comply with our rules, such as on Financial Consumer Protection and on Anti-Money Laundering/Terrorism Financing, policies and procedures;
- Schedule of penalties for attendance and punctuality, attire requirements, conduct and behavior, dishonesty, health, safety and security, reporting of violations, and information security; and
- Provisions on management of personal finances, conflict of interest, anti-sexual harassment, non-disclosure of information and insider information.

Insider Trading

Under our Policy Againsts Insider Trading, reporting insiders are required to disclose their and their associates' initial beneficial ownership in PSBank shares and any changes thereof within two trading days after their election/ appointment in office and from date of said changes, respectively. They are likewise prohibited from selling or buying PSBank shares during "blackout periods," i.e., upon obtaining material non-public information up to two trading days after such information is disclosed. The Bank

did not have any trading transactions with its reporting insiders and/or their associates in 2015.

Whistle-blowing

In addition, we are also bound by a "whistle-blowing" policy that requires all employees to immediately report to their Group Heads, directly to the Human Resources Group Head, or to the Chief Audit Executive/ Internal Audit Group Head for investigation purposes, any noted impropriety or malpractice committed by a co-employee/s. Concealment or non-reporting is considered as an impropriety or malpractice in itself. The policy likewise requires the due protection of informants, i.e., employees reporting such incidents in good faith, from any form of harassment. Thus, it considers any attempt to determine their identities as a breach of confidentiality subject to disciplinary sanctions.

Transparency and Open Communication

We abide by various disclosure requirements of the Bangko Sentral ng Pilipinas (BSP), the Securities and Exchange Commission (SEC), and the Philippine Stock Exchange (PSE) as a publicly listed company. We ensure that we are transparent to our shareholders by posting the latest public disclosures on the Investor Relations section of our website and in our press releases. In compliance with SEC Memorandum Circular No. 11 s2014, we have also updated our website since 2014 to include all required disclosures in accordance with the SEC-prescribed web template for our stakeholders to readily check our corporate governance practices.

We also maintain an open communication line and use feedback from our stakeholders to develop better policies, products and services. We likewise accommodate requests for information pertaining to the management of our Bank, stockholders rights, or any other Bank-related matters, while remaining mindful of disclosure limitations under existing laws on bank deposits secrecy and data privacy.

Our Corporate Governance Manual (CGM) serves as a valuable guide and reference in our implementation of corporate governance rules and regulations of both the BSP and the SEC. In 2015, we updated our CGM primarily to incorporate recent regulatory issuances relative to corporate governance.

Our governance structure Board Oversight

Board of Directors. The Board of Directors sets the Corporate Governance tone in the organization by ensuring adherence to its principles and standards. It is accountable to our stakeholders in running our Bank in a prudent and sound manner. It is primarily responsible for approving and overseeing the implementation of our strategic objectives, risk strategy, corporate governance and corporate values.

There are a total of nine directors in our Board who are all qualified business professionals with the required expertise and experience in directing our strategic path. These directors were selected based on their qualifications (i.e. integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/training, diligence and knowledge/experience) without discrimination on gender, age and ethnic/political/religious/cultural backgrounds.

In accordance with the Bank'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 laws. Any stockholder may submit nominations for directorial positions to the Nominations Committee. The Committee then screens the qualifications of the nominees in accordance with screening policies & procedures and parameters including alignment with the Bank's strategic directions in order to come up with a Final List of Candidates. Only nominees whose names appear in the said list are considered for election as directors at the annual meeting of the stockholders. Any vacancies occurring in the Board of Directors may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum. Vacancies occurring by reason of removal by the stockholders, by expiration of term or by increase in the number of directors, however, shall be filled by the stockholders in a regular or special meeting called for that purpose.

We have consistently maintained the presence of independent directors who provide independent judgment, outside experience and objectivity. Of the nine Board members, three are independent directors, including our Board Chairman. This is more than the required minimum number of independent directors. The Bank does not have any director holding more than five board seats in other publicly listed companies.

Our Board Chairman provides active leadership by ensuring that our Board and its various committees function effectively, including maintaining a relationship of trust among Board members. Our Chairman also ensures that our Board follows a sound decision-making process.

