

CANTILAN BANK, INC. (A Rural Bank)

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

(In Philippine Peso)

	Notes	2015	2014
<b>Assets</b>			
Cash and Other Cash Items	4	196,833,508	200,770,424
Due from Bangko Sentral ng Pilipinas	5	45,944,391	38,530,654
Due from Other Banks	6	283,463,523	267,156,201
Total Cash and Cash Equivalents		526,241,422	506,457,279
Loans Receivable - Net	7	1,568,265,580	1,200,254,292
Held-to-Maturity Investments	8	21,997,162	19,000,000
Bank Premises, Furniture, Fixtures and Equipment - net	9	109,106,957	104,454,576
Investment Properties - net	10	24,089,405	24,671,354
Other Intangible Assets - net	11	22,795,145	21,253,359
Deferred Tax Assets	21,28	43,126,835	39,311,097
Other Assets - net	12,21	55,137,568	37,002,130
<b>Total Assets</b>		<b>2,370,760,074</b>	<b>1,952,404,087</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>Deposit Liabilities</b>	13		
Savings		829,765,209	746,819,728
Time		479,047,110	418,656,019
Demand		39,172,820	21,856,844
		1,347,985,139	1,187,332,591
<b>Bills Payable</b>	14	547,428,048	332,608,745
<b>Accrued Expenses and Other Liabilities</b>	15	117,223,265	95,341,591
<b>Retirement Benefits Obligation</b>	16	67,156,626	69,859,349
<b>Dividends Payable</b>	17	17,104,859	-
<b>Income Tax Payable</b>	21	6,817,961	10,055,840
Total Liabilities		2,103,715,898	1,695,198,116
<b>Equity</b>	17	267,044,176	257,205,971
<b>Total Liabilities and Equity</b>		<b>2,370,760,074</b>	<b>1,952,404,087</b>

(The notes on pages 5 to 71 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, 2015 and 2014  
(In Philippine Peso)

	Notes	2015	2014
<b>Interest Income on</b>			
Loans receivable	7	324,480,295	293,486,191
Deposits with banks	6	339,827	284,020
Investments	8	441,075	188,000
		<u>325,261,197</u>	<u>293,958,211</u>
<b>Interest Expense on</b>			
Deposits liabilities	13	35,452,974	33,545,269
Borrowings	14	24,767,226	18,153,129
		<u>60,220,200</u>	<u>51,698,398</u>
<b>Net Interest Income before</b>			
Provision for Credit Losses on Loan receivables		265,040,997	242,259,813
Provision for Credit Losses on Loan receivables	7	36,828,142	27,900,784
<b>Net Interest Income before</b>			
OTHER OPERATING INCOME AND OPERATING EXPENSES		228,212,855	214,359,029
OTHER OPERATING INCOME	18	62,287,776	65,770,776
		<u>290,500,631</u>	<u>280,129,805</u>
<b>OPERATING EXPENSES</b>			
Compensation and staff benefits	19	97,168,688	85,923,747
Depreciation and amortization	9,10,11	27,580,629	27,316,004
Taxes and licenses		23,859,171	14,282,255
Travel and transportation		12,409,557	12,636,551
Retirement benefits	16	9,375,975	6,825,118
Supplies used	12	5,878,778	7,718,440
Rent	20	5,724,320	5,162,625
Insurance		4,896,781	5,265,404
Repairs and maintenance		4,533,375	4,310,845
Professional fees		992,960	897,704
Advertising and publicity		464,929	403,236
Other operating expenses	19	54,596,117	47,059,496
		<u>247,481,280</u>	<u>217,801,425</u>
<b>INCOME BEFORE TAX EXPENSE</b>			
		43,019,351	62,328,380
<b>INCOME TAX EXPENSE</b>			
	21	12,843,813	18,648,455
<b>PROFIT FOR THE YEAR</b>			
		<u>30,175,538</u>	<u>43,679,925</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</b>			
Actuarial gains (losses) on defined benefit obligation	16	11,512,524	(18,828,885)
Deferred tax effect	21	(3,453,757)	5,648,667
		<u>8,058,767</u>	<u>(13,180,218)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>			
		<u>38,234,305</u>	<u>30,499,707</u>
<b>BASIC AND DILUTED EPS</b>			
	23	78	156

