RCBC
A YGC Member

ANNUAL REPORT 2012

YEAR OF THE DRAGON

Vision

To be the most admired and trusted profitable financial services group providing and adapting to customers' changing needs - for every Filipino worldwide - through innovative products, excellent service and a highly motivated, committed and impassioned team.

Mission

We are a leading universal bank providing quality Integrated Financial Services that best meet our clients' needs.
We are committed to:

Conducting our business with utmost integrity, excellence, and commitment as responsible corporate citizens; and,

Providing professional growth opportunities to develop a talented base of officers and employees, and achieving the best returns for our stockholders.

2012 Cover

A symbol of strength, vigilance and good fortune, the dragon made its year 2012 truly auspicious for RCBC as the bank experienced unparalleled growth and reaped multiple recognition. In tandem with the nation's economic stability and growth, this favorable confluence enabled RCBC to firm up its commitment to stand out and serve with excellence.

Contents

STRAIGHTFORWARD

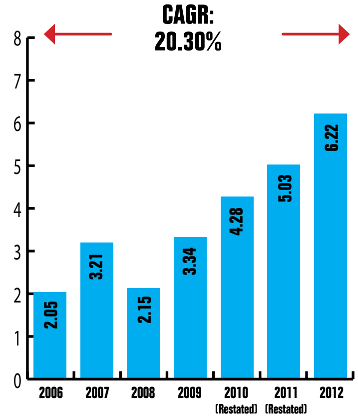
Built on the business of trust, RCBC takes after the dragon in its financial dealings, always straightforward and dependable, the way banking should always be.

Financial Highlights

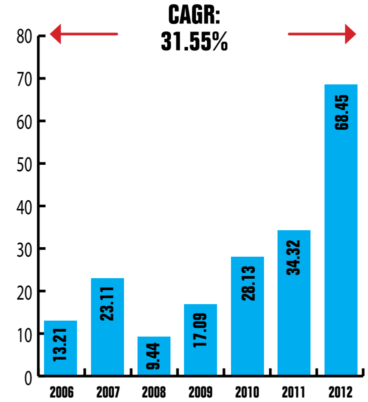
	2012	2011	2010
FOR THE YEAR (in million pesos except ratios)			
OPERATING EARNINGS	**22,824**	20,962	19,598
OPERATING EXPENSES	**13,366**	12,454	11,085
NET INCOME ATTRIBUTABLE TO			
PARENT BANK'S SHAREHOLDERS	**6,220**	5,029	4,280
RETURN ON AVERAGE CAPITAL FUNDS	**16.31%**	16.56%	18.51%
RETURN ON AVERAGE ASSETS	**1.78%**	1.62%	1.50%
NET INTEREST MARGIN	**3.93%**	4.12%	4.60%
AT YEAR-END (in million pesos except no. of shares)			
TOTAL RESOURCES	**364,095**	345,267	315,673
INTEREST-EARNING ASSETS	**293,587**	294,210	262,409
LIQUID ASSETS[1/]	**151,745**	151,910	129,744
LOANS AND RECEIVABLES, NET	**190,808**	186,192	165,425
INVESTMENTS	**95,179**	87,728	88,099
DEPOSITS	**246,757**	255,283	236,628
CAPITAL FUNDS	**42,973**	37,846	26,161
PAID-IN	**20,809**	20,809	15,200
SURPLUS, RESERVE	**14,364**	9,705	5,917
HYBRID PERPETUAL SECURITIES	**4,883**	4,883	4,883
OTHERS	**2,917**	2,449	161
NUMBER OF COMMON SHARES	**1 ,140,857,133**	1,140,135,121	990,554,034
PER SHARE OF COMMON STOCK			
NET EARNINGS			
BASIC AND DILUTED	**5.09**	4.45	4.09
BOOK VALUE (DILUTED)	**33.36**	28.89	22.61
CAPITAL ADEQUACY RATIO (CAR)	**17.61%**	18.52%	17.77%
NUMBER OF EMPLOYEES	**5,442**	5,136	4,645
NUMBER OF BRANCHES (including extension offices and FX desks)	**420**	389	369
NUMBER OF ATMS	**1,010**	761	609

1/- COCI, Due BSP, Due from other banks, FVPL, AFS, Interbank loans

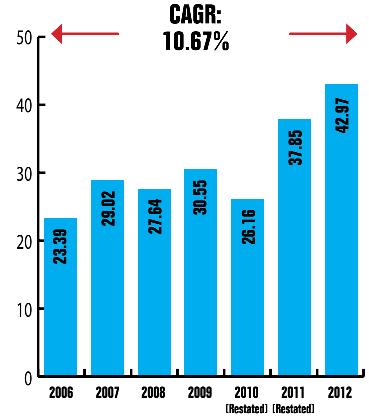
Net Income
(in Billion Pesos)



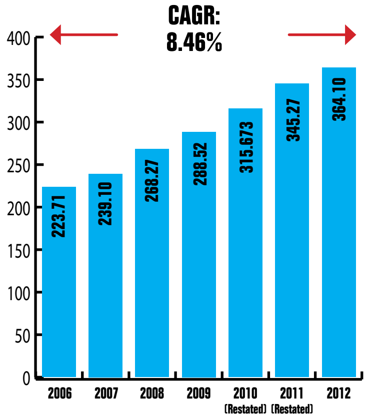
Market Capitalization
(In Billion Pesos)



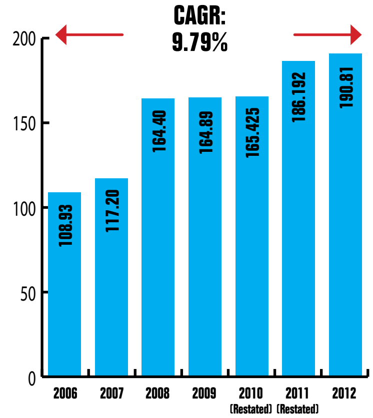
Capital
(in Billion Pesos)



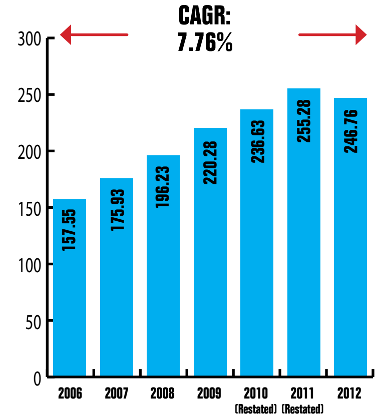
Total Resources
(in Billion Pesos)



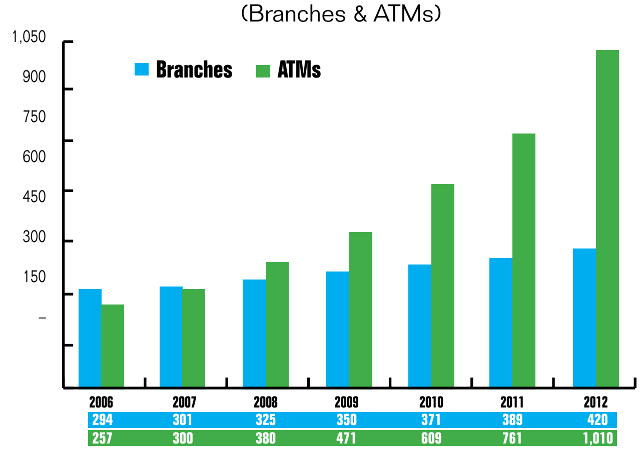
Net Loans
(in Billion Pesos)



Total Deposits
(in Billion Pesos)



Distribution Network
(Branches & ATMs)



NOBLE

A dragon's nobility is measured by its boldness, strength and commitment, just like RCBC's never-ending journey of serving the Filipino people with the utmost excellence.

Message from the Honorary Chairman

AMBASSADOR ALFONSO T. YUCHENGCO

<< The year 2012 belonged to the Dragon. And being blessed with this emblem, our strides were vast, our span has broadened considerably, and our financial strength has never been more assured. >>

<<Our motivated and committed team is driven more than ever to make the company visible in every aspect of our clients' lives.>>

Over the last five years, the banking community cannot help but notice the phenomenal growth of RCBC. The roster of accolades that we have amassed in the last couple of years alone attests to our relentless desire to pursue leadership through excellence in all our undertakings. We have flexed our muscles — and continue to do so — as dragons must!

The momentum is definitely on our side as we continue to make great strides in achieving our mission to be a leading universal bank. Taking home various awards and citations from respected institutions worldwide will help solidify our intention to be the bank of choice of Filipinos, locally and globally.

Our motivated and committed team is driven more than ever to make the company visible in every aspect of our clients' lives. Side by side with the acquisition of these awards were innovative steps in electronic banking services, intelligent technology-driven solutions, and other influential service channels that extend our products to more markets.

Indeed, it is inspiring and flattering to know that all our efforts are making huge marks. The year 2012 belonged to the Dragon. And being blessed with this emblem, our strides were vast, our span has broadened considerably, and our financial strength has never been more assured.

I am confident that we will maintain this commitment to spread our wings and set our sights even higher in the coming years.

With great pride and honor, I extend my deepest gratitude to our clients, our partners, and our officers and employees. Thank you for your continued support.

AMBASSADOR ALFONSO T. YUCHENGCO
YGC Chairman and RCBC Honorary Chairman

A dragon is known for its magnanimity, an attitude of generosity and selflessness demonstrates its magnanimous spirit.

Business Affiliations

AMBASSADOR ALFONSO T. YUCHENGCO

YGC Chairman and RCBC Honorary Chairman

GOVERNMENT POSITIONS

Under the Administration of President Gloria Macapagal-Arroyo
- Presidential Adviser on Foreign Affairs with Cabinet Rank (January 19, 2004 – June 2010)
- Member, Consultative Commission to Propose Revision to the 1987 Constitution (August 2005 – March 2006)
- Philippine Permanent Representative to the United Nations with the rank of Ambassador (November 2001 – December 2002)
- Presidential Special Envoy to Greater China, Japan and Korea (2001)

Under the Administration of President Joseph Ejercito Estrada
- Presidential Assistant on APEC Matter with Cabinet Rank (1998-2000)

Under the Administration of President Fidel V. Ramos
- Ambassador Extraordinary & Plenipotentiary of the Republic of the Philippines to Japan (1995-1998)
- Chairman, Council of Private Sector Advisers to the Philippine Government on the Spratly Issue (Marine and Archipelagic Development Policy Task Group) (1995-1998)
- Member, Philippine Centennial Commission (1998)

Under the Administration of President Corazon C. Aquino
- Ambassador Extraordinary & Plenipotentiary of the Republic of the Philippines to the People's Republic of China (PROC) (1986-1988)

Affiliations – Private Sectors
- Bachelor of Science in Commerce–Far Eastern University, Philippines – 1946
- Certified Public Accountant (CPA) – 1947
- Master of Science – Columbia University – 2007
- Pan Malayan Management and Investment Corporation (PMMIC), Chairman of the Board and Chief Executive Officer
- Rizal Commercial Banking Corporation Honorary Chairman of the Board
- MICO Equities Inc. (holding company of Malayan Group of Insurance Companies) Chairman of the Board
- Malayan Insurance Co., Inc. Member of the Board of Directors
- GPL Holdings, Inc. Chairman of the Board
- Sunlife Grepa Financial Inc. Member of the Board of Directors
- House of Investments, Incorporated Member of the Board of Directors
- Malayan Colleges Inc., Chairman of the Board of Trustees
- EEI Corporation, Chairman of the Board of Trustees
- RCBC Realty Corporation, Chairman of the Board
- RCBC Land Inc., Member of the Board of Directors
- AY Foundation, Chairman of the Board
- Yuchengco Center, De La Salle University, Philippines Chairman of the Board
- Yuchengco Museum, Chairman of the Board
- YGC Corporate Services, Inc., Chairman of the Board
- Waseda Institute for Asia Pacific Studies Member of the International Advisory Board
- Ritsumeikan Asia Pacific University Member of the Advisory Board
- University of Alabama Member, International Business Advisory Board Culverhouse College of Commerce & Business Administration
- University of San Francisco, (Mclaren School of Business), USA, Trustee Emeritus
- Columbia University, Business School, New York, USA Member, Board of Overseers
- Asian Bankers Association, Chairman Emeritus
- Master of Business Administration (MBA) – Juris Doctor (JD) dual degree program of De La Salle University Professional Schools Inc. Graduate School of Business and Far Eastern University Institute of Law, Chairman of the Board
- University of St. La Salle, Roxas City Member, Board of Trustees
- Pacific Forum, Honolulu, Hawaii Member, Board of Governors
- International Insurance Society (IIS) Member of the Board of Directors and Former Chairman of the Board
- Bantayog ng mga Bayani (Pillars of Heroes Foundation) Chairman of the Board
- Philippine Constitutional Association (PHILCONSA) Chairman Emeritus
- Blessed Teresa of Calcutta Awards Vice-Chairman of the Board of Judges
- Bayanihan Foundation (Bayanihan Folk Arts Foundation, Inc.), Philippine Women's University Chairman of the Board of Trustees
- Philippines-Japan Society, Incorporated Advisory Board Member and Member of the Board of Directors
- Philippines-Japan Economic Cooperation Committee Member, Advisory Board
- Confederation of Asia-Pacific Chambers of Commerce and Industries (CACCI) Chairman, Advisory Board and Former Chairman of the Board
- The Asia Society, New York, Trustee Emeritus
- Honda Cars Kaloocan, Inc., Chairman of the Board
- Enrique T. Yuchengco, Inc., Chairman of the Board
- Compania Operatta ng Pilipinas, Inc. (Philippine Opera Company) Honorary Chairman of the Board

GOVERNMENT AWARDS

Distinguished Service Award
Department of Foreign Affairs
February 24, 2012

Philippine Legion of Honor With the Degree of Grand Commander
Presented by President Gloria Macapagal-Arroyo
June 29, 2010

First Recipient of the Order of Lakandula with the rank of Bayani (Grand Cross)
Presented by President Gloria Macapagal-Arroyo
Republic of the Philippines (November 20, 2003)

Order of Sikatuna with the Rank of Datu
Presented by President Fidel V. Ramos
Republic of the Philippines (1998)

Grand Cordon of the Order of the Rising Sun
Presented by His Majesty, the Emperor of Japan
The highest honor ever given by the Emperor to a foreigner (1998)

Knight Grand Officer of Rizal
Presented by the Knights of Rizal
Republic of the Philippines (1998)

Order of the Sacred Treasure, Gold and Silver Star, Awarded by
His Majesty, The Emperor of Japan (1993)

Outstanding Manilan in Diplomacy
City of Manila (1995)

Outstanding Citizen in the Field of Business
City of Manila (1976)

NON-GOVERNMENT AWARDS

Outstanding Lam-An Townmates Award
Philippine Lam-An Association Inc.
November 19, 2012

Icons of the Industry
Philippine Insurers and Reinsurers Associaiton (PIRA, Inc.)
October 18, 2012

Business Icons of the Decade Award
Presented by Biz News Asia
November 25, 2011

Rizal Award
Presented by Aliw Awards
November 8, 2011

Distinguished Service Award
Presented by the Confederation of Asia-Pacific Chambers of Commerce and Industry
October 23, 2011

First Recipient of the F.A.I.R. Hall of Fame
Presented by the Federation of Afro-Asian Insurers & Reinsurers (FAIR)
October 5, 2011

Leadership Award
Presented by the Philippine Constitution Association (PHILCONSA)
September 26, 2011

Lifetime Achievement Award
Asia Insurance Industry Awards
October 17, 2010

Philconsa Maharlika Award
Presented by the Philippine Constitution Association (2010)

Hall of Fame Awardee
Far Eastern University (December 13, 2003)

Outstanding Alumni Awardee
Far Eastern University (May 2003)

Lifetime Achievement Award
Dr. Jose P. Rizal Awards for Excellence (June 2002)

KNP Pillar Award
Kaluyagan Nen Palaris, Pangasinan (December 2006)

Parangal San Mateo
Philippine Institute of Certified Public Accountants Foundation, Inc. (October 2001)

The Outstanding Filipino Awardee
TOFIL 2000

Gold Medallion
Confederation of Asia-Pacific Chambers of Commerce & Industry (CACCI) (2000)

First Asean to be Elected to the "Insurance Hall of Fame"
International Insurance Society, Inc. (1997)

First Recipient of the Global Insurance Humanitarian Award
University of Alabama (USA) (2008)

Hall of Fame Award
Philippine Institute of Certified Public Accountants (PICPA) (1997)

Outstanding Certified Public Accountant (CPA) in International Relations
Philippine Institute of Certified Public Accountants (PICPA) (1996)

CEO EXCEL Award
International Association of Business Communicators (2009)

Medal of Merit
Philippines-Japan Society (1995)

Outstanding Service to Church & Nation
De La Salle University (1993)

Management Man of the Year
Management Association of the Philippines (1992)

Distinguished La Sallian Award for Insurance & Finance
De La Salle University (1981)

First Asian to Receive International Insurance Society (IIS) Founders' Gold Medal Award of Excellence
International Insurance Society (1979)

Presidential Medal of Merit
Far Eastern University (1978)

Most Outstanding JCI Senator in the Field of Business and Economics
XXXIII Jaycee Chamber International (JCI) World Congress (1978)

Insurance Man of the Year
Business Writers Association of the Philippines (1955)

Most Distinguished Alumnus
Far Eastern University (1955)

Moving Force in Asian Banking

<<I shall continue to support the ABA (Asian Bankers Association), firm in the conviction that as our banks become better and stronger, we contribute more meaningfully to our countries' development and our people's welfare.>>

AMBASSADOR ALFONSO T. YUCHENGCO
Chairman Emeritus
Asian Bankers Association

ENTERPRISING

Dragons breathe fire into businesses. It is passionate in its pursuit of its plans and projects, and is ever brimming with confidence in its ability to succeed.

Message to our Stockholders

Dear Shareholders,

On behalf of the Board of Directors and the Management Team, we are pleased to report on RCBC's performance in 2012.

This past year we focused on opportunities in improving the delivery of our products and services, addressing the needs of key customer segments, and strengthening our core capabilities to build a stronger foundation for the Bank.

In 2012, RCBC positioned itself well for strong and continued growth. We are pleased to advise that your Bank exceeded expectations on nearly every business line as exemplified by the record net income of P6.22 billion, 24% better than the previous year's P5.03 billion.

Despite pressures on margins due to low interest rates, Net Interest Income grew by 5.2% to P11.39 billion through growth in loans. Other Operating Income increased by 11% to P11.42 billion, with the support of the sustained growth in Trading & Foreign Exchange gains by 33.4%, Trust Fees by 17%, and Service Fees & Commissions by 9%.

Return on Equity (ROE) remained strong at 16.31% while Return on Assets stood at 1.78%.

Our year-end result bears out our sound strategic decisions. Amidst unparalleled economic growth, Total Consolidated Resources grew to P364.1 billion, P18.8 billion higher than the P345.27 billion posted last year. Total Deposits reached P246.76 billion as of end 2012, 57% of which were low costing current and savings account deposits. Prudent and selective lending saw our loan portfolio at P190.81 billion with our loans to the Small and Medium Enterprises (SME) market segment growing by 37% and Consumer Loan bookings inclusive of Credit Cards by 25%.

The disposition of Non-performing Assets remains a priority of the Bank. In 2012, negotiations went full swing for the sale of its Non-Performing Assets to Philippine Asset Growth One, Inc., an SPC formed by the International Finance Corp., OSK Group - Malaysia and Altus Transaction Services, Inc. The sale was consummated in the first quarter of 2013.

RCBC's capital position remains strong with Total Capital Funds at P42.97 billion, a Capital Adequacy Ratio of 17.61% and Tier 1 Ratio of 13.9%. In anticipation of Basel 3 requirements, the Bank plans to raise both Core Equity Capital and Alternative Tier 1 Capital. In the first quarter of 2013, the Bank completed raising an additional P8.2 billion in common equity capital through a Top-up public equity placement worth US$100 million and an additional investment from the International Finance Corporation worth US$100 million.

<<Fueled by investor confidence that led to share price appreciation, RCBC's market capitalization grew by a compounded annual growth rate of 31.55% from 2006 to 2012. On a year-on-year comparison, the Bank's Market Capitalization grew by 100% from P34.32 billion in end-2011 to P68.45 billion in end-2012.>>

Our Treasury Group took opportunities that volatility provided in repositioning and adjusting the duration of the investment portfolio. As part of balance sheet management, Treasury initiated the Bank's issuance of US$275 million Senior Notes under its Euro Medium Term Note (EMTN) Program, established in 2011 to lengthen its funding base.

Resilient through political changes and financial crises over the years, RCBC has managed risk and provided stability in serving the financial needs of Filipino individuals and corporations. Your Bank continued to focus on building a diversified range of Banking services.

In March 2012, we acquired First Malayan Leasing and Finance Corporation and rebranded it as RCBC Leasing and Finance Corporation (RLFC). The acquisition was done to complement our strategy of growing the business presence in the SME segment of the corporate market by offering an alternative source of financing that is better suited to their business requirements.

We continued to improve on our services and marketing to specific customer segments, increase our physical and electronic distribution channels, introduce new products and enhance existing ones to address specific client needs. From 800,000 customers in 2006, the number of our client-base now stands at 4.6 million.

As of first quarter 2013, our branch network has grown to 422 with the addition of 33 new branches, in strategic areas across the country. Likewise, we have increased our visibility and accessibility by deploying 294 additional ATMs in various key locations across the nation for a total of 1,055 ATMs.

Our new Core Banking platform became operational in May 2012. The new platform provides RCBC with the ability to finely segment client-base and provide personalized services and support. Given the strength of this platform, we will likewise be able to increase our client-base without incurring incremental costs. The new platform will also support innovation in product development.

In the area of Consumer Banking, RCBC Savings Bank (RSB) grew its loan portfolio by 23% to P34.5 billion in 2012 from P28.1 billion in 2011. The growth was led by the double-digit expansion in its core consumer loan business – auto and regular housing loans. The growth in loan portfolio was achieved primarily because of the various strategic and marketing initiatives undertaken during the past two years.

The Bank's SME business registered a strong performance in 2012 as it booked P14.1 billion in outstanding loans which translated to a 37% increase from last year's bookings. Our initiatives of providing access to finance using technology based innovations and developing programs suitable for SMEs earned recognition from the Asian Banking and Finance Magazine by awarding RCBC as the Philippines' SME Bank of the Year and the Technology & Operations Bank of the Year for its Phone-A-Loan program.

Our Credit Card business likewise achieved significant growth. Credit Card receivables grew by 31.4%, while Issuing Billings increased by 25.1%. Through Bankard, Inc. a total of 163,000 cards were issued under the RCBC Bankard brand in 2012 as cards-in-force went up 6.5% over the previous year's total. Resolute in our commitment to issue cards that address the needs of specific cardholder segments, three new RCBC Bankard cards were launched in 2012.

Our efforts to build and grow our Wealth Management business resulted in total Assets Under Management (AUM) growing by 17%, while its client-base increased by 25% compared to the previous year. Since 2007, Wealth Management's total AUM has increased nearly five-fold to P61 billion while its client base has expanded seven-fold to 2,395. These efforts resulted in our Wealth Management Group being cited as 2012's Best Domestic Private Bank and Overall Best Private Bank in the Philippines by AsiaMoney.

The Bank's Trust assets reached P109.31 billion, registering an increase of P21.48 billion or 24%. The bulk of the growth in Trust's AUM was attributed to both new and existing corporate accounts which comprised more than 50% of the Bank's core Trust business.

We continued to aggressively cross-sell our various products and increase Bancassurance activities. Bancassurance sales grew by 206% to P3.87 billion while Bancassurance fees grew by 115% to P68 million in 2012.

<<Our Global Transaction Services Group has expanded its services towards providing working capital solutions in terms of cash management, short term trade financing, and electronic banking services for our clients. These efforts resulted in RCBC being awarded the Best Cash Management Bank in the Philippines for 2012 by The Asian Banker.>>

In the area of talent management, we strengthened the talent pipeline and brought further competencies on the job by facilitating various training programs addressing the competencies of Customer Service, Sales Planning and Management, Product Knowledge, Leadership, Risk Management and Technical Skills, and specialized/IT external training programs. The Bank likewise concluded the second run of the Leadership Development Program (LDP), an internal training program which aims to develop highly competent, effective, and performance-driven leaders for the Bank. The LDP was designed in partnership with John Clements Consultants, Inc. and Harvard Business Publishing. To further deepen the leadership bench, in September 2012, the Bank in partnership with the De La Salle University Center for Professional Development in Business and Economics (CPDBE), launched the Middle Management Development Program (MMDP), an internal training program aimed to accelerate the development of our next generation of leaders.

Our Operations Group completed its 5-year backroom transformation initiatives, built on an operational architecture and model anchored within the pillars of a balanced scorecard, namely: financial contribution, operations efficiency, asset alignment, risk and controls and customer service. As an affirmation of its repositioning strategy, Operations Group received in 2012 the internationally known and prestigious IDC Financial Insights Innovation Awards (FIIA) for "Excellence in Enterprise Operational Transformation", the first award under the category on "Enterprise Operational Transformation". Our Operations Group bested over 172 high quality initiatives from Banks across Asia.

Reflective of our commitment to pursue excellence, award-giving bodies have recognized RCBC for various measures of its performance as it was named as the Best Banking Group in the Philippines by World Finance. Through the efforts and activities of our Treasury Group, RCBC was cited as the Philippines' Overall Best for Interest Rate, Best for Interest Rate Derivatives, and Best Interest Rates Research and Market Coverage in the recent 2012 AsiaMoney Fixed Income Poll. AsiaMoney magazine likewise cited RCBC's Wealth Management Group as the Overall Best Private Bank in the Philippines, while the Asian Banking & Finance Magazine awarded RCBC as Domestic Retail Bank of the Year for 2 consecutive years, and as Philippines' SME Bank of the Year in 2012. The Bureau of Treasury likewise recognized RCBC as one of the Top Ten Government Securities Eligible Dealers for the third straight year, and by PDEx as one of the Top Ten Dealers for Overall Trading Activity for 2012.

We will sustain our performance based on the foundation of the strong support of people and technology. Our people bring the special skills needed to deliver quality services. Our trained officers have the critical knowledge and skills needed to adopt to the fast changing markets. Our new Core Banking technology provides us the tool to develop leading edge products for our customers, to increase speed of delivery, and to ensure accuracy, while firmly controlling our cost of operations.

RCBC continues to be one of the country's leading universal banks serving Filipinos worldwide. This position of strength and stability is a testament to the Banking expertise and excellence in customer service provided by the many distinguished men and women who have contributed to the Bank's progress. Our synergy with the Yuchengco Group of Companies also helps us in attaining levels of financial performance that brings us closer to being the most admired and trusted financial services group.

The results we have achieved in 2012 would not have been possible without the support of everyone. We would like to thank you, our customers for your continued trust and confidence in RCBC. We wish to thank our associates and our management team for their commitment and dedication to their work. We are also grateful to our Board of Directors for their guidance and advice. Lastly, to you, our shareholders, our gratitude for your unwavering support in making 2012 a successful and rewarding year for RCBC.

As RCBC is characterized by the "dragon," our achievements in the past year only proved that 2012 was indeed our year.

LORENZO V. TAN
President and Chief Executive Officer

HELEN Y. DEE
Chairperson

POWERFUL

Gifted with innate courage, tenacity and intelligence, the dragon has a presence that makes everyone's heads turn. Its overbearing presence makes it the natural ruler of the realm.

Awards and Recognitions

ASIAMONEY

Overall Best for Interest Rates
Joint#1 Best Liquidity and Market Support for Credit
Best Domestic Provider for Interest Rates – Philippines
Best Domestic Provider for Credit – Philippines
Best Pricing and Execution Capabilities for Interest Rates
Best Interest Rates Research and Market Coverage
Best Sales Service in Interest Rates Derivatives
Best Domestic Provider of FX Services in the Phils. (as voted by Corporates)
Best Domestic Provider of FX Services in the Phils. (as voted by Financial Institutions)
Best Domestic Provider of FX Prime Broking Services in the Phils. (as voted by Corporates)
Best Domestic Private Bank in the Philippines 2012
Overall Best Private Bank in the Philippines 2012 (as voted by HNWIs with US$1-5m AUM #1)
(as voted by HNWIs with US$5.01-25m AUM #1)
Philippines' Overall Best for Interest Rate – 2012
Best for Interest Rate Derivatives – 2012
Best Market Coverage – 2012
Best Interest Rate Research - 2012

WORLD FINANCE

Best Banking Group in the Philippines – 2012
Best Commercial Bank in the Philippines - 2011

ASIAN BANKING AND FINANCE

Philippine Best Retail Bank of the Year - 2011
Philippine Best Bank Website - 2011
Philippines Domestic Technology & Operations Bank of the Year - Phone-a-Loan Program – 2012
Philippine SME Bank of the Year – 2012
Domestic Retail Bank of the Year – Philippines - 2012

THE ASIAN BANKER

Best Cash Management Bank in the Philippines - 2012
Best Core Banking Implementation Project - 2012

FINANCE ASIA

One of the Best Managed Mid-Cap Company - 2011

INSTITUTE OF CORPORATE DIRECTORS

Silver Award – 2011 Corporate Governance Scorecard for Publicly Listed Companies

VISA

Best Overall Provider of Visa Prepaid Services in the Philippines for 2011
Best Performer in Transaction Number Growth, Payment Volume Growth & Cards-in-Force Growth

ASIA RESPONSIBLE ENTREPRENEURSHIP AWARDS

Green Leadership Award (South East Asia) - 2011

ASIAN FINANCIAL SERVICES CONGRESS

Excellence in Enterprise Operational Transformation -2011

ASIA CEO AWARDS

Most Admired Board of Directors -2011

BIZ NEWS ASIA

Platinum Business Icon Award – 2012
Management Excellence Award – 2012

BANKING AND PAYMENTS ASIA

Special Commendation for Project Excellence (MyWallet) - 2012

Economic Highlights

<<The local stock market index, as measured by the Philippine Stock Exchange Composite Index (PSEi), gained by 33% in 2012 (after 4.1% gain in 2011), **among the best performers in Asia and in the world.** The gains were due to new record low local interest rates, double-digit growth in corporate sales and earnings, and improvements in the country's overall economic fundamentals.>>

The Philippine Economy enjoyed the extraordinary confluence of positive factors in 2012: unprecedented/record low interest rates, stronger peso exchange rate, benign inflation, increased inflows from abroad (foreign investments, OFW remittances, BPO revenues, tourism receipts), and resilient economic growth that defied the slower global economic recovery. The country's economic and credit fundamentals continuously improved amid favourable demographics, policies hinged on good governance, and other structural reform measures.

Philippine GDP in 2012 grew by 6.6%, among the fastest economic growth rates in Asia, the highest in two years, nearly twice faster vs. 3.9% in 2011, and already above the average of 5.2% over the past decade. This is a sign of the Philippine economy's resilience (positive growth rate for 14 straight years, or since 1999, defying the US recession in 2008). Global economic growth remained relatively slow in 2012 but on a recovery mode, amid some pick up in the US economy (e.g. jobs, housing), the lingering Euro zone recession/debt crisis, slower economic growth in China (the world's second biggest economy that posted the slowest growth rate since 1999), and recessionary and deflationary economic conditions in Japan (the world's third biggest economy).

Major factors that contributed to the faster Philippine economic growth in 2012 were the sustained above-average growth in consumer spending (70.5% of GDP) at 6.1% (after 6.3% in 2011) and services (56.9% of GDP) at 7.4% (vs. 5.1% in 2011). Other growth contributors were the faster government spending growth (11.8% in 2012 vs. 1.0% in 2011, when there was underspending), recovery in exports (8.7% in 2012 after –4.2% in 2011), faster growth in construction (14.4% in 2012 vs. –7.3% in 2011), and some pick in manufacturing (5.4% in 2012 vs. 4.7% in 2011).

<<GNP growth for 2012 was at 5.8%, nearly twice vs. the 3.2% growth in 2011.>>

Inflation averaged 3.2% in 2012, vs. 4.6% in 2011, considered relatively low/benign and at the lower range of the 3%-5% target of the Bangko Sentral ng Pilipinas (BSP). Stronger peso exchange rate vs. the US dollar, with an appreciation of 6.4% in 2012, partly supported lower importation costs and overall inflation.

The 91-Day Treasury Bill Rate ended 2012 at 0.198%, after reaching a record low of 0.15% on Nov. 12, 2012, significantly lower vs. 1.56% in end-2011. Philippine interest rates mostly reached new record lows in 2012 amid huge amounts of excess peso liquidity in the financial system partly due to increased foreign portfolio investments/hot money, relatively benign/low inflation, and record low/near-zero short-term interest rates in most developed countries.

Key Philippine interest rates in the secondary market, as measured by the PDST yields, also reached new record lows. Short-term tenors were already below 1% (near zero), such as the 3-month tenor at 0.49% in end-2012, vs. 1.66% in end-2011.

The BSP reduced its key overnight interest rate in 2012 by a total of 1 percentage point to a record low of 3.50% (since records started in the early 1990s), partly due to the stronger peso exchange rate that helped keep inflation relatively low/benign and to somewhat curb further peso appreciation.

The low interest rate environment was also supported by relatively narrow Budget Deficit, which stood at –P242.8 billion (2.3% of GDP) in 2012, below the target of –P279.1 billion (2.6% of GDP), after –P197.8 billion (2% of GDP) in 2011. Government revenues in 2012 grew by +12.9%, while government spending grew by a faster +14.1% (after underspending in 2011).

The Peso Exchange Rate appreciated vs. the US dollar by P2.79 or 6.4% to close at P41.05 in end-2012 vs. P43.84 in the previous year, the strongest in nearly five years and the best performing major currency in Asia in 2012. Philippine Gross International Reserves (GIR) reached US$83.8 billion (+US$8.5 billion or 11% from US$75.3 billion in end-2011) or equivalent to 12 months worth of imports (3 times the acceptable international standard of 4 months). This was due to the 6.3% growth in OFW remittances to US$21.4 billion, 18% growth in BPO revenues to US$13 billion, and net foreign portfolio investments of US$3.9 billion. Balance of Payments surplus in 2012 stood at US$9.2 billion, after US$10.2 billion in 2011.

OFW remittances, BPO revenues, and foreign tourist revenues continued to support consumer spending, which accounted for about 70.5% of the Philippine economy in 2012. Additional OFW, BPO, tourism jobs partly caused unemployment rate in 2012 to remain relatively low at 6.8%.

Exports in 2012 grew by 7.6% to US$52 billion, a turnaround vs. the decline of 6.2% in 2011, somewhat defying the stronger peso exchange rate that made exports more expensive. Imports in 2012 grew by 1.9% to US$61.7 billion, slower vs. 10.1% growth in 2011 despite the stronger peso. Consequently, Trade Deficit in 2012 narrowed to –US$9.7 billion, vs. –US$12.2 billion for 2011.

The local stock market index, as measured by the Philippine Stock Exchange Composite Index (PSEi), gained by 33% in 2012 (after 4.1% gain in 2011), among the best performers in Asia and in the world. The gains were due to new record low local interest rates, double-digit growth in corporate sales and earnings, and improvements in the country's overall economic fundamentals.

Foreign tourist arrivals in 2012 grew by 9.1% to 4.273 million, after 11.3% growth in 2011.

Universal/Commercial bank loans as of end-2012 grew by 16.2% year-on-year to P3.24 trillion, after 19.3% growth in 2011, partly spurred by local interest rates at new record lows.

Non-Performing Loans (NPL) ratio of universal/commercial banks as of end-2012 stood at 1.9% (P67.5 billion), vs. 2.2% (P71.9 billion) as of end-2011.

Two of the three major global credit ratings agencies already upgraded the Philippine credit ratings to investment grade—Fitch Ratings on Mar. 27, 2013 and Standard & Poor's (S&P) on May 2, 2013—on resilient economic growth fundamentals, improved fiscal performance, strong external position, and stable inflation amid effective monetary policy by the Bangko Sentral ng Pilipinas (BSP). Other credit rating agencies are expected to follow suit in 2013.

<<Going forward, the Philippines is expected to reach a demographic sweet spot/window by 2015, when majority of the population is estimated to become working age. This could result in even stronger economic growth rates.>>

Financial Highlights

<<In 2012, RCBC positioned itself well for strong and continued growth. We are pleased to advise that your Bank exceeded expectations on nearly every business line as exemplified by the record net income of P6.22 billion, 24% better than the previous year's P5.03 billion.>>

Results of Operations

RCBC posted a Net Income of P6.22 billion in 2012, higher by 23.68% from P5.03 billion in 2011. This resulted in a Return on Equity of 16.31% and Return on Assets of 1.78%.

Gross Operating Income increased by 8.88% or P1.86 billion to P22.82 billion from P20.96 billion in 2011.

Net Interest Income increased by 5.23% or P567 million to P11.40 billion with Interest Income from Loans growing by 16.92% or P2.00 billion as a result of increased focus on higher yielding lending to SME and Consumer segments. Interest Expense increased by 18.55% or P1.15 billion to P7.36 billion as funding through Bills Payable and Long-Term Senior Notes increased in 2012.

Non-interest Income increased by 12.78% or P1.30 billion to P11.43 billion, mainly supported by higher Trading Gains, Commissions and Service Fees, Trust Fees, and Equity in Net Earnings of Associates.

Impairment losses reached P2.49 billion as the Bank continued its focus on building a strong coverage of its NPLs.

Operating Expenses increased by 7.32% or P912 million to P13.37 billion as the Bank was able to manage expense growth. While focusing in investments in technology & distribution channels, the Bank kept Manpower Cost, Depreciation & Amortization, and Other Expenses at single digit growth rates.

Financial Condition

Total Resources of the Bank increased by 5.45% or P18.83 billion to P364.10 billion.

Loans and Receivables without Interbank Loans expanded by 10.64%, with Consumer loan bookings growing by 25%, SME loan bookings by 37%, and Corporate Loan bookings by 8%. Interbank Loans decreased as the Bank opted to re-allocate to higher-yielding assets as BSP overnight borrowing rates continued to decline.

Investment Securities increased by 8.49% or P7.45 billion to P95.18 billion and supported the Bank's higher Trading Gains for the year.

Bank Premises, Furniture, Fixtures and Equipment increased by 16.17% or P1.05 billion to P7.51 billion due to investments in computer equipment, the core banking technology, and construction cost of branch expansion.

As of year-end 2012, the Bank has fully written-off its remaining deferred charges, lodged under Other Resources.

To support Asset growth, the Bank sourced funding through Bills Payable and Dollar Long-Term Debt in the form of Senior Notes. Bills Payable increased by 46.29% or P8.35 billion to P26.39 billion while Senior Notes increased by 97.64% or P10.65 billion to P21.55 billion. This was part of the Bank's strategy to resort to cheaper alternative source of funding.

Deposits slightly went down by 3.3% or -P8.53 billion to P246.76 billion, with the decrease mainly coming from Time deposits which contracted by 4.64% or -P5.16 billion. Nevertheless, the Bank still managed to improve its CASA to Total Deposits ratio to 57.10% from 56.50%.

Total Capital Funds increased by 13.55% or P5.13 billion to P42.97 billion as a result of the profitable operations of the Bank. Capital Adequacy Ratio (Basel 2) at 17.61% remained above BSP's minimum requirement of 10%. Basel 2 Tier 1 ratio of 13.19% also exceeded the 6% regulatory limit.

Operational Highlights

<<In line with RCBC's major transformation, the core banking system, the operational and business development aspects of retail banking is gearing towards outpacing the market and industry.>>

RETAIL BANKING

The business of retail banking in 2012 gained momentum not only in growing traditional products but in preparing for the road to unbounded technology and innovation. There was a different level of strategic focus: reaching targets and volume while creating an ecosystem of sustainable growth and taking remarkable steps towards a tech-savvy future in retail payments and collections. In line with RCBC's major transformation, the core banking system, the operational and business development aspects of retail banking is gearing towards outpacing the market and industry. As a highlight, RCBC Retail Banking has been awarded once again as the Best Domestic Retail Bank by Asian Banking and Finance.

Product Development and Management

Financial inclusion became the byword of product development. With currently 2.8 million RCBC MyWallet cards in use, RCBC took a bold move and made the card more accessible by outsourcing KYC (Know-Your-Customer) procedures to its strategic partners in the financial and retail industries. With Super8 Retail Inc. as co-brand partner, among others, RCBC MyWallet-Super8 Rewards Card may now be issued in any Super8 grocery store. RCBC MyWallet continues to partner with institutions for co-branding and loading projects. This strategy enables the Bank to expand faster and gain more accessibility to the unbanked Filipinos without major investment outlays. It is this vision to provide services to the mass market that garnered several awards and commendations for RCBC MyWallet.

Aiming to sustain its leadership in terms of innovation, the Retail Banking Group endeavored to bundle all product lines, including deposits and lending, into various electronic channels. Business to Business to Consumer initiatives were rolled out as the bank expanded business relationships with customers to adapt to their ever-changing lifestyles.

The latest initiative was the pilot launch of the Rizal Biz Access Line, which provides for a credit facility tied into a checking account. The product is intended to address the needs of the micro to small enterprises, which are the primary areas of growth the Retail Banking Group aims to focus on.

The Retail Banking Group further envisions offering new payment and collection products to its retail clientele as it continuously grows it customer base.

Lifestyle Banking for the Social Filipino

RCBC continued to go for innovative business solutions to the "facebook generation". With RCBC AccessOne's enhancements and upgrades for better online banking experience, RCBC clients experienced a banking lifestyle like no other. With aggressive digital marketing and social media presence, RCBC further improved accessibility to clients. RCBC likewise launched the Android and iOS applications for internet and mobile banking. Customers are now empowered with different tools and channels to do transaction banking.

Moreover, strategies for customer retention and loyalty programs are in place, as a springboard to exciting initiatives to reward the RCBC community. To grow deposits, RCBC's DRIVE TO SAVE, WHEEL TO WIN promo was launched. Customers were given initiatives to increase their CASA and their chances of winning exciting prizes. The national campaign during the promo period boosted the RCBC brand as it resonated across all channels and provided media mileage.

Building a Profitable and Sustainable Client Base

Owing to the Retail Banking Group's main customer acquisition strategy, 2012 may be aptly summarized as a period that focused on profitability and sustained growth. This was achieved by the sustained brand awareness and product innovation, complemented by the continuous evolution of the distribution channels – both traditional and electronic.

Organization

To support the dynamism in all its strategies, the group envisions an organizational structure that will streamline processes, support decision-making, and empower its people, especially the front liners. To provide efficient and quality service, the RBG Learning Academy was established to ensure that appropriate training is provided for the future leaders of the organization.

CORPORATE BANKING

The Corporate Banking Group (CBG), in 2012, posted a loan growth of 19% or P17.6 billion over the previous year. The sizeable growth is attributed to the various loan syndication deals which the group participated in such as Globe Telecoms, SM Prime Holdings, SMC-MTD Expressways, South Luzon Thermal Energy, UPMC, and Energy Development Corporation. The said deals translated to a full year impact in the group's total loan portfolio of almost P10.3 billion.

Growth in CASA deposits ranged from 12% to 15%, of which the largest contributor is the Japanese & Ecozone Banking Segment which accounted for 57% of CBG's CASA deposits. Likewise the segment's strong presence in the Ecozones provided the opportunity to actively offer Cash Management and Vendor Invoice Program products.

To further capture the increasing Japanese locators, our Japanese Business Relationship Office forged a partnership with Resona Bank of Japan in May 2012. The tie-up aims to exclusively service Resona clients. Fourteen clients were tapped at the start of the partnership and this number is expected to grow in the coming years.

The Chinese Banking Segment remains to be at the helm in providing trade financial services to Filipino-Chinese entrepreneurs with loan portfolio improving by 16% over the past year.

<<The Commercial & SME Banking Segment sustained its strong performance in 2012, posting a 37% growth in outstanding loans. Strong contributions came from lending centers in Luzon & selected areas in the Visayas & Mindanao. Metro Manila Lending Centers likewise registered growth in 2012. >>

Initiatives in reaching out to SMEs by providing access to finance using technology based innovations and developing programs suitable for the sector earned recognition from the Asian Banking and Finance Magazine which selected RCBC as the Philippines' SME Bank of the Year and the Technology & Operations Bank of the Year for its Phone-A-Loan program.

CONSUMER BANKING

RCBC Savings Bank (RSB), the consumer banking arm of the RCBC Group, expanded its loan portfolio by 23% to P35.7 billion in 2012 from P29.1 billion in the previous year, led by the double-digit expansion in its core consumer loan business – auto and regular housing loans. Consumer loans account for 88% of the RSB's total loan portfolio.

The growth in loan portfolio was achieved primarily because of the various strategic and marketing initiatives undertaken during the past two years. First and foremost was the rebranding of its consumer loans as myHome, myWheels, myCash, and myBiz, in order to enhance product and brand awareness. The loan rebranding initiative was supported by the launch of aggressive marketing campaigns thru television, radio and print advertising, and utilizing the tagline "make a life-changing move" by buying a house or car, to go on a dream vacation, or even start or expand their business through the bank's consumer loans.

RSB continued to expand its geographical reach with its 22 lending centers and desks, and took advantage of the synergies within the Group, capitalizing on the huge potentials of the branch network, to generate loan bookings. RSB implemented the centralization of the credit approval process which improved the turnaround time from the loan application to the release of loan proceeds. It also launched eLoans, a front-end system that allows RSB account officers to submit loan applications via web resulting to faster loan processing.

Moving forward, RSB targets to implement a new credit scoring system by the 2nd quarter of 2013, which will enable it to handle and process the increasingly large volume of loan applications at a more efficient response time, and allow the bank to approve good quality loans.

Bankard issued a total of 162,946 cards under the RCBC Bankard brand, achieving growth of its cards-in-force by 6.5% over the previous year's total. Its issuing billings also grew by 25.1% while the credit card receivables grew by 31.4%.

Unwavering in its commitment to issue cards that address the needs of specific cardholder segments, three new RCBC Bankard cards were launched in 2012. These included two co-branded cards – the Wilcon RCBC Bankard MasterCard and the HBC RCBC Bankard MasterCard – plus a new card bearing the Visa brand – the RCBC Bankard Visa Infinite Card.

The WILCON RCBC Bankard MasterCard gives its cardholders access to the widest and most modern choices of home-building supplies, furnishings, fixtures, furniture, appliances, and other vital components of their home. The HBC RCBC Bankard MasterCard caters to beauty and personal care and offers its cardholders a 10% cash rebate on all purchases at HBC which will be credited to the cardholder's account on the next billing.

The RCBC Bankard Visa Infinite Card aims to make shopping and travel more fun for its cardholders through its unique card privileges that include a 5% rebate on clothing and apparel transactions at all retail shops and no service fees for foreign currency transactions, among others.

In addition to its acquisition programs, Bankard also launched the DESTINATION campaign which aims to generate card usage by giving cardholders access to the best available deals from merchants in the areas of travel, shopping, dining, and wellness. Online shopping was made available to cardholders through tie-ups with popular online merchants like Lazada.com and Zalora.com.

To help its cardholders manage their credit card accounts, Bankard developed and launched customized fund management tools like the Spend Analyzer which summarizes all of the cardholder's credit card transactions for the month and for year-to-date in different spend categories; the Spend Monitor which provides real-time SMS alerts with an updated status of the cardholder's allocated budget each time he or she makes a purchase using enrolled cards; and the Shop Secure which protects cardholders, who are online shoppers, from fraud by giving them a unique password. Enrollment in all these services is free.

For its installment feature, RCBC Bankard continued to focus on 0% interest installment, cash loan and tiered interest rate programs which were made more attractive through exciting and unique offers. All these efforts generated positive results for issuing billings in 2012.

TREASURY

Dominant singular themes emerged in 2012, creating headwinds in financial global markets. The aftershocks of the 2008 global financial crisis, the socio-political engagements in the U.S. and Europe, and cyclical market changes all combined to create a volatile, but manageable environment.

The economies of Western Europe and the U.S. continued to struggle, while China's growth engine subtly slowed down. Emerging market economies like India and Brazil also showed structural weaknesses, while those of Asia, excluding Japan and China, showed resiliency.

Throughout 2012, there were dominant themes in the financial markets - concerns over the weak US recovery, the debt crisis in Europe and the slowdown of the global economy - that provided cause for uncertainty and investor doubts. But the year was also marked with periods of strong returns across the global financial markets. The upside surprises to US and global data and Long-term Refinancing Operations of the European Central Bank (ECB LTRO) during the early part of 2012 fuelled a risk-on rally. By the second quarter, the strong data started to fade signaling a synchronized global slowdown. The weak macro environment was further aggravated by the uncertainty in the Euro area—Greek elections, uncertainty in ECB policy reaction—fuelling the most volatile trading sessions in 2012.

By the third quarter, major central banks announced more accommodative monetary policies. The Federal Reserve Bank of the U.S. announced continuation of liquidity pump priming, through an open ended Quantitative Easing (QE) initiative. Euro Area Leaders, on the other hand, put together a banking supervision framework for the European Stability Mechanism (ESM) to inject funds directly into Spanish banks. This was followed by the statement of Mario Draghi, ECB's President, that the ECB will do whatever it takes to preserve the Euro. These led to fading risks that gave way to a modest recovery in the fourth quarter of 2012.

<<While uncertainties swung in the markets, RCBC's Treasury Group took the opportunity that volatility provided, to re-position and adjust the duration and market exposure of the investment portfolio. At the same time, Treasury took short term trading views while managing the risks on these volatilities. These activities provided the base for the exceptional performance of the Group for 2012.>>

In addition, as part of balance sheet management, Treasury initiated the Bank's issuance of a total of US$ 275 million Senior Notes under its Euro Medium Term Note (EMTN) Program, established in 2011, to lengthen its funding base. Finally, with the continued recognition of the significance of the local currency fixed income markets, the group has been actively adding and diversifying its local currency bond portfolio.

The Global Distribution and Advisory Division (GDA) in collaboration with the Fixed Income and Foreign Exchange proprietary desks continued with the tradition of providing excellent service to clients. These efforts resulted in RCBC receiving six awards in the 2012 AsiaMoney Fixed Income and FX Poll: Best Interest Rates Research and Market Coverage- for Peso Market; Overall Best for Interest Rate in the Philippines; Best for Interest-Rate Research in the Philippines; Best for Interest-Rate Derivatives in the Philippines; 2nd Best for Interest-Rate Product and Sales in the Philippines; and Best in FX Options. Two traders from GDA were also nominated in The Asset Magazine's Best Individuals in Asian Local Currency Bonds in 2012. The Bureau of Treasury likewise recognized RCBC as one of the Top Ten Government Securities Eligible Dealers for the third straight year, and by PDEx as one of the top 10 dealers for overall trading activity for 2012.

Treasury expects a difficult market environment for 2013, as interest rates seem to be bottoming out, after grinding lower and lower to continuously re-establish historic lows. It is mindful of the inflationary market expectations given the high liquidity of the global system, in reaction to perceived economic recoveries in the West. While the environment will prove challenging, Treasury shall continue to strengthen its investment portfolio and continue to manage the balance sheet to achieve target returns, strengthen margins, and have manageable asset-liability maturity profiles.

WEALTH MANAGEMENT

The Wealth Management Group (WMG) continued to generate solid gains and set important milestones on its businesses with total assets under management (AUM) growing 17% and its number of clients by 25% compared to the previous year. Total AUM has increased nearly five-fold while its client base has expanded seven-fold since 2007.

In April 2012, WMG opened its Davao office at the RCBC Sta. Ana Business Center, its first in Mindanao. This brings their number of offices to seven including Makati, Binondo, Kalookan, Quezon Ave., Greenhills and Cebu. Other areas and key cities in the country are also being considered for future expansion. The WMG continues to beef up its manpower complement by adding more relationship managers and associates to handle and serve its growing high net worth clientele.

Its open architecture strategy contributed significantly in helping the clients address their financial needs depending on and appropriate to their risk appetite. With a robust Philippine economy, an appreciating peso and a steep drop in interest rates to historic lows, clients needed the Bank's relationship managers to guide them through in making sound investment choices and decisions. Clearly, major fund flows shifted from short term deposits to long term instruments like bonds. At the same time, investors also increased their exposures in equities. Others went into managed portfolios, unit investment trust funds (UITFs) and/or mutual funds. Funds also shifted to the property market whose prices have significantly gone up. Clients kept most of their funds onshore as the global economies and financial markets like the Eurozone remain depressed and volatile while the U.S. goes through a slow recovery and China's economy seems to be slowing down.

Technology remains a key component in enhancing client service and initiatives are being undertaken to provide clients with up-to-date information about their portfolios and more.

The WMG achieved a significant milestone when it was awarded by AsiaMoney as 2012's Best Domestic Private Bank and Overall Best Private Bank in the Philippines in a client poll survey. It is not only a vote of recognition and confidence in the Bank's Wealth Management Group but it is a testament of the clients' appreciation and trust for the quality of service given them.

<<The WMG remains steadfast and committed to help clients grow and protect their wealth not only for today but also in the years to come; that its financial resources are passed on to their loved ones and the next generations to come.>>

TRUST SERVICES

The Trust and Investment Group's (TIG) assets under management (AUM) reached P90.2 billion, registering an increase of P20.6 billion or 29%.

The bulk of the growth in its AUM was attributed to new and existing corporate accounts which comprised more than 50% of the Bank's core trust business. These accounts made significant contributions on account of stronger business relationships, competitive returns on investments and quality service delivered to them by TIG.

TIG also continued to offer its short-term product, the Special Investment Management Account (SIMA) which gives clients the opportunity to participate in the Bangko Sentral ng Pilipinas' (BSP) Special Deposit Account (SDA). Its SIMA SDA, which grew by more than 30%, is a healthy complement to its core business.

The Bank's strong presence in the country's various Export Processing Zones and its expertise in handling corporate agency accounts gave TIG numerous mandates for active fund management services for retirement funds and corporate invisible funds as well as special fiduciary services such as bond trusteeships, facility agencies, escrows, stock transfer, collateral trust arrangements and mortgage trust indentures.

Early last year, TIG was appointed Redemption Fund Trustee and Redemption Agent by one of its major clients, the Philippine Long Distance Company (PLDT), for its more than one million preferred shareholders with the task of efficiently servicing and processing the redemption of PLDT's Subscriber Investment Plan (SIP) preferred shareholders. From an initial six-month engagement, PLDT has extended the services of TIG for another year.

In aligning with the Bank's "go-green" initiatives, the Rizal Unit Investment Trust Funds (Rizal UITFs) monthly performance reports which used to be disseminated to clients by way of brochure type handouts were made available through the RCBC website. These reports may be accessed by clients anytime via personal computers, Apple or Android supported phones and tablets. TIG also participated in the Bank's initiative to provide its Access One clients with an Integrated Statement of Account (I-SOA) by providing balances of UITFs, SIMA-SDA and Crest Fund which may be seen through I-SOA should clients opt to enroll their accounts in the said facility.

TIG also provided its clients with another smart solution through RCBC eTRUST, an online facility which allows them to view their latest financial statements or statements of account as soon as they are available. RCBC eTRUST is one of the recent value added services provided by TIG that differentiates it from its competitors.

Towards the end of 2012, TIG launched the Retail Employee Savings Plan or RESP. This product aims to promote personal savings among a company's employees by having an affordable and convenient way of setting aside funds through automatic deductions from their payroll on a monthly basis. The employees are able to access potentially higher returns even with minimum contributions. This product has generated a lot of interest since its soft launch period, outlining the high marketability and demand for the product.

In 2013, TIG will aggressively market this new product along with its push for higher growth in its personal trust business through its estate planning services and continued active offering of Rizal UITFs. TIG will continue to focus on offering its retirement fund management and other fiduciary services to sustain its long term and steady sources of fees. Its backbone will further be strengthened by streamlining its business processes as well as enhancing its core system support and risk management.

These significant milestones allowed RCBC to climb up to no. 6 overall in terms of AUM in the trust industry, up two notches from its previous ranking of no. 8 overall in 2011 and to break into the top five among local private trust institutions. Momentum is definitely on TIG's side as it looks forward to an even better 2013.

OVERSEAS FILIPINO BANKING

Total remittance volume posted by the Overseas Filipino Banking Group (OFBG) grew by 7% to US$1.8 billion in 2012. The growth is attributed to competitive exchange rates, increase in the number of tie-ups with banks and exchange companies in the Middle East and Canada, and presence in newly established Pre-Departure Orientation Seminar (PDOS) venues. The expansion of OFBG's cross-border business with the acceptance of Chinese remittances from Kuwait and Qatar augmented the increase in volume and revenues. Remittances from the Middle East remained the biggest contributor to market share. The OFBG's remittance network now stands at 1,531 subsidiary offices, remittance tie-ups, and agents in 25 countries all over the world.

OFBG continued to maintain strong relationships with shipping and manning agencies as evidenced by the Domestic Marketing Division's volume growth of 9% which was achieved through the new shipping accounts and the incease in the number of payroll accounts of seafarers and their allottees.

Overseas, in Italy, the Authorized Payment Institution (API) license was renewed and approved. This license allows the Bank through RCBC Europe, S.P.A. to continue remittance operations in Italy, recruit new authorized agents, apply for passporting rights in other member countries of the European Union, and tap the remittance market of other nationalities in Italy. Likewise, OFBG continued to build a stable customer base for Chinese and Sri Lankan remittances through walk-ins and agents. In Hong Kong, an approval for the Money Service Operators (MSO) license under the Customs and Excise Department was obtained. Competition in Hong Kong remains tough, as non-bank remittance companies continue to challenge banks for market share by offering competitive rates and prices. The competition from non-bank remittance companies does not deter OFBG from efforts to increase market share of Filipino professionals and expatriates in the former Crown Colony. In the US, the implementation of a new business model for RCBC North America was completed. The new business model entailed less reliance on brick-and-mortar, it instead focused on increasing the number authorized agents to grow the business. The adoption of the new business model is expected to reduce overhead expenses.