Individual directors are tasked to observe the fit and proper rule. They are expected to conduct fair business dealings, avoid conflict of interest, and observe confidentiality. They must act honestly, judiciously and in good faith, and uphold the best interest of our Bank and its stakeholders. They must also devote time and attention to their duties and responsibilities and contribute to our Board's decision-making process. They must exercise independent judgment and have a working knowledge of laws, rules and regulations applicable to our Bank.

All new members of the Board of Directors are provided with a comprehensive training on corporate governance as part of the Bangko Sentral's requirements in their confirmation of elected bank directors. Together with our principal officers, our directors attended in 2015 an annual refresher program on corporate governance (pursuant to SEC Memorandum Circular No. 20 s2013) conducted by SEC-accredited training providers as well as an Anti-Money Laundering (AML) seminar for Board of Directors and Senior Management conducted by the Anti-Money Laundering Council (AMLC).

Our Board has access to our Corporate Secretary who manages the flow of information to the Board prior to the meetings. The Office of the Corporate Secretary plays a significant role in supporting the Board in discharging its responsibilities. It administers, attends and prepares minutes of board meetings and ensures that notices required under the By-Laws are given to all directors and stockholders.

Our Board also reviews and approves all manuals to ensure that regulatory changes and best practices are included. They have access to a permanent compilation of documents related to past Board activities. They can readily seek clarification from Senior Management should they have concerns about our Bank or any item submitted for their consideration.

Board Meetings. In 2015, our Board had 12 regular meetings, in addition to the annual stockholders and organizational meetings. Our directors recorded a 98% attendance rate.

Board Committees. A number of Board-level committees were created to aid our Board in its various tasks to ensure efficiency and provide greater focus. Four of these committees are in charge of governance oversight functions, as follows:

- The **Corporate Governance Committee** is tasked to assist our Board in fulfilling its duties and responsibilities and monitoring our adherence to the corporate governance principles and guidelines set forth in our Corporate Governance Manual. It also oversees the development and effective implementation of our compliance system. The Committee is composed of three Directors, two of whom are independent directors, including the committee chairperson. The Committee meets monthly and is supported by our Compliance Office (CO).
- The **Risk Oversight Committee (ROC)** is responsible for the development and oversight of our risk management program. The Committee is currently composed of four members of the Board of Directors and one non-voting member appointed as advisor. The incumbent Committee Chairperson is a non-executive member and is an independent director. The ROC members possess a range of expertise and adequate knowledge of our risk exposures, which is needed to develop appropriate strategies for preventing or minimizing losses. The Committee meets monthly and is supported by our Risk Management Office (RMO).
- The **AML Oversight Committee** was created in 2014 to assist our Board in fulfilling its oversight responsibility over the Bank's compliance management to make sure that the Bank complies with the provisions of the AMLA, as amended, its Revised Implementing Rules and Regulations (RIRRs) and BSP AML regulations to the end that the Bank shall not be used as a vehicle to legitimize the proceeds of unlawful activity or to facilitate or finance terrorism. This committee is composed of four Directors, one of whom is an independent director who is the committee chairperson. The committee meets monthly and is supported by our Compliance Office (CO).

- The **Audit Committee** is designated to provide independent oversight for the Bank's financial reporting process, corporate governance, system of internal control and risk management, internal and external audit functions, and monitoring of compliance with Bank policies, applicable laws, rules, regulations and Code of Conduct. It is composed of three Directors, two of whom are independent, including the committee chairperson. These members have auditing, accounting or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank. The Committee meets monthly and as needed; and is supported by our Internal Audit Group (IAG).

Other Board-level committees are as follows:

- The **Executive Committee** is tasked to regularly review and approve credit proposals within its limits. It recommends additional conditions and requirements on loan applications for Board approval. The Committee is composed of three Directors including the President, our Credit Administration Group (CAG) Head and a credit representative from our parent Metrobank.
- The **Related Party Transactions Committee** is tasked to assist the Board in ensuring that transactions with related parties are reviewed, appropriate restrictions are followed, and corporate resources are judiciously used. The Committee is composed of three Directors, two of whom are independent directors, including the committee chairperson. The Committee meets monthly and is also supported by our Compliance Office (CO).
- The **Trust Committee** is a special committee tasked to be primarily responsible for overseeing the fiduciary activities of the Bank. The Committee is composed of five members: the President, the non-voting Trust Officer, two non-executive directors and an independent director who is the committee chairperson. The Committee meets quarterly and is supported by our Trust Division.
- The **Nominations Committee** is tasked to review and evaluate all nominees to the Board. The Committee is composed of three Directors, two of whom are independent, including the committee chairperson. The Committee is duly guided by its charter, as well as BSP guidelines for the qualification and disqualification of directors found in the Manual of Regulations for Banks. The Committee meets at least once a year and is supported by our Corporate Affairs Office and Corporate Secretary.
- The **Compensation and Remuneration Committee** is tasked to establish a formal and transparent procedure for developing a policy on executive remuneration. The Committee is composed of three members of the Board, two of whom are independent directors, including the committee chairperson. Our Human Resources Group (HRG) Head sits in the committee as a resource person. The Committee meets at least once a year and is supported by our Human Resources Group (HRG).

