



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

COMPANY REG. NO. 28788

**CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION**

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the amended articles of incorporation of the

MAKATI FINANCE CORPORATION

[Amending Article IV by extending the
term of its existence.]

copy annexed, adopted on April 29, 2015 by majority vote of the Board of Directors and on July 30, 2015 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 21st day of October, Twenty Fifteen.




FERDINAND B. SALES
Director

Company Registration and Monitoring Department



COVER SHEET

COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application	S.E.C. Registration Number
AMENDMENT OF THE ARTICLES OF INCORPORATION	2 8 7 8 8

Company Name

	M	A	K	A	T	I		F	I	N	A	N	C	E	

Principal Office (No./Street/Barangay/City/Town/Province)

	2	/	F		M	A	K	A	T	I		F	I	N	A	N	C	E		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number's (632) 896-0221	Company's Facsimile Number's
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CONTACT PERSON INFORMATION

Name of Contact Person D. Enrique O. Co	Email Address legal_services@cfa-law.com	Telephone Numbers 584-1026 to 27	Facsimile Numbers 584-1026 to 27
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Contact Person's Address

1105 Atlanta Centre, 31 Annapolis St., Greenhills, San Juan Metro Manila
--

To be Accomplished by CRMD Personnel

Assigned Processor:	Date	Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____

Document I.D.: _____

Received by Corporate Filing and Records Division (CFRD) _____

Forwarded to:

<input type="checkbox"/> Corporate and Partnership Registration Division		
<input type="checkbox"/> Green Lane Unit		
<input type="checkbox"/> Financial Analysis and Audit Division		
<input type="checkbox"/> Licensing Unit		

Daniel B. Co
D. Enrique O. Co
Anna Liza M. Ang-Co
Maria Angeli Lerma-Ferrer
Jihan G. Merrera-Gonzales
Christa Maria V. Taguiam
Alyssa Agustina A. Fucoy

CFA
L A W

1 July 2015

SECURITIES AND EXCHANGE COMMISSION
SEC Building
E. de los Santos Avenue
Mandaluyong City

Re : AMENDMENT OF ARTICLES OF INCORPORATION;
CHANGE OF PRINCIPAL OFFICE ADDRESS

Gentlemen:

On behalf of our client, MAKATI FINANCE CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, we respectfully request for the approval of the amendment of its Articles of Incorporation, extending its corporate term for another fifty (50) years from 23 February 2016.

Enclosed herewith in support of this request are the following documents:

- Certificate of Amendment of the Articles of Incorporation;
- Amended Articles of Incorporation; and
- Secretary's Certificate on the lack of pending action involving an intra-corporate dispute.

Should you have any questions on any of the foregoing, we shall be available to discuss them with you at your most convenient time.

Thank you for your usual prompt attention.

Very truly yours,

CO FERRER & ANG-CO LAW OFFICES

By:



DANILO ENRIQUE O. CO



MEDIATRIX A. SANTOS

MFC-LSEC.AMENDA01 (ELAINE)

CO FERRER ANG-CO & GONZALES LAW OFFICES

11F Atlanta Centre, 31 Annapolis St., Greenhills, San Juan, Metro Manila, Philippines
(632) 5841026 to 27 (632) 5840704 legal_services@cfa-law.com www.cfa-law.com



CERTIFICATE OF AMENDMENT
OF THE ARTICLES OF INCORPORATION OF


MAKATI FINANCE CORPORATION

KNOW ALL MEN BY THESE PRESENTS:

The undersigned Corporate Secretary and the majority members of the Board of Directors of MAKATI FINANCE CORPORATION (hereinafter referred to as the "Corporation") do hereby certify that the accompanying copy of the Amended Articles of Incorporation of the Corporation embodying the underscored amendment to ~~the~~ FOURTH Article extending its corporate term for another fifty (50) years from ~~22~~ February 2016 is true and correct and was approved by the affirmative vote of at least a majority of the members of the Board of Directors at their meeting held on 29 April 2015, and by the vote of stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation at their meeting held on 30 July 2015 at the principal office of the Corporation.

IN WITNESS WHEREOF, we have hereunto signed this Certificate this AUG 14 2015, at Quezon City.

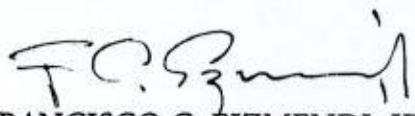
¹ Approved by the affirmative vote of at least a majority of the members of the Board of Directors at their meeting held on 29 April 2015, and by the vote of stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation at their meeting held on 30 July 2015 at the principal office of the Corporation.

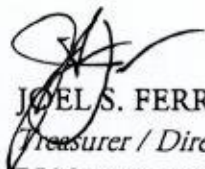

RENE B. BENITEZ
Chairman / Director
T.I.N.: 137-438-326


TERESITA B. BENITEZ
Vice-Chairperson / Director
T.I.N.: 138-606-517


MAX O. BORROMEEO
President / Director
T.I.N.: 108-479-305

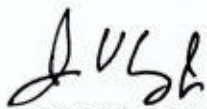
JUAN CARLOS DEL ROSARIO
Director
T.I.N.: 129-544-423


FRANCISCO C. EIZMENDI, JR.
Director
T.I.N.: 119-132-505


JOEL S. FERRER
Treasurer / Director
T.I.N.: 103-275-130


EUGENIO E. REYES
Director
T.I.N.: 116-544-865


MICHAEL WEE
Director
T.I.N.: 203-366-253


JOSE V. CRUZ
Director
T.I.N.: 245-698-882


ERIC B. BENITEZ
Director
T.I.N.: 156-258-402


LAWRENCE EE
Director
T.I.N.: 436-266-575

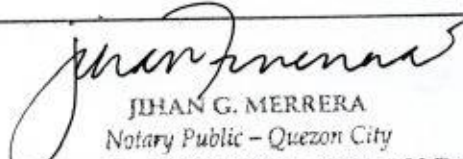

DANILO ENRIQUE O. CO
Corporate Secretary
T.I.N.: 134-866-959

AUG 14 2015

SUBSCRIBED AND SWORN to before me this _____ at
Quezon City, Metro Manila, affiants exhibiting to me their
 Competent Evidence of Identity and Community Tax Certificate Nos., as follows:

Name	Community Tax Cert./ Competent Evidence of Identity No.	Date/Place Issued
RENE B. BENITEZ	34267834	01/15/14 Manila
TERESITA B. BENITEZ	10856905	01/09/14 Mkati
MAX O. BORROMEO	EB9728865	12/02/2013
JUAN CARLOS DEL ROSARIO	CC1201401572543	03/03/2014 Makati
FRANCISCO C. EIZMENDI, JR.	CTC : 27957615	01/11/14 Pasig
JOEL S. FERRER	CTC: CC1201210873415	01/16/2014
EUGENIO E. REYES	TIN : 176-244-865	
MICHAEL WEE	TIN : 203-366-253	
JOSE V. CRUZ	CC1201434267841	01/03/2014
ERIC B. BENITEZ	10856907	01/09/2014 Makati
LAWRENCE EE	436-266-575	
DANILO ENRIQUE O. CO	NO4-86-035228	02/15/13-11/15/15 Quezon City

Doc. No. 381 ;
 Page No. 78 ;
 Book No. X ;
 Series of 2015.


 JIHAN G. MERRERA
 Notary Public - Quezon City
 Adm. Matter No. NP-214 (20 Mar. 2014 to 31 Dec. 2015)
 Attorney's Roll No. 51082
 PTR No. 0714662; 01/23/15; Quezon City
 IBP Lifetime Reg. No. 05754; Quezon City Chapter
 MCLE Compliance No. IV-0014585
 Tax Identification No. 237-611-952

**AMENDED
ARTICLES OF INCORPORATION**

OF

MAKATI FINANCE CORPORATION

KNOW ALL MEN BY THESE PRESENTS:

That we, all of legal age and residents of the Philippines have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the Philippines, and

WE HEREBY CERTIFY

FIRST: That the name of said corporation shall be

MAKATI FINANCE CORPORATION

SECOND: That the purpose for which said corporation is formed are:

PRIMARY PURPOSE

To provide, extend and maintain credit facilities for the financing and assistance by way of loan, subsidy, or otherwise, of any person, partnership, firm, company, corporation or entity, domestic or foreign, engaged in any type of lawful trade, business undertaking or endeavor within the commerce or men; to purchase, to own, to sell, mortgage, assign or otherwise dispose of negotiable instruments, notes, receivable, accounts receivable, letters of credit and other evidences of indebtedness, owned by any person, partnership, corporation, firm or association, or under such terms and conditions as the corporation may deem fit to undertake, the collection of such negotiable instruments, letters of credit, notes receivable, and other evidences of indebtedness; to undertake any business venture or enterprise which may be undertaken and carried on as capitalists, financiers, contractors, merchants, broker or agents, either directly by itself or under its own name or indirectly by way of ownership of shares and/or other interests in such business or enterprises; for the purpose of extending credit facilities to consumers and to industrial, commercial or agricultural enterprises either by discounting or factoring commercial papers or accounts receivables or by buying or selling contracts, leases chattel mortgages other evidences of indebtedness, or by leasing of motor vehicles, heavy equipment, and industrial machinery, business and office machines and equipment, appliances and other movable property.

SECONDARY PURPOSE:

1. To borrow money, and, from time to time, to make, to accept, indorse, execute, and issue bonds, promissory notes, bills or exchange, debentures, and other obligations of the corporation, for moneys borrowed, or for payment of property acquired, or for any of the other purposes of the corporation, and to secure payment of any such obligations by pledge, deed, indenture, agreement, mortgage, or other instruments of trust, or by other lien upon, assignment of, or agreement, in regard to all or any of the real or personal

property, interest, rights, franchises, or privileges of corporation, wherever situated, whenever not owned or hereafter to be acquired, and to sell or otherwise dispose of any or all such bonds, debentures, or obligations, in such manner and terms as may be deemed judicious.

2. To purchase or acquire and to own, hold, sell, exchange, mortgage, lease, develop, or otherwise deal in real estate or any interest therein; to manage, administer, and/or improve real properties owned by the corporation; and to lend, advance money or otherwise give credit against securities consisting of first mortgages on improved real estate, pledge, or assignments of warehouse warrants, bills of lading or other commercial documents covering readily merchantable goods, products or commodities.

3. To manage, and promote commercial, industrial or agricultural companies, business and undertaking; to underwrite the sale and/or issuance of shares of stocks, bonds, debentures of such companies or businesses and conformably with law, but the corporation shall not engage as stockholders or dealers in securities.

4. To act as financial, commercial, general agent or factor of, or to undertake the general management for, any person, partnership, or corporation, firm or association in carrying on either within or without the Republic of the Philippines any transaction, negotiation or business, and while acting as stock agent, factor or manager to perform such acts and transactions or enter into such obligations as shall tend to promote the interests that the corporation shall represent.

5. To purchase or acquire, hold, to sell or otherwise dispose of, shares of the capital stock, bonds, or other evidence of deed issued by any other company, corporation or partnership, whether foreign or domestic; and while the holder of any such shares of stock, to exercise all the rights and privileges of ownership, to the same extent as a juridical person could do.

6. To carry on a general mercantile, export, import and commission business, buying or acquiring, holding, selling or disposing of or dealing in any good, wares, merchandise of products, whether natural or artificial, of the Philippine Islands, or anything of any nature which is or may become an article of commerce in the Philippines or other countries; to engage in production or manufacture, or aid in the production or manufacture of anything in which it may deal or to subject such thing to any process or treatment for the purpose of increasing its value or utility.

7. To acquire or to obtain from any governmental authority, national or municipal, local or otherwise, or any company, corporation or person such charters, franchise, licenses, rights, privileges and/or concessions, which may be necessary or conducive to the attainment of any objectives of the corporation.

8. To purchase, acquire, sell and convey such real or personal properties as may be necessary for the proper conduct of the business of the corporation, including patents, trademarks, trade names, and other rights over property that are essential to the enhancement of, or the protection of the value of the business of the corporation.

9. To borrow or raise money for any of the objects of the corporation from time to time, to draw, make or accept, indorse, guarantee, execute or issue promissory notes, bonds, debentures and other negotiable and non-negotiable instruments or indebtedness, and to secure the payment thereof, by mortgage, or pledge, conveyance or assignment in trust of, the whole or any part of the assets of the corporation, whether at the time owned or thereafter acquired; and to sell, pledge, or otherwise dispose of such securities or obligations of the corporation for its corporate purposes.

10. To engage in real estate business, purchase, hold, sell, mortgage, rent, lease or otherwise dispose of all kinds of real estate, property, whether improved or unimproved, be it residential, commercial or agricultural.

11. To engage in the promotion, assistance, development, exploitation, and creation of any type of lawful trade, business, enterprise, industry or endeavor within the commerce of men, all insofar as and to the full extent permitted by law.

It being expressly declared that, without in any particular limiting its powers, the corporation may make and execute or perform any contracts of whatsoever kind, nature, or description, with any person, company, firm or corporation, whether public or private, without limit as to amount, and particularly, but not by way of limitation, to make and perform contracts, creating rights and obligations respecting any property, real or personal, of any kind, nature and description, owned by the corporation, to have one or more branch offices within the Philippines, and to conduct business and exercise powers in any part of the Philippines, or in any country or nation; and other acts and things, and to exercise any and all powers, which a juridical person could do and exercise and which now or hereafter may be authorized by law.

And all foregoing clauses shall be construed both as objects and powers; it being expressly provided, however, that the corporation shall under no circumstances carry out or exercise any of its objects or powers unless in accordance with or permitted by law.

THIRD: That the place where the principal office of the corporation is to be established is at 2F Makati Finance Bldg., 7823 Makati Avenue, Makati City.

FOURTH: That the term for which said Corporation is to exist is extended to another fifty (50) years from 22 February 2016.¹

FIFTH: That the names, nationalities and residence of the incorporators of said corporation are as follows:

Name	Nationality	Residence
Isidro B. Benitez	Filipino	8546 Mercedes Street, Makati, Rizal
Teresita B. Benitez	Filipino	8546 Mercedes Street, Makati, Rizal
Enrique M. Herbosa	Filipino	9203 Antares Street, Makati, Rizal
Antonio Cumagun	Filipino	69 Paseo de Roxas, Makati, Rizal
Rolando de la Rosa	Filipino	26-A Tabayoc Street, Sta Mesa Heights, Quezon City

¹ Approved by the affirmative vote of at least a majority of the members of the Board of Directors at their meeting held last 29 April 2015, and by the vote of stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation at their meeting held on 30 July 2015 at the principal office of the Corporation.

SIXTH: That the numbers of directors of said corporation shall be Eleven (11) and that the names and residences of the directors of the corporation who are to serve until their successors are elected and qualified as provided by the By-Laws are as follows: (As amended on January 28, 1998)

Name	Residence
Isidro B. Benitez	8546 Mercedes Street, Makati, Rizal
Teresita B. Benitez	8546 Mercedes Street, Makati, Rizal
Enrique M. Herbosa	9203 Antares Street, Makati, Rizal
Antonio Cumagun	69 Paseo de Roxas, Makati, Rizal
Rolando de la Rosa	26-A Tabayoc Street, Sta. Mesa Heights Quezon City

SEVENTH: That the authorized capital stock of the Corporation shall be Three Hundred Million Pesos (P300,000,000.00) Philippine Currency, divided into Three Hundred Million (300,000,000) common shares with a par value of One Peso (P1.00) per share.

All the stockholders of the Corporation shall not enjoy pre-emptive rights to subscribe to or to purchase any or all issues or dispositions of share of any class of the Corporation; provided, that the stockholders shall be given notice of any new issue of shares by the Corporation. (As amended on December 17, 1997)

EIGHT: That the amount of the aforesaid capital stock which has been subscribed is PESOS ONE HUNDRED THOUSAND (P100,000.00), Philippine Currency, and the following persons have subscribed for the number of shares and amount of capital stock set out after their respective names:

Name	No. of Shares	Amount Subscribed
Isidro B. Benitez	3,500	P 35,000.00
Teresita B. Benitez	6,470	64,700.00
Enrique M. Herbosa	10	100.00
Antonio Cumagun	10	100.00
Rolando de la Rosa	10	100.00
	<u>10,000</u>	<u>P 100,000.00</u>

NINTH: That the following persons have paid on the shares of capital stock for which have subscribed the amounts set out after their respective names:

Name	Amount Paid on Subscription
Isidro B. Benitez	P 35,000.00
Teresita B. Benitez	64,700.00
Enrique M. Herbosa	100.00
Antonio Cumagun	100.00
Rolando de la Rosa	100.00
	<u>P 100,000.00</u>

* As Amended at a meeting of the Board of Directors and Stockholders held on November 06, 2007

TENTH. That Teresita B. Benitez has been elected by the subscribers as Treasurer of the corporation to act as such until her successor is duly elected and qualified in accordance with the By-Laws, and as such Treasurer, she has been authorized to receive for the corporation and to receipt in its name for all subscription paid in by said subscribers.

IN WITNESS WHEREOF, we have hereunto set our hands on this 17th day of February 1966 at Makati, Philippines.

(SGD) ISIDRO B. BENITEZ (SGD) ANTONIO CUMAGUN
(SGD) TERESITA B. BENITEZ (SGD) ROLANDO DE LA ROSA
(SGD) ENRIQUE M. HERBOSA

SIGNED IN THE PRESENCE OF:

(SGD) ILLEGIBLE (SGD) ILLEGIBLE

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Makati, Metro Manila) S.S.

BEFORE ME, the undersigned, a Notary Public, for and in the City of Manila, Philippines, personally appeared the following persons, with their respective Residence Certificate, to us:

Name	Number	Date and Place of Issue
Isidro B. Benitez	A-441644-03	03 January 1966, Manila
Teresita B. Benitez	A-126462	13 January 1966, Manila
Enrique M. Herbosa	A-1409-03	03 January 1966, Manila
Antonio Cumagun	A-4901009	12 January 1966, Manila
Rolando de la Rosa	A-26062-04	04 January 1966, Manila

all known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation and who acknowledged to me that the same is their own free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affix my notarial seal on this 17th day of February 1966 in the City of Manila, Philippines.

NOTARY PUBLIC

Doc. No. 337
Page No. 69
Book No. xx
Series of 1966



Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City
Markets and Securities Regulation Department

October 2, 2015

MAKATI FINANCE CORPORATION
2/F Makati Finance Building
7823 Makati Avenue
Makati City

Attention: **MR. JOHN PAUL SALVACION**
Authorized Representative

Subject: Request for Comment/Recommendation

Gentlemen:

This is in connection with your request for comment and/or recommendation relative to your application for approval of your company's Amended Articles of Incorporation, amending Article IV thereof, *extending its corporate term for another fifty (50) years from 23 February 2016.*

The Department interposes **no objection** to the proposed amendment of the company's Articles of Incorporation, extending its corporate term.

In view of the foregoing, our Department, nonetheless, defers to the discretion of the Commission's Company Registration and Monitoring Department (CRMD) whether it will require the corporation to adopt these recommendations considering that it has primary jurisdiction over registration of corporations in general, as well as amendments to their Articles of Incorporation and By-laws.

These comment/recommendation(s) are without prejudice to the prerogative of this Department to act on any matter, such as but not limited to engaging in regulated activities that require prior registration/authority from the Commission, to ensure full compliance with the provisions of the Securities Regulation Code, its implementing rules and regulations, an other pertinent laws, rules and regulations, as may be necessary and applicable under the circumstances.

Very truly yours,


VICENTE GRACIANO P. FELIZMENIO, JR.
Director

Copy furnished:

**COMPANY REGISTRATION AND
MONITORING DEPARTMENT**
Securities and Exchange Commission
Mandaluyong City

RECEIVED BY:

(Signature over Printed Name of
Authorized Representative)


(Name of Company / Date Received)



Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City
CORPORATE GOVERNANCE AND FINANCE DEPARTMENT

ROUTING SLIP

Company:	MAKATI FINANCE CORPORATION	SEC Reg. No.	28788
Purpose:	Application for extension of corporate term		
Requested by:	John Paul Salvacion	Position:	Representative
Date Received:	9/29/2015	Date Released:	9/29/2015
Processed by:	Rico Rey G. Mangubat	Checked filing of complaints:	Judy Lyn P. De Dios
Counterchecked by:	Armando P. Carag		
<p>Remarks: MAKATI FINANCE CORPORATION has been granted a Certificate of Authority to Operate as a Financing Company effective January 18, 1992 pursuant to the Financing Company Act of 1998 and its Implementing Rules and Regulations under Certificate of Authority No. 110.</p> <p>As of September 28, 2015, our records show no complaint was filed against the corporation but there is no guarantee that its officers, directors, incorporators and affiliates, if any, do not have a pending case with us.</p> <p>This Department interposes no objection to the company's application for extension of corporate term.</p> <p>Please take note, however, that any infraction/violation of the subject corporation as far as the monitoring and reportorial requirements as a holder of a secondary license supervised by our Department is concerned shall be dealt with separately and independently from the application applied for. Accordingly, our Department shall not be estopped to act on any matter, such as but not limited to imposing the necessary sanction(s), fine(s) and penalty(s) in view of the company's failure to file necessary reportorial requirements on time, and to ensure full compliance with the provisions of the Financing Company Act of 1998 and its Implementing Rules and Regulations, the Corporation Code of the Philippines, the Securities Regulation Code and its Implementing rules and regulations, and other pertinent laws, rules and regulations, as may be necessary and applicable under the circumstances.</p> <p>- nothing follows -</p>			


JUSTINA F. CALLANGAN
Director

REPUBLIC OF THE PHILIPPINES)
Quezon City) S.S.

SECRETARY'S CERTIFICATE

I, **DANILO ENRIQUE O. CO**, of legal age, Filipino and with address at 11F Atlanta Centre, 31 Annapolis St., San Juan, Metro Manila, after being duly sworn to in accordance with law, hereby depose and state that:

1. I am the Corporate Secretary of **MAKATI FINANCE CORPORATION** (hereinafter referred to as the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines with address at 2nd Floor, Makati Finance Center, 7823 Makati Avenue, Makati City, Metro Manila.
2. To the best of my knowledge, no action or proceeding has been filed or is pending before any Court involving an intra-corporate dispute and/or claim by any person or group against the Board of Directors, individual directors and/or major corporate officers of the Corporation as its duly elected and/or appointed directors or officers or vice versa.

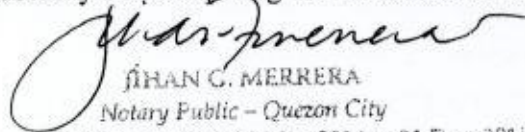
IN WITNESS WHEREOF, I have hereunto affixed my signature this
AUG 14 2015 at Quezon City.



DANILO ENRIQUE O. CO
Corporate Secretary

SUBSCRIBED AND SWORN to before me on the date and place above-written, affiant exhibiting to me his Competent Evidence of Identity (Driver's License) No. N04-86-035228 issued at Quezon City on 15 February 2013 expiring 15 November 2015.

Doc. No. 380 ;
Page No. 79 ;
Book No. X ;
Series of 2015.



JHAN C. MERRERA
Notary Public - Quezon City
Adm. Matter No. NP-214 (20 Mar. 2014 to 31 Dec. 2015,
Attorney's Roll No. 51082
PTR No. 0714662; 01/23/15; Quezon City
IBP Lifetime Reg. No. 05754; Quezon City Chapter
MCLE Compliance No. IV-0014585
Tax Identification No. 237-611-952



OFFICIAL RECEIPT
 Republic of the Philippines
 DEPARTMENT OF FINANCE
 SECURITIES & EXCHANGE COMMISSION
 SEC Building, EDSA, Greenhills
 City of Mandaluyong, 1554



Accountable Form No. 51 Revised 2006	ORIGINAL
DATE September 23, 2015	No. 1331349

PAYOR MAKATI FINANCE CORPORATION
 MAKATI CITY

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
PENALTIES/FINES	66	CFD	94,400.00

TOTAL PHP 94,400.00

AMOUNT IN WORDS
 NINETY FOUR THOUSAND FOUR HUNDRED
 PESOS AND 0/100

Received <input type="checkbox"/> Cash <input type="checkbox"/> Treasury Warrant <input type="checkbox"/> Check <input type="checkbox"/> Money Order	Received the Amount Stated Above Carlotta A. Brown COLLECTING OFFICER
Treasury Warrant, Check, Money Order Number Check-BPI-000005372/	
Date of Treasury Warrant, Check, Money Order 9/23/15/	O.R. No. 1331349

NOTE: Write the number and date of this receipt on the back of treasury warrant, check or money order received.



OFFICIAL RECEIPT
 Republic of the Philippines
DEPARTMENT OF FINANCE
SECURITIES & EXCHANGE COMMISSION
 SEC Building, EDSA, Greenhills
 City of Mandaluyong, 1554



Accountable Form No. 51 Revised 2006	ORIGINAL
DATE October 13, 2015	No. 1340146

PAYOR MAKATI FINANCE CORPORATION
 MAKATI CITY

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
LRF (A0823)	131	CRMD	6,000.00
AMENDED ARTICLES	606	CRMD	600,000.00
TOTAL			PHP 606,000.00
AMOUNT IN WORDS			
SIX HUNDRED SIX THOUSAND PESOS AND 0/100			
<input type="checkbox"/> Cash <input type="checkbox"/> Treasury Warrant <input checked="" type="checkbox"/> Check <input type="checkbox"/> Money Order		Received the Amount Stated Above Carolina A. Brown COLLECTING OFFICER	
Treasury Warrant, Check, Money Order Number Check-UCPB-0000006563/			
Date of Treasury Warrant, Check, Money Order 10/13/15/		O.R. No. 1340146	

NOTE: Write the number and date of this receipt on the back of treasury warrant, check or money order received.

MAKATI FINANCE

FINANCIAL SERVICES AND ADVISORY

July 30, 2015

The Markets & Securities Regulation Department
SECURITIES AND EXCHANGE COMMISSION

SEC Building, Mandaluyong City

Attention : **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets & Securities Regulation Department

The Disclosure Department
THE PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention : **Ms. Janet A. Encarnacion**
Head, Disclosure Department

We are submitting herewith SEC 17-C to disclose some material items discussed on Makati Finance Corporation's Board of Director's Meeting and Annual Stockholders' Meeting. Held today, July 30, 2015 at Makati Shangri-la, Makati City.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

Makati Finance Corporation
Registrant

By:



MARCOS E. LAROSA
Chief Finance Officer / CIO

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **July 30, 2015**
Date of Report (Date of earliest event reported)
2. SEC Identification Number: **28788**
3. BIR Tax Identification No.: **000-473-966**
4. **MAKATI FINANCE CORPORATION**
Exact name of registrant as specified in its charter
5. **Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation
7. **7823 Makati Avenue, Poblacion, Makati City**
Address of principal office
8. **(632) 896-02-21**
Registrant's telephone number, including area code
9. **N. A.**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Section 4 and 8 of the RSA



6. (SEC Use Only)
Industry Classification Code:
1210
Postal Code

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	203,312,773

11. Indicate the item numbers reported herein:.....
 - I. **The Regular Meeting of the Board of Directors of MAKATI FINANCE CORPORATION ("MFC") was held on 30 July 2015. The following were approved by the Board of Directors:**
 - a. Minutes of the Regular Board Meeting held on **29 April 2015**.
 - b. Stock Dividends amounting to **3.07544713%** of the outstanding capital stock equivalent to a maximum of **6,252,776.85** shares of stock, to be issued out of the un-issued capital stock to stockholders of record as of **27 August 2015** with a payment date not later than **22 September 2015**. Fractional shares shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares, as of **27 August 2015**.

- c. Cash Dividends in the amount of **P6,252,776.85** or an equivalent of **P0.0307544713** per share (**3.07544713%**) to stockholders of record as of **27 August 2015** with a payment date of **22 September 2015**. Both dividends shall be paid out of the audited net profits of the Corporation as of December 31, 2014.
- d. The Next Board meeting was scheduled on **October 28, 2015 (Wednesday) at 3:00 p.m.**

II. The Annual Stockholders' Meeting was held after the Regular Board of Directors meeting. The following were approved by the Stockholders of the Corporation:

- a. Minutes of the Annual Stockholders' Meeting held on 31 July 2014.
- b. The 2014 Annual Report and 2014 Audited Financial Statements.
- c. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the immediately previous Annual Shareholder's Meeting of 31 July 2014.
- d. Elections of Directors of the Corporation. The following were elected as Directors of the Corporation for a term of one (1) year or until their successors shall have been elected:

JUAN CARLOS DEL ROSARIO
TERESITA B. BENITEZ
MAX FRANCISCO O. BORRAMEO
RENE B. BENITEZ
FRANCISCO C. EIZMENDI, JR.
JOEL S. FERRER
EUGENIO E. REYES
MICHAEL WEE
JOSE V. CRUZ
ERIC B. BENITEZ
LAWRENCE EE

Atty. Eugenio E. Reyes and Mr. Francisco C. Eizmendi, Jr. were elected as independent directors.

- e. Appointment of R.G. MANABAT & CO. as the Corporation's External Auditor for the Year 2015.
- f. Stock Dividends amounting to **3.07544713%** of the outstanding capital stock equivalent to a maximum of **6,252,776.85** shares of stock, to stockholders of record as of **27 August 2015** with a payment date not later than **22 September 2015**. The stock dividends shall be paid out of the audited net profits of the Corporation as of December 31, 2014 and shall be issued out of the un-issued capital stock. Fractional shares shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares, as of **27 August 2015**.
- g. Cash Dividends in the amount of **P6,252,776.85** or an equivalent of **P0.0307544713** per share (**3.07544713%**) to stockholders of record as of **27 August 2015** with a payment date of **22 September 2015**. Both dividends shall be paid out of the audited net profits of the Corporation as of December 31, 2014.

- h. During the said meeting, the stockholders also duly approved the amendment of the Articles of Incorporation to extend the corporate term of the Corporation for another fifty (50) years from 23 February 2016.

