

New York, USA, in 1984 and earned his Master of Science in Electrical Engineering at Purdue University in West Lafayette, Indiana, USA, in 1986.

**(b) Identify Significant Employees**

While all employees of the Bank are valued for their contribution to the business, no person who is not an executive officer is expected to make a significant contribution to the business.

**(c) Family Relationships**

Directors Harry C. Tan and Lucio C. Tan are brothers. Directors Lucio K. Tan, Jr. and Michael G. Tan are sons of Director Lucio C. Tan. Board Advisor Joseph T. Chua is a son-in-law of Director Lucio C. Tan.

**(d) Involvement in Certain Legal Proceedings**

None of the Directors nor any of the executive officers have, for a period covering the past five (5) years, reported:

- i. any petition for bankruptcy filed by or against a business with which they are related as a general partner or executive officer;
- ii. any criminal conviction by final judgment or being subject to a pending criminal proceeding, domestic or foreign, other than cases which arose out of the ordinary course of business in which they may have been impleaded in their official capacity;
- iii. being subject to any order, judgment, or decree of a competent court, domestic or foreign, permanently or temporarily enjoining, barring, suspending or limiting their involvement in any type of business, securities, commodities or banking activities; or
- iv. being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

**(e) Certain Relationships and Related Transactions**

In the ordinary course of business, the Bank has loans and other transactions with its subsidiaries and affiliates, and with certain directors, officers, stockholders and related interests (DOSRI). Under the Bank's policy, these loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Bank's DOSRI, 70.00% of which must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Bank.

In the aggregate, DOSRI loans generally should not exceed the Bank's equity or 15% of its total loan portfolio, whichever is lower. As of December 31, 2015 and 2014, the Bank and its subsidiaries were in compliance with BSP regulations.

For proper monitoring of related party transactions (RPT) and to assist the Board in performing its oversight functions in monitoring and managing potential conflicts of interest of management, board members and shareholders, the Bank created the Board Oversight RPT Committee (BORC). The BORC is composed of at least five (5) regular members which include three (3) independent directors and 2 non-voting members (the Chief Audit Executive and the Chief Compliance Officer). The Chairman of the committee is an independent director and appointed by the Board.

Information related to transactions with related parties and with certain directors, officers, stockholders and related interests (DOSRI) is shown under Note 34 of the Audited Financial Statements of the Bank and Subsidiaries and Exhibit IV of the Supplementary Schedules Required by SRC Rule 68 Annex E.

## Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

### (a) Executive Compensation

#### 1) General

The annual compensation of executive officers consists of a 16-month guaranteed cash emolument. Directors, on the other hand, are entitled to a reasonable per diem for each Board or board committee meeting attended. The total per diem given to the Board of Directors of the Bank for the years 2014 and 2015 amounted to ₱44.325 million and ₱41.950 million, respectively.

Other than the abovestated, there are no other arrangements concerning compensation for services rendered by Directors or executive officers to the Bank and its subsidiaries.

#### 2) Summary Compensation Table

Annual Compensation (In Pesos)					
Name and Principal Position	Year	Salary	Bonus	Others	Total
Mr. Reynaldo A. Maclang President					
Four most highly compensated executive officers other than the CEO					
1. Cenon C. Audencial, Jr. Executive Vice President					
2. Horacio E. Cebrero III Executive Vice President					
3. Christopher C. Dobles Executive Vice President					
4. Nelson C. Reyes Executive Vice President					
CEO and Four (4) Most Highly Compensated Executive Officers	Actual 2014	50,690,483	12,041,581	-	62,732,064
	Actual 2015	58,902,884	19,601,169	-	78,504,053
	Projected 2016	70,700,000	23,600,000	-	94,300,000
All other officers and directors (as a group unnamed)	Actual 2014	2,606,668,197	843,788,872	-	3,450,457,069
	Actual 2015	3,280,311,093	952,903,245	-	4,233,214,338
	Projected 2016	3,936,500,000	1,143,500,000	-	5,080,000,000

#### 3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

All executive officers are covered by the Bank's standard employment contract which guarantees annual compensation on a 16-month schedule of payment. In accordance with Sec. 6.1, Article VI of the Bank's Amended By-Laws, all officers with the rank of Vice President and up hold office and serve at the pleasure of the Board of Directors.

Earnings per share attributable to equity holders of the Parent Company from continuing operations:

	2015	2014	2013
a) Net income attributable to equity holders of the Parent Company	<b>₱5,827,163</b>	₱5,147,341	₱4,988,971
b) Weighted average number of common shares for basic earnings per share (Note 25)	<b>1,249,020</b>	1,163,938	1,067,822
c) Basic/Diluted earnings per share (a/b)	<b>₱4.67</b>	₱4.42	₱4.67

As of December 31, 2015, 2014 and 2013, there are no potential common shares with dilutive effect on the basic earnings per share.

### 33. Trust Operations

Securities and other properties held by the Parent Company in fiduciary or agency capacities for its customers are not included in the accompanying statements of financial position since these are not assets of the Parent Company. Such assets held in trust were carried at a value of ₱78.7 billion and ₱65.8 billion as of December 31, 2015 and 2014, respectively (Note 35). In connection with the trust functions of the Parent Company, government securities amounting to ₱747.8 million and ₱711.8 million (included under ‘AFS Investments’) as of December 31, 2015 and 2014, respectively, are deposited with the BSP in compliance with trust regulations.

Trust fee income in 2015, 2014 and 2013 amounting to ₱256.2 million, ₱230.1 million and ₱189.9 million, respectively, is included under ‘Service fees and commission income’ (Note 26).

In compliance with existing banking regulations, the Parent Company transferred from surplus to surplus reserves the amounts of ₱16.6 million, ₱13.6 million and ₱9.5 million in 2015, 2014 and 2013, respectively, which correspond to 10.00% of the net income realized in the preceding years from its trust, investment management and other fiduciary business until such related surplus reserve constitutes 20.00% of its regulatory capital. In 2013, an additional ₱136.3 million was transferred by the Parent Company from surplus to surplus reserve which corresponds to reserves allotted to the trust business acquired from ABC.

### 34. Related Party Transactions

#### Regulatory Reporting

In the ordinary course of business, the Parent Company has loans and other transactions with its subsidiaries and affiliates, and with certain Directors, Officers, Stockholders and Related Interests (DOSRI). Under the Parent Company’s policy, these loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Parent Company’s DOSRI, 70.00% of which must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Parent Company.

In the aggregate, DOSRI loans generally should not exceed the Parent Company’s equity or 15% of the Parent Company’s total loan portfolio, whichever is lower.