GLOBAL TRANSACTIONS SERVICES

Through the establishment of the Global Transaction Services (GTS), the Bank continues to broaden its focus on providing working capital solutions, specifically cash management, trade financing, and electronic banking services for the Bank's Corporate and Small and Medium Enterprise (SME) clients. Largely, the approach of the GTS group in the Bank is to provide the relevant products to enable our clients to make RCBC as their main operating bank. The product-enablers are solutions that provide customers the efficiency to support the cash flow management of their payables and receivables. Much of the solutions offered make use of the web-based banking platform where multiple transactions can be initiated, reducing the time and paper trail of doing manually-initiated banking transactions. Integrating Cash Management & Trade Financing services are solutions the GTS group cross-sells together with other banking and YGC services. The solutions offered are based on the Bank's understanding of its clients' end-to-end business activities including supply chain solutions in order to capture the collection and payment transactions. On the electronic banking systems, simplicity of use of the e-banking platform and strong relationship ties are what sustains and expands business with clients. As of end 2012, over 1,800 clients were enrolled in the web-based corporate internet banking system.

GTS' corporate client coverage is broad, it has clients in the small and medium enterprises (SME), national and multinational corporations, and conglomerates. RCBC's transaction banking solutions addresses the needs of each market segment with smart solutions that caters to the specific segments' needs. For example, SME clients need basic cash management solutions for their disbursement requirements automating the issuance payments to their vendors, suppliers, and payroll through the corporate internet banking platform. In contrast, larger clients need more sophisticated solutions to address their entire working capital flows which include trade financing, nationwide collections and disbursement services, and international remittances.

RCBC's cash management solutions offer a wide range of integrated collection, disbursement, and account sweeping facilities. Collection solutions simplify the process of monitoring receivables through auto-debit arrangements, bills payment facilities, deposit pick-ups and warehousing of post dated checks. Disbursement solutions provide several alternatives including customized check printing, fully outsourced check disbursements, auto credit facilities, payroll solutions and payment gateways to BIR, SSS, and other government institutions. And through account sweeping facilities, funds can be consolidated into a concentration account to maximize the availability of funds from various linked operating accounts.

The Bank also offers trade receivables financing through GTS' Vendor Invoice Program (VIP). VIP provides working capital funding for SME clients who are the vendors and suppliers to conglomerate, national and multinational corporations thereby strengthening the buyer-supplier relationship across the entire supply chain financing cycle. Since the inception of the VIP two years ago, over P1.1 billion in trade receivables have been processed.

<<These efforts resulted in RCBC being awarded as the Best Cash Management Bank in the Philippines by The Asian Banker.>>

HUMAN RESOURCES

Living up to its commitment to organizational capability building, the Human Resources Group (HRG) continued to lead programs and initiatives on talent management and development, leadership continuity, retention programs, employee well-being as well as corporate social responsibility.

It strengthened the talent pipeline and brought further competencies on the job by facilitating various training programs and seminars benefiting 3,812 employees addressing the competencies of Customer Service, Sales Planning and Management, Product Knowledge, Leadership, Risk Management and Technical Skills while, a total of 256 employees were enrolled in a number of specialized/IT external training programs.

The Bank's effort to provide careers to new graduates and to ensure effective talent development, HRG deployed 13 Officers Development Program (ODP) graduates to junior officer positions across the Bank and commenced with the fifth batch with 12 trainees from top universities. In June 2012, HRG in partnership with Operations Group commenced with the second batch of the General Operations Learning and Development (GOLD) Program with 7 selected trainees. The 6-month program aims to develop a pool of junior officers with strong operations background and risk orientation.

HRG in collaboration with management, continued to subscribe to the Bank's Succession Planning Program. This is to ascertain that the organization has a deep bench of internal candidates ready to assume higher leadership responsibilities. Moreover, the group concluded the second run of the Leadership Development Program (LDP), an internal training program which aims to develop highly competent, effective and performance-driven leaders for the Bank. The LDP was designed in partnership with John Clements Consultants, Inc. and Harvard Business Publishing.

To further deepen the leadership bench, in September 2012, the Bank launched the Middle Management Development Program (MMDP). This is an internal training program which aims to accelerate the development of our next generation of leaders. The MMDP was designed in partnership with the De La Salle University, Center for Professional Development in Business and Economics (CPDBE).

HRG likewise announced the promotions of 653 highly deserving associates; Implemented the annual rewards program; and, managed the Bank-provided benefits and Retirement Program.

Consequently, it is vital to note that attrition rate was significantly below industry level. This can be attributed to the retention programs of the Bank, as championed by HRG.

The directors and all employees of the Bank are governed by a Code of Conduct, which revolves around the Core Values of RCBC. It is designed to serve as a guide on how to conduct one's self within and outside Bank premises and in dealing with clients and customers and co-associates. Violation of the Code of Conduct may be reported to the Human Resources Group, the Internal Audit Group or the Security Department. The provisions of the Bank's Code of Conduct are available electronically to all employees through the RCBC Information Zone (RIZ). In addition, HR Policies and Procedures can be viewed in the RIZ for every employee's perusal.

INFORMATION TECHNOLOGY SHARED SERVICES

RCBC through its Information Technology Shared Services Group (ITSSG) successfully launched the new Core Banking System simultaneously in all branches and head office units of RCBC and its subsidiary, RCBC Savings Bank, with no disruption of services to its clients.

The new system provided the foundation RCBC needed to create value-added services that will increase customer adoption of its existing products and position itself as the preferred bank of the future.

RCBC is the first bank in the world to install an enterprise-class open system (Finacle) running on a mainframe platform using Linux in System z and DB2 in z/OS for its database.

The innovative use of technology and excellence in project execution earned international recognition for RCBC.

OPERATIONS

The Operations Group completed its 5-year backroom transformation initiatives, built on an operational architecture and model anchored within the pillars of a balanced scorecard, namely, financial contribution, operations efficiency, asset alignment, risk and controls and customer service.

As an affirmation of its repositioning strategy, Operations Group received in 2012 the internationally known and prestigious IDC Financial Insights Innovation Awards (FIIA) for “Excellence in Enterprise Operational Transformation”, the first award under the category on “Enterprise Operational Transformation” besting over 172 high quality initiatives from banks across Asia.

Operations Group was a key and critical user in the successful implementation of RCBC’s Core Banking Replacement Project in 2012, leveraging on an operations backroom structure primed for the changes in its processes and control procedures.

Graduates of General Operations Leadership Development Program (GOLD), an extensive training for junior officers with strong operations and risk orientation, were deployed in 2012 across various operations departments. This is a major milestone in its effort to bring in talented individuals to complement and strengthen its human resources.

In 2013, Operations Group is poised to bring to the next level of its transformation as it focuses on customer service and operations efficiency.

Subsidiaries

RCBC Savings

In the midst of an increasingly competitive banking industry, RCBC Savings Bank (RSB) continued to solidify its foothold as the third largest thrift bank in the Philippines, with total assets of P64.1 billion and generating P1.256 billion in Net Income After Tax (NIAT) based on audited figures in 2012. This resulted in Return on Equity of 16.5% and Return on Asset of 2.0%. RSB’s continued profitability enabled it to declare cash dividends to the parent bank.

RSB’s audited NIAT represented a 28% growth from its core income in 2011 and such surpassed its earnings target of P1.108 billion. The increase in earnings was primarily attributable to the significant growth in its consumer loan portfolio which resulted in incremental growth in net interest income, and the substantial increase in non-interest income, mainly coming from trading gains, service fees and commissions, and other fee-based income.

The bank’s net loans grew by 23% to P34.5 billion led by the double-digit expansion in its core consumer loan business – auto and regular housing loans. The loan build-up was achieved primarily because of the various strategic and marketing initiatives undertaken during the past two years, including the rebranding of its consumer loans to enhance product awareness, the increased focus on the branch network in generating loan bookings, the widening of market coverage with the establishment of new lending centers, and the organizational changes made which led to a reallocation of resources towards the frontline. RSB likewise implemented the centralization of the credit approval process which improved the turnaround time from loan application through approval up to the release of loan proceeds.

The country's robust economic performance, benign inflation and low interest rate environment provided strong support for the continued growth of the real estate industry and the consequent increase in the bank's regular housing loans, which was up by 30%. The auto industry recorded a 12% growth in 2012 and RSB's auto loans rose 17% due to the recovery of the supply chain after the Japan earthquake and Thailand flooding in 2011.

RSB also put in additional resources in its Wholesale Lending Division in line with its thrust to expand its SME loan portfolio as it recognizes the huge potential of this market, with SMEs making up over 99% of all registered businesses in the Philippines and employing 70% of the workforce.

The bank generated total deposit liabilities of P52.8 billion to fund the growth in its loan portfolio during the year. Towards this end, 13 branches were established and 117 additional ATMs were installed, which brought the total number of branches and ATMs at 136 and 284, respectively, by year-end.

RSB's capital increased by 6% to P7.8 billion with a Capital Adequacy Ratio (CAR) of 14.9%, higher than the 10% minimum CAR prescribed by BSP. It continues to strengthen its balance sheet by increasing its loan loss provisioning and containing the growth of its Non-performing Loans (NPL), keeping the NPL ratio below industry average.

Following the successful implementation of the 1st batch of the Bank Officers Training Program (BOTP) a year ago, RSB continued with the 2nd batch of the BOTP in 2012 to address its growth and succession needs. With the BOTP, the bank aims to develop competent and highly energized young talent to support its thrust of growing the consumer loan portfolio.

RCBC Forex

RCBC Forex continued its commendable performance in 2012 as revenues grew by 17.2%, it remains the number one bank-owned forex corporation in terms of revenue for the past eight (8) years. Volume had a respectable growth as it increased to over US$2.4 billion compared to the previous year's level. The company posted a record net income of P103.21 million, a 38% increase compared to 2011's P74.9 million yielding an average return on investment of 42% p.a. The close coordination of its marketing efforts with RCBC's Relationship and Business Center Managers, aggressive marketing, and efficient and reliable service were key to RCBC Forex's growth performance.

RCBC Capital

In 2012, RCBC Capital raised funds through the equity capital market for several issuers, among which was the largest fund raising activity for a private issuer in the country. Equity issues included those for San Miguel Corporation and First Gen Corporation, among others. RCBC Capital was also actively involved in key debt issues in 2012. Among these were debt issues for Ayala Corporation, Globe Telecom, Inc, Energy Development Corporation, and SM Prime Holdings, Inc., as well as project finance deals for Saranggani Power Corporation, Masinloc Power Partners Company, Ltd; and Cavitex Infrastructure Corporation.

<<In 2012, RCBC Capital posted a 94% growth in its core revenues from P258 million to P499 million.>>

RCBC Securities

RCBC Securities, Inc. (RSEC) positioned itself early in the year to be able to handle more business. It increased its Capital Stock by another P300 million, making it one of the country's largest capitalized stockbrokerage houses. Further, it beefed up its staff across-the-board, adding to its Sales, Research and Operations teams. This enabled it to step up its marketing efforts. The company was able to increase the frequency of its stock market investor briefings to clients and bring such briefings to the provinces with the assistance of the Bank's Wealth Management group and business centers. As a result, 8,050 new client accounts were opened during the year, 1,145 more than the number opened in 2011. These new accounts added P4.6 billion or 21% to RSEC's value turnover for the year and roughly P11.5 million to commission income.

RCBC Bankard

Bankard, Inc. (Bankard) posted a net income after tax of P114.1 million for the year 2012. This resulted to Return on Equity of 12% and Return on Assets of 11%. Total Revenues generated amounted to P429.7 million registering a growth of 7% from previous year. Revenues derived from acquiring transaction totaled P7.6 million while the recurring income as a servicing entity grew by 17%.

Total Assets of Bankard grew by 14% to P1.1 billion at year end. Total Equity reached the P1 billion mark as Bankard continued to achieve financial gains. The company went into equity restructuring which resulted to wiping out the deficit in the Balance Sheet and reflecting a retained earnings position at end of year.

Bankard's service to RCBC continues to contribute to the growth of RCBC Bankard credit card. Total issuing payments volume of RCBC Bankard credit cards increased by 25% which translated to more customer transactions processed, increased handling of customer inquiries, complaints, and voice authorizations transactions and higher collection serviced. Likewise, RCBC Bankard's credit card receivables increased by 31%. The increased volumes reflect higher employee productivity and gains from improved processes over the years. Bankard continued to invest in their skills in order to guarantee that they are able to function to the best of their abilities.

On top of Bankard's efforts to improve the products and services to respond to the needs of credit card customers of RCBC, a number of system support tools are set to be implemented to enhance our ability and capacity to protect and optimize the growth that Bankard has achieved for its customers. Bankard began the deployment of Point-of-Sale (POS) terminals to acquire transactions of both credit and debit cards. A total of 1,236 POS terminals capable of processing varied types of plastic card transactions in 388 merchant relationships were deployed.

Rizal Microbank (Merchant Savings and Loan Association, Inc.)

With operations hitting its 3rd year in Luzon and 2nd year in Mindanao, Rizal Microbank (RMB) has begun to make its presence felt in the Philippine microfinance space. From a disbursement of P14.2 million in 2009, the bank has grown its microfinance business 20x over with annual loan disbursement for 2012 peaking at P315 million. The year likewise saw the merger of microfinance operations of the President Jose P. Laurel Rural Bank into Rizal Microbank by way of a "purchase & acquisition" duly authorized by the Bangko Sentral ng Pilipinas. 2012 also saw the introduction of a new loan product geared at serving the "gray market" of clients requiring loans above the microfinance ceiling of P300 thousand and below the lower limit of SME loans. Microfinance loans have, however, remained the primary focus of RMB and the short loan tenors of microfinance loans have resulted in outstanding loan portfolios amounting to only 23% of total loan disbursement for the year. Portfolio quality has been maintained at excellent levels with year-end Portfolio-at-Risk ratio >1 day pegged at 3.13% - clearly outperforming the industry which presently posts PAR > 30 days ratios of 6.96%. Despite the Bangko Sentral-mandated shift from a flat interest computation to a declining interest regime in July 2012, the bank has managed to keep its portfolio yields at an average of 52%, way above the average industry portfolio yield of 33.57%.

2012 was a year of milestones for RMB – 1) the designed-for-microfinance online Megabanker corebanking system went live in all of the bank's 14 branches in Luzon and Mindanao, thus, substantially improving operating efficiencies and bringing down loan turnaround times to 2-3 days; 2) the Bangko Sentral approved licenses for 4 new branches (Mindanao) and 9 microfinance banking offices; and, 3) the innovations that the Bank has undertaken in the microfinance space has been recognized and RMB was invited to present its microfinance experience during the "Regional Policy Forum on Regulatory environments to promote financial inclusion in developing APEC and other regional economies" held in Melbourne, Australia in October 2012.

RCBC Leasing

In March 2012, RCBC Leasing and Finance Corporation (RLFC) became the newest member of the RCBC Group. RLFC (formerly First Malayan Leasing and Finance Corporation) is a pioneer in the industry with operations commencing back in 1957. Armed with a quasi-banking license, the Company offers investment products on top of its traditional leasing and financing services.

In 2012, the Company booked new leases and receivables financing worth P1.2 billion representing a growth of 13% from 2011. Total assets increased by 17% from P2.2 billion to P2.5 billion in 2012, and registered a net income of P21.7 million.

For the coming years, RCBC Leasing aims to expand its business outside Metro Manila thru the establishment of branches/offices in the growth areas of Pampanga, Calabarzon, Iloilo and Isabela, complementing its existing six (6) branches. RLFC will strengthen its manpower complement thru continuous training as well as staff development activities. Moreover, greater efficiency is expected with the automation of its MIS in coordination with the parent bank.

RCBC Rental

RCBC Rental Corporation (RCC) is a wholly-owned subsidiary of RLFC, engaged in renting and leasing business machineries, transport vehicles and heavy equipment under an operating lease arrangement. RCC complements RLFC's operation as it provides clients an alternative mode of acquiring machinery and equipment for their business requirements.

In its first year as a member of the RCBC Group, the Company registered a modest P155.3 million in revenues. Operating lease is targeted as a product growth area which the company intends to introduce and market to more clients. In addition, initial efforts ar e directed towards tie-ups with business machine and vehicle transport providers, with the end in view of increasing their sales while securing service and maintenance support from these tie-ups as we increase our operating lease portfolio.

Corporate Governance

<<RCBC adheres to the basic principles of good corporate governance, namely: transparency, accountability and fairness.>>

The Bank's corporate governance policies and rules are embodied in the board-approved Corporate Governance Manual which is updated and revised annually, with the objective of continually aligning the Bank's policies with the BSP and SEC issuances as well as international best practices on corporate governance. This also ensures that the interests of stockholders and stakeholders are always taken into account, the directors, officers, and employees are aware of their responsibilities and the business of the bank is conducted in a safe and sound manner. To improve governance structures and process through benchmarking against local and international leading practices, the Corporate Governance Manual incorporates best practices set by the (i)Basel Committee on Banking Supervision's Principles for Enhancing Corporate Governance and the (ii) Maharlika Board of the PSE.

The Bank has likewise adopted fit and proper standards on directors and key personnel, taking into consideration their integrity/probity, technical expertise, physical/mental fitness, competence, relevant education/financial literacy, diligence, and knowledge/experience/training. The Board of Directors and senior management, on the other hand, have participated in corporate governance and AMLA training seminars, to reinforce the pivotal role they play in the implementation of corporate governance in the Bank.

The Bank has a sufficient number of independent directors that gives the assurance of independent views and perspectives. Likewise, the independent functions of internal audit, the compliance office, and the risk management group lend comfort to stakeholders, including the regulators, of the Bank's commitment to the principles of good corporate governance.

A revised formal policy on related party transactions was developed and approved by the Bank's Board of Directors in September 2012, for the guidance of the Bank and its subsidiaries. The policy set forth additional safeguards and procedures to ensure that agreements, arrangements or obligations to which the Bank or any of its subsidiaries is a party and which involves any director, officer, shareholder of the Bank and their related interests or related parties as defined in the policy are entered into on an arm's length basis, i.e., on terms no less favorable to the Bank than those available to any unconnected third party under the same or similar circumstances. The policy requires all employees to report any potential related party transactions and for the members of the Board of Directors to disclose details of their directorships and shareholdings owned by them or members of their family. Under the policy, related party transactions are submitted to the Audit Committee for analysis and evaluation before they are presented to the Board for approval. Any member of the Board who has an interest in the transaction under discussion shall not participate in discussions and shall abstain from voting on the approval of the related party transaction. Under the Bank's Corporate Governance Manual, the Bank's stockholders are required to confirm by majority vote, in the annual stockholders' meeting, the bank's significant transactions with its DOSRI and other related parties.

All employees are governed by the Bank's Code of Conduct, which revolves around the Core Values of the company. It is designed to serve as a guide to employees on how they should conduct themselves within and outside the Bank premises and in dealing with clients/customers and co-associates.

Adherence to this Code is the responsibility of each and every associate. It is administered uniformly throughout the Bank and is independent of the practices of other banks. It is a condition for continuous employment. Any breach of this Code may result in disciplinary action ranging from reprimand to termination of employment, depending on the gravity of the offense, after the observance of due process.

The Code of Conduct is divided into five parts as follows:

A. Treatment of Clients
B. Treatment of Bank Assets
C. Treatment of Others
D. Conflict of Interests
E. Knowledge, Understanding & Compliance

To give all employees the confidence to raise concerns about behavior and practice and to mitigate risks and losses through the early discovery of irregular activities, the Bank commits itself to break down communication barriers and provide a safe internal communication channel for all employees to express their concerns through the enactment of the Open Communication Policy, which allows for anonymous disclosures and the protection of informants from sanctions under specific conditions.

The policy covers all reports or information in relation to actual or suspected criminal activities, unlawful acts or omissions, fraud, violations of the Code of Conduct and other bank policies, danger to health and safety, improprieties or malpractice in the workplace, including those related to matters of financial reporting, internal control and/or auditing.

THE BOARD OF DIRECTORS

The corporate powers of the Bank are exercised, its business conducted and all its property are controlled and held by the Board of Directors, composed of members elected by the stockholders. There are 15 directors, 3 of which are independent. All 15 directors are known for their independence, professionalism and integrity, and make decisions for RCBC with complete fidelity to RCBC and cognizant of their responsibilities under relevant law and regulation.

The Board has overall responsibility for the bank, including approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values. The Board is also responsible for providing oversight of senior management. The Board exercises overall responsibility for defining appropriate governance practices as well as adequate corporate governance across the group and ensuring that there are governance policies and mechanisms appropriate to the structure, business and risks of the group and its entities. Moreover, the Board is responsible for establishing the "tone at the top" and in setting professional standards and corporate values that promote integrity for self, senior management, and other employees.

The roles of the Chairman of the Board and the Chief Executive Officer are separate to ensure an appropriate balance of power, increased accountability and better capacity for decision making by the Board. There is a delineation of functions between the Chairman and the CEO.

The Chairperson is mainly responsible for the proper governance of the Bank through the Board of Directors and provides leadership in the Board of Directors. The Chairperson is also responsible for the efficient functioning of the Board including maintaining a relationship of trust with the members of the Board. The Chairperson ensures that the Board takes an informed decision, the meetings of the Board are held in accordance with the By-laws and annual schedule approved by the Board or as the Chairperson may deem necessary, quality and timely lines of communication and flow of information between the Board and Management are maintained and the Board has free access to people who can answer their questions, preventing the need for back channels.

The Chief Executive Officer (CEO) is in-charge of and exercises general management responsibilities over management development, public relations and advertising relations with the BSP and other offices, agencies and instrumentalities on the Philippine government, relations with the Bankers' Association of the Philippines and other industry associations, and relations with other ASEAN countries.

He ensures that the business and affairs of the Bank are managed in a sound and prudent manner and that operational, financial and internal control are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts.

The CEO provides leadership for Management in developing and implementing business strategies, plans and budgets to the extent approved by the Board. He provides the Board with a balanced and understandable account of the Bank's performance, financial condition, results of operations prospects on a regular basis.

The meetings of the Board of Directors are scheduled in December of the preceding year. For the period from January-December 2012, 11 regular and 4 special meetings of the Board were held. The attendance of the members of the Board at the said meetings, including at the annual stockholders' meeting and organizational meeting of the Board, is as follows:

Name of Director	No. of Meetings Attended	Percentage
REGULAR DIRECTORS		
Amb. Alfonso T. Yuchengco	17	100.00
Ms. Helen Y. Dee	17	100.00
Mr. Cesar E.A. Virata	17	100.00
Mr. Lorenzo V. Tan	17	100.00
Atty. Wilfrido E. Sanchez	15	88.23
Atty. Teodoro D. Regala	17	100.00
Mr. Medel T. Nera	17	100.00
Mr. Minki Brian Hong	15	88.23
Mr. T.C. Chan	15	88.23
Mr. Tim-Chiu Richard Leung*	11	84.61
Ms. Yvonne S. Yuchengco**	4	100.00
Mr. Francis G. Estrada***	0	0
Atty. Ma. Celia H. Fernandez-Estavillo	17	100.00
INDEPENDENT DIRECTORS		
Mr. Armando Medina	16	94.11
Mr. Roberto F. De Ocampo****	17	100.00
Mr. Francisco C. Eizmendi, Jr.	12	70.58
Mr. Antonio L. Alindogan, Jr.	16	94.11

*appointed on April 30, 2012
**resigned as regular director and appointed as Member of Advisory Board on April 30, 2012
***appointed on December 17, 2012
****resigned on December 17, 2012

The Board has delegated responsibilities to its committees as follows:

EXECUTIVE COMMITTEE

Composition	Committee Members
Chairman, Vice-Chairman and four (4) members to be elected by the Board of Directors from among themselves.	Ms. Helen Y. Dee – *Chairperson* Mr. Lorenzo V. Tan Mr. Cesar E.A. Virata Mr. Armando M. Medina Mr. Antonino L. Alindogan, Jr. Mr. Minki Brian Hong

Responsibilities

The Executive Committee has the power to act and pass upon such matters as the Board of Directors may entrust to it for action in between meetings of the said Board of Directors. Matters affecting general policy, however, are always referred to the Board of Directors for decision.

AUDIT COMMITTEE

Composition	Committee Members
At least three (3) members of the Board, at least two (2) of whom shall be independent directors, including the Chairman, and another one with audit experience.	Mr. Armando M. Medina – *Chairman* Mr. Medel T. Nera Mr. Roberto F. de Ocampo Mr. Minki Brian Hong

Responsibilities

The Audit Committee assists the Board in fulfilling its oversight responsibilities for:

i. the integrity of the bank's accounting and financial reporting, principles, policies and system of internal controls, including the integrity of the Bank's financial statements and the independent audit thereof;

ii. the Bank's compliance with legal and regulatory requirements;

iii. the Bank's assessment and management of enterprise risks including credit, market, liquidity, operational and legal risks; and

iv. the Bank's audit process and the performance of the Bank's internal audit and external auditors, including the external auditors' qualifications and independence.

RISK OVERSIGHT COMMITTEE

Composition	Committee Members
At least three (3) members of the Board of Directors including at least one (1) independent director and a chairperson who is a non-executive member.	Mr. Medel T. Nera – *Chairman* Mr. Armando M. Medina Ms. Helen Y. Dee Mr. Lorenzo V. Tan Mr. Cesar E.A. Virata Mr. Antonino L. Alindogan, Jr.

Responsibilities

The Risk Oversight Committee has the following responsibilities:

i. Identify, measure, control, and monitor the risk inherent to the Group's business activities or embedded in its products and portfolio;
ii. Formulate, disseminate, and observe the corporate risk philosophy, policies, procedures and guidelines;
iii. Assist risk-taking units in understanding and measuring risk-return profiles in their various business transactions; and
iv. Continually develop an efficient and effective risk management infrastructure.

CORPORATE GOVERNANCE COMMITTEE

Composition	Committee Members
At least three (3) members of the Board, two (2) of whom shall be independent directors, including the chairman.	Mr. Roberto F. de Ocampo – *Chairman** Ms. Helen Y. Dee Atty. Ma. Celia Fernandez-Estavillo Atty. Wilfrido E. Sanchez Mr. Francisco C. Eizmendi, Jr. *resigned on December 17, 2012

Responsibilities

The Corporate Governance Committee has the following responsibilities, among others:

i. Oversee the development and implementation of corporate governance principles and policies;
ii. Review and evaluate the qualifications of the persons nominated to the Board as well as those nominated for election to other positions requiring appointment by the Board;
iii. Oversee the development and administration of the Company's executive compensation programs, including long term incentive plans and equity based plans for Officers and Executives;
iv. Assist the Board in the performance evaluation of and succession planning for Officers including the CEO and in overseeing the development and implementation of professional development programs for Officers.

TRUST COMMITTEE

Composition	Committee Members
At least five (5) members including (i) the president or any senior officer of the bank and (ii) the trust officer. The remaining committee members, including the chairperson, may be any of the following: (i) non-executive directors or independent directors who are not part of the Audit Committee or (ii) those considered as qualified independent professionals, provided that in case of there are more than five (5) Trust Committee members, the majority shall be composed of qualified non-executive members.	Atty. Teodoro D. Regala – *Chairman* Mr. Lorenzo V. Tan Mr. Cesar E.A. Virata Atty. Wilfrido E. Sanchez Ms. Nanette Ferrer – Head, Trust and Investments

Responsibilities

Oversees the trust and fiduciary business of the Bank.

TECHNOLOGY COMMITTEE

Composition	Committee Members
At least five (5) members of the Board	Ms. Helen Y. Dee – *Chairperson* Mr. Lorenzo V. Tan Mr. Cesar E.A. Virata Mr. Medel T. Nera Mr. Armando M. Medina

Responsibilities

The Committee exercises authority over all IT Project Steering Committees of the various RCBC Business Groups and subsidiaries (The Group), with the principal purpose of assisting the Board in fulfilling the following oversight responsibilities:

i. Approves major IT investments;
ii. Manages and aligns IT initiatives across the Group;
iii. Reviews status of major projects;
iv. Prioritizes IT initiatives, when warranted;
v. Evaluates emerging IT solutions for use of the Group;
vi. Reviews and resolves IT risks and other IT related issues raised in the TechCom;
vii. Ensures compliance to BSP rules and regulations relating to Information Technology.

PERSONNEL EVALUATION AND REVIEW COMMITTEE

Composition	Committee Members
A Chairperson, who shall be a member of the Board of Directors, and other members who may either be directors or senior management officers of RCBC. The Head of the Internal Audit Group shall sit during meetings as a resource person.	Ms. Helen Y. Dee – *Chairperson* Mr. Ismael R. Sandig – Head, Retail Banking Ms. Zenaida F. Torres – Head, Controllership Mr. Regino D. Magno – Corporate Risk Management Services Ms. Rowena F. Subido – Head, Human Resources Atty. Ma. Celia Fernandez-Estavillo – Head, Legal and Regulatory Affairs

Responsibilities

The Committee has the following responsibilities:

i. To act as an independent body in the evaluation and review of cases involving dishonesty, fraud, negligence or violation of any internal Bank policy, rule or procedure committed by an RCBC employee.
ii. To ensure that the appropriate preventive, corrective and disciplinary measures are imposed on cases involving dishonesty, fraud, negligence or violation of any internal Bank policy, rule or procedure committed by an RCBC employee.

The Bank has adopted an evaluation system that measures the performance of the Board of Directors and senior management on an annual basis. Additionally, as part of its Corporate Governance Improvement Plan, an annual assessment of the Chairman by the Bank's Independent Directors commenced in 2011. Moreover, the Bank has put in place the annual review and evaluation of the performance/activities and/or output of the various Board Committees. The self-assessment forms are based on the Bank's Revised Corporate Governance Manual, SEC and BSP rules and regulations. The Bank has likewise complied with the guidelines and respective best practices under the PSE Corporate Governance Guidelines Disclosure Template as well as the ASEAN Corporate Governance Scorecard Project. This generated more active involvement by the Board and senior management in governance matters. The project promoted greater transparency through more disclosures which gave clients/investors the confidence that the bank they are dealing with adheres to the highest standards of good corporate governance.

THE COMPLIANCE OFFICE

RCBC is committed to safeguard the integrity of the Bank by maintaining a high level of regulatory compliance. The Compliance Office, which was created by virtue of BSP Circular No. 145 as amended by Circular No. 747 dated February 6, 2012, is tasked with overseeing the effective implementation of the Bank's compliance program. This program is consistent with the Bank's mission of conducting its business with integrity, excellence and commitment while providing fast, affordable and quality financial services to its clients.

The Compliance Office promotes compliance awareness and proactive regulatory compliance among officers and staff through dissemination of regulatory issuances, regular monitoring, compliance-testing, and conducting seminars. It maintains a clear and open communication process within the Bank to provide Bank personnel with a clear understanding of banking laws, rules & regulations, as well as the risks and effects of non-compliance. The compliance function also covers oversight of the activities of Bank's domestic subsidiaries which are under BSP supervision, such as RCBC Savings Bank, RCBC Capital Corporation, Bankard, Inc., RCBC Securities, Inc., RCBC Forex Corporation, Merchants Savings and Loan Association/ Rizal Microbank, and RCBC Leasing and Finance Corporation, as well as its foreign subsidiaries, such as

RCBC International Finance Ltd., RCBC Investments Ltd., RCBC North America, and RCBC Telemoney Europe SpA. This ensures consistent and uniform implementation of the requirements of the BSP and other regulatory agencies. This also involves monitoring of inter-company transactions to ensure that these are done at arm's length and in the regular course of business.

In order to strengthen and improve the Bank's Compliance Program, the Compliance Office was reorganized in May 2011 and expanded into three departments, namely: the Anti-Money Laundering Department, the Testing and Monitoring Department and the Corporate Governance Department under the direct control and supervision of the Compliance Officer. Under these departments are AML Specialists, Compliance Specialists as well as an Education and Research Specialist. Likewise, the designated Deputy Compliance Officers from each unit/department/division are responsible for the actual implementation of applicable regulatory issuances and the submission of compliance certifications to the Compliance Office. Pursuant to BSP Circular No. 747, Section X180 of the BSP's MORB as amended and the SEC's Revised Code of Corporate Governance, the Board approved the revisions/updates to the Bank's Manual of Compliance in June 2012.

In compliance with Circular No. 706 dated January 5, 2011 on Updated Anti-Money Laundering (AML) Rules and Regulations, the Compliance Office revised the Bank's 2010 AML Policy Manual to come up with a more comprehensive and risk-based Money Laundering and Terrorist Financing Prevention Program (MLPP) and prevent the Bank from being used, intentionally or unintentionally, for money laundering and terrorist financing activities. The MLPP was approved by the Board of Directors on 26 September 2011 and implemented bankwide, including the branches, subsidiaries/offices located within and outside the Philippines. In 2012, the Bank updated its MLPP incorporating therein the provisions of the Implementing Rules and Regulations of RA's 10167 and 10168 amending the Anti-Money Laundering Act of 2001.

Risk and Capital Management

RISK AND CAPITAL MANAGEMENT FRAMEWORK

The Group's Risk and Capital Management Framework rests on five pillars: a) effective Board oversight, b) sound risk management strategy, c) dynamic capital management process, d) risk and capital monitoring & escalation, and e) review and validation. The Framework is illustrated in **Figure 1.**

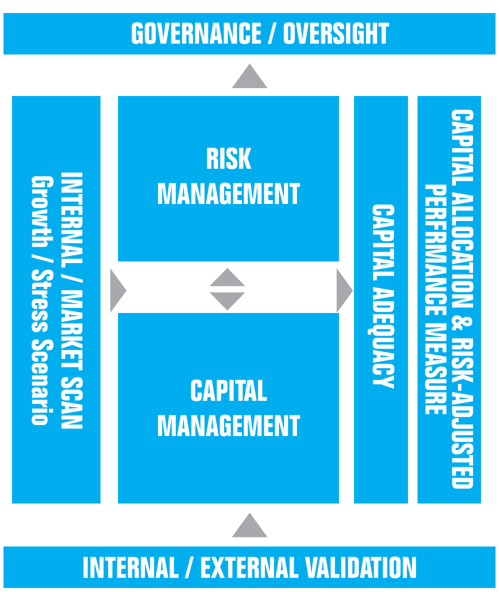


FIGURE 1. Risk and Capital Management Framework

The Group's risk management strategy and capital management systems respond to internal and external signals manifested in its corporate vision & mission, which animate a set of strategies that aim to fulfill such vision while taking into account external signals mostly involving current market movements and projections. Always, risk and capital management systems see through bi-focal lenses – growth/business-as-usual scenario, and stress.

With the foregoing as backdrop, business targets are determined along with the risks and the necessary capital, bearing in mind minimum capital adequacy regulations and internal triggers. In an ideal scenario, the process should lead to maximization of capital via robust capital allocation among the business units, and with performance assessed via risk-adjusted measures. The Group is committed to working towards this goal.

The Framework and its sub-processes are all subject to review and validation, a role largely driven by the Internal Audit Group.

Finally, each facet of the Framework is monitored and reported to the designated oversight bodies.

RISK AND CAPITAL MANAGEMENT INFRASTRUCTURE AND OVERSIGHT

The Framework is primarily driven by the Group's Board of Directors (Board). It sets the Group's Mission, Vision, and general strategic direction. It likewise approves the Group's risk appetite levels and the capital plan.

In the interest of promoting effective and efficient corporate governance, however, the Board constitutes committees to perform oversight responsibilities. Central to the Risk and Capital Management Framework are the specific oversight functions performed by the Executive Committee (Excom), the Risk Oversight Committee (ROC), and the Audit Committee (AudCom). General oversight with respect to the Framework's implementation however rests with the ROC. A summary of the roles of and the relationship among the various Board Committees are illustrated in **Figure 2.**

Comprising the next organizational layer are the implementing arms of the various Board Committees. The Corporate Risk Management Services Group (CRISMS) is tasked with the implementation and execution of the Group's risk management framework, while the Corporate Planning Group drives the capital and strategic management function at the management level. The Controllership Group on the other hand ensures the provision of accurate financial information, while the Internal Audit Group ensures process integrity.

Figure 3 summarizes the infrastructure discussed above.

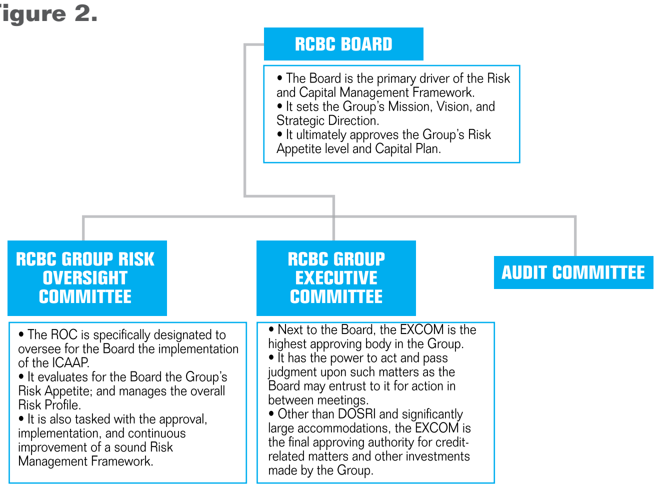
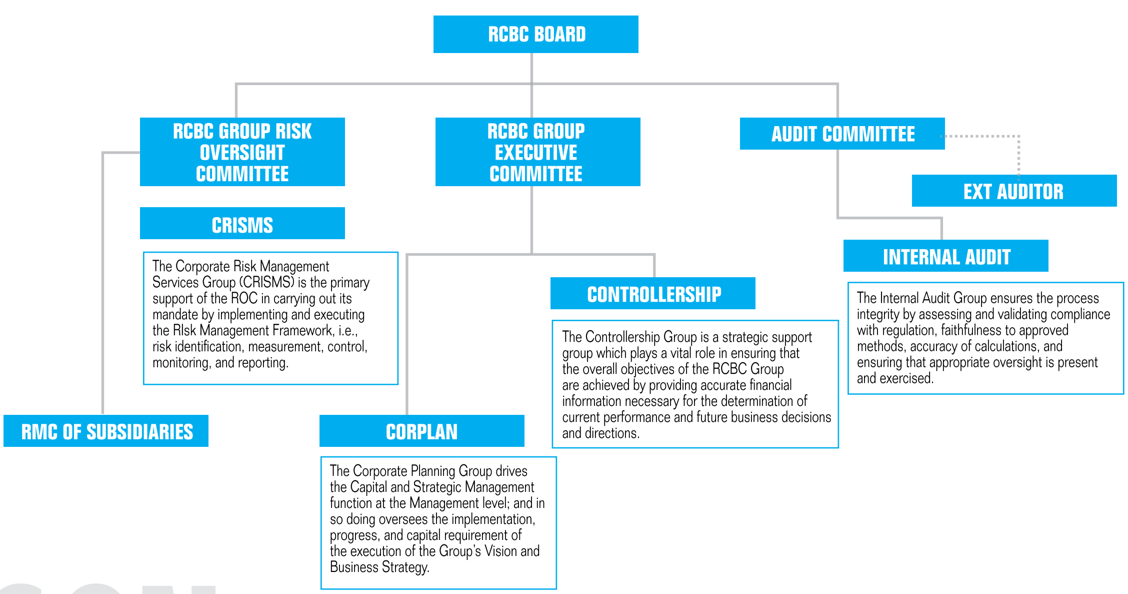


FIGURE 2. Board Oversight Committees

FIGURE 3. Management and Line Functions



The Risk Oversight Committee

The ROC is constituted by the Board, and exercises authority over all other risk committees of the various RCBC business groups and subsidiaries, with the principal purpose of assisting the Board in fulfilling its oversight responsibilities relating to:

- Evaluation and setting of the Group's risk appetite;
- Review and oversight of the Group's risk profile;
- Implementation and continuous improvement of a sound framework for the identification, measurement, control, monitoring, and reporting of the principal risks faced by the Bank; and
- Capital planning and oversight

In the course of fulfilling its oversight responsibilities, the ROC specifically takes on the following tasks:

- Identify the Group's risk exposures, assess the probability of each risk becoming reality, and estimate its possible effect and cost.
- Develop a written plan defining the strategies for managing and controlling major risks; and identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real.
- Cause the implementation of the plan; and communicate the same and loss control procedures to affected parties.
- Evaluate the risk oversight plan to ensure its continued relevance, comprehensiveness, and effectiveness. It revisits strategies, looks for emerging or changing exposures, and stays abreast of developments that affect the likelihood of harm or loss.

The Corporate Risk Management Services Group (CRISMS)

Supporting the ROC in carrying out its mandate is the Corporate Risk Management Services Group (CRISMS) of the Parent RCBC. Its risk management function refers to all activities of identifying, assessing and/or measuring, controlling and monitoring all types of risk the Bank is exposed to.

CRISMS implements the risk management process in the Parent, and additionally consolidates the risk MIS from the various subsidiary risk units for a unified risk profile and eventual disposition.

Functionally, CRISMS is structured along the traditional make of risk management organizations, with separate divisions dedicated to the largest financial risks - credit, market, and operations. The quantitative risk unit exists to address the quantitative nature of risk management and to assist in the building of models and other risk metrics. I.T. risk management and contingency management are not directly under CRISMS; but the latter nonetheless exercises oversight.

Complementing these established divisions are two other functions under CRISMS:

The Basel II & Group Oversight function is aimed at: a) furthering the Group's initiatives in relation to risk management practices espoused by the Basel Committee and the Bangko Sentral ng Pilipinas (BSP), and b) ensuring that a single Risk Framework is applied across the entire RCBC Group, and facilitating the Internal Capital Adequacy Assessment Process (ICAAP).

The Risk Management Systems function exists to oversee the assessment, implementation, and management of existing and prospective risk systems. The said function is also responsible for CRISMS' oversight of I.T. Risk and Information Security.

Figure 4 illustrates the organizational structure of CRISMS.

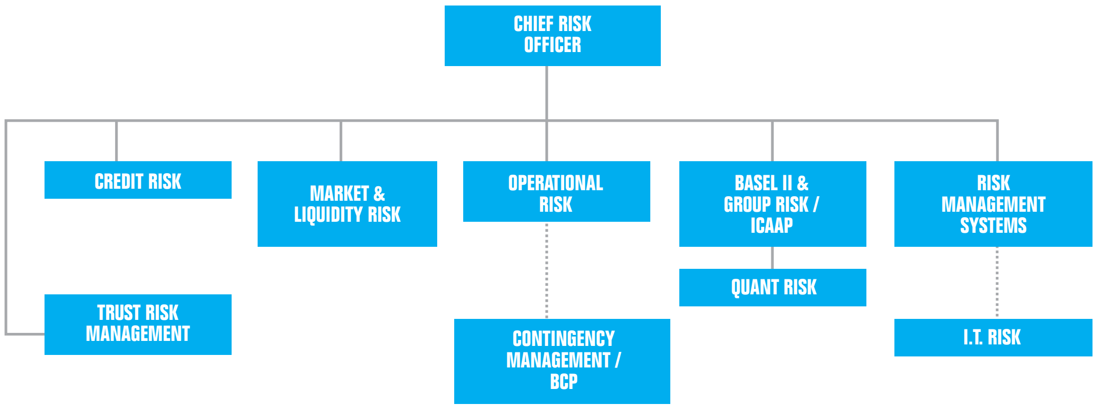


FIGURE 4. The Corporate Risk Management Services Group

Risk Management System And Philosophy

The Group recognizes that risk is an inherent part of its activities, and that Banking is essentially a business of managing risks. Ultimately, therefore, the Group views risk management as a value proposition imbued with the mission of achieving sustainable growth in profitability and shareholder value through an optimum balance of risk and return.

This corporate risk philosophy further translates to:

- Prudential risk-taking and proactive exposure management as cornerstones for sustainable growth, capital adequacy, and profitability;
- Standards aligned with internationally accepted practices and regulations in day to day conduct of risk and performance management; and
- Commitment to developing risk awareness across the Group, promoting the highest standards of professional ethics and integrity, establishing a culture that emphasizes the importance of the risk process, sound internal control, and advocating the efficient use of capital.

Concretely, the Group's risk management system aims to:

- Identify, measure, control, and monitor the risk inherent to the Group's business activities or embedded in its products and portfolio;
- Formulate, disseminate, and observe the corporate risk philosophy, policies, procedures and guidelines;
- Assist risk-taking units in understanding and measuring risk-return profiles in their various business transactions; and
- Continually develop an efficient and effective risk management infrastructure.

The Risk Management Framework

The Group's Risk Management Framework, as a vital component of Risk and Capital Management, provides the engine for the determination of the Group's material risks, its appetite for said risks, and the overall execution of the risk management cycle of identifying, assessing or measuring, controlling and monitoring risk exposures. Risks are identified using various tools and techniques. Metrics, both adopted from regulation and best practice and internal to the Group are then used to measure these risks. Limits are then set to control them; and later monitored regularly to ascertain whether the same risks are still within the prescribed limits. The Framework is illustrated by **Figure 5.**

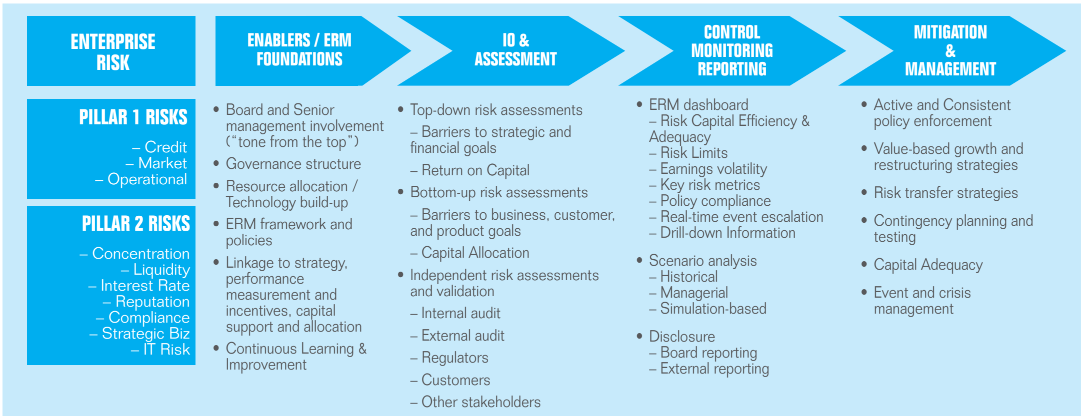


FIGURE 5. The Risk Management Framework

Risk Identification and Materiality

The risk identification & assessment process in the Group is carried out mainly via three means. "Top-down" risk assessment is from a macro perspective, and generally occurs during the risk appetite setting exercise of the Board and Senior Management. "Bottom-up" risk assessment on the other hand is the micro perspective. It involves identification and assessment of existing risks or those that may arise from new business initiatives and products, including material risks that originate from the Group's Trust business, subsidiaries and affiliates. The final means by which risk identification is carried out is via independent assessments. These include assessments and validations made by the Group's internal audit group, by the BSP, other regulators, the customers themselves, and other stakeholders.

On top of these risk identification methodologies, the Group likewise performs a perception check of the material vulnerabilities it faces. On an annual basis, the Board and the members of the Senior Management Committee undergo a Risk Materiality Survey to assess risk appreciation.

Risk Assessment

Pillar 1 Risks

The measurement of Pillar 1 risks is through proper risk measurement tools and methodology aligned with best practices and regulatory standards. Minimum approaches are as prescribed under Basel II and BSP Circulars 360, 538, 544 and 545, with the objective of building on these regulatory prescriptions towards better internal models.

- Credit Risk – It is the risk that the borrower, issuer or counterparty in a transaction may default and cause a potential loss to the Group. The assessment of this risk is governed by the Standardized Approach, as prescribed under Basel II and BSP Circular 538.

- Market Risk – It is the risk resulting from adverse movements in the general level or volatility of market rates or prices or commodity/equity prices possibly affecting the Group's financial condition. The assessment of this risk likewise follows the Standardized Approach.

- Operational Risk – It is the risk arising from the potential that inadequate information system, operations or transactional problems (related to service or product delivery), breaches in internal controls, fraud or unforeseen catastrophes will result in unexpected loss. IT Risk assessment is currently subsumed under this risk category. The Group uses the Basic Indicator Approach in its assessment of this risk.

Pillar 2 Risks

The tools used to measure most of Pillar 2 risks on the other hand are, in general, still evolving, and shall still undergo refinement moving forward. Following is a brief summary of how the Group appreciates these risks, and the tools employed for quantifying the same in 2012.

- Liquidity Risk – It is the risk to earnings or capital arising from the Group's inability to meet its obligations when they become due without incurring unacceptable losses. This risk is measured using the established Maximum Cumulative Outflow (MCO) method, which in turn is based on historical observations and simulations of prospective liquidity risk events.

- Interest Rate Risk in the Grouping Book (IRRBB) – It is the current and prospective negative impact to earnings and capital arising from movements or shifts in interest rates. IRRBB becomes inherent in the current and prospective interest gapping of the Group's balance sheet. For the Group, this risk is measured via the Capital-at-Risk (CaR) and Net Interest Income (NII)-at-Risk methods.

- Concentration Risk – It is the current and prospective negative impact to earnings and capital arising from over-exposure to specific industries or borrowers / counterparties. Other than the various measures of risk concentration, the Group measures credit concentration risk using a simplified application of the Herfindahl-Hirschman Index (HHI) approach.

- Reputation Risk – It is the current and prospective negative impact to earnings and capital arising from negative public opinion. The Group recognizes this risk as one of the most difficult to quantify. In 2011, the Group adopted a reputation monitoring and escalation framework, which studies have shown to be just as effective. Driving the management of this risk is the Group's Public Relations Committee. The assessment of extreme reputation risk however is folded into the assessment of liquidity risk stress.

- Compliance Risk – It is the current and prospective negative impact to earnings and capital arising from violations of laws, regulations, ethical standards, and the like. The quantification of this risk is for now highly dependent on an analysis of historical operational losses and regulatory penalties / fines. Moving forward, a more robust operational risk management system could surface a better estimation method.

- Strategic Business Risk – It is the current and prospective negative impact to earnings arising from adverse business decisions, improper implementation of decisions, lack of responsiveness to industry changes. The Group currently treats this risk as a catch-all risk, and expresses its estimate as a cap on additional risk weighted assets given other risks and a desired minimum capital adequacy ratio.

Figure 6 provides an illustration of the above.

RISK ASSESSMENT AND MEASUREMENT

• Approaches and Tools used in the Risk Assessment and Measurement Process

CREDIT & CONCENTRATION	MARKET	INTEREST RATE	LIQUIDITY	OPERATIONAL	COMPLIANCE
• Credit Risk – Standardized Approach • Assessment Tools include: – Industry Rating – Credit Risk Rating – Impairment Assessment – Stress Testing • Concentration Risk – Herfindahl-Hirshman Index	• Standardized Approach • Tools include: – VaR – DVO1 – Back-testing – Stress testing • Derivatives – VaR – DVO1 – Vega	• Generally follows BSP Circ544 • Interest Rate Gap as basic tool • Stress Test • Earnings Perspective – Net Interest Income-at-Risk • Economic Value Perspective – Capital-at-Risk	• Generally follows BSP Circ545 • Liquidity Gap as basic tool • Stress Test – General market stress – RCBC-specific stress	• Basic Indicator Approach • Tools include: – Loss Events Reporting – Risk Control Self Assessment – Key Risk Indicators – Ops Risk Grading Matrix	• Assessment done via compliance grading matrix and the probable regulatory penalties for identified compliance risk areas • Compliance risk change expressed as a percentage of operating expenses

REPUTATION	STRATEGIC
• Assessment is performed within the functional responsibility of the RCBC Public Relations Committee	• Currently treated as a catch-all risk, such that it is that which remains after accounting for all others.

FIGURE 6. Risk Assessment Tools

On an individual (as opposed to portfolio) basis, the method for quantifying risk varies. For instance, financial evaluations are tailored per borrower / counterparty. Product programs are likewise assessed individually according to the risks they pose.

Risk Control

The Board establishes the Group's strategic directions and risk tolerances. In carrying out these responsibilities, the Board approves policies, sets risk standards, and institutes risk limits. These limits are established, approved, and communicated through policies, standards, and procedures that define responsibility and authority. The same are evaluated at least annually for relevance, and to ensure compatibility with decided business strategy.

Risk Monitoring and Reporting

The Group monitors risk levels to ensure timely review of risk positions and exceptions versus established limits and ensure effectiveness of risk controls using appropriate monitoring systems. Reports are prepared on a regular, timely, accurate, and informative manner; and distributed to the risk taking units and appropriate oversight body to ensure timely and decisive management action. The RCBC ALCO is apprised weekly of the Parent's risk positions, performance, and limit compliance. The ROC on the other hand is apprised monthly of the same, but this time including those of the subsidiaries'. The Chair of the ROC in turn reports the committee's findings to the immediately following Board meeting.

Figure 7 illustrates the monitoring and reporting framework employed by the Group.

FIGURE 7. Risk and Capital Management Reporting

Risk Mitigation and Management

In the end, risk management as a value proposition does not equal risk avoidance. The risk process adopted by the Group is not designed to eliminate risks, but rather to mitigate and manage them so as to arrive at an optimum risk-reward mix.

The Group understands efficient risk mitigation as one that is brought about by an active and consistent application and enforcement of policies, with a view of facilitating value-adding growth. It is also a process by which contingencies are laid out and tested in the hope of serving the Group in good stead during unforeseen crisis events.

Risk Foundation and Enablers

For the entire risk process to work, however, some foundations need to be set, most important of which is the active involvement of the Board and Senior Management. It must be apparent to the rest of the Group that a risk mindset is a tone that is set from the top. It is also essential that a credible governance structure is in place to as to frame the entire risk management process, encourage a culture of managing risks in an open setting, and promote principled leadership.

In addition to these foundations, resource allocation and technology build-up are considered major enablers of risk management. For the risk process to run smoothly and effectively, the Group must have access to the right minds in the industry. Moreover, full backing from the technology side must be present for the risk process to be effective and updated with latest trends. Finally, an effective risk management process is a product of continuous learning and improvement. Risks evolve; and for the Group to keep up, its risk process must proactively keep up as well.

Capital Management Framework

The Group's Capital Management Framework provides the engine that ties together the strategic and business planning process as well as capital planning.

In the Strategic & Business Planning Process of the Group, the over-all risk appetite is developed as part of the business plans. The process involves the development of strategic and business objectives, anchored on the Vision and the Mission, as interpreted and articulated by Senior Management. This is an iterative process involving both internal and external analyses and risk assessment.

The planning process then results to a business plan, the annual budget, a medium-term forecast /projections, all of which incorporate identified risks. It includes a regular review of the business plan based on key performance indicators. **Figure 8** illustrates the strategic and business planning process employed by the Group.

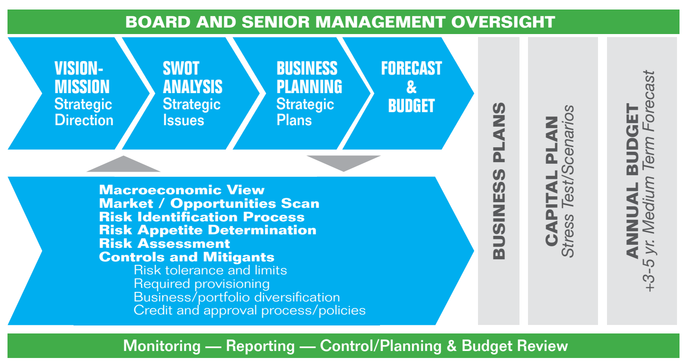


FIGURE 8. The Capital Management Framework

The other component of the Framework is the development of the Capital Plan **(Figure 9)** that incorporates the current business plan and additional projections and stress testing. This component highlights the use of medium to long term forecasts and stress scenarios in the management of capital. The results of the forecasts are always reviewed against the internal minimum capital adequacy levels and the regulatory thresholds.

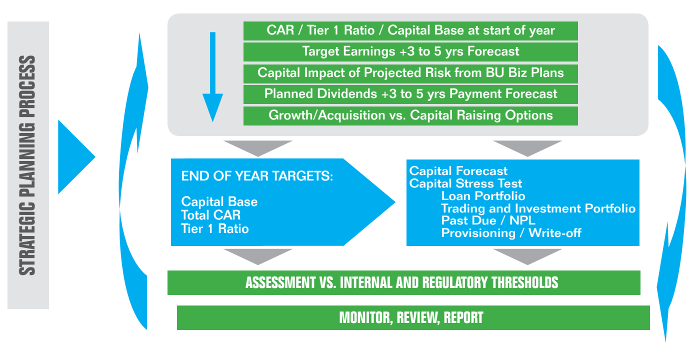


FIGURE 9. The Capital Planning Process

The process also includes, although still at its initial stages, an assessment of the use of capital of the business units and subsidiaries resulting from their forecasts. As each business unit sets target risk exposures, the measure of the use of capital and its appropriate allocation will enable business heads to plan and strategize according to returns on capital.

Capital Adequacy and Basel III

The main story in 2011 thru 2012 was the Group's strengthening of its Tier 1 capital base in preparation for Basel III. Since 2007, over PhP22.4 billion of Capital was raised; PhP5.8 billion of which was Tier 1 raised in 2011 alone. **Table 1** summarizes this story in numbers.

	2006	2007	2008	2009	2011
Capital raised	PhP5.0bio Hybrid Tier 1 PhP1.0bio Convertible Preferred Shares	PhP5.0bio Tier 1 Common Stock	PhP7.0bio Unsecured Subordinated Debt Qualifying as Tier II Capital	PhP4.0bio Unsecured Subordinated Debt Qualifying as Tier II Capital	PhP5.8bio Tier 1 Common Stock—Php2.1bio from IFC and Php3.7bio from CVC Capital Partners
Stockholder's Equity	PhP23.4bio	29.0bio	27.6bio	30.5bio	39.935bio
CAR	20.3%	18.7%	17.3%	18.5%	18.52%
Tier 1 Ratio	13.3%	15.1%	13.2%	12.6%	13.75%
Net Income	PhP2.1bio	3.21bio	2.2bio	3.3bio	5.007bio

In the past year, industry concerns over capital adequacy were characterized by the upcoming Basel III implementation of the BSP on Jan. 1, 2014. The guidelines released by the BSP in December 2012 began the Bank's planning for building a stronger and better quality Capital, in line with the spirit of the Basel III document of the Bank of International Settlements (BIS). In 2013, the Bank plans to navigate through a range of options that will lead towards Basel III compliance by Jan. 1, 2014. Included among the options is the raising of common equity capital – recognized as the highest quality of capital — to strengthen a Bank's capital adequacy. Other options on both capital and asset side are considered for 2013.

