



February 12, 2016

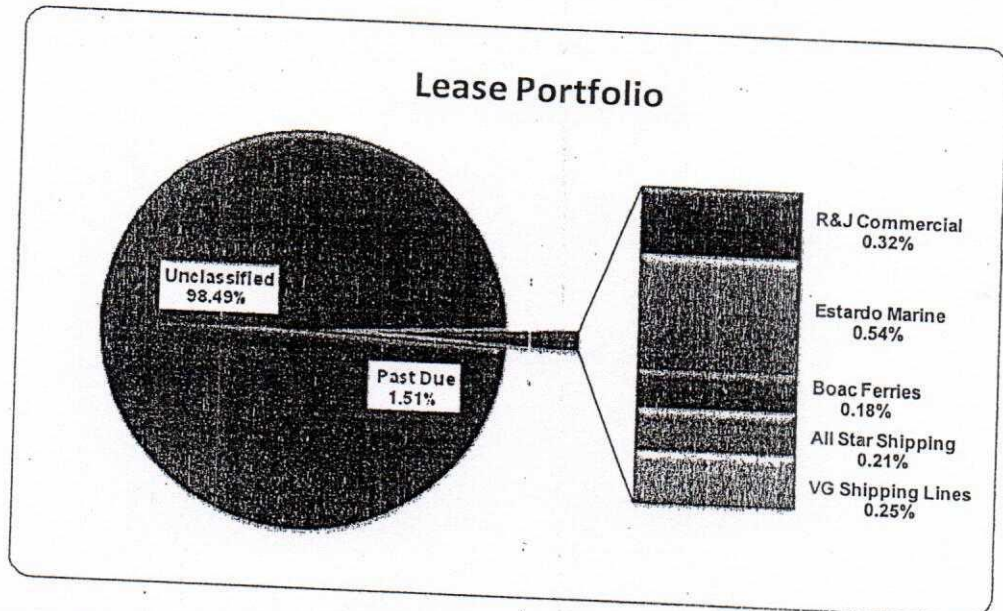
For : The Officer-in-Charge, DBP Leasing Corporation
 Thru : The Chief Risk Officer
 From : The Acting Head, Market Risk Management Department
 Subject : Risk Monitoring for DLC (Report as of January 2016)

In line with the continuing implementation of an enterprise-wide risk management for the Bank, the Trust & Subsidiaries Risk Unit of the Market Risk Management Department (MRMD) and the designated representatives from the Bank's subsidiaries conduct monthly risk monitoring on the subsidiaries' respective risk exposures.

Results of the risk monitoring for DBP Leasing Corporation (DLC) as of month-end January 2016, as reported to the Risk Oversight Committee, are presented herewith.

A. CREDIT RISK

As of month-end January 2016, unclassified or current accounts, amounting to PhP1.28B, comprised 98.49% of DLC's portfolio for lease accounts. The lease account to Montenegro Shipping Lines, Inc., Department of Labor and Employment (DOLE) and Universal Harvester, Inc. accounted for 14.91%, 13.80% and 8.97% of the total current accounts, respectively.



Lease accounts classified as Past Due amounted to PhP19.50M. These lessees were R&J Commercial, Estardo Marine Merchandise, Boac Ferries Inc., All Star Shipping Group, Inc. and VG Shipping Lines, Inc. Full allowances for probable losses were set-up for the said accounts.

Aside from lease accounts, DLC provided the following credit accommodations: (1) amortized commercial loan amounting to PhP311.45M to nine corporate clients; (2) loan receivable of PhP13.09M to two corporate clients and (3) receivable financed of PhP617.60M to three corporate clients.

B. MARKET RISK

There were no market risk exposures for January 2016.

C. OPERATIONAL RISK

There were no loss events reported for January 2016.

D. LIQUIDITY RISK

DLC posted a net cumulative inflow of PhP906.58M as of month-end January 2016. Inflows are expected from lease and loans receivable and car loan receivables from "day 15" up to "over 5 years" time bands. However, inflows would be tempered by estimated outflows due to loans payable and lease deposits.

E. OTHER RISKS

There were no issues and updates for compliance, legal, reputation and strategic risks reported for January 2016.

Thank you.

SM JAMIE JAMES M. JAVIER