III. The Organizational Meeting of the Board of Directors was held immediately after the Annual Stockholders Meeting, where in the following officers and committee chairmen/members were elected.

a. OFFICERS:

Ms. Teresita B. Benitez - Chairperson
 Mr. Rene B. Benitez – Vice Chairman
 Mr. Max Francisco O. Borromeo – President
 Mr. Joel S. Ferrer - Treasurer
 Atty. Danilo Enrique O. Co - Corporate Secretary
 Mr. Maxcy Francisco Jose R. Borromeo - Chief Operating Officer
 Mr. Marcos E. Larosa – Chief Finance Officer
 Mr. Servando B. Alvarez, Jr. - Assistant Treasurer

b. COMMITTEES:

Executive Committee	Audit Committee
Mr. Max O. Borromeo, Chairman Mr. Juan Carlos Del Rosario Ms. Teresita B. Benitez Mr. Rene B. Benitez Mr. Lawrence Ee	Francisco C. Eizmendi Jr.*, Chairman Ms. Teresita B. Benitez Mr. Juan Carlos del Rosario Mr. Lawrence Ee
Compensation Committee	Nomination Committee
Atty. Eugenio E. Reyes*, Chairman Mr. Juan Carlos Del Rosario Mr. Jose V. Cruz Mr. Eric B. Benitez	Ms. Teresita B. Benitez, Chairperson Mr. Rene B. Benitez Mr. Max O. Borromeo Mr. Eric B. Benitez Mr. Michael Wee
* Independent Directors	

SIGNATURES

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

Date: July 30, 2015

MAKATI FINANCE CORPORATION
Registrant

By:



MARCOS E. LAROSA
Chief Finance Officer / CIO



111262015000728



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Representative

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Company Information

SEC Registration No. 0000028788
Company Name MAKATI FINANCE CORP.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 111262015000728
Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code 17-C
Period Covered November 25, 2015
No. of Days Late 0
Department CFD
Remarks

MAKATI FINANCE
FINANCIAL SERVICES AND ADVISORY

November 25, 2015

The Markets & Securities Regulation Department
SECURITIES AND EXCHANGE COMMISSION
SEC Building, Mandaluyong City

Attention : **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets & Securities Regulation Department

The Disclosure Department
THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention : **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen,

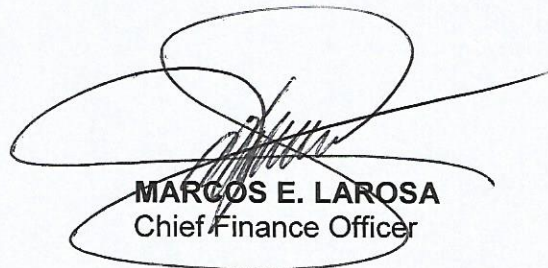
We are sending herewith SEC form 17-C Certificate of Attendance in Corporate Governance Seminar 2015 of Makati Finance Corporation.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

Very truly yours,

MAKATI FINANCE CORPORATION

BY:


MARCOS E. LAROSA
Chief Finance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE (SRC)
AND SRC RULE 17(b)(3) THEREUNDER

1. **November 25, 2015**
(Date of earliest event reported)
2. SEC Identification Number: 28788
3. BIR Tax Identification No.: 000-473-966
4. **MAKATI FINANCE CORPORATION**
Exact name of registrant as specified in its charter
5. **Makati City, Philippines**
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. **2/F Makati Finance Bldg., 7823 Makati Avenue, Makati City**
Address of principal office Postal Code **1210**
8. **(0632) 896-02-21**
Registrant's telephone number, including area code
9. N.A.
Former name or former address, if changed since last report
10. Securities registered pursuant to SRC

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	209,565,483

11. Indicate the item numbers reported herein: **Item 9 – Other Matters**

Item 9 – Other Events

In compliance with SEC Memorandum Circular No.20, Series of 2013, we inform the Honorable Commission that the following officers of the Company attended the CORPORATE GOVERNANCE FORUM on October 15, 2015, from 9:00 a.m. to 12:00 noon at the Grand Ballroom, InterContinental Manila, Ayala Avenue, Makati City. The seminar/forum was conducted by SEC-PSE.

1. TERESITA B. BENITEZ – Chairperson
2. EUGENIO E. REYES – Independent Director
3. JOSE V. CRUZ – Director
4. MAXCY FRANCISCO JOSE R. BORROMEO – Chief Operating Officer/CIO
5. MARCOS E. LAROSA - Chief Finance Officer/CIO
6. ALDRIN FRANCIS B. PONTANARES – Operation Manager
7. WILMA P. FUNDAN - Accounting Manager/CIO

And MR. FRANCISCO C. EIZMENDI, JR., attended the CORPORATE GOVERNANCE SEMINAR on September 05, 2015 from 9:00 a.m to 1:00 p.m at The Executive Lounge, 47F RCBC Tower 1, Ayala Avenue, Makati City. The seminar was conducted by SGV Co.

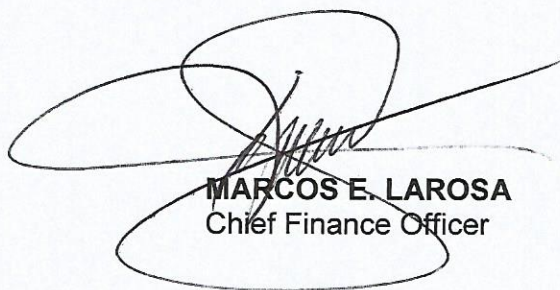
Please see attached for your reference are the Certificates of Attendance of the officers who attended the said seminar/forum.

SIGNATURES

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

MAKATI FINANCE CORPORATION
Registrant

By:



MARCOS E. LAROSA
Chief Finance Officer

Date: 25 November 2015

cc: *Disclosure Department*
Listing and Disclosure Group
Philippine Stock Exchange



CERTIFICATE OF ATTENDANCE

This is presented to

TERESITA B. BENITEZ

to recognize her participation in the

**SEC – PSE
CORPORATE GOVERNANCE
FORUM**

15 October 2015
Grand Ballroom
InterContinental Manila

TERESITA J. HERBOSA
Chairperson
Securities and Exchange Commission



CERTIFICATE OF ATTENDANCE

This is presented to

EUGENIO E. REYES

to recognize his participation in the

**SEC – PSE
CORPORATE GOVERNANCE
FORUM**

15 October 2015

Grand Ballroom

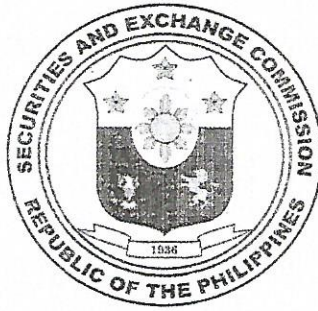
InterContinental Manila

A handwritten signature in black ink, appearing to read "T. Herbosa".

TERESITA J. HERBOSA

Chairperson

Securities and Exchange Commission



CERTIFICATE OF ATTENDANCE

This is presented to

JOSE V. CRUZ

to recognize his participation in the

**SEC – PSE
CORPORATE GOVERNANCE
FORUM**

15 October 2015
Grand Ballroom
InterContinental Manila

TERESITA J. HERBOSA
Chairperson
Securities and Exchange Commission



CERTIFICATE OF ATTENDANCE

This is presented to

MAXCY FRANCISCO JOSE R. BORROMEO

to recognize his participation in the

**SEC – PSE
CORPORATE GOVERNANCE
FORUM**

15 October 2015
Grand Ballroom
InterContinental Manila

TERESITA J. HERBOSA
Chairperson
Securities and Exchange Commission



CERTIFICATE OF ATTENDANCE

This is presented to

MARCOS E. LAROSA

to recognize his participation in the

**SEC – PSE
CORPORATE GOVERNANCE
FORUM**

15 October 2015
Grand Ballroom
InterContinental Manila

A handwritten signature in black ink, appearing to read 'T. Herbosa', is positioned above a horizontal line.

TERESITA J. HERBOSA
Chairperson
Securities and Exchange Commission



CERTIFICATE OF ATTENDANCE

This is presented to

ALDRIN FRANCIS B. PONTANARES

to recognize his participation in the

**SEC – PSE
CORPORATE GOVERNANCE
FORUM**

15 October 2015
Grand Ballroom
InterContinental Manila

A handwritten signature in black ink, appearing to read 'T. Herbosa', is positioned above a horizontal line.

TERESITA J. HERBOSA

Chairperson
Securities and Exchange Commission



CERTIFICATE OF ATTENDANCE

This is presented to

WILMA P. FUNDAN

to recognize her participation in the

**SEC – PSE
CORPORATE GOVERNANCE
FORUM**

15 October 2015
Grand Ballroom
InterContinental Manila

A handwritten signature in black ink, appearing to read 'T. Herbosa', is written above a horizontal line.

TERESITA J. HERBOSA
Chairperson
Securities and Exchange Commission

**Corporate
Governance**



This

Certificate of Attendance

is presented to

Francisco C. Eizmendi, Jr.

For having completed the seminar on

Corporate Governance

5 September 2015

9:00 a.m. to 1:00 p.m.

The Executive Lounge, 47F,

RCBC Tower 1, Ayala Avenue

Makati City

A handwritten signature in black ink, appearing to read 'Leonardo J. Matignas, Jr.', is written over a faint, illegible stamp or watermark.

Leonardo J. Matignas, Jr.
Partner, SGV & Co.



110292015000874



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
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Company Information

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Company Name MAKATI FINANCE CORP.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 110292015000874
Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code 17-C
Period Covered October 28, 2015
No. of Days Late 0
Department CFD
Remarks

MAKATI FINANCE

FINANCIAL SERVICES AND ADVISORY

October 28, 2015

**The Markets & Securities Regulation Department
SECURITIES AND EXCHANGE COMMISSION
SEC Building, Mandaluyong City**

Attention : **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets & Securities Regulation Department

**The Disclosure Department
THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City**

Attention : **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

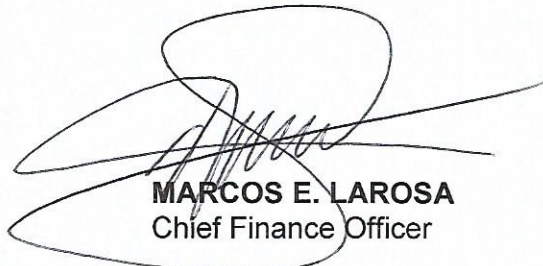
We are submitting herewith SEC 17-C to disclose some material items discussed on Makati Finance Corporation's Board of Director's Meeting held today, October 28, 2015 at The Peninsula Manila.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

Very truly yours,

Makati Finance Corporation
Registrant

By:



MARCOS E. LAROSA
Chief Finance Officer

2nd Floor, Makati Finance Building 7823 Makati Avenue, Makati City, Philippines
Tel. (632) 899 4145 / 890 0526 Fax. (632) 899 4121

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE (SRC)
AND SRC RULE 17(b)(3) THEREUNDER**

1. **October 28, 2015**
(Date of earliest event reported)
2. SEC Identification Number: 28788
3. BIR Tax Identification No.: 000-473-966
4. **MAKATI FINANCE CORPORATION**
Exact name of registrant as specified in its charter
5. **Metro Manila, Philippines** 6. (SEC Use Only)
Province, country or other jurisdiction of Industry Classification Code:
incorporation
7. **2/F Makati Finance Bldg. 7823 Makati Avenue, Makati City** **1210**
Address of principal office Postal Code
8. **(0632) 896-02-21**
Registrant's telephone number, including area code
9. N.A.
Former name or former address, if changed since last report
10. Securities registered pursuant to SRC

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	209,565,483

11. Indicate the item numbers reported herein: **Item 9 – Other Matters**

The regular quarterly meeting of the Board of Directors of MAKATI FINANCE CORPORATION (“MFC”) was held today, October 28, 2015, at which at least a majority of the members of the Board of Directors was present and acting throughout.

The board approved the new loan release approval matrix as follows:

- a) Up to Php7M - Senior Management
- b) More than Php7M up to Php 20M - 5 Board of Directors (3 EXCOM + 2 Board Members or Unanimous EXCOM)
- c) More than Php 20M up to Php 30M – Majority of the Board

The next Board meeting was later set on January 27, 2016 at 3 o'clock in the afternoon.

SIGNATURE

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

MAKATI FINANCE CORPORATION
Registrant

By:



MARCOS E. LAROSA
Chief Finance Officer

Date: 28 October 2015

*cc: Disclosure Department
Listing and Disclosure Group
Philippine Stock Exchange*

MAKATI FINANCE

FINANCIAL SERVICES AND ADVISORY

August 20, 2015

**THE DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.**

Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Ma'am:

We reply to your letter dated 20 August 2015 requesting for the Company's computation on the adjusted price and adjusted issued & outstanding shares based on the market data as of the end of trading period on 20 August 2015.

Computations were based on the formula attached to the letter with the heading "ADJUSTING THE CLOSING PRICE AND THE OUTSTANDING SHARES".

<u>Adjusted Outstanding Shares (AOS)</u> (see note below)	=	Previous Outstanding Shares (POS) x (1 + SD)
	=	203,312,773 x 1.0307544713
	=	209,565,549

<u>Adjusted Closing Price (ACP)</u>	=	Previous Closing Price (PCP) 1+ Rate of Stock Dividend (SD)
	=	5.12 1.0307544713
	=	4.96

Please find below local and foreign shares as of **August 20, 2015 (3:08PM)**:

<u>Adjusted Foreign Share</u>	=	8,413,453 x 1.0307544713
	=	8,672,204

<u>Adjusted Local Shares</u>	=	194,899,320 x 1.0307544713
	=	200,893,345

Please note that the above computation of the Adjusted Outstanding Shares is subject to adjustment due to the resulting fractional shares, based on the record date of 27 August 2015, which will not be issued but paid in cash to the respective stockholders. The final adjusted outstanding shares may be computed only on 27 August 2015 after the stockholders as of said record date, and the resulting fractional shares, are determined.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

MAKATI FINANCE CORPORATION
Registrant

By:



MARCOS E. LAROSA
Chief Finance Officer

Cc: Ms. Mafie V. Delos Reyes



103012016001305



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Representative

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Company Information

SEC Registration No. 0000028788
Company Name MAKATI FINANCE CORP.
Industry Classification FINANCING COMPANY OPERATIONS
Company Type Stock Corporation

Document Information

Document ID 103012016001305
Document Type LETTER/MISC
Document Code LTR
Period Covered February 29, 2016
No. of Days Late 0
Department CED/CFD/CRMD/MRD/NTD
Remarks FOR THE YEAR 2015
ACGR

MAKATI FINANCE
FINANCIAL SERVICES AND ADVISORY

February 29, 2016

The Markets & Securities Regulation Department
SECURITIES AND EXCHANGE COMMISSION
SEC Building, Mandaluyong City

Attention : **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets & Securities Regulation Department

The Disclosure Department
THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention : **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:


In compliance with the SEC Memorandum Circular No. 5 Series of 2013 of Makati Finance Corporation, please find attached the Annual Corporate Governance Report (SEC Form – ACGR) of Makati Finance Corporation for the year 2015.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

Very truly yours,

Makati Finance Corporation
Registrant

By:



MARCOS E. LAROSA
Chief Finance Officer

2nd Floor, Makati Finance Building 7823 Makati Avenue, Makati City, Philippines
Tel. (632) 899 4145 / 890 0526 Fax. (632) 899 4121

COVER SHEET

2 8 7 8 8

S.E.C. Registration Number

M A K A T I F I N A N C E

C O R P O R A T I O N

(Company's Full Name)

2^{N^D} **F l o o R , M a k a t i**

F i n a n c e C e n t e r 7 8 2 3

M a k a t i A v e . , M a k a t i C i t y

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

MARCOS E. LAROSA

Contact Person

897- 0749

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

2015

ACGR

FORM TYPE

0 7

Month

Last Thursday of

Day

Annual Meeting

Secondary License Type, If Applicable

C R M D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

_____ LCU

Document I.D.

_____ Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year **2015**
2. Exact Name of Registrant as Specified in its Charter **MAKATI FINANCE CORPORATION**
3. **7823 MAKATI AVENUE, POBLACION, MAKATI CITY** **1210**
Address of Principal Office Postal Code
4. SEC Identification Number **28788** 5. (SEC Use Only)
Industry Classification Code

6. BIR Tax Identification Number **000-473-966**
7. **(0632) 896-02-21**
Issuer's Telephone number, including area code
8. **N/A**
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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(a) Composition of the Board (Definitive Information Statement)

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Lawrence Ee	(NED)	n/a	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee	31 July 2014	30 July 2015	Annual Meeting	1 year
Juan Carlos Del Rosario	(NED)	Amalgamated Investment Bancorporation (AIB)	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee	1996	30 July 2015	Annual Meeting	19 years
Rene B. Benitez	(NED)	n/a	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee	1996	30 July 2015	Annual Meeting	19 years
Max O. Borromeo	(ED)	n/a	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee	9 Mar. 2000	30 July 2015	Annual Meeting	15 years
Teresita B. Benitez	(NED)	n/a	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee	28 Mar. 2001	30 July 2015	Annual Meeting	13 years
Michael Wee	(NED)	n/a	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee	25 Mar. 1998	30 July 2015	Annual Meeting	17 years
Joel S. Ferrer	(NED)	n/a	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee	25 Mar. 1998	30 July 2015	Annual Meeting	17 years
Eric B. Benitez	(NED)	n/a	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee	25 Mar. 1998 up to 28 Mar. 2001, and 23 Jun. 2011 up to present	30 July 2015	Annual Meeting	7 years
Francisco C. Eizmendi Jr	(ID)	n/a	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee; No relation to nominator	14 June 2007	30 July 2015 served as ID for 7 years	Annual Meeting	8 years
Eugenio E. Reyes	(ID)	n/a	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee; No relation to nominator	16 Oct. 2003	30 July 2015 served as ID for 11 years	Annual Meeting	12 years
Jose V. Cruz	(NED)	Amalgamated Investment Bancorporation (AIB)	Corporate Secretary, based on the shortlisted candidates of the Nomination Committee	24 June 2010	30 July 2015	Annual Meeting	5 years

¹ Mr. Lawrence Ee replaces Mr. Isidro B. Benitez in July 31, 2014.

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.**

The Corporation's Manual of Corporate Governance embodies the general policy that The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible. The Manual is aimed at increasing transparency and accountability in a company's operation. It prescribes standards for board governance, qualifications and responsibilities of the board chairman, chief executive officer and the board of directors.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders (Creditors, Industry, Customers, Community and Employees). The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets. It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

- (c) How often does the Board review and approve the vision and mission?**

The Board of Directors conducts regular reviews of the Company's vision and mission, strategies and corporate governance practices on an annual basis.

- (d) Directorship in Other Companies**

- (i) Directorship in the Company's Group²**

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
LAWRENCE EE	AMALGAMATED INVESTMENT BANCORPORATION	NON EXECUTIVE DIRECTOR
TERESITA B. BENITEZ	AMALGAMATED INVESTMENT BANCORPORATION	NON EXECUTIVE DIRECTOR
RENE B. BENITEZ	AMALGAMATED INVESTMENT BANCORPORATION	NON EXECUTIVE DIRECTOR
MAX O. BORROMEO	AMALGAMATED INVESTMENT BANCORPORATION	NON EXECUTIVE DIRECTOR
ERIC B. BENITEZ	AMALGAMATED INVESTMENT BANCORPORATION	NON EXECUTIVE DIRECTOR
JOSE V. CRUZ	AMALGAMATED INVESTMENT BANCORPORATION	EXECUTIVE DIRECTOR
MICHAEL WEE	AMALGAMATED INVESTMENT BANCORPORATION	NON EXECUTIVE DIRECTOR
JUAN CARLOS DEL ROSARIO	AMALGAMATED INVESTMENT BANCORPORATION	NON EXECUTIVE DIRECTOR

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
N/A	N/A	N/A

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
N/A	N/A	N/A

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	NONE	NONE
Non-Executive Director	NONE	NONE
CEO	NONE	NONE

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
TERESITA B. BENITEZ	407,591	270,318	0.32%
RENE B. BENITEZ	5,533,758	208,376	2.74%
ERIC B. BENITEZ	5,044,492	65,559	2.82%
JOEL S. FERRER	2,111,089		1.01%
MICHAEL WEE	8,671,642		4.14%
MAX O. BORROMEO	422,412	848,433	0.61%
JUAN CARLOS G. DEL ROSARIO	29		0.00%
EUGENIO E. REYES	15		0.00%
FRANCISCO C. EIZMENDI JR.	15		0.00%
JOSE V. CRUZ	1		0.00%
TOTAL	22,991,045	1,392,686	11.64%

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes No

Identify the Chair and CEO:

Chairperson of the Board	Teresita B. Benitez
CEO/President	Max O. Borromeo

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	<i>The Chairman of the Board is responsible for setting the overall business direction. He shall:</i>	<i>The Chief Executive Officer is in charge of preparing executing the business plan as outlined by the Chairman. He shall:</i>
Deliverables	<ol style="list-style-type: none"> 1. Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary. 2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; 3. Maintain qualitative and timely lines of communication and 	<ol style="list-style-type: none"> 1. Exercise general supervision over all officers of the corporation; 2. Exercise general supervision over all contracts and agreements which the corporation may enter into; 3. Submit an annual report of the operations to the Board of Directors;

	<i>information between the Board and Management.</i>	<p>4. <i>Sign, indorse and deliver all checks, drafts, bills of exchange, promissory notes and orders of payment of sums of money in the name and in behalf of the corporation;</i></p> <p>5. <i>Exercise such other powers and perform such other duties as the Board of Directors may fix or delegate.</i></p>
Accountabilities		

3) Explain how the Board of Directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board of Directors, with the guidance of its Executive Directors and the Compensation Committee, constantly evaluates the top officer-level requirements of the Corporation. To this end, the Board of Directors reviews the qualifications of various candidates for top executive and corporate positions. This practice has enabled the Board of Directors to elect new officers to the following positions during the 2015 Organizational Board Meeting: Chairman, Vice Chairman and President, without any disruption in its operations.

4) Other Executive, Non-Executive and Independent Directors

The Board of Directors, with the guidance of its Executive Directors and the Compensation Committee, constantly evaluates the top officer-level requirements of the Corporation.

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain. **Yes.**

The Nomination Committee is responsible for annually reviewing all nominees for Directors to ensure that the diverse experience and background of the members of the Board, particularly in the Corporation's industry. Under the Corporation's Manual of Corporate Governance, the Committee is tasked to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. The Committee pre-screens and shortlists all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications under the Manual.

The Nomination Committee shall consider the following guidelines in the determination of the number of directorships for the Board:

- *The nature of the business of the Corporation which he is a director or an officer;*
- *Age of the director;*
- *Number of directorships/active memberships and officerships in other corporations or organizations; and possible conflict of interest.*

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role			
Accountabilities			

Deliverables			
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Corporation complies with Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulations Code which defines an independent director as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company and includes, among others, any person who:

- A. Is not a director or officer of the covered company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
- B. Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders;
- C. Is not related to any director, officer or substantial shareholder of the covered company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- D. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
- E. Has not been employed in any executive capacity by the covered company, any of its related companies and/or by any of its substantial shareholders within the last five (5) years;
- F. Is not retained, either personally or through his firm or any similar entity, as professional adviser, by that covered company, any of its related companies and/or any of its substantial shareholders, within the last five (5) years; or
- G. Has not engaged and does not engage in any transaction with the covered company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Corporation complies with SEC Memorandum Circular No. 9-2011, and limits terms of independent directors to five (5) consecutive years. In addition, should the Corporation desire to re-elect the independent director after the two (2) – year "cooling off" period, the ID may serve for another five (5) consecutive years pursuant to SEC MC No. 9-2011, or such other period as may be prescribed by the Securities and Exchange Commission. At this time, the Corporation's independent directors have not yet exceeded the term limits prescribed under SEC MC No. 9-2011.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
none			

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	<p>Screening by the Nomination Committee <i>The Nomination Committee is responsible for annually reviewing all nominees for Directors to ensure that the diverse experience and background of the members of the Board, particularly in the Corporation's industry. Under the Corporation's Manual of Corporate Governance, the Committee is tasked to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. The Committee pre-screens and shortlists all candidates nominated to Become a member of the board of directors in accordance with the qualifications and disqualifications under the Manual.</i></p> <p><i>The Directors are elected annually during the Annual Stockholders' Meetings.</i></p>	<p><u>Qualifications</u></p> <ul style="list-style-type: none"> ○ Holder of at least one (1) share of stock of the Corporation; ○ He shall be at least a college graduate or have sufficient experience in managing businesses to substitute for such formal education; ○ He shall be at least twenty one (21) years old; ○ He shall have proven to possess integrity and probity; and ○ He shall be assiduous.
(ii) Non-Executive Directors	Same as Executive Director	Same as Executive Director
(iii) Independent Directors	Same as Executive Director	<i>The Corporation complies with Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulations Code which defines an independent director as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in</i>

		<p>any covered company and includes, among others, any person who:</p> <ul style="list-style-type: none"> A. Is not a director or officer of the covered company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing; B. Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders; C. Is not related to any director, officer or substantial shareholder of the covered company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; D. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement; E. Has not been employed in any executive capacity by the covered company, any of its related companies and/or by any of its substantial shareholders within the last five (5) years; F. Is not retained, either personally or through his firm or any similar entity, as professional adviser, by that covered
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		<p>company, any of its related companies and/or any of its substantial shareholders, within the last five (5) years; or</p> <p>G. Has not engaged and does not engage in any transaction with the covered company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.</p> <p>An independent director shall have the following qualifications:</p> <p>(i) He shall have at least one (1) share of stock of the corporation;</p> <p>(ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;</p> <p>(iii) He shall possess integrity/probity; and</p> <p>(iv) He shall be assiduous.</p>
b. Re-appointment		
(i) Executive Directors	same as Appointment of Directors	same as Appointment of Directors
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	The Committee pre-screens and shortlists all candidates nominated to Become a member of the board of directors in accordance with the qualifications and disqualifications under the Manual.	<ul style="list-style-type: none"> o Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities

	<p><i>The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.</i></p>	<p><i>Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</i></p> <ul style="list-style-type: none"> ○ <i>Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</i> <p><i>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or</i></p>
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		<p>suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, articipation or association with a member or participation of the organization;</p> <ul style="list-style-type: none"> ○ Any person convicted by final judgment or order by a court or competent administrative body of any offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; ○ Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or BSP, or any of its rule, regulation or order; ○ Any person judicially declared as insolvent;
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		<ul style="list-style-type: none"> o Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above; o Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment .
(ii) Non-Executive Directors	Same as Executive Director	Same as Executive Director
(iii) Independent Directors	Same as Executive Director	<p><i>In addition to the disqualifications of a regular Director, Independent Directors have the following disqualifications.</i></p> <p><i>Disqualification under the Manual of Corporate Governance: Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</i></p> <p><i>Disqualification under the Amended IRR of the SRC: No person enumerated under Section II (5) of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:</i></p> <p><i>(i) He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under Section II (5) of the Code on Corporate</i></p>

		<p>Governance;</p> <p>(ii) His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the company where he is such director;</p> <p>(iii) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family.</p> <p>(iv) Such other disqualifications which the covered company's Manual on Corporate Governance provides.</p>
d. Temporary Disqualification		
(i) Executive Directors	<p>The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.</p> <p>A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>The Board may provide for the temporary disqualification of a director for any of the following reasons.</p> <ul style="list-style-type: none"> ○ Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists. ○ Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. ○ Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has

		<p>cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <ul style="list-style-type: none"> ○ If any of the judgments or orders cited in the ground for permanent disqualification has not yet become final.
(ii) Non-Executive Directors	Same as Executive Directors	Same as Executive Directors
(iii) Independent Directors	Same as Executive Directors	<p>In addition to the grounds for disqualification of a regular Director, the Independent Directors may likewise be temporarily disqualified on the following grounds:</p> <p>If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p>
e. Removal		
(i) Executive Directors	<p>The Corporation abides by Sec. 28 on Removal of Directors, as follows:</p> <p>Any director of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders of a corporation for the purpose of removal of directors, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock.</p>	<p>A director may be removed from office if he is disqualified under the Manual of Corporate Governance, SEC Rules and Regulations, the Securities Regulations Code, the Corporation Code, or under any other grounds provided under the law.</p>

	<i>Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders by any stockholder of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders of the right of representation to which they may be entitled under Section 24 of this Code.</i>	
(ii) Non-Executive Directors	<i>Same as Executive Directors</i>	<i>Same as Executive Directors</i>
(iii) Independent Directors	<i>Same as Executive Directors</i>	<i>Same as Executive Directors</i>
f. Re-instatement		
(i) Executive Directors	<i>Directors who were removed may be reinstated by their election by the Stockholders in its Special or Annual Meeting.</i>	<i>The Nominations Committee is responsible for short-listing and screening all candidates for the Board of Directors, including those to be reinstated.</i>
(ii) Non-Executive Directors	<i>Same as Executive Directors</i>	<i>Same as Executive Directors</i>
(iii) Independent Directors	<i>Same as Executive Directors</i>	<i>Same as Executive Directors</i>
g. Suspension		
(i) Executive Directors	<i>Any suspension of a Director shall be made pursuant to the same procedures for their removal under Sec. 28 of the Corporation Code. The suspension of a Director produces the same effect of depriving said Director, and the shareholders who elected him, from participating and voting during the meetings of the Board and hence, the application of the aforesaid Sec. 28, absent any other procedures under the Corporation Code or other regulations or laws.</i>	<i>A director may be suspended from office if he is disqualified under the Manual of Corporate Governance, SEC Rules and Regulations, the Securities Regulations Code, the Corporation Code, or under any other grounds provided under the law.</i>
(ii) Non-Executive Directors	<i>Same as Executive Directors</i>	<i>Same as Executive Directors</i>
(iii) Independent Directors	<i>Same as Executive Directors</i>	<i>Same as Executive Directors</i>

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Mr. LAWRENCE EE	170,553,829
Mr. JUAN CARLOS DEL ROSARIO	170,553,829
Ms. TERESITA B. BENITEZ	170,553,829
Mr. MAX O. BORROMEEO	170,553,829
Mr. RENE B. BENITEZ	170,553,829
Mr. ERIC B. BENITEZ	170,553,829
Mr. JOSE V. CRUZ	170,553,829
Mr. FRANCISCO C. EIZMENDI, JR.	170,553,829
Mr. JOEL S. FERRER	170,553,829
Atty. EUGENIO E. REYES	170,553,829
Mr. MICHAEL WEE	170,553,829

6) Orientation and Education Program (Director's Profile)

(a) Disclose details of the company's orientation program for new directors, if any.