RISK AND CAPITAL MANAGEMENT INITIATIVES

Complementing the Group's capital raising activities were other initiatives aimed at further embedding the risk and capital management process in its operations.

Governance and Oversight

There were no significant changes to the Group's governance and oversight structure, except for the adoption of the (then) Risk Management Committee of the name and attendant responsibilities of a Risk Oversight Committee. The Charter however remained essentially the same.

In March 2011, the ROC formally created a Management Steering Committee (MSC) to form another, albeit already embedded, organizational layer specifically constituted to drive the Group's Internal Capital Adequacy Assessment Process (ICAAP). Along with it the formal designation of the MSC, the ROC likewise formalized the creation of an ICAAP Working Group which serves to document the current practice, identify major responsibility areas, and augment the current complement involved in running the Group's risk and capital management processes.

Risk Management Practice

Consolidated Risk Appetite Statement

Up until 2010, the Group has set its risk appetite on an individual risk track basis. More often, risk appetite is expressed in the form of risk limits; but not exactly taking into consideration the formal setting of a risk-reward articulation of its willingness to be exposed to various risks. The Group in 2011 however began the practice of adopting a unified statement of its risk (and reward) appetite. That same practice was replicated in 2012, and is expected to be improved upon as the Group's risk and capital management consciousness further matures.

Risk Management Oversight

In February 2011, the ROC defined the oversight responsibilities reposed in CRISMS at least for the three principal risk areas of Credit, Market / Liquidity, and Operations. In 2012, a more dedicated oversight of the cards business was carried out, culminating in a review presented to the ROC in November.

Risk Management Systems Roadmap

The Group in 2011 likewise adopted a roadmap for the enhancement of its risk management systems, with Project Catalyst[1] going into production in 2012. Project Sentinel[2] in turn was initiated in 2012; and is projected to commence implementation in 2013.

Risk Assessment: Credit Risk

In 2012 the Group pursued the idea of migrating from the current internal credit risk rating system to one that permits more credit analytics, while at the same time retaining qualitative features that still accommodate some expert judgment when assessing credit worthiness. In December 2012, the parent bank's Executive Committee, upon the endorsement of the ROC, approved the acquisition of the following **Standard and Poor's** (S&P) Scorecards:

- **Generic Corporate Scorecard:** General framework for corporate borrowers regardless of industry
- **Utilities Suite:** Scorecards covering power (electricity, gas, power), generation, transmission, distribution
- **Real Estate Developer:** Scorecards covering real estate entities engaged in diversified development & sale, and buying & selling of a portfolio of real estate assets
- **Small & Medium Enterprise:** Scorecard for borrowers classified as small or medium
- **Overlays:** Parent-Subsidiary and Multi-Activity & Holding Company

The S&P scorecards are a formalization of the S&P rating methodology, and are deployed widely in IRB-compliant institutions in Singapore, Hong Kong, Malaysia, China, Japan, and Australia. By applying the same principles of assessing credit-worthiness, the scorecards leverage on S&P's extensive rating experience and over 30 years of available default data, thus serving a need specific to low default portfolios and institutions that may have issues with the existence (or non-existence) of clean historical credit and default data.

The Group's major subsidiary, RCBC Savings Bank (RSB), in 2012 likewise decided to engage with **FICO** (Fair Isaac Corp.) for the development of credit scorecards for auto, housing, personal and salary loan products for RSB, and the development of behavioral scorecards for RCBC Bankard. The FICO engagement, along with the acquisition of Blaze Advisor (a rating engine), is meant to bridge gaps identified in the credit risk management process in both RSB and Bankard. User Acceptance Testing is on-going; and implementation is expected in 2013.

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[1]Project Catalyst involves credit risk management process enhancement via automation of the risk rating system, credit portfolio analysis, and database processes.

[2]Project Sentinel involves the acquisition of an operational risk management system facilitating the automation of ORMD tools, and development of operational risk VaR.

Risk Assessment: Market & Liquidity Risk

Stress parameters were revisited in 2012 and consequently approved by the ROC in June. There was likewise more group-wide integration last year, as RSB formally adopted the market & liquidity risk parameters of the Parent, along with Malayan Leasing's adoption of RCBC's liquidity stress framework. Liquidity risk management was likewise enhanced with the introduction of other observable and measurable liquidity risk triggers.

The simulation and reporting of the Liquidity Coverage Ratio and Net Stable Funding Ratio under Basel III, albeit not yet implemented and mandated locally by the BSP, were also institutionalized in 2012.

Risk Assessment: Operational Risk

One of the major improvements in the risk management practice in the Group in 2011 was the completion of the 1st run of the revised Risk Control Self-Assessment (RCSA). Departing from the 2009 / 2010 RCSA of having a generic menu of risks, the 2011 RCSA followed a more specific and granular approach. This was further enhanced in 2012.

2012 also saw the development and approval of thresholds for Key Risk Indicators.

Reputation Risk Management

The ROC in 2011 approved a Reputation Risk Monitoring and Reporting Framework for the Group, with the primary objective of surfacing information on identified reputation risk drivers, escalating the same in a formal and organized setting, and securing for identified information appropriate disposition.

To drive the said framework, the ROC in May 2011 opted to formally designate the RCBC Public Relations Committee (PR Comm) to consolidate the operation of the framework and subsequent reporting to the ROC. The Head of the Parent's Corporate Communications Division was designated Chair of the Committee.

The PR Comm has the following for its primary objectives:

- To serve as venue for surfacing and managing issues that affect, or tend to affect the public's perception principally of RCBC, and by extension, the members of the Yuchengco Group of Companies (YGC)

- To design, recommend and, once approved, implement public relation strategies and/or campaigns that are designed to enhance the Group's positive public image, avert any potential negative perception arising from looming reputation issues, and contain or minimize any incurred or continuing damage to the Group's image arising from subsisting negative public information.

The tangible results of the Group's efforts to enhance its reputation capital are in part embodied by the various awards and recognitions it has received since 2010.

2012 RISK AND CAPITAL DISCLOSURES

As prescribed by Section X190.5 and Part VIII of Appendix 63b of the Manual of Regulation for Banks (MORB) and BSP Circular 538, the following are the pertinent capital adequacy figures for RCBC and its subsidiaries. The figures for the Group and the Parent are calculated based on accounting methodologies prescribed by the BSP for prudential reporting, and therefore may not necessarily tally with the figures stated in the Group's Audited Financial Statements.

The Basel II capital adequacy ratio (CAR) of the Group and the Parent as reported to the BSP as of December 31, 2012 and 2011 are as follows:

	December 31 (In Millions)			
	Group		Parent	
	2012	2011	2012	2011
Tier 1 Capital	37,138	35,752	37,127	35,731
Tier 2 Capital	12,446	12,413	12,138	12,134
Gross Qualifying Capital	49,584	48,165	49,265	47,865
Less: Regulatory Deductions	0	0	13,695	12,224
Total Qualifying Capital	**49,584**	**48,165**	**35,570**	**35,641**
Credit Risk Weighted Assets	239,058	222,382	190,690	179,367
Market Risk Weighted Assets	14,440	11,510	12,053	10,726
Operations Risk Weighted Assets	28,124	26,148	19,654	18,067
Risk Weighted Assets (Pillar 1)	**281,622**	**260,039**	**222,397**	**208,161**
Tier 1 Capital Adequacy Ratio	**13.19%**	**13.75%**	**13.62%**	**14.23%**
Total Capital Adequacy Ratio	**17.61%**	**18.52%**	**15.99%**	**17.12%**

The regulatory qualifying capital of the Group and the Parent consists of Tier 1 (core) capital and Tier 2 (supplementary) capital less required deductions. The components of qualifying capital as of December 31, 2012 and 2011 are as follows:

	December 31 (In Millions)			
	Group		Parent	
	2012	2011	2012	2011
Tier 1 Capital				
Paid up common stock	11,412	11,427	11,412	11,427
Additional paid-in capital	9,397	9,915	9,397	9,915
Retained Earnings	9,063	10,418	9,063	10,418
Undivided profits	4,840	1,428	4,840	1,428
Cumulative foreign currency translation	75	77	75	77
Minority interest in subsidiary financial allied	111	103	–	–
Subtotal	34,898	33,368	34,787	33,265
Hybrid Tier 1 Capital (limited to 17.65% of Total Core Tier 1)	4,024	4,297	4,024	4,297
Total Tier 1	38,922	37,665	38,811	37,562
Less deductions:				
Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI, and unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates	40	138	26	127
Deferred income tax	1,475	1,460	1,389	1,389
Goodwill	269	315	269	315
Total deductions from Tier 1 capital	1,784	1,913	1,684	1,831
Total Tier 1 capital	**37,138**	**35,752**	**37,127**	**35,731**

	December 31 (In Millions)			
	Group		Parent	
	2012	2011	2012	2011
Tier 2 Capital				
Appraisal Increment Reserve	–	59	–	59
Net unrealized gains on available for sale equity securities	3	33	3	32
General loan loss provision	1,479	1,364	1,169	1,084
Unsecured subordinated debt	10,966	10,959	10,966	10,959
Perpetual and cumulative preferred stock subscription	4	4	–	–
Total Tier 2 capital	12,452	12,419	12,138	12,134
Less deduction:				
Sinking fund for redemption of limited life redeemable preferred stock with the replacement requirement upon redemption	6	6	–	–
Total Tier 2 Capital	**12,446**	**12,413**	**12,138**	**12,134**
Deductions from Tier 1 capital and Tier 2 capital:				
Investment in equity of consolidated, subsidiary banks and quasi banks, and other financial allied undertakings	–	–	13,695	12,224
Reciprocal investments in equity of other banks/enterprises	–	–	–	–
Total deductions from Tier 1 and Tier 2 capital	**–**	**–**	**13,695**	**12,224**
Net Tier 1 capital	37,138	35,752	30,280	29,619
Net Tier 2 capital	12,446	12,413	5,290	6,022
Total qualifying capital	**49,584**	**48,165**	**35,570**	**35,641**

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Risk weighted assets by type of exposure as of December 31, 2012 and 2011 are as follows:

	December 31, 2012 (in Millions)					
	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
On-Balance Sheet	229,874	181,602				
Off-Balance Sheet	8,433	8,338				
Counterparty (Banking/Trading)	751	751				
Interest Rate Exposure			7,469	6,199		
Equity Exposure			1,115	–		
Options			565	565		
Foreign Exchange			5,290	5,288		
Basic Indicator					28,124	19,654
Total	**239,058**	**190,690**	**14,440**	**12,053**	**28,124**	**19,654**
Capital Requirements	**23,906**	**19,069**	**1,444**	**1,205**	**2,812**	**1,965**

	December 31, 2011					
	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
	(in Millions)					
On-Balance Sheet	214,670	171,655				
Off-Balance Sheet	6,015	6,015				
Counterparty (Banking/Trading)	1,697	1,697				
Interest Rate Exposure			9,007	8,847		
Equity Exposure			623	–		
Options			–	–		
Foreign Exchange			1,879	1,879		
Basic Indicator					26,148	18,067
Total	**222,382**	**179,367**	**11,510**	**10,726**	**26,148**	**18,067**
Capital Requirements	**22,238**	**17,937**	**1,151**	**1,073**	**2,615**	**1,807**

Risk weighted on-balance sheet assets covered by credit risk mitigants were based on collateralized transactions as well as guarantees by the Philippine National Government (NG) and those guarantors and exposures with the highest credit rating. Third party credit assessments of relevant exposures were based on ratings by Standard & Poor's, Moody's, Fitch and Philratings.

Corporate Social Responsibility

YEAR OF THE

RCBC pursued its corporate social responsibility initiatives in the areas of environmental care, education and community development in 2012.

Environmental and Community Care

The bank was again at the forefront as the YGC mobilized the second phase of its tree-planting drive in Tanay, Rizal last September 2012. The site, dubbed as the YGC Centennial Forest, spans 100 hectares of denuded forest that the conglomerate intends to repopulate with fruit-bearing and hardwood trees for the benefit of the indigenous Dumagat inhabitants. RCBC sent a strong delegation of its officers and employees together with those from its subsidiaries RCBC Savings Bank and RCBC Bankard. This initiative is made in partnership with the Department of Natural Resources (DENR), WWF-Phil., Local Government Units, and the indigenous tribe group.

In November, RCBC funded the first Materials Recycle Facility (MRF) inside the historic Walled City of Intramuros. The project was done in partnership with the Intramuros Tourism Council and the Intramuros Administration. The MRF is part of the Clean and Green initiative of the ITC wherein Intramuros business owners and residents are encouraged to promote proper waste disposal and materials recycling. This ecological waste management is essential in preserving the beauty and cleanliness of the Walled City and in further promoting its tourism potentials. This project is also a source of livelihood for Intramuros residents because they can sell their used plastic bottles and other compact plastics to earn additional income. The MRF in Intramuros is the fourth of its kind in the Philippines, along with those in Pandacan, Roxas Boulevard and Sta. Ana.

For its Paperless Banking campaign, RCBC also continued to encourage its account holders to minimize the use of printed materials by doing their transactions through electronic channels like the internet, the telephone, and their mobile phones. RCBC has since been stepping up its efforts to come up with various e-banking channels to reduce the consumption of paper and facilitate faster, more convenient transactions.

As a result of these efforts, RCBC received in 2012 the Green Leadership Award (South East Asia) from the Asia Responsible Entrepreneurship Awards, the only Philippine company to have been given the recognition.

Educational Initiatives

Also as part of the YGC, RCBC participated in last year's Buhay Rizal Values Campaign. Bank officers and YGC executives visited Muntinlupa National High School in Muntinlupa City and distributed over 1,000 copies of Rizal's masterpiece novel, Noli Me Tangere, which is a required reading for all 3rd year high school students. The project is under the Buhay Rizal Rizalian Books Donation program.

Meanwhile, RCBC Savings Bank sponsored the YGC's efforts to restore the Rizal shrine in Tagbilaran City, Bohol. The refurbished shrine was turned over to the provincial government of Gov. Edgar M. Chatto and Vice Gov. Concepcion O. Lim.

RSB also sponsored the donation of more than a thousand copies of Noli Me Tangere to the 3rd year students of Dr. Cecilio Putong National High School in Bohol and Biñan National High School in Laguna. Joining these activities under the YGC Buhay Rizal banner was National Artist for Literature Dr. Virgilio S. Almario, whose translated version of the Noli Me Tangere is being distributed to the recipients.

Statement of Management's Responsibility for Financial Statements

The management of Rizal Commercial Banking Corporation and Subsidiaries (the Group), is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2012 and 2011, in accordance with Financial Reporting Standards in the Philippines for Banks. 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 (BOD) reviews and approves the financial statements and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the BOD and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

HELEN Y. DEE
Chairperson

LORENZO V. TAN
President & Chief Executive Officer

ZENAIDA F. TORRES
Head, Controllership Group

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Report of Independent Auditors

The Board of Directors and the Stockholders
Rizal Commercial Banking Corporation
Yuchengco Tower, RCBC Plaza
6819 Ayala Avenue, Makati City

We have audited the accompanying financial statements of Rizal Commercial Banking Corporation and subsidiaries (together hereinafter referred to as the Group) and of Rizal Commercial Banking Corporation (the Parent Company), which comprise the statements of financial position as at December 31, 2012, 2011 and 2010, and the statements of income, statements of comprehensive income, statements of changes in capital funds and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management of the Group and the Parent Company is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards in the Philippines for Banks (FRSPB), as described in Note 2 to the financial statements, 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 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.

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

Basis for Updated Unqualified Opinion on the 2011 and 2010 Financial Statements

In our report dated March 26, 2012, we qualified our opinion on the previously issued 2011, 2010 and 2009 financial statements of the Group and the Parent Company regarding the transfers of certain nonperforming assets (NPAs) to special purpose vehicles (SPVs) totaling P13,588 million in prior years, in exchange primarily for subordinated/SPV notes and partly for cash under either separate "sale and purchase" or "asset sale" agreements pursuant to Republic Act No. 9182 (the SPV Act) and Bangko Sentral ng Pilipinas Monetary Board (MB) Resolution No. 135, as discussed in Note 10 to the financial statements. In recording the transfers, the Parent Company derecognized the NPAs from its financial statements and deferred the recognition of the losses resulting from the sale of the NPAs qualified for derecognition and the additional allowance for impairment on such NPAs not qualified for derecognition had these not been derecognized; such losses and the additional allowance for impairment are instead being amortized over a period of 10 years in accordance with MB Resolution No. 135. The terms of certain subordinated/SPV notes with certain SPVs provide that the payments of the subordinated/SPV notes are dependent on the collections to be made by those SPVs on the NPAs transferred which is indicative of an incomplete transfer of the risks and rewards of ownership under FRSPB. FRSPB require that (a) an entity retaining majority of the residual risks and rewards of certain assets of the SPVs should reflect in its financial statements its proportionate interest in such SPVs and (b) an entity should substantially transfer all the risks and rewards of ownership of an asset before such asset could be derecognized. FRSPB, likewise, require the full recognition of the losses determined on the NPAs qualified for derecognition and the additional allowance for impairment for NPAs not qualified for derecognition in the period the impairment and the losses were determined, instead of amortizing them over future periods directly in the surplus account. In 2012, the Parent Company retrospectively adjusted the financial statements to reflect its interest in the NPAs not qualified for derecognition and adjusted the balance of surplus as at January 1, 2012, 2011 and 2010 to fully recognize the additional allowance for impairment and the losses incurred from the sale of the NPAs qualified for derecognition in prior years. Accordingly, our present opinion on the 2011 and 2010 financial statements of the Group and of the Parent Company with respect to these matters is no longer qualified.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2012, 2011 and 2010, and their financial performance and their cash flows for the years then ended, in accordance with FRSPB, as described in Note 2 to the financial statements.

Other Matter

As discussed in Note 27 to the financial statements, the Parent Company presented the supplementary information required by the Bureau of Internal Revenue under Revenue Regulations (RR) 15-2010 and RR 19-2011 in a supplementary schedule filed separately from the basic financial statements. RR 15-2010 and RR 19-2011 require the information to be presented in the notes to financial statements. Such supplementary information is the responsibility of management. The supplementary information is not a required part of the basic financial statements prepared in accordance with FRSPB; it is also neither a required disclosure under the Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission.

PUNONGBAYAN & ARAULLO

By: Benjamin P. Valdez
Partner

CPA Reg. No. 0028485
TIN 136-619-880
PTR No. 3671439, January 2, 2013, Makati City
SEC Group A Accreditation
Partner - No. 009-AR-3 (until Dec. 9, 2014)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-11-2011 (until Sept. 22, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

March 25, 2013

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Financial Position

DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Millions of Philippine Pesos)

	Notes	GROUP			PARENT		
		2012	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)	2012	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)
RESOURCES							
CASH AND OTHER CASH ITEMS	7	**P 9,380**	P 8,163	P 7,864	**P 7,432**	P 6,560	P 6,281
DUE FROM BANGKO SENTRAL NG PILIPINAS	7	**36,620**	34,283	24,921	**31,590**	22,990	22,915
DUE FROM OTHER BANKS	7	**5,879**	3,769	3,097	**5,139**	2,965	2,276
INVESTMENT AND TRADING SECURITIES							
Financial assets at fair value through profit or loss	8	**11,492**	11,818	15,479	**9,046**	11,241	11,791
Available-for-sale securities - net	9	**83,687**	75,910	54,119	**69,512**	61,782	45,266
Held-to-maturity investments		**–**	–	18,501	**–**	–	16,779
LOANS AND RECEIVABLES - Net	10	**190,808**	186,192	165,425	**153,078**	153,989	130,283
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - Net	11	**3,946**	3,613	3,489	**11,607**	11,239	10,709
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	12	**7,507**	6,462	5,826	**4,433**	3,883	3,811
INVESTMENT PROPERTIES - Net	13	**6,796**	7,651	7,605	**3,564**	3,927	4,098
DEFERRED TAX ASSETS	27	**1,445**	1,468	1,438	**1,389**	1,389	1,389
OTHER RESOURCES - Net	14	**6,535**	5,938	7,909	**3,847**	3,294	3,656
TOTAL RESOURCES		**P 364,095**	P 345,267	P 315,673	**P 300,637**	P 283,259	P 259,254

Forward

	Notes	GROUP 2012	GROUP 2011 (As Restated – See Note 22)	GROUP 2010 (As Restated – See Note 22)	PARENT 2012	PARENT 2011 (As Restated – See Note 22)	PARENT 2010 (As Restated – See Note 22)
LIABILITIES AND CAPITAL FUNDS							
DEPOSIT LIABILITIES	16						
Demand		**P 10,568**	P 10,001	P 11,447	**P 8,891**	P 8,341	P 9,241
Savings		**130,302**	134,238	108,414	**110,748**	108,562	93,714
Time		**105,887**	111,044	116,767	**76,796**	87,131	86,462
Total Deposit Liabilities		**246,757**	255,283	236,628	**196,435**	204,034	189,417
BILLS PAYABLE	17	**26,387**	18,037	19,055	**23,971**	16,147	17,171
BONDS PAYABLE	18	**21,553**	10,905	10,927	**21,553**	10,905	10,927
ACCRUED INTEREST, TAXES AND OTHER EXPENSES	19	**4,501**	3,978	3,778	**3,407**	2,831	2,652
OTHER LIABILITIES	20	**10,937**	8,252	8,178	**7,828**	6,256	6,579
SUBORDINATED DEBT	21	**10,987**	10,966	10,946	**10,987**	10,966	10,946
Total Liabilities		**321,122**	307,421	289,512	**264,181**	251,139	237,692
CAPITAL FUNDS	22	**42,973**	37,846	26,161	**36,456**	32,120	21,562
TOTAL LIABILITIES AND CAPITAL FUNDS		**P 364,095**	P 345,267	P 315,673	**P 300,637**	P 283,259	P 259,254

See Notes to Financial Statements.

YEAR OF THE

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Income

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Millions of Philippine Pesos, Except per Share Data)

		GROUP			PARENT		
	Notes	**2012**	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)	**2012**	2011	2010
INTEREST INCOME ON							
Loans and receivables	10	**P 13,843**	P 11,840	P 11,790	**P 10,126**	P 8,449	P 8,100
Investment securities	8, 9	**4,736**	4,602	4,547	**4,184**	3,979	3,901
Others	7	**176**	595	681	**121**	280	598
		18,755	17,037	17,018	**14,431**	12,708	12,599
INTEREST EXPENSE ON							
Deposit liabilities	16	**4,294**	3,804	4,041	**3,255**	2,795	2,917
Bills payable and other borrowings	17, 18, 21	**3,062**	2,401	1,981	**2,928**	2,251	1,873
		7,356	6,205	6,022	**6,183**	5,046	4,790
NET INTEREST INCOME		**11,399**	10,832	10,996	**8,248**	7,662	7,809
IMPAIRMENT LOSSES - Net	15	**2,486**	2,538	3,186	**1,921**	1,779	2,352
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**8,913**	8,294	7,810	**6,327**	5,883	5,457
OTHER OPERATING INCOME							
Trading and securities gains - net	2, 8, 9	**6,804**	4,950	3,674	**5,541**	4,021	2,605
Service fees and commissions	2	**2,080**	1,910	1,659	**1,196**	1,047	1,161
Foreign exchange gains - net	2	**196**	294	459	**168**	224	383
Equity in net earnings of associates	11	**357**	200	285	**–**	–	–
Trust fees	2	**293**	250	220	**254**	219	201
Miscellaneous	26	**1,695**	2,526	2,305	**1,786**	2,131	2,464
		11,425	10,130	8,602	**8,945**	7,642	6,814
Balance Carried Forward		**P 20,338**	P 18,424	P 16,412	**P 15,272**	P 13,525	P 12,271

	Notes	GROUP 2012	GROUP 2011 (As Restated – See Note 22)	GROUP 2010 (As Restated – See Note 22)	PARENT 2012	PARENT 2011	PARENT 2010
Balance Brought Forward		**P 20,338**	P 18,424	P 16,412	**P 15,272**	P 13,525	P 12,271
OTHER OPERATING EXPENSES							
Employee benefits	24	**3,660**	3,488	3,017	**2,542**	2,449	2,022
Occupancy and equipment-related	25	**2,269**	1,944	1,805	**1,646**	1,546	1,475
Taxes and licenses	27	**1,628**	1,349	1,332	**1,210**	936	925
Depreciation and amortization	12, 13, 14	**1,114**	1,054	960	**671**	593	577
Miscellaneous	26	**4,695**	4,619	3,971	**3,689**	3,307	3,000
		13,366	12,454	11,085	**9,758**	8,831	7,999
PROFIT BEFORE TAX		**6,972**	5,970	5,327	**5,514**	4,694	4,272
TAX EXPENSE	27	**745**	915	1,014	**524**	578	530
NET PROFIT		**6,227**	5,055	4,313	**4,990**	4,116	3,742
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST		**7**	26	33	**–**	–	–
NET PROFIT ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**P 6,220**	P 5,029	P 4,280	**P 4,990**	P 4,116	P 3,742
Earnings Per Share	32						
Basic		**P 5.09**	P 4.45	P 4.09	**P 4.01**	P 3.57	P 3.52
Diluted		**P 5.09**	P 4.45	P 4.09	**P 4.01**	P 3.57	P 3.52

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Millions of Philippine Pesos)

		GROUP			PARENT		
	Notes	**2012**	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)	**2012**	2011	2010
NET PROFIT FOR THE YEAR		**P 6,227**	P 5,055	P 4,313	**P 4,990**	P 4,116	P 3,742
OTHER COMPREHENSIVE INCOME (LOSSES)							
Fair value gains (losses) on available-for-sale securities	9	**863**	2,239	(364)	**787**	2,074	(669)
Excess of cost of investment over net assets of acquired subsidiary	22	**(87)**	–	–	**-**	–	–
Translation adjustment for the year		**(2)**	(2)	(22)	**-**	–	–
		774	2,237	(386)	**787**	2,074	(669)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,001**	7,292	3,927	**5,777**	6,190	3,073
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST		**7**	51	32	**-**	–	–
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**P 6,994**	P 7,241	P 3,895	**P 5,777**	P 6,190	P 3,073

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Changes in Capital Funds

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Millions of Philippine Pesos)

		GROUP			PARENT		
	Notes	2012	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)	2012	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS							
PREFERRED STOCK							
Balance at beginning of year		**P 26**	P 207	P 207	**P 26**	P 207	P 207
Conversion of preferred stock to common stock		**(23)**	(181)	–	**(23)**	(181)	–
Balance at end of year	22	**3**	26	207	**3**	26	207
COMMON STOCK							
Balance at beginning of year		**11,401**	9,906	9,906	**11,401**	9,906	9,906
Conversion of preferred stock to common stock		**8**	58	–	**8**	58	–
Issuance of common stock		**–**	1,437	–	**–**	1,437	–
Balance at end of year	22	**11,409**	11,401	9,906	**11,409**	11,401	9,906
TREASURY SHARES - At Cost							
Balance at beginning of year		**–**	(953)	(953)	**–**	(953)	(953)
Reissuance of treasury shares during the year		**–**	953	–	**–**	953	–
Balance at the end of year	22	**–**	–	(953)	**–**	–	(953)
CAPITAL PAID IN EXCESS OF PAR							
Balance at beginning of year		**9,382**	6,040	6,040	**9,382**	6,040	6,040
Conversion of preferred stock to common stock		**15**	123	–	**15**	123	–
Excess of consideration given over cost of common stock issued	22	**–**	2,715	–	**–**	2,715	–
Excess of consideration given over cost of treasury shares reissued	22	**–**	504	–	**–**	504	–
Balance at end of year		**9,397**	9,382	6,040	**9,397**	9,382	6,040
HYBRID PERPETUAL SECURITIES	23	**4,883**	4,883	4,883	**4,883**	4,883	4,883
REVALUATION RESERVES ON AVAILABLE-FOR-SALE SECURITIES							
Balance at beginning of year		**2,282**	43	407	**1,861**	(213)	456
Fair value gains (losses) on available-for-sale securities	9	**863**	2,239	(364)	**787**	2,074	(669)
Balance at end of year		**3,145**	2,282	43	**2,648**	1,861	(213)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS *(Balance Carried Forward)*		**P28,837**	P 27,974	P 20,126	**P 28,340**	P 27,553	P 19,870

	Notes	GROUP 2012	GROUP 2011 (As Restated – See Note 22)	GROUP 2010 (As Restated – See Note 22)	PARENT 2012	PARENT 2011 (As Restated – See Note 22)	PARENT 2010 (As Restated – See Note 22)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS *(Balance Brought Forward)*		**P 28,837**	P 27,974	P 20,126	**P28,340**	P 27,553	P 19,870
ACCUMULATED TRANSLATION ADJUSTMENTS							
Balance at beginning of year		**74**	76	98	**–**	–	–
Translation adjustment during the year		**(2)**	(2)	(22)	**–**	–	–
Balance at end of year		**72**	74	76	**–**	–	–
RESERVE FOR TRUST BUSINESS							
Balance at beginning of year		**313**	297	286	**299**	290	279
Transfer from surplus free		**16**	16	11	**13**	9	11
Balance at end of year	28	**329**	313	297	**312**	299	290
OTHER RESERVES	22						
Balance at beginning of year, as previously reported		**(243)**	(241)	(241)	**–**	–	–
Prior period adjustments	22	**141**	141	134	**–**	–	–
Balance at beginning of year, as restated		**(102)**	(100)	(107)	**–**	–	–
Net effect of change in percentage ownership over subsidiaries		**(228)**	(2)	7	**–**	–	–
Balance at end of year		**(330)**	(102)	(100)	**–**	–	–
SURPLUS							
Balance at beginning of year, as previously reported		**11,808**	11,590	9,325	**6,808**	7,474	5,715
Prior period adjustments	22	**(2,416)**	(5,970)	(6,979)	**(2,540)**	(6,072)	(7,047)
Balance at begninning of year, as restated		**9,392**	5,620	2,346	**4,268**	1,402	(1,332)
Net profit for the year		**6,220**	5,029	4,280	**4,990**	4,116	3,742
Cash dividends	22	**(1,441)**	(1 ,241)	(997)	**(1,441)**	(1,241)	(997)
Transfer to reserve for trust business	28	**(16)**	(16)	(11)	**(13)**	(9)	(11)
Net effect of change in percentage ownership over subsidiaries		**(120)**	–	2	**–**	–	–
Balance at end of year		**14,035**	9,392	5,620	**7,804**	4,268	1,402
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**42,943**	37,651	26,019	**36,456**	32,120	21,562
NON-CONTROLLING INTEREST							
Balance at beginning of year, as previously reported		**9**	(28)	(4)	**–**	–	–
Prior period adjustments	22	**186**	170	152	**–**	–	–
Balance at beginning of year, as restated		**195**	142	148	**–**	–	–
Net profit for the year		**7**	26	33	**–**	–	–
Net effect of change in percentage ownership over subsidiaries	22	**(172)**	2	(5)	**–**	–	–
Fair value gains (losses) on available-for-sale securities	9	**–**	25	(1)	**–**	–	–
Redemption of preferred shares		**–**	–	(33)	**–**	–	–
Balance at end of year		**30**	195	142	**–**	–	–
TOTAL CAPITAL FUNDS		**P 42,973**	P 37,846	P 26,161	**P36,456**	P 32,120	P 21,562

See Notes to Financial Statements.

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Millions of Philippine Pesos, Except Number of Shares Data)

		GROUP			PARENT		
	Notes	2012	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)	2012	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		**P 6,972**	P 5,970	P 5,327	**P 5,514**	P 4,694	P 4,272
Adjustments for:							
Impairment losses	15	**2,486**	2,538	3,186	**1,921**	1,779	2,352
Depreciation and amortization	12, 13, 14	**1,114**	1,054	960	**671**	593	577
Equity in net earnings of associates	11	**(357)**	(200)	(285)	**–**	–	–
Dividend income	26	**(179)**	(209)	(180)	**(799)**	(1,242)	(1,309)
Operating profit before working capital changes		**10,036**	9,153	9,008	**7,307**	5,824	5,892
Decrease (increase) in financial assets at fair value through profit and loss		**326**	3,661	(6 ,063)	**2,195**	550	(3,757)
Increase in loans and receivables		**(6,305)**	(24,130)	(3,846)	**(328)**	(25,100)	(4,785)
Decrease (increase) in investment properties		**301**	1,011	(874)	**218**	(31)	2,882
Decrease (increase) in other resources		**(1,333)**	1,724	(523)	**(852)**	245	89
Increase (decrease) in deposit liabilities		**(8,526)**	18,655	16,469	**(7,599)**	14,617	8,864
Increase in accrued interest, taxes and other expenses		**520**	219	419	**701**	400	343
Increase (decrease) in other liabilities		**2,685**	52	1,211	**1,572**	(345)	676
Cash generated from (used in) operations		**(2,296)**	10,345	15,801	**3,214**	(3,840)	10,204
Cash paid for taxes		**(719)**	(964)	(943)	**(649)**	(799)	(547)
Net Cash From (Used in) Operating Activities		**(3,015)**	9,381	14,858	**2,565**	(4,639)	9,657
CASH FLOWS FROM INVESTING ACTIVITIES							
Decrease (increase) in available-for-sale securities		**(6 ,938)**	(297)	(18,513)	**(6,922)**	4,761	(14,175)
Acquisitions of bank premises, furniture, fixtures and equipment	12	**(2,217)**	(1,885)	(1,804)	**(1,282)**	(622)	(906)
Proceeds from disposals of bank premises, furniture, fixtures and equipment	12	**291**	422	90	**204**	69	28
Acquisitions of software	14	**(217)**	(231)	–	**(62)**	(195)	(326)
Cash dividends received	11, 26	**203**	297	297	**799**	1,242	1,309
Proceeds from disposals of software	14	**–**	17	–	**–**	17	–
Decrease (increase) in investments in subsidiaries and associates	11	**–**	(12)	83	**(687)**	(530)	43
Decrease (increase) in held-to-maturity investments		**–**	(709)	565	**–**	(2,404)	–
Net Cash From (Used in) Investing Activities		**(8,878)**	(2,398)	(19,282)	**(7,950)**	2,338	(14,027)
CASH FLOWS FROM FINANCING ACTIVITIES							
Net proceeds from issuance of bonds payable	18	**10,648**	–	10,927	**10,648**	–	10,927
Proceeds from (payments of) bills payable	17	**8,350**	(1,018)	6,824	**7,824**	(1,024)	6,636
Dividends paid	22	**(1,441)**	(1,241)	(997)	**(1,441)**	(1,241)	(997)
Issuance of common shares	22	**–**	4,152	–	**–**	4,152	–
Reissuance of treasury shares	22	**–**	1,457	–	**–**	1,457	–
Redemption of bonds payable		**–**	–	(5,836)	**–**	–	(5,836)
Net Cash From Financing Activities		**17,557**	3,350	10,918	**17,031**	3,344	10,730
NET INCREASE IN CASH AND CASH EQUIVALENTS *(Balance Carried Forward)*		**P 5,664**	P 10,333	P 6,494	**P 11,646**	P 1,043	P 6,360

	Notes	GROUP 2012	GROUP 2011 (As Restated – See Note 22)	GROUP 2010 (As Restated – See Note 22)	PARENT 2012	PARENT 2011 (As Restated – See Note 22)	PARENT 2010 (As Restated – See Note 22)
NET INCREASE IN CASH AND CASH EQUIVALENTS *(Balance Brought Forward)*		**P 5,664**	P 10,333	P 6,494	**P 11,646**	P 1,043	P 6,360
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR							
Cash and other cash items	7	**8,163**	7,864	6,825	**6,560**	6,281	5,409
Due from Bangko Sentral ng Pilipinas	7	**34,283**	24,921	19,351	**22,990**	22,915	17,914
Due from other banks	7	**3,769**	3,097	3,212	**2,965**	2,276	1,789
		46,215	35,882	29,388	**32,515**	31,472	25,112
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	7	**9,380**	8,163	7,864	**7,432**	6,560	6,281
Due from Bangko Sentral ng Pilipinas	7	**36,620**	34,283	24,921	**31,590**	22,990	22,915
Due from other banks	7	**5,879**	3,769	3,097	**5,139**	2,965	2,276
		P 51,879	P 46,215	P 35,882	**P 44,161**	P 32,515	P 31,472

Supplemental Information on Noncash Investing and Financing Activities

1. In 2012, preferred shares amounting to P23 or 2,242,674 shares with a par value of P10 were converted into 722,012 common shares with the same par value (see Note 22).

2. In 2011, held-to-maturity investments with total carrying amount of P19,210 and P19,183 were reclassified to available-for-sale securities.

3. In 2011, preferred shares amounting to P181 or 18,110,322 shares with a par value of P10 were converted into 5,830,566 common shares with the same par value. Out of the shares converted, 18,082,311 were from treasury (see Note 22).

See Notes to Financial Statements.

Notes to Financial Statements

DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Millions of Philippine Pesos, Except Per Share and Number of Shares Data or As Indicated)

1. CORPORATE INFORMATION

1.01 Incorporation and Operations

Rizal Commercial Banking Corporation (the Parent Company or RCBC), a universal bank engaged in all aspects of banking, was incorporated on September 23, 1960 and renewed its corporate existence on December 10, 2009. It provides products and services related to traditional loans and deposits, trade finance, domestic and foreign fund transfers or remittance, cash management, treasury, and trust and custodianship services. The Parent Company also enters into forward currency contracts as an accommodation to its clients and as a means of managing its foreign exchange exposures. The Parent Company and its subsidiaries (together hereinafter referred to as the Group) are engaged in all aspects of traditional banking, investment banking, retail financing (credit cards, auto loans and mortgage/housing loans), leasing and stock brokering.

The Group's and Parent Company's network within and outside the Philippines as of December 31 are as follows:

	Group		Parent	
	2012	2011	**2012**	2011
Automated Teller Machines (ATM)	**1,010**	761	**726**	587
Branches	**399**	374	**249**	239
Extension offices	**19**	13	**19**	13
Foreign exchange booths	**2**	2	**2**	2

The Parent Company is a 50.47% owned subsidiary of Pan Malayan Management and Investment Corporation (PMMIC), a company incorporated and domiciled in the Philippines. PMMIC is the holding company of the flagship institutions of the Yuchengco Group of Companies.

The registered address of the Parent Company is Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City. PMMIC's registered business address is 48th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City.

1.02 Subsidiaries and Associates

The Parent Company holds ownership interest in the following subsidiaries and associates:

Subsidiaries/Associates	Country of Incorporation	Explanatory Notes	Effective Percentage of Ownership 2012	2011
Subsidiaries:				
RCBC Savings Bank, Inc. (RSB)	Philippines		**100.00**	100.00
RCBC Forex Brokers Corporation (RCBC Forex)	Philippines		**100.00**	100.00
RCBC Telemoney Europe	Italy		**100.00**	100.00
RCBC North America, Inc. (RCBC North America)	California, USA	(a)	**100.00**	100.00
RCBC International Finance Limited (RCBC IFL)	Hongkong		**100.00**	100.00
RCBC Investment Ltd.	Hongkong	(b)	**100.00**	100.00
RCBC Capital Corporation (RCBC Capital)	Philippines		**99.96**	99.96
RCBC Securities, Inc. (RSI)	Philippines	(c)	**99.96**	99.96
RCBC-JPL Holding Company, Inc. (Formerly Pres. Jose P. Laurel Rural Bank, Inc.) (RCBC JPL)	Philippines	(d)	**99.39**	99.00
Bankard, Inc. (Bankard)	Philippines	(e)	**89.98**	89.99
Merchants Savings and Loan Association, Inc. (Rizal Microbank)	Philippines		**97.47**	97.47
RCBC Leasing and Finance Corporation (RCBC LFC)	Philippines		**97.79**	–
RCBC Rental Corporation	Philippines	(f)	**97.79**	–

Subsidiaries/Associates	Country of Incorporation	Explanatory Notes	Effective Percentage of Ownership 2012	2011
Special Purpose Companies (SPCs):		(g)		
Best Value Property and Development Corporation	Philippines		**100.00**	100.00
Cajel Realty Corporation	Philippines		**100.00**	100.00
Crescent Park Property and Development Corporation	Philippines		**100.00**	100.00
Crestview Properties Development Corporation	Philippines		**100.00**	100.00
Eight Hills Property and Development Corporation	Philippines		**100.00**	100.00
Fairplace Property and Development Corporation	Philippines		**100.00**	100.00
Gold Place Properties Development Corporation	Philippines		**100.00**	100.00
Goldpath Properties Development Corporation (Goldpath)	Philippines		**100.00**	100.00
Greatwings Properties Development Corporation	Philippines		**100.00**	100.00
Happyville Property and Development Corporation	Philippines		**100.00**	100.00
Landview Property and Development Corporation	Philippines		**100.00**	100.00
Lifeway Property and Development Corporation	Philippines		**100.00**	100.00
Niceview Property and Development Corporation	Philippines		**100.00**	100.00
Niyog Property Holdings, Inc. (NPHI)	Philippines	(h)	**100.00**	100.00
Princeway Properties Development Corporation	Philippines		**100.00**	100.00
Stockton Realty Development Corporation	Philippines		**100.00**	100.00
Top Place Properties Development Corporation	Philippines		**100.00**	100.00
Associates:				
RCBC Land, Inc. (RLI)	Philippines		**49.00**	49.00
YGC Corporate Services, Inc. (YCS)	Philippines		**40.00**	40.00
Luisita Industrial Park Co. (LIPC)	Philippines		**35.00**	35.00
RCBC Realty Corporation (RRC)	Philippines	(i)	**34.80**	34.80
Honda Cars Phils., Inc. (HCPI)	Philippines		**12.88**	12.88
Roxas Holdings, Inc. (RHI)	Philippines	(j)	**7.11**	7.11

Explanatory Notes:

(a) Includes 16.03% ownership of RCBC IFL in 2012 and 2011
(b) A wholly owned subsidiary of RCBC IFL
(c) A wholly owned subsidiary of RCBC Capital
(d) On February 15, 2011, the Parent Company made the third and last tranche of capital infusion to RCBC JPL totalling P125. As of December 31, 2012, the Parent Company established its full and irrevocable voting and economic rights for 99.39% of RCBC JPL's outstanding shares (see Note 11).
(e) As of December 31, 2012, the Parent Company has 65.42% direct ownership and 24.56% indirect ownership through RCBC Capital.
(f) A wholly owned subsidiary of RCBC LFC
(g) Except for NPHI, the SPCs are wholly owned subsidiaries of RSB
(h) The Parent Company has 48.11% direct ownership and 51.89% indirect ownership through RSB.
(i) The Parent Company has 25.0% direct ownership and 9.8% indirect ownership through RLI.
(j) The Parent Company has 2.36% direct ownership and 4.75% indirect ownership through RCBC Capital (see Note 11).

1.03 Approval of Financial Statements

The financial statements as of and for the year ended December 31, 2012 (including the comparatives for the years ended December 31, 2011 and 2010) were approved and authorized for issue by the Board of Directors (BOD) on March 25, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the periods presented, unless otherwise stated.

2.01 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Financial Reporting Standards in the Philippines for Banks

The consolidated financial statements of the Group and the separate financial statements of the Parent Company have been prepared in accordance with the Financial Reporting Standards in the Philippines for Banks (FRSPB).

FRSPB are similar to Philippine Financial Reporting Standards (PFRS), which are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), except for the following accounting treatments of certain financial instruments which are not allowed under PFRS, but were allowed under FRSPB as permitted by the Bangko Sentral ng Pilipinas (BSP) for prudential reporting, and by the Securities and Exchange Commission (SEC) for financial reporting purposes: (i) the non-separation of the embedded derivatives in credit-linked notes (CLNs) and other similar instruments that are linked to Republic of the Philippines (ROP) bonds to their host instruments and reclassification of ROP bonds together with the embedded derivatives in CLN from the fair value through profit or loss (FVTPL) classification to loans and receivables and available-for-sale (AFS) classifications; and (ii) the reclassification of certain financial assets previously classified under AFS category due to the tainting of held-to-maturity (HTM) portfolio back to HTM category. The effects of the reclassifications to certain statement of financial position items as of December 31, 2012 and 2011 and net profit for the years then ended under FRSPB are discussed fully in Note 10.01.

These financial statements have been prepared using the measurement bases specified by FRSPB for each type of resource, liability, income and expense. These financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1, *Presentation of Financial Statements.* The Group presents all items of income and expenses in two statements: a statement of income and a statement of comprehensive income.

Two comparative periods are presented for the statement of financial position when the Group applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements. In 2012, the Group restated its 2011 and 2010 financial statements to (a) recognize the proportionate share in RCBC LFC's surplus resulting from the Parent Company's acquisition of RCBC LFC's net assets under the pooling of interests method (see Note 22.04) and, (b) to fully recognize the losses resulting from the sale of the non-performing assets (NPAs) qualified for derecognition and to recognize in the books the additional allowance for impairment on those NPAs not qualified for derecognition (see Note 10.02). Accordingly, two comparative periods were presented for the statement of financial position. In this connection, the Group and the Parent Company early adopted PAS 1 (Amendment) which clarifies the related notes on the opening statement of financial position to be presented (see Note 2.02[c]).

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Group's functional and presentation currency (see also Note 2.19). All amounts are in millions, except number of shares and per share data or when otherwise indicated.

Items included in the financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.02 Adoption of New and Amended PFRS

(a) Effective in 2012 that are Relevant to the Group

In 2012, the Group adopted the following amendments to PFRS that are relevant to the Group and effective for financial statements for the annual period beginning on or after July 1, 2011 or January 1, 2012:

PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Transfers of Financial Assets
PAS 12 (Amendment)	:	Income Taxes – Deferred Taxes: Recovery of Underlying Assets

Discussed below are the relevant information about these amended standards.

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets.* The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group does not usually enter into this type of arrangement with regard to transfer of financial assets, hence, the amendment did not significantly change the Group's disclosures in its financial statements.

(ii) PAS 12 (Amendment), *Income Taxes – Deferred Taxes: Recovery of Underlying Assets.* The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset that arises from investment property measured at fair value under PAS 40, *Investment Property* should reflect the tax consequence of recovering the carrying amount of the asset entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) that is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. Moreover, Standing Interpretations Committee (SIC) 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets,* is accordingly withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment* should always be measured on a sale basis of the asset. The amendment has no significant impact on the Group's financial statements as the Group has no investment properties and land classified in bank premises, furniture, fixtures and equipment that are measured using the revaluation model.

(b) Effective in 2012 but is not Relevant to the Group

PFRS 1, *First-time Adoption of PFRS,* was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time. The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant to the Group's financial statements.

(c) Early Adoption of PAS 1 (Amendment)

In the preparation of the 2012 financial statements, the Group adopted early the amendment made to PAS 1, issued by the FRSC as part of the Annual Improvements to PFRS 2009-2011 Cycle, which will be effective for the annual period beginning on or after January 1, 2013. The amendment clarifies that when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present a third statement of financial position as at the beginning of that preceding period. Other than disclosures of certain specified information in Note 22, the related notes to the opening statement of financial position are no longer required to be presented.

(d) Effective Subsequent to 2012 but not Adopted Early

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group's management expects that this will change the current presentation of items in other comprehensive income (i.e., unrealized fair value gains and losses on AFS securities).

(ii) PAS 19 (Revised), *Employee Benefits* (effective from January 1, 2013). The revision made a number of changes as part of the improvements throughout the standard. The main changes relate to defined benefit plans as follows:

- eliminates the corridor approach under the existing guidance of PAS 19 and requires an entity to recognize all gains and losses arising in the reporting period;
- streamlines the presentation of changes in plan assets and liabilities resulting in the disaggregation of changes into three main components of service costs, net interest on net defined benefit obligation or asset, and remeasurement; and,
- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

As a result of the revision, the Group's unrecognized actuarial gain amounting to P206 and the Parent Company's unrecognized actuarial gain amounting to P358 as of December 31, 2012 will be retrospectively recognized as gain in other comprehensive income (under Equity Section) in 2013 (see Note 24).

(iii) Consolidation Standards

The Group is currently reviewing the impact on its consolidated financial statements of the following consolidation standards which will be effective from January 1, 2013:

- PFRS 10, *Consolidated Financial Statements.* This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess.
- PFRS 12, *Disclosure of Interest in Other Entities.* This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.
- PAS 27 (Amendment), *Separate Financial Statements.* This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in the new PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Amendment), *Investments in Associate and Joint Venture.* This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11, *Joint Arrangement.*

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (IFRS) 10, IFRS 11 and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

(iv) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the Group's and Parent Company's financial statements.

(v) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement,* in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding them to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and as such, the entity shall apply measurement to the entire hybrid contract, depending on whether the contract is at fair value or amortized cost.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address certain application issues.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed by the accounting standard setters.

The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the Group and is committed to conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(vi) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the Group but management does not expect these to have a material impact on the Group's and Parent Company's financial statements:

(a) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory.

(b) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity.

2.03 Basis of Consolidation and Accounting for Investments in Subsidiaries and Associates in Separate Financial Statements

The Group obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Note 1.02, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. The Group accounts for its investments in subsidiaries and associates, and non-controlling interest as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Parent Company obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date when the Parent Company obtains control until such time that such control ceases.

Acquired subsidiaries are subject to either of the following relevant policies:

i. *Purchase method* involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies.

   Goodwill (positive) represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Negative goodwill represents the excess of the Group's share in the fair value of identifiable net assets of the subsidiary at the date of acquisition over acquisition cost.

ii. *Pooling of interest* is applicable for business combinations involving entities under common control. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their book values. Adjustments, if any, are recorded to achieve uniform accounting policies. The combining entities' results and financial positions are presented in the consolidated financial statements as if they had always been combined.

   No goodwill or negative goodwill is recognized. Any difference between the cost of the investment and the subsidiary's identifiable net assets is presented as part of a separate reserve within equity on consolidation.

(b) Transactions with Non-controlling Interests

Non-controlling interests represent the portion of the net assets and profit or loss not attributable to the Group. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in profit or loss. Purchases of equity shares from non-controlling interests may result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

In the consolidated financial statements, the non-controlling interest component is shown as part of the consolidated statement of changes in capital funds.

(c) Investments in Associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in joint ventures. In the consolidated financial statements, Investments in Associates are initially recognized at cost and subsequently accounted for using the equity method. Under the equity method, the Group recognizes in profit or loss its share in the earnings or losses of the associates. The cost of the investment is increased or decreased by the Group's equity in net earnings or losses of the associates since the date of acquisition. Dividends received are recorded as reduction in the carrying values of the investments. Acquired investments in associates are also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognized as investments in associates. All subsequent changes to the share of interest in the equity of the associate are recognized in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are charged against Equity in Net Earnings of Associates in the Group's statements of income and therefore affect the net results of the Group. These changes include subsequent depreciation, amortization or impairment of the fair value adjustments of assets and liabilities. Items that have been directly recognized in the associate's equity, for example, resulting from the associate's accounting for AFS securities, are recognized in the consolidated statement of changes in capital funds of the Group. No effect on the Group's net results or capital funds is recognized in the course of these transactions. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Parent Company's financial statements, Investments in Subsidiaries and Associates are accounted for at cost, less any impairment loss (see Note 2.20). Investment costs are inclusive of positive goodwill, if any. If there is an objective evidence that the investments in subsidiaries and associates will not be recovered, an impairment loss is provided. Impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial assets. The amount of the impairment loss is recognized in profit or loss.

2.04 Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a segment engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group's operations are structured according to the nature of the services provided (primary segment) and different geographical markets served (secondary segment). Financial information on business segments is presented in Note 6.

2.05 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: FVTPL, loans and receivables, HTM investments and AFS securities. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized as expense in profit or loss.

A more detailed description of each of the four categories of financial assets is as follows:

(a) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at FVTPL upon initial recognition. All derivatives fall into this category, except for designated and effective as hedging instruments.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets may be reclassified out of FVTPL category if they are no longer held for the purpose of being sold or repurchased in the near term. Derivatives and financial assets originally designated as financial assets at FVTPL may not be subsequently reclassified, except for derivatives embedded in CLNs linked to ROP bonds, as allowed by BSP for prudential reporting and SEC for financial reporting purposes.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets (except for CLNs linked to ROP bonds which were reclassified from AFS – see Note 2.07) with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to the debtor with no intention of trading the receivables. Included in this category are those arising from direct loans to customers, interbank loans and receivables, sales contract receivable, all receivables from customers/debtors and cash and cash equivalents. Cash and cash equivalents comprise cash, non-restricted balances with the BSP and amounts due from other banks, which are either non-maturing or with less than three months maturity from the date of acquisition.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss, except for changes in fair values of reclassified financial assets under PAS 39 and PFRS 7 (Amendments). Increases in estimates of future cash receipts from such financial assets shall be recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than as an adjustment to the carrying amount of the financial asset at the date of the change in estimate.

Impairment losses are the estimated amount of losses in the Group's loan portfolio, based on the evaluation of the estimated future cash flows discounted at the loan's original effective interest rate or the last repricing rate for loans issued at variable rates (see Note 2.06). It is established through an allowance account which is charged to expense. Loans and receivables are written off against the allowance for impairment losses when management believes that the collectibility of the principal is unlikely, subject to BSP regulations.

(c) HTM Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Should the Group sell other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS securities, except as may be allowed by the BSP and SEC. The tainting provision will not apply if the sales or reclassifications of HTM investments are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or are attributable to an isolated event that is beyond the control of the Group, is non-recurring and could not have been reasonably anticipated by the Group. HTM investments are subsequently measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows (see Note 2.06). Any changes to the carrying amount of the investment due to impairment are recognized in profit or loss.

(d) AFS Securities

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS securities include government bonds, corporate bonds and equity securities.

Non-derivative financial assets classified as AFS securities that would have met the definition of loans and receivables may be reclassified to loans and receivables category if there is an intention and ability to hold that financial asset for the foreseeable future or until maturity. Any previous gain or loss on the asset that has been recognized in the capital funds shall be amortized to profit or loss over the remaining life of the AFS security, in case of financial asset with a fixed maturity, using the effective interest method. Any difference between the new amortized cost and maturity amount shall also be amortized over the remaining life of the financial asset using the effective interest method.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserve account in capital funds. When the financial asset is disposed of or is determined to be impaired, the cumulative gains or losses recognized in other comprehensive income is reclassified from revaluation reserve in capital funds to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Reversal of impairment losses are recognized in other comprehensive income, except financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes the fair value by using valuation techniques, which include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Gains and losses arising from changes in the fair value of the financial assets at FVTPL category are included in Trading and Securities Gains – Net account in the statements of income in the period in which they arise. Gains and losses arising from changes in the fair value of AFS securities are recognized as other comprehensive income, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in capital funds shall be recognized in profit or loss. However, interest calculated using the effective interest method is recognized in profit or loss. Dividends on AFS equity instruments are recognized in profit or loss when the entity's right to receive payment is established.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.06 Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses have been incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

i. significant financial difficulty of the issuer or obligor;

ii. a breach of contract, such as a default or delinquency in interest or principal payments;

iii. the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;

iv. the occurrence of the probability that the borrower will enter bankruptcy or other financial reorganization;

v. the disappearance of an active market for that financial asset because of financial difficulties; or

vi. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: adverse changes in the payment status of borrowers in the group, or national or local economic conditions that correlate with defaults on the assets in the group.

(a) Assets Carried at Amortized Cost

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or HTM investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. If a loan or HTM investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan or receivable is determined to be uncollectible, it is written off against the related allowance for impairment. Such loan or receivable is written off after all the prescribed procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

(b) *Assets Carried at Fair Value*

In the case of equity investments classified as AFS securities, a significant or prolonged decline in the fair value of the securities below their cost is considered in determining whether the assets are impaired. If any such evidence exists for AFS securities, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from capital funds and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as AFS securities increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

(c) *Assets Carried at Cost*

If there is objective evidence of impairment for any of the unquoted equity securities and derivative assets linked to and required to be settled in such unquoted equity instruments, which are carried at cost, the amount of impairment loss is recognized. The impairment loss is the difference between the carrying amount of the equity security and the present value of the estimated future cash flows discounted at the current market rate of return of a similar asset. Impairment losses on assets carried at cost cannot be reversed.

2.07 Derivative Financial Instruments and Hedge Accounting

The Parent Company is a party to various foreign currency forward contracts, cross currency swaps, futures, and interest rate swaps. These contracts are entered into as a service to customers and as a means of reducing or managing the Parent Company's foreign exchange and interest rate exposures as well as for trading purposes. Amounts contracted are recorded as contingent accounts and are not included in the statement of financial position.

Derivatives are categorized as Financial Assets at FVTPL which are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from active markets for listed or traded securities or determined using valuation techniques if quoted prices are not available, including discounted cash flow models and options pricing models, as appropriate. The change in fair value of derivative financial instruments is recognized in profit or loss, except when their effects qualify as a hedging instrument. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Parent Company recognizes a gain or loss at initial recognition.

Certain derivatives embedded in other financial instruments, such as credit default swaps in a CLN, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at FVTPL. These embedded derivatives are measured at fair value, with changes in fair value recognized in profit or loss, except for the embedded derivatives in CLNs linked to ROP bonds which were not bifurcated from the host contracts and were reclassified to loans and receivables as permitted by BSP for prudential reporting and SEC for financial reporting purposes.

Except for derivatives that qualify as a hedging instrument, changes in fair value of derivatives are recognized in profit and loss. For a derivative that is designated as a hedging instrument, the method of recognizing the resulting fair value gain or loss depends on the type of hedging relationship. The Parent Company designates certain derivatives as either: (a) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedges); or (b) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided that certain criteria are met.