Senior Management Oversight

Senior Management. Our Senior Management Team, headed by our President as the Chief Executive Officer (CEO), consists of a core group of senior officers who manage our day-to-day operations and business affairs. They exercise good governance by ensuring that line managers under their respective areas of responsibility execute their activities in a manner consistent with Board-approved policies and procedures. These should be aligned with applicable laws, rules and regulations as well as standards of good practice.

Management committees. To achieve efficiency and provide greater focus for our Senior Management in overseeing key areas of banking operations, various Management-level committees were also created, as follows:

- **Assets and Liabilities Committee (ALCO)** is tasked to manage our Bank's assets and liabilities consistent with its liquidity, capital adequacy, growth, risk tolerance and appetite and profitability goals.
- **Credit Committee (CRECOM)** is tasked to regularly review and approve credit proposals within the authority and limits provided by our Board.

- **Anti-Money Laundering Compliance Committee (AMLCC)** is tasked to assist our Compliance Office in reviewing, managing and monitoring the effectiveness of our Money Laundering and Terrorism Financing Prevention Program (MLTFPP) and related policies and procedures to ensure our continuing compliance with the provisions of the Anti-Money Laundering Act (AMLA), as amended, its Revised Implementing Rules & Regulations (RIRRs), and BSP Anti-Money Laundering regulations.
- **Outsourcing Oversight Committee (OOC)** is tasked to oversee the accreditation of service providers, performance monitoring, post-implementation reviews and contract renewals in accordance with the Bank's Board-approved risk-based Outsourcing Policy Guidelines pursuant to existing BSP rules and regulations on outsourcing.
- **IT Steering Committee (ITSC)** is tasked to cohesively monitor IT performance and institute appropriate actions to ensure achievement of desired results. It is accountable for designing and implementing our Board-approved Information Technology Risk Management System (ITRMS).
- **Emergency Committee (EMCOM)** is tasked to manage and monitor the effective implementation of our Business Continuity Plan (BCP). It aims to provide our Bank with the capability to continue its critical functions and processes by identifying, assessing and managing emergency scenarios and other business interruptions.
- **Policy Committee (POLCOM)** is tasked to resolve policy- related issues which require escalation or cross-functional discussion for resolution.
- **Personnel Committee (PERCOM)** is tasked to assist our Senior Management in evaluating the performance and career growth/advancement of our employees, deciding on employee offenses/administrative cases and in maintaining personnel policies and procedures including the Bank's Code of Conduct.
- **Retirement Committee (RETCOM)** is exclusively tasked to administer our Gratuity and Retirement Benefit Plan.

Our governance vanguards

- Our compliance, risk management and internal audit functions are the forerunners in our relentless drive to promote and uphold the noblest tenets and highest standards of good corporate governance across all our business operations.

Compliance

- Ensuring our compliance with applicable laws, rules and regulations, as a minimum requirement, is our collective duty and team effort. It begins with our Board and Senior Management at the top and down the line to our various business and operating units in accordance with our Board- approved compliance system. The design and implementation of this program is administered and annually updated by our Compliance Office, led by our Chief Compliance Officer (CCO) who directly reports to our Corporate Governance Committee and to our Board.
- Our Compliance Program adopts a three-pronged, risk-based approach to effectively manage our business risks and ensure compliance with pertinent banking laws, rules and regulations, codes of conduct, policies and standards of good practice. Its priority, focus and compliance testing frequency depends on the pre-assessed level of risk a unit is exposed to risks relative to compliance with pertinent banking laws, rules and regulations, codes of conduct, sound policies and standards of good practice are concerned.
- This three-pronged strategy is structured to be operated by three key players namely: (1) the line units at the 1st line of defense being the business risk owners and managers, (2) Compliance Office (CO) at the 2nd line of defense as the business risk overseers, and (3) Internal Audit Group (IAG) at the 3rd line of defense as the independent assurance provider.
- Aside from monitoring and controlling compliance risk, our Chief Compliance Officer (CCO) also tracks our Bank's adherence with our Corporate Governance Manual which is patterned after the Revised Code of Corporate Governance. Cases of non-compliance are required to be reported to our Board Chairman who ensures due process and determines appropriate sanctions. The Bank fully and

continually complies with the requirements of said Corporate Governance Manual.

