COVER SHEET

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S.E.C. Registration Number

F	I	L	I	N	V	E	S	T		D	E	V	E	L	O	P	M	E	N	T		C	O	R	P	O	R	A	T
I	O	N																												

(Company's Full Name)

6	/	F	,	T	H	E		B	E	A	U	F	O	R	T	,		5	T	H		A	V	E	N	U	E	,		
C	O	R	N	E	R		2	3	R	D		S	T	.	B	G	C	,	T	A	G	U	I	G		C	I	T	Y	

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

NELSON M. BONA	798-3977
Contact Person	Company Telephone Number

1	2	3	1	1	7	-	A		0	4	2	9
Month		Day		FORM TYPE					Month		Day	
Fiscal Year									Annual Meeting			

Secondary License Type; If Applicable

C	F	D
Dept. Requiring this Doc.		

Amended Articles Number / Section

Amount of Borrowings (Total of Short-term and Long-term Debt)

4,171	₱90,002.5 million	₱ 13,379.8 million
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number	LCU
Document I.D.	Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

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

1. For the calendar year ended **December 31, 2015**

2. Commission identification **Number 51048.** 3. BIR Tax Identification **000-053-167-000.**

4. Exact name of registrant as specified in its charter: **FILINVEST DEVELOPMENT CORPORATION**

5.		6.	
	Philippines		**(SEC Use Only)**
	Province, Country or other jurisdiction of Code		Industry Classification Code:
7.	**6th Floor The Beaufort, 5th Avenue Corner 23rd Street, Bonifacio Global City, Taguig City 1634**	8.	**798-3977**
	Address of principal office		Registrant's telephone number, including area code

9. _____
Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock, ₱1.00 par value	**9,317,473,987 shares**
	₱103,382.3 million total consolidated debt (short-term and long-term debt)

11. Are any or all of these securities listed in the Philippines Stock Exchange?
Yes [X] No [ ]

12. Check whether the issuer:
(a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 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 [X] No [ ]
(b) Has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates as of December 31, 2015.
₱ 4.1 Billion

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

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 Yes [ ] No [ ]

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

1.1 History, Developments, Form and Organization

Filinvest Development Corporation (FDC or the "Parent Company") was incorporated in the Philippines on April 27, 1973 and has evolved from businesses established by the Gotianun Family since 1955. Originally engaged in the small-scale financing of second-hand cars, the Gotianun Family later expanded into consumer finance in partnership with foreign institutions, such as Chase Manhattan Bank, Westinghouse Electric Corporation and Ford Philippines. By the early 1980s, the Gotianun Family's Filinvest Credit Corporation became one of the leading consumer finance companies in the Philippines in terms of assets. Over time, the "Filinvest" name became established and well-recognized in the Philippines.

In 1967, the Gotianun Family entered the real estate business through the incorporation of Filinvest Realty Corporation, which was engaged in the development of residential subdivisions. In 1984, the Gotianun Family consolidated their real estate interests in FDC after divesting their shares in Family Bank and Trust Company and the Insular Bank of Asia and America. By 1990, FDC expanded its product line to include the construction and sale of low-cost and medium-cost housing units. Thereafter, the product line was further expanded to include the development of commercial district, leisure projects such as farm estates and sports clubs, construction of residential and office condominiums.

Filinvest Land Inc. (FLI) was incorporated on November 24, 1989 as Citation Homes, Inc. and changed its name to FLI on July 12, 1993. FLI began commercial operations in August 1993 after FDC spun off its real estate operations and transferred all related assets and liabilities to FLI in exchange for shares of FLI. FLI's shares were listed on the PSE on October 25, 1993. FDC remains FLI's largest shareholder. As of December 31, 2015, FDC beneficially owns approximately 59% of FLI's outstanding common shares and all of its issued and outstanding preferred shares, such that FDC has a 69% voting ownership in FLI.

Filinvest Alabang, Inc. (FAI) was incorporated on August 25, 1993 in connection with the joint development of Filinvest City in Alabang, Muntinlupa City. With its development of Filinvest City, the Group started to be a central business district developer and has successfully ventured into retail, office, high-rise residential and leisure club development. As of December 31, 2015, FDC directly owns 80.0% of FAI's issued and outstanding shares and FLI owns the remaining 20.0%.

In 1994, the Group decided to re-enter the financial and banking services business based on the then strengthening fundamentals of the Philippine economy and the Gotianun Family's prior experience in this business in the 1970s and 1980s. FDC incorporated East West Banking Corporation (EW or the "Bank") in March 1994. On May 7, 2012, EW was publicly listed on the PSE. FDC remains EW's largest shareholder. As of December 31, 2015, FDC beneficially owns 77.0% of EW's issued and outstanding shares.

To diversify its business and position, FDC, as the Gotianun Family's primary holding company for its investments, acquired 100.0% of the issued and outstanding shares of Pacific Sugar Holdings Corporation (PSHC) from A.L. Gotianun, Inc. (ALGI) on June 29, 2007. PSHC wholly owns three Mindanao-based sugar companies, Davao Sugar Central Co., Inc. (DSCC), Cotabato Sugar Central Co., Inc. (CSCC) and High Yield Sugar Farms Corporation (HYSFC).

In 2009, the Group re-entered the power generation business through FDC Utilities, Inc. (FDCUI). FDCUI is developing a 405 MW clean coal thermal power plant in Mindanao where off-take agreements for 283 MW with 17 distribution utilities and 1 industrial customer in Mindanao are already in place and an additional 39 MW are still being negotiated. In 2014, FDCUI was awarded by the Power Sector Assets and Liabilities Management Corporation (PSALM Corp.) the administration of the 40 MW Unified Leyte Geothermal power plants in Tongonan, Leyte and the 100MW Mindanao I and II (Mt. Apo 1 and 2) Geothermal Power Plants in Kidapawan City, North Cotabato. FDCUI has successfully assumed control of the geothermal power plants' output in December 2014 and has effectively provided capacity allocation to all its contracted customers. To further strengthen its market presence and structural position in the power industry, FDCUI is actively participating in the government's privatization of power generation assets and Independent Power Producer Administration ("IPPAs"). It is also looking into potential renewable energy projects all over the country to be included in its pipeline of power projects.

The Group's hospitality business is operated through both FilArchipelago Hospitality, Inc. (FHI) and FDC Hotels Corporation (FHC). FHI is a joint venture of FDC (60.0%) and Archipelago International Pte. Ltd (AIPL) (40.0%), which was created in 2008 to manage the Group's hospitality projects. AIPL is an affiliate of Aston International, which manages hotels, resorts, residences, spas and villas under the Aston, Alana, Quest, Fave and Kamuela brands. FHI's principal purpose is to provide a comprehensive range of design, consulting, technical, marketing, training, operations and management services for hotels, serviced apartments, villas, condotels, and boutique resorts.

In August 2011, FDC formed its wholly-owned subsidiary, FHC. The primary role of FHC in collaboration with FHI is to evaluate, plan, develop and optimize potential and current hospitality investments.

The Group's first operating property is the 5-star, 290-key Crimson Resort and Spa Mactan (CRSM). The resort is directly owned by FDC through Seascapes Resorts, Inc. (SRI) which was incorporated on July 17, 2009. CRSM is an award-winning deluxe resort located on the island of Mactan, Cebu, Philippines. The resort features 290 guest rooms including 40 villas with private plunge pools, 5 Food and Beverage Outlets, a Gym, a Children's play area and 2 Ballrooms. CRSM was formally launched on October 8, 2010. Currently, FHC is studying a possible 60 room expansion of the property.

In September 2012, the Group opened its second property under the Quest Brand. Quest Hotel and Conference Center Cebu (QHCC) is a 427-key Condotel in FLI's Grand Cenia Development in Cebu City. The condotel units are owned by third parties and are locked in a 25-year rental pool. The hotel is located in the Cebu Business Park and includes 10 meeting rooms, a 300 seat capacity all-day dining restaurant and a swimming pool. In 2014, its beach bar and restaurant, Azure Beach Club, was renovated and was re-opened for operation in October of the same year, which made it a crowd drawer not only for the in-house guests but among local residents as well. Currently, the resort is re-energizing its leisure offerings by renovating its pool while building a new one and expanding the *Crimzone Active for Kids*.

In March 2013, the Group opened its third property Crimson Hotel Filinvest City, Manila (CFCM) in Alabang. The property is directly owned by FAI through Entrata Hotel Services, Inc. (EHSI) which was incorporated on November 28, 2012. The hotel is part of the Entrata Urban Complex which features 345 keys, extensive meeting facilities, 5 F&B outlets, a gym, a spa and a swimming pool.

Also in 2012, FDC was able to acquire a prime lot in the iconic Boracay with its own beachfront. Planning commenced in the same year and site development started in early 2014. By mid-2015, two buildings have topped off. The resort is expected to be soft opened in December 2016, while the grand opening is targeted to be in March 2017. The resort will have a total of 192 keys with 40 pool villas, meeting facilities, 4 F&B outlets, gym, spa and a swimming pool.

All hotels owned by Filinvest are professionally managed and operated by FIII under a management agreement.

FDC's principal corporate office is located at The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Philippines. FDC common shares were listed in the PSE on December 22, 1982.

FDC's consolidated revenues are generated from its leasing, investing and managing activities and from real estate development, banking businesses, sugar cane farming and milling and sugar trading, hotel operations and energy operations, and from the various subsidiaries and joint control engaged in the following business activities, namely:

	Date of Incorporation
Real Estate Development	
FAI	August 25, 1993
FLI	November 24, 1989
Cyberzone Properties, Inc. (CPI)	January 14, 2000
Filinvest AII Philippines, Inc. (FAPI)	September 25, 2006
Filinvest Asia Corporation (FAC)	January 22, 1997
Property Maximizer Prof. Corp (Promax)	October 3, 1997
Homepro Realty Marketing Corporation (Homepro)	March 25, 1997
Property Specialist Resources, Inc. (Prosper)	June 10, 2002
Leisure Pro, Inc (Leisurepro)	April 21, 2004
Festival Supermall Inc. (FSI)	March 21, 1997
FSM Cinemas, Inc. (Cinemas)	April 23, 1998

Pro Excel Property Managers, Inc.	November 28, 2001
Proplus, Inc.	February 16, 2000
Northgate Convergence Corporation.	October 14, 1999
Filinvest Cyberparks, Inc. (FCI).	February 4, 2014
Philippine DCS Development Corporation (PDDC)	July 31, 2015

Financial and Banking Services

EW.	March 22, 1994
FDC Forex Corporation	February 17, 1997
Green Bank, Inc. (GBI)*.	June 20, 1974
East West Rural Bank, Inc. (EWRB).	November 5, 1997
East West Insurance Brokerage, Inc. (EWIB).	July 6, 2015
East West Ageas Life Insurance Corporation (EWAL)	October 20, 2015

**merged with EW in 2014*

Sugar Business

PSHC	June 5, 1989
DSCC.	October 4, 1968
CSCC.	March 13, 2002
HYSFC.	June 8, 1990

Hospitality Business

FHI	November 8, 2008
SRI	July 17, 2009
FHC	August 22, 2011
Quest Restaurants, Inc. (QRI).	March 12, 2012
EHSI.	November 28, 2012
BSRI.	December 28, 2012
Chinatown Cityscapes Hotel, Inc. (CCHI).	March 22, 2013
Duawon Seascapes Resort, Inc. (DSRI).	April 12, 2013

Power Generation Business

FDCUI	December 4, 2009
FDC Retail Electricity Sales Corporation	November 16, 2009
FDC Misamis Power Corporation (FDC Misamis).	November 16, 2009
FDC Danao Power Corporation	March 10, 2011
FDC Camarines Power Corporation	March 23, 2011
FDC Casecnan Hydro Power Corporation.	March 23, 2011
FDC Negros Power Corporation	May 22, 2012
FDC Davao Del Norte Power Corporation.	July 17, 2012
FGS Renewable Energy, Inc. (FREI)	April 23, 2015

Others

Corporate Technologies, Inc.	September 11, 1998
Countrywide Water Services, Inc. (CWSI)	May 18, 2012
Filinvest Development Cayman Islands (FDCI).	March 12, 2013

The ultimate parent company of FDC and its subsidiaries is ALGI.

With over 40 years of experience in an industry that is highly sensitive to the financial crises, market downturns, and political upheaval, the Filinvest Group has emerged as one of the few survivors in the country. FDC and its subsidiaries have carefully built and nurtured a distinguished performance record in the real estate development, which was recognized by international bankers, fund managers, other global institutional investors, and the international financial community.

On August 19, 2011, the Securities and Exchange Commission (SEC) approved the Amended Articles of Incorporation of the Parent Company to include in the Primary Purpose the authority of the Company to invest in corporations, associations, partnerships, entities or persons or governmental, municipal or public businesses, domestic or foreign, engaged in utilities, power, energy, transportation on land, air and sea and infrastructure businesses.

On August 3, 2015, the SEC approved the amendment of Article III of the Articles of Incorporation of FDC to change its principal office address from "Metro Manila" to "The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City 1634, Metro Manila" in accordance with SEC Memorandum Circular No. 6, Series of 2014.

Real Estate Operations

On February 4, 2014, FCI, a wholly-owned subsidiary of FLI, was incorporated. Its primary purpose is to acquire by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds.

On April 15, 2015, FLI and Cofely Philippines (Cofely), a branch of Cofely South East Asia Pte. Ltd, entered into a joint venture agreement on the establishment and operations of PDDC. On July 31, 2015, PDDC was registered with the SEC to engage in the business of building and operation of District Cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City. PDDC is 60% owned by FLI and 40% owned by Cofely. The incorporation of PDDC resulted to additional investment from noncontrolling interest amounting to ₱100.0 million. As of December 31, 2015, PDDC has not yet started commercial operation.

On December 28, 2015, FLI and FAI, entered into a Deed of Assignment of Shares, wherein FAI has agreed to sell its rights, title and interests in the 249,995 common shares of FSI, with par value of ₱1.0 per share and equivalent to 100% ownership interest, to FLI and in total consideration of ₱0.5 million. FSI is the manager of Festival Supermall and other commercial centers of Filinvest Group. FSI also owns 60% equity interest in Cinemas. Cinemas is engaged in theater operations. The transaction did not have any impact on the Group's consolidated financial statements as both FLI and FAI remain as subsidiaries of FDC.

Banking and Financial Services

In 2013, EW subscribed to 441,000,000 common shares of GBI amounting to ₱700.0 million. In addition, EW contributed additional capital amounting to ₱1.3 million and acquired noncontrolling interest amounting to ₱0.2 million, thereby increasing its ownership to 99.8% as of December 31, 2013. EW's investment in GBI amounted to ₱888.5 million as of December 31, 2013.

In May 2013, GBI and EWRB entered into an asset purchase agreement with assumption of liabilities (the Purchase and Assumption Agreement) for the transfer of certain assets and liabilities of GBI to EWRB. The transfer of the assets and liabilities took effect on October 31, 2013 after the receipt of the required approvals from the regulators. The transfer of the assets and liabilities of GBI to EWRB was part of EW's plan to combine the rural banking business of its two subsidiaries into a single entity. After the transfer, EWRB will continue the rural banking business of GBI and the remaining assets and liabilities of GBI will be merged to EW, with the latter as the surviving entity. The merger of EW and GBI will enable EW to achieve branding leverage and economy in management and operations. In 2014, EW completed its planned merger with GBI.

On May 8, 2015, a total of 371,574,000 common shares of EW were listed at the PSE with ₱10.00 par value per share. The total proceeds raised by EW from the sale of the said shares amounted to ₱8.00 billion. The Parent Company subscribed to a total of 311,406,997 shares or a total of ₱6.7 billion and this resulted to increase in the Parent Company's ownership interest in EW from 75.2% to 77.2%.

On May 18, 2015, the BSP approved EW's initial equity investment amounting to ₱30.0 million in EWIB, a proposed wholly-owned insurance brokerage insurance company of EW. On July 6, 2015, EWIB was registered with the SEC.

On May 28, 2015, EW and Ageas Insurance International N.V. (Ageas) has entered into a joint venture agreement to form EWAL for an ownership interest of 75% less one share and 25% plus one share, respectively. EWAL shall be engaged primarily in the life insurance business. As of December 31, 2015, the stockholders are in the process of satisfying the conditions of the joint venture agreement after which EW shall transfer an additional 25% of the issued shares of EWAL to Ageas. This will result to a shareholder structure of 50% less one share and 50% plus one share for EW and Ageas, respectively.

On September 21, 2015, the BSP approved EW's initial equity investment amounting to ₱500.0 million in EWAL. Subsequently, on October 20, 2015, the SEC approved the registration of EWAL. On December 22, 2015, EWAL obtained from the Insurance Commission a license to operate a life insurance business. As at December 31 2015, EWAL has not yet started commercial operations, pending approval of the Insurance Commission on the life insurance products.

Hotel Operations

On March 22, 2013 and April 12, 2013, the SEC approved the incorporation of CCHI and DSRI, respectively, both subsidiaries of FHC. The primary purpose, among others, is to develop and administer hotels and resorts and entertainment of all kinds and all related activities.

Power Generation Operation

On January 29, 2014, FDCUI was declared by the Power Sector Assets and Liabilities Management Corporation (PSALM) as one of the winning bidders for the selection and appointment of Independent Power Producer (IPP) Administrators for the strips of energy, equivalent to 40 MW (40 strips of energy), of the Unified Leyte geothermal power plants (ULGPP) in Tongonan, Leyte.

Through its wholly owned subsidiary, FDC Misamis, it also won the bidding for the right to manage around 100 MW of the Mt. Apo 1 and 2 geothermal power plants on October 24, 2014.

On April 23, 2015, FREI was registered with the SEC and its primary purpose is to operate and maintain power-generating plants and related facilities for the utilization and conversion of renewable energy sources, among others.

Other Operations

On March 12, 2013, the Parent Company incorporated FDCI under the laws of Cayman Islands. FDCI was incorporated to facilitate the Group's issuance of foreign currency-denominated bonds.

On September 29, 2014, the Parent Company subscribed to the remaining unissued 7.5 million common shares of CWSI, giving the Parent Company 75% ownership over CWSI for a total consideration at par of ₱7.5 million. Furthermore, on October 31, 2014, the Parent Company purchased from FLI its investment in CWSI for a total consideration of ₱2.5 million. The sale resulted to the Parent Company having 100% equity interest in CWSI.

1.2 Bankruptcy, Receivership or Similar Proceedings

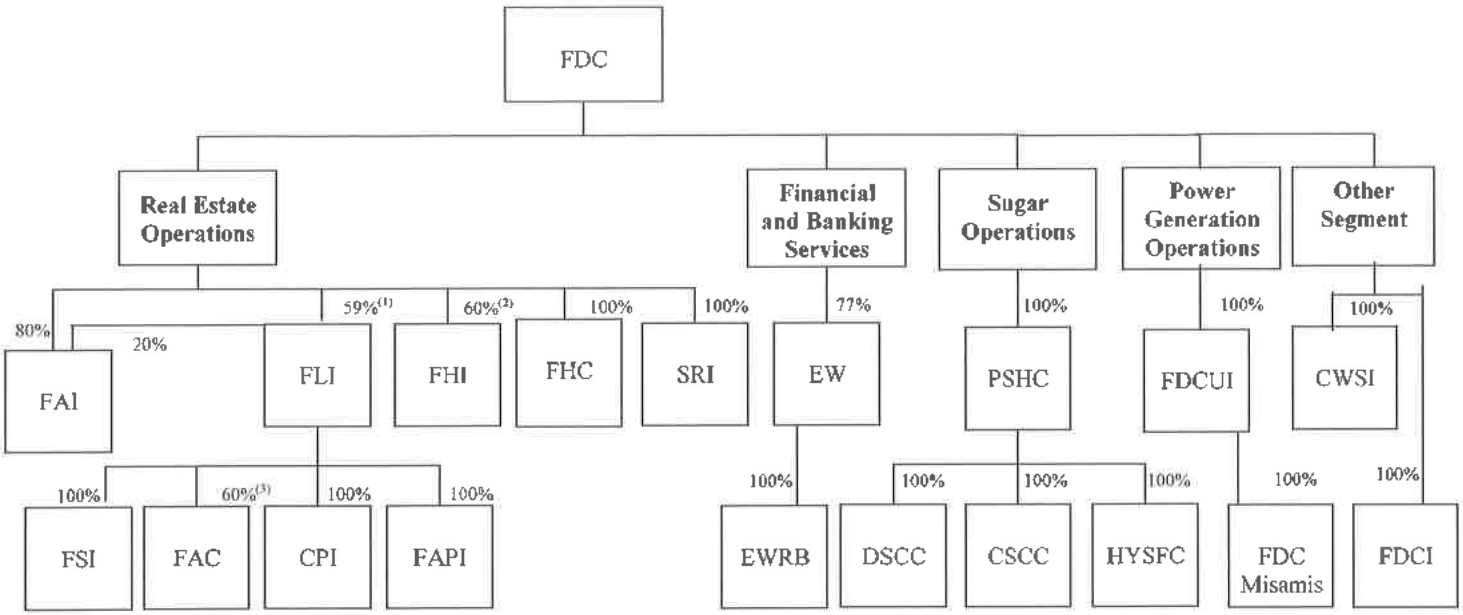
There was no bankruptcy, receivership or similar proceedings filed by the Company and/or any of its significant subsidiaries during the past three (3) years.

1.3 Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary) over the past three years

Other than the acquisitions discussed in the preceding section, there were no material reclassifications, mergers, consolidations or purchases or sales of significant amount of assets (not ordinary) by the Company and/or its significant subsidiaries during the past three (3) years.

Structure of the Group

The following chart illustrates the Group's main activities of its material subsidiaries and controlled companies as of December 31, 2015. A detailed breakdown of FDC's subsidiaries and joint ventures was presented in the preceding section.



Notes:

(1) The remaining shares of FLI and EW are publicly-held.

(2) The remaining 40% of FHI is owned by AIPL.

(3) The remaining 40% of FAC is owned by Reco Herrera Pte. Ltd., a company that is 100% beneficially owned by the Government of Singapore Investment Corporation Pte. Ltd.

1.4 Significant Subsidiaries, Segments and Business Groups

Revenue Mix

Historically, the Group's real estate operations accounted for the largest portion of FDC's consolidated revenues. For the year 2015, the Company's consolidated revenues amounted to ₱49.3 billion with revenue contribution from the following:

- Real estate 42.8%
- Financial and banking services 36.8%
- Power generation 12.6%
- Sugar business 5.2%
- Hotel operations 2.6%

1.4.1 Real Estate

Filinvest Land, Inc

Business

Filinvest Land, Inc. ("FLI" or the "Company") is one of the Philippines' leading real estate developers, providing a wide range of real estate products to residential and commercial customers. FLI is one of the largest nationwide residential developers in 45 cities and towns in 18 provinces in the Philippines. It is one of the largest MRB developers in the country today and a market leader in the affordable and middle-income residential segments.

In 2006, FLI acquired three strategic investment properties, Festival Supermall, and the PBCom Tower and BPO office buildings through a 60.0% ownership interest in each of FAC and CPI. In 2006, FLI also entered into a joint venture agreement with Africa-Israel Investment (Phils.), Inc. ("AIIPI") and incorporated FAPI to undertake the development of Timberland Sports and Nature's Club ("TSNC") and approximately 50 hectares of land comprising Phase 2 of Timberland Heights township project. TSNC started its commercial operations in

October 2008. In February 2010, FLI acquired the remaining 40.0% interest of Africa-Israel Properties (Phils.), Inc. in CPI and 40.0% interest of AIPPI in FAPI to obtain full ownership of the previous joint ventures.

The sale by Africa-Israel of its interests in the two companies was part of Africa-Israel's global portfolio rebalancing and consolidation activity. On the other hand, the acquisition of Africa-Israel's interests enabled FLI to consolidate its share in the strong and stable recurring revenue streams from the two companies as well as provide incremental development potential to FLI's existing revenue streams. CPI owns and operates the IT buildings in Northgate Cyberzone, a PEZA registered BPO park located on a 10-hectare parcel of land within Filinvest City. FLI generates revenues from leasable space in sixteen office buildings with a gross leasable area of 212,527 sq.m. as of December 31, 2015.

As of the date of this report, FLI owns 60% of FAC, which owns 50% of the 52-storey, PBCom Tower which is located in the Makati's business district. PBCom Tower is a Grade A, PEZA-registered I.T./office building in Ayala Avenue, Makati City, Metro Manila with approximate GLA of 36,000 sq.m.

Festival Supermall is a four-storey premier shopping complex situated on a total land area of 10 hectares and located within FAI's Filinvest City development in Alabang, Muntinlupa City. FLI has leased from FAI the 10 hectares of land on which the mall and its adjoining structures (such as parking lots) are situated. The lease is for a term of 50 years from October 1, 2006, renewable for another 25 years, with FLI required to pay monthly rent equivalent to 10% of the monthly gross rental revenue generated by the mall. In 2013, FLI started the renovations of the Festival Supermall. In addition to the renovation project and to reinforce the mall's position as the largest regional, dining and entertainment destination in the southern part of Metro Manila, FLI has started the development of the mall's expansion on another 7 hectares of land wherein an additional 46,705 sq.m. of GLA and 90,255 sq.m GFA will be added. The mall expansion is expected to be finished by the third quarter of 2016. For the existing mall, Phase 1 of renovation works has already been completed, while phase 2 will start in 2016.

As of this date, FLI has no plans to acquire any additional shopping malls, but intends to undertake commercial and retail projects to complement its residential developments in selected areas.

In 2009, FLI signed an agreement with the Cebu City Government to develop 50.6 hectares of the South Road Properties, a 300-hectare reclaimed land project located in Cebu City. The agreement involves purchase by FLI of the 10.6 hectares of the property to be developed into a modern urban center consisting of residential, office, commercial, hotel and leisure buildings and a public promenade which is a one kilometer long waterfront lifestyle strip that will offer a range of seaside leisure activities and the development of the remaining 40 hectares of the property under a profit-sharing arrangement with the Cebu City Government.

In 2012, FLI started operating its condotel operations (Grand Cenia) and hotel business (Quest Hotel). The operations are being managed by Prosper, a wholly-owned subsidiary of FLI.

On February 4, 2014, FCI, a wholly-owned subsidiary of FLI was incorporated to manage FLI's BPO leasing operations in Cebu, Pasay City, Quezon City and Pasig City. Development of these BPO sites is currently on going.

In July 2015, FLI, including its subsidiaries and affiliates won the bidding for the acquisition of a 19.2-hectare lot in Cebu's South Road Properties. The property will be developed and owned by FLI together with its wholly-owned subsidiary CPI, its affiliate FAI and other strategic partners.

In September 2015, FLI won the bid for the right to own 55% of the Joint Venture Company with the BCDA that will be tasked to develop, market, manage and lease the first phase of Clark Green City. The first phase covers to 288 hectares of land that will form part of the new mixed use metropolis rising in Northern Luzon adjoining Clark Freeport Zone and Clark International Airport.

With a more diversified portfolio, FLI expects to generate stable recurring revenue from its retail and office investment properties. These recurring revenues can, in turn, be used to provide internally generated funding for other projects.

FLI is not and has never been a subject of any bankruptcy, receivership, or similar proceedings.

Form and Date of Organization

FLI was incorporated in the Philippines on November 24, 1989 as Citation Homes, Inc. and later changed its name to FLI on July 12, 1993. It started commercial operations in August 1993 after FDC spun off its real estate operations and transferred all related assets and liabilities to FLI in exchange for shares of stock of FLI. FLI was listed on the PSE on October 25, 1993. As at December 31, 2015, FDC owns 59% of outstanding Common Stock and 100% of Preferred Stock of FLI.

FLI Subsidiaries

The consolidated financial statements include the accounts of the FLI and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2015, 2014 and 2013 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	2015	2014	2013
FAPI	Real estate developer	**100%**	100%	100%
CPI	Leasing	**100%**	100%	100%
FCI	Leasing	**100%**	100%	–
FAC	Leasing	**60%**	60%	60%
Homepro	Marketing	**100%**	100%	100%
Promax	Marketing	**100%**	100%	100%
Leisurepro	Marketing	**100%**	100%	100%
Prosper	Property management	**100%**	100%	100%
FSI	Property management	**100%**	–	–
Cinemas*	Theater operator	**60%**	–	–
PDDC	District cooling systems, builder and operator	**60%**	–	–
CWSI**	Waterworks and sewerage system	–	–	100%

**Cinemas is owned indirectly through FSI.*

Detailed discussion of each subsidiaries follows:

- Property Maximizer Professional Corp. (Promax) incorporated on October 3, 1997.
- Homepro Realty Marketing, Inc. (Homepro) incorporated on March 25, 1997 and started commercial operations on January 1, 2004.
- Leisurepro, Inc. (Leisurepro) incorporated on April 21, 2004 and started commercial operations on January 1, 2006.
- Property Specialists Resources, Inc. (Prosper) incorporated on June 10, 2002 and started commercial operations on January 01, 2004.

Promax, Homepro and Leisurepro are engaged in real estate marketing business and handle the marketing and sale of socialized, affordable, middle income, high-end and farm estate property development projects of FLI while Prosper is engaged in the purchase, lease and management of hotel and resort properties. Homepro is now also engaged in real estate development as it recently acquired rawland in Taguig. Prosper is currently managing the condotel operations of a high-rise condominium (Grand Cenia) and hotel project (Quest Hotel) of the Parent Company. Prior to Prosper's condotel and hotel management business, Prosper was engaged in the business of real estate marketing. Philippine Securities and Exchange Commission (SEC) approved the amendment of the primary purpose of Prosper on February 20, 2012.

CPI was incorporated on January 14, 2000 and began commercial operations on May 1, 2001. CPI is registered with the PEZA as an Economic Zone Facilities Enterprise, which entitles CPI to certain tax benefits and non-fiscal incentives such as the 5% tax on its modified gross income in lieu of all national income taxes. CPI is also entitled to zero percent value-added tax on sales made to other PEZA-registered enterprises. CPI owns and operates the IT buildings in Northgate Cyberzone, located on a 10-hectare parcel of land within Filinvest City. Among others, Northgate's major tenants are HSBC, Convergys, APAC, GenPact Services LLC, eTelecare Global Solutions, Inc., Capital One, AIG Shared Services, First Source, Verizon Business, Lattice Semiconductor, and Flour Daniel. Its day-to-day operations are handled by FAI. CPI also leases a parcel of land measuring 2,831 sq.m. located along EDSA on which CPI built a 5-storey BPO building with a total GLA of 7,358 sq.m. which is currently occupied by Anthem Solutions Inc.

FAPI was incorporated on September 25, 2006 as a joint venture corporation with AIIPI to develop the TSNC and Phase 2 of Timberland Heights. On February 8, 2010, FAPI became a wholly-owned subsidiary of FLI upon FLI's acquisition of the 40.0% interest of AIIPI.

Timberland Heights is a 677-hectare township project anchored by the Timberland Sports and Nature Club, which was designed to be a world-class family country club in a mountain resort setting. Timberland Heights is situated at an elevation of 320 meters above sea level and provides panoramic views of the north of Metro Manila. The master plan for Timberland Heights includes Banyan Ridge, a middle-income subdivision; Mandala Farm Estates; The Ranch and Banyan Crest, a high-end subdivision, The Glades, also a middle- income subdivision, The Leaf, a four-building 3-storey condotel development; and, a 50-hectare linear greenway that straddles the entire development which will provide a large outdoor open space for residents.

On May 18, 2012, CWSI was incorporated. CWSI has the technical expertise and skills in the operation, management, maintenance, and rehabilitation of waterworks and sewerage system. On August 2, 2012, FLI has engaged the services of CWSI in order to maintain and further improve the billing, collection and customer relation services in the waterworks and sewerage system of its residential projects. On September 29, 2014, FDC subscribed to the remaining unissued shares of CWSI for a total consideration at par of ₱7.5 million, giving FDC 75% ownership over CWSI. Furthermore, the Parent Company agreed to sell its investment in CWSI on October 31, 2014 for a total

consideration of ₱2.5 million. The sale resulted to FDC having 100% equity interest in CWSI. No gain or loss was recognized from the transaction.

On February 4, 2014, FCI, a wholly-owned subsidiary of FLI was incorporated. Its primary purpose is to acquire by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds.

FLI has 60% interest in Filinvest Asia Corporation (FAC) which made it a majority owned subsidiary. FAC is now accounted for as a subsidiary due to adoption of PFRS 10, *Consolidated Financial Statements*. FAC was incorporated on January 22, 1997 and as of the date of this report is 60%-owned by FLI and 40%-owned by Reco Herrra Pte.Ltd. (RHPL). RHPL is 100% beneficially owned by the Government of Singapore Investment Corporation Pte. Ltd (GIC). FAC owns 50% of the 52-storey PBCom Tower, which is strategically located at the corner of Ayala Avenue and V. A. Rufino Streets in the Makati City Central Business District. FAC owns 36,000 sq.m. of leasable office space. The remaining 50% of PBCom Tower is owned by the Philippine Bank of Communications. The PBCom Tower is registered as an information technology building by PEZA. Consequently, tenants occupying space in PBCom Tower are entitled to avail of certain fiscal incentives, such as a 5% tax on modified gross income in lieu of the regular corporate income tax of 30%, income tax holidays and vat exemption in certain cases. As of December 31, 2015, FAC's principal tenants include EastWest Bank, The Nomad Offices, Citibank N.A., Citigroup Business Process Solutions Pte., Ltd.,Daksh eServices (Phils.), Inc., Linde Gas, Bayer Philippines, Huawei Technology, and Chartis Technology, ESS Manufacturing Co. and First Cagayan Corporation. Leases at the PBCom Tower are typically for periods ranging from three to five years, with the lease agreements generally requiring tenants to make a three-month security deposit. Rent is paid on a fixed rate per square meter basis depending on unit size and location.

On April 15, 2015, FLI and Cofely Philippines (Cofely), branch of Cofely South East Asia Pte. Ltd., entered into a joint venture agreement to establish PDDC. On July 31, 2015, PDDC was registered with the Philippines Securities and Exchange Commission (SEC) to engage in the business of building and operating a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City. PDDC is 60% owned by FLI and 40% owned by Cofely. PDDC has not started its commercial operations.

On December 28, 2015, FLI and FAI, entered into a Deed of Assignment of Shares, wherein FAI agreed to sell its rights, title and interests in the 249,995 common shares of FSI, with par value of ₱1.0 per share and equivalent to 100% ownership interest, to FLI for and in total consideration of ₱0.50 million. FSI is the property manager of Festival Supermall and other commercial centers of the Group. FSI also owns 60% equity interest in FSM Cinemas, Inc. which is engaged in theater operations. The transaction was accounted for using the pooling of interest method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts.

Equity Investment
FAI was incorporated on August 25, 1993 and started commercial operations in October 1995. FLI has a 20% equity interest in FAI. FAI's current project is the master-planned development of Filinvest City, a 244-hectare premier satellite city development project which has been designed using modern and state of the art, ecological, urban planning with a mixed-use integrated development with office, retail, residential, institutional, leisure and hospitality projects in southern Metro Manila. Located at the southern end of Metro Manila and adjacent to the South Expressway, Filinvest City is approximately 16 kilometers south of Makati, the central business district in Manila and 10 kilometers from the Ninoy Aquino International Airport. Filinvest City is surrounded by over 2,800 hectares of developed high-end and middle-income residential subdivisions and commercial developments. The said project is under a joint venture agreement with the Government.

Business Groups, Product Categories, Target Markets and Revenue Contribution
As a result of the recent business developments, FLI is now composed of two business segments with corresponding product categories, target markets and revenue contributions as follows:

Real Estate Segment
FLI's main real estate activity since it started operations has been the development and sale of residential property, primarily housing units and subdivision lots; in certain cases, provision of financing for unit sales.
Residential Projects
FLI is able to tap the entire residential market spectrum with the following range of housing units catering to various income segments:
(a) *Socialized housing*: These developments are marketed and sold under FLI's Pabahay brand and consist of projects where lots typically sell for ₱160,000.00 or less per lot and housing units typically sell for ₱450,000.00 or less per unit. FLI's socialized housing comprises large-scale, mass-housing projects that have historically ranged in size from approximately six to fifty five (55) hectares and have been developed in phases typically comprising 1,000 lots of 35 to 50 sq.m each, organized in clusters of expandable row houses with supporting amenities and facilities. Buyers for these projects are eligible to obtain financing from the Government-mandated Pag-

IBIG Fund. Maximum sale prices for the Company's specialized housing products do not exceed the Government-mandated ceilings of ₱450,000.00 per unit. Any income realized from the development and improvement of socialized housing cites are exempt from taxation.

(b) *Affordable housing*: These developments are marketed and sold under FLI's Futura Homes brand and consist of projects where lots are typically sold at prices ranging from ₱160,000.00 to ₱750,000.00 and housing units from above ₱450,000.00 to ₱1,500,000.00. FLI's affordable housing developments typically range from two to 26 hectares and have been developed in phases typically comprising approximately 300 lots each, with the houses typically having a floor area of approximately 40 sq.m., and a lot size generally between 80 to 150 sq.m. FLI designs and constructs homes in this sector with the capacity and structural strength to give the owner the option to build an additional storey, which can double the available floor area. Affordable housing projects are typically located in provinces bordering Metro Manila, including Bulacan, Laguna, Batangas and Cavite, and in key regional cities such as Tarlac, Cebu and Davao. Construction of a house in this sector is usually completed approximately six months from the completion of the required down payment.

(c) *Middle-income housing*: These developments are marketed and sold under FLI's Filinvest Legacy brand and consist of projects where lots are typically sold at prices ranging from ₱750,000.00 to ₱1,200,000.00 and housing units from ₱1,500,000.00 to ₱4,000,000.00. Historically, FLI's middle-income housing have ranged in size from approximately five to 46 hectares and gave been developed in phases typically comprising approximately 150 lots of 150 to 300 sq.m. each. Middle-income projects are typically located within Metro Manila, nearby provinces such as Rizal, Cavite, Pampanga and Laguna, and major regional urban centers in Cebu, Davao and Zamboanga.

(d) *High-end housing*: Marketed under Filinvest Premiere brand, these developments consist of projects where lots are sold at prices above ₱1,200,000.00 and housing units for above ₱4,000,000.00 FLI's high-end projects have been located both within Metro Manila and in areas immediately outside Metro Manila.

Other Real Estate Projects

In order to achieve product and revenue diversification, FLI has added the following projects so as to cater to other market niches:

(a) *Entrepreneurial Communities*

Because of the anticipated growth of small and medium-sized businesses as well as the Government support for entrepreneurial programs, FLI has launched two entrepreneurial communities under its "Asenso Village" brand. One project is in Laguna province, which forms part of the Company's Ciudad de Calamba township development, and another in Cavite province. Each Asenso Village currently consists of three phases, with its land being "dual-zoned" allowing for both residential and commercial use. The Company has also cooperated with the Government by providing venues for various livelihood and small business seminars and programs conducted by government agencies in each Asenso Village. At present, sales in each Asenso Village consist of subdivision lot sales as well as shophouses that incorporate living quarters and an area for buyers to set up and operate their small enterprises and home-based businesses. Subject to market conditions, FLI plans to develop additional "Asenso Villages" in other locations.

(b) *Townships*

Townships are master-planned communities that include areas reserved for the construction of anchor facilities and amenities. FLI believes that these facilities and amenities will help attract buyers to the project and will serve as the nexus for the township's community. Anchor developments could include schools, hospitals, churches, commercial centers, police stations, health centers and some other government offices; or in the case of Timberland Heights, a private membership club.

FLI has also master-planned and developed the Ciudad de Calamba, Timberland Heights and Havila (formerly, Filinvest East County) township projects which are respectively located along the southern, northern and eastern boundaries of Metro Manila. In 2010, FLI launched *City di Mare* (previously known as *Città di Mare),* a seaside township project, spanning 50.6 hectares at Cebu's South Road Properties as part of a joint venture agreement between FLI and the Cebu government. Each township development is designed to include a mix of residential subdivisions from the affordable to the high-end sectors.