2.08 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amounts are reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.09 Bank Premises, Furniture, Fixtures and Equipment

Land is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated. All other bank premises, furniture, fixtures and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets as follows:

Buildings	20-40 years
Furniture, fixtures and equipment	3-15 years

Leasehold rights and improvements are amortized over the term of the lease or the estimated useful lives of the improvements, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.20).

The residual values and estimated useful lives of bank premises, furniture, fixtures and equipment (except land) are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of bank premises, furniture, fixtures and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.10 Investment Properties

Investment properties pertain to land, buildings or condominium units acquired by the Group and not held for sale in the next 12 months.

Investment properties are initially recognized at cost, which includes acquisition price plus directly attributable cost incurred such as legal fees, transfer taxes and other transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses (see Note 2.20).

The Group adopted the cost model in measuring its investment properties, hence, it is carried at cost less accumulated depreciation and any impairment in value. Depreciation and impairment loss are recognized in the same manner as in Bank Premises, Furniture, Fixtures and Equipment.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of retirement or disposal.

2.11 Real Estate Properties for Sale and Assets Held-for-sale

Real estate properties for sale (presented as part of Other Resources) pertain to real properties obtained by the Group through dacion and held by various SPCs for disposal.

Assets held-for-sale (presented as part of Other Resources) include other properties acquired through repossession or foreclosure or purchase that the Group intends to sell within one year from the date of classification as held-for-sale and is committed to immediately dispose the assets through an active marketing plan.

Assets classified as held-for-sale are measured at the lower of their carrying amounts, immediately prior to their classification as held-for-sale and their fair value less costs to sell. Assets classified as held-for-sale are not subject to depreciation or amortization.

The profit or loss arising from the sale or revaluation of held-for-sale assets is included in the Other Operating Income (Expenses) account in the statement of income.

2.12 Intangible Assets

Intangible assets include goodwill, branch licenses, and computer software licenses.

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired at the date of acquisition. Branch licenses, on the other hand, represent the rights given to the Group to establish certain number of branches in the restricted areas in the country as incentive in acquiring a certain rural bank.

Goodwill is classified as intangible asset with indefinite useful life and, thus, not subject to amortization but would require an annual test for impairment (see Note 2.20). Goodwill is subsequently carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

Branch licenses are amortized over five years, their estimated useful life, starting from the month the branch is opened.

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives of the software (three to ten years).

Costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overhead costs.

Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives (not exceeding ten years).

2.13 Other Resources

Other resources pertain to other assets controlled by the Group as a result of past events. These are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

2.14 Financial Liabilities

Financial liabilities include deposit liabilities, bills payable, bonds payable, subordinated debt, accrued interest and other expenses, and other liabilities (except tax-related payables).

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognized as an expense in profit or loss.

Financial liabilities are generally recognized at their fair value initially and subsequently measured at amortized cost less settlement payments.

Deposit liabilities are stated at amounts in which they are to be paid. Interest is accrued periodically and recognized in a separate liability account before recognizing as part of deposit liabilities.

Bills payable, bonds payable and subordinated debt are recognized initially at fair value, which is the issue proceeds (fair value of consideration received), net of direct issue costs. Bills payable, bonds payable and subordinated debt are subsequently measured at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Derivative financial liabilities represent the cumulative changes in net fair value losses arising from the Group's currency forward transactions and interest rate swaps.

Dividend distributions to shareholders are recognized as financial liabilities when the dividends are approved by the BSP.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.15 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase is provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

The Parent Company, for its credit card business' rewards program, offers monetized rewards to active cardholders. Provisions for rewards are recognized at a certain rate of cardholders' credit card availments, determined by management based on redeemable amounts.

2.16 Capital Funds

Preferred and common stocks represent the nominal value of shares that have been issued.

Treasury shares are stated at the cost of reacquiring such shares.

Capital paid in excess of par includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Hybrid perpetual securities reflect the net proceeds from the issuance of non-cumulative step-up callable perpetual securities.

Revaluation reserves on AFS securities pertain to changes in the fair values of AFS securities resulting in net gains and losses as a result of the revaluation of AFS securities.

Accumulated translation adjustments represent the cumulative gain from the translation of the financial statements of foreign subsidiaries whose functional currency is different from that of the Group.

Reserve for trust business represents the accumulated amount set aside under existing regulations requiring the Parent Company and a subsidiary to carry to surplus 10% of its net profits accruing from trust business until the surplus shall amount to 20% of the regulatory capital. The reserve shall not be paid out in dividends, but losses accruing in the course of the trust business may be charged against this account.

Other reserves refer to the amount attributable to the Parent Company arising from the change in the ownership of the non-controlling interest in the Parent Company's subsidiaries. This also includes the excess of cost of investment over net identifiable assets of an acquired subsidiary under the pooling of interest method (see Note 22.04).

Surplus includes all current and prior period results as disclosed in the statement of income.

Non-controlling interests represent the portion of the net assets and profit or loss not attributable to the Group and are presented separately in the consolidated statements of income and comprehensive income and within capital funds in the consolidated statements of financial position and changes in capital funds.

2.17 Revenue and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Expenses are recognized in profit or loss upon utilization of the assets or services or at the date they are incurred.

The following specific recognition criteria must also be met before revenue or expense is recognized:

(a) *Interest Income and Expense* are recognized in the statement of income for all instruments measured at amortized cost using the effective interest method.

    The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

    Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(b) *Trading and Securities Gains (Losses)* are recognized when the ownership of the securities is transferred to the buyer (at an amount equal to the excess or deficiency of the selling price over the carrying amount of securities) and as a result of the year-end mark-to-market valuation of certain securities.

(c) *Service Fees and Commissions* include the following accounts:

    i. *Finance charges* are recognized on credit card revolving accounts, other than those accounts classified as installment, as income as long as those outstanding account balances are not 90 days and over past due. Finance charges on installment accounts, first year and renewal membership fees are recognized as income when billed to cardholders. Purchases by cardholders which are collected on installment are recorded at the cost of items purchased.

ii. *Late payment fees* are billed on delinquent credit card receivable balances until 179 days past due. These late payment fees are recognized as income upon collection.

iii. *Loan syndication fees* are recognized upon completion of all syndication activities and where there are no further obligations to perform under the syndication agreement. Service charges and penalties are recognized only upon collection or accrued where there is a reasonable degree of certainty as to its collectibility.

iv. *Discounts earned*, net of interchange costs, are recognized as income upon presentation by member establishments of charges arising from RCBC Bankard and non-RCBC Bankard (associated with MasterCard, JCB and VISA labels) credit card availments passing through the Point of Sale (POS) terminals of the Parent Company. These discounts are computed based on agreed rates and are deducted from the amounts remitted to member establishments. Interchange costs pertain to the other credit card companies' share in RCBC Bankard's merchant discounts whenever their issued credit cards transact in the Parent Company's POS terminal.

(d) *Profit from assets sold or exchanged* is recognized when the title to the acquired assets is transferred to the buyer, or when the collectibility of the entire sales price is reasonably assured.

2.18 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(b) *Group as Lessor*

Leases which transfer to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.19 Foreign Currency Transactions and Translations

(a) *Transactions and Balances*

Except for the foreign subsidiaries and accounts of the Group's foreign currency denominated unit (FCDU), the accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing at transaction dates. Resources and liabilities denominated in foreign currencies are translated to Philippine pesos at the prevailing Philippine Dealing System closing rates (PDSCR) at the end of the reporting period.

For financial reporting purposes, the accounts of the FCDU are translated into their equivalents in Philippine pesos based on the PDSCR prevailing at the end of the period (for resources and liabilities) and at the average PDSCR for the period (for income and expenses). Any foreign exchange difference is recognized in profit or loss.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary resources and liabilities denominated in foreign currencies are recognized in profit or loss, except when deferred in capital funds as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary items, such as equities held at FVTPL, are reported as part of the fair value gain or loss.

(b) *Translation of Financial Statements of Foreign Subsidiaries*

The results and financial position of all the foreign subsidiaries (none of which has the currency dependency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Resources and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each statement of income are translated at average exchange rates during the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions' dates, in which case income and expenses are translated at the dates of the transactions); and

- All resulting exchange differences are recognized as a component of capital funds.

In consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to capital funds. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

The translation of the financial statements into Philippine peso should not be construed as a representation that the amounts stated in currencies other than the Philippine peso could be converted in Philippine peso amounts at the translation rates or at any other rates of exchange.

2.20 Impairment of Non-financial Assets

Investments in subsidiaries and associates, bank premises, furniture, fixtures and equipment, investment properties, deferred tax asset, and other resources (including intangible assets) are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.21 Employee Benefits

(a) Post-employment Benefits

Post-employment benefits are provided to employees through a defined benefit plan, as well as a defined contribution plan.

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's post-employment defined benefit pension plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The asset recognized in the statement of financial position for post-employment defined benefit pension plans is the fair value of plan assets at the end of the reporting period less the present value of the defined benefit obligation (DBO), together with adjustments for unrecognized actuarial gain or loss and past service costs. The DBO is calculated by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of a zero coupon government bonds as published by Philippine Dealing Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gain and loss are not recognized as an expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past service costs are recognized immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity such as the Social Security System. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred.

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: *(i)* terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or *(ii)* providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

(c) Bonus Plans

The Group recognizes a liability and an expense for bonuses, based on a formula that is fixed regardless of the Group's income after certain adjustments and does not take into consideration the profit attributable to the Group's shareholders. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(d) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Accrued Interest, Taxes, and Other Expenses account at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.22 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in capital funds, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, tax authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statement of income.

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in capital funds are recognized in other comprehensive income or directly in capital funds.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.23 Related Party Relationships and Transactions

Related party transactions are transfer of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and (d) the Group's retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.24 Earnings Per Share

Basic earnings per share is determined by dividing the net profit for the year attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect to any stock dividends declared in the current period.

Diluted earnings per share is also computed by dividing net profit by the weighted average number of common shares subscribed and issued during the period. However, net profit attributable to common shares and the weighted average number of common shares outstanding are adjusted to reflect the effects of potentially dilutive convertible preferred shares. Convertible preferred shares are deemed to have been converted into common shares at the issuance of preferred shares.

2.25 Trust Activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not resources of the Group.

2.26 Events After the End of the Reporting Period

Any post year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements (see Note 31).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Group's financial statements prepared in accordance with FRSPB require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.01 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Classifying Financial Assets as HTM Investments

The Group follows the guidance of PAS 39, *Financial Instruments: Recognition and Measurement,* in classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as HTM investments.

This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments at maturity other than for the allowed specific circumstances – for example, selling a not insignificant amount close to maturity – it will be required to reclassify the entire class to AFS. However, the tainting provision will not apply if the sales or reclassifications of HTM investments are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; or occurs after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or are attributable to an isolated event that is beyond the control of the Group, is nonrecurring and could not have been reasonably anticipated by the Group. The investments would therefore be measured at fair value and not at amortized cost.

In 2011, the Group and Parent Company disposed more than insignificant amount of its HTM investments with carrying value of P6,250 and P3,124, respectively. Consequently, the Group and Parent Company reclassified the remaining HTM with amortized cost of P19,210 and P19,183, respectively, to AFS securities and are no longer allowed to classify subsequent investments to HTM until 2014.

(b) Impairment of AFS securities

The Group also follows the guidance of PAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. For investments issued by counterparty under bankruptcy, the Group determines permanent impairment based on the price of the most recent transaction and on latest indications obtained from reputable counterparties (which regularly quotes prices for distressed securities) since current bid prices are no longer available.

The Group recognized allowance for impairment on its AFS securities amounting to P776 and P715 as of December 31, 2012 in the Group's and Parent Company's financial statements, respectively, and P1,157 and P1,052 as of December 31, 2011 in the Group's and Parent Company's financial statements, respectively (see Note 9).

(c) *Distinction Between Investment Properties and Owner-occupied Properties*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property-generated cash flows are largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in operations or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property.

The Group considers each property separately in making its judgment.

(d) *Distinction between Operating and Finance Leases*

The Group has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(e) *Classification and Fair Value Determination of Acquired Properties*

The Group classifies its acquired properties as Bank Premises, Furniture, Fixtures and Equipment if used in operations, as Assets Held-for-sale if the Group expects that the properties will be recovered through sale rather than use, as Investment Property if held for currently undetermined future use and is regarded as held for capital appreciation, or as Financial Assets in accordance with PAS 39. At initial recognition, the Group determines the fair value of acquired properties through internally and externally generated appraisal. The appraised value is determined based on the current economic and market conditions, as well as the physical condition of the property.

(f) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.15 and relevant disclosures are presented in Note 30.

3.02 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next financial year.

(a) *Estimating Impairment Losses on Loans and Receivables and HTM Investments*

The Group reviews its loans and receivables and HTM investments portfolios to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the portfolio before the decrease can be identified with an individual item in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers or issuers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The carrying value of the Group's and Parent Company's loans and receivables and the analysis of the allowance for impairment on such financial assets are shown in Note 10. The Group and the Parent Company have no HTM investments as of December 31, 2012 and 2011.

(b) *Fair Value Measurement for Financial Assets at FVTPL and AFS Securities*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Group had utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit or loss and other comprehensive income.

The carrying values of the Group's and Parent Company's financial assets at FVTPL and AFS securities and the amounts of fair value changes recognized during the years on those assets are disclosed in Notes 8 and 9, respectively.

(c) *Estimating Useful Lives of Bank Premises, Furniture, Fixtures and Equipment, Investment Properties and Software*

The Group estimates the useful lives of bank premises, furniture, fixtures and equipment, investment properties and software based on the period over which the assets are expected to be available for use. The estimated useful lives of bank premises, furniture, fixtures and equipment, investment properties and software are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amount of bank premises, furniture, fixtures and equipment, investment properties and software are analyzed in Notes 12, 13 and 14, respectively. Based on management's assessment as at December 31, 2012 and 2011, there are no changes in the useful lives of bank premises, furniture, fixtures and equipment, investment properties and software during the period. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) *Fair Values of Financial Resources and Liabilities*

The following table summarizes the carrying amounts and fair values of those significant financial resources and liabilities not presented on the statements of financial position at their fair value:

	Group			
	2012		2011 (As Restated – See Note 22)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and other cash items	**P 9,380**	**P 9,380**	P 8,163	P 8,163
Due from BSP	**36,620**	**36,620**	34,283	34,283
Due from other banks	**5,879**	**5,879**	3,769	3,769
Loans and receivables	**190,808**	**191,328**	186,192	186,240
Other resources	**1,012**	**1,012**	615	615
Deposit liabilities:				
Demand	**10,568**	**10,568**	10,001	10,001
Savings	**130,302**	**130,302**	134,238	134,238
Time	**105,887**	**105,887**	111,044	111,044
Bills payable	**26,387**	**26,387**	18,037	18,037
Bonds payable	**21,553**	**22,675**	10,905	12,444
Accrued interest and other expenses	**4,249**	**4,249**	3,747	3,747
Other liabilities	**7,735**	**7,735**	5,459	5,459
Subordinated debt	**10,987**	**11,457**	10,966	11,847

	Parent			
	2012		2011 (As Restated – See Note 22)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and other cash items	**P 7,432**	**P 7,432**	P 6,560	P 6,560
Due from BSP	**31,590**	**31,590**	22,990	22,990
Due from other banks	**5,139**	**5,139**	2,965	2,965
Loans and receivables	**153,078**	**153,598**	153,989	149,336
Other resources	**991**	**991**	596	596
Deposit liabilities				
Demand	**8,891**	**8,891**	8,341	8,341
Savings	**110,748**	**110,748**	108,562	108,562
Time	**76,796**	**76,796**	87,131	87,131
Bills payable	**23,971**	**23,971**	16,147	16,147
Bonds payable	**21,553**	**22,675**	10,905	12,444
Accrued interest and other expenses	**3,250**	**3,250**	2,719	2,719
Other liabilities	**5,459**	**5,459**	4,198	4,198
Subordinated debt	**10,987**	**11,457**	10,966	11,847

See Notes 2.05 and 2.14 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management policies and objectives for financial instruments is provided in Note 4.

(e) *Determining Fair Value of Derivatives*

The fair value of derivative financial instruments that are not quoted in an active market is determined through valuation techniques using the net present value computation.

Valuation techniques are used to determine fair values which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions could affect reported fair value of financial instruments. The Group uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(f) *Determining Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying value of recognized and unrecognized deferred tax assets as of December 31, 2012 and 2011 is disclosed in Note 27.01.

(g) *Estimating Impairment of Non-financial Assets*

Except for intangible assets with indefinite useful lives, PFRS requires that an impairment review be performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.20. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

(h) *Valuation of Post-employment Defined Benefits*

The determination of the Group's obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 24 and include, among others, discount rates, expected return on plan assets and salary increase rate. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The amounts of retirement benefit asset/liability and income/expense and the analysis of the movements in the estimated present value of the retirement obligation are presented in Note 24.

4. RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group is exposed to risks that are particular to its operating, investing, and financing activities, and the business environment in which it operates. The Group's objectives in risk management are to ensure that it identifies, measures, monitors, and controls the various risks that arise from its business activities, and that it adheres strictly to the policies, procedures, and control systems which are established to address these risks.

A committee system is a fundamental part of the Group's process of managing risk. Three committees of the BOD are relevant in this context.

- The Executive Committee (EXCOM), which meets weekly, approves credit policies and decides on large counter-party credit facilities and limits. Next to the BOD, the EXCOM is the highest approving body in the Group; and has the authority to pass judgment upon such matters as the BOD may entrust to it for action in between meetings.

- The Risk Oversight Committee (ROC), which meets monthly, carries out the BOD's oversight responsibility for group risk management, covering credit, market and operational risks under Pillar 1 of the Basel II framework; as well as the management of other material risks determined under Pillar II and the Internal Capital Adequacy Assessment Process (ICAAP) (see Note 5.02). Risk limits are reviewed and approved by the ROC.

- The Audit Committee, which meets monthly, reviews the results of Internal Audit examinations and recommends remedial actions to the BOD as appropriate.

Two senior management committees also provide a regular forum to take up risk issues.

- The Credit and Collection Committee, chaired by the Chief Executive Officer (CEO) and composed of the heads of credit risk-taking business units and the head of credit management segment, meets weekly to review and approve credit exposures within its authority. It also reviews plans and progress on the resolution of problem loan accounts.

- The Asset/Liability Committee (ALCO), chaired by the Treasurer of the Parent Company but with the participation of the CEO and key business and support unit heads including the President of the major subsidiary, RSB, meets weekly to appraise market trends, and economic and political developments. It provides direction in the management of interest rate risk, liquidity risk, foreign currency risk, and trading and investment portfolio decisions. It sets prices/rates for various asset and liability and trading products, in light of funding costs and competitive and other market conditions. It receives confirmation that market risk limits (as described in the succeeding pages) are not breached; or if breached, provides guidance on the handling of the relevant risk exposure in between ROC meetings.

The Parent Company established a Corporate Risk Management Services (CRISMS) Group, headed by the Chief Risk Officer, to ensure the Group-wide and consistent implementation of the objectives of risk identification, measurement and/or assessment, mitigation, and monitoring are pursued via practices commensurate with the risk profile. CRISMS is independent of all risk-taking business segments and reports directly to the BOD's ROC. It participates in the Credit and Collection Committee (through the head of credit management segment) and in ALCO.

In addition to established risk management systems and controls, the Group holds capital commensurate with the levels of risk it undertakes (see Note 5) in accordance with regulatory capital standards and internal benchmarks set by the Group's BOD.

4.01 Group's Strategy in Using Financial Instruments

It is the Group's intent to generate returns mainly from their traditional financial intermediation and service-provision activities, augmented by returns from positions based on views of the financial markets. The main source of risk, therefore, remains to be that arising from credit risk exposures. Nevertheless, within BSP regulatory constraints, and subject to limits and parameters established by the BOD, the Group is exposed to liquidity risk and interest rate risk inherent in the statement of financial position, and other market risks, which include foreign exchange risk.

In the course of performing financial intermediation function, the Group accepts deposits from customers at fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. Given a normal upward-sloping yield curve, a conventional strategy to enhance margin is the investment of short-term funds in longer-term assets, including fixed-income securities. While, in doing so, the Group maintains liquidity at prudent levels to meet all claims that fall due, the Group fully recognizes the consequent interest rate risk exposure. Foreign exchange risk arises from the Group's net foreign exchange positions.

The investment portfolio is composed mainly of marketable, sovereign-risk and private corporation debt papers. It also includes a small portfolio of equity securities and a modest exposure to credit derivatives, most of which the underlying is ROP sovereign debt.

Other than the aforementioned derivatives, short-term currency forward contracts are used mostly in the context of swap transactions where an offsetting spot position is taken at the same time.

The Parent Company was granted additional derivatives authorities effective January 2011. Products approved under the Expanded Dealer Authority (Type 2) are foreign currency forward, non-deliverable forward, interest rate and cross currency swaps while CLNs and bond options were approved under the Limited Dealer Authority (Type 3). In February 2012, Bond Forwards, Non-deliverable Swaps and Foreign Exchange Options have been included under the same Limited Dealer Authority (Type 3).

4.02 Liquidity Risk

Liquidity risk is the potential insufficiency of funds available to meet the credit demands of the Group's customers to repay maturing liabilities. The Group manages liquidity risk by limiting the maturity mismatch between assets and liabilities, and by holding sufficient liquid assets of appropriate quality and marketability.

The Group recognizes the liquidity risk inherent in their activities, and identifies, measures, monitors and controls the liquidity risk inherent as financial intermediaries.

The Group's liquidity policy is to manage its operations to ensure that funds available are more than adequate to meet credit demands of its customers and to enable deposits to be repaid on maturity.

The Group's liquidity policies and procedures are set out in its funding and liquidity plan which contains certain funding requirements based on assumptions and uses asset and liability maturity *gap analysis.*

The *gap analyses* as of December 31, 2012 and 2011 in accordance with account classification of the BSP are presented in the succeeding pages.

Group

	2012					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-maturity**	**Total**
Resources:						
Cash	P 401	P –	P –	P –	P 8,979	P 9,380
Cash equivalents	18,483	–	104	–	23,912	42,499
Investments	22,506	927	23,513	46,671	5,508	99,125
Loans and receivables	16,802	26,972	40,900	68,133	38,001	190,808
Other resources	11,218	132	476	63	10,394	22,283
Total resources	69,410	28,031	64,993	114,867	86,794	364,095
Liabilities:						
Deposit liabilities	26,219	8,067	9,526	–	202,945	246,757
Bills payable	21,244	887	2,893	781	582	26,387
Bonds payable	–	–	21,553	–	–	21,553
Subordinated debt	6,987	–	4,000	–	–	10,987
Other liabilities	6,999	12	2	–	8,425	15,438
Total liabilities	61,449	8,966	37,974	781	211,952	321,122
Capital funds	–	15	4,883	–	38,075	42,973
Total liabilities and capital funds	61,449	8,981	42,857	781	250,027	364,095
On-book gap	7,961	19,050	22,136	114,086	(162,233)	–
Cumulative on-book gap	7,961	27,011	49,147	163,233	–	–
Contingent resources	41,317	16,676	971	–	–	58,964
Contingent liabilities	41,405	16,676	971	–	–	59,052
Total gap	(88)	–	–	–	–	(88)
Cumulative off-book gap	(88)	(88)	(88)	(88)	(88)	–
Cumulative total gap	P 7,873	P 26,923	P 49,059	P 163,145	(P 88)	P –

	2011 (As Restated – See Note 22)					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-maturity	Total
Resources:						
Cash	P 453	P –	P –	P –	P 7,710	P 8,163
Cash equivalents	26,525	395	80	25	11,027	38,052
Investments	22,036	109	7,489	52,028	9,679	91,341
Loans and receivables	39,058	27,135	43,693	43,129	33,177	186,192
Other resources	12,842	100	382	51	8,144	21,519
Total resources	100,914	27,739	51,644	95,233	69,737	345,267
Liabilities:						
Deposit liabilities	31,163	13,066	4,836	3,379	202,839	255,283
Bills payable	11,275	6,762	–	–	–	18,037
Bonds payable	–	–	10,905	–	–	10,905
Subordinated debt	–	–	10,966	–	–	10,966
Other liabilities	4,081	55	2	–	8,092	12,230
Total liabilities	46,519	19,883	26,709	3,379	210,931	307,421
Capital funds	–	15	4,883	–	32,948	37,846
Total liabilities and capital funds	46,519	19,898	31,592	3,379	243,879	345,267
On-book gap	54,395	7,841	20,052	91,854	(174,142)	–
Cumulative on-book gap	54,395	62,236	82,288	174,142	–	–
Contingent resources	138,277	23,423	905	–	–	162,605
Contingent liabilities	138,318	23,418	905	–	–	162,641
Total gap	(41)	5	–	–	–	(36)
Cumulative off-book gap	(41)	(36)	(36)	(36)	(36)	–
Cumulative total gap	P 54,354	P 62,200	P 82,252	P 174,106	(P 36)	P –

Parent

	2012					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-maturity**	**Total**
Resources:						
Cash	P 162	P –	P –	P –	P 7,270	P 7,432
Cash equivalents	15,916	–	–	–	20,813	36,729
Investments	10,325	826	23,013	44,394	11,607	90,165
Loans and receivables	12,376	19,650	21,389	63,761	35,902	153,078
Other resources	8,585	–	–	–	4,648	13,233
Total resources	47,364	20,476	44,402	108,155	80,240	300,637
Liabilities:						
Deposit liabilities	23,075	7,128	9,224	–	157,008	196,435
Bills payable	18,864	5,107	–	–	–	23,971
Bonds payable	–	–	21,553	–	–	21,553
Subordinated debt	6,987	–	4,000	–	–	10,987
Other liabilities	5,202	–	–	–	6,033	11,235
Total liabilities	54,128	12,235	34,777	–	163,041	264,181
Capital funds	–	–	4,883	–	31,573	36,456
Total liabilities and capital funds	54,128	12,235	39,660	–	194,614	300,637
On-book gap	(6,764)	8,241	4,742	108,155	(114,374)	–
Cumulative on-book gap	(6,764)	1,477	6,219	114,374	–	–
Contingent resources	41,306	16,676	971	–	–	58,953
Contingent liabilities	41,363	16,676	971	–	–	59,010
Total gap	(57)	–	–	–	–	(57)
Cumulative off-book gap	(57)	(57)	(57)	(57)	(57)	–
Cumulative total gap	(P 6,821)	P 1,420	P 6,162	P 114,317	(P 57)	P –

	2011 (As Restated – See Note 22)					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-maturity	Total
Resources:						
Cash	P 308	P –	P –	P –	P 6,252	P 6,560
Cash equivalents	19,696	395	–	–	5,864	25,955
Investments	11,303	–	7,229	51,646	14,084	84,262
Loans and receivables	16,206	20,285	26,342	40,641	50,515	153,989
Other resources	10,985	–	–	–	1,508	12,493
Total resources	58,498	20,680	33,571	92,287	78,223	283,259
Liabilities:						
Deposit liabilities	25,125	7,898	4,558	3,379	163,074	204,034
Bills payable	9,385	6,762	–	–	–	16,147
Bonds payable	–	–	10,905	–	–	10,905
Subordinated debt	–	–	10,966	–	–	10,966
Other liabilities	2,621	5	–	–	6,461	9,087
Total liabilities	37,131	14,665	26,429	3,379	169,535	251,139
Capital funds	–	–	4,883	–	27,237	32,120
Total liabilities and capital funds	37,131	14,665	31,312	3,379	196,772	283,259
On-book gap	21,367	6,015	2,259	88,908	(118,549)	–
Cumulative on-book gap	21,367	27,382	29,641	118,549	–	–
Contingent resources	138,258	23,423	905	–	–	162,586
Contingent liabilities	138,251	23,418	905	–	–	162,574
Total gap	7	5	–	–	–	12
Cumulative off-book gap	7	12	12	12	12	–
Cumulative total gap	P 21,374	P 27,394	P 29,653	P 118,561	P 12	P –

Pursuant to applicable BSP regulations, the Group is required to maintain reserves against deposits which are based on certain percentages of deposits. The required reserves against deposits shall be kept in the form of deposits placed in the Group's demand deposit accounts with the BSP. The BSP also requires the Parent Company and RSB to maintain asset cover of 100% for foreign currency liabilities of their FCDU, of which 30% must be in liquid assets.

4.02.01 Foreign Currency Liquidity Management

The liquidity risk management policies and objectives described also apply to the management of any foreign currency to which the Group maintains significant exposure. Specifically, the Group ensures that their measurement, monitoring, and control systems account for these exposures as well. The Group sets and regularly reviews limits on the size of their cash flow mismatches for each significant individual currency and in aggregate over appropriate time horizons. The Group also assesses their access to foreign exchange markets when setting up their risk limits.

Following BSP Circular No. 639 on ICAAP, the Group likewise calculates and maintains a level of capital needed to support unexpected losses attributable to liquidity risk (see Note 5.02).

4.02.02 Liquidity Risk Stress

To augment its gap analysis, the Group regularly assesses liquidity risk based on behavioral and hypothetical assumptions under stress conditions. The results of these liquidity stress simulations are reported monthly to the ROC.

4.03 Market Risk

The Group's exposure to market risk, as mentioned earlier, is the potential diminution of accrual earnings arising from the movement of market interest rates as well as the potential loss of market value, primarily of its holdings of debt securities and derivatives, due to price fluctuation. The market risks of the Group are: (a) foreign exchange risk, (b) interest rate risk and (c) equity price risk. The Group manages these risks via a process of identifying, analyzing, measuring and controlling relevant market risk factors, and establishing appropriate limits for the various exposures. The market risk metrics in use, each of which has a corresponding limit, include the following:

- Nominal Position – an open risk position that is held as of any point in time expressed in terms of the nominal amount of the exposure.

- Dollar Value of an 01 (DV01) – an estimate of the price impact due to a one-basis point change in the yield of fixed income securities. It effectively captures both the nominal size of the portfolio as well as its duration. A given DV01 limit accommodates various combinations of portfolio nominal size and duration, thus providing a degree of flexibility to the trading/risk taking function, but at the same time represents a ceiling to the rate sensitivity of the exposure according to the Group's risk appetite.

- Value-at-Risk (VaR) – an estimate of the amount of loss that a given risk exposure is unlikely to exceed during a given time period, at a given level of statistical confidence. Analytically, VaR is the product of: (a) the sensitivity of the market value of the position to movement of the relevant market risk factors and (b) the volatility of the market risk factor for the given time horizon at a specified level of statistical confidence. Typically, the Group uses a 99% confidence level for this measurement. VaR is used as a risk measure for trading positions, which are marked-to-market (as opposed to exposures resulting from banking, or accrual, book assets and liabilities). Foreign Exchange Position VaR uses a one-day holding period, while Fixed Income VaR uses a defeasance period assessed periodically as appropriate to allow an orderly unwinding of the position. VaR models are back-tested to ensure that results remain consistent with the expectations based on the chosen statistical confidence level. While the Parent Company and RSB use VaR as an important tool for measuring market risk, it is cognizant of its limitations, notably the following:

  - The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.

  - VaR is based on historical volatility. Future volatility may be different due to either random, one-time events or structural changes (including changes in correlation). VaR may be unable to capture volatility due to either of these.

  - The holding period assumption may not be valid in all cases, such as during periods of extremely stressed market liquidity.

  - VaR is, by definition, an estimate at a specified level of confidence. Losses may occur beyond VaR. A 99% VaR implies that losses can exceed VaR 1% of the time.

  - In cases where a parametric distribution is assumed to calculate VaR, the assumed distribution may not fit the actual distribution well.

  - VaR assumes a static position over the holding period. In reality, trading positions change, even during the trading day.

- Earnings-at-Risk (EaR) – more specifically, in its current implementation, refers to the impact on net interest income for a 12-month horizon of adverse movements in interest rates. For this purpose, the Group employs a gap analysis to measure the interest rate sensitivity of its statement of financial position (local and foreign currencies). As of a given reporting date, the interest rate gap analysis (see Note 4.03.02) measures mismatches between the amounts of interest-earning assets and interest-bearing liabilities re-pricing within "time buckets" going forward from the end of the reporting period. A positive gap means net asset sensitivity, which implies that an increase in the interest rates would have a positive effect on the Group's net interest income. Conversely, a negative gap means net liability sensitivity, implying that an increase in the interest rates would have a negative effect on the Group's net interest income. The rate movements assumed for measuring EaR are consistent with a 99% confidence level with respect to historical rate volatility, assuming a one-year holding period.

- Capital-at-Risk (CaR) – BSP Circular No. 544 refers to the estimation of the effect of interest rate changes as not only with respect to earnings, but also on the Group's economic value. The estimate therefore must consider the fair valuation effect of rate changes on non-trading positions. This includes both those positions with fair value changes against profit or loss, as well as those with fair value changes booked directly against capital funds (e.g., AFS securities); but excludes those whose fair value changes are considered substantially offset – in an economic, if not accounting, sense – by fair value changes of another statement of financial position item. Adding this to the EaR determined using the procedure described above provides a measure of capital subject to interest rate risk. The Group sets its CaR limit as a percentage of the capital funds in the statements of financial position.

In addition to the limits corresponding to the above measurements, the following are also in place:

- Loss Limit – represents a ceiling on accumulated month-to-date losses. For trading positions, a Management Action Trigger (MAT) is also usually defined to be at 50% of the Loss Limit. When MAT is breached, the risk-taking unit must consult with ALCO for approval of a course of action moving forward.

- Product Limit – the nominal position exposure for certain specific financial instruments is established.

Stress Testing, which uses more severe rate/price volatility and/or holding period assumptions, (relative to those used for VaR) is applied to marked-to-market positions to arrive at "worst case" loss estimates. This supplements the VaR measure, in recognition of its limitations already mentioned earlier.

A summary of the VaR position of the trading portfolios at December 31 is as follows:

Group

	2012			
	At December 31	**Average**	**Maximum**	**Minimum**
Foreign currency risk	P 14	P 20	P 61	P 3
Interest rate risk	83	256	403	104
Overall	**P 97**	**P 276**	**P 464**	**P 107**

	2011			
	At December 31	Average	Maximum	Minimum
Foreign currency risk	P 35	P 31	P 63	P 10
Interest rate risk	359	275	488	113
Overall	P 394	P 306	P 551	P 123

Parent

	2012			
	At December 31	**Average**	**Maximum**	**Minimum**
Foreign currency risk	P 13	P 19	P 60	P 3
Interest rate risk	42	109	188	43
Overall	**P 55**	**P 128**	**P 248**	**P 46**

	2011			
	At December 31	Average	Maximum	Minimum
Foreign currency risk	P 33	P 28	P 59	P 8
Interest rate risk	153	119	223	3
Overall	P 186	P 147	P 282	P 11

4.03.01 Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The net foreign exchange exposure, or the difference between foreign currency assets and foreign currency liabilities, is capped by current BSP regulations. Compliance with this ceiling by the Group and the respective foreign currency positions of its subsidiaries are reported to the BSP on a daily basis as required. Beyond this constraint, the Group manages its foreign exchange exposure by limiting it to within conservative levels justifiable from a return/risk perspective. In addition, the Group regularly calculates VaR for each currency position, which is incorporated in the foregoing market risk management discussion.

The breakdown of the financial resources and liabilities as to foreign and Philippine peso-denominated balances (after elimination of intercompany accounts/transactions) as of December 31 is as follows:

Group

	2012		
	Foreign Currencies	**Philippine Pesos**	**Total**
Resources:			
Cash and other cash items	P 928	P 8,452	P 9,380
Due from BSP	–	36,620	36,620
Due from other banks	5,333	546	5,879
Financial assets at FVTPL	3,129	8,363	11,492
AFS securities	58,075	25,612	83,687
Loans and receivables	31,430	159,378	190,808
Other resources	826	186	1,012
Liabilities:			
Deposit liabilities	52,300	194,457	246,757
Bills payable	23,971	2,416	26,387
Bonds payable	21,553	–	21,553
Accrued interest and other expenses	676	3,573	4,249
Other liabilities	650	7,059	7,735
Subordinated debt	–	10,987	10,987

	2011 (As Restated – See Note 22)		
	Foreign Currencies	Philippine Pesos	Total
Resources:			
Cash and other cash items	P 932	P 7,231	P 8,163
Due from BSP	–	34,283	34,283
Due from other banks	3,002	767	3,769
Financial assets at FVTPL	6,223	5,595	11,818
AFS securities	56,610	19,300	75,910
Loans and receivables	34,229	151,963	186,192
Other resources	435	180	615
Liabilities:			
Deposit liabilities	63,089	192,194	255,283
Bills payable	16,147	1,890	18,037
Bonds payable	10,905	–	10,905
Accrued interest and other expenses	439	3,308	3,747
Other liabilities	1,437	4,022	5,459
Subordinated debt	–	10,966	10,966

Parent

	2012		
	Foreign Currencies	**Philippine Pesos**	**Total**
Resources:			
Cash and other cash items	P 652	P 6,780	P 7,432
Due from BSP	–	31,590	31,590
Due from other banks	4,538	601	5,139
Financial assets at FVTPL	3,129	5,917	9,046
AFS securities	51,867	17,645	69,512
Loans and receivables	31,332	121,746	153,078
Other resources	826	165	991
Liabilities:			
Deposit liabilities	46,170	150,265	196,435
Bills payable	23,971	–	23,971
Bonds payable	21,553	–	21,553
Accrued interest and other expenses	664	2,586	3,250
Other liabilities	621	4,838	5,459
Subordinated debt	–	10,987	10,987

	2011 (As Restated – See Note 22)		
	Foreign Currencies	Philippine Pesos	Total
Resources:			
Cash and other cash items	P 644	P 5,916	P 6,560
Due from BSP	–	22,990	22,990
Due from other banks	2,436	529	2,965
Financial assets at FVTPL	6,223	5,018	11,241
AFS securities	48,998	12,784	61,782
Loans and receivables	33,151	120,838	153,989
Other resources	38	558	596
Liabilities:			
Deposit liabilities	55,971	148,063	204,034
Bills payable	16,147	–	16,147
Bonds payable	10,905	–	10,905
Accrued interest and other expenses	431	2,288	2,719
Other liabilities	1,022	3,176	4,198
Subordinated debt	–	10,966	10,966

4.03.02 Interest Rate Risk

The interest rate risk inherent in the Group's statements of financial position arises from re-pricing mismatches between resources and liabilities. The Group follows a policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. ALCO meets at least on a weekly basis to set rates for various financial assets and liabilities and trading products and employs *interest rate gap analysis* to measure interest rate sensitivity of the same.

The *interest rate gap analyses* of resources and liabilities as of December 31 based on re-pricing maturities appear on the succeeding pages. It should be noted that this interest rate gap analysis is based on certain assumptions, the key ones being:

- Loans and time deposits are subject to re-pricing on their contractual maturity dates. Non-performing loans, however, are not re-priced;
- Held-for-trading securities are treated as if they are assets subject to re-pricing within the first month maturity bucket; AFS securities re-price on contractual maturity; and
- Non-rate sensitive deposits such as Demand Accounts and Savings Accounts have a certain volatile portion that is responsive to interest rate changes. The size of this portion as well as its rate sensitivity was determined from historical analysis.

Group

	2012					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-rate Sensitive**	**Total**
Resources:						
Cash	P 239	P –	P –	P –	P 9,141	P 9,380
Cash equivalents	17,949	–	104	–	24,446	42,499
Investments	22,506	927	24,440	46,671	4,581	99,125
Loans and receivables	88,965	15,917	45,173	34,611	6,142	190,808
Other resources	2,633	132	609	63	18,846	22,283
Total resources	132,292	16,976	70,326	81,345	63,156	364,095
Liabilities:						
Deposit liabilities	88,346	7,407	20,121	–	130,883	246,757
Bills payable	25,674	65	65	1	582	26,387
Bonds payable	–	–	21,553	–	–	21,553
Subordinated debt	6,987	–	4,000	–	–	10,987
Other liabilities	1,797	12	14	–	13,615	15,438
Total liabilities	122,804	7,484	45,753	1	145,080	321,122
Capital funds	–	15	4,883	–	38,075	42,973
Total liabilities and capital funds	122,804	7,499	50,636	1	183,155	364,095
On-book gap	9,488	9,477	19,690	81,344	(119,999)	–
Cumulative on-book gap	9,488	18,965	39,655	119,999	–	–
Contingent resources	41,317	16,676	971	–	–	58,964
Contingent liabilities	41,405	16,676	971	–	–	59,052
Total gap	(88)	–	–	–	–	(88)
Cumulative off-book gap	(88)	(88)	(88)	(88)	(88)	–
Cumulative total gap	P 9,400	P 18,877	P 39,567	P 119,911	(P 88)	P –

	2011 (As Restated – See Note 22)					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash	P 145	P –	P –	P –	P 8,018	P 8,163
Cash equivalents	23,560	395	80	25	13,992	38,052
Investments	22,036	109	7,489	52,028	9,679	91,341
Loans and receivables	138,161	11,919	20,836	8,657	6,619	186,192
Other resources	1,857	100	382	51	19,129	21,519
Total resources	185,759	12,523	28,787	60,761	57,437	345,267
Liabilities:						
Deposit liabilities	95,364	14,303	8,075	3,379	134,162	255,283
Bills payable	11,274	6,763	–	–	–	18,037
Bonds payable	–	–	10,905	–	–	10,905
Subordinated debt	–	–	10,966	–	–	10,966
Other liabilities	1,377	50	1	–	10,802	12,230
Total liabilities	108,015	21,116	29,947	3,379	144,964	307,421
Capital funds	–	15	4,883	–	32,948	37,846
Total liabilities and capital funds	108,015	21,131	34,830	3,379	177,912	345,267
On-book gap	77,744	(8,608)	(6,043)	57,382	(120,475)	–
Cumulative on-book gap	77,744	69,136	63,093	120,475	–	–
Contingent resources	138,277	23,423	905	–	–	162,605
Contingent liabilities	138,318	23,418	905	–	–	162,641
Off-book gap	(41)	5	–	–	–	(36)
Cumulative off-book gap	(41)	(36)	(36)	(36)	(36)	–
Cumulative total gap	P 77,703	P 69,100	P 63,057	(P 120,439)	(P 36)	P –

Parent

	2012					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-rate Sensitive**	**Total**
Resources:						
Cash	P –	P –	P –	P –	P 7,432	P 7,432
Cash equivalents	15,381	–	–	–	21,348	36,729
Investments	10,325	826	23,013	44,394	11,607	90,165
Loans and receivables	84,539	8,595	9,745	30,240	19,959	153,078
Other resources	–	–	–	–	13,233	13,233
Total resources	110,245	9,421	32,758	74,634	73,579	300,637
Liabilities:						
Deposit liabilities	62,619	4,942	9,255	–	119,619	196,435
Bills payable	23,971	–	–	–	–	23,971
Bonds payable	–	–	21,553	–	–	21,553
Subordinated debt	6,987	–	4,000	–	–	10,987
Other liabilities	1,471	–	–	–	9,764	11,235
Total liabilities	95,048	4,942	34,808	–	129,383	264,181
Capital funds	–	–	4,883	–	31,573	36,456
Total liabilities and capital funds	95,048	4,942	39,691	–	160,956	300,637
On-book gap	15,197	4,479	(6,933)	74,634	(87,377)	–
Cumulative on-book gap	15,197	19,676	12,743	87,377	–	–
Contingent resources	41,306	16,676	971	–	–	58,953
Contingent liabilities	41,363	16,676	971	–	–	59,010
Total gap	(57)	–	–	–	–	(57)
Cumulative off-book gap	(57)	(57)	(57)	(57)	(57)	–
Cumulative total gap	P 15,140	P 19,619	P 12,686	P 87,320	(P 57)	P –

	2011 (As Restated – See Note 22)					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash	P –	P –	P –	P –	P 6,560	P 6,560
Cash equivalents	16,732	395	–	–	8,828	25,955
Investments	11,303	–	7,229	51,648	14,082	84,262
Loans and receivables	110,942	5,069	3,486	6,168	28,324	153,989
Other resources	–	–	–	–	12,493	12,493
Total resources	138,977	5,464	10,715	57,816	70,287	283,259
Liabilities:						
Deposit liabilities	70,333	8,866	4,559	3,379	116,897	204,034
Bills payable	9,384	6,763	–	–	–	16,147
Bonds payable	–	–	10,905	–	–	10,905
Subordinated debt	–	–	10,966	–	–	10,966
Other liabilities	1,110	–	–	–	7,977	9,087
Total liabilities	80,827	15,629	26,430	3,379	124,874	251,139
Capital funds	–	–	4,883	–	27,237	32,120
Total liabilities and capital funds	80,827	15,629	31,313	3,379	152,111	283,259
On-book gap	58,150	(10,165)	(20,598)	54,437	(81,824)	–
Cumulative on-book gap	58,150	47,985	27,387	81,824	–	–
Contingent resources	138,258	23,423	905	–	–	162,586
Contingent liabilities	138,251	23,418	905	–	–	162,574
Total gap	7	5	–	–	–	12
Cumulative off-book gap	7	12	12	12	12	–
Cumulative total gap	P 58,157	P 47,997	P 27,399	P 82,836	P 12	P –

4.03.03 Equity Price Risk

The Group has minimal exposures to price risk on equity securities held and classified as AFS on the statements of financial position. To manage this risk, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. The Group is not exposed to commodity price risk.

4.04 Credit Risk

Credit risk is the risk that the counterparty in a transaction may default, and arises from lending, trade finance, treasury, derivatives and other activities undertaken by the Group. The Group manages credit risk through a system of policies and authorities that govern the processes and practices of all credit-originating and borrowing relationship management units.

Credit Risk Division of CRISMS assists senior management: (a) to develop credit policies; (b) to establish risk concentration limits accepted at the level of the single borrower, related-borrower group, industry segments, and sovereign jurisdiction; and, (c) to continuously monitor the actual credit risk portfolio from the perspective of those limits and other risk management objectives. In performing these functions, the Credit Risk Division works hand-in-hand with the business units and with the Corporate Planning Group.

At the individual borrower level, exposure to credit risk is managed via adherence to a set of policies, the most notable features of which, in this context, are: (a) credit approving authority, except as noted below, is not exercised by a single individual but rather, through a hierarchy of limits, is effectively exercised collectively; (b) business center managers have limited approval authority only for credit exposure related to deposit-taking operations in the form of bills purchase, acceptance of second endorsed checks and 1:1 loan accommodations; (c) an independent credit risk assessment by the Credit Risk Division of large corporate and middle-market borrowers, summarized into a borrower risk rating, is provided as input to the credit decision-making process; and (d) borrower credit analysis is performed at origination and at least annually thereafter.

Impairment provisions are recognized for losses that have been incurred at the end of the reporting period. Significant changes in the economy, or in particular industry segments that represent a concentration in the Group's portfolio, could result in losses that are different from those provided for at the end of each reporting period. Management, therefore, carefully monitors the changes and adjusts its exposure to such credit risk, as necessary.

4.04.01 Exposure to Credit Risk

The carrying amount of financial resources recorded in the financial statements, net of any allowance for losses, which represents the maximum exposure to credit risk, without taking into account the value of any collateral obtained, as of December 31 follows:

Group

	2012	
	Loans and Receivables	**Investment and Trading Securities**
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	P 596	P 2,732
Grade 6: Impaired	–	–
Grade 7: Impaired	–	–
Grade 8: Impaired	19	–
Grade 9: Impaired	–	–
Grade 10: Impaired	3,604	–
Gross amount	4,219	2,732
Allowance for impairment	(3,111)	(776)
Carrying amount	1,108	1,956
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	151,273	–
Grade 6: Watchlist	17,256	–
Grade 7: Special Mention	2,076	–
Grade 8: Sub-standard	2,124	–
Grade 9: Doubtful	683	–
Grade 10: Loss	–	–
Gross amount	173,412	–
Allowance for impairment	(3,978)	–
Carrying amount	169,434	–
Unquoted debt securities classified as loans	2,423	–
Other receivables	4,479	–
Allowance for impairment	(2,196)	–
Carrying amount	4,706	–
Neither Past Due Nor Impaired	15,560	93,223
Total Carrying Amount	**P 190,808**	**P 95,179**

Group

	2011 (As Restated – See Note 22) Loans and Receivables	Investment and Trading Securities
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	P 192	P 2,904
Grade 6: Impaired	255	–
Grade 7: Impaired	236	–
Grade 8: Impaired	113	–
Grade 9: Impaired	–	–
Grade 10: Impaired	3,659	–
Gross amount	4,455	2,904
Allowance for impairment	(3,063)	(1,157)
Carrying amount	1,392	1,747
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	134,562	–
Grade 6: Watchlist	12,273	–
Grade 7: Special Mention	7,234	–
Grade 8: Sub-standard	1,642	–
Grade 9: Doubtful	131	–
Grade 10: Loss	724	–
Gross amount	156,566	–
Allowance for impairment	(2,352)	–
Carrying amount	154,214	–
Unquoted debt securities classified as loans	2,763	–
Other receivables	6,488	–
Allowance for impairment	(2,965)	–
Carrying amount	6,286	–
Neither Past Due Nor Impaired	24,300	85,981
Total Carrying Amount	P 186,192	P 87,728

Parent

	2012 **Loans and Receivables**	**Investment and Trading Securities**
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	P –	P 986
Grade 6: Impaired	–	–
Grade 7: Impaired	–	–
Grade 8: Impaired	19	–
Grade 9: Impaired	–	–
Grade 10: Impaired	3,604	–
Gross amount	3,623	986
Allowance for impairment	(3,092)	(715)
Carrying amount	531	271
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	128,954	–
Grade 6: Watchlist	12,658	–
Grade 7: Special Mention	1,106	–
Grade 8: Sub-standard	2,124	–
Grade 9: Doubtful	–	–
Grade 10: Loss	–	–
Gross amount	144,842	–
Allowance for impairment	(2,413)	–
Carrying amount	142,429	–
Unquoted debt securities classified as loans	2,423	–
Other receivables	3,774	–
Allowance for impairment	(805)	–
Carrying amount	5,392	–
Neither Past Due Nor Impaired	4,726	78,287
Total Carrying Amount	**P 153,078**	**P 78,558**

Parent

	2011 (As Restated – See Note 22) Loans and Receivables	2011 (As Restated – See Note 22) Investment and Trading Securities
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	P –	P 2,808
Grade 6: Impaired	–	–
Grade 7: Impaired	236	–
Grade 8: Impaired	113	–
Grade 9: Impaired	–	–
Grade 10: Impaired	3,659	–
Gross amount	4,008	2,808
Allowance for impairment	(2,998)	(1,052)
Carrying amount	1,010	1,756
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	117,492	–
Grade 6: Watchlist	12,237	–
Grade 7: Special Mention	2,610	–
Grade 8: Sub-standard	907	–
Grade 9: Doubtful	–	–
Grade 10: Loss	–	–
Gross amount	133,246	–
Allowance for impairment	(1,973)	–
Carrying amount	131,273	–
Unquoted debt securities classified as loans	2,763	–
Other receivables	3,012	–
Allowance for impairment	(531)	–
Carrying amount	5,244	–
Neither Past Due Nor Impaired	16,462	71,267
Total Carrying Amount	P 153,989	P 73,023

The credit risk for cash and cash equivalents such as Due from BSP and Due from Other Banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

4.04.02 Collateral Held as Security and Other Credit Enhancements

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are generally updated annually. Generally, collateral is not held over loans and advances to other banks, except when securities are held as part of reverse repurchase and securities borrowing activities. Collateral usually is not held against investment securities, and no such collateral was held at December 31, 2012 and 2011.

The Group holds collateral against Loans and Receivables in the form of hold-out on deposits, real estate mortgage, standby letters of credit or bank guaranty, government guaranty, chattel mortgage, assignment of receivables, pledge of shares, personal and corporate guaranty and other forms of security. An estimate of the fair value of collateral and other security enhancements held against loans and receivables as of December 31, 2012 and 2011 are shown below and in succeeding page.

Group

	2012	2011 (As Restated – See Note 22)
Against individually impaired		
Real property	**P 397**	P 3,005
Chattels	**401**	33
Against classified accounts but not impaired		
Real property	**33,364**	22,690
Chattels	**17,950**	21,543
Equities	**2,670**	11,230
Others	**3,627**	4,486
Against neither past due nor impaired		
Real property	**22,769**	22,613
Chattels	**580**	1,850
Others	**36,028**	22,064
Total	**P 117,786**	P 109,514

Parent

		2012		2011
Against individually impaired				
Real property	**P**	**274**	P	2,861
Against classified accounts but not impaired				
Real property		**21,241**		10,280
Chattels		**2,567**		7,753
Equities		**2,670**		11,230
Others		**2,914**		3,752
Against neither past due nor impaired				
Real property		**15,009**		19,075
Others		**36,028**		21,502
Total	**P**	**80,703**	P	76,453

4.04.03 Concentrations of Credit Risk

Credit risk concentration in the context of banking generally denotes the risk arising from an uneven distribution of counterparties in credit or in any other business relationships, or from a concentration in business sectors or geographic regions which is capable of generating losses large enough to jeopardize an institution's solvency. The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown in Note 10.

In the course of the Group's implementation of ICAAP (see Notes 5.02), it adopts a quantification of credit risk concentration following frameworks prescribed by some of the more advanced European central banks. Using sector distribution as a tool, the Group performs a straightforward application of the Herfindahl-Hirshman Index (HHI) to determine the existence of credit risk concentration.

The Group, however, recognizes the inherent limitations of the use of HHI to assess credit concentration risk. To augment this measure and to appropriately manage said risk, the Group performs an in-depth analysis of its large borrowing groups. To ensure the independence of this process, the review and analysis are done in the context of ROC meetings.

4.04.04 Credit Risk Stress Test

To further its assessment of credit risk, the Parent Company adopted in 2011 a revised credit risk stress testing framework using break-even sales and cash flow debt service to determine a borrower's vulnerability. In addition, both the Parent Company and its major subsidiary RSB participated in the initial run of the uniform stress testing exercise for banks initiated by the BSP.

4.05 Fair Value Hierarchy

The Group adopted the amendments to PFRS 7, *Improving Disclosures about Financial Instruments*, effective January 1, 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the statements of financial position.

In accordance with this amendment, financial assets and liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The following tables present the breakdown of the Group's financial assets and liabilities measured at fair value in the statements of financial position as of December 31, 2012 and 2011.

Group

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Government bonds	P 8,493	P 627	P –	P 9,120
Other debt securities	–	1,067	–	1,067
Derivative assets	50	668	–	718
Equity securities	587	–	–	587
	9,130	2,362	–	11,492
AFS securities				
Government bonds	39,416	7,126	–	46,542
Other debt securities	3,161	30,512	–	33,673
Equity securities	2,510	57	–	2,567
	45,087	37,695	–	82,782
Allowance for impairment	(60)	(538)	–	(598)
	45,027	37,157	–	82,184
Total Resources at Fair Value	**P 54,157**	**P 39,519**	**P –**	**P 93,676**
Derivative liability	**P –**	**P 1,471**	**P –**	**P 1,471**

	2011 (As Restated – See Note 22)			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Government bonds	P 3,946	P 2,239	P –	P 6,185
Other debt securities	2,799	1,359	–	4,158
Derivative assets	54	1,086	–	1,140
Equity securities	335	–	–	335
	7,134	4,684	–	11,818
AFS securities				
Government bonds	33,849	11,898	–	45,747
Other debt securities	25,089	1,834	–	26,923
Equity securities	2,191	167	–	2,358
	61,129	13,899	–	75,028
Allowance for impairment	(994)	–	–	(994)
	60,135	13,899	–	74,034
Total Resources at Fair Value	P 67,269	P 18,583	–	P 85,852
Derivative liability	P –	P 1,110	–	P 1,110

Parent

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Government bonds	P 6,747	P 628	P –	P 7,375
Other debt securities	–	954	–	954
Derivative assets	50	667	–	717
	6,797	2,249	–	9,046
AFS securities:				
Government bonds	31,705	6,530	–	38,235
Other debt securities	–	30,259	–	30,259
Equity securities	–	56	–	56
	31,705	36,845	–	68,550
Allowance for impairment	–	(538)	–	(538)
	31,705	36,307	–	68,012
Total Resources at Fair Value	**P 38,502**	**P 38,556**	**P –**	**P 77,058**
Derivative liability	**P –**	**P 1,471**	**P –**	**P 1,471**

Parent

	2011 (As Restated – See Note 22)			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Government bonds	P 3,837	P 2,239	P –	P 6,076
Other debt securities	2,771	1,254	–	4,025
Derivative assets	54	1,086	–	1,140
	6,662	4,579	–	11,241
AFS securities:				
Government bonds	25,073	9,094	–	34,167
Other debt securities	22,690	4,173	–	26,863
Equity securities	126	–	–	126
	47,889	13,267	–	61,156
Allowance for impairment	(885)	–	–	(885)
	47,004	13,267	–	60,271
Total Resources at Fair Value	P 53,666	P 17,846	P –	P 71,512
Derivative liability	P –	P 1,110	P –	P 1,110

There were no transfers between levels of hierarchy in 2012 and 2011. The Group and the Parent Company's investments in non-marketable equity securities (INMES) with carrying amount of P1,503 and P1,876 in the Group's financial statements and P1,500 and P1,511 in the Parent Company's financial statements, as of December 31, 2012 and 2011, respectively, presented under AFS securities were carried at cost as there are no reliable sources of fair value.

4.06 Operations Risk

Operations risks are risks arising from the potential inadequate information systems, operations or transactional problems (relating to service or product delivery), breaches in internal controls and fraud or unforeseen catastrophes that may result in unexpected loss. Operations risks include the risk of loss arising from various types of human or technical error, settlement or payments failures, business interruption, administrative and legal risks, and the risk arising from systems not performing adequately.