(b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

As of October 2015, 3 members of the Board and four of the Key Officers have attended an accredited corporate governance training program certified by Philippine Securities Consultancy Corporation and SEC.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Board of Directors(3)			
Teresita B. Benitez	October 10, 2015	SEC-PSE Corporate Governance Forum	SEC
Eugenio E. Reyes	October 10, 2015	SEC-PSE Corporate Governance Forum	SEC
Francisco C. Eizmendi, Jr.	October 10, 2015	SEC-PSE Corporate Governance Forum	SEC
Management Key Officers (4)			
Maxcy Francisco R. Borromeo	October 10, 2015	SEC-PSE Corporate Governance Forum	SEC
Marcos E. Larosa	October 10, 2015	SEC-PSE Corporate Governance Forum	SEC
Aldrin Francis B. Pontanares	October 10, 2015	SEC-PSE Corporate Governance Forum	SEC
Wilma P. Fundan	October 10, 2015	SEC-PSE Corporate Governance Forum	SEC

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Company policy prohibits employees from directly engaging in any activity, practice, or act, in conflict with the interests of MFC, which include but are not limited to the following: (1) Acceptance of outside employment in an organization that does business with, or is a competitor of MFC; (2) Financial interest in a firm that does business with MFC, and the interest is sufficient to affect his decisions or actions, except as specifically approved by the President or Senior Managing Director; (3) Acceptance of gifts from any person or firm doing business with MFC under circumstances which might influence you in the conduct of business with the donor; (4) Conduct (employment, disloyal, and/or prejudicial to MFC).		
(b) Conduct of Business and Fair Dealings			
(c) Receipt of gifts from third parties			
(d) Compliance with Laws & Regulations			
(e) Respect for Trade Secrets/Use of Non-public Information			
(f) Use of Company Funds, Assets and Information			
(g) Employment & Labor Laws & Policies			
(h) Disciplinary action	MFC adopts a positive approach in disciplining erring employees. Positive discipline is primarily a "corrective" approach in maintaining discipline among its employees. The following progressive actions shall serve as guide in initiating disciplinary actions against erring employees: (i) <u>VERBAL WARNING</u> : a verbal reprimand calling the attention of an employee about an infraction/s against company rules and regulations. Normally given for first offenses; (ii) <u>WRITTEN WARNING</u> : a written formal reprimand calling the attention of an employee about serious and or habitual infraction/s against company rules % regulations. This puts the employee under observation for 30 days; (iii) <u>SUSPENSION</u> : Having the employee not report to work and go without pay for serious or habitual infraction/s against company rules & regulations. This puts an employee under observation for 60 days; (iv) <u>DECISION LEAVE</u> : a one-on-one session between the employee and his immediate superior to discuss the problem/s with the end view of making the employee decide on whether or not he would continue working with the company. A one		
(i) Whistle Blower	MFC has established business integrity channels that serve as communication facilities such as telephone, email, fax, website and face to face meetings, enabling individuals to freely report fraud, violation of laws, rules and regulations, or misconduct to people at authority without fear of retaliation.		
(j) Conflict Resolution			

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? YES

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

There is an ongoing monitoring by HR Department and the Management.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<i>Any and all transactions with possible conflict of interest should be with prior disclosure and done on an arms length, market based parameters</i>
(2) Joint Ventures	<i>Same</i>
(3) Subsidiaries	<i>Same</i>
(4) Entities Under Common Control	<i>Same</i>
(5) Substantial Stockholders	<i>Same</i>
(6) Officers including spouse/children/siblings/parents	<i>Same</i>
(7) Directors including spouse/children/siblings/parents	<i>Same</i>
(8) Interlocking director relationship of Board of Directors	<i>Same</i>

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	N/A
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Amalgamated Investment Bancorporation
Group	Lending rate is compared with other financial institution's rate

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

N/A		
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(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
<i>Amalgamated Investment Banking Corp</i>	<i>Lender of Funds</i>	<i>MFC borrows funds from AIB which is covered by a PN</i>

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N/A		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

It has never been happened and if with conflict a disclosure will be made.

	Alternative Dispute Resolution System
Corporation & Stockholders	N/A
Corporation & Third Parties	N/A
Corporation & Regulatory Authorities	N/A

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

The Board of Director's meetings is scheduled three months before the date of next meeting.

January 20, 2015 (Wednesday, 3:00 pm)

April 29, 2015 (Wednesday, 3:00 pm)

July 30, 2015 (Thursday, immediately after the Annual Stockholder's Meeting)

October 28, 2015 (Wednesday, 3:00 pm)

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Rene B. Benitez	07/30/15	4	4	100
Member	Juan Carlos Del Rosario	07/30/15	4	4	100
Member	Jose V. Cruz	07/30/15	4	4	100
Treasurer	Joel S. Ferrer	07/30/15	4	4	100
President	Max O. Borrromeo	07/30/15	4	4	100
Member	Eric B. Benitez	07/30/15	4	4	100
Vice Chairperson	Teresita B. Benitez	07/30/15	4	4	100
Member	Michael Wee	07/30/15	4	4	100
Independent	Francisco C. Eizmendi, Jr.	07/30/15	4	4	100
Independent	Eugenio E. Reyes	07/30/15	4	4	100

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

Yes, these meetings are the Organizational meetings, Nomination Committee meetings, Audit Committee meetings, Executive Committee meetings and Compensation Committee meetings.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Yes

- 5) Access to Information

- (a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

The board papers for the Board of Directors meetings have been provided seven (7) days in advance.

- (b) Do board members have independent access to Management and the Corporate Secretary?

Yes

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary performs the following duties:

- a. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;*
- b. Be loyal to the mission, vision and objectives of the corporation;*
- c. Work fairly and objectively with the Board, Management and stockholders;*
- d. Have appropriate administrative and interpersonal skills;*
- e. If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;*
- f. Have a working knowledge of the operations of the corporation;*
- g. Inform the members of the Board, in accordance with the bylaws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;*
- h. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;*
- i. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and*
- j. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer.*

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

The Corporate Secretary is a lawyer by profession and obtained his law degree from the University of the Philippines. He is also well-versed in accountancy, having obtained his BS Business Administration, cum laude, from the same University. He is currently legal counsel, director and/or corporate secretary of several Philippine Corporations.

- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes

No

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Committee	Details of the procedures
Executive	Pursuant to policies on transparency and to minimize procedural barriers, all of the Committee Members have free and direct access to the Corporate Secretary, President, Chief Executive Officer, Chief Operating Officer, Treasurer and other officers of the Corporation. They may also freely request for data or other information which may be needed to enable them to prepare in advance for their respective meetings. Communications may be made through personal meetings, mobile numbers, landline numbers and email addresses.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The corporation may create a Board of Advisers which shall be composed of such numbers, who may or may not be a stockholder of the corporation, to be fixed and appointed by the Board of Directors.	The Board of Advisers shall advise the Board of Directors and the Executive Committee on such matters as the Board of Directors and the Executive Committee may require. The Board of Advisers shall be entitled to such compensation or per diem as may be fixed by the Board of Directors.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
N/A	N/A	N/A

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	NONE	YES
(2) Variable remuneration	NONE	NONE
(3) Per diem allowance	NONE	NONE
(4) Bonus	YES	YES
(5) Stock Options and other financial instruments	NONE	NONE
(6) Others (specify)	NONE	NONE

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	The Remuneration and increase in remuneration is decided by the Compensation Committee every year based on performance of the corporation.		
Non-Executive Directors	NONE	NONE	NONE

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
N/A	

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	3,052,640	NONE	NONE
(b) Variable Remuneration	NONE	NONE	NONE
(c) Per diem Allowance	200,000	1,600,000	400,000
(d) Bonuses	685,153	2,346,497	303,165
(e) Stock Options and/or other financial instruments	NONE	NONE	NONE
(f) Others (Specify)	NONE	NONE	NONE
Total	3,937,793	3,946,497	703,165

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances			
2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)			
Total	NONE	NONE	NONE

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
N/A	N/A	N/A	N/A	N/A

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
N/A	N/A	N/A

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
MAXCY FRANCISCO JOSE R. BORROMELO	Php 8,815,354
MARCOS E. LAROSA	
ALDRIN FRANCIS B. PONTANARES	
WILMA P. FUNDAN	
NAPOLEON B. MALONG JR.	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	1	4					
Audit		3	1				
Nomination		5					
Remuneration		3	1				
Others (specify)							

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Max O. Borromeo	07/30/15	2	2		
Member (NED)	Teresita B. Benitez	07/30/15	2	2		
Member (NED)	Juan Carlos Del Rosario	07/30/15	2	2		
Member (NED)	Rene B. Benitez	07/30/15	2	2		
Member (NED)	Lawrence Ee	07/30/15	2	2		

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Francisco C. Eizmendi, Jr.	07/30/15	2	2		
Member (NED)	Teresita B. Benitez	07/30/15	2	2		
Member (NED)	Lawrence Ee	07/30/15	2	2		
Member (NED)	Juan Carlos Del Rosario	07/30/15	2	2		

Disclose the profile or qualifications of the Audit Committee members.

The Audit committee shall be composed of at least three (3) members of the Board, the Chairman of which should be one (1) whom shall be an independent director. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment.

Describe the Audit Committee's responsibility relative to the external auditor.

Duties and responsibilities:

- *Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;*
- *Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;*
- *Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;*
- *Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;*
- *Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;*
- *Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;*
- *Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;*
- *Review the reports submitted by the internal and external auditors;*
- *Review the quarterly, half year and annual financial statements before their submission to the Board, with particular focus on the following matters:*
 - *Any change/s in accounting policies and practices*
 - *Major judgmental areas*
 - *Significant adjustments resulting from the audit*

- *Going concern assumptions*
- *Compliance with accounting standards*
- *Compliance with tax, legal and regulatory requirements*
- *Coordinate, monitor and facilitate compliance with laws, rules and regulations;*
- *Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report.*

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairperson (NED)	<i>Teresita B. Benitez</i>	07/30/15	1	1		
Member (ED)	Max O. Borromeo	07/30/15	1	1		
Member (NED)	Eric B. Benitez	07/30/15	1	1		
Member (NED)	Rene B. Benitez	07/30/15	1	1		
Member (NED)	Michael Wee	07/30/15	1	1		

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Eugenio E. Reyes	07/30/15	1	1		
Member (NED)	Juan Carlos Del Rosario	07/30/15	1	1		
Member (NED)	Jose V. Cruz	07/30/15	1	1		
Member (NED)	Eric B. Benitez	07/30/15	1	1		

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	NONE	NONE	NONE	NONE		NONE
Member (ED)						
Member (NED)						
Member (ID)						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	N/A	
Audit	N/A	
Nomination	N/A	
Remuneration	N/A	

Others (specify)	N/A	
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4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Review process & control measures	Strategy to reduce repo inventory
Audit	Review provisioning process	Sufficient provision for bad debts
Nomination	Identify directorship candidates	Directorship comply with policies set
Remuneration	Performance based review	Comply with policy & reward performance
Others (specify)		

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	CARAVAN / SALE	REDUCTION OF MC INVENTORY
Audit	DOING ACCRUAL & PROVISIONING	ACCRUAL METHOD
Nomination	N/A	N/A
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

Quarterly, during the Board of Directors's meeting, the directors identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability. Periodically evaluate and monitor the implementation of policies and strategies, including the business plans, operating budgets and Management's overall performance.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The board discussed the proposal by management to explore new product lines to include financing of trucks, collateralized business loans, personal loans of employees of related companies and other options. The board encouraged the management to diversify its portfolio and identify areas for growth since bulk of existing portfolio pertains to Motorcycle Financing.

(c) Period covered by the review;

January – December 2015

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

Quarterly, during the Board of Directors' meeting, the directors review risk exposure with the help of aging of accounts analysis for each product line plus financial and liquidity ratios.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit Risk	Setting limits for borrowers based on credit worthiness. Obtaining security, where appropriate and limits duration of exposure. Credit applications go through a rigid process of screening before the granting of credit. Tools like aging of receivables are used to assess impairment.	Choosing markets & borrowers which has better capacity to repay their loan, reduces probable loss. If parties fail to discharge their obligations, loss exposure is managed. Collaterals coupled with rigid screening lessen risk and loss exposure.
Interest rate risk	A prudent policy on managing the assets and liabilities to ensure that exposure to interest rate fluctuations are kept within acceptable limits. The interest rates are benchmarked against market interest rates.	Ensure level of profitability is sufficient to cover for overhead expenses and expected profit. Too high interest rates discourage clients to avail of loans from products offered.
Liquidity risk	Maintain, continually identify & arrange for level of funds sufficient to finance capital & operational requirements.	Regularly evaluate projected (budgeted) and actual cash flows. Continually source fund raising activities.
Human risk	Employee screening & interview, orientation & training and background checks are implemented. Annual drug test is done. Install strict controls on monies, accountable forms and meticulous review of proper documentation and authority for each transaction is a must.	Exposure to losses due to employee incompetence, theft, fraud & embezzlement is to be kept at minimum.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
<i>Same as Company as we are not a Group of Companies</i>	<i>Same as Company as we are not a Group of Companies</i>	<i>Same as Company as we are not a Group of Companies</i>

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
<i>The rights of the Minority Shareholders are fully protected and kept intact in the manual. The Shareholders have the right to elect, replace and remove directors and vote on certain corporate acts in accordance with the Corporation Code. They also have pre-emptive rights and the right to information and dividends.</i>
<i>The Board gives minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.</i>

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	Limits loan grants based on credit worthiness: capacity to pay, historical paying habits , employment status or number of years in business, reputation in industry & neighborhood, number of years in residence. Obtaining security/collateral, where appropriate and limiting duration of exposure is another tool we employ in granting loans.	At least three (3) people evaluates and signs off on the merit of the borrower based on documents submitted and background investigation done before any release or approval is triggered. Monthly, aging of accounts are analyzed and used to gauge the collectivity and impairment index.
Interest rate risk	Financial ratios are generated regularly and contribution margins per product line offered are computed to determine extent of profitability.	Interest rates on funds sourced are externally benchmarked on market, therefore additional measures to ensure profitability is cost cutting, low wastage and asset/supplies losses.
Liquidity risk	Regularly evaluate projected (budgeted) and actual cash flows. Monitor trend of actual collections and disbursements. Monitor market interest rates vis-à-vis actual interest rates on existing borrowings. Continually source fund raising activities.	To monitor funds availability and control, daily cash count is made while matching of deposit slips versus collections received as per OR issued is diligently done. Daily monitor of OR issued by collectors are done. Monthly cash flow analysis is done compared with budget. Good credit standing with existing lending institutions is maintained to ensure operating funds availability.
Human risk		Annual drug testing. Regular lifestyle check. Conduct internal audits. Constant review on control system and ensure adherence in implementation.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as Company as we are not a Group of Companies	Same as Company as we are not a Group of Companies	Same as Company as we are not a Group of Companies

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	Periodic review of FS and discussion	Discussed thoroughly in

	with external audit outfit.	<i>Section E.2.b</i>
Nomination Committee	Ensure nominees are qualified to monitor and give valued added inputs to the operations of the Company.	<i>Discussed thoroughly in Section A.5</i>
Executive Committee	Regular Management Committee meetings with review of operational and financial performance.	Reviews frequently and regularly the performance and activities of the Corporation and makes recommendations and approvals as needed

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Makati Finance Corporation (MFC) promulgates and adopts Audit Committee Charter as a framework and blueprint to ensure accurate and transparent financial disclosures and the observance of adequate risk controls. The Audit Committee shall assist the MFC Board of Directors and Management by providing oversight functions over the following:

- *Integrity of the Corporation's financial reporting process*
- *Internal Controls and risk management system*
- *Statutory audit of the annual financial accounts*
- *Independence of external audit firm*
- *Effectiveness of anti-fraud, ethics and compliance systems.*

The Audit Com is composed of at least three (3) directors, who shall have adequate understanding of the company's financial management systems and environment. The Chairman of the Audit Com shall be an independent director.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Com has the specific responsibility of assisting and providing oversight functions over Management and in monitoring the integrity of the financial statements of the Company and any other financial reports. If the Audit Com is not satisfied with any aspect of the financial reporting by MFC, such concerns shall be brought to the attention of the Board of Directors or Management, at the discretion of the Audit Com. Provide oversight Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities. Review the reports submitted by the internal and external auditors; Review the quarterly, semi-annual and annual financial statements before their submission to the Board.

(c) Period covered by the review; Annually

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Audit Com shall, from time to time, review the following practices:

- 1.1 Revenue recognition – timing on recognition of sale
- 1.2 Changing estimates – altr basis of estimates to make the numbers
- 1.3 Abuse of materiality concept – argument on what is significant or non-significant to the bottom line
- 1.4 Capitalization and deferral of expenses

The Audit Com shall prepare an Audit Committee self-assessment chart to gauge its performance against its purpose.

(e) Where no review was conducted during the year, an explanation why not.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Ensure effective, appropriate and complied with organizational and procedural controls	Nature and complexity of business; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology and the extent of regulatory compliance	In-house	NAPOLEON MALONG	Reporting to the Audit Committee

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

YES

(c) Discuss the internal auditor’s reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

YES

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
Jover Bano	Career opportunity
Dionisio Juntilla, Jr.	Career opportunity
Arvin Perez	Work Abroad
Francis Singson	Father got sick

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit’s progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	
Issues ⁶	
Findings ⁷	
Examination Trends	

⁶ “Issues” are compliance matters that arise from adopting different interpretations.

⁷ “Findings” are those with concrete basis under the company’s policies and rules.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Revenue Recognition	
Changing Estimates	
Abuse of Materiality concept	
Capitalization and deferral of expenses	

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>Perform oversight functions over the corporation's internal and external auditors. It must ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.</p> <p>Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit and ensure proper coordination.</p>			

External auditor should be rotated or changed every five (5) years or earlier.			
Organize an internal audit department and discuss terms and conditions of engagement and removal.			

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

MS. TERESITA B. BENITEZ – Chairperson

MR. MAX O. BORROMEIO - President

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare		
Supplier/contractor selection practice		
Environmentally friendly value-chain		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights		

The Board shall respect the rights of the stockholders as provided for in the Corporation Code:

- (a) Right to vote on all matters that require their consent or approval;*
- (b) Pre-emptive right to all stock issuances of the corporation;*
- (c) Right to inspect corporate books and records;*
- (d) Right to information;*
- (e) Right to dividends; and*
- (f) Appraisal right.*

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

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

YES

3) **Performance-enhancing mechanisms for employee participation.**

(a) What are the company's policy for its employees' safety, health, and welfare?

The company required all employees to undergo an annual medical examination to ensure their physical condition and suitability for the job. The periodic check-up shall be paid for by the company, according to the plan chosen.

The Company has a funded, tax-qualified defined benefit pension plan covering all its officers and regular employees. The benefits are based on years of service and compensation on the last year of service.

(b) Show data relating to health, safety and welfare of its employees.

Annual Physical Examination – May 2015
Group Life Insurance – enrolled/renewed yearly
Personal Accident Insurance – cover all employees doing field work
Group Medical Insurance – enrolled/renewed yearly
Drug Testing – random on a regular basis

(c) State the company's training and development programs for its employees. Show the data.

The company provides training to its personnel, which are classified as Functional Training, Orientation and General Training, and Career Training. They are:

1. Monthly Orientation for New Hires
2. IFCA Training for Newly Hired Employees
3. Accounting Processes for Branch Staff
4. IFCA for Managers
5. IFCA for Accountants
6. Refresher Course for All Branch Staff
7. Refreshers Course for Accounting Processes for Branch Managers and Branch Staffs
8. Credit Process for Credit Sales Representatives
9. Advance Excel for Accountants
10. Leadership Trainings for Managers
11. Handling Difficulty for Managers
12. Customer Service Training for All Branch Staffs

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The company shall have the prerogative to grant performance bonuses to its employees. Amount of bonuses is upon the discretion of management, but in general, basis of the performance bonus shall be the over-all performance of the company for the fiscal year and the employee's individual performance and contribution during the particular period.

4) **What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.**

The HR Department is the one handling all complaints coming from clients. HR Dept. will require the complainant a written affidavit thru fax or email. After identifying concerned party or employee, he/she will be given a notice to explain. Upon verification and thorough study of the HR regarding the case, disciplinary or positive actions shall be initiated or imposed.

I. DISCLOSURE AND TRANSPARENCY

1) **Ownership Structure**

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Amalgamated Investment Bancorp.	147,559,784	70.41226%	Record and Beneficial Owner
Pikeville Bancshares, Inc.	14,874,146	7.09761%	Record and Beneficial Owner
TOTAL	162,433,930	77.509871%	

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
TERESITA B. BENITEZ	407,591	270,318	0.32%
RENE B. BENITEZ	5,533,758	208,376	2.74%
ERIC B. BENITEZ	5,044,492	65,559	2.82%
JOEL S. FERRER	2,111,089		1.01%
MICHAEL WEE	8,671,642		4.14%
MAX O. BORROMEO	422,412	848,433	0.61%
JUAN CARLOS G. DEL ROSARIO	29		0.00%
EUGENIO E. REYES	15		0.00%
FRANCISCO C. EIZMENDI JR.	15		0.00%
JOSE V. CRUZ	1		0.00%
TOTAL	22,991,045	1,392,686	11.64%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	In separate report
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
-----------------	-----------	---------------

R. G. MANABAT & CO. (KPMG)	*P672,000.00	*P67,200.00

**vat inclusive*

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Company website www.makatifinance.ph

Annual Report

PSE and SEC disclosure

5) Date of release of audited financial report: April 08, 2015

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Upgrading of website on-going
Notice of AGM and/or EGM	
Company's constitution (company's by-laws, memorandum and articles of association)	

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Amalgamated Investment Bancorporation	Parent	Unsecured, 30-day non-interest bearing receivable	P101,006
Amalgamated Investment Bancorporation	Parent	Unsecured, 1-year interest bearing placement at 5.75% annual interest rate	P484,500,000
Amalgamated Investment Bancorporation	Parent	Interest payment for Notes Payable	P31,048.706
Amalgamated Investment Bancorporation	Parent	Broker's fee payable to Parent	P2,187,500
Amalgamated Investment Bancorporation	Parent	Cash Dividend on 9M shares of AIB equal to Php 4 per share	P36,000,000

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

The annual meeting of the stockholders shall be held on the last Thursday of July in each year, if not a legal holiday, and if a legal holiday, then on the next business day following. The stockholders owning or representing a majority of the subscribed capital stock shall elect by a plurality vote a Board of Directors and shall transact such other business as may properly be brought before such meeting.

Special meetings of the stockholders for any purpose or purposes may be called at any time by the President or by order of the majority of the members of the Board of Directors, or upon request of any stockholder owning at least ten percent (10%) of the outstanding capital stock.

Quorum Required	At least two-third (2/3) of the number of directors
------------------------	---

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Voting
Description	<p>At every meeting of stockholders, each stockholder with voting privilege shall be entitled to one vote for each share of the stock standing in his name in the books of the corporation; provided, however, that in the election of Directors, each stockholder with voting privilege shall be entitled to cumulate his votes in the manner provided by law. Each stockholder may vote by proxy provided the proxy has been appointed in writing by the stockholder himself or his duly authorized attorney. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary. This instrument appointing a proxy shall be presented to and lodge with the Secretary at or prior to the time of the meeting.</p> <p>Except as otherwise provided by law, all corporate actions requiring the approval of the Stockholders shall be decided by the affirmative vote of the majority of the issued and outstanding capital stock of the corporation.</p>

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Rights of Investors/Minority Interests	
Voting Right	
Pre-emptive Right	
Power of Inspection	
Right to Information	
Right to Dividends	

Appraisal Right	
-----------------	--

Dividends

Declaration Date	Record Date	Payment Date
July 30, 2015	August 27, 2015	September 22, 2015

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
- a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company
3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

The Company sends out notices to the AGM at least fifteen business days in advance of the date for which the meeting is called.

- a. **Date of sending out notices:** July 08, 2015
- b. **Date of the Annual/Special Stockholders' Meeting:** July 30, 2015

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

July 31, 2015 or one day after the Annual Stockholders Meeting

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
N/A	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	11	July 30, 2015				
Special	N/A	none				

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

NONE. But required the external auditor to observe the voting.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes, only one class of share.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	
Notary	
Submission of Proxy	
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

Each stockholder may vote by proxy provided the proxy has been appointed in writing by the stockholder himself or his duly authorized attorney. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. This instrument appointing a proxy shall be presented to and lodge with the Secretary at or prior to the time of the meeting.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Notices will be send to shareholders 21 business Days prior to actual Annual Meeting	Written notice of every meeting of the stockholders starting the date, time and place of the meeting, accompanied by the agenda of the matters to be take up and by the proxy or information statement and/or materials as may be required by law or regulation shall be sent by personal delivery or by mail to each qualified stockholder thereat at such addresses as it appears in the books of the corporation or by publication in a newspaper of general circulation within such period as may from time to time to be required by law or regulation.
	When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	100
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	July 08, 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	July 08, 2015
State whether CD format or hard copies were distributed	Distributed Hard copy and link to website were made available
If yes, indicate whether requesting stockholders were provided hard copies	Hard copy

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Stated
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Stated
The auditors to be appointed or re-appointed.	Stated
An explanation of the dividend policy, if any dividend is to be declared.	Stated

The amount payable for final dividends.	Stated
Documents required for proxy vote.	Stated

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
<p>The Board shall be committed to respect the following rights of the stockholders:</p> <p>2.a.1 Voting Rights 2.a.2 Pre-emptive Right 2.a.3 Power of Inspection 2.a.4 Right to information 2.a.5 Right to Dividends 2.a.6 Appraisal Right</p>	
<p>Directors' Duty to Promote Shareholder Rights It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person . The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.</p>	

(b) Do minority stockholders have a right to nominate candidates for board of directors?

The shareholders have the right to elect, replace and remove directors and vote on certain corporate act in accordance with the Corporation code. They also have pre-emptive rights and the right to information and dividends.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Executive Committee has the responsibility for the review and approval of any major company announcements.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors		
Board Committees		
Individual Directors		
CEO/President		

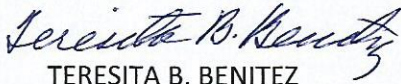
N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First Violation	Reprimand
Second Violation	Suspension
Third Violation	Maximum penalty or removal from office

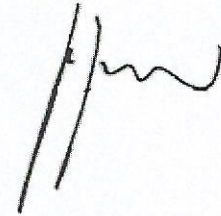
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 20__.

SIGNATURES



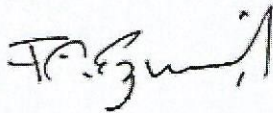
TERESITA B. BENITEZ

Chairperson of the Board



MAX O. BORROMEEO

President



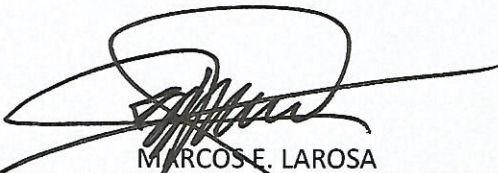
FRANCISCO C. EIZMENDI JR.

Independent Director



EUGENIO E. REYES

Independent Director



MARCOS E. LAROSA

Chief Finance Officer

MAKATI CITY

MAR 01 2016

SUBSCRIBED AND SWORN to before me this _____ day of _____ 20__ , affiant(s) exhibiting to me their _____, as follows:

<u>NAME/NO.</u>	<u>GOVT.I.D.</u>	<u>PLACE OF ISSUE</u>
TERESITA B. BENITEZ	TIN:138-606-517	
MAX O. BORROMEEO	TIN: 108-479-305	
FRANCISCO C. EIZMENDI JR.	TIN: 119-132-505	
EUGENIO E. REYES	TIN : 116-244-865	
MARCOS E. LAROSA	TIN : 206-361-568	

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 Page No. 88
 Book No. 75
 Series of 2016

ATTY. VIRGILIO R. BATALLA
 NOTARY PUBLIC FOR MAKATI CITY
 APPT. NO. M32
NOTARY PUBLIC
 ROLL OF ATTY. NO. 48348
 MCLE COMPLIANCE NO. IV-0016333-4/10/13
 I.B.P O.R No. 706762, LIFETIME MEMBER JAN 29,2007
 PTR No. 532-3505 JAN. 04, 2016
 EXECUTIVE BLDG. CENTER
 MAKATI AVE. COR., JUPITER ST. MAKATI CITY

**MAKATI FINANCE CORPORATION
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MAKATI FINANCE
FINANCIAL SERVICES AND ADVISORY

April 14, 2016

The Markets & Securities Regulation Department
SECURITIES AND EXCHANGE COMMISSION
SEC Building, Mandaluyong City

Attention : **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets & Securities Regulation Department

The Disclosure Department
THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention : **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

We are sending herewith a copy of Makati Finance Corporation SEC 17-A for the year ended 2015.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

MAKATI FINANCE CORPORATION
Registrant

By:



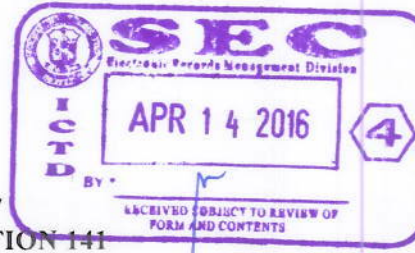
MARCOS E. LAROSA
Chief Finance Officer / CIO

2nd Floor, Makati Finance Building 7823 Makati Avenue, Makati City, Philippines
Tel. (632) 899 4145 / 890 0526 Fax. (632) 899 4121

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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



- 1. For the fiscal year ended**December 31, 2015**.....
- 2. SEC Identification Number**28788**..... 3. BIR Tax Identification No. **000-473-966**
- 4. Exact name of issuer as specified in its charter**MAKATI FINANCE CORPORATION**...
- 5.**Makati, Philippines**.....
Province, Country or other jurisdiction of incorporation or organization
- 6. (SEC Use Only)
Industry Classification Code:
- 7. **7823 Makati Avenue, Makati City**..... **1210**.....
Address of principal office Postal Code
- 8.**(0632).....896-02-21/897-07-49**.....
Issuer's telephone number, including area code
- 9.**N.A.**.....
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	209,565,483

- 11. Are any or all of these securities listed on a Stock Exchange.
Yes [/] No []
If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange common stock

- 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 twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [/] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/]

No []

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

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

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [/]

No []

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Makati Finance Corporation ("MFC" or "The Company") is a company providing quality financial services and advisory to its clients. The Company has been in the financial services sector since 1966, navigated its way out of the Asian Financial Crisis in 1997-1999, and was listed in the PSE following a successful initial public offering (IPO) in 2003. Since listing, MFC has posted net profits and has consistently declared 30% of its net income as dividends every year which is the Company's dividend policy established in 2003. Moving forward, the Company plans to significantly expand its loan portfolio in the next years.

