

CANTILAN BANK, INC. (A Rural Bank)

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

(In Philippine Peso)

	Notes	2014	December 31, 2013 As restated (Note 29)	January 1, 2013
ASSETS				
CASH AND OTHER CASH ITEMS	4	200,770,424	104,124,342	79,382,856
DUE FROM BANGKO SENTRAL NG PILIPINAS	5	38,530,654	21,807,933	16,976,640
DUE FROM OTHER BANKS	6	267,156,201	223,662,144	157,822,162
Total Cash and Cash Equivalents		506,457,279	349,594,419	254,181,658
LOANS RECEIVABLE - NET	7	1,200,254,292	1,127,490,828	1,003,175,472
HELD-TO-MATURITY INVESTMENTS	8	19,000,000	4,000,000	4,000,000
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - NET	9	104,454,576	108,676,787	100,498,663
INVESTMENT PROPERTIES - NET	10	24,671,354	25,139,442	22,545,662
OTHER INTANGIBLE ASSETS - NET	11	21,253,359	16,961,325	18,020,907
DEFERRED TAX ASSETS	22,29	39,311,097	30,147,777	31,628,267
OTHER ASSETS - NET	12,22	37,002,130	35,581,811	41,187,628
TOTAL ASSETS		1,952,404,087	1,697,592,389	1,475,238,257
LIABILITIES AND EQUITY				
LIABILITIES				
DEPOSIT LIABILITIES				
Savings	13	746,819,728	642,389,079	511,704,099
Time		418,656,019	359,234,491	294,506,663
Demand		21,856,844	6,646,843	1,580,786
		1,187,332,591	1,008,270,413	807,791,548
BILLS PAYABLE	14	332,608,745	352,522,677	348,548,792
ACCRUED EXPENSES AND OTHER LIABILITIES	15	95,341,591	73,763,691	77,845,502
RETIREMENT BENEFITS OBLIGATION	16	69,859,349	47,579,290	56,880,206
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION	17	-	9,386,461	-
INCOME TAX PAYABLE	22	10,055,840	-	9,895,162
Total Liabilities		1,695,198,116	1,491,522,532	1,300,961,210
EQUITY	18	257,205,971	206,069,857	174,277,047
TOTAL LIABILITIES AND EQUITY		1,952,404,087	1,697,592,389	1,475,238,257

(The notes on pages 5 to 73 are an integral part of these financial statements.)

CANTILAN BANK, INC. (A Rural Bank)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Years Ended December 31, 2014 and 2013

(In Philippine Peso)

	Notes	2014	December 31, 2013 (As restated) (Note 29)
INTEREST INCOME ON			
Loans receivable	7	293,486,191	295,953,995
Deposits with banks	6	284,020	381,364
Investments	8	188,000	188,000
		<u>293,958,211</u>	<u>296,523,359</u>
INTEREST EXPENSE ON			
Deposits liabilities	13	33,545,269	28,022,448
Borrowings	14	18,153,129	24,384,112
		<u>51,698,398</u>	<u>52,406,560</u>
NET INTEREST INCOME BEFORE			
PROVISION FOR CREDIT LOSSES ON LOAN RECEIVABLES		242,259,813	244,116,799
PROVISION FOR CREDIT LOSSES ON LOAN RECEIVABLES	7	<u>27,900,784</u>	<u>22,988,521</u>
NET INTEREST INCOME BEFORE			
OTHER OPERATING INCOME AND OPERATING EXPENSES		214,359,029	221,128,278
OTHER OPERATING INCOME	19	<u>65,770,776</u>	<u>44,079,203</u>
		<u>280,129,805</u>	<u>265,207,481</u>
OPERATING EXPENSES			
Compensation and staff benefits	20	85,923,747	88,008,607
Depreciation and amortization	9,10,11	27,316,004	27,276,882
Taxes and licenses		14,282,255	12,757,902
Travel and transportation		12,636,551	12,127,074
Retirement benefits	16	6,825,118	9,996,927
Supplies used	12	7,718,440	6,330,739
Rent	21	5,162,625	4,957,050
Insurance		5,265,404	3,909,895
Repairs and maintenance		4,310,845	2,988,670
Professional fees		897,704	1,163,252
Advertising and publicity		403,236	386,264
Other operating expenses	20	47,059,496	45,786,764
		<u>217,801,425</u>	<u>215,690,026</u>
INCOME BEFORE TAX EXPENSE			
		62,328,380	49,517,455
INCOME TAX EXPENSE	22	<u>18,648,455</u>	<u>9,810,366</u>
PROFIT FOR THE YEAR			
		<u>43,679,925</u>	<u>39,707,089</u>
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Actuarial gains (losses) on defined benefit obligation	16	(18,828,885)	16,592,275
Deferred tax effect	22	5,648,667	(4,977,683)
		<u>(13,180,218)</u>	<u>11,614,592</u>
TOTAL COMPREHENSIVE INCOME			
		<u>30,499,707</u>	<u>51,321,681</u>
BASIC AND DILUTED EPS			
	24	156	153

(The notes on pages 5 to 73 are an integral part of these financial statements.)