The Group maintains departmental operations manuals that are periodically updated. Central to these manuals is the tenet that transactions and items of value are subject to a system of dual control whereby the work of one person is verified by a second person to ensure that the transactions are properly authorized, recorded and settled. Moreover, the Group places emphasis on the security of its computer systems and has a comprehensive information technology (IT) security policy. External vulnerability and penetration testing is performed at least annually as required by relevant BSP regulations. The Group has also designated a security administrator independent of the front office who is responsible for maintaining strict control over user access privileges to the Group's information systems.

The Group has also developed a Business Continuity Plan (BCP) based on several crisis severity levels which is tested at least annually and updated for any major changes in systems and procedures. Central to the Group's BCP is a disaster recovery plan to address the continued functioning of systems, recovery of critical data, and contingency processing requirements in the event of a disaster.

Operations Risk Management, as it relates to Capital Adequacy, is currently under Basic Indicator Approach (see Note 5).

4.06.01 Reputation Risk

Reputation risk is the risk to earnings or capital arising from negative public opinion. This affects the Group's ability to establish new relationships or services, or to continue servicing existing relationships. This risk can expose the Group to litigation, financial loss, or damage to its reputation. Reputation risk arises whenever technology-based banking products, services, delivery channels, or processes may generate adverse public opinion such that it seriously affects the Group's earnings or impairs capital. This risk is present in activities such as asset management and regulatory compliance.

As part of the Group's ICAAP initiatives (see Note 5.02), it initially adopted a representative, albeit provisional, measure of reputation risk based on a widely held theory that the stock price of a listed company more or less is a barometer of said company's reputation. Applying statistical treatment to VaR therefore provides an indication as to the maximum amount by which the Group's reputation may be eroded.

In 2011, the Group, however, formally adopted a reputation risk monitoring and reporting framework to manage public perception. Central to the said framework is the formal creation of the RCBC Public Relations Committee chaired by the head of the Parent Company's Corporate Communications Division.

4.06.02 Legal Risk and Regulatory Risk Management

Changes in laws and regulations could adversely affect the Group. In addition, the Group faces legal risks in enforcing its rights under its loan agreements, such as foreclosing of collateral. Legal risk is higher in new areas of business where the law remains untested by the courts. The Group uses a legal review process as the primary control mechanism for legal risk. Such a legal review aims to verify and validate the existence, genuineness and due execution of legal documents, and verify the capacity and authority of counterparties and customers to enter into transactions. In addition, the Group seeks to minimize its legal risk by using stringent legal documentation, imposing certain requirements designed to ensure that transactions are properly authorized and consulting internal and external legal advisors.

Regulatory risk refers to the potential for the Group to suffer financial loss due to changes in the laws or monetary, tax or other governmental regulations of a country. The Group's Compliance Program, the implementation of which is overseen and coordinated by the Compliance Officer, is the primary control process for regulatory risk issues. The Compliance Officer is responsible for communicating and disseminating new rules and regulations to all units, analyzing and addressing compliance issues, performing periodic compliance testing on branches and Head Office units, and reporting compliance findings to the Audit Committee and the BOD.

4.07 Anti-Money Laundering Controls

The Anti-Money Laundering Act was passed in September 2001 and was amended in March 2003. Under the Anti-Money Laundering Act, as amended, the Group is required to submit "Covered Transaction Reports" involving single transactions in cash or other equivalent monetary instruments in excess of P0.50 within one banking day. The Group is also required to submit "Suspicious Transaction Reports" to the Anti-Money Laundering Council of the BSP in the event that there are reasonable grounds to believe that any amounts processed are the proceeds of money-laundering activities.

The Group is required to establish and record the identities of its clients based on official documents. In addition, all records of transactions are required to be maintained and stored for five years from the date of the transaction. Records of closed accounts must also be kept for five years after their closure.

Under BSP Circular No. 279 dated April 2, 2001, within 20 banking days after the end of each financial year, the Group is required to submit to the BSP a certificate signed by the President and the Chief Compliance Officer of each bank stating that they have monitored compliance and that the Group is complying with the anti-money laundering rules and regulations.

In an effort to further prevent money laundering activities, the Group has adopted *Know Your Customer* policies and guidelines. Under the guidelines, each business unit is required to validate the true identity of a customer based on official or other reliable identifying documents or records before an account may be opened.

Each business unit is also required to monitor account activities to determine whether transactions conform to the normal or expected transactions for a customer or an account. For a high-net worth individual whose source of funds is unclear, a more extensive due diligence is required. Decisions to enter into a business relationship with a high risk customer, such as a politically exposed person or a private individual holding a prominent position, are made exclusively at the senior management level.

The Group's procedures for compliance with the Anti-Money Laundering Act are set out in its Anti-Money Laundering Policy Manual. The Group's Compliance Officer monitors compliance and conducts compliance testing of business units.

The Group's Anti-Money Laundering Committee evaluates suspicious transaction reports submitted by branches for final determination if the suspicions are based on reasonable grounds and are therefore reportable to the Anti-Money Laundering Council. All banking groups are required to submit to the Compliance Office certificates of compliance with the Anti-Money Laundering Rules and Regulations on a quarterly basis.

5. CAPITAL MANAGEMENT

5.01 Regulatory Capital

The BSP, the Group's lead regulator, sets and monitors the capital requirements of the Group.

In implementing current capital requirements, the BSP requires the Group to maintain a minimum capital amount and a prescribed ratio of qualifying capital to risk-weighted assets or the capital adequacy ratio (CAR).

Pillar 1 risk-weighted assets are the sum of credit risk, market risks and operational risks, computed based on BSP-prescribed formula provided for under its circulars.

Under the relevant provisions of the current BSP regulations, the minimum capitalization of the Parent Company, RSB, Rizal Microbank, RCBC Capital and RCBC LFC is P5,400, P1,000, P500, P300 and 300, respectively. In computing for the CAR, the regulatory qualifying capital is analyzed into two tiers which are: (i) Tier 1 Capital and (ii) Tier 2 Capital, less deductions from the Total Tier 1 and Tier 2 for the following:

a. Investments in equity of unconsolidated subsidiary banks and other financial allied undertakings, but excluding insurance companies;

b. Investments in debt capital instruments of unconsolidated subsidiary banks;

c. Investments in equity of subsidiary insurance companies and non-financial allied undertakings;

d. Reciprocal investments in equity of other banks/enterprises; and

e. Reciprocal investments in unsecured subordinated term debt instruments of other banks/quasi-banks qualifying as Hybrid Tier 1, Upper Tier 2 and Lower Tier 2, in excess of the lower of: (i) an aggregate ceiling of 5% of total Tier 1 capital of the bank excluding Hybrid Tier 1; or, (ii) 10% of the total outstanding unsecured subordinated term debt issuance of the other bank/quasi-banks, provided, that any asset deducted from the qualifying capital in computing the numerator of the risk-based capital ratio shall not be included in the risk-weighted assets in computing the denominator of the ratio.

Tier 1 Capital and Tier 2 Capital are defined as follows:

a. Tier 1 Capital includes the following:

i. paid-up common stock;
ii. paid-up perpetual and non-cumulative preferred stock;
iii. common and perpetual, non-cumulative preferred stock dividends distributable;
iv. surplus;
v. surplus reserves;
vi. undivided profits (for domestic banks only);
vii. unsecured subordinated debt (with prior BSP approval); and
viii. non-controlling interest in the equity of subsidiary financial allied undertakings;

Subject to the following deductions:

i. treasury shares;
ii. unrealized losses on underwritten listed equity securities purchased;
iii. unbooked valuation reserves, and other capital adjustments based on the latest report of examination;
iv. outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI);
v. goodwill; and
vi. deferred income tax.

b. Tier 2 Capital includes:

i. perpetual and cumulative preferred stock;
ii. limited life redeemable preferred stock with or without the replacement requirement subject to BSP conditions;
iii. dividends distributable of i and ii above;
iv. appraisal increment reserve – bank premises, as authorized by the Monetary Board (MB);
v. net unrealized gains on underwritten listed equity securities purchased;
vi general loan loss provision;
vii. unsecured subordinated debt with a minimum original maturity of at least ten years (with prior BSP approval);
viii. unsecured subordinated debt with a minimum original maturity of at least five years (with prior BSP approval); and
ix. deposit for stock subscription on:
  - common stock,
  - perpetual and non-cumulative preferred stock,
  - perpetual and cumulative preferred stock subscription, and
  - limited life redeemable preferred stock subscription with the replacement requirement upon redemption;

Subject to the following deductions:

i. Perpetual and cumulative preferred stock treasury shares;
ii. Limited life redeemable preferred stock treasury shares with the replacement requirement upon redemption;
iii. Sinking fund for redemption of limited life redeemable preferred stock with the replacement requirement upon redemption;
iv. Limited life redeemable preferred stock treasury shares without the replacement requirement upon redemption; and
v. Sinking fund for redemption of limited life redeemable preferred stock without the replacement requirement upon redemption.

The Group's regulatory capital position under Pillar 1 as of December 31 is presented as follows:

		2012		2011
Tier 1 Capital	**P**	**37,138**	P	35,752
Tier 2 Capital		**12,446**		12,413
Total Qualifying Capital, after deductions	**P**	**49,584**	P	48,165
Total Risk – Weighted Assets	**P**	**281,622**	P	260,039
Capital ratios:				
Total regulatory capital expressed as percentage of total risk – weighted assets		**17.61%**		18.52%
Total Tier 1 expressed as percentage of total risk – weighted assets		**13.19%**		13.75%

The Parent Company's regulatory capital position under Pillar 1 as of December 31 is presented as follows:

		2012		2011
Tier 1 Capital	**P**	**30,280**	P	29,619
Tier 2 Capital		**5,290**		6,022
Total Qualifying Capital, after deductions	**P**	**35,570**	P	35,641
Total Risk – Weighted Assets	**P**	**222,397**	P	208,161
Capital ratios:				
Total regulatory capital expressed as percentage of total risk – weighted assets		**15.99%**		17.12%
Total Tier 1 expressed as percentage of total risk – weighted assets		**13.62%**		14.23%

The preceding capital ratios comply with the related BSP prescribed ratio of at least 10%.

5.02 Internal Capital Adequacy Assessment and Pillar 2 Risk Weighted Assets

In January 2009, BSP issued Circular No. 639 on the ICAAP and Supervisory Review Process (SRP) covering universal and commercial banks on a group-wide basis. As a supplement to BSP Circular No. 538 on the Risk-Based Capital Adequacy Framework, ICAAP sets out the following principles:

a. Banks must have a process for assessing capital adequacy relative to their risk profile, operating environment, and strategic/business plans;

b. The bank's ICAAP is the responsibility of the BOD, must be properly documented and approved and with policies and methodologies integrated into banking operations;

c. The bank's ICAAP should address other material risks – Pillar 2 risks – in addition to those covered by Pillar 1, with risk measurement methodologies linked to the assessment of corresponding capital requirement both on a business-as-usual (BAU) and stressed scenario;

d. The minimum capital adequacy ratio prescribed by the BSP after accounting for Pillar 1 and other risks is retained at 10%; and

e. The bank's ICAAP document must be submitted to the BSP every January 31 of each year, beginning 2011.

The Group submitted its first ICAAP trial document in January 2009. Subsequent revisions to the trial document were made, and likewise submitted in February 2010 and May 2010 following regulatory review and the Group's own process enhancements. Complementing the ICAAP document submissions were dialogues between the BSP and the Group's representatives, the second of which transpired last November 2010 between a BSP panel chaired by the Deputy Governor for Supervision and Examination, and the members of Parent Company's EXCOM. The Group submitted its final ICAAP document within the deadline set by the BSP. Henceforth, the annual submission of an ICAAP document is due every January 31st.

The Group identified the following Pillar 2 risks as material to its operations, and consequently set out methodologies to quantify the level of capital that it must hold.

i. *Credit Risk Concentration* – The Group has so far limited its analysis to credit risk concentration arising from the uneven sector distribution of the Parent Company's credit exposures. Concentration is estimated using a simplified application of the HHI, and translated to risk-weighted assets as suggested by some European central bank practices. The Group plans to continuously build on this concentration assessment methodology, recognizing the inherent limitations of the HHI.

ii. *Liquidity Risk* – The Group estimated its liquidity risk under BAU scenario in 2011 using standard gap analysis. Stressed liquidity risk on the other hand assumed a repeat of a historical liquidity stress, and estimated the impact if the Group was to partially defend its deposits and partially pay-off by drawing from its reserve of liquid assets.

iii. *Interest Rate Risk in the Banking Book (IRRBB)* – It is the current and prospective negative impact on earnings and capital arising from interest rate shifts. The Group estimated interest rate risk in the banking book using its CaR methodology. Stressed IRRBB was calculated by applying the highest observed market volatilities over a determined timeframe.

iv. *Compliance/Regulatory Risk* – It is the current and prospective negative impact on earnings and capital arising from violation of laws, regulations, ethical standards, and the like. The Group estimated compliance risk in 2011 as the sum of regulatory fines and penalties, and forecasted this amount in relation to the level of operating expenses.

v. *Reputation Risk* – From the adoption of a theoretical measure, the Group amended its approach to reputation risk in 2011 by adopting instead a reputation risk monitoring and reporting process, run primarily by its Public Relations Committee. The measurement of reputation risk under stress was folded into the Group's assessment of stressed liquidity risk.

vi. *Strategic Business Risk* – It is the current and prospective negative impact on earnings and capital arising from adverse business decisions, improper implementation, and failure to respond to industry changes. The Group treated strategic business risk in 2011 as a catch-all risk, and expressed its estimate as a cap on additional risk-weighted assets given other risks and the desired level of capital adequacy.

The Group estimated its BAU Total Risk – Weighted Assets as follows:

		2012		2011
Pillar 1 Risk – Weighted Assets	**P**	**281,622**	P	260,039
Pillar 2 Risk – Weighted Assets		**9,657**		9,696
Total Risk – Weighted Assets	**P**	**291,279**	P	269,735
Capital ratios:				
Total regulatory capital expressed as percentage of total risk – weighted assets		**16.99%**		17.86%
Total Tier 1 expressed as percentage of total risk – weighted assets		**12.75%**		13.25%

6. SEGMENT INFORMATION

The Group's operating businesses are recognized and managed separately according to the nature of services provided (primary segments) and the different geographical markets served (secondary segments) with a segment representing a strategic business unit. The Group's business segments follow:

a. *Retail Banking* – principally handles the business centers offering a wide range of financial products and services to the commercial "middle market" customers. Products offered include individual customer's deposits, overdraft facilities, payment remittances and foreign exchange transactions. It also upsells bank products (unit investment trust funds, etc.) and cross-sells bancassurance products.

b. *Corporate Banking* – principally handles loans and other credit facilities and deposit and current accounts for corporate, Small and Medium Enterprises and institutional customers.

c. *Treasury* – principally provides money market, trading and treasury services, as well as the management of the Group's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking.

d. *Others* – consists of the Parent Company's various support groups and consolidated subsidiaries.

These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise the operations and financial control groups. Transactions between segments are conducted at estimated market rates on an arm's length basis.

Segment revenues and expenses that are directly attributable to primary business segment and the relevant portions of the Group's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

For secondary segments, revenues and expenses are attributed to geographic areas based on the location of the resources producing the revenues, and in which location the expenses are incurred.

Primary segment information (by business segment) on a consolidated basis as of and for the years ended December 31, 2012, 2011 and 2010 follow:

	2012				
	Retail Banking Group	**Corporate Banking Group**	**Treasury Group**	**Others**	**Total**
Results of operations					
Net interest income	P 4,859	P 2,570	P 850	P 3,120	P 11,399
Non-interest income	2,175	1,020	5,888	2,342	11,425
Total revenue	7,034	3,590	6,738	5,462	22,824
Non-interest expense	(5,920)	(1,091)	(664)	(8,177)	(15,852)
Profit (loss) before tax	1,114	2,499	6,074	(2,715)	6,972
Tax expense	–	–	–	(745)	(745)
Non-controlling interest in net profit	–	–	–	(7)	(7)
Net profit (loss)	**P 1,114**	**P 2,499**	**P 6,074**	**(P 3,467)**	**P 6,220**

	2012									
	Retail Banking Group		**Corporate Banking Group**		**Treasury Group**		**Others**		**Total**	
Statement of financial position										
Total Resources	**P**	**210,659**	**P**	**159,508**	**P**	**83,451**	**(P**	**89,523)**	**P**	**364,095**
Total Liabilities	**P**	**210,659**	**P**	**159,508**	**P**	**83,451**	**(P**	**132,496)**	**P**	**321,122**
Other segment information										
Capital expenditures	**P**	**428**	**P**	**13**	**P**	**18**	**P**	**1,975**	**P**	**2,434**
Depreciation and amortization	**P**	**298**	**P**	**13**	**P**	**8**	**P**	**795**	**P**	**1,114**

	2011 (As Restated – See Note 22)									
	Retail Banking Group		Corporate Banking Group		Treasury Group		Others		Total	
Results of operations										
Net interest income	P	4,647	P	2,425	P	1,434	P	2,326	P	10,832
Non-interest income		2,073		951		4,508		2,598		10,130
Total revenue		6,720		3,376		5,942		4,924		20,962
Non-interest expense	(	5,070)	(	1,090)	(	567)	(	8,265)	(	14,992)
Profit (loss) before tax		1,650		2,286		5,375	(	3,341)		5,970
Tax expense		–		–		–	(	915)	(	915)
Non-controlling interest in net profit		–		–		–	(	26)	(	26)
Net profit (loss)	P	1,650	P	2,286	P	5,375	(P	4,282)	P	5,029
Statement of financial position										
Total Resources	P	196,996	P	118,389	P	79,705	(P	49,823)	P	345,267
Total Liabilities	P	196,996	P	118,389	P	79,705	(P	87,669)	P	307,421
Other segment information										
Capital expenditures	P	621	P	18	P	4	P	1,473	P	2,116
Depreciation and amortization	P	255	P	17	P	8	P	774	P	1,054

	2010 (As Restated – See Note 22)									
	Retail Banking Group		Corporate Banking Group		Treasury Group		Others		Total	
Results of operations										
Net interest income	P	4,271	P	2,063	P	1,431	P	3,231	P	10,996
Non-interest income		2,137		910		3,173		2,382		8,602
Total revenue		6,408		2,973		4,604		5,613		19,598
Non-interest expense	(	4,493)	(	1,080)	(	432)	(	8,266)	(	14,271)
Profit (loss) before tax		1,915		1,893		4,172	(	2,653)		5,327
Tax expense		–		–		–	(	1,014)	(	1,014)
Non-controlling interest in net profit		–		–		–	(	33)	(	33)
Net profit (loss)	P	1,915	P	1,893	P	4,172	(P	3,700)	P	4,280
Statement of financial position										
Total Resources	P	196,963	P	119,867	P	82,690	(P	83,847)	P	315,673
Total Liabilities	P	196,963	P	119,867	P	82,690	(P	110,008)	P	289,512
Other segment information										
Capital expenditures	P	614	P	12	P	3	P	1,175	P	1,804
Depreciation and amortization	P	358	P	14	P	3	P	585	P	960

Secondary information (by geographical location) as of and for the years ended December 31, 2012, 2011 and 2010 follow:

	2012			
	Philippines	**United States**	**Asia and Europe**	**Total**
Results of operations				
Total revenues	P 22,675	P 38	P 111	P 22,824
Total expenses	16,394	26	184	16,604
Net profit (loss)	P 6,281	P 12	(P 73)	P 6,220
Statement of financial position				
Total resources	P 363,669	P 124	P 302	P 364,095
Total liabilities	P 320,833	P 89	P 200	P 321,122
Other segment information				
Capital expenditures	P 2,419	P 4	P 11	P 2,434
Depreciation and amortization	P 1,112	P –	P 2	P 1,114

	2011 (As Restated – See Note 22)			
	Philippines	United States	Asia and Europe	Total
Results of operations				
Total revenues	P 20,766	P 56	P 140	P 20,962
Total expenses	15,682	107	144	15,933
Net profit (loss)	P 5,084	(P 51)	(P 4)	P 5,029
Statement of financial position				
Total resources	P 344,729	P 163	P 375	P 345,267
Total liabilities	P 307,098	P 137	P 186	P 307,421
Other segment information				
Capital expenditures	P 2,116	P –	P –	P 2,116
Depreciation and amortization	P 1,052	P 2	P –	P 1,054

	2010 (As Restated – See Note 22)			
	Philippines	United States	Asia and Europe	Total
Results of operations				
Total revenues	P 19,416	P 63	P 119	P 19,598
Total expenses	15,065	119	134	15,318
Net profit (loss)	P 4,351	(P 56)	(P 15)	P 4,280
Statement of financial position				
Total resources	P 314,680	P 156	P 837	P 315,673
Total liabilities	P 288,769	P 104	P 639	P 289,512
Other segment information				
Capital expenditures	P 1,800	P 2	P 2	P 1,804
Depreciation and amortization	P 954	P 5	P 1	P 960

7. CASH AND CASH EQUIVALENTS

The components of Cash and Cash Equivalents follow:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Cash and other cash items	**P 9,380**	P 8,163	**P 7,432**	P 6,560
Due from BSP	**36,620**	34,283	**31,590**	22,990
Due from other banks	**5,879**	3,769	**5,139**	2,965
	P 51,879	P 46,215	**P 44,161**	P 32,515

Cash consists primarily of funds in the form of Philippine currency notes and coins and includes foreign currencies acceptable to form part of the international reserves in the Parent Company's vault and those in the possession of tellers, including ATMs. Other cash items include cash items (other than currency and coins on hand), such as checks drawn on other banks or other branches after the Bank's clearing cut-off time until the close of the regular banking hours.

Due from BSP represents the aggregate balance of deposit accounts maintained with the BSP primarily to meet reserve requirements and to serve as clearing account for interbank claims and to comply with existing trust regulations.

The balance of Due from Other Banks account represents regular deposits with the following:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Foreign banks	**P 4,581**	P 1,827	**P 4,059**	P 1,456
Local banks	**1,298**	1,942	**1,080**	1,509
	P 5,879	P 3,769	**P 5,139**	P 2,965

The breakdown of Due from Other Banks by currency is shown below.

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Foreign currencies	**P 5,333**	P 3,002	**P 4,538**	P 2,436
Philippine pesos	**546**	767	**601**	529
	P 5,879	P 3,769	**P 5,139**	P 2,965

Interest rates per annum on these deposits range from 0.00% to 0.25% in 2012, 0.50% to 3.13% in 2011 and 0.50% to 4.63% in 2010.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account is composed of the following:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Government bonds	**P 9,120**	P 6,185	**P 7,375**	P 6,076
Other debt securities	**1,067**	4,158	**954**	4,025
Derivative financial assets	**717**	1,140	**717**	1,140
Equity securities – quoted	**588**	335	**–**	–
	P 11,492	P 11,818	**P 9,046**	P 11,241

The carrying amounts of the above financial assets are classified as follows:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Held-for-trading	**P 10,775**	P 10,678	**P 8,329**	P 10,101
Derivatives	**717**	1,140	**717**	1,140
	P 11,492	P 11,818	**P 9,046**	P 11,241

Treasury bills and other debt securities issued by the government and other private corporations earn annual interest as follows:

	2012	2011	2010
Peso denominated	**4.63% - 12.38%**	4.95% - 11.38%	4.63% - 9.13%
Foreign currency denominated	**2.50% - 10.63%**	2.50% - 10.63%	2.50% - 11.04%

Majority of financial assets at FVTPL are held-for-trading. The amounts presented have been determined directly by reference to published prices quoted in an active market.

Fair values of government bonds and other debt securities were determined directly by reference to published closing prices available from electronic financial data service providers which had been based on price quoted or actually dealt in an active market.

Fair values of certain derivative financial assets were determined through valuation techniques using net present value computation. Derivatives instruments used by the Parent Company include mainly foreign currency short-term forwards, cross-currency swaps and options. Foreign currency forwards represent commitments to purchase/sell on a future date at a specific exchange rate. Foreign currency short-term swaps are simultaneous foreign currency spot and forward deals with tenor of one year. Options are derivative financial instruments that specify a contract between two parties for a future transaction on an asset at a reference price.

The aggregate contractual or notional amount of derivative financial instruments and the aggregative fair values of derivative financial assets and liabilities as of December 31 both in the Group's and Parent Company's financial statements are set out as follows:

	2012		
	Notional Amount	**Fair Values**	
		Assets	**Liabilities**
Currency swaps	P 60,313	P 391	P 1,008
Interest rate swaps/futures	16,550	271	463
Options	2,167	6	–
Debt warrants	–	49	–
	P 79,030	**P 717**	**P 1,471**

	2011		
	Notional Amount	Fair Values	
		Assets	Liabilities
Currency swaps	P 200,770	P 951	P 757
Interest rate swaps/futures	12,991	104	344
Options	1,014	31	9
Debt warrants	–	54	–
	P 214,775	P 1,140	P 1,110

The derivative liabilities of P1,471 and P1,110 as of December 31, 2012 and 2011, respectively, are shown as Derivatives with Negative Fair Values as part of Other Liabilities in the statements of financial position (see Note 20). Such derivative liabilities have maturity periods of one to three months.

The Group recognized the change in value of financial assets at FVTPL resulting to a decrease of P325 in 2012 and increase of P86 in 2011 and P33 in 2010 in the Group financial statements; and decrease of P310 in 2012 and increase of P52 in 2011 and P7 in 2010 in the Parent Company's financial statements, which were included as part of Trading and Securities Gains – net account in the statements of income.

9. AVAILABLE-FOR-SALE SECURITIES

The Group's AFS securities consist of the following:

	Group		**Parent**	
	2012	2011 (As Restated – See Note 22)	**2012**	2011 (As Restated – See Note 22)
Government bonds	**P 46,542**	P 45,747	**P 38,235**	P 34,167
Other debt securities	**33,673**	26,923	**30,259**	26,863
Equity securities	**4,248**	4,397	**1,733**	1,804
	84,463	77,067	**70,227**	62,834
Allowance for impairment (see Note 15)	**(776)**	(1,157)	**(715)**	(1,052)
	P 83,687	P 75,910	**P 69,512**	P 61,782

Interest rates per annum on government bonds and other debt securities range from 1.19% to 12.00% in 2012, 2.50% to 14.00% in 2011, and 1.48% to 15.50% in 2010.

Changes in the account follow:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011 (As Restated – See Note 22)
Balance at beginning of year	**P 75,910**	P 54,119	**P 61,782**	P 45,266
Additions	**175,567**	87,933	**127,956**	77,112
Sale/disposal	**(161,681)**	(86,648)	**(120,305)**	(80,402)
Fair value gains	**863**	2,264	**787**	2,074
Amortization/accretion of discount or premium	**(2,914)**	(1,141)	**3,142**	(1,608)
Revaluation of foreign currency investments	**(4,058)**	274	**(3,850)**	222
Reclassification from HTM investments	**–**	19,210	**–**	19,183
Provision for impairment losses	**–**	(101)	**–**	(65)
Balance at end of year	**P 83,687**	P 75,910	**P 69,512**	P 61,782

The changes in fair values of AFS securities which were recognized under other comprehensive income and directly to capital funds amounted to fair value gain of P863 in 2012 and P2,239 in 2011, and fair value loss of P364 in 2010 in the Group's financial statements; and fair value gain of P787 in 2012, P2,074 in 2011 and fair value loss of P669 in 2010 in the Parent Company's financial statements.

Certain government securities are deposited with BSP as security for the Group's faithful compliance with its fiduciary obligations in connection with its trust operations (see Note 28).

In addition, the Parent Company reclassified in 2008 its collateralized debt obligations (CDOs) and CLNs that are linked to ROP bonds, with an aggregate carrying value of P5,961 to loans and receivables. As of December 31, 2012 and 2011, aggregate carrying value of the CLNs amounted to P2,423 and P2,763, respectively (see Note 10.01).

10. LOANS AND RECEIVABLES

This account consists of the following:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Loans and discounts	**P 164,674**	P 149,355	**P 125,621**	P 117,195
Credit card receivables	**12,924**	10,192	**10,609**	7,760
Customers' liabilities on acceptances, import bills and trust receipts	**10,062**	10,147	**10,062**	10,147
Bills purchased	**1,820**	1,729	**1,796**	1,686
Lease contract receivables	**569**	400	**–**	–
Receivables financed	**242**	314	**–**	–
Securities purchased under reverse repurchase agreements	**119**	61	**–**	–
	190,410	172,198	**148,088**	136,788
Interbank loans receivable	**4,687**	17,967	**5,768**	17,127
Accrued interest receivable	**2,908**	2,755	**2,471**	1,997
Unquoted debt securities classified as loans	**2,423**	2,763	**2,423**	2,763
Accounts receivable	**1,932**	1,244	**1,300**	1,015
Sales contract receivables	**1,752**	1,416	**377**	466
Miscellaneous	**22**	464	**–**	–
	204,134	198,807	**160,427**	160,156
Allowance for impairment (see Note 15)	**(9,285)**	(8,380)	**(6,310)**	(5,502)
Unearned discount	**(2,018)**	(2,481)	**(121)**	(76)
Reserves for credit card	**(1,661)**	(1,338)	**(918)**	(589)
Prompt payment discount	**(362)**	(416)	**–**	–
	P 190,808	P 186,192	**P 153,078**	P 153,989

Loans and receivables bear average interest rates of 6.90% per annum in 2012 and 6.86% per annum in 2011 in the Group's and Parent Company's financial statements.

Included in this account are non-performing loans (NPLs) amounting to P3,491 (net of allowance of P6,742) and P2,675 (net of allowance of P6,183) as of December 31, 2012 and 2011, respectively, in the Group's financial statements and P1,472 (net of allowance of P4,218) and P1,302 (net of allowance of P3,625) as of December 31, 2012 and 2011, respectively, in the Parent Company's financial statements.

Accounts receivable includes claim from the Bureau of Internal Revenue (BIR) relating to the 20% final withholding tax on Poverty Eradication and Allevation Certificates (PEACe) bonds amounting to P199. As of December 31, 2012, the case regarding the claim is still pending in the Supreme Court (see Note 30.02).

Loans and receivables amounting P2,886 and P3,200 as of December 31, 2012 and 2011, respectively, both in the Group's and Parent Company's financial statements are assigned as collateral to BSP as security for rediscounting availments (see Note 17).

The concentration of credit of the loan portfolio as to industry follows:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Real estate, renting and other related activities	**P 33,889**	P 31,058	**P 23,295**	P 20,756
Consumer	**32,697**	24,687	**10,609**	7,760
Manufacturing (various industries)	**29,592**	33,944	**29,028**	33,717
Electricity, gas and water	**25,125**	21,000	**24,898**	20,893
Other community, social and personal activities	**21,641**	23,561	**17,964**	19,143
Wholesale and retail trade	**16,035**	14,060	**14,693**	13,031
Transportation and communication	**12,038**	7,873	**10,982**	6,770
Diversified holding companies	**8,264**	3,554	**8,264**	3,554
Financial intermediaries	**5,441**	7,601	**4,765**	7,133
Hotels and restaurants	**1,223**	1,423	**1,209**	1,423
Construction	**923**	498	**–**	–
Agriculture, fishing and forestry	**792**	900	**761**	720
Others	**2,750**	2,039	**1,620**	1,888
	P 190,410	P 172,198	**P 148,088**	P 136,788

The BSP considers that loan concentration exists when the total loan exposure to a particular industry exceeds 30% of the total loan portfolio plus the outstanding interbank loans receivable.

The breakdown of the loan portfolio as to secured and unsecured follows:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Secured:				
Real estate mortgage	**P 46,075**	P 38,670	**P 25,567**	P 22,551
Deposit hold-out	**29,082**	31,353	**28,370**	30,618
Chattel mortgage	**17,147**	15,187	**341**	67
Other securities	**16,047**	13,559	**15,468**	13,552
	108,351	98,769	**69,746**	66,788
Unsecured	**82,059**	73,429	**78,342**	70,000
	P 190,410	P 172,198	**P 148,088**	P 136,788

The maturity profile of the loan portfolio follows:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Due within one year	**P 41,735**	P 97,913	**P 37,347**	P 64,004
Due beyond one year	**148,675**	74,285	**110,741**	72,784
	P 190,410	P 172,198	**P 148,088**	P 136,788

A reconciliation of the allowance for impairment at the beginning and end of 2012 and 2011 is shown below (see Note 15).

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Balance at beginning of year	**P 8,380**	P 7,608	**P 5,502**	P 4,772
Provisions	**1,689**	1,978	**1,283**	1,579
Accounts written off/others	**(784)**	(1,206)	**(475)**	(849)
Balance at end of year	**P 9,285**	P 8,380	**P 6,310**	P 5,502

10.01 Reclassification to Loans and Receivables

The Parent Company reclassified in 2008 its CLNs that are linked to ROP bonds and certain CDOs previously recognized as AFS Securities to Loans and Receivables with aggregate carrying amount of P5,961, and embedded derivatives with negative fair value amounting to P308, at reclassification date (see Notes 9). The reclassified CDOs were already disposed in 2010. On the other hand, presented below are the carrying amounts and the corresponding fair values of the outstanding reclassified CLNs linked to ROP bonds as of December 31:

	2012		2011	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
From AFS – host contract	**P 2,423**	**P 2,789**	P 2,763	P 2,382
From FVTPL – embedded derivative	**–**	**–**	–	409
	P 2,423	**P 2,789**	P 2,763	P 2,791

The effective interest at reclassification date ranges from 4.25% to 9.50%. The unrealized fair value losses that should have been recognized in the Group's and the Parent Company's capital funds had the CLNs not been reclassified to Loans and Receivables amounted to P194 and P473 as of December 31, 2012 and December 31, 2011, respectively. Had the embedded derivatives not been reclassified by the Parent Company, interest income on Loans and Receivables would have decreased by P218, P236 and P222 for the years ended December 31, 2012, 2011 and 2010, respectively, and the additional gains to be recognized in profit or loss amounted to P111, P19 and P251 for the years ended December 31, 2012, 2011 and 2010, respectively.

10.02 Special Purpose Vehicle (SPV) Transactions

In accordance with the provisions of Republic Act (RA) No. 9182 (the SPV Act) and MB Resolution No. 135, the Parent Company entered into either "sale and purchase" or "asset sale" agreements with SPVs, namely:

- New Pacific Resources Management (SPV-AMC), Inc. (NPRMI) on May 14, 2008 and February 26, 2007,
- Philippine Investments One, Inc. (PIOI) on August 25, 2004 and April 12, 2005,
- Star Two (SPV-AMC), Inc. (Star Two) on November 15, 2006,
- Global Ispat Holdings and Global Steelworks International (collectively referred herein as the Global SPVs) on October 15, 2004, and
- Asian Pacific Recoveries (SPV-AMC) Corporation (Asian Pacific Recoveries) on February 21, 2005.

The agreements cover the transfers of specific NPAs, consisting of NPLs and real and other properties acquired (ROPA, presented as Investment Properties), amounting to P51 in 2008 and P1,699 in 2007 to NPRMI; P3,770 and P1,433 in 2004 and 2005, respectively, to PIOI; P3,879 in 2006 to Star Two; P686 to Global SPVs in 2004; and P2,070 to Asian Pacific Recoveries in 2005. The agreement with the Global SPVs was made in conjunction with other participating banks.

In recording the transfers of the NPAs, the Parent Company derecognized the NPAs and recorded the subordinated/SPV notes as part of AFS securities (unquoted debt securities) at their fair values as of the dates of issuance. However, one of the significant conditions stated in the terms of the subordinated/SPV notes from NPRMI and PIOI is that the amount and timing of payment of the subordinated/SPV notes are dependent on the collections to be made by NPRMI and PIOI on the NPAs transferred. Under FRSPB, this is indicative of an incomplete transfer of the risks and rewards of ownership of the NPAs from the Parent Company to NPRMI and PIOI. FRSPB requires that: (a) the entity retaining majority of the residual risks and rewards of ownership of certain assets of SPV should reflect in its financial statements its proportionate interest in such SPV, if any, and (b) an entity should substantially transfer all the risks and rewards of ownership of an asset before such asset could be derecognized.

On the other hand, based on the terms and conditions of the "asset sale and purchase" agreements with Star Two, Global SPVs and Asian Pacific Recoveries, the risk and rewards of the ownership of the sold NPAs were transferred completely. As permitted under MB Resolution No. 135, the Parent Company has deferred over 10 years the recognition of the additional allowance for impairment as determined from the NPAs transferred to PIOI not qualified for derecognition, and the losses determined from the NPAs transferred to Star Two, Global SPVs and Asian Pacific Recoveries qualified for derecognition. The schedule of amortization of the additional allowance for impairment and losses as prescribed under MB Resolution No. 135 shall be 5% for the first three years, 10% for the next four years, and 15% for the remaining three years. While this accounting treatment may be allowed under MB Resolution No. 135, FRSPB, however, requires the full recognition of the additional allowance for impairment for NPAs not qualified for derecognition and the losses for NPAs qualified for derecognition against current operations in the period such impairment and losses were determined instead of capitalizing them as deferred charges, and amortizing them over future periods and charging the amortization directly to surplus account.

In 2012, the Group and the Parent Company retrospectively adjusted the financial statements to reflect its interest for NPAs not qualified for derecognition and adjusted the balance of surplus as at January 1, 2012, 2011 and 2010 to fully recognize the additional allowance for impairment and the losses incurred from the sale of the NPAs qualified for derecognition in prior years (see Note 22.05).

11. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The components of the carrying values of investments in subsidiaries and associates are as follows (refer to Note 1.02 for the effective percentage of ownership in 2012 and 2011):

	Group			
	2012		2011	
Acquisition costs of associates:				
RRC	**P**	**1,836**	P	1,836
RLI		**921**		921
RHI		**153**		153
HCPI		**91**		91
LIPC		**53**		53
YCS		**5**		5
		3,059		3,059
Equity in net earnings:				
Balance at beginning of year		**607**		495
Equity in net earnings for the year		**357**		200
Dividends	**(**	**24)**	(	88)
Balance at end of year		**940**		607
		3,999		3,666
Allowance for impairment (see Note 15)	**(**	**53)**	(	53)
	P	**3,946**	P	3,613

	Parent			
	2012		2011	
Subsidiaries:				
RSB	**P**	**3,190**	P	3,190
RCBC Capital		**2,231**		2,231
Bankard		**1,000**		1,000
Rizal Microbank		**992**		992
RCBC LFC		**687**		–
RCBC JPL		**375**		375
RCBC Forex		**150**		150
RCBC North America		**134**		134
RCBC Telemoney Europe		**72**		72
RCBC IFL		**58**		58
		8,889		8,202
Associates:				
RRC		**1,836**		1,836
RLI		**921**		921
NPHI		**388**		388
HCPI		**91**		91
LIPC		**53**		53
RHI		**51**		51
YCS		**5**		5
		3,345		3,345
		12,234		11,547
Allowance for impairment (see Note 15)	**(**	**627)**	(	308)
	P	**11,607**	P	11,239

The following table presents the audited financial information (except for HCPI for which 2012 and 2011 information were based on unaudited financial statements) on the significant associates as of and for the years ended December 31, 2012 and 2011:

		Resources		Liabilities		Revenues		Profit (Loss)
2012:								
RRC	**P**	**9,070**	**P**	**2,493**	**P**	**1,458**	**P**	**779**
RLI		**560**		**–**		**–**		**–**
HCPI		**4,718**		**2,509**		**11,119**		**285**
2011:								
RRC	P	8,603	P	2,805	P	1,404	P	656
RLI		607		–		9		8
HCPI		2,842		755		7,438	(	230)

The Parent Company, under a shareholder's agreement, agreed with another stockholder of HCPI to commit and undertake to vote, as a unit, the shares of stock thereof, which they proportionately own and hold, and to regulate the conduct of the voting and the relationship between them with respect to their exercise of their voting rights. As a result of this agreement, the Parent Company is able to exercise significant influence over the operating and financial policies of HCPI. Thus, HCPI has been considered an associate despite the Parent Company's only 12.88% ownership interest.

RCBC Capital entered into an agreement with another stockholder of RHI to commit and undertake to vote, as a unit, the shares of stock of RHI, which they own and hold, and to regulate the conduct of the voting and the relationship between them with respect to the exercise of the voting rights. As a result of this agreement, RCBC Capital and the Parent Company are able to exercise significant influence over the operating and financial policies of RHI. Thus, notwithstanding RCBC Capital's ownership of only 4.71% and the Parent Company's ownership of only 2.40%, RHI has been considered an associate.

In 2011, RRC redeemed a certain percentage of its preferred shares which resulted in the decrease of the Parent Company's cost of investment by P39. The redemption of preferred shares resulted in a gain amounting to P81 which was recognized in the 2011 statement of income as part of Gain on Sale of Investments under Miscellaneous Income account (see Note 26.01).

On February 12 and 13, 2009, an agreement was executed between the Parent Company and RCBC JPL whereby the Parent Company shall infuse an initial amount of P125 in RCBC JPL as stock subscription, which will result in the Parent Company's 33% ownership and full management control of RCBC JPL. The Parent Company was also granted the option to own the remaining 66% of the outstanding shares of RCBC JPL by way of future equity infusion of P125 into RCBC JPL in February 2010 and another P125 in February 2011, which will bring the total equity investment of the Parent Company to P375 or 99% by 2011. Thereafter, in accordance with the agreement, the Parent Company made cash infusions amounting of P50 on March 9, 2009, P75 on February 15, 2010 and P125 on February 15, 2011.

On August 31, 2011, the Parent Company's BOD approved the acquisition of selected assets and assumption of selected liabilities of RCBC JPL through Rizal Microbank, subject to the approval of Philippine Deposit Insurance Corporation (PDIC) and BSP with the following conditions: (a) RCBC JPL shall surrender its rural bank license to BSP within 30 days from BSP approval; and (b) RCBC JPL shall likewise cease to accept deposits and change its business name so as to delete the word "bank" therein. Consequently, in 2011, the Parent Company infused P500 worth of capital to Rizal Microbank to support the acquisition of assets and assumption of liabilities of RCBC JPL. The application of acquisition of selected assets and assumption of selected liabilities was approved by PDIC and BSP on January 31, 2012 and March 2, 2012, respectively.

As of December 31, 2012, the financial statements of RCBC JPL showed a negative equity of P406. Accordingly, in 2012, the Parent Company recognized full provision on the remaining carrying value of its investment by recognizing additional impairment loss of P319 in the Parent Company's 2012 statement of income.

On January 30, 2012, the BOD approved the acquisition of a total of 448,528,296 common shares or around 97.79% of the outstanding capital stock in RCBC LFC from PMMIC, House of Investments, Inc. (HI) and other sellers. The sale and purchase of RCBC LFC shares were made in accordance with the three Share Purchase Agreements signed by the relevant parties on February 7, 2012 and was conditioned on, among others, the receipt of approval for the transaction from the BSP, which was received by the Parent Company on March 12, 2012 (see Note 22.04).

12. BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of bank premises, furniture, fixtures and equipment at the beginning and end of 2012 and 2011 are shown below.

	Group (As Restated – See Note 22)					
	Land	**Buildings**	**Construction in Progress**	**Furniture, Fixtures and Equipment**	**Leasehold Rights and Improvements**	**Total**
December 31, 2012						
Cost	P 1,486	P 1,767	P 1,600	P 6,272	P 807	P 11,392
Accumulated depreciation and amortization	–	(911)	–	(3,514)	–	(4,425)
Net carrying amount	**P 1,486**	**P 856**	**P 1,600**	**P 2,758**	**P 807**	**P 7,507**
December 31, 2011						
Cost	P 1,484	P 1,732	P 972	P 5,266	P 829	P 10,283
Accumulated depreciation and amortization	–	(837)	–	(2,984)	–	(3,821)
Net carrying amount	P 1,484	P 895	P 972	P 2,282	P 829	P 6,462
January 1, 2011						
Cost	P 1,752	P 1,396	P 532	P 4,555	P 887	P 9,122
Accumulated depreciation and amortization	–	(764)	–	(2,532)	–	(3,296)
Net carrying amount	P 1,752	P 632	P 532	P 2,023	P 887	P 5,826

	Parent					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
December 31, 2012						
Cost	P 672	P 1,419	P 739	P 3,985	P 669	P 7,484
Accumulated depreciation and amortization	–	(687)	–	(2,364)	–	(3,051)
Net carrying amount	**P 672**	**P 732**	**P 739**	**P 1,621**	**P 669**	**P 4,433**
December 31, 2011						
Cost	P 672	P 1,393	P 458	P 3,355	P 717	P 6,595
Accumulated depreciation and amortization	–	(637)	–	(2,075)	–	(2,712)
Net carrying amount	P 672	P 756	P 458	P 1,280	P 717	P 3,883
January 1, 2011						
Cost	P 693	P 1,377	P 329	P 3,054	P 784	P 6,237
Accumulated depreciation and amortization	–	(589)	–	(1,837)	–	(2,426)
Net carrying amount	P 693	P 788	P 329	P 1,217	P 784	P 3,811

A reconciliation of the carrying amounts at the beginning and end of 2012 and 2011 of bank premises, furniture, fixtures and equipment is shown below.

	Group (As Restated – See Note 22)					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2012, net of accumulated depreciation and amortization	P 1,484	P 895	P 972	P 2,282	P 829	P 6,462
Additions	33	76	628	1,316	164	2,217
Disposals	(31)	(42)	–	(210)	(8)	(291)
Depreciation and amortization charges for the year	–	(73)	–	(630)	(178)	(881)
Balance at December 31, 2012, net of accumulated depreciation and amortization	**P 1,486**	**P 856**	**P 1,600**	**P 2,758**	**P 807**	**P 7,507**
Balance at January 1, 2011, net of accumulated depreciation and amortization	P 1,752	P 632	P 532	P 2,023	P 887	P 5,826
Additions	68	345	440	919	113	1,885
Disposals	(336)	(5)	–	(72)	(9)	(422)
Depreciation and amortization charges for the year	–	(77)	–	(588)	(162)	(827)
Balance at December 31, 2011, net of accumulated depreciation and amortization	P 1,484	P 895	P 972	P 2,282	P 829	P 6,462

	Parent					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2012, net of accumulated depreciation and amortization	P 672	P 756	P 458	P 1,280	P 717	P 3,883
Additions	–	35	281	862	104	1,282
Disposals	–	(9)	–	(190)	(5)	(204)
Depreciation and amortization charges for the year	–	(50)	–	(331)	(147)	(528)
Balance at December 31, 2012, net of accumulated depreciation and amortization	**P 672**	**P 732**	**P 739**	**P 1,621**	**P 669**	**P 4,433**

	Parent					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2011, net of accumulated depreciation and amortization	P 693	P 788	P 329	P 1,217	P 784	P 3,811
Additions	–	25	129	401	67	622
Disposals	(21)	(5)	–	(43)	–	(69)
Depreciation and amortization charges for the year	–	(52)	–	(295)	(134)	(481)
Balance at December 31, 2011, net of accumulated depreciation and amortization	P 672	P 756	P 458	P 1,280	P 717	P 3,883

In October 2009, the Parent Company, RSB and Bankard entered into an agreement with Malayan Insurance Company, Inc. (MICO) and Grepalife Financial, Inc. (Grepalife) to form a consortium for the pooling of their resources and establishment of an unincorporated joint venture (the "UJV") for the construction and development of a high rise, mixed use commercial/office building. In 2011, the Parent Company's BOD approved the assumption of rights and interest of its co-partner, Grepalife, in the said joint venture. Total cash contribution of the Parent Company, RSB and Bankard to the joint venture amounted to P1,600 and P972 as of December 31, 2012 and 2011, respectively, recorded as Construction in Progress. RSB's land contribution costing P383 as of December 31, 2012 and 2011 is recorded as part of Land account (see Note 29.03). On October 2, 2012, the parties executed a memorandum of understanding agreeing in principle to cancel or revoke the UJV, subject to the approval of BSP. On March 13, 2013, through MB Resolution No. 405 dated March 7, 2013, BSP confirmed the Parent Company's acquisition of the land contributed to RSB to the Project as well as the rights and interests of its co-venturers (see Note 31).

Under BSP rules, investments in bank premises, furniture, fixtures and equipment should not exceed 50% of the respective unimpaired capital of the Parent Company and bank subsidiaries. As of December 31, 2012 and 2011, the Parent Company and bank subsidiaries have satisfactorily complied with this BSP requirement.

13. INVESTMENT PROPERTIES

Investment properties consist of various land and building acquired through foreclosure or dacion as payment of outstanding loans by the borrowers. A reconciliation of the carrying amounts at the beginning and end of 2012 and 2011, and the gross carrying amounts and the accumulated depreciation and impairment of investment properties are as follows:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011 (As Restated – See Note 22)
Balance at January 1, net of accumulated depreciation and impairment	**P 7,651**	P 7,605	**P 3,927**	P 4,098
Additions	**1,401**	1,632	**166**	400
Disposals	**(1,702)**	(1,074)	**(384)**	(370)
Impairment	**(489)**	(407)	**(116)**	(176)
Depreciation	**(65)**	(105)	**(29)**	(25)
Balance at December 31, net of accumulated depreciation and impairment	**P 6,796**	P 7,651	**P 3,564**	P 3,927
December 31				
Cost	**P 8,601**	P 9,646	**P 4,424**	P 4,758
Accumulated depreciation	**(661)**	(709)	**(241)**	(262)
Accumulated impairment (see Note 15)	**(1,144)**	(1,286)	**(619)**	(569)
Net carrying amount	**P 6,796**	P 7,651	**P 3,564**	P 3,927

The fair value of investment properties as of December 31, 2012 and 2011, based on the available appraisal reports, amounted to P10,786 and P11,907, respectively, for the Group; and P6,486 and P6,415, respectively, for the Parent Company.

In 2012, the Group and the Parent Company foreclosed real and other properties totalling to P579 and P96, respectively, in settlement of certain loan accounts.

In 2009, in accordance with the letter received by RSB from BSP dated March 26, 2009, RSB reclassified certain investment properties to equity investments in RSB's separate financial statements which resulted into consolidation of the SPCs in the Group's financial statements. Accordingly, the assets, liabilities, income and expenses of the SPCs were consolidated in the Group's financial statements. The approval of BSP through the MB is subject to the following conditions: (i) RSB should immediately dissolve the SPCs once the underlying dacioned real property assets are sold or disposed; and, (ii) the equity investments in the SPCs shall be disposed of within a reasonable period not beyond October 5, 2012. However, RSB was not able to complete the disposition of the properties within the required time frame set by BSP. As a result, RSB, through the approval of its BOD, decided to merge the SPCs with RSB as the surviving entity. A request letter has been submitted to BSP on the planned merger. As of the reporting date, no response has been received from BSP.

14. OTHER RESOURCES

Other resources consist of the following:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011 (As Restated – See Note 22)
Real estate properties for sale – net (see Note 14.02)	**P 2,077**	P 2,850	**P 960**	P 1,085
Software – net (see Note 14.01)	**754**	657	**569**	621
Margin deposits	**715**	224	**715**	224
Goodwill	**426**	426	**–**	–
Sundry debits	**350**	6	**115**	5
Assets held-for-sale	**308**	246	**–**	–
Retirement benefit asset (see Note 24)	**300**	99	**307**	97
Prepaid expenses	**234**	245	**134**	190
Creditable withholding taxes	**230**	134	**218**	124
Unused stationery and supplies	**200**	231	**197**	226
Inter-office float items	**180**	99	**170**	241
Foreign currency notes and coins on hand	**162**	237	**162**	237
Branch licenses – net (see Note 14.03)	**161**	209	**–**	–
Refundable deposits	**118**	111	**114**	107
Miscellaneous	**527**	358	**205**	140
	6,742	6,132	**3,866**	3,297
Allowance for impairment (see Note 15)	**(207)**	(194)	**(19)**	(3)
	P 6,535	P 5,938	**P 3,847**	P 3,294

14.01 Software

A reconciliation of the carrying amounts at the beginning and end of 2012 and 2011 of software is shown below.

	Group		Parent	
	2012	2011	**2012**	2011
Balance at beginning of year	**P 657**	P 530	**P 621**	P 530
Additions	**217**	231	**62**	195
Disposals	**–**	(17)	**–**	(17)
Amortization	**(120)**	(87)	**(114)**	(87)
Balance at end of year	**P 754**	P 657	**P 569**	P 621

14.02 Real Estate Properties for Sale

Real estate properties for sale represent those properties held by the Parent Company and by the SPCs of RSB that were consolidated to the Group's statements of financial position as of December 31, 2012 and 2011.

14.03 Branch Licenses

On May 14, 2009, BSP approved the Parent Company's acquisition of RCBC JPL under the terms and conditions specified in the Term Sheet dated February 12, 2009 and Addendum to Term Sheet dated February 13, 2009, executed by the Parent Company and RCBC JPL, subject to certain conditions (see Note 11). As a result of this approval to acquire RCBC JPL through capital infusion over three years, the Group recognized the excess of the total cost of investment over the allocated net assets of RCBC JPL amounting to P264 as Branch Licenses in its consolidated financial statements.

A reconciliation of the carrying amounts at the beginning and end of 2012 and 2011 of branch licenses is shown below.

	2012	2011
Balance at beginning of year	**P 209**	P 244
Amortization	**(48)**	(35)
Balance at end of year	**P 161**	P 209

14.04 Impairment of Goodwill

In 2011, the Group recognized full impairment of goodwill relating to its investment in Rizal Microbank. The impairment amounted to P157 and is presented as part of Impairment Losses in the Group's 2011 statement of income.

15. ALLOWANCE FOR IMPAIRMENT

Changes in the allowance for impairment are summarized as follows:

		Group		Parent	
	Notes	**2012**	2011 (As Restated – See Note 22)	**2012**	2011 (As Restated – See Note 22)
Balance at beginning of year					
AFS securities	9	**P 1,157**	P 1,088	**P 1,052**	P 1,026
Loans and receivables	10	**8,380**	7,608	**5,502**	4,772
Investment in subsidiaries and associates	11	**53**	53	**308**	252
Investment property	13	**1,286**	1,167	**569**	373
Other resources	14	**194**	37	**3**	3
		11,070	9,953	**7,434**	6,426
Net provisions during the year		**2,486**	2,538	**1,921**	1,779
Charge-offs during the year		**(2,091)**	(1,421)	**(1,065)**	(771)
		395	1,117	**856**	1,008
Balance at end of year					
AFS securities	9	**776**	1,157	**715**	1,052
Loans and receivables	10	**9,285**	8,380	**6,310**	5,502
Investment in subsidiaries and associates	11	**53**	53	**627**	308
Investment properties	13	**1,144**	1,286	**619**	569
Other resources	14	**207**	194	**19**	3
		P 11,465	P 11,070	**P 8,290**	P 7,434

16. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Demand	**P 10,568**	P 10,001	**P 8,891**	P 8,341
Savings	**130,302**	134,238	**110,748**	108,562
Time	**105,887**	111,044	**76,796**	87,131
	P 246,757	P 255,283	**P 196,435**	P 204,034

Included in time deposits of the Group and Parent Company are various issuances of long-term negotiable certificate of deposits with outstanding balance of P9,233 and P7,917 as of December 31, 2012 and 2011, respectively.

The maturity profile of the deposit liabilities follows:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Within one year	**P 34,286**	P 44,229	**P 30,203**	33,023
Beyond one year, within five years	**9,526**	4,836	**9,224**	4,558
Beyond five years	**–**	3,379	**–**	3,379
Non-maturity	**202,945**	202,839	**157,008**	163,074
	P 246,757	P 255,283	**P 196,435**	P 204,034

Deposit liabilities are in the form of savings, demand and time deposit accounts with annual interest rates ranging from 0.13% to 3.13%, 0.25% to 3.38% and 0.25% to 4.50% in 2012, 2011 and 2010, respectively. Deposit liabilities are stated at amounts they are to be paid which approximate the market value.

Under existing BSP regulations, non-FCDU deposit liabilities of the Group are subject to reserve requirements equivalent to 18% in 2012 and 21% in 2011. As of December 31, 2012 and 2011, the Group is in compliance with such regulations.

In 2012, BSP issued Circular no. 753 which excludes cash in vault and regular reserve deposit accounts with BSP as eligible forms of compliance for the reserve requirements. The required reserve shall only be kept in the form of demand deposit accounts with BSP. Available reserves as of December 31, 2012 and 2011 follow:

	Group		Parent	
	2012	2011	**2012**	2011
Cash and other cash items	**P –**	P 8,222	**P –**	P 6,619
Due from BSP	**24,759**	9,876	**20,417**	7,768
Reserve deposit account (BSP)	**–**	15,893	**–**	15,143
	P 24,759	P 33,991	**P 20,417**	P 29,530

17. BILLS PAYABLE

This account consists of borrowings from:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Foreign banks	**P 12,480**	P 11,122	**P 12,480**	P 10,212
Local banks	**10,488**	2,934	**9,366**	3,369
BSP	**2,120**	2,560	**2,120**	2,560
Others	**1,299**	1,421	**5**	6
	P 26,387	P 18,037	**P 23,971**	P 16,147

The maturity profile of bills payable follows:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Within one year	**P 22,131**	P 18,037	**P 19,686**	P 16,147
Beyond one year but within five years	**2,893**	–	**2,893**	–
More than five years	**781**	–	**1,392**	–
Non-maturing	**582**	–	**–**	–
	P 26,387	P 18,037	**P 23,971**	P 16,147

Borrowings with foreign and local banks, which are mainly short-term in nature, are subject to annual fixed interest rates as follows:

	Group		
	2012	2011	2010
Peso denominated	**1.31%-5.00%**	4.50%-4.80%	0.60%-4.50%
Foreign currency denominated	**0.20%-3.18%**	0.50%-3.02%	0.15%-2.98%

	Parent		
	2012	2011	2010
Peso denominated	**–**	–	0.60%-1.25%
Foreign currency denominated	**0.43%-3.18%**	0.50%-3.02%	0.15%-2.98%

The Parent Company does not have peso borrowings in 2012 and 2011.

Bills payable to BSP represents rediscounting availments from BSP which are collateralized by the assignment of certain loans amounting to P2,886 and P3,200 as of December 31, 2012 and 2011, respectively (see Note 10).

