INTO THE FOLD

SMARTER SOLUTIONS

RCBC

A YGC Member

2014 ANNUAL REPORT

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.

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The Cover

RCBC reached out to a wider market in 2014, increasing opportunities for different sectors of society including the unbanked. Through smarter solutions and technological innovations. This is part of RCBC's commitment to bridging communities and bringing more into the fold.

Financial Highlights

PROFITABILITY FOR THE YEAR (in million pesos except ratios)

	2014	2013	2012
Operating Earnings	**22,069**	23,121	22,744
Operating Expenses	**14,236**	14,474	13,557
Net Income Attributable to Parent Bank's Shareholders	**4,411**	5,321	5,949
Return on Average Capital Funds	**9.23%**	12.18%	16.07%
Return on Average Assets	**1.04%**	1.39%	1.70%
Net Interest Margin	**4.30%**	4.22%	3.93%

BALANCE SHEET AT YEAR-END (IN MILLION PESOS EXCEPT NO. OF SHARES)

	2014	2013	2012
Total Resources	**457,905**	421,869	363,339
Interest-Earning Assets	**363,140**	349,442	293,587
Liquid Assets[1/]	**97,102**	183,219	151,745
Loans and Receivables, Net	**261,574**	237,960	190,903
Investments	**100,790**	92,700	95,179
Deposits	**315,761**	297,853	246,757
Net Worth	**53,131**	44,808	42,162
Paid-In	**28,908**	28,908	20,809
Surplus Free	**18,367**	16,082	12,676
Hybrid Perpetual Securities	**4,883**	4,883	4,883
Others	**973**	(5,065)	3,794
Number of Common Shares	**1,275,659,728**	1,275,658,638	1,140,857,133

PER SHARE RATIO

	2014	2013	2012
Net Earnings (Basic and Diluted)	**3.11**	3.95	4.85
Book Value (Diluted)	**37.82**	31.29	32.67
Capital Adequacy Ratio[2/]			
Tier 1	**11.83**	15.95	13.19
CAR	**15.37**	16.52	17.61

NUMBER OF EMPLOYEES

2014	2013	2012
5,909	**5,671**	**5,442**

NUMBER OF BRANCHES
(INCLUDING EXTENSION OFFICES AND FX DESK)

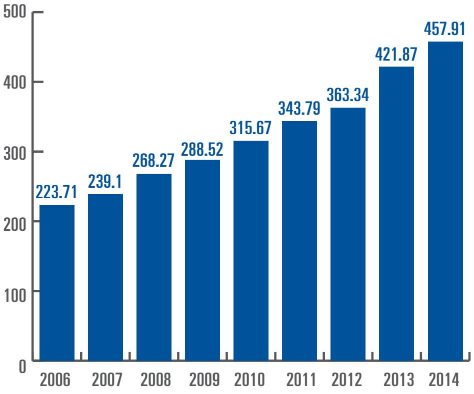
2014	2013	2012
449	**435**	**420**

NUMBER OF ATMs

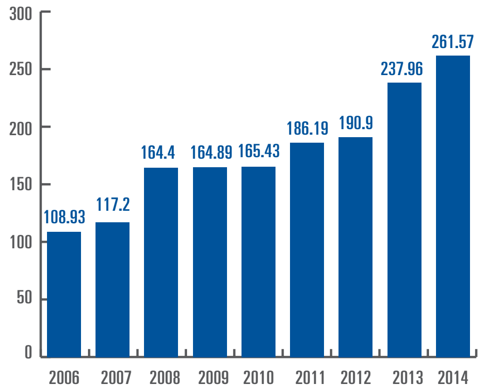
2014	2013	2012
1,202	**1,150**	**1,010**

1/- COCI, Due from BSP, Due from other banks, FVPL, AFS (in 2013 and 2012) and Interbank loans
2/- 2014 CAR was under Basel III while prior years were in Basel II.

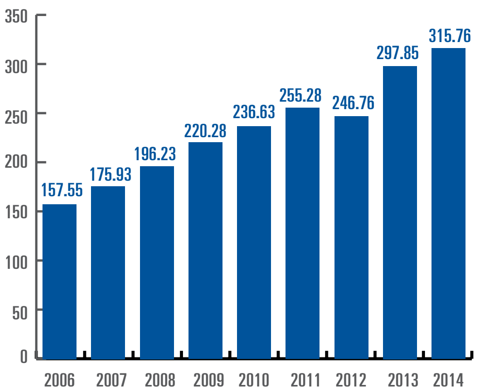
Total Resources
(IN BILLION PESOS)



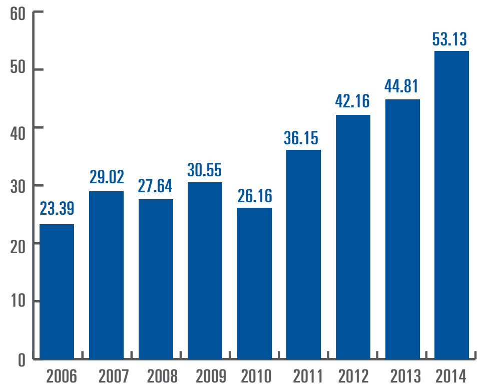
Net Loans
(IN BILLION PESOS)



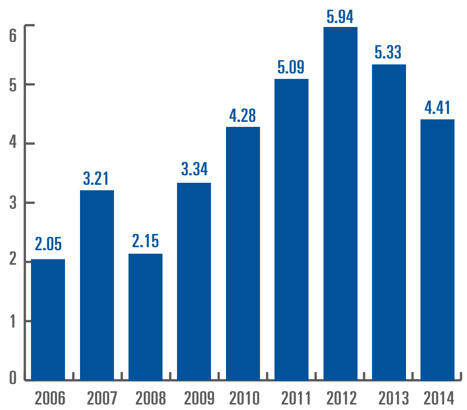
Total Deposits
(IN BILLION PESOS)



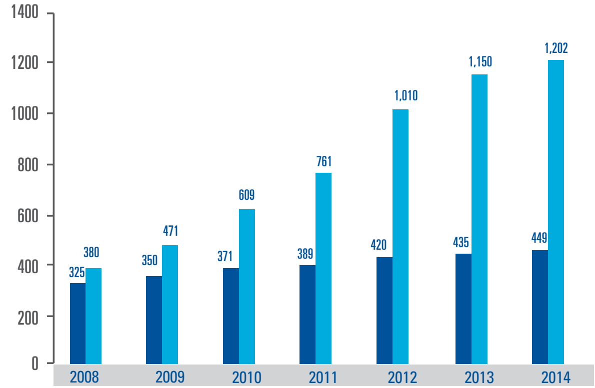
Net Worth
(IN BILLION PESOS)



Net Income
(IN BILLION PESOS)



Distribution Network



	2008	2009	2010	2011	2012	2013	2014
Branches	325	350	371	389	420	435	449
ATMs	380	471	609	761	1,010	1,150	1,202
ATM to Branch Ratio	1.17:1	1.35:1	1.64:1	1.96:1	2.40:1	2.64:1	2.68:1

Message from the Honorary Chairman

AMBASSADOR ALFONSO T. YUCHENGCO

The Board is overwhelmingly confident that the management and employees will continue to deliver superior performance and make your Bank a source of pride for all our stakeholders and clients.

Faced with an ever-evolving business environment, we at RCBC had to remain vigilant in 2014 and follow through with various growth strategies that emphasized our state-of-the-art technology platforms, innovative service delivery channels, and all-inclusive approach to customer acquisition.

We are keenly focused on the performance of the company, as are all the Bank's employees; and we are determined to see steady continuing improvement and controlled growth. Each segment has been directed to redouble its concentration on areas of strength, seize the best opportunities, and enhance shareholder value. We are seeing a positive outlook that will help us progress from the gains we experienced in this period in review.

Significant linkages with international financial institutions also took place in 2014 that, together with other capital-raising initiatives, put us well in place as a bank with a capitalization that surpasses regulatory requirements.

Alongside our continuous efforts to enhance the bank's efficiencies, we maintain our aspiration to contribute to the welfare of our society, our support to environmental causes that enhance not only our brand value but the lives of the people we serve.

All these play a role in our mission to gather into our fold clients previously underserved and unbanked, allowing them to experience the gratification of being financially served and empowered.

The Board is overwhelmingly confident that the management and employees will continue to deliver superior performance and make your Bank a source of pride for all our stakeholders and clients. I extend my gratitude to everyone for their continued support of RCBC.

Ambassador Alfonso T. Yuchengco
YGC Chairman and RCBC Honorary Chairman

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, New York (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
- Malayan Insurance Co. (HK) Ltd.
Chairman of the Board
- Malayan Securities Corporation
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, Inc.
Member of the Board of Directors
- Malayan Colleges, Inc.
Chairman of the Board of Trustees
- Malayan Colleges Laguna Inc.
Chairman of the Board
- 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
- Philippine Integrated Advertising Agency, Inc. (PIAA)
Chairman of the Board
- Yuchengco Center, De La Salle University, Philippines
Chairman of the Board
- Yuchengco Museum
Chairman of the Board
- Y Realty Corporation
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
- 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
- Luisita Industrial Park Corporation
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 Association (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)

Message to our Stockholders

Dear Fellow Shareholders,

Your Bank's story in 2014 is one that is anchored on building financial strength, sustaining the momentum of core business growth, and cultivating and deepening relationships with the constituency it serves. It is not a totally new story; rather one that is consistently what your Bank hopes to always achieve. In the next few pages, allow us to outline for you what we have accomplished, how we intend to keep this growth story going, and why we are excited about the coming years.

RCBC's Net Income for 2014 was Php4.4 billion, representing earnings per share of Php3.11. This is a Return on Equity of 9.2% and a Return on Assets of 1.0%. These numbers may seem a step back from previous year's performance. We are however encouraged as this year's results stem from the the strong growth in our core businesses. Core income, excluding one-time gains from sale of assets and trading gains, grew by 26%.

As market volatility continued to limit trading opportunities, your Bank focused on selective and quality asset growth. Total Assets reached Php458 billion, based on a strong 21% increase in core loans. In nearly all of the borrowing segments we serve, we saw sustained double digit growth. Corporate loans increased by 22% and loans to Small and Medium Enterprises (SMEs) increased by 35%, while Consumer loans, which include mortgage, auto loans and credit card receivables, increased by 21%. Microfinance lending has grown by 45%, now servicing over a thousand micro entrepreneurs. At the close of 2014, RCBC's lending profile was 65% Corporate, 12% SME including Microfinance, and 23% Consumer. We are on track towards our goal of rebalancing the Loan Portfolio, reducing dependence on large corporate clients, and taking advantage of the benefits from actuarial opportunities, in the SME and Consumer sectors.

The funding mix that supported this growth was optimized by a 62% CA/SA to Total Deposits ratio. You will recall that we set out a goal of 60% to 70% CA/SA to Total Deposits ratio as part of our corporate objectives. We are glad to report that your Bank is on track in that aspect as well.

This focus on balanced and quality growth, coupled with a continuous low-cost funding drive, resulted in sterling key performance indicators. RCBC maintains one of the highest Net Interest Margins (NIMs) in the industry at 4.30%, and achieved in 2014 an all-time historical low NPL ratio of 0.97%.

Building foundations and sustaining growth

Growing in a competitive banking environment has always been a challenge. Achieving quality growth however demands a lot more effort. Regulation, market volatility, and intense competition require a bank to balance growth plans with prudence if it aims to build long term financial strength.

This past year (2014) marked the start of full implementation of Basel III in the Philippines, requiring banks to set aside more high-quality capital to support risk-taking activities. Your Bank has been preparing for this for the last several years; and in mid-2014, we raised Php10 billion in Basel III eligible Tier 2 Capital. The Bank closed the year with a Basel III Total Capital Adequacy Ratio (CAR) of 15.4% and a Common Equity Tier 1 (CET1) Ratio of 11.8%[1].

[1] *Under Basel III, the minimum Total CAR requirement is 10.0%; while the minimum CET1 CAR requirement is 8.5% inclusive of the 2.5% Capital Conservation Buffer.*

To sustain its pursuit of quality growth, and to broaden its foothold in the financial services space, your Bank actively sought strategic partnerships. In 2014, the search led us to a partnership that complements our vision and strategy. In 2015, we look forward to working with our new partner, Cathay Financial Holdings, the largest publicly-listed financial holding company in Taiwan. We are optimistic to expand and take advantage of opportunities that we see in both of our respective markets and into the ASEAN region.

Into the fold

We have always believed that the future of RCBC is in the relationships we create and nurture with our clients - all over the country, big or small, retail or wholesale, local or multinational. The growth of our business depends on satisfying the unique financial needs of each individual client. And long term sustainability requires the Bank to provide mutually beneficial products and services.

The Bank has been able to sign up 6.7 million customers as of end 2014, up by 13% from 5.9 million in end-2013, or a CAGR of 30.42% from 800,000 in 2006 - nearly 7 times more than the 1 million customers in 2007.

> Your Bank is committed to meeting these customers' demands - right where they are, with exactly what they need . . . we dared to bring more customers into the fold.

With new technology being introduced at a breakneck pace and volatile economic conditions, our customers will naturally evolve and we must evolve with them. Customers of different shapes and sizes, with different financial needs, in different areas of the country, will continue to grow and create wealth. Your Bank is committed to meeting these customers' demands - right where they are, with exactly what they need.

Today, RCBC is able to meet customers and create new customer experiences through many different channels. A network of 449 business centers, and over 40 lending centers support the face to face encounters. Quick and accessible transacting can be done over our 1,202 ATMs all over the country. Our country's OFWs can trust their hard earned remittances through the Bank's 1,756 remittance tie-ups, agents and centers all over the world. Convenient and efficient banking is also available 24 hours through our RCBC Access One online, now with over 170 thousand customers enrolled, up by 52% from 2013. Then, beyond the current banking habits, the Bank introduced smartphone banking with the RCBC AccessOne Apple app in 2011 and Android in 2013, a leading innovative move in the industry.

One particular set of customer relationships that we proudly call our "own" is with the small and medium enterprises or SMEs. Eight years ago, when we began building the team to cater specifically to this market, we understood that a different set of skills were needed to provide the distinctive care needed to grow the SME portfolio. Over the years, this team has worked closely with the SME customer, developing and providing the appropriate financial solutions for its unique needs. From nearly no distinct SME customer relationship in 2007, this model has produced today an SME book that is 12% of the total Loan Portfolio.

Encouraged by the progress we saw with our SME relationships, we dared to bring more customers into the fold. In 2009 we started planting the seeds towards building connections with micro-entrepreneurs and micro-enterprises. We are committed to provide the set of financial products and services that will support

The success of RCBC's strategy is likewise anchored on the use and promotion of secure, sensible, and scalable technology. It is about providing the customer with best of the basics, with a hint of the future.

their growth and development. We are happy to report that this model of financial inclusion has today led to an 18% increase in microfinance loans disbursed, and a 21.5% increase in customers to 1,313 active borrowers in 2014.

Investing in and for the future

The achievements we have reached today and surely our hope for a sustainable tomorrow all emanate from the decisive and strategic investments in people and technology.

The RCBC Leadership U, as we call it, drives the culture of continuous learning. With 5 levels of management development programs, your Bank provides broad based career development and continuity in leadership. Since 2008, the RCBC Leadership U produced a select total of 336 graduates - new leaders meant to drive the strategy of the Bank. These graduates are now making their presence felt in the areas of branch banking, transaction banking, treasury, trust and investments, operations, information technology and risk management. As you read this message, 70 prospective leaders are enrolled in various learning and development programs, along with the current crop of 13 bright young fresh college graduates who are expected to finish the Officer's Development Program by July 2015. By the end of next year, we expect to add 140 more to the graduates of 2014.

Believing, developing and investing in our people and their skills are only half of the preparation. The success of RCBC's strategy is likewise anchored on the use and promotion of secure, sensible, and scalable technology. It is about providing the customer with best of the basics, with a hint of the future. This, your Bank has done, and continues to do, by providing electronic banking options for our clients and serving our customers' needs through alternative channels. By end 2014, transactions on our electronic channels reached Php18.0 million, up by 17% from Php15.4 million last year. Investing in technology is also investing in security – ensuring the preservation of financial and economic gains, as well as guarding against current and future threats, especially to customers. In 2014, your Bank invested substantially in IT-related capital expenditures to improve service delivery, enhance systems for regulatory compliance, and to further strengthen risk management.

What others have been saying

Our efforts in providing efficient and quality service to our customers and community have been recognized by various institutions with more than 15 recognitions bestowed on RCBC. As affirmation of the Bank's pursuit for excellence, RCBC received its third straight "Best Banking Group" in the Philippines award from the London-based publication World Finance. We were also cited by The Best of Asia publication as the "Most Promising Company on Corporate Governance", and "Outstanding Commercial Bank Respondent on Overseas Filipino Remittances" by the Bangko Sentral ng Pilipinas. Our MyWallet Card was cited by Visa International in three categories: Highest eCommerce Transactions, Highest Cross-border Transactions, and Highest Cards-in-Force. The said awards add up to

74 international citations and recognitions received from local and international recognizing bodies in the last 5 years. The foregoing recognitions by no means allow us to rest on our laurels. On the contrary, these accolades spur your Bank to grow stronger, reach farther, and serve better.

Thank you

RCBC's 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 2014 would not have been possible without the support of many. We would like to thank our customers for their continued trust and confidence in RCBC. Our commitment to you, to your growth, is stronger than it has ever been.

We wish to thank our associates and management team for their unwavering commitment and dedication. We wish to extend our gratitude to you our shareholders for your valuable support and in sharing in the Bank's vision.

We are also grateful to our distinguished Board of Directors and advisors for their continued guidance and valuable advice in steering the Bank towards the achievement of its Vision and accomplishment of its Mission.

LORENZO V. TAN
PRESIDENT AND CHIEF EXECUTIVE OFFICER

HELEN Y. DEE
CHAIRPERSON

STRENGTHENING RELATIONSHIPS

We have always believed that the future of RCBC is in the relationships we create and nurture with our clients – all over the country, big or small, retail or wholesale, local or multinational.

Financial Performance

Reflective of the Bank's strengthening core business, Net interest income ended at Php14.97 billion, 12.44% higher than in 2013 given the increase in interest income from loans of Php1.66 billion or 11.60% and the decrease in total interest expense.

Results of Operations

RCBC registered a consolidated net income of Php4.41 billion for full year 2014, which translates to a 9.23% return on equity and 1.04% return on assets. Core Income excluding trading gains and extraordinary income grew by 26% year-on-year.

Reflective of the Bank's strengthening core business, Net interest income ended at Php14.97 billion, 12.44% higher than in 2013 given the increase in interest income from loans of Php1.66 billion or 11.60% and the decrease in total interest expense. Accordingly, net interest margin improved to 4.30% from 4.22% last year.

Non-interest income stood at Php7.10 billion, 27.60% lower than prior year's as there was a sharp drop in miscellaneous income given extra-ordinary gains on sale of assets in 2013. Service fees and commissions, Trading gains and Trust fees were almost flattish at Php2.30 billion, Php2.55 billion and Php297 million, respectively.

Impairment losses increased by 22.15% or Php455 million to Php2.51 billion for loan growth and coverage ratios.

Operating expenses were controlled at Php14.2 billion or lower by 1.6% than prior year's Php14.47 billion.

The cost-to-income ratio stood at 64.51% mainly due to the drop in Total Income.

Financial Condition

Total resources of the Bank in 2014 increased by Php36.04 billion or 8.54% to Php457.91 billion from Php421.87 billion in 2013. This increase was largely attributable to the significant growth in loan portfolio underpinned by the increment in total deposits. Total deposits expanded by 6.01% or Php17.91 billion to Php315.76 billion and accounted for 68.96% of total resources.

Loans and receivables (net) of Php261.57 billion accounted for 57.12% of Total resources in 2014. Loans and receivables (net) excluding interbank loans grew by 20.19% to Php261.25 billion with the growth in all market segments: Average loan volume of the corporate segment grew by 22%, consumer by 21% and SME by 35%. Corporate loans remain to have the largest share in the total loan portfolio at 65% while consumer loans and SME loans accounted for 23% and 12% respectively. Despite the robust loan growth, asset quality continued to be strong. Consequently, non-performing loans ratio improved to 0.97%, a new all-time low, from last year's 1.06%.

With the early adoption of PFRS 9, Investment Securities is composed of financial assets at fair value through profit or loss of Php16.46 billion, financial assets at fair value through other comprehensive income of Php4.54 billion and Investment securities at amortized cost of Php79.80 billion. Total Investment Securities increased by 8.73% or Php8.09 billion to Php100.79 billion or 22.01% of total assets.

To improve on Capital Adequacy in the more stringent Basel III environment, the bank raised Php10 billion worth of Basel III compliant Tier 2 notes.

Capital funds, including minority interest, reached Php53.13 billion or a growth of 18.57% or Php8.32 billion mainly as a result of ploughed back earnings, improved mark to market valuation of securities and early adoption of PFRS 9. Total Capital of Php53.13 billion accounted for 11.60% of Total Resources. Capital Adequacy Ratio under Basel III was 15.37%, above the minimum regulatory requirement of 10% while CET1 stood at 11.83% which also exceeded the BSP's 6% minimum requirement (8.5% if including Capital Conservation Buffer).

Operational Highlights

RETAIL BANKING

The RCBC Group continued to broaden its reach in the retail, SME, and corporate markets in 2014, as it capitalized on its 449 strategically located business centers, 1,202 Automated Teller Machines (ATM) nationwide, and efficient electronic channels.

The Retail Banking Group (RBG) is at the forefront of this effort. While providing high quality service, its business centers intensified customer penetration with a diverse set of product offerings including traditional deposits, consumer loans through RCBC Savings Bank, SME business loans, Trust and Treasury investment products, pre-paid cards under the MyWallet brand, credit cards under the Bankard brand, and Bancassurance protection products such as life and non-life insurance products of Sunlife-Grepa and Malayan Insurance Corporation, respectively.

Through collective and collaborative efforts among various units of the Bank, RBG continues to enhance and to innovate both product offerings and service delivery. Our Super Value Checking Account bundles the accessibility of a checking account, the convenience of a savings account, and the benefits of a tiered interest bearing account. Our E-Woman Checking Account provides all these, but has other features focusing on the needs of women.

We are also piloting the implementation of a lobby management system and a re-engineered account opening process. These projects will speed up the delivery of services, and allow greater customer satisfaction. Its features will include pre-staging of transactions and account opening not only in business centers, but also in a customer's home or office or while mobile. Surely, these services will provide more convenience to our customers. We expect delivery of these services within the second of half of 2015.

In December 2014, the Bangko Sentral ng Pilipinas granted RCBC the authority to establish Fifty (50) business centers in Metro Manila. The added footprint capacity, within the still fastest growing area in the country, shall allow RCBC to strengthen its capacity to deliver quality service and to offer our diverse product offerings to better service our growing customer base.

We also recognize technology as a tool and channel to meet the needs of our customers. Thus, we are present in social media (twitter@rcbcunibank and www.facebook.com/RCBCGroup), and we continue to improve our electronic banking channels with the re-launching of RCBC AccessOne internet banking platform.

With a larger footprint coupled with a continuous effort to enhance our delivery channels with technological improvements, we are confident of growing together with our customers and delivering the highest level of customer service in their need for traditional and modern banking services.

CONSUMER BANKING

The Bank offers consumer financing, particularly for auto, housing, personal and salary loans, through its subsidiary RCBC Savings Bank (RSB) and credit card financing through the RCBC Bankard brand. In 2014, the sustained growth momentum on consumer loans was supported by a combination of expansion, stronger partnerships and operating efficiency. To service more customers, 10 lending offices were opened in 2014 in Luzon and Visayas region. For wider reach and accessibility, the bank strengthened partnerships with major real estate developers and auto dealership. The support and referrals of the Bank's branch network also provides additional access points to consumer financing. All these contributed to consumer loan growth in 2014 of 17% in auto loans and the 30% in housing loans. To manage this growth, the Bank implemented the Automated Credit Scoring System designed to improve turn-around time and ensure consistency in applying loan underwriting standards.

The RCBC Bankard credit card brand continued to be at the forefront of product and promotional innovation and development. With each cardholder's unique need and financial situation, the bank prepared a wide range of features such as special privileges, travel benefits, installment programs, raffle promos, and exclusive merchant tie-ups. Customer-centric initiatives such as these have led to an international recognition with the Retail Banker International Asia Trail Blazer Award, as 2014 Product Excellence in Credit Cards, and in the Credit International & Payments International Trailblaze Award as Credit Card Product of the Year 2014-Philippines.

COMMERCIAL AND SME BANKING

In order to reach the wide range of SME customers, all over the country, the Bank provides different access points. The Bank services its SME customers mainly through the 25 lending centers and satellite offices nationwide supported by the business centers and the dedicated team of specialized account officers of the Bank's Commercial and SME segment (CSMES). The coordinated efforts of CSMES, the referrals of the business centers and the lending team of the RCBC Savings bank, all contributed to the 35% loan portfolio growth in 2014.

To mitigate risks while exploring new market opportunities, the team strengthened its partnership with the LGU Guarantee Corporation or LGUGC which has now expanded its guarantee services to water districts, electric cooperatives, state universities and colleges, renewable energy technology providers and medium and large enterprises. Committed to deepen business relationships with SMEs, for 5 years now, the Bank's senior management has gone on roadshows across key regional centers in the country and hosted client appreciation events led by no less than the President & CEO Lorenzo V. Tan and Chairperson Helen Y. Dee. Similar activities will be set in other growth areas such as Bacolod, Iloilo, Cagayan de Oro, Bicol, Palawan and General Santos.

CORPORATE BANKING

The market of large corporations, with its unique specific market sub-segments is managed by two groups in the Bank: the Conglomerates & Global Corporate Banking Group (C&GCBG) and the National Corporate Banking Group (NCBG).

The Conglomerates & Global Corporate Banking Group (C&GCBG) manages the unique and complex requirements of conglomerates, multinationals and Ecozone-based companies. To provide comprehensive banking solutions for these clients, the different business units in the Bank come together: RCBC Capital for investment banking services; the Trust and Investments Group for facility agency functions; and the Treasury Group and RCBC Forex Brokers for foreign exchange and currency requirements; and Global Transactions Group for cash management. Major deals in 2014 include GNPower Kauswagan Ltd. Co, Hanjin Heavy Industries and Construction Philippines, Atlantic Aurum Investments Philippines Corporation (Skyway).

The Bank still has a very strong presence in the Special Economic Zones, servicing over 70% of the firms in the area, with a special focus on Japanese and Korean Corporations. Building on the previous year's successful Business Partnership Agreement with Resona Holdings, Inc., the Japanese Business Relationship Officers of the group continued to develop key partnerships with Japanese Banks, leading to the Bank's first ever syndicated loan with Japan Bank for International Cooperation (JBIC), a Japanese public financial institution wholly owned by the Japanese government. Furthermore, to strengthen and enhance the Bank's relationship with its ever-growing Korean client base, the group welcomed the addition of the Korean Business Relationship Office, with its Korean officers overseeing the Bank's over 250 Korean accounts.

The National Corporate Banking Group (NCBG) manages the dynamic banking service requirements of the top-tier local corporations with further segmentation into Large Corporates, Chinese-Filipino Companies, Emerging Corporates and the Commercial & Small Medium Enterprise market. In 2014, there was increased activity, including loan syndications and bilateral loans, in clients in industries such as real estate, power, mining, telecommunications and transportation. The group closed major deals with FDC Misamis, Megaworld, Carmen Copper, Ayala Land subsidiaries and Cosco Capital, Inc.

GLOBAL TRANSACTION BANKING

Moving towards the goal of the Bank, to be the main operating bank of our corporate and SME clients, the Global Transaction Banking Group (GTB) provides holistic funds management solutions, covering working capital and cash management, trade financing and electronic banking services. The technology based and customer-centric services of GTB are set to drive development and further deepen business relationships. Committed to building mutually beneficial long term relationships, the focus is on establishing collaborative supply chain ecosystems, with products and services that connect business objectives and provide a smooth flow of transactions.

Connecting through Technology

Banking transactions solutions hinge on the ability to leverage on the use of technology. The enhanced features of our online banking solutions allow greater accessibility, efficiency and flexibility. In 2014, transactions initiated by our clients, through electronic banking channels increased significantly. The average number of transactions through the corporate internet banking platform, RCBC AccessOne Corporate, was up by 6% in 2014. For the retail internet banking platform or RCBC AccessOne Retail, transactions grew by 29%. The increasing acceptability of the smartphone has also influenced the use of mobile applications for various transactions. Banking transactions on the RCBC mobile apps increased by 85% in 2014. The increase in the number of internet banking users among our customers will sustain this growth. The number of corporate customers enrolled in the RCBC AccessOne Corporate increased by 15% while retail customers on our internet platform was up by 50%.

Connecting supply chain ecosystems

RCBC continues to strengthen its status as a preferred Trade Finance and Cash Management partner through our innovative solutions. Our trade receivables financing product, Vendor Invoice Program (VIP), connects large corporate clients with SME suppliers and vendors, establishing supply chains for more efficient settlement of trade and commerce. In 2014, the VIP recorded Php2.6 million in trade receivables, a 30% growth from previous year.

Connecting through inclusion

In reaching out to a wider set of customers, the RCBC MyWallet prepaid cash card provides a much affordable and accessible opportunity to do simple banking transactions such as bills payments and movement of funds or remittance. The Bank understands how customers value the product features and has partnered with VISA to enhance the card's usage. By 2014, the 4.7 million MyWallet cardholders recorded 46 million transactions, 1.7 times more than a year ago. The performance has been recognized by Visa International with awards as Best Prepaid Card in Force, Best in International Transactions, and Best in Internet Transactions.

The funds flow and transaction practice of MyWallet cardholders are unique and require more access points. The Bank's strategic partnerships with select merchants, retail stores, and pawnshops expanded RCBC's distribution network by over 2,500 additional outlets. Beyond accessibility, the customer base will be able to grow much faster, as the face-to-face contact and gathering of the Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures are outsourced to these outlets in compliance with the Updated Anti-Money Laundering Rules and Regulations (UARR).

Particularly focused on connecting with the overseas Filipino customer, the Bank launched the TeleMoney MyWallet, providing the convenience of an international card plus free personal accident insurance coverage. The Bank's remittance volume for 2014 reached US$2 million, up by 5% from the previous year due to competitive exchange rates and improved client handling. The Division's remittance network now stands at 1,730 subsidiary offices, remittance tie-ups and agents in 19 countries across the world.

TREASURY

Even under the volatile and changing market conditions, the Treasury Group managed to strengthen its investment portfolio and balance sheet during the year. As part of its balance sheet management efforts, Treasury initiated the Bank's issuance of a total of Php 10 billion of Basel III-compliant Tier 2 Capital Notes, and Php 2.10 million of Long Term Negotiable Certificates of Deposits.

Organized with a specialized focus on products, the group was able to harness the capabilities and expertise of the Global Distribution and Advisory Division (GDA), and the Financial Institutions and FX proprietary desks. The concerted effort of the team brought about top quality Treasury products and excellent execution. These resulted to recognitions such as the Best Domestic Foreign Exchange (FX) Providers in the following categories: Top 3 Best for Overall FX Services and Best for FX Products and Services, Top 5 Best for FX Options and Top 2 Best for FX Research and Market Coverage by Asiamoney's polls. The Philippine Dealing & Exchange Corp. also recognized RCBC as the Top 5 and Top 7 Fixed Income Brokering Participant in terms of number of trades and volume traded, respectively. Some members of the team were likewise awarded as top fixed income sales people by the Fund Managers Association of the Philippines and by The Asset publication.

TRUST AND INVESTMENTS

The investment appetite of clients has been driven by market movements and product development. The Bank was able to increase its Trust Asset volume by 4.48% to Php82.5 million in 2014 with the expansion of the customer base and profile to multinational corporations, rural banks, cooperatives and companies located in the special economic zones. Long term investment relationships were likewise established in 2014, with new key mandates for retirement fund management from government entities and private sector companies and a special local equity fund management role for one of the biggest pension funds in the country. As stock transfer agent for corporate clients such as Double Dragon and Robinsons Land Corporation, the Bank has established itself as a key participant in the growth and development of the local capital markets. It likewise handled several facility agency arrangements, bond trusteeships and mortgage trust indentures. Committed to growing such partnerships, the Bank will keep improving operational efficiency with the growth in Assets Under Management (AUM) and expand the menu of products while strengthening compliance and risk management.

Recognizing the growing interest of its clients to diversify investments, RCBC Trust set out to be one of the pioneers and launched the Rizal Global Equity Feeder Fund (RGEFF), a unit investment trust fund (UITF) with at least 90% of the portfolio invested in a global equity fund called Morgan Stanley Global Quality Fund (GQF). The Morgan Stanley GQF seeks strong long-term returns through a portfolio of equity securities from developed nations such as US and Europe. This provides clients investment access to equities in foreign stock exchanges. The BSP introduced the feeder fund and fund-of-fund structures to the investing public through BSP Circular No. 767 in September 2012.

RCBC Trust also launched the Rizal Peso Cash Management Fund which aims to provide high net worth individuals and corporate and or institutional accounts with liquidity and competitive yields for their short-term funds.

PRIVATE BANKING

The Wealth Management Group (WMG), the private banking arm of the Bank, dedicated to serve the investment and financial requirements of high net worth individuals, has doubled the Assets Under Management (AUM), with a CAGR of 20.1% over the past 5 years and likewise doubling the number of clients or a CAGR of 16%. The group sustained this growth in 2014 with a 13% increase and an 11% growth in its client base.

The group's dedication to customer satisfaction and quality service has been recognized for the third year in a row with the Best Domestic Private Bank and Overall Best Private Bank in the Philippines by AsiaMoney in their latest Private Banking Poll. This continues to serve as an important testimony and validation on the positive level of satisfaction, trust and confidence of clients on the performance and conduct of the team.

To sustain the high quality of service, the investment in the Finacle Wealth Management System in 2014 provides flexibility and customer centric capabilities and services using dashboards for relationship managers, and 360 degree view of the client further drilling down to its portfolios, risk profile and other important information. This is the first implementation of Finacle Wealth Management solution in the Philippines.

In partnership and collaboration with other units in the Bank, the Group continues to maintain and strengthen its open architecture strategy by growing its array of domestic and offshore investment alternatives to make a wider selection of products available to valued clients relative to their risk profile and suitability. With the growing sophistication and knowledge of the customer, the new system provides an adaptable and robust wealth management platform that can lead to greater investment focus, growth and business expansion.

The Bank's Wealth Management services are focused in 2 main centers: Makati and Binondo, supported by 5 satellite offices located in Greenhills, Caloocan, Quezon Ave., Cebu City and Davao. The Bank would also like to reach out further to a growing market of sophisticated clients and plans to expand its offices in key locations in the country.

HUMAN RESOURCES

OUR MOST IMPORTANT ASSET: OUR PEOPLE!

In support of the Bank's growth strategy and plans, the Human Resources Group is committed to organizational capability building and continues to lead programs and initiatives on talent management and development, leadership continuity, retention programs, employee well-being as well as corporate social responsibility.

MANPOWER STATISTICS (Parent Bank)
TOTAL WORKFORCE AS OF DECEMBER 31, 2014 = 3,813

BY EMPLOYMENT TYPE:		BY GENDER:	
Regular Employees	3,645	Male	1,480 or 39%
Probationary	168	Female	2,332 or 61%

BY AGE GROUP:		BY JOB LEVEL:	
< 30	1,524	Staff	1,600
31 – 40	943	Junior Supervisory	1,537
41 – 50	1,039	Middle Management	423
>50	306	Senior Management	252

INVESTMENT IN PEOPLE

Learning and Development

RCBC is committed to provide a strong learning and development platform for all employees across all job levels. HRG continued to strengthen the talent pipeline and brought further competencies on the job by facilitating various training programs and seminars benefiting 5,640 employees addressing the competencies of Leadership, Customer Service, Sales Planning and Management, Product Knowledge, Risk Management and Technical Skills while, a total of 195 employees were enrolled in a number of specialized/IT external training programs. HRG also conducted Coaching workshops as we promote a coaching culture across the organization.

The Bank's effort to provide careers to new graduates and to ensure an effective talent development resulted to deployment of 12 Officers Development Program (ODP) graduates to junior officer positions across the Bank. In June 2014, the 6th batch of ODP commenced with 13 selected trainees. On the same month, HRG in partnership with Operations Group commenced with the fourth batch of the General Operations Learning and Development (GOLD) Program with 5 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 continues 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. We continue to provide follow through training programs for the graduates 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, the third batch of the Middle Management Development Program (MMDP) was conducted. This is a 6-month 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).

The Retail Bank Learning Academy on its 4th run aims to develop highly competent, credible and productive Retail bankers and leaders. This will allow a sustainable supply of branch personnel, equipped and trained to provide quality service.

INVESTMENT IN EMPLOYEE TRAINING*

TOTAL NUMBER OF TRAINING ATTENDEES PER JOB LEVEL	
Staff	2,334
Junior Supervisory	1,751
Middle Management	1,459
Senior Management	292
Total No of Attendees	**5,835**
Total Number of Training Hours for 2014	**893,155***
Average Number of Training Hours Per Employee	**153****
Average Number of Training Hours Per Employee Per Job Level	
Staff	20 hours
Junior Supervisory	353 hours
Middle Management	151 hours
Senior Management	30 hours

** 60% increase on the training hours vs. 2013*
*** 84% increase on the average training hours per employee vs. 2013*

Performance Management

In its thrust to provide its employees with continuing opportunities to achieve and excel in one's field, profession, and, to grow professionally and personally to their fullest potentials, the Bank has an existing Performance Management System that aims to:

1. Align individual and organizational goals
2. Provide feedback on employees' work progress and accomplishments based on clearly defined goals and objectives, job description and performance.
3. Provide information for planning, training and career development programs
4. Provide a structured basis for decisions on personnel movements
5. Encourage open communication and a supportive relationship between employees and their unit heads and within work teams

The organization's performance management process begins with preparation of the Key Result Areas (KRAs) in line with over-all Bank objectives and targets. The performance is monitored on a regular basis (monthly and quarterly) and variances vs. the targets are discussed and appropriately addressed. The full year performance and accomplishments are assessed vis-à-vis the Key Results Areas (KRAs). The process culminated with the annual rewards program and the promotion of associates recognized for their top performance.

Compensation and Rewards Program

RCBC commits to pay its employees, salaries/compensation consistent with job performance and the requirements of the law and one that is competitive with the banking industry. The Bank gives importance to equitable pay differentials for different types of work and hence pays within an established salary structure for the different job levels. The Bank likewise provides officers with incentives and rewards for contribution to the business objectives of the Bank.

1. The Bank implements and maintains a sound Compensation and Incentive Program with the following objectives:
   a. To establish a basis for determination and management of compensation, salary increase and performance incentives.
   b. To provide financial incentives through the proper administration of salaries and other means of compensation for each individual to motivate them to do their best on their job.
   c. To maintain competitive salary levels/structures consistent with those in the banking industry
   d. To ensure retention and attraction of performing and key talents in the organization.

2. To guide the Bank in managing the compensation levels of its employees, a salary structure was designed and developed using the following parameters:

   a. **Job Evaluation.** Job Evaluation is a systematic procedure for analyzing, measuring and classifying positions in terms of common job elements or factors found in every position. The current salary structure is based on the existing job grading system for Officer levels ranging from First Officer up to Senior Executive Vice President. The Human Resources Group (HRG) has the responsibility of ensuring that jobs are rated properly and continuously as they change over time due to reconfiguration of functions or reorganizations.

   b. **Target Market Group.** The salary structure was based on market data of banks deemed as peers by RCBC. Data on these peer banks are obtained from industry and national surveys conducted by private consultancy companies and trade and employee associations.

   c. **Target Positioning Objective.** In terms of target positioning objectives, the Bank receives instruction from management on the desired positioning in relation with the Target Market Group or the banking industry in general. This positioning is targeted at both the market's guaranteed pay and total annual cash compensation.

3. The salary structure is reviewed regularly by HRG to maintain its relevance and competitiveness internally and externally.

4. In case surveys and studies reveal that the salary structure is grossly sliding off as compared to the industry or its Target Market Group, it is incumbent upon HRG to come up with recommendations to correct the disparity and to discuss said recommendations with management.

5. Final approval of recommendations with regard to changes in the compensation structure and policies will need to be secured from the Corporate Governance Committee.

6. Administration, implementation and maintenance of the Bank's Compensation and Incentive Program shall be the direct responsibility of HRG, particularly by its Group Head, Department Head for Compensation and Benefits and Department Head for Career Management.

7. The Compensation and Incentive Program shall be composed of:

   a. **Basic Pay.** This refers to the employee's monthly take-home pay, exclusive of overtime pay.

b. **Guaranteed Pay.** Is part of the annual compensation supplementary to the Basic Pay such as the 13th month pay.

c. **Variable Pay.** This refers to additional incentives, Merit Increase (for Officers) and Promotional Increase (for Non-Officers and Officers), given to eligible employees based on their contributions to the Bank's overall objectives.

Employee Retention

Recognizing the continuing competition for talent, HRG's retention programs have helped keep the Bank's attrition rate at 8.96% which is significantly below industry level.

STAFF TURNOVER STATISTICS (Parent Bank)

BY GENDER:	
Male	164 or 11.2%
Female	171 or 7.5%

BY AGE GROUP:	
<30	197 or 12.8%
31 - 40	63 or 6.7%
41 - 50	43 or 4.1%
>50	32 or 10.5%

BY JOB LEVEL:	
Staff	129 or 8.2%
Junior Supervisory	111 or 11.7%
Middle Management	76 or 7.7%
Senior Management	19 or 7.8%

Adherence to the Code of Conduct

The directors and all employees of the Bank are governed by a Code of Conduct, which revolves around the Core Values of the company. 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 everyone's perusal.

Health, Safety and Welfare

RCBC is committed to maintain a safe and healthy working environment. Procedures are in place to protect all associates from generally recognized workplace hazards such as fire, earthquake, robberies and other natural and man-made calamities. The Bank likewise has various substance abuse and health & safety policies, as well as inspection and search procedures.

Substance Abuse and Health & Safety Policies

Employees who work while under the influence of drugs or alcohol present a safety and operational hazard to themselves and their colleagues as well as pose a risk to the trustworthy and professional image of the Bank. The Bank also promotes the health and safety of its employees and their families, through the following policies: RCBC's Drug-Free Workplace Policy & Programs, Policy Against Alcohol Abuse, Policy on Off-Duty Substance Abuse, Family Welfare Policy, TB Workplace Program, HIV/AIDS Workplace Program

Inspection & Search Procedures

Employees are mandated to notify security personnel if they see anything suspicious, including the presence of strangers and unattended bags or packages on the premises.

Employees are likewise mandated to subject themselves, their personal belongings and the Bank assets under Bank custody to intensive inspection and search procedures by security personnel, upon entering, while within and upon leaving Bank premises.

Bank premises include parking lots, whether owned or leased by the Bank. Personal belongings shall pockets, bags, storage media, cars and any other personal property that may be used as repository of cash, jewelry, documents, keys, data and other valuable items.

Employee Welfare and Well-Being

In 2014, the Human Resources Group has undertaken the following activities to continuously promote the health, safety and welfare of RCBC employees.

- Achieved full compliance of the mandatory requirements set by DOLE regarding Occupational and Safety Health Standards.
- Maintained its partnership with Maxicare, the Bank's HMO provider, in giving health and medical services in accordance to the benefits being enjoyed by employees. Services provided include:
    - Hospitalization and emergency care with 1,184 availments for employees and 2,367 availments for dependents;
    - Executive Check-Up for employees with total cost of over Php21 Million;
    - Outpatient consultation services for employees with 5,885 availments;
    - In addition, employees and dependents availed of free check-up and consultation in various clinics and Primary Care Facilities located in major cities such as Makati, Ortigas, Alabang, Manila and Quezon City. For provincial business centers, employees and their dependents enjoyed the services of Maxicare accredited clinics and hospitals.
- The Bank also partnered with Sunlife Grepa Financial Inc. in utilizing the clinic located at the RCBC Plaza to service more than 1,100 employees based at the Head Office. Moreover, a clinic, with regular visiting doctors, was set-up at the RSB Corporate Center in BGC to give free check-up and consultation services to more than 500 employees at said location.
- The Bank also provided the following benefits to employees:
    - Corporate wellness activities and bulletins on various health and medical topics aligned with trending issues, DOH and DOLE Programs;
    - First aid, safety and life support trainings, fire and earthquake seminars for employees;
    - Purified water, refrigerator and microwave oven in all floors of the Head Office and RSB Corporate Center, as well as the business centers;
    - Pre-employment physical and medical examination for new hires;
    - Random drug testing for employees;
    - Vaccination – Requisitioned 936 flu and 93 cervical cancer vaccines for employees' consumption;
    - Post disaster support teams – Provided group coaching to 21 employees based in Tacloban and Ormoc, to help them psychologically and emotionally recuperate and positively progress from the Yolanda catastrophe; provided immediate relocation to affected employees in Tacloban.
    - Sports and wellness – To promote physical fitness, the Bank sponsored various sports activities participated by employees from Head Office and Metro Manila business centers. The Bank funded the intercolor basketball in April, badminton in May, bowling in June, and volleyball in December. Sporting events were also sponsored for provincial business centers nationwide.
    - Precautionary measures – Since Management recognizes the precarious situation of employees in areas affected by natural calamities and manmade adversities, it has always been keen on immediately issuing work suspension orders in such perilous areas during fortuitous events.

Lastly, Management has always recognized that people are its most important asset. Hence, the Bank budgeted Php95 million or 36% of the total HR Budget in 2014 for employee health benefits alone, a clear indication of its paramount commitment in maintaining employee welfare and well-being.

INFORMATION TECHNOLOGY SHARED SERVICES

The Information Technology Shared Services Group (ITSSG) continued to adopt new systems and enhance existing applications to further enable the Bank to provide globally competitive products and services.

A new generation ATM switch solution was implemented in October 2014. This system has enhanced transaction processing capabilities and will allow the Bank to introduce card products that are tailor-fit for each customer segment.

The Bank partnered with Infosys for Finacle Wealth Management solution that offered a front-to-back office modular solution, providing comprehensive coverage, scalability and seamless integration. The 360-degree view of the clients' assets and behavioral profiles allowed the Wealth Management Group to craft relevant, competitive and highly personalized advice for its customers.

A mobile version of AccessOne Corporate was launched to provide corporate clients the convenience of enterprise banking through their smartphones and tablets.

The Bank also acquired and implemented solutions to enhance internal controls and improve operating efficiencies. The new Anti-Money Laundering System has the flexibility to cater to the evolving regulatory requirements in the Philippines. The new Check Clearing system eliminated several manual processes and provided straight-through-processing.

Last but not the least, a second Data Center became operational in Bonifacio Global City expanding the Bank's capability, flexibility, and resiliency in hosting systems and providing IT services to the RCBC group.

The Information Technology Shared Services Group (ITSSG) shall continue to enhance its infrastructure and deploy technology-enabled products and solutions to support the Bank's business strategy.

OPERATIONS

2014 saw the Bank's Operations Group further integrating bank-wide processes into a standard platform that pushes for economies of scale and optimal utilization of assets, and alignment leading to straight thru processes.

The Group also continued its pursuit of increasing efficiency and improving service quality by delivering 13 Lean Six Sigma Projects, with total savings of 1.5M minutes in time spent. These projects were geared towards the automation of highly manual processes and electronic request of services from clients.

Last year also saw another batch of General Operations Learning and Development (GOLD) candidates graduate from the program. This is the 4th batch of this Operations-only program that aims to develop a pool of junior officers with a strong operations and risk orientation equipped with the general concept of the Banking industry and its interface with other functional units in terms of service delivery. Graduates of this program play a vital role not only in the day-to-day operations of each department, but also in the deployment, monitoring and implementation of projects in the group.

Subsidiaries

RCBC Savings Bank

RCBC Savings Bank (RSB) remains one of the largest thrift banks in the country with Php81.0 Billion in assets as of end-2014. The 21% growth in assets was mainly driven by the robust performance of its consumer lending business as loan portfolio grew 18% to Php53.2 Billion. This double digit expansion was due to significant growth in its core consumer loans – auto and real estate loans. Deposits grew to Php69.6 Billion, an increase of 25% from previous year.

Loan growth has allowed RSB to record significant gains in net interest income amounting to Php4.2 Billion, higher by 19% from previous year. Non-interest income of the bank declined to Php1.2 Billion in 2014 however, due to significantly lower trading income. This resulted to a net income of Php1.0 Billion, resulting to a 13.1% Return on Equity (ROE) and 1.4% Return on Assets (ROA).

Despite RSB's rapid expansion, operating expenses were controlled, increasing by 2% from a year ago level. The bank's expansion was well supported by its capital of Php8.5 billion, translating to a Capital Adequacy Ratio (CAR) of 14.7%, above BSP's statutory requirement of 10%.

RSB has continued to expand its reach to customers outside Metro Manila, with 54% of its total 149 business centers (including extension offices) located in Luzon, Visayas and Mindanao. The bank also has 32 lending offices and 390 ATMs nationwide.

RCBC Capital Corporation

RCBC Capital Corporation, a wholly-owned subsidiary of the Bank, is a full service investment house providing a complete range of investment banking and financial consultancy services which include (i) underwriting of equity, quasi-equity, and debt via public offering or private placement, (ii) syndication of foreign currency and peso loans, (iii) financial advisory with respect to mergers and acquisitions, restructuring, company valuations and spin-offs, and (iv) dealership of commercial papers and other securities. With over 40 years of strong presence in Philippine investment banking, RCBC Capital has established its name in the industry, making it one of the top ranking and preferred investment houses in the country.