CANTILAN BANK, INC. (A Rural Bank)

STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2014 and 2013
(In Philippine Peso)

	Notes	PREFERRED		C O M M O N		Remeasurement Gains (Losses) on Defined Benefit Obligation	Retained Earnings	TOTAL (Note 18)
		Shares	Amount	Shares	Amount (Note 18.4)			
Balance, January 1, 2013		-	-	260,261	130,192,310	(23,013,204)	67,097,941	174,277,047
Comprehensive income								
Profit for the year, <i>as previously reported</i>		-	-	-	-	-	31,399,354	31,399,354
Effect of reversal of allowance for credit losses	29	-	-	-	-	-	8,307,711	8,307,711
Profit for the year, <i>as restated</i>		-	-	-	-	-	39,707,065	39,707,065
Other comprehensive income for the year, <i>as previously reported</i>		-	-	-	-	11,614,592	-	11,614,592
Total comprehensive income, <i>as restated</i>		-	-	-	-	(11,398,612)	39,707,065	51,321,657
Transactions with owners								
Cash dividends declaration	18.2	-	-	-	-	-	(19,528,847)	(19,528,847)
Balance, December 31, 2013, <i>as previously reported</i>		-	-	260,261	130,192,310	(11,398,612)	78,968,448	197,762,146
Effect of reversal of allowance for credit losses	29	-	-	-	-	-	8,307,711	8,307,711
Balance, December 31, 2013, <i>as restated</i>		-	-	260,261	130,192,310	(11,398,612)	87,276,159	206,069,857
Comprehensive income								
Profit for the year		-	-	-	-	-	43,679,925	43,679,925
Other comprehensive income for the year		-	-	-	-	(13,180,218)	-	(13,180,218)
Total comprehensive income		-	-	-	-	(13,180,218)	43,679,925	30,499,707
Transactions with owners								
Additional capital contribution		-	-	41,266	20,636,407	-	-	20,636,407
Stock dividends distribution	18.2	-	-	36,326	18,226,925	-	(18,226,925)	-
Balance, December 31, 2014		-	-	337,853	169,055,642	(24,578,830)	112,729,159	257,205,971

(The notes on pages 5 to 73 are an integral part of these financial statements.)

CANTILAN BANK, INC. (A Rural Bank)

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013
(In Philippine Peso)

	Notes	2014	2013 As restated (Note 29)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax expense		62,328,380	49,517,455
Adjustments for:			
Depreciation and amortization	9,10,11	27,316,004	27,276,882
Provision for credit losses - loan receivables	7	27,900,784	22,988,521
Provision for credit losses - accounts receivable	12	27,948	43,356
Provision for impairment losses - investment properties	10	39,418	41,264
Provision for retirement benefits	16,29	6,825,118	9,996,927
Gain from disposal of property and equipment	9,19	(443,344)	(51,670)
Gain from sale of investment properties	10,19	(3,205,233)	(2,472,979)
Interest expense	13,14	51,698,398	52,406,560
Operating income before working capital changes		172,487,473	159,746,316
Changes in operating assets and liabilities			
Increase in loan receivables		(100,664,248)	(147,303,877)
Decrease (increase) in other assets		(2,000,263)	6,114,429
Increase in deposit liabilities		179,062,178	200,478,865
Increase (decrease) in accrued expenses and other liabilities		19,538,715	(6,129,497)
Cash provided by operating activities		268,423,855	212,906,236
Payment of retirees	16	(3,373,944)	(2,705,568)
Interest expense paid		(49,659,214)	(51,740,152)
Income taxes paid		(11,555,271)	(22,373,435)
Net cash provided by operating activities		203,835,426	136,087,081
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to bank premises, furniture, fixtures and equipment	9	(23,088,065)	(33,762,847)
Proceeds from disposal of furniture, fixtures and equipment	9	2,451,068	10,006
Additions to held-to-maturity investments	8	(15,000,000)	-
Additions to investment properties	10	(4,141,789)	(7,136,056)
Proceeds from sale of investment properties	10	7,393,762	6,699,531
Additions to other intangible assets	11	(5,923,556)	(316,453)
Net cash used in investing activities		(38,308,580)	(34,505,819)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availments	14	487,207,675	549,747,500
Payment of loans	14	(507,121,607)	(545,773,615)
Additional subscription	17,18	11,249,946	9,386,461
Payment of dividends	18,2	-	(19,528,847)
Net cash used in financing activities		(8,663,986)	(6,168,501)
NET INCREASE IN CASH AND CASH EQUIVALENTS		156,862,860	95,412,761
CASH AND CASH EQUIVALENTS, January 1	4,5,6	349,594,419	254,181,658
CASH AND CASH EQUIVALENTS, December 31	4,5,6	506,457,279	349,594,419
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Increase in capital stocks due to stock dividends taken from retained earnings		18,226,925	-

(The notes on pages 5 to 73 are an integral part of these financial statements.)