Only bills payable to BSP is collateralized by the assignment of certain loans.

18. BONDS PAYABLE

In February 2010, the Parent Company issued unsecured US$ denominated Senior Notes with principal amount of US$250 bearing an interest of 6.25% per annum, payable semi-annually in arrears on February 9 and August 9 of each year, commencing on August 9, 2010. The Senior Notes, unless redeemed, will mature on February 9, 2015. As of December 31, 2012 and 2011, the peso equivalent of the outstanding bond issue amounted to P10,252 and P10,905, respectively.

In January 2012, the Parent Company issued unsecured US$ denominated Senior Notes with principal amount of US$275 bearing an interest of 5.25% per annum, payable semi-annually in arrears on January 18 and July 18 of each year, commencing on July 18, 2012. The Senior Notes, unless redeemed, will mature on January 31, 2017. As of December 31, 2012, the peso equivalent of the outstanding bond issue amounted to P11,301.

19. ACCRUED INTEREST, TAXES AND OTHER EXPENSES

The composition of this account follows:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Accrued expenses	**P 2,958**	P 2,845	**P 2,273**	P 1,921
Accrued interest payable	**1,057**	890	**977**	798
Taxes payable	**252**	231	**157**	112
Others	**234**	12	**–**	–
	P 4,501	P 3,978	**P 3,407**	P 2,831

20. OTHER LIABILITIES

Other liabilities consist of the following:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011 (As Restated – See Note 22)
Accounts payable	**P 4,532**	P 3,146	**P 2,798**	P 2,177
Derivatives with negative fair values (see Note 8)	**1,471**	1,110	**1,471**	1,110
Manager's checks	**1,196**	943	**688**	492
Bills purchased – contra	**1,081**	1,050	**1,081**	1,050
Deferred income	**925**	709	**628**	412
Outstanding acceptances payable	**375**	270	**375**	270
Other credits	**344**	221	**169**	171
Withholding taxes payable	**233**	157	**224**	153
Deposit on lease contracts	**158**	125	**–**	–
Payment orders payable	**101**	107	**71**	89
Sundry credits	**61**	145	**61**	145
Guaranty deposits	**60**	60	**60**	60
Due to BSP	**12**	5	**12**	5
Miscellaneous	**388**	204	**190**	122
	P 10,937	P 8,252	**P 7,828**	P 6,256

21. SUBORDINATED DEBT

On November 26, 2007, the Parent Company's BOD approved the issuance of P7 billion unsecured subordinated notes (the "P7 billion Notes") with the following significant terms and conditions:

a. The P7 billion Notes shall mature on February 22, 2018, provided that they are not previously redeemed.

b. Subject to satisfaction of certain regulatory approval requirements, the Parent Company may, on February 22, 2013, redeem all of the outstanding notes at redemption price equal to 100% of the face value of the P7 billion Notes together with accrued and unpaid interest thereof.

c. The P7 billion Notes bear interest at the rate of 7% per annum from February 22, 2008 and shall be payable quarterly in arrears at the end of each interest period on May 22, August 22, November 22 and February 22 each year.

d. Unless the P7 billion Notes are previously redeemed, the interest rate from 2013 to 2018 will be reset at the equivalent of the five-year Fixed Rate Treasury Note benchmark bid yield as of February 22, 2013 multiplied by 80% plus 3.53% per annum. Such stepped-up interest shall be payable quarterly commencing 2013.

The P7 billion Notes were issued on February 22, 2008 and were fully subscribed. The carrying amount of the P7 billion Notes amounted to P6,997 and P6,982 as of December 31, 2012 and 2011, respectively. On February 22, 2013, the Parent Company redeemed all of the outstanding notes.

On January 26, 2009, the Parent Company's BOD approved another issuance of P4 billion unsecured subordinated notes (the "P4 billion Notes") with the following significant terms and conditions:

a. The P4 billion Notes shall mature on May 15, 2019, provided that they are not previously redeemed.

b. Subject to satisfaction of certain regulatory approval requirements, the Parent Company may, on May 15, 2014, redeem all of the outstanding notes at redemption price equal to 100% of the face value of the P4 billion Notes together with accrued and unpaid interest thereon.

c. The P4 billion Notes bear interest at the rate of 7.75% per annum from May 15, 2009 and shall be payable quarterly in arrears at the end of each interest period on August 15, November 15, February 15 and May 15 each year.

d. Unless the P4 billion Notes are previously redeemed, the interest rate from May 15, 2014 to May 15, 2019 will be increased to the rate equivalent to 80% of benchmark rate as of the first day of the 21st interest period plus the step-up spread. Such stepped up interest shall be payable quarterly in arrears.

The P4 billion Notes were issued on May 15, 2009 and were fully subscribed. The carrying amount of the P4 billion Notes amounted to P3,990 and P3,984 as of December 31, 2012 and 2011, respectively.

The subordinated debt is measured at amortized cost at the end of each reporting period.

22. CAPITAL FUNDS

22.01 Capital Stock

Capital stock consists of:

	Number of Shares		
	2012	2011	2010
Preferred stock – voting, non-cumulative non-redeemable, participating, convertible into common shares – P10 par value Authorized – 200,000,000 shares Issued and outstanding	**342,082**	2,584,756	20,695,078
Common stock – P10 par value Authorized – 1,400,000,000 shares in 2012 and 2011 and 1,100,000,000 shares in 2010 Issued and outstanding	**1,140,857,133**	1,140,135,121	990,554,034

	Amount		
	2012	2011	2010
Preferred stock – voting, non-cumulative non-redeemable, participating, convertible into common shares – P10 par value Authorized – 200,000,000 shares Issued and outstanding	**P 3**	P 26	P 207
Common stock – P10 par value Authorized – 1,400,000,000 shares in 2012 and 2011 and 1,100,000,000 shares in 2010 Issued and outstanding	**P 11,409**	P 11,401	P 9,906

As of December 31, 2012, there are 821 holders of the listed shares equivalent to 99.97% of the Bank's total outstanding shares. Such listed shares closed at P60.00 per share as of December 31, 2012.

In 1986, the Parent Company listed its common shares with the Philippine Stock Exchange (PSE). The history of the Parent Company's issuance of common shares arising from the initial and subsequent public offerings, including private placements is presented below.

Issuance	Subscriber	Issue Date	Number of Shares Issued
Initial public offering	Various	November 1986	1,410,579
Stock rights offering	Various	April 1997	44,492,908
Stock rights offering	Various	July 1997	5,308,721
Stock rights offering	Various	August 1997	830,345
Stock rights offering	Various	January 2002	167,035,982
Stock rights offering	Various	June 2002	32,964,018
Follow-on offering	Various	March 2007	210,000,000
Private placement	International Finance Corporation	March 2011	73,448,275
Private placement	Hexagon Investments B.V.	September 2011	126,551,725

On May 29, 2006, the Parent Company's stockholders approved the issuance of up to 200,000,000 convertible preferred shares with a par value of P10 per share, subject to the approval, among others, by the PSE.

The issuance of the convertible preferred shares was approved by the Parent Company's stockholders on May 29, 2006. The purpose of the issuance of the preferred shares is to raise the Tier 1 capital pursuant to BSP regulations, thereby strengthening the capital base of the Parent Company and allowing it to expand its operations. On February 13, 2007, the PSE approved the listing application of the underlying common shares for the 105,000 convertible preferred shares, subject to the compliance of certain conditions of the PSE. Preferred shares have the following features:

a. Entitled to dividends at floating rate equivalent to the applicable base rate plus a spread of 2% per annum, calculated quarterly;

b. Convertible to common stocks at any time after the issue date at a conversion price using the adjusted net book value per share of the Parent Company based on the latest available financial statements prepared in accordance with PFRS adjusted by local regulations;

c. Non-redeemable; and

d. Participating as to dividends on a pro rata basis with the common stockholders in the Surplus of the Parent Company after dividend payments had been made to the preferred shares.

Preferred shares amounting to P23 or 2,242,674 shares and P181 or 18,110,322 shares were converted to 722,012 and 5,821,548 common shares in 2012 and 2011, respectively.

On June 28, 2010, the Parent Company's stockholders owning or representing more than two-thirds of the outstanding capital stock confirmed and ratified the approval by the majority of the BOD on their Executive Session held on May 21, 2010, the proposed increase in authorized capital stock and removal of pre-emptive rights from holders of capital stock, whether common or preferred, to subscribe for or purchase any shares of any class, by amending its Articles of Incorporation. The proposed P16,000 authorized capital stock is divided into the following classes of shares:

a. 1,400,000,000 common shares with a par value of ten pesos (P10.00) per share.

b. 200,000,000 preferred shares with a par value of ten pesos (P10.00) per share.

The removal of pre-emptive rights was approved by BSP and SEC on October 20, 2010 and November 4, 2010, respectively. On the other hand, the increase in authorized capital stock of the Parent Company was approved by BSP and SEC on August 24, 2011 and September 16, 2011, respectively.

Common shares may be transferred to Philippine and foreign nationals and shall, at all times, not be less than 60% and not more than 40% of the voting stock, be beneficially owned by Philippine nationals and by foreign nationals, respectively.

The determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's "unimpaired capital" (regulatory net worth) required and reported to the BSP, determined on the basis of regulatory accounting policies, which differ from FRSPB in some aspects. Specifically, under existing banking regulations, the combined capital accounts of the Parent Company should not be less than an amount equal to 10% of its risk assets.

A portion of the Group's surplus corresponding to the undistributed income of subsidiaries and equity in net earnings of certain associates totalling P5,367 and P3,396 as of December 31, 2012 and 2011, respectively, is not currently available for distribution as dividends.

22.02 Purchase and Reissuance of Treasury Shares

On March 16, 2009, the BOD of the Parent Company approved the acquisition of 92,421,320 common shares and 18,082,311 convertible preferred shares at P15.20 per share and P10.00 per share, respectively. Total cost of purchasing the treasury shares including the buying charges and documentary stamp taxes (DST) incurred amounted to P1,595. On September 1, 2009, majority of the stockholders approved the reissuance of the 41,993,389 common treasury shares amounting to P642 in exchange for 5.64% ownership or 169,059 shares of stock in MICO Equities, Inc. (MICOEI) amounting to P735. The excess of the carrying amount of the investment in MICOEI over the cost of treasury stock re-issued amounting to P93 was recognized as part of Capital Paid in Excess of Par. The remaining balance of the total cost of purchasing the treasury shares amounting to P953 is presented as Treasury Shares in the statements of changes in capital funds as of December 31, 2010.

On March 17, 2011, the Parent Company issued 73,448,275 common shares, comprising of 50,427,931 treasury shares (with total cost of P771) and 23,020,344 unissued shares (with total par value of P230), to International Finance Corporation for a total consideration of P2,130 representing 7.2% ownership interest. The issuance resulted in the recognition of additional Capital Paid in Excess of Par amounting to P1,078.

Also, on September 23, 2011, the Parent Company issued 5,821,548 common shares (equivalent of 18,082,311 preferred shares and with total par value of P58) from the treasury account (with total cost of P182) and an additional 120,730,177 common shares (with total par value of P1,207) from unissued portion of the increase in authorized capital stock on September 23, 2011 to Hexagon Investments B.V. that is equivalent to approximately 15% of the outstanding common stock. The issuance resulted in the recognition of additional Capital Paid in Excess of Par amounting to P2,264.

22.03 Cash Dividend Declaration

The details of the cash dividend distributions follow:

Date Declared	Dividend Per Share	Dividend Total Amount	Stockholders of Record as of	Date Approved by BOD	Date Approved by BSP	Date Paid/Payable
October 26, 2010	P 0.0579	P 0.15	December 21, 2010	October 26, 2010	January 24, 2011	February 10, 2011
October 26, 2010	*	213.70	*	October 26, 2010	April 12, 2011	April 26, 2011
October 26, 2010	*	213.22	*	October 26, 2010	September 2, 2011	October 26, 2011
January 31, 2011	0.0577	0.15	March 21, 2011	January 31, 2011	April 12, 2011	May 3, 2011
March 31, 2011	0.8000	810.86	March 25, 2011	March 31, 2011	April 28, 2011	May 23, 2011
March 31, 2011	0.8000	2.09	March 25, 2011	March 31, 2011	April 28, 2011	May 23, 2011
April 25, 2011	0.0577	0.15	June 21, 2011	April 25, 2011	June 21, 2011	July 15, 2011
August 31, 2011	0.0562	0.15	September 21, 2011	August 31, 2011	October 21, 2011	November 10, 2011
November 2, 2011	0.0595	0.16	December 21, 2011	November 2, 2011	January 3, 2012	January 11, 2012
November 2, 2011	*	209.99	*	November 2, 2011	February 24, 2012	April 27, 2012
November 2, 2011	*	203.47	*	November 2, 2011	September 6, 2012	October 25, 2012
January 30, 2012	0.0649	0.03	March 21, 2012	January 30, 2012	February24, 2012	March 27, 2012
March 26, 2012	0.9000	1,026.77	May 29, 2012	March 26, 2012	April 19, 2012	June 4, 2012
March 26, 2012	0.9000	0.31	May 29, 2012	March 26, 2012	April 19, 2012	June 4, 2012
May 28, 2012	0.0632	0.02	June 21, 2012	May 28, 2012	June 26, 2012	July 3, 2012
July 30, 2012	0.0624	0.02	September 21, 2012	July 30, 2012	September 6, 2012	September 28, 2012
November 26, 2012	0.0593	0.02	December 18, 2012	November 26, 2012	January 2, 2013	December 21, 2012
November 26, 2012	*	201.99	*	November 26, 2012	March 4, 2013	April 27, 2013

** Cash dividends on hybrid perpetual securities*

22.04 Other Reserves

In 2008, the Parent Company's interest in Bankard's net assets increased to 91.69% (representing 66.58% direct ownership and 25.11% indirect ownership through RCBC Capital) as a result of additional capital infusion of P1,000 which was approved by BSP on February 23, 2007. This change in ownership with Bankard did not result in obtaining additional or reduced control. In accordance with the relevant accounting standards, the Parent Company's and Non-controlling Interest's (NCI) (other than RCBC Capital) shares in Bankard's net assets were adjusted to reflect the changes in their respective interests. The difference between the amount of additional investment made by the Parent Company and the adjustment in the NCI's share in Bankard's net assets amounting to P241 was recognized directly in capital funds and presented as part of Other Reserves in the statements of changes in capital funds. In 2011, there were changes in the Parent Company's percentage ownership over Rizal Microbank and Bankard. This resulted to the increase in Other Reserves by P2, which is presented as Net Effect of Change in Ownership over Subsidiaries in the 2011 statement of changes in capital.

In 2012, the Parent Company acquired RCBC LFC. RCBC LFC is originally a subsidiary of HI which is also a subsidiary of PMMIC. Thus, the acquisition of the Parent Company is considered to be a common control business combination. However, this is outside the scope of PFRS 3 and there is no other specific PFRS guidance governing the said transaction for financial institutions. In reference to the most relevant and reliable accounting policies, the Parent Company can either apply the pooling of interests-type method (also referred to as merger accounting) or the purchase method in accordance with PFRS 3.

RCBC LFC's financial statements were consolidated in the financial statements of the Group using the pooling of interests method. Thus, the Parent Company accounted for the acquisition as follows:

a. the assets and liabilities of RCBC LFC are recorded at book value not fair value;
b. no goodwill is recorded; the difference between the Parent Company's cost of investment and RCBC LFC's equity amounting to P87 is recognized under a separate reserve (Other Reserves) within equity (as part of Other Comprehensive Income) on consolidation in 2012; and
c. comparative amounts are restated as if the acquisition had taken place at the beginning of the earliest comparative period presented (see Note 22.05).

Prior to the business combination, there have been changes in the NCI's ownership interest in RCBC LFC. These changes in ownership brought about a decrease of P228 and an increase of P7 in Other Reserves in 2012 and 2010, respectively. These changes also caused a decrease of P120 in Surplus and P172 in NCI in 2012, and an increase of P2 in Surplus and a decrease of P5 in NCI in 2010. The effects of these changes are presented as Net Effect of Change in Ownership over Subsidiaries in the 2012 and 2010 statements of changes in capital funds.

22.05 Adjustments to Beginning Surplus

As mentioned in Note 2.01(b), the balance of Surplus as of January 1, 2012 and 2011 have been restated from the amounts previously reported to (a) recognize the proportionate share in RCBC LFC's surplus resulting from the Parent Company's acquisition of the RCBC LFC's net assets under the pooling of interests method (see Note 22.04) and, (b) to fully recognize the losses resulting from the sale of the NPAs qualified for derecognition and to recognize in the books the additional allowance for impairment on those NPAs not qualified for derecognition (see Note 10.02).

The restatement of the statement of financial position items as of January 1, 2012 is summarized below.

	Group			
		Effect of Prior Period Adjustments		
	As Previously Reported	(a)	(b)	As Restated
Assets				
Cash and other cash items	P 8,148	P 15	P –	P 8,163
Due from BSP	34,221	62	–	34,283
Due from other banks	3,606	163	–	3,769
Investment and trading securities	89,057	–	(1,329)	87,728
Loans and receivables	184,554	1,638	–	186,192
Bank premises, furniture, fixtures and equipment	5,866	596	–	6,462
Investment properties	7,349	34	268	7,651
Deferred tax assets	1,456	12	–	1,468
Other resources	7,135	270	(1,467)	5,938
	341,392	2,790	(2,528)	341,654
Liabilities				
Deposit liabilities	255,460	(177)	–	255,283
Bills payable	15,712	2,325	–	18,037
Accrued interest, taxes and other expenses	3,946	32	–	3,978
Other liabilities	8,081	159	12	8,252
	283,199	2,339	12	285,550
	58,193	451	(2,540)	56,104
Other reserves	243	(141)	–	102
Non-controlling interest	(9)	(186)	–	(195)
	58,427	**124**	**(2,540)**	**56,011**
Adjustment to Surplus	**P 11,808**	**P 124**	**(P 2,540)**	**P 9,392**
Adjustment to Net Profit	**P 5,007**	**P 22**	**P –**	**P 5,029**

	Parent		
	As Previously Reported	Effect of Prior Period Adjustments (b)	As Restated
Assets			
Investment and trading securities	P 74,352	(P 1,329)	P 73,023
Investment properties	3,659	268	3,927
Other resources	4,761	(1,467)	3,294
Liabilities			
Other liabilities	6,244	12	6,256
	P 76,528	**(P 2,540)**	**P 73,988**
Adjustment to Surplus	**P 6,808**	**(P 2,540)**	**P 4,268**

The restatement of the statement of financial position items as of January 1, 2011 is summarized below.

	Group			
	As Previously Reported	Effect of Prior Period Adjustments (a)	(b)	As Restated
Assets				
Cash and other cash items	P 7,860	P 4	P –	P 7,864
Due from BSP	24,889	32	–	24,921
Due from other banks	2,946	151	–	3,097
Investment and trading securities	89,467	–	(1,368)	88,099
Loans and receivables	163,982	1,443	–	165,425
Bank premises, furniture, fixtures and equipment	5,344	482	–	5,826
Investment properties	7,303	34	268	7,605
Deferred tax assets	1,434	4	–	1,438
Other resources	12,686	182	(4,959)	7,909
	315,911	2,332	(6,059)	312,184
Liabilities				
Deposit liabilities	236,779	(151)	–	236,628
Bills payable	17,117	1,938	–	19,055
Accrued interest, taxes and other expenses	3,757	21	–	3,778
Other liabilities	8,054	111	13	8,178
	265,707	1,919	13	267,639
	50,204	413	(6,072)	44,545
Other reserves	241	(141)	–	100
Non-controlling interest	28	(170)	–	(142)
	50,473	**102**	**(6,072)**	**44,503**
Adjustment to Surplus	**P 11,590**	**P 102**	**(P 6,072)**	**P 5,620**
Adjustment to Net Profit	**P 4,248**	**P 32**	**P –**	**P 4,280**

	Parent		
	As Previously Reported	Effect of Prior Period Adjustments (b)	As Restated
Assets			
Investment and trading securities	P 75,204	(P 1,368)	P 73,836
Investment properties	3,830	268	4,098
Other resources	8,615	(4,959)	3,656
Liabilities			
Other liabilities	6,566	13	6,579
	P 81,083	**(P 6,072)**	**P 75,011**
Adjustment to Surplus	**P 7,474**	**(P 6,072)**	**P 1,402**

An analysis of the balance of Surplus as of January 1, 2012 and 2011 arising from the restatements is shown below.

	Group		Parent	
	2012	2011	**2012**	2011
Balance as previously reported	**P 11,808**	P 11,590	**P 6,808**	P 7,474
Prior period adjustments	**(2,416)**	(5,970)	**(2,540)**	(6,072)
Balance as restated	**P 9,392**	P 5,620	**P 4,268**	P 1,402

The restatements also resulted into the increase in the previously reported amounts of basic and diluted earnings per share of the Group from P4.43 per share to P4.45 per share in 2011 and from P4.06 per share to P4.09 per share in 2010. The restatement did not have any effect in the previously reported amounts of basic and diluted earnings per share of the Parent Company.

23. HYBRID PERPETUAL SECURITIES

On October 30, 2006, the Parent Company received the proceeds from the issuance of Non-Cumulative Step-Up Callable Perpetual Securities ("Perpetual Securities") amounting to US$98, net of fees and other charges. Net proceeds were used to strengthen the CAR of the Parent Company, repay certain indebtedness and enhance its financial stability and for general corporate purposes. The issuance of the Perpetual Securities was approved by the BOD on June 7, 2006.

The Perpetual Securities represent US$100, 9.875%, non-cumulative step-up callable perpetual securities issued pursuant to a trust deed dated October 27, 2006 between the Parent Company and Bank of New York – London Branch each with a liquidation preference of US$1 thousand per US$1 thousand in principal amount of the Perpetual Securities. The actual listing and quotation of the Perpetual Securities in a minimum board lot size of US$1 hundred with the Singapore Exchange Securities Trading Limited ("SGX-ST") was on November 1, 2006. The Perpetual Securities were issued pursuant to BSP Circular No. 503 dated December 22, 2005 allowing the issuance of perpetual, non-cumulative securities up to US$125 which are eligible to qualify as Hybrid Tier 1 Capital.

The significant terms and conditions of the issuance of the Perpetual Securities, among others, follow:

- Interest (effectively dividends) will be paid from and including October 27, 2006 (the "issue date") to (but excluding) October 27, 2016 (the "First Optional Redemption Date") at a rate of 9.875% per annum payable semi-annually in arrears from April 27, 2007 and, thereafter at a rate reset and payable quarterly in arrears, of 7.02% per annum above the then prevailing London Interbank Offered Rate ("LIBOR") for three-month US dollar deposits;

- Except as described below, interest (dividends) will be payable on April 27 and October 27 in each year, commencing on April 27, 2007 and ending on the First Optional Redemption Date, and thereafter (subject to adjustment for days which are not business days) on January 27, April 27, July 27, October 27 in each year commencing on January 27, 2016;

- The Parent Company may, in its absolute discretion, elect not to make any interest (dividends) payment in whole or in part if the Parent Company has not paid or declared a dividend on its common shares in the preceding financial year; or determines that no dividend is to be paid on such shares in the current financial year. Actual payments of interest (dividends) on the hybrid perpetual securities are shown in Note 22.03;

- The rights and claims of the holders will be subordinated to the claims of all senior creditors (as defined in the conditions) and the holders of any priority preference shares (as defined in the conditions), in that payments in respect of the securities are conditional upon the Parent Company being solvent at the time of payment and in that no payments shall be due except to the extent the Parent Company could make such payments and still be solvent immediately thereafter;

- The Perpetual Securities are not deposits of the Parent Company and are not guaranteed or insured by the Parent Company or any party related to the Parent Company or the PDIC and they may not be used as collateral for any loan made by the Parent Company or any of its subsidiaries or affiliates;

- The Parent Company undertakes that, if on any Interest Payment Date, payment of all Interest Payments scheduled to be made on such date is not made in full, it shall not declare or pay any distribution or dividend or make any other payment on, any junior share capital or any parity security, and it shall not redeem, repurchase, cancel, reduce or otherwise acquire any junior share capital or any parity securities, other than in the case of any partial interest payment, pro rata payments on, or redemptions of, parity securities the dividend and capital stopper shall remain in force so as to prevent the Parent Company from undertaking any such declaration, payment or other activity as aforesaid unless and until a payment is made to the holders in an amount equal to the unpaid amount (if any) of interest payments in respect of interest periods in the twelve months including and immediately preceding the date such interest payment was due and the BSP does not otherwise object; and,

- The Parent Company, at its option, may redeem the Perpetual Securities at the fixed or final redemption date although the Parent Company may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and the Holders, redeem all (but not some only) of the securities (i) on the first optional redemption date; and (ii) on each interest payment date thereafter, at an amount equal to the liquidation preference plus accrued interest.

24. EMPLOYEE BENEFITS

Expenses recognized for employee benefits are analyzed below.

	Group		
	2012	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)
Salaries and wages	**P 2,102**	P 1,977	P 1,795
Bonuses	**1,006**	760	521
Compensated absences	**99**	109	99
Social security costs	**91**	85	89
Retirement – defined benefit plan	**83**	279	259
Other short-term benefits	**279**	278	254
	P 3,660	P 3,488	P 3,017

	Parent		
	2012	2011	2010
Salaries and wages	**P 1,383**	P 1,259	P 1,151
Bonuses	**812**	610	396
Compensated absences	**97**	105	97
Social security costs	**59**	55	53
Retirement – defined benefit plan	**–**	234	175
Other short-term benefits	**191**	186	150
	P 2,542	P 2,449	P 2,022

The Parent Company and certain subsidiaries maintain a tax-qualified, non-contributory retirement plan that is being administered by a trustee covering all of their respective regular full-time employees.

The amounts of retirement benefit asset (presented as part of Other Resources – see Note 14) recognized in the financial statements are determined as follows:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	2012	2011
Fair value of plan assets	**P 4,889**	P 3,128	**P 4,273**	P 2,598
Present value of the obligation	**4,383**	3,404	**3,608**	2,749
Excess of asset (obligation)	**506**	(276)	**665**	(151)
Unrecognized actuarial loss (gain)	**(206)**	375	**(358)**	248
Retirement benefit asset	**P 300**	P 99	**P 307**	P 97

The movements in the present value of the retirement benefit obligation follows:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	2012	2011
Balance at the beginning of year	**P 3,404**	P 2,881	**P 2,749**	P 2,440
Actuarial loss	**694**	204	**649**	50
Current service cost and interest cost	**470**	455	**362**	373
Past service cost	**6**	3	**–**	–
Benefits paid by the plan	**(191)**	(139)	**(152)**	(114)
Balance at end of year	**P 4,383**	P 3,404	**P 3,608**	P 2,749

The movements in the fair value of plan assets are presented below.

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	2012	2011
Balance at the beginning of year	**P 3,128**	P 2,762	**P 2,598**	P 2,270
Actuarial gain	**1,497**	57	**1,485**	71
Expected return on plan assets	**246**	178	**207**	140
Contributions paid into the plan	**209**	270	**135**	231
Benefits paid by the plan	**(191)**	(139)	**(152)**	(114)
Balance at end of year	**P 4,889**	P 3,128	**P 4,273**	P 2,598

The plan assets consist of the following:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	**2012**	2011
Assets				
Equity securities	**P 3,519**	P 2,022	**P 3,432**	P 1,970
Government securities	**393**	386	**139**	109
Deposit with banks	**257**	260	**204**	198
Long-term equity investments	**226**	242	**226**	242
Unit investment trust fund	**76**	69	**76**	68
Loans and receivables	**39**	26	**36**	17
Investment properties	**16**	7	**5**	7
Other investments	**364**	157	**156**	28
	4,890	3,169	**4,274**	2,639
Liabilities	**(1)**	(41)	**(1)**	(41)
	P 4,889	P 3,128	**P 4,273**	P 2,598

Equity securities under the fund are investments in corporations listed in the PSE (see Note 29.02). Long-term equity investments represent investments in corporations not listed in PSE. Investment properties pertain to residential and memorial lots representing share of the fund in acquired assets arising from foreclosure or dation in payment.

Actual return on plan assets were P1,743 (Group) and P1,692 (Parent Company) in 2012, and P235 (Group) and P211 (Parent Company) in 2011.

The amount of retirement benefit expense (recognized under Employee Benefits) and the retirement benefit income (recognized as part of Others in the Miscellaneous Income account – see Note 26.01) presented in the statements of income are determined as follows:

	Group		
	2012	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)
Interest costs	**P 215**	P 232	P 181
Current service costs	**255**	223	144
Past service cost	**6**	3	41
Net actuarial loss (gain) recognized during the year	**(147)**	(1)	7
Expected return on plan assets	**(246)**	(178)	(114)
Effect of curtailment	**–**	(1)	–
Retirement benefit expense	**P 83**	P 279	P 259

	Parent		
	2012	2011	2010
Interest costs	**P 172**	P 195	P 145
Current service costs	**190**	178	106
Expected return on plan assets	**(207)**	(140)	(82)
Net actuarial loss (gain) recognized during the year	**(229)**	1	6
Retirement benefit expense (income)	**(P 74)**	P 234	P 175

In determining the Group's pension liability, the following actuarial assumptions were used:

	2012	2011	2010
Discount rates	**5.63%**	6.26%	8.00%
Expected rate of return on plan assets	**8.00%**	8.00%	6.00%
Expected rate of salary increases	**8.00%**	5.00%	5.00%

25. LEASE CONTRACTS

The Parent Company and certain subsidiaries lease some of the premises occupied by their respective head offices and branches/ business centers (see Note 29.05). The Group's rental expense (included as part of Occupancy and Equipment-related account in the statements of income) amounted to P739, P702 and 611 in 2012, 2011 and 2010, respectively. The lease periods are from 1 to 25 years. Most of the lease contracts contain renewal options, which give the Parent Company and its subsidiaries the right to extend the lease on terms mutually agreed upon by both parties.

As of December 31, 2012, future minimum rentals payable under non-cancelable operating leases follow:

		Group		Parent
Within one year	**P**	**613**	**P**	**513**
After one year but not more than five years		**1,362**		**1,203**
More than five years		**350**		**181**
	P	**2,325**	**P**	**1,897**

26. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

26.01 Miscellaneous Income

		Group					
	Note		**2012**		2011 (As Restated – See Note 22)		2010 (As Restated – See Note 22)
Gain on assets sold		**P**	**435**	P	300	P	231
Interchange fees			**279**		213		271
Rentals			**257**		325		198
Dividends			**179**		209		180
Discounts earned			**126**		91		90
Gain on sale of investments	11		**119**		495		506
Gain on reversal of allowance			**46**		107		216
Others			**254**		786		613
		P	**1,695**	P	2,526	P	2,305

		Parent					
	Note		**2012**		2011		2010
Dividends		**P**	**799**	P	1,242	P	1,309
Interchange fees			**279**		213		271
Gain on assets sold			**146**		199		226
Discounts earned			**120**		91		90
Gain on sale of investments	11		**119**		82		338
Rentals			**111**		125		33
Others			**212**		179		197
		P	**1,786**	P	2,131	P	2,464

26.02 Miscellaneous Expense

	Group					
		2012		2011 (As Restated – See Note 22)		2010 (As Restated – See Note 22)
Insurance	**P**	**567**	P	504	P	582
Other credit card related expenses		**497**		389		298
Management and other professional fees		**457**		578		291
Communication and information services		**425**		390		380
Transportation and travel		**386**		385		325
Litigation/assets acquired expense		**373**		496		654
Advertising and publicity		**324**		288		238
Representation and entertainment		**147**		142		123
Stationery and office supplies		**135**		140		126
Banking fees		**130**		136		90
Other outside services		**107**		162		120
Donations and charitable contribution		**70**		62		53
Membership fees		**26**		19		17
Commissions		**23**		38		26
Others		**1,028**		890		648
	P	**4,695**	P	4,619	P	3,971

	Parent		
	2012	2011	2010
Management and other professional fees	**P 642**	P 615	P 484
Other credit card related expenses	**497**	388	298
Insurance	**393**	357	445
Communication and information services	**312**	264	226
Transportation and travel	**262**	251	226
Litigation/assets acquired expense	**247**	370	511
Advertising and publicity	**214**	179	164
Other outside services	**103**	98	82
Banking fees	**103**	86	81
Stationery and office supplies	**97**	98	89
Representation and entertainment	**81**	84	72
Donations and charitable contributions	**64**	55	47
Membership fees	**19**	16	16
Others	**655**	446	259
	P 3,689	P 3,307	P 3,000

27. INCOME AND OTHER TAXES

Under Philippine tax laws, the Parent Company and its domestic subsidiaries are subject to percentage and other taxes (presented as Taxes and Licenses in the statements of income), as well as income taxes. Percentage and other taxes paid consist principally of the gross receipts tax (GRT) and DST. In 2003, the Parent Company and its financial intermediary subsidiaries were subjected to the value-added tax (VAT) instead of GRT. However, effective January 1, 2004 as prescribed under Republic Act (RA) No. 9238, the Parent Company and certain subsidiaries were again subjected to GRT instead of VAT. RA No. 9238, which was enacted on February 10, 2004, provides for the reimposition of GRT on banks and non-bank financial intermediaries performing quasi-banking functions and other non-bank financial intermediaries beginning January 1, 2004. The recognition of liability of the Parent Company and certain subsidiaries for GRT is based on the related regulations issued by the authorities.

Income taxes include the corporate income tax discussed below, and final tax paid at the rate of 20%, which represents the final withholding tax on gross interest income from government securities and other deposit substitutes.

Under current tax regulations, the applicable regular corporate income tax rate (RCIT) was 32% up to October 31, 2005 and 35% up to December 31, 2008. In accordance with RA No. 9337 which amended certain sections of the National Internal Revenue Code of 1997, RCIT rate was reduced from 35% to 30% beginning January 1, 2009.

Effective July 2008, RA No. 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction equivalent to 40% of gross sales. Once the option is made, it shall be irrevocable for the taxable year for which the option was made. In 2012, 2011 and 2010, the Group opted to continue claiming itemized deductions.

Interest allowed as a deductible expense is reduced by an amount equivalent to certain percentage of interest income subjected to final tax. Minimum corporate income tax (MCIT) of 2% on modified gross income is computed and compared with the RCIT. Any excess of the MCIT over the RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, the Group's net operating loss carry over (NOLCO) is allowed as a deduction from taxable income in the next three years.

In accordance with the Revenue Regulations (RR) 09-05 relative to the tax exemptions and privileges granted under the SPV Act, the losses incurred by the Group as a result of transferring its NPA to an SPV within the period of two years from April 12, 2003 shall be carried over as a deduction from its taxable gross income for a period of five consecutive taxable years.

Effective May 2004, RA No. 9294 restored the tax exemption of FCDUs and offshore banking units (OBUs). Under such law, the income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10% gross income tax.

Interest income on deposits with other FCDUs and offshore banking units is subject to 7.5% final tax.

The Parent Company's foreign subsidiaries are subject to income and other taxes based on the enacted tax laws of the countries where they operate.

27.01 Current and Deferred Taxes

The tax expense as reported in profit or loss consists of:

	Group		
	2012	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)
Current tax expense:			
Final tax	**P 481**	P 600	P 612
MCIT	**202**	95	115
RCIT	**85**	220	295
	768	915	1,022
Deferred tax income relating to origination and reversal of temporary differences	**(23)**	–	(8)
	P 745	P 915	P 1,014

	Parent		
	2012	2011	2010
Current:			
Final tax	**P 355**	P 465	P 381
MCIT	**141**	94	114
RCIT	**28**	19	35
	P 524	P 578	P 530

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is as follows:

	Group		
	2012	2011 (As Restated – See Note 22)	2010 (As Restated – See Note 22)
Tax on pretax profit at 30%	**P 2,092**	P 1,791	P 1,598
Adjustments for income subjected to lower income tax rates	**(181)**	(98)	(44)
Tax effects of:			
FCDU income	**(1,098)**	(887)	(1,102)
Non-taxable income	**(642)**	(1,069)	(763)
Unrecognized temporary differences	**481**	477	450
Application of unrecognized NOLCO	**(262)**	(2)	–
Non-deductible expenses	**210**	635	486
Application of unrecognized MCIT	**(2)**	(1)	–
Others	**147**	69	389
	P 745	P 915	P 1,014

	Parent		
	2012	2011	2010
Statutory income tax at 30%	**P 1,654**	P 1,408	P 1,282
Adjustments for income subjected to lower income tax rates	**(137)**	(51)	(37)
Tax effects of:			
FCDU income	**(1,097)**	(732)	(1,042)
Unrecognized temporary differences	**454**	501	759
Application of NOLCO	**(262)**	–	–
Non-taxable income	**(210)**	(727)	(538)
Non-deductible expenses	**122**	179	106
	P 524	P 578	P 530

The deferred tax asset is composed of allowance for impairment amounting to P1,445 and P1,468 in 2012 and 2011, respectively, for the Group; and P1,389 in both 2012 and 2011, for the Parent Company.

In light of the provision of PAS 12, *Income Taxes*, the Parent Company and certain subsidiaries have not recognized deferred tax assets (liabilities) on certain temporary differences since management expects the non-realization of the tax benefits arising from these differences. Accordingly, the Group did not set up the net deferred tax assets on the following temporary differences:

	Group		Parent	
	2012	2011 (As Restated – See Note 22)	2012	2011
Allowance for impairment	**P 6,648**	P 6,761	**P 3,949**	P 3,400
NOLCO	**1,890**	2,898	**1,741**	2,615
Unamortized past service cost	**(590)**	(387)	**(590)**	(373)
MCIT	**412**	308	**349**	306
Advance rental	**(2)**	(4)	**(2)**	(2)
	P 8,358	P 9,576	**P 5,447**	P 5,946

The Group did not also set up deferred tax liabilities on accumulated translation adjustments, particularly those relating to its foreign subsidiaries, since their reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

The breakdown of the Group's NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred and within five years from the year SPV losses were incurred, is shown below.

Inception Year	Amount	Utilized	Balance	Expiry Year
2009	P 825	P 825	P –	2012
2010	1,603	154	1,449	2013
2011	339	–	339	2014
2012	102	–	102	2015
	P 2,869	P 979	P 1,890	

The breakdown of the Parent Company's NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred and within five years from the year SPV losses were incurred, is shown below.

Inception Year	Amount	Utilized	Balance	Expiry Year
2009	P 738	P 738	P –	2012
2010	1,582	136	1,446	2013
2011	295	–	295	2014
	P 2,615	P 874	P 1,741	

As of December 31, 2012, the Group and Parent Company have MCIT of P412 and P349, respectively, that can be applied against RCIT for the next three consecutive years after the MCIT was incurred.

The breakdown of Group's MCIT with the corresponding validity periods follow:

Inception Year	Amount	Expired	Balance	Expiry Year
2009	P 98	P 98	P –	2012
2010	115	–	115	2013
2011	95	–	95	2014
2012	202	–	202	2015
	P 510	P 98	P 412	

The breakdown of the Parent Company's MCIT with the corresponding validity periods follow:

Inception Year	Amount	Expired	Balance	Expiry Year
2009	P 98	P 98	P –	2012
2010	114	–	114	2013
2011	94	–	94	2014
2012	141	–	141	2015
	P 447	P 98	P 349	

27.02 Supplementary Information Required under RR 15-2010 and RR 19-2011

The BIR issued RR 15-2010 and RR19-2011 on November 25, 2010 and December 9, 2011, respectively, which require certain tax information to be disclosed as part of the notes to financial statements. Such supplementary information is, however, not a required part of the basic financial statements prepared in accordance with FRSPB; it is neither a required disclosure under the SEC rules and regulations covering form and content of financial statements under Securities Regulation Code Rule 68.

The Parent Company, however, presented this tax information required by the BIR as a supplemental schedule filed separately to the BIR from the basic financial statements.

28. TRUST OPERATIONS

Securities and properties (other than deposits) held by the Parent Company and RSB in fiduciary or agency capacities for their respective customers are not included in the financial statements, since these are not resources of the Parent Company and RSB. The Group's total trust resources amounted to P109,087 and P87,561 as of December 31, 2012 and 2011, respectively. The Parent Company's total trust resources amounted to P89,987 and P69,419 as of December 31, 2012 and 2011, respectively (see Note 30).

In connection with the trust operations of the Parent Company and RSB, time deposit placements and government securities with a total face value of P1,102 (Group) and P842 (Parent Company); and P860 (Group) and P645 (Parent Company) as of December 31, 2012 and 2011, respectively, are deposited with BSP in compliance with existing trust regulations. The time deposit placements and government securities are presented in the statements of financial position under Due from BSP (see Note 7) and AFS (see Note 9), respectively, In compliance with existing BSP regulations, 10% of the Parent Company's and RSB's profit from trust business is appropriated to surplus reserve. This yearly appropriation is required until the surplus reserve for trust business equals 20% of the Parent Company's and RSB's regulatory capital. The surplus reserve is shown as Reserve for Trust Business in the statements of changes in capital funds.

29. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Group and the Parent Company have loans, deposits and other transactions with its related parties.

The summary of the Group's significant transactions for loans and receivables with its related parties (see Note 29.01) as of and for the years ended December 31, 2012 and 2011 are as follows:

	2012			
Related Party Category	**Availments**	**Collections**	**Interest Income**	**Loans Outstanding**
Stockholders	P 178	P 85	P 24	P 398
Associates	111	87	30	1,024
Related interests under common ownership	316	995	61	1,004
Key management personnel	–	–	–	1
Other related interests	1,224	395	67	2,050
Total	**P 1,829**	**P 1,562**	**P 182**	**P 4,477**

	2011			
Related Party Category	Availments	Collections	Interest Income	Loans Outstanding
Stockholders	P 85	P 773	P 45	P 305
Associates	–	–	43	1,000
Related interests under common ownership	879	281	80	1,683
Key management personnel	1	3	–	1
Other related interests	393	126	4	1,221
Total	P 1,358	P 1,183	P 172	P 4,210

The summary of the Group's significant transactions for deposit liabilities with its related parties (see Note 29.06) as of and for the years ended December 31, 2012 and 2011 are as follows:

	2012			
Related Party Category	**Deposits**	**Withdrawals**	**Interest Expense**	**Outstanding Balance**
Stockholders	P 31,965	P 29,844	P 15	P 2,480
Associates	23,824	23,233	1	637
Related interests under common ownership	11,328	9,897	13	1,860
Key management personnel	1,436	1,366	5	245
Other related interests	49,585	49,921	5	361
Total	**P 118,138**	**P 114,261**	**P 39**	**P 5,583**

	2011			
Related Party Category	Deposits	Withdrawals	Interest Expense	Outstanding Balance
Stockholders	P 54,030	P 62,853	P 305	P 344
Associates	20,629	26,840	1,000	45
Related interests under common ownership	8,019	11,409	1,683	416
Key management personnel	1,015	1,015	1	170
Other related interests	43,361	46,089	1,221	692
Total	P 127,054	P 148,206	P 4,412	P 1,667

Other transactions with related parties as of and for the years ended December 31, 2012 and 2011 are as follows:

		2012		2011	
Related Party Category	**Notes**	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Associates					
Dividend income		**P 24**	**P –**	P 88	P –
Occupancy and equipment-related expense	29.05	**294**	**–**	211	–
Related Parties Under Common Ownership					
Management fees		**19**	**–**	14	–
Other Related Interest					
Joint development	29.03	**628**	**1,600**	281	972

29.01 DOSRI

In the ordinary course of business, the Group has loan transactions with each other, their other affiliates, and with certain DOSRIs. Under existing policies of the Group, these loans are made substantially on the same terms as loans to other individuals and business of comparable risks.

Under current BSP regulations, the amount of individual loans to a DOSRI, 70% of which must be secured, should not exceed the amount of his deposit and book value of his investment in the Parent Company and/or any of its lending and nonbanking financial subsidiaries. In the aggregate, loans to DOSRIs, generally, should not exceed the total capital funds or 15% of the total loan portfolio of the Parent Company and/or any of its lending and nonbanking financial subsidiaries, whichever is lower. As of December 31, 2012 and 2011, the Group is in compliance with these regulatory requirements.

BSP Circular No. 423 dated March 15, 2004 amended the definition of DOSRI accounts.

The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts granted under the said circular as of December 31, 2012 and 2011:

	Group		Parent	
	2012	2011	**2012**	2011
Total outstanding DOSRI loans	**P 4,889**	P 4,608	**P 4,835**	P 4,446
Percent of DOSRI accounts to total loans	**2.57%**	2.84%	**3.26%**	3.25%
Percent of unsecured DOSRI accounts to total DOSRI accounts	**3.44%**	4.13%	**3.41%**	4.03%
Percent of past due DOSRI accounts to total loans	**0.27%**	0.37%	**0.35%**	0.38%
Percent of nonaccruing DOSRI accounts to total loans	**0.27%**	0.37%	**0.35%**	0.38%

The Group and the Parent Company did not provide any impairment loss on these loans in 2012 and 2011.

29.02 Retirement Fund

The Parent Company's and certain subsidiaries' retirement funds covered under their defined benefit post-employment plan maintained for qualified employees are administered and managed by the Parent Company's Trust Department under trust agreements.

The Group's retirement fund has transactions directly and indirectly with the Group and Parent Company as of December 31, 2012 as follows:

	Group		Parent	
Nature of Transactions	**Net Amount of Transaction**	**Outstanding Balance**	**Net Amount of Transaction**	**Outstanding Balance**
Investment in common shares of Parent Company	P 115	P 3,282	P 115	P 3,275
Other securities and debt Instruments (OSDI)	1	52	–	51
Trading gain	1,966	–	1,961	–
Dividend income	51	–	51	–

The carrying amount and the composition of the plan assets as of December 31, 2012 and 2011 are disclosed in Note 24.OSDI include Long-term Negotiable Certificates of Deposit issued by the Parent Company.

During the year, the Group has contributions to the retirement fund and benefit payments through the fund (see Note 24).

The retirement fund neither provides any guarantee or surety for any obligation of the Group nor its investments in its own shares of stocks covered by any restriction and liens.

29.03 Joint Development Agreement

On October 1, 2009, the Parent Company entered into a Joint Development Agreement (Agreement) with RSB, Bankard, MICO, Grepalife and Hexagonland (all related parties, collectively referred to as the Consortium) and with the conformity of Goldpath, the parent company of Hexagonland, whereby the Consortium agreed to pool their resources and enter into an unincorporated joint venture arrangement for the construction and development of a high rise, mixed use commercial/office building which shall be referred to by the Consortium as the RSB Building Project (the Project).

In 2011, pursuant to the agreement, RSB acquired ownership of the land through Goldpath after Hexagonland's liquidation and partial return of capital to Goldpath. RSB, accordingly, contributed the land amounting to P383 to the Project. Also, in 2011, the Parent Company's BOD approved its assumption of rights and interest of its co-partner, Grepalife, in the Project.

The estimated cost of the Project is P3,135. The Consortium share in the Project cost as follows:

Party	Type of Contribution	%
RSB	Cash and Land	43.75%
Parent Company	Cash	41.98%
Bankard	Cash	10.55%
MICO	Cash	3.72%
		100%

The Group's and Parent Company's contributions are presented as part of the Bank Premises, Furniture, Fixtures and Equipment under Construction in Progress and Land accounts in the Group and Parent Company's statements of financial position (see Note 12).

On October 2, 2012, the Consortium executed a memorandum of understanding agreeing in principle to cancel or revoke the UJV, subject to the approval of BSP. On March 13, 2013, through MB Resolution No. 405 dated March 7, 2013, BSP confirmed the Parent Company's acquisition of the land contributed by RSB to the Project as well as the rights and interests of its co-venturers (see Note 31).

29.04 Key Management Personnel Compensation

The breakdown of key management personnel compensation follow:

	Group		
	2012	2011	2010
Short-term benefits	**P 401**	P 290	P 245
Post-employment benefits	**78**	40	45
	P 479	P 310	P 290

	Parent		
	2012	2011	2010
Short-term benefits	**P 246**	P 138	P 92
Post-employment benefits	**41**	36	38
	P 287	P 174	P 130

29.05 Lease Contract with RRC

The Parent Company and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC. Related rental expense are included as part of Occupancy and Equipment-related account in the statements of income. The Parent Company's lease contract with RRC is until December 31, 2015.

29.06 Deposits

As of December 31, 2012 and 2011, certain related parties have deposits with the Parent Company and certain bank subsidiaries. These deposits are made on the same terms as deposits with other individuals and businesses.

30. COMMITMENTS AND CONTINGENCIES

In the normal course of operations of the Group, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, tax assessments, etc., which are not reflected in the accompanying financial statements. Management does not anticipate losses from these transactions that will adversely affect the Group's operations.

In the opinion of the Management, the suits and claims arising from the normal course of operations of the Group that remain unsettled, if decided adversely, will not involve sums that would have material effect on the Group's financial position or operating results. The following is a summary of contingencies and commitments arising from off-statement of financial position items at their equivalent peso contractual amounts as of December 31, 2012 and 2011:

	Group		Parent	
	2012	2011	**2012**	2011
Trust department accounts (see Note 28)	**P 109,087**	P 87,561	**P 89,987**	P 69,419
Derivative liabilities	**45,675**	114,395	**45,675**	114,395
Derivative assets	**33,355**	100,380	**33,355**	100,380
Outstanding guarantees issued	**32,277**	20,329	**32,277**	20,329
Unused commercial letters of credit	**11,056**	9,784	**11,056**	9,784
Spot exchange sold	**9,232**	10,722	**9,232**	10,722
Spot exchange bought	**9,218**	10,725	**9,218**	10,725
Inward bills for collection	**1,395**	2,792	**1,395**	2,792
Late deposits/payments received	**398**	857	**398**	813
Outward bills for collection	**14**	386	**14**	386

30.01 Purchase of Bankard Shares

In June 2003, RCBC Capital, a wholly-owned subsidiary of the Parent Company, filed an arbitration claim with the International Chamber of Commerce against Equitable PCI Bank ("Equitable") (now BDO Unibank or BDO) relating to RCBC Capital's acquisition of Bankard shares from Equitable in May 2000 for a purchase price of approximately P1,800. The claim was based on alleged deficiencies in Bankard's accounting practices and non-disclosure of material facts in relation to the acquisition. RCBC Capital sought a rescission of the sale or damages of approximately P810, including interest and expenses. The arbitration hearings were held before the ICC Arbitral Tribunal ("Tribunal"), being the body organized by the International Chamber of Commerce.

In September 2007, the Tribunal ruled that RCBC Capital was entitled to damages, for overpayment of the purchase of shares as a result of the overstatement of the assets of Bankard used as the basis of the purchase price of the shares, from Equitable arising from the breach. On June 16, 2010, the Tribunal issued a Final Award declaring Equitable liable to pay RCBC Capital the total amount of P364 and US$1 million by way of damages, fees and legal costs. On September 13, 2011, BDO paid the amount of P638 to RCBC Capital. The amount was paid under protest and without prejudice to the outcome of various cases filed by BDO to vacate the award and assail the confirmation and execution of judgment. Pending resolution of the remaining cases, RCBC Capital recognized about 50% of the amount received as other income and the remaining amount, net of certain expenses as deferred income.

There are still a number of cases pending before the Court of Appeals filed by BDO appealing various orders from the regional trial court, as well as one filed by RCBC Capital seeking to enjoin the second regional trial court from acquiring jurisdiction.

Management strongly believes that in view of the merits of RCBC Capital's claims and defenses, the outcome of the proceedings will be settled in favor of RCBC Capital.

30.02 Poverty Eradication and Alleviation Certificates (PEACe) Bonds

In October 2011, the Parent Company filed a case before the Court of Tax Appeals questioning the 20% final withholding tax on PEACe Bonds by the BIR. The Parent Company subsequently withdrew its petition and joined various banks in their petition before the Supreme Court on the same matter. Notwithstanding the pendency of the case and the issuance of a Temporary Restraining Order by the Supreme Court, the Bureau of Treasury withheld P199 in October 2011 from the Parent Company on the interest on its PEACe bonds holdings. The amount was recognized as part of Loans and Receivables – Net account under the statements of financial position (see Note 10). The Government has requested additional time within which to file its comment on the petition. Management believes that the petitioning banks have a strong case, and that there is a high probability of recovery.

30.03 Sale of National Steel Corporation (NSC) Plant Asset

In October 2008, Global Steel Philippines (SPV-AMC), Inc. (GSPI) and Global Ispat Holdings (SPV-AMC), Inc. (GIHI), which purchased the Iligan Plant assets (Plant Assets) of the NSC from the Liquidator in 2004, filed a Notice of Arbitration with the Singapore International Arbitration Centre (SIAC) seeking damages arising from the failure of Liquidator and the secured creditors, including the Parent Company and RCBC Capital, to deliver the Plant Assets free and clear from liens and encumbrance; purportedly depriving them of the opportunity to use the assets in securing additional loans to fund the operations of the Plant Assets and upgrade the same. On May 9, 2012, the SIAC Arbitral Tribunal rendered a Partial Award in favor of GSPI and GIHI in the total amount of (a) US$80 million, as and by way of lost opportunity to make profits and (b) P1,403 representing the value of the Lost Land Claim. Three separate petitions to set aside the Partial Award were filed by the secured creditors, including the Parent Company, the Liquidator and another secured creditor, Spinnaker, with the Singapore High Court. The arguments of the secured creditors, which included the Parent Company, the Liquidator, and GSPI/GIHI were heard by the Singapore High Court from February 26, 2013 to March 12, 2013. The Singapore High Court is set to hear the arguments of Spinnaker and GSPI/GIHI from April 16, 2013 to April 19, 2013, after which all three petitions shall be deemed submitted for decision. The Parent Company's exposure is approximately P480, while it has a receivable from Global Steel of P535. On account of the full provisioning already made by the Parent Company, the aforesaid share is currently classified in the books of the Parent Company as an unquoted debt security classified as loans with zero net book value. The Parent Company's exposure, however, may be varied should the amount of awarded damages be reduced and should the Iligan City agree to enter into another tax agreement. In the event of an adverse decision, the same may be elevated via an appeal to the Singapore Court of Appeals.

Except for the above-mentioned lawsuits, the Parent Company is not aware of any suits and claims against itself or its subsidiaries, which if decided adversely would have a material effect on its financial position or operating results.

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

On March 13, 2013, through MB Resolution No. 405 dated March 7, 2013, BSP confirmed the Parent Company's acquisition of the land owned by RSB as well as the rights and interests of its co-venturers, RSB, Bankard and MICO in the RSB Building Project (see Note 29.03) under the following conditions:

a. RCBC will use a substantial portion of the building in the conduct of its business; and

b. the total investment in real estate and improvements thereon, including bank equipment, of RCBC will not exceed 50% of its net worth.

On March 25, 2013, the BOD approved the Parent Company's sale of its shareholdings in RRC to PMMIC and HI. The selling price is valued between P4,310 to P5,480.

32. EARNINGS PER SHARE

The following reflects the income and per share data used in the basic and diluted earnings per share (EPS) computations (figures in millions, except EPS data):

	Group					
		2012		2011 (As Restated – See Note 22)		2010 (As Restated – See Note 22)
Basic Earnings Per Share						
a. Net profit attributable to Parent Company's shareholders	**P**	**6,220**	P	5,029	P	4,280
Less: allocated for preferred and Hybrid Tier 1 dividends	**(**	**413)**	(	428)	(	432)
		5,807		4,601		3,848
b. Weighted average number of outstanding common shares		**1,141**		1,033		940
c. Basic EPS (a/b)	**P**	**5.09**	P	4.45	P	4.09
Diluted Earnings Per Share						
a. Net profit (net of amount allocated for preferred and HT1 dividends)	**P**	**5,807**	P	4,601	P	3,848
b. Weighted average number of outstanding common shares		**1,141**		1,033		941
c. Diluted EPS (a/b)	**P**	**5.09**	P	4.45	P	4.09

	Parent					
		2012		2011		2010
Basic Earnings Per Share						
a. Net profit attributable to Parent Company's shareholders	**P**	**4,990**	P	4,116	P	3,742
Less: allocated for preferred and Hybrid Tier 1 dividends	**(**	**413)**	(	428)	(	432)
		4,577		3,688		3,310
b. Weighted average number of outstanding common shares		**1,141**		1,033		940
c. Basic EPS (a/b)	**P**	**4.01**	P	3.57	P	3.52
Diluted Earnings Per Share						
a. Net profit (net of amount allocated for preferred and HT1 dividends)	**P**	**4,577**	P	3,688	P	3,310
b. Weighted average number of outstanding common shares		**1,141**		1,033		941
c. Diluted EPS (a/b)	**P**	**4.01**	P	3.57	P	3.52

33. SELECTED FINANCIAL PERFORMANCE INDICATORS

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Group		
	2012	2011	2010
Return on average capital funds	**16.31%**	16.56%	18.51%
Return on average assets	**1.78%**	1.62%	1.50%
Net interest margin	**3.93%**	4.12%	4.60%
CAR	**17.61%**	18.52%	17.77%

	Parent		
	2012	2011	2010
Return on average capital funds	**15.35%**	17.15%	20.75%
Return on average assets	**1.70%**	1.60%	1.60%
Net interest margin	**3.44%**	3.54%	3.97%
CAR	**15.99%**	17.12%	16.26%

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Medel T. Nera

DIRECTOR

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Francis G. Estrada

DIRECTOR

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Brian Hong

DIRECTOR

CVC Asia Pacific Limited, Senior Managing Director

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DIRECTOR
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Francisco C. Eizmendi, Jr.
INDEPENDENT DIRECTOR
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Armando M. Medina
INDEPENDENT DIRECTOR
• RCBC Savings Bank, Independent Director • RCBC Capital Corporation, Independent Director • Malayan Insurance Company, Inc., Independent Director • Malayan Colleges Inc., Independent Trustee

Roberto F. De Ocampo, OBE
INDEPENDENT DIRECTOR
(Until December 17, 2012)
• Former Secretary of Finance • Asian Institute of Management, former President • Development Bank of the Philippines, former Chairman and CEO • Alaska Milk Corporation, Director and Audit Committee Chairman • Stradcom Corporation, Chairman • Philam Fund Inc., Philam Bond Fund Inc., Philam Strategic Growth Fund Inc., Philam Managed Income Fund Inc., PAMI Global Bond Fund, Inc., Philam Dollar Bond Fund Inc., Director and President • Makati Business Club, Vice Chairman • House of Investments, Independent Director and Audit Committee Chairman • RFO Center for Public Finance and Regional Economic Cooperation, Chairman of the Board of Advisors • EEI Corporation, Independent Director • Bankard, Inc., Independent Director

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Francis C. Laurel
ADVISORY BOARD MEMBER
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Maria Clara Acuña Camacho
ADVISORY BOARD MEMBER
• Maria Clara Land Holdings and Development Corporation, President • VH Holdings, Inc., Director • BT Investments Holdings Philippines, Inc., Director • Yuchengco Museum, Board Member • The National Art Gallery, Singapore, Advisor

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INFORMATION TECHNOLOGY SHARED SERVICES GROUP/ OPERATIONS GROUP


Jose Emmanuel U. Hilado
TREASURY GROUP


Ismael R. Sandig
RETAIL BANKING GROUP


Uy Chun Bing
CORPORATE BANKING GROUP
(UNTIL DECEMBER 12, 2012)


Alfredo S. Del Rosario
ASSET MANAGEMENT AND REMEDIAL GROUP
PRESIDENT, RCBC-JPL HOLDING CO., INC.