In 2014, RCBC Capital's activities were focused primarily on raising funds for key players in the infrastructure sector as well as the power and energy sector. As of yearend 2014, RCBC Capital had Total Equity of Php3.7 Billion making it one of the strongest Philippine investment banks in terms of capitalization. The consolidated Net Income of RCBC Capital for 2014 was approximately Php411 Million.

RCBC Securities, Inc.

The Philippine Stock Exchange Index grew 23% in 2014, reaching 7,230.57. However, value turnover was actually 16% weaker at Php2.1 Trillion. Average daily turnover likewise fell 16% to Php8.8 Billion. Foreigners supported the market's ascent with net foreign buying reaching Php55.45 Billion, 3.6x higher than the 2013 figure.

To stay competitive, the company launched a redesigned and upgraded the online trading system at www.rcbcsec.com. RCBC Securities' online sales team introduced the new system to RCBC Wealth and to some of RCBCs regional branch hubs in order to engage them in cross-selling. During the year, 88 new online accounts were opened.

The company's partnership with leading Japanese stockbrokerage house Okasan Securities allowed RCBC Securities to introduce Philippine companies to Tokyo and helped generate additional trading orders from Japanese Funds.

The company continued to present stock market updates to its institutional clients and to organize stock market investor briefings to retail clients in Metro Manila and provincial branches.

Due to lower turnover in the exchange in 2014, the firm's peso turnover ended at 33.39 Billion, 28% lower than 2013's 46.35 Billion. Consequently, the company generated commission income of Php82.53 Million as against previous year's Php112.63 Million.

RCBC Bankard Services Corporation (formerly Bankard, Inc.)

RCBC Bankard Services Corporation (RBSC) is wholly owned by RCBC Capital Corporation (RCAP) and is the servicing entity of RCBC's credit card portfolio. RBSC operations allowed for the growth of the cards in force of RCBC by more than 117 thousand new cards, 13% more than 2013.

RBSC posted net income after tax of Php57.1 Million for the twelve month period in 2014. The company's net income in 2014 resulted to a Return on Equity of 67.3%. Reported total assets of RBSC as of end 2014 amounted to Php 194.6 Million, registering a growth of 224% from last year's Php 86.8 Million. Total equity grew from Php26.2 Million to Php143.6 Million on account of net income in 2014 and additional capital infusion of Php61.3 Million from RCAP.

RCBC Forex Brokers, Inc.

Behind the backdrop of a volatile market in 2014, RCBC Forex was able to spot opportunities among the major currencies and was able to ride the unpredictability of the past year. Despite the uncertainties, the company was able to post a net income of Php76.1 Million, yielding an average return on investment of 31.17% p.a.

For the past 12 years RCBC Forex remains to be the number 1 bank-owned forex corporation in terms of revenue and volume.

Rizal Microbank (Merchants Savings & Loans)

Entering into its 4th year of microfinance operation, Rizal Microbank (RMB) expanded its network, adapting a "hub & spoke" strategy from 15 lending offices in 2013 up to 23, focused on the underserved microfinance market of Mindanao.

In 2014, the bank grew its loan portfolio to Php214.0 Million (a 44.5% growth over 2013 levels) and revenues have likewise grown by 44.7%. With a focus on microfinance and the sub-SME market segments, Rizal Microbank has maintained the excellent quality of its loan portfolio with a Portfolio-at-Risk Ratio >1 day[1] of 4.24% - a posture far better than the Philippine Microfinance Industry PAR which posted levels of 6.24% PAR>30 days. Yields of Rizal Microbank outpaced that of its peers with Portfolio Yields of 34.57%, vis-à-vis Philippine industry benchmarks of 24.01%.

RCBC Leasing and Finance Corporation

The year 2014 marks another profitable year for RCBC Leasing as it continues to strive for operational and financial stability and sustained growth. In 2014, RCBC Leasing posted Php1.48 Billion in new loans and leases increasing Total Portfolio by 3.8% to Php2.68 Billion. Portfolio mix also improved with Long Term Loans and Leases increasing to 74% of the Total Portfolio while Receivable Financing accounting for the remaining 26%, an improvement from the previous year's 68%:32% ratio. On the other hand, RCBC Rental, a wholly owned subsidiary of RCBC Leasing, expanded its Operating Lease portfolio by 12.5% to Php1.12 Billion from Php998 Million the previous year. Consolidated Total Assets increased by 3.6% to Php3.87 Billion as of December 31, 2014 from Php3.73 Billion as of the same period a year ago.

Consolidated profit improved further as gross profit ratio inched up to 41.6% from the previous year's 38% due mainly to your company's better pricing policy and initiative to lower funding cost. This translates to Php24.5 Million in consolidated net income which is 42.9% higher than the Php17.1 Million the company registered a year ago. As a result, ROE improved to 4.78% from last year's 3.49%. The company also managed to improve its asset quality with NPL ratio dropping to 21% from 28% the previous year.

[1]Portfolio-at-risk Ratio measures delinquency on the basis of one (1) day delay in installment, rather than the maturity date of the loan. This measure is more stringent that the Past Due/Non-Performing Loans Ratio being commonly used by banks.

FULL AND SMARTER SERVICE

Your Bank delivers a wide array of smarter solutions aimed at fulfilling your every financial need.

Corporate Governance

CORE PRINCIPLES

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 reviewed 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 other stakeholders are always taken into account, the directors, officers, and associates/ 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 processes 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 fully complies with the SEC's Revised Code of Corporate Governance, as amended. The Bank likewise complies with the guidelines and respective best practices under the PSE Corporate Governance Guidelines Disclosure Template and the ASEAN Corporate Governance Scorecard, thereby promoting greater transparency through more disclosures which gives clients/investors the confidence that the bank they are dealing with adheres to the highest standards of good corporate governance. The Bank is further strengthening the Bank's corporate governance policies and procedures in accordance with the BSP and SEC guidelines.

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. Based on the Bank's By-Laws and the Corporate Governance Manual, there are 15 directors, 3 of whom are independent. All 15 directors are known for their independence, professionalism and integrity, and make decisions for the Bank with complete fidelity to the Bank and cognizant of their responsibilities under relevant law and regulation. There are 13 non-executive directors and 2 executive directors who are concurrently officers of the Bank.

The profiles of the members of the Board of Directors are discussed in a separate section in the Annual Report.

All nominations for election of directors by stockholders are required to be submitted in writing to the President and the Corporate Secretary at least 30 working days before the regular or special stockholders' meeting. The Corporate Governance Committee which reviews and evaluates the qualifications of a person nominated to the Board considers guidelines as educational background, professional experience, nature and business of the corporations of which he is a director, age, number of directorships/active memberships and officerships in other corporations/organizations, and possible conflict of interest, in determining suitability to be nominated to the Board. The Committee likewise ensures that each nominee possesses all of the minimum qualifications and none of the disqualifications as prescribed under existing law and regulation. The Bank's By-Laws do not allow any person engaged in any business that competes with or is antagonistic to the Bank, its subsidiaries or affiliates to be nominated or elected to the Board.

The Corporate Governance Committee also reviews the number of directorships of a nominee for the Board. The optimum number of directorships shall be related to the capacity of the director to perform his duties diligently in general. Following the IFC's recommendation, memberships in other boards are limited to 6 unless special circumstances justify a greater number of directorships.

The Board is composed of both executive and non-executive directors, with a sufficient number of qualified non-executive members elected to promote the independence of the board from the views of senior management. Of the 15-member board, 13 are male and 2 are female, representing 87% and 13%, respectively, of the board membership.

In addition, the Board ensures that the independent functions of internal audit, the compliance office, and the risk management group are utilized to lend comfort to stakeholders, including the regulators, of the Bank's commitment to the principles of good corporate governance.

Independent Directors

The Board has a sufficient number of independent directors that gives the assurance of independent views and perspectives. Currently, the Bank has 3 independent directors. All 3 of them are active in various committees of the Bank and participate extensively in Board discussions.

On an annual basis, the Corporate Governance Committee reviews and evaluates the qualifications of a person nominated to the Board as an independent director and determines that he meets all of the qualifications and possesses none of the disqualifications of an independent director under relevant law and regulation. The attributes of an independent director include independence from management or from any business or relationship which could, or could reasonably be perceived to materially interfere with the exercise of independent judgment, and the lack of a relationship to the corporation, its related companies or substantial shareholder as a regular director or officer or relative of the same, as an executive or professional adviser within the last 5 years, or business relations other than arm's length, immaterial or insignificant transactions.

Rotation and Re-election of Directors

The directors are elected in the annual stockholders' meeting and hold office for one (1) year and until their successors are elected and qualified.

Independent directors serve as such for 5 consecutive years in accordance with the SEC regulation on Term Limits for Independent Directors effective from January 2, 2012. After the completion of the 5-year service period, an Independent Director is ineligible for election as such in the bank unless he has undergone a "cooling off" period of 2 years, provided that during such period, the Independent Director concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as such in the bank. An independent director re-elected as such in the bank after the "cooling off" period can serve for another 5 consecutive years. Thereafter, the independent director is perpetually barred from being elected as such in the Bank. The incumbent independent directors are independent based on length of service. Messrs. Armando M. Medina, Francisco C. Eizmendi and Antonino L. Alindogan, Jr. will end their 5-year service period as independent director by 2017.

The Corporate Governance Committee ensures that each nominee for independent director is qualified to be elected as such under relevant regulation.

Fit and Proper Standards

The Bank has 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 qualifications of those nominated to the Board as well as those nominated for positions requiring appointment by the Board are reviewed and evaluated by the Corporate Governance Committee.

As a policy, directors shall maintain their professional integrity and continuously seek to enhance their skills, knowledge and understanding of the activities that the Bank is engaged in or intends to pursue as well as the developments in the banking industry including regulatory changes through continuing education or training.

Board Oversight and Tone at the Top

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.

Advisory Board

The Bank has an Advisory Board which provides informed guidance to the Board of Directors. Members of the Advisory Board are appointed by the Board of Directors and do not have any voting rights in board meetings, but contribute by way of providing non-binding and relevant advise during board meetings. While the By-Laws allow for up to 10 members in the Advisory Board, the Bank currently has 4 appointed Advisory Board members. Each of these members is considered as business leaders and is of known probity and integrity.

Separate Roles of the Chairperson and the CEO

The roles of the Chairperson of the Board and the Chief Executive Officer (CEO) 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 Chairperson 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 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 of 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 operational, financial and internal controls 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 and prospects on a regular basis.

Access to Information

To enable the members of the Board to properly fulfill their duties and responsibilities, it is the responsibility of management to provide them with complete, adequate and timely information about the matters to be taken in their meetings. Moreover, members of the Board are given independent access to management and the Corporate Secretary for information such as background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The Corporate Secretary

The Corporate Secretary is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board as well as the other official documents, records and other information essential to the conduct of his duties and responsibilities to the Bank. The Corporate Secretary is also responsible for informing the members of the Board of the schedule and agenda of their meetings and ensure that the members have before them complete and accurate information that will enable them to arrive at intelligent or informed decisions on matters that require their approval. The Corporate Secretary attends all board meetings.

Meetings and Quorum Requirement

The Board schedules and holds regular meetings monthly in accordance with its By-Laws and convenes for special meetings when required by business exigencies. The directors are furnished the notice, agenda and other relevant meeting materials prior to each meeting, which meeting is duly minuted.

Directors attend regular and special meetings in person or through teleconferencing and videoconferencing conducted in accordance with the rules and regulations of the SEC in a manner allowing the director to actively take part in the deliberations on matters taken up. The Bank ensures availability of teleconferencing facilities when justifiable causes prevent the director's attendance. A director may also attend the meetings by submitting written comments on the agenda to the Corporate Secretary and the Chairperson prior to the meeting, as provided in Subsection X141.1 of the Manual of Regulations for Banks.

Independent directors must always attend Board meetings and will only be excused from attending meetings in exceptional cases. At least a majority of independent directors must be present in order to constitute a quorum. To promote transparency, there must always be at least one independent director in all board meetings. A majority of directors present is required to pass any item on the agenda, unless a higher voting requirement is provided under law, regulation or the Bank's by-laws for the specific matter at hand.

The Bank submits annually an advisement on the directors' record of attendance in Board meetings to the PSE and SEC as an update to the SEC Annual Corporate Governance Report.

Board meetings for the coming year are scheduled in December of the preceding year. The By-Laws provide that board meetings shall be held on the last Monday of each month.

For the period January to December 2014, attendance at the board and board committee meetings is as follows:

DIRECTOR	BOARD No. of Meetings Held During the Year[1]	No. of Meetings Attended	EXECUTIVE COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	AUDIT COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	RISK OVERSIGHT COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	CORPORATE GOVERNANCE COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	TRUST COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	TECHNOLOGY COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	PERSONNEL EVALUATION AND REVIEW COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	RPT COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended
Alfonso T. Yuchengco	16	14																
Helen Y. Dee	16	16	46	39			10	8	10	10			8	5	6	6		
Lorenzo V. Tan	16	15	46	39			10	10			12	11	8	4				
Cesar E.A. Virata	16	16	46	44			10	9			12	12	8	5				
Teodoro D. Regala	16	15									12	11					6	6
Wilfrido E. Sanchez	16	16							10	10	12	12					6	4
Ma. Celia H. Fernandez-Estavillo	16	16							10	10					6[5]	6	1[6]	0
Minki Brian Hong	16	14	46	22	13	6												
T.C. Chan	16	12																
Tim-Chiu Richard Leung	8	5																
Medel T. Nera	16	16			13	11	10	10					8	7				
Francis G. Estrada	16	14															6	4
Francisco C. Eizmendi, Jr.	16	15			13	8			10	10							6	5
Armando M. Medina	16	15	23[2]	20	13	13	10	9	2[3]	2			8	6				
Antonino M. Alindogan, Jr.	16	16	46	39			6[2]	5	7[4]	7							6	6
Yvonne S. Yuchengco	4	4																
Richard Westlake	4	2																

[1]Includes special board, stockholders', and organizational meetings of the board [2]Not re-appointed during the 30 June 2014 ASM [3]Appointed effective 25 Aug 2014 [4]Resigned effective 31 July 2014 [5]As head of the Legal and Regulatory Affairs Group [6]Appointed alternate member 24 Nov 2014

Board Committees

The Board has delegated responsibilities to 8 board committees as follows:

1. The Executive Committee

- Composition: Chairman, Vice-Chairman and four (4) members to be elected by the Board of Directors from among themselves.

- Members: Ms. Helen Y. Dee – chairperson; Mr. Lorenzo V. Tan – co-chairman; Mr. Cesar E.A. Virata, Mr. Antonino L. Alindogan, Jr. (ind.), 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.

The major activities conducted by the Executive Committee in 2014 include, among others, the following:

- discussed various policies issued by regulatory agencies;
- approved non-DOSRI loans over P100 million up to below 15% of the Bank's unimpaired capital
- evaluated and approved various operations/product manuals;
- reviewed and endorsed for Board approval various management matters (e.g., proposed write-offs, card migration plan, etc.)
- reviewed and approved other management items (e.g., establishment/relocation of branches, amendments to various credit policies, leases , etc.)

2. The Audit Committee

- Composition: 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.

- Members: Mr. Armando M. Medina – chairman, ind.; Mr. Medel T. Nera, Mr. Francisco C. Eizmendi, Jr. (ind.),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.

In the year 2014, the Audit Committee fulfilled its duties and responsibilities as embodied in the Audit Committee Charter, particularly on areas of Internal Control and Risk Management, Financial Reporting, Internal and External Audit, Compliance with Laws and Regulations, Ethics and Business Conduct, and other functions as requested by the Board. Work done included, but is not limited to, the following:

- Performance of oversight functions over the internal and external auditors and ensuring that they acted independently from each other and both auditors were given unrestricted access to records, properties and personnel in the discharge of their functions.

- Review of audit reports of both internal and external auditors and engaging in discussions of the results of audits during Audit Committee meetings to evaluate the adequacy and effectiveness of internal control system and risk management including financial reporting and information technology security. This also included the review of the annual and quarterly financial statements before submission to the Board and regulators focusing on the following matters:
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from audit;
  - Compliance with accounting standards;
  - Compliance with tax, legal and regulatory requirements;
  - Going concern assumptions;
  - Major judgmental areas; and
  - Completeness of disclosures of material information including subsequent events and related party transactions.

- Review of the extent and scope, activities, staffing, resources and organizational structure of the Internal Audit function and approved the annual audit plan to ensure its conformity with the objectives of the Bank. This also included quarterly review of audit plan accomplishment / status including capacity and manpower complement.

- Review of the compliance reports of the Compliance Officer during Audit Committee meetings to assess compliance with laws, rules and regulations. This also included the review of findings of any examinations by regulatory agencies (e.g., BSP).

- Approval of the annual workplan of the Compliance Office

- Review of the Audit Committee and Internal Audit Charters.

For the year 2015, the Audit Committee's planned programs are as follows:

- Evaluation and approval of the outsourcing of sixty (60) business center to an external service provider in case additional manpower requirement is not on board by 1st quarter of 2015.
- Evaluation of the outsourcing of some of the IT Audit plan
- Review of the Audit Committee and Internal Audit process
- Review of selection process and criteria on the assessment of the external auditor and conduct of the annual assessment.

3. The Risk Oversight Committee

- Composition: At least three (3) members of the Board of Directors including at least one (1) independent director and a chairman who is a non-executive member

- Members: Mr. Medel T. Nera – chairman; Mr. Armando M. Medina (ind.), Ms. Helen Y. Dee, Mr. Lorenzo V. Tan, Mr. Cesar E.A. Virata, Mr. Francis G. Estrada

- Responsibilities: The Risk Oversight Committee has the following responsibilities:
  - 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 highlights of the Risk Oversight Committee's actions in 2014 are as follows:

- Review and approval of:
  - portfolio and risk limits
  - ICAAP Document and Roadmap

- Approval of:
  - Consolidated Risk Appetite Statement
  - Increase in industry concentration limits
  - Various revisions to credit policies and internal SBL
  - Various liquidity and other risk limit amendments
  - Revisions to market risk models and the contingency funding plan
  - Amendments to the ORMD framework and various guidelines on KRI, RCSA and Loss Events reporting

- Amendments to Trust Risk Policy Manual and other manuals

- Notation and approval/disposition/action of/on:
    - Results of the risk materiality survey
    - Results of the BSP uniform stress testing for banks; credit stress testing results
    - Updates on the Bank's SEMS initiatives
    - Risk profile of subsidiaries
    - Reports on subsidiary credit risk oversight
    - Disaster Recovery Test reports; various contingency initiatives and report on impact assessment of recent calamities.

4. The Corporate Governance Committee

- Composition: At least three (3) members of the Board, two (2) of whom shall be independent directors, including the chairman.

- Members: Mr. Francisco C. Eizmendi, Jr. – chairman,(ind.); Ms. Helen Y. Dee, Atty. Ma. Celia Fernandez-Estavillo, Atty. Wilfrido E. Sanchez, Mr. Armando M. Medina (ind.)

- Responsibilities: The Corporate Governance Committee has the following responsibilities:
    - Oversee the development and implementation of corporate governance principles and policies;
    - 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;
    - 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;
    - 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.

In 2014, the Corporate Governance Committee performed the following major actions which include, among others:

- Review and evaluation of the qualifications of persons nominated to the Board as well as new officers with rank of Assistant Vice President and up requiring appointment by the Board;

- Review and evaluation of the results of the annual self-assessment of the Board as a whole, of themselves as the individual members and as members of the Board committees;

- Review of the annual performance evaluation of senior management and those recommended for promotion; and

- Review/evaluation of certain findings of the BSP in the recent examination

5. The Trust Committee

- Composition: 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 chairman, 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 there are more than five (5) Trust Committee members, the majority shall be composed of qualified non-executive members.

- 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 Group

- Responsibilities: Oversees the trust and fiduciary business of the Bank.

The profile of Ms. Ferrer is as follows:

Lourdes Bernadette M. Ferrer, 56, Filipino, First Senior Vice-President, is the Head of the Trust and Investments Group. Prior to joining the Bank in September 2000, she held various related positions in Solidbank Corporation and the International Corporate Bank. She graduated from the University of the Philippines with a Bachelor of Science degree in Statistics and likewise obtained her Master's Degree in Business Administration from the same university.

The profiles of the other members of the Trust Committee are discussed earlier.

As mandated in its charter, the Trust Committee accomplished various activities in 2014 which include, but is not limited to, the following:

- Approve revisions to the Trust Policy and Risk Manuals; issue new policies and guidelines for new products and activities and to further streamline controls.
- Review and approve annual business plan for the Trust and Investments Group.
- Review and discuss financial performance, the impact of new regulations, industry landscape and trends, new product offerings, among others.
- Review investment performance of various accounts managed as well as compliance with regulatory limits, internal policies and client prescribed parameters.
- Approve credit lines, new investment outlets and accreditation of counterparties.
- Discuss and review risk management reports.
- Monitor and review compliance with and impact of applicable laws and regulations and implementation of approved policies and guidelines.

6. The Technology Committee

- Composition: At least 5 members of the Board.
- Members: Ms. Helen Y. Dee – chairperson; Mr. Lorenzo V. Tan, Mr. Cesar E.A. Virata, Mr. Medel T. Nera, Mr. Armando M. Medina (ind.)
- 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:
    - Approves major IT investments.
    - Manages and aligns IT initiatives across the Group.
    - Reviews status of major projects.
    - Prioritizes IT initiatives, when warranted
    - Evaluates emerging IT solutions for use of the Group.
    - Reviews and resolves IT risks and other IT related issues raised in the TechCom.
    - Ensures compliance to BSP rules and regulations relating to Information Technology

The profiles of the members of the Technology Committee have been presented previously.

7. The Personnel Evaluation and Review Committee

- Composition: 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.

- Members: Ms. Helen Y. Dee – chairperson; Mr. Raul B. Tan – Head, Retail Banking, Ms. Zenaida F. Torres (ret. effective October 14, 2014), replaced by Mr. Florentino M. Madonza – Head, Controllership, Mr. Regino V. Magno – Corporate Risk Management Services, Ms. Rowena F. Subido – Head, Human Resources, Atty. Maria Celia Fernandez-Estavillo – Head, Legal and Regulatory Affairs

- Responsibilities: The Committee has the following responsibilities:
  - 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.
  - 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.

Except for Ms. Helen Y. Dee and Atty Maria Celia Fernandez-Estavillo, whose profiles are presented under the Board of Directors' profiles, the profiles of the other members of the Personnel Evaluation and Review Committee are as follows:

Raul Victor B. Tan, 55, Filipino, First Senior Vice-President, is the Head of Retail Banking Group and acting Treasurer effective March 1, 2015 He was the Head of Treasury's Balance Sheet Management Segment from November 2008 to August 2013. Prior to joining the Bank, he was FVP and Treasurer of RCBC Capital from July to November 2008. He also held various Treasury positions in UCPB from 2004 to 2008, where his last appointment was FVP and Chief Dealer for Treasury Banking. He obtained his Master's degree in Business Administration from Fordham University and finished his Bachelor of Science degree in Management from the Ateneo de Manila University.

Zenaida F. Torres, 60, Filipino, First Senior Vice-President, is the Head of the Controllership Group. Ms. Torres was seconded to Bankard, Inc. as Chief Financial Officer from February 2004 to August 2008 and concurrently acted as the Corporate Information Officer from November 2006 to August 2008. Prior to this, Ms. Torres also held various positions in the Bank from 1980 to 2003 and positions at Costraco, Phils., University of the East, and Ford Credit Philippines. She earned her Bachelor of Science degree in Business Administration majoring in Accounting from the University of the East. She is also a Certified Public Accountant. (Retired effective October 14, 2014)

Florentino M. Madonza, 44, Filipino, Senior Vice-President, is the Group Head of Controllership effective October 14, 2014. He was the Deputy Group Head of Controllership from August 2014 to October 2014, General Accounting and Services Division Head from July 2004 to July 2014, General Accounting Department Head from September 2001 to July 2004, Assistant to the Department Head of General Accounting from January 1998 to September 2001, Asset Management and Sundry Section Head from September 1997 to December 1997 and Corporate Disbursement and Payroll Section Head from June 1996 to September 1997. Prior to joining the Bank, he worked for Sycip, Gorres, Velayo and Co. from July 1993 to May 1996 as Auditor. Mr. Madonza completed his Bachelor of Science in Commerce major in Accounting (Cum Laude) from the Araullo University, and is a Certified Public Accountant.

Regino V. Magno, 57, Filipino, First Senior Vice-President, is the Bank's Chief Risk Officer and the Head of Corporate Risk Management Services (CRISMS). Prior to joining the Bank, he was the Chief Risk Officer of Sterling Bank of Asia from August 2007 to December 2008. He was a Market Risk Consultant of Chase Cooper, a London-based consulting firm, Chief Risk Officer of Philippine National Bank for four years, a Consultant of Philippine Deposit Insurance Corporation for one year, and a Senior Risk Manager at the Bank of the Philippine Islands for four years. He also held various positions in CityTrust Banking Corporation. Mr. Magno obtained his Bachelor of Science degree in Industrial Management Engineering from De La Salle University and his Masters in Business Administration from the University of the Philippines.

Rowena F. Subido, 48, Filipino, First Senior Vice-President, is the Group Head of Human Resources. She was also the Deputy Group Head of Human Resources before assuming her current position. Prior to joining the Bank, she worked with Citibank, N.A. as Country Lead Human Resources Generalist/Senior Vice-President, prior to which

she was Head of Human Resources for the Institutional Clients Group for almost two years. She has also worked with Citifinancial Corporation, the Consumer Finance Division of Citigroup, as Human Resources Head for four years. She also has HR experience in retail, distribution and manufacturing industries, having worked for California Clothing Inc. where she was Human Resources Head, International Marketing Corporation as Division Manager for Human Resources & Operations, Tricom Systems (Philippines), Inc. as a Personnel and Administration Officer and Seamark Enterprises, Inc. as a Personnel Officer. Ms. Subido obtained her Bachelor of Science degree majoring in Psychology from the University of Santo Tomas and her Masters in Psychology majoring in Organisational/ Industrial Psychology at De La Salle University.

8. The Related Party Transactions (RPT) Committee

- Composition: A Chairman, who shall be an independent director who is not a member of the Audit Committee. The other members shall be directors with the least number of directorships or officerships with companies within the YGC conglomerate. An alternate member takes the place of an independent director who has an interest in the transaction under review.

  The Head of the Internal Audit Group and the Compliance Officer sit as observers.

- Members: Mr. Antonino L. Alindogan, Jr. – chairperson; Mr. Francisco C. Eizmendi (ind.), Jr., Atty. Teodoro D. Regala, Atty. Wilfrido E. Sanchez, Mr. Francis G. Estrada (resigned effective 27 April 2015), Atty. Ma. Celia H. Fernandez-Estavillo-alternate member

- Responsibilities: The Committee reviews proposed Related Party Transactions for the purpose of determining whether or not the transaction is on terms no less favorable to the Bank than terms available to any unconnected third party under the same or similar circumstances.

Material Transactions

The Bank is committed to disclose material information to its stakeholders as part of its adherence to transparency, accountability and fairness. Following are the material transactions approved by the Board for 2014:

- Declaration and payment of cash dividends amounting to P1.00 per share, or a total of approximately P1.276 Billion payable to holders of Common Class shares and Preferred Class shares, subject to the final approval of the Bangko Sentral ng Pilipinas;
- Audited Financial Statements of Rizal Commercial Banking Corporation and RCBC—Trust and Investments Group as of year ended December 31, 2013, as prepared by Punongbayan & Araullo, subject to the final approval of the stockholders;
- In connection with the capital call of Luisita Industrial Park Corporation (LIPCO), infusion of additional equity investment in LIPCO amounting to P3.5 Million which comprises 35,000 new common shares to maintain RCBC's 35% stake in the corporation;
- Plan to issue Philippine Peso-denominated Basel III-compliant Tier 2 Notes (the "Tier 2 Notes" or the "Notes") subject to prevailing market conditions and Bangko Sentral ng Pilipinas ("BSP") approval;
- Php 4.5 Billion Stock rights offer (on hold given approval of acquisition of shares by Cathay Life Insurance Co. Ltd.);
- Proposed acquisition of a 20% share block in RCBC by Cathay Life Insurance Co. Ltd.;
- The Bank's business models, in line with the Bank's adoption of Philippine Financial Reporting Standards 9 effective January 1,2014;
- Issuance of up to USD 500 Million of Senior Notes out of the Bank's Medium Term Note Programme and a bond exchange of its existing USD 250 million Senior Notes due 2015 and USD 275 million Senior Notes due 2017, subject to favorable market conditions and other considerations;
- 2015 Budget;
- DOSRI loans and non-DOSRI loans;
- Creation of the Related Party Transactions (RPT) Committee, a board committee;
- Charter of the RPT Committee; and
- Revisions to various policy manuals.

Performance Evaluation and Assessment of Independence

The members of the Board conduct an annual self-assessment of the Board as a whole, of themselves as the individual members and as members of the Board committees. The self-assessment includes an evaluation of the independent judgment, objectivity and balanced perspectives of each member and of the Board as a whole. The Audit Committee's self-assessment complies with SEC Memorandum Circular No. 4, s. 2012 entitled *"Guidelines for the Assessment of the Performance of Audit Committees Listed in the Exchange."* Additionally, the independent directors conduct an annual assessment of the Chairperson of the Board and in 2015, the non-executive directors will conduct an assessment of the CEO for the year 2014.

The self-assessment forms are based on the Bank's Revised Corporate Governance Manual, SEC and BSP rules and regulations. Results of the assessment are submitted to the Corporate Governance Committee and the results are considered in making the recommendations on the directors to be nominated to the Board and appointed to the board committees for the following year. Criteria used in the assessment are disclosed in the SEC Annual Corporate Governance Report (SEC ACGR) under Board, Director, Committee and CEO Appraisal. Criteria for the assessment of the Chairperson by the independent directors is based on the duties and responsibilities of the Chairperson under the Corporate Governance Manual, BSP and SEC issuances. The RPT Committee, a committee created in the latter part of 2014, will conduct the self-assessment next year.

Separate Meeting of the Non-Executive Directors

Section II.A. 2.3.14 of the Bank's Corporate Governance Manual provides that non-executive board members shall meet regularly, other than in meetings of the audit and risk oversight committees, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions.

A meeting of the non-executive directors was held in May 2015.

SHAREHOLDINGS IN THE COMPANY

The following directors directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares	% of Capital Stock	Changes during the year	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
	Beginning	of the	Year		End	of the	Year
Alfonso T. Yuchengo	3997	72,108	0.006%	0	3,997	72,108 –RCBC Sec.	0.006%
Helen Y. Dee	438	212,731	1,6710%	37,160	438	249,891-RCBC Trust /PMMIC	0.02%
Cesar E. A. Virata	167	50,000	0.00%	0	167	50,000-RCBC Trust	0.00%
Lorenzo V. Tan	5		0.00%	0	5	-	0.00%
Teodoro D. Regala	1		0.00%	0	1	-	0.00%
Antonino L. Alindogan Jr.	1		0.00%	0	1	-	0.00%
Minki Brian Hong	1		0.00%	0	1	-	0.00%
Ma. Celia Fernandez-Estavillo	14	379,200 60,000	0.03%	40,000	14	379,200 – RCBC Trust 100,000 - Abacus Sec	0.04%
Francisco Eizmendi	1		0.00%	0	1		0.00%
Armando M. Medina	195		0.00%	0	195	-	0.00%
Wilfrido E. Sanchez	1	30,000	0.00%	0	1	30,000- RCBC Sec.	0.00%
Medel T. Nera	1		0.00	0	1	-	0.00%
Francis G. Estrada	3		0.00	0	3	-	0.00%
Richard G.A. Westlake	1		0.00	0	1	-	0.00%
Tze Ching Chan	1		0.00	0	1	-	0.00%

The following key officers directly and indirectly own shares in the company:

Name of Senior Management	Number of Direct shares	Number of Indirect shares	% of Capital Stock	Changes during the year	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
	Beginning	of the	Year		End	of the	Year
Alfredo S. Del Rosario		17,400	0.00%	-		17,400	0.00%
Edgar Anthony B. Villanueva		200	0.00%	-		200	0.02%
Evelyn Nolasco		-		2,700		2,700	0.00%
Koji Onozawa		2,000	0.00%	-		2,000	0.00%
Rommel S. Latinazo		2,000	0.00%	-		7,400	0.00%

The following major shareholders directly and indirectly own shares in the company:

Name of Senior Management	Number of Direct shares	Number of Indirect shares	% of Capital Stock	Changes during the year	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
	Beginning	of the	Year		End	of the	Year
Pan Malayan Management and Investments Corp.	473,963,632	102,682,450	45.20%	-	473,963,632	102,682,450	45.20%
Hexagon Investment B.V.		139,199,198	10.91%	-		139,199,198	10.91%

ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the stockholders who are provided with a balanced and comprehensible assessment of the Bank's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Internal Audit Function

The Bank has in place an independent internal audit function performed by a group of Internal Auditors led by the Chief Audit Executive. The Internal Audit Group conducts independent and objective internal audit activities designed to add value to and improve the Bank's operations and to help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes through which the Board, senior management, and stockholders gain reasonable assurance that its key organizational and procedural controls are appropriate, adequate, effective and complied with.

The minimum risk management and internal control mechanisms for Management's operational responsibility is centered on the CEO who is ultimately accountable for the Bank's organization and procedural controls.

At the very least, internal audit examinations cover the following:

- Evaluation of significant risk exposures and adequacy of risk management process;
- Evaluation of the adequacy and effectiveness of controls encompassing the organization's governance, operations, and information systems including the 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 audit reports summarize the risk exposures, control issues, recommendations, status of committed actions, officers responsible and implementation dates.

An independent assessment of the effectiveness of the internal audit function is conducted every 3 or 5 years by an external auditor through a quality assurance review. A review will be conducted this year 2015. The last quality assurance review was conducted in July 2010.

The External Auditor

External Audit Fees and Services. The Audit Committee is empowered to appoint the external auditor of the Bank and pre-approve all auditing and non-audit services. It recommends to the Board the selection of external auditor considering independence and effectiveness and recommends the fees to be paid.

For the audit of the Bank's annual financial statements and services provided in connection with statutory and regulatory filings or engagements, the aggregate amount to be billed/billed, excluding out-of pocket expenses, by its independent accountant amounts/amounted to P9.665 and P9.338 million for 2014 and 2013, respectively. Additionally, approximately P4.990 million was paid for other services rendered by the independent accountant in 2014.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. In connection with the audits of the Bank's financial statements for the two (2) most recent years ended December 31, 2014 and 2013, there were no disagreements with Punongbayan and Araullo on any matter of accounting principles or practices, financial statement disclosures, audit scope or procedures.

Certification by CEO and Internal Audit

Mr. Lorenzo V. Tan, President and CEO, and Ms. Ana Luisa S. Lim, Head, Internal Audit Group, submitted a certification to the Corporate Governance Committee that for the year ended 2014, a sound internal audit, control and compliance system were in place and are continuously being improved pursuant to noted Bangko Sentral ng Pilipinas observations in order for the aforesaid systems to work more effectively. The certification complies with PSE Corporate Governance Guidelines for Listed Companies.

Internal Control

Effective internal control is the foundation of safe and sound banking. It reduces the possibility of significant errors and irregularities and assists in their timely detection when they occur. A properly designed and consistently enforced system of operational and financial internal controls helps the Bank's Board of Directors and the Management safeguard the Bank's resources, produce reliable financial reports and comply with applicable laws and regulations.

The Bank has established an effective internal control system to ensure that the Bank is managed and controlled in a sound and prudent manner. It includes the following critical components:

- Control Environment

  Control environment is the framework under which internal controls are developed, implemented and monitored. It consists of the mechanisms and arrangements that ensure internal and external risks to which the company is exposed are identified, and appropriate and effective internal controls are developed and implemented to manage these risks soundly.

  The control environment emanates from the Board of Directors and reflects Management's commitment to internal controls. In line with this, the Management has ensured the strategic implementation of internal controls that provide for an organizational structure that establishes clear lines of authority and responsibility for monitoring adherence to prescribed policies, effective risk assessment, timely and accurate financial and regulatory reports and adequate procedures to safeguard and manage the Bank's assets.

- Risk Assessment

  Risk assessment is the identification and analysis of relevant inherent and residual risks and the corresponding control mechanisms that can adversely affect the achievement of the Bank's objectives. The assessment helps determine the adequacy and effectiveness of control mechanisms in mitigating risks and the strengths and weaknesses of the risk environment.

  The Corporate Risk Management Services Group (CRISMS) has come up with a Risk Management Manual which provides a detailed discussion on each type of risk including the identification, measurement and management of risks.

  The assessment of control mechanisms in managing inherent and residual risks by the business units is an effective risk engine in the risk management process. By determining and assessing the risks involved in banking operations, the Bank can decide what types of controls are needed and how they should be managed.

- Control Activities

  Control activities refer to the policies and procedures designed to help ensure that all bank personnel are properly guided by the control measures established by the Bank. Control activities are an integral part of the daily activities of the Bank. An effective internal control system requires that appropriate control mechanisms are set up, with control activities defined at every business level. In this regard, the Bank has ensured that control activities, which are directed through policies and procedures, are designed and implemented to address the risks involved in banking operations.

The control activities implemented by the Bank include, but are not limited to, the following:

a. Establishing approvals and authorization for transactions and activities;
b. Reconciliation;
c. Review of operating performance and exception reports;
d. Establishing safeguards or physical controls for use of assets and records;
e. Segregation of duties to reduce a person's opportunity to commit and conceal fraud or errors;
f. Requirement on mandatory leaves;
g. Rotation of duties; and
h. Number control

- Management Reporting System

  Another element in an effective internal control program involves accurate accounting and comprehensive information and communication systems that are relevant to decision-making. These systems not only capture information and generate necessary reports, but also enable all personnel to understand their roles in the overall control system, how their activities relate to others, and their accountability for the activities they conduct.

- Monitoring Activities and Correcting Deficiencies

  Monitoring activities entail assessing the quality of performance over time and making any necessary modifications to correct any deficiencies.

  The overall effectiveness of the Bank's internal controls is monitored on an ongoing basis. In view of changing internal and external conditions, Management continually monitors and evaluates the Bank's internal control system to ensure that these are adequate and continue to function properly. Periodic assessment and evaluation of control mechanisms used in managing risks are conducted by the business units in coordination with internal audit, risk management and other support units. Internal control deficiencies, whether identified by business units, internal audit or other control personnel, are reported in a timely manner to the appropriate management level so that the same can be addressed immediately.

Internal control is the responsibility of all employees of the Bank. Everyone in the organization is responsible in ensuring that the internal control measures being adopted by the organization are properly and strictly enforced and are effectively operational. The channels of communication have ensured that all employees fully understand and adhere to policies and procedures affecting their work, and that other relevant information is properly communicated to the appropriate personnel. Likewise, the Bank's internal audit, risk management unit and external audit provide an objective, independent review of bank activities, internal controls and management information systems to help the Board of Directors and the Management monitor and evaluate internal control adequacy and effectiveness.

POLICIES

Policy on Related Party Transactions

Under the said Policy, transactions directly or indirectly involving a related party, where the amount involved is at least Php 1Million, is a reportable related party transaction. The Bank adopted an expanded definition of related parties to include not only directors, officers, stockholders and related interests (DOSRI) as defined under the General Banking Law and related issuances and related parties as defined under International Accounting Standards 24 (IAS 24), but also second degree relatives by consanguinity or affinity of directors, officers, or stockholders. The expanded definition also includes advisory board members and consultants of the Bank, and directors and key officers of subsidiaries and affiliates of the Bank, among others.

Related parties, through the account officers, are required to notify the Related Party Transactions (RPT) Committee of any potential related party transaction as soon as they become aware of it. If a transaction is determined to be a Related Party Transaction, such transaction, including all of the relevant details regarding such transaction, shall be submitted for analysis and evaluation to the RPT Committee to determine whether or not the Related Party Transaction is on terms no less favorable to the Bank than terms available to any unconnected third party under the same or similar circumstances. The RPT Committee is a board committee composed of at least three (3) members of the Board of Directors, including the chairman who is an independent director and who is not a member of the Audit Committee.

The transaction shall thereafter be 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.

Mergers and acquisitions, divestitures and transactions of a similar nature which are not in the normal course of business as may be determined by the RPT Committee and where the amount involved is at least one percent (1%) of the unimpaired capital of the Bank, which are presented to the Board for approval, shall be accompanied by a fairness opinion issued by an independent adviser as well as other reports as the RPT Committee may deem necessary.

Pursuant to BSP Circular No. 749 as amended and the Bank's Corporate Governance Manual, the Bank's stockholders confirmed by majority vote, in the last annual stockholders' meeting, the bank's significant transactions with its DOSRI and other related parties. Review of related party transactions is part of compliance testing of the Compliance Office as well as audit work program of the Internal Audit Group.

Details of the Bank's major related party transactions in 2014 are described below:

- The Group's significant transactions with its related parties as of end December 2014 include loans and receivables and deposit liabilities. Total amount of loans outstanding was at P5,412 and deposit liabilities was at P5,462 as of end December 2014, where related parties are defined according to PAS 24. (Notes 28.1 and 28.2, Notes to Financial Statements)

  The total amount of DOSRI loans was at P5,412 as of end December 2014. (Note 28.1, Notes to Financial Statements)

- RCBC and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RCBC Realty Corporation (RCBC Realty). Related rental expense are included as part of Occupancy and Equipment-related account in the statement of income. RCBC's lease contract with RCBC Realty is until December 31, 2015. (Note 28.5, Notes to Financial Statements)

- The Bank's and certain subsidiaries' retirement funds covered under their defined post-employment benefit plan for qualified employees are administered by the Bank's and RSB's Trust Department in accordance with their respective trust agreements. The Group's retirement fund has transactions directly and indirectly with the Group and the Bank which consist of investment in common shares of the Bank, other securities and debt instruments, trading gain and dividend income. The retirement fund neither provides any guarantee or surety for any obligation of the Group nor its investments in its own shares of stock covered by any restriction and liens. (Note 28.4, Notes to Financial Statements)

Transactions which are considered to have no material impact on the financial statements as the amounts paid represent less than five percent (5%) of total assets:

- The Bank entered into a Memorandum of Agreement with HI, a member of the YGC, for the procurement of outsourcing services. Under the agreement, HI is the Bank's sole representative in negotiating the terms of the contracts with selected suppliers or service providers for the procurement of certain outsourcing services, primarily IT related services. The agreement stipulated that HI would not charge fees for its service except for its share in the savings generated from suppliers and service providers. Moreover, HI is obligated to ensure that the contracts they initiate do not prejudice the Bank in any way and that the Bank does not pay more than the cost of buying the items without aggregation.

- The law firm of Angara Abello Concepcion Regala & Cruz (ACCRA) Law Office is among the firms engaged by the Bank to render legal services. Atty. Teodoro Dy-Liaco Regala, Director, is a Senior Partner of ACCRA Law Office. During the year, the Company paid ACCRA legal fees that the Company believes to be reasonable for the services provided.

Transactions with subsidiaries which are eliminated in the consolidated financial statements are as follows:

- The Bank has service agreements with RCBC Savings Bank (RSB) and Bankard Inc. (now RCBC Bankard Services Corporation) for the in-sourced internal audit services. The Bank provides full-scope audit services to RSB and limited audit services to Bankard Inc., specifically IT audit, operations audit and financial statements review. Also, the Bank has formalized the service agreements for the internal audit services being provided to subsidiaries namely: RCBC Capital Corp., RCBC Securities, Inc., RCBC Forex Brokers Corp., Merchant Savings and Loan Association, Inc. (Rizal Microbank), RCBC Leasing and Finance Corporation and Niyog Property Holdings, Inc.

The Bank's other transactions with affiliates include service agreements, leasing office premises to subsidiaries which is eliminated during consolidation, and regular banking transactions (including purchases and sales of trading account securities, securing insurance coverage on loans and property risks and intercompany advances), all of which are at arms' length and conducted in the ordinary course of business.

Code of Conduct

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

Anti-Corruption Policy

Under Part D of the Code of Conduct on Conflict of Interests, to avoid conflict of interest, employees are to conduct business transactions for the Bank in accordance with Bank policy and avoid direct or indirect use of the Bank's goodwill, reputation, funds and property or other resources for personal gain. This involves, among other things, accepting gifts, entertainment or favors from customers or suppliers; outside employment; outside directorship; and receiving commissions or benefits from customers or suppliers.

Gifts and Entertainment. The Bank does not allow solicitation of gifts, directly or indirectly, from customers or suppliers. Under no circumstance do employees accept, directly or indirectly, payments, loans, kickbacks, special privileges or services in exchange for favors.

Favors. The Bank does not buy business. This is obtained on the merits of the Bank's products, services and people. It does not bend rules nor offer money, illegal or inappropriate favors of unusual value to obtain or retain business. In this regard, any and all significant donations or contributions to or through a customer for whatever purpose using Bank property or funds should be with the prior authorization of the concerned Group Head. Should said donation or contribution be through the purchase of a raffle or lottery ticket, any prize or winnings therefrom, regardless of whether the ticket is in the employee's possession or in the employee's name, must be turned over to the Bank.

Receiving Commissions or Benefits. Employees must avoid situations which may unduly influence the relationships with customers or suppliers in a position to transact business with the Bank. Employees must make sure that the procedures laid down in providing customer services or in purchasing goods and services are strictly followed. Employees who have a direct hand in choosing companies from which purchases of the Bank's business requirements are to be made, are discouraged to use said authority to obtain commissions or leverage to purchase the same item/s for personal interests at terms not otherwise available to his/her colleagues or the public. Suppliers and customers are chosen based on merit and not on what can be gained from them.

The Code of Conduct is a main topic included in the Bank's Employee Orientation Program which is held on a regular basis.

The Code of Discipline provides for penalties for violations of the Code of Conduct. Administrative cases are handled in accordance with the Bank's Administrative Cases Procedure and existing laws. The Personnel Evaluation and Review Committee, as mentioned, acts 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 and ensures 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.

Use of Inside Information

There are laws that prohibit the use of inside information when buying, selling or trading publicly traded securities, including RCBC securities. Inside information can take many forms, but always includes information which is not available to the public and which might influence an investor's decision to buy, sell or hold securities in a company.

Under the Code of Conduct, employees are prohibited from buying, selling or trading RCBC securities or the securities of other companies about which employees have inside information, until that information becomes public. In addition, this information should not be shared with anyone else, including family members or friends or anyone about trading in any securities based on this information.

Open Communication Policy

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.

All employees, regardless of position or rank, who are witnesses to anomalies in the workplace are obliged to speak up and report the same personally or in writing to his/her unit head or any of the following officers, verbally or in writing:

- The Internal Audit Division Head
- The Human Resources Group Head
- The Legal & Regulatory Affairs Group Head
- The Compliance Officer,
- The Bank Security Officer

The above officers are duty-bound to:

(a) Acknowledge receipt of the report and to communicate to the reporting employee the status of the complaint and manner by which the concern is being handled;

(b) Oversee the implementation of this policy; and

(c) Utilize the resources of the Internal Audit Division, the Human Resources Group and the Legal & Regulatory Affairs Group in investigating the veracity of the reports, conducting administrative investigations and filing and prosecuting the necessary criminal and/or civil cases in relation thereto.

All disclosures received by any of the above authorized persons shall be treated with confidentiality. In any case, the identity of the informant will not be revealed without his/her prior conforme. All informants shall be protected by the Bank from harassment, reprisal and/or retaliation.

If the informant is somehow involved in the anomaly, s(he) will be exempt from administrative sanctions and/or criminal prosecution, if and when all of the following conditions concur:

(a) The report was made voluntarily and in good faith;
(b) There is absolute necessity for the testimony of the informant in order for the Bank to build an administrative/criminal case;
(c) There is no other direct evidence available for the proper prosecution of the anomaly committed;
(d) The testimony or information can be substantially corroborated in its material points;
(e) The informant does not appear to be the most guilty; and
(f) The informant actively cooperates and assists in the prosecution of the accused or perpetrator of the anomaly/irregularity.

Exemption from administrative sanction and/or criminal prosecution shall be upon the recommendation of the Investigative Committee and final approval of the Personnel Evaluation & Review Committee (PERC).

If an employee makes an allegation in good faith and said allegation is not confirmed by subsequent investigation, no action shall be taken against that employee. If the allegation is, however, proven to be malicious or vexatious, the same may be considered a form of misconduct depending on the circumstances of the case.

Any act of retaliation, reprisal or harassment against informant-employees in relation to their act of reporting anomalies is tantamount to grave misconduct – a gross/terminable offense.

Any act of misrepresentation, forgery or deceit that an employee may initiate in order to intentionally harm a co-employee constitutes dishonesty and grave misconduct, which are grounds for termination of employment.

Dividend Policy

Article XI, Section 1 of the By-Laws of the Bank, provides that dividends shall be declared and paid out of the surplus profits of the Bank as often and at such times as the Board of Directors may determine after making provisions for the necessary reserves in accordance with law and the regulations of the Central Bank of the Philippines.

As a policy, management shall determine the amount of dividends to be declared and present the recommendation for the declaration of the same to the Board of Directors for approval. If it has stipulated dividend payment obligations, the Bank shall declare dividends in accordance with its commitment.

The Bank ensures compliance with pre-requisites set by the BSP for the declaration of dividends.

The net amount available for dividends is also in accordance with the formula provided under § X136.3 of the BSP's Manual of Regulations for Banks, as follows:

Amount of unrestricted or free earned surplus and undivided profits less:

a. Bad debts against which valuation reserves are not required by the BSP to be set up;
b. Unbooked valuation reserves, and other unbooked capital adjustments required by the BSP, whether or not allowed to be set up on a staggered basis;
c. Deferred income tax;
d. Accumulated profits not yet received but already recorded by a bank representing its share in profits of its subsidiaries under the equity method of accounting;
e. Accrued interest as required to be excluded pursuant to Item "d" of Subsec. X305.4, net of booked valuation reserves on accrued interest receivable or allowance for uncollectible interest on loans; and
f. Foreign exchange profit arising from revaluation of foreign exchange denominated accounts.

