

Financial Statements of
**New Rural Bank of
San Leonardo (Nueva Ecija), Inc.**

December 31, 2015 and 2014

And

Report of Independent Auditors

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
New Rural Bank of San Leonardo (Nueva Ecija), Inc.

#41 Magsaysay Sur, Maharlika Highway
Cabanatuan City, Nueva Ecija

Report on the Financial Statements

We have audited the accompanying financial statements of New Rural Bank of San Leonardo (Nueva Ecija), Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, and the related statements of profit or loss, changes in equity and cash flows for the years then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

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 (PFRS). This responsibility includes: designing, implementing and maintaining internal control 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.

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 audits to obtain reasonable assurance 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 auditor's 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 auditor considers 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.

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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 New Rural Bank of San Leonardo (Nueva Ecija), Inc. as of December 31, 2015 and 2014, and of 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 and No.19-2011**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulations No. 15-2010 and No. 19-2011 in Notes 31 and 32 to the financial statements, respectively, is presented for the purpose 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 the management of New Rural Bank of San Leonardo (Nueva Ecija), Inc. The information is also not required by the Securities and Exchange Commission under Securities Regulation Code Rule 68. The information has been subjected to the auditing procedure applied in our audit 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.

QUILAB/CABILIN BATO & Co

By:


LOPE L. BATO, JR.

Partner

CPA Cert. No. 73964

TIN 102-081-516

BIR Accreditation No. 16-005287-1-2015

SEC Accreditation No. 1393-A, Valid until February 27, 2017

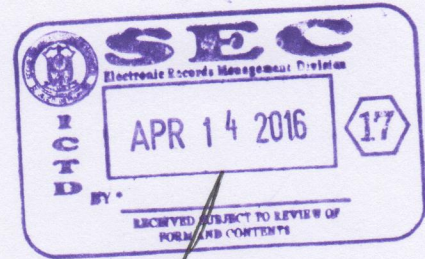
PTR No. 3030840 A, January 4, 2016 Cagayan de Oro City

March 15, 2016

Cagayan de Oro City, Philippines

STATEMENTS OF FINANCIAL POSITION

New Rural Bank of San Leonardo (Nueva Ecija), Inc.



December 31

2015

2014

ASSETS

Cash (Note 4)	₱195,152,571	₱103,564,283
Loans and Receivables (Note 5)	535,680,591	482,217,258
Financial Assets (Note 6)	3,000,000	10,500,000
Bank Premises, Furniture and Equipment (Note 7)	57,198,322	47,925,287
Investment Properties (Note 8)	87,298,594	76,283,716
Other Resources (Note 9)	7,632,574	4,397,117
	₱885,962,652	₱724,887,661

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposit Liabilities (Note 11)	₱440,200,519	₱359,654,123
Bills Payable (Note 12)	271,460,507	204,784,698
Retirement Benefits Obligation (Note 13)	6,319,269	6,199,269
Other Liabilities (Note 14)	12,744,432	7,793,149
Total Liabilities	730,724,727	578,431,239
Shareholders' Equity	155,237,925	146,456,422
	₱885,962,652	₱724,887,661

See Notes to Financial Statements.



STATEMENTS OF PROFIT OR LOSS

New Rural Bank of San Leonardo (Nueva Ecija), Inc.

Years Ended December 31	2015	2014
INTEREST INCOME (Note 17)		
On loans and receivables	P98,132,047	P91,910,509
On bank deposits and investments	813,228	873,647
	98,945,275	92,784,156
INTEREST EXPENSE (Note 18)	25,989,977	22,587,804
NET INTEREST INCOME	72,955,298	70,196,352
LESS IMPAIRMENT LOSSES (Note 10)	4,627,397	3,110,342
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	68,327,901	67,086,010
OTHER INCOME (Note 19)	30,382,663	23,902,717
INCOME BEFORE OPERATING EXPENSES	98,710,564	90,988,727
OPERATING EXPENSES		
Compensation and employees' benefits (Note 20)	34,452,761	29,210,488
Taxes and licenses (Note 31)	8,097,381	6,013,617
Depreciation (Note 7)	7,152,104	7,640,100
Directors' fees	4,230,656	4,296,413
Travel and transportation	7,434,680	7,158,026
Insurance (Note 21)	2,551,526	2,237,077
Security, messengerial and janitorial services	2,388,776	2,329,010
Light, power and water	2,001,586	2,211,500
Repairs and maintenance	1,621,402	1,472,565
Management and other professional fees	1,483,991	2,462,773
Fuel, oil and lubricants	875,563	1,428,833
Provision for retirement benefits (Note 13)	120,000	119,669
Others (Note 22)	8,670,758	9,854,296
	81,081,184	76,434,367
PROFIT BEFORE INCOME TAX	17,629,380	14,554,360
INCOME TAX EXPENSE (Note 23)		
Current tax	5,393,777	3,476,214
Deferred tax	(1,424,218)	(969,003)
	3,969,559	2,507,211
PROFIT FOR THE YEAR	P13,659,821	P12,047,149
EARNINGS PER SHARE (Note 24)	P12.83	P120.47

See Notes to Financial Statements.