John Thomas G. Deveras
STRATEGIC INITIATIVES
PRESIDENT, NIYOG PROPERTY HOLDINGS, INC.


Elbert M. Zosa
CORPORATE PLANNING GROUP
(UNTIL JULY 25, 2012)


Michelangelo R. Aguilar
CONGLOMERATES & GLOBAL CORPORATE BANKING GROUP


Manuel G. Ahyong, Jr.
WEALTH MANAGEMENT


Michael O. De Jesus
NATIONAL CORPORATE BANKING GROUP


Ma. Celia H. Fernandez-Estavillo
LEGAL AND REGULATORY AFFAIRS GROUP


Lourdes Bernadette M. Ferrer
TRUST AND INVESTMENTS GROUP

Senior Management


Ana Luisa S. Lim
INTERNAL AUDIT GROUP


Regino V. Magno
CORPORATE RISK
MANAGEMENT SERVICES


Cynthia P. Santos
OVERSEAS FILIPINO
BANKING GROUP

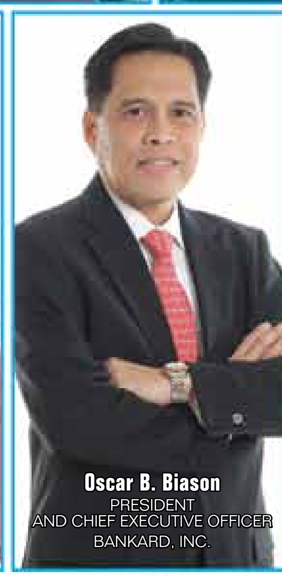

Zenaida F. Torres
CONTROLLERSHIP GROUP


Edgar Anthony B. Villanueva
GLOBAL TRANSACTION SERVICES


Gerald O. Florentino
CORPORATE PLANNING GROUP
(STARTING JULY 26, 2012)


Maria Lourdes Jocelyn S. Pineda
MICROFINANCE
PRESIDENT, RIZAL MICRO BANK


Rowena F. Subido
HUMAN RESOURCES GROUP


Oscar B. Biason
PRESIDENT
AND CHIEF EXECUTIVE OFFICER
BANKARD, INC.


Jose Luis F. Gomez
PRESIDENT AND
CHIEF EXECUTIVE OFFICER
RCBC CAPITAL CORPORATION


Rommel S. Latinazo
PRESIDENT AND
CHIEF EXECUTIVE OFFICER
RCBC SAVINGS BANK


Ma. Cristina S. Rosales
PRESIDENT AND
CHIEF EXECUTIVE OFFICER
RCBC FOREX BROKERS
CORPORATION


Michael A. Singson
PRESIDENT
RCBC SECURITIES, INC.


Alfonso C. Tanseco
PRESIDENT, RCBC LEASING
AND FINANCE CORPORATION

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Chairman of the Board
HELEN Y. DEE

Corporate Vice Chairman
CESAR E.A. VIRATA

President and Chief Executive Officer
LORENZO V. TAN

Executive Vice President
JOHN THOMAS G. DEVERAS
Head, Strategic Initiatives

Senior Vice President
MARIA LOURDES JOCELYN S. PINEDA
Head, Microfinance

First Vice Presidents
EDWIN R. ERMITA
Bank Security Officer

JOSE EDWINIEL C. GUILAS
Head, Corporate Communications Div. and Service Excellence

ASSET MANAGEMENT AND REMEDIAL GROUP

Executive Vice President
ALFREDO S. DEL ROSARIO, JR.
Group Head

Senior Vice Presidents
CLARO PATRICIO L. CONTRERAS
Head, Remedial Management Div.

EVELYN NOLASCO
Head, Asset Disposition Div.

First Vice Presidents
LOIDA C. PAPILLA
Head, Asset Management Support Div.

LEAH B. TORRES
Head, Account Management Dept. 2

LOLITO S. VELASQUEZ
Head, Account Management Dept. 1

Vice President
KENNETH MARK F. GARCIA
Head, Account Management Dept. 3

CONTROLLERSHIP GROUP

First Senior Vice President
ZENAIDA F. TORRES
Group Head

First Vice Presidents
FLORENTINO M. MADONZA
Head, General Accounting and Services Div.

NELIA A. PEÑA
Head, Financial Management Accounting and Control Div.
(until February 15, 2013)

Vice President
MARIETA O. MIRANDA
Head, Financial Management Accounting and Control Div.

CONGLOMERATES AND GLOBAL CORPORATE BANKING GROUP

First Senior Vice Presidents
MICHELANGELO R. AGUILAR
Group Head
(starting December 17, 2012)

ROGELIO P. DAYRIT
Head, Japanese and Ecozone Banking Segment

YASUHIRO MATSUMOTO
Head, Japanese Business Relationship Office

Senior Vice President
KOJI ONOZAWA
Japanese Business Relationship Officer

First Vice Presidents
RENATO V. CARPIO
Head, Corporate Banking Segment 1 – Conglomerate Div.
(until January 4, 2013)

GRACIANO P. DEL ROSARIO
Head, Japanese and Ecozone Banking Segment – Div. 1
(until October 27, 2012)

GERARDO G. MIRAL
Head, Japanese and Ecozone Banking Segment – Div. 2

LIBERTINE R. SELIRIO
Head, Japanese and Ecozone Banking Segment – Div. 1
(starting October 29, 2012)

Vice Presidents
RICO M. BORGONIA
Relationship Manager, Japanese and Ecozone Banking Segment – Div. 1

GLORIA T. CARLOTA
Relationship Manager, Corporate Banking Segment 1 – Conglomerate Div.

EDUARDO C. MASANGCAY
Relationship Manager, Japanese and Ecozone Banking Segment – Div. 2
(until August 17, 2012)

RAMON JAIME R. TABUENA, JR.
Relationship Manager, Japanese and Ecozone Banking Segment – Div. 2

VICTORIA T. TUPAZ
Relationship Manager, Corporate Banking Segment – Conglomerate Div.

CORPORATE BANKING GROUP

Senior Executive Vice President
UY CHUN BING G.
Group Head
(until December 15, 2012)

CORPORATE PLANNING GROUP

Executive Vice President
ELBERT M. ZOSA
Group Head
(until July 25, 2012)

Senior Vice President
GERALD O. FLORENTINO
Group Head
(starting July 26, 2012)

First Vice President
MA. CHRISTINA P. ALVAREZ
Head, Financial Planning and Development Div.

CORPORATE RISK MANAGEMENT SERVICES

First Senior Vice President
REGINO V. MAGNO
Group Head

Senior Vice President
RAFAEL ALOYSIUS M. DAYRIT
Head, Credit Risk Div.

Vice Presidents
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Asset Quality Officer

CHRISTINE ROSELLE O. CABACUNGAN
Head, Credit Review Dept.

LUIS A. JACINTO
Risk Management Systems Officer

JOSEPH F. MONZON
Trust Risk Officer

CHRISTIAN D. SAN JUAN
Basel II Risk Officer

BRENDA S. TARUC
Head, Market Risk Div.

GLOBAL TRANSACTION SERVICES

First Senior Vice President
EDGAR ANTHONY B. VILLANUEVA
Group Head

First Vice President
ENRIQUE C. BUENAFLOR
Business Development Manager

Vice President
NATHAN FRANCIS C. CHINCUANCO
Head, Business Solutions and Channel Management

HUMAN RESOURCES GROUP

First Senior Vice President
MELISSA G. ADALIA
Group Head
(until June 11, 2012)

Senior Vice President
ROWENA F. SUBIDO
Group Head
(starting June 12, 2012)

Vice President
CLINT STANLEY D. ANG
Head, Employee Relations Dept.

INFORMATION TECHNOLOGY SHARED SERVICES GROUP

Senior Executive Vice President
REDENTOR C. BANCOD
Group Head

Senior Vice President
JENNIE F. LANSANG
Chief Technology Officer

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Head, Applications Development Div. 4

ELIZABETH D. M. GOCO
Head, Management Services Div.

FRANCIS VICENTE O. HILARIO
Head, I.T. Governance

EDMUNDO C. LIAO
Head, Technical Support Dept.

JONATHAN EDWIN F. LUMAIN
Head, Application Development Div. 2

TEODORO ERIC D. VALENA, JR.
Head, Application Development Div. 1

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Head, Special Projects

MICHAEL ANGELO C. RAMOS
Head, Applications Development Div. 3

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ANA LUISA S. LIM
Group Head

First Vice President
ELOIDA F. OQUIALDA
Head, Cluster 4 / IT Audit

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ALBERTO Y. BUESER
Head, Cluster 1

CAROLINE C. CAUSON
Head, Cluster 6

NENER G. CONCEPCION
Head, Cluster 5

ELVIRA D. SORIANO
Head, Cluster 3

LEGAL AND REGULATORY AFFAIRS GROUP

First Senior Vice President
MA. CELIA H. FERNANDEZ-ESTAVILLO
Group Head and Corporate Secretary

First Vice President
ELSIE S. RAMOS
Head, Legal Affairs Div.

Vice Presidents
RUTH M. ANIÑON
Head, Testing & Monitoring Dept.

MA. FE P. SALAMATIN
Head, Regulatory Affairs Div. and Compliance Officer

NATIONAL CORPORATE BANKING GROUP

First Senior Vice Presidents
MICHAEL O. DE JESUS
Group Head
(starting December 17, 2012)

JOHN P. GO
Head, Chinese Banking Segment 2

ELI D. LAO
Head, Chinese Banking Segment 1

REYNALDO P. ORSOLINO
Head, Commercial and Small Medium Enterprise Banking Div.

Senior Vice President
SIONY C. DY TANG
Head, Chinese Banking Segment 1 – Div. 1
(until August 14, 2012)

First Vice Presidents
MA. FELISA R. BANZON
Head, Corporate Banking Segment 2 – Div. 1

LALAINE I. BILAOS
Head, Corporate Banking Segment 2 – Div. 2

HAZEL DEANNE T. CO
Head, Chinese Banking Segment 1 – Div. 2

ANTONIO MANUEL E. CRUZ, JR.
Head, CSMED – MM / Luzon Lending Div.

JOHAN C. SO
Head, Chinese Banking Segment 2 – Div. 3

MA. ANGELA V. TINIO
Head, VisMin Lending Div.

Vice Presidents
ABENER M. BALATBAT
Relationship Manager, Corporate Banking Segment 2 – Div. 2

RAYMOND ANTHONY M. CIRUJANO
Relationship Manager, Corporate Banking Segment 2 – Div. 2

RICO M. DE LA CRUZ
Head, CSMED – North MM Lending Dept.

JOSE S. ISON, JR.
Relationship Manager, Corporate Banking Segment 2 – Div. 1

MA. ARLENE L. LEYCO
Head, CSMED - South Metro Manila Lending Dept.

JOSE JAYSON L. MENDOZA
OIC - Head, CSMED – North Mindanao Lending Dept.

MARIE RORECEJACK R. MESINA
Relationship Manager, Corporate Banking Segment 2 – Div. 2

SUZETTE Y. NG
Relationship Manager, Chinese Banking Segment 1 – Div. 2

LAWRENCE C. SEE
Relationship Manager, Chinese Banking Segment 2 – Div. 3

ANNA LISSA L. SELVA
Relationship Manager, Corporate Banking Segment 2 – Div. 1

OPERATIONS GROUP

Senior Executive Vice President
REDENTOR C. BANCOD
Group Head

Senior Vice Presidents
SABINO MAXIMIANO O. ECO
Head, Retail and Channels Div.

VIVIEN I. LUGO-MACASAET
Head, Head Office Operations Div.

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Head, Technical Services Dept.

LORNA V. MARIANO
Head, Credit and Loans Dept.

CLARO A. PINEDA III
Head, Operations Control Div.

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Deputy Head, Customer Management Div.

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Head, Electronic Banking Support Dept.

MERCI F. CUARESMA
Head, Settlements

JORGE B. DUNGO
Head, Central Clearing Dept.

CRISANTO D. ILANG
Manager, Central Clearing

REYNALDO ANTONIO R. JIMENEZ
Head, International Operations Dept.

MA. LOURDES C. MAKABALI
Head, Central Processing Support Dept.

MA. EVANGELINE T. REYES
Head, Business Process Management

YVONNE A. ROQUE
Head, Treasury Operations Dept.

OVERSEAS FILIPINO BANKING GROUP

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CYNTHIA P. SANTOS
Group Head

First Vice President
CARMELITA P. GALANO
Division Head, Remittance Tie-ups

Vice President
MARIA CHRISTINA ROSE V. PANTE
Division Head, Overseas Branches/ Subsidiaries

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Senior Executive Vice President
ISMAEL R. SANDIG
Group Head

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Deputy Group Head, Visayas
(until January 19, 2013)

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Deputy Group Head for Service

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BRIGITTE B. CAPINA
Marketing and Sales Director, Makati

ARSENIO L. CHUA
Marketing and Sales Director, Ortigas CBD

DOMINGO P. DAYRO, JR.
Head, Retail Systems Administration and Implementation Div.

JOSEPHINE M. EMPACES
Regional Sales Manager, Visayas
(until March 31, 2013)

REMO ROMULO M. GARROVILLO, JR.
Retail E-Channels and Business Development Deputy Group Head

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Regional Sales Manager, North Luzon

NESTOR O. PINEDA
National Sales Director

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Regional Service Head, Metro Manila

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Head, Virtual Banking and E-Commerce Div.

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CONCORDIO R. BONGON, JR.
Marketing and Sales Director-MIMAROPA

MICHELE Y. DEE-SANTOS
Head, Customer Engagement Div.

MA. ELIZABETH V. DELA PAZ
Marketing and Sales Director, Corporate Headquarters

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Regional Service Head, Mindanao

ERICO C. INDITA
Marketing and Sales Director-Chinese Uptown

NOEL D. LARDIZABAL
Regional Service Head, South Luzon

NELMIDA B. MABUTAS
Marketing and Sales Director-Chinese Uptown

EDGARDO F. MIGUEL
Head, Cash Operations and Service Div.

ARSILITO A. PEJO
Regional Service Head, Visayas

MA. ROSANNA M. RODRIGO
Marketing and Sales Director-North West Luzon

ANNA SYLVIA E. ROXAS
Head, Integrated Financial Planning and Administration Div.

FLORANTE G. SANTIAGO
Regional Sales Manager, Mindanao

CARREN T. SARIA
Marketing and Sales Director-Chinatown

THADDEUS ANTHONY L. TAN
Marketing and Sales Director-North East

GIANNI FRANCO D. TIRADO
Marketing and Sales Director-Central Mindanao

EMMANUEL MARI K. VALDES
Head, Retail Financial Products Div.

GERALDINE M. VILLANUEVA
Marketing and Sales Director-Negros Occidental

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LORAN SD. ABANILLA
Marketing and Sales Director-Manila South West

JOY PURIFICATION T. ALCANTARA
Marketing and Sales Director-Metro Cebu South

MARISSA D. ALON
Business Manager, BF Homes

LETICIA ARMADA
Head, Marketing Support Services Dept.

ANN KAREN L. BENJAMIN
Business Manager, Ermita

CELESTE G. BONGON
Business Manager, Legaspi Village

LUIS GONZAGA S. BONOAN
Head, Financial Center-Greenbelt

MARY CATHERINE T. BUNTUA
Business Manager, Buendia

MICHAEL ANTHONY C. BUSTAMANTE
Head, ATM Business Development Dept.

BENJAMIN L. CABRERA
Head, Financial Center-Palawan

NANCY T. CACHO
Business Manager, Quezon Avenue

MAURA R. CANTILLANA
Business Manager, Sta. Rosa Paseo

EVELYN D. CAPUCAO
Business Manager, LIIP Biñan

MA. LORENZA S. CAUILAN
Marketing and Sales Director-South West Luzon

MICHELLE O. CO
Business Manager, Banilad

VIVIAN Y. CO
Business Manager, Binondo

URSULINA GISELA E. CORTEZ
Business Manager, Ayala

CYNTHIA T. CRUZ
Head, Financial Center-Baliuag

MAXIMO K. CUARTERO
Head, Financial Center-Unimart

EDWARD LEO A. CUSTODIO
District Service Head, Luzon

DANTE P. DE CASTRO
District Sales Manager, Mindanao
(until February 1, 2013)

CONRADO T. DUPAYA
Head, Operations and Settlements Dept.

RUBEN A. FELEBRICO
Business Manager, Tektite

EDWIN JOHN R. FRIAS
Head, Financial Center-Acropolis

MA. ESTER B. GABATIN
Marketing and Sales Director-Bel-Air and Southeast Metro

MARIE KATHLYN E. JOSE
Business Manager, RCBC Plaza

ROEL D. LUSTADO
Head, Retail Cash Management Sales and Cross Selling Dept.

CECILIO ENRICO P. MAGSINO
District Service Head, South West Metro

ROMULO F. MANUEL
District Service Head, South West Luzon

ANTONIO C. MARQUEZ JR.
District Service Head, Chinese Uptown

FRANCISCO DJ MASIGLAT, JR.
Head, Cash Services Dept.-Metro Manila and Luzon

RAFAEL A. MENDOZA
District Service Head, South Central Luzon

ELLER L. MENESES
Marketing and Sales Director-North East Luzon

LINDA D. MINA
Business Manager, Mandaluyong

GRACE MARIE G. MONTALVO
Business Manager, Makati Ave.

ANGEL A. MONTE DE RAMOS, JR.
Business Manager, Carmelray

HELEN F. MORALES
Head, Financial Center-Acropolis

VIRGINIA U. ONG
Marketing and Sales Director-Metro Cebu North

ROLAND R. PAITA
Business Manager, Rosario EPZA

CARLOS P. PETERSEN
Business Manager, Dadiangas

MARIA LUISA M. PILORIN
Business Manager, New Manila

DANILO G. PINEDA
Business Manager, Malayan Plaza

HONORATA V. PO
Head, Financial Center-Lucena

FRANCIS O. RAMOS
District Sales Manager, Panay

ANA S. REYES
Head, E-biz Center and Self Service Div.

FRANCIS NICOLAS G. REYES
Head, Branches Expansion Dept.

MARCOS AURELIO O. SALVADOR
Business Manager, Dela Rosa

YVONNE B. SASIN
Marketing and Sales Director-South Mindanao

ZENAIDA S. SOTO
Business Manager, Laguna Technopark

MA. DELILAH C. SUICO
District Service Head-Metro Cebu North

LOURDES FELIXIA T. TOJONG
Business Manager, Cebu Business Park

TED EDWARD R. TOLENTINO
Head, Retail Lending Div.

LORETO M. ULPINDO
District Service Head, BGC

MA. VICTORIA P. VICTORIA
Business Manager, The Firm

CYNTHIA T. YUZON
Business Manager, Caloocan

TREASURY GROUP

Senior Executive Vice President
JOSE EMMANUEL U. HILADO
Group Head and Treasurer

Senior Vice Presidents
CARLOS CESAR B. MERCADO
Head, Trading Segment

RAUL VICTOR B. TAN
Head, Balance Sheet Management Segment Concurrent Head, Asset and Liability Management Div.

First Vice Presidents
ALVIN V. ANTONIO
Head, Foreign Exchange Risk Div.

JOSE MANUEL E. CAÑIZA
Head, Interest Rate Risk Div.

ALBERTO N. PEDROSA
Head, Investment Portfolio Management Div. and Concurrent Head, Domestic Investment Portfolio Dept.

Vice Presidents
MANUEL R. BENGSON, JR.
Head, Derivatives Trading Dept.

MARICEL ELENA M. PERALEJO
Head, Institutional Sales Dept.

ERNEE A. REGALA
Head, Retail Sales Dept.

RENAN D. SANTOS
Head, Liquidity Management Dept.

FRANCISCO G. SINGIAN, JR.
Balance Sheet Risk Management Dept.

MARIA TERESA C. VELASCO
Head, Corporate Sales Dept. OIC, Global Distribution and Advisory Div.

ABIGAIL SUZETTE F. VIROLA
Head, Commercial Sales Dept.

PAULA FRITZIE C. ZAMORA
Head, Financial Institution Management Div.

TRUST AND INVESTMENTS GROUP

First Senior Vice President
LOURDES BERNADETTE M. FERRER
Group Head and Trust Officer

First Vice Presidents
CRISELDA Y. PASTORAL
Head, Trust Retail Marketing Div.

RAOUL V. SANTOS
Head, Trust Investment Services Div.

Vice Presidents
ERIC B. VICTORIA
Head, Trust Business Development Div.

VITTORIO RAOUL M. GOMEZ
Head, Trust Trading Div.

LYN L. DE GUZMAN
Head, Trust Operations

WEALTH MANAGEMENT

First Senior Vice President
MANUEL G. AHYONG, JR.
Head, Segment 2

Senior Vice President
JANE N. MAÑAGO
Division Head, Segment 1

First Vice President
KAREN K. CANLAS
Officer-in-Charge/Division Head, Segment 2

Vice President
SHIRLEY S. CO
Relationship Manager 2

SUBSIDIARIES

Domestic

BANKARD, INC.

Chairman
CESAR E.A. VIRATA

Vice Chairman
RAUL M. LEOPANDO

President and Chief Executive Officer
OSCAR B. BIASON

Senior Vice President
EUGENIO U. FERNANDEZ
Chief Finance Officer and Treasurer

Vice Presidents
VILMA M. BALTAZAR
Head, Human Resource Management

KATRINA JOY G. CRUZ
Head, Collection

BENJAMIN W. R. CUMPAS, JR.
Head, Merchant Business

EVELYN A. FERNANDEZ
Head, Acceptance Services

AMOR A. LAZARO
Head, Business Intelligence

FE FORTUNATA R. RIO
Head, Operations

MA. LIWAYWAY M. TAN
Head, Compliance Risk Management and Internal Audit

KARLO C. GONZALES
Head, Fraud Management and Authorization

MYLENE J. BICO
Head, Portfolio Analytics and Business Development

IRENE D. TAYLO
Head, Co-Brand and Partnership

MA. ANGELA C. MIRASOL
Head, Marketing

MERCHANT SAVINGS AND LOAN ASSOCIATION INC. (RIZAL MICROBANK-THRIFT BANK)

Chairman
LORENZO V. TAN

Vice Chairman
JOHN THOMAS G. DEVERAS

President
MA. LOURDES JOCELYN S. PINEDA

NIYOG PROPERTY HOLDINGS, INC.

President
JOHN THOMAS G. DEVERAS

Vice President
ALFREDO S. DEL ROSARIO, JR.

Controller and Treasurer
FLORENTINO M. MADONZA

Corporate Secretary
ATTY. MA. CELIA H. FERNANDEZ-ESTAVILLO

RCBC CAPITAL CORP.

Chairperson
YVONNE S. YUCHENGCO

President and Chief Executive Officer
JOSE LUIS F. GOMEZ

Senior Vice President
RAMON M. POSADAS
Debt Securities

First Vice Presidents
MELANIE A. CAGUIAT
Credit and Administration

RUTH B. GUTIERREZ
Chief Accountant

Vice President
JUAN MARCELO M. QUIJANO
Compliance Officer

Corporate Secretary
ATTY. MA. CELIA H. FERNANDEZ-ESTAVILLO

Subsidiary:

RCBC SECURITIES, INC.
Chairman
RAUL M. LEOPANDO

President
MICHAEL A. SINGSON
(starting January 2, 2013)

RCBC FOREX BROKERS CORP.

Chairman
CESAR E. A. VIRATA

President and Chief Executive Officer
MA. CRISTINA S. ROSALES
Corporate Treasurer
MEDEL T. NERA

Vice President
CRISELDA T. ESPINOSA

Corporate Secretary
ATTY. SAMUEL V. TORRES

RCBC-JPL HOLDING CO., INC. (JP LAUREL RURAL BANK)

Chairman and President
ALFREDO S. DEL ROSARIO, JR.

Vice Chairman and Senior Vice President
ISMAEL R. SANDIG

Corporate Secretary
KENNETH MARK F. GARCIA

RCBC LAND, INC.

Chairman
CESAR E. A. VIRATA

President
YVONNE S. YUCHENGCO

Vice President
ALFONSO S. YUCHENGCO, JR.

Treasurer
ALFONSO S. YUCHENGCO III

Corporate Secretary
ATTY. SAMUEL V. TORRES

Subsidiary:

RCBC REALTY CORP.
Chairman
AMBASSADOR ALFONSO T. YUCHENGCO

President
MEDEL T. NERA

Treasurer and Chief Financial Officer
JOSE MA. G. CASTILLO III

Corporate Secretary
ATTY. SAMUEL V. TORRES

RCBC SAVINGS BANK

Chairperson
HELEN Y. DEE

Vice Chairman
LORENZO V. TAN

President
ROMMEL S. LATINAZO
(seconded from RCBC)

First Vice Presidents
JO ANNE C. CHAN
Head, Controllership and Support Services Div.

MA. LOURDES GARCIA TRINIDAD
Head, Risk Management Div.

Vice Presidents
JUDY ROSARIO G. CAM
Chief Compliance Officer

MA.CARMINA P. CARPIO
Head, Trust Services Div.

DONNA KRISTINE F. MARCELO
Head, Corporate Communications and Marketing Services

MA. LUISA A. PASAMBA
Head, Accounting Dept.

PATRICIO A. PICAZO
Head, Human Resource Div.

ALBERTO O. REGINO, JR.
Head, Litigation Dept., Corporate Legal Services Div.

GUIA MARGARITA Y. SANTOS
Head, Corporate Legal Services Div.
(seconded from RCBC)

ASSET MANAGEMENT AND REMEDIAL GROUP

Senior Vice President
MARY GRACE P. MACATANGAY
Group Head

First Vice President
JOHN A. AGBAYANI
Unit Head, CTS

Vice Presidents
ELMER R. LABRADOR
Head, Collection and Remedial Div.

ENRIQUE G. LLAGAS
Head, Property Management and Sales Div.

CONSUMER LENDING GROUP

Executive Vice President
LIZETTE MARGARET MARY J. RACELA
Group Head
(seconded from RCBC)

First Vice Presidents
ELIZABETH G. ABECIA
Regional Head, Vismin Provincial Lending Center

ELMER M. AQUINO
Head, Wholesale Lending Div.

AMADOR T. BAIRA
Head, Head Auto Loans Div.

Vice Presidents
ARIEL J. CRUZ
Regional Head, Luzon Provincial Lending Center

BLESILDA B. SANTOS
Head, Insurance Div.

RANDY B. TORRES
Head, Housing Loans Div.

CORPORATE PLANNING GROUP

Executive Vice President
CARLOS A. PINPIN, JR.
Group Head

Vice President
JOHN LYNDON O. LUDOVICE
Head, Strategic Services Div.

CREDIT MANAGEMENT GROUP

First Vice President
MA. LOURDES S. ALDECOA
OIC - Group Head

OPERATIONS AND TECHNOLOGY GROUP

Senior Vice President
AL JAN G. YAP
Head, Business Support and Services Div.
(seconded from RCBC)

First Vice President
HELEN GRACE D, GAVICA
Head, Information Management Div.

RETAIL BANKING GROUP

Senior Vice President
MATIAS L. PALOSO
Group Head
(seconded from RCBC)

First Vice Presidents
LEONOR F. BELEN
Regional Sales Manager, South Metro Manila

GUILBERTO K. BENEDICTO
Head, Consumer Products and Channels Management Div.

LORNA M. VALENZUELA
Regional Sales Manager, North Metro Manila

MA. LOURDES R. VASQUEZ
Deputy Group Head
Service Business Center – Service

BASILIA JOSEFA E. VILLAMOR
Regional Sales Manager, VisMin

Vice Presidents
ULYSSES L. ATIENZA
District Sales Manager, South East Luzon

ROLAND D. BAY
Regional Sales Manager, South Luzon

SHIRLEY K. BENEDICTO
District Sales Manager, North West Metro Manila

LARRY F. DE GUZMAN
District Sales Manager, South East Metro Manila

CRISPINA D. DEL ROSARIO
Regional Sales Manager, North Luzon

GLORIA G. FERNANDO
Business Center Manager, Ayala

RAMON C. GARCIA
Head, Sales Distribution Channel Dept.
(seconded from RCBC)

EVELINDA M. HICARO
Head, Cash and ATM

GENEVIEVE P. ICASIANO
District Sales Manager, North Central Metro Manila

ROMEO R. LLAVE, JR.
District Sales Manager, South West Metro Manila

EDWIN B. NANGCAS
District Sales Manager, Mindanao

DON S. SALDAÑA
District Sales Manager, Rizal

NINFA F. SEE
Regional Service Head, South Metro Manila

TREASURY

Senior Vice President
JOSEPH COLIN B. RODRIGUEZ
Group Head
(seconded from RCBC)

RCBC LEASING AND FINANCE CORPORATION

Chairperson
HELEN Y. DEE

Vice Chairman
LORENZO V. TAN

Chief Operating Officer
ALFONSO C. TANSECO

Corporate Secretary
ELLA KATRINA R. MITRA

Subsidiary:

RCBC RENTAL CORP.

President and CEO
ALFONSO C. TANSECO

Corporate Secretary
ELLA KATRINA R. MITRA

International

RCBC INTERNATIONAL FINANCE LTD.

Chairman
LORENZO V. TAN

Managing Director
MARK DEXTER D. YABUT

RCBC NORTH AMERICA, INC. (formerly RCBC California International, Inc.)

Chairman
VICTOR P. QUISUMBING

President
CYNTHIA P. SANTOS

Chief Executive Officer
EDGAR C. BULAWAN

RCBC TELEMONEY EUROPE SpA.

Chairman
LORENZO V. TAN

Vice Chairman
CYNTHIA P. SANTOS

Managing Director
ARIEL N. MENDOZA

ASSOCIATES

HONDA CARS PHILIPPINES, INC.

President
TATSUYA NATSUME

Executive Vice President and Head, Manufacturing Div.
MITSURU OKAMOTO

LUISITA INDUSTRIAL PARK CORP.

Chairman
AMBASSADOR ALFONSO T. YUCHENGCO

Co-Chairman
HELEN Y. DEE

Vice Chairman
CESAR E. A. VIRATA

President
RAMON S. BAGATSING, JR

Treasurer
ELENA F. TRAJANO

Corporate Secretary
ATTY. MA. CELIA H. FERNANDEZ-ESTAVILLO

YGC CORPORATE SERVICES, INC.

Chairman
AMBASSADOR ALFONSO T. YUCHENGCO

President
HELEN Y. DEE

Executive Vice President and Chief Operating Officer
LIWAYWAY F. GENER

Corporate Secretary
ATTY. SAMUEL V. TORRES

RCBC Branch Directory

METRO MANILA

168 Mall
168 Mall Shopping Center, Stall 4H-01
Soler St., Binondo Manila
Tel. Nos. : 708-2386 to 87; 708-2290 to 91
Fax No. : 708-2289

A. Mabini
1353 Tesoro Bldg. A. Mabini St., Ermita, Manila
Tel. Nos. : 526-0424; 526-0444 to 45; 525-0468
Fax No. : 526-0446

Acropolis
191 Triquetra Bldg., E. Rodriguez Jr. Ave.
Libis, Quezon City
Tel. Nos. : 638-0550; 638-0552 to 53; 645-0551
Fax No. : 638-0552

Alabang
RCBC Bldg., Tierra Nueva Subd.
Alabang-Zapote Rd., Alabang, Muntinlupa City
Tel. Nos. : 807-2245 to 46; 809-0401; 809-0403
Fax No. : 850-9044

Alabang West Service Road
Alabang West Service Rd.
cor. Montillano St. and South Superhighway
Alabang, Muntinlupa City
Tel. Nos. : 556-3416 to 17; 556-3419; 666-2953
Fax No. : 556-3507

Araneta
G/F, Unit 111 Sampaguita Theatre Bldg.
cor. Gen. Araneta and Gen. Roxas Sts.
Cubao, Quezon City
Tel. Nos. : 912-1981 to 83; 912-6049
Fax No. : 912-1979

Arnaiz
843 G/F, B & P Realty, Inc. Bldg., Arnaiz Ave.
Legaspi Village, Makati City
Tel. Nos. : 869-0306; 869-0314; 869-0430;
869-9613
Fax No. : 869-9859

Arranque
1001 Orient Star Bldg.
cor. Masangkay and Soler Sts.
Binondo, Manila
Tel. Nos. : 245-7055; 244-8438; 244-8443 to 44

Ayala
Unit 709, Tower One
Ayala Triangle and Exchange Plaza Bldg.
Ayala Ave., Makati City
Tel. Nos. : 848-6983 to 85
Fax No. : 848-7003

Baclaran
21 Taft Ave., Baclaran, Parañaque City
Tel. Nos. : 832-3938; 852-8147 to 48
Fax No. : 832-3942

Banawe
Unit I-K, CTK Bldg.
385 cor. Banawe and N. Roxas Sts., Quezon City
Tel. Nos. : 742-3578; 743-0204
Fax No. : 743-0210

Bayani Road
37 Bayani Rd., AFPOVAI Subd.
Fort Bonifacio, Taguig City
Tel. Nos. : 808-7436; 856-0156
Fax No. : 808-7435

Better Living
14 Doña Soledad, Better Living Subd.
Parañaque City
Tel. Nos. : 828-2174; 828-3095; 828-3478;
828-4810
Fax No. : 828-9795

BF Homes
Unit 101 Centermall Bldg., President Ave.
BF Homes, Parañaque City
Tel. Nos. : 807-8761 to 63; 842-1554
Fax No. : 842-1553

Binondo
Yuchengco Tower, 500 Q. Paredes St.
Binondo, Manila
Tel. Nos. : 241-2491; 242-5933

Boni Avenue
617 Boni Ave., Mandaluyong City
Tel. Nos. : 532-5532; 533-0280;
533-6335; 533-6337
Fax No. : 533-6336

Buendia
Grepalife Bldg., 219 Sen. Gil J. Puyat Ave.
Makati City
Tel. Nos. : 810-3674; 844-1869;
845-6411 to 12
Fax No. : 844-8868

Cainta
Multicon Bldg., FP Felix Ave.
Cainta, Rizal
Tel. Nos. : 645-6703 to 04; 645-6710;
645-6713; 645-6716
Fax No. : 645-6704

Caloocan
259 Rizal Ave. Extn, Kalookan City
Tel. Nos. : 361-0406; 361-1593 to 94;
361-1597
Fax No. : 361-1598

Carlos Palanca
G/F BSA Suites, Carlos Palanca St.
Legaspi Village, Makati City
Tel. Nos. : 888-6701 to 03; 888-6939
Fax No. : 888-6704

Commonwealth
G/F Verde Oro Bldg.
535 Commonwealth Ave.
Diliman, Quezon City
Tel. Nos. : 931-2309; 931-2319; 931-2375;
931-5242; 931-5251
Fax No. : 931-2328

Concepcion Marikina
17 Bayan-Bayanan Ave.
Bgy. Concepcion Uno, Marikina City
Tel. Nos. : 384-3973; 571-4607; 948-4002
Fax No. : 942-6368

Connecticut/Greenhills
51 Connecticut St.
Northeast Greenhills, San Juan
Tel. Nos. : 721-4495; 722-4424;
726-9793; 744-6348
Fax No. : 722-4424

Cubao
Space 37/38, Shopwise Arcade
Times Square Ave., Araneta Center
Cubao, Quezon City
Tel. Nos. : 911-0870; 912-8127; 913-6163

D. Tuazon
19 cor D. Tuazon St. and Quezon Ave.
Quezon City
Tel. Nos. : 731-5805 to 07; 731-7261;
731-7290
Fax No. : 731-7262

Del Monte
180 Del Monte Ave., Quezon City
Tel. Nos. : 712-7567; 712-9456 to 57
Fax No. : 741-6010

Dela Rosa
G/F, Sterling Center
cor. Ormaza and Dela Rosa Sts.
Legaspi Village, Makati City
Tel. Nos. : 893-4216; 893-4312;
893-6828; 893-9050
Fax No. : 893-5039

Delta
Delta Bldg., cor. Quezon and West Ave.
Quezon City
Tel. Nos. : 352-8113; 352-8115
Fax No. : 352-8112

Diliman
cor. Matalino St. and Kalayaan Ave.
Diliman, Quezon City
Tel. Nos. : 925-2148 to 49; 924-3627;
924-3629
Fax No. : 924-3628

Divisoria
New Divisoria Condmn, 628 Sta. Elena
Divisoria, Manila
Tel. Nos. : 241-7847; 241-7853;
241-7884; 242-9082

Eastwood Mall
G/F, Unit A-102, Eastwood Mall
Orchard Rd. near Garden Rd.
Eastwood City, Quezon City
Tel. Nos. : 470-0504; 470-6275;
470-9379; 470-9382
Fax No. : 470-9380

EDSA Kalookan
520 E. Delos Santos Ave.
Kalookan City
Tel. Nos. : 990-3651 to 53
Fax No. : 990-3654

EDSA Taft
Giselle's Park Plaza
cor. EDSA and Taft Ave.. Pasay City
Tel. Nos. : 832-2064; 851-2074;
852-5775
Fax No. : 852-3954

Elcano
676 Elcano St., Binondo, Manila
Tel. Nos. : 242-8684 to 85; 242-3643;
242-3598

Ermita
550 United Nations Ave., Ermita, Manila
Tel. Nos. : 523-2948; 523-2983;
525-5238; 525-5219
Fax No. : 524-1021

Fairview
Medical Arts Bldg., Dahlia St.
North Fairview, Quezon City
Tel. Nos. : 461-3011; 461-3008;
930-2010; 930-2052
Fax No. : 461-3009

Frontera Verde
G/F, Transcom Bldg.
Frontera Verde Cpd.
Bgy. Ugong, Pasig City
Tel. Nos. : 706-4721; 706-4724 to 26
Fax No. : 706-4723

Garnet
Unit No. 106 Parc Chateau Condmn
cor. Garnet and Onyx Sts., Ortigas
Center, Pasig City
Tel. Nos. : 570-6317; 570-6319;
570-9141 to 42
Telefax : 570-9144

Gilmore
100 Granada St., Valencia, Quezon City
Tel. Nos. : 725-0818; 726-2404;
726-4236
Fax No. : 725-9087

Greenbelt
BSA Tower, Legaspi St.
Legaspi Village, Makati Ctiy
Tel. Nos. : 845-4051; 844-1829;
845-4881; 845-4883
Fax No. : 845-4883

Jupiter Makati
Unit 101, Doña Consolacion Bldg.
122 Jupiter St., Bel-Air Makati City
Tel. Nos. : 519-7744; 551-7711;
553-4142 to 43
Fax No. : 478-0798

La Fuerza
Unit 10 & 11, G/F La Fuerza Plaza 1
2241 Chino Roces Ave., Makati City
Tel. Nos. : 893-0076; 893-1607;
893-4293; 893-8495
Fax No. : 893-3021

Las Piñas
Veraville Bldg., Alabang-Zapote Rd.
Las Piñas City
Tel. Nos. : 874-0394; 873-4496;
874-1659; 874-8365
Fax No. : 873-4498

Legaspi Village
First Global Bldg.
cor. Salcedo and Gamboa Sts.
Legaspi Village, Makati City
Tel. Nos. : 812-4893; 817-2664;
817-2689; 818-4919
Fax No. : 813-5287

Linden Suites
G/F The Linden Suites Tower II
37 San Miguel Ave., Ortigas Center,
Pasig City
Tel. Nos. : 477-7267; 477-7269;
477-7271; 477-7273 to 74
Fax No. : 477-7275

Loyola Heights
G/F MQI Centre
42 cor. E. Abada and Rosa Alvero Sts.
Loyola Heights, Quezon City
Tel. Nos. : 426-6525; 426-6528;
426-6533 to 35
Fax No. : 426-6602

Makati Avenue
G/F Executive Bldg. Center Inc.
369 cor. Sen. Gil Puyat and Makati Ave.,
Makati City
Tel. Nos. : 890-7023; 890-7025;
895-7024; 895-9578;
897-9384
Fax No. : 890-7026

Makati Rada
One Legaspi Park, 121 Rada St.
Legaspi Village, Makati City
Tel. Nos. : 909-5203; 909-5201;
915-2046
Fax No. : 909-5204

Malabon
cor J.P. Rizal Ave. Extn. and Pascual St.
Bgy. San Agustin, Malabon City
Tel. Nos. : 281-0198 to 99; 281-0518; 281-2709
Fax No. : 281-0190

Malate
470 Maria Daniel Bldg., cor. San Andres and
M.H. Del Pilar Sts., Malate, Manila
Tel. Nos. : 516-4690; 516-4695; 516-4687
Fax No. : 516-4694

Malayan Plaza
Unit G3 and G4, G/F Malayan Plaza
cor. ADB Ave. and Opal Rd., Pasig City
Tel. Nos. : 634-7491 to 93; 635-5164
Fax No. : 635-5166

Mandaluyong
Unit 102, G/F EDSA Central Square
Greenfield District, Mandaluyong City
Tel. Nos. : 631-5804; 631-5851 to 52; 633-9585;
637-5381
Fax No. : 631-5803

Marikina
cor. Gil Fernando Ave and Sta. Ana Extn.
Marikina City
Tel. Nos. : 646-6270; 681-6669; 681-6673 to 74
Fax No. : 681-1717

Masangkay
1473 G. Masangkay St., Sta. Cruz, Manila
Tel. Nos. : 252-9321; 254-5283; 255-0367; 255-1123

McKinley Hills
G/F Two World Hill Bldg., Upper McKinley Rd.
McKinley Town Center, Fort Bonifacio, Taguig City
Tel. Nos. : 401-6102; 401-6165; 403-1516
Fax No. : 856-1239

Meralco Ave.
G/F Regency Bldg., cor. Meralco Ave. and
Exchange Rd., Ortigas, Pasig City
Tel. No. : 666-6125

Morayta
828 Nicanor Reyes Sr. St.
Sampaloc, Manila
Tel. Nos.: 735-1387; 735-4465; 736-2477 to 78

Navotas
551 M. Naval St., Bgy. Bangkulasi
Navotas City
Tel. Nos. : 332-1648

New Manila
269 E. Rodriguez Sr. Ave., Quezon City
Tel. Nos. : 725-6021; 727-6010; 727-6013
Fax No. : 727-6012

Newport City
G/F 150 Plaza 66 Bldg., Newport City
Manlunas St., Villamor, Pasay City
Tel. Nos. : 542-2978; 556-7645 to 47
Fax No. : 556-7648

Novaliches
882 cor. Quirino Highway and Nitang St.
Novaliches, Quezon City
Tel. Nos. : 930-6188; 930-6191; 936-8677 to 78
Fax No. : 936-8676

Ortigas Avenue Greenhills
Unit 104 Grace Bldg., Ortigas Ave.
Greenhills, San Juan
Tel. Nos. : 725-2985; 726-9901; 727-4341;
727-4714
Fax No. : 725-0472

Otis
Isuzu Manila, 1502 Paz M. Guanzon St.
Paco, Manila
Tel. Nos. : 561-7262; 564-5367 to 68
Fax No. : 561-7272

Padre Rada
649 Padre Rada St., Tondo, Manila
Tel. Nos. : 245-0082; 245-0241; 245-0250;
245-5514

Pasay
San Bell Bldg.
2015 cor. Sen. Gil Puyat Ave. Extn. and
Leveriza St., Pasay City
Tel. Nos. : 846-6281 to 83; 846-6285; 846-6288
Fax No. : 846-6284

Paseo De Roxas
8747 G/F Lepanto Bldg., Paseo de Roxas
Makati City
Tel. Nos. : 403-7151; 403-7153; 403-7157 to 58
Fax No. : 403-7159

Pasig
92 cor. Dr. Sixto Ave. and C. Raymundo St.
Pasig City
Tel. Nos. : 641-7993; 641-7914; 641-6259; 641-0640
Fax No. : 641-0639

Pasig Kapitolyo
G/F D'Ace Water Spa Plaza
cor. United and Brixton Sts.
Bgy. Kapitolyo, Pasig City
Tel. Nos. : 654-4423; 654-4437 to 28

Pasig Toby's C. Raymundo Ave.
Lot1 & 2A, Good Harvest Complex
C. Raymundo Ave., Caniogan, Pasig City
Tel. No. : 651-7765

Pasong Tamo
2283 cor. Pasong Tamo Extn and Lumbang St.
Makati City
Tel. Nos. : 813-3348; 813-3369; 813-3442; 893-5977 to78
Fax No. : 893-5976

Quezon Avenue
1405 Quezon Ave., Quezon City
Tel. Nos. : 371-8178; 371-8184; 373-4224; 373-3551; 373-3552
Fax No. : 373-3554

Quirino Avenue
411 Anflocor Bldg., cor. Quirino Ave. and
NAIA Rd., Tambo, Parañaque City
Tel. Nos. : 851-4692; 851-4694; 852-4690; 852-0403
Fax No. : 853-4685

Raon-Sales
655 – 657, cor. Gonzalo Puyat and Sales Sts.
Quiapo, Manila
Tel. Nos. : 733-1654 to 55; 733-1657; 733-1661
Fax No. : 733-1662

RCBC Main Office Branch
G/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. Nos : 878-3307 to 08; 878-3313; 878-3416; 894-9072; 894-9082; 894-9517;
Fax No. : 894-9000 loc. 2288

Rockwell
G/F Phinma Plaza, Hidalgo St.
Rockwell Center, Makati City
Tel. Nos. : 898-1502; 898-1505; 898-2049 to 50
Fax No. : 898-1503

Roosevelt
302 Roosevelt Ave.
San Francisco Del Monte, Quezon City
Tel. Nos. : 372-2412 to 13; 372-2415 to 16
Fax No. : 372-2417

Roxas Boulevard
cor. Russel St. and Roxas Blvd.
Pasay City
Tel. Nos. : 853-7562; 851-7984; 851-7986; 851-8964; 853-9343
Fax No. : 851-7987

Salcedo Village
G/F Y.Tower II Bldg.
cor. Leviste and Gallardo Sts.
Salcedo Village, Makati City
Tel. Nos. : 892-7715; 892-7775; 892-7794; 894-2281; 894-2288
Fax No. : 892-7786

San Lorenzo
1018 G/F L&R Bldg.
A. S. Arnaiz Ave., Makati City
Tel. Nos. : 816-2506; 843-8196; 843-1342; 844-7822
Fax No. : 843-3242

Shangri-La Extension Office
507 5th Level, Shangrila Plaza Mall
cor. EDSA and Shaw Blvd., Mandaluyong City
Tel. Nos. : 633-4485; 633-9582
Fax No. : 633-9583

Shaw Boulevard Lawson
GF SCT Bldg.
143 cor. Shaw Blvd. and Lawson St.
Mandaluyong City
Tel. Nos. : 535-1641; 535-2610; 535-2615 to 16

South Harbor
Harbor Centre I, cor. Chicago and 23rd Sts.
Port Area, Manila
Tel. Nos. : 527-6481; 527-6486; 527-7311 to 12
Fax No. : 527-7310

Southmall
Cillben Commercial Bldg.
467 Real St., Alabang-Zapote Rd.
Almanza, Las Piñas City
Tel. Nos. : 801-0321; 801-6425; 801-6489; 801-7462
Fax No. : 801-7462

Sta. Lucia East
Sta. Lucia East Grand Mall
Brickroad Area, cor. Marcos Highway and
Felix Ave., Cainta, Rizal
Tel. Nos. : 645-7911; 682-0359; 682-5857; 682-5963; 682-7126
Fax No. : 645-3685

Sta. Mesa
1-B G. Araneta Ave., Bgy. Doña Imelda
Quezon City
Tel. Nos. : 715-8936; 715-8938 to 39
Fax No. : 715-8937

Sucat
2F Santana Grove
cor. Dr. A. Santos Ave. and Soreena St.
Sucat, Parañaque City
Tel. Nos. : 666-6122; 828-5761; 828-6719; 828-9813
Fax No. : 828-5615

T. Alonzo
1461-1463 Soler St., Sta Cruz, Manila
Tel. Nos. : 733-7863 to 65

Taytay
Manila East Rd., Taytay, Rizal
Tel. Nos. : 286-0490; 658-0637; 286-0658; 286-3465
Fax No. : 658-0636

Taytay Extension Office
Rizal Ave., Cuatro Cantos
Bgy. San Juan, Taytay, Rizal
Tel. Nos. : 570-4699; 570-4701; 570-7400

Tektite
1904-A East Tower, Philippine Stock Exchange
Center, Ortigas Center, Pasig City
Tel. Nos. : 634-6725; 638-7302; 638-7304 to 05
Fax No. : 634-6647

The Firm
CVC Law Center
cor. 11th Ave. and 39th St.
Fort Bonifacio, Taguig City
Tel. Nos. : 519-6880; 519-6870; 519-7090
Fax No. : 519-7693

The Fort Sapphire Residences
cor. 31st St. and 2nd Ave., Cresent Park
Global City, Taguig City
Tel. Nos. : 519-1553; 519-5709; 519-5771; 519-7243
Fax No. : 519-5758

The Fort Sunlife
G/F Sunlife Bldg., cor. 5th Ave. and Rizal
Drive, Bonifacio Global City, Taguig City
Tel. Nos. : 478-8213; 553-6310; 553-7152; 808-7527
Fax No. : 808-7525

Timog
RCBC Bldg., 36 Timog Ave., Quezon City
Tel. Nos. : 373-2832 to 33; 373-7218 to 19
Fax No. : 371-4306

Tomas Mapua
Park Tower Condmn, 630 Tomas Mapua St.
Sta. Cruz, Manila
Tel. Nos. : 733-0611; 733-0631; 734-1069; 734-1201
Fax No. : 733-0617

Tordesillas
117 Tordesillas St., Salcedo Village
Makati City
Tel. Nos. : 808-1059; 808-1396; 808-2080; 808-2378
Fax No. : 808-2378

Trinoma
Space P015B Level 1, Trinoma
cor. EDSA and North Ave., Quezon City
Tel. Nos. : 474-0192; 901-6105; 901-6108; 901-6146; 901-6179
Fax No. : 901-6146

Tutuban
G/F Center Mall I, Tutuban Center
C. M. Recto Ave., Manila
Tel. Nos. : 251-0410; 251-0412; 251-0449; 253-1446

Unimart
Greenhills Commercial Complex
Ortigas Ave., San Juan
Tel. Nos. : 721-2120 to 21; 721-2123; 721-3552; 721-6388
Fax No. : 727-2884

Valenzuela
231 McArthur Highway, Karuhatan
Valenzuela City
Tel. Nos. : 291-6592 to 93; 293-8378; 291-9551
Fax No. : 293-6204

Wack Wack
Unit K Facilities Center Bldg.
548 Shaw Blvd., Mandaluyong City
Tel. Nos. : 533-8182; 534-2394; 534-4305; 534-4416
Fax No. : 534-4416

LUZON

Angeles
RCBC Bldg., cor. Sto. Rosario St. and
Teresa Ave., Angeles City
Tel. Nos. : (045) 887-1566; 888-2532; 888-8633
Fax No. : (045) 322-1510

Angeles Sto. Cristo
243 Sto. Entierro St., Bgy. Sto. Cristo
Angeles City
Tel. Nos. : (045) 322-7222; 626-2060 to 61; 626-2120
Fax No. : (045) 887-2811

Aparri
108 J.P. Rizal St., Bgy. Centro 14
Aparri, Cagayan
Tel. Nos. : (078) 888-0347; 888-0349 to 50; (02) 894-9000 loc. 5386;
Fax No. : (078) 888-0348

Bacao Extension Office
Yokota Commercial Bldg.
Bacao Rd., Bgy. Bacao 2
Gen. Trias, Cavite
Tel. No. : (046) 437-6125
Telefax : (046) 437-6127

Bacoor
Maraudi Bldg., Gen. E. Aguinaldo Highway
Bgy. Niog, Bacoor, Cavite
Tel. Nos. : (046) 417-0736; 417-7454; 417-7662; (02) 529-8969

Baguio
RCBC Bldg., 20 Session Rd., Baguio City
Tel. Nos. : (074) 442-2077; 442-5345 to 46
Fax No. : (074) 442-3512

Balagtas
McArthur Highway, Borol 1st
Balagtas, Bulacan
Tel. Nos. : (044) 693-1350 to 51
Fax No. : (044) 693-1351

Balanga
cor. Don Manuel Banzon Ave. and
Cuaderno St., Balanga City, Bataan
Tel. Nos. : (047) 237-9693; 237-9695
Fax No. : (047) 237-9694

Balibago
McArthur Highway, Balibago, Angeles City
Tel. Nos. : (045) 331-5188; 625-5587; 892-0764
Fax No. : (045) 625-5736

Baliuag
01 cor. JP Rizal and S. Tagle Sts.
Baliwag, Bulacan
Tel. Nos. : (044) 766-2643; 766-3530
Fax No. : (044) 766-2642

Batac
Marcos Blvd., Bgy. 10 Lacub
Batac, Ilocos Norte
Tel. Nos. : (077) 670-1812; 617-1631
Fax No. : (077) 792-3126

Batangas
17 cor. Rizal Ave. and P. Gomez St.
Batangas City
Tel. Nos. : (043) 723-3104 to 05; 723-7720; 723-7870
Fax No. : (043) 723-1802

Bauan Extension Office
JP Rizal St., Poblacion
Bauan, Batangas
Tel. Nos. : (043) 727-2715; 727-2738

BEPZ, Bataan
RCBC Bldg. Afab, Mariveles, Bataan
Tel. Nos. : (047) 935-4021 to 23
Fax No. : (045) 935-4020

Biñan
G/F Admin Bldg., Laguna International Industrial
Park, Mamplasan, Biñan, Laguna
Tel. Nos. : (049) 539-0167; (02) 520-9174
Fax No. : (049) 539-0177

Cabanatuan
1051 Burgos Ave., Cabanatuan City
Nueva Ecija
Tel. Nos. : (044) 463-8420; 463-5359; 464-7473;
Fax No. : (044) 463-0533

Calamba
cor. National Highway and Dolor St.
Crossing, Calamba City, Laguna
Tel. Nos. : (049) 545-1720; 545-1930; 545-6166; 545-9174
Fax No. : (049) 545-6165

Carmelray
G/F Admin Bldg., Carmelray Industrial Park 1
Canlubang, Calamba City, Laguna
Tel. Nos. : (049) 549-1372; 549-2898
Fax No. : (049) 549-3081

Carmelray 2
G/F Admin Bldg., Carmelray Industrial Park 2
Km 54, Bgy. Tulo, Calamba City, Laguna
Tel. Nos. : (049) 545-0040; 545-0964; 545-1295
Fax No. : (049) 545-0964

Carmen
McArthur Highway, Carmen Rosales
Pangasinan
Tel. Nos. : (075) 564-4228; 582-2657
Fax No. : (075) 564-3912

Carmona
People's Technology Complex (SEZ)
Governor's Drive, Carmona, Cavite
Tel. Nos. : (046) 430-1401 to 02
Fax Nos. : (046) 430-1490; (02) 520-8093

Cauayan
Central Store Bldg., Roxas St.
Cauayan, Isabela
Tel. Nos. : (078) 652-1157; 897-1509
Fax No. : (078) 652-2371

Cavite City
P. Burgos Ave., Caridad, Cavite City
Tel. Nos. : (046) 431-2242; 431-5951; (02) 529-8503
Fax No. : (046) 431-2398

Clark
Bldg. N4033, C.M. Recto Highway
Clark Freeport Zone
Tel. Nos. : (045) 499-3029; 599-3058
Fax No. : (045) 599-3057

Clark 2
Berthaphil III Clark Center
Jose Abad Santos Ave., Clark Freeport Zone
Tel. Nos. : (045) 499-1168; 499-2162
Fax No. : (045) 499-1167

CPIP-Batino
Citigold Bldg., Calamba Premier Industrial Park
Bgy. Tulo, Calamba City, Laguna
Tel. Nos. : (049) 545-0015 to 16; 545-0018
Fax No. : (045) 545-0019

Dagupan
RCBC Bldg., A.B. Fernandez Ave.
Dagupan City
Tel. Nos. : (075) 522-0303; 522-0828 to 29; 653-3440
Fax No. : (075) 515-6584

Dasmariñas
RCBC Bldg., FCIE Cpd, Governor's
Drive Langkaan, Dasmariñas, Cavite
Tel. Nos. : (046) 402-0031 to 33; (02) 529-8118
Fax No. : (046) 402-0034

Dasmariñas Pala Pala
Dasmariñas Commercial Complex
Pala-Pala, Governor's Drive
Dasmariñas, Cavite
Tel. Nos. : (046) 686-1673 to 74; 686-7840

Dasmariñas-Mangubat Drive
Heritage Bldg., Mangubat Drive
Dasmariñas, Cavite
Tel. Nos. : (046) 416-6698; 416-6865; 850-0830; (02) 529-8133
Telefax : (046) 416-6865