- Our Compliance Office continually strives to maintain our strong compliance culture amidst the ever-dynamic banking regulatory landscape. It proactively identifies, assesses, and addresses emerging compliance issues, vigorously promotes continuing education through formal/informal trainings, compliance awareness testing, compliance checking, and advisory service through a clear and open communication line; and fosters good corporate governance culture by benchmarking against industry best practices and standards.

Our remuneration policy

Our directors and officers are provided with an industry- competitive compensation package to attract, motivate and retain highly qualified people. The salary scales of our officers are generally based on their position and rank. These are reviewed annually and adjusted as needed, based on performance.

Our Bank also grants fixed bonuses, including a 13th-month pay, in accordance with law. Our Board sees to it that this remuneration strategy is regularly reviewed to ensure that the policy is commensurate with corporate and individual performance and benchmarked against our industry peers and other market considerations, while also maintaining internal equity.

Each director receives a monthly professional fee for attending Board and committee meetings. This is also in consideration of their valuable contributions in the formulation of our Bank's overall strategy.

The total per diem and transportation allowance paid to directors for their attendance in Board meetings for the period January to December 2015 was ₱16.9 million.

Our remuneration policy for directors indicates that the Chairman, Vice Chairman and each of the Directors receive reasonable per diems for attendance at any Board meeting. There is nothing in our by-laws that prevents any director from serving any other capacity and receiving compensation.

The Bank has been consistent in preaching the philosophy of meritocracy, such that its compensation and rewards programs are geared towards providing incentives to employees who have contributed to the success of the Bank.

- **Merit Increase.** Annual increases are given to employees based on their relative performance within the organization.
- **President's Cup Award.** The President's Cup Award is given to an individual or group for achieving exceptional performance. This is given on a quarterly and annual basis, and is productivity-based.

The Bank also conducts regular review of policies and programs, to ensure that the organization is at par with what the industry is offering.

- **Job Evaluation.** In 2015, the Bank conducted a bank-wide job evaluation, where all positions are reviewed vis-à-vis its internal and external comparables. As a result, job levels were clarified and salary structures were aligned.

Salary Structure Program. The Bank conducts salary re-structuring to ensure that the salaries of the employees are equitable to what the industry is offering.

Our governance evaluation

Every year, our Board, individual directors and their respective oversight committees conduct self-rating exercises on their performance through the use of scorecards to determine areas of improvement. The scorecard results are reviewed by our Corporate Governance Committee and reported to our Board.

Since 2014, we have crafted a similar annual performance evaluation system for all other Board-level as well as Management-level committees for our Board to also gauge the performance and effectiveness of these committees vis-à-vis set performance standards. These are consistent with our Bank's strategic objectives and business plans which translate to continuously creating value to all our stakeholders.

Our governance achievement

For the 5th consecutive year since 2011, PSBank was again recognized by The Asian Banker magazine in 2015 as one of the Top Ten Strongest Banks in the Philippines, ranking 5th place and is the only thrift bank in the said list.

For excellence in expeditiously responding and addressing issues or concerns of clients, PSBank also won the BSP's "Pagtugon Award" amongst thrift banks during the 2015 Awards Ceremony and Appreciation Lunch for BSP Stakeholders. The Bank was also conferred by the Social Security System (SSS) as the 2015 SSS Balikatang Bayan Best Paying Partner Thrift Bank in 2015 as a testament of PSBank's strong commitment in being the pension fund's partner in providing universal, equitable, and viable social security protection to its members.

Sustainable development

PSBank believes that the campaign for environmental protection and sustainable development starts with small initiatives that produce a culture of concern when combined.

Below are the Bank's initiatives:

- Email blasts on environmental awareness;
- Bankwide campaign to reuse paper and segregate trash;
- Competitions that require employees to use recyclable materials;
- Participation in tree-planting activities; and
- Participation in Earth Hour campaigns.