The Company's main product lines are Rx Cashline – loans especially tailored to medical professionals, MFC Factors – a receivables factoring service for Small and Medium Enterprise (SMEs), and Motorcycle (MC) Financing – loans for motorcycle buyers. These are offered domestically, hence there are no foreign sales. Also, no government approval is needed to offer these products. The management continues to implement cost-cutting measures and impose higher standards of credit evaluation.

Corporate Mission Statement

The Company believes in reaching its goals by focusing on its mission as follows:

"...to become one of the leading financial institutions in the country. Its objective is to become the best rather than the biggest. The Company pursues this objective through the following:

- *Efficiency in all aspects of operations*
- *Client satisfaction at all levels of service*
- *In-depth market penetration*
- *Creativity in the provision of competent solutions*

In the long run, Makati Finance sees itself as being the finance company known for excellence in financial service in its niche market."

MFC recognizes its role not only as a source of funding for consumers and businesses but as a partner to its clients in the improvement of their livelihood.

History and Background

On February 17, 1966 the Company was incorporated as Makati Investment & Finance Corporation (MIFC) under SEC registration number 28788. MFC's commercial operations started with engaging in stock dealership functions, credit line extensions, and acceptance of private placements.

The Philippine economy was in an upswing during the 1990s. Consequently, the Company focused on the growth and expansion of its operations and lending activities. Under the new management, the Company focused on the growth of its loan portfolio to take advantage of the improving Philippine economy. It was during this time when MFC introduced new products and services as well as established additional credit lines with major commercial banks.

In 2005, MFC ventured into motorcycle financing. Seeing that motorcycle financing is a growth area and a profitable market niche, MFC has put considerable effort in developing its MC Financing business line. As part of its efforts to grow this product, the Company has partnered with two motorcycle trading Companies in its Luzon operations; MFC secured a contract which gives the MFC rights of first refusal over the financing of motorcycle sales for the aforementioned locations which is still in effect up to the present.

In the past five years, MFC experienced steady growth in its motorcycle product line. In 2014, the motorcycle financing business still hold the biggest share in total loan portfolio, though it slightly declined from 89% in 2013 to 85.7% in 2014 due to the implementation of a stricter credit scoring system to further improve the quality of its accounts. Successive typhoons in 2014 (Glenda in July, Jose in August and Mario in September), which directly hit the motorcycle trading area also contributed to the decline. RX loan on the other hand increased its share from 4.7% in 2013 to 6.2% in 2014. Also, the share of MFC Factors and Business Loans slightly grew from 6.25% in 2013 to 8.13% in 2014.

Effective collection efforts and recovery of long outstanding accounts resulted to 13.0% increase in net interest income to P169.6M in 2014 from P150M in 2013, and an increase in net income after tax to P41.7M in 2014 from P23.1M in 2013, or about 80.4% growth.

In 2015, MFC continued to improve other product lines as part of its efforts to diversify its loan portfolio. Although MC loan releases increased by 4% from P508.5 million in 2014 to Php 528.8 million in 2015, MC loans receivable portfolio slightly dropped from 85.7% in 2014 to 79.42% in 2015. This is mainly due to the increase of Rx Cashline Loan from 6.2% in 2014 to 7.32% in 2015, while MFC Factors and Business Loans increased from 8.13% in 2014 to 13.26% in 2015.

On the other hand, income from operations before share in net income of an associate slightly improved from Php 0.9 million in 2014 to Php 1.3 million in 2015. While net income after tax grew from Php 41.7 million in 2014 to Php 46.0 million in 2015.

Operating Departments and Units

The Company has three (3) main operating units that represent each main business line. The following is a brief description of each:

Rx Cashline Group

The Rx Cashline group is mainly responsible for the Rx Cashline product. This group is tasked with: (i) sales and promotion of the Rx Cashline product to medical professionals, (ii) assist in credit application, investigation, evaluation, and recommendation, (iii) collection as well as (iv) research and development.

The Rx Cashline group also has a network of accredited referral agents that bring in qualified loan clients.

MFC Factors Group

The MFC Factors Group is responsible for running the receivables factoring business of the Company. Among its basic tasks are: (i) sales and promotion, (ii) credit application, investigation, evaluation, recommendation, and (iii) collection. The account officers are responsible for the research of businesses that seek to factor their receivables for extra liquidity. Factoring leads come from accredited referral agents as well as current clients.

MC Financing Group

The MC Financing Group is tasked with: (i) sales and promotion, (ii) credit application, investigation, evaluation, recommendation, and (iii) collection for the motorcycle financing business of the Company.

Business Operations

The Company's business operations involve: (a) sales and marketing; (b) evaluation and approval of loan applications; and (c) collection of loan accounts. The following discussion presents the various components of the Company's business operations.

Sales and Marketing

The Company's sales and marketing effort is led by the Account Officers (AO)/Credit Sales Representatives (CSR) of each operating department. The AOs/CSRs are responsible for generating new loan accounts as well as monitoring the existing ones. Moreover, each account officer is tasked with generating and monitoring their accounts in their respective service areas.

In addition to the AOs/CSRs of each operating department, the Company also has a large network of accredited agents that refer loan applicants to the Company. The Company's network of

referral agents includes both individuals and accredited institutions, such as medical organizations and distributors of medical and dental equipment.

As part of the Company's marketing efforts, the AOs/CSRs employ the following promotional tools: (i) direct mail; (ii) advertisements in trade publications; (iii) fax and e-mail marketing; (iv) tele-marketing; (v) door-to-door marketing; (vi) attendance of special events/trade shows; (vii) loan renewal program; and (viii) referral network and programs.

Loan Evaluation and Approval Process

For consumer finance companies, there is prime importance in a complete and adequate evaluation and stringent screening process for new loan applications. Given the country's economic environment, assessing credit risk and quality of new loan accounts becomes one of the core processes of finance companies such as MFC.

Along with a proprietary credit scoring system, MFC's in-house loan process evaluation includes business and residential visits and ocular inspections. The Company also verifies new loan applications with the Credit Management Association of the Philippines (CMAP) and the Credit Investigation Bureau, Inc. (CIBI) to determine if there exist negative credit findings on a loan applicant. The AO then thoroughly analyzes the application and makes a recommendation.

The Company's Credit Committee makes the final decision on the application for Rx Cashline and MFC Factors group while the Branch Manager and the Controller approve the application for MC Financing based on the AO/CSR's analysis. The Credit Committee is composed of the Chief Operating Officer (COO), Chief Finance Officer (CFO), Operations Manager and Finance Manager.

Once an application has been approved by the Credit Committee, a check will be prepared for the loan release. The clients are notified of the approval before the loan is released. The clients are also requested to furnish some final documentation prior to the release of the funds. The post-dated checks and other loan requirements from the client are submitted to the cashier. If the required documents are clear and in order, the loan proceeds are then released to the client. Various documents are then provided by the various departments and groups to the AOs to facilitate in account monitoring and collection.

While for MC Financing, once application is approved by the Branch Manager, various documentations are prepared for the release of the motorcycle unit. The borrower pays for the down payment, registration and the insurance, signs the chattel mortgages and other release forms before the units may be released or delivered to the customer.

Loan Collection Process

Monitoring the loan accounts is the responsibility of the AO or CSR of each of the operating departments. The subsidiary ledger of their respective approved clients contains the schedule of the loan amortization payments. Because the Rx Cashline clients have already given their post-dated checks for the loan repayments, the AOs are well advised of the status of each account. AOs are always updated on clients that have completed their amortization payments and those that have incurred returned-check payments. Clients whose checks have bounced are immediately advised by the Account Officer in charge to settle the payment as soon as possible with consequent late payment charges and handling fees. With this, it is important to take note that MFC normally evaluates the circumstances of bounced checks on a case-to-case basis to maintain profitable relations with their clients as much as possible. The CSRs, on the other hand, most often directly and personally collects the loan amortizations of the MC Financing customers. Some customers prefer to pay directly to the branch office.

Customers that do not remit payment on the due date are classified as past due accounts while those that are more than 90 days past due are reclassified as delinquent accounts. Legal action or foreclosure of collateral may be endorsed for accounts that turn delinquent. Motorcycle units are repossessed by MFC from loan accounts which are over 60 days past due. Clients may redeem upon payment of amortization in arrears.

Despite instituting a firm and stringent credit and collection policy, the Company maintains its goal of providing quality service to its clients.

Employees

As of December 31, 2015, the Company accounted for a total of 286 employees, distributed as follows:

<u>Rank</u>	2015 <u>No. of Employees</u>	Projected 2016 <u>No. of Employees</u>
Officers	2	2
Managerial/Supervisory	33	38
Rank and File	248	275
Total	283	355

<u>Employment Status</u>	<u>No. of Employees</u>
Regular	240
Probationary	43
Total	283

The employees of the Company are not subject to any collective bargaining agreement (CBA).

Item 2. Properties

As part of its normal operations, the Company acquires or forecloses several properties that are mortgaged to secure customers' loans. There are no other mortgages or liens on these properties except those under the name of the Company. These properties have subsequently been transferred to the Company. The Company tries to eventually dispose or sell these properties. The list of these properties is found in the following table:

List of Foreclosed Properties as of December 31, 2015		
Location	Size(Sqm)	Description
Capitol Homesite Subd., Brgy. Cotta, Lucena City (2 lots)	561	Transferred
Bo. De Ocampo, Trece Martires City, Cavite	1,410	Transferred
LF Flores, Teachers Village, Brgy. Cotta, Lucena City (6 lots)	900	Transferred
TOTAL	2,871	

Item 3. Legal Proceedings

There are no legal proceedings against the Company, except collection and/or foreclosure cases in the normal course of its operations.

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

No matter that require voting decisions were submitted to the Security Holders in the fourth quarter of the year 2015.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Share Capital

The Company has an authorized capital of P300,000,000, divided into 300,000,000 Common Shares, with a par value of P1.00 per share, out of which P209,565,483, divided into 209,565,483 shares are issued and outstanding.

Subject to the authorization of the SEC, the Company may increase or decrease its authorized capital with the approval of a majority of the Board of Directors (BOD) and Stockholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the Company.

Amendments to Authorized Capital Stock and Par Value

In year 2000, the BOD and stockholders approved, as part of the quasi-reorganization, the decrease in the Company's authorized capital stock of P100,000,000, with a subscribed and paid-up capital of P45,149,780 to P9,949,040 with a subscribed and paid-up capital of P2,487,260. There was no return of capital, thus, the surplus arising from the reduction in the capital amounting to P42,662,520 was credited to additional paid-in capital.

On the same date, the BOD and stockholders approved the increase in the Company's authorized capital stock from P9,949,040 to P127,000,000, divided into 12,700,000 common shares with a par value of P10 per share.

On January 23, 2001, the Company issued additional 3,198,535 shares to the shareholders against their deposits for future subscriptions amounting to P87,078,288, resulting to an additional paid-in capital of P55,092,938.

On the same date, the Securities and Exchange Commission (SEC) approved the quasi-reorganization as described above.

Accordingly, upon such approval, the additional paid-in capital amounting to P97,781,211 as of that date was applied against the Company's deficit as of July 31, 2000 amounting to P97,781,211.

On December 11, 2001, the BOD and stockholders approved the reduction in the Company's authorized capital stock from P127,000,000 to P100,000,000 and from par value of P10 per share to P1 per share. On March 11, 2002, the BOD and stockholders amended the proposed reduction in the Company's authorized capital stock from P127,000,000 to P90,000,000 and from par value of P10 per share to P1 per share. The reduction in authorized capital stock was approved by the SEC on May 9, 2002. The reduction in par value resulted in the issuance of 31,025,349 additional shares to existing shareholders.

Also on March 11, 2002, the BOD and stockholders approved the offer of up to 19,560,000 shares from the Company's unissued common stock through initial common public offering (IPO). The application for the IPO of the Company was approved by the SEC and the Philippine Stock Exchange (PSE), on December 9, 2002 and November 28, 2002, respectively. The Company was listed in the PSE under the Small & Medium Enterprise Board on January 6, 2003 with an offer price of P1.38 per share. Underwriter was Abacus Capital & Investment Corporation.

On November 6, 2007, the Board of Directors and stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Company approved the increase in the Company's authorized capital stock from P90,000,000 divided into 90,000,000 shares, with a par value of P1.00 per share, to P300,000,000, divided into 300,000,000 shares, with a par value of P1.00 per share.

Stock Dividends

On July 25, 2013, the BOD approved declaration of stock dividends amounting to 1.24% of the outstanding capital stock equivalent to a maximum of 2,445,253.68 shares of stock, to be issued out of the un-issued capital stock to stockholders of record as of August 22, 2013 with a payment date not later than September 17, 2013. Fractional shares were paid in cash. On the same date, the BOD also approved declaration of cash dividends in the amount of P2,445,253.68 or an equivalent of P0.01 per share (1.24%) to stockholders of record as of August 22, 2013 with a payment date of September 17, 2013. Both dividends were paid out of the audited net profits of the Corporation as of December 31, 2012.

On July 31, 2014, the BOD and stockholders approved the declaration of 1.73% stock dividends in the amount of P3,465,553 to stockholders of record as of August 28, 2014 with distribution date not later than September 23, 2014. On the same date, the BOD also approved the declaration of cash dividends amounting to P3,465,589. Fractional shares related to this declaration were settled in cash amounting to P36.00.

On July 30, 2015, the BOD and stockholders approved the declaration of 3.075% stock dividends in the amount of P6,252,776.85 to stockholders of record as of August 27, 2015 with distribution date not later than September 22, 2015. On the same date, the BOD also approved the declaration of cash dividends amounting to P6,252,776.85. Fractional shares related to this declaration were settled in cash amounting to P67.00.

The movements in the number of shares and capital stock amount for the years ended December 31, 2015, 2014 and 2013 as follow:

	2015		2014		2013	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Balance at beginning of year	203,312,773	P203,312,773	199,847,220	P199,847,210	197,402,011	P197,402,011
Stock dividends	6,252,710	6,252,710	3,465,553	3,465,553	2,445,209	2,445,209

MARKET SHARE INFORMATION

The Company was listed in the Philippine Stock Exchange on January 6, 2003.

On January 6, 2003 with authorized capital stock of ₱90 million, a total of 19.56 million shares of stock were offered to the general public in the company's IPO. On November 6, 2007, the BOD and Stockholders approved the increase in the Company's authorized capital stock to ₱300 million.

On March 27, 2008, the Securities and Exchange Commission approved the Company's application for a follow-on offering to the general public of 75,500,000 new common shares and 7,598,892 secondary shares. But the sharp fall in stock prices locally and globally prompted the Board and Management to forego the planned additional public offering.

According to the Philippine Stock Exchange Website, latest available price information on MFC's stock price is P2.83 per share as of December 29, 2015. The Company has not gone into a business combination nor any reorganization for the year 2015.

Share Prices:

The latest available price information on Makati Finance's stock price is P3.78 per share as of April 8, 2016.

Philippine Stock Exchange Market prices for the last two years were as follows:

Quarter Ending	Market Prices	
	High	Low
March 2016	3.67	3.58
December 2015	3.05	2.81
September 2015	3.31	3.31
June 2015	7.50	6.00
March 2015	4.20	3.60
December 2014	6.50	2.76
September 2014	12.50	4.14
June 2014	15.00	4.00
March 2014	3.50	3.50
December 2013	3.50	3.50
September 2013	3.50	3.50
June 2013	4.50	4.50

HOLDERS OF COMMON STOCK as of April 8, 2016
TOP 20 Stockholders

There are a total of 103 stockholders as of April 8, 2016.

Name	Nat	Class	No. of Shares	Percentage
AMALGAMATED INVESTMENT BANCORPORATION	FIL	A	145,485,180	69.42%
MF PIKEVILLE HOLDINGS, INC.	FIL	A	14,874,146	7.10%
MICHAEL WEE	FOR	A	8,671,642	4.13%
BORROMEO BROS. ESTATE INC.	FIL	A	6,848,093	3.27%
ERIC B. BENITEZ	FIL	A	5,844,492	2.79%
PCD NOMINEE CORPORATION (FILIPINO)	FIL	A	4,998,802	2.39%
MELLISSA B. LIMCAOCO	FIL	A	5,245,445	2.50%
GLENN B. BENITEZ	FIL	A	4,994,219	2.38%
RENE B. BENITEZ	FIL	A	4,794,676	2.29%
JOEL FERRER	FIL	A	2,111,089	1.01%
RODOLFO B. HERRERA / MAX BORROMEO / CARMEN MERCADO	FIL	A	1,034,595	0.49%
REYES, MARY GRACE V.	FIL	A	622,274	0.30%
TERESITA B. BENITEZ	FIL	A	407,591	0.19%
MERG REALTY DEVELOPMENT	FIL	A	362,114	0.17%
GLENN B. BENITEZ ITF ALESSANDRA C. BENITEZ	FIL	A	249,685	0.12%
GLENN BENITEZ ITF ALFONSO C. BENITEZ	FIL	A	249,685	0.12%
GLENN BENITEZ ITF ANDREA C. BENITEZ	FIL	A	249,685	0.12%
RENE BENITEZ ITF CARMELA L. BENITEZ	FIL	A	249,685	0.12%
RENE BENITEZ ITF LORENZO L. BENITEZ	FIL	A	249,685	0.12%
LIMCAOCO, MELISSA B., ITF DANIELLE B. LIMCAOCO			249,685	0.12%
SUB-TOTAL			207,792,468	99.15%
OTHER STOCKHOLDERS (83)			1,773,015	0.85%
GRAND TOTAL (103 stockholders)			209,565,483	100.00%

Currently the Company is compliant in the PSE continuing listing requirement rule on minimum public ownership. The rule requires a 10% minimum public float. MFC has 10.85% public float.

DIVIDENDS

As approved by the BOD and upon concurrence by the stockholders of the Company, an annual dividend declaration policy was set up, amount of which will be equivalent to 30% of the Company's net earnings for the year. For the year 2013, the BOD also approved the declaration of cash dividends amounting to P2,445,253.68. Fractional shares were settled in cash. For the year 2014, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to P3,465,589. Fractional shares were settled in cash. For the year 2015, the BOD and Stockholders approved the declaration of cash dividends amounting to P6,252,776.85. Fractional shares were settled in cash.

There is no restriction that limits the payment of dividend common shares.

NAMES OF THE UNDERWRITERS OR IDENTITY OF PERSONS TO WHOM THE SECURITIES WERE SOLD

There were no underwriters or persons to whom the stock dividends were sold.

EXEMPTION FROM REGISTRATION CLAIMED

Pursuant to SRC Rule No. 10 Section D, the declaration of stock dividends is an exempt transaction. The approval of the Commission for the stock dividend declaration was not sought by the Company.

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

Plans and Prospects for 2016

MFC intends to continue on capitalizing on the expected hefty growth of the local motorcycle industry. The Company believes that there continuous to be big room for growth given the rising use of motorcycle in the country. The Philippine's double digit motorcycle density ratio as compared to the single digit density ratio of our other Asian neighbors provide the huge potential for growth in the Philippine motorcycle industry in the coming years. Likewise, the traffic in the metropolis has made purchasing motorcycles the more practical alternative to taking daily commutes.

MFC shall continue to expand Rx Cashline, Business Loan and MFC Factoring portfolio and explore other financial products such as Salary Loan and Multipurpose loan for Overseas Filipino Workers (OFWs) and Seamen as part of its diversification to balance the product portfolio. MFC reiterates its commitment to providing source of funding for consumers and businesses which are considered partners to their improved livelihood.

MFC positions itself as a player in serving the financing needs of the often neglected middle markets in the Philippines. Because of the vast experience it has gained, MFC's lending activities and loan products will continue to be focused on the niche consumer loan market and SME markets. MFC will also continue and raise the quality of service it provides to its clients.

Funds Generation

We currently have a P484.5 million facility with Amalgamated Investment Bancorporation (AIB) and P297.5 million term loan financing with various financial institution. The Company is in discussion with other financial institution to secure a credit loan facility to finance MFC's growth potential in 2016.

Currently fund requirements are being met by loans, collections, acceptance of private placements under the 19 lender rule.

Discussion of Past Financial Performance

As of December 31, 2015

Results of Operation

Net Income after Tax for the year ending December 31, 2015, as reflected in the audited financial statements had increased by 10.3% to P46.0 million in 2015 from P41.7 million in 2014. This is mainly due to the increase in income tax benefit by P2.6 million.

Total operating income slightly improved from P185.2 million in 2014 to P186.3 million in 2015. Total expenses in 2015 ended at P185.0 million which was 0.36% higher from P184.4 million expenses in 2014.

Interest income in 2015 amounted to P211.4 million; major breakdown of which is P21.2 million from Rx, P9.1 million from MFC Factors and P174.4 million from MC Financing.

With higher income in 2015, Earnings Per Share went up at P0.22 compared to P0.21 in 2014.

Financial Condition and Capital Resources

Total assets increased by P60.8 million in 2015 as against that in 2014, from P1,260.2 million to P1,321.0 million due primarily to the increase in loans receivable as a result of higher loan releases from P668.4 million in 2014 to P859.8 million in 2015. On the other hand, total liabilities slightly increased by P20.1 million, from P880.6 million in 2014 to P900.4 million in 2015.

Interest Income

The interest income this year ended at P211.4 million in 2015 from P220.2 million in 2014. This is mainly due to lower loans receivable at the beginning of 2015.

Net Interest Income

Net interest income amounted to P166.5 million in 2015 versus P169.6 million in 2014. This is mainly due to lower loans receivable at the beginning of 2015.

Other Income

Other income increased by P4.3 million or 27.45% from 2014 due mainly to higher collections of processing fees from new loan releases and late payment charges collected from past due accounts.

Income Before Income Tax

Due to the slight increase in total operating income, income before income tax and before share in net income from an associate increased to P1.3 million in 2015 from P0.9 million in 2014.

Net Income

The Company posted a net income of P46.0 million in 2015, higher versus P41.7 million in 2014 or an increase of 10.3%.

As of December 31, 2014

Results of Operation

Net Income after Tax for the year ending December 31, 2014, as reflected in the audited financial statements had increased by 80.4% to P41.7 million in 2014 from P23.1 million in 2013 or an increase in an absolute amount of P18.6 million.

Total operating income rose from P179.7 million in 2013 to P185.2 million in 2014 or 3.1% increase from 2013 performance. Total expenses in 2014 ended at P184.4 million which was 7.1% lower from P198.54 million expenses in 2013.

Interest income in 2014 amounted to P220.19 million; major breakdown of which is P21.5 million from Rx, P5.4 million from Factors and P189.8 million from MC Financing.

With higher income in 2014, Earnings Per Share went up at P0.21 compared to P0.11 in 2013.

Financial Condition and Capital Resources

In 2014 total assets declined by P32.98 million as against that in 2013, from P1,293.14 million to P1,260.16 million due primarily to the decrease in motorcycle financing loan releases in 2014 due to stringent credit scoring policy. There was also a noticeable decline in our notes payable by P63.25 million as compared to that in 2013.

Interest Income

The interest income this year was up by 10.87% or P21.6 million in absolute amounts from P198.6 million in 2013 to P220.2 million in 2014.

Net Interest Income

Net interest income increased by 13.03% or by P19.56 million, interest expense increased by 4.18% or P2.0 million to P50.6 million in 2014 from P48.5 million. Interest income increased due to effective collection efforts and aggressive recovery of long overdue accounts in 2014.

Other Income

Other income decreased by P14.00 million or 47.30% from 2013 due mainly to a one time gain on sale of available for sale financial assets in 2013 amounting to P12.23 million.

Income Before Income Tax

Due to the slight increase in interest income and reduction in operating expenses due to lower provision for credit losses, income before income tax increased to P0.86 million from loss before tax of P18.88 million in 2013.

Net Income

The Company posted a net income of P41.69 million in 2014 compared to ₱ 23.10 million in 2013 or an increase of 80.42%.

As of December 31, 2013

Results of Operation

Net Income after Tax for the year ending December 31, 2013, as reflected in the audited financial statements, was at P23.1 million. This was a 19.25% decline from the Net Income after Tax of P28.6 million in 2012.

Total operating income rose from P144.86 million in 2012 to P179.7 million in 2013, or a 24.02% increase from 2012 performance. Total expenses in 2013 reached P198.5 million which was 55.56% higher than the P127.6 million expenses in 2012.

Interest income in 2013 amounted to P198.6 million; major breakdown of which is P19.7 million from Rx, P6.1 million from Factors and P169.5 million from MC Financing.

With lower income in 2013, Earnings Per Share dropped at P0.11 compared to P0.14 in 2012.

Financial Condition and Capital Resources

In 2013 total assets increased by P159.5 million as against that in 2012, from P1,133.6 million to P1,293.1 million which was primarily due to increase in our motorcycle financing loan portfolio. There was also a noticeable increase in our notes payable by P128.0 million as compared to that in 2012.

Interest Income

The interest income this year was up by 12.49% or P22.1 million in absolute amounts from P176.6 million in 2012 to P198.6 million in 2013.

Net Interest Income

Interest expense in 2013 had increased by 9.13% or P4.06 million as against that in 2012. The interest expense increased from P44.5 million to P48.5 million. The increase in income is due to the expansion activity primarily in the MC Financing product.

Other Income

Other income increased by P16.8 million or 131.57% from December 2012.

Income Before Income Tax

Due to the significant increase on provision for credit losses under operating expenses, income before share in net income of an associate and income tax in 2013 declined from P17.2 million in 2012 to a loss before tax of P18.9 million in 2013.

Net Income

The Company posted a net income of P23.1 million compared to P28.6 million in 2012 or a decreased of 19.25%.

KEY PERFORMANCE INDICATORS:

Following are the top five (5) key performance indicators of the Company.

EXHIBIT VI
MAKATI FINANCE CORPORATION
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

	2015	2014
Solvency and Liquidity Ratios		
Current ratio	116.42%	109.69%
Debt to equity ratio	214.36%	232.02%
Quick ratio	92.39%	88.71%
Profitability Ratios		
Return on assets	3.48%	3.31%
Return on equity	10.94%	10.98%
Net profit margin	24.68%	22.51%
Asset to Equity Ratio	314.36%	332.02%
Interest Rate Coverage Ratio	1.94	1.80
Other Relevant Ratios		
Ratio or percentage of total real estate investments to total assets	0.20%	0.21%
Total receivables to total assets	71.75%	67.05%
Total DOSRI receivables to net worth	8.61%	0.06%
Amount of receivables from a single corporation to total receivables:		
Motor Ace Philippines, Inc.	0.25%	0.25%
Honda Motor World, Inc.	0.25%	0.28%

TRENDS, EVENTS OR UNCERTAINTIES WITH MATERIAL IMPACT ON LIQUIDITY

There are no known trends, events or uncertainties that will have a material impact on the Company's liquidity.

EVENTS THAT WILL TRIGGER DIRECT OR CONTINGENT FINANCIAL OBLIGATION

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

MATERIAL OFF-BALANCE SHEET TRANSACTIONS, ARRANGEMENT OR OBLIGATION

There are no material off-balance sheet transactions, arrangement or obligation.

CAPITAL EXPENDITURES

The Company had started to implement in April 2009 the geographical expansion for the MC Financing line. This resulted to investment in buying new office equipments, furniture and vehicles as service unit for the CSR.

TRENDS, EVENTS OR UNCERTAINTIES WITH MATERIAL IMPACT ON SALES

There are no known trends, events or uncertainties with material impact on sales.

SEASONAL ASPECTS

There was no seasonal aspect that had material effect on the Company's financial condition or results of operation

Item 7. Financial Statements

The audited financial statements are herewith attached as "ANNEX A".

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

There are none.

INDEPENDENT PUBLIC ACCOUNTANTS

The auditing firm of R.G. Manabat & Co. is the incumbent external auditor of the Company for the calendar year 2015. The Company has complied with SRC Rule 68 (3)(b)(iv), regarding rotation of external auditors or engagement partners every five years. Ms. Carmel Lynne M. Balde, the partner in charge, is the lead auditor of the Company. It is expected that R.G. Manabat & Co. will be reappointed as the Company's external auditor for year 2016.

The representatives of the said firm are expected to be present at the shareholders' meeting, will have the opportunity to make a statement if they so desire, and are expected to be available to respond to appropriate questions.

There had been no disagreements with R.G. Manabat & Co. with regard to accounting policies and financial disclosures of the Company.