DMIA Extension Office
DMIA Bldg., 7549 Clark Freeport Zone
Tel. No. : (045) 477-8292

Gapan
Tinio St., San Vicente
Gapan City, Nueva Ecija
Tel. Nos. : (044) 486-0936; 486-1389; 940-2853
Fax No. : (044) 486-0375

Gateway
RCBC Bldg., Gateway Business Park
Bgy. Javalera, General Trias, Cavite
Tel. Nos. : (046) 433-0126; 433-0289;
(02) 6700-5355
Fax No. : (046) 433-0250

Gateway Extension Office
G/F, Samantha's Place Commercial Bldg.
Governor's Drive, Manggahan, General Trias, Cavite
Tel. Nos. : 686-7840; 686-7854

GMA, Cavite
Citi Appliance Bldg., Bgy. San Gabriel
Governor's Drive, GMA, Cavite
Tel. Nos. : (046) 890-2365; 972-0317; (02) 520-8708

Guimba
Afan Salvador St., Guimba, Nueva Ecija
Tel. No. : (044) 611-1060
Fax No. : (044) 943-0020

Hacienda Luisita
Robinsons Plaza, San Miguel, Tarlac City
Tel. Nos. : (045) 985-1545 to 46
Fax No. : (045) 985-1544

Ilagan, Isabela
RCK Bldg., Calamagui 2nd
Maharlika Rd., Ilagan, Isabela
Tel. Nos. : (078) 622-3158; 624-1168
Fax No. : (078) 624-1158

Imus
Esguerra Bldg., Palico IV
Aguinaldo Highway, Imus, Cavite
Tel. Nos. : (046) 471-3784; (02) 529-8622
Fax No. : (046) 471-3816

La Trinidad
Peliz Loy Centrum Bldg.
Km. 5, La Trinidad, Benguet
Tel. Nos. : (074) 424-3344; 424-3346 to 48
Fax No. : (074) 424-3349

La Union
cor. Quezon Ave. and P. Burgos St.
San Fernando City, La Union
Tel. Nos. : (072) 242-5575 to 76; 700-5575
Fax No. : (02) 246-3004

Laguna Technopark
LTI Administration Bldg. II, Laguna Technopark
Bgy. Malamig, Biñan, Laguna
Tel. Nos. : (049) 541-2756; 541-3271; 544-0719;
(02) 520-8114
Fax No. : (049) 541-2755

Laoag
Jackie's Commercial Bldg. II
Rizal St., Laoag City
Tel. Nos. : (077) 772-0616; 772-1765
Fax No. : (077) 771-4447

Legazpi City
G/F M. Dy Bldg., Rizal St., Legazpi City
Tel. Nos. : (052) 214-3033; 480-6053
Fax Nos. : (052) 480-6416; (02) 429-1812

Lima
Lima Technology Center
Malvar, Batangas
Tel. Nos. : (043) 981-1846 to 47
Fax No. : (043) 981-1849

Lipa
cor. C.M. Recto and E. Mayo Sts., Lipa City
Tel. Nos. : (043) 756-2565; 756-6479
Fax No. : (043) 756-0220

Lucena
cor. Quezon Ave. and M.L. Tagarao St., Lucena City
Tel. Nos. : (042) 710-4086; 710-6461; (02) 250-8208
Fax No. : (042) 710-4458

Lucena-Evangelista
cor. Quezon Ave. and Evangelista St., Lucena City
Tel. Nos. : (042) 710-5788; 710-8068
Telefax : (02) 250-8325

Malolos
FC Bldg., McArthur Highway
Bo. Sumapang Matanda, Malolos, Bulacan
Tel. No. : (044) 662-1228
Fax No. : (02) 299-8147

Marinduque
EDG Bldg., Bgy. Lapu-Lapu
Sta. Cruz, Marinduque
Tel. No. : (042) 321-1941
Fax No. : (042) 321-1942

Masbate
Quezon St., Masbate City
Tel. No. : (056) 333-2269
Fax No. : (056) 333-2885

Meycauayan
VD &S Bldg., McArthur Highway
Calvario, Meycauayan City, Bulacan
Tel. Nos. : (044) 935-2583; 935-2590
Fax No. : (044) 935-2821

Naga
G/F Crown Hotel Bldg.
Peñafrancia Ave., Naga City
Tel. Nos. : (054) 473-9114; 811-9115 to 16;
(02) 250-8132
Fax No. : (02) 250-8182

Olongapo
1055 Rizal Ave. Extn., West Tapinac
Olongapo City
Tel. Nos. : (047) 611-0179; 611-0205
Fax No. : (047) 611-0206

Palawan
RCBC Bldg., Junction 1
cor. Rizal Ave. and National Highway
Puerto Princesa City
Tel. Nos. : (048) 433-2091; 433-2693;
433-5283
Fax No. : (048) 433-5352

Palawan National Highway
Lustre Arcade, National Highway
Bgy. Tiniguiban, Puerto Princesa City
Tel. Nos. : (048) 723-0358 to 60

Rosario
Cavite Export Processing Zone
Rosario, Cavite
Tel. Nos. : (046) 437-6255; 437-6260;
437-6549 to 50; 971-0586;
(02) 529-8829 to 30
Fax No. : (046) 971-0587

San Fernando
G/F Hiz-San Bldg., McArthur Highway
Bgy. Dolores, City of San Fernando
Pampanga
Tel. Nos. : (045) 963-4757 to 59; 963-4761
Fax No. : (045) 963-4760

San Fernando Robinsons
Level 1 Candaba Gate, Robinson's Starmills
City of San Fernando, Pampanga
Tel. No. : (045) 961-5143
Fax No. : (045) 961-5147

San Fernando Sindalan
SBC Bldg., McArthur Highway, Sindalan
City of San Fernando, Pampanga
Tel. Nos. : (045) 455-0380; 455-3082;
861-3661 to 62
Fax No. : (045) 455-0381

San Jose City, Nueva Ecija
Mokara Bldg., Maharlika Highway, Abar 1st
San Jose City, Nueva Ecija
Tel. Nos. : (044) 511-1408; 958-5090
Fax No. : (044) 958-5097

San Pablo
Ultimart Shopping Plaza, M. Paulino St.
San Pablo City
Tel. No. : (049) 562-0782
Fax No. : (049) 562-0781

San Pedro
EM Arcade, Bgy. Poblacion
National Highway, San Pedro, Laguna
Tel. Nos. : 847-5685; 868-9459 to 60
Fax No. : 847-5683

Santiago
26 Aveles Bldg., Maharlika Rd.
Victory Norte, Santiago City, Isabela
Tel. No. : (078) 682-7426
Fax No. : (078) 682-4599

Science Park
Admin Bldg., LISP 1, Pulo Rd., Bgy. Diezmo
Cabuyao, Laguna
Tel. Nos. : (049) 543-0105 to 06; 543-0571
Fax No. : (049) 543-0572

Solano
211 JP Rizal Ave., National Highway
Solano, Nueva Vizcaya
Tel. No. : (078) 326-6678
Fax No. : (078) 326-5559

Sta. Cruz
cor. A. Regidor and Burgos Sts.
Sta. Cruz, Laguna
Tel. Nos. : (049) 501-2136; 501-3538;
(02) 520-8318

Sta. Maria
39 J.P. Rizal St., Poblacion
Sta. Maria, Bulacan
Tel. Nos. : (044) 641-0251; 641-4845;
641-5371
Fax No. : (044) 288-2694

Sta. Rosa Balibago-Waltermart Extension Office
Upper G/F Waltermart Center
Sta. Rosa, Laguna
Tel. No. : (049) 530-2507
Telefax : (049) 530-2508

Sta. Rosa Solenad 2 Extension Office
Unit M20 Bldg., 2 Nuvali Solenad 2
National Rd., Bgy. Sto Domingo
Sta. Rosa, Laguna
Tel. No. : (049) 530-1281
Telefax : (049) 530-1482; 530-1384

Sta. Rosa-Balibago
Carvajal Bldg., Old National Highway
Balibago, Sta Rosa, Laguna
Tel. Nos. : (049) 534-5017 to 18;
(02) 520-8443
Fax No. : (049) 534-5017

Sta. Rosa
Unit 1, Sta. Rosa Country Market
Bgy. Don Jose, Sta. Rosa, Laguna
Tel. Nos. : (049) 541-2751 to 53;
(02) 420-8020; 520-8115
Fax No. : (049) 541-2343

Subic Freeport Ecozone
Royal Subic Duty Free Complex
cor. Rizal and Argonaut Highways
Subic Free Port Zone, Olongapo City
Tel. Nos. : (047) 252-5023 to 26
Fax No. : (047) 252-5024

Tabaco
232 Ziga Ave., Tabaco City, Albay
Tel. Nos. : (052) 558-2013; 830-0112;
(02) 429-1808
Fax No. : (02) 429-1808

Tagaytay
Unit 1 Olivarez Plaza
Emilio Aguinaldo Highway, Tagaytay City
Tel. Nos. : (046)483-0540 to 43;
(02) 845-3302
Fax No. : (046) 483-0542

Tarlac
F. Tañedo St., Tarlac City
Tel. Nos. : (045) 982-0820 to 21;
982-3389
Fax No. : (045) 982-1394

Tayug
A. Bonifacio St., Tayug, Pangasinan
Tel. Nos. : (075) 572-2024; 572-4800
Fax No. : (075) 572-6515

Tuguegarao
cor. Bonifacio and Gomez Sts.
Tuguegarao City, Cagayan
Tel. Nos. : (078) 844-1165; 846-2845
Fax No. : (078) 844-1926

Urdaneta
E.F. Square Bldg., McArthur Highway
Urdaneta City, Pangasinan
Tel. Nos. : (075) 568-2090; 656-2289;
568-8436
Fax No. : (075) 568-2925

VISAYAS

Antique
cor. Solana and T. Fornier Sts.
San Jose, Antique
Tel. Nos. : (036) 540-7025;
540-8191 to 92
Fax No. : (036) 540-8191

Bacolod Lacson
Lourdes C. Centre II
14th Lacson St., Bacolod City
Tel. Nos. : (034) 432-3189; 709-0488
Fax No. : (034) 432-3441

Bacolod Libertad
Libertad Extn, Bacolod City
Tel. Nos. : (034) 433-9646; 434-8193;
707-6207
Fax No. : (034) 433-9647

Bacolod Main
cor. Rizal and Locsin Sts., Bacolod City
Tel. Nos. : (034) 433-0835; 433-7844; 433-7850;
434-7348
Fax No. : (034) 434-5443

Bacolod Shopping
Hilado Extn, Bacolod City
Tel. Nos. : (034) 434-6807 to 08; 433-8483
Fax No. : (034) 433-0828

Balamban Extension Office
D.C. Sanchez St., Balamban, Cebu
Tel. Nos. : (032) 465-3451 to 52
Telefax : (032) 465-3450

Banilad
A. S. Fortuna St., Banilad, Cebu City
Tel. Nos. : (032) 346-3891 to 346-3892; 346-3894;
346-5431
Fax No. : 346-7083

Bayawan
National Highway, Bayawan City
Negros Oriental
Tel. No. : (035) 531-0554
Telefax : (035) 228-3322

Boracay
Station 1, Bgy Balabag Boracay
Malay, Aklan
Tel. Nos. : (036) 288-1905 to 06
Fax No. : (036) 288-1905

Cadiz
cor. Abelarde and Mabini Sts., Cadiz City
Tel. Nos. : (034) 493-0531; 493-0567; 493-0751
Fax No. : (034) 493-0531

Calbayog
cor. Magsaysay Blvd. and Gomez St.
Calbayog City, Western Samar
Tel. Nos. : (055) 209-1338; 209-1565
Fax No. : (055) 533-9013

Catarman
Ange Ley Bldg., JP Rizal St.
Catarman, Northern Samar
Tel. Nos. : (055) 251-8071; 251-8410; 500-9480;
500-9482
Fax No. : (055) 251-8071

Catbalogan
Del Rosario St., Catbalogan
Western Samar
Tel. Nos. : (055) 251-2005; 251-2775
Fax No. : (055) 543-9062

Caticlan Extension Office
Jetty Port, Bgy. Caticlan
Malay, Aklan
Tel. No. : (036) 288-7644

Cebu - Paseo Arcenas
Don Ramon Arcenas St., along R. Duterte St.
Banawa, Cebu City
Tel. Nos. : (032) 236-8012; 236-8016
Telefax : (032) 236-8017

Cebu - Sto. Niño
Belmont Hardware Depot Bldg.
cor. P. Burgos and Legaspi Sts.
Bgy. San Roque, Cebu City
Tel. Nos. : (032) 253-6028; 256-0173
Telefax : (032) 255-8256

Cebu Business Park
Lot 1, Block 6, cor. Mindanao Ave and Siquijor Rd.
Cebu Business Park, Cebu City
Tel. Nos. : (032) 233-6229; 238-6923; 416-3708
Fax No. : (032) 233-5450

Cebu IT Park
S-04 G/F Skyrise 4 Bldg., Cebu IT Park
Lahug, Cebu City
Tel. Nos. : (032) 260-0491; 260-0511; 260-0515;
260-0526
Fax No. : (032) 260-0526

Cebu Manalili
Tan Sucheng Bldg., V. Gullas St.
(formerly Manalili St.) Cebu City
Tel. Nos. : (032) 253-0624; 255-0422;
255-2050; 412-3441
Fax No. : (032) 256-1671

Consolacion
Admn Bldg., National Highway
Consolacion, Cebu
Tel. Nos. : (032) 423-9335; 564-2014; 564-2049;
564-2052

Dumaguete
Dr. V. Locsin St., Dumaguete City
Negros Oriental
Tel. Nos. : (035) 225-1349; 422-8096; 422-8422
Fax No. : (035) 422-8096

Fuente Osmeña
Grepalife Tower, Fuente Osmeña
Rotonda, Cebu City
Tel. Nos. : (032) 253-2560; 255-3326; 255-4886; 255-3566; 255-9864
Fax No. : (032) 253-0018

Guadalupe
63 M. Velez St., Cebu City
Tel. Nos. : (032) 254-3102; 254-3104; 254-5512; 255-5353
Fax No. : (032) 254-3103

Hinigaran
Rizal St., National Rd., Hinigaran
Negros Occidental
Tel. Nos. : (034) 391-2322 to 23
Fax Nos. : (034) 391-2321; 391-2323

Iloilo
J.M. Basa Iloilo Business Center
cor. J.M. Basa and Arsenal Sts., Iloilo City
Tel. Nos. : (033) 336-9643; 336-9714; 337-8153
Fax No. : (033) 337-8100

Iloilo Mabini
Go Pun Bldg.
cor. Mabini and Delgado Sts., Iloilo City
Tel. Nos. : (033) 336-6616; 509-1732
Fax No. : (033) 336-3728

Iloilo-Ledesma
cor. Ledesma and Quezon Sts., Iloilo City
Tel. Nos. : (033) 338-4370; 508-6019
Telefax : (033) 338-4369

Jaro
cor. E. Lopez and Seminario Sts.
Jaro, Iloilo City
Tel. Nos. : (033) 320-4074; 320-4077
Fax No. : (033) 320-4075

JCentre Mall
Lower G/F, JCentre Mall
165 A.S. Fortuna St., Bakilid
Mandaue City, Cebu
Tel. Nos. : (032) 520-3258; 520-3260; 520-3263
Fax No. : (032) 520-3260

Kabankalan
Guanzon St., Kabankalan City
Negros Occidental
Tel. Nos. : (034) 471-2316; 471-2516
Fax No. : (034) 471-2516

Kalibo
Lu Bldg Roxas Ave., Kalibo, Aklan
Tel. No. : (036) 262-3474
Fax No. : (036) 268-5108

Mactan
RCBC Bldg., MEPZ 1
Mactan, Lapu-Lapu City
Tel. Nos. : (032) 340-0750; 340-0737; 340-1282; 340-1726; 340-1810; 340-1853; 340-2955
Fax No. : (032) 340-0737

Mandaue
A.C. Cortes St., Ibabao, Mandaue City
Tel. Nos. : (032) 345-5561; 346-0025; 346-1283; 346-1727
Fax Nos. : (032) 345-5561; 346-0948

MEPZ 2 Extension Office
cor. Calle Moriones and Kadaugan Ave.
MEPZ 2, Basak, Lapu-Lapu City
Tel. Nos. : (032) 340-1686; 340-1778; 341-2738
Fax No. : (032) 340-5422

North Reclamation
G/F CIFC Tower
cor. Jl Briones St. and J. Luna Ave.
North Reclamation Area, Cebu City
Tel. Nos. : (032) 231-7044 to 45; 231-9975
Fax No. : (032) 231-7042

Ormoc
G/F MFT Bldg.
cor. Real and Carlos Tans Sts., Ormoc City
Tel. Nos. : (053) 255-3292; 255-3454; 255-4225; 561-8134; 561-8701
Fax No. : (053) 255-4225

Roxas City
Plaridel St., Roxas City
Tel. Nos. : (036) 522-3570; 621-1210
Fax No. : (036) 621-1104

San Carlos
Laguda Bldg., Locsin St., San Carlos City
Tel. Nos. : (034) 312-5141; 729-8605
Fax No. : (034) 312-5142

Sara
RCBC Bldg., Don Victorino
Salcedo St., Sara Iloilo
Tel. No. : (033) 392-0156
Fax No. : (033) 392-0172

Silay
cor. Rizal and Burgos Sts., Silay City
Tel. Nos. : (034) 495-0505; 495-1989
Fax No. : (034) 495-1990

Taboan
cor. Lakandula and C. Padilla Sts., Cebu City
Tel. Nos. : (032) 261-6061 to 62
Fax No. : (032) 261-7213

Tacloban
RSB Bldg., cor. Zamora and Sto. Niño Sts.
Tacloban City
Tel. Nos. : (053) 321-2892; 321-2917; 325-5058; 325-7326; 523-4167
Fax No. : (053) 523-4167; 523-1930

Tagbilaran
RCBC Bldg, C.P.G. Ave., Tagbilaran City
Tel. Nos. : (038) 412-3555; 412-3583; 501-7536
Fax No. : (038) 411-5874

Talisay Extension Office
South Central Square, Lawaan III
Talisay City, Cebu
Tel. Nos. : (032) 505-5194; 505-6199
Telefax : (032) 505-4416

Toledo
G/F Toledo Commercial Village Bldg.
Rafols St., Poblacion, Toledo City, Cebu
Tel. No. : (032) 322-5300
Fax Nos. : (032) 322-5301; 467-9635

MINDANAO

Ateneo de Davao Extension Office
G/F, F-106 Finster Bldg.
Ateneo de Davao University Main Campus
cor. CM Recto and Roxas Ave., Davao City
Tel. Nos. : (082) 295-2707; 295-3127; 295-3784

Butuan
Dy Esteban Bldg. II, Ester Luna St.
Butuan City
Tel. Nos. : (085) 341-5267; 341-8829; 342-7551; 342-8923
Fax No. : (085) 341-9093

Butuan Extension Office
Bgy. Tandang Sora, J.C. Aquino Ave.
Butuan City
Tel. No. : (085) 342-7663
Fax No. : (085) 342-7661

Calinan Extension Office
National Highway, Poblacion Calinan
Davao City
Tel. Nos. : (082) 284-1443; 284-1445

CDO Lapasan
Lapasan Highway, Lapasan
Cagayan de Oro City
Tel. Nos.: (088) 856-1888; 856-3888; (08822) 728-447
Fax No. : (08822) 722-448

CDO Limketkai
Gateway Tower 1, Limketkai Center
Cagayan de Oro City
Tel. Nos. : (088) 852-1291; 856-3707
Telefax : (088) 856-3708

CDO Osmeña
Simplex Bldg., Osmena St.
Cagayan de Oro City
Tel. Nos. : (088) 857-1888; (08822) 726-754
Telefax : (088) 856-2888

CDO Velez
cor. A. Velez and Cruz Taal Sts.
Cagayan de Oro City
Tel. Nos. : (088) 856-4982; (08822) 726-057; 727-964
Telefax : (088) 856-8888

Cotabato
M Bldg., Quezon Ave., Cotabato City
Tel. Nos. : (064) 421-3565; 421-3585
Fax No. : (064) 421-3575

Dadiangas
Pioneer Ave., General Santos City
Tel. Nos. : (083) 552-3034; 552-4634; 552-5470
Fax No. : (083) 552-3034

Damosa Gateway Mall
Damosa Gateway Commercial Complex
cor. J.P. Laurel Ave. and Mamay Rd.
Lanang, Davao City
Tel. No. : (082) 234-7002
Telefax : (082) 234-7019

Davao
RCBC Bldg. cor. C.M. Recto and
Palma Gil Sts., Davao City
Tel. Nos. : (082) 222-7901 to 03; 300-4299
Fax No. : (082) 221-6034

Davao Bajada
cor. JP Laurel Ave. and Villa Abrille St.
Davao City
Telefax : (082) 225-1112; 305-5231

Davao-Quirino
E. Quirino Ave., Davao City
Tel. Nos. : (082) 221-4909; 221-4912
Fax No. : (082) 300-4288

Digos
RCBC Bldg., cor. P. Rizal and M.L. Roxas Sts.
Digos City, Davao Del Sur
Tel. No. : (082) 553-2560
Fax No. : (082) 553-2319

Dipolog
cor. General Luna and Balintawak Sts.
Dipolog City
Tel. No. : (065) 212-2543
Telefax : (065) 212-2542

Dole Extension Office
Dole Phils. Pavillion, Polomolok
South Cotabato
Tel. Nos. : (083) 500-2500 loc. 3627; 500-2643
Fax No. : (083) 5 Gensan
RGH Bldg., J. Catolico Ave., Lagao
General Santos City
Tel. Nos. : (083) 553-8880; 553-8883
Fax No. : (083) 301-347300-2643

Iligan
Lanao Fil-Chinese Chamber of Commerce, Inc.
Bldg. cor. Quezon Ave. and B. Labao St.
Iligan City
Tel. Nos. : (063) 221-5443; 221-5449; 223-8333
Telefax : (063) 221-3006

Ipil
National Highway, Ipil
Zamboanga Sibugay
Tel. Nos. : (062) 333-2254; 333-2257
Fax No. : (062) 333-2257

Isulan
cor. National Highway and Lebak Rd.
Isulan, Sultan Kudarat
Tel. Nos. : (064) 201-3867; 201-4912
Telefax : (064) 471-0233

Kabacan
Poblacion, National Highway
Kabacan, Cotabato Province
Tel. No. : (064) 248-2207
Telefax : (064) 248-2058

Kidapawan
KMCC Bldg., Dayao St.
Kidapawan City, North Cotabato
Tel. Nos. : (064) 288-1572 to 73

Malaybalay
Tiongson Bldg., 8 Don Carlos St.
Malaybalay City, Bukidnon
Tel. Nos. : (088) 813-3565 to 66
Telefax : (088) 813-3564

Maramag Extension Office
Fibeco Cpd, Sayre Highway
Anahawon, Maramag Bukidnon
Tel. No. : (088) 238-5591
Fax No. : (088) 238-5589

Marbel
cor. General Santos Drive and Roxas Sts.
Koronadal City, South Cotabato
Tel. Nos. : (083) 228-2331; 520-1378
Fax No. : (083) 228-2333

Marbel Extension Office
Kobe Bldg., NDMU Cpd, Alunan Ave.
Koronadal City, South Cotabato
Tel. No. : (083) 228-7914

Nabunturan
SMPTC Bldg., Tirol & Calamba Purok 7
Lauro Arabejo St., Poblacion, Nabunturan
Compostela Valley Province
Tel. Nos. : (084) 376-0216; 376-0731

NCCC Mall Davao
NCCC Mall, Davao Crossing
McArthur Highway and Ma-A Rd.
Matina, Davao City
Tel. Nos. : (082) 297-1247; 299-3974; 299-3976

Ozamis
cor. Don Anselmo Bernard Ave. and
Mabini Sts., Ozamis City
Tel. Nos. : (088) 521-1311 to 12; 521-1559
Fax No. : (088) 521-1559

Pagadian
RCBC Bldg., Rizal Ave., Pagadian City
Tel. Nos. : (062) 214-1271; 214-1773; 214-1781
Fax No. : (062) 214-1781; 925-0397

Panabo
Gaisano Panabo Grand Mall
Quezon St., Panabo City, Davao Del Norte
Tel. Nos. : (084) 645-0002; 822-1192; 822-1320
Fax No. : (084) 822-1192

Polomolok
B-French St., Polomolok, South Cotabato
Tel. Nos. : (083) 225-2148; 500-9561; 500-9161
Telefax : (083) 500-9161

R. Castillo Davao Extension Office
Techno Trade Corporate Bldg.
164 R. Castillo St., Agdao, Davao City
Tel. Nos. : (082) 234-0135; 234-0137

Roadway Inn Extension Office
Roadway Inn, J.P. Laurel Ave.
Bajada, Davao City
Tel. Nos. : (082) 222-0207; 222-0349

Sta. Ana
cor. Monteverde and Sales Sts.
Sta. Ana, Davao City
Tel. Nos. : (082) 221-1794; 221-1950; 221-2160
Fax No. : (082) 221-1795

Surallah
cor. National Highway and Mabini St.
Surallah, South Cotabato
Tel. Nos. : (083) 238-3017; 238-3250
Fax No. : (083) 238-3018

Surigao
cor. San Nicolas and Burgos Sts., Surigao City
Tel. Nos. : (086) 231-7266; 826-1288
Telefax : (086) 826-4034

Tacurong
G/F Hilario Bldg.
cor. National Highway and Bonifacio Sts.
Tacurong City, Sultan Kudarat
Tel. Nos. : (064) 200-3189; 200-3440; 200-3442
Fax No. : (064) 477-0250

Tagum
RCBC Bldg., cor. Pioneer Ave. and
Quirante II St., Tagum City, Davao Del Norte
Tel. Nos. : (084) 217-3247; 217-3272; 400-3113
Fax No. : (084) 400-1006

Tandag
Pimentel Bldg., Donasco St.
Tandag, Surigao Del Sur
Tel. Nos. : (086) 211-3065 to 66
Fax No. : (086) 211-3063

Toril
G/F Felcris Supermarket
McArthur Highway (Toril District)
Tel. Nos. : (082) 295-1600; 295-1700
Fax No. : (082) 295-2800

Valencia
Sayre National Highway, Valencia, Bukidnon
Tel. Nos. : (088) 828-2166 to 67
Fax No. : (088) 828-2166

Victoria Plaza
Victoria Plaza Mall, J.P. Laurel Ave.
Davao City
Tel. Nos. : (082) 221-8580 to 83
Fax No. : (082) 221-8581

Zamboanga
cor. Tomas Claudio and Barcelona Sts.
Zamboanga City
Tel. Nos. : (062) 991-0753 to 54; 991-2048
Fax No. : (062) 991-0754

Zamboanga Veterans
YPC Bldg., Veterans Ave., Zamboanga City
Tel. Nos. : (062) 990-1200 to 01
Fax Nos. : (062) 990-1201; 991-1420

RCBC Savings Bank Branch Directory

METRO MANILA

Amoranto
509 cor. N.S. Amoranto and Sicaba Sts.
Quezon City
Tel. Nos. : 415-1992; 559-5012; 740-9894
Fax No. : 415-1992

Ampid
122 Gen Luna St., Ampid 1, San Mateo, Rizal
Tel. Nos. : 941-7788; 997-3761; 998-2799
Fax No. : 997-3761

Angono
Quezon Ave., Angono, Rizal
Tel. Nos. : 451-0456; 651-0731
Fax No. : 651-0731

Anonas
69 cor. Anonas and Chico St.
Project 2, Quezon City
Tel. Nos. : 925-1320; 928-9762
Fax No. : 925-1319

Antipolo-Lores
G/F Lores Country Plaza, M.L Quezon Extn
Bgy. Dalig, Antipolo City
Tel. Nos. : 696-9130; 696-9133 to 34
Fax No. : 6969130

Antipolo-Taytay
Palmera II, Ortigas Extn., Taytay, Rizal
Tel. Nos. : 660- 3854 to 55
Fax No. : 660-38-58

Ayala Alabang
G/F Sycamore Bldg.
cor. Alabang Zapote Rd. and Buencamino St.
Alabang, Muntinlupa City
Tel. Nos. : 850-8825 to 26; 850-9712
Fax No. : 850-8825

Ayala Avenue
G/F Jaka Bldg., 6780 Ayala Ave., Makati City
Tel. Nos. : 812-4065 to 66; 813-3602;
893-7266 to 67
Fax No. : 893-7265

Baclaran
3916 cor. Quirino Ave. and Aragon St.
Baclaran, Parañaque City
Tel. Nos. : 551-1593; 853-9693
Fax No. : 551-1593

Barangka
84 A. Bonifacio Ave.
Riverbanks Center, Marikina City
Tel. Nos. : 514-1623; 948-1093; 997-5442;
997-8456
Fax No. : 997-5442

Betterliving
Doña Soledad St., Better Living Subd.
Bicutan, Parañaque City
Tel. Nos. : 823-9232; 824-0175
Fax No. : 659-6204

Binangonan
cor. ML Quezon and P. Zamora Sts.
Libid, Binangonan, Rizal
Tel. Nos. : 652-0082; 652-1177
Fax No. : 652-0082

Blumentritt
1876 cor. Blumentritt and Andrade Sts.
Sta. Cruz, Manila
Tel. Nos. : 743-1316; 749-2902; 781-8342
Fax No. : 781-8342

Camarin
Susano Rd., Camarin, Caloocan City
Tel. Nos. : 442-3619; 939- 7283; 961-7239
Fax No. : 961-7239

Caybiga, Kalookan
30 Gen. Luis St., Bgy. Caybiga, Caloocan City
Tel. Nos. : 983-0375; 983-0697; 983-0914

Cogeo
Cogeo Trade Hall, Lot 64-66, Sitio Kasapi
Bgy. Bagong Nayon, Antipolo City
Tel. Nos. : 654-1654; 654-1656

Commonwealth
L43 B3 Commonwealth Ave.
Old Balara, Quezon City
Tel. Nos. : 434-3965; 931-0718; 931-4404
Fax No. : 434-3965

Divisoria Mall
Unit 1717 A, Divisoria Mall
cor. Sto. Cristo and Commercio Sts.
Binondo, Manila
Tel. No. : 243-8505
Fax No. : 243-7081

E. Rodriquez
444 E. Rodriguez Sr.
Bgy. Doña Aurora Galas, Quezon City
Tel. Nos. : 743-1953; 743-1965
Fax No. : 743-1953

EDSA Pasay
527 EDSA Pasay City
Tel. Nos. : 514-2347; 887-5677
Fax No. : 887-5677

Ermita
Mabini St., Ermita, Manila
Tel. Nos. : 526-7988; 526-7990
Fax No. : 526-7990

Felix Avenue
Phase 2, Karangalangan Village
Bgy. De La Paz, Pasig City
Tel. Nos. : 681-4836; 681-4845; 681-7565
Fax No. : 681-7565

Fort Bonifacio
Unit 152 MC Home Depot
cor. Bonifacio Blvd., Global City, Taguig
Tel. No. : 816-3938
Fax No. : 816-3930

Greenhills
G/F Ongpauco Bldg.
cor. Wilson and P. Guevarra Sts.
Greenhills, SanJuan
Tel. Nos. : 724-9368; 725-1121; 727-0141
Fax No. : 724-9368

J.P. Rizal
cor. J.P. Rizal and Makati Ave.
Bgy. Poblacion, Makati City
Tel. Nos. : 899-7551; 899-7537
Fax No. : 899-7489

Kalentong
49 C & D Arañez Bldg., Kalentong
Sta. Ana, Manila
Tel. Nos. : 477-3318; 533-4420
Fax No. : 533-6590

Kapitolyo
615 Shaw Blvd. Pasig City
Tel. Nos. : 631-8178 to 79; 635-5437
Fax No. : 631-8179

Katipunan
G/F Torres Bldg., 321 Katipunan Ave.
Loyola Heights, Quezon City
Tel. Nos. : 929-8469; 929-8418
Fax No. : 929-8604

La Huerta
Bgy. La Huerta, Quirino Ave.
Parañaque City
Tel. Nos. : 829-6022 to 23; 825-5850;
820-7606
Fax No. : 829-6022

Lagro
Km. 22 Quirino Highway, Lagro
Novaliches, Quezon City
Tel. Nos. : 4615070; 936-0158
Fax No. : 417-89-96

Las Piñas
Manuela Bldg. 1, Alabang Zapote Rd.
Las Piñas City
Tel. Nos. : 872-6822; 874-5340 to 41
Fax No. : 874-5341

Malabon
143 M.H. Del Pilar St., Bgy. Tugatog
Malabon City
Tel. Nos. : 961-6181; 961-6458; 961-6562

Malanday
614 McArthur Highway, Malanday
Valenzuela City
Tel. Nos. : 277-0211 to 13

Manuela EDSA
444 cor. EDSA and Shaw Blvd.
Mandaluyong City
Tel. Nos. : 718-2491; 718-2492
Fax No. : 724-3547

Marulas
McArthur Highway, Marulas
Valenzuela, Metro Manila
Tel. Nos. : 277-7592; 293-9408 to 09
Fax No. : 277-7592

Masinag
259 Sumulong Highway
Mayamot, Antipolo City
Tel. Nos. : 645-1969; 6824906
Fax No. : 645-5575

Mendiola
cor. E. Mendiola and Concepcion
Aguila Sts., San Miguel, Manila
Tel. No. : 734-9587
Fax No. : 734-0452

Metropolis
G/F Starmall
Alabang South Superhigway
Alabang, Muntinlupa City
Tel. Nos. : 809-8568; 809-8604
Fax No. : 809-8604

Montalban
cor. J. Rizal and Linco Sts., Balite
Montalban, Rizal
Tel. Nos. : 942-2472; 948-1385
Fax No. : 948-1385

Morong
T. Claudio St., Bgy. San Juan
Morong, Rizal
Tel. Nos. : 653-0289; 691-5245
Fax No. : 653-0289

Muntinlupa
National Highway, Muntinlupa City
Tel. No. : 862-0034
Fax No. : 862-0035

N. K.T.I.
National Kidney Transplant and Institute
East Ave., Quezon City
Tel. Nos. : 376-1059 to 376-1060
Fax No. : 376-1059

Navotas
cor. Estrella and Yangco Sts.
Navotas East, Metro Manila
Tel. Nos. : 282-0338; 282-4392
Fax No. : 282-0338

Novaliches
917 Bo. Gulod, Quirino Highway
Novaliches, Quezon City
Tel. Nos. : 418-0213; 936-8811
Fax No. : 937-1326

Ortigas Extension
Ortigas Ave. Extn., Pasig City
Tel. Nos. : 477-3314; 656-1956
Fax No. : 655-0886

P. Tuazon
12th Ave., cor. P.Tuazon, Cubao
Quezon City
Tel. Nos. : 912-0816; 913-3118
Fax No. : 913-3112

Pacific Place
G/F Pacific Place Condmn, Pearl Drive
Ortigas Center, Pasig City
Tel. Nos. : 635-6604; 636-6617
Fax No. : 634-1563

Pasay Libertad
2350 cor. Taft Ave. and Libertad St.
Pasay City
Tel. Nos. : 804-0333; 833-8925
Fax No. : 831-3418

Pasig Town
5 Dr. Sixto Antonio Ave.
Kapasigan, Pasig City
Tel. Nos. : 640-0972; 641-0783;
641-0798
Fax No. : 641-0783

Pasong Tamo
2178 G/F Matrinco Bldg.
Pasong Tamo, Makati City
Tel. Nos. : 403-7810; 840-5224;
840-5226
Fax No. : 840-5224

Pateros
54 M. Almeda St., Bo. San Roque
Pateros, Metro Manila
Tel. Nos. : 641-6201; 641-9081
Fax No. : 641-6201

San Joaquin
Concepcion St., San Joaquin, Pasig City
Tel. Nos. : 570-7563; 640-0154 to 55
Fax No. : 640-0154

San Mateo
323 Gen. Luna St., Guitnangbayan
San Mateo, Rizal
Tel. Nos. : 941-2149; 942-6969
Fax No. : 941-6388

San Roque
319 J. P. Rizal St., San Roque
Marikina City
Tel. Nos. : 681-2490; 682-6453;
646-2131
Telefax : 681-2490

Sangandaan
cor. A. Mabini and Plaridel Sts.
Poblacion, Caloocan City
Tel. No. : 288-8238
Fax No. : 288-7723

Sta. Mesa
4463 Old Sta. Mesa, Manila
Tel. Nos. : 716-0631; 716-0685
Fax No. : 716-0685

Sucat
Unit 3 Virramall Bldg., Dr. A. Santos Ave.
Sucat Rd., Parañaque City
Tel. Nos. : 659-7130; 828-8236; 828-8238
Fax No. : 828-8236

Taft Remedios
1932 Taft Ave., Malate, Manila
Tel. Nos. : 526-7094; 536-6510 to 11
Fax No. : 536-6510

Tanay
cor. J.P. Laurel and M.H. Del Pilar Sts.
Tanay, Rizal
Tel. No. : 693-1267
Fax No. : 654-3126

Teresa Rizal
R. Magsaysay Ave., Bgy. San Gabriel
Teresa, Rizal
Tel. Nos. : 666-5391; 668-5298

Timog
G/F 88 Picture City Center, Timog Ave., Quezon City
Tel. Nos. : 410-7126; 929-1254; 929-1260
Fax No. : 929-1254

Tomas Morato
169 cor. Tomas Morato and Scout Castor Sts.
Quezon City
Tel. Nos. : 355-7066; 374-0744; 413-1134;
Fax No. : 413-1134

Visayas Ave.
6 Visayas Ave., Bahay Toro, Quezon City
Tel. Nos. : 924-8006; 929-8962
Fax No. : 924-8753

LUZON

Alaminos
cor. Marcos Ave. and Montemayor St.
Alaminos City
Tel. Nos. : (075) 551-2587; 551-5724; 654-1138
Fax No. : (075) 551-2587

Angeles
810 Henson St., Lourdes Northwest, Angeles City
Tel. Nos. : (045) 625-9363; 625-9395

Apalit
National Rd., San Vicente, Apalit, Pampanga
Tel. Nos. : (045) 302-6275 to 76; 879-0095
Fax No. : (045) 302-6275

Bacoor
E. Aguinaldo Highway, Bacoor, Cavite
Tel. Nos. : 529-8965; (046) 471-7131; 471-3670
Fax No. : (046) 471-7131

Baguio City
G/F Jupiter Bldg., A. Bonifacio St., Baguio City
Tel. Nos. : (074) 444-2362; 444-2366; 444-2368
Fax No. : (074) 444-2366

Balibago, Sta.Rosa
Sta. Rosa Commercial Complex
F. Canicosa Ave., Bgy. Balibago
Sta. Rosa, Laguna
Tel. Nos. : (049) 530-0793 to 95
Fax No. : (02) 520-8426

Batangas
131 D. Silang St., Bgy.15, Batangas City
Tel. Nos. : (043) 723-1229; 723-2394
Fax No. : (043) 723-1229

Binakayan
Tirona Highway, Binakayan, Kawit, Cavite
Tel. Nos. : 529-8728; (046) 434-3382; 434-3060
Fax No. : (046) 404-3060

Biñan
126 A. Bonifacio St., Canlalay, Biñan, Laguna
Tel. Nos. : (049) 411-7829; 511-9826
Fax No. : (049) 429-4833

Bocaue
249 Binang 2nd, Bocaue, Bulacan
Tel. Nos. : (044) 692-0053; 692-4501; 692-4743;
920-1080 to 81
Fax No. : (044) 920-1080

Cabanatuan
cor. Maharlika Highway and Paco Roman Extn.
Cabanatuan City
Tel. Nos. : (044) 463-8640 to 41; 463-9718
Fax No. : (044) 463-8641

Cabuyao
cor. J.P. Rizal Ave. and Del Pilar St.
Cabuyao, Laguna
Tel. Nos. : 520-8920; (049) 531-2021;
531-4790 to 91
Fax No. : (049) 531-4215

Calamba
National Rd., Bgy. Real, Calamba City
Tel. Nos. : (049) 502-8311; 502-9989; 545-6031;
545-6034
Fax No. : (02) 520-8825

Calapan
Homemark Commercial Bldg.
J.P. Rizal St., Calapan City, Oriental Mindoro
Tel. Nos. : (043) 288-4933; 441-0602 to 03
Fax No. : (043) 441-0602

Candon
San Jose, National Highway
Candon City, Ilocos Sur
Tel. Nos. : (077) 644-0102; 742-5775
Fax No. : (077) 742-5775

Dagupan
cor. Perez Blvd. and Zamora St., Dagupan City
Tel. No. : (075) 515-5125
Fax No. : (075) 614-3809

Dasmariñas
San Agustin, E. Aguinaldo Highway
Dasmariñas, Cavite
Tel. Nos. : (046) 416-0351; 973-0573
Fax No. : (02) 529-8119

G.M.A.
Blk. 2 Lot 20, Bgy. San Gabriel, GMA, Cavite
Tel. Nos. : (02) 520-8710; (046) 972-0251;
890-2672
Fax No. : (02) 520-8710

Gen. Trias
61 Gov. Luis Ferrer Ave., Poblacion
Gen. Trias, Cavite
Tel. Nos. : (046) 437-1508; 437-7348;
437-7570 to 71
Fax No. : (046) 437-7348

Imus
Nuevo Tansang Luma, Imus, Cavite
Tel. Nos. : 429-4001; (046) 471-4097; 471-4197
Fax No. : (046) 471-3989

Lemery
Ilustre Ave., Lemery, Batangas
Tel. Nos. : (043) 409-1572; 411-0901
Fax No. : (043) 411-0901

Lingayen
Columban Plaza Bldg., Avenida Rizal St.
Poblacion, Lingayen, Pangasinan
Tel. Nos. : (075) 542-3142; 542-3840; 653-0083
Fax No. : (075) 542-3142

Lipa
11-B Morada Ave., Lipa City
Tel. Nos. : (043) 756-6357 to 59
Fax No. : (043) 756-6357

Lucena
82 Quezon Ave., Lucena City
Tel. Nos. : (042) 373-1537; 373-3590; 373-4346
Fax No. : (042) 373-1537

Malolos
Paseo del Congreso, Malolos, Bulacan
Tel. Nos. : (044) 662-5004; 791-5989
Fax No. : (044) 791-7909

Meycauayan
831 McArthur Highway, Meycauayan, Bulacan
Tel. Nos. : (044) 228-2241; 840-8038
Fax No. : (044) 935-2614

Molino
RFC Mall, Molino 2, Bacoor, Cavite
Tel. Nos. : (02) 529-8967; (046) 477-1864
Fax No. : (046) 477-2278

Muzon, SJDM
Diaz Bldg., Bgy. Muzon
San Jose Del Monte, Bulacan
Tel. Nos. : (044) 893-4928; 893-4962

Naga
G/F Annelle Bldg., cor. Biak na Bato
and PNR Rd., Tabuco, Naga City
Tel. No. : (054) 811-3588
Fax No. : (054) 473-7788

Naic
Capt. C. Nazareno St., Naic, Cavite
Tel. Nos. : (046) 412-0391; 507-0183;
507-0697
Fax No. : (046) 412-0391

Nasugbu
J.P. Laurel St., Bgy. 9, Poblacion
Nasugbu, Batangas
Tel. Nos. : (043) 741-0394; 741-0396 to 97

Noveleta
Poblacion, Noveleta
Cavite (beside Nuguid Appliance Ctr.)
Tel. Nos. : (046) 438-1056; 438-2571;
438-8411
Fax No. : (046) 438-2571

Padre Garcia
A. Mabini St., Poblacion
Padre Garcia, Batangas
Tel. Nos. : (043) 436-0214 to 16
Fax No. : (043) 515-7177

Plaridel
Cagayan Valley Rd., Banga I
Plaridel, Bulacan
Tel No. : (044) 795-0688
Fax No. : (044) 795-0688

San Ildefonso
Cagayan Valley Rd., Poblacion
San Ildefonso, Bulacan
Tel. No. : (044) 901-0230
Fax No. : (044) 901-0235

San Jose, Batangas
CAMECO Bldg., cor. Makalintal Ave.
and J.A. De Villa St.
Poblacion 4, San Jose, Batangas
Tel. Nos. : (043) 726-0022; 726-0052 to 54
Fax No. : (043) 726-0052

San Pedro
National Highway, Bgy. Nueva
San Pedro, Laguna
Tel. Nos. : (02) 808-4608; 847-4897
Fax No. : (02) 808-4587

Santiago, Isabela
27 Maharlika Highway, Dubihan
Santiago City, Isabela
Tel. Nos. : (078) 305-2056 to 59
Fax No. : (078) 305-2056

San Fernando, Pampanga
G/F Queensland Bldg., McArthur Highway
Dolores, City of San Fernando, Pampanga
Tel. Nos. : (045) 436-3951; 860-6749;
961-7614-15
Fax No. : (045) 961-7615

Sta. Rosa
cor. J. Rizal Blvd. and Perlas Village
Tagapo, Sta. Rosa, Laguna
Tel. Nos. : (049) 534-3207 to 08
Fax No. : (02) 520-8190

Starmall, SJDM
Northwinds, Bgy. Kaypian
San Jose Del Monte City
Tel. Nos. : (02) 896-0235; 896-0236

Tanauan
G/F Reyes Commercial Bldg.
J.P. Laurel Ave., Tanauan City
Tel. Nos. : (043) 778-3700; 778-3800
Fax No. : (043) 778-3600

Tanza
A. Soriano Highway, Daang Amaya 1
Tanza, Cavite
Tel. Nos. : (046) 437-7081; 437-7614;
437-7715
Fax No. : (046) 437-7614

Tarlac
McArthur Highway, Blossomville Subd.
Bgy. Sto. Cristo, Tarlac City
Tel. Nos. : (045) 982-3700; 982-9133
Fax No. : (045) 982-3700

Trece Martires
Bgy. San Agustin, Trece Martires City, Cavite
Tel. Nos. : (046) 419-3270; 419-2602
Fax No. : (046) 419-2671

Tuguegarao
48 Balzain Rd., Tuguegarao City, Cagayan
Tel. Nos. : (078) 844-0879; 844-0885;
844-1689

Urdaneta
McArthur Highway, Urdaneta City, Pangasinan
Tel. Nos. : (075) 568-4941; 624-2241
Fax No. : (075) 624-2747

Vigan
Plaza Maestro Annex, Unit 1
Vigan City, Ilocos Sur
Tel. Nos. : (077) 722-6512; 632-0221
Fax No. : (077) 632-0221

VISAYAS

Basak, Mandaue
Cebu North Rd., Highway Basak
Mandaue City
Tel. Nos. : (032) 268-5469; 344-8155
Fax No. : (032) 268-5469

Dumaguete
cor. Real and San Juan Sts., Dumaguete City
Tel. Nos. : (035) 225-6848; 422-8452
Fax No. : (035) 225-1177

Escario, Cebu
N. Escario St., Capitol Site, Cebu City
Tel. Nos. : (032) 254-7165; 255-6404;
412-6943
Fax No. : (032) 255-6404

F. Cabahug
Pacific Square Bldg., F. Cabahug St.
Mabolo, Cebu City
Tel. Nos. : (032) 268-4902; 505-5801 to 02
Fax No. : (032) 505-5805

Jalandoni, Iloilo
Jalandoni St., San Agustin, Iloilo City
Tel. Nos. : (033) 337-4785; 338-0212
Fax No. : (033) 338-2065

La Paz, Iloilo
Calle Luna, Bgy. Bantud, La Paz, Iloilo City
Tel. Nos. : (033) 329-1201 to 04
Fax No. : (033) 329-1202

Lacson, Bacolod
Lacson St., Mandalagan, Bacolod City
Tel. Nos. : (034) 434-4689 to 91; 709-8101
Fax No. : (034) 434-4691

Lapu-Lapu
Gregorio's Court, Maximo Patalinghug Ave.
Basak, Lapu-lapu City
Tel. Nos. : (032) 520-6520 to 22

Lopue's East, Bacolod
Lopue's East Bldg., cor. Burgos St. and
Carlos Hilado National Highway
Bgy. Villamonte, Bacolod City
Tel. Nos. : (034) 435-1026; 435-1030

Luzuriaga, Bacolod
Golden Heritage Bldg.
1 cor. San Juan and Luzuriaga Sts.
Bacolod City
Tel. Nos. : (034) 432-1543 to 45
Fax No. : (034) 432-1544

Maasin, Leyte
Tomas Oppus St., Abgao
Maasin City, Southern Leyte
Tel. Nos. : (053) 381-3854; 570-8282
Fax No. : (053) 570-8282

Mandaue, Cebu
National Highway, Mandaue City
Tel. Nos. : (032) 268-4912; 345-8063 to 65
Fax No. : (032) 345-8066

Oton, Ilo-Ilo
MADR & Sons Arcade., JC Zulueta St.
South Oton, Iloilo
Tel. No. : (033) 336-0306
Fax No. : (033) 510-8870

P. del Rosario, Cebu
P. del Rosario St., Bo. Sambag, Cebu City
Tel. Nos. : (032) 255-6182; 255-6702;
268-6812
Fax No. : (032) 255-6704

Tagbilaran
cor. H. Grupo St. and CPG Ave.
Tagbilaran City
Tel. Nos. : (038) 412-0083 to 85; 501-0998
Fax No. : (038) 501-0998

Talamban, Cebu
G/F Eco Trade Bldg., J. Panos St.
Talamban, Cebu City
Tel. Nos. : (032) 343-7992 to 93
Fax No. : (032) 343-7994

Talisay
South Rd., Bulacao, Talisay City
Tel. Nos. : (032) 272-2701; 272-2833
Fax No. : (032) 272-2837

MINDANAO

Agora, CDO
D2 A-One Business Center
Gaabucayan St., Agora, Lapasan
Cagayan de Oro City
Tel. Nos. : (088) 231-2098; 880-7892 to 93
Fax No. : (088) 231-2099

Bolton, Davao
Bolton St., Davao City
Tel. Nos. : (082) 222-4428 to 32; 224-1155
Fax No. : (082) 222-4430

Buhangin
2010 Santos Bldg., Diversion Rd.
National Highway, Buhangin
Davao City
Tel. Nos. : (082) 241-0459; 241-0725;
241-2425; 241-2866
Fax No. : (082) 241-0459

Carmen, CDO
Fabe Bldg., cor. Waling-Waling
and Ferrabel Sts., Carmen
Cagayan de Oro City
Tel. No. : (088) 858-5793
Fax No. : (088) 858-6248

Gen. Santos
Pioneer Ave.
Gen. Santos City
Tel. Nos. : (083) 553-8196 to 98
Fax No. : (083) 301-8945

J.P. Laurel, Bajada
G/F Ana Socorro Bldg., J.P. Laurel Ave.
Bajada, Davao City
Tel. Nos. : (082) 222-2803 to 04
Fax No. : (082) 222-2803

Monteverde, Davao
Veterans Bldg., Tomas Monteverde Ave.
Davao City
Tel. Nos. : (082) 221-9590; 222-0115
Fax No. : (082) 227-0858

Velez, CDO
Velez St.
Cagayan de Oro City
Tel. Nos. : (088) 856-2460 to 65
Fax No. : (088) 272-9274

Zamboanga
G/F Jesus Wee Bldg.
Gov. Lim Ave.
Zamboanga City
Tel. Nos. : (062) 991-0816 to 17
Fax No. : (062) 991-0814

RCBC Subsidiaries and Associates*

DOMESTIC

BANKARD, INC.
31/F Robinsons Equitable Tower
Cor. ADB Ave. and Poveda St.
Ortigas Center, Pasig City
Tel. Nos. : (632) 688-1888
PRESIDENT & CEO: OSCAR B. BIASON

HONDA CARS PHILIPPINES, INC.*
105 South Main Ave., Laguna Technopark
Sta. Rosa, Laguna
Tel. Nos. : Makati Line (632) 857-7200
Fax No. : (632) 857-7260
PRESIDENT: TATSUYA NATSUME

LUISITA INDUSTRIAL PARK CORPORATION*
48/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. Nos. : (632) 844-8292; 894-9000 local 2366; 2367
Fax No. : (632) 843-1666
PRESIDENT: RAMON S. BAGATSING, JR.

MERCHANT SAVINGS AND LOAN ASSOCIATION INC. (RIZAL MICROBANK-THRIFT BANK)
Cor. J.P. Laurel Ave. (Acacia Section) and
Villa Abrille St., Davao City
Tel. Nos. : (082) 222-3948; 222-2438
PRESIDENT: MA. LOURDES JOCELYN S. PINEDA

NIYOG PROPERTY HOLDINGS, INC. (NPHI)
12/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel Nos. : (632) 894-9413; 894-9092
PRESIDENT: JOHN THOMAS G. DEVERAS

RCBC CAPITAL CORPORATION
7/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. Nos. : (632) 894-9000 loc. 2203/2207; 845-3406
Fax No. : (632) 845-3457
PRESIDENT & CEO: JOSE LUIS F. GOMEZ

RCBC SECURITIES, INC.
7/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. Nos. : (632) 894-9000 local 2230; 889-6931 to 35
Fax Nos. : (632) 889-7643
PRESIDENT: MICHAEL A. SINGSON

RCBC FOREX BROKERS CORPORATION
8/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. Nos. : (632) 894-9000 local 9012; 894-8920
Fax No. : (632) 894-9080
PRESIDENT & CEO: MA. CRISTINA S. ROSALES

RCBC-JPL HOLDING CO., INC. (JP LAUREL RURAL BANK)
2/F Pres. Laurel Bank Bldg.
Pres. Laurel Highway, Tanauan City, Batangas
Tel. Nos. : (043) 778-4444; 778-4447-49
Fax No. : (043) 778-4201
PRESIDENT & CEO: ALFREDO S. DEL ROSARIO, JR.

RCBC LAND, INC.*
48/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. No. : (632) 844-8292
Fax No. : (632) 843-1666
PRESIDENT: YVONNE S. YUCHENGCO

RCBC REALTY CORPORATION
24/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. No. : (632) 887-4941
Fax No. : (632) 887-5147
PRESIDENT: MEDEL T. NERA

RCBC SAVINGS BANK
18/F West Tower
Philippine Stock Exchange Centre,
Exchange Road, Ortigas Center, Pasig City
Tel No. : (632) 555-8700
Fax No. : (632) 667-3527
PRESIDENT: ROMMEL S. LATINAZO

RCBC LEASING AND FINANCE CORPORATION
2/F Grepalife Bldg.
221 Sen. Gil Puyat, Ave., Makati City
Tel. Nos. : (632) 810-9660; 810-9664; 810-9668; 810-9670
Fax No. : (632) 845-6309
PRESIDENT & CEO: ALFONSO C. TANSECO

RCBC RENTAL CORP.
2/F Grepalife Bldg.
221 Sen. Gil Puyat Ave., Makati City
Tel. Nos.: (632) 810-9660; 810-9664; 810-9668; 810-9670
Fax No. : (632) 845-6309
PRESIDENT & CEO: ALFONSO C. TANSECO

YGC CORPORATE SERVICES, INC.*
5/F Grepalife Bldg.
221 Sen. Gil Puyat Ave., Makati City
Tel. No. : (632) 894-2887
Fax No. : (632) 894-2923
EVP & COO: LIWAYWAY F. GENER

INTERNATIONAL

RCBC INTERNATIONAL FINANCE, LTD.
Unit A, 18/F Li Dong Bldg., 9 Li Yuen St.
East Central, Hong Kong
Tel No. : (852) 2167-7400
Fax No. : (852) 2167-7422
E-mail Address: mddyabut@rcbc.com
MANAGING DIRECTOR: MARK DEXTER D. YABUT

World-Wide Plaza Branch
Shop 129, 1/F Worldwide Plaza
19 Des Voeux Rd., Central Hong Kong
Tel No. : (852) 2501-0703
Fax No. : (852) 2537-9241
E-mail Address: feagus@rcbc.com

Tsuen-Wan Branch
Shop 221, Lik Sang Plaza
269 Castle Peak Rd., Tsuen Wan
New Territories, Hong Kong
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E-mail Address: rcbchktw@biznetvigator.com

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CHIEF EXECUTIVE OFFICER: EDGAR C. BULAWAN

RCBC TELEMONEY EUROPE, SpA.
Via Principe Amedeo, 7/b-c
Angolo Via Massimo d'Azeglio
00187 Rome, Italy
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Fax No. : (39) 06 4823615
E-mail Address: rome.rcbc@gmail.com
MANAGING DIRECTOR: ARIEL N. MENDOZA

Milan Branch
Via Speronari No. 6
20123 Milan, Italy
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Fax No. : (39) 02 72094092
E-mail Address: milan.rcbc@gmail.com

Bologna Branch
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(Al' Angolo Piano Terra)
40121 Bologna, Italy
Telefax No.: (39) 051 1998 4113
E-mail Address: bologna.rcbc@gmail.com

Napoli Branch
Via San Giacomo No. 24
80133 Napoli, Italy
Tel. No. : (39) 081 5510219
Fax No. : (39) 081 5524433
E-mail Address: naples.rcbc@gmail.
comTelefax No.: (39) 051 1998 4113
E-mail Address: bologna.rcbc@gmail.com

THE GROWTH STORY.

	Dec. 31, 2006	Dec. 31, 2012
Net Income	P2.053B	P6.22B
Stockholder's Equity	P23.39B	P42.97B
Branches	294	420
ATMs	257	1,010
Assets	P223.71B	P364.10B
Ranking (private domestic universal banks)	5th	4th

Our numbers have spoken. In the past 6 years, RCBC did what others might probably do in a longer period of time. Dramatic increase in figures, impressive leap in ranking, and a slew of international awards. Yet our mission isn't over, with dedication and passion, we vow to make the coming years even more exceptional for everyone.

RCBC
A YGC Member

Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City, 0727 Philippines
Tel. No. (632) 894-9000
Email: customercontact@rcbc.com

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