Health, safety and welfare of employees

PSBank advocates a work environment free of hazards, which is conducive to the well-being and professional development of its employees. The Human Resources Group (HRG) continuously seeks ways to reach out to employees. It conducts "HRG Ikot," wherein HR officers go around the branches to personally meet with employees. In 2015, branches in Metro Manila, Rizal, Bulacan, Tarlac, Pangasinan, La Union, and Iloilo were visited to conduct engagement sessions and check on PSBank employees' welfare and needs. Facilities were also checked to see if they are in accordance with the Bank's occupational health and safety standards.

On top of this, the Bank strictly adheres and even goes beyond general labor standards such as:

- **Occupational Health and Safety Program (OHSP) and the Health and Safety Committee (HASCOM).** The OHSP provides for the organization of a local committee on Health and Safety found in the branches. This program ensures that adequate guidelines, programs, and measures are adopted to ensure employees' health and safety.
- **First Aid Certification Program.** The Bank's HRG has been regularly coordinating with the Philippine National Red Cross (PNRC) in conducting certification seminars for head office and branch employees. The objective is to ensure that all branches have at least one (1) certified First-Aider. In 2015, as part of its continuing program with PNRC, the Bank conducted First Aid Certification Programs to twenty four (24) Bank employees, who were duly certified by PNRC.
- **Earthquake Drill.** In July 2015, the Bank participated in the Metro Manila Shake Drill sponsored by the Metro Manila Development Authority. This is to ensure that all PSBank employees are aware and prepared for any eventuality that may happen in the event of earthquake. A Total of 1,171 employees in the head office have participated in the said drill exercise.
- **Health and Wellness Programs.** The Bank provides several avenues for employees to ensure their health and well-being, and also build camaraderie in the workplace. In addition to organizing physical activities such as sports tournaments, exercise and dance classes, and pampering sessions, the Bank has also partnered with various gym establishments to provide discounted wellness programs. It also tied up with health institutions in providing vaccination programs to employees and their dependents.

PSBank also provides comprehensive health insurance, both to its employees and their qualified dependents. Head Office employees are given access to a medical clinic with a doctor and a nurse on duty to attend to their health needs. PSBank branches are equipped with first-aid kits.

In 2015, the following health programs were conducted:

- Executive Check-up (ECU) for Senior Officers, and Annual Physical Exam (APE) for Staff, Junior Officers, as well as dependents. A total of 1,418 employees took part in the said activity.
 - Vaccination program for employees and dependents was conducted in August 2015, where a total of 152 employees and 504 dependents were given flu vaccines during the said session.
 - The Bank partnered with Philippine Children's Medical Center in their Blood Drive in March 2015, where sixty six (66) employees from head office participated and donated in the blood-letting activity. In addition, a number of PSBank employees have volunteered to donate blood in the Dugong Metro blood-letting program conducted in the last quarter of 2015.
 - Health advisories were also released in 2015 thru the e-bulletin. The following health infomercials were released within the year: Hypertension, Diarrhea, Dengue Fever, Pulmonary Tuberculosis, Diabetes Mellitus, and MERS-CoV.
- *Family Welfare Program.* Recognizing the importance of family support, PSBank sponsors activities such as Educational Fun Day and Christmas Kiddie Party, where employees and their children get to enjoy quality bonding time.
 - *Spiritual needs.* The Bank provides for the spiritual needs of employees by holding a Holy Mass every first Friday of the month at the Head Office.
 - *Hobbies and Interest.* Employees are also encouraged to join interest clubs to share their hobbies and talents with their colleagues. In 2015, the Bank re-launched different clubs catering to employees who are into photography, music, arts, writing, running, bowling, and badminton. Said clubs were subsidized by the Bank in support of their initiatives.

Training and development of employees

PSBank has always considered employees as its most important asset. This is why learning and development programs are continually being revisited and improved to usher PSBankers into a more competitive and performance-driven arena.