For purposes of the subsection, any balance of Paid-in Surplus account may be included in the amount available for stock dividends.

The details of the 2014 cash dividend distributions are as follows:

Date Declared	Dividend		Date Approved	Date Paid / Payable	Nature of Securities
	Per Share	Total Amount (in Thousand Php)			
January 27, 2014	P 0.05615	P 19	February 25, 2014	March 27, 2014	Preferred Stock
March 31, 2014	P 1.00	1,275,659	May 23, 2014	June 16, 2014	Common Stock
March 31, 2014	P 1.00	342	May 23, 2014	June 16, 2014	Preferred Stock
April 28, 2014	P 0.05700	19	July 25, 2014	July 30, 2014	Preferred Stock
July 28, 2014	P 0.05364	19	September 15, 2014	October 10, 2014	Preferred Stock
October 27, 2014	P 0.05640	19	December 19, 2014	January 28, 2015	Preferred Stock
October 27, 2014	*	221,570	March 20, 2015	April 27, 2015	Hybrid Tier 1
October 27, 2014	*	221,570	Pending	October 2015	Hybrid Tier 1

STAKEHOLDERS

Creditors' Rights

It is the policy of the Bank to conduct its business in an efficient and fair manner in order for it to meet its contractual obligations to its depositors, subordinated debt noteholders, and service providers. In the event of any liquidation or bankruptcy proceeding, such creditors have preference over the assets of the Bank in accordance with Philippine laws on preference of credits.

As a listed company, the Bank discloses, either through its website or the required stock exchanges, the relevant terms and conditions of their investment and fund-raising activities.

Supplier/Contractor Selection and Criteria

The Bank has a board-approved Policy on Outsourcing in accordance with BSP Circular No. 765 re: *"Revised Outsourcing Framework for Banks."* The Bank's policy provides for guidelines, processes, and controls in managing outsourcing risks. The Bank is required under the policy and in accordance with the BSP Circular to conduct due diligence on service providers to ensure their integrity, technical expertise, operational capability, financial capacity, and suitability to perform the outsourced activity.

In certain cases as permitted by law and regulations, the supplier/contractor selection process is being handled by House of Investments, Inc., an affiliate of the Bank.

There are Procurement Shared Polices (PSS), Supplier Management, Choosing A Supplier and Code of Ethics for Suppliers policies.

Suppliers are evaluated based on compliance with user requirements, quality, performance record in the industry, technical competence, customer service, design, delivery, dependability. Accreditation of new suppliers is based on recommendations of procurement heads or officers and is evaluated and approved by the PSS Manager and General Manager. Accredited suppliers are likewise subject to performance evaluation.

Environmentally-friendly Value Chain

The Bank has a Policy on Social and Environmental Management System. The Policy applies to borrowers of the Bank whose business operations/projects have environmental impact and risks that should be managed in an on-going basis in relation to the environmental and social concerns of the Bank. In addition to the regular credit evaluation process, review/evaluation of all credit application/proposal for project/s for financing shall also consider social & environmental requirements such as the International Finance Corporation (IFC) Exclusion List, applicable national laws on environment, health, safety and social issues and any standards established therein and IFC Performance Standards. Environmental risk categories are assigned and credit approval obtained in accordance with requirements depending on the risk category. Environmental covenants are incorporated in the Loan/Credit Agreement, and periodically evaluated and monitored.

REMUNERATION POLICY AND STRUCTURE

The primary objective of the Bank's remuneration policy is the development of a remuneration structure that is consistent with the culture, strategy and control environment of the Bank.

Board of Directors

Remuneration of directors is commensurate with their contributions and scope of their responsibilities.

Executive directors do not receive any per diem for attendance in board and board committee meetings. They are entitled to remuneration and benefits by virtue of their being officers of the Bank.

Non-executive directors are entitled to reasonable per diem for attendance in board and board committee meetings. Non-executive directors receive a per diem of Php 30,00.00 for attendance in board meetings. The Audit and Risk Oversight Committee Chairmen receive Php 15,000.00 while Audit and Risk Oversight Committee members receive Php 10,000.00 per diem for attendance in Audit and Risk Oversight Committee meetings, respectively. Per diem in other board committees is at no greater than Php 10,000.00 for the chairman and Php 6,000.00 for members.

The members of the Board of Directors, the Advisory Board, the Executive Committee and the Officers of the Bank are entitled to profit sharing bonus in accordance with the By-Laws of the Bank.

Aggregate remuneration of executive, non-executive, and independent directors, accrued for 2014 is as follows:

Remuneration Item	2014
(a) Per diem Allowance	Php 6,837,000.00 (This is the aggregate amount for NED's, including ID's, and Advisory Board Members, Board Committee Members. Executive Directors do not receive per diem allowance.)
(b) Directors' Bonuses	Php 19,052,795.01 (Directors' bonuses are given to executive, non-executive and independent directors based on the formula provided for in the Bank's By-Laws.)
Total	**Php 25,889,795.01**

Long-Term Bonus Plan for Key Employees and Material Risk Takers

The Bank has set a performance period of 5 years in establishing a long-term bonus plan for key employees and material risk takers as this is seen as necessary to ensure that they do not take a short-sighted view and will be driven to work for the long-term financial success of the organization. The performance-driven approach aligns the interests of key employees with the shareholders' interests and links the long-term bonus plan to the achievement of business and performance objectives for key employees deemed to have a major influence on the long-term performance of the Bank and to the market value of the shares of the Bank. In determining the bonus pool, consideration is given to the Bank's financial performance, market benchmarks and market conditions, as well as to individual performance of the employees. Consideration is given to audit findings and a general evaluation of the risks taken.

The right long-term bonus plan for an organization is one that meets the following objectives:

1. Alignment with shareholder interests. The long-term bonus plan must be one that drives high performance and contributes to overall business goals, including sustainable long-term growth, thereby increasing shareholder value.

2. Key employees' retention. It must attract, retain and reward the key employees that are able to successfully execute the organization's strategic objectives.

3. Alignment of the bonus plan with prudent risk-taking. The bonus plan must be one that is designed to provide incentives to build sustainable sources of income and enterprise value. Long term bonuses awarded are earned over a 5 year period and are directly correlated to changes in profitability and enterprise value.

The aggregate compensation paid or accrued to the Bank's Chief Executive Officer and four other most highly compensated executive officers follows (in thousand pesos). This is likewise disclosed in the SEC 17-A report.

Names	Principal Position	Year	Aggregate Compensation (net of bonuses)	Bonuses
Lorenzo V. Tan	President & Chief Executive Officer	2014		
Redentor C. Bancod	Senior Executive Vice President			
Jose Emmanuel U. Hilado	Senior Executive Vice President			
John Thomas G. Deveras	Executive Vice President			
Michael O. De Jesus	Executive Vice President			
			39,802	101,247

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. 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 January 2015.

Structure

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. In December 2013, the Foreign Account Tax Compliance Act (FATCA) Compliance Department was created, also under the direct control and supervision of the Compliance Officer. Under these departments are a CG Lawyer, an AML Lawyer, AML Specialists, Compliance Specialists and FATCA Specialists. Likewise, the designated Deputy Compliance Officer (DCO) from each unit/department/division is responsible for the actual implementation of applicable regulatory issuances and the submission of compliance certifications to the Compliance Office. The Compliance Officer reports directly to the Audit Committee.

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, RCBC Securities, Inc., RCBC Forex Brokers 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., 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 2014, the Board approved the revised Policy on Related Party Transactions (RPT) and the establishment of the RPT Committee to ensure more effective monitoring and reporting of related party transactions. Under the revised Policy, review of RPT's to ensure compliance with regulatory requirements and internal policies became part of the compliance testing program. Under the RPT Committee Charter, the Corporate Governance Department was tasked to perform secretarial functions of the Committee.

Training

The Compliance Office promotes compliance awareness and proactive regulatory compliance among officers and staff through dissemination of regulatory issuances, regular monitoring, compliance-testing, monthly DCO meetings and conducting seminars. It maintains a clear and open communication process within the Bank to provide Bank personnel with a well-defined understanding of banking laws, rules & regulations, as well as the risks and effects of non-compliance.

The Compliance Office conducts a Comprehensive Compliance Training for various units of the Bank. The lecture provided each participant with information on regulatory and compliance awareness as well as operational guidance on the use of the new AMLA monitoring system. The lecture sessions covers topics on Compliance Program, Corporate Governance, Legal Aspects of Banking Transactions, AMLA and FATCA conducted by speaker-facilitators from the Testing and Monitoring Department, Corporate Governance Department, Legal Operations Department, FATCA Compliance Department and AML Department, respectively. The seminar series also provides an opportunity for Bank associates to raise questions and/or clarifications on the topics discussed. For the year 2013, Comprehensive Compliance Training was conducted for associates of the Retail Banking Group. For 2014, the training program was incorporated into the Branch Re-orientation Program of the Retail Banking Group. Separate training was given to associates of the corporate banking groups and Wealth Management Segment. The Comprehensive Compliance Training is on-going with the intention of reaching associates across different units in Luzon, Visayas, and Mindanao.

AMLA

The Bank has existing and updated policies in compliance with the Anti-Money Laundering Act (AMLA) or Republic Act (RA) No. 9160 enacted in September 2001 and amended by RA Nos. 9194, RA No. 10167, and RA No. 10365 in March 2003, June 2012 and February 2013, respectively.

In accordance with the mandate of BSP Circular No. 706 dated January 5, 2011 entitled "Updated Anti-Money Laundering (AML) Rules and Regulations," the Compliance Office, annually updates its Money Laundering and Terrorist Financing Prevention Program (MLPP) to enhance its risk-based approach in preventing the Bank from being used, intentionally or unintentionally, for money laundering and terrorist financing activities. The current MLPP was approved by the Board of Directors on November 24, 2014 and implemented bankwide. The approved MLPP is likewise disseminated to all offices and subsidiaries within and outside the Philippines for their guidance and/or adoption of applicable provisions.

The Bank launched the Base60 AML Monitoring System (Base60) in July 2014 to replace its previously homegrown AML Integrated Monitoring System (AMLIMS). The Base60 monitors all financial transactions in the Bank to facilitate the detection of money laundering and terrorist financing schemes. It is capable of aggregating all customer accounts as well as generating various reports for the use of the AML Department (AMLD) in monitoring and ensuring compliance of the units with the reportorial requirements of the Anti-Money Laundering Council (AMLC).

FATCA Compliance

In 2012, the Bank created the FATCA Project Implementation Team to spearhead the Bank's implementation of FATCA, while the FATCA Compliance Department under the Compliance Office was created in 2014 in order to support the FATCA project and ensure continuity of FATCA compliance.

FATCA is a US tax law enacted on March 18, 2010 that seeks to deter US taxpayers from avoiding US tax on their income through reporting by non-US financial institutions, like the RCBC, of certain information to the U.S. Internal Revenue Service (IRS).

In February 2014, the FATCA Compliance Department registered the Bank with the US IRS as a Participating Foreign Financial Institution (PFFI). Together with the FATCA Project Team, it then conducted the necessary due diligence for both pre-existing and new clients in order to obtain their FATCA status and other required information. Simultaneously, the Bank's forms and procedures for onboarding of new clients have been rationalized for FATCA compliance. This required an enhancement of the Bank's IT system enabling the Bank to capture the required FATCA information and documents from new clients beginning 01 July 2014.

In order to prepare the Bank for FATCA, the FATCA Project Team prepared and released FATCA e-learning modules 1 & 2 in 2013, which were required to be taken online by all of the Bank's associates. In 2014, the FATCA Project Team released FATCA e-learning module 3 specifically for front line bank personnel for client onboarding. In addition, the FATCA Project Team and the FATCA Compliance Department prepared other instructional materials such as the FATCA FAQs, FATCA Questions & Answers (questions from clients and the Bank's units and subsidiaries) and assisted in the issuance of the corresponding internal circulars for FATCA implementation. FATCA was also incorporated as a lecture subject in the various training programs of the Bank. Prior to the bank-wide FATCA implementation, the FATCA Compliance Department conducted various lectures and trainings for the Bank units including the business centers, Treasury, Trust, Wealth Management, Telemoney, and Compliance Office.

The FATCA Compliance Department has and continues to render various opinions, answers and gives frequent assistance to the various Bank units regarding client concerns and FATCA implementation.

SHAREHOLDERS' RIGHTS

The Bank respects the rights of the stockholders as provided for in the Corporation Code; namely:

1. Right to vote on all matters that require their consent or approval;
2. Right to inspect the books and records of the Bank;
3. Right to information;
4. Right to dividends; and
5. Appraisal right.

Right to Nominate Candidates for Board of Directors

The By-Laws of the Bank allows to all shareholders, including minority stockholders, the right to nominate candidates for the Board of Directors.

Conduct of Shareholders' Meeting

Stockholders are encouraged to personally attend shareholders' meetings. In case the stockholders cannot attend the annual and special stockholders' meetings, they are apprised ahead of time of their right to appoint a proxy. Accurate and timely information is made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Stockholders are allowed to pose questions and/or raise matters in person during the meeting and are addressed by the Chairperson, members of the Board and/or management.

Details of attendance of shareholders, results of voting by poll, and the questions and answers during the 2014 shareholders' meeting are disclosed in the Annual Corporate Governance Report.

In the interest of further ensuring effective shareholder participation, for the 2015 Annual Stockholders' Meeting, the Bank will appoint an independent party to count and/or validate the votes at the meeting. The proper and timely disclosures will be made in relation to the forthcoming 2015 ASM.

TRANSPARENCY/COMMITMENT TO DISCLOSE MATERIAL INFORMATION

The Board commits at all times to fully disclose material information dealings and ensures the timely filing of all required information for the interest of the stakeholders. Reports or disclosures are submitted to its regulators as well as posted in the Bank's website. Moreover, Investor Relations and Corporate Governance pages are found in the Bank's website in furtherance of the Board's commitment to transparency, accountability and fairness.

Financial information and all other material information about the Bank, i.e., any matter that could adversely affect share price, are publicly disclosed. Such information and/or transactions include, among others, earnings results, acquisition or disposal of significant assets, related party transactions, board membership changes, shareholdings of directors and officers and any changes thereto, and such material events or information which are required to be disclosed pursuant to the SRC and its Implementing Rules and Regulations.

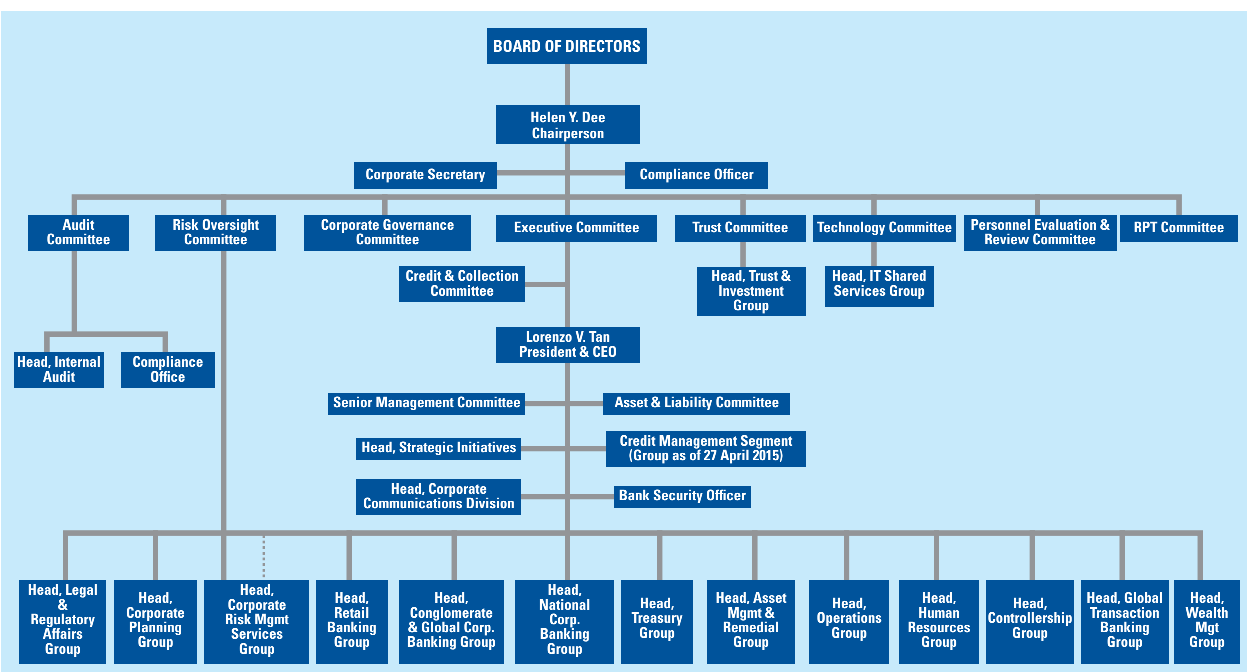
Other information that is always disclosed includes remuneration (stock options) of all directors and senior management, corporate strategy and off balance sheet transactions.

AWARDS AND RECOGNITIONS

- **Most Promising Company in Corporate Governance – 9th and 10th Corporate Governance Asia Recognition Awards, Corporate Governance Asia**
- **Asian Company Secretary of the Year, 2nd Asian Company Secretary Awards, Corporate Governance Asia**
- **Best in CSR and Best in Investor Relations-5th Asian Excellence Recognition Awards, Corporate Governance Asia**
- **Finalist, 2013 PSE Bell Awards for Corporate Governance**

RCBC TABLE OF ORGANIZATION

At the helm of the Corporate Governance Framework of the Bank are the Board of Directors, the Board Committees and Senior Management, shown in the table below:



CONGLOMERATE STRUCTURE

As the Board of the Bank which is the parent company of the RCBC group as well as a member of the Pan Malayan Management and Investment Corporation (PMMIC)/ Yuchengco Group of Companies (YGC) conglomerate, the Board likewise ensures compliance with corporate governance policies, practices and requirements under existing regulations.

Following is the PMMIC/YGC Conglomerate:

PAN MALAYAN MANAGEMENT AND INVESTMENT CORPORATION				
MICO Equities, Inc. (77.19%) • Malayan Insurance Company, Inc. (80%)	**GPL Holdings, Inc. (60.313%)** • Sun Life Grepa Financial, Inc. (51%)	**House of Investments, Inc. (47.84%)** • EEI Corporation (44.32%) • iPeople, Inc. (67.02%) • Malayan Colleges, Inc. (Mapua Institute of Technology) (93%) • PetroEnergy Resources Corporation (22.41%)	**Rizal Commercial Banking Corporation (45.20%; 41.45% as of 30 April 2015, post placement)**	**Seafront Resources Corporation (18.69%)**

Following is the RCBC Group Structure:

DOMESTIC SUBSIDIARIES AND AFFILIATES										INTERNATIONAL SUBSIDIARIES		
RCBC Savings Bank (100%)	**RCBC Capital Corporation (99.96%)** • RCBC Securities, Inc. (100%) • RCBC Bankard Services Corporation (100%)	**Merchant Savings and Loan Association, Inc. / Rizal Microbank (97.47%)**	**RCBC Leasing and Finance Corporation (62.26% pending CAR* for 35.01% PMMIC shares to RCBC)** • RCBC Rental Corporation (100%)	**RCBC Forex Brokers Corp. (100%)**	**Niyog Property Holdings, Inc. (48.11% RCBC, 51.89% RSB)**	**RCBC JPL Holding Company, Inc. (99.39%)**	**YGC Corporate Services, Inc. (44.98%)**	**Isuzu Philippines, Corporation (15%)**	**Honda Cars, Phils. (12.88%)**	**RCBC Telemoney Europe (100%)**	**RCBC North America (83.97% RCBC, 16.03% RCBC IFL)** *operational until March 2014	**RCBC International Finance Limited (100%)** • RCBC Investments, Inc. (100%)

*Certificate Authorizing Registration

NURTURING OLD AND BREAKING NEW GROUNDS

We continue to make our mark in the markets we operate in, create for you new opportunities, and dare to bring more into the fold.

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.

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 indicators 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 efficiency, 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.

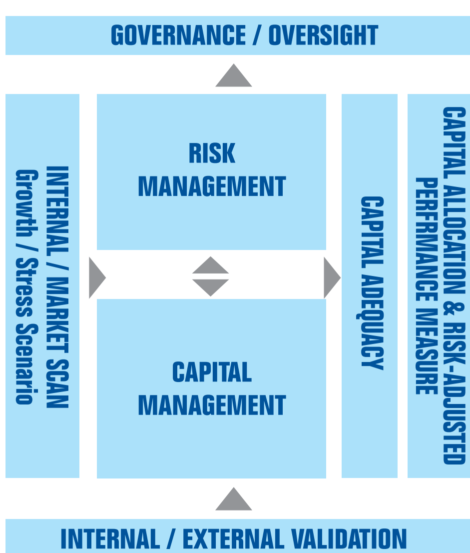


Figure 1. Risk and Capital Management Framework

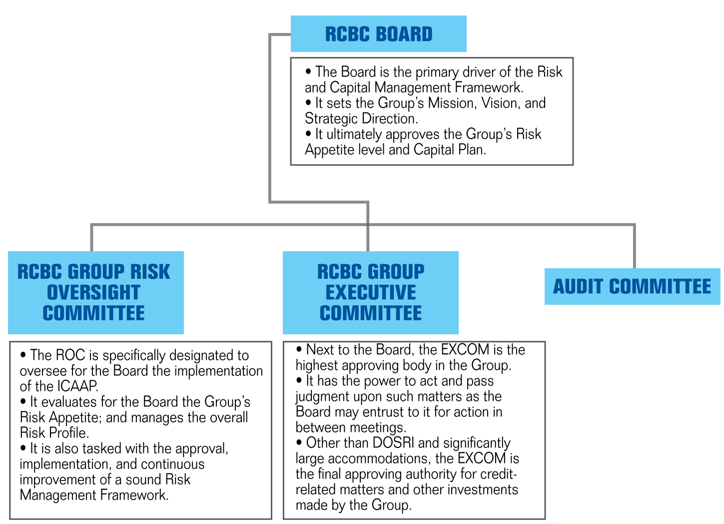


Figure 2. Board Oversight Committees

To further its efforts at improving corporate governance, the Board in 2014 constituted the Related Party (RPT) Committee, a new committee which meets monthly and as necessary, to review RPT's to determine whether or not a transaction is on terms no less favourable to the Group than terms available to any unconnected third party under the same or similar circumstances. The RPT Committee also acts as a layer for mitigating against risk arising from the Group's current and potential exposure to the other members of the Yuchengco Group of Companies.

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.

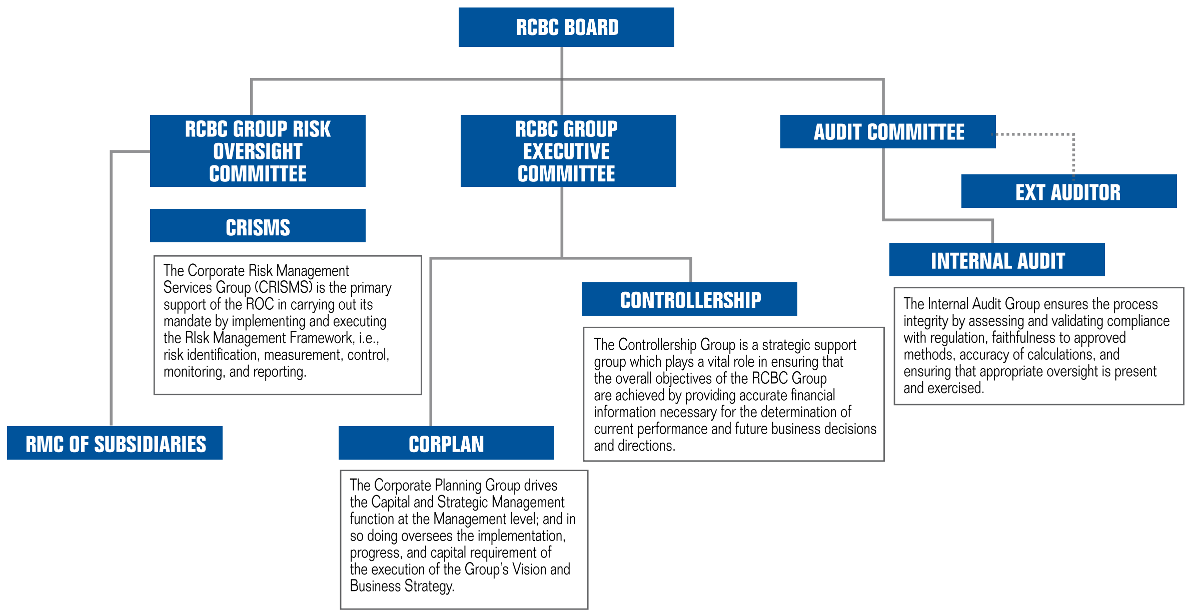


Figure 3. Management and Line Functions

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), headed by the Chief Risk Officer (CRO) as provided for by the Manual of Regulations for Banks (MORB) Sec X174. CRISMS' risk management function refers to all activities of identifying, assessing and/or measuring, controlling and monitoring all types of risk the Group is exposed to. The CRO is therefore tasked with the responsibility that CRISMS is able to effectively execute its risk management function.

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. A quantitative risk unit exists to address the quantitative nature of risk management and to assist in the building of models and other risk metrics.

The Risk function however has undergone changes over the past year. Figure 4 illustrates the organizational structure of CRISMS as of the end of 2014.

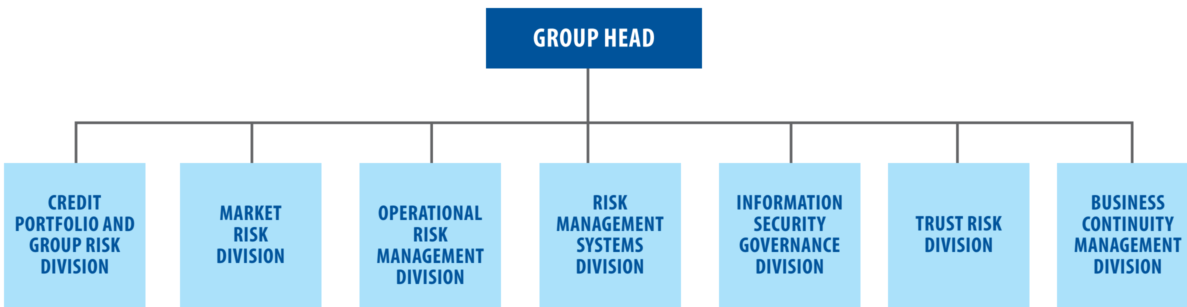


Figure 4. The Corporate Risk Management Services Group

Credit Management Segment

The Credit Management Segment (CMS) in 2014 was spun-off from CRISMS, a decision that allows more risk focus on the operational and front end aspect of the credit cycle. CMS reports administratively to the President/ CEO; but remains functionally reporting to the ROC as a vital part of the Group's risk function. Figure 5 illustrates the new organizational structure of CMS.

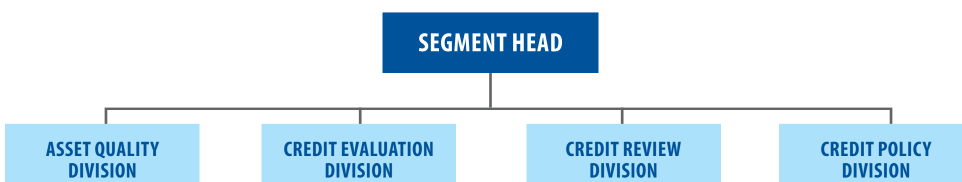


Figure 5. Credit Management Segment

Credit Portfolio and Group Risk Division

The Credit Portfolio and Group Risk Division (CGRD) is a division within CRISMS responsible for the Internal Capital Adequacy Assessment Process (ICAAP), Basel compliance, and credit risk analytics. Said division also now includes the credit portfolio risk function, previously loan portfolio monitoring under CMS.

Market and Liquidity Risk Division

The Market and Liquidity Risk Division (MRD) is primarily tasked with the development and implementation of market and liquidity risk policies and measurement methodologies, recommending and monitoring compliance to risk limits, and reporting the same to the appropriate bodies. It is also the primary unit in the Group responsible for the measurement, monitoring, and reporting of interest rate risk (IRRBB). It regularly reports to the ROC and the Asset & Liability Committee (ALCO) activities relevant to market, liquidity, and interest rate risk management of the Group. Figure 6 illustrates the structure of MRD.

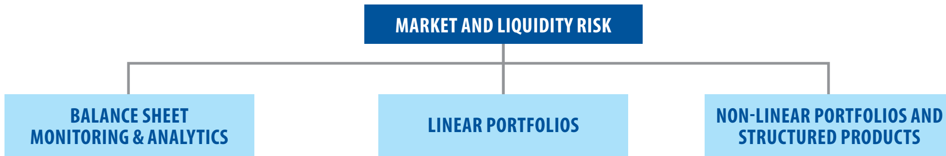


Figure 6. Market and Liquidity Risk Division

Operational Risk Management Division

The Operational Risk Management Department (ORMD) is tasked with the design and implementation of operational risk management (ORM) tools in the group. It is expected to provide a regular and forward-looking analysis of the Group's operational risk profile, and aid in ensuring that risk mitigants are in place.

To facilitate implementation of ORM tools in the various business lines of both the Parent Bank and its subsidiaries, various officers are deputized and serve as embedded Deputy Operational Risk Officers (DORO). A DORO therefore functions as ORMD's liaison to and implementation arm in the various business units. Figure 7 illustrates the structure of ORMD.

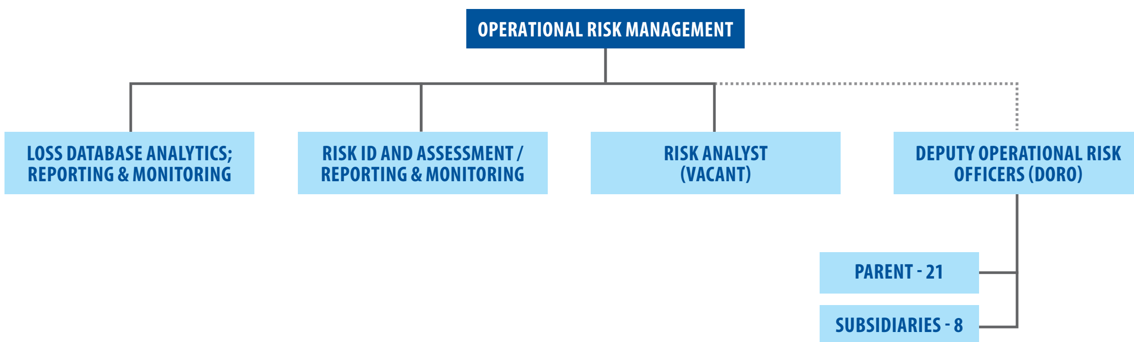


Figure 7. Operational Risk Department

Information Security Governance Division

The Information Security Governance Division (ISGD) was created under a duly designated Chief Information Security Officer (CISO). Said Division is primarily responsible for: i) establishing and maintaining the enterprise vision, strategy and program to ensure information assets and technologies of the RCBC group are adequately protected; and ii) overseeing compliance to information and IT risk as well as information security policies, procedures, and practices.

Risk Management Function in RCBC

Notwithstanding the specific risk management functions of the various units under CRISMS, the Group recognizes that the core banking activity of managing risks is not the sole province of CRISMS. It is rather a function that cuts across the entire organization.

The management of credit risk for instance encompasses the Group's various units involved in the credit or lending cycle spanning origination, evaluation, approval, implementation/account management, and collection/remedial management. Each stage of the cycle is governed by a specific set of policies and procedures.

The same is true with the management of market, liquidity, and interest rate risks. As a general principle, risk-taking units (e.g. Trading, Investment, and Liquidity desks) are themselves risk managers, and are therefore expected to recognize and identify the risks attributed to various traded instruments, investment outlets, and counterparties. Moreover, they are expected to exercise risk control via observance of trading and/or investment rules, and compliance to risk limits set by regulation and those internally approved and set by the Board. Risk control units (e.g. Treasury back office, Settlements) on the other hand are reposed with the responsibility of being the second line of defense.

The management of operational risk too is the responsibility of all Group personnel, with all units of the Group effectively becoming stakeholders in the ORM framework via their respective DOROs. In addition to the ORM tools employed by the Group, operating manuals and policies relating to people, process, and systems management are in place and are supplemented by the Group's risk-based internal audit process.

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 the following policy precepts:

- 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 8.

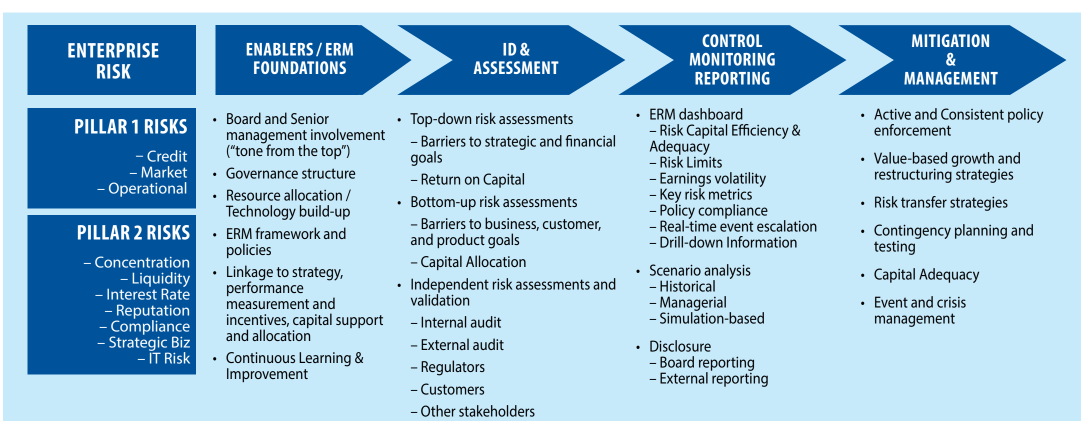


Figure 8. The Risk Management Framework

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 foregoing are generally the steps undertaken by the Group in the conduct of its Internal Capital Adequacy Assessment Process (ICAAP), whereby current and prospective material risks are assessed, and thereafter evaluate the amount of capital needed to support such risks.

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 perception.

Outlined below are the risks that the Group currently assesses to be relevant and the various strategies it employs to manage them.

Credit Risk

It is the risk that a borrower, issuer or counterparty in a transaction may default and cause a potential loss to the Group. It arises from lending, trade finance, treasury, derivatives and other activities undertaken by the Group. As a matter of general strategy, the Group manages this risk through a system of policies, metrics, and authorities that govern the processes and practices of all credit-originating and borrowing relationship management units, as well as other units involved in the credit cycle.

Credit Concentration Risk

It is the current and prospective negative impact to earnings and capital arising from over-exposure to specific industries or borrowers / counterparties. The Group manages this risk via adherence to processes relating to industry and counterparty assessments, observance of regulatory ceilings, and setting of internal limits.

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. The Group's strategy for managing this risk is generally via limiting the maturity mismatch between assets and liabilities, and by holding sufficient liquid assets of appropriate quality and marketability.

Market Risk

It is the risk resulting from adverse movements in the general level of or volatility of market rates or commodity/ equity prices possibly affecting the Group's financial condition. The Group manages this risk via a process of identifying, analyzing, measuring and controlling relevant market risk factors, and establishing appropriate limits for the various exposures.

Interest Rate Risk in the Banking Book

It is the current and prospective negative impact to earnings and capital arising from movements or shifts in interest rates. The risk becomes inherent in the current and prospective interest gapping of the Group's balance sheet. The Group follows a set of policies on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

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 to unexpected loss. The Group manages this risk via a Framework involving various tools that promote a strong control environment, escalation, monitoring and reporting of risk events, and adequate mitigation of assessed risks.

Reputation Risk

It is the current and prospective adverse impact to earnings and capital arising from negative public opinion. The Group manages this risk primarily via processes observed and activities performed by a designated body tasked with ensuring a healthy public image of the Group.

Compliance and Regulatory Risk

It is the current and prospective negative impact to earnings and capital arising from violation of laws, regulations, ethical standards, and the like. The Group has a Compliance office and a designated Compliance Officer charged with overseeing the implementation of an approved Compliance Program, including anti-money laundering processes and controls.

Strategic Business Risk

It is the downside potential arising from adverse business decisions, improper implementation of decisions, and lack of responsiveness to industry changes. The Group's strategy in managing this risk is to embed the same in the various business functions as espoused in its strategic and business planning processes.

IT Risk

It is the current and prospective negative impact to earnings arising from failure of IT systems, including information security. The Group's strategy in managing this risk is embodied in a comprehensive information technology security policy that encompasses IT risk assessment, vulnerability testing, monitoring, controls, and mitigation.

The foregoing risks notwithstanding, the Group maintains that the assessment of materiality is an evolving process. Any significant change in either the actual risk profile, or the perception of threats, therefore triggers a corresponding action in terms of the management of such threats, and the assessment as to whether the Group is in a position to continue to be exposed to the same.

Risk Appetite

The Group has an established overall Risk Appetite statement in the form of a matrix that articulates the level of risk that it is willing to accept in pursuit of a certain level of return.

RISK APPETITE PARAMETER	RISK APPETITE THRESHOLDS
Earnings Volatility	Maximum deviation of annualized net income vs. target
Regulatory and Credit Standing	Minimum CAMELS and external rating
Capital Adequacy	Minimum CET1 (Basel III) and Total Capital Adequacy Ratios
Trading Risk	Acceptable Trading Book VaR
Balance Sheet Risk	Maximum percentage of Capital at risk
Liquidity Risk	Maximum tolerable outflows; LCR / NSFR (Basel III)
Asset Quality	Maximum NPL & NPA ratios
Zero-tolerance risks	Zero incidences of specific risk events

The ROC regularly monitors the Group's adherence to the thresholds set for each of the abovementioned parameters, with results likewise communicated to the Board.

Risk Assessment

The assessment of Pillar 1 (Credit, Market, Operational) risks is through proper risk measurement tools and methodology aligned with best practices and acceptable per regulatory standards. Minimum approaches are as prescribed under relevant BSP Circulars, with the objective of building on these regulatory prescriptions towards better internal models. 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.

Figure 9 provides a summary of the Group's risk assessment methodologies.

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 – DV01 – Back-testing – Stress testing • Derivatives – VaR – DV01 – 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 9. Risk Assessment Methodologies

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. Figure 10 summarizes the key risk controls and limits employed by the Group.

PROCESS	ENTERPRISE	CREDIT	MARKET	OPERATION	PILLAR 2
Risk Control	Risk and Performance Limits	Industry Exposure Limits (group-wide and CBG-bank proper) Country Exposure Limits Regulatory SBL Internal group and individual SBL (lower than regulatory) Individual Exposure limits based on financial / credit evaluation	Position Limits VaR Limits DV01 Limits Loss Limits Mgt Action Triggers Counterparty Limits Off-market rate Limits	Embedded in processes Other means to control ops risk: -Insurance -Outsourcing	**Credit Concentration:** Industry and borrower limits **IRRBB:** IR gap limits Net Interest Income-at-Risk Limit Capital-at-risk Limit **Liquidity:** MCO Limit **Compliance:** "zero penalties" per general policy **Reputation:** Indirectly via the control of other risks

Figure 10. Risk Controls and Limits

Risk Monitoring and Reporting

The Group monitors risk levels for all identified and emerging risks 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 11 illustrates the monitoring and reporting framework employed by the Group.

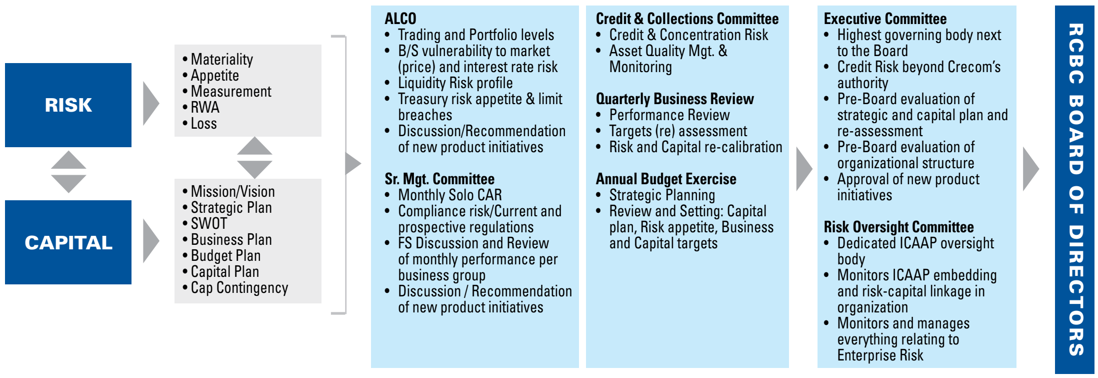


Figure 11. Risk Reporting Framework

Risk Mitigation

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.

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 trading securities. The Group also 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.

The standards of acceptability, valuation, enforceability, and monitoring/reporting of sufficiency of risk mitigants are covered by Board approved policies and procedures. Note 4.4.2 of the Audited Financial Statements (AFS) presents an estimate of the fair values of collaterals held against loans and receivables.

RCBC also employs dynamic economic hedging mechanisms to mitigate its market and interest rate risk exposures, operated and managed within the context of its trading and investment functions. The expanded derivatives license granted to the Bank affords it a selection of instruments to manage P&L movements attributed to foreign exchange and interest rate fluctuations. The Group, as of December 2014, carried credit derivatives exposures as trading positions, and had minimal exposure to structured products (Note 7 of AFS).

To guard against unforeseen losses, the Group takes out insurance policies and ensures that an effective Business Continuity Plan is in place.

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.

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.

CREDIT RISK

Risk Assessment Process

The assessment of this risk, in relation to its impact on capital adequacy, is governed by the Standardized Approach, as prescribed under Basel II.

Following the Group's efforts to align with international best practice, the ROC in 2012 approved the migration of the Internal Credit Risk Rating System (ICRRS) from the model developed by the Bankers Association of the Philippines (BAP) 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 and 2013, 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
√ *Financial Institutions:* Scorecard for banks

The S&P scorecards are a formalization of the S&P rating methodology. 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 Scorecards are designed to be used for: 1) the whole of corporate lending by RCBC, RSB, and Malayan Leasing, 2) relevant portfolio assessed by Treasury and Trust for investment purposes, and 3) the SME portfolio of both RCBC and RSB. The resulting ratings shadow the international S&P rating scale, and therefore map to S&P probabilities of default (PD).

As of December 2014, 86% of the rated portfolio have been rated using the S&P Scorecards. The distribution of this subset is illustrated in Figure 12.

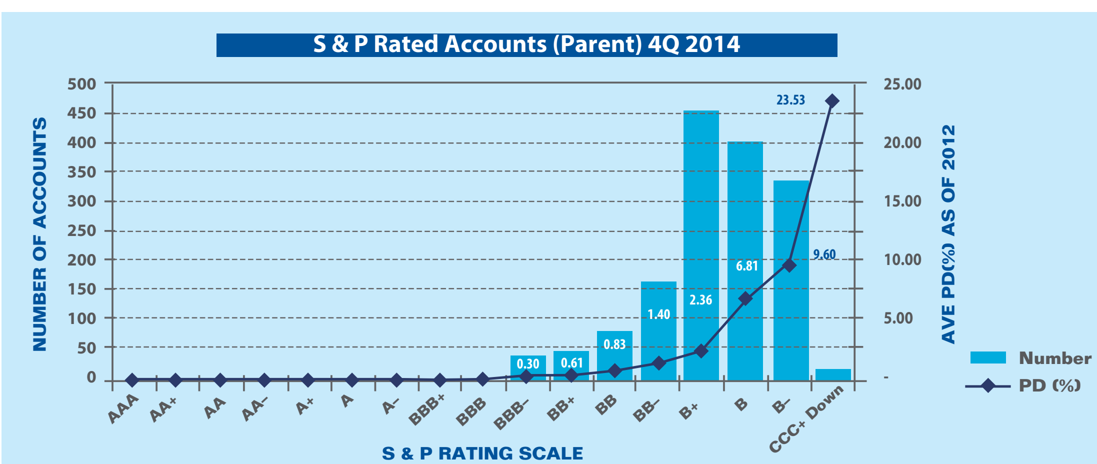


Figure 12. S&P Rated Portfolio

At least for the first year of implementation of the S&P Scorecards, the Group decided that it shall be running a parallel mapping of the S&P ratings vs. the old ICRRS as a form of "sanity check". The mapping of the grades for non-defaulted exposures and their corresponding probabilities of default are as follows:

S&P	Ave PD(%)*	Ave PD(%)	ICRRS
AAA	0.00	0.01	1
AA+	0.00		1
AA	0.02		1
AA-	0.03		1
A+	0.06	0.07	2
A	0.07		2
A-	0.07		2
BBB+	0.14	0.23	3
BBB	0.20		3
BBB-	0.35		3
BB+	0.47	0.59	4
BB	0.71		4
BB-	1.21	1.81	5
B+	2.40		5
B	5.10	6.64	6
B-	8.17		6
CCC / C	26.85	26.85	7

S&P's One-year Global Default Rate as of 2012

ICRRS	CLASSIFICATION	CREDIT	MARKET	DESCRIPTION OF LETTER GRADE
1	Excellent	Borrower with very low probability of default in the coming year, has high degree of stability, substance and diversity.	AAA	Extremely strong capacity to meet financial commitments.
			AA+ AA AA-	Very strong capacity to meet financial commitments.
2	Strong	Borrower with low probability of default in the coming year, has a comfortable degree of stability, substance and diversity.	A+ A A-	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.
3	Good	Borrower with low probability of default in the coming year, has some degree of stability, substance and diversity but maybe susceptible to cyclical changes and more concentration of business risk.	BBB+ BBB BBB-	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.
4	Satisfactory	Probability of default reflected in volatility of earnings and overall performance. Borrower should be able to withstand normal business cycle but prolonged unfavorable economic period would create deterioration beyond acceptable levels.	BB+ BB	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions.
5	Acceptable	Marginal liquidity and declining trend in operations or an imbalanced position in the Balance Sheet exists but not to the point that repayment is jeopardized.	BB- BB+	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments.
6	Watchlist	Credit exposure is not at risk of loss at the moment but performance of the borrower has weakened and unless present trends are reversed could lead to losses.	B B-	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments.
7	Special Mention	Potential or emerging weakness in asset protection &/or cash flow. Future debt service capacity may be affected by potential continuation of unfavorable economic, market or borrower specific conditions or trends. Borrower's ability to pay interest and repay the principal in timely manner could be jeopardized due to expected financial difficulties.	CCC+ CCC	Currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments.
			Lower than CCC	Currently highly vulnerable

For the Group's consumer loans portfolio, risk assessment is performed on an individual borrower through the use of credit application scorecards, developed alongside Fair Isaac Corp (FICO), for Housing, Auto and Personal Loans. For Corporate Salary Loans, however, a rule-based set of credit criteria on company accreditation and borrower evaluation is used.

The credit application scorecard developed with FICO makes use of customer, loan and collateral characteristics which have been assigned weights based on their predictive power in determining the propensity of an account to default or maintain a satisfactory credit performance.

The Group likewise utilizes FICO-developed credit scoring and behavioral scorecards for its cards portfolio. The main objective of credit scoring is to decrease the risk of accepting potentially bad applicants, while balancing the approval rate to a satisfactory level. The system awards points for each factor that helps predict who is most likely to repay a debt. A total number of points – a credit score, helps predict how credit-worthy an applicant is, how likely he is to pay a loan, and make payments when due. The behavioral scorecard on the other hand is a rating tool based on several existing customer's characteristics which are used to evaluate the continuing credit risk primarily of the existing portfolio. It is expected that the behavioral scorecard developed would be effective in discriminating between good and bad accounts across different time periods.

The assessment of the Group's exposure to credit risk is also manifested in its loan loss/impairment provisioning process which normally considers the worst provisioning level resulting from the following approaches: a) required reserves based on the BSP's latest Report of Examination, b) required provisions following the application of internal credit risk assessment tools, and c) impairment testing following PAS39. The total credit risk exposure of the Group, net of provisioning, is detailed in Note 4.4.1 of the accompanying Notes to Financial Statements (NFS). The details of the Group's impairment testing exercise are found in Note 16 of the NFS.

To further its assessment of credit risk, the Group performs credit risk stress testing 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 participate in the semi-annual run of the uniform stress testing exercise for banks initiated by the BSP.

Risk Control Set-up

Other than the operational controls set forth in the policies governing the various stages of the credit cycle, the Group likewise sets up limits to effectively cap credit risk exposures. These limits are set both on a portfolio and individual level.

Portfolio Limits

One of the key decisions made by the Group when it comes to portfolio risk appetite is determining which industries to be exposed to. A key tool in this stage of the credit process is the industry risk rating performed by the Economic Research Department of the Group's Corporate Planning Group (Corplan). Such system endeavors to assign ratings to industries on the basis of: a) cyclicality, b) capital intensity, and c) industry attractiveness. Scores ranging from 1 – 4 are then assigned based on the following parameters:

	CYCLICALITY	CAPITAL INTENSITY	INDUSTRY ATTRACTIVENESS
4	Stable - Not sensitive to economic downturn	Costs predominantly variable	Most Attractive
3	Slightly Stable - Slightly sensitive to economic downturn	Variable costs higher than fixed costs	Attractive
2	Slightly Cyclical - Moderately sensitive to economic downturn	Fixed costs higher than variable costs	Less Attractive
1	Cyclical - Highly sensitive to economic downturn	Costs predominantly fixed	Least Attractive
	Basis for Rating		- Entry Barriers / Industry Protection - Threat of Product Substitutes - Market Growth / Demand

Final ratings range from "A" to "D", with industries rated "A" representing the least risky. The breakdown of 2014 vs 2013 ratings is as follows:

	Numerical Equivalent		2014 RATING	2013 RATING
Least Risk	3.26-4	A	6	6
Intermediate Low Risk	2.51-3.25	B	78	77
Intermediate High Risk	1.76-2.5	C	58	61
Most Risk	1-1.75	D	5	4

Exposures to these industries are in turn capped by limits which serve as representation of the Group's appetite to take on such portfolio risk. These industry exposure limits are recommended by CRISMS in consultation with the lending units, and are in turn approved by the ROC. Where particular industries are deemed large, sub-limits are likewise set for more specific risk control. The Group's exposures to these various industries are detailed in Note 11 of the NFS.