Ciudad de Calamba

Ciudad de Calamba is a 350-hectare development located in Calamba, Laguna. This township project is anchored by the Filinvest Technology Park-Calamba which is a PEZA-registered special economic zone. Ciudad de Calamba provides both industrial-size lots and ready-built factories to domestic and foreign enterprises engaged in light to medium non-polluting industries. FLI also donated to the city government of Calamba a parcel of land located within the Ciudad de Calamba, which will be used for a city health center and police station. FLI also intends to develop the Ciudad de Calamba Commercial Center as part of this township project. The master plan for Ciudad de Calamba includes a mix of affordable and middle-income subdivisions as set out below:

- *Aldea Real*, an affordable subdivision project which has a total developed area of approximately 16.9 hectares. Development for Phase 1 & 2 has been completed.
- *Montebello*, a middle-income subdivision project that is expected to have a total developed area of approximately 12.9 hectares. Three phases have been launched and developed.

- *Punta Altezza*, an affordable subdivision project consisting of 3 phases which has a total developed area of approximately 9.7 hectares. Development work for Punta Altezza has been completed.
- *Vista Hills*, an affordable subdivision project which has a total developed area of approximately 5.2 hectares. Development work for Vista Hills has been completed.
- FLI's first "*Asenso Village*" entrepreneurial community development is located within the Ciudad de Calamba and is expected to have a total developed area of approximately 20.2 hectares.
- *La Brisa Townhomes*, La Brisa, which literally means "The Breeze" in Spanish, is located at Brgy. Punta, Calamba City. With its Spanish Mediterranean theme, La Brisa is the first townhouse development at Ciudad De Calamba that offers not just an affordable and quality home to families but also a worthy investment for those who would like to establish a "House for Rent" business. La Brisa is very accessible to industrial estates operating in the vicinity, definitely a valuable venture for companies that provide housing privilege to employees.
- *Pueblo Solana*, this is a 68-hectare portion of Ciudad de Calamba that has been earmarked for low-affordable and socialized housing. "Valle Dulce" will offer low-affordable housing units and the first phase will cover 12.4 hectares. Valle Alegre will offer socialized housing units and the first phase will cover 10.6 hectares.

Havila (formerly, Filinvest East County)

Havila, or formerly, Filinvest East County is a 335-hectare township along the eastern edge of Metro Manila, which traverses the municipalities of Taytay, Antipolo and Angono. It is anchored by two educational institutions: San Beda College – Rizal and the Rosehill School. The master plan for Havila provides for a mix of affordable, middle-income and high-end subdivisions on rolling terrain overlooking Metro Manila at an elevation of 200 meters above sea level. Below are the developments completed and ongoing in Havila:

- *Mission Hills* is located in the municipality of Antipolo and consists of seven subdivision projects which are expected to have a total developed area of approximately 77.7 hectares. Three subdivisions (Santa Barbara, Santa Monica and Santa Catalina) were developed as high-end projects while four (Santa Isabel, Santa Cecilia, Santa Clara and Sta. Sophia) have been developed as middle-income projects. Development works for all seven subdivisions have been completed.
- Two subdivision projects were developed in the municipality of Taytay, which has a total developed area of approximately 80 hectares. Development works for one mid-high subdivision (*Highlands Pointe*-60 hectares) and an affordable-segment subdivision (*Villa Montserrat*-20 hectares) have been completed. These subdivision projects are almost sold out.
- *Forest Farms,* which is situated in the municipality of Angono, is a farm estate subdivision project that has a total developed area of 34.9 hectares.
- *Anila Park* expanded Havila's affordable range in Antipolo, with its first phase having 1.4 hectares and its on-going townhouse phase having another 1.6 hectares.
- In 2014, a middle-income subdivision (*Amarilyo Crest*) and a high-end subdivision (*The Peak*) were launched in Taytay and Antipolo, Rizal having a total area of 16.7 hectares.

Timberland Heights

Timberland Heights is a 677-hectare township project anchored by the Timberland Sports and Nature Club. It is located in the municipality of San Mateo, which is just across the Marikina river from Quezon City, and has been designed to provide residents with leisure facilities and resort amenities while being located near malls, hospitals and educational institutions located in Quezon City. In addition to the Timberland Sports and Nature Club, Timberland Heights currently includes:

- *Banyan Ridge*, a middle-income subdivision which has a total developed area of approximately 6.4 hectares.
- *Mandala II Farm Estates,* a farm estate subdivision which has a total developed area of approximately 39.7 hectares.
- *The Ranch*, a high-end subdivision which has a total developed area of approximately 5.7 hectares.
- *Banyan Crest*, a 14.8 hectare high-end subdivision. Land development for Banyan Crest has been completed.
- *The Glades*, a mountainside open lot development consisting of an 11 hectare middle-income subdivision lots with size ranging from 192 to 300 square meters. The lots are sold inclusive of a share at Timberland Sports and Nature Club. The master plan for The Glades has been completed.
- *The Leaf*, a condotel located beside the Timberland Sports and Nature Club, consisting of four (4) mid-rise buildings of three (3) floors each with an average size of 31 sq.m. each unit. The lots are sold inclusive of a share at Timberland Sports and Nature Club.

Around 73 hectares have been earmarked for middle-income housing within Timberland Heights. The first phase covering approximately 11 hectares was launched in 2012 with the introduction to the market of *The Glades* and *The Leaf*.

City di Mare (previously called Città di Mare)

Inspired by the world's best-loved coastal cities, City di Mare, or "City by the Sea", spans across 50.6 hectares at Cebu's South Road Properties. It is a master-planned development composed of different zones catering to a wide array of lifestyles and activities - Il Corso, the 10.6 hectare waterfront lifestyle strip; the 40-hectare residential clusters; and The Piazza, nestled at the heart of the residential enclaves puts lifestyle essentials such as school, church, shops, and restaurants within the neighborhood. City di Mare is envisioned to be a

destination in itself, takes full advantage of the coastal ambience featuring seaside shopping, dining, beach and water sports and more, right by the water's edge.

The 10-hectare retail development known as Il Corso shall have a gross leasable area of approximately 32,000 square meters. City di Mare has four resort-themed residential enclaves inspired by world-class resorts, with each 10-hectare development flaunting a distinct architectural character. With over 65% of the property allocated for wide, open areas and landscaped greens, City di Mare provides the generous amenity of breathing space and a refreshing dose of nature throughout the site. Residences are spread out over the sprawling development, maximizing the abundant sunlight and allowing the invigorating sea air to circulate freely.

- Amalfi Oasis features clusters of five-storey buildings with luxuriant gardens, resort-style amenities and pedestrian-friendly environs, bask in fresh air, radiant sunshine and charming landscapes. The first building was completed in October 2012, while the second building was completed in March 2013. The third building is expected to be turned over in 2016. Amalfi Oasis will have a total of 9 buildings.
- San Remo Oasis, the second recently opened residential enclave in City di Mare, involves the development of 3.4 hectares of land with well-planned living spaces with numerous choice units to suit anyone's lifestyle. The development consists of eight (8) five-storey buildings with Buildings 3, 4, 5, 6 and 7 completed as of December 31, 2015 and Building 2 expected to be completed in 2016.

(b). Leisure projects

FLI's leisure projects consist of its residential farm estate developments, private membership club and residential resort development.

Residential farm estates

FLI's residential farm estate projects serve as alternative primary homes near Metro Manila to customers, such as retirees and farming enthusiasts. Customers can purchase lots (with a minimum lot size of 750 square meters) on which they are allowed to build a residential unit (using up to 25.0% of the total lot area). The remaining lot area can be used for small-scale farm development, such as fish farming or vegetable farming. Residential farm estates are sold on a lot-only basis, with buyers being responsible for the construction of residential units on their lots. To help attract buyers, FLI personnel are available on site to provide buyers with technical advice on farming as well as to maintain demonstration farms. At present, FLI has three residential farm estates:

- *Nusa Dua Farm Estate ("Nusa Dua")* located in Cavite province just south of Metro Manila. The amenities at the Nusa Dua development include a two-storey clubhouse and a 370 square meter swimming pool.
- *Mandala Residential Farm Estate ("Mandala")* located in Rizal province as part of the FLI's Timberland Heights township project. It offers hobby farmers generous lot cuts and Asian-inspired homes that complement the mountain lifestyle.
- *Forest Farms Residential Farm Estate ("Forest Farms")* located in Rizal province as part of Company's Havila township project. It is an exclusive mountain retreat and nature park, nestled between the hills of Antipolo and forested area of Angono.

Private membership club

FLI, through FAPI, has developed the Timberland Sports and Nature Club. This Club includes sports and recreation facilities, fine dining establishments and function rooms that can be used to host corporate and social events. FLI expects that sales of subdivision lots in the high-end subdivision components of Timberland Heights may be tied with the sale of shares in the Timberland Sports and Nature Club, with some lot buyers also acquiring membership shares as part of the purchase of their lots. The *Timberland Sports and Nature Club* was designed to be a world-class family country club in a mountain resort setting. The Club aims to become a social hub with 2,000 sq.m. of full-range of indoor sports, nature oriented amenities, spa, dining, banquet and room facilities with world class standard club management on an 8-hectare elevated and rolling terrain. It started commercial operations in October 2008.

Residential resort development

Kembali Coast on Samal Island, Davao is a beachfront residential resort development. This 50-hectare Asian-Balinese inspired island getaway offers low-density exclusivity and comes with a 1.8 km beach line that offers unobstructed view of the sea.

Laeuna de Taal ("Laeuna") is located in Talisay Batangas with a view of the Taal lake and a lakeside residential community, about a ten minute drive from the popular tourist destination of Tagaytay. Laeuna is an Asian Tropical-inspired community which offers three (3) residential enclaves (Arista, Bahia and Orilla) with a range of property choices for every family. Located on the water front is the Lake Club, a lakeside amenity designed for wellness, recreation and celebration.

c). Medium-Rise Buildings

Medium-Rise Building projects are five-story to ten-story buildings clustered around a central amenity area. Marketed under the "Oasis" brand, FLI's MRBs are intended to provide a quiet environment within the urban setting. The buildings typically occupy 30.0% to 35.0% of the land area, providing a lot of open spaces.

Below is a list of FLI's ongoing MRB projects:

Project Name	Location
Metro Manila/Luzon	
One Oasis Ortigas	Pasig City
Bali Oasis	Pasig City
Maui Oasis	Sta. Mesa, Manila
Capri Oasis	Pasig City
Sorrento Oasis	Pasig City
One Spatial	Pasig City
Bali Oasis 2	Pasig City
Asiana Oasis	Paranaque City
Fortune Hill	San Juan City
The Signature	Balintawak, Quezon City
Fora	Tagaytay
Visayas	
One Oasis Cebu	Mabolo, Cebu City
One Spatial Iloilo	Iloilo
Amalfi Oasis	City di Mare, Cebu
San Remo Oasis	City di Mare, Cebu
Dumaguete Spatial	Dumaguete
Umi Garden	City di Mare, Cebu
Mindanao	
Eight Spatial	Maa, Davao
One Oasis Davao	Davao City
The Veranda Resort Condos	Davao
One Oasis Cagayan de Oro	Cagayan de Oro

d). High-Rise Buildings

The Linear

FLI started to develop in 2009 The Linear, a master-planned residential and commercial hub in Makati City. Two-L-shaped towers, each 24 storeys high, comprise this dynamic condominium community that perfectly caters to the needs of young urban professionals.

Studio City

Studio City is a community composed of five-tower residential condominium complex within the Filinvest City to serve the demand for housing of the growing number of professionals working within Filinvest City and in the nearby Madrigal Business Park. Since it is located within the Filinvest City, residents will enjoy proximity to Festival Supermall, Westgate Center, Northgate Cyberzone, Asian Hospital and Medical Center, and other commercial, educational and medical institutions. The development consists of 18 stories per building with commercial units at the ground floor. All residential floors will have 25 studio units per floor.

The Levels

Located at one of the highest points of Filinvest City at around 23 meters above sea level, The Levels is a one-block, four-tower residential condominium development that features a laidback suburban living inside a fast-paced business district. The residential development is set in a tropical landscape, with its four towers uniquely designed with terracing levels, giving it a castle-effect look. The high-rise sections will be set in lush greenery, providing residents with views of the gardens.

Vinia Residences

Vinia Residences is a 25-storey condominium development located along EDSA in Quezon City, right across TriNoma and the MRT-North Avenue station. With its coveted location, it offers a world of ease and convenience to young professionals and families looking for quality homes, as well as budding entrepreneurs who want to start a home-based business at the heart of the city.

Studio Zen
Studio Zen is a 21-storey condominium development located along Taft Avenue in Metro Manila. Student-oriented amenities, Zen-inspired features, and functional building facilities makes it an ideal residence for students living independently. It also offers a great investment opportunity for entrepreneurs who want to take advantage of the ready rental market in the area.
Studio A
Studio A is a single tower 34-storey high-rise residential condominium located in Loyola Heights in Quezon City. The project is conveniently situated near premier universities, the LRT 2 line and other commercial establishments.

100 West
100 West is a single tower 38-storey high-rise commercial and residential condominium with office spaces and is located in Gen. Gil Puyat Avenue corner Washington St. in Makati City. 100 West is beside the Makati Business District and accessible to both north and south of Metro Manila.

Studio 7
Studio 7 is a mixed-use development that will have office and residential towers complemented with retail outlets, located in Quezon City along EDSA very close to the GMA-Kamuning MRT station. "Studio 7"will have studios as well as one bedroom residential units.

e). Condotel

Grand Cenia
The Grand Cenia Hotel and Residences is a 25-story development located along Archbishop Reyes Avenue in Banilad, Cebu. The project is on a 4,211 sq.m. property that is strategically located near the Cebu Business Park, a joint venture project of FLI, as developer, and the Gotianun Family-owned GCK Realty Corporation, as landowner. In November 2011, units were turned over to the condotel buyers for preparation for hotel operations. In January 2012, the hotel started operating as the Quest Hotel and Conference Center, a three-star hotel complete with business and conference facilities. The 25-story structure has 432 condotel rooms and 119 residential condominium units. One and a half floors have been earmarked for BPO office space with a GLA of 3,227 sq.m.

The Leaf
The Leaf is a condotel type development stategically located on a mountainside setting beside the Timberland Sports and Nature Club in Timberland Heights. *The Leaf* consists of eight (8) low density mid-rise buildings of three (3) floors each with an average size of 31 sq.m. each unit. *The Leaf* is approximately 300 meters above sea level with a 180 degrees view of Metro Manila.

Analysis of Real Estate Sales

The table below shows a comparative breakdown of FLI's journalized real estate sales into various product categories for the years ended December 31, 2015, 2014 and 2013 (amounts in ₱ millions, except for percentages).

Category	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Residential Lots, House & Lot Packages, MRBs and HRBs						
Socialized	361.1	2.6%	408.3	3.1%	243.7	2.3%
Affordable	1,931.1	13.7%	1,368.0	10.4%	1,119.7	10.7%
Middle income	11,103.4	79.0%	10,490.1	79.4%	8,439.4	80.6%
High end and others	446.7	3.2%	367.0	2.8%	277.0	2.6%
Industrial Lots	60.6	0.4%	342.6	2.6%	241.5	2.3%
Residential Farm Estate	67.5	0.5%	202.2	1.5%	140.1	1.3%
Leisure	80.3	0.6%	26.3	.2%	17.1	0.2%
Total	14,050.7	100.0%	13,204.4	100.0%	10,478.5	100.0%

Analysis of Cost of Sales

The table below shows a comparative breakdown of FLI's journalized cost of sales by cost* component for the years ended December 31, 2015, 2014, and 2013 (in ₱ millions) :

	2015	2014	2013
Land acquisition cost	1,743.3	1,644.85	1,251.42
Land development and construction cost	6,199.9	5,866.72	4,627.34
Housing construction cost	181.4	189.47	157.06
Cost of club share	7.5	5.13	0.26
Total	8,132.2	7,726.16	6,036.08

*Based on the estimated percentage of component

Leasing Segment

FLI's investment properties are categorized as retail and office segments.

Festival Supermall

The Festival Supermall is a four-storey shopping complex located within FAI's Filinvest City, a commercial business district near the juncture of three major road networks – the South Expressway, the old National Highway and the Alabang-Zapote. In addition to having over 700 retail stores and outlets, the Festival Supermall also features amenities such as a ten-theater movie multiplex with digital surround sound systems, and two themed amusement centers. The mall also has exhibit, trade and music halls which are leased out to organizers of events such as trade fairs sponsored by the Philippine Department of Trade and Industry.

Festival Supermall's current anchor tenants include stores operated by some of the Philippines' largest retailers, such as the J.G. Summit group of companies (Robinsons Department Store and Handyman Do It Best), SM Investments Corporation, (SaveMore Supermarket and Ace Hardware) and the Rustan's Group (Shopwise Supercenter). Festival Supermall also has a group of tenants that are well-known international and domestic retailers, restaurant chains and service companies, such as Bose, Levi's, Bench, Giordano, The Body Shop, National Bookstore, Starbucks, Seattle's Best Coffee, McDonald's, Chowking, Jollibee and KFC.

To further augment the Group's recurring income stream in the retail segment, land development has commenced on the expansion of Festival Mall at Filinvest Corporate City. The expansion project will add 46,705 square meters of GLA, and is targeted to be completed in phases. FLI is also developing the first phase of Il Corso lifestyle strip of City di Mare, in the South Road Properties in Cebu, which will contribute a GLA of 36,346 sq.m. and GFA of 56,613 square meters when fully completed. FLI also started the construction of two (2) malls: Fora Mall in Tagaytay City which will contribute 31,037 square meters in GLA and 47,756 square meters of GFA; and the Center Square Molino, located at its Princeton Heights residential projects in Molino, Bacoor, Cavite and will have a GLA of 19,057 square meters and GFA of 27,965 square meters.

PBCom Tower

The PBCom Tower, is a 52 floor, Grade A, PEZA-designated I.T. office building in Ayala Avenue, Makati City, Metro Manila. FLI owns part of the PBCom Tower thru Filinvest Asia Corporation (FAC). FLI earns 60% of revenues from the 36,000 sq.m. leasable space owned by FAC in this building. Colliers International had been hired to provide day-to-day property management services for PBCom Tower. In addition, pursuant to a management agreement, FAI provides certain services to FAC.

Northgate Cyberzone

Northgate Cyberzone is a PEZA registered BPO park within Filinvest City. FLI earns revenues from approximately 131,000 sq.m. leasable space with Convergys, HSBC, Convergys, APAC, GenPact Services LLC, eTelecare Global Solutions, Inc., Capital One, AIG Shared Services, First Source, Verizon Business, Lattice Semiconductor, and Flour Daniel as major tenants, among others. Of the 10 hectares of land on which the Northgate Cyberzone is situated, approximately four hectares are available for future development.

Construction is ongoing for the following new BPO office buildings located at Northgate Cyberzone:

- Vector Three with GLA of 36,345 sq. m.
- Megablock Towers 1 and 2 with combined GLA of 77,798 sq. m.

Current buildings with leases are the following:

- Plaza A: This is a six-storey building with an approximate GFA of 11,575 sq.m. and an approximate GLA of 10,860 sq.m. Plaza A was substantially fully leased to GenPact Services LLC and Convergys.

- Plaza B and Plaza C: Plaza B and Plaza C are four-storey buildings, each with an approximate GFA of 7,150 sq.m. and an approximate GLA of 6,540 sq.m. for a combined GLA of 13,080 sq.m. Plaza B and Plaza C were substantially fully leased. Tenants for Plaza B include goFluent, AMS Express, Team Asia, Outboundphil, APPCO Direct Int'l., Treadyne and Seven Seven Global Services, Inc. All of Plaza C has been leased by APAC Customer Services, Inc.

- Plaza D: This is a six-storey building with the same specifications as Plaza A and with an approximate GFA of 11,575 sq.m. and an approximate GLA of 10,860 sq.m. Plaza D had been leased to ICICI First Source Ltd., a 100% owned subsidiary of India's largest private sector bank, and Verizon Communications Phils Inc, the Philippine branch of Verizon Business solutions, a leading communications company in the United States of America.

- Plaza E: This is a twelve-storey building, situated between Plaza A and Plaza D, with approximate GFA of 16,281 sq.m. and an approximate GLA of 14,859 sq.m. The building is 100% leased out with tenants Arvato Corp., Hinduja and EXL Service Phils.

- Convergys Building: This is a three-storey building with an approximate GFA of 6,466 sq.m. and an approximate GLA of 5,839 sq.m. It was a "built-to-suit" (BTS) building to meet the requirements of Convergys.

- HSBC Building: This is another building that was constructed on a BTS basis to meet the requirements of HSBC. The HSBC building has an approximate GLA of 18,000 sq.m. The building is currently occupied by Capital One.

- IT School: This is a three-storey building with an approximate GFA of 3,297 sq.m. and an approximate GLA of 2,595 sq.m. Its major tenants are currently Genpact Services LLC and Informatics.

- Building 5132: This is a six-storey building with an approximate GFA of 10,560 sq.m. and an approximate GLA of 9,408 sq.m. Building 5132 has been fully taken up by GenPact Services LLC.

- iHub I and iHub II: This is a two-tower complex (one with six storys and the other with nine storeys) iHub I has an approximate GLA of 9,474 sq.m. and has been leased out to numerous tenants which includes GenPact, HSBC, W.R. Grace Philippines and Lattice Semiconductor and Cape East Philippines. iHub II has an approximate GLA of 14,166 sq.m. and has been leased out primarily to Convergys and AIG Shared Services.

- Vector One : an 11-storey building with an approximate GFA of 19,545 sq.m. and an approximate GLA of 17,764 sq.m. It was completed in 2010. Filinvest Alabang, Inc. (FAI) was its first tenant, occupying the fifth to seventh floors for its corporate headquarters. Other tenants of the building are Convergys Firstsource and Flour Daniel.

- Vector Two: This building has the same configuration as with Vector One. It is also 11 storeys high with an approximate GLA of 17,884 sq.m. It was completed in October 2011. Tenants of the building include Infosys, Genpact, GE Money and Flour Daniel.

- Filinvest One *(formerly called AZ Building)*: This is a 10-storey building with a GLA of approximately 19,637 sq.m. Tenants of the building include HSBC, Ford Philippines, Denso Phil., AMEC Services, and PHL Center.

- Filinvest Two and Three: This is a twin-tower project located along Alabang Zapote Road. Each building has a GLA of approximately 23,784 sqms or a total of 47,568 sqms. This was completed in the 4th quarter of 2015.

EDSA, Transcom Building

This five-storey BPO building is located along EDSA in Mandaluyong City and have approximately 7,358 sq.m. of GLA. This is FLI's first BPO office building outside Northgate Cyberzone. EDSA Transcom Building is fully leased out to Anthem Solutions, Inc.

To tap lucrative opportunities in the BPO sector, FLI is expanding its office portfolio in more areas outside of Northgate to meet the demands of the industry. The following are the ongoing new BPO office buildings located in various locations:

- *Filinvest Cyberzone Pasay* is the first development of Filinvest Cyberparks, Inc. and will be the Filinvest Group's first LEED-certified project in Metro Manila outside of Northgate Cyberzone. Rising nine storeys within the Bay Reclamation Area in Pasay City, it will provide a total of 80,000 sqm of office space, supported by street-level retail facilities. Designed by H1 Architecture, the project will add another sleek and modern structure to the growing number of establishments in the vicinity. To be developed in three phases, it is meant to cater to the office accommodation needs of the still growing outsourcing sector, and address retail support requirements of companies and government agencies that will set up shop in the surrounding area. Completion is expected in 2016. Phase 1 is comprised of Towers 1 and 2 that will offer approximately 36,807 sqm of office GLA.

- In Cebu, construction of the *Filinvest Cebu Cyberzone* Tower 1 has been completed. This is the first BPO building located at the 1.2 - hectare joint venture project with the Provincial Government of Cebu. This is the first building of the four-building complex with 13 storeys and approximate GLA of 19,937 sqms.

- Meanwhile, in Quezon City, planning activities are presently ongoing for two sites along EDSA for the development of mixed use complexes that both contain BPO office accommodation. *Studio 7*, a mixed-use project in South Triangle near GMA Network, will have a BPO office component, aside from residential and retail facilities, and will break ground this 4th quarter of 2015. Its office portion, called *Studio 7 Cyberzone*, will provide 36,594 sqm of GLA by 2018. Another dynamic mixed-use development located at the corner of EDSA and Aurora Boulevard, which shall be called *Activa*, will also play host to BPO offices by providing an estimated 49,700 sqm of GLA. Excavation works are projected to commence by 2016 for this project.

- Planning activities for the development of a 48,000 sqm GFA structure with traditional office, hotel and retail components are currently underway for the Ortigas property (Philcomcen).

The Group will continue to carry out an intensive marketing campaign to maintain high occupancy rates in its investment properties to maximize leasing revenues.

The table below shows a breakdown of FLI's recorded gross leasing revenues for the years ended December 31, 2015, 2014 and 2013 (amounts in ₱ millions):

	Years Ended December 31					
	2015		2014		2013	
	Amount	% to total	Amount	%	Amount	%
Festival Supermall	**888.1**	**35.9%**	875.7	38.7%	868.0	42.7%
Northgate Cyberzone	**1,155.9**	**47.1%**	998.4	44.1%	832.0	40.9%
PBCom Tower	**377.7**	**15.4%**	322.1	14.2%	272.3	13.4%
Others	**37.9**	**1.5%**	67.3	3.0%	61.9	3.0%
Total	**2,452.7**	**100.0%**	**2,263.6**	**100.0%**	**2,034.1**	**100.0%**

Marketing and Sales

Real Estate Segment

FLI develops customer awareness through marketing and promotion efforts as well as referrals from satisfied customers. The Group has a real estate marketing team and a network of sales offices located in the Philippines, Italy and Japan, as well as accredited agents in other parts of Europe, HongKong, Japan, Singapore, and the Middle East. FLI's marketing personnel, together with in-house sales agents and

accredited agents, gather demographic and market information to help assess the feasibility of new developments and to assist in future marketing efforts for such developments.

FLI conducts advertising and promotional campaigns principally through print and broadcast media, including billboards, fliers, and brochures designed specifically for its target markets. Advertising and promotional campaigns are conceptualized and conducted by FLI's marketing personnel and by third-party advertising companies. These campaigns are complemented by additional advertising efforts, including booths at shopping centers, such as Festival Supermall, and other high traffic areas, to promote open houses and other events.

FLI also believes that the OFW population, as well as expatriate Filipinos, constitutes a significant portion of the demand for affordable and middle-income housing either directly or indirectly by remitting funds to family members in the Philippines to purchase such properties. As a result, FLI has appointed and accredited independent brokers in countries and regions with large concentrations of OFWs and expatriate Filipinos, such as Italy, Japan, the United Kingdom and the Middle East. These brokers act as the Company's marketing and promotion agents in these territories to promote the Company and its products. The Company also sponsors road shows to promote its projects, including road shows in Europe, targeting the OFW and Filipino expatriate markets. FLI also markets its properties on the Internet.

Sales for FLI's housing and land development projects are made through both in-house sales agents and independent brokers. Both FLI's in-house sales agents and independent brokers are compensated through commissions on sales. In-house sales agents also receive a monthly allowance and are provided administrative support by FLI, including office space and expense allowances.

In addition to in-house sales agents and independent brokers, FLI also employs representatives who staff its sales offices and provide customers with information about FLI's products, including financing packages and technical development assistance. FLI also assigns each project a sales and operations coordinator who will provide customers with assistance from the moment they make their sales reservation, during the process of obtaining financing, and through the steps of establishing title on their new home. FLI also has personnel who can advise customers on financing options, collecting necessary documentation and applying for a loan. FLI also helps design down payment plans for its low-cost housing customers that are tailored to each customer's economic situation. Further, once a house is sold and delivered, FLI has customer service personnel who are available to respond to technical questions or problems that may occur after delivery of the property.

Leasing Segment

Various professional, multinational commercial real estate leasing agents (including, but not limited to Jones Lang LaSalle, CB Richard Ellis and Colliers) are accredited to scout for tenants for its PBCom Tower and Northgate Cyberzone office spaces. These agents work on a non-exclusive basis and earn commissions based on the term of the lease.

FLI also maintains, through its subsidiaries, an in house sales team to market its office & commercial spaces.

Customer Financing for Real Estate Projects

The ability of customers to obtain financing for purchases of subdivision lots or housing units is a critical element in the success of FLI's housing and land development business. Customer financing is particularly important in relation to sales of FLI's socialized housing projects, where most prospective buyers require financing for up to 100.0% of the purchase price. FLI therefore assists qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders, particularly for its socialized housing projects, and from commercial banks. FLI also provides a significant amount of in-house financing to qualified buyers. The interest rates charged by FLI for in-house financing typically range from 13.5% per annum to 19.0% per annum, depending on the terms of the loan.

In-house financing
FLI offers in-house financing to buyers who chose not to avail of Government or bank financing. FLI typically finances 80.0% of the total purchase price, which is secured primarily by a first mortgage over the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five (5) to ten (10) years. The interest rates charged by FLI for in-house financing typically range from 11.5% per annum to 19.0% per annum, depending on the terms of the loan.

Pag-IBIG Fund
A substantial number of buyers of the Company's socialized housing units, as well as some affordable housing units, finance their purchasers through the Home Development Mutual Fund or Pag-IBIG Fund. To provide a liquidity mechanism to private developers, the Pag-IBIG Fund has instituted a take-out mechanism for conditional sales contract receivables and mortgages and repurchases receivables from housing loans of its members.

Pag-IBIG also recently increased the maximum loan amount for housing loans to ₱6 million per unit from ₱3.0 million previously, at an interest rate of 6.5% to 10% per annum, depending on the loan amount and the term of the loan which can be fixed over a maximum of 30 years. In 2003, HUDCC adjusted the loan ceiling of Socialized Housing Package from P 400,000.00 to P 450,000.00.

Mortgage loans

Mortgage loans from commercial banks are usually available to individuals who meet the credit risk criteria set by each bank and who are able to comply with each bank's documentary requirements. In addition to taking security over the property, a bank may also seek repayment guarantees from the Home Guaranty Corporation ("HGC"). To assist prospective buyers obtain mortgage financing from commercial banks, FLI also has arrangements with several banks to assist qualified customers to obtain financing for housing unit purchases.

Deferred cash purchases

In recent years, in addition to the aforementioned financing arrangements, FLI has offered so-called "deferred cash" purchases, particularly for its high-end and leisure developments. Under this arrangement, the entire purchase price is amortized in equal installments over a fixed period, which is typically 24 to 36 months. Title to the property passes to the buyer only when the contract price is paid in full or when the buyer executes a real estate mortgage in favor of the Company which can be annotated on the title to the property.

Real Estate Development

FLI's real estate development activities principally include the purchase of undeveloped land or entering into joint venture agreements covering undeveloped land, the development of such land into residential subdivisions or other types of development projects, the sale of lots, the construction and sale of housing units and the provision of financing for some sales.

The development and construction work is contracted out to a number of qualified independent contractors on the basis of either competitive bidding or the experience FLI has had with a contractor on prior project. FLI weighs each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. FLI maintains relationships with over 100independent contractors and deals with them on an arm's length basis.

FLI does not enter into long-term arrangements with contractors and construction contracts typically cover the provision of contractor's services in relation to a particular project or phase of a project. FLI also provides, in certain cases financial guarantees of payment to FLI-specified suppliers for purchases of construction materials. Progress payments are made to contractors during the course of a project development upon the accomplishment of pre-determined project performance milestones. Generally, FLI retains 10% of each progress payment in the form of a guarantee bond or cash retention for up to one year from the date the contracted work is completed and accepted by FLI to meet contingency costs.

FLI is not and does not expect to be dependent upon one or a limited number of suppliers or contractors. Its agreements with its contractors are in the nature of supply of labor and materials for the development and/or construction of its various real estate projects.

During 2015, the Parent Company launched a total of 14 new projects and phases with an estimated sales value of P12.5 billion. This brought to 164 the number of ongoing projects and phases FLI has as of the end of 2015.

Research and Development

Although the Company engages in research and development activities focusing on the house designs, types of construction materials to be used for its housing units, construction methodology, value-engineering for its projects and quality assurance, the expenses incurred by the Company in connection with these activities are not material.

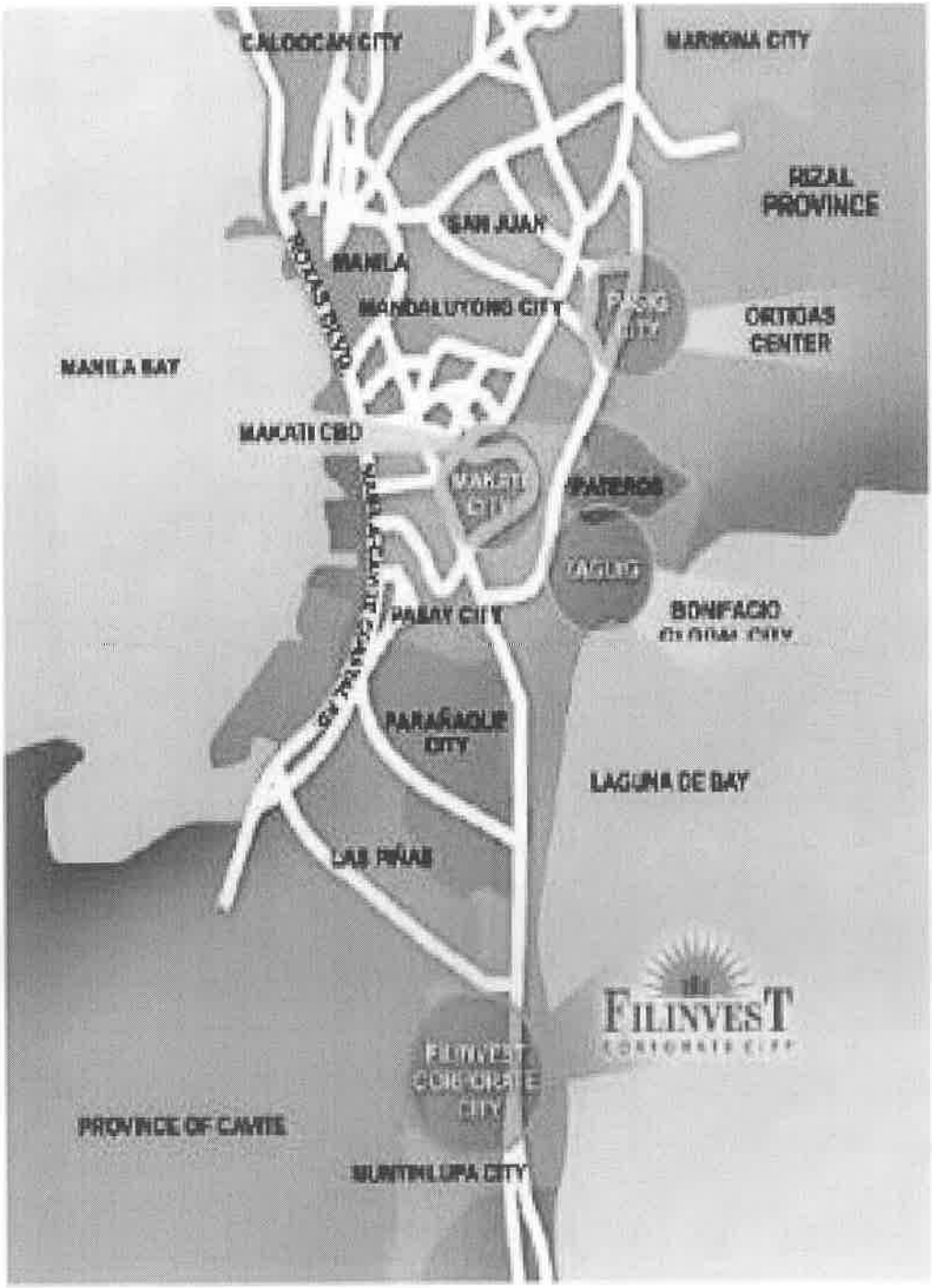
Filinvest Alabang, Inc. — Filinvest City

FAI's current project is the master-planned development of Filinvest City, a 244-hectare premier satellite city located in Alabang, Muntinlupa City in the southern part of Metro Manila approximately 16 kilometres south of Makati, the central business district in Manila and 10 kilometres from the Ninoy Aquino International Airport. Filinvest City is a fully integrated, self-contained satellite city which serves as a viable urban residential and business alternative to Makati for the southern Metro Manila area and a business centre for the southern Tagalog provinces. The mixed-use development concept incorporates commercial and residential properties in a complementary manner and provides for a balance of recurring rental income from office and retail space as well as trading income from sale of lots and condominium units. Filinvest City is a joint venture development with Government entities, namely the DENR and the Philippine Reclamation Authority, in which FAI has a 74% interest. Over the past few years, land sale prices in Filinvest City have risen, driven by

improved accessibility and economic growth. In particular, the completion of the Skyway extension from Sucat to Alabang in April 2011 has caused land prices in the surrounding area to increase. As a result, FAI recorded a record high land sale price of P186,000 per sq.m in December 2013. The development obligations of FAI in Filinvest City have been substantially completed. Construction of the entry/exit of the Skyway into Filinvest City was completed and opened to the public in May 2011.

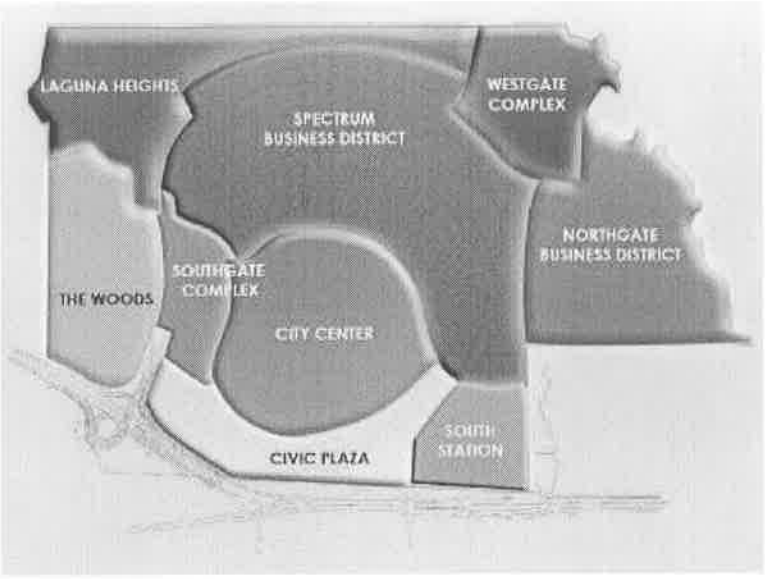
Location

Set out below is a map showing the location of Filinvest City relative to the Makati, Ortigas and Bonifacio Global City .



Site Development

Set out below is the site development concept of Filinvest City. The model below may not necessarily represent the eventual state of the actual property development.



Land Use

The following table shows the estimated mix of office, retail, residential, institutional and leisure properties that Filinvest City is expected to have when the project is fully completed, as well as certain details relating to developments at Filinvest City as of December 31, 2015. The land use and gross floor area estimates below may be adjusted as market trends develop and may not necessarily represent the eventual state of the actual property development.

Land Use	Lot area allocated (sq.m.)	Expected gross floor area (sq.m.)
High-rise office and condominium	711,095	5,636,136
Commercial and mixed-use	518,794	1,499,620
Residential subdivision	49,182	49,182
Leisure/hospitality	91,475	278,140
Institutional/government	241,458	325,012
Roads and open space	835,539	—
Total	2,447,543	7,788,090

As of December 31, 2015, FAI beneficially owns 82 hectares of unsold lots in Filinvest City comprising 34 hectares of unsold lots held through joint ventures (in which FAI beneficially owns 25 hectares) and 57 hectares of unsold lots owned directly by FAI. Of the 57 hectares, 23 hectares remain unused. Thirty four hectares are either rented out or being used for recurring business.

Office and Condominium Zone

The office zone is currently concentrated in two districts of Filinvest City, the Spectrum and Northgate districts. A variety of office centres are owned and operated, or under development, by third parties in these districts. FLI's Northgate Cyberzone, is located at Northgate District. For details, see "— Filinvest Land, Inc. — Northgate Cyberzone." FAI also develops its own buildings in the office zone under the concept of small office-home office ("SOHO"). SOHO buildings are compact units designed to provide a flexible, efficient work place and living space. The SOHO units are developed for sale rather than for lease.

Commercial and Mixed-Use Zone

A variety of major retail establishments at Filinvest City are owned and operated by third parties. In addition, FLI owns Festival Supermall, which is located at Filinvest City. See "— Filinvest Land, Inc. — Festival Supermall." FAI also develops its own retail leasing projects.