Audit Committee is comprised of the following – Mr. Francisco C. Eizmendi Jr. as Chairman and Mr. Juan Carlos Del Rosario, Mrs. Teresita B. Benitez and Mr. Lawrence EE as members.

INFORMATION ON EXTERNAL AUDITOR

There had been no disagreements with R.G. Manabat & Co. with regard to accounting policies and financial disclosures of the Company. Ms. Carmel Lynne M. Balde, the Partner, has been the auditor of the Company starting 2014, and has not yet completed the five-year cap requirement of SEC.

For the annual statutory and regulatory engagements including out-of-pocket expenses, MFC has engaged R.G. Manabat & Co. for a service fee of P600,000 for 2015 audit period. The Company has not engaged R.G. Manabat & Co. for any tax-related service or any other professional services. The audit committee of MFC regularly meets to tackle whatever issues that may come out of the regular audit of the company's external auditor and reports them to the BOD. Recommendations by the audit committee are then deliberated during the Board meetings.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Directors and Executive Officers

The Directors elected who shall serve for a term of one (1) year or until their successors shall have been elected, and their business experience for the last five years:

Dr. Isidro B. Benitez, 88, *Filipino*, is the *Chairman Emeritus*. Dr. Benitez has served as a Director since the Company's incorporation. He is also the Chairman of Obstetrics and Gynecology of the Makati Medical Center, MERG Realty Corporation and Amalgamated Development Corporation. Concurrently, Dr. Benitez is the Vice-Chairman of AIB and a Director of Nationwide Health Systems. He was formerly the Chairman of Obstetrics and Gynecology of the University of the Philippines / Philippine General Hospital where he worked from 1955 to 1988. He is presently the Chairman of the Examining Board of SGOP, Philippines, and a member of the American College of Surgeons, the Philippine College of Surgeons and the Philippine OB-Gyne Society. He obtained his Doctor of Medicine degree from the University of the Philippines, specialized in Obstetrics and Gynecology at John Hopkins University, Baltimore, Maryland and

took courses in the Senior Executive MBA Program of the Ateneo de Manila University. He is also a director of Dearborn Motors, Inc. and Vice Chairman of Amalgamated Investment Bancorporation.

Mr. Juan Carlos del Rosario, 65, *Filipino*, has served as a *Director* since 1996. Mr. Del Rosario is currently the Chairman of AIB and Inter Global Alliances Inc. He was formerly the Senior Vice President and Chief Investment Officer of the Philippine American Life Insurances Co. (AIG Philippines) where he served as a member of the Board of Directors in several of its subsidiaries and affiliated companies. He was a Director of AIG Investment Corporation (Asia) Ltd., Cosmos Bottling Co., Bacnotan Cement Corporation, Investment Capital Corporation of the Philippines and Science Park of the Philippines Inc. Prior to joining the AIG/Philamlife Group, he had worked for 17 years for Chase Manhattan Bank in New York Head Office, and overseas postings in Saudi Arabia, Brazil and the Philippines. He is a graduate of De La Salle University, Manila with Bachelor of Arts (History) and Bachelor of Science (Commerce) degrees. He received his MBA (Finance and Marketing) from Columbia University, New York City and also completed the Executive Development Program at Cornell University Graduate School of Management Ithaca, New York and the Strategic Business Economics Program at the University of Asia and the Pacific, Manila.

Ms. Teresita B. Benitez, 80, *Filipino*, is the Company's *Vice Chairperson*. She has been a Director since 2001. She had previously worked for the Philippine Bank of Commerce as Assistant Personnel Manager and United Coconut Planters Bank as Assistant Corporate Secretary. She had also been a director at Asiatrust Bank and Amalgamated Development Corporation. At present she is the Treasurer and Director of Nationwide Health Systems and FLB Development Corporation and the President of MERG Realty and Development Corporation. Ms. Benitez obtained a Bachelor of Science degree in Commerce from the University of San Francisco.

Mr. Max O. Borrromeo, 66, *Filipino*, is the Company's *President*. He has been a Director since 2000. Aside from being a Director of the Company, Mr. Borrromeo is concurrently President and a Director of Honda Motor World, Inc., HMW Lending Investors, Dearborn Motors Co., Inc, Astron Gestus, Inc., Visayas Auto Ventures, Inc., Cebu Maxi Management Corporation, Maxi Agricultural Corporation, Cebu Parkland, Inc. He is also a Director in the following companies: Borrromeo Brothers Estate, Inc., Margarita Agro-Industrial Corp., Salud Borrromeo Foundation, Inc. and McBros Development Corporation. At present, Mr. Borrromeo is the governor of the Cebu Business Park. He graduated with a Bachelor of Arts degree in Economics from the Ateneo de Manila University.

Mr. Rene B. Benitez, 53, *Filipino*, is the Company's *Chairman* of the Board. He has been a Director since 1996. Prior to joining the Company, he held the position of Country Manager of the Development Bank of Singapore ("DBS") Securities, Inc. He has had extensive experience in foreign and local investment banking and capital market operations, having been connected with Insular Investment and Trust Corporation, Shearson Lehman Brothers (USA), Prudential Bache Securities (USA) and the World Bank. He was formerly a member of the Philippine Stock Exchange and is currently Director of H. Thomas Group, Inc., Vision Air Flight Support Service, Inc., Pikeville, Inc., MERG Realty and Development Corporation, Commercial & Consumer Credit Corporation, Global Credit and Management Group, JCR Realty and Management and Interglobal Alliances. He graduated from Claremont Colleges / Pitzer College with a double degree in Business Economics and Organizational Studies. He also has a Master's Degree in Economics from Yale University.

Mr. Joel S. Ferrer, 61, *Filipino*, has served as a *Director* since 1998. Mr. Ferrer is currently the President of PARMAN Inc., an overseas recruitment company. At the same time he also manages his family's aquaculture business. Previous to this, he had worked for ERECSA, Inc. where he was the Executive Vice President. His other work experience includes being an investment

executive at the Summa International Bank of Indonesia and a Lending Officer at the Bank of America. He obtained his Masters Degree in Business Management from the Asian Institute of Management and completed the Strategic Business Economics Program of the University of Asia and the Pacific.

Mr. Francisco C. Eizmendi Jr., 77, Filipino, is one of the *Independent Directors* of the Company. He was elected as a Director in the recent Stockholders' Meeting of Makati Finance Corporation and concurrently a Director of RCBC Forex Brokers Corporation. Mr. Eizmendi had been the President and Chief Operating Officer of San Miguel Corporation for 15 years. He also had been a member of the Advisory Board of Rizal Commercial Banking Corporation. Mr. Eizmendi graduated with a Bachelor of Science in Chemical Engineering Degree from the University of Santo Tomas in 1956.

Atty. Eugenio E. Reyes, 78, Filipino, is one of the *Independent Directors* of the Company. He was elected as a Director only in the last quarter of 2003. Atty. Reyes is with Jacob Jacob & Associates, concurrently the Corporate Secretary of Parman, Inc. and Executive Secretary of the Philippine Association of Securities Brokers and Dealers, Inc. He was also a former Director of the Securities & Exchange Commission from 1999 to 2001. Atty. Reyes finished his Bachelor of Laws at the University of Southern Philippines in Cebu City.

Mr. Michael Wee Soon Lock, 79, Singaporean, has served as a *Director* since 1998. Mr. Wee is a senior ASEAN banker and retired Executive Chairman of Development Bank of Singapore Securities Holding PTE Ltd. He has held the positions of the Chairman of NatSteel Ltd., Deputy Chairman of DBS Land, Executive Vice President of the Development Bank of Singapore, General Securities Investments Ltd., Singapore Bus Service Ltd., Laguna National Golf and Country Club, Ltd. and was the Director of NFC Merchant Bank, Ltd. Mr. Wee graduated with a Bachelor of Science Degree in Chemical Engineering from the University of Birmingham and obtained his Masters Degree in Finance from the University of British Columbia.

Mr. Jose V. Cruz, 80, Filipino, has served as a *Director* since 2010. Mr. Cruz is currently the President and CEO of Amalgamated Investment Bancorporation ("AIB"). Prior to joining AIB, he has had extensive experience in foreign and local investment banking, commercial banking, and capital market operations, having been based in New York, London, the Middle East, Singapore, and Hongkong. He was formerly Managing Director in AIA Capital Corporation, a Hongkong based regional investment bank (focused on corporate finance in Asia) previously owned by the publicly listed pan-Asian insurance group, AIA Group Limited. He was also a Board Member of AIA Capital's investment banking subsidiaries located in Taiwan, India, and the Philippines. Prior to AIA Capital, he was Senior Vice President of AFC Merchant Bank, a Singapore-based consortium bank owned by leading Southeast Asian banks, including DBS Bank, Bangkok Bank, and Malayan Bank. He was previously Vice President and CFO of MERALCO and a Board member of Royal Dutch Shell's subsidiary in the Philippines. He started his career as an officer in the 1970s in Citigroup (then called Citibank) head office, New York. He received his MBA from Columbia University, New York City.

Mr. Eric B. Benitez, 48, Filipino, has served as a *Director* since 2011. Mr. Benitez was formerly a Director in Credit Risk Management at Eurohypo AG (wholly-owned subsidiary of Commerzbank AG) in New York. Prior to Eurohypo, Mr. Benitez was a senior consultant within the Real Estate Business Advisory Services Group at the New York office of PricewaterhouseCoopers, LLP. He began his career in 1988 as an analyst in the trust department at Sanwa Bank (now part of The Bank of Tokyo-Mitsubishi UFJ) in San Francisco, CA. Previously, Mr. Benitez was formerly a Board Member of the Philippine Finance Association. He earned his BA in Applied Mathematics from the University of California, Berkeley and his MS in Real Estate from Columbia University in New York.

Independent Directors

Among the Directors, Messrs. Francisco C. Eizmendi Jr. and Atty. Eugenio E. Reyes were elected as the two (2) Independent Directors of the Company at the 2015 Annual Stockholders' Meeting.

Senior Management

Mr. Maxey Francisco Jose R. Borromeo, 41, *Filipino*, is the Company's Chief Operating Officer (COO). Aside from being a COO of the Company, Mr. Borromeo is also a Director of Honda Motor World, Inc., HMW Lending Investors, Inc., Motor Ace Philippines, Inc., MAPI Lending Investors, Inc., Astron Gestus, Inc., Cebu Maxi Management Corporation, and Maxi Agricultural Corporation. He graduated with a Bachelor of Arts degree in Political Science from the Ateneo de Manila University. He completed the following courses from the Asian Institute of Management, Professional Management Development Course, Strategic Management, Operations Management, and Financial Management. He obtained his Master's degree in Applied Finance with a focus on banking from the University of Wollongong, Australia.

Mr. Marcos E. Larosa, CPA – *Chief Finance Officer*, 36, *Filipino*, was employed by the Company in July 1, 2014 as its new CFO. He was the Regional Finance Manager of Dole Asia Company Limited since November 2013 before joining Makati Finance Corporation. For 11 years he has worked with Matimco Incorporated, a local wood manufacturing and distribution company handling several managerial positions; as Finance Manager (2010-2013), Sales Support Manager (2004-2009), Budget Planning and Control Manager (2003). He graduated with a Bachelor of Science degree in Accounting from the Polytechnic University of the Philippines in 1999.

Atty. Danilo Enrique O. Co, *Corporate Secretary and Legal Counsel*, 46, *Filipino*. Atty. Co has been serving the Corporation as its Corporate Secretary and Legal Counsel shortly after it went public in 2003. He is currently the Managing Partner of Co Ferrer & Ang-Co Law Offices. He is also the Corporate Secretary and legal counsel of Information Capital Technology Ventures, Inc., a publicly-listed company, and a Director and/or Corporate Secretary of several other Philippine corporations, including Western Roadhouse Foods, Inc., Papercon, Inc., Amalgamated Investment Bancorporation and Kalayaan College. Atty. Co obtained his BS Business Administration (cum laude) and Law degrees from the University of the Philippines.

FAMILY RELATIONSHIP

Dr. Isidro B. Benitez and Ms. Teresita B. Benitez are spouses, and Mr. Rene B. Benitez and Eric B. Benitez are their sons.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of the Directors and Executive Officers was involved during the past five years up to April 14, 2016 in any bankruptcy proceedings up to April 14, 2016. Neither have they been convicted by final judgment in any criminal proceeding or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, not any action by any court or administrative body to have violated a securities or commodities law.

Item 10. Executive Compensation

The Company has an existing management contract with Honda Motor World for advice and assistance in the MC Financing product assisted by Mr. Max O. Borromeo, President and with Pikeville, Inc. for advice and assistance to be provided by Mr. Rene B. Benitez, Chairman. Each of the directors receives per diem amounting to ₱50,000 for every Board meeting they attend.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

SUMMARY COMPENSATION TABLE				
YEAR	NAME AND PRINCIPAL POSITION	SALARY/MANAGEMENT FEE	BONUS	OTHER COMPENSATION
2016 (Estimate)	Top 5 Executive Officers: Rene B. Benitez – Vice Chairman Teresita Benitez – Chairperson Max Borromeo – President Maxcy R. Borromeo – Chief Operating Officer Marcos E. Larosa – Chief Finance Officer Aldrin B. Pontanares – Operation Manager	9,375,920	1,376,191	600,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	9,375,920	4,063,003	2,200,000
2015 (Actual)	Top 5 Executive Officers: Rene B. Benitez – Vice Chairman Teresita Benitez – Chairperson Max Borromeo – President Maxcy R. Borromeo – Chief Operating Officer Marcos E. Larosa – Chief Finance Officer Aldrin B. Pontanares – Operation Manager	9,375,920	1,376,191	600,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	9,375,920	4,063,003	2,200,000
2014 (Actual)	Top 5 Executive Officers: Rene B. Benitez – Chairman Teresita Benitez – Vice Chairperson Max Borromeo – President Maxcy R. Borromeo – Chief Operating Officer Marcos E. Larosa – Chief Finance Officer Aldrin B. Pontanares – Operation Manager	6,821,891	1,165,657	600,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	7,854,908	1,945,350	2,200,000
2013 (Actual)	Top 5 Executive Officers: Max Borromeo – Senior Managing Director Teresita Benitez – President Rene B. Benitez – Managing Director Cynthia M. Gacayan – COO/CFO Aldrin B. Pontanares – Operation Manager	7,500,000	700,000	400,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	7,000,000	913,672	2,010,000

IDENTITY OF SIGNIFICANT EMPLOYEES

There is no person who is not an executive officer who is expected to make a significant contribution to the business of the company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security ownership of record/beneficial owners of more than 5% Equity

Title of class	Name, address of record owner and relationship	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Percent Held
	<i>DIRECT</i>				
Common	Amalgamated Investment Bancorporation 11F Multinational Bancorporation, 6805 Ayala Avenue, Makati City	Record and beneficial owner	Filipino	145,485,180	69.42%
Common	Pikeville Bancshares Inc. 11F Multinational Bancorporation, 6805 Ayala Avenue, Makati City	Record and beneficial owner	Filipino	14,874,146	7.0976%

Security ownership of BOD and Officers with Direct Ownership

Title of class	Name, address of record owner and relationship	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Percent Held
Common	Michael Wee Son Lock 11F Multinational Bancorporation, 6805 Ayala Avenue, Makati City	Beneficial owner	Singaporean	8,671,642	4.1379%
Common	Eric B. Benitez 19 Mercedes St., Bel-Air Village, Makati City	Beneficial owner	Filipino	5,844,492	2.7889%
Common	Rene B. Benitez 35 Aries St. Bel-Air III, Bel-Air Village, Makati City	Beneficial owner	Filipino	4,794,676	2.2879%
Common	Rene B. Benitez ITF Carmela Benitez 35 Aries St. Bel-Air III, Bel-Air Village, Makati City	Beneficial owner	Filipino	249,685	0.1191%
Common	Rene B. Benitez ITF Lorenzo Benitez 35 Aries St. Bel-Air III, Bel-Air Village, Makati City	Beneficial owner	Filipino	249,685	0.1191%
Common	Joel S. Ferrer 2137 Lourdes St. San Miguel Village, Makati City	Beneficial owner	Filipino	2,111,089	1.0074%
Common	Teresita B. Benitez 19 Mercedes St., Bel-Air Village, Makati City	Beneficial owner	Filipino	407,591	0.1945%
Common	Max O. Borromeo Maria Luisa Park, Banilad, Cebu City	Beneficial owner	Filipino	502,314.33	0.0024%

Common	Juan Carlos Del Rosario Unit 9 17-A, Mckinley Road, Forbes Park, Makati City	Beneficial owner	Filipino	29	0.00002%
Common	Francisco C. Eizmendi, Jr. 34 Celery Drive, Valle Verde 5, Pasig City	Beneficial owner	Filipino	15	0.00001%
Common	Atty. Eugenio E. Reyes 39 Road A St., Anthony Village, Quezon City	Beneficial owner	Filipino	15	0.00001%
Common	Jose V. Cruz 11F Multinational Bancorporation Bldg., 6805 Ayala Avenue, Makati City	Beneficial owner	Filipino	1	0.00000%

Makati Finance Corporation complied with the minimum percentage requirements of listed securities held by the public of 10% of the listed company's issued and outstanding share. The Company will endeavor to increase its public float.

Item 12. Certain Relationships and Related Transactions

Dr. Isidro B. Benitez and Ms. Teresita B. Benitez are spouses, and Mr. Rene B. Benitez and Eric B. Benitez are their sons.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS – NOTE 21

In the ordinary course of business, the Company enters into transactions with its stockholders and affiliates. Under the Company's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. Related party transactions are settled in cash.

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control.

The following transactions have been entered into with related parties:

Category	Outstanding balances/Amount/Volume			
	2015	2014	Nature, Terms and C	
<i>Parent Company</i>				
<i>Amalgamated Investment Bancorporation</i>				
Miscellaneous Receivables	<i>a</i>	P80,514	P80,514	Non-interest bearing, unsecu impairment
Notes payable	<i>b</i>	484,500,000	610,800,000	Unsecured, 1-year interest be placement at 6.75% annual interest rate
Availments		45,000,000	38,000,000	
Settlements		171,300,000	72,500,000	
Interest Expense		31,048,706	28,241,748	
Share in Net Income of an Associate	<i>c</i>	40,787,135	39,545,382	Share in income from investe
Dividend received		36,000,000	36,000,000	Cash dividend from AIB
Dividend receivable		36,000,000	-	Cash dividend receivable fro
<i>Other Related Parties</i>				
<i>Motor Ace Philippines Inc.</i>				
Miscellaneous Receivables	<i>a</i>	2,381,267	2,151,708	Non-interest bearing, unsecu impairment
Availments		361,693	1,393,142	
Settlements		132,134	449,106	
Accounts payable	<i>d</i>	27,970,499	21,860,364	30-day unsecured, non-inter
Availments		357,660,360	364,932,451	
Settlements		352,413,225	341,057,231	
<i>Pikeville Bancshares</i>				
Professional fees		1,102,080	1,102,080	Payment of professional fees
<i>MERG Realty Development Corporation</i>				
Miscellaneous Receivables	<i>a</i>	18,056	35,835	Non-interest bearing, no impa
Availments		-	-	
Settlements		17,779	-	
Notes Payable	<i>b</i>	13,000,000	36,000,000	Secured interest-bearing plac annual interest rate; no impai
Settlement		23,000,000	-	
Interest Expense		830,653	2,190,000	
<i>Directors and other stockholders</i>				
Notes payable	<i>b</i>	P71,653,363	P75,575,896	Secured, 1-year interest beari at 6.0% annual interest rate
Availments		8,046,219	12,625,000	
Settlements		11,968,752	2,090,343	
Interest expense		4,636,886	2,555,555	
Professional Fees and other Management Fees		4,789,339	3,244,889	Payment of professional fees

a. This includes various receivables from the parent company and other related parties pertaining to availment of comprehensive insurance and other claims for reimbursement.

b. As of December 31, 2015 and 2014, notes payable and accrued interest payable arising from borrowings through other stockholders amounted to P569.15 million and P722.38 million, respectively, and P15.06 million and P8.79 million, respectively. Interest expense from these borrowings amounted to P36.52 million and P28.24 million in 2015 and 2014, respectively.

Borrowings availed from related parties amounted to P53.05 million and P50.63 million in 2015 and 2014, respectively. Settlement from borrowings amounted to P206.27 million and P74.59 million in 2015 and 2014, respectively. Interest rates from borrowings range from 5.5% to 6.25% and from 5.70% to 6.00% in 2015 and 2014, respectively. Borrowings from related parties are unsecured and to be settled in cash.

- c. Share in net income of an associate is the share of the Company in the net income of its associate.
- d. Accounts payable represents billings for motorcycle units sold by the related parties that are financed by the Company

The remuneration of directors and other members of key management personnel consist of short-term benefits amounting to P11.35 million and P8.59 million in 2015 and 2014, respectively, included in the 'Salaries and employee benefits' and 'Management and professional fees' account in the statements of comprehensive income.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Please refer to the ACGR herein attached as “ANNEX C”

COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

MFC shall set up an evaluation system that will determine and measure compliance with the Manual on Corporate Governance.

Measures undertaken by MFC for full compliance with the adopted leading practices on good corporate governance includes election of independent directors and creation of the Nomination Committee starting year 2003 and continued up to the present time. Each incumbent director of MFC underwent seminars on good corporate governance in year 2003 up to the present. To monitor compliance, the board of directors designated Mr. Marcos E. Larosa as Compliance Officer. The Company submitted to the SEC its Revised Anti-Money Laundering Manual as mandated by Republic Act 9160, as amended by Republic Act. No. 9194 on October 28, 2004. Also, The Company submitted the Audit Charter Manual. Lastly, the Company's By-Laws shall be amended to incorporate provisions on independent directors. Deviations from the Company's Manual on Corporate Governance are not applicable. With regards to plans on improving corporate governance of the Company, Makati Finance is already adopting the Philippine Accounting Standards in the presentation of its financial statements.

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

The Company's audited financial statements are hereby attached as "ANNEX A".

(b) Reports on SEC Form 17-C

The reports on SEC Form 17-C filed during the last six months ended December 31, 2015 are hereby attached "ANNEX B".

Quarterly Financial Reports ending March 31, 2015 were submitted to the SEC on May 15, 2015; quarterly ending June 30, 2015 on August 14, 2015 and for the quarter ending September 30, 2015 on November 13, 2015.

SIGNATURES

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

By:


TERESITA B. BENITEZ

Chairperson


MAX O. BORROMEEO
President


JOEL S. FERRER
Treasurer


MARCOS E. LAROSA
Chief Finance Officer

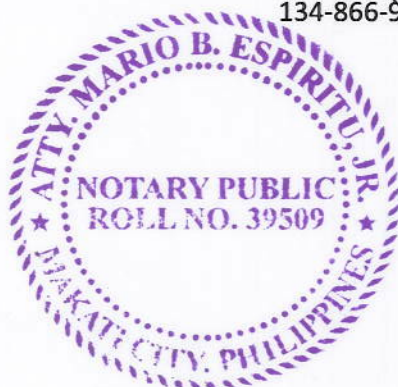

MAXCY FRANCISCO JOSE R. BORROMEEO
Chief Operating Officer


DANILO ENRIQUE O. CO
Corporate Secretary

SUBSCRIBED AND SWORN before me this APR 13 2016 day of _____, affiant(s) exhibiting to me his/her Tax Identification Numbers as follows:

NAME	TIN #
TERESITA B. BENITEZ	105-339-733
MAX O. BORROMEEO	108-479-305
JOEL S. FERRER	103-276-130
MARCOS E. LAROSA	206-361-568
MAXCY FRANCISCO JOSE R. BORROMEEO	153-065-629
DANILO ENRIQUE O. CO	134-866-959

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Page No. 8 ;
Book No. VI ;
Series of 2016.




MARIO B. ESPIRITU, JR.
Commission No. M-51
Notary Public for City of Makati
Until December 31, 2017
4th Floor MMP Bldg,
2283 Pasong Tamo Ext. Makati City
PTR No. 6044466 01-06-16 Kawit, Cavite
IBP No. 1019453 01-04-16 Cavite Chapter
MCLE No. V-0010283 09-11-15
Roll No. 39509

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

ANNEX A

COVER SHEET

For AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2	8	7	8	8															
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COMPANY NAME

M	A	K	A	T	I	F	I	N	A	N	C	E	C	O	R	P	O	R	A	T	I	O	N

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

2	n	d		F	l	o	o	r	,		M	a	k	a	t	i		F	i	n	a	n	c	e
B	l	d	g	.		7	8	2	3		M	a	k	a	t	i		A	v	e	n	u	e	
M	a	k	a	t	i		C	i	t	y														

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

--

Secondary License Type, If Applicable

--

COMPANY INFORMATION

Company's email Address

--

Company's Telephone Number/s

--

Mobile Number

--

No. of Stockholders

1	0	3
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Annual Meeting (Month / Day)

--

Fiscal Year (Month / Day)

D	e	c	e	m	b	e	r	3	1
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CONTACT PERSON INFORMATION

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

Name of Contact Person

Marcos E. Larosa

Email Address

mlarosa@makatifinance.com.ph

Telephone Number/s

896-0221/ 897-0749

Mobile Number

+639175309923

CONTACT PERSON'S ADDRESS

2 nd Floor, Makati Finance Bldg., 7823 Makati Avenue, Makati City
--

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

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



MAKATI FINANCE CORPORATION
(A Majority-owned Subsidiary of Amalgamated Investment Bancorporation)

FINANCIAL STATEMENTS
December 31, 2015 and 2014



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

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Branches: Subic · Cebu · Bacolod · Iloilo

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Makati Finance Corporation
2nd Floor, Makati Finance Bldg.
7823 Makati Avenue, Makati City

Report on the Financial Statements

We have audited the accompanying financial statements of Makati Finance Corporation, which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

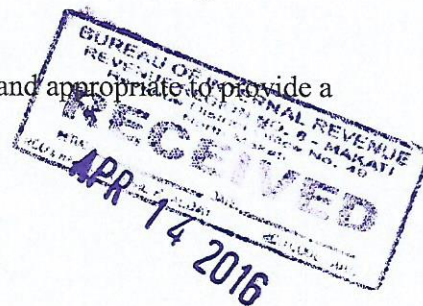
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





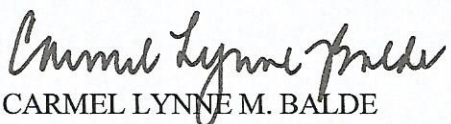
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Makati Finance Corporation as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

**Report on the Supplementary Information Required Under Revenue Regulations
No. 15-2010 of the Bureau of Internal Revenue**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 24 to the basic financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.



CARMEL LYNNE M. BALDE

Partner

CPA License No. 0099677

SEC Accreditation No. 1055-AR, Group A, valid until May 20, 2018

Tax Identification No. 205-133-498

BIR Accreditation No. 08-001987-24-2014

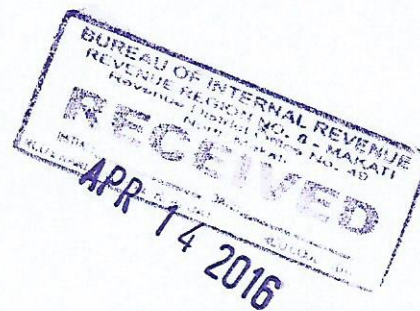
Issued January 22, 2014; valid until January 21, 2017

PTR No. 5320738MD

Issued January 4, 2016 at Makati City

April 11, 2016

Makati City, Metro Manila





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Branches: Subic · Cebu · Bacolod · Iloilo

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and Board of Directors
Makati Finance Corporation
2nd Floor, Makati Finance Bldg.
7823 Makati Avenue, Makati City

We have audited the accompanying financial statements of Makati Finance Corporation (the "Company") as at and for the year ended December 31, 2015, on which we have rendered our report dated April 11, 2016.

In compliance with Securities Regulation Code Rule 68, As Amended, we are stating that the said Company has eighty six (86) stockholders owning one hundred (100) or more shares each.

R.G. MANABAT & CO.

CARMEL LYNNE M. BALDE

Partner

CPA License No. 0099677

SEC Accreditation No. 1055-AR, Group A, valid until May 20, 2018

Tax Identification No. 205-133-498

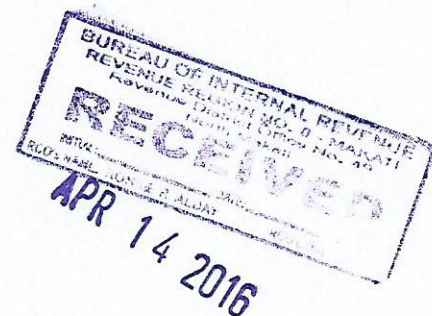
BIR Accreditation No. 08-001987-24-2014

Issued January 22, 2014; valid until January 21, 2017

PTR No. 5320738MD

Issued January 4, 2016 at Makati City

April 11, 2016
Makati City, Metro Manila



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
 FOR FINANCIAL STATEMENTS**

The management of Makati Finance Corporation (the "Company") is responsible for the preparation and fair presentation of the financial statements as at and for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditors appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders has expressed its opinion on the fairness of presentation upon completion of such audit.

Teresita B. Benitez
TERESITA B. BENITEZ
 Chairperson

Max O. Borromeo
MAX O. BORROMEO
 President

Joel S. Ferrer
JOEL S. FERRER
 Treasurer

Signed this 11th day of April 2016

APR 14 2016

Subscribed and Sworn to before me this _____
 Affiant exhibit to me his/her CTC No. _____
 Issued on / at _____

JOEL G. GORDOLA
 Notary Public

2/F Makati Finance Building, 7823 Makati Avenue, Makati City 1200 Philippines
 Telephone Nos. (632) 899-4145 / (899) 0526 Fax No. (632) 899-4121
 Website: www.makatifinance.ph
 TIN 126-768-309, MCLE No. V-0001531
 Until 1 # 878 Quirino Highway, Gulod, Novaliches, Q.C.