With the International Finance Corp's (IFC) investment in the Group in 2011, an exclusion list was drawn up to either limit or prohibit exposures to select industries. Along with the adoption of the same exclusion list, the Group in 2011 instituted sub-limits to its exposures to tobacco and alcohol.

On the regulatory front, the Group abides by BSP Circular 600 which limits exposures to Real Estate Loans to 20% of Total Loan Portfolio. And with the issuance in 2014 of BSP Circular 839 on the Real Estate Stress Test (REST), appetite for exposure to the Real Estate industry is further capped.

Country Risk Limits

Other than setting industry limits to address domestic portfolio risk, the Group also sets country limits to address exposures to foreign entities. The process for setting these limits relies heavily on published country ratings by reputable rating agencies, and on the published GDP figures of these countries.

Specific Risk Limits

In setting individual risk limits and performing individual credit assessments, the Group is guided firstly by the rule on Single Borrower's Limit (SBL) and various credit extension ceilings. These ceilings apply to both individual borrowers and to groups of related borrowers. Borrowing "group" refers to accounts that exhibit interrelationships based on: a) ownership, b) management, c) dependency, and d) guarantees. Breaches of these internal limits are addressed by established approval limits that extend up to the Board.

Individual credit risk appetite is further set based on an individual evaluation of prospective credit exposures via customized financial analysis and credit evaluation. Other than a standard client suitability assessment, initial borrower assessment is performed by the lending officers or relationship managers of the Group. These initial assessments are then validated and further deepened by the credit evaluation section of CRISMS.

Credit Approval Controls

In addition to setting portfolio and individual credit risk limits, the Group likewise manifests its willingness to take on risk via the credit approval levels it grants.

The highest rung is the approval authority ascribed solely for the Board. Such authority includes approval of exposures covered by the DOSRI rules, and exposure levels exceeding an internally set maximum. As a matter of policy, all exposures reaching an aggregate of 15% of the Parent bank's unimpaired capital shall be approved by the Board.

Authorities below Board level are also established, such that board-level committees and functional designations in the Group have allocated credit approval limits based on proposed risk exposure, risk mitigation, and risk product type.

Risk Monitoring and Reporting

The following table summarizes some of the various monitoring reports produced by the Group to monitor its credit risk exposures.

MONTHLY REPORTS	DESCRIPTION
Aging of Past Due Accounts (APDA)	Consolidated Status Reporting of Past Due Accounts as updated by RMs
Industry Exposure Report (IER)	Review of the Concentration Risk per Industry of Total Loan Portfolio
Credit Exposure Report (CREDEX)	Required valuation for accounts classified by BSP
Computation of Valuation Reserves	Computation of the required valuation reserves and monitoring adequacy of booked reserves
Non-Performing Loans (NPL)	Consolidated report of Past due, NPL and NPL net of accounts classified as loss
Top 50 Borrowers Top 50 Past Due Loans Top 50 Non-Performing Loans Top 50 Exposures (Group/Individual)	Monitoring of Concentration Risks
Flagged Accounts	Monitoring movements in outstanding balances of flagged accounts
List of Expiring Facilities	Monitoring of Lines for Renewal
New Real Past Due Loans	Monitoring of new problem loans based on lending unit's status/remarks in APDA
Consolidated Industry Exposure Report	Review of the Concentration Risk per Industry of consolidated RCBC and RSB Portfolios
Consolidated top Borrowers Report	Monitoring of Concentration Risks

QUARTERLY REPORTS	DESCRIPTION
Bad Debts	Monitoring of Loan portfolio according to security/collateral risks
Portfolio Stress Testing	Uniform Stress Testing Program for Banks - BSP
NPL Sectoral Analysis	NPL by industry
Tiered Pricing	Monitoring of compliance with tiered pricing

SEMI ANNUAL REPORTS	DESCRIPTION
Internal Valuation Exercise	Determining valuation reserves based on latest BSP ROE, impairment and internal risk rating
Collective Impairment Computation	Computation of Default Rate, Loss Given Default and the Collective Impairment
Individual Impairment Summary	Validation and consolidation of specific impairment computations

These reports in turn are disseminated to both the Group's risk-taking units for guidance; and more importantly to Senior Management and the ROC.

CREDIT CONCENTRATION RISK

Credit concentration risk 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 of the loan portfolio at the end of the reporting period is shown in Note 11 of the NFS.

Risk Assessment Methodology

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.

Mathematically, the HHI is the sum of the squares of the relative portfolio shares, divided by the squared portfolio shares sum. If percentages were to represent the relative portfolio shares, the HHI formula is simply the sum of the squares of these percentages, as the square of 100% (the percentage sum) is one (1). For 2014, credit concentration risk for both the parent and the consolidated entity has been assessed as "moderate". As it relates to assessment of capital adequacy, credit concentration risk is treated as an add-on to the Group's credit risk-weighted assets. Figure 13 illustrates the trend for 2014.

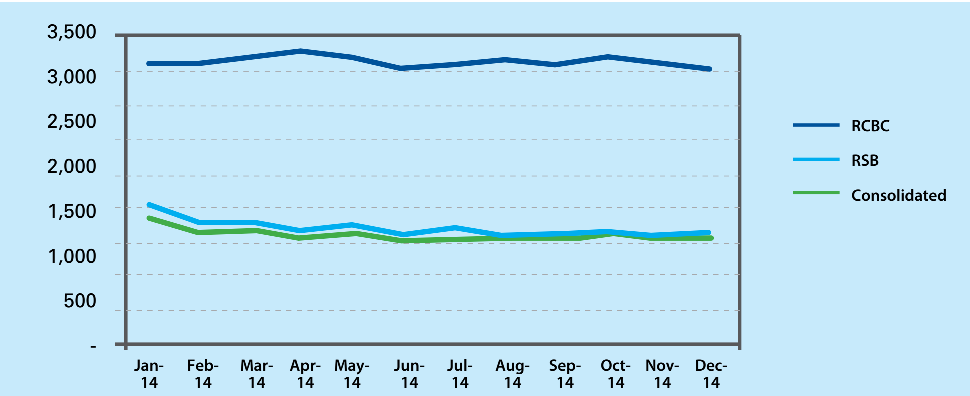


Figure 13. Credit Concentration Index

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.

Risk Control Set-up

The manner by which the Group sets its risk appetite for credit risk invariably leads its setting an appetite for credit concentration. As discussed in previous sections, credit risk appetite is set at the portfolio level via decisions as to which industries to be exposed to, and to which countries. On the individual level, credit risk appetite is set via an internal SBL, on the level of exposure to account groups, and on exposures to individual credits as they relate to a certain percentage of capital. These credit risk appetite parameters also lay out the Group's tolerance for concentration.

Risk Monitoring and Reporting

CRISMS monitors portfolio credit concentration on a regular basis, with information relayed to frontline and support units. It is likewise reported monthly to the ROC, and eventually to the Board. CRISMS likewise includes in its monitoring and reporting activity the information on compliance to set individual credit risk limits, particularly SBL. The daily monitoring of availments vs. limits approved per borrower (including SBL) however rests with the implementing/operations units.

MARKET RISK

The Group assumes market risk in trading activities by taking positions in various financial instruments, such as foreign exchange, fixed income, and derivative contracts. It's understanding of what constitutes market risk is guided by relevant local regulatory issuances, notably BSP Circular 544, as well as by the BIS Basel Committee on Bank Supervision, notably the "Principles for the Management and Supervision of Interest Rate Risk".

As of end December 2013, the following tables reflect the balances of the Group's portfolios exposed to market risk. The levels are significantly lower compared to previous years as the trading activities subsided towards the latter part of the year.

FIXED INCOME PORTFOLIO – HELD FOR TRADING (Php millions)

FVTPL	Face Value	Coupon	Weighted Average Years	Weighted Average Book Yield	Modified Duration	Book Value	Market Value	Market Yield
Peso Denominated Holdings								
Tbills	107.89	0.00%	0.17	1.49%	0.17	107.62	107.46	2.39%
FXTN	4,695.36	5.19%	11.78	3.67%	8.36	5,138.53	5,102.84	3.80%
Other Corporate Bonds	953.33	7.02%	3.29	6.81%	2.86	958.42	976.25	5.63%
Foreign Currency Denominated Holdings								
ROP Sovereign Bonds	79.96	5.27%	10.55	2.92%	7.36	89.88	90.28	2.69%
ROP Guaranteed Bonds	8.00	7.24%	4.33	2.83%	3.68	9.43	9.51	2.51%
Other FXCY Bonds	8,199.30	2.36%	3.55	1.81%	3.16	8,314.00	8,300.98	1.82%
Total FVTPL	**14,043.85**	**3.62%**	**6.30**	**2.77%**	**4.88**	**14,617.89**	**14,587.32**	**2.75%**

FOREIGN EXCHANGE PORTFOLIO (Php millions)

Foreign Exchange Risk Exposures (Phpmio)	
A. General Market Risk	
USD	97.25
JPY	(6.97)
CHF	(1.06)
GBP	(3.71)
EUR	(12.69)
CAD	(4.71)
AUD	9.23
SGD	(1.50)
Other	(12.76)
Sum of net long	106.48
Sum of net short	(43.41)
Overall net open position	106.48
Incremental MRWA Arising From NDF	2,303.08
Total Risk Weighted FX Exposures	2,409.56

DERIVATIVES PORTFOLIO YEAR-END PROFILE

	Notional Amount (USD millions)	Notional Amount (PhP millions)
Trading		
Sell/Buy USD (Borrow Php)	260.85	11,078.64
Buy/Sell USD (Lend Php)	157.84	7,509.01
GROSS POSITION	418.69	18,587.65
NET POSITION	103.00	(3,569.64)

	Peso Interest Rate Swaps (Php millions)	USD Interest Rate Swaps (USD Millions)	USD-Php Cross Currency / Asset Swaps (USD Millions)
Trading			
Received Fixed-Pay Float	1,450.00	38.69	51.52
Pay Fixed - Receive Float	8,200.00	69.00	9.74

As of end 2014, the Bank had Php 970.87 million Credit Linked Notes referenced to the Republic of the Philippines (ROP) and structured investments in the form of interest rate linked notes amounting to Php 226.84 million.

The Group's exposures are generally sensitive to market factors such as yield curves, foreign exchange rates, security prices, as well as the implied volatilities of the corresponding options instruments of these factors. Market risk generally emanates from the Bank's proprietary trading portfolios. Non-traded market risk may also arise from the distribution activities covering traditional treasury products as well as selected derivatives instruments. In 2014, in its efforts to expand the array of products and services that can be offered to corporate and retail clients, the Group applied for additional instruments under the expanded derivatives license. RCBC was granted the license in the third quarter of the year.

Risk Assessment Process

The assessment of Market risk, as it relates to capital adequacy, likewise follows the Standardized Approach.

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.

A summary of the VaR position of the trading portfolio as of December 31 of both the Group and the Parent Bank are found in Note 4.3 of the accompanying NFS.

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.

The stress testing parameters, at any point in time, are subject to the approval of the ROC. In 2012, the Bank revised the stress parameters for interest rate exposures in light of the stress events in recent years particularly the Global Financial Crisis and European Crisis, which resulted to more volatile global and domestic markets:

- for global interest rates, an upward and downward 300 basis point parallel rate shock;
- for local interest rates, an upward and downward 400 basis point parallel rate shock;

For foreign exchange portfolio, stress assumptions are mainly based on scenarios that triggered extreme volatility in currency trading.

Model Back-testing

Recognizing that VaR modeling is not perfect, the Group employs appropriate back-testing methodology to perform a "reality check" on the VaR models used. To this end, the Group performs clean and dirty back-testing on the VaR models across all portfolios. Any change in portfolio value in excess of the day's VaR is treated as an exception.

Risk Control Set-up

The Risk-taking Approval Process

The setting of specific risk levels takes its cue from the general business and risk appetite set by the Board. The various Board committees and line management in turn implement these targets along the Group's functional lines.

Market risk-specific undertakings are, in general, the domain of Treasury. The setting of tolerance levels for these, in turn, is approved by the ROC. Based usually on profitability targets, Treasury proposes risk exposures to various products and markets. CRISMS in turn is tasked to evaluate the proposed exposures, and quantify the risk implication of the same. Guided by institutional risk-reward targets set by the Board, and aided by information provided by CRISMS, the ROC decides on the proposed exposure levels, and sets the risk limits accordingly.

Risk Appetite & Tolerance

The Group sets a more rationalized set of risk limits, such that products, in general, are aggregated as either trading or investment positions. Trading and investment limits are therefore set, with limits specific to products carved out when called for. These market (or price) risk tolerances are with respect to: a) position, b) factor sensitivity, c) value-at-risk (VaR), and d) loss. Where appropriate, management action triggers are likewise set.

- *Trading position* limits are driven initially by target trading revenue; but ultimate approval is provided in the context of the overall risk tolerance set by the Group.
- *Value-at-Risk (VaR)* is the estimated maximum potential loss on a position, during a given time period, at a specified statistical probability level. The given time period referred to is one that allows an orderly liquidation period, or time to unwind a position. The Group makes an assumption as to these unwind periods. The probability level at which the UniBank estimates VaR is 99%.
- *The Loss Limit* defines the maximum loss the Group is prepared to absorb for any given period, ordinarily a month. *A Management Action Trigger* (MAT) on the other hand defines a limit which, if breached, should activate a process whereby the risk-taking function is to seek senior management guidance and approval on appropriate action to take concerning the position in question.

Foreign Exchange Portfolio

Foreign Exchange (FX) positions are determined on the basis of, and subject to limitations imposed by BSP regulations (e.g., Circulars 1327 and its amendments, 445, and 561). For the Group, the FX spot position is calculated as the absolute sum of individual foreign currency positions (without considering off-setting position effects between foreign currency positions). This is in addition to and does not supersede any BSP regulatory limit that might be in effect at any point in time. The FX forward position on the other hand is capped on two fronts. One serves to limit the difference between the forward purchase and forward sale, while the second limit is applied on the net gap amount between the less than 3 months position and the more than 3 months deals.

Fixed Income Portfolio

The Group's portfolios of fixed income securities in the trading books are classified as Fair Value Through Profit and Loss (FVTPL). The procedure for fair valuation is documented in RCBC's Mark-to-Market (MTM) manual.

A Fixed income position limit, expressed as a nominal position, provides the first measure of risk tolerance. Other than a nominal amount, however, the Group likewise expresses its fixed income portfolio limits in terms of DV01.

Aggregate Risk Tolerance Level

To control overall trading risk, the Group likewise sets aggregate VaR and Loss levels. In 2014, it expanded its aggregate limits to include a year-to-date cap on losses.

The responsibility for monitoring compliance to portfolio market risk limits is vested upon Market Risk Division. Monitoring is a daily activity, with reports generated in the soonest possible time.

RISK MONITORING AND REPORTING

Market risk MIS includes the following:

REPORT	DESCRIPTION	FREQ.	USER
Limits Monitoring	Report showing the following limits vs. levels: position, P&L, MAT-Loss, DV01, MAT-VAR	Daily	CRO, Treasurer, Portfolio Managers
PVAR and Stress VAR	Report showing the maximum potential loss for each portfolio during business-as-usual and stress scenarios	Daily	CRO, Treasurer, Portfolio Managers
ALCO Market Risk Report	Report showing latest exposures vs. approved market risk limits	Weekly	ALCO

On a monthly basis, the daily and weekly information above are reported to the ROC, along with month-on-month movement, averages, noted exceptions and limit breaches.

Management Action Triggers (MATs)

As mentioned earlier, a MAT defines a limit which, if breached, should activate a process whereby the risk-taking function is to seek senior management guidance and approval on appropriate action to take concerning the position in question. MAT breaches are discussed at the next ALCO, and in the subsequent ROC meeting.

Limit Breaches

Once limits are breached, the responsible risk-taking function (Treasury Group) seeks guidance from the ALCO members in regard to the position. A decision reached at the ALCO level is thereafter reported to and presented for confirmation by the ROC.

Exception Approval & Authority Delegation

The following summarizes the current approved and documented practice with regard to exception approvals and authority delegations. These practices are an offshoot of market risk monitoring and reporting.

- ROC approval of exceptions requires the approval of at least three (3) members, which includes the President.
- The President and the Chief Executive Officer is given authority to temporarily relax any Stop Loss Limit. Occurrence of the breach and the use of such authority should be reported in the next ALCO and ROC Meetings.
- ALCO approval requires majority of ALCO members, provided this majority includes the Chief Executive Officer, the President, the Treasury Head and another designated director.
- The Treasury Head may re-allocate MAT or Loss Limits between the FX and fixed-income desks, and between fixed-income USD and Peso with approval of the President, provided such reallocation is done prior to any breach.

INTEREST RATE RISK IN THE BANKING BOOK

As defined in earlier sections, IRRBB 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. Whereas market (or price) risk is primarily associated with trading income, IRRBB is more concerned with balance sheet positions that have more permanence, and therefore responsible primarily for accrual income.

Sources of IRRBB

In general, IRRBB encompasses the following:

- risks related to the timing mismatch in the maturity and re-pricing of assets and liabilities and off-balance sheet short and long term positions (re-pricing risk),

- risk arising from changes in the slope and the shape of the yield curve (yield curve risk),
- risks arising from hedging exposure to one interest rate with exposure to a rate which re-prices under slightly different conditions (basis risk), and
- risks arising from options, including embedded options, e.g consumers redeeming fixed rate products when market rates change (i.e. option risk).

Risk Identification and Measurement Process

The construction of an Interest Rate (IR) gap is the starting point of an IRRBB analysis. Such IR gap 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;
- Debt securities classified under FVOCI and HTC are bucketed based on their repricing profile. Held-for-trading securities are considered non-rate sensitive; and
- For assets and liabilities with no definite repricing schedule or maturity, slotting is based on the Group's empirical assumptions.

The Group's December 31, 2014 IR Gap is as follows (in Php millions)

(In Millions Php)	One to three months	Three months to one year	One to five years	More than five years	Non-Rate Sensitive	Total
Resources						
Cash (COCI)	228	-	-	-	12,857	13,085
Placements (Due from BSP & Other Banks)	23,410	404	23	15	38,713	62,565
Total Investments (invs. Sec. & Equity Inv.)	5,426	845	7,474	67,895	20,007	101,646
Total Loans (L & R)	123,195	36,748	39,747	48,929	12,380	260,998
Other Resources (all others)	253	236	1,366	80	17,515	19,450
Total Resources	**152,511**	**38,233**	**48,609**	**116,919**	**101,471**	**457,743**
Liabilities & Capital Funds						
Deposit Liabilities	85,720	22,789	15,320	2,034	189,741	315,604
Bills Payable and Due to Other Banks	37,798	1,934	66	-	-	39,799
Bonds Payable	11,135	-	12,329	-	-	23,464
Subordinated Debt	-	-	9,921	-	-	9,921
Other Liabilities	3,356	37	-	-	12,999	16,392
Total Liabilities	**138,010**	**24,761**	**37,636**	**2,034**	**202,740**	**405,180**
Capital Funds	-	15	4,383	-	48,165	52,563
Total Liabilities and Capital Funds	**138,010**	**24,776**	**42,019**	**2,034**	**250,905**	**457,743**
On-book gap	14,502	13,457	6,590	114,885	(149,434)	
Cumulative on-book gap	**14,502**	**27,959**	**34,548**	**149,434**	**(0)**	
Contingent Resources	20,208	2,546	2,236	-	-	24,990
Contingent Liabilities	21,125	2,744	2,236	-	0	26,105
Off-book gap	**(916)**	**(198)**	**-**	**-**	**(0)**	**(1,115)**
Cumulative off-book gap	**(916)**	**(1,115)**	**(1,115)**	**(1,115)**	**(1,115)**	
Period gap	**13,585**	**13,259**	**6,590**	**114,885**	**(149,434)**	
Cumulative total gap	**13,585**	**26,844**	**33,433**	**148,319**	**(1,115)**	

The NII-at-Risk

The Group quantifies such risk by imputing estimated interest rate changes to the re-pricing profile of assets and liabilities and subsequently calculating the difference between net interest income and expense over the next 12 months. The resulting figure is called the Net Interest Income (NII)-at-Risk. This approach is commonly referred to as the "earnings" perspective of calculating IRRBB, consisting of the simulation of interest flow changes in a short-term horizon, typically less than one year, bearing in mind repricing moments in that horizon.

The following table summarizes the Group's NII-at-Risk, given the above December 2014 IR Gap and assumed parallel rate shifts in a business-as-usual scenario (amounts in Php millions, except for %ages).

Change in annual Net Interest Income	+100bps	+200bps	-100bps	-200bps
Consolidated Bank	174.93	349.86	(174.93)	(349.86)
Parent Bank	374.78	749.56	(374.78)	(749.56)

The above volatility assumptions do not preclude the Group from using additional rate shocks which are ordinarily considered stress levels. For consistency in the aggregation of the enterprise wide interest rate risk exposures, the Group applies the same stress level used in the investment and trading portfolios,

- for global interest rates, an upward and downward 300 basis point parallel rate shock;
- for local interest rates, an upward and downward 400 basis point parallel rate shock;

Additional scenarios may be simulated as the need arises more so during period of heightened volatility. Moreover, the same is updated should any of the stress points be breached.

Risk Control Process

While the management of IRRBB is owned by ALCO and executed by Treasury, quite similar to the liquidity risk framework, the first line of defense are always be the business and functional units, with their proper identification and assessment of risk and observance of adequate internal controls. CRISMS, as the risk function serving as second line of defense, has the responsibility of establishing the relevant interest rate risk limits and overseeing the effective implementation and adherence to ROC-approved policies.

Similar to the setting of market risk appetite and limits, the appetite for interest rate risk is set via the risk-taking process itself. The risk-taking process pertains to the setting of limits for positions, volatility / risk, and loss. These are generally controlled as follows:

- Fixed-income portfolios of straight debt instruments are subject to position limits, similar to trading portfolios, and approved by the ROC. Loss limits may also be established; but these do not carry the same implication as trading portfolio loss limits in the sense that short-term decisions would not be appropriate. These loss limits act more as triggers for reconsideration of the fixed-income investment strategy over the medium- to long-term.
- Portfolios of structured products are subject to specific product limits approved either by the ROC or the Excom.

Risk Monitoring and Reporting

The NII-at-Risk is regularly monitored by CRISMS, and reported monthly to the ROC.

LIQUIDITY RISK

A potential or probable loss to earnings and capital arising from the Group's inability to meet its obligations when they fall due may be due to either the Group's inability to liquidate assets or obtain adequate funding, or the inability to unwind large exposures without significantly lowering market prices. BSP Circular 545 is the Group's principal guide for its liquidity risk management activities.

As a general policy, the Group holds that managing liquidity risk is among the most critical components of bank management and operations. This is carried out by an ongoing analysis of the liquidity position and risk profile, and by regular examination of how funding requirements are likely to evolve under various scenarios, including adverse conditions. At all times, the Group must hold enough liquidity to survive a liquidity crisis.

The ALCO has the main responsibility for establishing a robust liquidity management framework adhered to by all business units. Treasury oversees the implementation of the relevant liquidity guidelines, including the deployment and maintenance of liquid assets, as well as business initiatives ensuring that they remain consistent with the framework. The outcome of such activities is ultimately monitored by CRISMS using the main tool for liquidity risk management, the Maximum Cumulative Outflow (MCO) Report. Policies relating to the management of liquidity risk are approved by the ROC.

Risk Assessment Process

Liquidity 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. The starting point an MCO analysis is liquidity (cash flow) gapping. Both the parent and the consolidated entity's gap reports are found in Note 4.2 of the accompanying NFS.

Following standard practice, the Group likewise evaluates liquidity risk based on behavioral and hypothetical assumptions under stress conditions. "Stress" is normally used in relation to a short-term crisis specific to the Group's operations. However, a stress condition covering a general market crisis is also simulated for risk management purposes.

The Group stress parameters are as follows:

- Institution-Specific Liquidity Crisis: 50% withdrawal in deposits; 20% haircut in securities; 10% loan pay-off; 50% reduction of counterparty lines
- General Market Liquidity Crisis: 50% withdrawal in deposits; 50% haircut in securities; No loan pay-off; 100% reduction of counterparty lines

In addition to the quantitative assessment of the Group's over-all liquidity profile, it has a well-established contingency funding plan (CFP). The plan strives to define the liquidity stress levels from the standpoint of both systemic and name-specific crisis including the early warning indicators and the crisis management process once the plan is activated.

Risk Control and Mitigation

The Group's appetite for liquidity risk is set via the establishment of the Maximum Cumulative Outflow (MCO) limit, which is guided by relevant factors as determined by the Treasury Group, including the availability of lines of credit that may be drawn down without creating any adverse market reaction. When a limit for a time bucket is not defined, it is assumed to be zero, which means that, as a matter of policy direction, liquidity flows are planned so that no cumulative outflow (no negative cumulative gap) is reported for that time bucket.

The Group's liquidity framework also sets out quantitative assessment of potential over-reliance to wholesale deposits and concentration to a particular funding base. Likewise regular monitoring of sufficient stock of liquid assets for use during a crisis scenario and ensuring that structural funding mismatches are within tolerance levels constitute the Group's mitigating techniques.

The tracking of approved liquidity triggers based on selected market indicators is also one of the Group's risk mitigating activities. The following spells out the market indicators monitored by CRISMS.

STRESS EVENT	WARNING	PARAMETER
Inability to sell assets (investments portfolio) or unwind positions	Increasing spreads on assets; deterioration in asset market values	CDS spread of major financial institutions
Actual or threatened watch or downgrade to an external credit rating	Rating agency credit watch for potential downgrades; widening credit spreads;	CDS spread of sovereigns
Inability to access funding lines	Elimination of committed credit lines by counterparties (country and credit name issue)	Rapid decline in stock price: Stock Exchange Indices, RCBC stock price
Inability to access funding lines	Significant increases in funding costs	Spread between short-term and long-term borrowing benchmarks (3Mo LIBOR vs. 5-yr USD Swap Rate; 3Mo PhiBOR vs. 5-yr Php IRS Rate; Overnight Indexed Swap)

Once any of the triggers are hit, the ROC-approved policy mandates the coordination between CRISMS and Treasury for an assessment if indeed a liquidity event looms.

Basel III Preparedness

Without any prejudice to forthcoming national regulatory guidelines on Basel III liquidity and solvency ratios, the Group has started simulating its Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) based on BCBS guidelines. The results of the simulations are considered in both the short-term and long term strategic investment and funding initiatives of the Group.

OPERATIONAL RISK

Operational 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. Operational 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.

Operational Risk Management (ORM) Tools

For purposes of identification, monitoring and reporting and analysis, Group categorizes operational risk events as follows:

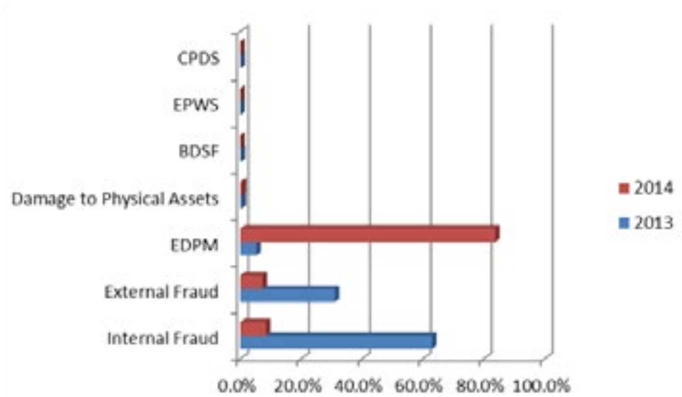
1. Internal Fraud – Losses due to acts of a type intended to defraud, misappropriate funds/property or circumvent regulations, the law or company policy, excluding diversity/ discrimination events, which involves at least one internal party. Example is theft of bank property by staff.
2. External Fraud – Losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party. Example includes forgery of the drawer's signature on checks drawn on the bank.
3. Employment Practices and Workplace Safety (EPWF) – Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity / discrimination events. This includes events arising from organized labor activity.
4. Clients, Products and Business Practices (CPDP) – Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product. Example is legal liability that may arise from the sale of products to customers deemed without proper risk disclosure.
5. Damage to Physical Assets – Losses arising from loss or damage to physical assets from natural disaster or other events such as those caused by natural calamities as well as those caused by terrorism.
6. Business Disruption and System Failures (BDSF) – Losses arising from disruption of business or system failures such as information systems or telecommunications failure which disables the bank's ability to conduct its business with customers.
7. Execution, Delivery and Process Management (EDPM) – Losses or events caused due to failure of transaction processing, process management from relations with trade counter parties and vendors / alliance partners / service providers. Example is incomplete legal documentation of credit exposures.

To aid in the management of operational risk and the analysis of the Group operational risk profile, the following tools are used:

Loss Events Reporting

Loss information is a fundamental part of the Group's operational risk management process, as losses are a clear and explicit signal that a risk event has occurred. This may be due to the failure of control, the lack of control or simply a very unusual event that was not foreseen.

Businesses are required to report their loss events. These reports include losses reported to BSP, special audit cases, and other loss incidents occurring in the business such as penalties, etc. Potential losses and near misses are likewise required to be reported.



In contrast to years 2012 and 2013 when internal and external fraud were the main contributors to recorded operational losses, 2014 losses were mostly attributed to execution, delivery, and process management issues. Total reported operational losses in 2014 however was only 53% of the previous year's owing to control improvements instituted by the Group.

Key Risk Indicators (KRI)

KRIs are used to monitor the operational risk profile and alert the Group to impending problems in a timely fashion. KRIs facilitate the forward looking management of operational risk and provides information on the level of exposure to a given operational risk at a particular point in time. These indicators allow the monitoring of the Group's control culture and trigger risk mitigating actions.

KRIs include measurable thresholds that reflect risk appetite. These are monitored to serve as alerts when risk levels exceed acceptable ranges and drive timely decision making and actions.

Risk and Control Self-Assessment (RCSA)

The Group identifies and assesses all risks within each business and evaluates the controls in place to mitigate those risks. Business and support units use self-assessment techniques to identify risks, evaluate the effectiveness of controls in place, and assess whether the risks are effectively managed within the business.

In this annual self-assessment process, areas with high risk potential are highlighted and risk mitigating measures to resolve them are identified. Risk assessment results are then reviewed and discussed with the heads and senior officers of business and support units. These discussions of assessment results enable ORMD to detect changes to risk profiles, and consequently take corrective actions.

The Internal Audit Group and Compliance Office use the self-assessment results as a necessary component in aligning their activities to business priorities to determine where key risks lie within the Group. The Contingency Management Office utilizes the results to provide guidance where to strengthen business continuity areas.

Risk Assessment Process

The Group uses the Basic Indicator Approach in its assessment of this risk, as it relates to capital adequacy determination. It however approved in 2014 the acquisition of an Operational Risk System for an effective and reliable information system to monitor operational risks, compile and analyze operational risk data and to facilitate timely reporting mechanisms for the Group's Risk Oversight Committee, Senior Management, and business line levels that support proactive management of operational risk. The Operational Risk System covers the parent Bank and its subsidiaries. The system is estimated to complete implementation by October 2015.

The following however are the current methodologies used in assessing the Group's operational risk profile.

Probability and Severity Analysis

This tool is used to quantify the likelihood (or frequency) and impact (or consequence) of identified risks in order to prioritize risk response activities. The probability addresses a) the likelihood of the risk event occurring (the uncertainty dimension) based on current status of mitigation actions, and b) the impact detailing the extent of what would happen if the risk were to materialize (the effect dimension).

The following table shows the Probability factors used.

IMPACT

PROBABILITY FACTOR	PROBABILITY OF OCCURRENCE
1- Least Likely	Possible but highly unlikely/ no known history of risk event occurring in the last 12 months (or 1 year)
2- Unlikely	Possible but unlikely/ Previous history of risk event occurring in the industry (past 6 months)
3- Moderate	Likely to happen / Previous history of risk event occurring within the Bank (past 3 months)
4- Likely	Risk event occurs occasionally (i.e. monthly)
5- Almost Certain	Risk event occurs regularly (i.e. weekly)

Assessment on the other hand employs a 5-scale severity factor matrix ranging from "least severe" to "very severe".

Control Rating

Existing controls are assessed likewise using a 5-scale control adequacy matrix ranging from "substantially under control" to "no controls in place".

Risk Rating

The Probability & Severity Analysis described above, along with the control rating, result in a Risk Rating. It is a quantitative measure of the risk level of each event, and helps to focus on those determined to be high risk. For each risk event identified, a risk score is calculated and later classified as: High (Red), Medium (Yellow) and Low (Green). The scale is as follows:

RISK DESCRIPTION	RISK RATING
Low (Green)	Risk Score 1 – 4
Medium (Yellow)	Risk Score 5 – 10
High (Red)	Risk Score 11 – 25

The Parent Bank's Risk Rating trend for 2012, 2013 and 2014 is illustrated as follows:

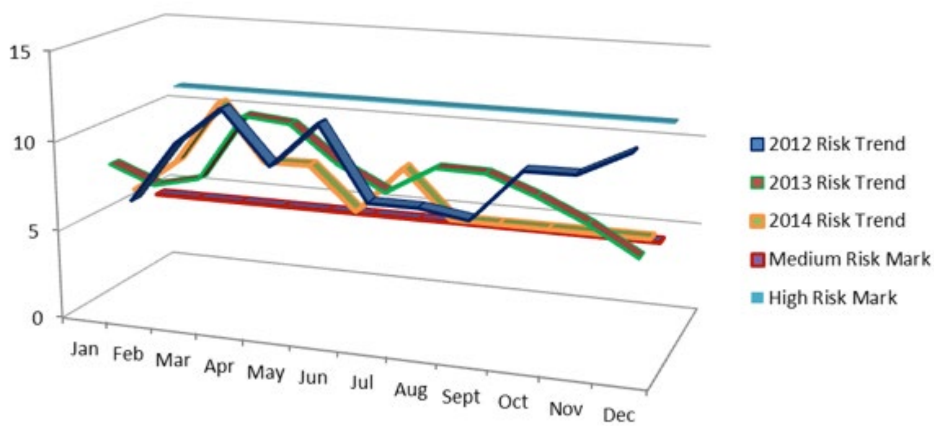


Figure 14. Operational Risk Rating Trend

Risk Monitoring and Reporting

The continuous monitoring and reporting of Operational Risk is a key component of an effective Operational Risk Management Framework. It is imperative therefore that reports on operational risks are submitted on a timely basis, and information generated both for external and internal parties are reported internally to Senior Management and the Board where appropriate.

In accordance with its monitoring and reporting functions, ORMD prepares reports on operational risks as follows:

PARTICULARS	RESPONSIBILITY	FREQUENCY OF REPORTING	REPORTED TO
Loss Events Reporting	CRISMS	Quarterly	ROC
Key Risk Indicators	CRISMS	Monthly	ROC
Risk and Control Self-Assessment (RCSA)	CRISMS	Annual	ROC
Product Manuals Reviewed	CRISMS	Quarterly	ROC
Business Continuity Plan Updates	CRISMS	Quarterly	ROC
Regulatory Capital	CRISMS	Quarterly	ROC

The Deputy Operational Risk Officers (DOROs)

Each major business line has an embedded operational risk management officer, headed by the designated Deputy Operational Risk Officer (DORO). The DOROs serve as a point-person on the implementation of various operational risk management tools on a per business unit level. Among others, the DOROs are responsible for assisting the respective business units in the timely, correct and complete submission of operational risk reports. The DOROs report to the ORMD for all its operational risk-related activities initiated by ORMD.

Operational Risk Control and Mitigation

The Group endeavors to operate within a strong control environment focused on the protection of the its capital and earnings, while allowing the business to operate such that the risks are taken without exposure to unacceptable potential losses through the utilization of approved policies, sound processes, and reliable information technology systems. These controls include: segregation of duties, dual controls, approvals and authorization, exception reporting, sound technology infrastructure, product manuals and circulars review.

Insurance

One of the ways operational loss is mitigated is through insurance maintained by the Group, whereby it purchases insurance to protect itself against unexpected and substantial losses.

CRISMS-ORMD handles the Group's major insurance needs such as the Bankers Blanket Bond (BBB). BBB insurance premiums are allocated to business groups based on an approved allocation method.

Outsourcing

Outsourcing is an arrangement to contract out a business function to another party (i.e. the service provider) which undertakes to provide the services instead of the financial institution performing the function itself. The Group's policy on the review and monitoring of contracts describes the review, revisions, safekeeping of contracts as well as contract payments. ORMD signs off in the policy.

Business Continuity Plan (BCP)

The Group has a separate functional unit wholly dedicated to the conduct and management of its BCP and Disaster Recovery Plan. These plans aim to establish a planned process, procedure or strategy that can assure and provide for the continuity of major and critical services and operations during any critical event which may prevent or diminish the Group's capacity to perform normal business operations.

The Group's BCP is currently being managed by the Business Continuity Management Division (BCMD) also under CRISMS.

Product Manual, Policies, Procedures and Circulars (PM and PPC)

The Product Manual is the key document which provides a comprehensive description about a particular product. It includes among others, the identification or risks and appropriate measures on the risks identified through controls, procedures and limits.

Policies, Procedures and Circulars represent the Group's basic and primary set of principles and essential guidelines formulated and enforced across the organization. To ensure that risk areas are covered in all manuals, policies and circulars, CRISMS-ORMD reviews and signs-off on these documents.

Exception Reporting

Exception reporting provides the ability to monitor transactions and events that fall outside norms and deemed as an exception. It documents what is abnormal and therefore deserves attention.

Risk awareness

The Group recognizes the importance of raising risk awareness and instilling an operational risk culture to be able to understand the operational risk management business benefits as well as the responsibilities attached to it.

INFORMATION TECHNOLOGY RISK

IT Risk is mostly assumed under Operational Risk due to the latter's sheer size. Oversight of its management is the responsibility of CRISMS via the Information Security Governance Division (ISGD) and Operational Risk Management Division (ORMD).

Information Technology Risk and Compliance (IRC) is aimed towards reducing the disruption of the Group's operations due to IT system failures by protecting the IT-related assets and data of the Bank. Concretely, this aim expands to the following objectives:

- To protect the IT systems needed to store, process or transmit the Group's data and correspondences;
- To provide management with an accurate view of current and potential IT-related risks, and assist them in making informed decisions concerning scope of risk, risk appetite, and risk tolerance;
- To provide an end-to-end guidance on how to manage IT-related risks (from technical control measures, security, etc);
- To come up with a risk profile to further understand the Group's full exposure, and better utilize its resources;
- To integrate the IRM into the Group's overall Enterprise Risk Management (ERM); and
- To implement (and continuously improve) a sound framework for the identification, measurement, control, monitoring, and reporting of the risks experienced by the Group.

This achieve the foregoing objectives, IRC has the following major exercises:

a. identification of the Group's information assets (hardware, software)
b. assistance to IT units in identifying the risks in the system/data assets being handled
c. implementation of Risk Assessment to determine current IT risks and threats in the present systems, determine acceptable risk levels, and implement preventive measures to mitigate potential high risks

THE INFORMATION AND TECHNOLOGY RISK MANAGEMENT FRAMEWORK

Asset Identification & Valuation

Asset Identification and Valuation aim to identify and provide an inventory of all assets relating to Applications/IT Service. The template will determine the value of each asset identified and its criticality to the Application/IT Service being supported. At the end of the exercise, the following should be produced:

- An inventory of all assets pertaining to the Application/IT Service
- Overall critical asset value for each asset type
- Classification rating of the Application/IT Service being assessed

Risk Identification & Assessment

This process aims to identify the threats and vulnerabilities present in the Application/IT Service and assess the identified risks in order to determine measures to mitigating them. Further, this will assist the Application/IT Service owner in determining the risks to be prioritized and monitored.

To assess risk likelihood and impact, the current threat environment and controls are considered. At the end of the exercise, the following are the expected outputs:

- list of those potential threats with medium or high risks, and prioritization of those that need immediate mitigation

- a risk treatment plan for those threats/vulnerabilities having moderate to high risks, and determination of the owner/responsible personnel to mitigate the risk.

Risk Treatment

Assets with "High" risk are automatically included in the Risk Treatment Plan. Assets with Low to Medium risks may not be included. Risk treatment is the last item in the assessment process and aims to determine the Overall Risk Owner who will be responsible for managing the risks identified, and for the strategy, activity or functions related to the said risk.

Monitoring and Reporting

Upon receipt of the approved Risk Treatment Plan, ISGD incorporates in the IT Risk Register the verified list of risks which were rated "High", while all other identified risks will be monitored by the respective Risk Owner.

The overall Risk Owner for the Application/IT Service assessed is in-charge of monitoring all necessary action plans to address risk items having "High" risk ratings. Also, it is responsible for providing ISGD with updates on the status of action items, planning and implementing mitigation strategies. The ISGD is responsible for tracking, monitoring, and providing management a regular report on the status of all IT Risk items registered in the IT Risk log.

On BSP Circular 808

As part of the continuous process in improving the IT Risk Management approach, the Group is implementing provisions stipulated in BSP Circular 808 to adopt additional effective measures in identifying and assessing risks associated with the use of technology. As required by the Circular, the following initiatives have been implemented:

a) Information security and IT Risk management oversight functions have been transferred from ITSSG's IT Management Services Division (IMSD) to CRISM's Information Security Governance Division (ISGD) to ensure that the Information Security and IT Risk Programs of the Bank are properly carried out by an independent unit;

b) Gap analysis on the requirements of BSP Circular 808 was performed jointly by IMSD and ISGD to identify the mandatory requirements that have not yet been complied with or fully implemented in the organization.

c) Automation of the IT RCSA process is already on-going and will be automated and integrated in the new Operations Risk Management System which will be implemented in 2Qtr 2015. This will facilitate the recording of risk mitigations plans and their proper monitoring and reporting to Senior Management.

COMPLIANCE, REGULATORY AND LEGAL RISK

The Group understands Compliance risk as the current and potential negative impact to earnings, capital and reputation as a result of its failure to comply with all applicable laws, regulations, codes of conduct, standards of good practice for appropriate monitoring and reporting, and the like.

Compliance risk is also the risk of impairment to the business model as it emanates from the products and services and business activities of the Group. The management of such risk is currently subsumed under the Compliance framework embodied in the Group's Compliance Policy Manual (CPM).

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 Board.

Risk Identification and Assessment Process

The Group assesses compliance risk based on set regulatory standards for fines and penalties arising from violations. The Compliance Risk Management and Testing Procedures of the CPM summarize the sanctions applicable to violations of existing laws and regulations.

Compliance and regulatory risks emanate from the products, services and business activities of the Group. In the process of identifying, assessing and measuring business risks, the CPM lists several factors that should be considered:

- Accounting and auditing requirements;
- Prudential laws, regulations and other regulatory requirements;
- Proper standards of market conduct, managing conflicts of interest, treating customers fairly, and ensuring suitability of advice to customers, where applicable;
- Prevention of money laundering and terrorist financing;
- Responsibilities of the bank;
- Agreements and/or commitments with industry associations and/or regulators; and
- Other laws relevant to banking.

The level of identified compliance risk to the Group is then initially based on the following categories:

<u>High / Major Risk Area</u>

- Includes prohibited acts and practices; also includes regulatory ceilings or limitations affecting capital adequacy, asset quality, management, earnings, liquidity and other risks, resulting in the following sanctions:
  - o suspension / loss of license to operate
  - o suspension of banking franchise/branching
  - o position declared vacant
  - o denial of BSP credit facilities; prohibition from making new loans or investments; prohibition from declaring cash dividends
  - o severe penalties such as imprisonment of officers; monetary fine of Php30,000.00 and above.

<u>Moderate / Medium Risk Area</u>

- Covers banking transactions or compliance areas where violation or deficiency will result in:
  - o penalty of suspension of an officer/employee
  - o monetary sanction is below Php30,000.00 a day but not less than Php10,000.00 a day.

These may also refer to compliance areas/regulations, the violations of which could result in penalties of Php30,000.00 and above but which the Group has minimal probability of violating based on past BSP examinations, compliance testing or internal audit.

<u>Low Risk Area</u>

- The risk is low:
  - o where sanctions imposed include warning or reprimand on erring officer or employee.
  - o where the amount of monetary fine is less than Php10,000.00 a day.
- These may also refer to regulations, the probability of violation of which may be considered remote.

As this is only the initial measurement, the Compliance Office is not prevented from changing the risk category or measurement of a business activity/area, i.e., “Low” risk is upgraded to “High” risk or vice versa, whenever a change is warranted after evaluation of the information and/or reports cited in the “Compliance Risk Assessment” section of the CPM and/or as a result of its continuous monitoring of compliance risks that could impact on the Group’s different business activities.

Compliance Testing

The determination of priorities in terms of testing and monitoring activities is done by the Compliance office annually, or as frequent as possible, to continuously assess the business risks associated with new regulations, introduction of new products and services in the market, changes in business or accounting practices, among others. Any reassessment performed may entail a realignment of annual plans approved at the beginning of the year depending on the materiality of risk/impact on the regulatory compliance of the Group.

In prioritizing compliance risks, criteria scales are established to determine the chance or likelihood of an identified risk from occurring. The rating table for determining likelihood of occurrence below may be used in the risk assessment.

RATING	DESCRIPTION	RISK LEVEL
Almost certain	Expected to occur in most circumstances	High
Likely	Will probably occur in most circumstances	High
Possible	Could occur at some time	Medium
Unlikely	Not expected to occur	Low
Rare	Exceptional circumstances only	Low

Risk Control Procedures

As a matter of policy, the Group adopts a "zero penalties" policy. As it is improbable to set limits or threshold levels for compliance risk, control of the same is subsumed under Operational Risk Management, wherein risk control is achieved via mitigating processes and checks unique to each operating unit are instituted.

The Group does acknowledge however that there are certain areas where despite the existence of controls, policies, procedures, there are still risks that expose the Bank to possible sanctions, either monetary or administrative. However, these are adequately mitigated through periodic review and audit, both internal and external, as well as the testing and monitoring activities conducted by the different departments under the Compliance Office.

Anti-Money Laundering Controls

The Anti-Money Laundering Act (AMLA) or Republic Act (RA) No. 9160 was passed in September 2001 and was amended by Republic Act No. 9194, RA No. 10167, and Republic Act No. 10365 in March 2003, June 2012 and February 2013, respectively. Under the AMLA, as amended, the Group is required to submit "Covered Transaction Reports" involving single transactions in cash or other equivalent monetary instruments in excess of Php500,000.00 within one banking day. The Group is also required to submit "Suspicious Transaction Reports" to the Anti-Money Laundering Council in the event that circumstances exist and there are reasonable grounds to believe that the transaction is suspicious. Furthermore, terrorist financing was criminalized in Republic Act No.10168.

In addition, AMLA requires that banks safekeep all the Know Your Customer (KYC) documents involving its clients, including documents that establish and record the true and full identity of its clients. Likewise, transactional documents must be maintained and stored for five years from the date of the transaction. In cases involving closed accounts, the KYC documents must be kept for five years after its closure. Meanwhile, the records of existing accounts must always be available and those with court cases must be safekept until there is a final resolution.

On January 27, 2011, BSP Circular No. 706 was implemented superseding all policies on AMLA. The Circular requires the Group to adopt a comprehensive and risk-based Money Laundering and Terrorist Financing Prevention Program (MLPP) designed according to the covered institution's corporate structure and risk profile.

In an effort to further prevent money laundering activities, the Group revised its Know Your Customer policies and guidelines in order to comply with the aforementioned Circular.

The Group's procedures for compliance with the Anti-Money Laundering Act are set out in its MLPP. The Group's Compliance Officers, through their Anti-Money Laundering Departments, monitor AMLA compliance and conduct regular compliance testing of business units.

All banking units are required to submit to the Compliance Office certificates of compliance with the Anti-Money Laundering Rules and Regulations on a quarterly basis.

Risk Monitoring and Reporting

Compliance Risk is monitored in a number of ways. These include the following:

- Compliance Certification from Deputy Compliance Officers (DCO) – This is a quarterly Certification signed by the designated DCOs indicating a unit's compliance (or non-compliance) to regulations.
- Compliance risk is also monitored via the progress of corrective actions relating to ROE findings.
- Regulatory ratios are also monitored at least on a quarterly basis to ensure compliance.
- Submission of regulatory reports is also monitored to avoid penalties.
- Specific to AMLA, compliance risk is monitored via the Covered Transactions Report (CTR) and Suspicious Transactions Report (STR).