(The notes on pages 5 to 71 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, 2015 and 2014  
(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, 2014		-	-	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)
<b>Total comprehensive income</b>		-	-	-	-	(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)	-
<b>Balance, December 31, 2014</b>		-	-	337,853	169,055,642	(24,578,830)	112,729,159	257,205,971
Comprehensive income								
Profit for the year		-	-	-	-	-	30,175,538	30,175,538
Other comprehensive income for the year		-	-	-	-	8,058,767	-	8,058,767
<b>Total comprehensive income</b>		-	-	-	-	8,058,767	30,175,538	38,234,305
Transactions with owners								
Additional capital contribution		-	-	33,357	16,678,504	-	-	16,678,504
Cash dividends declared	17	-	-	-	-	-	(17,104,859)	(17,104,859)
Cash dividends distribution	17	-	-	-	-	-	(27,969,745)	(27,969,745)
Stock dividends distribution	18.2	-	-	55,783	27,887,886	-	(27,887,886)	-
<b>Balance, December 31, 2015</b>		-	-	426,993	213,622,032	(16,520,063)	69,942,207	267,044,176

(The notes on pages 5 to 71 are an integral part of these financial statements.)

CANTILAN BANK, INC. (A Rural Bank)

**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2015 and 2014  
(In Philippine Peso)

	Notes	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before tax expense		43,019,351	62,328,380
Adjustments for:			
Depreciation and amortization	9,10,11	27,580,629	27,316,004
Provision for credit losses - loan receivables	7	36,828,142	27,900,784
Provision for credit losses - accounts receivable	12	8,161	27,948
Provision for impairment losses - investment properties	10	53,459	39,418
Provision for retirement benefits	16,29	9,375,975	6,825,118
Gain from disposal of property and equipment	9,19	(673,044)	(443,344)
Gain from sale of investment properties	10,19	(2,801,828)	(3,205,233)
Interest expense	13,14	60,220,200	51,698,398
Operating income before working capital changes		173,611,045	172,487,473
Changes in operating assets and liabilities			
Increase in loan receivables		(410,650,370)	(104,806,037)
Decrease (increase) in other assets		(18,143,626)	(2,000,263)
Increase in deposit liabilities		160,652,548	179,062,178
Increase (decrease) in accrued expenses and other liabilities		13,557,046	19,538,715
Cash provided by (used in) operating activities		(80,973,357)	264,282,066
Payment of retirees	16	(566,174)	(3,373,944)
Interest expense paid		(51,895,572)	(49,659,214)
Income taxes paid		(23,351,160)	(11,555,271)
Net cash provided by (used in) operating activities		(156,786,263)	199,693,637
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to bank premises, furniture, fixtures and equipment	9	(29,833,909)	(23,088,065)
Proceeds from disposal of furniture, fixtures and equipment	9	1,514,614	2,451,068
Additions to held-to-maturity investments	8	(2,997,162)	(15,000,000)
Proceeds from sale of investment properties	10	8,626,001	7,393,762
Additions to other intangible assets	11	(4,267,200)	(5,923,556)
Net cash used in investing activities		(26,957,656)	(34,166,791)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loan availments	14	851,452,970	487,207,675
Payment of loans	14	(636,633,667)	(507,121,607)
Additional subscription	17,18	16,678,504	11,249,946
Payment of dividends	18.2	(27,969,745)	-
Net cash provided by (used in) financing activities		203,528,062	(8,663,986)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>19,784,143</b>	<b>156,862,860</b>
<b>CASH AND CASH EQUIVALENTS, January 1</b>	4,5,6	<b>506,457,279</b>	<b>349,594,419</b>
<b>CASH AND CASH EQUIVALENTS, December 31</b>	4,5,6	<b>526,241,422</b>	<b>506,457,279</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>			
Increase in capital stocks due to stock dividends taken from retained earnings		27,887,886	18,226,925

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