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 Book No. 42
 Series of 2016

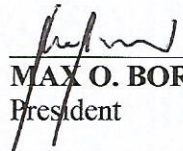
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**


The management of Makati Finance Corporation is responsible for all information and representations contained in the annual income tax return for the year ended December 31, 2015. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2015 and the accompanying Annual Income Tax Return are in accordance with the books and records of *Makati Finance Corporation*, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) *Makati Finance Corporation* has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


TERESITA B. BENITEZ
Chairperson


MAX O. BORRROMEO
President

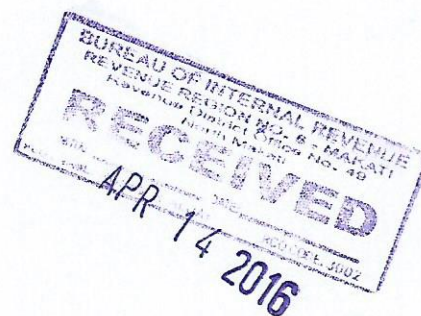
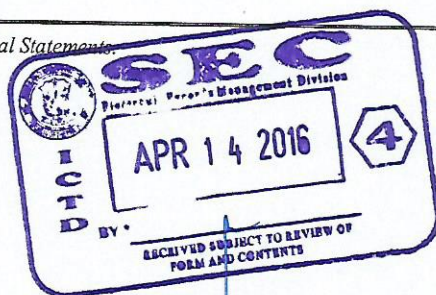

JOEL S. FERRER
Treasurer

Signed this 11th day of April 2016

MAKATI FINANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

		December 31	
	<i>Note</i>	2015	2014
ASSETS			
Cash on Hand and in Banks	8	P18,406,119	P46,375,048
Loans and Other Receivables - net	9	947,784,722	844,882,348
Investment in an Associate	10	123,089,357	154,302,222
Property and Equipment - net	11	3,853,741	5,551,098
Investment Properties	12	2,604,468	2,604,468
Deferred Tax Assets - net	20	29,290,203	21,312,700
Other Assets - net	13	195,936,875	185,140,435
		P1,320,965,485	P1,260,168,319
LIABILITIES AND EQUITY			
Liabilities			
Notes payable	14, 21	P843,249,466	P828,082,702
Accounts payable	21	27,970,499	21,860,364
Accrued expenses and other liabilities	15, 18	29,533,989	30,676,173
		900,753,954	880,619,239
Equity			
Capital stock	17	209,565,483	203,312,773
Additional paid-in capital		5,803,922	5,803,922
Retained earnings		200,796,673	167,321,336
Remeasurement gains on retirement asset	18	4,045,396	3,110,992
Share in other comprehensive income of an associate		57	57
		420,211,531	379,549,080
		P1,320,965,485	P1,260,168,319

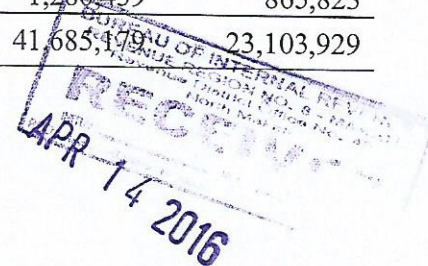
See Notes to the Financial Statements.



MAKATI FINANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	<i>Note</i>	2015	2014	2013
INTEREST INCOME	<i>7, 9</i>	P211,417,274	P220,193,623	P198,607,360
INTEREST EXPENSE	<i>14, 21</i>	44,966,237	50,571,236	48,540,423
NET INTEREST INCOME		166,451,037	169,622,387	150,066,937
OTHER INCOME				
Gain on sale of available-for-sale financial assets		-	-	12,229,350
Service charges		4,575,355	1,928,561	338,926
Miscellaneous	<i>19</i>	15,297,738	13,664,680	17,020,480
TOTAL OTHER INCOME		19,873,093	15,593,241	29,588,756
TOTAL OPERATING INCOME		186,324,130	185,215,628	179,655,693
OPERATING EXPENSES				
Provision for credit losses	<i>9</i>	19,227,999	17,443,569	68,337,508
Salaries and employee benefits	<i>18, 21</i>	66,891,192	57,565,340	52,219,304
Loss from sale and inventory write-down of motorcycles	<i>13</i>	44,002,083	48,726,019	16,488,182
Taxes and licenses		16,496,293	16,088,488	15,644,222
Occupancy costs	<i>23</i>	9,434,067	6,753,016	4,978,073
Management and professional fees	<i>21</i>	9,338,660	8,754,751	8,066,106
Travel and transportation		6,400,814	11,875,483	10,362,120
Commissions		2,814,857	2,855,901	4,291,051
Depreciation and amortization	<i>11</i>	2,415,193	2,517,144	3,447,414
Amortization of software costs	<i>13</i>	394,958	367,646	709,101
Entertainment, amusement and recreation	<i>20</i>	235,719	1,744,266	1,972,346
Miscellaneous	<i>19</i>	7,374,395	9,664,667	12,022,268
TOTAL OPERATING EXPENSES		185,026,230	184,356,290	198,537,695
INCOME (LOSS) BEFORE SHARE IN NET INCOME OF AN ASSOCIATE AND INCOME TAX		1,297,900	859,338	(18,882,002)
SHARE IN NET INCOME OF AN ASSOCIATE	<i>10</i>	40,787,135	39,545,382	41,120,108
INCOME BEFORE INCOME TAX		42,085,035	40,404,720	22,238,106
INCOME TAX BENEFIT	<i>20</i>	3,895,856	1,280,459	865,823
NET INCOME		45,980,891	41,685,179	23,103,929

Forward



		Years Ended December 31		
	Note	2015	2014	2013
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified to profit or loss				
Net unrealized loss on available-for-sale investments		P -	P -	P160,000
Items that may not be reclassified to profit or loss				
Remeasurement gains on defined benefit obligation, net of deferred tax of P0.27 million, P0.50 million, and P0.52 million in 2015, 2014, and 2013, respectively	18	934,404	1,904,861	829,641
TOTAL COMPREHENSIVE INCOME		P46,915,295	P43,590,040	P24,093,570
Basic/Diluted Earnings Per Share	22	P0.22	P0.21	P0.11

See Notes to the Financial Statements.



MAKATI FINANCE CORPORATION
STATEMENTS OF CASH FLOWS

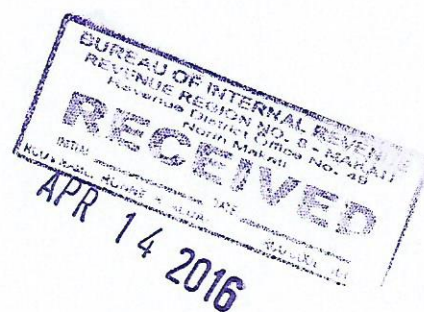
		Years Ended December 31		
	Note	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P42,085,035	P40,404,720	P22,238,106
Adjustments for:				
Provision for credit losses	9	19,227,999	17,443,569	68,337,508
Share in the net income of an associate	10	(40,787,135)	(39,545,382)	(41,120,108)
Gain on sale of available-for-sale investments		-	-	(12,229,350)
Pension expense	18	1,939,618	1,884,903	-
Depreciation and amortization	11	2,415,193	2,517,144	3,447,414
Amortization of software costs	13	394,958	367,646	709,101
Operating income before changes in working capital		25,275,668	23,072,600	41,382,671
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Loans and other receivables		(86,130,373)	121,850,256	(236,157,983)
Pension asset		-	-	796,036
Other assets		(11,853,124)	(97,155,446)	41,915,319
Decrease (increase) in:				
Accounts payable		6,110,135	(26,235,757)	9,150,899
Accrued expenses		1,332,025	12,610,554	1,064,543
Net cash (used in) provided by operations		(65,265,669)	34,142,207	(141,848,515)
Income taxes paid		(6,898,473)	(6,356,354)	(4,498,701)
Net cash (used in) provided by operating activities		(72,164,142)	27,785,853	(146,347,216)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	11	(557,664)	(2,365,230)	(3,811,829)
Software costs	13	(161,043)	(398,990)	(337,300)
Available-for-sale investments		-	-	(54,613,643)
Cash dividends received	10	36,000,000	36,000,000	32,400,000
Proceeds from sale of:				
Available-for-sale investments		-	-	66,842,993
Net cash provided by investing activities		35,281,293	33,235,780	40,480,221

Forward



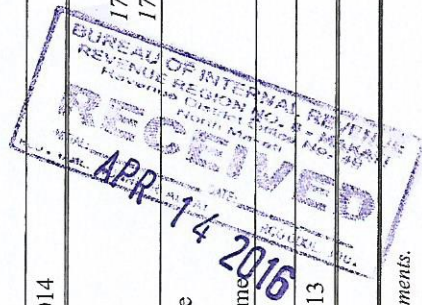
		Years Ended December 31		
	Note	2015	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of notes payable		P289,046,219	P79,400,000	P245,010,858
Payments of notes payable		(273,879,455)	(138,563,485)	(116,975,892)
Cash dividends paid	17	(6,252,844)	(3,465,624)	(2,445,298)
Net cash provided by (used in) financing activities		8,913,920	(62,629,109)	125,589,668
NET (DECREASE) INCREASE IN CASH ON HAND AND IN BANKS				
		(27,968,929)	(1,607,476)	19,722,673
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR				
		46,375,048	47,982,524	28,259,851
CASH ON HAND AND IN BANKS AT END OF YEAR				
	8	P18,406,119	P46,375,048	P47,982,524
OPERATIONAL CASH FLOWS FROM INTEREST				
Interest received		P227,133,408	P228,958,581	P204,855,032
Interest paid		32,575,849	37,726,971	48,911,167

See Notes to the Financial Statements.



MAKATI FINANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Note	Capital Stock (Note 17)	Additional Paid-in Capital	Retained Earnings (Note 17)	Net Unrealized Loss on Available-for-Sale Investments	Remeasurement Gains on Retirement Asset (Note 18)	Share in Other Comprehensive Income of an Associate	Total Equity
Balance at January 1, 2015		P203,312,773	P5,803,922	P167,321,336	P -	P3,110,992	P57	P379,549,080
Stock dividends	17	6,252,710	-	(6,252,710)	-	-	-	-
Cash dividends including fractional shares	17	-	-	(6,252,844)	-	-	-	(6,252,844)
Total comprehensive income								
Net income		-	-	45,980,891	-	-	-	45,980,891
Other comprehensive income		-	-	-	-	934,404	-	934,404
Balance at December 31, 2015		P209,565,483	P5,803,922	P200,796,673	P -	P4,045,396	P57	P420,211,531
Balance at January 1, 2014		P199,847,220	P5,803,922	P132,567,334	P -	P1,206,131	P57	P339,424,664
Stock dividends	17	3,465,553	-	(3,465,553)	-	-	-	-
Cash dividends including fractional shares	17	-	-	(3,465,624)	-	-	-	(3,465,624)
Total comprehensive income								
Net income		-	-	41,685,179	-	-	-	41,685,179
Other comprehensive income		-	-	-	-	1,904,861	-	1,904,861
Balance at December 31, 2014		P203,312,773	P5,803,922	P167,321,336	P -	P3,110,992	P57	P379,549,080
Balance at January 1, 2013		P197,402,011	P5,803,922	P114,353,912	(P160,000)	P376,490	P57	P317,776,392
Stock dividends	17	2,445,209	-	(2,445,209)	-	-	-	-
Cash dividends	17	-	-	(2,445,298)	-	-	-	(2,445,298)
Total comprehensive income								
Net income		-	-	23,103,929	-	-	-	23,103,929
Other comprehensive income		-	-	-	160,000	829,641	-	989,641
Balance at December 31, 2013		P199,847,220	P5,803,922	P132,567,334	P -	P1,206,131	P57	P339,424,664



See Notes to the Financial Statements.

MAKATI FINANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Makati Finance Corporation (the “Company”) was incorporated in the Philippines on February 17, 1966. The Company operates as a domestic corporation engaged in the sale of various financial products and services, catering generally to the consumer market.

The Company’s principal place of business is at 2nd Floor, Makati Finance Bldg., 7823 Makati Avenue, Makati City. The Company was listed in the Philippine Stock Exchange (PSE) on January 6, 2003 and is majority-owned (69.42%) by Amalgamated Investment Bancorporation (AIB).

On March 11, 2002, the BOD and stockholders approved the offer of up to 19,560,000 shares from the Company’s unissued common stock through initial common public offering (IPO). The application for the IPO of the Company was approved by the Securities and Exchange Commission and the PSE, on December 9, 2002 and November 28, 2002, respectively. The Company was listed in the PSE under the Small and Medium Enterprise Board on January 6, 2003, with an offer price of P1.38 per share.

2. Basis of Preparation

Statement of Compliance

The financial statements of the Company have been prepared in compliance with the Philippine Financial Reporting Standards (PFRSs), PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for net defined liability which is measured at fair values.

Functional and Presentation Currency

These financial statements are presented in Philippine peso, which is the functional and presentation currency of the Company. All financial information has been rounded off to the nearest peso unless otherwise indicated.

Approval of Issuance of Financial Statements

The financial statements of the Company were approved by the Audit Committee, as authorized for issue by the Board of Directors (BOD), on April 11, 2016.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to the comparative years presented in these financial statements, and have been applied consistently by the Company, except for the changes in accounting policies as explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Company has adopted the following amendments to standards and interpretations starting January 1, 2015 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Company's financial statements.

- *Defined Benefit Plans: Employee Contributions (Amendments to PAS 19)*. The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- *Annual Improvements to PFRSs: 2010 - 2012 and 2011 - 2013 Cycles* - Amendments were made to a total of nine (9) standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the financial statements of the Company:
 - *Disclosures on the aggregation of operating segments (Amendment to PFRS 8)*. PFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: a brief description of the operating segments that have been aggregated; and the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, this amendment clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
 - *Scope of portfolio exception (Amendment to PFRS 13)*. The scope of the PFRS 13 portfolio exception - whereby entities are exempted from measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis if certain conditions are met - has been aligned with the scope of PAS 39 and PFRS 9.

PFRS 13 has been amended to clarify that the portfolio exception potentially applies to contracts in the scope of PAS 39 and PFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under PAS 32 – e.g. certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument.

- *Definition of 'related party' (Amendment to PAS 24).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g., loans.
- *Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40).* PAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under PAS 40 and perform a separate assessment under PFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. Entities will still need to use judgment to determine whether the acquisition of an investment property is an acquisition of a business under PFRS 3.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements to determine if it is acting as a principal or agent. The Company has concluded that it is acting as a principal on all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Interest

Interest income and expense are accrued using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the EIR, the Company estimates the future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the EIR includes all fees, transaction costs, and all other discounts or premiums that are an integral part of the EIR. Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of a financial asset or financial liability.

Unearned discount is recognized as income over the terms of the receivables using the effective interest method.

Interest from bank deposit accounts is recognized as the interest is earned.

Service Charges

Service charges are recognized only upon collection or accrued when there is reasonable certainty as to its collectability.

Dividend Income

Dividend income is recognized when the right to receive payment has been established. Usually, this is the ex-dividend date for quoted equity securities.

Miscellaneous Income

Income from other sources is recognized when earned.

Expenses

Expenses are recognized when it is probable that decrease in future economic benefits related to decrease in an asset or an increase in liability has occurred and that the decrease in economic benefits can be measured reliably.

Financial Instruments

Financial assets and financial liabilities are accounted for as follows:

Recognition

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

All financial instruments are recognized initially at fair value. Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial instruments includes transaction costs that are attributable to its acquisition or issue.

Classification and Measurement

Subsequent to initial recognition, the Company classifies its financial assets in the following categories: financial assets at FVPL, available-for-sale (AFS) investments, held-to-maturity (HTM) investments and loans and receivables. Financial liabilities are classified into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of December 31, 2015 and 2014, the Company has no HTM and AFS investments and financial assets and liabilities at FVPL.

The measurement of financial instruments subsequent to initial recognition is described below:

a. Securities at FVPL

Securities at FVPL consist of debt and private equity securities purchased and held principally with the intention of selling them in the near term. These securities are carried at fair market value; realized and unrealized gains and losses on these instruments are recognized in profit or loss of the Company. Quoted market prices, when available, are used to determine the fair value of these financial instruments. Interest earned is recorded in interest income while dividend income is recorded in other income according to the terms of the contract, or when the right of payment has been established.

b. AFS Financial Assets

AFS financial assets are those non-derivative financial assets that are designated as such or are not classified as securities at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, any AFS financial assets are subsequently measured at fair value. Any unrealized gains or losses arising from the fair valuation of AFS financial assets are excluded from reported income and are reported 'Net unrealized loss on Available-for-sale investments' in other comprehensive income (OCI).

When the AFS financial asset is disposed of, the cumulative gain or loss previously recognized in OCI is recognized in profit or loss.

c. *HTM Investments*

HTM investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as AFS.

After initial measurement, HTM investments are carried at amortized cost using the effective interest method less any impairment losses. A sale or reclassification of a more than insignificant amount of HTM investments would result in the reclassification of all HTM investments as AFS, and would prevent the Company from classifying investment securities as HTM for the current and the following two financial years.

d. *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market and are not entered into with the intention of immediate or short-term resale and are not designated as AFS investments or financial assets at FVPL.

After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less allowance for impairment losses, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in profit or loss. The losses arising from impairment of such loans and receivables are recognized in profit or loss.

Loans and receivables are classified as non-performing or considered impaired when the principal is past due, or when in the opinion of management, collection of interest and principal is doubtful. These receivables will not be reclassified as performing until interest and principal payments are brought current or the receivables are restructured and future payments appear assured.

Client's equity represents the amount withheld by the Company as protection against customer returns and allowances and other special adjustments, which is equivalent to 30% of the receivables factored. This is diminished proportionately as the receivables from factoring are collected.

Unearned interest income is shown as a deduction from 'Loans and receivables.'

Included in this category are 'Cash and cash equivalent' and 'Loans and other receivables.' Cash includes cash on hand and in banks and are stated at face value.

e. *Other Financial Liabilities*

This category pertains to financial liabilities not designated at FVPL where the substance of the contractual arrangements results in the Company having an obligation either to deliver cash or another financial asset to the holder or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Included in this category are notes payable, accounts payable and accrued expenses and other liabilities (excluding payable to government).

Amortized Cost Measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at FVPL are impaired. A financial asset is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Company considers evidence of impairment at both specific asset and collective levels. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortized cost) with similar credit risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that it would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in equity securities classified as AFS financial assets, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In assessing collective impairment, the Company uses statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical modeling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that these remain appropriate.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the assets' original EIR. Impairment losses are recognized in profit and loss and reflected in an allowance account against loans and advances. When a subsequent event causes the amount of impairment loss to decrease, the decrease in the impairment loss is reversed through profit or loss but only to the extent that the resulting carrying amount of the asset after the reversal of impairment loss does not exceed its amortized cost at the reversal date had no impairment loss been recognized.

Impairment losses on AFS financial assets are recognized by transferring the cumulative loss that has been recognized in OCI to profit and loss. The amount transferred is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit and loss. Changes in impairment provisions attributable to time value of money are reflected as a component of interest income.

If in a subsequent period, the fair value of an impaired AFS debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statements of comprehensive income, the impairment loss is reversed to the extent of the carrying amount of the debt instrument had no impairment loss been recognized, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired AFS equity security is recognized in OCI.

The Company writes off certain loans and advances and securities when these are determined to be uncollectible.

Derecognition of Financial Assets and Liabilities

Financial Asset

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

- (a) the rights to receive cash flows from the assets have expired;
- (b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or
- (c) the Company has transferred its right to receive cash flows from the asset and either:
 - (i) has transferred substantially all the risks and rewards of the asset, or
 - (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in profit or loss.

Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Fair value measured using unadjusted quoted prices in active market for identical assets or liabilities.
- Level 2: Fair value measured using inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly of (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3: Fair value measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Transfers between levels of the fair value hierarchy, when applicable, is recognized at the end of the reporting period which the change has occurred.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustments of each of the individual instruments in the portfolio.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to set off the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Investment in an Associate

An associate pertains to an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies. Investment in an associate is accounted for under the equity method of accounting.

Under the equity method, the investment in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share in the net assets of the associate since acquisition date.

The statements of comprehensive income reports the Company's share of the results of operations of the associate. Any change in OCI of the investee is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statements of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of OCI outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment in associate and its carrying value, then recognizes the loss as 'share in net income of an associate' in profit or loss.

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

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation, amortization and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which these are incurred.

Depreciation and amortization is calculated using the straight-line basis over the estimated useful lives of the property and equipment, as follows:

	Number of Years
Furniture, fixtures and equipment	3 - 5
Leasehold rights and improvements	10 or over the period of the lease, whichever is shorter
Transportation equipment	3 - 5

The useful lives and depreciation and amortization methods are reviewed at each reporting date to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from those assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized in profit or loss (see accounting policy on Impairment of Non-financial Assets).

When an item of property and equipment is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is reflected in profit or loss.

Investment Properties

Investment properties are land held for capital appreciation or land held for currently undetermined future use. Investment properties are measured at cost, including transactions costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Subsequent to initial recognition, depreciable investment properties are carried at cost less any impairment in value.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Foreclosed real estate properties are classified under investment properties on foreclosure date.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged against current operations in the period in which the costs are incurred.

The Company estimates the useful lives of its investment properties based on the period over which the assets are expected to be available for use. Any depreciation for these assets is calculated on a straight - line basis using a useful life of 15 years.

Investment properties are derecognized when it has either been disposed of or when it is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognized in profit or loss in the year of derecognition.

Motorcycle Inventories

The Company recognizes motorcycle inventories at the lower of cost and net realizable value (NRV) based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged or if the selling prices have declined. Likewise, management also considers whether estimated costs to be incurred to make the sale have increased. The cost of motorcycle inventories is determined using specific identification. The excess of the cost over the NRV is recognized as a loss from writedown of motorcycle inventories in profit or loss.

Software Costs

Software costs that are not an integral part of the hardware are classified as intangible asset. This is included under "Other assets - net" account in the statements of financial position, which includes costs incurred relative to the development of the Company's software.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that its property and equipment, investment properties and other assets may be impaired. When an indicator exists or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of an asset or cash generating unit's (CGU's) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged against operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged against the revaluation increment of the said asset.

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

Equity

Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account.

Retained Earnings

Retained earnings represent accumulated profits or losses of the Company, net of dividend distributions if any, to stockholders and other capital adjustments.

Dividends on Common Shares

Cash dividends on common shares are recognized as a liability and deducted from equity once approved by the BOD. Stock dividends are recognized as addition to capital stock once approved by the BOD and stockholders. Dividends approved after the reporting date are treated as an event after the reporting date.

Foreign Currency Transactions and Translation

Foreign currency-denominated assets and liabilities are translated to Philippine peso at the prevailing Philippine Dealing & Exchange Corp closing rate at the reporting date while foreign-currency denominated income and expenses are translated into Philippine peso based on the weighted average rate at transaction dates. Foreign exchange gains or losses arising from such transactions, including restatements of foreign-currency denominated assets and liabilities are charged against current operations.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI . The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in compensation and fringe benefits in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss at the earlier of the following:

- when the related restructuring costs are recognized;
- when the related termination benefits are recognized; and
- when the plan amendment or curtailment occurs.

The Company recognized gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Employee Leave Entitlement

Employee entitlements to annual leave are recognized as a liability when the same accrues to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting date is recognized for services rendered by employees up to the end of the reporting date.

Borrowing Costs

Borrowing costs consist of interest which the Company incurs in connection to borrowing of funds. These are recognized in profit or loss in the year in which the costs are incurred.

Income Taxes

Income tax expense comprises current and deferred taxes. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes, the carry-forward tax benefits of the net operating loss carryover (NOLCO) and the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). The amount of deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when these reverse, based on the tax rates enacted at or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recorded as a separate asset only when the reimbursement is virtually certain.

Contingent Assets and Contingent Liabilities

Contingent assets are not recognized in the statements of financial position but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Contingent liabilities are not recognized in the statements of financial position but are disclosed in the notes to the financial statements unless the possibility of an outflow of assets embodying economic benefits is remote.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year of the Company by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have dilutive potential common shares.

Segment Reporting

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 7.

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

New or Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015 and have not been applied in preparing these financial statements. Based on management's assessment, none of these is expected to have a significant impact on the Company's financial statements.

To be Adopted on January 1, 2016

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38)*. The amendments to *PAS 38 Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated,' or when the intangible asset is expressed as a measure of revenue.

The amendments to *PAS 16 Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g. changes in sales volumes and prices.

The amendments are effective for annual periods beginning on or after January 1, 2016, and are to be applied prospectively. Early application is permitted.

- *Equity Method in Separate Financial Statements (Amendments to PAS 27)*. The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

- *Annual Improvements to PFRSs 2012 - 2014 Cycle.* This cycle of improvements contains amendments to four standards, none of which are expected to have significant impact on the Company's financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
- *Changes in method for disposal (Amendment to PFRS 5).* PFRS 5 is amended to clarify that:
 - if an entity changes the method of disposal of an asset (or disposal group) - i.e. reclassifies an asset (or disposal group) from held-for-distribution to owners to held-for-sale (or vice versa) without any time lag - then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset (or disposal group) and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset (or disposal group); and
 - if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

Any change in method of disposal or distribution does not, in itself, extend the period in which a sale has to be completed.

The amendment to PFRS 5 is applied prospectively in accordance with *PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* to changes in methods of disposal that occur on or after January 1, 2016.

- *'Continuing involvement' for servicing contracts (Amendment to PFRS 7).* PFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset - e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred financial asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement.'

The amendment to PFRS 7 is applied retrospectively, in accordance with PAS 8, except that the PFRS 7 amendment relating to servicing contracts need not be applied for any period presented that begins before the annual period for which the entity first applies this amendment.

- *Offsetting disclosures in condensed interim financial statements (Amendment to PFRS 7)*. PFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of *PAS 34 Interim Financial Reporting* require their inclusion.

The amendment to PFRS 7 is applied retrospectively, in accordance with PAS 8.

- *Disclosure of information 'elsewhere in the interim financial report' (Amendment to PAS 34)*. PAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" - i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report). The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by cross reference are not made available to users of the interim financial statements on the same terms and at the same time.

The amendment to PAS 34 is applied retrospectively, in accordance with PAS 8.

- *Investment Entities: Applying the Consolidation Exception (Amendments to PFRS 10, PFRS 12 and PAS 28)* clarifies that:

- A subsidiary that provides investment-related services should not be consolidated if the subsidiary itself is an investment entity.
- The exemption from preparing consolidated financial statements for an intermediate held by an investment entity, even though the investment entity does not consolidate the intermediate.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

- *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

- Information should not be obscured by aggregating or by providing immaterial information.
- Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
- The list of line items to be presented in the statement of financial position and statement of comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

- An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

To be Adopted January 1, 2018

- *PFRS 9 Financial Instruments (2014)*. PFRS 9 (2014) replaces PAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company will assess the potential impact on its financial statements resulting from the application of PFRS 9.

To be Adopted January 1, 2019

- *PFRS 16 Leases* supersedes PAS 17 *Leases* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted PFRS 15. The Company will assess the potential impact of PFRS 16 and plans to adopt this new standard on leases on the required effective date once adopted locally.

Deferral of the local implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28)*. The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Significant Accounting Judgments and Estimates

The preparation of the financial statements in conformity with PFRSs requires the Company to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the periods of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements follows:

Judgments

(a) Classification of Financial Instruments

The Company classifies financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of the instruments. The substance of a financial instrument, rather than its legal form, governs its classification in the Company's statement of financial position. The Company determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

(b) Operating Leases

Company as a Lessee

The Company has entered into a contract of lease for the office space it occupies. The Company has determined that all significant risks and rewards of ownership on these properties are retained by the lessor (see Note 23).

Estimates

(a) Impairment of Loans and Other Receivables

The Company reviews its loans and other receivables at each reporting date to assess whether an allowance for impairment should be recognized in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individually significant loans and receivables, the Company also makes a collective impairment allowance against exposure which, although not specifically identified as requiring a specific allowance, has a greater risk of default than when originally granted. This takes into consideration the length of relationship with the counterparty, credit status of counterparty based on third party reports, and historical experience.

The Company assessed that allowance for impairment loss necessary for its loans and receivables as of December 31, 2015 and 2014 amounts to P55.91 million and P36.68 million, respectively (see Note 9).

The carrying value of loans and receivables amounted to P947.78 million and P844.88 million as of December 31, 2015 and 2014, respectively, net of allowance for credit losses (see Note 9).

(b) Impairment of AFS Equity Investment

The Company treats any AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Company treats 'significant' generally as 20.0% or more and 'prolonged' greater than 12 months. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

As of December 31, 2015 and 2014, the Company has no AFS financial assets.

(c) Impairment of Investment in an Associate, Property and Equipment, Investment Properties and Software Cost

The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

The carrying values of investment in an associate, property and equipment, investment properties and software costs are disclosed in Notes 10, 11, 12 and 13.

(d) *Writedown of Motorcycle Inventories to net realizable value (NRV)*

The Company recognizes loss on writedown of motorcycle inventories at a level considered adequate to reflect the excess of cost of motorcycle inventories over their NRV. NRV of inventories are assessed based on the estimated prevailing selling prices less the estimated cost necessary to sell. Increase in the NRV will increase the carrying amount of inventories but only to the extent of their original acquisition cost.

As of December 31, 2015 and 2014, the carrying value of motorcycle inventories amounted to P192.27 million and P182.72 million, net of loss on writedown on motorcycle inventory of P44.00 million and P37.49 million, respectively (see Note 13).

(e) *Recognition of Deferred Tax Assets*

The Company reviews the carrying amounts of deferred taxes at each reporting date and reduce deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Company looks at its projected performance in assessing the sufficiency of future taxable income. The amount of deferred tax assets are disclosed in Note 20.