  To improve the AMLA Department's capacity to facilitate surveillance and enhance the analytical review of accounts, a new AML software was implemented in 2014. This new software, Base60, replaced the homegrown AML Integrated Monitoring System (AMLIMS).
- Specific to Corporate Governance, compliance risk is monitored via reports submitted to the BSP pursuant to Section 6 of BSP Circular No. 749 dated 27 February 2012 as amended by Circular No. 757 dated 08 May 2012.
- Also pursuant to BSP Circular No. 749 as amended by Circular No. 757, the Board of the Group has adopted and implemented a revised Policy on Related Party Transactions. Identification and reporting of related party transactions in accordance with the policy are monitored.
- Reports pertinent to election/appointment of directors and officers are also monitored to avoid penalties.
- ASEAN Corporate Governance (CG) Scorecard and Corporate Governance Guidelines Disclosure Template – In September 2012, the ASEAN CG Scorecard was adopted by the Philippines that supersedes the national CG Scorecard for Publicly Listed Companies (PLCs) that has been implemented for the past seven (7) years.
- SEC Annual Corporate Governance Report (ACGR) – On 20 March 2013, the SEC issued SEC Memorandum Circular No. 5, Series of 2013, requiring all listed companies to submit their SEC ACGR beginning 30 May 2013 and every five (5) years thereafter to the SEC.
- Responses to notices and correspondence from PDEX is also monitored to ensure compliance.
- Outsourced and insourced banking activities – The Compliance Office maintains a bankwide masterlist to effectively monitor and oversee compliance with all applicable rules and regulations and that no inherent banking function is outsourced.

Reporting of compliance risk is primarily done at the Audit Committee level, as the latter is the designated Board oversight committee for the Compliance unit of the Group. During Audit Committee meetings, status of actions relating to ROEs is taken-up, along with the regular reports on compliance risk.

Notwithstanding the primacy of the Audit Committee reporting, however, compliance risk is likewise regularly reported to the Risk Oversight Committee (ROC) via Key Risk Indicators (KRI) monitoring under Operational Risk.

On the Foreign Account Tax Compliance Act (FATCA)

The Group has taken great strides to become globally compliant and remains steadfast in this direction. In 2012, the Group created the FATCA Project Implementation Team that would spearhead the implementation of FATCA, while the FATCA Compliance Department under the Compliance Office, was created in 2014 in order to support the FATCA project and ensure continuity in FATCA compliance. The FATCA Project Implementation Team leads the development and implementation of a comprehensive FATCA project plan for the years 2013 to 2017, and likewise coordinates and assists the parent Bank's subsidiaries in their respective FATCA compliance.

REPUTATION RISK

The Group understands Reputation risk as the potential impact to earnings and capital arising from negative public opinion. Moreover, the Group subscribes to the view that reputation risk is a consequence of other risks. Its management therefore is tied closely to the manner by which the Group manages its other risks. By ensuring effective identification, assessment, control, monitoring, and reporting of the other material risks, reputation risk is implicitly managed.

The RCBC Public Relations Committee

The ROC in May 2011 opted to formally designate the RCBC Public Relations Committee (PR Comm) to consolidate the reputation risk management efforts of the Group. The Head of the Parent Bank's Corporate Communications Division is 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 the RCBC Group, 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.

Risk Identification and Assessment

The management of reputation risk in the Group is framed by its Balanced Scorecard. While growth is projected to emanate from the drivers in the Scorecard, the Group recognizes that potential failure in the same ushers in a potential damage to reputation. Without the public needing to know exactly what the Group plans to achieve, reputation is impaired when, for example, profitability dips, a re-branding scheme backfires, incidence of fraud becomes significant and public, or when employee attrition is high.

Financial Performance

Other than doing a self-assessment (via quarterly business reviews) of where the Group is vis-à-vis financial targets, what to expect in the coming months, and what could go wrong, the Group relies on assessments rendered by external rating agencies and by its regulators. The potential deterioration of these assessments, independent of sovereign rating, constitutes a major reputation event.

Customer

The Group recognizes that campaigns aimed at deepening customer relations and building brand equity could potentially backfire due to bad execution. And the more visible and embedded the Group becomes, the bigger the potential loss.

Other than the business quarterly review, another tool used by the Group is identifying customer reputation risk is a feedback process employed for all products services before they are launched, during soft launches, and throughout the life of a product or service.

Internal Processes

While the Group aims to strengthen its internal processes, it also recognizes that failure of these processes is a likely scenario. The Group turns to its own operational risk identification tools to carry out the identification of possible risk areas in relation to processes.

People

Failure on the "people" component of the scorecard may lead to publicly visible manifestations such as strikes, an exodus of talent and even customers, and the inability to attract good people to work for the Group. Benchmarking of recruitment, compensation, benefits, and even organizational development practice is a tool used by the Group in identifying gaps in its people management process.

Risk Control and Mitigation

Consistent with the view that reputation risk is a product of other material risks, controlling the magnitude of reputation risk is attained by controlling those of the others'. On the public relations front, the Group's PR Comm sets an annual target of free media / publicity via the release of positively slanted stories.

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 15 illustrates the strategic and business planning process employed by the Group.

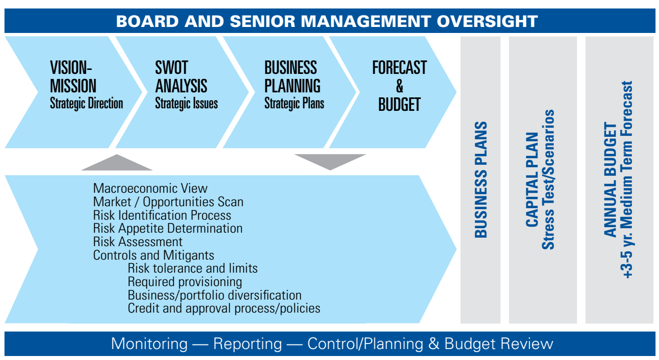


Figure 15. Capital Management Framework

The other component of the Framework is the development of the Capital Plan (Figure 16) 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.

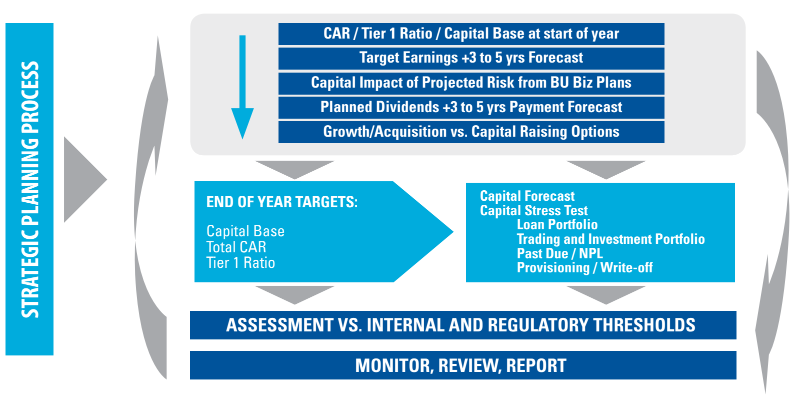
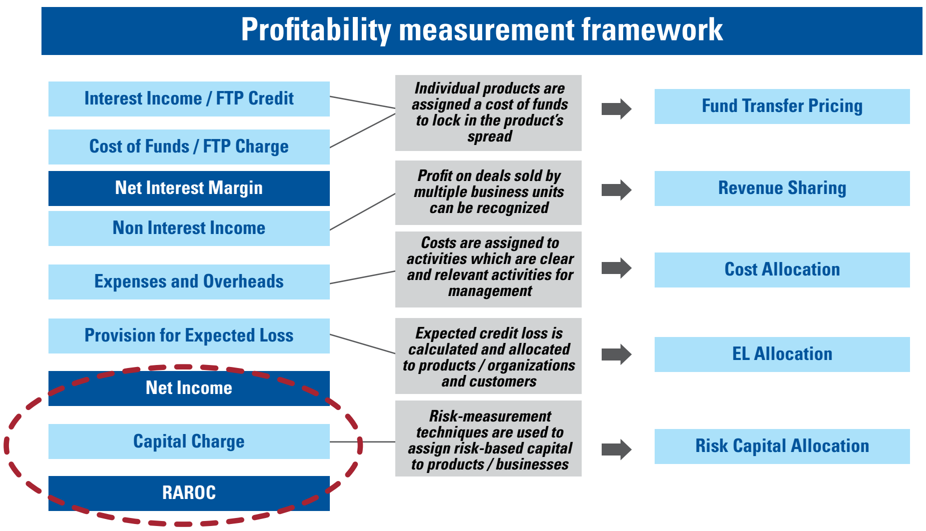


Figure 16. Capital Planning Process

Risk-Adjusted Performance Measurement (RAPM)

While capital allocation is currently a work in process, the financials and budgets initially serve as the measure of the business units' and subsidiaries capability to provide returns on their respective activities and strategies. As each business unit sets targets and budgets, the measure of the use capital and its appropriate allocation will force business heads to plan and strategize according to returns on capital.

In 2014, the Group engaged SGV-EY to commence formal advisory work on a Risk-Adjusted Performance Measurement (RAPM) tool. The expected end-product is a dashboard for RAPM that results to a measure of risk-adjusted return on capital (RAROC) that may then be used both for performance measurement and capital and strategic planning. The Framework is illustrated below.



The measurement of profitability of business units shall thus be refined. A major refinement is the adjustment for the effect of the Fund Transfer Pricing (FTP) model currently being evaluated. Profitability too shall be further adjusted for risk via the estimation of expected loss.

Economic Capital shall be measured principally for the Pillar 1 risks via the estimation of the unexpected losses for credit, market, and operational risks. These measures however are not designed to take the place of prudential reporting and measurement of the capital adequacy ratio (CAR) which shall remain under standardized (for credit and market risks) and basic indicator (for operational risk) approaches.

The effect of current and future Pillar 2 risks shall be accounted for either via the FTP mechanism in the numerator, or via the calculation of additional economic capital needed for risk (denominator).

The RAPM dashboard is the Group's way of firmly linking risk and capital. For the duration of 2015 up to at least the first quarter of 2016, however, the RAPM dashboard shall shadow current practice. During such time, policies in relation to performance measurement, capital allocation, and maybe even business optimization are expected to be developed and approved.

Capital Adequacy and Basel III

The Group manages its capital in line with the over-all growth strategy and regulatory requirements, balanced with optimizing value for the stockholder and the Group as a whole. Regulatory developments, primarily the implementation of Basel III in 2014 were a main consideration for the Group to actively strengthen its capital base. The Group began its capital build up as early as 2006 to make room for organic growth and/or acquisition plans. By 2009, the Group raised a total of Php22.6 billion of capital (including Basel II eligible capital).

The implementation of Basel III required additional common equity tier 1 capital and beginning 2010, the Group managed a series of capital raising activities to prepare for this and to further support long term growth plans. In May 2010, the Board approved the amendment of the articles of incorporation to increase the authorized capital from 1.1 Billion common shares to 1.4 Billion to allow room and flexibility in raising capital.

In March 2011, the International Finance Corp (IFC) invested Php2.13 billion for 73 million shares resulting to 6.4% ownership share, by the end of 2011. In May of the same year, the Group raised Php3.67 billion in common equity, through the investment of Hexagon Investment Holdings Limited ("HIHL") for a 15% ownership and two board seats.

In 2013, the Group raised a total of Php 8.2 Billion in common equity capital from two different capital raising activities. In March 2013, a total of Php 4.1 billion raised coming from various investors through a top-up placement and in April 2013, IFC investment another of Php 4.1 Billion for an additional 5.6% ownership share in the Group.

The Group again raised capital in 2014. In June, the Group issued Php7 billion of 5.375% Unsecured Subordinated Notes due 2024 which qualify as Tier 2 Capital pursuant to BSP circular 781 (Series of 2013) and are Basel III-compliant. On September of the same year, the Group issued another Php3.0 billion Tier 2 Capital Notes as part of the BSP approval on May 9, 2014 authorizing the issuance of up to Php10.0 billion of Tier 2 Notes.

Table 1 summarizes this story in numbers.

	2006	2007	2008	2009	2011	2013	2014
Capital raised	**Php5.0bio Hybrid Tier1 Php1.0bio Convertible Preferred Shares**	**Php5.6bio 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**	**Php4.1bio Common Stock from a "top-up offering" and Php4.1bio Common Stock from additional investment of IFC Php5.1bio freed-up capital from sale of RCBC Realty/Land & Bankard**	**Php10.0bio Unsecured Subordinated Debt Qualifying as Tier II Capital**
Stockholder's Equity (Php)	Php23.4bio	29.0bio	27.6bio	30.5bio	37.846bio[1]	44.8bio	52.6bio
CAR (%)	20.3%	18.7%	17.3%	18.5%	18.5%	16.5%	15.37%[2]
Tier 1 Ratio (%0)	13.3%	15.1%	13.2%	12.6%	13.7%	16.0%	11.83%[2]
Net Income (Php)	Php2.1bio	3.21bio	2.2bio	3.3bio	5.03bio	5.3bio	4.4bio

Risk and Capital Disclosures

As prescribed by Section X190.5 and Part VIII of Appendix 63b of the Manual of Regulation for Banks (MORB), BSP Circular 538, and BSP Memorandum No. M-2014-007, the following are the pertinent risk and capital disclosures 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 capital adequacy ratio of the Group and the Parent as reported to the BSP as of December 31, 2014 under Basel 3 framework and 2013 under Basel 2 framework are shown in the table below.

	December 31, 2014	
	Group	Parent
CET 1 Capital	40,084	30,573
Tier 1 Capital	40,087	30,576
Tier 2 Capital	12,005	11,602
Total Qualifying Capital	**52,093**	**42,179**
Credit Risk Weighted Assets	292,841	246,202
Market Risk Weighted Assets	14,942	14,630
Operational Risk Weighted Assets	31,166	21,715
Risk Weighted Assets	**338,949**	**282,546**
Total Capital Adequacy Ratio	**15.37%**	**14.93%**
Tier 1 Capital Adequacy Ratio	**11.83%**	**10.82%**
Common Equity Tier 1 Ratio	**11.83%**	**10.82%**
Capital Conservation Buffer	**5.83%**	**4.82%**

	December 31, 2013	
	Group	Parent
Tier 1 Capital	48,808	48,855
Tier 2 Capital	1,745	1,399
Gross Qualifying Capital	50,553	50,254
Less: Regulatory Deductions	2	12,803
Total Qualifying Capital	**50,551**	**37,451**
Credit Risk Weighted Assets	267,842	220,525
Market Risk Weighted Assets	8,853	7,367
Operational Risk Weighted Assets	29,225	20,187
Risk Weighted Assets	**305,920**	**248,079**
Total Capital Adequacy Ratio	**16.52%**	**15.10%**
Tier 1 Capital Adequacy Ratio	**15.95%**	**15.10%**

The regulatory qualifying capital of the Group and the Parent consists of Tier 1 (Common Equity Tier 1 plus Additional Tier 1) Capital less regulatory deductions. The components of qualifying capital as of December 31, 2014 and 2013 are as follows:

	December 31, 2014	
	Group	Parent
Tier 1 (Common Equity Tier 1 plus Additional Tier 1) Capital		
Paid up common stock	12,757	12,757
Additional paid in capital	16,147	16,147
Retained Earnings	13,928	13,928
Undivided profits	4,332	4,332
Net unrealized gains or losses on AFS securities	1,060	1,060
Cumulative foreign currency translation	274	295
Minority interest in subsidiary financial allied undertaking which are less than wholly owned	24	
Common Equity Tier 1 (CET1) Capital	48,522	48,519
Less: Regulatory Adjustments to CET1 Capital		
Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)	304	290
Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates	44	44
Deferred tax assets	84	-
Goodwill	158	158
Other Intangible Assets	879	721
Defined benefit pension fund assets (liabilities)	231	230
Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers brokers and insurance companies), after deducting related goodwill, if any		13,344
Minority investments (below 10% of voting stock) in subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance	17	
Other equity investments in non-financial allied undertakings and non-allied undertakings	6,720	3,160
Reciprocal investments in common stock of other banks/quasi-banks and financial allied undertakings including securities dealers/brokers and insurance companies, after deducting related goodwill, if any (for both solo and consolidated bases)	0	0
Total Regulatory Adjustments to CET1 Capital	**8,438**	**17,946**
Total Common Equity Tier 1 Capital	**40,084**	**30,573**
Additional Tier 1 (AT1) Capital		
Instruments issued by the bank that are eligible as AT1 Capital	3	3
Less: Regulatory Adjustments to AT1 Capital	**-**	**-**
Total Additional Tier 1 (AT1) Capital	**3**	**3**
Total Tier 1 (Common Equity Tier 1 plus Additional Tier 1) Capital	**40,087**	**30,576**
	-	-

	December 31, 2014	
	Group	Parent
Tier 2 Capital		
Instruments issued by the bank that are eligible as Tier 2 capital	9,921	9,921
General loan loss provision	2,084	1,681
Total Tier 2 capital	**12,005**	**11,602**
Less: Regulatory Adjustments to Tier 2 Capital	**-**	**-**
Total Tier 2 Capital	12,005	11,602
Total Qualifying Capital	52,093	42,179
	-	-

	December 31, 2013	
	Group	Parent
Tier 1 Capital		
Paid up common stock	12,760	12,760
Additional paid in capital	16,148	16,148
Retained Earnings	12,034	12,034
Undivided profits	5,366	5,366
Cumulative foreign currency translation	76	70
Minority interest in subsidiary financial allied undertaking which are less than wholly owned	26	
Subtotal	46,409	46,378
Hybrid Tier 1 Capital (limited to 17.65% of Total Core Tier 1)	4,351	4,351
Total Tier 1 Capital	**50,761**	**50,729**
Less: Regulatory Deductions		
Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)	341	326
Deferred tax assets	1,454	1,389
Goodwill	158	158
Total deductions from Tier 1 capital	**1,953**	**1,874**
Total Tier 1 capital	**48,808**	**48,855**
Tier 2 Capital		
Net unrealized gains on available for sale equity securities	5	5
General loan loss provision	1,740	1,394
Total Tier 2 capital	**1,745**	**1,399**
Gross Qualifying Capital	**50,553**	**50,254**
Deductions from Tier 1 capital and Tier 2 Capital:		
Investment in equity of consolidated, subsidiary banks and quasi banks, and other financial allied undertakings	-	12,801
Reciprocal investments in equity of other banks/ enterprises	2	2
Total deductions from Tier 1 and Tier 2 capital	**2**	**12,803**
Net Tier 1 capital	**48,807**	**37,451**
Net Tier 2 capital	**1,744**	**-**
Total Qualifying Capital	**50,551**	**37,451**

Full Reconciliation of all Regulatory Capital Elements and Regulatory Adjustments/Deductions
(In Millions)

	December 2014									
	Group					Parent				
	FRP	BASEL III				FRP	BASEL III			
FRP Equity Accounts		CET1 Capital	Additional Tier 1	Tier 2 Capital	Total Basel III Capital		CET1 Capital	Additional Tier 1	Tier 2 Capital	Total Basel III Capital
Paid in Capital Stock	12,760	12,757	3		12,760	12,760	12,757	3		12,760
Common Stock	12,757	12,757			12,757	12,757	12,757			12,757
Perpetual and Non-Cumulative Preferred Stock	3		3		3	3		3		3
Additional Paid-in Capital	16,147	16,147			16,147	16,147	16,147			16,147
Other Equity Instruments (Hybrid Tier 1)	4,383				-	4,383				-
Retained Earnings	13,928	13,928			13,928	13,928	13,928			13,928
Undivided Profits	4,332	4,332			4,332	4,332	4,332			4,332
Other Comprehensive Income	1,334	1,334			1,334	1,355	1,355			1,355
Minority Interest in Subsidiaries (for consolidated report only)	24	24			24	-				-
Total Equity Accounts	**52,909**	**48,522**	**3**	**-**	**48,525**	**52,906**	**48,519**	**3**	**-**	**48,523**
Other Accounts Eligible as Regulatory Capital										-
Unsecured Subordinated Debt				9,921	9,921				9,921	9,921
General Loan Loss Reserves				2,084	2,084				1,681	1,681
Regulatory Adjustments/Deductions to CET1 Capital					-					-
Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)		(304)			(304)		(290)			(290)
Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates		(44)			(44)		(44)			(44)
Deferred tax assets		(84)			(84)		-			-
Goodwill		(158)			(158)		(158)			(158)
Other Intangible Assets		(879)			(879)		(721)			(721)
Defined benefit pension fund assets (liabilities)		(231)			(231)		(230)			(230)
Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any		-			-		(13,344)			(13,344)
Minority investments (below 10% of voting stock) in subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers brokers and insurance companies), after deducting related goodwill, if any (for both solo and consolidated bases)		(17)			(17)		-			-
Other equity investments in non-financial allied undertakings and non-allied undertakings		(6,720)			(6,720)		(3,160)			(3,160)
Reciprocal investments in common stock of other banks quasi-banks and financial allied undertakings including securities dealers/brokers and insurance companies, after deducting related goodwill, if any (for both solo and consolidated bases)		(0)			(0)		(0)			(0)
Total Regulatory Capital	**52,909**	**40,084**	**3**	**12,005**	**52,093**	**52,906**	**30,573**	**3**	**11,602**	**42,179**

Components of Regulatory Capital

Regulatory Capital consists of the sum of the following accounts as reported in the BSP Financial Reporting Package (FRP) which are eligible as Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) capital except for Hybrid Tier 1 Other Equity Instruments guided by Circular No. 781 – Basel III Implementing Guidelines on Minimum Capital Requirements

a. Paid in Capital Stock
b. Additional Paid-in Capital Stock

c. Retained Earnings
d. Undivided Profits
e. Other Comprehensive Income
f. Minority Interest in Subsidiaries (for consolidated report only)

Tier 2 Capital consists of the sum of Unsecured Subordinated Debt with main features discussed below and General Loan Loss Reserves, limited to a maximum of 1.00% of credit risk-weighted assets.

Regulatory Adjustments to Capital consists of the sum of the following accounts :

a. Unsecured credit accommodations both direct and indirect to DOSRI
b. Unsecured Loans, other credit accommodations and guarantees granted to subsidiaries and affiliates
c. Deferred Tax Assets pertains to the tax impact of deductible temporary differences such as but not limited to provisions for impairment and retirement benefits
d. Goodwill represents goodwill of RCBC Savings Bank
e. Other Intangible Assets consists of computer software and branch licenses
f. Defined benefit pension fund assets pertains to the excess of the fair value of the plan assets over the present value of the defined benefit obligation
g. Investments in equity of unconsolidated subsidiary banks for the solo reporting represents carrying amount as reported in the FRP, net of related goodwill
   RCBC Savings Bank
   RCBC Capital Corporation
   RCBC Forex Brokers Corp.
   RCBC Leasing & Finance Corp.
   Merchant Savings & Loan Association Inc.
   RCBC Telemoney Europe
   RCBC International Finance Ltd.
   RCBC North America, Inc.
h. Other equity investments in non-financial allied undertakings and non-allied undertakings represents investments in various companies such as Niyog Properties, YGC Corporate Services, Honda Cars, GPL Holdings, MICO Equities, Roxas Holdings, Pilipinas Shell, Isuzu Phils. among others.

Main Features of Tier 2 Subordinated Debt Issued

On June 27, 2014, the Parent Company issued P7 billion Basel III-compliant Tier 2 Capital Notes (the "Tier 2 Notes") which shall be part of the Group's regulatory capital compliance in accordance with Basel III capital guidelines of the BSP. The Parent Company re-opened the Tier 2 Notes and issued an additional P3 billion of the Notes on September 5, 2014, which constituted a further issuance of, and formed a single series with the existing P7 billion Tier 2 Notes. The significant terms and conditions of the Tier 2 Notes with an aggregate issue amount of P10 billion, are as follows:

(a) The Tier 2 Notes shall mature on September 27, 2024, provided that they are not redeemed at an earlier date.

(b) Subject to satisfaction of certain regulatory approval requirements, the Parent Company may, on September 26, 2019, and on any Interest Payment Date thereafter, redeem all of the outstanding Tier 2 Notes at redemption price equal to 100% of its face value together with accrued and unpaid interest thereon. The terms and conditions of the Tier 2 Notes also allow for early redemption upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event.

(c) The Tier 2 Notes shall initially bear interest at the rate of 5.375% per annum from and including June 27, 2014 to but excluding September 27, 2019 and shall be payable quarterly in arrears at the end of each interest period on March 27, June 27, September 27 and December 27 of each year.

(d) Unless the Tier 2 Notes are previously redeemed, the initial interest rate will be reset on September 26, 2019 at the equivalent of the five-year PDST-R2 or the relevant five-year benchmark plus the initial spread of 1.93% per annum. Such reset interest shall be payable quarterly in arrears commencing on September 27, 2019 up to and including September 27, 2024, if not otherwise redeemed earlier.

(e) The Tier 2 Notes have a loss absorption feature which means the notes are subject to a Non-Viability Write-Down in case of the occurrence of a Non-Viability Event, subject to certain conditions as set out in the terms and conditions of the notes, when the Issuer is considered non-viable as determined by the BSP. Non-Viability is defined as a deviation from a certain level of CET1 ratio or the inability of the Issuer to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. Upon the occurrence of a Non-Viability Event, the Issuer shall write-down the principal amount of the notes to the extent required by the BSP, which could go as low as zero. A Non-Viability Write-Down shall have the following effects:

(i) it shall reduce the claim on the notes in liquidation;

(ii) reduce the amount re-paid when a call or redemption is properly exercised; and,

(iii) partially or fully reduce the interest payments on the notes.

For the features of the other capital instruments please refer to Note 23.1 of the Audited FS for the Preferred Shares and Note 23.5 for the Hybrid Perpetual Securities.

Full Reconciliation of Regulatory Capital Elements back to the FRP Balance Sheet in the Audited Financial Statements
(In Millions)

RCBC Parent

Equity Accounts	Audited FS	BSP FRP	Change	Details	Amount
Preferred Stock	3	3	-		
Common Stock	12,757	12,757	-		
Capital Paid in Excess of Par	16,147	16,147	-		-
Hybrid Perpetual Securities	4,883	4,383	500	Reinstatement of HT1 Capital to cost method	500
Revaluation Reserves on Available for Sale Securities	-	271	(271)	Reinstatement of equity investments in subsidiaries to cost method	(271)
Revaluation reserves on financial assets at fair value through other comprehensive income	825	789	36	Impact of early adoption of FRPS 9	36
Accumulated Translation Adjustments	-	98	(98)	Reinstatement of equity investments in subsidiaries to cost method	(98)
Reserve for Trust Business	340	336	4	Additional provision on Reserves for Trust Business	4
Retirement plan remeasurement	(75)	197	(272)	To adjust retirement benefits following PAS19R	(376)
				Reinstatement of equity investments in subsidiaries to cost method	104
					(272)
Surplus	11,811	17,925	(6,114)	Reinstatement of equity investments to cost method	(5,668)
				Impact of early adoption of FRPS 9	(1)
				Impairment provision for JPL	(375)
				Reserve for Self Insurance reported as part of the Other Liabilities in the AFS	(213)
				Additional provision on Reserves for Trust Business	(4)
				Additional income after considering audit adjusting entries	147
					(6,114)
Total Capital	**46,691**	**52,906**	**(6,215)**		**(6,215)**

Reconciliation for the Group Regulatory Elements are the same as that of the Parent Bank except for the reinstatement of equity investments to cost method. At the group level, the equity investments are accounted using equity method.

Capital Requirements by type of exposures as of December 31, 2014 and 2013 are as follows:

	December 31, 2014					
	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
			(in Millions)			
On- Balance Sheet Assets	281,846	235,234				
Off- Balance Sheet Assets	10,565	10,537				
Counterparty Risk-Weighted Assets in the Banking & Trading Book	431	431				
Credit Linked Notes in the Banking Book	-	-				
Securitization Exposures	-	-				
Market Risk-Weighted Assets			14,942	14,630		
Operational Risk using Basic Indicator Approach					31,166	21,715
Total	**292,841**	**246,202**	**14,942**	**14,630**	**31,166**	**21,715**
Capital Requirements	**29,284**	**24,620**	**1,494**	**1,463**	**3,117**	**2,171**

	December 31, 2013					
	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
			(in Millions)			
On- Balance Sheet Assets	260,139	212,869				
Off- Balance Sheet Assets	6,930	6,883				
Counterparty Risk-Weighted Assets in the Banking & Trading Book	773	773				
Credit Linked Notes in the Banking Book	-	-				
Securitization Exposures	-	-				
Market Risk-Weighted Assets			8,853	7,367		
Operational Risk using Basic Indicator Approach					29,225	20,187
Total	**267,842**	**220,525**	**8,853**	**7,367**	**29,225**	**20,187**
Capital Requirements	**26,784**	**22,052**	**885**	**737**	**2,923**	**2,019**

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.

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on the rating by Standard & Poor's, Moody's, Fitch and Philratings on exposures to Sovereigns, Multilateral Development Banks, Banks, Local Government Units, Government Corporation and Corporates.

Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets as of December 31, 2014 and 2013 are as follows:

RCBC Group
Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets

Type of Exposures	December 31, 2014									
	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
On-Balance Sheet Exposures										
Sovereigns	93,272	6,593	86,680	54,079	1,322	28,109		3,169		17,488
Multilateral Development Banks										
Banks	16,710		16,710		1,828	13,194		1,688		8,651
Interbank call loans	225		225		225					45
Local government units	338		338			338				169
Government corporations	10,021		10,021		215	6,341		3,466		6,679
Corporates	218,141	32,651	185,490			234		184,873	383	185,564
Housing Loans	28,335	8,711	19,625			19,625				9,812
MSME Qualified portfolio	8,596		8,596				8,596			6,447
Defaulted exposures	2,550		2,550					968	1,582	3,341
Housing Loans	968		968					968		968
Others	1,582		1,582						1,582	2,373
ROPA	3,842		3,842						3,842	5,763
All other assets, net of deductions	52,164	1,237	50,927	13,061	136			37,470	259	37,886
Total on-balance sheet exposures	434,195	49,192	385,003	67,141	3,726	67,840	8,596	231,634	6,066	281,846
Off-Balance Sheet Exposures										
Direct credit substitutes	4,440		4,440					4,440		4,440
Transaction-related contingencies	5,948		5,948					5,948		5,948
Trade-related contingencies	178		178					178		178
Others	116,774		116,774	116,774						
Total off-balance sheet exposures	127,340		127,340	116,774				10,565		10,565
Counterparty Risk-Weighted Assets in the Banking Book										
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	216		216		5	131		80		146
Derivatives - exchange rate contracts	369		369		18	144		207		282
Credit Derivatives	5		5			5				2
Total counterparty RWA in trading book	589		589		24	280		286		431
Risk-Weighted Amount of Credit Linked Notes in the Banking Book										
Risk-Weighted Securitization Exposures										
Total	**562,124**	**49,192**	**512,932**	**183,915**	**3,750**	**68,120**	**8,596**	**242,485**	**6,066**	**292,841**
Deductions from Capital										
General loan loss provision (in excess of the amount permitted to be included in Tier 2)										
Unbooked valuation reserves and other capital adjustments affecting asset accounts based on the latest report of examination										
Total, net of deductions	**562,124**	**49,192**	**512,932**	**183,915**	**3,750**	**68,120**	**8,596**	**242,485**	**6,066**	**292,841**

** Principal amount for on-balance sheet and credit equivalent amount for off-balance sheet, net of specific provision*

RCBC Parent
Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets

	December 31, 2014									
Type of Exposures	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
On-Balance Sheet Exposures										
Sovereigns	78,294	6,593	71,702	42,072	112	26,349		3,169		16,366
Multilateral Development Banks										
Banks	15,835		15,835		1,828	12,760		1,248		7,993
Interbank call loans	225		225		225					45
Local government units	338		338			338				169
Government corporations	9,416		9,416		215	5,735		3,466		6,376
Corporates	207,306	32,245	175,062			234		174,445	383	175,136
Housing Loans	1,006		1,006			1,006				503
MSME Qualified portfolio	8,454		8,454				8,454			6,341
Defaulted exposures	727		727					53	674	1,064
Housing Loans	53		53					53		53
Others	674		674						674	1,011
ROPA	905		905						905	1,357
All other assets, net of deductions	29,491		29,491	9,539	85			19,867		19,884
Total on-balance sheet exposures	351,998	38,837	313,161	51,611	2,464	46,422	8,454	202,248	1,961	235,234
Off-Balance Sheet Exposures										
Direct credit substitutes	4,440		4,440					4,440		4,440
Transaction-related contingencies	5,919		5,919					5,919		5,919
Trade-related contingencies	178		178					178		178
Others										
Total off-balance sheet exposures	10,537		10,537					10,537		10,537
Counterparty Risk-Weighted Assets in the Banking Book										
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	216		216		5	131		80		146
Derivatives - exchange rate contracts	369		369		18	144		207		282
Credit Derivatives	5		5			5				2
Total counterparty RWA in trading book	589		589		24	280		286		431
Risk-Weighted Amount of Credit Linked Notes in the Banking Book										
Risk-Weighted Securitization Exposures										
Total	**363,124**	**38,837**	**324,287**	**51,611**	**2,488**	**46,702**	**8,454**	**213,070**	**1,961**	**246,202**
Deductions from Capital										
General loan loss provision (in excess of the amount permitted to be included in Tier 2)										
Unbooked valuation reserves and other capital adjustments affecting asset accounts based on the latest report of examination										
Total, net of deductions	**363,124**	**38,837**	**324,287**	**51,611**	**2,488**	**46,702**	**8,454**	**213,070**	**1,961**	**246,202**

** Principal amount for on-balance sheet and credit equivalent amount for off-balance sheet, net of specific provision*

RCBC Group
Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets

Type of Exposures	December 31, 2013									
	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
On-Balance Sheet Exposures										
Sovereigns	110,179	6,040	104,139	78,099	1,329	19,629		5,081		15,162
Multilateral Development Banks	165		165		165					33
Banks	20,206		20,206		3,565	14,543		2,097		10,082
Interbank call loans	-		-							-
Local government units	488		488			488				244
Government corporations	10,002		10,002			3,938		6,064		8,033
Corporates	190,202	33,123	157,080			1,097		155,983		156,531
Housing Loans	22,489	5,409	17,079			17,079				8,540
MSME qualified portfolio	8,049		8,049				8,049			6,036
Defaulted exposures	3,053		3,053					751	2,302	4,205
Housing loans	751		751					751		751
Others	2,302		2,302						2,302	3,454
ROPA	4,878		4,878						4,878	7,317
All other assets, net of deductions	54,821	968	53,853	9,790	133			43,929		43,956
Total on-balance sheet exposures	424,532	45,540	378,992	87,890	5,193	56,775	8,049	213,905	7,181	260,139
Off-Balance Sheet Exposures										
Direct credit substitutes	3,390		3,390					3,390		3,390
Transaction-related contingencies	1,761		1,761					1,761		1,761
Trade-related contingencies	1,779		1,779					1,779		1,779
Others	-		-							-
Total off-balance sheet exposures	6,930		6,930	-	-	-	-	6,930	-	6,930
Counterparty Risk-Weighted Assets in the Banking Book	-		-							-
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	310		310		5	270		36		172
Derivatives - exchange rate contracts	736		736		69	196		471		583
Credit Derivatives	37		37			37				19
Total counterparty RWA in trading book	1,083	-	1,083	-	73	504	-	507	-	773
Risk-Weighted Amount of Credit Linked Notes in the Banking Book	-		-							-
Risk-Weighted Securitization Exposures	-		-							-
Total	**432,546**	**45,540**	**387,005**	**87,890**	**5,266**	**57,279**	**8,049**	**221,342**	**7,181**	**267,842**
Deductions from Capital										
General loan loss provision (in excess of the amount permitted to be included in Upper Tier 2)										-
Unbooked valuation reserves and other capital adjustments										-
Total, net of deductions	**432,546**	**45,540**	**387,005**	**87,890**	**5,266**	**57,279**	**8,049**	**221,342**	**7,181**	**267,842**

** Principal amount for on-balance sheet and credit equivalent amount for off-balance sheet, net of specific provision*

RCBC Parent
Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets

	December 31, 2013									
	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposures after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
On-Balance Sheet Exposures										
Sovereigns	99,240	6,040	93,200	70,688	114	17,316		5,081		13,762
Multilateral Development Banks	165		165		165					33
Banks	19,751		19,751		3,565	13,679		2,506		10,059
Interbank call loans	-		-							-
Local government units	488		488			488				244
Government corporations	9,416		9,416			3,352		6,064		7,740
Corporates	177,988	31,740	146,248			1,097		145,151		145,699
Housing Loans	882		882			882				441
MSME qualified portfolio	7,946		7,946				7,946			5,959
Defaulted exposures	1,341		1,341					53	1,288	1,984
Housing Loans	53		53					53		53
Others	1,288		1,288						1,288	1,932
ROPA	1,778		1,778						1,778	2,667
All other assets, net of deductions	31,909		31,909	7,563	82			24,264		24,280
Total on-balance sheet exposures	350,902	37,780	313,122	78,252	3,926	36,815	7,946	183,119	3,066	212,869
Off-Balance Sheet Exposures										
Direct credit substitutes	3,390		3,390					3,390		3,390
Transaction-related contingencies	1,714		1,714					1,714		1,714
Trade-related contingencies	1,779		1,779					1,779		1,779
Others	-		-					-		-
Total off-balance sheet exposures	6,883		6,883	-	-	-	-	6,883	-	6,883
Counterparty Risk-Weighted Assets in the Banking Book	-		-							-
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	310		310		5	270		36		172
Derivatives - exchange rate contracts	736		736		69	196		471		583
Credit Derivatives	37		37		-	37		-		19
Total counterparty RWA in trading book	1,083	-	1,083	-	73	504	-	507	-	773
Risk-Weighted Amount of Credit Linked Notes in the Banking Book	-		-							-
Risk-Weighted Securitization Exposures	-		-							-
Total	**358,868**	**37,780**	**321,088**	**78,252**	**3,999**	**37,318**	**7,946**	**190,508**	**3,066**	**220,525**
Deductions from Capital										
General loan loss provision (in excess of the amount permitted to be included in Upper Tier 2)										-
Unbooked valuation reserves and other capital adjustments										-
Total, net of deductions	**358,868**	**37,780**	**321,088**	**78,252**	**3,999**	**37,318**	**7,946**	**190,508**	**3,066**	**220,525**

** Principal amount for on-balance sheet and credit equivalent amount for off-balance sheet, net of specific provision*

RCBC Group
Total Credit Risk Exposures by Asset Type, Risk Buckets and Risk Weighted Assets

On-Balance Sheet Assets	December 31, 2014 Pincipal Amount	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
Cash on Hand	13,061		13,061	13,061						
Checks and Other Cash Items	136		136		136					27
Due from Bangko Sentral ng Pilipinas (BSP)	46,101		46,101	46,101						
Due from Other Banks	16,480		16,480		1,828	13,194		1,458		8,421
Financial Assets Designated at Fair Value through Profit or Loss										
Available-for-Sale (AFS) Financial Assets	3,409		3,409			289		3,120		3,265
Held-to-Maturity (HTM) Financial Assets	80,783	6,593	74,190	7,881	1,537	34,615		29,775	383	47,964
Unquoted Debt Securities Classified as Loans	1,769		1,769			118		1,650		1,709
Loans and Receivables	257,739	42,599	215,139		225	19,625	8,596	185,111	1,582	203,789
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, and Securities Lending and Borrowing Transactions	98		98	98						
Sales Contract Receivable (SCR)	2,114		2,114					1,855	259	2,244
Real and Other Properties Acquired	3,842		3,842						3,842	5,763
Other Assets	8,664		8,664					8,664		8,664
Total Risk-weighted On-Balance Sheet Assets	**434,195**	**49,192**	**385,003**	**67,141**	**3,726**	**67,840**	**8,596**	**231,634**	**6,066**	**281,846**

RCBC Parent
Total Credit Risk Exposures by Asset Type, Risk Buckets and Risk Weighted Assets

On-Balance Sheet Assets	December 31, 2014 Pincipal Amount	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
Cash on Hand	9,539		9,539	9,539						
Checks and Other Cash Items	85		85		85					17
Due from Bangko Sentral ng Pilipinas (BSP)	37,763		37,763	37,763						
Due from Other Banks	15,535		15,535		1,828	12,760		948		7,693
Financial Assets Designated at Fair Value through Profit or Loss										
Available-for-Sale (AFS) Financial Assets	2,458		2,458					2,458		2,458
Held-to-Maturity (HTM) Financial Assets	71,323	6,593	64,730	4,309	326	32,656		27,056	383	44,023
Unquoted Debt Securities Classified as Loans	1,650		1,650					1,650		1,650
Loans and Receivables	203,661	32,245	171,416		225	1,006	8,454	161,105	625	168,932
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, and Securities Lending and Borrowing Transactions										
Sales Contract Receivable (SCR)	801		801					752	49	826
Real and Other Properties Acquired	905		905						905	1,357
Other Assets	8,277		8,277					8,277		8,277
Total Risk-weighted On-Balance Sheet Assets	**351,998**	**38,837**	**313,161**	**51,611**	**2,464**	**46,422**	**8,454**	**202,248**	**1,961**	**235,234**

RCBC Group
Total Credit Risk Exposures by Asset Type, Risk Buckets and Risk Weighted Assets

On-Balance Sheet Assets	December 31, 2013									
	Principal Amount	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
Cash on Hand	9,790		9,790	9,790						-
Checks and Other Cash Items	133		133		133					27
Due from Bangko Sentral ng Pilipinas (BSP)	52,496		52,496	52,496						-
Due from Other Banks	6,580		6,580		132	6,098		350		3,425
Financial Assets Designated at Fair Value through Profit or Loss	230		230			230				115
Available-for-Sale (AFS) Financial Assets	84,494	6,040	78,454	12,466	2,395	25,133		38,459	0	51,505
Held-to-Maturity (HTM) Financial Assets	-		-							-
Unquoted Debt Securities Classified as Loans	12,715		12,715			3,283		9,432		11,073
Loans and Receivables	218,558	39,500	179,058		2,532	22,031	8,049	144,453	1,993	165,001
Loans and Receivables Arising from Repurchase Agreements	13,138		13,138	13,138						-
Sales Contract Receivable (SCR)	1,496		1,496					1,188	309	1,651
Real and Other Properties Acquired	4,878		4,878						4,878	7,317
Other Assets	20,024		20,024					20,024		20,024
Total Risk-weighted On-Balance Sheet Assets	**424,532**	**45,540**	**378,992**	**87,890**	**5,193**	**56,775**	**8,049**	**213,905**	**7,181**	**260,139**

RCBC Parent
Total Credit Risk Exposures by Asset Type, Risk Buckets and Risk Weighted Assets

On-Balance Sheet Assets	December 31, 2013									
	Principal Amount	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
Cash on Hand	7,563		7,563	7,563						-
Checks and Other Cash Items	82		82		82					16
Due from Bangko Sentral ng Pilipinas (BSP)	48,684		48,684	48,684						-
Due from Other Banks	6,212		6,212		132	5,234		846		3,489
Financial Assets Designated at Fair Value through Profit or Loss	230		230			230				115
Available-for-Sale (AFS) Financial Assets	71,466	6,040	65,426	8,867	1,180	22,327		33,051		44,451
Held-to-Maturity (HTM) Financial Assets	-		-							-
Unquoted Debt Securities Classified as Loans	12,621		12,621			3,190		9,432		11,027
Loans and Receivables	174,300	31,740	142,560		2,532	5,834	7,946	125,047	1,202	136,232
Loans and Receivables Arising from Repurchase Agreements	13,138		13,138	13,138						-
Sales Contract Receivable (SCR)	222		222					136	86	265
Real and Other Properties Acquired	1,778		1,778						1,778	2,667
Other Assets	14,607		14,607					14,607		14,607
Total Risk-weighted On-Balance Sheet Assets	**350,902**	**37,780**	**313,122**	**78,252**	**3,926**	**36,815**	**7,946**	**183,119**	**3,066**	**212,869**

Market Risk Weighted Assets

Using Standardized Approach	December 31, 2014				December 31, 2013			
	Group		Parent		Group		Parent	
	Notional Amount	Market Risk Weighted Assets (MRWA)	Notional Amount	Market Risk Weighted Assets (MRWA)	Notional Amount	Market Risk Weighted Assets (MRWA)	Notional Amount	Market Risk Weighted Assets (MRWA)
Interest Rate Exposures	55,169	12,521	52,574	12,153	64,426	5,051	63,496	4,998
Equity Exposures	-	-	-	-	827	1,655	-	-
Foreign Exposures	4,935	2,410	5,001	2,465	4,339	1,568	4,591	1,789
Options	366	11	366	11	1,764	580	1,764	580
Total	**60,471**	**14,942**	**57,942**	**14,630**	**71,357**	**8,853**	**69,851**	**7,367**

Operational Risk-Weighted Assets under Basic Indicator Approach
(Based on 3 year Average Gross Income)

Nature of Item	December 2014		December 2013	
	Group	Parent	Group	Parent
Net interest income	11,743	8,511	10,933	7,939
Other non-interest income	4,879	3,070	4,654	2,828
Gross Income	16,622	11,581	15,587	10,767
Capital Requirements	**31,166**	**21,715**	**29,225**	**20,187**

Use of third party assessment for Credit Risk

Following the standardized approach for credit risk, the determination of capital requirement is based on an approach that links predefined risk weights to predefined asset classes. Standardized credit risk weights following BSP Circular 538 were used in the credit assessment of these asset exposures. Third party credit assessments in turn were based on the rating by Standard & Poor's, Moody's, Fitch and Philratings on exposures to Sovereigns, Multilateral Development Banks, Banks, Local Government Units, Government Corporation and Corporates.

As of December 31, 2014 the Bank had exposures to the following countries either via direct sovereign exposure, or to local corporates:

	Fitch	Moody's	S&P	Risk Weight
Australia	AAA	Aaa	AAAu	0%
Austria	AAA	Aaa	AA+	0%
Bahrain	BBB	Baa2	BBB	50%
Brazil	BBB	Baa2	BBB	50%
Canada	AAA	Aaa	AAA	0%
Chile	A+	Aa3	AA-	0%
China	A+	Aa3	AA-	0%
Colombia	BBB	Baa3	BBB	50%
Denmark	AAA	Aaa	AAA	0%
France	AA+	Aa1	AAu	0%
Germany	AAA	Aaa	AAAu	0%
Hong Kong	AA+	Aa1	AAA	0%
India	BBB-	Baa3	BBB-u	50%
Indonesia	BBB-	Baa3	BB+	50%
Italy	BBB+	Baa2	BBBu	50%
Japan	A+	Aa3	AA-u	0%
Korea, South	AA-	Aa3	A+	0%
Malaysia	A-	A3	A-	20%
Netherlands	AAA	Aaa	AA+u	0%

	Fitch	Moody's	S&P	Risk Weight
New Zealand	AA	Aaa	AA	0%
Norway	AAA	Aaa	AAA	0%
Oman	NR	A1	A	20%
Peru	BBB+	Baa2	BBB+	50%
Qatar	NR	Aa2	AA	0%
Russia	BBB	Baa1	BBB	50%
Saudi Arabia	AA-	Aa3	AA-	0%
Singapore	AAA	Aaa	AAAu	0%
Spain	BBB	Baa3	BBB-	50%
Sweden	AAA	Aaa	AAA	0%
Switzerland	AAA	Aaa	AAAu	0%
Taiwan	A+	Aa3	AA-u	0%
Thailand	BBB+	Baa1	BBB+	50%
Turkey	BBB-	Baa3	BB+u	50%
United Arab Emirates	NR	Aa2	NR	0%
United Kingdom	AA+	Aa1	AAAu	0%
United States of America	AAA	Aaa	AA+u	0%

Corporate Social Responsibility


YGC Earth Care Program

Buhay Rizal Values Campaign

The Bantay Baterya Project

With initiatives that promote environmental care and values formation through education, RCBC further pursued its corporate social responsibility activities with programs thrusted in green banking and upholding the Filipino pride.

CONTINUING COMMITMENT TO THE YGC EARTH CARE PROGRAM

RCBC's commitment to the Earth Care Program of the Yuchengco Group of Companies (YGC) led to the active and enthusiastic participation of its employees in the tree planting drive located in Brgy. San Andres, Tanay, Rizal.

This year, the Bank vigorously pushed for the green initiative by ensuring that the seedlings planted in previous years are cultivated and protected by the farmer beneficiaries in the area.

PROMOTING RECYCLING THROUGH THE BANTAY BATERYA PROJECT

Earnest in finding ways to go green in its own operations and to promote environmental preservation, the Bank put what are supposed to be dangerous wastes to good use by collaborating with ABS-CBN Lingkod Kapamilya Foundation in its Bantay Kalikasan Program for the Bantay Baterya Project.

RCBC has donated hundreds of used-lead acid batteries (ULABs) from its over 1,200 ATMs in the country, and has committed to continue the donation in the coming years.

Through this endeavor, the bank effectively aids in ensuring proper recycling and eradication of risks to humans and the environment resulting from improper battery disposal. The venture strongly supports Philippine Republic Act 6969, also known as the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, that regulates and restricts the importation, manufacture, processing, sale, distribution, use and disposal of chemical substances and mixtures that present unreasonable risk to human health or the environment.

Renewable Energy Projects

The funds generated from the ULABs sold to the recycling plant were donated to ABS-CBN Foundation, which, in turn, channels the funds to preservation efforts directed at 18 ecotourism communities in the country, in 10 provinces (Palawan, Mindoro, Romblon, Sorsogon, Masbate, Sarangani, South Cotabato, Zambales, and the Yolanda affected Samar and Leyte), and in 25 municipalities, directly benefiting numerous People's Organizations in these areas.

RCBC's trailblazing green initiative prompted ABS-CBN to hail RCBC's ATM network as "The Country's First Green ATM Network."

ADVOCATING ENVIRONMENTAL SUSTAINABILITY WITH RENEWABLE ENERGY PROJECTS

Supporting renewable energy projects has also been part of the Bank's greening program this year.

With involvement in public and private partnerships for funding the construction of power plants in the past years, the Bank signed an agreement with the North Luzon Renewable Energy Corporation (NLREC) for the development of the 81 megawatt wind farm in Caparispisan, Pagudpud, Ilocos Norte . This aims to generate up to 450MW of clean energy which can help address the looming power shortage in the country.