Leases for space in the retail zone are typically for periods ranging from one month to 15 years, depending on the type of lease. The lease agreements generally require tenants to supply a six-month security deposit. Rent is paid based on a fixed rate, fixed amount or on a percentage of sales ranging from 1.25% to 5% depending on the tenant's merchandise, or a combination of base rent plus a variable portion which is a percentage of the tenant's sales. The base rent currently ranges from P250 to over P1,000 per sq.m., depending on the size of the space being leased, the merchandise, and its location within the retail zone. Leases are generally for a term of 10–15 years with respect to lots, three to five years with respect to buildings, one to five years with respect to retail space and one to three months with respect to exhibit space.

Marketing and Management

The day-to-day operations in the retail zone, including leasing and general mall management, is managed by FSI pursuant to various management contracts entered into by FSI with the owners and developers of various retail projects. These contracts entitle FSI to management fees of varying amounts, ranging from P15,000 to P399,000 per month subject to annual escalation, depending on the size of the retail project, plus reimbursement of salaries and payroll costs. The contracts are on a continuing basis until terminated with 90-days advance notice by any of the parties.

As of December 31, 2015, FSI had approximately 177 personnel in its organization, responsible for the day-to-day operations of the retail zone. Engineering, maintenance, security and janitorial services for the mall and other retail establishments are outsourced to reputable third-party service providers on an annual contractual basis and reviewed annually by FSI.

Residential Zone

Filinvest City provides an urban residential alternative to the surrounding residential subdivisions. FAI is engaged in the development of a number of high-rise residential condominiums within Filinvest City. Each condominium's design varies according to its target market and income segment.

Leisure and Hospitality Zone

Filinvest City includes several hotels and condotels owned and managed by third parties, in addition to CHFC, a hotel that FAI launched in December 2012 within its mixed-use Entrata complex. CHFC has 345 rooms on 27 stories and is managed by FHI under the Crimson brand. The hotel had its grand opening in March 2013.

In addition to hotels and condotels, Filinvest City is also the site of leisure projects, including the Palms Country Club. To enhance the value of its high-end residential projects in Filinvest City and to attract buyers to these projects, FAI established its own exclusive sports and leisure club, a 30,000-sq.m. private membership club that hosts banquets, corporate functions and other events for its members. FAI sells individual and corporate club shares.

Land Bank

As of December 31, 2015, FAI's land bank included 2.1 hectares of raw land, which are located in Mactan. FAI intends to develop this land directly.

Institutional and Government Zone

Filinvest City has institutional establishments, including both the private sector and Government entities. Filinvest City has become a hub for health and medical care and home to Asian Hospital, Ospital ng Muntinlupa, Food and Drug Administration and other Government-run medical facilities.

Competition

Real Estate Segment

Real estate development and selling is very competitive. FLI believes it is strongly positioned in the affordable housing income to middle-income residential subdivision market and in the farm estates. Success in these market segments depends on acquiring well-located land at attractive prices often in anticipation of the direction of urban growth. FLI believes that its name and reputation it has built in the Philippine property market contributes to its competitive edge over the other market players. On the basis of publicly available information and its own market knowledge, FLI's management believes that it is among the leading housing and land project developers in the Philippines, particularly in the socialized to middle-income housing sectors. FLI's management also believes that FLI is able to offer competitive commissions and incentives for brokers, and that FLI is able to compete on the basis of the pricing of its products, which encompasses products for different market sectors, as well as its brand name and its track record of successful completed quality projects.

FLI directly competes with other major real estate companies positioned either as a full range developer or with subsidiary companies focused on a specific market segment and geographic coverage. Its direct competitors include Ayala Land Inc., Vista Land, Robinsons Land, and DMCI.

FLI faces significant competition in the Philippine property development market. In particular, FLI competes with other developers in locating and acquiring, or entering into joint venture arrangements to develop, parcels of land of suitable size in locations and at attractive prices. This is particularly true for land located in Metro Manila and its surrounding areas, as well as in urbanized areas throughout the Philippines.

FLI's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that can yield reasonable returns. Based on FLI's current development plans, it believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, it expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

Leasing Segment

With regard to the Company's acquired assets dedicated to office space leasing and shopping mall operations, the Company competes with property companies such as Ayala Land, Inc. Robinsons Land Corporation and SM Prime Holdings, Inc. In office space leasing, particularly to call centers and other BPO operators, the Company competes with companies such as Robinsons Land Corporation, Ayala Land, Inc., Eton Properties Philippines, Inc. and Megaworld Corporation.

1.4.2 Financial and Banking Services

East West Banking Corporation

EW was granted authority by the BSP to operate as a commercial bank under Monetary Board (MB) Resolution No. 101 dated July 6, 1994, and commenced operations on July 8, 1994. The Bank was also granted authority by the BSP to operate an expanded foreign currency deposit unit under MB Resolution No. 832 dated August 31, 1994. As of December 31, 2015, EW is effectively 77.2% owned by FDC.

On February 17, 2014, the SEC approved the application of EW to change its registration from a "Government Securities Eligible Dealer" (with broker-dealer of securities functions) to an "Underwriter of Securities Engaged in Dealing Government Securities" (with broker-dealer of securities functions), in accordance with the SRC and other applicable laws, rules and regulations. EW's registration as an "Underwriter of Securities Engaged in Dealing Government Securities" had an initial validity of up to December 31, 2014, and has been extended to November 2015.

The Bank has been listed on the PSE since May 2012.

Mergers and Acquisitions
In 2003, EW acquired Ecology Savings Bank, Inc., while in 2009, EW acquired AIG PhilAm. In 2011, EW acquired GBI. Its most recent acquisition was in 2012, when it acquired FRBI. On August 19, 2011, EW entered into a deed of assignment for the purchase of a majority of the outstanding shares and control of GBI. Consequently, GBI became a subsidiary of EW. On July 11, 2012, EW acquired an 83.17% interest in FRBI, a rural bank engaged in the business of extending credit to farmers, tenants, and rural enterprises. EW subsequently

increased its ownership in FRBI to 100.00% through additional share acquisitions and capital contributions in 2012 and 2013. In May 2013, FRBI changed its name to East West Rural Bank, Inc. ("EWRB") and entered into an asset purchase agreement with GBI, effectively consolidating all of the Bank's rural banking business in EWRB. On March 28 and June 5, 2014, the BSP and the SEC respectively, approved the proposed merger between EW and GBI. On July 31, 2014, the merger between EW and GBI was completed.

Securities Issuances
On July 2, 2010, the Bank issued Lower Tier 2 unsecured subordinated notes with par value of ₱1.50 billion and a coupon rate of 7.50% , maturing on January 2, 2021 with a call option date of January 2, 2016. On July 25, 2008, the Bank issued Lower Tier 2 unsecured subordinated notes with par value of ₱1.25 billion and a coupon rate of 8.63%, maturing on January 26, 2019 with an optional redemption date on January 25, 2014. On January 25, 2014, the Bank exercised its call option on the said notes. The redemption was approved by EW's Board on August 29, 2013 and by the BSP on November 7, 2013. On July 4, 2014, the Bank completed its issuance of Basel III-compliant Tier 2 unsecured subordinated notes with a total face value of ₱5 billion with a coupon rate of 5.5% and maturing in January 2025.

In February 2014, the Bank issued the fourth tranche of its 3.25% fixed coupon rate unsecured LTNCDs ("Series 2 LTNCDs") maturing on September 9, 2019 amounting to ₱0.83 billion. Subsequently, in April 2014, the Bank issued the fifth tranche of the Series 2 LTNCDs with a face value of ₱0.91 billion.

On July 4, 2014, the Bank issued Basel III-compliant Tier 2 unsecured subordinated notes with a total face value of ₱5 billion at a coupon rate of 5.5% maturing in January 2025.

On January 29, 2015, the BOD approved the common shares rights offering. In March 2015, the BOD approved the application of the Bank to list up to 371,574,000 common shares with par value of ₱10 per share to cover its stock rights offering. Details of the offer are as follows:

Entitlement Ratio	32.929 right shares for every 100 shares
Offer Price	₱21.53
Number of shares to be offered	371,574,000 shares
Ex-rights date	April 16, 2015
Record date	April 21, 2015
Start of offer period	April 24, 2015
End of Offer Period	April 30, 2015

The offer price was computed based on the volume-weighted average price of the Bank's common shares traded in the PSE for each of the 15 consecutive trading days immediately prior to (and excluding) the pricing date, subject to a discount rate of 12.80%.

On May 8, 2015, a total of 371,574,000 common shares were listed at the PSE with ₱10.00 par value per share. The total proceeds raised by the Bank from the sale of the said shares amounted to ₱8.00 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱7.95 billion. The net proceeds were used to invest in securities allowed under BSP regulation and to fuel growth in loans.

Subsidiaries
East West Rural Bank, Inc.
EWRB (formerly FRBI) consolidated, through an asset acquisition effective November 1, 2013, the rural banking business of GBI and FRBI, the two rural banks that EW earlier acquired in 2011 and 2012, respectively. FRBI was incorporated and registered with the SEC on November 5, 1997, with the purpose of accumulating deposits and granting loans to various individuals and corporate entities as well as government and private employees. In May 2013, its name was changed to EWRB. GBI was founded on June 20, 1974 as Rural Bank of Nasipit (Agusan Del Norte), Inc., primarily to engage in the business of extending credit to small farmers, tenants and deserving rural industries or enterprises and to transact business which may be legally done by rural banks organized in accordance with R.A. No. 7353, Rural Bank Act of 1992. As of December 31, 2014, EWRB had 55 branches.

East West Insurance Brokerage, Inc.
East West Insurance Brokerage, Inc. (EWIB) was incorporated and registered with the Philippine Securities and Exchange Commission on July 6, 2015 with the primary purpose to act as an insurance broker. On September 23, 2015, the Insurance Commission ("IC") authorized EWIB to act as an insurance broker. It started its commercial operations in September 24, 2015. Its place of business is located at 5th avenue corner 23rd street, Bonifacio Global City, Taguig City.

Investment in a Joint Venture
On May 28, 2015, EW and Ageas Insurance International N.V. (Ageas) entered into a joint venture agreement to form East West Ageas Life Insurance Corporation (EWAL) for an ownership interest of 75.00% less one share and 25.0% plus one share, respectively. EWAL shall be engaged primarily in the life insurance business. As of December 31, 2015, the stockholders are in the process of satisfying the conditions of the joint venture agreement after which EW shall transfer an additional 25.0% of the issued shares of EWAL to Ageas. This will result in a shareholder structure of 50.00% less one share and 50.00% plus one share for EW and Ageas, respectively.

On September 21, 2015, the BSP approved the initial equity investment of EW amounting to ₱500.00 million in EWAL, which shall be primarily engaged in life insurance business. Subsequently, on October 20, 2015, the SEC approved the registration of EWAL. On December 22, 2015, EWAL obtained from the Insurance Commission a license to operate a life insurance business. As at December 31, 2015, EWAL has not yet started commercial operations, pending approval of the Insurance Commission on the life insurance products. EWAL's registered office is at One World Place, 32nd Street, Bonifacio Global City, Taguig City.

Principal Business Activities

Retail Banking
The retail banking segment mainly covers traditional branch banking products and services such as deposits, back-to-back/emerging market loans and other over-the-counter ("OTC") transactions. It also caters to the needs of high net-worth clients for alternative investment channels and cash management requirements of mid-market corporates. It includes entire transaction processing, service delivery and infrastructure consisting of the Bank's network of branch stores, ATMs, as well as its internet banking platform.

Deposit Products
The Bank offers a comprehensive range of deposit products consisting primarily of Peso demand, savings and time deposits. Offered also are US Dollar and RMB savings and time deposits. As of December 31, 2015 and 2014, the Bank's total deposits amounted to ₱184,144.0 million and ₱147,687 million, respectively. Also offered are consumer loans – auto, mortgage and personal as well as corporate loans. Payment facilities such as debit, prepaid and credit cards are also available.

EastWest also offers a suite of electronic channels such as internet banking for individuals and corporates, mobile banking, phone banking and ATMs.

Access to Investment Products
The Bank also offers investors access to investment products such as including treasury bills and bonds, fixed rate treasury notes and retail treasury bonds. Customers can also invest in long-term fixed income debt instruments issued by public and private entities.

Cash Management Services
The Bank offers a wide range of cash management solutions to assist mid-market corporates, composed primarily of entrepreneurial and family-owned businesses, including (i) a facility for payroll preparation and crediting, (ii) an interest-earning checking account that provides a customized standalone check-writing facility and a comprehensive accounts payable system, (iii) an end-to-end automated solution for the creation, disbursement and monitoring of checks, (iv) a check depot service whereby the Bank retains a corporate customer's post-dated checks for immediate deposit to the customer's account on the same date indicated on the checks, (v) a bill collection service whereby the Bank acts as a collecting agent and transmits consolidated payments to the customer online or via electronic file transfer and (vi) deposit pickup services, in which the Bank sends an armored vehicle to pick up cash and check deposits at the customer's premises.

Consumer Lending
The Bank offers various types of consumer lending products to individuals, which consist principally of credit cards, auto loans, residential mortgage loans and personal loans. The Bank considers various factors in pricing its loan products, including the capacity of the borrower to repay the loan, estimated delinquency rates, funding costs, expenses related to making loans and a target spread. Loan terms are differentiated according to factors such as a customer's financial condition, age, loan purpose, collateral and the quality of relationship with the Bank.

Credit Cards
In 2004, the Bank began issuing MasterCard credit cards under the name "East West Bank MasterCard" in partnership with AIG. In 2009, the Bank acquired the Philam Savings Bank, which issues Visa credit cards. After the acquisition, the Bank integrated its Visa and MasterCard businesses into a single business unit. From an initial base of 10,000 credit cards issued during 2004, the Bank has since grown to have issued 1,021,000 credit cards, comprising 14.9% of the total market share for credit cards in the Philippines (excluding Banco de

Oro Unibank, Inc. which ceased to be member of the Credit Cards Association of the Philippines since 2013), as of December 31, 2015. Revenues from the credit card operations consist principally of annual fees paid by cardholders, interest on deferred and installment payments, cash advance fees, interchange fees paid by service establishments and late payment charges. Annual cardholder fees range from ₱1,500 to ₱2,800. As of December 31, 2015, the interest rate on deferred payments range from 2.75% to 3.50% per month and the interest rate on installment payments range from zero to 2.0% per month. One-time fees for cash advances are approximately 3.0% of the total cash advance amount or ₱600 whichever is higher, and interchange fees range from 0.3% to 2.3% of the purchased amount. Revenues relating to the credit card business are reflected in the Bank's financial statements as interest income and other operating income from service charges, fees and commissions.

The Bank seeks to diversify its distribution channels, form alliances with merchants and manage its product portfolio in order continue to grow its credit card business. The Bank currently markets and sells its credit cards directly to customers, as well as through third party telemarketing agencies. Credit Card customers may participate in a variety of instant and loyalty based rewards programs that allow them to redeem merchandise or gift certificates at partner establishments. The Bank attempts to identify and capitalize on gaps in the market by offering products tailored to meet the needs of underserved markets. The Bank's credit card products come in different grades, from regular cards to premium class cards at different annual membership fees.

Auto Loans

The Bank's auto loans are offered through car dealerships (including second-hand car dealers), independent sales agents and the Bank's branches. The Bank provides economic incentives to car dealerships and independent sales agents based on each approved auto loan amount. A key competitive factor in the automotive loan business is the speed by which a bank can process an automotive loan, as dealers will offer a loan to multiple banks and the Bank offers a three-hour auto loan approval process, which the Bank believes is an important aspect to its success in growing its auto loan portfolio. The Bank's auto loan business also engages in strategic partnerships with major car brands to develop exclusive programs. Additionally, the Bank cross-sells its auto loans with the products of other units and offers special plans for existing and repeat customers.

All of the Bank's auto loans are secured by a chattel mortgage over the car being purchased. In addition to being subject to the Bank's internal credit checks, the Bank generally requires the borrower to make a minimum down payment of 20.0% (or a minimum down payment of 15.0% for long-term customers with verifiable good credit) of the purchase price. Depending on whether the car being purchased is a new car or a second-hand car, the interest rate of the Bank's auto loans can range from 8.5% to 18.0%, with an average maturity of 55 months. Generally, when an installment payment falls 90 days past due, the Bank may commence foreclosure proceedings. Foreclosed cars are generally sold by the Bank through public auction.

Residential Mortgage Loans

The large majority of EW's residential mortgage loans are extended to property buyers in the Philippines who intend to occupy residential units in the form of house and lot, townhouse or condominiums, with a small proportion being extended to individuals purchasing lots for investment purposes or for future dwelling via house construction loans. All of EW's home mortgage loans are secured by a first mortgage on the property and each applicant undergoes a stringent credit evaluation process. EW requires its borrowers to make a minimum down payment of 10.0% of the total appraised value for the various loan purposes. EW also refinances existing housing loans. EW offers loans at adjustable and fixed interest rates. EW uses its branch store network as a key distribution channel and maintains marketing campaigns to attract property buyers independently from real estate developers, which serve as distribution channels for mortgage loan providers. The average maturity of EW's home mortgage loans is ten years. In line with industry practice in the Philippines, interest rate on EW's home mortgage loan portfolio is set at a fixed rate applicable for an initial period of between one and five years, depending on the maturity of the loan. Upon expiry of the initial period, the interest rate is reset at a fixed rate applicable for succeeding periods.

When a borrower falls in arrears with its mortgage payments, the buyer can either agree to a voluntary disposition of the property to EW, or EW may commence foreclosure proceedings. EW sells mortgaged collateral that has been foreclosed, primarily in public auctions or by brokers on behalf of EW. Foreclosure of the mortgaged collateral generally takes between six and 24 months.

EW currently offers various home financing products with differentiating features, which included a mix of competitive interest rates and what the Bank believes to be the longest payment term in the market of up to 30 years. As most residential mortgage loans available in the market only allow up to a maximum payment term of 20 years, EW's longer payment term means lower and consequently lighter amortization payments for the borrower. EW also gives the borrowers the option to adopt a fixed-term pricing scheme to protect borrowers against the risk of fluctuating interest rates.

EW's home loans are available in different loan packages, tailored to fit the needs of specific markets. LotAcquire is a loan specifically designed for the acquisition of a vacant lot. Other products offered by EW include HomeAcquire, HomeConstruct and HomeImprove.

Personal Loans

The Bank's personal loans business provides unsecured, uncollateralized consumer loans to qualified individuals for multi-purpose personal use. The primary distribution channel for personal loans is the Bank's branches and third party sales agencies. The Bank offers personal loans to employed and self-employed individuals with annual income of not less than ₱180,000. The monthly add-on interest rates for a personal loan ranges from 1.39% to 1.89% and is payable in fixed equal monthly installments from six to 36 months.

Corporate Banking

The Bank's corporate banking activities are primarily focused on offering loans to mid-market corporate customers, which are predominantly entrepreneurial or family-owned businesses. The Bank also offers cash management services to its corporate customers through its retail banking group. The Bank's corporate banking activities focus on developing and managing relationships with its corporate clients, providing an opportunity for the Bank to offer products and services from other business segments to such clients. The Bank believes that the development and expansion of its mid-market customer base is essential to the growth and success of the Bank and intends to concentrate on growing its mid-market portfolio as its core target customer group.

Loan Products
The Bank provides a wide range of loan products and services to its corporate customers, including revolving credit lines, bills purchased, acceptances, trade finance facilities and term loans. In line with its strategy to create a balanced and diversified portfolio, the Bank's corporate customers are engaged in various industries in the Philippines. Facilities offered to corporate customers include both secured and unsecured loan products, depending on the credit risks associated with the customer and its business.

The Bank intends to continue to expand its corporate banking portfolio by increasing loan product marketing activities to its existing customers as well as targeting new corporate customers through its expanded combined customer network.

Rural Banking

To extend its reach to underserved segments of the market that have the potential for growth, the Bank has established a rural bank arm. Backed by the strong track record of its predecessor entities, EWRB is capable of catering to the banking needs of customers outside the urban areas in the country and provide wider access to innovative products and delivery channels. EWRB currently offers the following products:

-DepEd Teacher Loan – Allows public school teachers (permanent personnel of the Philippine Department of Education) to borrow a maximum of ₱450,000 up to a maximum term of 3 years.
-Small Business Loan – Intended for all Small-Medium Enterprises (SMEs), with a maximum loan limit of ₱5.0 million.
-Social Security System ("SSS") Pensioners' Loan – Intended for all SSS retirees, survivorship and total disability pensioners whose SSS pension is directly credited to savings accounts with EWRB.

As of December 31, 2015, EWRB has a network of 55 branches, most of which are located in the Visayas and Mindanao.

Treasury and Trust

Treasury
The Bank's treasury has primary responsibility for managing the Bank's liquidity, interest rate and foreign exchange exposures. The Bank manages its liquidity position by regularly reviewing its cash flow position, debt maturity profiles, availability of credit facilities and overall liquidity position to mitigate the effects of fluctuations in cash flow. The Bank's treasury actively engages in trading for its own proprietary account. It trades local treasury bills and bonds, foreign-currency denominated bonds and foreign exchange. The Bank is an accredited Government Securities Eligible Dealer.

As of December 31, 2015, the Bank had ₱15,165.0 million of trading and investment securities, which accounted for 6.5% of the Bank's total assets. As of December 31, 2015, 55.3% of the Bank's trading and investment securities portfolio was invested in government securities.

Trust:

The Bank offers a wide range of trust products and services, including fund management, investment management services, custodianship, administration and collateral agency services and stock and transfer agency services. In addition to offering trust services to corporate and high net-worth individual customers (customers with a total relationship balance of ₱2.5 million), the Bank provides retail customers with alternative investment opportunities through its unit investment trust funds (UITFs), which are available in Peso and U.S. dollar-denominated UITFs. In a UITF, funds of various investors are pooled and invested in a diversified portfolio of liquid securities, term deposits, money market instruments or stocks in accordance with the investment objectives and restrictions stated in the Declaration of Trust. For the year ended December 31, 2015, total assets held in trust amounted to ₱6,550.3 million and total revenue from the Bank's trust products amounted to ₱17.0 million.

Branch Store Network

Branch Network

The branch network is focused more on the Philippines' major industrial and commercial regions in Metro Manila and has key locations outside of Metro Manila such as Metro Cebu, Metro Davao, Northern Luzon, South Luzon Industrial Zone, Iloilo, Bacolod and Mindanao. Within these regions, EW has strategically positioned its branches in key business and commercial centers, which are areas that generally boast of higher per capita incomes, and have higher growth and traffic, thereby maximizing the number of transactions and deposits per branch.

Each branch is managed by a branch head responsible for both the sales and operational functions of the branch. Each branch head reports to a division head, which supervises 15 to 18 branches. Branches are grouped geographically and such groups include North Luzon, South Luzon, Southern Metro Manila, Eastern Metro Manila, Northern Metro Manila, Downtown Manila, Visayas and Mindanao.

As of December 31, 2015, the Parent Bank has 378 branches in various parts of the country, majority of which are located within Metro Manila.

	As of December 31		
	2013	2014	2015
Metro Manila	174	204	207
Other areas of Luzon	64	84	96
Visayas	34	36	39
Mindanao	28	34	36
Total Branches	300	358	378
ATMs	427	533	579

EWRB Branch Store Network

As of December 31, 2015, EWRB, a wholly owned subsidiary of EWBC, has a network of 55 branches mostly located in Visayas and Mindanao. The table below sets out the details of EWRB's branches and ATMs in the Philippines in operation as of the specified dates.

	As of December 31,		
	2013	2014	2015
Metro Manila	1	1	1
Other areas of Luzon	7	7	16
Visayas	15	15	16
Mindanao	24	24	22
Total Branches	47	47	55
ATMs	45	5	-

ATM Network

EW provides 24-hour banking services through its network of 579 ATMs as of December 31, 2015, compared with 533 ATMs as of December 31, 2014. Of these 579 ATMs, 366 are located at EW's branches while 213 are located off-site. Customers are given access to the ATM facilities through ATM cards and debit cards, which are available to checking and savings account holders.

The Bank also is a member of Bancnet, which is an ATM network that allows its member banks customers to use ATM terminals operated by other Bancnet member banks. Furthermore, Bancnet has agreements with other ATM networks in the Philippines, namely Expressnet and Megalink, which gives its customers access to all ATMs in the Philippines. Customers of the Bank that use ATMs operated by other banks must pay a service charge for accessing these networks.

Status of Publicly-Announced New Product or Service
All publicly-announced new products or services of the Bank are in commercial distribution.

Competition
The banking industry in the Philippines is composed of universal banks, commercial banks, savings banks, savings and mortgage banks, private development banks, stock savings and loan associations, rural banks and cooperative banks.

As of September 30, 2015, the universal and commercial banking sector consisted of 37 banks, of which 21 were universal banks and 16 were commercial banks. Of the 21 universal banks, 12 were private domestic banks, 3 were government banks and 6 were branches of foreign banks. Of the 16 commercial banks, 5 were private domestic banks, 2 were subsidiaries of foreign banks and 9 were branches of foreign banks.

Commercial banks have all the general powers incident to corporations and all powers that may be necessary to carry on the business of commercial banking, such as the power to accept drafts and to issue letters of credit, discount and negotiate promissory notes, drafts, bills of exchange and other evidences of indebtedness, accept or create demand deposits, receive other types of deposits and deposit substitutes, buy and sell foreign exchange and gold and silver bullion, and lend money on a secured or unsecured basis. Universal banks are banks that have authority, in addition to commercial banking powers, to exercise the powers of investment houses, to invest in the equity of business not related to banking, and to own up to 100% of the equity in a thrift bank, a rural bank, or a financial allied or non-allied enterprise. A publicly-listed universal or commercial bank may own up to 100% of the voting stock of only one other universal or commercial bank.

Thrift banks primarily accumulate the savings of depositors and invest them, together with capital loans secured by bonds, mortgages in real estate and insured improvements thereon, chattel mortgage, bonds and other forms of security or in loans for personal and household finance, secured or unsecured, or in financing for home building and home development; in readily marketable debt securities; in commercial papers and accounts receivables, drafts, bills of exchange, acceptances or notes arising out of commercial transactions. Thrift banks also provide short-term working capital and medium- and long-term financing for businesses engaged in agriculture, services, industry, and housing as well as other financial and allied services for its chosen market and constituencies, especially for small and medium-sized enterprises and individuals. As at September 30, 2015, there were 69 thrift banks.

Rural banks are organized primarily to make credit available and readily accessible in the rural areas on reasonable terms. Loans and advances extended by rural banks are primarily for the purpose of meeting the normal credit needs of farmers and fishermen, as well as the normal credit needs of cooperatives and merchants.

Specialized government banks are organized to serve a particular purpose. The existing specialized banks are the Development Bank of the Philippines ("DBP"), Land Bank of the Philippines ("LBP"), and Al-Amanah Islamic Investment Bank of the Philippines ("AAIIB"). DBP was organized primarily to provide banking services catering to the medium- and long-term needs of agricultural and industrial enterprises, particularly in rural areas and preferably for small- and medium-sized enterprises. LBP primarily provides financial support in all phases of the Philippines' agrarian reform program. In addition to their special functions, DBP and LBP are allowed to operate as universal banks. AAIIB was organized to promote and accelerate the socio-economic development of the Autonomous Region of Muslim Mindanao through banking, financing and investment operations and to establish and participate in agricultural, commercial and industrial ventures based on Islamic banking principles and rulings. As of September 30, 2015, there were 529 rural and cooperative banks.

During the past decade, the Philippine banking industry has been marked by two major trends — the liberalization of the industry, and mergers and consolidation. Foreign bank entry was liberalized in 1994, enabling foreign banks to invest in up to 60% of the voting stock of an existing bank or a new banking subsidiary, or to establish branches with full banking authority. This led to the establishment of ten new foreign bank branches in 1995. The General Banking Law further liberalized the industry by providing that the Monetary Board may authorize foreign banks to acquire up to 100% of the voting stock of one domestic bank. Under the General Banking Law, any foreign bank, which prior to the effectiveness of the said law availed itself of the privilege to acquire up to 60% of the voting stock of a domestic bank, may further acquire voting shares of such bank to the extent necessary for it to own 100% of the voting stock thereof.

The Bank faces competition from both domestic and foreign banks, in part, as a result of the liberalization of the banking industry by the Government. Since 1994, a number of foreign banks, which have greater financial resources than the Bank, have been granted licenses to operate in the Philippines. Such foreign banks have generally focused their operations on the larger corporations and selected consumer

finance products, such as credit cards. The foreign banks have not only increased competition in the corporate market, but have as a result caused more domestic banks to focus on the commercial middle-market, placing pressure on margins in both markets. Since September 1998, the BSP has been encouraging consolidation among banks in order to strengthen the Philippine banking system. Mergers and consolidation result in greater competition, as a smaller group of "top tier" banks compete for business.

As of December 31, 2015, the ten largest commercial banks account for approximately 83.7% of total assets and 85.0% of total deposits of the commercial banking system based on published statements of condition.

Certain factors arising from the 1997 Asian crisis and the 2008 global financial crisis also resulted in greater competition and exert downward pressure on margins. Banks instituted more restrictive lending policies as they focused on asset quality and reduction of their NPLs, which resulted in increasing liquidity. As Philippine economic growth further accelerates and banks apply such liquidity in the lending market, greater competition for corporate, commercial and consumer loans is expected

Sources and Availability of Raw Materials and Names of Principal Suppliers
This is not relevant to the operations of the Bank.

Customer Concentration
The Bank has a diversified customer base and there is no concentration of business in major customer groups. As such, the Bank is not dependent upon a single customer or a few customers.

Amount Spent on Research and Development Activities
The Bank's research and development activities are mainly driven market research and process improvements. EastWest's businesses are heavily dependent on the ability to timely and accurately collect and process a large amount of financial and other information across numerous and diverse markets and products at its various branches, at a time when transaction processes have become increasingly complex with increasing volume.

1.4.3 Sugar Business

In 2007, FDC acquired a 100.0% ownership interest in PSHC. PSHC wholly owns DSCC, which owns and operates a sugar mill and refinery in Guiling, Davao del Sur, CSCC, which owns and operates a sugar mill and refinery in Matalan, North Cotabato, and HYSFC, which owns and operates a corporate sugarcane farm in Mindanao. Sugarcane supply for DSCC and CSCC is sourced from HYSFC and contract farms in Mindanao. PSHC is the holding company of the Sugar Subsidiaries. For 2015 and 2014, total revenues and other income from sugar operations was and ₱2,566.0 million and ₱2,442.8 million, respectively, and contribution to the Group's consolidated revenues and other income was 5.3% and 6.3% , respectively.

The following table sets forth a summary of key information with respect to the Sugar:

Subsidiary	Nature of Business	Summary features
Davao Sugar Central Co., Inc.	Manufacture of raw and refined sugar	6,000 tons cane per day raw sugar mill and 350 tons day refinery
Cotabato Sugar Central Co., Inc.	Manufacture of raw and refined sugar	5,500 tons per day raw mill and 250 tons per day refinery
High Yield Sugar Farms Corp.	Sugarcane farming	Farms 1,521 hectares in Davao del Sur and North Cotabato (as of October 1, 2015).

Sugar Production

Production Process and By-products
PSHC's raw sugar production process involves cane crushing, clarification and crystallization, andseparation, and yields molasses and bagasse as by-products. The molasses is sold and the bagasse is used to generate steam and electricity for the sugar production process. During the crushing season, all of PSHC's power requirements are satisfied from bagasse it produces. The typical sugarcane material balance is as follows: water — 73% to 76%, soluble solids 8% to 16%, recoverable sugar (sucrose) —6% to 13.5%, other sugar (fructose, glucose) — 1.5%, fibre — 11% to 16%, others -- 1%, based on the Handbook of Cane Sugar Engineering.

Production Capacity and Output.
For CY2014–15, PSHC's total sugarcane crushing capacity at its two sugar mills was 11,500 TCD. Sugar production capacity is dependent upon the quantity of sugarcane available for crushing and the recovery percentage of sugar from sugarcane. Recovery percentages vary depending on the quality of the sugarcane and the efficiency of the recovery process. PSHC's crop year begins on October 1 of each year

and ends on September 30 of the following year. Actual sugar production occurs within this crop year. The duration of the crushing period generally determines the amount of sugar that is produced.

The following table sets forth the volumes of sugarcane crushed and sugar produced at PSHC's mills for the past three crop years.

	Sugarcane crushed and sugar production								
	DSCC			CSCC			Total PSHC		
	CY 2012-2013	CY 2013-2014	CY 2014-2015	CY 2012-2013	CY 2013-2014	CY 2014-2015	CY 2012-2013	CY 2013-2014	CY 2014-2015
Sugarcane Crushed ('000 MT)	592	479	471	526	429	409	1,118	908	880
Sugar Production ('000 MT)	60	49	46	48	43	42	108	92	88
Average Recovery rate (% of sugarcane crushed)	10.10	10.23	9.77	9.19	10.02	10.27	9.67	10.13	10.00

The decrease in PSHC's sugar production during CY2014-15 compared with CY2013–14 and CY2012–13 is primarily attributable to successive unfavorable weather condition affecting the districts where the sugar plantations are located. Before the farms could fully recover from the effects of typhoons and frequent low pressure areas for 2 years, a severe drought called "El Nino" hit wide areas of the country including southern Mindanao where the mills are located. The two other Mindanao mills also suffered from volume decline although at lower percentage because their district which is in Central Mindanao still enjoy better climate. This can be attributed to the vast forest area still remaining in this region. All of the sugarcane that the PSHC mills crushed is currently used to produce sugar. Assuming that PSHC operates its mills for their optimum time periods, approximately 259 days a year, with an aggregate crushing capacity of 11,500 TCD, PSHC's total sugarcane crushing capacity would be 2,978 thousand MT, and at an average 10% sugar recovery rate, it would be able to produce 297,850 MT of sugar in a crop year.

Raw and Refined Sugar Production

PSHC currently produces raw and refined sugar at its DSCC mill and CSCC mill. Refined sugar undergoes further processing than raw sugar and commands a higher price. The following table sets out the breakdown of sugar sales between raw and refined sugar of PSHC.

	Sugar sales ('000 MT)					
	CY 2012-13	% of Total	CY 2013-14	% of Total	CY 2014-15	% of Total
Raw sugar	73.13	80%	58.01	76%	65.09	83%
Refined sugar	18.48	20%	18.46	24%	13.09	17%
Total	91.61	100%	76.47	100%	78.18	100%

Molasses and Bagasse Production

The yield of molasses per metric ton of sugarcane crushed is approximately 3%, or 30 kilos, most of which PSHC sells to traders in the domestic market. Molasses can be used to produce ethanol. Each metric ton of sugarcane that PSHC crushes also produces approximately 33%, or 330 kilos of bagasse, which is fed to a boiler as fuel to produce steam which is then used to generate electricity and to provide the steam necessary for the sugar production process.

Customers and Markets

PSHC sells its raw and refined sugar primarily to traders who then sell PSHC's sugar to end-customers in the Philippines. PSHC's end customers include wholesalers and retailers as well as food and beverage companies. PSHC is required to export a certain percentage of its sugar from each sugarmill, as required by the SRA. During CY2014–15, PSHC exported 7.13 thousand MT of sugar, with a value of ₱118.4 million. In recent years, PSHC's exports were generally at a level no higher than the mandated allocation because prices in the domestic market were higher than prices available for export sales as a result of droughts in the Philippines and domestic transportation costs are lower than the costs of overseas transport. PSHC uses traders for all of its sugar exports.

The following table sets forth the breakdown of PSHC's sales of sugar to traders and industrial users.

	% of total sugar sold		
	CY 2012-13	CY 2013-14	CY 2014-15
Traders	95%	99%	100%
Industrial users	5%	1%	0%

Sales and Distribution

For 2015, the Group's sugar sales amounted to ₱2,512.4 million compared to sales of ₱2,362.9 million for 2014. The following table sets out the Group's sales of sugar by destination as a percentage of total sales.

	PSIIC		
	CY 2012-13	CY 2013-14	CY 2014-15
Mindanao	17%	48%	43%
Luzon	29%	19%	12%
Visayas	42%	27%	40%
Export Sales (primarily to United States)	12%	6%	5%

PSHC sells the majority of its production in the wholesale market to traders. To mitigate the risk of non-payment, PSHC generally dispatches orders only after it receives payment although PSHC extends credit in limited circumstances to large customers whom PSHC believes have a strong credit record. Credit terms generally do not exceed 30 to 90 days. Increasingly, PSHC does not have written contractual agreements with its traders, and they do not sell PSHC's sugar exclusively. Customers typically obtain delivery of the sugar at the mills and are responsible for transport, packaging and handling. In addition, PSHC has an internal sales team to sell and market its sugar which it has started to expand in anticipation of increased sugar output. PSHC also sells its sugar to industrial buyers. PSHC aims to increase its industrial customer base and expand sales in the Luzon region and other areas of the country outside PSHC's core market in Southern Mindanao.

Raw Material

Sugarcane is the principal raw material used in the production of sugar. The climate and topography of the southern Philippine regions of the Visayas and Mindanao are ideal for growing sugarcane. According to SRA Production Bulletin dated August 31, 2014 Mindanao accounted for 20% of the Philippines' sugarcane production in CY2014-15.

Sugarcane is delivered by farmers to DSCC and CSCC for milling and, in return, the farmers receive a portion of the sugar produced. As a result, DSCC and CSCC do not record any costs for the sugarcane. PSHC sources approximately 88% to 90% of its sugarcane from approximately 6,000 contract farmers within proximity to the DSCC and CSCC factories, and the remainder is supplied by PSHC's corporate farm, HYSFC.

PSHC generally enters into milling contracts with its contract farmer for terms of 15 years. Under a typical milling contract the farmer agrees to deliver all sugarcane grown on a specified area of land to the PSHC mills during the milling season, and is obligated to deliver a minimum volume of sugarcane or cultivate sugarcane on a minimum area of land. The time of delivery is based on a delivery program which is determined on the basis of the age of the sugarcane crops. Typically, the farmer receives approximately 62% of the raw sugar and molasses from the raw sugar produced by the mill, with the remainder being retained by the mill. The mills issue a receipt, or quedan, to each farmer that specifies the amount of sugar or molasses that is due to the farmer. Upon presentation of the receipt, the farmer can withdraw the sugar or molasses from the warehouses at the mill. Approximately 50% to 60% of the farmers sell their share of sugar and molasses to the PSHC mills. Each of PSHC's mills manage their sugarcane farmers through a designated cane supply office which has crop advisors and management programs in place to train, manage and support farmers with technical advice for best farming practices. In addition to farmer training and seminars, the cane supply office provides financial assistance programs, including subsidies and loans for crops, cane points, fertilizer and tractors.

Insurance

PSHC maintains insurance covers for all its PSHC's inventory of sugar, packing material, consumables, buildings and equipment in all its mills and facilities, against fire, lightning, storms and allied perils in an aggregate amount equal to ₱4.17million.

PSHC does not anticipate having any difficulties in renewing any of its insurance policies and believes that its insurance coverage is consistent with industry standards in the Philippines.

Competition

According to the SRA Production Bulletin dated August 31, 2015, as of CY2014-15, there were 27 operating sugar mills in the Philippines with an aggregate raw sugar production of 2.323 million MT. These mills are located in the Luzon, Visayas and Mindanao regions. There are four sugar mills in Mindanao, including DSCC and CSCC.

The following table below sets out the amount of sugarcane crushed and the quantity of sugar produced by PSHC compared to its main competitors in Mindanao in CY2014-15.

	Sugarcane crushed ('000 MT)	Sugar production ('000 MT)
PSHC	880	88
Bukidnon Sugar Central	2,056	213
Crystal Sugar Central	1,555	160
Total	4,491	461

Source: SRA Production Bulleting dated August 31, 2015

Until the close of crop year 2014-15, there has not been significant impact of the gradual tariff reduction under AFTA because of the shortfall in production. However, this situation can change depending on the government's actions with the full effectivity of the AFTA in 2015 where tariff on sugar imports will be down to 5%. There is also a possible impact of ASEAN integration which will also take effect in 2015. The major threat under ASEAN is Thailand which is a major sugar producer and can dump excess sugar if not absorbed by the industrialized nations.