Establishment of the Talent Management and Competency Framework, which was used as the basis for the following:

- The New Employees Orientation (NEO) Program, which caters to the basic and foundational skills requirement of new PSBankers. The NEO is also aimed at preparing the employees to get acquainted with the PSBank Vision and Mission, and Culture.
- In 2015, the Staff Professional Enhancement and Educational Development (SPEED) program was revamped. SPEED2.0 is now designed to concentrate on the development of the Bank's Branch Service and Control Officers (BSCO)
- As an off-shoot of the SPEED program, the eXceptional Career Enhancement and Employee Development (XCEED) program was developed and launched in 2015, to produce high-potential officers for head office assignment.
- The Sales Professional (SP) program was also introduced in 2015, catering to Branch Heads and Business Managers. Said program stressed on selling competencies, as well as sales coaching.
- Executive Leadership Series were also initiated as part of the Senior Officer Leadership Development Program (SOLID).
- The Employee Improvement Plan (EIP) was launched with the aim of addressing and improving performance and behavior challenges of employees.

On top of these training programs, specialized training sessions were also provided to employees, in collaboration with the Bank's subject matter experts, based on a revised Training Rationalization and Workplace Learning Policy.

- A total of eighty five (85) in-house training programs were conducted in 2015, which focused on customer experience, technical and functional expertise, and regulatory standards especially on Anti-Money Laundering/Terrorism Financing. This translates to a 166% increase compared to in-house training programs conducted in 2014.

PSBank also sends its employees to external training programs aimed at improving their skill sets, complying with the bank regulations, and preparing for the ASEAN integration.

- In 2015, a total of ninety three (93) external trainings were conducted as participated by four hundred ninety nine (499) employees. The external trainings conducted is 48% more than what was conducted in 2014. In addition, the number of employees who attended the training programs increased by 312% as compared to 2014.

Aside from in-house training, PSBank also sends its employees to external training programs aimed at improving their skill sets, complying with the bank regulations, and preparing for the ASEAN integration.

In compliance to SEC advisory dated March 16, 2016, please refer to attached Annual Corporate Governance Report (ACGR) (EXHIBIT 4).

PART V. EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

- Exhibit 1 - Schedule of Bank/Branch Sites Owned by the Bank
- Exhibit 2 - Schedule of Bank/Branch Sites Under Lease Agreements
- Exhibit 3 - Events Reported under SEC Form 17-C for the last 6 months
- Exhibit 4 - Annual Corporate Governance Report
- Exhibit 5 - Statement of Management's Responsibility
- Exhibit 6 - Audited Financial Statements as of December 31, 2015 and 2014
- Exhibit 7 - Supplementary Schedules
 - a. Independent Auditors' Report on Supplementary Schedules
 - b. Additional components of Financial Statements under SRC Rule 68, as amended
 - c. Reconciliation of Retained Earnings Available for Dividend Declaration
 - d. Map Showing the Relationship Between and Among Related Parties
 - e. List of Standards and Interpretations as of December 31, 2014
 - f. Financial Soundness Indicators

(b) Reports on SEC Form 17-C

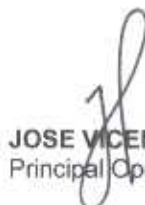
Refer to Exhibit 3 for the reports filed during the last six months up to the date of filing the SEC Form 17-A.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 14, 2016.



VICENTE R. CUNA, JR.
President



JOSE VICENTE L. ALDE
Principal Operating Officer



PERFECTO RAMON Z. DIMAYUGA, JR.
Chief Finance Officer



MINDA L. CAYABYAB
Principal Accounting Officer

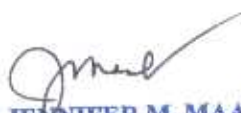


POCHOLO V. DELA PEÑA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 14 2016 affiants exhibiting to me their passports/social security as follows:

Name	Passport/SSS No.	Date of Issue	Place of Issue
Vicente R. Cuna, Jr.	EB6579723	10/17/2012	Manila
Jose Vicente L. Alde	03-9593957-2	-	-
Perfecto Ramon Z. Dimayuga Jr.	EB6350218	09/15/2012	Manila
Minda L. Cayabyab	EB4737901	02/18/2012	Manila
Pocholo V. Dela Peña	03-9209362-8	-	-

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SERIES OF 2014



ATTY. JENNIFER M. MAALA
Notary Public until December 31, 2016
Appointment No. M-31 for Makati City
Roll No. 61471; MCLE IV-0016212 - 4/10/13
IBP No. 1017792; 1/5/16; PPLM
PTR No. 0507031; 1/4/16; Parañaque City
W/F Philamlife Tower, Pasco de Roxas, Makati