PROMOTING FILIPINO PRIDE THROUGH THE BUHAY RIZAL VALUES CAMPAIGN

As part of the YGC Buhay Rizal Values Campaign, which aims to encourage among Filipinos, especially the youth, to revive nationalism and relive the advocacy of our national hero Dr. Jose Rizal, RCBC, through RCBC Bankard Services Corporation Inc., implemented the Rizalian Pride Program and Rizalian Books Donation this year in General Santos City.

The Rizalian Pride Program was aimed to help restore the dignity and pride for Rizal as the National Hero through refurbishment of the Rizal monument at the Plaza Heneral Santos, while the Rizalian Books Donation involved the distribution of over 1000 free copies of Rizal's masterpiece, Noli Me Tangere, to third year students of Lagao National High School (LNHS).

Since the program's launch in 2008, the initiative has resulted in a donation of nearly 50,000 copies of Noli Me Tangere, helping thousands of students from 37 public high schools across the country.

INVESTING IN AND FOR THE FUTURE

We know how to take care of you and the future. RCBC's corporate social programs are aimed at protecting the environment, and its services designed to educate the new generation to be financially-wise.

Profile of Directors

AMB. ALFONSO T. YUCHENGCO

HONORARY CHAIRMAN
NON-EXECUTIVE DIRECTOR

92 years of age
Filipino

BS Commerce, Far Eastern University, Philippines; graduate studies, Columbia University, New York, USA; Honorary Doctorate Degrees from universities in the Philippines, Japan and the United States

Amb. Alfonso T. Yuchengco has been the Bank's Honorary Chairman since 2002.

He is also Chairman and Chief Executive Officer of the Bank's major stockholder, Pan Malayan Management and Investments Corporation, and Honorary Chairman of the Board of MICO Equities, Inc., the holding company of the Malayan Group of Insurance Companies, and other YGC companies.

He is a director of House of Investments, Inc. and Chairman of EEI Corporation, listed companies in the YGC.

He served as Philippine Ambassador to the People's Republic of China, Ambassador Extraordinary Plenipotentiary of the Philippines to Japan, Presidential Special Envoy to Greater China, Japan and Korea, and Philippines' Permanent Representative to the United Nations with the rank of Ambassador from 2001 to 2002. He was the first recipient of the Order of Lakandula with the rank of Bayani (Grand Cross) presented by President Gloria Macapagal-Arroyo and the first Asian to be elected to the Insurance Hall of Fame by the International Insurance Society, Inc.

Ambassador Yuchengco attended the Corporate Governance and Risk Management Training conducted by De La Salle University Professional Schools in 2004. He attended continuing education seminars facilitated by RCBC in 2013 covering the following topics: SEC Corporate Governance Initiatives/Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. He also attended the Corporate Governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates in March 22, 2014. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

MS. HELEN Y. DEE

CHAIRPERSON
NON-EXECUTIVE DIRECTOR

71 years of age
Filipino

Ms. Helen Y. Dee has been the Bank's Chairperson since 2005.

Ms. Dee is also the Chairperson/President of Malayan Insurance Company, Inc., Hydee Management and Resource Corporation, Landev Corporation, Hi-Eisai Pharmaceutical Inc., Mapua Information Technology Center, Inc. and Manila Memorial Park Cemetery, Inc., and Vice Chairperson of Pan Malayan Management and Investment Corporation. She is a director of MICO Equities, Inc. Ms. Dee is also a Trustee of the Malayan Colleges, Inc. (operating under the name Mapua Institute of Technology).

She holds positions in listed companies within the YGC as Chairperson of the House of Investments, Inc., PetroEnergy Resources Corporation, and Seafront Resources Corporation, Vice Chairperson of EEI Corporation, and director of iPeople, Inc., and outside the YGC as Chairperson of the National Reinsurance Corporation of the Philippines and director of the Philippine Long Distance Telephone Company.

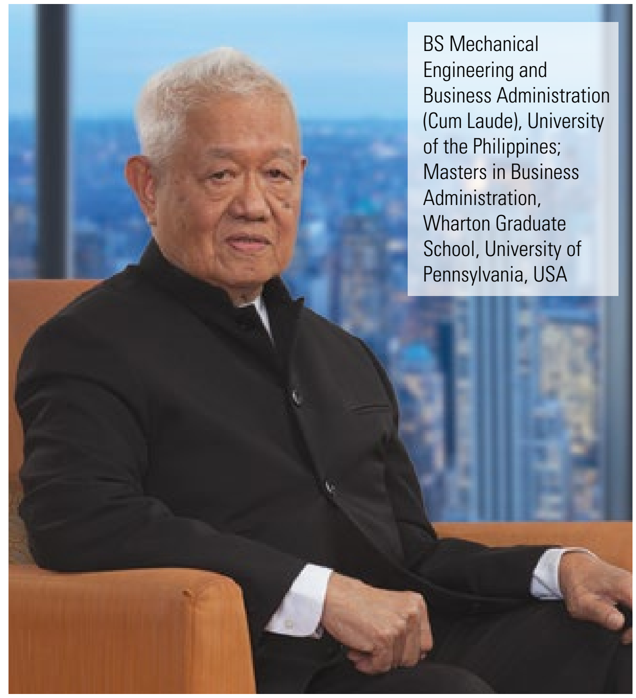
She attended continuing education seminars facilitated by RCBC in 2013 covering the following topics: SEC Corporate Governance Initiatives/ Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. She also attended the Corporate Governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates in March 22, 2014. She attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

She attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

MR. CESAR E.A. VIRATA

VICE CHAIRPERSON
NON-EXECUTIVE DIRECTOR

84 years of age
Filipino



Mr. Cesar E.A. Virata has been a Director of the Bank since 1995, Corporate Vice Chairman since June 2000 and Senior Adviser since 2007.

He is also the Chairman and President of C. Virata and Associates, Inc., management consultants. Mr. Virata's roster of companies where he is also a Director and/or Chairman include RCBC Savings Bank, RCBC Forex Brokers Corporation, RCBC Realty Corp., RCBC Land, Inc., Malayan Insurance Company, Inc., Business World Publishing Corporation, City & Land Developers, Inc., Luisita Industrial Park Corporation, Niyog Property Holdings, Inc., ALTO Pacific Company, Inc., Malayan Colleges, Inc., RCBC Bankard Services Corporation, AY Foundation, Inc., and YGC Corporate Services, Inc., among others.

Mr. Virata is an independent director of the following listed companies outside the YGC: Belle Corporation and Lopez Holdings Corporation.

Mr. Virata held various key positions in the Philippine government including Prime Minister, Secretary/Minister of Finance, Chairman of the Committee on Finance of the Batasan Pambansa (National Assembly), member of the Monetary Board, and Chairman of the Land Bank of the Philippines. He likewise served as Governor for the Philippines to the World Bank, the Asian Development Bank and the International Fund for Agriculture Development. He was Chairman of the Development Committee of the World Bank and International Monetary Fund from 1976 to 1980 and Chairman of the Board of Governors of the Asian Development Bank. Prior to his Government positions, he was a Professor and Dean of the College of Business Administration of the University of the Philippines and Principal, SyCip Gorres Velayo and Company, Management Services Division.

He attended continuing education seminars faciliated by RCBC in 2013 covering the following topics: SEC Corporate Governance Initiatives/ Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

MR. LORENZO V. TAN

PRESIDENT AND CEO
EXECUTIVE DIRECTOR

53 years of age
Filipino

Mr. Lorenzo V. Tan has been the Bank's President, Chief Executive Officer and Director since 2007.

He is also a vice chairman of RCBC Savings Bank, and director of Merchants Savings and Loan Association/Rizal Microbank, Inc., Smart Communications, Inc. and Morphs Lab, Inc.

He is presently the president of the Bankers Association of the Philippines. He is the Chairman of the Asian Bankers Association and the Philippine Dealing System Holdings Corporation and vice chairman of TOYM Foundation.

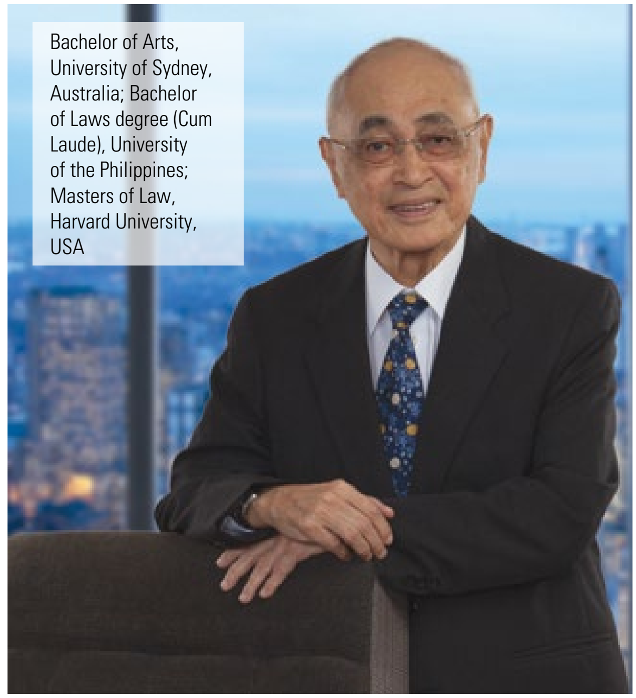
Before joining the Bank, Mr. Tan was the President and Chief Executive Officer of Sun Life of Canada (Phils.), Inc.; President and Chief Executive Officer of Philippine National Bank; President and Chief Operating Officer of United Coconut Planters Bank; and Group Managing Director of Guoco Holdings (Phils.), Inc. He also held various positions in Citibank N.A. from 1987 to 1995.

He attended the Orientation Course on Corporate Governance for Bank Directors conducted by the Institute of Corporate Directors in 2002. He attended continuing education seminars facilitated by RCBC in 2013 covering the following topics: SEC Corporate Governance Initiatives/ Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. He also attended the corporate governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates in March 22, 2014. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

ATTY. TEODORO D. REGALA

NON-EXECUTIVE DIRECTOR

81 years of age
Filipino



Atty. Teodoro D. Regala has been a Director of the Bank since 1999 and Chairman of the Trust Committee since 2000.

He is the Founding and Senior Partner and a member of the Executive Committee of the Angara Abello Concepcion Regala and Cruz Law Offices, one of the biggest law offices in the country. He is a Director of Malayan Insurance Co., Inc., MICO Equities; Inc., Safeway Philtech, Inc. independent director of PhilPlans First, Inc., and Director and Corporate Secretary of OEP Philippines, Inc. He is also the President of Union Church of Manila (Philippines) Foundation, Inc.

He attended continuing education seminars facilitated by RCBC in 2013 covering the following topics: SEC Corporate Governance Initiatives/Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. He also attended the corporate governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates in March 22, 2014. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

MR. TZE CHING I. CHAN

NON-EXECUTIVE DIRECTOR

58 years of age
Chinese

Mr. Tze Ching I. Chan has been a Director of the Bank since 2011.

Mr. Chan is currently a Senior Adviser at CVC Capital Partners and The Bank of East Asia, Limited. He also holds directorship positions in various companies in Hong Kong and is currently an Honorary Advisory Vice-President at Hong Kong Institute of Bankers.

He also holds directorship positions in other publicly-listed companies. He is the non-executive director and member of the Board Risk Management Committee of Affin Holdings Berhad (Malaysia), director and member of the Audit Committee, Panel Nomination Committee and Deputy Chairman of the Deputy Consultative Panel of the Hongkong Exchanges and Clearing Limited, and director and chairman of the Audit Committee of the Mongolian Mining Corporation, listed in the Hongkong exchange.

He started with Citibank in Hong Kong as a Management Associate in 1980. He was posted to Japan from 1986 to 1994. In 1994, he returned to Hong Kong to become Country Treasurer and Head of Sales and Trading. In 1997, he became head of Citibank's Corporate Banking business for Hong Kong. In 1999, he became Citigroup Country Officer for Hong Kong. In 2003, he was posted to Taiwan as Citigroup Country Officer. In 2004, he assumed the additional role of Chief Operating Officer for Greater China. In 2005, he returned from Taiwan to Hong Kong as Citigroup Country Officer for Hong Kong and Head of Corporate and Investment Banking business for Greater China, a position he held until his retirement from Citi in 2007. He worked briefly as Deputy Chief Executive for Bank of China (Hong Kong) in 2008.

He attended the Orientation Course on Corporate Governance conducted by the Institute of Corporate Directors in March 2012, "Corporate Governance and Listing – What Comes Next?" and "Board Effectivements – Factors for Long Term Strategy in the Financial Services Industry" conducted by PricewaterhouseCoopers Limited in 2012. He also attended a seminar on Updates in Money Laundering facilitated for the RCBC Board in 2013. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO

CORPORATE SECRETARY
EXECUTIVE DIRECTOR

43 years of age
Filipino

Atty. Maria Celia H. Fernandez-Estavillo has been a Director of the Bank since 2005.

She is also the Bank's Corporate Secretary and Head of the Legal and Regulatory Affairs Group. She holds positions as Director and/or Corporate Secretary in RCBC Savings Bank, Luisita Industrial Park Corp., Philippine Integrated Advertising Agency, Inc., RCBC Capital Corporation, and Niyog Property Holdings, Inc. She is also a member of the Board of Trustees of Yuchengco Center.

She attended continuing education seminars in 2013 faciliated by RCBC covering the following topics: SEC Corporate Governance Initiatives/Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. She also attended the corporate governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates in March 22, 2014. She attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

MR. FRANCIS G. ESTRADA

NON-EXECUTIVE DIRECTOR

64 years of age
Filipino

Mr. Francis G. Estrada has been a Director of the Bank since 2012.

He is a director in listed companies EEI Corporation, a company within the YGC, and Ayala Land, Inc.

He holds Chairmanship and/or Directorship position/s in several companies, including Philippine American Life Insurance Company.

As a director for RCBC, he attended continuing education seminars in 2013 covering the following topics: Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions, both conducted by RCBC. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

MR. MINKI BRIAN HONG

NON-EXECUTIVE DIRECTOR

43 years of age
American

Mr. Minki Brian Hong has been a Director of the Bank since 2011.

He is currently a Managing Director of CVC Asia Pacific Limited, Director of Hexagon Investments Holdings Limited, and Chair of Spi Global. Other present directorship positions include Capital Asia Funds Limited, Best Moment Holdings, WiniaMando, Inc., Spare Group Limited, and Spare Holdings Limited.

He attended the Orientation Course on Corporate Governance conducted by the Institute of Corporate Directors in 2011 and the following trainings facilitated by RCBC in 2013: SEC Corporate Governance Initiatives/Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001 (AMLA), as amended, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

MR. MEDEL T. NERA

NON-EXECUTIVE DIRECTOR

59 years of age
Filipino

BS Commerce, major in Accountancy, Far Eastern University, Philippines; Master of Business Administration, New York University, USA

Mr. Medel T. Nera has been a Director of the Bank since 2011.

He is the Chairman of the Risk Oversight Committee and member of Audit and Technology Committees.

He presently occupies the following positions in listed companies within the YGC: Director, President, and Chief Executive Officer of House of Investments, Inc., director of iPeople, Inc., EEI Corporation, and Seafront Resources Corporation, and in National Reinsurance Corporation of the Philippines, a listed company outside the YGC.

He is also Director and President of RCBC Realty Corporation and Honda Cars Kalookan. He is a director of Landev Corporation, Hi-Eisai Pharmaceutical, Malayan Colleges Laguna Inc., and YGC Corporate Services.

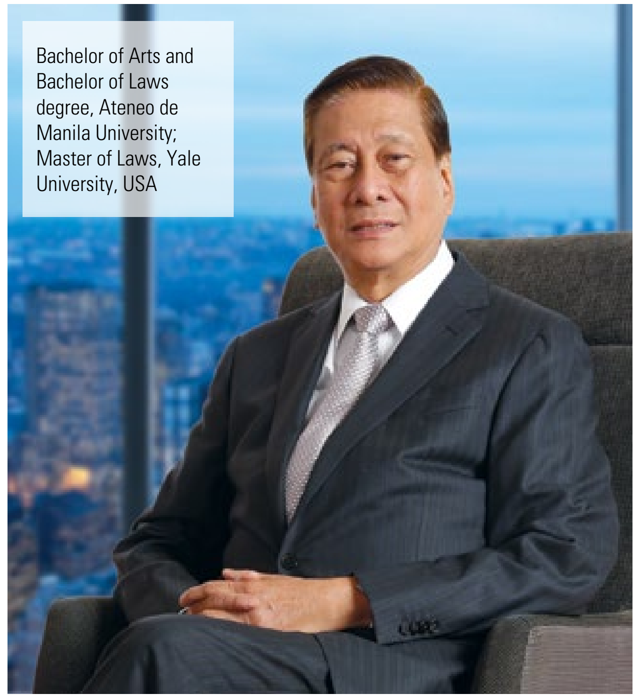
He is a Former Senior Partner and Head of Financial Services Audit Practice of Ernst and Young in the Far East of SyCip, Gorres, Velayo and Co., CPAS.

He attended the Pacific Rim Bankers Programs conducted by the University of Washington, various Financial Reporting, Accounting, & Auditing Seminars conducted by SGV & Co./Ernst & Young, the Orientation Course on Corporate Governance, and Professional Directors Program, both conducted by the Institute of Corporate Directors, and the following trainings facilitated by RCBC in 2013: SEC Corporate Governance Initiatives/Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001 (AMLA), as amended, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. He also attended the Corporate Governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates in March 22, 2014. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

ATTY. WILFRIDO E. SANCHEZ

NON-EXECUTIVE DIRECTOR

78 years of age
Filipino



Bachelor of Arts and Bachelor of Laws degree, Ateneo de Manila University; Master of Laws, Yale University, USA

Atty. Wilfrido E. Sanchez has been a Director of the Bank since 2006.

He is a Tax Counsel at Quiason Makalintal Barot Torres and Ibarra Law Offices. He also holds the position of Director in other companies such as Adventure International Tours, Inc., Amon Trading Corp., Transational Diversified Group, Inc. and Center for Leadership and Change, Inc.

He is a director of EEI Corporation and House of Investments, listed companies in the YGC. He is also an independent director in Universal Robina Corporation and LT Group, Inc., listed companies outside the YGC.

He attended continuing education seminars facilitated by RCBC in 2013 covering the following topics: SEC Corporate Governance Initiatives/Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. He also attended the corporate governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates in March 22, 2014. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

MR. RICHARD GORDON ALEXANDER WESTLAKE

NON-EXECUTIVE DIRECTOR

53 years of age
of New Zealand

Mr. Richard Gordon Alexander Westlake has been a director of the Bank since October 1, 2014.

He is also a founder and managing director of Westlake Governance, a New Zealand-based globally focused business now regarded as a leading adviser in Corporate Governance. Mr. Westlake has over 20 years of experience as Director and Board Chairman. He is currently the Independent Chairman of the Careerforce Industry Training Organisation Limited, and Independent Director and Chair of the Audit and Finance Committee of Dairy Goat Co-operative (N.Z.) Limited.

Additionally, he worked for the government of New Zealand as an Independent Director and Chair of the Finance, Audit & Risk Committee of the Kiwibank Limited, Chairman of the Standards Council of New Zealand, and Interim Chief Executive of the Horizons Regional Council. He was also the Chief Executive of Trust Bank Canterbury/WestpacTrust, the Chief Operating Officer of Barclays Bank PLC, NZ, and the Head of Corporate Finance, Vic, of Bain & Co Investment Bankers.

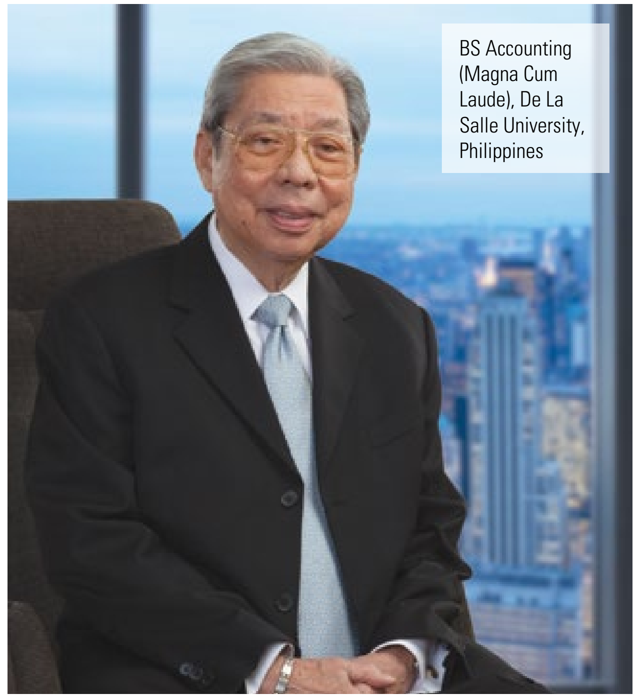
He is currently a nominee director of the International Finance Corporation (IFC), which commissioned and published his book, "Guidance for the Directors of Banks."

He has been the presenter/facilitator of corporate governance training programs for the Institute of Directors in New Zealand, Global Corporate Governance Forum, and the International Finance Corporation. He has also attended the Leadership & Focused Coaching seminar conducted by the Westpac Banking Corporation.

MR. ANTONINO L. ALINDOGAN, JR.,

INDEPENDENT NON-EXECUTIVE DIRECTOR

76 years of age
Filipino



Mr. Antonino L. Alindogan, Jr. has been an Independent Director of the Bank since 2007.

He also holds directorship position in various companies including An-Cor Holdings, Inc., Philippines Airlines, Inc., and Great Life Financial Assurance Corporation.

He is an independent director in the following listed companies: House of Investments, Inc., a member of the YGC, PAL Holdings, Inc. and LT Group, Inc.

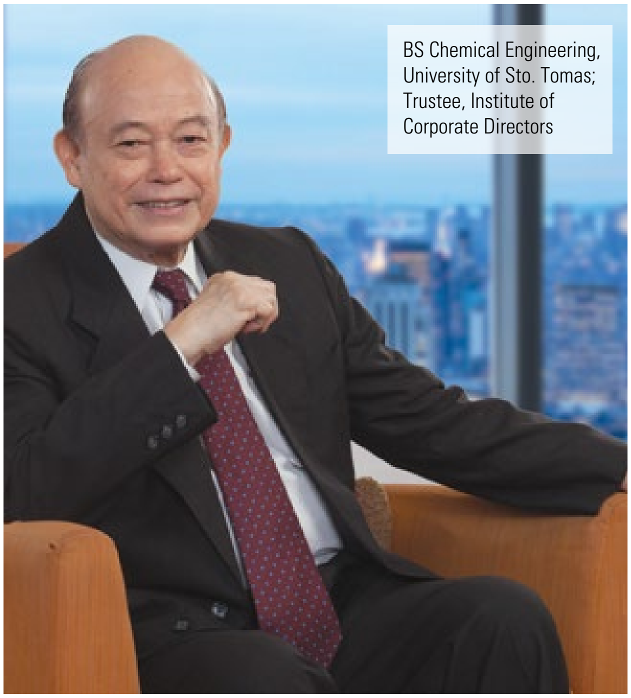
Prior to his assumption as director of the Bank, Mr. Alindogan was a member of the Monetary Board of the Bangko Sentral ng Pilipinas.

He attended continuing education seminars facilitated by RCBC in 2013 covering the following topics: SEC Corporate Governance Initiatives/Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. He also attended the corporate governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates in March 22, 2014. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

MR. FRANCISCO C. EIZMENDI, JR.

INDEPENDENT
NON-EXECUTIVE DIRECTOR

79 years of age
Filipino



Mr. Francisco C. Eizmendi, Jr. has been an Independent Director of the Bank since 2006.

Mr. Eizmendi is also the Chairman of Dearborn Motor Co., and an Independent Director of Sunlife Grepa Financial Inc. and Great Life Financial Assurance Corporation. He is an independent director of Makati Finance Corporation, a listed company outside the YGC.

He served as President and Chief Operating Officer of San Miguel Corporation from 1987 to 2002.

He has attended the Finance for Non-Financials Managers seminar conducted by SGV & Co. and the Professional Directors Program conducted by the Institute of Corporate Directors in 2004.

He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

MR. ARMANDO M. MEDINA

INDEPENDENT
NON-EXECUTIVE DIRECTOR

65 years of age
Filipino

Mr. Armando M. Medina has been an Independent Director of the Bank since 2003.

He is a member of various board committees of the Bank, including the Audit Committee, Risk Oversight Committee, Corporate Governance Committee, and Technology Committee. He is also an Independent Director of RCBC Savings Bank, RCBC Capital Corporation, and Malayan Insurance Co. Inc.

He attended continuing education seminars faciliated by RCBC in 2013 covering the following topics: SEC Corporate Governance Initiatives/ Trends in Regulatory Framework, Updates on the Anti-Money Laundering Act of 2001, Basel III and Financial Regulatory Reform, and Evaluating Risks in Project Finance Transactions. He also attended the corporate governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates in March 22, 2014. He attended the update on the Anti Money Laundering Act conducted by Atty. Richard David C. Funk II, Deputy Director, Compliance and Investigation Group of the Anti-Money Laundering Council for the Board of Directors last August 26, 2014.

Advisory Board

GABRIEL C. SINGSON
CHAIRMAN, ADVISORY BOARD

• Sun Life Grepa Financial, Inc., Chairman • J.G. Summit Holdings, Director • Gokongwei Brothers Foundation, Trustee • Tan Yan Kee Foundation, Trustee • Pres. Ramos Peace and Development Foundation, Trustee

FRANCIS C. LAUREL
ADVISORY BOARD MEMBER

• YKK Philippines, Inc., President and Chief Executive Officer • Toyota Batangas City, Inc., President and Chief Executive Officer • Toyota Camarines Sur, Inc., President and Chief Executive Officer • Philippines-Japan Society, Inc., President and Member of the Board of Trustees • Philippines-Japan Economic Cooperation Committee, Inc., Senior Adviser • UP College of Economic and Management Alumni Foundation, Inc. (CEMAFI), Board of Trustees

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 • Apollo GmbH, Director • Yuchengco Museum, Board Member • Amang Rodriguez Holdings, Inc., Director

YVONNE S. YUCHENGCO
ADVISORY BOARD MEMBER

• RCBC Capital Corporation, Chairman and Director • Philippine Integrated Advertising Agency, Inc., President and Director • Malayan Insurance Company, Inc., President and Director • MICO Equities, Inc., President and Director • AY Foundation, Inc., Member, Board of Trustees

Senior Management

1 REDENTOR C. BANCOD
SENIOR EXECUTIVE VICE PRESIDENT
HEAD OF THE IT SHARED SERVICES GROUP
AND OPERATIONS GROUP

Previously, he was Vice President and General Manager, Central Systems Asia of Sun Life Financial, Asia and Senior Vice President and Chief Technology Officer of Sun Life of Canada (Philippines) Inc. He obtained his Bachelor of Arts degree in Philosophy from the University of the Philippines and is a candidate for a Master of Science degree in Information Management from the Ateneo de Manila University.

2 MICHELANGELO R. AGUILAR
EXECUTIVE VICE-PRESIDENT
HEAD OF CONGLOMERATES AND GLOBAL CORPORATE BANKING GROUP

Prior to joining RCBC, he was the Managing Director/Head, Origination and Client Coverage & Co-Head, Wholesale Banking; and, Country Head, Global Markets of Standard Chartered Bank. He earned his Masters in Business Management from the Asian Institute of Management. He obtained his undergraduate degree, Bachelor of Science in Mechanical Engineering from De La Salle University. He is a registered Mechanical Engineer.

3 MICHAEL O. DE JESUS
EXECUTIVE VICE-PRESIDENT
HEAD OF NATIONAL CORPORATE BANKING GROUP

He has a Bachelor of Arts degree in Economics from Union College in Schenectady, New York and a Masters Degree in Business Administration (Finance) from The Wharton School, University of Pennsylvania.

1 ALFREDO S. DEL ROSARIO
EXECUTIVE VICE PRESIDENT, HEAD OF THE ASSET MANAGEMENT AND REMEDIAL GROUP

Prior to joining RCBC, he worked for AB Capital and Investment Corporation as Senior Vice President, Trust and Investment Division Head, and Information Technology Division. He also held various positions in AsianBank, Bank of America NT & SA Manila, Philippine Airlines, and Ayala Investment & Development Corporation. He graduated from the Ateneo de Manila University with a Bachelor of Science degree in Management. He has taken up units towards an MBA degree at the Ateneo Graduate School and subjects leading to a Juris Doctor degree at the Ateneo Law School.

2 JOHN THOMAS G. DEVERAS
EXECUTIVE VICE PRESIDENT,
HEAD OF STRATEGIC INITIATIVES

Prior to joining RCBC, he was an Investment Officer at International Finance Corporation (IFC). He also worked for PNB Capital and Investment Corporation as President, and Senior Vice President in PNB Corporate Finance. He obtained his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University and earned his Masters Degree in Business Administration from the University of Chicago.

3 ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO
DIRECTOR, CORPORATE SECRETARY AND EXECUTIVE VICE PRESIDENT AND HEAD OF LEGAL AND REGULATORY AFFAIRS GROUP

She graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Summa Cum Laude). She also graduated from the same university with a Bachelor of Laws degree (Cum Laude). She completed her Master of Laws (LL.M) in Corporate Law (Cum Laude) from New York University School of Law. She received the highest score in the Philippine Bar examinations of 1997.

EDGAR ANTHONY B. VILLANUEVA 1
EXECUTIVE VICE PRESIDENT
HEAD OF GLOBAL TRANSACTION BANKING GROUP

Prior to joining RCBC, he was with Bank of America, La Salle Bank N.A., Citibank, Chase Manhattan Bank, Barclay's Bank, Chemical Bank and ABN Amro Bank N.V., where he held various senior executive positions. He is a graduate of De La Salle University with a Bachelor of Science degree in Business Economics. He earned his Masters Degree in Business Administration from J.L. Kellog Graduate School of Management, Northwestern University in Illinois.

MANUEL G. AHYONG, JR. 2
FIRST SENIOR VICE PRESIDENT
HEAD OF WEALTH MANAGEMENT GROUP

Prior to joining RCBC he was the Senior Vice President of Pramerica Financial; Director in Societe Generale; Vice President of Deutsche Bank, AG.; Deputy Manager and Head for Private Banking of Banque Indosuez; and Director for Private Banking of American Express Bank. He earned his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University and obtained his Masters Degree in Business Management from the Asian Institute of Management.

LOURDES BERNADETTE M. FERRER 3
FIRST SENIOR VICE PRESIDENT
HEAD OF TRUST AND INVESTMENTS GROUP

Prior to joining the Bank she held various related positions in Solidbank Corporation and the International Corporate Bank. She graduated from the University of the Philippines with a Bachelor of Science degree in Statistics and obtained her Masters degree in Business Administration from the same university.

ANA LUISA S. LIM 1
FIRST SENIOR VICE PRESIDENT
HEAD OF INTERNAL AUDIT GROUP

Ms. Lim earned her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines. She is a Certified Public Accountant, Certified Information Systems Auditor and Certified Internal Auditor.

REGINO V. MAGNO 2
FIRST SENIOR VICE PRESIDENT, CHIEF RISK OFFICER AND HEAD OF CORPORATE RISK MANAGEMENT SERVICES (CRISMS)

Prior to joining RCBC, he was the Chief Risk Officer of Sterling Bank of Asia from August 2007 to December 2008. He was a Market Risk Consultant of Chase Cooper, a London-based consulting firm; Chief Risk Officer of Philippine National Bank for four years; a Consultant of Philippine Deposit Insurance Corporation for a year; and a Senior Risk Manager at the Bank of the Philippine Islands. He held various positions in CityTrust Banking Corporation. He obtained his Bachelor of Science degree in Industrial Management Engineering from De La Salle University and finished his Masters in Business Administration from the University of the Philippines.

ROWENA F. SUBIDO 3
FIRST SENIOR VICE PRESIDENT
HEAD OF HUMAN RESOURCES GROUP

Prior to joining RCBC, she worked with Citibank, N.A. as Senior Vice President and Lead Human Resources Generalist and Senior Vice President and Head of Human Resources for the Institutional Clients Group. She also worked with Citifinancial Corporation, the Consumer Finance Division of Citigroup, as Vice President and Human Resources Head for four years. She graduated from the University of Santo Tomas with a degree in Bachelor of Science major in Psychology. She earned units for Masters in Psychology major in Organizational/Industrial Psychology at De La Salle University.

Senior Management

1 **RAUL VICTOR B. TAN**
FIRST SENIOR VICE PRESIDENT
HEAD OF RETAIL BANKING GOUP AND CONCURRENT HEAD OF TREASURY

He was also the Head of Treasury's Balance Sheet Management Segment before assuming his current position. Prior to joining the Bank, he was FVP and Treasurer of RCBC Capital. He also held various Treasury positions in UCPB, where his last appointment was FVP and Chief Dealer for Treasury Banking. He obtained his Masters degree in Business Administration from Fordham University and finished his Bachelor of Science degree in Management from the Ateneo de Manila University.

2 **ZENAIDA F. TORRES**
FIRST SENIOR VICE PRESIDENT, HEAD OF CONTROLLERSHIP GROUP
(until October 13, 2014)

Prior to assuming the helm of the Controllership Group she held various positions in the Bank after which she was seconded to Bankard, Inc. as Chief Financial Officer and concurrently acted as the Corporate Information Officer. She also held positions at Costraco, Phils., University of the East, and Ford Credit Philippines. She earned her Bachelor of Science degree in Business Administration major in Accounting from the University of the East. She is also a Certified Public Accountant, placing 4th the year she took the CPA Board Examinations.

3 **FLORENTINO M. MADONZA**
SENIOR VICE PRESIDENT
HEAD OF CONTROLLERSHIP GROUP
(starting October 14, 2014)

Prior to joining the Bank, he worked at Sycip, Gorres, Velayo and Co. as external auditor. He held various positions in Accounting and Controllership for over 18 years. He completed his Bachelor of Science in Commerce major in Accounting from Araullo University (Cum Laude), and is a Certified Public Accountant.

1 **MA. CHRISTINA P. ALVAREZ**
FIRST VICE PRESIDENT
HEAD OF CORPORATE PLANNING GROUP

Ms. Alvarez has more than 15 years of corporate and financial planning experience in the banking industry. She has been with RCBC since 2006 where she held various positions such as Division Head of Financial and Business Planning and most recently, Officer-in-Charge of Corporate Planning. She graduated from the Ateneo de Manila University in 1991 with a degree in Management Economics. She finished her Masters in Business Management in 1998 at the Asian Institute of Management.

2 **OSCAR B. BIASON**
PRESIDENT AND CHIEF EXECUTIVE OFFICER
RCBC BANKARD SERVICES CORPORATION

He was previously President and CEO of Bankard, Inc. He graduated from the Mapua Institute of Technology with a degree in BS Management and Industrial Engineering and has a Certificate in Bank Card Business Management from the National School of Bank Card Management, University of Oklahoma and a Certificate in Payment Systems Management from MasterCard University.

3 **JOSE LUIS F. GOMEZ**
PRESIDENT AND CHIEF EXECUTIVE OFFICER
RCBC CAPITAL CORPORATION

His more than fourteen years in RCBC Capital follows 13 years of investment and corporate banking experience with reputable institutions such as AIG Investments Corporation, Peregrine Capital Philippines, Inc., and Bank of America, among others. He holds a Master of Business Administration degree from the Katholieke Universiteit Leuven in Belgium and a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

ROMMEL S. LATINAZO 1
EXECUTIVE VICE PRESIDENT
PRESIDENT AND CHIEF EXECUTIVE OFFICER
OF RCBC SAVINGS BANK

Prior to assuming the helm of RCBC Savings, he was RCBC's Head of the Corporate Banking Segment 1 under the Corporate Banking Group. He obtained his Bachelor of Science degree in Management from the Ateneo de Manila University and earned his Masters in Business Administration degree from the University of the Philippines.

MARIA LOURDES JOCELYN S. PINEDA 2
SENIOR VICE PRESIDENT, HEAD OF MICROFINANCE
AND PRESIDENT OF RIZAL MICROBANK

Prior to joining RCBC, she was the Principal Microfinance Advisor/Senior Director of Accion International/Accion Technical Advisors India, Regional Manager/Coordinator of Chemonics International, a US-AID project in partnership with the Rural Bankers Association of the Philippines, and Managing Director and the Executive Director of the Rural Bank of Sto. Tomas' Training Institute. She also worked for UNDP Upland Development Program and as Regional Chief for the Livelihood and Investment Division of the Ministry of Human Settlements in Davao. She started her career with Bancom Development Corporation. She graduated from Ateneo de Davao University with a Bachelor of Science degree in Business Administration majoring in Business Management. She completed her Master's Degree in Business (Magna Cum Laude) from the University of the Philippines.

JOSEPH COLIN B. RODRIGUEZ 3
PRESIDENT AND CHIEF EXECUTIVE OFFICER
RCBC FOREX BROKERS CORPORATION

Prior to his appointment, he was Senior Vice President and Treasurer of RCBC Savings Bank. He also assumed various positions in Rizal Commercial Banking Corporation as Head of the FX Risk Division and Head of Institutional Relationship Management Division. Before joining RCBC, he spent over two decades at the Treasury division of several foreign /local banks. He was Vice President and Head of the Foreign Exchange and Swap Desk at ING Bank Manila. He was also a Dealer at the Manila office of Banque Indosuez and Assistant Dealer at the Riyadh office of Banque Al Hollandi (ABN AMRO Bank). He also headed the FX and Swaps division of Bank of the Philippine Islands.

He graduated from De La Salle University with a double degree in Liberal Arts & Commerce, Major in Marketing and in Political Science.

ALFONSO C. TANSECO 1
PRESIDENT AND CHIEF EXECUTIVE OFFICER
RCBC LEASING AND FINANCE CORPORATION
AND RCBC RENTAL CORPORATION

Prior to joining RCBC Leasing, he served as President and CEO of JPNB Leasing and Finance Corporation and UCPB Leasing and Finance Corporation. He was formerly the Head of the Govt. Banking Group-LGUs & NGA/GOCC-Philippine National Bank and held senior officer positions in United Coconut Planters Bank and UCPB Factors and Finance Corporation. Mr. Tanseco has 37 years banking experience with vast exposure in corporate banking, commercial and SME lending as well as remedial credit. He obtained his AB-Economics degree from the Ateneo de Manila University. He completed the Bank Management Program of the Asian Institute of Management.

GERALD O. FLORENTINO 2
FIRST SENIOR VICE PRESIDENT, PRESIDENT AND
CHIEF EXECUTIVE OFFICER OF RCBC SECURITIES, INC.

Before joining RCBC, he was Senior Vice President for the Investment Banking Group of the Investment and Capital Corporation of the Philippines. He gained his solid corporate planning expertise from AXA Philippines as Vice President and Head of Strategic Planning, Project Management, Business Development and AXA Way. He also assumed various positions when he was employed in UCPB for 7 years in which his last appointment was the Head of Cash Management Products for Working Capital Products Group. He graduated from the Loyola University of Chicago, Illinois with a degree in Bachelor of Business Administration major in Finance. He obtained his Masters in Business Management from the Asian Institute of Management.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

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, 2014 and 2013, 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

Raul Victor B. Tan
Acting Head, Treasury Group

Florentino M. Madonza
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 cor. Sen. Gil Puyat 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, 2014 and 2013, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management of the Group is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards in the Philippines for Banks, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rizal Commercial Banking Corporation and subsidiaries and of Rizal Commercial Banking Corporation as of December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014, in accordance with Financial Reporting Standards in the Philippines for Banks, as described in Note 2 to the financial statements.

Emphasis of a Matter

As discussed in Note 26 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 supplementary 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 Financial Reporting Standards in the Philippines for Banks; it is neither a required disclosure under the Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission.

PUNONGBAYAN & ARAULLO

By: Maria Isabel E. Comedia
Partner

CPA Reg. No. 0092966
TIN 189-477-563
PTR No. 4748308, January 5, 2015, Makati City
SEC Group A Accreditation
Partner - No. 0629-AR-2 (until Oct. 2, 2016)
Firm - No. 0002-FR-3 (until Apr. 30, 2015)
BIR AN 08-002511-21-2013 (until Nov. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

March 30, 2015

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013
(Amounts in Millions of Philippine Pesos)

		GROUP		PARENT COMPANY	
	Notes	**2014**	2013	**2014**	2013
RESOURCES					
CASH AND OTHER CASH ITEMS	9	**P 13,085**	P 9,826	**P 9,539**	P 7,563
DUE FROM BANGKO SENTRAL NG PILIPINAS	9	**46,099**	52,491	**37,763**	48,679
DUE FROM OTHER BANKS	9	**16,600**	7,537	**15,535**	6,212
TRADING AND INVESTMENT SECURITIES - Net	10	**100,790**	92,700	**87,540**	79,240
LOANS AND RECEIVABLES - Net	11	**261,574**	237,960	**205,614**	191,636
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - Net	12	**321**	333	**7,999**	7,999
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	13	**7,031**	8,814	**4,487**	7,021
INVESTMENT PROPERTIES - Net	14	**5,355**	4,579	**3,426**	1,944
OTHER RESOURCES - Net	15	**7,050**	7,629	**5,027**	4,796
TOTAL RESOURCES		**P 457,905**	P 421,869	**P 376,930**	P 355,090

	Notes	GROUP 2014	GROUP 2013	PARENT COMPANY 2014	PARENT COMPANY 2013
LIABILITIES AND EQUITY					
DEPOSIT LIABILITIES	17	**P 315,761**	P 297,853	**P 248,022**	P 243,620
BILLS PAYABLE	18	**39,799**	39,895	**36,837**	37,067
BONDS PAYABLE	19	**23,486**	23,317	**23,486**	23,317
SUBORDINATED DEBT	20	**9,921**	–	**9,921**	–
ACCRUED INTEREST, TAXES AND OTHER EXPENSES	21	**4,671**	4,537	**3,498**	3,549
OTHER LIABILITIES	22	**11,136**	11,459	**8,474**	8,387
Total Liabilities		**404,774**	377,061	**330,238**	315,940
EQUITY	23	**53,131**	44,808	**46,692**	39,150
TOTAL LIABILITIES AND EQUITY		**P 457,905**	P 421,869	**P 376,930**	P 355,090

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS

FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Millions of Philippine Pesos, Except Per Share Data)

		GROUP			PARENT COMPANY		
	Notes	**2014**	2013	2012	**2014**	2013	2012
INTEREST INCOME							
Loans and receivables	11	**P 15,961**	P 14,302	P 13,843	**P 11,143**	P 10,138	P 10,126
Trading and investment securities	10	**4,026**	4,259	4,736	**3,578**	3,762	4,184
Others	9, 24	**213**	263	178	**190**	246	111
		20,200	18,824	18,757	**14,911**	14,146	14,421
INTEREST EXPENSE							
Deposit liabilities	17	**2,581**	2,682	4,294	**1,849**	1,855	3,255
Bills payable and other borrowings	18, 19, 20, 24	**2,652**	2,831	3,061	**2,519**	2,698	2,928
		5,233	5,513	7,355	**4,368**	4,553	6,183
NET INTEREST INCOME		**14,967**	13,311	11,402	**10,543**	9,593	8,238
IMPAIRMENT LOSSES - Net	16	**2,509**	2,054	2,486	**1,663**	1,380	1,921
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**12,458**	11,257	8,916	**8,880**	8,213	6,317
OTHER OPERATING INCOME							
Trading and securities gains - net	2, 10	**2,545**	2,600	6,804	**1,869**	1,762	5,541
Service fees and commissions	2	**2,297**	2,398	2,080	**1,166**	1,375	1,196
Trust fees	27	**297**	304	293	**255**	257	254
Foreign exchange gains - net	2, 19	**237**	264	196	**199**	221	168
Miscellaneous	25	**1,726**	4,244	1,969	**2,668**	4,208	1,712
		7,102	9,810	11,342	**6,157**	7,823	8,871
TOTAL OPERATING INCOME		**P 19,560**	P 21,067	P 20,258	**P 15,037**	P 16,036	P 15,188

Forward

	Notes	GROUP 2014	GROUP 2013	GROUP 2012	PARENT COMPANY 2014	PARENT COMPANY 2013	PARENT COMPANY 2012
TOTAL OPERATING INCOME		**P 19,560**	P 21,067	P 20,258	**P 15,037**	P 16,036	P 15,188
OTHER OPERATING EXPENSES							
Employee benefits	24	**4,064**	3,886	3,851	**2,748**	2,639	2,732
Occupancy and equipment-related	28, 29	**2,528**	2,390	2,269	**1,863**	1,731	1,646
Taxes and licenses		**1,463**	1,708	1,628	**1,016**	1,202	1,210
Depreciation and amortization	13, 14, 15	**1,577**	1,318	1,114	**860**	772	671
Miscellaneous	25	**4,604**	5,172	4,695	**3,483**	3,943	3,689
		14,236	14,474	13,557	**9,970**	10,287	9,948
PROFIT BEFORE TAX		**5,324**	6,593	6,701	**5,067**	5,749	5,240
TAX EXPENSE	26	**914**	1,259	745	**588**	967	524
NET PROFIT		**P 4,410**	P 5,334	P 5,956	**P 4,479**	P 4,782	P 4,716
ATTRIBUTABLE TO:							
PARENT COMPANY SHAREHOLDERS		**P 4,411**	P 5,321	P 5,949			
NON-CONTROLLING INTERESTS		**(1)**	13	7			
		P 4,410	P 5,334	P 5,956			
Earnings Per Share	30						
Basic		**P 3.11**	P 3.95	P 4.85	**P 3.16**	P 3.52	P 3.77
Diluted		**P 3.11**	P 3.95	P 4.85	**P 3.16**	P 3.52	P 3.77

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Millions of Philippine Pesos)

		GROUP			PARENT COMPANY		
	Notes	**2014**	2013	2012	**2014**	2013	2012
NET PROFIT		**P 4,410**	P 5,334	P 5,956	**P 4,479**	P 4,782	P 4,716
OTHER COMPREHENSIVE INCOME (LOSS)							
Items that will not be reclassified subsequently to profit or loss							
Fair value gains on financial assets at fair value through other comprehensive income	10, 23	**118**	–	–	**56**	–	–
Actuarial gains (losses) on defined benefit plan	23	**1**	(773)	1,160	**80**	(755)	1,153
		119	(773)	1,160	**136**	(755)	1,153
Items that will be reclassified subsequently to profit or loss							
Translation adjustments on foreign operations	23	**(5)**	4	(2)	**–**	–	–
Fair value gains (losses) on available-for-sale securities	10	**–**	(8,150)	863	**–**	(6,982)	787
Excess of cost of investment over net assets of an acquired subsidiary	23	**–**	–	(87)	**–**	–	–
		(5)	(8,146)	774	**–**	(6,982)	787
Total Other Comprehensive Income (Loss)	23	**114**	(8,919)	1,934	**136**	(7,737)	1,940
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**P 4,524**	(P 3,585)	P 7,890	**P 4,615**	(P 2,955)	P 6,656
ATTRIBUTABLE TO:							
PARENT COMPANY SHAREHOLDERS		**P 4,525**	(P 3,598)	P 7,883			
NON-CONTROLLING INTERESTS		**(1)**	13	7			
		P 4,524	(P 3,585)	P 7,890			

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Millions of Philippine Pesos)

		GROUP										
		ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS										
	Notes	COMMON STOCK	PREFERRED STOCK	CAPITAL PAID IN EXCESS OF PAR	HYBRID PERPETUAL SECURITIES	REVALUATION RESERVES	RESERVE FOR TRUST BUSINESS	OTHER RESERVES	SURPLUS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2014, as previously stated		P 12,757	P 3	P 16,148	P 4,883	(P 5,154)	P 348	(P 282)	P 16,082	P 44,785	P 23	P 44,808
Effect of adoption of PFRS 9, *Financial Instruments*	2	-	-	-	-	5,694	-	-	(177)	5,517	-	5,517
Balance at January 1, 2014, as restated		12,757	3	16,148	4,883	540	348	(282)	15,905	50,302	23	50,325
Transactions with owners	23											
Effect of retirement of preferred shares		-	-	-	-	-	-	185	(185)	-	-	-
Cash dividends		-	-	-	-	-	-	-	(1,718)	(1,718)	-	(1,718)
Total transactions with owners		-	-	-	-	-	-	185	(1,903)	(1,718)	-	(1,718)
Total comprehensive income (loss) for the year	23	-	-	-	-	114	-	-	4,411	4,525	(1)	4,524
Transfer of fair value losses on financial assets at fair value through other comprehensive income to surplus	23	-	-	-	-	28	-	-	(28)	-	-	-
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	18	-	(18)	-	-	-
Balance at December 31, 2014		P 12,757	P 3	P 16,148	P 4,883	P 682	P 366	(P 97)	P 18,367	P 53,109	P 22	P 53,131
Balance at January 1, 2013		P 11,409	P 3	P 9,397	P 4,883	P 3,765	P 329	(P 330)	P 12,676	P 42,132	P 30	P 42,162
Transactions with owners	23											
Issuance of common shares during the year		1,348	-	6,751	-	-	-	-	-	8,099	-	8,099
Effect of disposal and change in percentage ownership over subsidiaries		-	-	-	-	-	-	48	(204)	(156)	(20)	(176)
Cash dividends		-	-	-	-	-	-	-	(1,692)	(1,692)	-	(1,692)
Total transactions with owners		1,348	-	6,751	-	-	-	48	(1,896)	6,251	(20)	6,231
Total comprehensive income (loss) for the year	23	-	-	-	-	(8,919)	-	-	5,321	(3,598)	13	(3,585)
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	19	-	(19)	-	-	-
Balance at December 31, 2013		P 12,757	P 3	P 16,148	P 4,883	(P 5,154)	P 348	(P 282)	P 16,082	P 44,785	P 23	P 44,808
Balance at January 1, 2012		P 11,401	P 26	P 9,382	P 4,883	P 1,744	P 313	(P 102)	P 8,304	P 35,951	P 195	P 36,146
Transactions with owners	23											
Conversion of preferred stock to common stock		8	(23)	15	-	-	-	-	-	-	-	-
Effect of change in percentage ownership over subsidiaries		-	-	-	-	-	-	(141)	(120)	(261)	(172)	(433)
Cash dividends		-	-	-	-	-	-	-	(1,441)	(1,441)	-	(1,441)
Total transactions with owners		8	(23)	15	-	-	-	(141)	(1,561)	(1,702)	(172)	(1,874)
Total comprehensive income (loss) for the year	23	-	-	-	-	2,021	-	(87)	5,949	7,883	7	7,890
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	16	-	(16)	-	-	-
Balance at December 31, 2012		P 11,409	P 3	P 9,397	P 4,883	P 3,765	P 329	(P 330)	P 12,676	P 42,132	P 30	P 42,162