1.4.4 Hospitality

The Group's hospitality business is operated through both FHI and FHC. FHI is a joint venture of FDC (60.0%) and AIPL (40.0%), which was created in 2008 to manage the Group's hospitality projects. AIPL is an affiliate of Aston International, which manages hotels, resorts, residences, spas and villas under the Aston, Alana, Quest, Fave and Kamuela brands. FHI's principal purpose is to provide a comprehensive range of design, consulting, technical, marketing, training, operations and management services for hotels, serviced apartments, villas, condotels, and boutique resorts. Pursuant to agreements entered into in 2009, FHI agreed to provide management services with respect to CRSM and technical services for FLI's Grand Cenia Hotel and Residences, which launched its soft opening operations in February 2012 and had its grand opening in September 2012 and FAI's CHFC, Manila in Alabang, which launched its soft opening operations in December 2012 and had its grand opening in March 2013. In August 2012, FDC formed its wholly-owned subsidiary, FHC. The primary role of FHC is to evaluate potential hospitality projects and acquire viable properties to develop into hotels, resorts or condotels. In 2014, the groundbreaking of another property was held in Boracay Island, Aklan, for another development of a 5-star, 192-key Crimson Resort and Spa Boracay. The resort is directly owned by FHC through its wholly owned subsidiary, Boracay Seascapes Resort, Inc. (BSRI). Site development works are complete and construction work is on-going as of December 31, 2015.

Competition

The Company faces significant competition in the Philippine Hospitality market. By not only developing hotel projects but also having hotel management capability, the Company believes that it is strongly positioned to take advantage to the expected emergence of a robust tourism market in the Philippines. The Company believes that success in the Philippine Hospitality market depends on a mix of external factors and internal capabilities.

External factors which can greatly affect the Philippine Hospitality include political and economic stability, climate change and general security. These external factors affect the attractiveness of the Philippines for both local and domestic, leisure and business travelers. Internally the Company is confident due to Filinvest's background in real estate development in its ability to acquire, lease or joint venture the right pieces of property and execute the right type of hospitality development. Also the Company believes that it has a strong management capability gained through its partnership with Archipelago International. Despite the short operating history of the Company, its hotel assets have been able to compete with even entrenched players as evidenced by the strong performance of the operating hotel properties.

The Company competes with local and foreign hospitality developers, owners and operators to acquire, lease or joint-venture appropriate hotel locations the main tourist and business destinations. Its hotel assets also compete for room and banquet business among the hospitality or hospitality like products serving the markets where these assets are located. Major competitor includes – SM, Ayala, Waterfront, Shangri-la, Bellevue, Movenpick.

1.4.5 Power Generation

The Group, through FDCUI, is developing a 3 x 135 MW circulating fluidized bed coal thermal power plant in Mindanao where off-take agreements for 283 MW with 17 distribution utilities and 1 industrial customer in Mindanao are already in place and an additional 39 MW are under negotiation. The project has been in full swing with construction progressing steadily ever since the contract for Engineering, Procurement and Construction (EPC) was awarded in 2013. FDCUI is now completing the final stage of the construction works and expects to achieve full commercial operation of the three units of the project by 2016. Aside from its Mindanao power project, FDCUI has also been awarded as independent power producer administrator by the Power Sector Assets and Liabilities Management Corporation (PSALM Corp.), of the 40 strips of energy (equivalent to 40 MW) of the Unified Leyte Geothermal power plants in Tongonan, Leyte and the 100 MW output of the Mindanao I and II (Mt. Apo 1 and 2) Geothermal Power Plants in Kidapawan City, North Cotabato. It has successfully assumed control of the power plants' administration in December 2014 and has effectively provided capacity allocation to all its contracted customers. The Group intends to use a portion of the net proceeds from the issue of Bonds as well as bank facilities and cashflows from operations to finance the required capital expenditures in connection with the potential power projects.

The Group has previous experience in the power sector, having owned 25% of East Asia Power Corp. from 1995–2000, and 100.0% of East Asia Utilities Corp. and Cebu Private Power Corp. in 1998–2000. In addition, the Group has employed the services of Mr. Jesus Alcordo as Chairman and CEO of FDCUI and Mr. Mario Pangilinan as President and COO.

Mr. Jesus Alcordo joined the Group on January 1, 2011. He previously served as Commissioner of the ERC and President and Chief Executive Officer of Napocor. He also previously served as Chairman, President and Chief Executive Officer of East Asia Power Resources Corporation. Most recently, he was concurrent President of Global Business Power Corporation and Cebu Energy Development Corporation, where he led the development, construction and commissioning of two greenfield clean coal power projects, a 246 MW plant in Cebu and 164 MW plant in Panay.

Mr. Mario Pangilinan started his career in the energy sector at the National Power Corporation (NPC) where he worked in Systems Operation and Systems Planning for 19 years. After his stint in NPC, he spent over two years at the National Transmission Corporation (TransCo) where he pioneered the design and development of the Philippine Wholesale Electricity Spot Market (WESM) and the Philippine Grid Code. He was Executive Vice President at the Philippine Electricity Market Corporation (PEMC) for over five years where he oversaw the preparations for the establishment of the WESM before joining FDCUI.

Supply

- To ensure security of supply and continuous operation of the power plant by providing adequate and economic inventory level of quality fuel, a long term supply contract for a minimum of 5 to 10 years with suppliers to be qualified based on its supply capability, reliability for timely delivery and track record on fulfilling their contractual obligation will be executed.
  Accordingly, FDCUI has executed Coal Supply Agreement with the following suppliers:
  - Crown Resources (SE) Pte. Ltd.
  - PT AVRA Asia
  - PT Anugerah Bara Kaltim

As part of FDCUI's fuel sourcing strategy, a continuous process of evaluation and inspection to pre-qualify nominated coal mine source/s and potential suppliers are being conducted.

Corporate Social Responsibility (CSR) Programs

Committed to continuing the Gotianun tradition of making a difference in the lives of Filipinos, FDCUI through its subsidiary, FDC Misamis, started implementing social development programs in partnership with host communities. Programs that promote environmental stewardship, economic enrichment, enhanced health care initiatives, and education for empowerment were implemented to help create a positive impact on the communities surrounding the project site. These CSR interventions, where employees also actively participate and volunteer, are done in phases parallel to project implementation and are based on real needs of the community residents as gathered through a socio-economic baseline study of the host and affected villages.

Competition

Competition in the power industry is expected to become more stiff in the coming years as more investors, both local and foreign, have started to come in. The top three major players, which account for about 50% of the total generation capacity in the country and have the most diverse portfolio consisting of natural gas, hydro, geothermal, coal, diesel, etc., will continue to dominate the power industry. Other large players also continue to expand their existing capacities. In light of these investments, the DOE forecasts that the supply will outpace the demand in the medium term. The opportunity, however, for FDCUI and other players to invest in power generation will still be available, especially for renewable energy projects, peaking as well as reserve capacities.

1.5 Intellectual Property of the Group

Real Estate

The "Filinvest" trademark was registered with the Intellectual Property Office on September 15, 2011. "Filinvest" is the brand FLI uses for the names of certain real estate products and for trademarks relating to the "FLI" brand. Below are FLI servicemarks registered with the Intellectual Property Office:

TRADEMARK	DATE OF REGISTRATION
The Linear Makati & Design	12 Aug 2010
One Oasis Ortigas	10 Dec 2009
One Oasis Ortigas and Design	10 Dec 2009
We Build the Filipino Dream (Slogan)	10 Dec 2009
One Oasis	10 Dec 2009
Filinvest (New Logo)	15 Sept 2011
Studio A	20 Dec 2012
The Signature	17 Apr 2014
Fortune Hill	22 May 2014
Fora Rotunda Tagaytay	14 Aug 2014
The Leaf	20 Nov 2014
Vinia	20 Nov 2014
City Di Mare	25 Dec 2014
One Binondo	12 Feb 2015
I-Go	20 Feb 2015
Serulyan Mactan	26 Feb 2015
City Di Mare (Logo and Tagline)	26 Feb 2015
Kembali	26 Feb 2015
One Spatial	26 Feb 2015
Bali Oasis	26 Feb 2015
Bali Oasis 2	26 Feb 2015
Capri Oasis	5 Mar 2015
Timberland Heights (Horizontal	14 May 2015
Timberland Heights (Stacked	14 May 2015
Kembali (Reversed Logo)	25 June 2015
The Glades	9 July 2015
100 West	23 July 2015
The Veranda	27 Aug 2015

FLI has filed an application with the World Intellectual Property Office (WIPO) for the international registration of the "Filinvest" trademark under the Madrid Protocol for the following countries: Austria, Australia, Benelux, Denmark, France, Italy, Norway, Spain, Sweden, Switzerland, United Kingdom and the United States of America. It has also filed separate applications for international registration in UAE, Qatar, Kuwait and Malaysia. FLI has also registered "Filinvest Land, Inc." as a business name with the Department of Trade and Industry.

FLI has pending applications with the Intellectual Property Office for the following trademarks:

The Enclave	The Prominence
Umi Garden Suites	Vista Hills
Filinvest (Reversed Logo)	Woodville
Futura	Springfield View
Filinvest Premiere	Punta Altezza
Panglao Oasis	Aldea Real
The Ranch	Ashton Fields
Filinvest Technolov Park	Asenso Village
The Glens	La Brisa Townhomes
Montebello	

Financial and Banking

In 1994, EW obtained a Certificate of Registration and bank license from the Philippine SEC to operate under the corporate name "East West Banking Corporation." EW uses a variety of names and marks, including the name "East West Banking Corporation" and EW's logo, in connection with its business. The Bank has registered such names and marks with the Intellectual Property Office of the Philippines. On January 25, 2012, the Bank obtained a certification from the BSP on a US-based bank using a similar name. As certified by BSP, the US-based bank has not been issued a license to operate as a banking institution in the Philippines. The BSP also certified that the Bank is among the commercial banks it supervises. On October 10, 2013, the Intellectual Property Office of the Philippines issued a decision in favor of the Bank, cancelling the mark "EAST WEST BANK & COMPASS LOGO" previously registered in the name of a US-based bank.

Hotel

Below are Hotel Group's trademarks registered with the Intellectual Property Office:

TRADEMARK	DATE OF REGISTRATION
Aum Spa & Wellness Center	26 March 2015
Crimson & Design-Ph	22 July 2010
Crimson & Logo-Thailand	24 October 2012
Crimson And Device – Vietnam	18 June 2012
Crimson And Device- Singapore	21 March 2012
Crimson Hotels & Resorts- Ph	24 June 2010
Saffron Café	9 April 2015
Score Sports Bar	27 November 2014
Tempo	27 November 2014

Hotel Group has pending applications with the Intellectual Property Office for the following trademarks:

Crimzone Active Kids	Canvas – China	Chroma Driven Hospitality
Art Bohol	Canvas Hotels - PH	Chroma Hospitality and Device
Art Boracay	Canvas Hotels – Singapore	Chroma Leisure and Device
Art Cebu	Canvas Hotels – China	Chroma Live Vivid
Art Palawan	Canvas Resorts - PH	Local Hostel
Canvas - PH	Canvas Resorts– Singapore	
Canvas – Singapore	Canvas Resorts– China	

1.6 Government Regulations and Environmental Laws

Real Estate

The real estate business in the Philippines is subject to significant Government regulations over, among other things, land acquisition, development planning and design, construction and mortgage financing and refinancing.

After the project plan for subdivision is prepared, FLI applies for a development permit with the local government. If the land is designated agricultural land, FLI applies with the Department of Agrarian Reform (DAR) for a Certificate of Conversion or Exemption, as may be proper. A substantial majority of FLI's existing landbank is subject to the DAR conversion process. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Approvals must be obtained at both the national and local levels. Evidently, FLI's results of operations are expected to continue to be affected by the nature and extent of the regulation of its business, including the relative time and cost involved in procuring approvals for each new project, which can vary for each project.

The real estate companies are also subject to the application of the Maceda Law, which gives purchasers of real property purchased on an installment basis certain rights regarding cancellations of sales and obtaining refunds from developers.

The Group believes that the real estate business has complied with all applicable Philippine environmental laws and regulations. Compliance with such laws, is not expected to have a material effect on FLI's capital expenditures, earning or competitive position.

Financial and Banking Services

Need for Government Approval of Principal Products or Services
The Bank's principal products and services are offered to customers only upon receipt of the necessary regulatory approvals or clearances. The Bank strictly complies with the related regulatory requirements such as reserves, liquidity position, loan exposure limits, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other reportorial requirements.

Effect of Existing or Probable Governmental Regulations on the Business
The Bank strictly complies with the Bangko Sentral ng Pilipinas (BSP) requirements in terms of capitalization reserves, liquidity position, limits on loan exposure, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other reportorial requirements as well as other regulatory agencies such as the Securities and Exchange Commission, Philippine Stock Exchange, Philippine Deposit Insurance Corporation and the Bureau of Internal Revenues, among others.

Sugar Operations

Environment

The sugar production process generates waste such as soot and dust, water and solid materials as well as noise at various stages of the production process. PSHC aims to develop its business without compromising environmental protection. The primary waste produced in PSHC's production facilities is bagasse, which is fed to a boiler as fuel to produce steam which is then used to generate electricity and to provide the steam necessary for the sugar production process. In addition,, water treatment and scrubber systems are installed in PSHC's production facilities to control wastewater discharge and clean waste gases that are emitted during the production process. PSHC has obtained all environmental licenses from the relevant authorities in the Philippines that are necessary to conduct its business. The environmental licenses obtained by PSHC are annually renewed. As of this date, PSHC has not been subject to any material fines or legal action involving non-compliance with any relevant environmental laws and regulations in the Philippines.

Sugar Regulatory Administration

In 1986, Executive Order No. 18 ("EO 18") dated May 28, 1986 created the SRA. The SRA has the following powers and functions: (i) to recommend the establishment of a sugar production, coefficient and production quota which is attached the land for each planter; (ii) to institute regulations for implementing, controlling and monitoring the production quotas; (iii) to establish domestic, export and reserve allocations; (iv) to explore and expand the domestic market and foreign markets for sugar and its by-products; (v) to assure mutual benefits to consumers and producers, to promote and maintain proper balance of production of sugar and its by-products; (vi) to institute, implement and regulate an orderly system of Quedanning, disposition and withdrawals of various forms of sugar from warehouses; (vii) to evaluate and recommend to the President new projects involving the production of sugar and its by-products and other products derived from sugarcane and sugar; (viii) to issue permits and licenses and collect corresponding fees and levies on the processing and manufacture of sugar and its by-products and other products derived from sugarcane and sugar; (ix) to enter, make and execute routine contracts that may be necessary for, or incidental to, the attainment of its purposes between any persons, firm, public or private, and the Government; and (x) to do all such other things, transact such other businesses and perform such functions directly or indirectly necessary incidental or conducive to the attainment of the purposes of the SRA.

All corporate powers of the SRA are vested in, and exercised by, the Sugar Board, which has the power, among others: (i) to establish policies pertaining to sugar and sugarcane production control and Quedanning of sugar produced; withdrawals from sugar warehouses; issuance of permits and licenses in the processing and manufacture of raw sugar, refined and other classes of sugar; issuance of permits and licenses and other related issues pertaining to the specific and general powers prescribed in EO 18; and (ii) to enter into contracts, transactions, or undertakings of whatever nature which are necessary or incidental to its functions and objectives.

Under Executive Order No. 338 dated January 10, 2001, the SRA became an attached agency of the DA. Under Memorandum Order No. 134 dated February 9, 2004, the Philippine Department of Finance and its attached bureaus, particularly, the Philippine Bureau of Customs ("BOC") and the BIR, were mandated to consult and coordinate with the SRA in the determination of the appropriate classification of sugar products for certain purposes including, but not limited to, imposing the proper import duties, and/or assessing value added or other taxes thereon. The BOC is required to notify the SRA in case of any importation, exportation or withdrawal from customs bonded warehouses, of sugar, and all forms thereof, prior to their release and allow the SRA to inspect the shipment or warehouse to verify compliance with its rules and regulations. The entry to and exit from special economic zones of sugar products is also covered by Memorandum Order No. 134.

Sugar, molasses, and muscovado traders and processors of sugar-based products for export are required to register with the SRA pursuant to SRA Order No. 006 dated June 24, 2005. Moreover, importers and exporters are required to secure a clearance from the SRA for the export of sugar and molasses and the importation of refined sugar, raw sugar and molasses.

The SRA periodically issues a list of sugar traders registered with the SRA for a particular crop year and only persons and entities duly registered with the SRA as sugar traders are authorized to withdraw sugar for export and domestic use from the warehouses of mill companies and sugar refineries in accordance with the existing rules and regulations promulgated by the SRA. Sugar producers are allowed to withdraw their respective shares of their own sugar production from mill and refinery warehouses for domestic consumption in the Philippines only.

The SRA also issues a listing of registered molasses and muscovado traders with the SRA for a particular crop year and only persons and entities duly registered with the SRA as molasses traders are authorized to withdraw molasses for export and domestic use from the storage

tanks of mill companies and sugar refineries in accordance with the existing rules and regulations promulgated by the SRA. Sugar producers are allowed to withdraw their respective shares of their own molasses production from mill and refinery warehouses for domestic consumption in the Philippines only.

Hotel Operations

Need for Government Approvals on Services

Rules and regulations to govern the accreditation of hotels, tourists inns, motels, apartels, resorts, pension houses and other accommodation establishments pursuant to the provisions of executive order no. 120 in relation to republic act no. 7160, otherwise known as the local government code of 1991 on the devolution of DOT's regulatory function over tourist establishments have promulgated governing rules and regulations.

The DOT may issue an accreditation in favor of a hotel and resort, certifying that the establishment is recognized as having complied with the DOT's minimum standards of operation and that the establishment will ensure the safety, comfort and convenience of tourists.

Environmental Laws

The operation of the resorts operated by the Company and any further development thereon require an Environmental Compliance Certificate ("ECC") issued by the DENR, certifying that:

(a) The proposed project will not cause significant negative environmental impact; and

(b) The project proponent has complied with all the requirements of the Environmental

Impact Statement ("EIS") System and has committed to implement its approved Environmental Management Plan ("EMP"). An ECC contains specific measures and conditions with which that the project proponent undertakes to comply before and during the operation of the project, and where applicable, during the project's abandonment phase for the purpose of mitigating the project's impact to the environment. An EIS is a document prepared and submitted by the project proponent or an Environmental Impact Assessment Consultant that serves as an application for an ECC, which includes a comprehensive study of the significant environmental impact of the project and an EMP that the project proponent will fund and implement. An EMP details the prevention, mitigation, compensation, contingency and monitoring measures that the project proponent intends to undertake to enhance the positive impact and to minimize the negative effect of a proposed project.

To determine whether or not a project requires an ECC, the following factors are considered: (a) the nature of the project and its potential to cause significant negative environmental impacts, and (b) the sensitivity or the vulnerability of environmental resources in the project area.

Any project not covered by the EIS System may be covered by a Certificate of Non-Coverage from the EMB as proof that no ECC is required for its commencement. An ECC of a project must be implemented within five (5) years from the date of issuance, reckoned from the date of ground breaking based on the project proponent's work plan submitted to the EMB. An ECC not implemented within said period will be deemed expired. A new ECC must be secured by the project proponent from the EMB should the project proponent intend to pursue the project.

In the event that the project proponent abandons a project covered by an ECC, the project proponent must inform the EMB of such abandonment; otherwise, the project proponent must continue to comply with the conditions of the ECC. Any abandonment of or decommissioning plan over a project covered by an ECC will be subject to the prior approval of the EMB, which plan must be submitted to the EMB at least six (6) months prior to the intended abandonment/decommissioning. The implementation of such abandonment/decommissioning will be verified by the EMB.

Power Projects

The **Electricity Power Industry Reform Act (EPIRA)**, which signaled the changes need in the power industry since the National Power Corporation (NPC) was established in 1936, is now on its 14th year of implementation. The goal of the EPIRA is to overhaul the power industry. Among its thrusts are (1) the deregulation of the generation sector; (2) creation of a government-owned transmission company and the eventual privatization of the operation of the transmission system; (3) unbundling of supply activities from the regulated distribution sector; (4) elimination of cross-subsidies within and among various grids, and among various classes of consumers; (5) Creation of an independent regulatory body (Energy Regulatory Commission) and a Joint Congressional Power Commission to oversee implementation of the law. The EPIRA also called for the privatization and sale of NPC assets and contracts with Independent Power Producers (IPPs) which would help the government pay off NPC's debts and invite the participation of private sector in the industry, creation of a wholesale electricity spot market for the trading of energy and the implementation of retail competition and open access.

Renewable Energy (RE) Act of 2008. The RE Law aims to accelerate the development and use of renewable energy resources and reduce the country's dependence on fossil fuels. The law provides for a set of incentives to RE businesses such as income tax holiday (ITH), duty-free importation and special realty tax rates on equipment and machinery, corporate tax rate of 10% after seven years of ITH and zero percent value added tax rate on the sale of fuel or power generated from RE.

The RE Law also creates the Renewable Portfolio Standards which sets a minimum percentage of generation from eligible RE resources and the Feed-in Tariff System, which determines the fixed tariff to be paid to electricity from emerging RE technologies and gives priority connection, purchase and transmission of electricity generated from RE.

Energy Regulatory Commission (ERC). The enactment of the EPIRA law created the Energy Regulatory Commission to replace the Energy Regulatory Board. The ERC is an independent regulatory body with quasi-judicial, quasi-legislative and administrative functions in the electric industry. The primary responsibilities of the ERC are to ensure consumer education and protection and to promote competitive operations in the electricity market.

Department of Energy (DOE). The DOE was created under Republic Act 7638 in 1992. Its mandate is to "prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution and conservation."

The DOE has been tasked to develop a 10-year Philippine Energy Plan with the goal of enhancing energy security/independence and implementing market sector reforms to enable a more efficient sector's operation and ensure proper supply of a growing energy demand.

1.7 Employees and Labor

As of December 31, 2015, FDC's 9,679 employees (including 25 consultants) categorized by function are as follows:

	As of December 31, 2015
Real Estate Development	
Operations	371
Administrative	612
Technical	354
Marketing	365
Total	1,702
Financial and Banking Services	
Operations	3,585
Sales	1,451
Support	1,052
Total	6,088
Sugar Business	
Operations	464

	As of December 31, 2015
Administrative	78
Technical	23
Marketing	3
Total	568
Hotel Business	
Operations	797
Administrative	156
Technical	74
Marketing	29
Total	1,056
Power Generation Business	
Operations	92
Administrative	51
Technical	48
Marketing	12
Total	203
Other Operations	
Operations	21
Administrative	26
Technical	14
Marketing	1
Total	62

In 2016, FDCUI expects an increase of about 57% in the number of its employees as it prepares for the commercial operation of its 405 MW CFB Coal Plant. EW anticipates an increase of about 7% in the number of employees related to the hiring of branch personnel to complement the branches opened in the last three years.

FDC provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future assignments. FDC has also provided a mechanism through which managers and staff are given feedback on their job performance, which FDC believes will help to ensure continuous development of its employees' knowledge base. FDC also offers employee benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help it compete in the marketplace for quality employees. It is FDC's goal to position itself as an employer of choice in the Philippines.

PSHC provides canteen facilities, medical clinic and other benefits. DSCC has a retirement plan for its regular employees while CSCC and HYSFC are currently reviewing the retirement plans of its regular employees.

Most of DSCC's employees are members of the trade union Nagkahiusang Mamumuo sa DASUCECO, which is affiliated with the Philippine National Federation of Labour. The collective bargaining agreement between DSCC and the National Federation of Labour was renewed effective July 1, 2015. The current labor union has been representing DSCC's rank and file workers for more than 30 years and has had not experienced work disruptions even when negotiations were not proceeding smoothly. While negotiations have resulted to deadlock on the issue of wages and signing bonus, Management does not anticipate disruption in operations. The requirement of allocating a certain volume of production for exports is also an advantage because it gives producers governmental protection from work disruption.

CSCC's and HYSFC's employees are not covered by trade unions or collective bargaining agreements.

1.8 Major Risks, Risk Management, Strengths and Strategies

Real Estate

There are major risk factors that may affect the real estate or its operations. Property values in the Philippines are influenced by the general supply and demand of real estate as well as political and economic developments in the country. In the event new supply exceeds demand as a result of economic uncertainty or slower growth, political instability, or increased interest rates, the financial condition and results of operations of the real estate segment will be materially affected.

Demand for, and prevailing prices of, developed land and house and lot units are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from overseas Filipino workers ("OFWs"). Demand for housing and land developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions in the Philippines. The residential housing industry is cyclical and is sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing.

The demand for real estate projects from OFWs and expatriate Filipinos may decrease as a result of the following possibilities, i.e. reduction in the number of OFWs, the amount of their remittances and the purchasing power of expatriate Filipinos. Factors such as economic performance of the countries and regions where OFWs are deployed, changes in Government regulations such as taxation on OFWs' income, and, imposition of restrictions by the Government/other countries on the deployment of OFWs may also affect the demand for housing requirements.

There are risks that some projects may not attract sufficient demand from prospective buyers thereby affecting anticipated sales. Stringent government requirements for approvals and permits of new projects may take substantial amount of time and resources. In addition, the time and the costs involved in completing the development and construction of residential projects can be adversely affected by many factors, including unstable prices and supply of materials and equipment and labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in Government priorities and other unforeseen problems or circumstances. Further, the failure by the Group to substantially complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns.

Real estate cost of sales is affected by volatility in the price of construction materials such as lumber, steel and cement. While the Group, as a matter of policy, attempts to fix the cost of materials component in its construction contracts, in cases where demand for steel, lumber and cement are high or when there are shortages in supply, the contractors hire for construction or development work may be compelled to raise their contract prices. As a result, rising cost of any construction materials will impact the construction costs, and the price for products. Any increase in prices resulting from higher construction costs could adversely affect demand for products and the relative affordability of such products as compared to competitors' products. This could reduce the real estate sales.

The Group is also exposed to risks associated with the ownership and operation of its investment properties. Financial performance of the leasing segment, which consists of interests in leasable office space in PBCom Tower, the Northgate Cyberzone and in other office condominium, and in retail commercial space in Festival Supermall, could be affected by a number of factors, including:

1. the national and international economic climate;
2. changes in the demand for call center and other BPO operations in the Philippines and around the world;
3. trends in the Philippine retail industry, insofar as the Festival Supermall is concerned;
4. changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, environment, taxes and government charges;
5. the inability to collect rent due to bankruptcy of tenants or otherwise;
6. competition for tenants;
7. changes in market rental rates;
8. the need to periodically renovate, repair and re-let space and the costs thereof;
9. the quality and strategy of management; and,
10. ability to provide adequate maintenance and insurance.

Financial and Banking Business

Risk Management
To ensure that corporate goals and objectives, and business and risk strategies are achieved, EW utilizes a risk management process that is applied throughout the organization in executing all business activities. Employees' functions and roles fall into one of the three categories where risk must be managed in the business units, operating units and governance units.

EW's activities are principally related to the use of financial instruments and are exposed to credit risk, liquidity risk, operational risk and market risk, the latter being subdivided into trading and nontrading risks. Forming part of a coherent risk management system are the risk concepts, control tools, analytical models, statistical methodologies, historical researches and market analysis, which are being employed by EW. These tools support the key risk process that involves identifying, measuring, controlling and monitoring risks.

Risk Management Structure

a. Board of Directors (the Board or BOD)

EW's risk culture is practiced and observed across the Group putting the prime responsibility on the BOD. It establishes the risk culture and the risk management organization and incorporates the risk process as an essential part of the strategic plan of the Group. The BOD approves EW's articulation of risk appetite which is used internally to help management understand the tolerance for risk in each of the major risk categories, its measurement and key controls available that influence EW's level of risk taking. All risk management policies and policy amendments, risk-taking limits such as but not limited to credit and trade transactions, market risk limits, counterparty limits, trader's limits and activities are based on EW's established approving authorities which are approved by EW's BOD. At a high level, the BOD also approves EW's framework for managing risk.

b. Executive Committee

This is a board level committee, which reviews the bank-wide credit strategy, profile and performance. It approves the credit risk-taking activities based on EW's established approving authorities and likewise reviews and endorses credit-granting activities, including the Internal Credit Risk Rating System. All credit proposals beyond the credit approving limit of the Loan and Investments Committee passes through this committee for final approval.

c. Loan and Investments Committee

This committee is headed by the Chairman of EW whose primary responsibility is to oversee EW's credit risk-taking activities and overall adherence to the credit risk management framework, review business/credit risk strategies, quality and profitability of EW's credit portfolio and recommend changes to the credit evaluation process, credit risk acceptance criteria and the minimum and target return per credit or investment transaction. All credit risk-taking activities based on EW's established approving authorities are evaluated and approved by this committee. It establishes infrastructure by ensuring business units have the right systems and adequate and competent manpower support to effectively manage its credit risk.

d. Asset-Liability Management Committee (ALCO)

ALCO, a management level committee, meets on a weekly basis and is responsible for the over-all management of EW's market, liquidity, and financial position related risks. It monitors EW's liquidity position and reviews the impact of strategic decisions on liquidity. It is responsible for managing liquidity risks and ensuring exposures remain within established tolerance levels. The ALCO's primary responsibilities include, among others, (a) ensuring that EW and each business unit holds sufficient liquid assets of appropriate quality and in appropriate currencies to meet short-term funding and regulatory requirements, (b) managing financial position and ensuring that business strategies are consistent with its liquidity, capital and funding strategies, (c) establishing asset and/or liability pricing policies that are consistent with the financial position objectives, (d) recommending market and liquidity risk limits to the Risk Management Committee and BOD and (e) approving the assumptions used in contingency and funding plans. It also reviews cash flow forecasts, stress testing scenarios and results, and implements liquidity limits and guidelines.

e. Risk Management Committee (RMC)

RMC is a board level committee who convenes monthly and is primarily responsible to assist the Board in managing EW's risk taking activities. This is performed by the committee by institutionalizing risk policies and overseeing EW's risk management system. It develops and recommends risk appetite and tolerances for EW's major risk exposures to the Board. Risk management principles, strategies, framework, policies, processes, and initiatives and any modifications and amendments thereto are reviewed and approved by RMC. It

oversees and reports to the Board the effectiveness of the risk management system, overall risk profile, and compliance with the risk appetite and tolerances that the Board approved.

f. Risk Management Subcommittee (RMSC)

RMSC is a management level committee who convenes monthly and is responsible to assist RMC in fulfilling its responsibilities in managing EW's risk taking activities. This is performed by the committee by implementing the risk management principles, strategies, framework, policies, processes, and initiatives across EW. It leads the effective conduct of risk and capital management. It oversees and directs the management of EW's overall risk profile. The committee likewise oversees risk incidents, control gaps, and control deficiencies and management actions in implementing the corresponding corrective actions.

g. Audit Committee (Audit Com)

The Audit Com assists the BOD in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and EW's process for monitoring compliance with laws and regulation and the code of conduct. It retains oversight responsibilities for operational risk, the integrity of EW's financial statements, compliance, legal risk and overall policies and practices relating to risk management. It is tasked to discuss with management EW's major risk exposures and ensures accountability on the part of management to monitor and control such exposures including EW's risk assessment and risk management policies. The Audit Com discusses with management and the independent auditor the major issues regarding accounting principles and financial statement presentation, including any significant changes in EW's selection or application of accounting principles; and major issues as to the adequacy of EW's internal controls; and the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of EW.

h. Corporate Governance and Compliance Committee (CGCC)

The CGCC is responsible for ensuring the BOD's effectiveness and due observance of corporate governance principles and guidelines. It reviews and assesses the adequacy of the CGCC's charter and Corporate Governance Manual and recommends changes as necessary. It oversees the implementation of EW's compliance program and ensures compliance issues are resolved expeditiously. It assists Board members in assessing whether EW is managing its compliance risk effectively and ensures regular review of the compliance program.

i. Risk Management Division (RMD)

RMD performs an independent risk governance function within EW. RMD is tasked with identifying, measuring, controlling and monitoring existing and emerging risks inherent in EW's overall portfolio (on- or off-balance sheet). RMD develops and employs risk assessment tools to facilitate risk identification, analysis and measurement. It is responsible for developing and implementing the framework for policies and practices to assess and manage enterprise-wide market, credit, operational, and all other risks of EW. It also develops and endorses risk tolerance limits for BOD approval, as endorsed by the RMC, and monitors compliance with approved risk tolerance limits. Finally, it regularly apprises the BOD, through the RMC, the results of its risk monitoring.

j. Internal Audit Division (IAD)

IAD provides an independent assessment of EW's management and effectiveness of existing internal control systems through adherence testing of processes and controls across the organization. The IAD audits risk management processes throughout EW annually or in a cycle depending on the latest audit rating. It employs a risk-based audit approach that examines both the adequacy of the procedures and EW's compliance with the procedures. It discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee which in turn, conducts the detailed discussion of the findings and recommendations during its regular meetings. IAD's activities are suitably designed to provide the BOD with reasonable assurance that significant financial and operating information is materially complete, reliable and accurate; internal resources are adequately protected; and employee performance is in compliance with EW's policies, standards, procedures and applicable laws and regulations.

k. Compliance Division

Compliance Division is responsible for reviewing any legal or regulatory matters that could have a significant impact on EW's financial statements, EW's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies. It reviews the effectiveness and adequacy of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) for any instances of noncompliance.

Credit Risk

Credit risk refers to the potential loss of earnings or capital arising from an obligor/s, customer/s or counterparty's failure to perform and/or to meet the terms of any contract with the Group. Credit risks may last for the entire tenor and set at the full amount of a transaction and in some cases may exceed the original principal exposures. The risk may arise from lending, trade financing, trading, investments and other activities undertaken by the Group. To identify and assess this risk, the Group has a structured and standardized credit rating, and approval process according to the borrower or business and/or product segment. For large corporate credit transactions, EW has a comprehensive procedure for credit evaluation, risk assessment and well-defined concentration limits, which are established for each type of borrower. At the portfolio level, which may be on an overall or by product perspective, RMD manages the Group's credit risk.

Credit concentration
Excessive concentration of lending plays a significant role in the weakening of asset quality. The Group reduces this risk by diversifying its loan portfolio across various sectors and borrowers. The Group believes that good diversification across economic sectors and geographic areas, among others, will enable it to ride through business cycles without causing undue harm to its asset quality.

RMD reviews the Group's loan portfolio in line with the Group's policy of not having significant concentrations of exposure to specific industries or group of borrowers. Management of concentration of risk is by client/counterparty and by industry sector. For risk concentration monitoring purposes, the financial assets are broadly categorized into loans and receivables, loans and advances to banks, and investment securities. RMD ensures compliance with BSP's limit on exposure to any single person or group of connected persons by closely monitoring large exposures and top 20 borrowers for both single and group accounts.

Aside from ensuring compliance with BSP's limit on exposures to any single person or group of connected persons, it is EW's policy to keep the expected loss (determined based on the credit risk rating of the account) of large exposure accounts to, at most, one and a half percent (1.50 %) of their aggregate outstanding balance. This is to maintain the quality of the Group's large exposures. With this, accounts with better risk grades are given priority in terms of being granted a bigger share in the Group's loan facilities.

Aligned with the Manual of Regulations for Banks definition, the Group considers its loan portfolio concentrated if it has exposures of more than thirty percent (30.0%) to a particular industry.

Collateral and other credit enhancements
Collaterals are taken into consideration during the loan application process as they offer an alternative way of collecting from the client should a default occur. The percentage of loan value attached to the collateral offered is part of the Group's lending guidelines. Such percentages take into account safety margins for foreign exchange rate exposure/fluctuations, interest rate exposure, and price volatility.

Collaterals are valued according to existing credit policy standards and, following the latest appraisal report, serve as the basis for the amount of the secured loan facility. Premium security items are collaterals that have the effect of reducing the estimated credit risk for a facility. The primary consideration for enhancements falling under such category is the ease of converting them to cash. The Group is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. It is the Group's policy to dispose foreclosed assets in an orderly fashion. The proceeds of the sale of the foreclosed assets, included under Investment Properties, are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

As part of the Group's risk control on security/collateral documentation, standard documents are made for each security type and deviation from the pro-forma documents are subject to Legal Services Division's approval prior to acceptance.

Internal Credit Risk Rating System
EW employs a credit scoring system for all corporate borrowers to assess risks relating to the borrower and the loan exposure. Borrower risk is evaluated by considering (a) quantitative factors under financial condition and (b) qualitative factors, such as management quality and industry outlook.

Financial condition assessment focuses on profitability, liquidity, capital adequacy, sales growth, production efficiency and leverage. Management quality determination is based on EW's strategies, management competence and skills and management of banking relationship. On the other hand, industry prospect is evaluated based on its importance to the economy, growth, industry structure and relevant government policies. Based on these factors, each borrower is assigned a Borrower Risk Rating (BRR), an 11-scale scoring system that ranges from 1 to 10, including SBL. In addition to the BRR, EW assigns a Facility Risk Rating (FRR) to determine the risk of the prospective (or existing) exposure with respect to each credit facility that it applied for (or under which the exposure is accommodated). The FRR focuses on the quality and quantity of the collateral applicable to the underlying facility, independent of borrower quality. Consideration is given to the availability and amount of any collateral and the degree of control, which the lender has over the collateral. FRR applies both to balance sheet facilities and contingent liabilities. One FRR is determined for each individual facility taking into

account the different security arrangements or risk influencing factors to allow a more precise presentation of risk. A borrower with multiple facilities will have one BRR and multiple FRRs. The combination of the BRR and the FRR results to the Adjusted Borrower Risk Rating (ABRR). The credit rating for each borrower is reviewed annually. A more frequent review is warranted in cases where the borrower has a higher risk profile or when there are extraordinary or adverse developments affecting the borrower, the industry and/or the Philippine economy.

The following is a brief explanation of EW's risk grades:

Rating	Description	Account/Borrower Characteristics
1	Excellent	• low probability of going into default within the coming year; very high debt service capacity and balance sheets show no sign of any weakness • has ready access to adequate funding sources • high degree of stability, substance and diversity • of the highest quality under virtual economic conditions
2	Strong	• low probability of going into default in the coming year • access to money markets is relatively good • business remains viable under normal market conditions • strong market position with a history of successful financial performance • financials show adequate cash flows for debt servicing and generally conservative balance sheets
3	Good	• sound but may be susceptible, to a limited extent, to cyclical changes in the markets in which they operate • financial performance is good and capacity to service debt remains comfortable • cash flows remain healthy and critical balance sheet ratios are at par with industry norms • reported profits in the past three years and expected to sustain profitability in the coming year
4	Satisfactory	• clear risk elements exist and probability of going into default is somewhat greater, as reflected in the volatility of earnings and overall performance • normally have limited access to public financial markets • able to withstand normal business cycles, but expected to deteriorate beyond acceptable levels under prolonged unfavorable economic period • combination of reasonably sound asset and cash flow protection
5	Acceptable	• risk elements for the Parent Bank are sufficiently pronounced, but would still be able to withstand normal business cycles • immediate deterioration beyond acceptable levels is expected given prolonged unfavorable economic period • there is sufficient cash flow either historically or expected in the future in spite of economic downturn combined with asset protection
5B	Acceptable	• financial condition hard to ascertain due to weak validation of financial statements coupled by funding leakages to other business interests whose financial condition is generally unknown • continuous decline in revenues and margins due to competition; increasing debt levels not commensurate to growth in revenues and funding requirements • thin margin business with banks financing bulk of working capital and capex requirements coupled by substantial dividend pay-outs • chronically tight cashflows with operating income negative or barely enough for debt servicing • lines with banks maxed out and availments evergreen with minimal payments made over time or with past record of past due loans with other banks, cancelled credit cards and court cases
6	Watchlist	• affected by unfavorable industry or company-specific risk factors • operating performance and financial strength may be marginal and ability to attract alternative sources of finance is uncertain • difficulty in coping with any significant economic downturn; some payment defaults encountered • net losses for at least two consecutive years
7	Special Mention	• ability or willingness to service debt are in doubt • weakened creditworthiness • expected to experience financial difficulties, putting EW's exposure at risk
8	Substandard	• collectability of principal or interest becomes questionable by reason of adverse developments or important weaknesses in financial cover • negative cash flows from operations and negative interest coverage • past due for more than 90 days • there exists the possibility of future loss to EW unless given closer supervision

Rating	Description	Account/Borrower Characteristics
9	Doubtful	• unable or unwilling to service debt over an extended period of time and near future prospects of orderly debt service are doubtful • with non-performing loan (NPL) status • previously rated 'Substandard' by the BSP • loss on credit exposure unavoidable
10	Loss	• totally uncollectible • prospect of re-establishment of creditworthiness and debt service is remote • lender shall take or has taken title to the assets and is preparing foreclosure and/or liquidation although partial recovery may be obtained in the future • considered uncollectible or worthless and of such little value that continuance as bankable assets is not warranted although the loans may have some recovery or salvage value

It is EW's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates a focused management of the applicable risk and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with EW's rating policy. The risk ratings are assessed and updated regularly.