(f) *Estimating Useful Lives of Property and Equipment, Investment Properties and Software Cost*

The Company estimates the useful lives of its property and equipment, investment properties and software cost based on the period over which these properties are expected to be available for use. The estimated useful lives of the properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these properties. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The estimated useful lives are disclosed in Note 3.

(g) *Valuation of Retirement Asset*

The cost of defined benefit pension plan as well as the present value of the pension obligation was determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details on the retirement asset are provided in Note 18.

In determining the appropriate discount rate, management considers the interest rates of Philippine government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rate.

As of December 31, 2015, the net retirement liability amounted to P0.61 million. As of December 31, 2014, the net retirement asset amounted to P0.66 million (see Note 18).

(h) *Provisions and Contingencies*

The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

5. Fair Value Measurement

The methods and assumptions used by the Company in estimating the fair value of its financial instruments are as follows:

Cash on Hand and in Banks

Carrying amounts approximate fair values due to the relatively short-term maturities of these financial assets.

Loans and Other Receivables

The carrying value of loans and receivables approximates the fair values due either to the relatively short-term maturities of these assets or the fact that the interest rates reflect the prevailing market rates.

Notes Payable

The carrying amounts of notes payable approximate fair values as the interest rates are repriced quarterly.

Accounts Payable and Accrued Interest Payable

The carrying amounts of accounts payable and accrued interest payable approximate fair values due to their short-term maturities.

6. Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk.

Credit Risk

Credit Risk Management and Collateral and Other Credit Enhancements

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk by setting limits for individual borrowers, and groups of borrowers and industry segments. The Company also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

In addition, the Company obtains security where appropriate, enters into collateral arrangements with counterparties, and limits the duration of exposures. Finally, credit applications go through a process of screening using the Company's credit standards to minimize risk.

The Company also focuses on markets and borrowers that have a relatively better capability to repay their loans. One example for this is the medical professional market where most doctors are able to pay because of their higher disposable income. Despite the systems and checks in place for the Company, there is no guarantee that none of its existing and future clients will default on a loan. An increase in loan defaults will have a negative effect on the Company's profitability.

The Company's motorcycle financing business has the motorcycle itself as collateral in case the borrower defaults on its loan. Other receivable from customers are secured by real estate and other chattel properties.

It is the Company's policy to dispose of repossessed properties in an orderly fashion and proceeds are used to repay or reduce the outstanding claim.

The Company evaluates the concentration of risk with respect to receivable from customers as low, as its customers are located in several areas around Southern Luzon.

The table below shows the maximum exposure of loans and receivables after financial effect of collateral and credit enhancements to the maximum exposure to credit risk.

	2015			2014		
	Gross Maximum Exposure	Fair Value of Collateral or Credit Enhancement	Net Maximum Exposure After Financial Effect of Collateral and Credit Enhancements	Gross Maximum Exposure	Fair Value of Collateral or Credit Enhancement	Net Maximum Exposure After Financial Effect of Collateral and Credit Enhancements
Loans and Other Receivables						
Receivable from customers:						
Consumer	P823,839,289	P737,555,733	P86,283,556	P774,253,651	P712,873,125	P61,380,526
Services	143,857,957	5,853,009	138,004,948	105,271,632	2,041,589	103,230,043
Construction	-	-	-	2,041,590	-	2,041,590
Dividend Receivable	P36,000,000	-	36,000,000	-	-	-
	P1,003,697,246	P743,408,742	P260,288,504	P881,566,873	P714,914,714	P166,652,159

The carrying values of cash on hand and in banks and prepaid expenses represent the maximum exposure to credit risk since these are unsecured.

The tables below show a comparison of the credit quality of the Company's financial assets (net of unearned interest income and client's equity).

	Neither Past Due nor Impaired			2015		Total
	High Grade	Medium Grade	Low Grade	Past Due but not Impaired	Impaired	
Loans and other receivables						
Cash in banks	P17,282,619	P -	P -	P -	P -	P17,282,619
Receivable from customers:						
Consumer	456,992,205	-	17,671,417	212,939,832	119,224,319	806,827,773
Services	6,628,125	-	116,486,793	13,570,793	7,172,246	143,857,957
Construction	-	-	-	-	-	-
Other receivables	-	-	17,011,516	-	-	17,011,516
Dividend Receivable	36,000,000	-	-	-	-	36,000,000
Other assets*	-	-	80,000	-	-	80,000
	P516,902,949	P -	P151,249,726	P226,510,625	P126,396,565	P1,021,059,865

*Includes investments in Golf shares

	Neither Past Due nor Impaired			2014		Total
	High Grade	Medium Grade		Past Due but not Impaired	Impaired	
		Low Grade				
Loans and other receivables						
Cash in banks	P45,147,929	P -	P -	P -	P -	P45,147,929
Receivable from customers:						
Consumer	386,402,759	-	11,648,195	262,342,554	100,768,492	761,162,000
Services	-	-	95,892,170	6,010,765	3,981,173	105,884,108
Construction	-	-	1,429,112	-	-	1,429,112
Other receivables	-	-	13,091,653	-	-	13,091,653
Other assets*	-	-	80,000	-	-	80,000
	P431,550,688	-	P122,141,130	P268,353,319	P104,749,665	P926,794,802

*Includes investments in Golf shares

The Company's basis in grading its financial assets is as follows:

Cash in Banks

High grade pertains to cash deposited in local banks belonging to top 10 rank.

Loans and Other Receivables

- High grade pertains to receivables with no default in payment and fully secured with collateral.
- Medium grade pertains to receivables with no default in payment and partially secured with collateral.
- Low grade pertains to receivables with no default in payment and without security.

The analysis of receivables from customers that were past due but not impaired follows:

	2015					
	<30 Days	30-60 Days	61-90 Days	91-120 Days	>120 Days	Total
Consumer	P96,894,524	P68,971,320	P23,533,457	P13,004,335	P10,536,196	P212,939,832
Services	7,965,317	3,579,304	200,770	1,136,555	688,847	13,570,793
	P104,859,841	P72,550,624	P23,734,227	P14,140,890	P11,225,043	P226,510,625

	2014					
	<30 Days	30-60 Days	61-90 Days	91-120 Days	>120 Days	Total
Consumer	P93,953,788	P52,734,393	P39,207,058	P5,188	P76,442,127	P262,342,554
Services	4,063,925	514,137	627,455	166,640	638,608	6,010,765
	P98,017,713	P53,248,530	P39,834,513	P171,828	P77,080,735	P268,353,319

Impairment Assessment

The Company recognizes impairment/credit losses based on the results of specific (individual) and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the payment of obligation by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold (e.g., 90 days).

These and other factors, either singly or in tandem with other factors, constitute observable events and/or data that meet the definition of an objective evidence of impairment.

Liquidity Risk

Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment for asset purchases. The Company seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Company maintains a level of cash on hand and in banks deemed sufficient to finance its operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and advances from related parties.

The table summarizes the contractual maturity profile of the Company's financial assets and liabilities based on undiscounted contractual payments and remaining contractual maturities.

	Carrying Amount	Contractual Maturities					Total
		2015					
		Up to 3 Months	3 to 6 Months	6 to 12 Months	1 to 3 Years	More than 3 Years	
Financial Assets							
Cash in banks	P17,282,619	P17,282,619	P -	P -	P -	P -	P17,282,619
Loans and other receivables							
Receivable from customers:							
Consumer Services	797,362,673	178,295,166	158,329,828	255,720,308	535,961,046	15,613,419	1,143,919,767
Construction	143,082,841	125,828,747	16,261,025	24,623,569	31,727,328	8,447,201	206,887,870
Other receivables	17,011,517	4,326,514	4,326,514	4,326,514	4,326,515	-	17,306,057
Dividend Receivable	36,000,000		36,000,000				36,000,000
	P1,010,739,650	P325,733,046	P214,917,367	P284,670,391	P572,014,889	P24,060,620	P1,421,396,313
Financial Liabilities							
Notes payable	P843,249,466	P205,199,920	P231,318,103	P319,636,205	P87,095,238	P -	P843,249,466
Accounts payable	27,970,499	27,970,499	-	-	-	-	27,970,499
Accrued interest	16,001,297	16,001,297	-	-	-	-	16,001,297
	P887,221,262	P249,171,716	P231,318,103	P319,636,205	P87,095,238	P -	P887,221,262
Net liquidity gap	P123,518,388	P76,561,330	(P16,400,736)	(P34,965,814)	P484,919,651	P24,060,620	P534,175,051

	Carrying Amount	Contractual Maturities					Total
		2014					
		Up to 3 Months	3 to 6 Months	6 to 12 Months	1 to 3 Years	More than 3 Years	
Financial Assets							
Cash in banks	P46,375,048	P46,375,048	P -	P -	P -	P -	P46,375,048
Loans and other receivables							
Receivable from customers:							
Consumer Services	729,245,200	267,687,700	137,172,276	240,853,728	427,155,200	-	1,072,868,904
Construction	102,295,193	94,466,182	12,894,867	20,181,276	22,625,441	2,540,290	152,708,056
Other receivables	1,199,301	2,041,589	-	-	-	-	2,041,589
	12,142,653	4,838,388	6,739,561	700,960	537,610	282,529	13,099,048
	P891,257,395	P415,408,907	P156,806,704	P261,735,964	P450,318,251	P2,822,819	P1,287,092,645
Financial Liabilities							
Notes payable	P828,082,702	P152,266,905	P174,068,726	P496,956,162	P4,790,909	P -	P828,082,702
Accounts payable	21,860,364	21,860,364	-	-	-	-	21,860,364
Accrued interest	13,239,361	13,239,361	-	-	-	-	13,239,361
	P863,182,427	P187,366,630	P174,068,726	P496,956,162	P4,790,909	P -	P863,182,427
Net liquidity gap	P28,074,968	P228,042,277	(P17,262,022)	(P235,220,198)	P445,527,342	P2,822,819	P423,910,218

Interest Rate Risk

The profitability of the Company may be influenced by changes in the level of interest rates. In the event that interest rates go up significantly, less people will be inclined to avail of a loan. The Company funds its loan operations through a combination of the operational cash flow and borrowings from related parties. Any increase in interest rates will cause the Company to incur more expenses for every peso they earn in interest income.

The Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The interest rates on notes payable are fixed with maturity ranging from 6 months to 1 year.

Foreign Exchange Rate Risk

The Company's exposure to foreign exchange rate risk is deemed minimal for the years ended December 31, 2015 and 2014.

Sensitivity of Net Interest Income

A principal part of the Company's management of market risk in non-trading portfolios is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modeling). The Company aims, through its management of market risk in non-trading portfolios, to mitigate the effect of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such activities on the current net revenue stream.

7. Segment Information

Operating Segments

The Company's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with each segment representing a strategic business unit. The Company derives revenues from the following main operating business segments:

Rx Cashline Group

The Rx Cashline Group is tasked with the sales and promotion of the Rx cash line product - loans tailored to medical professionals, and assist in the credit application, investigation, evaluation and approval and loan collection processes.

MFC Factors Group

The MFC Factors Group is responsible for the research of businesses that seek to factor their receivables for extra liquidity.

MC Financing Group

The MC Financing Group is tasked with the sales and promotion of the MC Financing product - loans to motorcycle buyers, and assist in the credit application, investigation, evaluation and approval and loan collection processes.

Other Segments

This segment includes other segments that provide support to its core activities.

The Company considers its Management Committee as chief operating decision maker. Management conducts weekly Management Committee meetings to monitor the performance and conversion of each of the product lines handled. Strategies and recommendations are formulated while operating parameters and guidelines are developed and implemented in these weekly meetings. Product line performance is evaluated based on how it performs versus target and versus last year's actual figures. Another major consideration is on the analysis of risk and collectability exposure contributed by each product line.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The Group's assets producing revenues are located in the Philippines (i.e., one geographical location), therefore, geographical segment information is no longer presented.

The Company does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues.

Financial information about operating segments follows:

	2015				
	Rx Cash Line	MC Factors	MC Financing	Others	Total
Loans	P100,052,367	P106,060,386	P1,065,245,505	P69,227,883	P1,340,586,141
Results of operation					
Revenues					
Interest income	P21,166,205	P9,148,621	P174,244,436	P6,858,012	P211,417,274
Other income	1,607,058	2,578,232	15,687,803	40,787,135	60,660,228
	22,773,263	11,726,853	189,932,239	47,645,147	272,077,502
Expenses					
Interest expense	4,164,611	2,614,794	36,480,099	1,706,733	44,966,237
Provision for credit losses	2,506,270	1,950,760	14,770,969	-	19,227,999
Operating expenses	4,380,847	1,716,527	159,700,857	-	165,798,231
	11,051,728	6,282,081	210,951,925	1,706,733	229,992,467
Net operating income	11,721,535	5,444,772	(21,019,686)	45,938,414	42,085,035
Less: Provision for income tax	4,268,341	2,218,660	(11,928,241)	1,545,384	(3,895,856)
Net income (loss)	P7,453,194	P3,226,112	(9,091,445)	P44,393,030	P45,980,891
Statement of financial position					
Total assets	P64,132,978	P71,449,222	P930,113,391	P255,269,894	P1,320,965,485
Total liabilities	P64,681,910	P68,038,872	P689,426,339	78,606,833	900,753,954
Other segment information					
Capital expenditures	P -	P -	P673,561	P44,275	P717,836
Depreciation and amortization	P -	P -	P1,021,301	P1,393,892	P2,415,193

	2014				
	Rx Cash Line	MC Factors	MC Financing	Others	Total
Loans	P77,834,119	P75,736,750	P1,040,772,261	P20,448,448	P1,214,791,578
Results of operation					
Revenues					
Interest income	P21,455,935	P5,403,389	P189,802,656	P3,531,643	P220,193,623
Other income	1,785,593	5,167,238	8,013,224	40,172,568	55,138,623
	23,241,528	10,570,627	197,815,880	43,704,211	275,332,246
Expenses					
Interest expense	3,454,546	2,731,296	43,538,099	847,295	50,571,236
Provision for credit losses	4,074,910	260,540	13,108,119	-	17,443,569
Operating expenses	7,094,236	1,398,226	157,634,099	786,160	166,912,721
	14,623,692	4,390,062	214,280,317	1,633,455	234,927,526
Net operating income	8,617,836	6,180,565	(16,464,437)	42,070,756	40,404,720
Less: Provision for income tax	2,585,351	1,854,169	(7,284,884)	1,564,905	(1,280,459)
Net income (loss)	P6,032,485	P4,326,396	(P9,179,553)	P40,505,851	P41,685,179
Statement of financial position					
Total assets	P54,149,192	P55,048,544	P942,066,655	P208,903,928	P1,260,168,319
Total liabilities	P36,992,545	P37,606,946	P665,442,330	P140,577,418	P880,619,239
Other segment information					
Capital expenditures	P -	P -	P -	P -	P -
Depreciation and amortization	P6,051	P1,836	P1,252,470	P1,256,787	P2,517,144
2013					
	Rx Cash Line	MC Factors	MC Financing	Others	Total
Loans	P70,928,089	P57,967,833	P1,293,154,644	P23,446,887	P1,445,497,453
Results of operation					
Revenues					
Interest income	P19,702,999	P6,090,386	P169,520,667	P3,293,308	P198,607,360
Other income	575,059	1,199,522	7,970,637	60,963,646	70,708,864
	20,278,058	7,289,908	177,491,304	64,256,954	269,316,224
Expenses					
Interest expense	5,187,930	3,688,982	34,787,003	4,876,508	48,540,423
Provision for credit losses	2,776,062	581,749	64,979,697	-	68,337,508
Operating expenses	2,600,453	703,333	91,560,593	35,335,808	130,200,187
	10,564,445	4,974,064	191,327,293	40,212,316	247,078,118
Net operating income	9,713,613	2,315,844	(13,835,989)	24,044,638	22,238,106
Less provision for income tax	2,369,851	549,803	(545,496)	(3,239,981)	(865,823)
Net income (loss)	P7,343,762	P1,766,041	(P13,290,493)	P27,284,619	P23,103,929
Statement of financial position					
Total assets	P43,921,842	P53,669,253	P967,805,138	P227,747,750	P1,293,143,983
Total liabilities	P11,000	P8,000	P51,184,691	P902,462,563	P953,666,254
Other segment information					
Capital expenditures	P -	P -	P -	P -	P -
Depreciation and amortization	P10,926	P756	P1,050,698	P2,385,035	P3,447,415

8. Cash on Hand and in Banks

This account consists of:

	2015	2014
Cash in banks	P17,282,619	P45,147,929
Cash on hand	1,123,500	1,227,119
	P18,406,119	P46,375,048

Cash in banks earn interest at the prevailing bank deposit rates which ranges from 0.02% to 0.56% in 2015 and 2014, respectively. Interest income on cash in banks amounted to P0.04 million and P0.03 million in 2015 and 2014, respectively.

9. Loans and Other Receivables

This account consists of:

	<i>Note</i>	2015	2014
Receivable from customers:			
Consumer		P1,143,919,767	P1,072,868,904
Services		206,887,870	152,708,056
Construction		-	2,041,589
Other receivables	21	17,306,057	13,099,048
Dividend receivable	21	36,000,000	-
		1,404,113,694	1,240,717,597
Unearned interest income		(368,598,332)	(336,429,699)
Client's equity		(31,818,116)	(22,721,025)
Allowance for credit losses		(55,912,524)	(36,684,525)
		P947,784,722	P844,882,348

The classes of receivable from customers are subdivided according to loans granted to different industries.

Loans and receivables according to product type:

	<i>Note</i>	2015	2014
Motorcycle financing		P1,065,245,505	P1,040,772,261
Receivables purchased		106,060,386	75,736,750
Rx cash line		100,052,367	77,834,119
Business loans		69,227,883	20,448,448
		1,340,586,141	1,214,791,578
Unearned interest income		(368,598,332)	(336,429,699)
Client's equity		(31,818,116)	(22,721,025)
		940,169,693	855,640,854
Accrued interest receivable		10,221,496	12,826,972
Sales contract receivable		205,064	634,231
Advances to officers and employees		517,655	646,382
Due from affiliates		101,007	101,007
Miscellaneous receivables	21	16,482,331	11,717,427
Dividend receivable	21	36,000,000	-
		1,003,697,246	881,566,873
Allowance for credit losses		(55,912,524)	(36,684,525)
		P947,784,722	P844,882,348

Dividend receivable pertains to the dividends declared by AIB last October 2015 to be received in April 2016.

Miscellaneous receivables consist of receivables from employees, related parties and other non-related parties.

Client's equity represents the amount withheld by the Company as protection against customer returns and allowances and other special adjustments, which is equivalent to 30.00% of the receivables factored.

Interest rates on loans receivable ranges from 1.4% to 2.6% plus gross receipts tax. Interest income earned from receivable from customers amounted to P211.16 million and P220.16 million in 2015 and 2014, respectively.

Movements in allowance for credit losses follow:

	December 31, 2015				
	Receivable from Customers				Total
	Construction	Services	Consumer	Others	
At January 1	P842,288	P2,976,439	P31,916,798	P949,000	P36,684,525
Provisions during the year	1,950,760	2,506,270	14,770,969	-	19,227,999
Recoveries	-	-	-	-	-
Write-off	-	-	-	-	-
At December 31	P2,793,048	P5,482,709	P46,687,767	P949,000	P55,912,524
Individually impaired	P2,793,048	P5,482,709	P46,687,767	P949,000	P55,912,524

	December 31, 2014				
	Receivable from Customers				Total
	Construction	Services	Consumer	Others	
At January 1	P581,749	P2,776,062	P29,866,278	P949,000	P34,173,089
Provisions during the year	260,539	4,074,910	13,108,120	-	17,443,569
Recoveries	-	-	18,790,820	-	18,790,820
Write-off	-	(3,874,533)	(29,848,420)	-	(33,722,953)
At December 31	P842,288	P2,976,439	P31,916,798	P949,000	P36,684,525
Individually impaired	P842,288	P2,976,439	P31,916,798	P949,000	P36,684,525

	December 31, 2013				
	Receivable from Customers				Total
	Construction	Services	Consumer	Others	
At January 1	P -	P3,100,801	P12,061,093	P -	P15,161,894
Provisions during the year	581,749	3,031,882	62,129,606	2,594,271	68,337,508
Recoveries	-	-	-	-	-
Write-off	-	(3,356,621)	(44,324,421)	(1,645,271)	(49,326,313)
At December 31	P581,749	P2,776,062	P29,866,278	P949,000	P34,173,089
Individually impaired	P581,749	P2,776,062	P29,866,278	P949,000	P34,173,089

In determining the allowance for credit losses on loans and receivable, the Company also considered the provisioning requirements of Republic Act (R.A.) No. 8556, *The Financing Company Act*.

Under Section 9 of R.A. 8556, A 100% allowance for probable loss should be set up for the following:

- Clean loans and advances past due for a period of more than six (6) months;
- Past due loans secured by collateral such as inventories, receivables, equipment and other chattels that have declined in value by more than 50% without the borrower offering additional collateral for the loans;
- Past due loans secured by real estate mortgage title to which is subject to an adverse claim rendering settlement through foreclosure doubtful;
- When the borrower, and his co-maker or guarantor, is insolvent or where their whereabouts is unknown, or their earning power is permanently impaired;

- e) Accrued interest receivable that remain uncollected after six (6) months from the maturity date of such loans to which it accrues; and
- f) Accounts receivable past due for 361 days or more.

The Company's recorded provisions are in compliance with the provisioning requirements set out by R.A. No. 8556.

10. Investment in an Associate

This account consists of investment in 36% share of stock of AIB:

	<i>Note</i>	2015	2014
At cost		P75,000,000	P75,000,000
Accumulated equity in net earnings			
Balance at the beginning of the year		79,302,222	75,756,840
Share in net income	21	40,787,135	39,545,382
Dividends	21	(72,000,000)	(36,000,000)
Balance at the end of the year		48,089,357	79,302,222
		P123,089,357	P154,302,222

The following illustrates the summarized financial information of the Company's investment in AIB:

	2015	2014
Total assets	P4,822,108,958	P2,593,557,147
Total liabilities	4,170,398,520	1,858,696,903
	651,710,438	734,860,244
Net unrealized gain on the Company's shares held and classified by AIB as AFS investments	(308,128,392)	(301,081,875)
	343,582,046	433,778,369
Proportion of the Company's ownership	36%	36%
Carrying amount of the investment	P123,689,537	P156,160,213
Income	P295,824,997	P290,107,421
Expenses	168,821,566	158,294,228
Income before income tax	127,003,431	131,813,193
Provision for income tax	13,705,835	21,964,909
Net income	P113,297,596	P109,848,284
Share in net income	P40,787,135	P39,545,382

11. Property and Equipment

The rollforward analysis of this account follows:

	2015			Total
	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Transportation Equipment	
Cost				
At January 1	P9,679,749	P1,383,237	P4,650,299	P15,713,285
Additions	471,945	41,444	204,447	717,836
Disposals	-	-	-	-
At December 31	10,151,694	1,424,681	4,854,746	16,431,121
Accumulated Depreciation and Amortization				
At January 1	7,348,381	694,959	2,118,847	10,162,187
Depreciation and amortization	1,560,340	194,140	660,713	2,415,193
Disposals	-	-	-	-
At December 31	8,908,721	889,099	2,779,560	12,577,380
Carrying Amount	P1,242,973	P535,582	P2,075,186	P3,853,741
	2014			Total
	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Transportation Equipment	
Cost				
At January 1	P7,825,361	P1,272,097	P7,853,877	P16,951,335
Additions	1,854,388	111,140	1,200,000	3,165,528
Disposals	-	-	(4,403,578)	(4,403,578)
At December 31	9,679,749	1,383,237	4,650,299	15,713,285
Accumulated Depreciation and Amortization				
At January 1	5,749,783	516,418	4,679,074	10,945,275
Depreciation and amortization	1,598,598	178,541	740,005	2,517,144
Disposals	-	-	(3,300,232)	(3,300,232)
At December 31	7,348,381	694,959	2,118,847	10,162,187
Carrying Amount	P2,331,368	P688,278	P2,531,452	P5,551,098

Motorcycle inventory is transferred to transportation equipment when these are used in the business operations by the employees (Note 13). The transportation equipment is valued at the inventory's carrying amount. In 2015 and 2014, the Company transferred motorcycle inventories amounting to P0.16 million and P0.80 million, respectively (shown as additions).

As of December 31, 2015 and 2014, the Company has fully depreciated property and equipment that are still in use with original cost amounting to P1.75 million and P0.62 million.

12. Investment Properties

This account consists of cost of land:

	2015	2014
Cost	P3,544,001	P3,544,001
Allowance for impairment losses		
Balance at beginning of the year	(939,533)	(939,533)
Reversal of impairment	-	-
Balance at end of the year	(939,533)	(939,533)
	P2,604,468	P2,604,468

The aggregate fair value of the investment properties of the Company amounted to P4.33 million as of December 31, 2015 and 2014. No sale of investment property occurred in 2015 and 2014. The fair value of the Company's investment properties was estimated on the basis of recent sales of similar properties in the same areas taking into account the economic conditions prevailing at the time the valuations were made. The unit of comparison applied by the Company is the price per square meter. The fair value of the investment properties is based on Level 2 hierarchy.

13. Other Assets - net

This account consists of:

	<i>Note</i>	2015	2014
Motorcycle inventories	11	P192,270,005	P182,720,097
Prepaid expenses		3,119,237	976,195
Retirement asset	18	-	662,595
Software costs		467,633	701,548
Other Investments		80,000	80,000
		P195,936,875	P185,140,435

Motorcycle inventories pertain to repossessed units from the Company's motorcycle financing business carried at the lower of cost or its net realizable value. These units are intended for immediate resale. Loss from write-down of motorcycle inventories included in profit or loss amounted to P44.00 million and P37.49 million in 2015 and 2014, respectively.

The movements in software costs follow:

	2015	2014
Cost		
At January 1	P4,362,136	P3,963,146
Additions	161,043	398,990
At December 31	4,523,179	4,362,136
Accumulated Amortization		
At January 1	3,660,588	3,292,942
Amortization for the year	394,958	367,646
Accumulated amortization	4,055,546	3,660,588
At December 31	P467,633	P701,548

14. Notes Payable

This account consists of:

	<i>Note</i>	2015	2014
Related parties	21	P569,153,363	P722,375,896
Banks		270,096,103	101,424,243
Individuals		4,000,000	4,282,563
		P843,249,466	P828,082,702

Interest rates from borrowings range from 4.00% to 6.75% and from 4.00% to 6.00% per annum in 2015 and 2014, respectively.

Interest expense on these notes payable amounted to P44.97 million and P50.57 million, in 2015 and 2014, respectively.

Notes payable to individuals and banks are unsecured, with maturity of up to three years.

15. Accrued Expenses and Other Liabilities

This account consists of:

	<i>Note</i>	2015	2014
Accrued interest	21	P16,001,297	P13,239,361
Accrued management and professional fees		3,757,949	2,039,042
Accrued taxes		2,958,189	1,853,130
Accrued administrative expenses		2,765,436	8,535,017
Retirement liability	18	613,221	-
Accrued insurance payable		508,425	462,397
Income tax payable		355,757	3,443,187
Accrued occupancy costs		286,496	-
Others		2,287,219	1,104,039
		P29,533,989	P30,676,173

Others include accrual on SSS, Pag-ibig and Philheath payable.

16. Maturity Analysis of Assets and Liabilities

The following table shows an analysis of assets and liabilities of the Company analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the reporting date.

	2015			2014		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash on hand and in banks	P18,406,119	P -	P18,406,119	P46,375,048	P -	P46,375,048
Loans and other receivables - gross	808,038,185	P596,075,509	1,404,113,694	787,576,527	453,141,070	1,240,717,597
Investment in an associate	-	123,089,357	123,089,357	-	154,302,222	154,302,222
	P826,444,304	P719,164,866	P1,545,609,170	833,951,575	607,443,292	1,441,394,867
Nonfinancial Assets						
Property and equipment	-	3,853,741	3,853,741	-	5,551,098	5,551,098
Investment properties - gross	-	3,544,001	3,544,001	-	3,544,001	3,544,001
Deferred tax assets	-	29,290,203	29,290,203	-	21,312,700	21,312,700
Retirement asset	-	-	-	-	662,595	662,595
Other assets	195,469,242	467,633	195,936,875	183,776,292	701,548	184,477,840
	195,469,242	37,155,578	232,624,820	183,776,292	31,771,942	215,548,234
Less: Allowance for credit and impairment losses	-	(56,852,057)	(56,852,057)	-	(37,624,058)	(37,624,058)
Unearned interest income	(42,858,641)	(325,739,691)	(368,598,332)	(34,318,097)	(302,111,602)	(336,429,699)
Client's equity	(31,818,116)	-	(31,818,116)	(22,721,025)	-	(22,721,025)
	(74,676,757)	(382,591,748)	(457,268,505)	(57,039,122)	(339,735,660)	(396,774,782)
	P947,236,789	P373,728,696	P1,320,965,485	P960,688,745	P299,479,574	P1,260,168,319
Financial Liabilities						
Notes payable	P756,154,228	P87,095,238	P843,249,466	P823,291,793	P4,790,909	P828,082,702
Accounts payable	27,970,499	-	27,970,499	21,860,364	-	21,860,364
Accrued interest	16,001,297	-	16,001,297	13,239,361	-	13,239,361
	800,126,024	87,095,238	887,221,262	858,391,518	4,790,909	863,182,427
Nonfinancial Liabilities						
Accrued expenses	13,176,935	-	13,176,935	13,993,625	-	13,993,625
Income tax payable	355,757	-	355,757	3,443,187	-	3,443,187
	13,532,692	-	13,532,692	17,436,812	-	17,436,812
	P813,658,716	P87,095,238	P900,753,954	P875,828,330	P4,790,909	P880,619,239

17. Equity

On July 30, 2015, the BOD and stockholders approved the declaration of 3.08% stock dividends in the amount of P6,252,710 to stockholders of record as of August 27, 2015 with distribution date not later than September 22, 2015. On the same date, the BOD also approved the declaration of cash dividends amounting to P6,252,777. Fractional shares related to this declaration were settled in cash with a total amount of P67.00.