	Notes	COMMON STOCK	PREFERRED STOCK	CAPITAL PAID IN EXCESS OF PAR	HYBRID PERPETUAL SECURITIES	REVALUATION RESERVES	RESERVE FOR TRUST BUSINESS	SURPLUS	TOTAL EQUITY
		PARENT COMPANY							
Balance at January 1, 2014, as previously stated		P 12,757	P 3	P 16,148	P 4,883	(P 4,489)	P 327	P 9,521	P 39,150
Effect of adoption of PFRS 9, *Financial Instruments*	2	-	-	-	-	5,102	-	(457)	4,645
Balance at January 1, 2014, as restated		12,757	3	16,148	4,883	613	327	9,064	43,795
Transaction with owners	23								
Cash dividends		-	-	-	-	-	-	(1,718)	(1,718)
Total comprehensive income for the year	23	-	-	-	-	136	-	4,479	4,615
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	14	(14)	-
Balance at December 31, 2014		P 12,757	P 3	P 16,148	P 4,883	P 749	P 341	P 11,811	P 46,692
Balance at January 1, 2013		P 11,409	P 3	P 9,397	P 4,883	P 3,248	P 312	P 6,446	P 35,698
Transactions with owners	23								
Issuance of common shares during the year		1,348	-	6,751	-	-	-	-	8,099
Cash dividends		-	-	-	-	-	-	(1,692)	(1,692)
Total transactions with owners		1,348	-	6,751	-	-	-	(1,692)	6,407
Total comprehensive income (loss) for the year	23	-	-	-	-	(7,737)	-	4,782	(2,955)
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	15	(15)	-
Balance at December 31, 2013		P 12,757	P 3	P 16,148	P 4,883	(P 4,489)	P 327	P 9,521	P 39,150
Balance at January 1, 2012		P 11,401	P 26	P 9,382	P 4,883	P 1,308	P 299	P 3,184	P 30,483
Transactions with owners	23								
Conversion of preferred stock to common stock		8	(23)	15	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(1,441)	(1,441)
Total transactions with owners		8	(23)	15	-	-	-	(1,441)	(1,441)
Total comprehensive income for the year	23	-	-	-	-	1,940	-	4,716	6,656
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	13	(13)	-
					-				
Balance at December 31, 2012		P 11,409	P 3	P 9,397	P 4,883	P 3,248	P 312	P 6,446	P 35,698

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Millions of Philippine Pesos)

		GROUP			PARENT COMPANY		
	Notes	**2014**	2013	2012	**2014**	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		**P 5,324**	P 6,593	P 6,701	**P 5,067**	P 5,749	P 5,240
Adjustments for:							
Interest income		**(20,200)**	(18,824)	(18,757)	**(14,911)**	(14,146)	(14,421)
Interest received		**19,980**	19,106	18,604	**14,757**	14,433	13,947
Interest expense		**5,233**	5,513	7,355	**4,368**	4,553	6,183
Interest paid		**(5,162)**	(5,637)	(7,188)	**(4,412)**	(4,658)	(6,004)
Impairment losses	16	**2,509**	2,054	2,486	**1,663**	1,380	1,921
Depreciation and amortization	13, 14, 15	**1,577**	1,318	1,114	**860**	772	671
Dividend income	25	**(285)**	(182)	(298)	**(1,682)**	(1,000)	(918)
Share in net earnings of associates	12	**(24)**	(243)	(357)	**-**	-	-
Gain from disposals of investments in subsidiary and associates	12	**-**	(1,380)	-	**-**	(1,787)	-
Operating profit before working capital changes		**8,952**	8,318	9,660	**5,710**	5,296	6,619
Decrease in financial assets at fair value through profit and loss		**21,018**	8,204	326	**19,381**	6,688	2,195
Increase in financial assets at fair value through other comprehensive income		**(76)**	-	-	**-**	-	-
Decrease (increase) in loans and receivables		**(28,046)**	(50,531)	(6,247)	**(17,819)**	(40,680)	146
Decrease in investment properties		**242**	2,905	297	**657**	1,674	218
Decrease (increase) in other resources		**468**	(1,110)	(1,959)	**(252)**	(492)	(1,731)
Increase (decrease) in deposit liabilities		**17,908**	51,096	(8,526)	**4,402**	47,185	(7,599)
Increase (decrease) in accrued interest, taxes and other expenses		**(59)**	(502)	1,352	**(2)**	235	1,675
Increase (decrease) in other liabilities		**(119)**	2,287	2,682	**337**	1,568	1,572
Cash generated from (used in) operations		**20,288**	20,667	(2,415)	**12,414**	21,474	3,095
Cash paid for taxes		**(792)**	(1,382)	(719)	**(593)**	(955)	(649)
Net Cash From (Used in) Operating Activities		**19,496**	19,285	(3,134)	**11,821**	20,519	2,446
CASH FLOWS FROM INVESTING ACTIVITIES							
Increase in investment securities at amortized cost		**(20,993)**	-	-	**(20,577)**	-	-
Acquisitions of bank premises, furniture and fixtures, and equipment	13	**(912)**	(2,751)	(2,217)	**(573)**	(3,319)	(1,282)
Cash dividends received	12, 25	**285**	466	322	**1,682**	1,000	918
Acquisitions of software	15	**(147)**	(304)	(217)	**(124)**	(249)	(62)
Proceeds from disposals of bank premises, furniture, fixtures and equipment	13	**98**	362	291	**185**	52	204
Additional investments in subsidiaries and associates		**(4)**	-	-	**(4)**	-	(687)
Increase in available-for-sale securities		**-**	(12,783)	(6,938)	**-**	(13,570)	(6,922)
Proceeds from disposals of investments in subsidiary and associates	12	**-**	4,772	-	**-**	5,344	-
Net Cash Used in Investing Activities		**(21,673)**	(10,238)	(8,759)	**(19,411)**	(10,742)	(7,831)
CASH FLOWS FROM FINANCING ACTIVITIES							
Net proceeds from issuance of subordinated debt	20	**9,921**	-	-	**9,921**	**-**	-
Dividends paid	23	**(1,718)**	(1,692)	(1,441)	**(1,718)**	(1,692)	(1,441)
Proceeds from (payments of) bills payable	18	**(96)**	13,508	8,350	**(230)**	13,096	7,824
Redemption of subordinated debt	20	**-**	(10,987)	-	**-**	(10,987)	-
Issuance of common shares	23	**-**	8,099	-	**-**	8,099	-
Net proceeds from issuance of bonds payable	19	**-**	-	10,648	**-**	-	10,648
Net Cash From Financing Activities		**8,107**	8,928	17,557	**7,973**	8,516	17,031
NET INCREASE IN CASH AND CASH EQUIVALENTS *(Balance Carried Forward)*		**P 5,930**	P 17,975	P 5,664	**P 383**	P 18,293	P 11,646

	Notes	GROUP 2014	GROUP 2013	GROUP 2012	PARENT COMPANY 2014	PARENT COMPANY 2013	PARENT COMPANY 2012
NET INCREASE IN CASH AND CASH EQUIVALENTS *(Balance Brought Forward)*		**P 5,930**	P 17,975	P 5,664	**P 383**	P 18,293	P 11,646
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR							
Cash and other cash items	9	**9,826**	9,380	8,163	**7,563**	7,432	6,560
Due from Bangko Sentral ng Pilipinas	9	**52,491**	36,620	34,283	**48,679**	31,590	22,990
Due from other banks	9	**7,537**	5,879	3,769	**6,212**	5,139	2,965
		69,854	51,879	46,215	**62,454**	44,161	32,515
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	9	**13,085**	9,826	9,380	**9,539**	7,563	7,432
Due from Bangko Sentral ng Pilipinas	9	**46,099**	52,491	36,620	**37,763**	48,679	31,590
Due from other banks	9	**16,600**	7,537	5,879	**15,535**	6,212	5,139
		P 75,784	P 69,854	P 51,879	**P 62,837**	P 62,454	P 44,161

Supplemental Information on Noncash Operating, Investing and Financing Activities:

1. On January 1, 2014, as a result of the adoption of Philippine Financial Reporting Standards 9, Financial Instruments (2009, 2010 and 2013 versions), the Group and the Parent Company reclassified a portfolio of AFS securities amounting to P53,996 and P45,827, respectively, to financial assets at amortized cost; P31,910 and P29,547, respectively, to financial assets at FVPL; P3,245 and P1,247, respectively, to financial assets at FVOCI; and, both for P261 to loans and receivables (see Note 2).

2. In 2014, the Parent Company sold a certain non-performing asset with a carrying amount of P774 for a total consideration of P740 consisting of P35 cash as downpayment, P40 accounts receivables and P665 sales contract receivables (see Note 14).

3. In 2014, the Parent Company reclassified a portion of RSB Corporate Center including the land where it is located with carrying amount of P1,985 and P419, respectively, from Bank Premises, Furniture and Fixtures, and Equipment to Investment Properties account following the commencement of operating leases for the significant portion of the property during the year. In the consolidated financial statements of the Group, a portion of the property being leased out with gross amount of P1,524 is classified as part of the Investment Properties account in the 2014 statement of financial position (see Note 13).

4. In 2013, the Group received a 10-year note from Philippine Asset Growth One with a face amount of P731 which formed part of the consideration received in relation to the Parent Company's disposal of non-performing assets (see Note 10).

5. The Group and the Parent Company foreclosed real and other properties totalling to P834 and P18, respectively, in 2014, P690 and P16, respectively, in 2013, and P579 and P96, respectively, in 2012 in settlement of certain loan accounts (see Note 14).

6. 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 23).

See Notes to Financial Statements.

Notes to Financial Statements

DECEMBER 31, 2014, 2013 AND 2012

(Amounts in Millions of Philippine Pesos, Except Per Share Data or As Indicated)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

Rizal Commercial Banking Corporation (the Parent Company, the Bank or RCBC), a universal bank engaged in all aspects of banking, was originally incorporated on September 23, 1960. The Bank 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. It 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), remittance, leasing and stock brokering.

As a banking institution, the Group's operations are regulated and supervised by the Bangko Sentral ng Pilipinas (BSP). As such, the Group is required to comply with banking rules and regulations such as those relating to maintenance of reserve requirements on deposit liabilities and deposit substitutes and those relating to the adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. The Group's activities are subject to the provisions of Republic Act (RA) No. 8791, the General Banking Law of 2000, and other related banking laws.

The Parent Company's common shares are listed in the Philippine Stock Exchange (PSE).

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

	Group		Parent Company	
	2014	2013	**2014**	2013
Automated teller machines (ATMs)	**1,202**	1,150	**812**	807
Branches	**414**	407	**252**	251
Extension offices	**35**	27	**25**	23
Foreign exchange booths	**-**	1	**-**	1

The Parent Company is a 45.20% 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 (YGC), with registered business address located at 48th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City.

In 2014, the Parent Company amended its Articles of Incorporation specifying its principal office to be at Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen. Gil Puyat Avenue, Makati City.

1.2 Subsidiaries and Associates

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

Subsidiaries/Associates	Line of Business	Explanatory Notes	Effective Percentage of Ownership 2014	2013
Subsidiaries:				
RCBC Savings Bank, Inc. (RSB)	Consumer and retail banking		**100.00**	100.00
RCBC Forex Brokers Corporation (RCBC Forex)	Foreign exchange dealing		**100.00**	100.00
RCBC Telemoney Europe (RCBC Telemoney)	Remittance		**100.00**	100.00
RCBC North America, Inc. (RCBC North America)	Remittance	(a)	**100.00**	100.00
RCBC International Finance Limited (RCBC IFL)	Remittance		**100.00**	100.00
RCBC Investment Ltd.	Remittance	(b)	**100.00**	100.00
RCBC Capital Corporation (RCBC Capital)	Investment house		**99.96**	99.96
RCBC Securities, Inc. (RSI)	Securities brokerage and dealing	(c)	**99.96**	99.96
RCBC Bankard Services Corporation (RBSC)	Credit card management	(c)	**99.96**	99.96
RCBC-JPL Holding Company, Inc. (RCBC JPL)	Property holding		**99.39**	99.39
Merchants Savings and Loan Association, Inc. (Rizal Microbank)	Thrift banking		**97.47**	97.47
RCBC Leasing and Finance Corporation (RCBC LFC)	Financial leasing		**97.79**	97.79
RCBC Rental Corporation	Property leasing	(d)	**97.79**	97.79

Subsidiaries/Associates	Line of Business	Explanatory Notes	Effective Percentage of Ownership 2014	2013
Special Purpose Companies (SPCs):	Real estate buying and selling	(e)		
Best Value Property and Development Corporation (Best Value)			**100.00**	100.00
Cajel Realty Corporation (Cajel)			**100.00**	100.00
Crescent Park Property and Development Corporation (Crescent Park)			**100.00**	100.00
Crestview Properties Development Corporation (Crestview)			**100.00**	100.00
Eight Hills Property and Development Corporation (Eight Hills)			**100.00**	100.00
Fairplace Property and Development Corporation			**100.00**	100.00
Gold Place Properties Development Corporation (Gold Place)			**100.00**	100.00
Goldpath Properties Development Corporation (Goldpath)			**100.00**	100.00
Greatwings Properties Development Corporation (Greatwings)			**100.00**	100.00
Happyville Property and Development Corporation			**100.00**	100.00
Landview Property and Development Corporation			**100.00**	100.00
Lifeway Property and Development Corporation (Lifeway)			**100.00**	100.00
Niceview Property and Development Corporation (Niceview)			**100.00**	100.00
Niyog Property Holdings, Inc. (NPHI)		(f)	**100.00**	100.00
Princeway Properties Development Corporation (Princeway)			**100.00**	100.00
Stockton Realty Development Corporation			**100.00**	100.00
Top Place Properties Development Corporation (Top Place)			**100.00**	100.00
Associates:				
YGC Corporate Services, Inc. (YCS)	Support services for YGC		**40.00**	40.00
Luisita Industrial Park Co. (LIPC)	Real estate buying, developing, selling and rental		**35.00**	35.00
Honda Cars Phils., Inc. (HCPI)	Sale of motor vehicles		**12.88**	12.88

Except for RCBC Telemoney (Italy), RCBC North America (USA), RCBC IFL (Hongkong) and RCBC Investment Ltd. (Hongkong), all other subsidiaries and associates are incorporated and conducting their businesses in the Philippines.

Explanatory Notes:

(a) The Parent Company has 83.97% direct ownership and 16.03% indirect ownership through RCBC IFL. RCBC North America was operational only until March 31, 2014.
(b) A wholly-owned subsidiary of RCBC IFL
(c) Wholly-owned subsidiaries of RCBC Capital
(d) A wholly-owned subsidiary of RCBC LFC
(e) Except for NPHI, the SPCs are wholly-owned subsidiaries of RSB; the SPCs except for NPHI and Cajel, will be liquidated in 2015 pursuant to BSP recommendation (see Note 15.1).
(f) The Parent Company has 48.11% direct ownership and 51.89% indirect ownership through RSB.

1.3 Approval of Financial Statements

The consolidated financial statements of RCBC and subsidiaries and the financial statements of RCBC as of and for the year ended December 31, 2014 (including the comparatives as of December 31, 2013 and for the years ended December 31, 2013 and 2012) were approved and authorized for issue by the Board of Directors (BOD) of the Parent Company on March 30, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all the years presented, unless otherwise stated [see Note 2.2(b)].

2.1 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), and approved by Philippine Board of Accountancy (BOA), except for the following accounting treatments for certain financial instruments which are not allowed under PFRS, but were allowed under FRSPB as permitted by the 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 CLNs from the fair value through profit or loss (FVPL) classification to loans and receivables and available-for-sale (AFS) securities classifications; and (ii) the reclassification of certain financial assets previously classified under AFS Securities category back to held-to-maturity (HTM) category due to the tainting of HTM investments portfolio. The effects of the reclassifications to certain accounts in the statement of financial position as of December 31, 2013 and net profit for the year then ended under FRSPB are discussed fully in Note 11.3. However, these reclassifications were no longer applicable upon the adoption of PFRS 9 effective January 1, 2014 [see Note 2.2 (b)].

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 Philippine Accounting Standards (PAS) 1, Presentation of Financial Statements. The Group presents all items of income and expenses in two statements: a "statement of profit or loss" and a "statement of comprehensive income".

The Group presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that have a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Group's functional and presentation currency (see Note 2.20). All amounts are in millions, except 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.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2014 that are Relevant to the Group

In 2014, the Group adopted for the first time the following amendments and interpretation to PFRS that are relevant to the Group and effective for financial statements for the annual periods beginning on or after January 1, 2014:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
PFRS 10, 12 and PAS 27 (Amendments)	:	Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Separate Financial Statements – Investment Entities
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21	:	Levies

Discussed below are the relevant information about these amended standards and interpretation.

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities.* The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that an entity must currently have a right of set-off that is not contingent on a future event, and must be legally enforceable in the normal course of business; in the event of default; and, in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risks and process receivables and payables in a single settlement process, will satisfy the criterion for net settlement. The amendment has been applied retrospectively in accordance with its transitional provisions.

The Group's existing offsetting and settlement arrangements for its financial instruments with its counterparties are not affected by the amendment; hence, such did not have an impact on the presentation of financial assets and financial liabilities on the Group's financial statements for any periods presented.

(ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*. The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash-generating unit's fair value less costs of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement,* such as but not limited to the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the financial statements. This amendment resulted in additional disclosures in the financial statements since the recoverable amounts of the Group's certain non-financial assets where impairment losses have been recognized were determined based on fair value less costs of disposal which have been disclosed in accordance with PAS 36 (see Notes 7.3 and 14.3).

(iii) PFRS 10, *Consolidated Financial Statements,* PFRS 12, *Disclosure of Interests in Other Entities,* PAS 27, *Separate Financial Statements* (Amendments) – *Investment Entities.* The amendment to PFRS 10 defines the term "investment entity" and provides to such an investment entity an exemption from consolidation of particular subsidiaries and instead requires to measure investment in each eligible subsidiary at fair value through profit or loss in accordance with PAS 39, *Financial Instruments: Recognition and Measurement,* or PFRS 9, *Financial Instruments,* both in its consolidated or separate financial statements, as the case maybe. This amendment also resulted in a consequential amendment to PAS 27 to include investment entity under its scope and in PFRS 12 to require additional disclosures about the details of the entity's unconsolidated subsidiaries and the nature of its relationship and certain transactions with those subsidiaries. These amendments did not have a significant impact on the Group's financial statements since the Group, in its capacity as a banking institution, does not engage into transactions involving investment management services to its investors and its trust operation has no interest in any eligible subsidiary.

(iv) Philippine Interpretation IFRIC 21, *Levies.* This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* for the recognition of a liability for levy imposed by the government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the Group's financial statements since the Group has been recognizing levies at the time the legislation or the government requires or imposes the payment of such.

(b) Effective Subsequent to 2014 but Adopted Early

The IASB, as part of its comprehensive response to the financial crisis, has issued International Financial Reporting Standard (IFRS) 9, F*inancial Instruments,* to replace International Accounting Standard (IAS) 39, in its entirety. IASB previously published and issued versions of this standard in 2009 and 2010 that contain and introduced new requirements and guidance on the classification and measurement of financial assets and financial liabilities followed by another version in 2013 that introduced a new hedge accounting model to better link the economics of risk management with its accounting treatment. In July 2014, the IASB issued the final version of IFRS 9, the IFRS 9 (2014) which brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39. This final version of the standard on financial instruments replaces the earlier versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018 with early application permitted. For a limited period, previous versions of IFRS 9 (i.e., 2009, 2010 and 2013) may be adopted early, provided that the relevant date of initial application is before February 1, 2015.

In view of the issuance of IFRS 9, the IASB also made consequential amendments to PFRS 7, *Financial Instruments – Disclosures*, to provide quantitative and qualitative information to enable users of financial statements understand the entity's first application of IFRS 9, including but not limited to, reasons for early adoption and the impact on the classification and measurement of financial assets and financial liabilities on its financial statements.

The FRSC adopted the earlier versions of IFRS 9 as PFRS 9 as follows, with effective date similar with that of IFRS 9:

- PFRS 9 (2009) - requirements on the classification and measurement of financial assets, in March 2010;
- PFRS 9 (2010) - requirements on accounting for financial liabilities, in November 2010; and,
- PFRS 9 (2013) - new general hedge accounting model and early adoption on the treatment of fair value changes of a liability due to changes in own credit risk, in December 2013.

All versions of the standard prior to the issuance of IFRS 9 (2014) are collectively referred to herein as PFRS 9. IFRS 9 (2014) was adopted by the FRSC as PFRS 9 (2014) in September 2014 [see Note 2.2(c)].

Relative to the issuance of PFRS 9, the SEC provided guidelines on the implementation and early adoption of PFRS 9 on May 16, 2011 under SEC Memorandum Circular No. 3, which was subsequently revised by SEC Memorandum Circular No. 3 on May 28, 2012. Moreover, for banks and other entities regulated by the BSP, the Monetary Board of the BSP approved the guidelines governing the implementation and early adoption of PFRS 9 on December 23, 2010, and issued the implementing guidelines under BSP Circular No. 708 on January 10, 2011, which was subsequently amended by BSP Circular Nos. 733 and 761 on August 5, 2011 and July 20, 2012, respectively.

The Group opted to early adopt PFRS 9 as management believes that the early adoption of the standard will put the Group in a position to manage better its earnings and capital as the business model approach introduced by PFRS 9 aims to align the accounting standards with the Group's risk, capital, asset-liability and liquidity management practices. In addition, this will also benefit the Group for better management of its earnings and profitability in view of changing market conditions and business trends.

PFRS 9 Classification and Measurement Approach

PFRS 9 specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are measured either at amortized cost or fair value. Debt instruments are measured at amortized cost only if: (i) the asset is held within a business model whose objective is to hold the assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. If either of the two criteria is not met, the debt instrument is classified as at fair value through profit or loss (FVPL). Additionally, even if the asset meets the amortized cost criteria, the Group may choose at initial recognition to designate the debt instrument at FVPL if doing so eliminates or significantly reduces an accounting mismatch.

Investments in equity instruments are classified and measured at FVPL, except if the equity investment is not held for trading or is designated by the Group at fair value through other comprehensive income (FVOCI). If the equity investment is designated at FVOCI, all gains and losses, except for dividend income recognized in accordance with PAS 18, *Revenue,* including disposal costs are recognized in other comprehensive income and are not subsequently reclassified to profit or loss.

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, in most arrangements, do not require separation from the host contract.

For financial 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 the liability's credit risk is recognized in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

Group's Transition Approaches in Applying PFRS 9

The Group applied PFRS 9 retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. However, as permitted under the transitional provisions of PFRS 9 for early application of this standard for annual periods prior to the mandatory effective date on January 1, 2018, the Group early adopted the standard with January 1, 2014 as the date of initial application. As also allowed under the related transitional disclosure requirements of PFRS 7 for early adoption of PFRS 9, the Group opted not to restate the comparative periods.

Discussed below are the details on how the Group transitioned to PFRS 9.

- The classification of financial assets that the Group held as at January 1, 2014 was based on the facts and circumstances relative to the business model in which the financial assets were held at that date. In connection with this, the Group has made significant judgment to evaluate its business model and to determine the appropriate category of its financial instruments as discussed in Note 3.1(a).

- For any hybrid contract whose fair value had not been measured in the comparative reporting periods, the Group determines the fair value of such hybrid contract in its entirety equivalent to the sum of the fair value of the components (i.e., the non-derivative host and the embedded derivatives) as at January 1, 2014.

- As at January 1, 2014 and based on the facts and circumstances existing as of that date, certain equity securities has been designated by the Group as at FVPL or FVOCI. No designation of financial asset at FVPL has been made by the Group prior to application of PFRS 9.

- For unquoted equity securities which were previously carried at cost as allowed in PAS 39, the Group has determined the fair value of such equity securities as at January 1, 2014 based on acceptable valuation techniques.

- The classification and measurement requirements for financial instruments previously applied in accordance with PAS 39 and disclosures required in PFRS 7 are retained for the comparative period as of December 31, 2013.

- As the comparative information is not restated, the Group has not provided a third statement of financial position at the beginning of the earliest comparative period in accordance with PAS 1. Moreover, the Group disclosed the accounting policies on financial instruments in accordance with PFRS 9 for December 31, 2014 and PAS 39 for December 31, 2013.

- The difference between the carrying amount of the financial instruments as of December 31, 2013 under PAS 39 and their carrying amount as of January 1, 2014 under PFRS 9 is recognized in the opening balance of the Surplus account or Revaluation Reserves account, as appropriate.

Impact of the Group's Early Adoption of PFRS 9

The following table shows the effects of the adoption of PFRS 9 on the carrying amounts and presentation of financial assets categories in the statement of financial position beginning January 1, 2014:

	Group					
Measurement Category	**Carrying Amounts (PAS 39) December 31, 2013**	**Reclassi-fications**	**Remeasure-ments**	**Carrying Amounts (PFRS 9) January 1, 2014**	**Surplus**	**Revaluation Reserves**
Financial Assets at Amortized Cost						
Cash and cash equivalents	P 69,854	P -	P -	P 69,854	P -	P -
Investment securities						
Reclassifications from:						
Financial assets at FVPL	-	103	(7)	96	(7)	-
AFS securities	-	53,996	4,710	58,706	-	4,710
	-	54,099	4,703	58,802	(7)	4,710
Loans and receivables - net	237,960	(2,665)	-	235,295	-	-
Reclassification from:						
AFS securities	-	261	-	261	-	-
	237,960	(2,404)	-	235,556	-	-
Other resources	1,530	-	-	1,530	-	-
Total Financial Assets at Amortized Cost, Reclassifications and Remeasurements at January 1, 2014	**309,344**	**51,695**	**4,703**	**365,742**	**(7)**	**4,710**
AFS Securities	89,412	-	-	89,412	-	-
Reclassifications to:						
Investment securities at amortized cost	-	(53,996)	-	(53,996)	-	-
Financial assets at FVPL	-	(31,910)	-	(31,910)	-	-
Financial assets at FVOCI	-	(3,245)	-	(3,245)	-	-
Loans and receivables - net	-	(261)	-	(261)	-	-
Total AFS Securities, Reclassifications and Remeasurements at January 1, 2014	**89,412**	**(89,412)**	**-**	**-**	**-**	**-**
Financial Assets at FVPL	3,288	(267)	-	3,021	-	-
Reclassifications from:						
Loans and receivables - net	-	2,665	282	2,947	244	38
AFS securities	-	31,910	(402)	31,508	(462)	60
Total Financial Assets at FVPL, Reclassifications and Remeasurements at January 1, 2014	**3,288**	**34,308**	**(120)**	**37,476**	**(218)**	**98**
Financial Assets at FVOCI	-	-	-	-	-	-
Reclassifications from –						
Financial assets at FVPL	-	164	-	164	26	(26)
AFS securities	-	3,245	934	4,179	22	912
Financial Assets at FVOCI Reclassifications and Remeasurements at January 1, 2014	**-**	**3,409**	**934**	**4,343**	**48**	**886**
Total Financial Assets Balances, Reclassifications and Remeasurements at January 1, 2014	**P 402,044**	**P -**	**P 5,517**	**P 407,561**	**(P 177)**	**P 5,694**

	Parent Company					
Measurement Category	**Carrying Amounts (PAS 39) December 31, 2013**	**Reclassi-fications**	**Remeasure-ments**	**Carrying Amounts (PFRS 9) January 1, 2014**	**Surplus**	**Revaluation Reserves**
Financial Assets at Amortized Cost						
Cash and cash equivalents	P 62,454	P -	P -	P 62,454	P -	P -
Investment securities Reclassification from: AFS securities	-	45,827	3,852	49,679	-	3,852
	-	45,827	3,852	49,679	-	3,852
Loans and receivables - net	191,636	(2,665)	-	188,971	-	-
Reclassification from – AFS securities	-	261	-	261	-	-
	191,636	(2,404)	-	189,232	-	-
Other resources	1,510	-	-	1,510	-	-
Total Financial Assets at Amortized Cost, Reclassifications and Remeasurements at January 1, 2014	**255,600**	**43,423**	**3,852**	**302,875**	**-**	**3,852**
AFS Securities	76,882	-	-	76,882	-	-
Reclassifications to:						
Investment securities at amortized cost	-	(45,827)	-	(45,827)	-	-
Financial assets at FVPL	-	(29,547)	-	(29,547)	-	-
Financial assets at FVOCI	-	(1,247)	-	(1,247)	-	-
Loans and receivables – net	-	(261)	-	(261)	-	-
Total AFS Securities, Reclassifications and Remeasurements at January 1, 2014	**76,882**	**(76,882)**	**-**	**-**	**-**	**-**
Financial Assets at FVPL	2,358	-	-	2,358	-	-
Reclassifications from:						
Loans and receivables - net	-	2,665	282	2,947	244	38
AFS Securities	-	29,547	(408)	29,139	(723)	315
Total Financial Assets at FVPL, Reclassifications and Remeasurements at January 1, 2014	**2,358**	**32,212**	**(126)**	**34,444**	**(479)**	**353**
Financial Assets at FVOCI	-	-	-	-	-	-
Reclassification from: AFS Securities	-	1,247	919	2,166	22	897
Financial Assets at FVOCI Reclassifications and Remeasurements at January 1, 2014	**-**	**1,247**	**919**	**2,166**	**22**	**897**
Total Financial Assets Balances, Reclassifications and Remeasurements at January 1, 2014	**P 334,840**	**P -**	**P 4,645**	**P 339,485**	**(P 457)**	**P 5,102**

The initial application of PFRS 9 had the following impact on the financial assets of the Group and Parent Company:

- The investments in debt instruments previously classified as AFS Securities that met the criteria to be classified as at amortized cost under PFRS 9 were reclassified to Investment securities at amortized cost because the business model is to hold these debt instruments in order to collect contractual cash flows. The accumulated net unrealized fair value losses on AFS securities were adjusted to the opening balance of Revaluation Reserves account amounting to P4,710 (Group) and P3,852 (Parent Company) as of January 1, 2014. The reclassification had no impact on the Group's and Parent Company's Surplus as of January 1, 2014.

- The Group elected to present in other comprehensive income the changes in the fair value of certain equity investments which are not held for trading, previously classified as AFS Securities; now classified as Financial Assets at FVOCI, because the business model is to hold these equity securities for long-term strategic investment rather than for short-term profit taking. The accumulated net unrealized fair value gains on AFS Securities recognized by the Group and the Parent Company amounting to P912 and P897, respectively, were adjusted to the opening balance of Revaluation Reserves account as of January 1, 2014.

- Investments in debt instruments previously classified as AFS Securities that did not meet the criteria to be classified as at amortized cost under PFRS 9 have been classified as Financial Assets at FVPL. Moreover, certain equity investments, previously classified as AFS securities were likewise reclassified to Financial Assets at FVPL as these equity securities are held by the Group for trading purposes or designated by the Group to be held as at FVPL. The accumulated net unrealized loss on AFS securities recognized by the Group and the Parent Company amounting to P462 and P723, respectively, were adjusted to the opening balance of the Surplus account.

- Unquoted CLNs that are linked to ROP bonds previously classified as Loans and Receivables that did not meet the criteria to be classified as at amortized cost under PFRS 9 have been classified as Financial Assets at FVPL. As these CLNs contain embedded features, the assessment of the hybrid financial instrument has been made in its entirety (i.e., no bifurcation of embedded derivatives). The reclassification resulted in the recognition of the accumulated net unrealized gains amounting to P244, P38 of which relates to the outstanding balance of the net unrealized fair value loss previously presented as part of Revaluation Reserves account, which were adjusted to the opening balance of the Surplus account as of January 1, 2014 (see Note 11.3).

The adoption of PFRS 9 has no impact on the classification and measurement of financial liabilities on the Group's and Parent Company's financial statements. As of December 31, 2014, the Group's and Parent Company's financial liabilities are classified and measured at amortized cost, except for derivative financial liabilities which are measured at fair value.

The reclassification between categories of financial assets shown in the preceding pages as a result of the adoption of PFRS 9 resulted in the following changes in the balances of certain affected financial statement accounts as of January 1, 2014:

	Group		
	PAS 39	Effect of Adoption of PFRS 9	PFRS 9
Changes in statement of financial position:			
Trading and investment securities:			
Financial assets at FVPL	P 3,288	P 34,188	P 37,476
Financial assets at FVOCI	-	4,343	4,343
Investment securities at amortized cost	-	58,802	58,802
AFS securities	89,412	(89,412)	-
Loans and receivables – net	237,960	(2,404)	235,556
Net increase in resources		P 5,517	
Changes in components of equity:			
Surplus	P 16,082	(P 177)	P 15,905
Revaluation reserves	(5,154)	5,694	540
Net increase in equity		P 5,517	

	Parent Company		
	PAS 39	Effect of Adoption of PFRS 9	PFRS 9
Changes in statement of financial position:			
Trading and investment securities:			
Financial assets at FVPL	P 2,358	P 32,086	P 34,444
Financial assets at FVOCI	-	2,166	2,166
Investment securities at amortized cost	-	49,679	49,679
AFS securities	76,882	(76,882)	-
Loans and receivables – net	191,636	(2,404)	189,232
Net increase in resources		P 4,645	
Changes in components of equity:			
Surplus	P 9,521	(P 457)	P 9,064
Revaluation reserves	(4,489)	5,102	613
Net increase in equity		P 4,645	

Had the Group and the Parent Company not early adopted PFRS 9, certain financial statement accounts as of and for the year ended December 31, 2014 would have been reported under PAS 39 as follows:

	Group		
	PAS 39	Effect of Adoption of PFRS 9	PFRS 9
Changes in statement of financial position:			
Trading and investment securities:			
Financial assets at FVPL	P 16,458	(P 6,313)	P 10,145
Financial assets at FVOCI	4,537	(4,537)	-
Investment securities at amortized cost	79,795	(79,795)	-
AFS securities	-	87,884	87,884
Loans and receivables	261,574	424	261,998
Net decrease in resources		(P 2,337)	
Changes in components of equity:			
Surplus	P 18,367	(P 568)	P 17,799
Revaluation reserves	682	(1,769)	(1,087)
Net decrease in equity		(P 2,337)	
Changes in profit or loss and other comprehensive income:			
Trading and securities gain	P 2,545	(P 759)	P 1,786
Other comprehensive income	114	3,953	4,067
Net increase in other comprehensive income		P 3,194	

	Parent Company		
	PFRS 9	Effect of Adoption of PFRS 9	PAS 39
Changes in statement of financial position:			
Trading and investment securities:			
Financial assets at FVPL	P 15,062	(P 5,468)	P 9,594
Financial assets at FVOCI	2,222	(2,222)	-
Investment securities at amortized cost	70,256	(70,256)	-
AFS securities	-	75,717	75,717
Loans and receivables	205,614	424	206,038
Net decrease in resources		(P 1,805)	
Changes in components of equity:			
Surplus	P 11,811	P 123	P 11,934
Revaluation reserves	749	(1,682)	(933)
Net decrease in equity		(P 1,805)	
Changes in profit or loss and other comprehensive income:			
Trading and securities gain	P 1,869	(P 580)	P 1,289
Other comprehensive income	136	3,340	3,476
Net increase in other comprehensive income		P 2,760	

Had PFRS 9 not been adopted, the Group and the Parent Company's earnings per share for the year ended December 31, 2014 would have been lower by P0.59 and P0.45, respectively.

(c) *Effective Subsequent to 2014 but not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2014 which are adopted by the FRSC, subject to the approval of the BOA. Management will adopt the following relevant pronouncements below in accordance with their transitional provisions, and, unless otherwise stated, none of these are expected to have significant impact on the Group's financial statements.

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that the materiality principle applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented in the statement of comprehensive income based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.

(ii) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit.

(iii) PAS 16 (Amendment), *Property, Plant and Equipment,* and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. On the other hand, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iv) PAS 16 (Amendment), P*roperty, Plant and Equipment,* and PAS 41 (Amendment), *Agriculture – Bearer Plants* (effective from January 1, 2016). The amendment defines a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.

(v) PAS 27 (Amendment), *Separate Financial Statements – Equity Method in Separate Financial Statements* (effective from January 1, 2016). This amendment introduces a third option which permits an entity to account for its investments in subsidiaries, joint ventures and associates under the equity method in its separate financial statements in addition to the current options of accounting those investments at cost or in accordance with PAS 39 or PFRS 9. The Parent Company will evaluate if it will change the accounting policy for its investments in subsidiaries and associates.

(vi) PFRS 10 (Amendment), *Consolidated Financial Statements,* and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective from January 1, 2016). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations,* between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(vii) PFRS 10 (Amendment), *Consolidated Financial Statements,* PFRS 12, *Disclosure of Interests in Other Entities,* and PAS 28, *Investments in Associates and Joint Ventures – Investment Entities : Applying the Consolidation Exception* (effective from January 1, 2016). The amendment to PFRS 10 confirms that the exemption from preparing consolidated financial statements continues to be available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures its interest in all its subsidiaries at fair value in accordance with PFRS 10. It further clarifies that if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are to provide services that are related to the investment activities of the investment entity parent, the latter shall consolidate that subsidiary. Amendment to PAS 28 permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries. In addition, PFRS 12 has been amended to clarify that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by PFRS 12.

(viii) PFRS 11 (Amendment), *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (effective from January 1, 2016). This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business as defined in PFRS 3, to apply all accounting principles and disclosure requirements on business combinations under PFRS 3 and other PFRS, except for those principles that conflict with the guidance in PFRS 11.

(ix) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9. In addition to the principal classification categories for financial assets and financial liabilities discussed in Note 2.2(b), which were early adopted by the Group on January 1, 2014, PFRS 9 (2014) includes the following major provisions:

- limited amendments to the classification and measurement requirements for financial assets introducing a fair value measurement for eligible debt securities; and,

- an expected loss model in determining impairment of all financial assets that are not measured at FVPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset.

In view of the Group's early adoption of PFRS 9, management is currently assessing the impact of PFRS 9 (2014) on the financial statements of the Group and it will conduct a comprehensive study on the potential impact of this standard prior to its mandatory adoption.

(x) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but management does not expect those to have material impact on the Group's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 38 (Amendment), *Intangible Assets*. The amendment clarifies that when an item of property, plant and equipment and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the reporting entity to its employees or directors.

- PFRS 3 (Amendment), *Business Combinations*. This amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as financial liability or as equity in accordance with PAS 32. It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.

- PFRS 8 (Amendment), *Operating Segments*. This amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment in the basis of conclusion of PFRS 13 clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

- PFRS 3 (Amendment), *Business Combinations*. The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of any joint arrangement under PFRS 11 in the financial statements of the joint arrangement itself.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

- PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset in accordance with PAS 40, or a business combination in accordance with PFRS 3.

Annual Improvements to PFRS (2012-2014 Cycle)

- PFRS 5 (Amendment), *Non-current Assets Held for Sale and Discontinued Operations*. The amendment clarifies that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of PFRS 5 does not apply. It also states that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of PFRS 5.

- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset. In addition, the amendment clarifies that the additional disclosure required by the recent amendments to PFRS 7 related to offsetting financial assets and financial liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with PAS 34, *Interim Financial Reporting*, when its inclusion would be necessary in order to meet the general principles of PAS 34.

- PFRS 7 (Amendment), *Financial Instruments – Disclosures: Amendment to PFRS 7 to Condensed Interim Financial Statements*. This amendment clarifies that the additional disclosure required by the recent amendments to PFRS 7 related to offsetting financial assets and financial liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be provided in the condensed interim financial statements that are prepared in accordance with PAS 34, *Interim Financial Reporting,* when its inclusion would be necessary in order to meet the general principles of PAS 34.

- PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

- PAS 34 (Amendment), *Interim Financial Reporting*. The amendment clarifies the meaning of disclosure of information "elsewhere in the interim financial report" and requires the inclusion of a cross-reference from the interim financial statements to the location of this referenced information. The amendment also specifies that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, otherwise the interim financial statements will be incomplete.

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

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Note 1.2, after the elimination of material intercompany transactions. All intercompany resources and liabilities, equity, income, expenses and cash flows relating to transactions with subsidiaries 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 the subsidiaries are prepared in 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 interests as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it has the power over the entity; it is exposed, or has rights to, variable returns from its involvement with the entity; and it has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Group obtains control.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that 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 a subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of a subsidiary prior to acquisition. On initial recognition, the assets and liabilities of a 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's accounting policies.

Goodwill 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. On the other hand, 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 method* is applicable for business combinations involving entities under common control. On initial recognition, the assets and liabilities of a 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 recognized on consolidation in a separate reserve account under Equity.

(b) Transactions with Non-controlling Interests

Non-controlling interests (NCI) 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 NCI 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 NCI may result in goodwill, being the difference between any consideration paid and the relevant share acquired in the carrying value of the net assets of a subsidiary.

In the consolidated financial statements, the non-controlling interests component is shown as part of the consolidated statement of changes in equity.

(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 venture. 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 net 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 accounted for as reduction in the carrying value of the investment.

Acquired investments in associates are subject to purchase method of accounting as described in Note [2.3(a)(i)]. However, any goodwill that represents the excess of identifiable net assets of the acquiree at the date of acquisition or fair value adjustment attributable to the Group's share in the associate is included in the amount recognized as investments in associates. All subsequent changes to the ownership 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 credited against Share in Net Earnings of Associates under Miscellaneous Income in the Group's statement of profit or loss. These changes include subsequent depreciation, amortization or impairment of the fair value adjustments of assets and liabilities.

Changes resulting from other comprehensive income of the associate or items that have been directly recognized in the associate's equity are recognized in other comprehensive income or equity of the Group as applicable. 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. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has not been recognized previously.

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 that were 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 2.21).

2.4 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 8.

2.5 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivativeand meets the definition of equity for the issuer in accordance with the criteria under PAS 32. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets in Accordance with PFRS 9 Effective from January 1, 2014

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value (see Notes 2.7 and 2.18).

The Group's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Investment Securities at Amortized Cost under Trading and Investment Securities, Loans and Receivables and certain Other Resources accounts.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash and other cash items and non-restricted balances of due from BSP and due from other banks. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. In 2014, the Group has not made such designation.

(ii) Financial Assets at Fair Value Through Profit or Loss

Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVPL at initial recognition, are measured at FVPL. Equity investments are classified as financial assets at FVPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVPL include government securities, corporate bonds and equity securities which are held for trading purposes or designated as at FVPL.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVPL are measured at fair value. Related transaction costs are recognized directly as expense in profit or loss. Unrealized gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVPL category and realized gains or losses arising from disposals of these instruments are included in Trading and Securities Gains under Other Operating Income account in the statement of profit or loss.

Interest earned on these investments is reported in profit or loss under Interest Income account while dividend income is reported in profit or loss under Miscellaneous included in Other Operating Income account when the right of payment has been established.

(iii) Financial Assets at Fair Value Through Other Comprehensive Income

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss, but is reclassified directly to Surplus account.

Any dividends earned on holding these equity instruments are recognized in profit or loss as part of Miscellaneous under Other Operating Income account, when the Group's right to receive dividends is established in accordance with PAS 18, unless the dividends clearly represent recovery of a part of the cost of the investment.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

(b) Classification , Measurement and Reclassification of Financial Assets in Accordance with PAS 39 Effective Prior to January 1, 2014

Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which the investments were acquired and their characteristics. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVPL, loans and receivables, HTM investments and AFS securities. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such designation at the end of each reporting period.

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

A more detailed description of the categories of financial assets relevant to the Group as of and for the year ended December 31, 2013 follows:

(i) Financial Assets at Fair Value through Profit or Loss

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

Financial assets at FVPL are measured at fair value. Unrealized gains and losses arising from changes (mark-to-market) in the fair value of the financial assets and realized gains or losses arising from disposals of these instruments at FVPL category are included in Trading and Securities Gains under Other Operating Income account in the statement of profit or loss.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or rendered services directly to a debtor with no intention of trading the receivables.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Loans and Receivables and certain Other Resources accounts in the statement of financial position. Cash and cash equivalents comprise accounts with original maturities of three months or less, including cash and other cash items and non-restricted balances due from BSP and due from other banks.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss is provided when there is an objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables (see Notes 2.7 and 2.18).

(iii) 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 category.

HTM investments are subsequently measured at amortized cost using the effective interest method (see Note 2.18). In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated future cash flows (see Note 2.7). Any changes to the carrying amount of the investment due to impairment are recognized in profit or loss.

Should the Group sell other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified to AFS Securities. The tainting provision will not apply if the sales or reclassifications of HTM investments are: (i) 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 its fair value; (ii) occur after the Group has collected substantially all of the financial assets' original principal through scheduled payments or prepayments; or, (iii) are attributable to an isolated event that is beyond the control of the Group, is non-recurring and could have not been reasonably anticipated by the Group.

(iv) 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. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. As of December 31, 2013, the Group's AFS Securities include government and corporate debt securities and equity securities.

All AFS Securities are measured at fair value. Gains and losses are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity, except for interest, dividend income, impairment losses and foreign exchange difference on monetary assets, which are recognized in profit or loss. When the financial asset is disposed of or is determined to be impaired (see Note 2.7), the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserves to profit or loss and is presented as a reclassification adjustment within other comprehensive income.

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. Interest calculated using the effective interest method for all categories of financial assets is recognized in the statement of profit or loss (see Note 2.18). Dividends on equity instruments are recognized in profit or loss when the Group's right to receive payment is established.

A financial asset is reclassified out of the FVPL category when the financial asset is no longer held for the purpose of selling or repurchasing it in the near term or under rare circumstances. A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in profit or loss is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

For a financial asset reclassified out of the AFS Securities category to Loans and Receivables or HTM Investments, any previous gain or loss on that asset that has been recognized as other comprehensive income is amortized to profit or loss over the remaining life of the investment using the effective interest method. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using effective interest method.

2.6 Derivative Financial Instruments and Hedge Accounting

The Group 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 Group'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 FVPL which are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at their fair value, except for the embedded derivatives in CLNs linked to ROP bonds reclassified to Loans and Receivables together with the host contract prior to January 1, 2014 [see Notes 2.2(b) and 11.3]. 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 option 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 Group 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 FVPL. 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 prior to January 1, 2014 [see Note 2.1(a)].

2.7 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 are 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 assets 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:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

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

(d) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or,

(f) 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.

The Group recognizes impairment loss based on the category of financial assets as follows:

(a) *Financial Assets Carried at Amortized Cost*

For financial assets classified and measured at amortized cost (including Investment Securities at Amortized Cost from January 1, 2014), the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or 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 for individually assessed financial assets 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 financial asset 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 collective evaluation of impairment for loans and receivables, 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 possible, the Group seeks to restructure loans rather than to take possession of the collateral. This may involve extending the payment arrangement and agreement for new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria evidencing the good quality of the loan are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate. The difference between the recorded sale of the original loan and the present value of the restructured cash flows, discounted at the original effective interest rate, is recognized as part of Impairment Losses account in profit or loss.

When a loan 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 statement of profit or loss.

(b) Financial Assets Carried at Fair Value Prior to January 1, 2014

For AFS Securities, 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.

In the case of equity investments classified as AFS Securities under PAS 39 prior to the application of PFRS 9, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for equity investments, 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 reclassified from Revaluation Reserves and recognized in profit or loss.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss.

In the case of debt instruments classified as AFS securities, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of interest income in profit or loss.

If, in a subsequent period, the fair value of equity or debt instruments 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) Financial Assets Carried at Cost Prior to January 1, 2014

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 amount of 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.

2.8 Offsetting Financial Instruments

Financial assets and liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is 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. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.9 Derecognition of Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is 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 to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.10 Bank Premises, Furniture, Fixtures and Equipment

Land is stated at cost less impairment losses, if any. 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 carried 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, while 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 2.21).

The residual values, estimated useful lives and method of depreciation and amortization 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 any 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.

2.11 Investment Properties

Investment properties pertain to land, buildings or condominium units acquired by the Group, in settlement of loans from defaulting borrowers through foreclosure or dacion in payment which are neither held by the Group for sale in the next 12 months nor used in the rendering of services or for administrative purposes. This also includes properties held for rental.

Investment properties are stated at cost, less accumulated depreciation and any impairment losses (see Note 2.21). The cost of an investment property comprises its purchases price and directly attributable costs incurred such as legal fees, transfer taxes and other transaction costs.

Transfers from other accounts (such as bank premises, furniture, fixtures and equipment) are made to investment properties when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party or holding the property for capital appreciation, while transfers from investment properties are made when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Depreciation and impairment loss are recognized in the same manner as in bank premises, furniture, fixtures and equipment.

Direct operating expenses related to investment properties, such as repairs and maintenance, and real estate taxes are normally charged against current operations in the period in which these costs are incurred.

Investment properties, including the related accumulated depreciation and any impairment losses, 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 under the Miscellaneous Income account in the year of retirement or disposal.

2.12 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 which are also presented as part of Other Resources, include other properties acquired through repossession, foreclosure or purchase that the Group intends to sell within one year from the date of classification as held-for-sale and for which the Group is committed to immediately dispose through an active marketing plan. The Group classifies an asset (or disposal group) as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held-for-sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

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.