External ratings
The Group also uses external ratings, such as Standard & Poor's, Moody's, and Fitch, to evaluate its counterparties and in its assignment of credit risk weights to its banking book exposures. Transactions falling under this category are normally of the following nature: placements with other banks, money market lending, debt security investments, and to some extent, equity security investments.

Borrowers with unquestionable repaying capacity and to whom the Group is prepared to lend on an unsecured basis, either partially or totally, are generally rated as High Grade borrowers. Included in the High Grade category are those accounts that fall under 'Excellent', 'Strong', 'Good' and 'Satisfactory' categories under ICRRS (with rating of 1-4).

Standard rated borrowers normally require tangible collateral, such as real estate mortgage (REM), to either fully or partially secure the credit facilities as such accounts indicate a relatively higher credit risk than those considered as High Grade. Included in Standard Grade category are those accounts that fall under 'Acceptable', 'Watchlist' and 'Special mention' categories under ICRRS (with rating of 5-7).

Substandard Grade accounts pertain to corporate accounts falling under the 'Substandard,' 'Doubtful' and 'Loss' categories under ICRRS (with rating of 8-10) and unsecured revolving credit facilities.

Those accounts that are classified as unrated includes unquoted debt securities, accounts receivable, accrued interest receivable and sales contract receivable for which the Group has not yet established a credit rating system.

Impairment Assessment
On a regular basis, the Group conducts an impairment assessment exercise to determine expected losses on its loans portfolio.

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 30 to 90 days as applicable, or if there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Group addresses impairment assessment in two areas: specific or individually assessed allowances and collectively assessed allowances.

a. Specific Impairment Testing
Specific impairment testing is the process whereby classified accounts are individually significant subject to impairment testing. Classified accounts are past due accounts and accounts whose credit standing and/or collateral has weakened due to varying circumstances. This present status of the account may adversely affect the collection of both principal and interest payments.

Indicators of impairment testing are past due accounts, decline in credit rating from independent rating agencies and recurring net losses. The net recoverable amount is computed using the present value approach. The discount rate used for loans with fixed and floating interest rate is the original effective interest rate and last repriced interest rate, respectively. Net recoverable amount is the total cash inflows to be collected over the entire term of the loan or the expected proceeds from the sale of collateral. Specific impairment testing parameters include the account information (original and outstanding loan amount), interest rate (nominal and historical effective) and the business plan. Also included are the expected date of recovery, expected cash flows, probability of collection, and the carrying value of loan and net recoverable amount.

The Group conducts specific impairment testing on significant classified and restructured corporate accounts.

b. Collective Impairment Testing

All other accounts which were not individually assessed are grouped based on similar credit characteristics and are collectively assessed for impairment under the Collective Impairment Testing. This is also in accordance with PAS 39, which provides that all loan accounts not included in the specific impairment test shall be subjected to collective testing.

Collective impairment testing of corporate accounts

Corporate accounts, which are unclassified and with current status are grouped in accordance with the EW's internal credit risk rating. Each internal credit risk rating would fetch an equivalent loss impairment where the estimated loss is determined in consideration of the EW's historical loss experience. Impairment loss is derived by multiplying the outstanding loan balance on a per internal credit risk rating basis against a factor rate. The factor rate, which estimates the expected loss from the credit exposure, is the product of the Default Rate (DR) and the Loss Given Default Rate (LGDR). DR is estimated based on the 3-year historical average default experience by internal credit risk rating of EW, while, LGDR is estimated based on loss experience (net of recoveries from collateral) for the same reference period.

Collective impairment testing of consumer accounts

Consumer accounts, both in current and past due status are collectively tested for impairment as required under PAS 39. Accounts are grouped by type of product - personal loans, salary loans, housing loans, auto loans and credit cards.

The estimation of the impaired consumer products' estimated loss is based on three major concepts: age buckets, probability of default and recoverability. Per product, exposures are categorized according to their state of delinquency - (1) current and (2) past due (which is subdivided into 30, 60, 90, 120, 150, 180 and more than 180 days past due). Auto, housing and salary loans have an additional bucket for its items in litigation accounts. The Group partitions its exposures as it recognizes that the age buckets have different rates and/ or probabilities of default. The initial estimates of losses per product due to default are then adjusted based on the recoverability of cash flows, to calculate the expected loss of the Group. Auto and housing loans consider the proceeds from the eventual sale of foreclosed collaterals in approximating its recovery rate; while credit cards, salary loans and personal loans depend on the collection experience of its receivables. Further for housing loans, due to the nature of the assets offered as security, and as the exposures are limited to a certain percentage of the same, this product possess the unique quality of obtaining full recoverability. These default and recovery rates are based on the Group's historical experience, which covers a minimum of two to three (2-3) years cycle, depending on the availability and relevance of data.

Collaterals of past due but not impaired loans mostly consist of real estate mortgage (REM) of industrial, commercial, residential and developed agricultural real estate properties.

Liquidity Risk

Liquidity risk is the risk that sufficient funds are unavailable to adequately meet all maturing liabilities, including demand deposits and off-balance sheet commitments. The main responsibility of daily asset liability management lies with EW's Treasury Group, specifically the Liquidity Desk, and the Subsidiary's Fund Management Department which are tasked to manage the balance sheet and have thorough understanding of the risk elements involved in the respective businesses. Both EW's (Parent) and the Subsidiary's liquidity risk management are then monitored through each entity's ALCO. Resulting analysis of the balance sheet along with the recommendation is presented during the weekly ALCO meeting where deliberations, formulation of actions and decisions are made to minimize risk and maximize returns. Discussions include actions taken in the previous ALCO meeting, economic and market status and outlook, liquidity risk, pricing and interest rate structure, limit status and utilization. To ensure that both the Parent Bank and Subsidiary has sufficient liquidity at all times, the respective ALCO formulates a contingency funding plan which sets out the amount and the sources of funds (such as unutilized credit facilities) available to both entities and the circumstances under which such funds will be used.

By way of the Maximum Cumulative Outflow (MCO) limit, the Group is able to manage its long-term liquidity risks by placing a cap on the outflow of cash on a per tenor and on a cumulative basis. The Group takes a multi-tiered approach to maintaining liquid assets. The Group's principal source of liquidity is comprised of COCI, Due from BSP, Due from other banks and IBLR with maturities of less than one year. In addition to regulatory reserves, EW maintains a sufficient level of secondary reserves in the form of liquid assets such as short-term trading and investment securities that can be realized quickly.

The Bank manages liquidity by maintaining sufficient liquid assets in the form of cash and cash equivalents, investment securities and loan receivables. As of December 31, 2015 and 2014, ₱69.85 billion and ₱49.34 billion, respectively, or 42.10% and 39.28%, respectively, of the Bank's total gross loans and receivables had remaining maturities of less than one (1) year. The total portfolio of trading and

investment securities is comprised mostly of sovereign-issued securities that have high market liquidity. The Bank was fully compliant with BSP's limits on FCDU Asset Cover and FCDU Liquid Assets Cover, having reported ratios above 100.00% as of December 31, 2015 and 2014. With the above presented liquidity profile, the Group remains to be inhibited from liquidity risk that it can't adequately manage.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. EW treats exposures to market risk as either for trading or accrual/balance sheet exposure. The market risk for the trading portfolio is measured using Value at Risk (VaR). Interest rate risk of accrual portfolios in the Banking Book are measured using Earnings at Risk (EaR).

Market risk in the trading books

The Board has set limits on the level of market risk that may be accepted. VaR limits are applied at the business unit level and approved by the BOD based on, among other things, a business unit's capacity to manage price risks, the size and distribution of the aggregate exposure to price risks and the expected return relative to price risks.

EW applies the VaR methodology to assess the market sensitive positions held for trading and to estimate the potential economic loss based on parameters and assumptions. VaR is a method used in measuring market risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon.

Objectives and limitations of the VaR Methodology

EW uses the VaR model of Bloomberg Portfolio Analytics using one-year historical data set to assess possible changes in the market value of the Fixed Income, Equities, and Foreign Exchange trading portfolio. VaR for the US Treasury Futures is measured using Historical Simulation using the Bloomberg Multi Asset Risk System. The Interest Rate Swaps (IRS) and FX Forwards (Outright and forward leg of FX Swaps) trading portfolio's interest rate risk is measured using Monte Carlo VaR. The VaR models are designed to measure market risk in a normal market environment. The use of VaR has limitations because correlations and volatilities in market prices are based on historical data and VaR assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated.

VaR may also be under or over estimated due to assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, VaR only represents the risk of the portfolio at the close of each business day, and it does not account for any losses that may occur beyond the specified confidence level.

In practice, actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR model, actual outcomes are monitored through hypothetical and actual backtesting to test the accuracy of the VaR model.

Stress testing provides a means of complementing VaR by simulating the potential loss impact on market risk positions from extreme market conditions, such as risk factor movements based on historical financial market stress conditions and scenarios adopted from the uniform stress testing framework of the BSP.

VaR assumptions

The VaR that EW's use is premised on a 99.00% confidence level that this potential loss estimate is not expected to be exceeded if the current market risk positions were to be held unchanged for a given holding period. Foreign exchange and US Treasury Futures VaR is measured using one (1) day holding period while fixed income VaR has holding period of five (5) days. Furthermore, EW's equity and IRS trading positions are assumed to be closed out in ten (10) days. The use of a 99.00% confidence level means that within the set time horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days.

VaR is an integral part of EW's market risk management and encompasses investment positions held for trading. VaR exposures form part of the market risk monitoring which is reviewed daily against the limit approved by the Board. The trading activities are controlled through the Market Risk Limit (MRL), which is a dynamic risk limit anchored on the principle of risk and return which is adjusted for any trading income that would exceed targets throughout the year. RMD reports compliance to the MRL and trader's VaR limits on a daily basis. If the MRL or individual trader's limit is exceeded, such occurrence is promptly reported to the Treasurer, Chief Operating Officer, Chief Risk Officer and the President, and further to the Board through the RMC.

Foreign Currency Risk

EW holds foreign currency denominated assets and liabilities, thus, fluctuations on the foreign exchange rates can affect the financial and cash flows of EW. Managing the foreign exchange exposure is important for banks with exposures in foreign currencies. It includes managing foreign currency positions in order to control the impact of changes in exchange rates on the financial position of EW.

EW's foreign currency exposures emanate from its net open spot and forward FX purchase and sell transactions, and net foreign currency income accumulated over the years of its operations. Foreign currency-denominated deposits are generally used to fund EW's foreign currency-denominated loan and investment portfolio in the FCDU. In the FCDU books, BSP requires banks to match the foreign currency assets with the foreign currency liabilities. Thus, banks are required to maintain at all times a 100.00% cover for their currency liabilities held through FCDU. EW is in compliance with said regulation as of December 31, 2015 and 2014.

Total foreign exchange currency position is monitored through the daily BSP FX position reports, which are subject to the overbought and oversold limits set by the BSP at 20.00% of unimpaired capital or $50.0 million, whichever is lower. Internal limits regarding the intraday trading and end-of-day trading positions in FX, which take into account the trading desk and the branch FX transactions, are also monitored.

Market Risk in the Banking Book

Interest rate risk
A critical element of risk management program consists of measuring and monitoring the risks associated with fluctuations in market interest rates on the Group's net interest income. The short-term nature of its assets and liabilities reduces the exposure of its net interest income to such risks.

EW employs re-pricing gap analysis on a monthly basis to measure the interest rate sensitivity of its assets and liabilities. The re-pricing gap analysis measures, for any given period, any mismatches between the amounts of interest-earning assets and interest-bearing liabilities that would re-price, or mature (for contracts that do not re-price), during that period. The re-pricing gap is calculated by first distributing the assets and liabilities contained in the Group's statement of financial position into tenor buckets according to the time remaining to the next re-pricing date (or the time remaining to maturity if there is no re-pricing), and then obtaining the difference between the total of the re-pricing (interest rate sensitive) assets and re-pricing (interest rate sensitive) liabilities. If there is a positive gap, there is asset sensitivity which generally means that an increase in interest rates would have a positive effect on the Group's net interest income. If there is a negative gap, this generally means that an increase in interest rates would have a negative effect on net interest income.

The Group also monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its interest income. This is done by modeling the impact to the Group's interest income and interest expenses of different parallel changes in the interest rate curve, assuming the parallel change only occurs once and the interest rate curve after the parallel change does not change again for the next twelve months.

Operational Risk

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal, compliance and reputational risks but excludes strategic risk.

Other Risk Exposures

Group risk exposures other than credit, market, liquidity and operational, while existent, are deemed insignificant relative to the mentioned risks and if taken in isolation. Hence, management of these risks are instead collectively performed and made an integral part of the Group's internal capital adequacy assessment process (ICAAP) and enterprise risk management initiatives.

The last internal capital adequacy assessment results of the Group show that these other risks remain insignificant to pose a threat on the Group's capacity to comply with the minimum capital adequacy ratio of 10% as prescribed by BSP.

Sugar Business

- Farmers are not required to grow sugarcane and may cultivate other crops.
- Contract farmers may not repay their crop loans to PSHC.
- Adverse weather conditions, crop disease, substandard sugarcane quality and certain sugarcane crop varieties grown by farmers may adversely affect sugarcane crop yields and sugar recovery rates for any given harvest.
- The Sugar Subsidiaries may be adversely affected by price fluctuations in sugar and related markets, such as ethanol, oil and corn.
- The Sugar Subsidiaries' business is dependent on certain principal customers and the loss of, or a significant reduction in, purchases by such customers could adversely affect the Sugar Subsidiaries' business.
- The Sugar Subsidiaries sell the majority of their output to traders who are not under any obligation to purchase the Sugar Subsidiaries' products.
- Because the Sugar Subsidiaries' contracts to cultivate sugarcane are based on the amount of land the farmer cultivates rather than a set quantity or quality of sugarcane, the yield per 10,000 sq.m. of land determines in large part the quantity of sugarcane the Sugar Subsidiaries receive and the Sugar Subsidiaries cannot guarantee that the supply their mills receive in a given year will be sufficient to meet their needs.
- Because DSCC and CSCC contract with sugarcane farmers to cultivate sugarcane under long term contracts, DSCC and CSCC may be obligated to mill the sugarcane produced, even if they will be unable to sell the resulting sugar.
- In the event that existing barriers to the import of sugar to the Philippines are lifted, the Sugar Subsidiaries may face significant competition from international sugar manufacturers which may adversely affect their profitability.
- The Sugar Subsidiaries are potentially subject to price competition from illegally imported sugar.
- The Sugar Subsidiaries' results of operations could be adversely affected by a disruption of operations at their manufacturing facilities.
- The Sugar Subsidiaries' turnover is subject to seasonality and price volatility.

Hotel Business

- Changes in the domestic, regional, and global economies, which are affected by factors, including, but not limited to, the political landscape, environmental conditions, and disease epidemics
- Increased threat of terrorism, terrorist events, airline strikes, hostilities between countries, or increased risk of natural disasters that may affect travel patterns and reduce the number of business and commercial travelers and tourists;
- Changes in governmental laws and regulations, fiscal policies, and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies, and ordinances;
- Increased competition in the Boracay hospitality industry, for example new supply in the markets within which the Company operates in or will operate in, which could negatively affect the Company's resort hotel's occupancy;
- Increases in operating costs and occurrence of unanticipated costs due to various reasons, including inflation, labor costs, workers' compensation and health-care related costs, utility and energy costs, property tax, advertising and promotion expenses, insurance, environmental damage and acts of nature and their consequences;
- Changes in interest rates and in the availability, cost, and terms of debt financing and other changes in the business that adversely affect our ability to obtain financing and comply with debt financing covenants;
- Relations between service providers, suppliers, and/or lenders and the Company;
- Difficulties in identifying hospitality assets to acquire and completing and integrating acquisitions;
- Increase in transportation or fuel costs or strikes among workers in the transportation industry, particularly in the aviation industry; and
- Adverse weather patterns.

Power Generation Business

FDCUI faces risks relating to its future power generation projects, including risks relating to project cost, completion time frame and development rights. The time and costs involved in completing the development and construction of power generation projects can be adversely affected by many factors, including but not limited to shortages of materials, equipment and labor, such as a limited supply of skilled labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents,

changes in laws or in government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or squatters, FDCUI may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Group's business, financial condition and results of operations. This may also result in sales and resulting profits from a particular power project not being recognized for the year. There can be no assurance that such events will not occur in a manner that could materially and adversely affect the Group's business, financial condition and results of operations.

Competitive Strengths
The Group believes that its principal strengths are the following:

Strong Track Record of Growing a Diverse Portfolio of Profitable Businesses

The Group has been able to successfully establish and grow its business portfolio over the years. The Group's real estate business has grown over the last four decades to become one of the leading real estate developers and operators in the Philippines. In 1994, the Group established EW, which is currently one of the fastest growing universal banks in the Philippine banking industry with a nationwide presence of 433 branches (consolidated) as of December 31, 2015 compared with 405 branches as of December 31, 2014. The Group opened its hospitality projects in Mactan, Cebu City and Muntinlupa City in 2010, 2012, and 2013, respectively. In recent years, the Group further applied its business expertise to the sugar industry, resulting in a profitable and cash generative sugar business in Mindanao. The Group is continuously exploring new growth areas for further value creation. In December 2009, the Group established FDCUI to re-enter the power generation business. FDCUI is currently in the planning stages with respect to the potential development of power projects in Luzon, Visayas and Mindanao to capitalize on the highly attractive high-growth power generation market in the Philippines. FDCUI's project in Mindanao has been progressively moving toward the completion of the final stage of project construction. It expects to start commercial operation of the first unit of the 405 MW CFB Coal-Fired Power Project in Misamis Oriental, Mindanao by Q2 of 2016 while the second and third units are scheduled to be commercially operational by second half of 2016. FDCUI has also successfully assumed control of the 40 MW capacity from the Unified Leyte Geothermal power plants in Tongonan, Leyte and the 100 MW capacity of the Mindanao I and II (Mt. Apo 1 and 2) Geothermal Power Plants in Kidapawan City, North Cotabato through the competitive selection process conducted by the Power Sector Assets and Liabilities Management Corporation (PSALM Corp.). Projects in other parts of the country are now being assessed for their technical and financial feasibility to capitalize on the attractive high-growth power generation market in the Philippines.

Strategically Positioned in Attractive Sectors

The Group's businesses are well-positioned within industries which it believes are high growth sectors of the Philippine economy. Each of the Group's businesses targets specific market segments. FLI targets the affordable, socialized and middle-income residential markets, which together are believed by the Group to be the largest addressable market in residential development in the Philippines. FAI's primary project is Filinvest City, a joint venture of the Government and FAI comprising office, retail, residential, institutional, leisure and hospitality projects in southern Metro Manila, approximately 16 kilometres south of Makati. As of December 31, 2015, the Group had a land bank of 2,421 hectares of raw land (of which 2,152 hectares is owned by FLI), which included 265 hectares of raw land held through joint venture arrangements. EW focuses on the high margin consumer lending segments with high returns, and has expanded its lending portfolio in the consumer and middle-market banking sector through the acquisition of AIG PhilAm in 2009, which included substantial auto loan and credit card businesses. EW's 2011 acquisition of GBI enabled EW to significantly expand its branch network by adding 46 branches and 94 kiosks, especially in rural and Restricted Areas. In addition, the Group's sugar business benefits from the industrialization of Luzon, which has increased Mindanao's importance in agribusiness, while the Group's hospitality business in Cebu and Alabang is well positioned to benefit from the growing local and international tourism sector in the Philippines. It intends to build hotel and resort developments in location that have current or future mass market appeal. The strategic location of the Group's planned projects in its power generation business in Luzon, the Visayas and Mindanao positions the Group to benefit from the expected growth in demand for electricity in the Philippines.

Diversified Earnings Stream

With business interests in the real estate, financial and banking services, sugar industries, hospitality, and power projects, the Group has diverse earning streams. The Group's financial and banking services are principally conducted through EW, a niche bank primarily focused on providing banking services to retail customers and middle-market corporate customers. Continuing to diversify its revenue and asset base, in 2007, FDC acquired the Sugar Subsidiaries. In 2014, the Group's real estate, financial and banking services, sugar businesses, hospitality and power operations accounted for 48.9%, 41.6%, 6.3%, 2.9% and 0.3%, respectively, of the Group's consolidated revenues and other income. In 2015, the Group's real estate, financial and banking services, sugar businesses, hospitality and power operations

accounted for 42.8%, 36.8%, 5.2%, 2.6% and 12.6%, respectively, of the Group's consolidated revenues and other income. The power generation operation started contributing to the Group's revenues in 2015, with the operations of the Unified Leyte geothermal power plants and the Mt. Apo 1 and 2 geothermal power plants which started in December 2014.

Disciplined Financial Management
The Group believes each of its business segments has a strong financial position and a stable earnings base. The Group believes it has strong debt service capabilities and a management team committed to growing its business prudently, while its relatively low leverage in its non-financial services businesses provides significant capacity to take advantage of growth opportunities. The Group believes that its financial strength and conservative leverage enhance its ability to expand and further diversify its business, as well as to capitalize on opportunities in each of its business segments, including the capacity to incur additional debt in order to do so.

Experienced Management Team
The Group's management team has extensive experience in, and in-depth knowledge of, the Philippine real estate market, the financial and banking services industry and the sugar business. Members of the Group's management team have an average of more than 30 years' experience in their respective businesses. Several members of the management team have post-graduate degrees from well-known business schools in the United States. The Group believes its growth and strong financial performance are indicative of the capabilities of its management team. The Group believes that the market experience and knowledge that its key members of management possess across each of the Group's businesses and the business relationships they have developed in the various industries in which they are involved have been, and will continue to be an integral part of the Group's growth strategy.

Real Estate

The Group has been active in the real estate business for over 40 years and believes its real estate business possesses the following principal strengths:

A Market Leader in the Affordable and Middle-Income Residential Real Estate Segment with an Established Reputation and Brand Name

The Group has been involved in the real estate development business through the "Filinvest" brand for more than 40 years. It has become one of the Philippine's leading real estate developers and has successfully developed a large number of high-profile real estate projects, with a particular focus on the affordable and middle-market housing segments. The Group believes that it has a reputation both in the real estate industry and among purchasers, including the significant Overseas Filipino Worker ("OFW") and expatriate Filipino markets, as a reliable developer that develops and delivers in a timely manner quality products conveniently located near major commercial centres. The Group also has an extensive network of sales offices, in-house sales agents and independent brokers located throughout the Philippines, as well as accredited brokers in countries and regions with large OFW and expatriate Filipino populations. The Group was a pioneer in developing Medium-Rise Building (MRB) and is now the largest developer of MRBs in the Philippines, which has helped them maintain their leadership in the middle-income segment. Low and medium-rise buildings have faster construction periods, which the Group believes helps minimize the risk of construction delays and cost overruns, while also speeding up its cash collection from buyers.

Product, Market and Geographical Diversification

The Group believes it is able to offer customers one of the most diversified ranges of real estate products in the Philippine real estate market. FLI focuses its business on the socialized, affordable and middle-income market segments, while still addressing demand from the high end of the market through select offerings. FLI has also diversified its projects to include new types of residential developments that cater to potentially high-growth niche markets, such as residential farm estate projects, entrepreneurial communities, MRBs, high-rise buildings (HRBs) and township developments. In addition, the Group has entered the hospitality industry to further diversify its real estate development portfolio. The Group's hospitality business shall benefit from its ability to co-alocate with other Filinvest developments to create complete live, work play environments. The Group plans to develop hospitality projects through its various real estate subsidiaries either on a stand-alone basis or to complement the Group's mixed-used developments. The Group believes that FLI and FHI can create synergistic effects by packaging hospitality products with FLI's residential, commercial and retail developments.

Extensive and Diversified Land Bank

The Group believes that it has a low cost land bank that is one of the largest land banks among real estate development companies in the Philippines. As of December 31, 2015, the Group owned or controlled a land bank of 2,421 hectares of raw land (of which 2,152 hectares is owned by FLI), which included 265 hectares of raw land held through joint venture arrangements. The Group's land bank consists of land located in several locations throughout the country, especially in growth areas such as greater Metro Manila, Cebu, Davao and General

Santos City in South Cotabato province. The Group believes that the diversity of its current projects and land bank will allow it to benefit from continued economic development of these areas, which is expected to result in growth in the demand for residential projects.

Stable and Growing Recurring Income

The Group has a portfolio of well-performing office and retail investment properties, with a total GLA of about 526,000 sq.m., with recurring income from these properties accounting for 27% of FDC's consolidated net income. The Group owns Festival Supermall, the largest mall in the south of Metro Manila which sees daily traffic of approximately 100,000 people, which doubles up on peak shopping seasons. It also owns a portfolio of BPO office buildings in Northgate Cyberzone which has consistently enjoyed high occupancies. In 2010, the Group also opened its first hospitality project in Mactan, Cebu with 290 rooms. In 2012, the Group launched its second hotel with 427 rooms in Cebu City and in 2013, the Group opened its third hotel with 345 rooms in Alabang, Muntinlupa City.

Strong Credit Record and Financial Position

The Group believes that it has a strong financial position, with a record of debt service capabilities and a management team committed to maintaining and implementing a prudent financial management program. The Group's sound financial management allowed it to continue to meet its debt service obligations for its peso-denominated debts and to meet and exceed the debt service ratios required under its loan agreements throughout and in the aftermath of the Asian financial crisis and the global financial crisis. The Group believes that its financial strength enhances its ability to expand its business and to capitalize on opportunities in the Philippine housing and land development market. The Philippine Rating Services Corporation ("Philratings") maintained the PRS Aaa for FLI's outstanding bonds: (i) ₱3.0 billion bonds due in 2016; (ii) ₱7.0 billion bonds due in 2019; (iii) ₱4.3 billion bonds due in 2020 and ₱ 2.7 billion bonds due in 2023; (iv) ₱5.3 billion bonds due in 2021 and ₱1.7 billion bonds due in 2024; and (v) ₱7.0 billion bonds due in 2022 and ₱1.0 billion bonds due in 2025. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. FLI's capacity to meet its financial commitment for its obligations is strong. PRS Aaa is the highest rating assigned by Philratings. The rating reflects the following factors: sustained growth of FLI's real estate and leasing operations, resulting in strong income generation and improved cash flows; its conservative debt position and high financial flexibility; its established brand name and track record. The rating also reflects the following factors which were considered when the PRS Aaa rating was maintained for FLI's outstanding bond issues: FLI's established brand name; diversified portfolio; and favorable industry conditions. In 2013, the Philratings has assigned a PRS Aaa rating, the highest possible rating for a bond, for FDC's ten-year ₱8.8 billion bonds due in 2024, on account of the following key considerations: FDC's steady earnings and diversified business portfolio; maintenance and good credit standing even in times of financial crisis; strong financial flexibility; established brand names and good market position of main contributing subsidiaries; subsidiaries operate in growing industries which will benefit significantly from the supportive economic environment; conservative and professional stance of management; and new investments (i.e. power) seen to significantly boost profitability in the medium term.

Benefits of Large Scale Operations

With one of the largest real estate operations in the Philippines and in-depth industry knowledge, the Group believes it is well-positioned to respond promptly to changes in market conditions and capture opportunities. In addition, the Group's scale of real estate business operations enhances its position in negotiations with suppliers, landowners, credible land purchasers and tenants, as well as strengthening its reputation and brand awareness.

Financial and Banking Services

Since its formation in 1994, the Bank has experienced strong growth. The Bank believes it is well-positioned in the Philippine market due to the following principal strengths:

Strong Focus on and Growing Market Position in High Growth Consumer Segment

The Bank is primarily focused on the consumer banking segment which accounted for 58% of the Bank's gross loans as of December 31, 2015. The Bank's proportion of consumer lending as a percentage of total gross loans is among the highest in the Philippine banking sector. It is one of the largest credit card issuers. The Bank focuses on providing loans and banking services to Philippine consumers, a high growth segment that is supported by strong growth fundamentals in terms of Philippine GDP and disposable income growth. According to the National Statistical Coordination Board, Philippine real GDP grew at 7.2%, 6.1% and 5.8% in 2013, 2014 and 2015, respectively. The Bank successfully grew its consumer lending portfolio, which includes residential mortgages, at a CAGR of 36.25.9% from December 31, 2013 through December 31, 2015. The Bank believes it is well-positioned to benefit from further consumer demand driven by the expected growth of this segment of the Philippine population.

Tailored Services to Retail Customers and Mid-Market Corporates

The Bank has a strong sales platform focused on delivering quality, convenient and comprehensive services to deposit customers through its branch and electronic banking network. In particular, the Bank targets the large number of underserved medium-sized corporate and retail deposit customers, including high net worth individuals, by tailoring its products and services to this segment with a view to increasing the Bank's access to a large source of low cost deposits for funding. While deposit liabilities grew at a CAGR of 28.7% from December 31, 2013 through December 31, 2015, the Bank's cost of funds ratio (which is the ratio of interest expense to average interest bearing liabilities) was at 1.4%, 1.2% and 1.5% in 2013, 2014 and 2015, respectively. The Bank's investments in its IT infrastructure is expected to result in improved efficiencies in its operations and provide corporate accounts with convenience through the adoption of mobile/ internet banking and IT-integrated cash management services.

Strategically Located Branch Store Network

The Bank has the one of the largest consolidated branch store network in the Philippines, with total of 433 branches (consolidated) in the Philippines as of December 31, 2015. EW's branch store network has rapidly grown from 168 branches as of December 31, 2011 to 433 branches as of December 31, 2015. The Bank's branch store network is strategically located to effectively distribute products and services across the Philippines to take advantage of the economic growth throughout the country. The Bank, through its subsidiary EWRB, has a network of 55 rural branches, mostly located in Visayas and Mindanao region serving the unbanked and underserved Filipinos such as farmers, pensioners and small scale businessman. Its strong branch store network in the Visayas and Mindanao allows EWRB to gain entry into the microfinance business in the Philippines.

Prudent Balance Sheet Management to Manage a Predominantly Consumer Loan Portfolio

In recent years the Bank has grown its business without compromising prudent balance sheet management practices. The Bank believes that prudent balance sheet management practices can provide flexibility to react to market uncertainties. As of December 31, 2015, the Bank had an NPL ratio of 3.6%, with an NIM of 8.0% and return on average assets of 1%. The Bank manages its liquidity to support the growth of its business

Strong Management Team

The Bank has an experienced management team with an average of more than two decades of operational and management experience in banking and finance. The Bank's management team has extensive experience and in-depth knowledge of the Philippine banking sector, especially as it relates to the mid-market corporate and consumer segments, and has also developed positive relationships with key market participants. Additionally, as a member of the FDC group of companies, the Bank benefits from FDC's strong reputation in the Philippines and the support of FDC's management.

Vertically Integrated Sugar Business

Strategically Located in Mindanao

FDC, through its wholly-owned subsidiary, PSHC, owns a vertically integrated sugar business, which includes corporate sugarcane farming operations, two sugar mills and two sugar refineries. FDC's sugar business is strategically located in Mindanao, which has fertile land resources and favourable climate while the industrialization of Luzon has increased Mindanao's importance in agribusiness. These conditions are expected to contribute to PSHC's ability to expand its sugar business. Since CY2008–09, PSHC has augmented its milling and refining capacity through an expansion and modernization program, which increased milling capacity to 11,500 TCD and refining capacity to 550 MT of refined sugar per day for CY2014–15. The additional refining capability is expected to provide PSHC with more flexibility and the opportunity to capture higher margins, as well as enabling it to expand its customer base to industrial users which generally have demand for refined sugar only. Moreover, the expansion and modernization program is expected to reduce PSHC's marginal costs through the utilization of newer equipment and economies of scale.

Business Strategy

The Group's strategy is to actively grow its business portfolio in a disciplined and systematic way and to benefit from the recent positive economic growth and favorable social trends in the Philippines in each of its segments. After building a strong business foundation for each of its subsidiaries, the Group plans to provide the necessary capital support to its subsidiaries in order for these subsidiaries to expand and

grow in their respective target markets. The Group seeks to unlock and maximize subsidiaries' values through accelerated development and greater market reach (both in terms of product offerings as well as geographical coverage), possibly supplementing organic growth through mergers and/or acquisitions. Once the subsidiaries have achieved a strong position in their respective segments, the Group aims to optimize its capital through the public listing of these subsidiaries as it has done in the case of FLI and EW. Proceeds from the Group's subsidiaries will be re-invested in the Group's existing subsidiaries, as well as opportunities in new growth areas, such as the newly identified power business. Specific strategies to achieve these objectives are described for each business segment below.

Across all of its businesses, the Group's financial strategy is to adhere to prudent financial management with a view to sustainable growth and capital sufficiency. The Group also intends to continue strengthening and developing its human resources both at the operating subsidiary and holding company levels. For example, the Group intends to continue to provide its employees with training and development programs to enhance their professional knowledge and experience.

Real Estate Strategy

In the real estate business, FLI, FAI, their respective subsidiaries and the real estate development projects and real estate-related administrative functions undertaken by FDC (collectively, the "Real Estate Companies") intend to further accelerate growth and improve their return on equity by aggressively developing their land bank while retaining their current focus on the high-growth affordable and middle market segments where the Real Estate Companies believe they have a competitive advantage based on their current strong position. The Real Estate Companies intend to expand their residential product portfolio, extend their geographic coverage and increase recurring income from their leasing operations.

Continue to Strengthen the Real Estate Companies' Leadership Position in the Affordable and Middle Market Segments. The Real Estate Companies plan to capitalize on their strong position in the affordable and middle market segments to increase their market share. Driven by strong underlying demographic fundamentals with buyers representing the largest subset of house buyers in the Philippines, and highly fragmented supply, the Real Estate Companies believe that these segments provide favourable demand supply dynamics and attractive margins. By focusing on these segments, the Real Estate Companies intend to differentiate themselves from most large developers in the Philippines.

Unlocking Value of Land Bank. The Real Estate Companies believe that there is currently significant unrealized value in their land bank based on the balance sheet carrying value of the land bank. The Real Estate Companies plan to accelerate the realization of the potential value of their land bank by aggressively rolling out new projects and developments. Given the current projects in their pipeline, the Real Estate Companies believe they can benefit from strong economic fundamentals to accelerate the pace of new project launches. For their higher value raw land, the Real Estate Companies plan to develop relatively higher density and higher value-added projects with a view to optimizing revenues per area of land bank.

Widen Reach through Product Expansion and Extension of Geographic Coverage. The Real Estate Companies plan to maintain their strong position in the affordable and middle market segments by expanding product offerings and land bank into selective regional markets. In particular, the Real Estate Companies plan to offer more inner city mixed-used developments and MRB products to capture the growing demand for these types of products in greater Metro Manila, Cebu, Davao, Iloilo and Cagayan de Oro.

Continue to Diversify Income Streams. In addition to retaining their position as one of the leading residential house and lot developers in the Philippines, the Real Estate Companies intend to further balance their real estate derived income streams through the expansion of their retail and commercial leasing operations and recently established hospitality business. The Real Estate Companies intend to increase recurring rental income through the expansion of Festival Supermall, creation of new leasing projects, enhancement of their existing investment portfolio through proactive leasing and management, and capitalization on their extensive real estate experience, scale and access to resources.

Improve Return on Equity without Compromising the Real Estate Companies' Land Bank Strategy. The Real Estate Companies plan to continue increasing return on equity by optimizing balance sheet leverage in funding the accelerated roll-out of their new projects. The Real Estate Companies plan to replenish their developed land bank through a combination of direct acquisitions and joint venture agreements with other land owners. The Group intends to continue to acquire raw land for development on a strategic basis in areas where the Group's existing land bank is not sufficient for this purpose.

Financial and Banking Services Strategy

The Bank intends to continue to grow as a significant competitor in the financial services industry in the Philippines. The Bank is focused on increasing its asset base, targeting the retail and mid-market segments, expanding its deposit base, optimizing its expanded branch store network, developing new revenue streams, improving its information technology, risk management and operational processes, diversifying its distribution channels, strengthening its risk management and internal controls, and enhancing the professional capabilities of its employees.

Optimizing Expanded Branch Store Network. The Bank is focused on growing its asset base to achieve economies of scale and benefit from cost efficiencies thereby improving returns on capital. The Bank believes its strong growth in the last few years, with a total of 433 branches (consolidated) as of December 31, 2015, places the Bank in a favorable position to further expand its overall scale. The Bank will continue to focus on optimizing its expanded branch store network by expanding the range of products for its target market of corporate mid-market and consumer segments, deepening and broadening relationships with existing customers and marketing its products and services to new and existing customers. The Bank plans to open approximately 20 to 30 branch stores per year for the next five years, selectively focusing on potentially profitable locations in Metro Manila and other key cities in Luzon, Visayas and Mindanao. In addition, the Bank will continue to consider further expansion through potential strategic acquisitions alongside its organic growth.

Balanced Loan Growth with a Consumer and Corporate Mid-Market Focus. The Bank will continue to focus on the consumer and mid-market corporate client segments with large corporations as a secondary focus. The Bank plans to target a loan portfolio mix consisting approximately 40% consumer loans, approximately 40% mid-market corporate loans and approximately 20% large corporate loans. The Bank plans to increasingly penetrate the consumer and mid-market corporate segments by aggressively cross selling products and offering services tailored towards consumer and middle market clients as it optimizes its expanded distribution network.

Enhance Customer Experience. The Bank will continue to invest in initiatives to enhance its information technology and improve its operational processes to achieve customer service excellence. The Bank recently implemented a new core banking system, which is intended to enhance the Bank's efficiency and facilitate an expedient and seamless customer experience by effectively connecting the various elements of the Bank. The Bank is in the process of upgrading its information technology platform to establish a more advanced digital banking platform to meet the growing needs of its customers. The state of the art core banking system, together with the Bank's planned enhancement of its digital banking platform, is intended to improve the overall experience of the Bank's customers.

Continue to Strengthen Risk and Governance Framework. The Bank will continue to enhance its various risk monitoring and management tools to improve its risk management capabilities and the quality of its loan portfolio by continuing to (i) improve its credit policies and credit approval procedures, (ii) implement risk management control tools, including, among others, a centralized credit management information system that allows it to standardize credit risk detection, quantification and management and (iii) strengthen internal controls and legal compliance by standardizing internal policies and procedures in accordance with legal and regulatory requirements with a view to establish a comprehensive internal control system.

Attracting, Developing and Retaining Talent. A key to the Bank's success is its ability to attract, retain, train and develop talented and experienced professionals. The Bank plans on enhancing its human resource management to meet its business needs and growth plan. It will also continue to provide its employees with training and development programs through the EastWest Bank Academy to enhance their professional knowledge and experience. In addition, the Bank plans to incentivize performance by implementing an employee stock option plan. The Bank believes that its commitment to facilitating the career development of and providing incentives for its employees enables it to attract and retain skilled personnel and develop a high quality banking team.

Sugar Business Strategy

In the sugar business, the Group plans to complete the expansion of the Sugar Subsidiaries' milling and refining capacity, focus on cost efficiency and improve its human resources management.

Complete Modernization and Expansion Program. PSIIC has completed the first phase of its plant rehabilitation, modernization and expansion program, including the construction of a refinery at CSCC, which commenced commercial operations in CY2013–14. The plan to further increase the combined milling and refining capacity of DSCC and CSCC is being held in abeyance until measures to counter the effects of tariff reduction under AFTA and ASEAN integration are in place. For the meantime, efforts will be concentrated on improving

cost efficiency and productivity through a combination of reengineering, process improvements, increased automation, improved maintenance procedures and training.

Augment Supply. The Group plans to continue increasing PSHC's sugar production and capacity utilization by expanding PSHC's sugarcane supply from both independent farmers as well as its own corporate farms. In particular, PSHC will seek to enhance its partnerships with farmers to encourage them to improve their farm's productivity and to plant sugarcane on agricultural land which is currently not being used for sugarcane production. In addition to granting of low interest crop loans, PSHC's farmer assistance programs include technical advice and providing planting materials free of charge for expansion areas and 50% subsidy for existing farms if replanted with new high yielding varieties.

Develop Human Resources. PSHC is also focused on supporting its growth by expanding and improving its human resources. PSHC plans to implement a development program primarily focused on strengthening its sales and marketing department in anticipation of increasing sugar supplies. PSHC plans to leverage this stronger organizational platform to further increase its sales particularly among industrial users and customers outside Southern Mindanao.