On July 31, 2014, the BOD and stockholders approved the declaration of 1.73% stock dividends in the amount of P3,465,553 to stockholders of record as of August 28, 2014 with distribution date not later than September 23, 2014. On the same date, the BOD also approved the declaration of cash amounting to P3,465,588. Fractional shares related to this declaration were settled in cash with a total amount of P36.00.

On July 25, 2013, the BOD and stockholders approved the declaration of 1.24% stock dividends in the amount of P2,445,209 to stockholders of record as of August 22, 2013 with distribution date not later than September 17, 2013. On the same date, the BOD also approved the declaration of cash dividends amounting to P2,445,298. Fractional shares related to this declaration were settled in cash with a total amount of P89.00.

As of December 31, 2015, the Company has 209,565,483 common shares issued and outstanding which were owned by 103 shareholders.

The movements in the number of issued shares and capital stock follows:

	2015		2014		2013	
	Number of Shares	Amount	Number of Shares	Amount	Number Of Shares	Amount
Authorized - 300,000,000 shares; P1 par value						
At January 1	203,312,773	P203,312,773	199,847,220	P199,847,220	197,402,011	P197,402,011
Stock dividends	6,252,710	6,252,710	3,465,553	3,465,553	2,445,209	2,445,209
At December 31	209,565,483	P209,565,483	203,312,773	P203,312,773	199,847,220	P199,847,220

Capital Management

The primary objective of the Company's capital management policies and procedures are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company considers its total equity as capital. No changes were made in the objectives, policies or processes in 2015.

Under R.A. No. 8556, *Financing Company Act*, the Company is required to maintain the following capital requirements:

- (a) minimum paid-up capital of P10.00 million; and
- (b) additional capital requirements for each branch of P1.00 million for branches established in Metro Manila, P0.50 million for branches established in other classes of cities and P0.25 million for branches established in municipalities.

For the years ended December 31, 2015 and 2014, the Company was in compliance with the minimum paid-up capital.

The Company is compliant with the minimum public float of 10% that is required by the Philippine Stock Exchange, Inc. where the Company's shares are traded.

The Company's retained earnings representing the accumulated share in the net income of an associate amounting to P48.09 million and P79.30 million as of December 31, 2015 and 2014, respectively, is not available for declaration as dividends.

18. Retirement Plan

The Company has a funded, tax-qualified defined benefit plan covering all its officers and regular employees. The benefits are based on years of service and compensation on the last year of service.

The Company is subject to the minimum retirement benefit under the R.A. 7641 "*The Philippine Retirement Law*", which provides for retirement pay to qualified employees in the absence of any retirement plan. R.A. 7641 requires the Company to provide minimum retirement benefits to employees who have reached the age of sixty (60) years or more, but not beyond sixty-five (65) years which is considered as the compulsory retirement age, and who have served at least five (5) years in the Company.

The plan is non-contributory and of the defined benefit type which provides a retirement benefit equal to one hundred percent (100%) of the latest monthly salary for every year of credited service. Benefits are paid in lump sum upon retirement or separation in accordance with the terms of the plan. Normal retirement age is at age 60.

Net benefit cost is included in the Company's profit and loss under 'Salaries and employee benefits.'

The amounts of retirement benefit reserve recognized in the statements of comprehensive income are as follows:

	2015	2014
Components of retirement benefit liability recorded in profit or loss as retirement benefit expense		
Current service cost	P1,969,369	P1,894,141
Net interest expense:		
Interest expense	226,123	344,590
Interest income on plan assets	(257,210)	(354,417)
Interest expense on effect of asset ceiling	1,336	589
	<u>1,939,618</u>	<u>1,884,903</u>
Components of retirement benefit liability recorded in OCI		
Remeasurement gain on defined benefits obligation	(680,475)	(2,603,678)
Remeasurement loss on plan assets	47,760	181,039
Remeasurement (gain) loss on the change in the effect of asset ceiling	(31,087)	19,925
	<u>(663,802)</u>	<u>(2,402,714)</u>
Total components of retirement benefit liability (asset)	<u>P1,275,816</u>	<u>(P517,811)</u>

The net retirement benefit liability (asset) is recognized as part of "Accrued expenses and other liabilities" ("Other assets - net") accounts in the statements of financial position follows:

	2015	2014
Present value of retirement benefits obligation	P6,551,174	P5,036,157
Fair value of plan assets	(5,937,953)	(5,728,503)
Effect of asset ceiling	-	29,751
Net defined benefit liability (asset)	P613,221	(P662,595)

The movements of the present value of retirement benefits obligation of the Company follow:

	2015	2014
Balance at beginning of year	P5,036,157	P5,401,104
Current service cost	1,969,369	1,894,141
Interest expense	226,123	344,590
Remeasurement gains on obligation arising from:		
Change in financial assumptions	(386,800)	(708,045)
Experience adjustment	(293,675)	(1,895,633)
Balance at end of year	P6,551,174	P5,036,157

The movements of the fair value of plan assets of the Company follow:

	2015	2014
Balance at beginning of year	P5,728,503	P5,555,125
Interest income	257,210	354,417
Remeasurement loss on plan assets	(47,760)	(181,039)
Balance at end of year	P5,937,953	P5,728,503

The changes in the effect of asset ceiling are as follows:

	2015	2014
Balance at beginning of year	P29,751	P9,237
Remeasurement (gain) loss on the change in the effect of asset ceiling	(31,087)	19,925
Interest expense on effect of asset ceiling	1,336	589
Balance at end of year	P -	P29,751

Changes in the net retirement benefit (liability) are as follows:

	2015	2014
Balance at beginning of year	P662,595	P144,784
Current service cost	(1,969,369)	(1,894,141)
Net interest cost on the retirement liability	31,087	9,827
Remeasurement loss on plan assets	(47,760)	(181,039)
Actuarial losses on retirement liability arising from:		
Experience adjustment	293,675	1,895,633
Changes in assumptions	386,800	708,045
Changes in the effect of asset ceiling	29,751	(20,514)
Balance at end of year	(P613,221)	P662,595

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The fair value of plan assets by each class as at the end of the reporting period are as follow:

	2015	2014
Cash and cash equivalents	P916,820	P915,415
Available-for-sale investments	4,828,743	4,688,780
Accrued and other receivables	192,390	124,308
	P5,937,953	P5,728,503

All debt instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

In 2015 and 2014, the cash and cash equivalent and available-for-sale investments have high grade credit quality while accrued and other receivable have standard credit quality.

The cost of defined benefit plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	January 1	
	2015	2014
Discount rate	4.89%	4.49%
Future salary increases	5.00%	5.00%
Average remaining working life (in years)	29.1	30.0

Assumptions for mortality and disability rate are based on the adjusted 1994 Group Annuity Mortality Table in which separate rates were used for males and females and the 1952 Disability Study of the US Society for Actuaries adjusted to suit local experience.

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis. The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase (decrease) in basis points	Increase (decrease) in present value of obligation
Discount rates	+100 basis point	(P866,640)
	-100 basis point	1,015,121
Salary increase rates	+100 basis point	934,531
	-100 basis point	(820,757)

The Company expects to contribute P2.32 million to the defined benefit plan in 2016.

The Company is not required to pre-fund the future defined benefits payable under the retirement plan before they become due.

The plan assets' concentration risks are limited to financial services.

The average duration of the defined benefit plan at the end of the reporting date is 16.4 years.

19. Miscellaneous

Miscellaneous income consists of the following items:

	2015	2014	2013
Penalties	P12,049,746	P10,402,716	P9,809,440
Recoveries	3,150,287	3,190,667	6,420,110
Miscellaneous	97,705	71,297	790,930
	P15,297,738	P13,664,680	P17,020,480

Miscellaneous expenses consist of the following items:

	2015	2014	2013
Communication	P1,979,600	P2,160,189	P1,599,054
Insurance	1,914,363	2,056,586	213,468
Stationeries and supplies	1,823,387	3,898,197	3,330,094
Repairs and maintenance	500,767	336,891	963,668
Meetings and conferences	210,934	370,938	237,105
Training and development	148,118	175,990	121,756
Miscellaneous	797,226	665,876	5,557,123
	P7,374,395	P9,664,667	P12,022,268

Miscellaneous expenses include advertising costs, donations, membership dues and other expenses.

20. Income Taxes

	2015	2014	2013
Current:			
RCIT	P3,811,044	P7,148,309	P4,455,659
Deferred	(7,706,900)	(8,428,768)	(5,321,482)
	(P3,895,856)	(P1,280,459)	(P865,823)

The components of deferred tax assets follow:

	2015	2014	2013
Deferred tax assets on:			
Allowance for impairment and credit losses	P16,773,757	P11,005,357	P13,834,695
Inventory write-down of motorcycle	13,216,658	11,246,415	-
Past service cost	111,839	143,582	175,326
	30,102,254	22,395,354	14,010,021
Deferred tax liabilities on:			
Remeasurement gain on defined benefit obligation	812,051	1,082,654	584,800
Retirement asset	-	-	43,435
	P29,290,203	P21,312,700	P13,381,786

The reconciliation of the statutory income tax to the effective income tax follows:

	2015	2014	2013
Income before income tax	P42,085,035	P40,404,720	P22,238,106
Income tax computed at statutory rate (30%)	P12,625,511	P12,121,416	P6,671,432
Additions to (reduction in) income tax resulting from the tax effects of:			
Tax exempt income and nontaxable income	(12,236,141)	(11,863,615)	(16,004,837)
Non-deductible interest expense	4,747	4,085	784,212
Nondeductible expense	1,296,305	-	6,754,843
Interest income subjected to final tax and dividend income	(11,507)	(9,903)	(11,760)
Others	(5,574,761)	(1,532,442)	940,287
Effective income tax benefit	(P3,895,856)	(P1,280,459)	(P865,823)

Current tax regulations provide that the RCIT rate is 30.00%. Interest allowed as deductible expense is reduced by an amount equivalent to 33.00% of interest income subjected to final tax.

R.A. No. 9504, *An Act Amending National Internal Revenue Code*, provides that, the optional standard deduction (OSD) equivalent to 40.0% of gross income may be claimed as an alternative deduction in computing for the RCIT. The Company elected to claim itemized expense deductions instead of the OSD.

In addition, current tax regulations provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expenses that can be claimed as a deduction against taxable income. Under the regulations, EAR expenses allowed as deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the gross revenue of a company engaged in the sale of services. EAR expenses amounted to P0.24 million, P1.74 million and P1.97 million in 2015, 2014 and 2013, respectively.

21. Related Party Transactions

In the ordinary course of business, the Company enters into transactions with its stockholders and affiliates. Under the Company's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. Related party transactions are settled in cash.

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control.

The following transactions have been entered into with related parties:

Category	Ref	Outstanding balances/Amount/Volume		Nature, Terms and Condition
		2015	2014	
<i>Parent Company</i>				
<i>Amalgamated Investment Bancorporation</i>				
Miscellaneous Receivables	a	P80,514	P80,514	Non-interest bearing, unsecured; no impairment
Notes payable	b	484,500,000	610,800,000	Unsecured, 1-year interest bearing placement at 6.75% annual interest rate
Availments		45,000,000	38,000,000	
Settlements		171,300,000	72,500,000	
Interest Expense		31,048,706	28,241,748	
Share in Net Income of an Associate	c	40,787,135	39,545,382	Share in income from investee's profit
Dividend received		36,000,000	36,000,000	Cash dividend from AIB
Dividend receivable		36,000,000	-	Cash dividend receivable from AIB
<i>Other Related Parties</i>				
<i>Motor Ace Philippines Inc.</i>				
Miscellaneous Receivables	a	2,381,267	2,151,708	Non-interest bearing, unsecured; no impairment
Availments		361,693	1,393,142	
Settlements		132,134	449,106	
Accounts payable	d	27,970,499	21,860,364	30-day unsecured, non-interest bearing
Availments		357,660,360	364,932,451	
Settlements		352,413,225	341,057,231	
<i>Pikeville Bancshares</i>				
Professional fees		1,102,080	1,102,080	Payment of professional fees for consultancy
<i>MERG Realty Development Corporation</i>				
Miscellaneous Receivables	a	18,056	35,835	Non-interest bearing, no impairment
Availments			-	
Settlements		17,779	-	
Notes Payable	b	13,000,000	36,000,000	Secured interest-bearing placement at 5.5% annual interest rate; no impairment
Settlement		23,000,000	-	
Interest Expense		830,653	2,190,000	
<i>Forward</i>				

Category	Ref	Outstanding balances/Amount/Volume		
		2015	2014	Nature, Terms and Condition
<i>Directors and other stockholders</i>				
Notes payable	b	P71,653,363	P75,575,896	Secured, 1-year interest bearing placement at 6.0% annual interest rate
Availments		8,046,219	12,625,000	
Settlements		11,968,752	2,090,343	
Interest expense		4,636,886	2,555,555	
Professional Fees and other Management Fees		4,789,339	3,244,889	Payment of professional fees

- a. This includes various receivables from the parent company and other related parties pertaining to availment of comprehensive insurance and other claims for reimbursement.
- b. As of December 31, 2015 and 2014, notes payable and accrued interest payable arising from borrowings from stockholders amounted to P569.15 million and P722.38 million, respectively, and P15.06 million and P8.79 million, respectively. Interest expense from these borrowings amounted to P36.52 million and P32.99 million in 2015 and 2014, respectively (see Note 14).

Borrowings availed from related parties amounted to P53.05 million and P50.63 million in 2015 and 2014, respectively. Settlement from borrowings amounted to P206.27 million and P74.59 million in 2015 and 2014, respectively. Interest rates from borrowings range from 5.5% to 6.25% and from 5.70% to 6.00% in 2015 and 2014, respectively. Borrowings from related parties are unsecured and to be settled in cash.

- c. Share in net income of an associate is the share of the Company in the net income of its associate (see Note 10).
- d. Accounts payable represents billings for motorcycle units sold by the related parties that are financed by the Company

The remuneration of directors and other members of key management personnel consist of short-term benefits amounting to P11.35 million and P8.59 million in 2015 and 2014, respectively, included in the 'Salaries and employee benefits' and 'Management and professional fees' account in the statements of comprehensive income.

22. Earnings Per Share (EPS)

EPS amounts were calculated as follows:

	2015	2014
a. Net income	P45,980,891	P41,685,179
b. Weighted average number of outstanding common shares	209,565,483	203,312,773
c. Basic/diluted earnings per share (a/b)	P0.22	P0.21

The weighted average number of outstanding common shares in 2015 and 2014 was recomputed after giving retroactive effect to stock dividends declared on July 30, 2015, July 31, 2014, and July 25, 2013, however, the impact to the EPS was immaterial (see Note 17).

23. Lease Commitment

The Company leases its office space for a period of one (1) year under a lease contract expiring on February 28, 2016. The Company entered into a new lease contract for a period of five (5) years. Total rent expense included under 'Occupancy cost' account in the statement of comprehensive income, incurred in 2015 and 2014 amounted to P7.14 million and P5.01 million, respectively.

As of December 31, 2015 and 2014, minimum lease payments due within one year from reporting date amounted to P7.36 million and P1.46 million, respectively.

24. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRSs.

The following are the tax information required for the taxable year ended December 31, 2015 based on Revenue Regulation No. 15-2010:

A. Other Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses, and permit fees lodged under 'Taxes and licenses' account in the Company's statement of comprehensive income. Details for year 2015 consist of the following:

Gross receipts tax (GRT)	P11,692,039
Documentary stamp tax (DST) on loan instruments	4,066,570
License and permit fees	737,684
	P16,496,293

As of December 31, 2015, accrued GRT and DST amounted to P0.99 million and P0.93 million, respectively.

B. Withholding taxes

Details of the withholding taxes as of December 31, 2015 follow:

Expanded withholding taxes	P9,646,247
Withholding taxes on compensation and benefits	5,167,657
	P14,813,904

C. Tax Cases

As at December 31, 2015, the Company has no pending tax court cases.

D. Tax Assessment

The Company received a Letter of Authority no. eLA201100080446 from BIR in August 2015 to examine the books of accounts and other accounting records for the tax period ended December 31, 2014. The Company provided the requirements to the Revenue Officer. As at report date, no final assessment or letter of demand on tax deficiency has been received by the Company.



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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Stockholders and Board of Directors
Makati Finance Corporation
2nd Floor, Makati Finance Bldg.
7823 Makati Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Makati Finance Corporation (the "Company") as at and for the year ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated April 11, 2016.

Our audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management.

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Map of Conglomerate
- Schedule of Financial Soundness Indicators
- Schedule of Philippine Financial Reporting Standards
- Supplementary Schedules of Annex 68-E

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

R. G. MANABAT & CO.

CARMEL LYNNE M. BALDE

Partner

CPA License No. 0099677

SEC Accreditation No. 1055-AR, Group A, valid until May 20, 2018

Tax Identification No. 205-133-498

BIR Accreditation No. 08-001987-24-2014

Issued January 22, 2014; valid until January 21, 2017

PTR No. 5320738MD

Issued January 4, 2016 at Makati City

April 11, 2016
Makati City, Metro Manila

EXHIBIT II
SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2015

MAKATI FINANCE CORPORATION
2nd Floor, Makati Finance Centre
7823 Makati Avenue, Makati City

UNAPPROPRIATED RETAINED EARNINGS -		
BEGINNING		P167,321,336
ADD(LESS) ADJUSTMENTS:		
Accumulated equity in net income of an associate		(79,302,222)
ADD: Net income actually earned during the year		
Net Income during the period	P45,980,891	
Deferred tax benefit during the year	(7,706,900)	
Equity in net income of an associate	(40,787,135)	
Dividend Income from an associate	72,000,000	69,486,856
LESS: Dividends declared during the year		(12,505,554)
RETAINED EARNINGS AVAILABLE FOR		
DIVIDENDS		P145,000,416

EXHIBIT III
MAKATI FINANCE CORPORATION
SCHEDULE OF ALL THE EFFECTIVE STANDARDS
UNDER PFRS IN COMPLIANCE WITH SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition'			✓
PFRS 3 (Revised)	Business Combinations			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓

* These standards will be effective subsequent to January 1, 2015 and were not adopted early by the Company

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: 'Continuing involvement' for servicing contracts	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Offsetting disclosures in condensed interim financial statements	✓		
	PFRS 8	Operating Segments	✓	
Annual Improvements to PFRSs 2010 - 2012 Cycle: Disclosures on the aggregation of operating segments		✓		
PFRS 9	Financial Instruments		✓*	
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39			✓
PFRS 9 (2014)	Financial Instruments		✓*	
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓*	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓

*These standards will be effective subsequent to January 1, 2015 and were not adopted early by the Company

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		✓*	
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception		✓*	
PFRS 14	Regulatory Deferral Accounts			✓
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures			✓
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of Financial Statements - Comparative Information beyond Minimum Requirements	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓

* These standards will be effective subsequent to January 1, 2015 and were not adopted early by the Company

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		✓*	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		✓*	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Disclosure of information "elsewhere in the interim financial report"	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		

*These standards will be effective subsequent to January 1, 2015 and were not adopted early by the Company

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter- relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓

* These standards will be effective subsequent to January 1, 2015 and were not adopted early by the Company

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs	✓		
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts			✓
PIC Q&A 2006-02	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements			✓
PIC Q&A 2007-01 - Revised	PAS 1.103(a) - Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]	✓		
PIC Q&A 2007-03	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2007-04	PAS 101.7 - Application of criteria for a qualifying NPAE			✓
PIC Q&A 2008-01 - Revised	PAS 19.78 - Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2008-02	PAS 20.43 - Accounting for government loans with low interest rates under the amendments to PAS 20			✓
PIC Q&A 2009-01	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern			✓
PIC Q&A 2009-02	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-01	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-02	PAS 1R.16 - Basis of preparation of financial statements	✓		

* These standards will be effective subsequent to January 1, 2015 and were not adopted early by the Company

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan	✓		
PIC Q&A 2011-01	PAS 1.10(f) - Requirements for a Third Statement of Financial Position	✓		
PIC Q&A 2011-02	PFRS 3.2 - Common Control Business Combinations			✓
PIC Q&A 2011-03	Accounting for Inter-company Loans	✓		
PIC Q&A 2011-04	PAS 32.37-38 - Costs of Public Offering of Shares			✓
PIC Q&A 2011-05	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of Investment properties - asset acquisition or business combination?			✓
PIC Q&A 2012-01	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law	✓		

* These standards will be effective subsequent to January 1, 2015 and were not adopted early by the Company

EXHIBIT IV
MAKATI FINANCE CORPORATION
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-E
PURSUANT TO SRC RULE 68, AS AMENDED
December 31, 2015

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Income received and accrued
Other investments: Orchard golf club shares	1	P80,000	-

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
AIB	P-	36,000,000	P-	P-	P-	P-	36,000,000

Schedule D. Intangible Assets - Other Assets

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deduction)	Ending balance
Pushtech/IFCA	100,758		93,739			7,019
Accounting Sytem QnE	37,572	10,000	27,070			20,502
Intellismart	33,848		21,264			12,584
Windows 7 Prof OEM License	159,788	(27,540)	76,439			55,809
Other Software Cost	369,582	178,583	176,446			371,719
TOTAL	701,548	161,043	394,958			467,633

Schedule E. Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt" in related statement of financial position	Amount shown under caption "Long-Term Debt" in statement of financial position
N/A	N/A	N/A	N/A

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
N/A	N/A	N/A

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by a person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers	Others
COMMON	145,485,180	145,485,180	-	145,485,180		
COMMON	14,874,146	14,874,146	-			14,874,146
COMMON	8,671,642	8,671,642	-		8,671,642	
COMMON	6,848,093	6,848,093	-			6,848,093
COMMON	5,844,492	5,844,492	-		5,844,492	
COMMON	5,245,445	5,245,445	-			5,245,445
COMMON	4,994,219	4,994,219	-			4,994,219
COMMON	4,794,676	4,794,676	-		4,794,676	
COMMON	4,998,802	4,998,802	-			4,998,802
COMMON	2,111,089	2,111,089	-		2,111,089	
COMMON	1,034,595	1,034,595	-		1,034,595	
COMMON	622,274	622,274	-			622,274
COMMON	407,591	407,591	-		407,591	
COMMON	362,114	362,114	-			362,114
COMMON	249,685	249,685	-			249,685
COMMON	249,685	249,685	-			249,685
COMMON	249,685	249,685	-			249,685
COMMON	249,685	249,685	-			249,685
COMMON	249,685	249,685	-			249,685
COMMON	249,685	249,685	-			249,685
COMMON	249,685	249,685	-			249,685
COMMON	249,685	249,685	-			249,685
COMMON	249,685	249,685	-			249,685
COMMON	239,712	239,712	-			239,712
COMMON	232,636	232,636	-		232,636	
COMMON	210,754	210,754	-			210,754
COMMON	153,456	153,456	-			153,456
COMMON	150,764	150,764	-			150,764
COMMON	69,701	69,701	-			69,701
COMMON	28,329	28,329	-			28,329
COMMON	27,397	27,397	-			27,397
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers	Others
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803
COMMON	20,802	20,802	-			20,802
COMMON	19,371	19,371	-			19,371
COMMON	16,847	16,847	-			16,847
COMMON	14,871	14,871	-			14,871
COMMON	14,437	14,437	-			14,437
COMMON	13,533	13,533	-			13,533
COMMON	8,266	8,266	-			8,266
COMMON	7,066	7,066	-			7,066
COMMON	6,027	6,027	-			6,027
COMMON	6,017	6,017	-			6,017
COMMON	5,997	5,997	-			5,997
COMMON	5,931	5,931	-			5,931
COMMON	4,628	4,628	-			4,628
COMMON	2,292	2,292	-			2,292
COMMON	2,061	2,061	-			2,061
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
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COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
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COMMON	1,967	1,967	-			1,967

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COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,259	1,259	-			1,259
COMMON	1,093	1,093	-			1,093
COMMON	624	624	-			624
COMMON	615	615	-			615
COMMON	425	425	-			425
COMMON	327	327	-			327
COMMON	226	226	-			226
COMMON	92	92	-			92
COMMON	92	92	-			92
COMMON	92	92	-			92
COMMON	92	92	-			92
COMMON	61	61	-			61
COMMON	29	29	-			29
COMMON	29	29	-			29
COMMON	29	29	-		29	
COMMON	29	29	-			29
COMMON	29	29	-			29
COMMON	15	15	-			15
COMMON	15	15	-		15	
COMMON	15	15	-			15
COMMON	15	15	-		15	
COMMON	13	13	-			13
COMMON	1	1	-		1	
COMMON	1	1	-		1	
TOTAL	209,565,483	209,565,483	-	147,559,784	23,096,782	38,908,917

EXHIBIT IV
MAKATI FINANCE CORPORATION
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-E
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December 31, 2015

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COMMON	5,245,445	5,245,445	-			5,245,445
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COMMON	1,034,595	1,034,595	-		1,034,595	
COMMON	622,274	622,274	-			622,274
COMMON	407,591	407,591	-		407,591	
COMMON	362,114	362,114	-			362,114
COMMON	249,685	249,685	-			249,685
COMMON	249,685	249,685	-			249,685
COMMON	249,685	249,685	-			249,685
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COMMON	249,685	249,685	-			249,685
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COMMON	210,754	210,754	-			210,754
COMMON	153,456	153,456	-			153,456
COMMON	150,764	150,764	-			150,764
COMMON	69,701	69,701	-			69,701
COMMON	28,329	28,329	-			28,329
COMMON	27,397	27,397	-			27,397
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers	Others
COMMON	20,803	20,803	-			20,803
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COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803
COMMON	20,803	20,803	-			20,803
COMMON	20,802	20,802	-			20,802
COMMON	19,371	19,371	-			19,371
COMMON	16,847	16,847	-			16,847
COMMON	14,871	14,871	-			14,871
COMMON	14,437	14,437	-			14,437
COMMON	13,533	13,533	-			13,533
COMMON	8,266	8,266	-			8,266
COMMON	7,066	7,066	-			7,066
COMMON	6,027	6,027	-			6,027
COMMON	6,017	6,017	-			6,017
COMMON	5,997	5,997	-			5,997
COMMON	5,931	5,931	-			5,931
COMMON	4,628	4,628	-			4,628
COMMON	2,292	2,292	-			2,292
COMMON	2,061	2,061	-			2,061
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,968	1,968	-			1,968
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers	Others
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,967	1,967	-			1,967
COMMON	1,259	1,259	-			1,259
COMMON	1,093	1,093	-			1,093
COMMON	624	624	-			624
COMMON	615	615	-			615
COMMON	425	425	-			425
COMMON	327	327	-			327
COMMON	226	226	-			226
COMMON	92	92	-			92
COMMON	92	92	-			92
COMMON	92	92	-			92
COMMON	92	92	-			92
COMMON	61	61	-			61
COMMON	29	29	-			29
COMMON	29	29	-			29
COMMON	29	29	-		29	
COMMON	29	29	-			29
COMMON	29	29	-			29
COMMON	15	15	-			15
COMMON	15	15	-		15	
COMMON	15	15	-			15
COMMON	15	15	-		15	
COMMON	13	13	-			13
COMMON	1	1	-		1	
COMMON	1	1	-		1	
TOTAL	209,565,483	209,565,483	-	147,559,784	23,096,782	38,908,917

EXHIBIT V
MAKATI FINANCE CORPORATION
A MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE
COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT,
SUBSIDIARIES OR CO-SUBSIDIARIES, AND ASSOCIATES
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

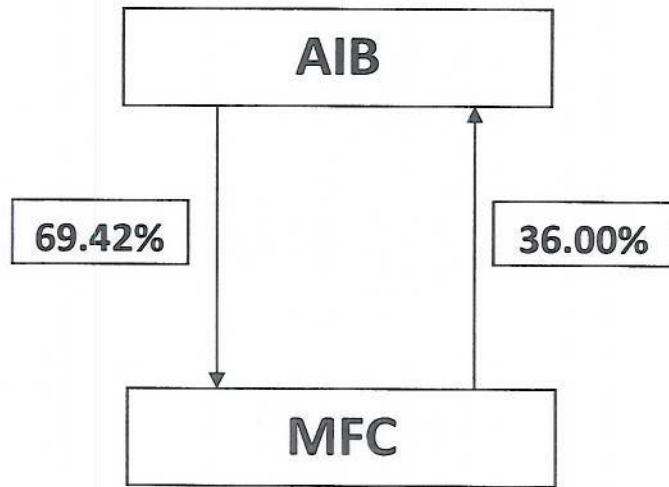


EXHIBIT VI
MAKATI FINANCE CORPORATION
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2015

	2015	2014
Solvency and Liquidity Ratios		
Current ratio	116.42%	109.69%
Debt to equity ratio	214.36%	232.02%
Quick ratio	92.39%	88.71%
Profitability Ratios		
Return on assets	3.48%	3.31%
Return on equity	10.94%	10.98%
Net profit margin	24.68%	22.51%
Asset to Equity Ratio	314.36%	332.02%
Interest Rate Coverage Ratio	1.94	1.80
Other Relevant Ratios		
Ratio or percentage of total real estate investments to total assets	0.20%	0.21%
Total receivables to total assets	71.75%	67.05%
Total DOSRI receivables to net worth	8.61%	0.06%
Amount of receivables from a single corporation to total receivables:		
Motor Ace Philippines, Inc.	0.25%	0.25%
Honda Motor World, Inc.	0.25%	0.28%

Computation for the Ratios:

- Current Ratio = Current Assets/Current Liabilities
- Debt to Equity Ratio = Total Liabilities/Total Equity
- Quick Ratio = Quick Assets/Current Liabilities
- Return on Assets = Net Income After Tax/Total Assets
- Return on Equity = Net Income After Tax/Total Equity
- Net Profit Margin = Net Income After Tax/Total Income
- Asset to Equity Ratio = Total Assets/Total Equity