Hotel Operations Strategy

The Group intends to grow its recently established hospitality business through FHI and FHC.

Continue to Diversify Income Streams. The Group intends to continue to develop hospitality projects through FHC and FHI, its joint venture with AIPL. For its future hospitality projects, the Group intends to implement hotel management practices that are modelled on AIPL's and its affiliates' past successes in the hospitality sector. The Group plans to develop hospitality projects through its various real estate subsidiaries either on a stand-alone basis or to complement the Group's mixed used developments.

Power Generation Strategy

The Group has re-entered the power generation business in the Philippines to further diversify its business.

Capitalize on Favourable Industry Dynamics. The Group is seeking to capitalize on ongoing deregulation in the power market. The Philippines power market is undergoing continuing reforms pursuant to EPIRA, which has allowed private enterprises to benefit from favourable market conditions. As economic growth in the Philippines has increased demand for electricity, wholesale electricity prices in the Philippines have risen. The Group has re-entered the power generation business at an opportunistic time, as the Group believes that wholesale pricing is likely to continue to increase for the foreseeable future. The commercial operation of the Wholesale Electricity Spot Market ("WESM") and the implementation of the Retail Competition and Open Access ("RCOA") provide opportunities that will help maximize the benefits of operating the power projects.

The Group is seeking to capitalize on ongoing market changes in the power industry as outlined in the EPIRA. The EPIRA has paved the way for private enterprises to play a major role in generation and supply. This is especially attractive given the strong economic performance of the Philippines which has driven demand for electricity in turn propelling the price in the WESM. The RCOA will allow customers to choose their electricity supplier. The DOE foresees that this new market will promote true competition, improved efficiency and customer choice.

Participate in the Government's Privatization of Power Generation Assets. The Group is seeking to gain market share in the power generation industry by participating in the privatization of the Government's power generation assets and Independent Power Producer Administrators ("IPPAs"). IPPAs are independent entities that administer the power purchase agreements of Napocor with independent power producers ("IPPs"). The Group, through FDC's wholly-owned subsidiary FDCUI, is closely monitoring the development in the Government's plans for privatization of its power generation assets and has been conducting due diligence in advance to prepare for future rounds of bidding.

Niche Marketing, and Strategic Partnerships. The Group plans to develop projects where it believes it has a competitive advantage in terms of the cost and quality. The Group plans to grow its power generation capacity through both the development of greenfields and strategic acquisitions. It intends to utilize the incentives offered under the Renewable Energy Law on the development of hydropower and other environmentally-friendly energy resources. FDCUI expects to continue establishing partnerships with indigenous people, local communities and local government units ("LGUs") of each location of the proposed projects to ensure unimpeded construction and development.

ITEM 2. PROPERTIES

Filinvest Development Corporation

The Parent Company developed a residential condominium in Bonifacio Global City, Taguig City, Metro Manila and a hotel in Mactan Island, Cebu.

The Beaufort
FDC launched a premier residential condominium in Bonifacio Global City, Metro Manila in 2007 under the Filinvest Premiere Brand. The condominium is located on a lot adjacent to the Manila Golf Club Two luxury residential towers rising atop a six-level banking podium, with a total of 41 stories and between four and six residential units per floor. The Beaufort is designed by an international team of architects and interior decorators led by Arquitectonica, Texeira Design, Inc., DQA Environmental Design and Integrated Lighting Design. Construction of the East and West Tower was completed in 2014.

Crimson Resort and Spa, Mactan
FDC has developed a hotel complex which was completed in 2010. The CRSM, owned and operated by SRI, comprises 39 buildings on 60,000 sq.m. of land at Seascapes Resort Town. In addition to the main club building, which houses the amenities and facilities of the hotel, the design includes 20 single-story buildings to house 134 garden suites, eight two-story buildings to house 116 deluxe rooms, 11 buildings to house 40 villas, each of which has a private entry and pantry and either a private plunge pool or private terrace. The CRSM, which has a total of 290-room keys, is registered with the BOI under Tourism activities, which entitles the project to incentives including a six-year corporate income tax holiday and exemption from import duties.

2.1 Land Bank

Tthe Group has invested in properties situated in what the Group believes are prime locations across the Philippines for existing and future housing and land development projects. It is important for the Group to have access to a steady supply of land for future projects. In addition to directly acquiring land for future projects, the Group has also adopted a strategy of entering into joint venture arrangements with land owners for the development of raw land into future project sites for housing and land development projects to reduce the capital expenditures for land and to substantially reduce the financial holding costs resulting from owning land for development.

Under the joint venture agreements, the joint venture partner contributes the land free from any lien, encumbrance, tenants or informal settlers and the Group undertakes the development and marketing of the products. The joint venture partner is allocated either the developed lots or the proceeds from the sales of the units based on pre-agreed distribution ratio.

Potential land acquisitions and participation in joint venture projects are evaluated against a number of criteria, including the attractiveness of the acquisition price relative to the market, the suitability or the technical feasibility of the planned development. The Group identifies land acquisitions and joint venture opportunities through active search and referrals.

As of December 31, 2015, the Group had a land bank of approximately 2,421 hectares of raw land for the development of its various projects, including approximately 265 hectares of land under joint venture agreements, which the Group's management believes is sufficient to sustain at least several years of development and sales.

Details of the Group's raw land inventory as of December 31, 2015 are set out in the table below (area in hectares).

Location	Company Owned	Under Joint Ventures	Total	% to Total
Luzon				
Metro Manila	50	-	50	2.1%
Rizal	833	9	842	34.8%
Bulacan	237	-	237	9.8%
Pampanga	-	59	59	2.4%
Tarlac	-	-	-	0.0%
Cavite	365	89	454	18.8%
Laguna	293	2	295	12.2%
Batangas	148	42	190	7.8%
Sub-total	**1,924**	**201**	**2,160.3**	**87.8%**

Location	Company Owned	Under Joint Ventures	Total	% to Total
Visayas				
Cebu	14	38	52	2.1%
Bacolod	68	-	68	2.8%
Dumaguete	2	-	2	0.1%
Sub-total	**84**	**38**	**122**	**5.0%**
Mindanao				
General Santos	100	-	100	4.1%
Cagayan de Oro	3	-	3	0.1%
Davao	46	26	71	2.9%
Sub-total	**148**	**26**	**173**	**7.2%**
Total	**2,157**	**265**	**2,421**	**100.0%**
% to Total	**89.1**	**10.9**	**100.0%**	

In July 2015, FLI including its subsdiaries and affiliates won the bidding for the acquisition of 19.20-hectare lot in Cebu's South Road Properties. The property will be developed and owned by FLI together with CPI, FAI and other strategic partners.

In September 2015, FLI won the bid for the right to own the 55% of the Joint Venture Company with the BCDA that will be tasked to develop, market, manage and lease the first phase of Clark Green City. The first phase refers to 288 hectares of land that will form part of the new mixed use metropolis rising in Northern Luzon adjoining Clark Freeport Zone and Clark International Airport.

The Group does not intend to acquire properties for the next 12 months except as needed in the ordinary course of business.

2.2 Current Development Projects

The following table sets out FLI's projects with ongoing housing and/or land development or marketing as of December 31, 2015:

Category / Name of Project	Location
SOCIALIZED	
Belleview Meadows	Tanza, Cavite
Belmont Hills	Gen. Trias, Cavite
Belvedere Townhomes	Tanza, Cavite
Blue Isle	Sto. Tomas, Batangas
Castillion Homes	Gen. Trias, Cavite
Melody Plains	San Jose del Monte, Bulacan
Mistral Plains	Gen. Trias, Cavite
Sandia Homes Ph 1	Tanauan, Batangas
Southern Heights	San Pedro, Laguna
Sunny Brooke	Gen. Trias, Cavite
AFFORDABLE	
Sunrise Place	Tanza, Cavite
Sunrise Place Mactan	Mactan, Cebu
Aldea del Sol	Mactan, Cebu
Aldea Real	Calamba, Laguna

'Alta Vida Expansion	San Rafael, Bulacan
Alta Vida Prime	San Rafael, Bulacan
Amare Homes	Tanauan, Batangas
Amarilyo Crest	Taytay, Rizal
Anila Park	Taytay, Rizal
Anila Park Townhomes	Taytay, Rizal
Austine Homes	Pampanga
Bluegrass County	Sto. Tomas, Batangas
Brookside Lane	Gen. Trias, Cavite
Claremont Village	Mabalacat, Pampanga
Ocean Cove 2	Davao City
Crystal Aire	Gen. Trias, Cavite
East Bay Palawan	Puerto Princesa, Palawan
Fairway View	Dasmarinas, Cavite
Futura Homes – San Pedro	San Pedro, Laguna
Futura Homes – Mactan	Mactan, Cebu
La Brisa Townhomes	Calamba, Laguna
Meridian Place	Gen. Trias, Cavite
Palmridge	Sto. Tomas, Batangas
Parkspring	San Pedro, Laguna
Primrose Hills	Angono, Rizal
Primrose Townhomes	Angono, Rizal
Raintree Prime Residences	Dasmarinas, Cavite
Savannah Fields	Gen. Trias, Cavite
Sommerset Lane	Tarlac City
Springfield View	Tanza, Cavite
Summerbreeze Townhomes	Sto. Tomas, Batangas
The Glens at Park Spring	San Pedro, Laguna
The Peak	Taytay, Rizal
The Residences @ Castillon Homes	Tanza, Cavite
The Villas	Taytay, Rizal
Tierra Vista	San Rafael, Bulacan
Valle Dulce Ph1	Tanza, Cavite
Villa Alegre	Calamba, Laguna
Villa Mercedita	Davao City
Villa Montseratt 1D	Taytay, Rizal
Villa Montseratt 3C	Taytay, Rizal
Villa Montseratt Expansion	Taytay, Rizal
Westwood Mansion Expansion	Tanza, Cavite
Westwood Place	Tanza, Cavite
Woodville	Gen. Trias, Cavite
MIDDLE-INCOME	
Amalfi Oasis	South Road Properties, Cebu
Ashton Fields	Calamba, Laguna
Asiana Oasis	Paranaque, Metro Manila

'Bali Oasis 1	Pasig City, Metro Manila
Bali Oasis 2	Pasig City, Metro Manila
Capri Oasis	Pasig City, Metro Manila
Corona Del Mar	Talisay, Cebu
Fora	Tagaytay
Eight Spatial	Maa, Davao
Escala (La Constanera)	Talisay, Cebu
Filinvest Homes - Butuan	Butuan, Agusan Del Norte
Filinvest Homes- Tagum	Tagum City, Davao
Fuente de Villa Abrille	Davao City
Hampton Orchards	Bacolor, Pampanga
Highlands Pointe	Taytay, Rizal
La Mirada of the South	Binan, Laguna
Manor Ridge at Highlands	Taytay, Rizal
Maui Oasis	Sta. Mesa, Manila
Montebello	Calamba, Laguna
NorthviewVillas	Quezon City
Nusa Dua (Residential)	Tanza, Cavite
Ocean Cove	Davao City
One Oasis Cagayan de Oro	Cagayan de Oro City
One Oasis Cebu	Mabolo, Cebu City
One Oasis Davao	Davao City
One Oasis Ortigas	Pasig City, Metro Manila
One Spatial	Pasig City, Metro Manila
One Spatial Iloilo	Iloilo
Orange Grove	Davao City
Princeton Heights	Molino, Cavite
Sanremo Oasis	South Road Properties, Cebu
Somerset Lane, Ph 2	Tarlac City
Sorrento Oasis	Pasig City, Metro Manila
Southpeak	San Pedro, Laguna
Spring Country	Batasan Hills, Quezon City
Spring Heights	Batasan Hills, Quezon City
Studio 7	Quezon City
Studio A	Quezon City
Studio City	Filinvest Corporate City, Alabang
Studio Zen	Pasay City, Metro Manila
Tamara Lane (formerly Imari)	Caloocan City
The Enclave at Filinvest Heights	Quezon City
The Enclave at Highlands Pointe	Taytay, Rizal
The Glades	Timberland Heights, San Mateo, Rizal
The Levels	Filinvest Corporate City, Alabang
The Linear	Makati City

The Pines	San Pedro, Laguna
The Terraces Ph 1B & Ph 2	Taytay, Rizal
The Tropics	Cainta, Rizal
Villa San Ignacio	Zamboanga City
Vinia Residences & Versaflats	Edsa, Quezon City
Viridian at Southpeak	San Pedro, Laguna
West Palms	Puerto Princesa, Palawan
HIGH-END	
Arista	Talisay, Batangas
Bahia	Talisay, Batangas
Banyan Crest	San Mateo, Rizal
Banyan Ridge	San Mateo, Rizal
Brentville International	Mamplasan, Binan, Laguna
Enclave Alabang	Muntinlupa City
Fortune Hill	San Juan City
Highlands Pointe	Taytay, Rizal
Kembali Arista	Samal Island, Davao
Mission Hills - Sta Sophia	Antipolo, Rizal
Mission Hills - Sta. Catalina	Antipolo, Rizal
Mission Hills - Sta. Isabel	Antipolo, Rizal
Orilla	Talisay, Batangas
Prominence 2	Mamplasan, Binan, Laguna
Sunshine Place	Mamplasan, Binan, Laguna
The Arborage at Brentville Int'l	Mamplasan, Binan, Laguna
The Meridien	Mamplasan, Binan, Laguna
The Ranch	San Mateo, Rizal
The Signature	Quezon City
Village Front	Mamplasan, Binan, Laguna
Woodmore Spring A	Mamplasan, Binan, Laguna
LEISURE - FARM ESTATES	
Forest Farms	Angono, Rizal
Mandala Residential Farm	San Mateo, Rizal
Nusa Dua	Tanza, Cavite
LEISURE PRIVATE MEMBERSHIP CLUB	
Timberland Sports and Nature Club	San Mateo, Rizal
LEISURE - RESIDENTIAL RESORT DEVELOPMENT	
Kembali Coast	Samal Island, Davao
Laeuna De Taal	Talisay, Batangas
Veranda Resort Condominiums	Samal Island, Davao

INDUSTRIAL/COMMERCIAL	
Filinvest Technology Park	Calamba, Laguna
The Mercado	Taytay, Rizal
CONDOTEL	
100 West	Makati City
Grand Cenia Hotel & Residences	Cebu City
The Leaf	San Mateo, Rizal

On-going developments of the abovementioned projects are expected to require additional funds but FLI believes that it will have sufficient financial resources for these anticipated requirements, both from debt financing and generation from operations.

In 2016, FLI intends to retain its dominant position as the leader in MRB projects by launching three (3) new projects nationwide and two (2) additional buildings of existing projects, with an estimated sales value of P 2.3 billion. This will bring the Company's total MRB projects to 25 (excluding condotel). These new MRB projects are part of the total P14.4 billion estimated sales value of new projects slated for launch by FLI in 2016.

Aside from the MRB's, FLI has pipelined 12 horizontal residential projects with an estimated revenue of about P7.2 billion and 2 high-rise buildings (mixed-use) with an estimated sales value of P4.9 billion.

In 2015, FLI launched the following new MRB/HRB and horizontal projects, and additional buildings/phases of its existing projects with estimated sales value of ₱12.53 billion.

Horizontal	
Meridian Place	Gen. Trias, Cavite
Futura Homes Mactan	Mactan, Cebu
Enclave Alabang	Daang Hari
Savannah Fields	Gen. Trias, Cavite
Sandia Homes	Batangas
Princeto Phase 3	Molino, Cavite
MRB	
One Spatial Iloilo	Manduarriao, Iloilo
One Spatial Bldg 5	Pasig City
One Spatial Bldg 56	Pasig City
8 Spatial Davao Bldg 2	Davao City
8 Spatial Davao Bldg 3	Davao City
Sorrento Bldg O	Pasig City
Fora	Tagaytay
Veranda Resort Condos	Samal Davao
Dumaguete Spatial	Dumaguete
Umi Garden	South Road Properties, Cebu
HRB	
Studio 7	Quezon City

Banking and Financial Services

The Bank's head office is located in East West Corporate Center, The Beaufort, Fort Bonifacio Global City, Taguig City, Philippines. The Bank believes all its facilities and properties are currently in good condition. As of date of this report, there are no liens or encumbrances on any of the properties of EastWest. The Bank may consider encumbering some of its properties as part of its normal supplementary funding operations. The Bank will continue to reconfigure the mix of its branches and adjusts to the needs of its customers.

For the years ended December 31, 2015 and 2014, the total rentals of the Group charged to operations amounted to ₱738.1 million and ₱ 629.3 million, respectively.

Sugar

Milling and Refining Facilities

The annual sugarcane harvesting period in Mindanao generally begins during the dry season in November and ends in April the following year. Once sugarcane is harvested, farmers in the vicinity of the mills are responsible for transporting the harvest directly to the mills, generally by truck. PSHC grants certain subsidies to assist most of its contract farmers with their transportation costs. PSHC monitors and coordinates harvesting and transportation operations among farmers to achieve an orderly and uninterrupted schedule of cane supply to its sugar mills. At the beginning of each milling season, PSHC surveys the size of the farmers' crops and organizes the farmers' harvesting and supply schedules, amounts of sugarcane delivered and payments through an electronic database. Data is gathered for PSHC's entire production process, including data relating to sugarcane supply and PSHC's factory operations.

The tables below set out PSHC's harvested area and sugarcane yield for each of its mills. Sugarcane yield is the amount of sugarcane per 10,000 sq.m. of harvested area.

	Harvested Area (10,000 sq. m.)		
	CY 2012-13	CY 2013-14	CY 2014-15
Mill			
DSCC	11,978	11,354	10,120
CSCC	10,466	11,067	9,375
Total	22,444	22,421	19,495
	Sugarcane yield (MT/10,000 sq. m.)		
	CY 2012-13	CY 2013-14	CY 2014-15
Mill			
DSCC	49	42	47
CSCC	50	39	44
Average PSHC	50	40	45

Each of DSCC and CSCC has on-site packaging, distribution capabilities and inventory storage facilities. Each mill operates on the basis of three eight-hour shifts during the milling season. Once every two weeks, the mills are shut down for 16 hours to allow for cleaning of the evaporators.

Factory Equipment

DSCC owns and operates one sugar mill and one refinery. The sugar mill equipment includes the following: cane preparation equipment (cane knives and shredder), three four-roller mills and one five-rollermill, boiling house equipment (heaters, clarifiers, vacuum filters, evaporators, vacuum pans, crystallizers and centrifugals), turbo generators, two boilers and other accessories. The refinery equipment includes the following: melters, affination centrifugals, talo-clarifiers, deep-bed filters, ion-exchange decolorization equipment, refinery evaporator, vacuum pans, crytallizers, centrifugals, a dryer and cooler and other accessories. Steam and electricity are provided by three units of bagasse-fired steam boilers and three units of turbo generators.

CSCC owns and operates one sugar mill and a refinery. The sugar mill equipment includes the following: cane preparation equipment (cane knives and shredder), three four-roller mills and two five-roller mills, boiling house equipment (heaters, clarifiers, vacuum filters, evaporators, vacuum pans, crystallizers and centrifugals), four turbo generators, two boilers and other accessories. The refinery equipment includes the following: melters, affination centrifugals, clarifiers, pressure filters, ion-exchange decolorization equipment, refinery evaporator, vacuum pans, crystallizers, centrifugals, a dryer and cooler and other accessories. Steam and electricity are provided by three units of bagasse-fired steam boilers and three units of turbo generators.

Properties

The following table lists land owned and leased by the other Sugar Subsidiaries:

Sugar Subsidiary	Area (sq. m.)
DSCC	
Mill site compound	539,000
CSCC	
Mill site compound	222,000
Truck yard and access road	391,000
Other	120,000
HYSFC	
Proposed office site	49,000
Total	1,321,000

HYSFC has development agreements for a total area of 1,521 hectares with various landowners remaining as of CY 2014-15 after a management decision to drop low yielding and high cost areas. Other reductions are expired agreements that were not renewed by the landowner or renewal not pursued due to unfavourable location. The agreements are generally based on a fixed annual payment from HYSFC to the landowners with terms ranging from 10 years to 15 years. HYSFC develops these areas into sugarcane farms.

Hotel Operations

Currently, the Group has full scale operations in 3 properties located in Cebu, Mactan and Muntinlupa City, covering a total gross floor area of 69,599 square meters.

Its maiden project Seascapes Resort Inc, or the brand Crimson Resort and Spa Mactan is a deluxe five star property with 290 rooms, 40 of which are one-bedroom villas with their own pools. Its main recreational facilities are its swimming pool and beachfront. It has four (4) food and beverage outlets and 2 ballrooms, Coral and The Hall which can cater to a total of 400 persons all at the same time.

Quest Hotel and Conference Center, located in the heart of Cebu City, is a three-star standard city hotel with 427 condotel rooms. It has one (1) all-day dining restaurant catering to the breakfast needs of guests and meeting requirements. Small meetings and conferences can be hosted in its 10 meeting rooms for a total of 400 persons capacity. Not only does Quest provide for the business related needs of guests, it also has a swimming pool for recreation.

Entrata Hotel Services, Inc. or the brand Crimson Filinvest City Manila is a deluxe property with 345 rooms offered to guests. Strategically located in Alabang, Muntinlupa City right across the Festival Supermall. It has a total of three (3) food and beverage outlets with Café 8 as the all-day dining while the Deck Bar is a highlight among its recreational facilities being located at near the swimming pool. Its ballroom can accommodate events with as much as 350 participants and supported by six (6) other smaller meeting rooms.

Power

FDCUI, through FDC Misamis, is developing a 405 MW clean coal thermal power plant in Mindanao. Off-take agreements for 283 MW with 17 distribution utilities and 1 industrial customer in Mindanao are already in place and an additional 39 MW are still being negotiated.

The proposed power plant is being constructed inside the 3,000 hectare PHIVIDEC Industrial Estate in Villanueva, Misamis Oriental and will be connected to the new Villanueva Substation. The 84.4-hectare plant site is located approximately 500 meters from the proposed 300 hectare steel plant of JFE Steel Corporation, a subsidiary of the Philippine Sinter Corporation, which is anticipated to be the biggest locator in the PHIVIDEC Industrial Estate.

FDC Misamis signed in November 2012 a 25-year lease contract with PHIVIDEC Industrial Authority (PIA) which is exclusive of a three (3) year construction period.

With construction in full swing, FDC Misamis expects to complete the project by 2016. FDC Misamis has secured final approval for several power supply agreements from the Energy Regulatory Commission and provisional approval for its other contracts. It has also finalized coal supply contracts for the power plant's fuel requirements. Aside from the said activities, FDC Misamis has been continuously undertaking community relations related activities for the host communities and concerned barangays affected by the project as well as undertaking various environmental compliances set out by the National Government. FDCUI has also been awarded by the Power Sector Assets and Liabilities Management Corporation (PSALM Corp.), through a competitive selection process, the administration of the 40 strips of energy (equivalent to 40 MW) of the Unified Leyte Geothermal power plants in Tongonan, Leyte and the 100 MW output of the Mindanao I and II (Mt. Apo 1 and 2) Geothermal Power Plants in Kidapawan City, North Cotabato.

To further strengthen its market presence and increase competitive advantage over existing power industry players, FDCUI is actively participating in the government's privatization of power generation assets and Independent Power Producer Administrators ("IPPAs") and exploring potential renewable energy projects to add in its pipeline of power projects.

Investment in foreign securities

The Company does not have any investment in foreign securities.

Investment Properties

FLI's acquisition and construction of major assets and equity interests involved four strategic investment properties, namely: Festival Supermall, PBCom Tower, Northgate Cyberzone and EDSA Transcom Building. Please refer to Item 1 for a detailed discussion of these properties.

Rentals

Real Estate

In December 2012, FLI purchased from FDC the parcel of land located in San Juan City which was previously being leased as its head office. FLI is also renting spaces for its sales offices in Quezon City, Rizal, Pampanga, Tarlac, Puerto Princesa City, , Davao City, Butuan, Tagum, Cagayan de Oro, and Zamboanga City. The terms of the leases are usually for one year, and thereafter, the terms of the lease shall be on a month-to-month basis or upon the option of both parties, a new contract is drawn. FLI does not intend to acquire properties for the next 12 months except as needed in the ordinary course of business.

Banking and Financial Services

The Bank also leases several premises occupied by its branches with annual escalation of 5% to 10% and for periods ranging from 5 to 15 years, renewable upon mutual agreement of both parties. EW has 433 branches as of December 31, 2015 including its rural bank branches. For the years ended December 31, 2015 and 2014, the total rentals of the Banking Group charged to operations amounted to P738.1 million and P629.3 million, respectively.

The Group does not intend to acquire properties for the next 12 months except as needed in the ordinary course of business.

ITEM 3. LEGAL PROCEEDINGS

The Group is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. However, the Group does not believe that any such lawsuits or legal actions will have a significant impact on the financial position or result of operations of the Group. Noteworthy are the following cases involving the Company and its subsidiaries, FLI and PSHC:

a. *FLI vs. Abdul Backy, et al.*
G.R. No. 174715
Supreme Court

This is a civil action for the declaration of nullity of deeds of conditional and absolute sales of certain real properties located in Tambler, General Santos City covered by free patents and executed between FLI and the plaintiff's patriarch, Hadji Gulam Ngilay. The Regional Trial Court ("RTC") of Las Piñas City (Br. 253) decided the case in favor of FLI and upheld the sale of the properties. On appeal, the Court of Appeals rendered a decision partly favorable to FLI but nullified the sale of some properties involved. FLI filed a petition for review on certiorari to question that portion of the decision declaring as void the deeds of sale of properties covered by patents issued in 1991. The Supreme Court affirmed the decision of the Court of Appeals but declared with finality that FLI's purchase of sales patents issued in 1991 was void and ordered the Ngilays to return ₱14,000,000.00 to FLI. The Regional Trial Court issued Writ of Execution dated February 16, 2015. FLI is currently having the judgment executed.

b. *Emelita Alvarez, et al. vs. FDC*
DARAB Case No. IV-RI-010-95
Adjudication Board, Department of Agrarian Reform

On or about March 15, 1995 certain persons claiming to be beneficiaries under the Comprehensive Agrarian Reform Program (CARP) of the National Government filed an action for annulment/cancellation of sale and transfer of titles, maintenance of peaceful possession, enforcement of rights under CARP plus damages before the Regional Agrarian Reform Adjudicator, Adjudication Board, Department of Agrarian Reform. The property involved, located in San Mateo, Rizal, was purchased by FDC from the Estate of Alfonso Doronilla. A motion to dismiss is still pending resolution.

c. *Republic of the Philippines vs. Rolando Pascual, et al.*
Civil Case No. 7059
Regional Trial Court

The National Government through the Office of the Solicitor General filed suit against Rolando Pascual, Rogelio Pascual, and FLI for cancellation of title and reversion in favor of the Government of properties subject of a joint venture agreement between the said individuals and FLI. The Government claims that the subject properties covering about 73.33 hectares are not alienable and disposable being forest land. The case was dismissed by the RTC of General Santos City (Br. 36) on November 16, 2007 for lack of merit. The Office of the Solicitor General has appealed the dismissal to the Court of Appeals. On February 18, 2016, the Court of Appeals has issued a resolution denying our motion for reconsideration of its decision dated March 23, 2015. FLI is in preparation to file petition for review with the Supreme Court.

d. *Antonio E. Cenon and Filinvest Land, Inc. vs. San Mateo Landfill, Mayor Jose Rafael Diaz, Brgy. Pintong Bukawe, Director Julian Amador and the Secretary, Department of Environment and Natural Resources*
Civil Case No. 2273-09

On February 9, 2009, FLI filed an action for injunction and damages against the respondents to stop and enjoin the construction of a 19-hectare landfill in a barangay in close proximity to Timberland Heights in San Mateo, Rizal. FLI sought preliminary and permanent injunctive reliefs and damages and is seeking the complete and permanent closure of the dump site. Plaintiff rested their case and filed their Formal of Evidence. Defendant San Mateo landfill filed a Demurrer to Evidence, to which Plaintiffs filed their Commont/Opposition, to which Defendant San Mateo Landfill filed its Reply, to which Plaintiffs filed their Rejoinder on November 27, 2015. Meanwhile, on November 3, 2015, Plaintiffs filed a Motion to Expunge from the Records the separate Demurrer to Evidence of Defendant Mayor for being filed beyond the period given by the Court.

e. *Coca-Cola Bottlers Philippines, Inc. vs. Pacific Sugar Holdings Corporation*
Civil Case No. 10-1067
RTC Makati City, Br. 146

On October 28, 2010, Coca-Cola filed a civil case against Pacific Sugar Holdings Corporation (PSHC) demanding the amount of ₱347,410,104.66 allegedly representing damages sustained by Coca-Cola due to the supposed failure by PSHC to deliver certain bags of sugar products. PSCH accordingly filed its Answer on April 13, 2011 to refute the claims of Coca-Cola. Plaintiff Coca-Cola has finished presenting its evidence. PSHC has presented its evidence and has one to two remaining witnesses.

f. *Euroversal Properties, Inc. vs. Filinvest Development Corporation*
Civil Case No. CV-ORD 2015-87
Regional Trial Court
Branch 21, Cagayan de Oro City

In 2013, FDC entered into a Contract to Sell with Euroversal Properties, Inc. ("EPI") for the purchase of land with an area of 156,371 square meters in Phividec Industrial Estate – Misamis Oriental. EPI represented that six certificates of title were missing and that they will have these reconstituted. The original titles surfaced, however, and it was discovered that the properties were already sold or leased to third persons. With the discovery of the fraud and misrepresentation, FDC registered its adverse claim as an encumbrance on the titles. EPI subsequently filed a petition for the cancellation of these adverse claims. FDC filed an answer with counterclaims and a request for the issuance of writ of preliminary attachment, praying that EPI be ordered to comply with its obligations under the contract or alternatively, to pay FDC the amount of ₱73,500,000 plus interest, and actual or compensatory damages in the amount of ₱50,709,475.41, among other damages, which FDC incurred as a result of complying with the Contract and litigating its claims. FDC's request for the issuance of a writ of preliminary attachment is being heard.

The Company is not aware of any other information as to any other legal proceedings known to be contemplated by government authorities or any other entity.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5.1 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Cash Dividends

On May 30, 2014, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱511.5 million or ₱0.0549 per share to shareholders of record as of June 26, 2014, payable on July 16, 2014.

On May 15, 2015, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱465.9 million or ₱0.0500 per share to shareholders of record as of June 10, 2015, payable on July 2, 2015.

The payment of cash dividends depends upon the Company's earnings, cash flow, financial condition, capital investment requirements and other factors (including certain restrictions on dividends imposed by the terms of loan agreements). Pursuant to the loan agreements entered into by the company and certain financial institutions, the Company needs the lenders' prior consent in cases of cash dividend declaration.

Market Price Information

The Shares are traded on the PSE under the symbol "FDC." The Shares were listed on the PSE on December 22, 1982. The high and low sales prices for the Shares as reported on the PSE for each quarter in 2013, 2014 and 2015 were as follows:

	High	Low	Period End
2013			
First Quarter	6.32	4.63	5.80
Second Quarter	6.99	4.30	5.94
Third Quarter	5.10	4.08	4.57
Fourth Quarter	4.49	4.00	4.40
2014			
First Quarter	5.34	4.16	5.00
Second Quarter	5.14	4.50	4.76
Third Quarter	4.89	4.45	4.72
Fourth Quarter	4.75	4.28	4.32
2015			
First Quarter	4.92	4.25	4.55
Second Quarter	4.62	2.26	4.52
Third Quarter	4.50	2.70	4.00
Fourth Quarter	4.55	3.60	4.40

As of December 31, 2015 and February 29, 2016, the closing price of the Company's shares on the PSE was ₱4.40 per share and ₱ 4.80 per share, respectively. The number of shareholders of record (exclusive of treasury) as of December 31, 2015 and February 29, 2016 were 4,171 and 4,167, respectively. Total common shares issued and outstanding as of December 31, 2015 were 9,319,872,387 and 9,317,473,987, respectively.

Top 20 Stockholders
As of December 31, 2015

	Shareholders	Class of Securities	No. of Shares held	% to Total Outstanding
1	A.L. Gotianun, Inc. (formerly ALG Holdings Corporation)	Common	8,219,373,036	88.21%
2	PCD Nominee Corp. (Filipino)	Common	913,712,971	9.81%
3	Michael Edward T. Gotianun	Common	47,131,422	0.51%
4	Andrew Gotianun, Sr. &/or Mercedes T. Gotianun	Common	33,697,190	0.36%
5	PCD Nominee Corp. (Non-Filipino)	Common	33,399,584	0.36%
6	Ricardo Alonzo	Common	28,627,534	0.31%
7	Mercedes T. Gotianun	Common	3,796,472	0.04%
8	Joseph M. &/or Lourdes Josephine G. Yap	Common	2,817,311	0.03%
9	Helen Reyes	Common	2,692,544	0.03%

	Shareholders	Class of Securities	No. of Shares held	% to Total Outstanding
10	Emily Benedicto	Common	2,466,400	0.03%
11	H. K. Hedinger	Common	2,023,508	0.02%
12	Santiago Go	Common	1,707,066	0.02%
13	Executive Optical, Inc.	Common	1,023,556	0.01%
14	Dennis G. Baguyo	Common	800,000	0.01%
15	AMA Rural Bank of Mandaluyong, Inc.	Common	616,600	0.01%
16	Lino Sy	Common	616,600	0.01%
17	Manuel Benipayo	Common	527,141	0.01%
18	Salud Borromeo	Common	501,655	0.01%
19	Francisco Benedicto	Common	493,280	0.01%
20	Edan Corporation	Common	387,224	0.00%
			9,296,411,094	99.77%

Recent Sale of Unregistered Securities

There are no securities sold by the Company in the past three (3) years, which were not registered under the Code.

ITEM 5.2 BOND ISSUANCES

On January 24, 2014, FDC issued and listed Php8,800.0 million unsecured fixed-rate peso retail bonds due 2024 with annual coupon rate of 6.1458%. Interest is payable quarterly in arrears starting April 24, 2014. Net proceeds from the bonds amounted to ₱8,754.9 million of which portion was used for refinancing amounting to ₱4,877.1 million and the balance was used for the capital expenditures of the Hotel and Power operations, as shown below:

I. Proceeds	
Gross proceeds	₱8,800.0
Net proceeds	8,754.9
II. Utilization	
Refinancing of debt obligations	4,877.1
Capital expenditures for:	
Hotel projects	321.5
Power project	3,556.3
III. Balance as of December 31, 2015	₱ -

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

RESULTS OF OPERATIONS

Year ended December 31, 2015 compared with year ended December 31, 2014

Revenues and Other Income

Real Estate Operations

Sale of Lots, Condominium and Residential Units and Club Shares

Sale of lots, condominium and residential units and club shares which reached ₱16,005.8 million in 2015 from ₱14,093.7 million in 2014 registered an increase of 13.6% or ₱1,912.1 million on account of (i) sustained robust real estate sales with the middle-income projects (inclusive of MRBs and HRBs) as the major contributor; and (ii) higher sales of commercial lots in Filinvest City.

Mall and Rental Revenues

Mall and rental revenues grew by 12.5% or ₱368.6 million from ₱2,952.8 million in 2014 to ₱3,321.4 million in 2015 at the back of higher rental revenues generated by CPI from Northgate Cyberzone (Filinvest City) buildings particularly from the full occupancy of "Plaza E" and partial occupancy of newly completed buildings in 2015, namely "Filinvest Two" and "Filinvest Three" as well as the Filinvest Cebu Cyberzone Tower 1.

Other income — real estate operations
Other income from real estate operations was lower by 4.7% or ₱86.1 million from ₱1,817.2 million in 2014 to ₱1,731.1 million in 2015 due to amortization of deferred income in 2014.

Financial and Banking Services

Net Interest Income

Financial and Banking Services Interest Income
The Group's interest income from financial and banking services climbed by 23.9% or ₱2,734.6 million from ₱11,435.7 million in 2014 to ₱14,170.3 million in 2015. The increase came from the growth in customer loans, as the Bank remains focused in increasing its consumer and middle market corporate loans. Consumer loans grew by 38% led by auto loans and salary loans to public school teachers, while corporate loans grew by 18% which pertain mostly to middle market sector.

Costs of Financial and Banking Services
Costs of financial and banking services went up by 38.6% or ₱571.1 million from ₱1,477.7 million in 2014 to ₱2,048.8 million in 2015 merely due to strong growth in deposits and other borrowings.

Net Interest Income
Net interest income increased by 21.7% or ₱2,163.5 million from ₱9,958.0 million in 2014 to ₱12,121.5 million in 2015 ascribed to the double-digit growth in lending which allowed EW to continue to enjoy its industry leading net interest margin of 8.0%, which is about more than two times higher than industry average.

Other Income — Financial and Banking Services
Other income from financial and banking services was lower by 13.5% or ₱620.2 million from ₱4,596.3 in 2014 to ₱3,976.2 million in 2015 because of the decrease in trading and securities gain, as the Bank took advantage of the favorable market conditions during the first half of last year.

Sugar Operations

Sugar Sales
The Group's sugar sales rose to ₱2,512.4 million in 2015 from ₱2,362.9 million in 2014, up by 6.3% or ₱149.5 million, mainly attributed to higher sugar selling prices.

Other Income — Sugar
Other income from sugar operations decreased by 21.8% or ₱17.4 million from ₱79.9 million in 2014 to ₱62.5 million in 2015 primarily due to lower income from sales of scrap and conversion rights.

Hotel Operations – Hotel Revenues and Other Income
Hotel revenues escalated by 15.6% or ₱173.9 million from ₱1,112.2 million in 2014 to ₱1,286.1 million in 2015 and other income went up by 2.5% from ₱2.8 million to ₱2.9 million. The increase in hotel revenues and other income was driven by higher occupancy rate of CRSM and CFCM at 80% and 59%, respectively, compared to previous year's occupancy rate at 72% and 45%, respectively.

Power Generation Operations - Power Revenues and Other Income
Power revenues and other income soared to ₱6,210.3 million in 2015 from ₱104.5 million in 2014 primarily due to full-year operations in 2015 of the Unified Leyte and Mt. Apo 1 and 2 geothermal power plants. The power plants were turned over to the Group on December 26, 2014.

Costs

Costs of Sale of Lots, Condominium and Residential Units and Club Shares
Costs of sale of lots, condominium and residential units and club shares increased by 6.6% from ₱8,195.1 million in 2014 to ₱8,733.5 million in 2015 on account of higher sales booked during the current year.

Costs of Mall and Rental Services
Costs of mall and rental services went up from ₱282.5 million in 2014 to ₱456.7 million in 2015, an increase of 61.7% or ₱174.2 million basically due to increase in mall operating expenses and adjustment in depreciation in 2014.

Costs of Financial and Banking Services
Costs of financial and banking services was accounted for under net interest income in the "Revenues and Other Income".

Costs of Sugar Sales
Costs of sugar sales remained almost flat at ₱1,830.2 million in 2015 compared with ₱1,844.7 million in 2014 in spite of higher sales in 2015. Sugar selling prices increased in 2015.

Costs of Hotel Operations
Costs of hotel operations was higher by 6.6% or ₱24.4 million from ₱368.0 million in 2014 to ₱392.4 million in 2015 at the back of higher business volume due to improvement in occupancy rates of the hotels, as mentioned in the preceding section.

Costs of Power Generation
Costs of power amounted to ₱5,445.7 million which mainly pertained to the Unified Leyte and Mt. Apo 1 and 2 geothermal power plants' full-year operations in 2015.

Expenses

Real Estate Operations

Expenses incurred from real estate operations increased by 6.1% or ₱225.3 million from ₱3,682.6 million in 2014 to ₱3,907.9 million in 2015 primarily due to the increase in interests and other financial charges as a result of higher level of debt, with bonds issued in December 2014 and August 2015 to finance various projects.

Financial and Banking Services Operations

The increase in expenses of the financial and banking sector by 11.4% or ₱1,398.4 million from ₱12,254.3 million in 2014 to ₱13,652.7 million in 2015 was attributable to (i) increase in taxes and licenses, depreciation and amortization, rental, manpower and infrastructure-related expenses associated with the expansion in business and branch store network; and (ii) the increase in provision for credit losses driven mainly by credit cards, personal loans and auto loans.

Sugar Operations
Sugar operating expenses shrank to ₱193.6 million in 2015 from ₱238.2 million in 2014, a decrease of 18.7% or ₱44.5 million due to lower interest expense, depreciation, taxes and licenses and other expenses.

Hotel Operations
Expenses incurred from hotel operations went up by 14.1% or ₱94.6 million from ₱669.0 million in 2014 to ₱763.6 million in 2015 on account of higher administrative expenses, taxes and licenses and other expenses related with higher business volume brought about by increase in occupancy rates, as aforementioned.

Power Generation Operations
Expenses increased by 423.0% or ₱664.0 million from ₱157.0 million in 2014 to ₱821.0 million in 2015 primarily because of higher manpower services, depreciation, and full-year interest expense on IPP Administrator contract.

Others
Other operating expenses were higher by 18.3% or ₱153.1 million from ₱836.8 million in 2014 to ₱989.9 million in 2015 primarily due to higher interest expense and finance charges as a result of higher level of debt.

Provision for Income Tax

Provision for income tax increased by 44.8% or ₱753.6 million from ₱1,682.1 million in 2014 to ₱2,435.7 million in 2015. Provision for current income tax went up by 19.6% or ₱292.1 million as a result of higher taxable income while provision for deferred income tax increased by 240.4% or ₱461.5 due to capitalization of interest expense and other temporary differences of financial and taxable income.

Net Income

As a result of the foregoing, the Group's net income increased by 13.1% or ₱812.9 million from ₱6,217.4 million in 2014 to ₱7,030.3 million in 2015.

FINANCIAL CONDITION

As at December 31, 2015 Compared with As at December 31, 2014

As of December 31, 2015, total consolidated assets stood at ₱419,546.8 million, while total liabilities and total equity amounted to ₱322,494.8 million and ₱97,051.9 million (including minority interest of ₱24,741.4 million), respectively. The year-end (long-term) debt-to-equity ratio was 1.04:1.00. Long-term debt of ₱100,636.2 million as of December 31, 2015 was higher by 33.8% or ₱25,425.3 million than the ₱75,211.0 million long-term debt level as of end-2014.

Assets
Total assets grew by 22.2% or ₱76,222.8 million from ₱343,323.9 million to ₱419,546.8 million as of end-2015.

Cash and cash equivalents was higher by 44.0% or ₱16,459.5 million from the end-2014 balance of ₱37,416.8 million to ₱53,876.3 million as of December 31, 2015. The increase in this account came from EW's of growth in deposits and from the remaining proceeds of loans availed by the Group to be used as funds for the development of existing and new projects.

Loans and receivables of the financial and banking services segment surged by 28.0% or ₱31,294.1 million from ₱111,633.8 million to ₱142,927.9 million driven by high growth in consumer and corporate loans.

Receivables arising from the real estate operations climbed by 12.0% or ₱2,920.6 million from ₱24,306.0 million to ₱27,226.6 million attributed primarily to additional booked sales during the year. Several attractive financing schemes are being offered by the Group to the market to further increase its sales.

Receivables from the sugar operations increased by 12.3% or ₱13.4 million from ₱108.9 million to ₱122.3 million due to additional advances granted to sugar planters to enable them to increase their sugar cane harvest.

Receivables from the power generation operations decreased by 43.9% or ₱968.8 million from ₱2,207.6 million to ₱1,238.8 million due to lower level of advances to contractors.

Receivables from the hotel operations was higher by 41.9% or ₱69.7 million from ₱166.3 million to ₱236.0 million due to increase in advances to suppliers.

Financial assets at fair value through profit or loss slightly increased by 3.5% or ₱358.1 million from ₱10,182.7 million to ₱10,540.8 million, while financial assets at fair value through other comprehensive income was lower by 7.1% or ₱11.3 million from ₱159.2 million to ₱147.9 million which primarily resulted from the revaluation of market prices of securities.

Investment securities at amortized cost decreased by 47.5% or ₱4,177.0 million from ₱8,794.9 million to ₱4,617.9 million due to the maturity and sale of various government securities in line with the Bank's balance sheet business model.

Subdivision lots, condominium and residentials units for sale expanded by 7.2% or ₱1,911.7 million from ₱26,565.1 million to ₱28,476.9 million because of new projects launched during the year.

Sugar and molasses inventories increased by 39.3% or ₱93.2 million from ₱237.4 million to ₱330.6 million due to higher level of sugar and molasses inventories as of reporting date.

Land and land development increased by 8.5% or ₱2,079.8 million from the 2014 year-end balance of ₱24,485.5 million to ₱26,565.3 million mainly due to acquisition of rawland for development, including the South Road properties at Cebu City.

Investment properties and property and equipment rose by 11.9% and 103.2%, respectively, attributable to: (i) additional construction costs of new buildings in Northgate Cyberzone and Filinvest Cebu Cyberzone; (ii) Festival Supermall expansion and renovation; (iii) EW's expansion of business and infrastructure; and (iv) additional capital expenditures for the on-going construction of coal plant of FDCUI.

Investment in joint venture of ₱473.9 million primarily pertains to EW's investment in EWAL.

Deferred tax assets went up by 18.3% or ₱273.7 million from ₱1,495.4 to ₱1,769.1 million because of EW's additional provision for general loan losses, net of write-off, during the period.

IPP Administrator rights declined by 12.1% or ₱1,138.6 million from ₱9,393.7 million to ₱8,255.1 million, because of the amortization of IPPA intangible asset for the period.

Other assets which reached ₱15,347.6 million posted a growth of 34.5% or ₱3,938.0 million on account of additional input taxes, advances to suppliers and contractors, various deposits, and construction costs of the non-current assets acquired in relation to BTO Agreement with the Government of Cebu.

Liabilities

Total liabilities went up by 27.1% or ₱68,815.9 million from ₱253,679.0 million as of December 31, 2014 to ₱322,494.8 million as of December 31, 2015.

Deposit liabilities hiked by 25.9% or ₱33,977.3 million from ₱130,992.0 million to ₱164,969.1 million due to increase in deposit taking activities coming from branch expansion.

Bills and acceptances payable shrank by 42.2% or ₱2,244.1 million from ₱5,317.7 million to ₱3,073.5 million as a result of EW's lower volume of interbank and other borrowings as funding were obtained from other sources.

Accounts payable and accrued expenses went up by 35.6% or ₱8,908.4 million from ₱25,001.7 million to ₱33,910.1 million with the increase in customers' deposits, registration deposits, retention fees and contractors' payable.

Liability on IPP Administrator contract decreased by 9.1% or ₱849.9 million from ₱9,296.2 million to ₱8,446.3 million because of monthly payments to PSALM.

Income tax payable increased by 63.6% from ₱346.8 million to ₱567.3 million due to higher current income tax expense in excess of the creditable withholding taxes.

Short-term and long-term debt amounted to a total of ₱103,382.3 million, higher than the 2014 year-end balance of ₱75,561.0 million by 36.8% or ₱27,821.4 million. The increase was at the back of FLI's issuance of fixed-rate bonds with an aggregate principal amount of ₱8.0 billion in August 2015 and the Group's availments of bank loans to finance the ongoing projects and developments of the Group.

Deferred tax liabilities increased by 13.7% or ₱982.3 million from ₱7,163.9 million to ₱8,146.2 million merely on account of additional capitalized borrowing costs of long term loans and other temporary differences in financial and taxable income.

Equity

Cash dividends were declared by the Parent and its subsidiary, FLI out of their respective unappropriated retained earnings. On May 15, 2015, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱465.9 million or ₱0.05 per share for every common share payable on July 2, 2015 to stockholders of record as of June 10, 2015. On the other hand, on May 8, 2015, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.056 per share for all shareholders of record as of June 5, 2015.

The Group had commitments for capital expenditures for the project developments of the real estate segment, the requirement of the sugar manufacturing subsidiaries, the development and construction of power plant and other utility projects, the intended construction and management of various hotels, and the bank's expansion and implementation of IT projects, which could be adequately covered by the operating cash flow and availment of medium and long term loans.

Performance Indicators

	As of And For The Year Ended December 31, 2015		As of And For The Year Ended December 31, 2014	
Earnings per share (basic) Net Income (Attributable to Equity Holders of the Parent) Weighted Average Number of Outstanding Shares	₱0.469	/share	₱0.402	/share
Price Earnings Ratio Closing Price Earnings Per Share	9.38	Times	10.75	Times
Return on Revenue Total Net Income Total Revenue	14%		16%	
Return on Equity Total Net Income Average Total Equity	8%		7%	
Assets to Equity Ratio Total Assets Total Equity	4.32: 1		3.83 : 1	

	As of And For The Year Ended December 31, 2015		As of And For The Year Ended December 31, 2014	
Debt to Equity Ratio				
a) Long-term Debt / Total Equity	1.04 : 1		0.84: 1	
b) Total Liabilities excluding deposit liabilities and bills and acceptances payable / Total Equity	1.50 : 1		1.20 : 1	
Current Ratio				
a) Including EW Current Assets / Current Liabilities	0.98 : 1		1.14 : 1	
b) Excluding EW Current Assets / Current Liabilities	2.98 : 1		3.03 : 1	
Quick Ratio Current Assets – Inventories / Current Liabilities	1.23 : 1		1.11 : 1	
EBITDA to Total Interest Expense EBITDA / Total Interest Expense	8.56	Times	8.37	Times

Earnings per share (EPS) for 2015 was ₱0.469, higher by 16.7% than the 2014 EPS of ₱0.402 on account of higher net income. Price earnings (PE) ratio was at 9.38 times as of December 31, 2015, lower than 10.75 times PE ratio of end-2014 despite an increase in stock price, as a result of a proportionally higher increase in EPS.

Notes to Financial Statements and Other Disclosures

1. The attached consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS). The accounting policies and methods of computation followed in the financial statements for the year ended December 31, 2015 are the same as those followed in the annual financial statements of the Company for the year ended December 31, 2014.

2. Except for the sugar business, the operating activities of the Company are carried out uniformly over the calendar year. The sugar milling season of the Company's sugar subsidiaries is usually from November to June of the following year. Except for this milling season, there are no other unusual operating cycles or seasons during the year.

3. Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operation, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current period. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

4. There are no changes in estimates of amounts reported in the previous period that have material effects in the current period.

5. Except for those discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no issuances, repurchases and repayments of debt and equity securities.

6. There were no other dividends paid (aggregate or per share) separately for ordinary shares and other shares during the current period, except as discussed in the previous sections.

7. The Company derives its revenues from the following reportable segments:

   Real estate involves acquisition of land, planning and development of large-scale fully integrated residential and commercial communities; development and sale of residential and commercial lots and the development and leasing of retail and office space and land; construction and sale of residential housing and condominiums and office buildings; development of farm estates, industrial and business parks; operation of cinema and mall; and property management.

   Banking and financial services involves commercial banking operations, including savings and time deposits in pesos and foreign currencies; commercial mortgage and agribusiness loans; payment services, fund transfers, international trade settlements and remittances from overseas workers; trust and investment services including portfolio management, unit funds, trust administration and estate planning; and safety deposit facilities.

   Sugar operations involves operation of agricultural lands for planting and cultivating farm products, operation of a complete sugar central for the purpose of milling or converting sugar canes to centrifugal or refined sugar and selling of sugar.

   Hotel operations involves operation of hotels, including management of resorts, villas, service apartment and other services for the pleasure, comfort and convenience of guests in said establishments under its management.

   Power generation operations involves the establishment, construction, operation of power plants and supply of power to offtakers and also includes management of power plants' output under the IPP Administration contracts.

   Other operations pertain to other operations of the Group including CWSI and FDCI. FDCI was incorporated to facilitate the Group's issuance of foreign currency denominated bonds while CWSI was incorporated to provide maintenance, operation, management and rehabilitation of waterworks sewerage and sanitation system and services specifically for the distribution, supply and sale of potable water to domestic, commercial and industrial

   Financial information on the operations of these business segments as of and for the years ended December 31, 2015 and 2014 are summarized and included in the accompanying Notes to Consolidated Financial Statements.

8. Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no material events subsequent to December 31, 2015 up to the date of this report that have not been reflected in the financial statements for the current period.

9. There have been no changes in the composition of the Company during the current period, such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations, except as discussed in the Developments of the Company and Management's Discussion on its Results of Operations.

10. There are no changes in contingent liabilities or contingent assets since December 31, 2015.

11. There are no material contingencies and any other events or transactions affecting the current period.

12. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

13. There are no known material off-balance sheet transactions, arrangements, obligations including contingent liabilities, and other relationships of the Company, with unconsolidated entities or other persons created during the reporting period.

14. There are no significant elements of income or loss, except as discussed in the Management's Discussion on the Results of Operations that did not arise from the Company's continuing operations.

15. There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

16. Aside from the possible material increase in interest rates on the outstanding floating – rate term loans, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of the Group within the next 12 months. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments or any significant amount in its accounts payable that have not been paid within the stated terms.

Year ended December 31, 2014 compared with year ended December 31, 2013

Revenues and Other Income

Real Estate Operations

Sale of Lots, Condominium and Residential Units and Club Shares

Sale of lots, condominium and residential units and club shares went up by 11.5% to ₱14,093.7 million in 2014 from ₱12,638.0 million in 2013, mainly attributable to higher sales of MRBs & HRBs, other middle-income projects and affordable housing. FLI's sale of MRBs and HRBs increased by 20.9% year-on-year, while sale of other middle-income projects and affordable housing increased by 37.4% and 20.5% respectively.

Mall and Rental Revenues

Mall and rental revenues increased by 11.2% to ₱2,586.8 million in 2014 from ₱2,326.4 million in 2013 primarily due to higher rental income of CPI from Northgate Cyberzone buildings resulting from higher take up rate of "Filinvest One" and "Plaza E" in 2014. FLI currently operates 14 buildings and is completing construction of three more office buildings, "Filinvest Two" and "Filinvest Three" at Northgate Cyberzone and Filinvest Cebu Cyberzone Tower 1, which will increase its office portfolio to 274,971 sq.m.

Other income — real estate operations
Other income from real estate operations went up by 41.6% to ₱2,182.2 million in 2014 from ₱1,541.3 million in 2013, due to higher interest income derived from contract receivables, higher processing fees, and amortization of deferred income in 2014.

Financial and Banking Services

Net Interest Income

Financial and Banking Services Interest Income
The Group's interest income from financial and banking services jumped by 16.3% to ₱11,435.7 million in 2014 from ₱9,828.7 million in 2013 on account of increase in customer loans, with increase of 20.6% in interest income from loans and receivables, largely driven by higher consumer lending.

Costs of Financial and Banking Services
Costs of financial and banking services increased in lower rate by only 7.8% to ₱1,477.7 million in 2014 from ₱1,370.7 million in 2013 primarily due to strong growth in core low-cost deposits, and other borrowings.

Net Interest Income
Net interest income increased by 17.7% to ₱9,958.0 million in 2014 from ₱8,458.0 million in 2013 as a result of the double digit growth in interest income and lower growth rate in interest expense.

Other Income — Financial and Banking Services
Other income from financial and banking services was slightly lower by 3.7% to ₱ 4,596.3 million in 2014 from ₱4,772.3 million in 2013 due to lower trading and securities gain, as the Bank took a conservative position until end of 2014, on account of market volatility.

Sugar Operations

Sugar Sales
The Group's sugar sales was lower by 12.2% to ₱2,362.9 million in 2014 compared to ₱2,691.8 million in 2013 primarily due to lower sales volume in 2014 attributable to the decline in sugarcane production as a result of unfavourable climate conditions. For CY2013–14, the supply of sugarcane milled reached 908 thousand MT compared to 1,118 thousand MT milled in CY2012–13, which resulted to decrease in sugar production to 1.838 million bags in 2014 from 2.163 million bags in 2013.

Other Income – Sugar
Other income from sugar operations increased by 24.3% to ₱79.9 million in 2014 from ₱64.3 in 2013 mainly due to miscellaneous income derived from sale of conversion rights.

Hotel Operations – Hotel Revenues and Other Income
The Group's hotel revenues and other income improved by 13.0% to ₱1,115.0 million in 2014 from ₱986.5 million in 2013 due mainly to additional hotel revenues generated by the newly opened hotel, Crimson Alabang, which formally started its commercial operations in March 2013.

Power Generation Operations - Power Revenues and Other Income
The Group's power revenues and other income amounted to ₱104.5 million in 2014 on account of revenues from Unified Leyte and Mt. Apo 1 and 2 geothermal power plants which were turned over to the Group on December 26, 2014.

Other Operations - Other Income
The Group's other income from other operations decreased by ₱40.6 million due mainly to the gain on repurchase of bonds in 2013.

Costs

Costs of Sale of Lots, Condominium and Residential Units and Club Shares
Costs of sale of lots, condominium and residential units and club shares was higher by 22.1% to ₱8,195.1 million in 2014 compared to ₱6,709.4 million in 2013 primarily due to higher volume of sales booked during the current period as well as the increased share of sales of MRBs and HRBs which historically has carried relatively lower profit margins.

Costs of Mall and Rental Services
Costs of mall and rental services declined to ₱173.9 million in 2014 from ₱397.1 million in 2013 or by 56.2% primarily on account of lower mall expenses and adjustment in depreciation.

Costs of Financial and Banking Services
Costs of financial and banking services was accounted for under net interest income in the "Revenues and Other Income".

Costs of Sugar Sales
Costs of sugar sales was lower by 14.0% to ₱1,844.7 million in 2014 from ₱2,144.6 million in 2013 on account of decrease in sales volume.

Costs of Hotel Operations
Costs of hotel operations was higher by 4.8% at ₱368.0 million in 2014 from ₱351.2 million in 2013 due to increase in hotel revenues and additional cost this year attributable to the Crimson Alabang, as mentioned in the preceding section.

Cost of Power
Cost of power of ₱85.5 million in 2014 was on account of the cost related to the Unified Leyte and Mt. Apo 1 and 2 geothermal power plants, as mentioned in the preceding section.

Costs of Other Operations
Costs of other operations increased by 31.7% due mainly to full-year financing costs incurred in 2014 compared to 9-month financing costs in 2013, as the bonds were issued by FDCI on April 2, 2013.

Expenses

Real Estate Operations

The Group's real estate operations expenses increased by 14.8% to ₱3,791.2 million in 2014 from ₱3,303.1 million in 2013. This was due to higher repairs and maintenance, business taxes and licenses, salaries and wages, rental, transportation and outside services; offset by decrease in communications, light and water, insurance, provision for doubtful accounts, and office supplies recorded for the current

period. Selling and marketing expenses went up due to increase in broker's commission, service fees, sales office direct cost and other sales generation expenses as a result of increasing sales volume and activities.

Financial and Banking Services Operations

The Group's financial and banking services expenses increased by 13.0% to ₱12,254.3 million in 2014 from ₱10,843.7 million in 2013, as the full effect of the branch expansion in 2013 and branch stores opened in 2014 have reflected on expenses. Compensation and fringe benefit was higher by 10.7% in connection with EW's expansion of business lines and establishment of new branches. Taxes and licenses, depreciation and amortization, rent, and miscellaneous expenses increased by 12.7%, 16.4%, 16.0% and 17.4%, respectively, on account of the EW's business expansion. EW's provision for impairment and credit losses increased on account of the growth in consumer loans, particularly credit cards and personal loans.

Sugar Operations
The Group's sugar operations expenses increased by 14.2% to ₱238.2 million in 2014 from ₱208.6 million in 2013 attributable mainly to higher taxes and licenses.

Hotel Operations
The Group's hotel operations expenses increased by 6.4% to ₱669.0 million in 2014 from ₱629.0 million in 2013 primarily due to full year operations of Crimson Hotel Alabang. The higher business volume, which led to an increase in overhead expenses such as payroll, general and administrative expenses, sales and marketing, and utilities. Crimson Hotel Alabang opened in March 2013.

Power Generation Operations
The Group's power generation operations expenses increased by 99.0% to ₱157.0 million in 2014 from ₱78.9 million in 2013 primarily due to higher personnel costs brought about by additional employees hired given the increased level of activity for the Misamis Oriental project, professional fees, travel, utilities and outside services, depreciation and amortization, and bid fees.

Other Operations
The Group's other operations expenses increased by 66.0% to ₱836.8 million in 2014 from ₱504.0 million in 2013 on account of higher interest expense attributable to local bonds issued by the Parent Company in January 2014.

Provision for Income Tax

Provision for current income tax increased by 21.5% to ₱1,490.1 million in 2014 from ₱1,226.3 million in 2013, primarily due to higher taxable income. Provision for deferred income tax declined by 18.8% to ₱192.0 million in 2014 from ₱236.4 million in 2013, arising from increase in deferred tax liability from capitalized borrowing costs.

Income Before Income Tax and Net Income

The Group's income before income tax remained stout at ₱7.9 billion in 2014 and 2013. Net income, on the other hand, was slightly lower by 3.7% to ₱6,217.4 million in 2014 from ₱6,457.2 million in 2013 due primarily to higher income tax, as explained in the preceding section.

FINANCIAL CONDITION

As at December 31, 2014 Compared with As at December 31, 2013

As of December 31, 2014, total consolidated assets stood at ₱343,323.9 million, while total equity and total liabilities amounted to ₱89,645.0 million (including minority interest of ₱21,473.9 million) and ₱253,679.0 million, respectively. The year-end (long-term) debt-to-equity ratio was 0.84:1.00. Long-term debt of ₱75,211.0 million as of December 31, 2014 was higher by ₱16,117.9 million or 27.3% than the ₱59,093.0 million long-term debt level as of end-2013.

Assets

Total assets grew by ₱72,560.0 million or 26.8%, from ₱270,764.0 million to ₱343,323.9 million as of year-end 2014.

Cash and cash equivalents increased by ₱6,620.6 million or 21.5% from ₱30,796.2 million as of December 31, 2013 to ₱37,416.8 million as of December 31, 2014 attributable to higher cash level of EW due to a growth in deposits and from LTNCD Series 2 and LTNCD Series 3 issuances in 2014.

Loans and receivables of the financial and banking services jumped by ₱24,135.0 million or 27.6% from ₱87,498.8 million to ₱111,633.8 million primarily due to the growth in both consumer lending and corporate lending receivables.

Loans and receivables of the real estate operations grew by ₱5,275.4 million or 27.7% from ₱19,030.5 million to ₱24,306.0 million which primarily came from additional booked sales during the period. Several attractive financing schemes are being offered by the Group to its real estate buyers to further increase sales.

Loans and receivables of sugar operations was slightly lower by ₱3.9 million or 3.5% from ₱112.8 million to ₱108.9 million mainly due to lower level of advances to sugar planters and suppliers.

Loans and receivables of hotel and power generation operations went up by ₱2,309.8 million from ₱64.1 million to ₱2,373.9 million which were attributable to increase in advances to contractors and suppliers, and trade receivables arising from the accrued income generated by the geothermal power plant of Unified Leyte and Mt. Apo 1 and 2.

Financial assets at fair value through profit or loss (FVTPL) increased to ₱10,182.7 million from ₱1,948.7 million or by ₱8,234.0 million as a result of acquisitions of held-for-trading government securities and private bonds.

Financial assets at fair value through other comprehensive income was higher by 16.1% from ₱137.2 million to ₱159.2 million primarily due to increase in market value of quoted securities.

Investment securities at amortized cost declined slightly by 3.2% from ₱9,080.3 million to ₱8,794.9 million largely due to various sales by EW in 2014 to improve its capital position under the Basel III capital adequacy requirements.

Subdivision lots, condominium and residentials units for sale increased slightly by 1.3% from ₱26,236.8 million to ₱26,588.6 million because of residential projects launched in 2014.

Sugar and molasses inventories increased by ₱73.6 million or 45.0% to ₱237.4 million from ₱163.8 million due to higher level of materials, supplies and unsold sugar and molasses inventories as of reporting date.

Land and land development of ₱24,485.5 million was lower by 4.4% than the 2013 year-end balance of ₱25,622.9 million, mainly due to transfer of some rawland to real estate inventories, offset by newly acquired rawland for land banking.

Investment properties and property and equipment grew by 18.9% and 66.1%, respectively, due to (i) additional construction costs of Vector Buildings, Filinvest One, Two & Three buildings, Megablock, and Plaza A to E; (ii) FSI mall expansion; (iii) EW's aggressive expansion of business line and growth in branches; and (iv) incurred construction costs and materials of coal plant of FDCUI.

Deferred tax assets increased by 13.2% or ₱174.1 million from ₱1,321.3 to ₱1,495.4 million due to increase in deferred tax related to advance rentals, higher provision for accruals and NOLCO.

IPP Administrator rights in the amount of ₱9,393.7 million as of December 31, 2014 (nil as of December 31, 2013) represent intangible assets computed based on the present value of the fixed monthly payment to PSALM in relation to the IPP Administration contract of the output of Mt. Apo 1 and 2 geothermal power plants.

Other assets rose by ₱3,402.5 million or 42.6% from ₱7,983.6 million to ₱11,386.1 million. The increase substantially came from 1) additional input vat from purchase of goods and services and payment of consultancy fees; 2) EW's additional branch licenses, capitalized computer software, deposits, returned cash and other cash items; 3) higher derivative assets and 4) FLI's additional other noncurrent assets acquired in relation to BTO agreement with the Province of Cebu.

Liabilities

Total liabilities increased by ₱67,600.3 million or 36.3% from ₱186,078.7 million as of December 31, 2013 to ₱253,679.0 million as of December 31, 2014.

Deposit liabilities stretched to ₱130,991.8 million from ₱95,128.7 million or by ₱35,863.1 million or 37.7%. Savings deposits and time deposits increased by 1.6% and 67.2%, respectively. The higher growth in time deposits as against the combined growth in demand and savings deposits was primarily due to EW's general strategy of branch expansion during the period. LTNCDs increased by 47.0% primarily due to EW's LTNCD Series 2 and LTNCD Series 3 issuances in 2014.

Bills and acceptances payable went up by 61.7% from ₱3,288.9 million to ₱5,317.7 million primarily due to increase in borrowings from banks.

Accounts payable and accrued expenses increased by 19.5% from ₱20,923.0 million to ₱25,001.7 million due to (i) EW's higher level of accrued taxes, interest and other expenses, and increase in the cashier's checks, demand draft payable and other liabilities; and (ii) FDCUI's payables to contractors.

Financial liability on IPP Administrator contract of ₱9,296.2 million as of December 31, 2014 (nil as of December 31, 2013) represent the liability related to the IPP Administrator rights (intangible asset), computed based on present value of the fixed monthly payment to PSALM in relation to the IPP Administration contract of the output of Mt. Apo 1 and 2 gethermal power plants.

Income tax payable increased by 6.7% from ₱325.0 million to ₱346.8 million due to higher current income tax expense in excess of the creditable withholding taxes.

Short-term and long-term debt amounted to a total of ₱75,561.0 million, an increase of 26.8% from the end-2013 level of ₱59,593.0 million. The Group received total proceeds of ₱36,629.7 million from additional bank loans and bonds issued to finance the ongoing projects and developments of the Group, while a total of ₱20,638.5 million debt was paid during the year.
Deferred tax liabilities was higher by 5.0% or ₱344.0 million from ₱6,819.9 million to ₱7,163.9 million due to FLI's additional capitalized borrowing costs on long-term loans.

Equity

Cash dividends were declared by the Parent and its subsidiary, FLI out of their respective unappropriated retained earnings. On May 30, 2014, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱511.5 million or ₱0.0549 per share for every common share payable on July 16, 2014 to stockholders of record as of June 26, 2014. On the other hand, on May 9, 2014, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.048 per share for all shareholders of record as of June 6, 2014.

The Group has commitments for capital expenditures for the project developments of the real estate segment, the requirement of the sugar manufacturing subsidiaries, the development and construction of power plant and other utility projects, the intended construction and management of various hotels, and the bank's expansion and implementation of IT projects, which can be adequately covered by the operating cash flow and availment of medium and long term loans.

Performance Indicators

	As of And For The Year Ended December 31, 2014		As of And For The Year Ended December 31, 2013	
Earnings per share (basic)	₱0.40	/share	₱0.46	/share
Net Income (Attributable to Equity Holders of the Parent) / Weighted Average Number of Outstanding Shares				
Price Earnings Ratio	10.75	Times	9.58	Times
Closing Price / Earnings Per Share				

	As of And For The Year Ended December 31, 2014	As of And For The Year Ended December 31, 2013
Return on Revenue Total Net Income / Total Revenue	16%	19%
Return on Equity Total Net Income / Average Total Equity	7%	8%
Assets to Equity Ratio Total Assets / Total Equity	3.83 : 1	3.20 : 1
Debt to Equity Ratio		
a) Long-term Debt / Total Equity	0.84 : 1	0.70 : 1
b) Total Liabilities excluding deposit liabilities and bills and acceptances payable / Total Equity	1.20 : 1	1.03 : 1
Current Ratio		
a) Including EW: Current Assets / Current Liabilities	1.14 : 1	1.11 : 1
b) Excluding EW: Current Assets / Current Liabilities	3.03 : 1	2.91 : 1
Quick Ratio Current Assets – Inventories / Current Liabilities	1.11 : 1	1.02 : 1
EBITDA to Total Interest Expense EBITDA / Total Interest Expense	8.37 Times	11.77 Times

Earnings per share (EPS) was ₱0.40 as of end-2014. Price Earnings ratio at 10.75 times as of December 31, 2014 was higher than end-2013 at 9.58 times: the stock price decreased at a lower rate than the decrease in EPS (₱4.32 per share as of December 31, 2014 versus ₱ 4.40 per share as of December 31, 2013).

Notes to Financial Statements and Other Disclosures

1. The attached consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS). The accounting policies and methods of computation followed in the financial statements for the year ended December 31, 2014 are the same as those followed in the annual financial statements of the Company for the year ended December 31, 2013.

2. Except for the sugar business, the operating activities of the Company are carried out uniformly over the calendar year. The sugar milling season of the Company's sugar subsidiaries is usually from November to June of the following year. Except for this milling season, there are no other unusual operating cycles or seasons during the year.

3. Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operation, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current period. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

4. There are no changes in estimates of amounts reported in the previous period that have material effects in the current period.

5. Except for those discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no issuances, repurchases and repayments of debt and equity securities.

6. There were no other dividends paid (aggregate or per share) separately for ordinary shares and other shares during the current period, except as discussed in the previous sections.

7. The Company derives its revenues from the following reportable segments:

   Real estate involves acquisition of land, planning and development of large-scale fully integrated residential and commercial communities; development and sale of residential and commercial lots and the development and leasing of retail and office space and land; construction and sale of residential housing and condominiums and office buildings; development of farm estates, industrial and business parks; operation of cinema and mall; and property management.

   Banking and financial services involves commercial and banking operations, including generations of savings, current and time deposits in pesos and foreign currencies; commercial mortgage and agribusiness loans; payment services, provision of credit card facilities, fund transfer, international trade settlements and remittances from overseas workers; trust and investment services including portfolio management, unit funds, trust administration and estate planning; and safety deposit facilities.

   Sugar milling operations involves planting and harvesting of sugar cane, milling of canes into raw sugar, conversions of raw sugar into refined sugar and trading of the products.

   Hotel operations involves operation of hotels, including management of resorts, villas, service apartment, and other services for pleasure, comfort and convenience of guests in said establishments under its management.

   Power generation operations involves the establishment, construction, operation and supply of power to offtakers. This segment is still under various stage to include pre-operating, research, development and construction of facilities.

   Other operations pertain to other operations of the Group including CWSI and FDCI. FDCI was incorporated to facilitate the Group's issuance of foreign currency denominated bonds while CWSI was incorporated to provide maintenance, operation, management and rehabilitation of waterworks sewerage and sanitation system and services specifically for the distribution, supply and sale of potable water to domestic, commercial and industrial

   Financial information on the operations of these business segments as of and for the years ended December 31, 2014 and 2013 are summarized and included in the accompanying Notes to Consolidated Financial Statements.

8. Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no material events subsequent to December 31, 2014 up to the date of this report that have not been reflected in the financial statements for the current period.

9. There have been no changes in the composition of the Company during the current period, such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations, except as discussed in the Developments of the Company and Management's Discussion on its Results of Operations.

10. There are no changes in contingent liabilities or contingent assets since December 31, 2014.

11. There are no material contingencies and any other events or transactions affecting the current period.

12. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

13. There are no known material off-balance sheet transactions, arrangements, obligations including contingent liabilities, and other relationships of the Company, with unconsolidated entities or other persons created during the reporting period.

14. There are no significant elements of income or loss, except as discussed in the Management's Discussion on the Results of Operations that did not arise from the Company's continuing operations.

15. There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

16. Aside from the possible material increase in interest rates on the outstanding floating – rate term loans, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of the Group within the next 12 months. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments or any significant amount in its accounts payable that have not been paid within the stated terms.

Year ended December 31, 2013 compared with year ended December 31, 2012

Revenues and Other Income

Real Estate Operations

Sale of Lots, Condominium and Residential Units and Club Shares

Sale of lots, condominium and residential units and club shares increased by 9.1% to ₱12,638.0 million in 2013 from ₱11,579.1 million in 2012, mainly attributable to higher sales of middle income residential projects, largely from High-Rise Buildings (HRBs). FLI's sale of HRBs increased by 125.4% to ₱2,147.8 million in 2013 from ₱953.0 million in 2012, while sale of affordable housing and other middle-income projects increased by 43.8% and 17.1%, respectively.

Mall and Rental Revenues

Mall and rental revenues grew by 9.5% to ₱2,326.4 million in 2013 compared to ₱2,124.9 million in 2012, primarily due to FLI's higher rental revenues generated by CPI from Northgate Cyberzone buildings resulting from higher take-up of Filinvest One in 2013. Other sources of revenue from rental services include the ready-built-factories in Filinvest Technology Park in Calamba, laguna, and commercial and office spaces in Alabang, Muntinlupa City and Makati City.

Other income — real estate operations

Other income from real estate operations increased by 5.8% to ₱1,528.6 million in 2013 from ₱1,444.4 million in 2012, primarily due to higher interest derived from contracts receivable.

Financial and Banking Services

Net Interest Income

Financial and Banking Services Interest Income

The Group's interest income from financial and banking services bagged a 26.8% increase to ₱9,828.7 million in 2013 from ₱7,751.4 million in 2012 primarily due to the 27.6% growth (net of elim) in loans and receivables, driven largely by credit cards, auto loans and corporate lending.

Costs of Financial and Banking Services

Costs of financial and banking services increased by 7.1% to ₱1,801.4 million in 2013 from ₱1,681.2 in 2012 because of the Group's interest on US-Dollar-denominated bonds issued in the second quarter of 2013. Excluding the finance cost of the bonds, interest cost of the Bank decreased by 18.5% to ₱1,370.7 million in 2013 from ₱1,681.2 million in 2012 primarily due to strong growth of low cost funds and the reduction in the cost of term deposits.

Net Interest Income

Net interest income increased by 32.2% to ₱8,027.3 million in 2013 from ₱6,070.2 million in 2012 as a result of the double digit growth in lending coupled with the decline in funding costs. Excluding the finance cost of the US-Dollar-denominated bonds, net interest income increased by 39.3% from ₱6,070.2 million in 2012 to ₱8,458.0 million in 2013.

Other Income — Financial and Banking Services

Other income from financial and banking services rose by 29.2% to ₱4,772.3 million in 2013 from ₱3,695.1 million in 2012. The increase primarily came from higher service charges, fees, commissions and other charges on account of increasing CASA base and consumer loan portfolio which are composed of transactional and service fees. Securities trading gain was 24.7% higher than last year, as the Bank took a conservative position at the back of volatility in the financial markets during the last half of 2013.

Sugar Operations

Sugar Sales

The Group's sugar sales increased by 13.6% to ₱2,691.8 million in 2013 from ₱2,369.3 million in 2012 primarily due to a higher volume of sales in 2013 from the improvement in sugarcane production as a result of favourable climate conditions. For CY2012–13, the supply of sugarcane milled reached 1,117.7 thousand MT, compared to 1,055.9 thousand MT milled in CY2011–12, which resulted in an increase of sugar production to 2.2 million bags in 2013 from 1.9 million bags in 2012.

Other Income — Sugar
Other income from sugar operations decreased by 35.3% to ₱64.3 million in 2013 from ₱99.4 in 2012 mainly due to lower write-off of long outstanding payables in 2013.

Hotel Operations

Hotel Revenues and Other Income
The Group's hotel revenues and other income increased by 39.6% to ₱986.5 million in 2013 from ₱706.8 million in 2012 due to Crimson Mactan's higher occupancy rates and average room rates of 73% and ₱10,965, respectively, in 2013 compared with 67% and ₱10,860, respectively, in 2012. The increase in hotel revenues was also contributed by the revenues generated by the newly opened hotel, Crimson Alabang, which formally started its commercial operations in March 2013.

Costs

Costs of Sale of Lots, Condominium and Residential Units and Club Shares

Costs of sale of lots, condominium and residential units and club shares increased by 7.2% to ₱6,709.4 million in 2013 from ₱6,259.5 million in 2012 primarily due to the increase in sales volume.

Costs of Mall and Rental Services

Costs of mall and rental services increased by 4.7% to ₱397.1 million in 2013 from ₱379.1 million in 2012 primarily on account of higher depreciation. This year's costs of rent included the depreciation of EDSA Transcom Building which started only in the fourth quarter of 2012.

Costs of Financial and Banking Services

Costs of financial and banking services are accounted for under net interest income. See "— Revenues — Financial and Banking Services — Net interest income."

Costs of Sugar Sales

Costs of sugar sales increased by 11.9% to ₱2,144.6 million in 2013 from ₱1,916.5 million in 2012 on account of increase in sales volume.

Costs of Hotel Operations

Costs of hotel operations increased by 52.1% to ₱351.2 million in 2013 from ₱230.9 million in 2012 on account of higher hotel revenues and additional cost this year attributable to the new hotel, Crimson Hotel, Alabang, as mentioned in the preceding section.

Expenses

Real Estate Operations

The Group's real estate operating expenses increased slightly by 0.2% to ₱3,734.9 million in 2013 from ₱3,727.5 million in 2012. This was primarily due to (a) a 7.0% increase in general and administrative expenses to ₱1,987.9 million in 2013 from ₱1,857.2 million in 2012 because of (i) higher business volume and (ii) 12.3% increase in depreciation to ₱194.7 million in 2013 from ₱173.4 million in 2012; and (b) a 7.1% increase in selling and marketing expenses to ₱1,011.0 million in 2013 from ₱943.8 million in 2012 resulting from increase in broker's commission, sales office direct cost and other sales generation expenses as a result of increasing sales volume and activities. The above increase was offset, however, by decrease in interest expense due to higher interest capitalized to projects.

Financial and Banking Services Operations

The Group's financial and banking services operating expenses increased by 39.4% to ₱10,861.5 million in 2013 from ₱7,791.4 million in 2012, primarily due to (a) a 102.4% increase in provision for impairment and credit losses to ₱3,097.6 million in 2013 from ₱1,530.8 million in 2012, as the Bank accelerated loan loss provisions on account of rapid growth in consumer loans, particularly unsecured portfolio of credit cards; and (b) 27.9% increase in depreciation and amortization to ₱717.6 million and increase in rent expense by 32.3%, both on account of the new branch stores that were opened throughout the period; and 35.1% increase in compensation and benefits to ₱2,612.2 million in 2013 from ₱1,934.2 million in 2012, on account of 12.3% increase in headcount, to end 2013 with 4,754 employees from 4,233 last year.

Sugar Operations

The Group's sugar operating expenses increased slightly by 1.8% to ₱208.6 million in 2013 from ₱205.0 million in 2012.

Hotel Operations

The Group's hotel operating expenses increased by ₱374.9 million or 147.6% to ₱629.0 million in 2013 from ₱254.0 million in 2012 primarily due to (a) higher business volume, which led to an increase in utilities, maintenance and credit card charges; (b) increase in selling and marketing expenses as a result of new promotional activities; and (c) the operating expenses of Crimson Hotel Alabang.

Power Generation Operations

The Group's power generation operating expenses increased by 42.7% to ₱78.9 million in 2013 from ₱55.3 million in 2012 primarily due to higher personnel costs brought about by additional employees hired given the increased level of activity for the Misamis Oriental project, training and education, professional and outside services, depreciation and amortization, sponsorships and bid fees.

Provision for Income Tax

Current income tax increased by 22.0% to ₱1,226.3 million in 2013 from ₱1,005.3 million in 2012, primarily due to higher taxable income. On the other hand, provision for deferred income tax decreased by 44.0% due to higher realized gross profit on capitalized interest through cost of sales.

Net Income

As a result of the foregoing, the Group's net income increased by 10.5% to ₱6,457.2 million in 2013 from ₱5,842.9 million in 2012.

FINANCIAL CONDITION

As at December 31, 2013 Compared with As at December 31, 2012

Assets

As of December 31, 2013, total consolidated assets amounted to ₱270.8 billion, total stockholder's equity at ₱84.7 billion (including minority interest) while total liabilities at ₱186.1 billion. The year-end (long-term) debt-to-equity ratio was 0.70:1.00. Total long-term debt as of December 31, 2013 amounted to ₱59.1 billion, higher by ₱16.9 billion compared to ₱42.2 billion as of December 31, 2012.

Total assets grew by ₱30.7 billion, from ₱240.1 billion to ₱270.8 billion as of year-end 2013.

Cash and cash equivalents increased to ₱30.8 billion or 8.6% higher than the December 2012 level of P28.4 billion, coming mainly from the proceeds of FLI bonds issued in November 2013.

Loans and receivables of the financial and banking services jumped by ₱18.9 billion or 27.6%. The Bank remains focused in growing its consumer and mid-market corporate loans. Consumer loans grew by 23.5% from end 2012, at the back of consistent growth in credit cards and auto loans portfolio, as well as salary loans to public school teachers of the rural bank. Large corporate and middle market loans grew 27.8% from end 2012.

Loans and receivables of real estate operations grew by ₱2.4 billion or 14.3% which primarily came from additional booked sales of condominium and residential units of FLI, particularly the middle-income projects mostly from HRBs.

Loans and receivables of sugar operations was lower by ₱54.0 million or 32.4% mainly due to collection of trade receivables.

Loans and receivables of hotel and power generation operations went up by ₱8.1 million or 14.5% mainly from higher receivables from credit cards and authorized customer credits.

Financial assets at fair value through profit or loss (FVTPL) decreased to ₱1.9 billion or by 54.3%. The bank took a conservative position and disposed of a sizable portion of its financial assets at FVTPL.

Financial assets at fair value through other comprehensive income decreased by 13.8% due to FLI's return of investments received from certain shares from an electric power distributor.

Investment securities at amortized cost decreased by 5.6% largely due to the maturity and sale of various government securities and private bonds.

Sugar and molasses inventories decreased by ₱252.2 million or 60.6% to ₱163.8 million from ₱415.9 million, as the sugar milled and refined during the current milling period were almost fully sold as of end of reporting period.

Land and land development costs grew by 18.2% from 2012 year-end balance of ₱21,683.8 million to ₱25,622.9 million, due to FLI's acquisition of parcels of land in Cavite, and in the cities of Pasig, Quezon, Taguig, Valenzuela and Manila.

Investment properties and property and equipment grew by 7.5% and 15.6%, respectively, due to (i) FLI's additional construction costs for Plaza E, Vector 1-3, FLI Edsa Transcom, Filinvest One,Two & Three buildings, Megablock and FLI EDSA Transcom building; (ii) Construction in progress - FSI mall expansion and SRP Land Property account; (iii) EW's aggressive expansion of business line and growth in branches; and (iv) Capital expenditures from newly opened hotel, Crimson Hotel at Filinvest City.

Deferred income tax assets increased by 9.5% or ₱114.1 million at the back of increase in allowance for impairment and credit losses.

Other assets rose by ₱2.1 billion or 36.3%, which substantially came from 1) FLI's additional creditable withholding tax, input vat and various deposits; 2) FDCUI's increase in input vat from purchase of goods and services and payment of consultancy fees; 3) EW's additional branch license and advances to contractors; and 4) FDC's increase in creditable withholding tax.

Liabilities

Total liabilities grew by ₱25.4 billion from ₱160.7 billion as of December 31, 2013 to ₱186.1 billion as of December 31, 2012. This increase was principally due to increase in deposit liabilities and long-term debt.

Deposit liabilities stretched to ₱95.1 billion from ₱87.9 billion or by ₱7.2 billion or 8.2% mainly attributable to the expanded branch store network as reflected in the 27.9% growth of low cost deposits (CASA). High cost deposits (inclusive of LTNCDs) on the other hand increased by only 14.4%. As a result, low cost (CASA) to total deposits ratio improved further to 58%, up from 55% last year.

Bills and acceptances payable decreased by 41.0% mainly as the Bank tapped other sources of funding such as CASA and LTNCD.

Accounts payable and accrued expenses increased by 16.0% due to higher level of payables, retention fee, and customers' deposits.

Deferred tax liabilities went up by 4.8% or ₱314.9 million due to FLI's additional capitalized borrowing costs slightly offset by the realized portions due to sales.

Short-term and long-term debt amounted to a total of ₱59.6 billion from the end-2012 level of ₱42.5 billion. The Group issued during the current year a total of about ₱20.0 billion bonds (offshore and local bonds) and availed of additional bank loans to finance the ongoing projects and developments of the Group.

Equity

Cash dividends were declared by the Parent and its subsidiary, FLI out of their respective unappropriated retained earnings. On May 30, 2013, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱499.5 million or P0.0536 per share for every common share payable on July 17, 2013 to stockholders of record as of June 27, 2013. On the other hand, on May 10, 2013, the BOD of FLI approved the declaration and payment of cash dividend of P0.0478 per share for all shareholders of record as of June 7, 2013.

The Group has no material commitments for capital expenditures, except for the ongoing development of Beaufort Project inside the Bonifacio Global City in Taguig City, project developments of the real estate subsidiaries, expansion and modernization plans of the sugar manufacturing subsidiaries, the planned development of power plant projects, the intended construction and management of various hotels, and the initial expenses necessary for the new branches of the bank subsidiary which expenditures can be adequately covered by the operating cash flow and availment of medium and long term loans.

Performance Indicators

	As of And For The Year Ended December 31, 2013		As of And For The Year Ended December 31, 2012	
Earnings per share (basic) Net Income (Attributable to Equity Holders of the Parent) Weighted Average Number of Outstanding Shares	₱0.46	/share	₱0.44	/share
Price Earnings Ratio Closing Price Earnings Per Share	9.58	Times	11.33	Times
Return on Revenue Total Net Income Total Revenue	19 %		20 %	

	As of And For The Year Ended December 31, 2013	As of And For The Year Ended December 31, 2012
Assets to Equity Ratio Total Assets / Total Equity	3.20 : 1	3.03 : 1
Debt to Equity Ratio		
a) Long-term Debt / Total Equity	0.70 : 1	0.53 : 1
b) Total Liabilities excluding deposit liabilities and bills and acceptances payable / Total Equity	1.03 : 1	0.85 : 1
Current Ratio		
a) Including EW: Current Assets / Current Liabilities	1.26 : 1	1.09 : 1
b) Excluding EW: Current Assets / Current Liabilities	3.84 : 1	2.67 : 1
EBITDA to Total Interest Expense EBITDA / Total Interest Expense	11.77 Times	9.56 Times

Earnings per share was P0.46 while Price Earnings (PE) Ratio was 9.58 times as of end-2013. The increase in EPS was due to higher income attributable to equity holders of the Parent Company, while lower PE ratio was on account of lower closing share price as of December 31, 2013, with the stock closing at ₱4.40 per share in December 2013 versus ₱4.94 per share in December 2012. Return on Revenue was slightly lower while the ratio of EBITDA to Total Interest Expense increased from 9.56 times in 2012 to 11.77 times on account of higher EBITDA in 2013.

Notes to Financial Statements

1. The attached consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS). The accounting policies and methods of computation followed in the financial statements for the year ended December 31, 2013 are the same as those followed in the annual financial statements of the Company for the year ended December 31, 2012.

2. Except for the sugar business, the operating activities of the Company are carried out uniformly over the calendar year. The sugar milling season of the Company's sugar subsidiaries is usually from November to June of the following year. Except for this milling season, there are no other unusual operating cycles or seasons during the year.

3. Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operation, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current period. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

4. There are no changes in estimates of amounts reported in the previous period that have material effects in the current period.

5. Except for those discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no issuances, repurchases and repayments of debt and equity securities.

6. There were no other dividends paid (aggregate or per share) separately for ordinary shares and other shares during the current period, except as discussed in the previous sections.

7. The Company derives its revenues from the following reportable segments:

   Real estate which involves acquisition of land, planning and development of large-scale fully integrated residential and commercial communities; development and sale of residential and commercial lots and the development and leasing of retail and office space and land; construction and sale of residential housing and condominiums and office buildings; development of farm estates, industrial and business parks; operation of cinema and mall; and property management.

   Banking and financial services which involve commercial and banking operations, including generations of savings, current and time deposits in pesos and foreign currencies; commercial mortgage and agribusiness loans; payment services, provision of credit card facilities, fund transfer, international trade settlements and remittances from overseas workers; trust and investment services including portfolio management, unit funds, trust administration and estate planning; and safety deposit facilities.

   Sugar milling operations which involve planting and harvesting of sugar cane, milling of canes into raw sugar, conversions of raw sugar into refine sugar and trading of the products.

   Hotel operations which involve management of hotel suites, villas, food and beverage outlets, resort and banquet facilities, and spa.

   Financial information on the operations of these business segments as of and for the years ended December 31, 2013 and 2012 are summarized and included in the accompanying Notes to Consolidated Financial Statements.

8. Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no material events subsequent to December 31, 2013 up to the date of this report that have not been reflected in the financial statements for the current period.

9. There have been no changes in the composition of the Company during the current period, such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations, except as discussed in the Developments of the Company and Management's Discussion on its Results of Operations.

10. There are no changes in contingent liabilities or contingent assets since December 31, 2013.

11. There are no material contingencies and any other events or transactions affecting the current period.

12. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

13. There are no known material off-balance sheet transactions, arrangements, obligations including contingent liabilities, and other relationships of the Company, with unconsolidated entities or other persons created during the reporting period.

14. There are no significant elements of income or loss, except as discussed in the Management's Discussion on the Results of Operations that did not arise from the Company's continuing operations.

15. There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

16. Aside from the possible material increase in interest rates on the outstanding floating – rate term loans, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of the Group within the next 12 months. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments or any significant amount in its accounts payable that have not been paid within the stated terms.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

SyCip, Gorres, Velayo & Co (SGV) has been the duly appointed independent auditors for the years covered by this report.

FDC, in compliance with SRC Rule 68(3)(b)(iv) relative to the five-year rotation requirement of its external auditors, has designated Ms. Dhonabee B. Seneres as its engagement partner starting CY 2013. Thus, Ms. Seneres is qualified to act as such until year 2018. The representatives of SGV are expected to be present at the annual meeting where they will have the opportunity to make a statement if they desire to do so. They are expected to be available to respond to appropriate questions at the meeting.

There has been no disagreement with FDC's independent accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Audit and Audit-Related Fees

The aggregate fees billed to the Group for professional services rendered by the external auditor for the examination of the annual financial statements amounted to ₱7.5 million and ₱7.2 million, net of VAT in 2015 and 2014, respectively.

In 2015 and 2014, additional fees for other services of external auditor amounted to ₱6.9 million and ₱4.9 million, respectively.

Tax Fees

The fees billed to the Group for tax services amounted to ₱0.5 million and ₱0.2 million, in 2015 and 2014, respectively, for FHI which pertained to tax compliance and advisory.

All Other Fees

There are no other fees billed in each of the last two (2) years for products and services provided by the external auditor, other than the services reported under items mentioned above.

The Audit Committee based on the recommendation by the Internal Audit and management, evaluates the need for such professional services and approves the engagement and the fees to be paid for the services.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following are the Directors and Executive Officers of FDC:

Andrew L. Gotianun, Sr.*
Chairman Emeritus

Mr. Gotianun, 88, Filipino, was the founder of the Filinvest Group of Companies. He was first elected as Director of the Company on April 27, 1973. He was Chairman Emeritus and Director of FLI and EW, both publicly-listed companies, and a Director in FDCUI and its subsidiaries. He was also the Chairman and President of PSHC. He also worked for the Insular Bank of Asia and America from 1980 to 1985 and for Filinvest Credit Corporation from 1970 to 1985. He was a graduate of San Beda College with an Associate Degree in Commercial Science.

**Mr. Andrew L. Gotianun, Sr. passed away on March 10, 2016*

Jonathan T. Gotianun
Chairman of the Board and Director

Mr. Gotianun, 62, Filipino, was first elected as Director of FDC on July 9, 1993. He also serves as Chairman of the Board and Director of FLI and EWBC, both publicly-listed companies. He is the President of DSCC, and CSCC, and Director and Chairman of the Executive Committee of FDCUI and some of its subsidiary power companies. He served as Director and Senior Vice President of Family Bank & Trust Co. ("Family Bank") until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976. He has been a Director of the Company for more than five (5) years.

Lourdes Josephine G. Yap
President, Chief Executive Officer and Director

Mrs. Yap, 60, Filipino, was first elected as Director of FDC on March 30, 1990. She is also a Director, President and Chief Executive Officer of FLI, President of FAI and a Director in FDCUI and EWBC. She is currently a Director in three (3) publicly-listed companies: FDC, FLI and EWBC. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977. She has been President of the Company since 2000.

Mercedes T. Gotianun
Senior Adviser to the Board and Director

Mrs. Gotianun, 87, Filipino, was first elected as a Director of FDC on April 27, 1973. She is also a Director of FLI and served as its Chairman and Chief Executive Officer from 1997 to 2007. She is also a Director of FAI, PSHC, FDCUI and its subsidiary power companies. She was appointed as Senior Adviser to the Board of Directors of the Company on February 16, 2011. She is currently a Director in three (3) publicly-listed companies: FDC, FLI and EWBC. She obtained her university degree from the University of the Philippines.

Andrew T. Gotianun Jr.
Director

Mr. Gotianun, 64, Filipino, was first elected as a Director of FDC on March 31, 1989. He is also a director of FLI, FAI and FDCUI. He is currently a Director in two (2) publicly-listed companies: FDC and FLI. He served as a Director of Family Bank from 1980 to 1984. He has been in realty business for more than sixteen (16) years. He obtained his Bachelor of Science (Major in Accounting) degree from the Republican College. He has been a Director of the Company for over five (5) years.

Jesus N. Alcordo
Director

Mr. Alcordo, 79, Filipino, was first elected as a Director of FDC on May 27, 2011. He is also the Chairman of the Board and Chief Executive Officer of FDCUI. He is an energy sector professional and previously served as Commissioner of the Energy Regulatory Commission (ERC) and as President and CEO of National Power Corporation (Napocor). He also served as Chairman, President and CEO of East Asia Power Resources Corporation. Prior to his appointment as Director of the Company, he was concurrent President of Global Business Power Corporation and Cebu Energy Development Corporation. He obtained his degree of Bachelor of Science in Chemical Engineering from the University of San Carlos in 1961 and is a graduate of the Executive Program in Business Administration by the Columbia University, New York in 1975. He is not serving as a Director of any other publicly-listed company.

Lamberto U. Ocampo
Independent Director

Mr. Ocampo, 90, Filipino, was first elected as a Director of FDC on May 26, 2006. He is also an independent director of FLI, a publicly-listed company. A civil engineer, he served as director of DCCD Engineering Corporation from 1957 to April 2001, its Chairman of the Board from 1993 to 1995, and its President from 1970 to 1992. He obtained his Master's Degree in Engineering from the University of California-Berkeley.

Val Antonio B. Suarez
Independent Director

Mr. Suarez, 56, Filipino, is an independent director of FDC, having been first elected on May 30, 2014. He is the Managing Partner of the Suarez & Reyes Law Offices and was the former President and Chief Executive Officer of The Philippine Stock Exchange. Mr. Suarez is also an independent director of Lepanto Consolidated Mining Company, a publicly-listed company, and a member of the Integrated Bar of the Philippines (Makati Chapter) and New York Bar. He obtained his Bachelor of Laws Degree from the Ateneo De Manila University Law School and a Master of Laws from Georgetown University Law Center.

Michael Edward T. Gotianun
Vice President

Mr. Gotianun, 58, is a Director of FAI and Festival Supermall, Inc. He served as the general manager of Filinvest Technical Industries from 1987 to 1990 and as loans officer at Family Bank from 1979 to 1984. He obtained his Bachelor's Degree in Business Management from the University of San Francisco in 1979. He has been serving the Company as Vice President for more than five (5) years.

Eleuterio D. Coronel *Executive Vice President and Chief Operating Officer*	Mr. Coronel, 61, Filipino, is the EVP and COO of the Company starting April 2013. He was formerly the President and Chief Executive Officer of a property company and has previously served as President and Chief Operating Officer of a leading investment bank in the country where he spent the bulk of his professional career. Mr. Coronel holds a Bachelor Degree in Arts, major in Mathematics (Cum Laude) from De La Salle University, Manila. He likewise has attended the TMP Asian Institute of Management and the executive development program of the World Bank Group.
Nelson M. Bona *Treasurer and Chief Financial Officer*	Mr. Bona, 64, is also the Chief Financial Officer of FLI. He was formerly an Executive Vice President of EWBC and Managing Director of Millenia Broadband Communications, Inc. and Filinvest Capital, Inc.
Daniel Ang Tan Chai *Deputy Chief Financial Officer*	Mr. Ang Tan Chai, 57, is the Deputy Chief Financial Officer of the Company starting November 2015. He was formerly the Executive Vice President and Chief Finance Officer of Philippine Bank of Communication. He also served as Senior Vice President and Chief Finance Officer for Philippine Airlines, Air Philippines Express, First Vice President and Chief Finance Officer of Metrobank Card Corporate, and Financial Control, Global Consumer Bank of Citibank, N.A. – Philippines. He holds a Bachelor of Science Degree, major in Industrial Engineering from the University of the Philippines, and a Masters in Business Administration from the same university.
Bernadette M. Ramos *Vice President - Marketing*	Ms. Ramos, 50, Filipino, rejoined FDC as Vice President for Real Estate Marketing in 2011. She was head of FLI's Corporate and Creative Communications Office from 2005-2007 and Special Assistant to the CEO for Advertising from 2002 to 2005. Prior to that, she held executive positions in various advertising agencies and a major property developer in a career spanning over 20 years of experience in the field.
Virginia A. Cayanga *Vice President for Risk Management*	Ms. Cayanga, 43, Filipino, is the Vice President for Risk Management of the Company starting November 2015. She was formerly the Vice President of Multinational Client Service (MCS) Leader of Marsh Philippines, Inc. for fourteen years. She holds a Bachelor of Arts Degree, major in Quantitative Economics from the University of Asia and the Pacific.
Elma Christine R. Leogardo *Corporate Secretary and Compliance Officer*	Atty. Leogardo, 57, was appointed by the Board of Directors as Corporate Secretary and Compliance Officer on May 15, 2015. She is also the Corporate Secretary and Compliance Officer of FLI. Prior to joining the Company, she was a senior partner at Villaraza Cruz Marcelo & Angangco. She is a fellow of the Institute of Corporate Directors, a trustee of the Legal Management Council of the Philippines, was former President and current trustee of the Maritime Law Association of the Philippines, and a member of the Integrated Bar of the Philippines and the Philippine Bar Association. She holds a Bachelor of Arts degree, cum laude, from the University of the Philippines, and a Bachelor of Laws degree from the same university.

The members of the board committees, pursuant to appointments made during the organizational meeting of the Board of Directors of the Company on June 11, 2015, are as follows:

Executive Committee:	Jonathan T. Gotianun (Chair), Mercedes T. Gotianun, L. Josephine Gotianun Yap, Andrew T. Gotianun, Jr. and Michael Edward T. Gotianun
Nomination Committee:	Mercedes T. Gotianun (Chair), L. Josephine Gotianun Yap, Lamberto U. Ocampo (Independent Director) and Rizalangela L. Reyes (ex-officio)
Audit Committee:	Val Antonio B. Suarez (Chair/Independent Director), Lamberto U. Ocampo (Independent Director), Mercedes T. Gotianun and Jonathan T. Gotianun
Remuneration Committee:	Mercedes T. Gotianun (Chair), L. Josephine Gotianun Yap, Jonathan T. Gotianun, Lamberto U. Ocampo (Independent Director) and Michael Edward T. Gotianun.

The directors of the Company are elected at the annual stockholders' meeting to hold office until their respective successors have been duly elected and qualified. Officers are appointed or elected by the Board of Directors typically at its first meeting following the annual stockholders' meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

The Company is not aware of any legal proceedings where its directors or executive officers have been impleaded in their capacity as directors or executive officers of the Company.

The Company is not aware of the occurrence of any of the following events within the past five years up to the date of this annual report: (a) any bankruptcy petition filed by or against any business in which any of its directors or officers was a general partner or officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, of, or any criminal proceeding, domestic or foreign, pending against, any of its directors or officers in his capacity as such director or officer; (c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of its directors or officers in any type of business, securities, commodities or banking activities, and (d) any finding by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization that any of its directors or officers has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated, which occurred during the past five years.

There is no person, who is not an executive officer of the Company, who is expected to make a significant contribution to its business. The Company, however, occasionally engages the services of consultants.

There were no transactions during the last two years or any proposed transactions, to which the Company was or is to be a party, in which any director or officer, any security holder or any member of the immediate family of any of the foregoing persons had or is to have a direct or indirect material interest.

ITEM 10. EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the Group's executive officers and other officers are as follows:

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation	TOTAL
Josephine G. Yap (President /CEO) Jonathan T. Gotianun (Chairman) Jesus N. Alcordo (Director) Eleuterio D. Coronel (EVP/COO) Daniel Ang Tan Chai (SVP/Deputy CFO)					
	2016-Estimated	₱54.7M	₱6.7M	-	₱61.4M
CEO and top four (4) highest compensated officers	2015	₱52.1M	₱6.4M	-	₱58.5M
	2014	₱33.0M	₱5.3M	-	₱38.3M
	2016-Estimated	₱68.3M	₱8.5M	-	₱76.8M
	2015	₱65.1M	₱8.1M	-	₱73.2M
All officers and directors as a group unnamed	2014	₱44.5M	₱7.1M	-	₱51.6M

Except for a per diem of ₱50,000 being paid to each independent director for every meeting attended, no other compensation or remuneration is paid to the directors in their capacity as such.

There is no employment contract between the Company and the above named executive officers. There are no outstanding warrants or options held by the Company's CEO, the above named executive officers, and all officers and directors as a group.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

The names, addresses, citizenship, number of shares held, and percentage to total of persons owning more than five percent (5%) of the outstanding voting shares of the Company (all common) as of December 31, 2015 are as follows:

Title of Class	Name and Address of Record Owner/ Relationship with Company	Name of Beneficial Owner/ Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage Held
Common	A.L. Gotianun Inc. (formerly ALG Holdings Corporation)[1] 6/F The Beaufort 5th Avenue corner 23rd Street, BGC, Taguig City Majority Owner of the Company	ALGI[2]	Filipino	8,219,373,037 (D) 61,274,417 (I)	88.21% 0.66%
Common	PCD Nominee Corporation (Filipino) G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	(No single shareholder beneficially owns at least 5% of the total shares)	Filipino	913,712,971	9.81%

Except as stated above, the board of directors and management of the Company have no knowledge of any person who, as of the date of the annual report was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than five percent (5%) of the Company's outstanding common stock.

2) Security Ownership of Management

The names, citizenship, number of shares held and percentage to total of persons forming part of the management of the Company as of December 31, 2015 are as follows:

Title of Class	Name	Citizenship	Amount and Nature of Record/Beneficial Owner	% of Ownership
Common	Andrew L. Gotianun, Sr.*	Filipino	33,697,190 (D) 1,798 (I)	0.36%
Common	Mercedes T. Gotianun	Filipino	3,796,472 (D)	0.04%
Common	Andrew T. Gotianun, Jr.	Filipino	1,916 (D)	Negligible
Common	Jonathan T. Gotianun	Filipino	12 (D) 176,704 (I)**	Negligible
Common	Josephine G. Yap[3]	Filipino	2,817,323 (D) 7,191,022 (I)	0.03% 0.08%
Common	Michael Edward T. Gotianun	Filipino	47,131,422 (D)	0.51%
Common	Jesus N. Alcordo	Filipino	1 (D) 2,885,688 (I)	Negligible 0.03%
Common	Lamberto U. Ocampo	Filipino	1 (D)	Negligible
Common	Val Antonio B. Suarez	Filipino	1 (D)	Negligible
N.A.	Eleuterio D. Coronel	Filipino	0	N.A.
Common	Nelson M. Bona	Filipino	24,664 (D)	Negligible
N.A.	Daniel L. Ang Tan Chai	Filipino	0	N.A.
N.A.	Bernadette M. Ramos	Filipino	0	N.A.
N.A.	Virginia A. Cayanga	Filipino	0	N.A.
N.A.	Elma Christine R. Leogardo	Filipino	0	N.A.

** Mr. Andrew L. Gotianun, Sr., Chairman Emeritus, passed away on March 10, 2016.*

*** Includes shares of stock in FDC under the name Berit Holdings Corp., Jabberwock Holdings, Inc. and Chriszen Holdings, Inc.*

Total ownership of directors and officers as a group is 97,724,214 shares or 1.05% of total outstanding shares.

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[1] Mrs. L. Josephine G. Yap are typically named by ALGI as its proxy to vote at the annual meeting of stockholders the shares owned and held by it in the Company.

[2] Stockholders are the beneficial owners.

[3] 2,817,311 shares are registered under the name Joseph M. Yap &/or Lourdes Josephine G. Yap.

3) Voting, Trust Holders of 5% or more

There is no person who holds more than five percent (5%) of the common stock under any voting trust or similar agreement.

4) Changes in Control

The Company is not aware of any agreement, which may result in a change in control of the registrant.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the normal course of business, the Company and other members of the Filinvest Group of Companies enter into certain related-party transactions.

There were no transactions during the last two (2) years, or any proposed transactions, to which the Company was or is to be a party, in which any director or executive officer, any nominee for election as a director, any security holder or any member of the immediate family of any of the foregoing persons, had or is to have a direct or indirect material interest.

Related Party Transactions

The Group has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as 'Affiliates'). Related parties may be individuals or corporate entities.

Significant transactions with related parties are as follows:

a. EW has loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70.0% of which must be secured, to the total of their respective deposits and book value of their respective investment in the lending company within the group. In the aggregate, loans to DOSRI generally should not exceed total equity or 15.0% of total loan portfolio, whichever is lower.

   BSP Circular No. 423 dated March 15, 2004 amended the definition of DOSRI accounts. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to said Circular and new DOSRI loans, other credit accommodations granted under said circular:

	2015	2014
Total outstanding DOSRI accounts (in thousands)	**₱10,322,180**	₱7,759,327
Percent of DOSRI accounts granted under regulations existing prior to BSP Circular No. 423	**0.000%**	0.000%
Percent of DOSRI accounts granted under BSP Circular No. 423	**6.401%**	6.283%
Percent of DOSRI accounts to total loans	**6.402%**	6.283%
Percent of unsecured DOSRI accounts to total DOSRI accounts	**3.928%**	3.315%
Percent of past due DOSRI loans to total DOSRI loans	**0.000%**	0.001%

BSP Circular No. 560 provides that the total outstanding loans, other credit accommodation and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.0% of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.0% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.0% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank. As of December 31, 2015 and 2014, EW is in compliance with these requirements.

On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty-five (25.0%) of the net worth of the lending bank/quasi-bank to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation. As of December 31, 2015 and 2014, EW is in compliance with these requirements.

b. Loans guaranteed by the Parent Company obtained by FLI amounted to ₱225.0 million as of December 31, 2014 (nil in 2015). The Parent Company has also guaranteed the $285.0 million fixed-rate bonds issued by FDCI in 2013.

c. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱73.2 million, ₱ 51.6 million and ₱53.7 million in 2015, 2014 and 2013, respectively. Post-employment benefits of key management personnel amounted to ₱8.8 million in 2013 (nil in 2015 and 2014).

There are no agreements between the Group and any of its key management personnel providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

d. Other transactions with related parties include non-interest bearing cash advances and various charges to and from non-consolidated affiliates for management fees, rent, share of expenses and commission charges. Transactions with related parties are normally settled in cash.

The amounts and the balances arising from the foregoing significant related party transactions are as follows:

	2015			
	Amount/ Volume	Outstanding Balance Due from (Due to)	Terms	Conditions
	(In Thousands)			
Due from related parties				
Real estate operations				
Parent[a]	₱324	₱1,421	Non-interest bearing, collectible on demand	Unsecured, no impairment
Affiliates:				
Share in expenses	2,670	283,753	Non-interest bearing, collectible on demand	Unsecured, no impairment
	2,994	285,174		
Hotel operations				
Affiliates[a]			Non-interest bearing,	Unsecured, no
Share in expenses	–	2,629	collectible on demand	impairment
	₱2,994	₱287,803		
Due to related parties				
Parent [b]	(₱2,030,000)	(₱2,030,000)	Bears 3.5% interest per annum, payable on demand	Unsecured
Affiliates[a]				
Advances		(87,674)	Non-interest bearing, payable on demand	Unsecured
	(₱2,030,000)	(₱2,117,674)		

(a) Share in Group expenses
(b) Availment of loan payable within one year, with interest at prevailing market rate

	2014			
	Amount/ Volume	Outstanding Balance Due from (Due to)	Terms	Conditions
		(In Thousands)		
Due from related parties				
Real estate operations				
Parent[a]	₱703	₱1,205	Non-interest bearing, collectible on demand	Unsecured, no impairment
Affiliates:				
Share in expenses	2,382	314,059	Non-interest bearing, collectible on demand	Unsecured, no impairment
	3,085	315,264		
Hotel operations				
Affiliates[a]	–	10,412	Non-interest bearing, collectible on demand	Unsecured, no impairment
	₱3,085	₱325,676		
Due to a related party				
Affiliates[a]	₱–	(₱48,791)	Non-interest bearing, payable on demand except for availment of loan[b]	Unsecured

(a) Share in Group expenses

Transactions with Retirement Plans

As of December 31, 2015 and 2014, cash and cash equivalents include the savings deposit with EW amounting to ₱181.9 million and ₱ 122.4 million, respectively, and debt instruments include investments in EW's LTNCD amounting to ₱66.6 million and ₱62.1 million, respectively. Equity instruments include investments in EW's PhilEquity Institutional Feeder Fund amounting to ₱177.7 million, equivalent to 195,467 shares with fair market value of ₱909.10 per share as of December 31, 2015, and ₱61.4 million, equivalent to 61,273 shares with fair market value of ₱1,001.37 per share as of December 31, 2014, EW's equity securities amounting to ₱48.7 million, equivalent to 2,572,637 common shares with fair market value of ₱18.94 per share as of December 31, 2015, and ₱0.7 million equivalent to 30,000 common shares with fair market value of ₱23.95 per share as of December 31, 2014, and EW's PSEi Tracker Fund amounting to ₱9.8 million, equivalent to 100,000 shares with fair market value of ₱98.11 per share as of December 31, 2015.

The following are the amounts recognized by the retirement plan arising from its transactions with EW for the years ended December 31, 2015, 2014 and 2013.

	2015	2014	2013
		(In Thousands)	
Trust fees	**₱2,899**	₱2,462	₱2,095
Interest income on savings deposits	**146**	136	4,796
Interest income on LTNCD	**2,936**	2,942	2,669
Gain (loss) on investments in equity shares	**(25,892)**	(30)	1,232

Aside from the transactions above, the Group has no other transactions with the retirement funds.

PART IV. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

Please refer to attached annual corporate governance report (ACGR)

The Company is in full compliance with its Revised Manual for Corporate Governance as demonstrated by the following: (a) the election of two (2) independent directors to the Board; (b) the appointment of members of the audit, nomination and compensation committees of the

Company; (c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities Regulation Code; (e) the Company's adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by the Company.

In order to keep itself abreast with the leading practices on corporate governance, the Company encourages the members of top-level management and the Board to attend and participate at seminars on corporate governance initiated by accredited institutions.

The Company welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors, to improve corporate governance.

There is no known material deviation from the Company's Revised Manual on Corporate Governance.

PART V. EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits - see accompanying Index to Exhibits
The following exhibits are filed as a separate section of this report:
The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) Reports on SEC Form 17-C
Reports on SEC Form 17-C were filed during the year covered by this report and are listed below:

SEC FORM 17-C dated January 28, 2015– advised that the Board of Directors (BOD) approved the: a) amendment of Article III of the Articles of Incorporation of FDC to change its principal office address from "Metro Manila" to "The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City; and b) holding of the Company's annual stockholders' meeting (ASM) in advance or earlier than the date fixed in the By-laws, subject to early completion of all documentary requirements under the Securities Regulation Code for conduct of ASM.

SEC FORM 17-C dated February 25, 2015 – advised that the BOD fixed the date of the Annual Stockholders' Meeting on May 15, 2015 and the record date on April 15, 2015.

SEC FORM 17-C dated March 11, 2015 – advised that upon the recommendation of Audit Committee, the BOD in its special meeting held on March 11, 2015, approved the Corporation's Audited Financial Statements for the period ended December 31, 2014.

SEC FORM 17-C dated April 1, 2015 – furnished the press release on the consolidated financial results of FDC and subsidiaries for the year ended December 31, 2014: "Filinvest Development Corporation Revenues Up 11% in 2014".

SEC FORM 17-C dated May 15, 2015 – furnished the press release on the consolidated financial results of FDC and subsidiaries for the period ended March 31, 2015: "Filinvest Group Q1 Profit Surges 44%".

SEC FORM 17-C dated May 15, 2015 –advised that at the annual stockholders' meeting of the Corporation, matters taken up and favorably considered were the approval of minutes of the stockholders meeting held on May 30, 2014, approval of the President's Report for the year 2014, approval of the audited financial statements for the year ended 2014, declaration of cash dividends to all stockholders on record as of June 10, 2015 in the amount of ₱0.0500 per share with payment date of July 2, 2015, ratification of the acts and resolutions of the BOD, Executive Committee and Management up to May 15, 2015, reappointment of SGV as external auditor of FDC for the year 2015 and approval of the amendment of Article III of FDC's Articles of Incorporation to change the principal office address from "Metro Manila" to 6th Floor, The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City 1634, Metro Manila. Likewise informed that the elected directors for the period 2015-2016 and until their successors shall have been duly elected and qualified, were Mercedes T. Gotianun, Andrew T. Gotianun, Jr., Jonathan T. Gotianun, Lourdes Josephine Gotianun Yap, Jesus N. Alcordo, Lamberto U. Ocampo (independent director) and Val Antonio B. Suarez (independent director).

SEC FORM 17-C dated May 15, 2015 – advised that at the special meeting of the BOD of FDC on May 15, 2015, the Board approved the declaration of cash dividends to all stockholders on record as of June 10, 2015, in the amount of ₱0.0500 per share and fixed the payment date on July 2, 2015.

SEC FORM 17-C dated June 11, 2015 – advised that during the organizational meeting of the BOD of FDC that was held on June 11, 2015, the officers were elected/appointed: Andrew L. Gotianun Sr. (Chairman Emeritus), Jonathan T. Gotianun (Chairman), Mercedes T. Gotianun (Senior Adviser to the Board), Lourdes Josephine G. Yap (President and Chief Executive Officer), Eleuterio D. Coronel (Executive Vice President and Chief Operating Officer), Nelson M. Bona (Treasurer/Chief Financial Officer), Andrew L. Huang (Senior Vice President and Infrastructure Finance Head), Michael Edward T. Gotianun (Vice President), Bernadettte M. Ramos (Vice President-Maraketing), Elma Christine R. Leogardo (Corporate Secretary and Compliance Officer), Sharon Pagaling-Refuerzo (Assistant Corporate Secretary and Corporate Information Officer). Also, Board Committees were constituted and their respective members were appointed.

SEC FORM 17-C dated August 14, 2015 – furnished the press release on the consolidated financial results of FDC and subsidiaries for the period ended June 30, 2015: "FDC 1H 2014 Revenues Up 32% to ₱25 Billion".

SEC FORM 17-C dated August 17, 2015 – advised that the SEC approved on August 3, 2015 the amendment of Article III of the Articles of Incorporation of FDC to change its principal office address from "Metro Manila" to "The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City 1634, Metro Manila" in accordance with SEC Memorandum Circular No. 6, Series of 2014.

SEC FORM 17-C dated September 9, 2015 – informed that for personal reasons, Mr. Andrew L. Huang has tendered his resignation as Senior Vice President & Infrastructure Finance Head of the Company effective September 9, 2015.

SEC FORM 17-C dated November 12, 2015 – furnished the press release on the consolidated financial results of FDC and subsidiaries for the period ended September 30, 2015: "Filinvest Group 9M Net Income Surges 32% to ₱4.9 Billion".

SEC FORM 17-C dated November 25, 2015 – informed that at the regular meeting of the Executive Committee (Execom) of the Company held on November 25, 2015, the Execom confirmed the appointment of Mr. Daniel L. Ang Tan Chai Huang as Deputy Chief Financial Officer and Ms. Virginia A. Cayanga as Vice President for Risk Management.

SEC FORM 17-C dated January 27, 2016 – advised that at its meeting, the BOD of FDC approved the Amendment of Article III Section 2 of the By-Laws of FDC to change the date of the annual meeting of the stockholders of FDC from last Friday of May to the last Friday of April of each year.

SEC FORM 17-C dated January 27, 2016 – advised that at its meeting, the BOD of FDC fixed the date of the Annual Stockholders' Meeting on April 29, 2016.

SEC FORM 17-C dated January 28, 2016 – furnished the press release "Filinvest Group Awarded Lease for Former Mimosa Leisure Estate".

SEC FORM 17-C dated March 11, 2016 – disclosed that Mr. Andrew L. Gotianun, Sr., Chairman Emeritus of FDC, passed away on March 10, 2016.

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 duly authorized, in the City of _____, Metro Manila on MAR 18 2016.

MAKATI CITY

Jonathan T. Gotianun
Chairman

Josephine G. Yap
President and CEO

Nelson M. Bona
Treasurer and CFO

Elma Christine R. Leogardo
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 18 2016 affiants exhibiting to me their competent evidence of identity as follows:

Names	ID No.	Date of Issue	Date of Expiry	Place of Issue
Jonathan T. Gotianun	Passport No. EB9194744	09/20/13	09/19/18	DFA Manila
Josephine G. Yap	Passport No. EB6037431	07/27/12	07/26/17	DFA Manila
Nelson M. Bona	Passport No. EB9951692	03/14/13	03/13/18	DFA Manila
Sharon Pagaling-Refuerzo	Passport No. EC3510951	02/23/15	02/22/20	DFA Manila
Elma Christine R. Leogardo	Passport No. EC0314092	02/15/14	02/14/19	DFA Manila

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Series of 2016

ATTY. MA. ANNA LOURDES V. DIMAANO-PAMFILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-87 until December 31, 2016
2264 Pasong Tamo Extension, Makati City
Roll No. 38260 / IBP Lifetime No. 07083
PTR No. 5334330 January 11, 2016

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
(CONSOLIDATED)

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FORM 17-A, Item 8

Consolidated Financial Statements

Statement of Management's Responsibility for Financial Statements
Report of Independent Public Accountants
Consolidated Statements of Financial Position as of December 31, 2015 and 2014
Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013
Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013
Consolidated Statements of Changes in Equity as of December 31, 2015 and 2014
Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013
Notes to Consolidated Financial Statements

Supplementary Schedules

A.	MARKETABLE SECURITIES - (CURRENT MARKETABLE SECURITIES AND OTHER SHORT-TERM CASH INVESTMENTS)	*
B.	AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)	*
C.	NON-CURRENT MARKETABLE EQUITY SECURITIES, OTHER LONG-TERM INVESTMENTS, AND OTHER INVESTMENTS	*
D.	INDEBTEDNESS TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES	*
E.	PROPERTY, PLANT AND EQUIPMENT	*
F.	ACCUMULATED DEPRECIATION	*
G.	INTANGIBLE ASSETS / OTHER ASSETS	*
H.	LONG-TERM DEBT	*
I.	INDEBTEDNESS TO AFFILIATES AND RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)	*
J.	GUARANTEES OF SECURITIES OF OTHER ISSUERS	NA
K.	CAPITAL STOCK	*

* These schedules which are required by Part IV of SRC Rule 12 are contained in the Company's Audited Consolidated Financial Statements, in the accompanying Notes to Consolidated Financial Statements, or in Supplementary Information and Disclosures Required on SRC Rule 68 and 68.1 As Amended.

INDEX TO EXHIBITS

Form 17- A

No.		Page No.
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5)	Instrument Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
(13)	Letter re Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	A
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits	*

* These exhibits are either not applicable to the Company or require no answer.
A This schedule is contained in Note 1 of the Company's 2013 Audited Consolidated Financial Statements