Asset that ceases to be classified as held-for-sale is measured at the lower of: (a) its carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset not been classified as held-for-sale; and, (b) its recoverable amount at the date of the subsequent decision not to sell. Any adjustment to the carrying amount of an asset that ceases to be classified as held-for-sale resulting in either a gain or loss, is recognized in profit or loss. The Group recognizes an impairment loss for any initial or subsequent write-down of the assets held-for-sale to fair value less cost to sell, to the extent that it has not been previously recognized in profit or loss. On the other hand, any gain from any subsequent increase in fair value less to costs to sell of an asset up to the extent of the cumulative impairment loss that has been previously recognized is recognized in profit or loss.

The gains or losses arising from the sale or remeasurement of assets held-for-sale is recognized in Miscellaneous Income (Expenses) under the Other Operating Income (Expenses) account in the statement of profit or loss.

2.13 Intangible Assets

Intangible assets include goodwill, branch licenses, trading right, and computer software licenses which are accounted for under cost model and are reported under Other Resources account in the statement of financial position. The cost of the asset is the amount of cash and cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of acquisition.

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired at the date of acquisition (see Note 2.3).

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 2.21). 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 generating units is represented by each primary reporting segment.

Branch licenses represent the rights given to the Group to establish a certain number of branches in the restricted areas in the country as incentive obtained in relation to the acquisition of Pres. Jose P. Laurel Rural Bank, Inc. (JPL Rural Bank), now operating under the name RCBC JPL (see Note 12).

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

Trading right, included as part of Miscellaneous under Other Resources account represent the right given to RSI which is engaged in stock brokerage to preserve access to the trading facilities and to transact business at the PSE. Trading right is assessed as having an indefinite useful life. It is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares) less allowance for impairment, if any. The trading right is tested annually for any impairment in realizable value (see Note 2.21).

Acquired 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 a straight line basis over the expected useful lives of the software of 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 employee costs incurred on software development 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).

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.14 Other Resources

Other resources excluding items classified as intangible assets, deferred tax assets, and post-employment benefit assets, 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 Group and the asset has a cost or value that can be measured reliably.

2.15 Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, bonds payable, subordinated debt, accrued interest and other expenses, and other liabilities (except tax-related payables, post-employment defined benefit obligation and deferred income) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statement of profit or loss under the caption Interest Expense.

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. These 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 the 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 upon declaration by the Group and subsequent approval of the BSP.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

2.16 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 (e.g. legal dispute or onerous contracts).

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

2.17 Equity

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

Capital paid in excess of par includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of stocks are deducted from capital paid in excess of par, 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 consist of:

(a) Net unrealized fair value gains or losses arising from revaluation of AFS Securities prior to January 1, 2014;

(b) Net unrealized fair value gains or losses arising from remeasurements of financial assets at FVOCI from January 1, 2014 upon the Group's adoption of PFRS 9;

(c) Reserves on remeasurements of post-employment defined benefit plan comprising of net accumulated actuarial gains or losses arising from experience adjustments and other changes in actuarial assumptions, and actual return on plan assets (excluding account included in net interest); and,

(d) Accumulated translation adjustments related to the cumulative gains from the translation of the financial statements of foreign subsidiaries whose functional currency is different from that of the Parent Company.

Reserve for trust business representing the accumulated amount set aside by the Group under existing regulations requiring the Parent Company and a subsidiary to carry to surplus 10% of its net profits accruing from their 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 changes in the ownership of the NCI in the Group and the result of the redemption of the preferred stocks of RSB's subsidiaries. This also includes the excess of cost of investment over the net identifiable assets of an acquired subsidiary under the pooling of interest method.

Surplus represents all current and prior period results of operations as disclosed in the statement of profit or loss, reduced by the amount of dividends declared.

NCI represents the portion of the net assets and profit or loss not attributable to the Group and are presented separately in the consolidated statements of profit or loss and comprehensive income and within equity in the consolidated statements of financial position and changes in equity.

2.18 Revenue and Expense Recognition

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

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

(a) Interest Income and Expenses

These are recognized in the statement of profit or loss for all financial instruments measured at amortized cost and interest-bearing financial assets at FVPL and AFS securities 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 the 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 FCDU 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)

These are recognized when the ownership of the securities is transferred to the buyer and is computed at the difference between the selling price and the carrying amount of the securities disposed of. These also include trading gains as a result of the mark-to-market valuation of investment securities classified as FVPL. Prior to January 1, 2014, in the case of AFS Securities, trading and securities gains or losses recognized in the statement of profit or loss reflect the amounts of fair value gains or losses previously recognized in other comprehensive income and reclassified to profit or loss upon disposal.

(c) Service Fees and Commissions

These are recognized as follows:

(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 the items purchased.

(ii) *Late payment fees* are billed on delinquent credit card receivable balances which are at most 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.

(iv) *Service charges and penalties* are recognized only upon collection or accrued where there is a reasonable degree of certainty as to its collectibility.

(v) *Underwriting fees and commissions* are recorded when services for underwriting, arranging or brokering has been rendered.

(d) Gains on Assets Sold

Gains on assets sold are included as part of Miscellaneous income under Other Operating Income account, which arises from the disposals of investment properties and real estate properties for sale and assets held-for-sale. This is recognized when the risks and rewards of ownership of the assets is transferred to the buyer, and when the collectibility of the entire sales price is reasonably assured.

(e) Discounts Earned

Discounts earned, net of interchange costs (included as part of Miscellaneous income under Other Operating Income account), are recognized as income upon presentation by member establishments of charges arising from RCBC Bankard and non-RCBC Bankard (associated with MasterCard, JCB, VISA and China UnionPay 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.

Costs and expenses are recognized in profit or loss upon utilization of the resources and/or services or at the date those are incurred. All finance costs are reported in profit or loss on accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset, if any (see Note 2.23).

2.19 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 (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and 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, and is included as part of Interest Income on loans and receivables.

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. These are recognized as part of Miscellaneous income under Other Operating Income in the statement of profit or loss.

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. A reassessment is made after inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or,

(d) there is a substantial change to the asset.

2.20 Foreign Currency Transactions and Translations

(a) Transactions and Balances

Except for the foreign subsidiaries and accounts of the Group's foreign currency deposit 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.

Foreign exchange gains and losses resulting from the settlement of foreign currency 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 recognized in other comprehensive income and deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary items, such as equity securities classified as at FVPL, are reported as part of fair value gain or loss.

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 each reporting 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.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as financial assets at FVPL, financial assets at FVOCI and AFS securities are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized as gains and losses in other comprehensive income.

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

The results of operations and financial position of all the Group's 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:

(i) Resources and liabilities at the end of each reporting period as presented in the statement of financial position are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses 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,

(iii) All resulting exchange differences are recognized as a component of equity.

In consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized in other comprehensive income which form part of Revaluation Reserves account in equity. When a foreign operation is sold, the accumulated translation and 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.

2.21 Impairment of Non-financial Assets

Investments in subsidiaries and associates, bank premises, furniture, fixtures and equipment, investment properties, and other resources (including intangible assets) and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use and goodwill are tested for impairment at least annually.

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

Except for intangible assets with an indefinite useful life (i.e., goodwill) or those not yet available for use, individual assets or CGU are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in profit or loss. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Impairment loss is recognized in profit or loss for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets, except for intangible assets with indefinite useful life and goodwill, are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.22 Employee Benefits

Entities under the Group provide respective post-employment benefits to employees through a defined benefit plan and defined contribution plan, as well as other benefits, which are recognized as follows:

(a) *Post-employment Defined Benefit 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 plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by trustees.

The liability recognized in the statement of financial position for defined benefit post-employment plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero-coupon government bonds as published by the Philippine Dealing and Exchange Corporation (PDEx), 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.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and other changes in actuarial assumptions, effect of the changes to the asset ceiling, if any, and actual return on plan assets (excluding amount included in net interest), are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in the subsequent periods.

Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Other Interest Income or Expense account in the statement of profit or loss.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment 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 or assets may be recognized if underpayment or prepayment has occurred.

(c) 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 at the earlier of: (i)when it can no longer withdraw the offer of such benefits, and, (ii) when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Bonus Plans

The Group recognizes a liability and an expense for bonuses, based on a fixed formula. 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.

(e) 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 in the statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.23 Borrowing Costs

Borrowing costs are recognized as expense in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.24 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 equity, 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 profit or loss.

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. Deferred tax assets are reassessed at the end of each reporting period. Previously unrecognized deferred tax assets 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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.

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of the assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities recognized by the entities under the Group are offset if they have 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.

2.25 Related Party Relationships and Transactions

Related party transactions are transfers 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 funded retirement plan of each of the entities under the Group.

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

2.26 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 stocks 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 stocks subscribed and issued during the period. However, net profit attributable to common stocks and the weighted average number of common stocks outstanding are adjusted to reflect the effects of potentially dilutive convertible preferred stocks. Convertible preferred stocks are deemed to have been converted into common stocks at the issuance of preferred stocks.

2.27 Trust and Fiduciary 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. The resources, liabilities and income or loss arising thereon are excluded from these financial statements, as these are neither resources nor income of the Group.

2.28 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements in accordance with FRSPB requires 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.

3.1 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) Evaluation of Business Model Applied in Managing Financial Instruments

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows, largely its core deposit funding arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for trading activities consistent with its risk appetite.

Upon adoption of PFRS 9, the Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Group's investment, trading and lending strategies.

(b) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(c) *Classifying Financial Assets as HTM Investments*

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as HTM investments prior to the adoption of PFRS 9, 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 specific circumstances under the standard as discussed in Note 2.5(b), it will be required to reclassify the entire class of HTM investments to AFS securities.

In 2011, the Group and Parent Company disposed of a significant amount of its HTM investments, with carrying values of P6,250 and P3,124, respectively, prior to maturity of the investments. Consequently, the Group and Parent Company reclassified the remaining HTM investments with amortized cost of P19,210 and P19,183, respectively, to AFS securities and carried and measured such investments at fair value until the end of 2013 after the lapse of the two reporting periods after the year of sale and reclassification. With the adoption of PFRS 9, the HTM category and the related provisions on tainting are already omitted.

(d) *Evaluating Impairment of AFS Securities*

The determination when an investment in AFS securities assets is other-than-temporarily impaired requires the Group to make judgment. In making this judgment with respect to the Group's outstanding AFS securities as of December 31, 2013, the Group has evaluated, 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.

Based on management evaluation of information and circumstances affecting the Group's AFS securities as of December 31, 2013, the Group recognized allowance for impairment are recognized for AFS securities amounting to P1,343 and P1,193 as of December 31, 2013 in the Group's and Parent Company's financial statements, respectively.

(e) *Distinguishing Investment Properties and Owner-occupied Properties*

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

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease) then these portions can be accounted for 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. Such evaluation resulted in the reclassification of a significant portion of the Group's certain building properties from Bank Premises to Investment Properties upon the commencement of an operating lease in 2014 (see Notes 13 and 14).

(f) *Distinguishing Operating and Finance Leases*

The Group has entered into various lease agreements either as a lessor or a lessee. 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 or liabilities. As of December 31, 2014 and 2013, most of the Group's lease arrangements qualify as operating leases except for the various lease agreements of RCBC LFC which are accounted for under finance lease.

(g) *Classifying and Determining Fair Value 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 classified under Other Resources if the Group expects that the properties will be recovered through sale rather than use, as Investment Properties if held for currently undetermined future use and is regarded as held for capital appreciation, or as Financial Assets in accordance with PFRS 9 or 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. The Group's methodology in determining the fair value of acquired properties are further discussed in Note 7.3.

(h) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.16 and relevant disclosures are presented in Note 29. In dealing with the Group's various legal proceedings, the Group's estimate of the probable costs that may arise from claims and contingencies has been developed in consultation and coordination with the Group's internal and outside counsels acting in defense for the Group's and the Parent Company's legal cases and are based upon the analysis of probable results. Although the Group does not believe that its on-going proceedings as disclosed in Note 29 will have material adverse effect on the Group's financial position, it is possible that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies conducted relating to those proceedings.

3.2 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 each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next reporting period:

(a) *Estimating Impairment Losses on Loans and Receivables and Investment Securities at Amortized Cost*

The Group reviews its loans and receivables portfolio to assess impairment at least on a semi-annual basis. In determining whether an impairment loss should be recognized 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.

Moreover, the Group holds debt securities measured at amortized cost as of December 31, 2014. The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group has evaluated, 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 flows.

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 11 while the information about the debt securities is disclosed in Note 10.

(b) *Determining Fair Value Measurement for Financial Assets at FVPL, FVOCI 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 (see Note 7.2). 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 the financial assets and financial liabilities would affect profit or loss and other comprehensive income.

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 (see Note 7.2).

The carrying values of the Group's and Parent Company's trading and investment securities and the amounts of fair value changes recognized on those financial assets are disclosed in Note 10.

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

The Group estimates the useful lives of bank premises, furniture, fixtures and equipment, investment properties and computer software based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets 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 computer software are analyzed in Notes 13, 14 and 15, respectively. Based on management's assessment as at December 31, 2014 and 2013, there are no changes in the useful lives of these assets. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) *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 values of recognized and unrecognized deferred tax assets as of December 31, 2014 and 2013 are disclosed in Note 26.1.

(e) *Estimating Impairment Losses of Non-financial Assets*

Except for intangible assets with indefinite useful lives, FRSPB requires that an impairment review be performed when certain impairment indications are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.21. Though management believes that the assumptions used in the estimation of fair values of non-financial assets 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.

(f) *Determining Fair Value of Investment Properties*

The Group's investment properties are composed of parcels of land, buildings and condominium units which are held for capital appreciation or held-for-lease, and are measured using cost model. The estimated fair value of investment properties disclosed in Note 7.3 is determined on the basis of the appraisals conducted by professional appraiser applying the relevant valuation methodologies as discussed therein.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in key inputs and sources of information used in the determination of the fair value disclosed for those assets may result in adjustment in the carrying amount of the assets reported in the financial statements if their fair value will indicate evidence of impairment.

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

The determination of the Group's obligation and cost of post-employment defined benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or loss, and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit asset (obligation) and related income (expense), and an analysis of the movements in the estimated present value of post-employment benefit obligation, as well as the significant assumptions used in estimating such obligation, are presented in Note 24.2.

4. RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group is exposed to risks in relation 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. Four committees of the Parent Company's BOD are relevant in this context.

- The Executive Committee (EXCOM), which meets weekly, approves credit policies and decides on large counterparty 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 capital adequacy and risk management covering credit, market and operational risks under Pillar 1 of the Basel framework; as well as the management of other material risks determined under Pillar II and the Internal Capital Adequacy Assessment Process (ICAAP) (see Note 5.2). Risk limits are reviewed and approved by the ROC.
- The Audit Committee, which meets monthly, reviews the results of the Internal Audit examinations and recommends remedial actions to the BOD as appropriate.

- The Related Party Transactions (RPT) Committee, which meets monthly and as necessary, reviews RPTs to determine whether or not the transaction is on terms no less favourable to the Parent Company than terms available to any unconnected third party under the same or similar circumstances. On favourable review, the RPT Committee endorses transactions to the BOD for approval.

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

- The Credit and Collection Committee (CRECOL), 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 and 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, it 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 consistent implementation of the objectives of risk identification, measurement and/or assessment, mitigation, and monitoring are pursued via practices commensurate with the risk profile group-wide. CRISMS is independent of all risk-taking business segments and reports directly to the BOD's ROC. It participates in the CRECOL and ALCO meetings.

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 Parent Company's BOD.

4.1 Group's Strategy in Using Financial Instruments

It is the Group's intent to generate returns mainly from the 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 Group's 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 interest margins by investing these funds in high-quality assets. The conventional strategy to enhance net interest 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.

The Group's investment portfolio is composed mainly of marketable, sovereign-risk and corporate debt instruments.

The Parent Company was granted by the BSP additional derivatives authorities effective January 2011. Products approved under the Limited Dealer Authority (Type 2) are foreign currency forwards, non-deliverable forwards, interest rate and cross currency swaps while CLNs and bond options were approved under the Limited User Authority (Type 3). In February 2012, Bond Forwards, Non-deliverable Swaps and Foreign Exchange Options have been included under the same Limited User Authority (Type 3). In June 2013, the Parent Company was granted a Type 2 license Non-deliverable Swaps, FX Options, Bond and Interest Rate Options, and Asset Swaps. During the same period, additional Type 3 licenses for Foreign Exchange-Option and Bond-Option linked notes were likewise approved. The Parent Company's derivatives portfolio consists mostly of short-term currency forward contracts and swaps.

4.2 Liquidity Risk

Liquidity risk is the potential insufficiency of funds available to meet the 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 its activities, and identifies, measures, monitors and controls the liquidity risk inherent to the members of the Group which are financial intermediaries.

The Group's liquidity policy is to manage its operations to ensure that funds available are more than adequate to meet 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, 2014 and 2013 are presented below.

Group

2014

	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More than Five Years**	**Non-maturity**	**Total**
Resources:						
Cash and cash equivalents	P 23,833	P 524	P 23	P 15	P 51,389	P 75,784
Investments	18,009	800	8,849	68,628	4,825	101,111
Loans and receivables-net	25,735	50,765	60,723	86,208	38,143	261,574
Other resources	6,709	236	1,352	94	11,045	19,436
Total resources	74,286	52,325	70,947	154,945	105,402	457,905
Liabilities:						
Deposit liabilities	47,505	20,187	16,277	2,097	229,695	315,761
Bills payable	34,763	1,051	1,126	2,859	-	39,799
Bonds payable	11,180	-	12,306	-	-	23,486
Subordinated debt	-	-	9,921	-	-	9,921
Other liabilities	8,764	37	-	-	7,006	15,807
Total liabilities	102,212	21,275	39,630	4,956	236,701	404,774
Equity	-	-	4,883	-	48,248	53,131
Total liabilities and equity	102,212	21,275	44,513	4,956	284,949	457,905
On-book gap	(27,926)	31,050	26,434	149,989	(179,547)	-
Cumulative on-book gap	(27,926)	3,124	29,558	179,547	-	-
Contingent resources	20,208	2,546	2,236	-	-	24,990
Contingent liabilities	21,635	2,744	2,236	-	-	26,615
Total gap	(1,427)	(198)	-	-	-	(1,625)
Cumulative off-book gap	(1,427)	(1,625)	(1,625)	(1,625)	(1,625)	-
Periodic gap	(29,353)	30,852	26,434	149,989	(179,547)	-
Cumulative total gap	(P 29,353)	P 1,499	P 27,933	P 177,922	(P 1,625)	P -

2013

	One to Three Months	Three Months to One Year	One to Five Years	More than Five Years	Non-maturity	Total
Resources:						
Cash and cash equivalents	P 47,795	P 347	P 35	P -	P 21,677	P 69,854
Investments	12,165	1,088	15,386	61,206	3,188	93,033
Loans and receivables-net	20,829	33,279	46,837	74,700	62,315	237,960
Other resources	12,207	278	710	78	7,749	21,022
Total resources	92,996	34,992	62,968	135,984	94,929	421,869
Liabilities:						
Deposit liabilities	34,997	14,279	11,855	4,635	232,087	297,853
Bills payable	25,376	12,969	45	1,505	-	39,895
Bonds payable	-	-	23,317	-	-	23,317
Other liabilities	12,295	24	-	-	3,677	15,996
Total liabilities	72,668	27,272	35,217	6,140	235,764	377,061
Equity	-	-	4,883	-	39,925	44,808
Total liabilities and equity	72,668	27,272	40,100	6,140	275,689	421,869
On-book gap	20,328	7,720	22,868	129,844	(180,760)	-
Cumulative on-book gap	20,328	28,048	50,916	180,760	-	-
Contingent resources	36,297	9,453	1,332	-	-	47,082
Contingent liabilities	36,548	9,473	1,332	-	-	47,353
Total gap	(251)	(20)	-	-	-	(271)
Cumulative off-book gap	(251)	(271)	(271)	(271)	(271)	-
Periodic gap	20,077	7,700	22,868	129,844	(180,760)	-
Cumulative total gap	P 20,077	P 27,777	P 50,645	P 180,489	(P 271)	P -

	Parent Company					
	2014					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More than Five Years**	**Non-maturity**	**Total**
Resources:						
Cash and cash equivalents	P 18,920	P -	P -	P -	P 43,917	P 62,837
Investments	14,550	729	7,277	62,656	10,327	95,539
Loans and receivables-net	18,290	34,545	32,117	84,022	36,640	205,614
Other resources	6,460	7	728	63	5,682	12,940
Total resources	58,220	35,281	40,122	146,741	96,566	376,930
Liabilities:						
Deposit liabilities	31,967	13,398	16,120	2,097	184,440	248,022
Bills payable	32,897	-	1,081	2,859	-	36,837
Bonds payable	11,180	-	12,306	-	-	23,486
Subordinated debt	-	-	9,921	-	-	9,921
Other liabilities	5,272	-	-	-	6,700	11,972
Total liabilities	81,316	13,398	39,428	4,956	191,140	330,238
Equity	-	-	4,883	-	41,809	46,692
Total liabilities and equity	81,316	13,398	44,311	4,956	232,949	376,930
On-book gap	(23,096)	21,883	(4,189)	141,785	(136,883)	-
Cumulative on-book gap	(23,096)	(1,213)	(5,402)	136,383	-	-
Contingent resources	20,125	2,546	2,236	-	-	24,907
Contingent liabilities	20,838	2,744	2,236	-	-	25,818
Total gap	(713)	(198)	-	-	-	(911)
Cumulative off-book gap	(713)	(911)	(911)	(911)	(911)	-
Periodic gap	(23,809)	21,685	(4,189)	141,785	(136,383)	-
Cumulative total gap	(P 23,809)	(P 2,124)	(P 6,313)	P 135,472	(P 911)	P -

	2013					
	One to Three Months	Three Months to One Year	One to Five Years	More than Five Years	Non-maturity	Total
Resources:						
Cash and cash equivalents	P 45,314	P -	P -	P -	P 17,140	P 62,454
Investments	2,265	1,044	15,033	44,195	24,702	87,239
Loans and receivables-net	15,786	23,577	23,182	68,996	60,095	191,636
Other resources	6,891	9	99	26	6,736	13,761
Total resources	70,256	24,630	38,314	113,217	108,673	355,090
Liabilities:						
Deposit liabilities	24,846	10,829	10,634	4,635	192,676	243,620
Bills payable	23,555	12,007	-	1,505	-	37,067
Bonds payable	-	-	23,317	-	-	23,317
Other liabilities	6,739	-	-	-	5,197	11,936
Total liabilities	55,140	22,836	33,951	6,140	197,873	315,940
Equity	-	-	4,883	-	34,267	39,150
Total liabilities and equity	55,140	22,836	38,834	6,140	232,140	355,090
On-book gap	15,116	1,794	(520)	107,077	(123,467)	-
Cumulative on-book gap	15,116	16,910	16,390	123,467	-	-
Contingent resources	36,269	9,453	1,332	-	-	47,054
Contingent liabilities	36,289	9,473	1,332	-	-	47,094
Total gap	(20)	(20)	-	-	-	(40)
Cumulative off-book gap	(20)	(40)	(40)	(40)	(40)	-
Periodic gap	15,096	1,774	(520)	107,077	(123,467)	-
Cumulative total gap	(P 15,096)	P 16,870	P 16,350	P 123,427	(P 40)	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 denominated liabilities of their respective FCDUs, of which 30% must be in liquid assets.

4.2.1 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 its measurement, monitoring, and control systems account for these exposures as well. The Group sets and regularly reviews limits on the size of the cash flow mismatches for each significant individual currency and in aggregate over appropriate time horizons. The Group also assesses its access to foreign exchange markets when setting up its 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 5.2).

4.2.2 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.

4.3 Market Risk

The Group's exposure to market risk is the potential diminution of 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 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 movements 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 resources 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.

- Net Interest Income (NII)-at-Risk – 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 financial position (local and foreign currencies). As of a given reporting date, the interest rate gap analysis (see Note 4.3.2) 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 NII-at-Risk are consistent with a 99% confidence level with respect to historical rate volatility, assuming a one-year holding period. The Group considers the sum of NII-at-risk and the Value-at-Risk of the FVPL portfolios as the Earnings-at-Risk (EaR) estimate.

- 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 equity. 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 equity in the statement 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 and year-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 mentioned above.

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

	Group			
	2014			
	At December 31	**Average**	**Maximum**	**Minimum**
Foreign currency risk	P 2	P 10	P 32	P 2
Interest rate risk	282	163	384	31
Overall	**P 284**	**P 173**	**P 416**	**P 33**
	2013			
	At December 31	Average	Maximum	Minimum
Foreign currency risk	P 16	P 14	P 34	P 3
Interest rate risk	188	257	405	123
Overall	P 204	P 271	P 439	P 126

	Parent Company			
	2014			
	At December 31	**Average**	**Maximum**	**Minimum**
Foreign currency risk	P 2	P 9	P 30	P 2
Interest rate risk	156	82	240	16
Overall	**P 158**	**P 91**	**P 270**	**P 18**
	2013			
	At December 31	Average	Maximum	Minimum
Foreign currency risk	P 15	P 12	P 31	P 3
Interest rate risk	36	85	192	28
Overall	P 51	P 97	P 223	P 31

4.3.1 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 denominated assets and foreign currency denominated 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 within the 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 financial liabilities as to foreign and Philippine peso-denominated balances, after elimination of intercompany accounts or transactions, as of December 31 follows:

	Group 2014		
	Foreign Currencies	**Philippine Pesos**	**Total**
Resources:			
Cash and other cash items	P 957	P 12,128	P 13,085
Due from BSP	-	46,099	46,099
Due from other banks	15,832	768	16,600
Financial assets at FVPL	12,918	3,540	16,458
Financial assets at FVOCI	25	4,512	4,537
Investment securities at amortized cost	66,196	13,599	79,795
Loans and receivables	38,772	222,802	261,574
Other resources	144	701	845
	P 134,844	P 304,149	P 438,993
Liabilities:			
Deposit liabilities	P 70,002	P 245,759	P 315,761
Bills payable	36,832	2,967	39,799
Bonds payable	23,486	-	23,486
Subordinated debt	-	9,921	9,921
Accrued interest and other expenses	671	3,616	4,287
Other liabilities	969	5,467	6,436
	P 131,960	P 267,730	P 399,690

	2013		
	Foreign Currencies	Philippine Pesos	Total
Resources:			
Cash and other cash items	P 879	P 8,947	P 9,826
Due from BSP	-	52,491	52,491
Due from other banks	7,044	493	7,537
Financial assets at FVPL	909	2,379	3,288
AFS securities	70,462	18,950	89,412
Loans and receivables - net	44,636	193,324	237,960
Other resources	1,391	139	1,530
	P 125,321	P 276,723	P 402,044
Liabilities:			
Deposit liabilities	P 62,865	P 234,988	P 297,853
Bills payable	37,542	2,353	39,895
Bonds payable	23,317	-	23,317
Accrued interest and other expenses	2,869	1,454	4,323
Other liabilities	762	7,235	7,997
	P 127,355	P 246,030	P 373,385

	Parent Company 2014		
	Foreign Currencies	**Philippine Pesos**	**Total**
Resources:			
Cash and other cash items	P 783	P 8,756	P 9,539
Due from BSP	-	37,763	37,763
Due from other banks	15,065	470	15,535
Financial assets at FVPL	12,829	2,233	15,062
Financial assets at FVOCI	25	2,197	2,222
Investment securities at amortized cost	61,899	8,357	70,256
Loans and receivables - net	38,714	166,900	205,614
Other resources	141	642	783
	P 129,456	P 227,318	P 356,774
Liabilities:			
Deposit liabilities	P 65,111	P 182,911	P 248,022
Bills payable	36,832	5	36,837
Bonds payable	23,486	-	23,486
Subordinated debt	-	9,921	9,921
Accrued interest and other expenses	658	2,645	3,303
Other liabilities	636	4,767	5,403
	P 126,723	P 200,249	P 326,972

	Parent Company		
	2013		
	Foreign Currencies	Philippine Pesos	Total
Resources:			
Cash and other cash items	P 746	P 6,817	P 7,563
Due from BSP	-	48,679	48,679
Due from other banks	5,768	444	6,212
Financial assets at FVPL	909	1,449	2,358
AFS securities	65,812	11,070	76,882
Loans and receivables - net	45,891	145,745	191,636
Other resources	1,365	145	1,510
	P 120,491	P 214,349	P 334,840
Liabilities:			
Deposit liabilities	P 57,163	P 186,457	P 243,620
Bills payable	37,054	13	37,067
Bonds payable	23,317	-	23,317
Accrued interest and other expenses	667	2,724	3,391
Other liabilities	1,134	4,168	5,302
	P 119,335	P 193,362	P 312,697

4.3.2 Interest Rate Risk

The interest rate risk inherent in the Group's financial statements arises from re-pricing mismatches between financial resources and financial liabilities. The Group follows a policy on managing its resources 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 resources and liabilities and trading products. ALCO employs *interest rate gap analysis* to measure the interest rate sensitivity of those financial instruments.

The *interest rate gap analyses* of resources and liabilities as of December 31 based on re-pricing maturities are shown below. It should be noted that such interest rate gap analyses are based on the following key assumptions:

- Loans and time deposits are subject to re-pricing on their contractual maturity dates. Non-performing loans, however, are not re-priced;
- Debt securities at amortized cost are bucketed based on their re-pricing profile;
- Held-for-trading securities and derivatives are considered as non-rate sensitive; and,
- For resources and liabilities with no definite re-pricing schedule or maturity, slotting is based on the Group's empirical assumptions.

	Group					
	2014					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More than Five Years**	**Non-rate Sensitive**	**Total**
Resources:						
Cash and cash equivalents	P 23,638	P 404	P 23	P 15	P 51,704	P 75,784
Investments	5,426	845	7,474	67,895	19,471	101,111
Loans and receivables-net	123,195	36,748	39,747	48,929	12,955	261,574
Other resources	253	236	1,366	80	17,501	19,436
Total resources	152,512	38,233	48,610	116,919	101,631	457,905
Liabilities:						
Deposit liabilities	85,720	22,789	15,320	2,034	189,898	315,761
Bills payable	37,799	1,934	66	-	-	39,799
Bonds payable	11,180	-	12,306	-	-	23,486
Subordinated debt	-	-	9,921	-	-	9,921
Other liabilities	3,356	37	-	-	12,414	15,807
Total liabilities	138,055	24,760	37,613	2,034	202,312	404,774
Equity	-	-	4,883	-	48,248	53,131
Total liabilities and equity	P 138,055	P 24,760	P 42,496	P 2,034	P 250,560	P 457,905

	Group					
	2014					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More than Five Years**	**Non-rate Sensitive**	**Total**
On-book gap	P 14,457	P 13,473	P 6,114	P 114,885	(P 148,929)	P -
Cumulative on-book gap	14,457	27,930	34,044	148,929	-	-
Contingent resources	20,208	2,546	2,236	-	-	24,990
Contingent liabilities	21,635	2,744	2,236	-	-	26,615
Total gap	(1,427)	(198)	-	-	-	(1,625)
Cumulative off-book gap	(1,427)	(1,625)	(1,625)	(1,625)	(1,625)	-
Periodic gap	13,030	13,275	6,114	114,885	(148,929)	-
Cumulative total gap	P 13,030	P 26,305	P 32,419	P 147,304	(P 1,625)	P -

	2013					
	One to Three Months	Three Months to One Year	One to Five Years	More than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and cash equivalents	P 47,675	P 227	P 35	P -	P 21,917	P 69,854
Investments	10,035	1,088	15,386	61,206	5,318	93,033
Loans and receivables-net	115,807	25,450	27,576	28,521	40,606	237,960
Other resources	2,455	278	693	89	17,507	21,022
Total resources	175,972	27,043	43,690	89,816	85,348	421,869
Liabilities:						
Deposit liabilities	78,821	20,539	12,559	4,635	181,299	297,853
Bills payable	38,684	1,197	14	-	-	39,895
Bonds payable	-	-	23,317	-	-	23,317
Other liabilities	3,437	24	-	-	12,535	15,996
Total liabilities	120,942	21,760	35,890	4,635	193,834	377,061
Equity	-	-	4,883	-	39,925	44,808
Total liabilities and equity	120,942	21,760	40,773	4,635	233,759	421,869
On-book gap	55,030	5,283	2,917	85,181	(148,411)	-
Cumulative on-book gap	55,030	60,313	63,230	148,411	-	-
Contingent resources	36,297	9,453	1,332	-	-	47,082
Contingent liabilities	36,548	9,473	1,332	-	-	47,353
Total gap	(251)	(20)	-	-	-	(271)
Cumulative off-book gap	(251)	(271)	(271)	(271)	(271)	-
Periodic gap	54,779	5,263	2,917	85,181	(148,411)	-
Cumulative total gap	P 54,779	P 60,042	P 62,959	P 148,140	(P 271)	P -

	Parent Company					
	2014					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More than Five Years**	**Non-rate Sensitive**	**Total**
Resources:						
Cash and cash equivalents	P 18,917	P -	P -	P -	P 43,920	P 62,837
Investments	2,066	773	5,902	61,923	24,875	95,539
Loans and receivables-net	115,722	20,528	11,140	46,743	11,481	205,614
Other resources	4	7	742	49	12,138	12,940
Total resources	P 136,709	P 21,308	P 17,784	P 108,715	P 92,414	P 376,930

Parent Company

2014

	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More than Five Years**	**Non-rate Sensitive**	**Total**
Liabilities:						
Deposits liabilities	P 53,201	P 11,022	P 14,935	P 2,034	P 166,830	P 248,022
Bills payable	35,756	1,081	-	-	-	36,837
Bonds payable	11,180	-	12,306	-	-	23,486
Subordinated debt	-	-	9,921	-	-	9,921
Other liabilities	466	-	-	-	11,506	11,972
Total liabilities	100,603	12,103	37,162	2,034	178,336	330,238
Equity	-	-	4,883	-	41,809	46,692
Total liabilities and equity	100,603	12,103	42,045	2,034	220,145	376,930
On-book gap	36,106	9,205	(24,261)	106,681	(127,731)	-
Cumulative on-book gap	36,106	45,311	21,050	127,731	-	-
Contingent resources	20,125	2,546	2,236	-	-	24,907
Contingent liabilities	20,838	2,744	2,236	-	-	25,818
Total gap	(713)	(198)	-	-	-	(911)
Cumulative off-book gap	(713)	(911)	(911)	(911)	(911)	-
Periodic gap	35,393	9,007	(24,261)	106,681	(127,731)	-
Cumulative total gap	P 35,393	P 44,400	P 20,139	P 126,820	(P 911)	P -

2013

	One to Three Months	Three Months to One Year	One to Five Years	More than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and cash equivalents	P 45,314	P -	P -	P -	P 17,140	P 62,454
Investments	135	1,044	15,033	61,198	9,829	87,239
Loans and receivables-net	110,765	15,749	3,921	22,816	38,385	191,636
Other resources	2	9	82	37	13,631	13,761
Total resources	156,216	16,802	19,036	84,051	78,985	355,090
Liabilities:						
Deposits liabilities	56,741	14,455	9,457	4,635	158,332	243,620
Bills payable	37,067	-	-	-	-	37,067
Bonds payable	-	-	23,317	-	-	23,317
Other liabilities	743	-	-	-	11,193	11,936
Total liabilities	94,551	14,455	32,774	4,635	169,525	315,940
Equity	-	-	4,883	-	34,267	39,150
Total liabilities and equity	94,551	14,455	37,657	4,635	203,792	355,090
On-book gap	61,665	2,347	(18,621)	79,416	(124,807)	-
Cumulative on-book gap	61,665	64,012	45,391	124,807	-	-
Contingent resources	36,269	9,453	1,332	-	-	47,054
Contingent liabilities	36,289	9,473	1,332	-	-	47,094
Total gap	(20)	(20)	-	-	-	(40)
Cumulative off-book gap	(20)	(40)	(40)	(40)	(40)	-
Periodic gap	61,645	2,327	(18,621)	79,416	(124,807)	-
Cumulative total gap	P 61,645	P 63,972	P 45,351	P 124,767	(P 40)	P -

The table below summarizes the potential impact on the Group's and Parent Company's annual interest income of parallel rate shifts using the repricing profile shown in the previous pages.

	Changes in Interest Rates (in basis points)			
	(100)	**(200)**	**100**	**200**
December 31, 2014				
Group	**(P 175)**	**(P 350)**	**P 175**	**P 350**
Parent Company	**(375)**	**(750)**	**375**	**750**
December 31, 2013				
Group	(P 200)	(P 400)	P 200	P 400
Parent Company	(208)	(416)	208	416

4.3.3 Equity Price Risk

The Group's exposure to price risk on equity securities held and classified in the statement of financial position as financial assets at FVPL or financial assets at FVOCI as of December 31, 2014 and AFS securities as of December 31, 2013 is managed through diversification of portfolio and monitoring of changes in market prices. Diversification of the portfolio is done in accordance with the limits set by the Group.

Moreover, RCBC Capital and RSI, estimate the potential loss and determines the market and position risk requirement on equity securities at FVPL in the computation of the market and position risk requirement for all equity positions.

RCAP uses the delta-normal approach as its VaR model to estimate the daily potential loss that can be incurred from equity securities held for trading. VaR is a key measure in the management of market price risk. VaR is defined as a statistical estimate of the maximum possible loss on a given position during a time horizon within a given confidence interval. RCAP uses a 99% confidence level and a minimum 260-day observation period in VaR calculation. In addition, RSI computes its market and position risk for all equity positions, if any, in conjunction with the Risk Based Capital Adequacy ratio required to be maintained. Market and position risk requirement is calculated using position risk factor multiplied by mark-to-market value security.

4.4 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.

The Credit and Group Risk Division (CGRD) of CRISMS assists senior management: (a) in establishing risk concentration limits at the portfolio level; and (b) in the continuous monitoring of the actual credit risk portfolio from the perspective of those limits and other risk management objectives. In performing these functions, the CGRD works hand-in-hand with the business units and with the Corporate Planning Group. The Credit Management Segment (CMS) on the other hand is responsible for: (a) the development of credit policies relating to account management; (b) the financial evaluation and credit risk rating of borrowers; and, (c) asset quality review.

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 CMS 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 financial instrument 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 the Group's exposure to such credit risk, as necessary.

Loans and receivables, regardless if the accounts have been fully paid, extended or renewed in subsequent year or period, are subjected to evaluation for possible losses. The Parent Company uses its internal credit risk rating system (ICRRS) to determine any evidence of impairment. The rating system classifies performing accounts from a scale of AAA indicating an extremely strong capacity of the counterparty to meet financial commitments down to ratings below CCC demonstrating a high probability of counterparty's payment default on financial commitments. Non-current accounts that are rated below CCC are classified based on the characteristics of classified loans per BSP Manual of Regulations for Banks, i.e., Substandard, Doubtful or Loss.

Only impaired accounts with significant amount are subject to specific impairment test. Impaired accounts refer to those accounts which were rated BB+ to lower than CCC and accounts rated as Substandard, Doubtful and Loss. Significant amount is at least P0.5 for sales contract receivables and P15 for all other loan and receivable accounts.

In the process of applying the Parent Company's ICRRS in determining indications of impairment on individually significant items of loans and receivables, the Parent Company analyzes the credit quality of the borrowers and counterparties through a set of criteria and rating scale classified into the following:

Risk Rating	Rating Description/Criteria
AAA	Extremely strong capacity to meet financial commitments
AA*	Very strong capacity to meet financial commitments
A*	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances
BBB*	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions
BB*	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions
B*	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments
CCC*	Currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments
Substandard	Loans past due for over 90 days
Doubtful	Past due clean loans previously classified as Substandard without at least 20% repayment during the succeeding 12 months
Loss	Loans considered absolutely uncollectible

** Ratings from AA to CCC are modified by a plus (+) or minus (-) sign to show relative standing within the rating categories.*

The foregoing ICRRS is established by the Parent Company during the first quarter of 2013 in congruent and with reference to the credit risk rating methodology used by Standard & Poor's (S&P) in measuring the creditworthiness of an individual debt issue which is still performing or current in status. The risk ratings determined by the Parent Company for its portfolio of loans and receivables at a given review date is updated to consider the possible shift in the economy or business environment or circumstances affecting the industry and the entity/borrower, in particular. Accordingly, a periodic assessment of credit quality may improve the borrower's rating or it could lead to one or more rating downgrades over time.

4.4.1 Exposure to Credit Risk

The carrying amount of financial resources recognized 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			
	2014		2013	
	Loans and Receivables	**Trading and Investment Securities**	Loans and Receivables	Trading and Investment Securities
Individually Assessed for Impairment				
Unclassified	**P -**	**P -**	P 26	P 1,266
AA to AA-	**25**	**-**	-	-
A to A-	**24**	**-**	-	-
B to B-	**45**	**-**	137	-
CCC+ and below	**-**	**-**	27	-
Sub-standard	**126**	**-**	49	-
Doubtful	**-**	**-**	-	-
Loss	**266**	**-**	638	-
Gross amount	**486**	**-**	877	1,266
Allowance for impairment	**(366)**	**-**	(519)	(1,065)
Carrying amount	**120**	**-**	358	201
Collectively Assessed for Impairment				
Unclassified	111,369	-	95,200	-
AA to AA-	437	-	-	-
A to A-	195	-	-	-
BB+ to BB	30,625	-	33,323	-
BB- to B+	70,348	-	38,744	-
B to B-	44,968	-	26,243	-
CCC+ and below	575	-	5,993	-
Sub-standard	2,277	-	1,441	-
Doubtful	-	-	-	-
Loss	520	-	929	-
Gross amount	261,314	-	201,873	-
Unearned interest and discount	(839)	-	(1,405)	-
Allowance for impairment	(4,636)	-	(4,364)	-
Carrying amount	255,839	-	196,104	-
Unquoted debt securities classified as loans	1,326	-	2,665	-
Other receivables	5,421	-	5,518	-
Allowance for impairment	(1,455)	-	(1,248)	-
Carrying amount	5,292	-	6,935	-
Neither Past Due Nor Impaired	**323**	**93,194**	34,563	86,197
Total Carrying Amount	**P 261,574**	**P 93,194**	P 237,960	P 86,398

	Parent Company			
	2014		2013	
	Loans and Receivables	**Trading and Investment Securities**	Loans and Receivables	Trading and Investment Securities
Individually Assessed for Impairment				
Unclassified	**P -**	P -	P -	P 1,266
AA to AA-	**-**	-	-	-
A to A-	**-**	-	-	-
B to B-	**45**	-	113	-
CCC+ and below	**-**	-	27	-
Sub-standard	**126**	-	49	-
Doubtful	**-**	-	-	-
Loss	**266**	-	638	-
Gross amount	**437**	-	827	1,266
Allowance for impairment	**(353)**	-	(519)	(1,005)
Carrying amount	**84**	-	308	261
Collectively Assessed for Impairment				
Unclassified	62,035	-	66,699	-
AA to AA-	-	-	-	-
A to A-	-	-	-	-
BB+ to BB	29,242	-	33,323	-
BB- to B+	70,348	-	38,744	-
B to B-	40,909	-	26,243	-
CCC+ and below	575	-	1,045	-
Sub-standard	877	-	370	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Gross amount	203,986	-	166,423	-
Unearned interest and discount	(191)	-	(178)	-
Allowance for impairment	(2,936)	-	(3,452)	-
Carrying amount	200,859	-	162,793	-
Unquoted debt securities classified as loans	1,266	-	2,665	-
Other receivables	4,196	-	4,400	-
Allowance for impairment	(1,316)	-	(650)	-
Carrying amount	4,146	-	6,415	-
Neither Past Due Nor Impaired	**525**	**83,288**	22,120	76,181
Total Carrying Amount	**P 205,614**	**P 83,288**	P 191,636	P 76,442

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.

4.4.2 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 is not usually held against trading and investment securities, and no such collateral was held as of December 31, 2014 and 2013.

The Group holds collateral against its loans portfolio in the form of hold-out deposits, real estate mortgage, standby letters of credit or bank guaranty, government guaranty, chattel mortgage, assignment of receivables, pledge of equity securities, personal and corporate guaranty and other forms of security. An estimate of the fair value of collateral and other security enhancements held against the loan portfolio as of December 31, 2014 and 2013 is shown below.

	Group			
	2014		2013	
Against individually impaired				
Real property	**P**	**21**	P	345
Chattels		**49**		50
Against classified accounts but not impaired				
Real property		**75,428**		48,041
Chattels		**5,861**		5,570
Equity securities		**5,244**		1,426
Hold-out deposits		**1,240**		971
Others		**815**		851
Against neither past due nor impaired				
Real property		**113,268**		47,244
Chattels		**32,607**		25,902
Hold-out deposits		**11,484**		11,153
Others		**58,608**		30,212
Total	**P**	**304,625**	P	171,765

	Parent Company			
	2014		2013	
Against individually impaired				
Real property	**P**	**21**	P	345
Against classified accounts but not impaired				
Real property		**73,227**		46,050
Chattels		**4,143**		4,069
Equity securities		**5,244**		1,426
Others		**541**		595
Against neither past due nor impaired				
Real property		**-**		1,847
Hold-out deposits		**11,484**		11,153
Others		**57,591**		27,877
Total	**P**	**152,251**	P	93,362

4.4.3 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 of the loan portfolio at the end of the reporting period is shown in Note 11.

In the course of the Group's implementation of ICAAP (see Note 5.2), 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.

4.4.4 Credit Risk Stress Test

To enhance the 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.

4.5 Operational Risk

Operational risks are risks arising from the potential inadequate information systems and systems, operations or transactional problems (relating to service or product delivery), breaches in internal controls, fraud, or unforeseen catastrophes that may result in unexpected loss. Operational 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 Operational Risk Management Division (ORMD) under the CRISMS Group assists management in meeting its responsibility to understand and manage operational risk exposures and to ensure consistent application of operational risk management tools across the Group.

The ORMD applies a number of techniques to efficiently manage operational risks. Among these are as follows:

- Each major business line has an embedded operational risk management officer who acts as a point person for the implementation of various operational risk tools. The operational risk officers attend annual risk briefings conducted by the ORMD to keep them up-to-date with different operational risk issues, challenges and initiatives;

- With ORMD's bottom up self-assessment process, which is conducted at least annually, areas with high risk potential are highlighted and reported, and control measures are identified. The result of said self-assessment exercise also serves as one of the inputs in identifying specific key risk indicators (KRIs);

- KRIs are used to monitor the operational risk profile of the Group and of each business unit, and alert management of impending problems in a timely fashion;

- Internal loss information is collected, reported, and utilized to model operational risk; and,

- The ORMD reviews product and operating manuals, policies, procedures and circulars, thus allowing the embedding of desired operational risk management practices in all business units.

Operational Risk Management, as it relates to Capital Adequacy, is currently under Basic Indicator Approach (see Note 5.2). In 2014, the Parent Bank's BOD approved the acquisition of an Operational Risk System which is expected to go live across the Group in 2015. It is the intention of the Group to eventually migrate to the Advanced Management Approach (AMA) for Operational Risk, subject to approval by the BSP.

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.

4.5.1 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 its capital. This risk is present in activities such as asset management and regulatory compliance.

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

4.5.2 Legal Risk and Regulatory Risk Management

Changes in laws and regulations and fiscal policies could adversely affect the Group's operations and financial reporting. 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 the country. The Group's Compliance Program, the design and implementation of which is overseen and coordinated by the Compliance Officer, is the primary control process for regulatory risk issues. The Compliance Office is committed to safeguard the integrity of the bank by maintaining a high level of regulatory compliance. It is responsible for communicating and disseminating new rules and regulations to all units, assessing and addressing identified compliance issues, performing periodic compliance testing on branches and Head Office units, and reporting compliance findings to the Audit Committee and the BOD.

4.6 Anti-Money Laundering Controls

The Anti-Money Laundering Act (AMLA) or RA No. 9160 was passed in September 2001 and was amended by RA No. 9194, RA No. 10167, and RA No. 10365 in March 2003, June 2012 and February 2013, respectively. Under the AMLA, as amended, the Group is required to submit "Covered Transaction Reports" involving single transactions in cash or other equivalent monetary instruments in excess of P0.5 within one banking day. The Group is also required to submit "Suspicious Transaction Reports" to the Anti-Money Laundering Council (AMLC) in the event that circumstances exist and there are reasonable grounds to believe that the transaction is suspicious. Furthermore, terrorist financing was criminalized in Republic Act No.10168.

In addition, AMLA requires that the Group safe keeps, as long as the account exists, all the Know Your Customer (KYC) documents involving its clients, including documents that establish and record the true and full identity of its clients. Likewise, transactional documents must be maintained and stored for five years from the date of the transaction. In cases involving closed accounts, the KYC documents must be kept for five years after their closure. Meanwhile, all records of accounts with court cases must be safe kept until there is a final resolution.

On January 27, 2011, BSP Circular No. 706 was implemented superseding all policies on AMLA. The Circular requires the Group to adopt a comprehensive and risk-based Money Laundering and Terrorist Financing Prevention Program (MLPP) designed according to the covered institution's corporate structure and risk profile.

In an effort to further prevent money laundering activities, the Group revised its KYC policies and guidelines in order to comply with the aforementioned Circular. 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. Likewise, the Group is required to risk profile its clients to Low, Normal, or High with its corresponding due diligence of Reduced, Average or Enhanced, in compliance with the risk-based approach mandated by the Circular. Decisions to enter into a business relationship with a high risk customer requires senior management approval, and in some cases such as a politically exposed person or a private individual holding a prominent position, Group Head approval is necessary.

The Group's procedures for compliance with the AMLA are set out in its MLPP. The Group's Compliance Officer, through the Anti-Money Laundering Department (AMLD), monitors AMLA compliance and conducts regular compliance testing of business units.

The AMLD requires all banking units to submit to the Compliance Office certificates of compliance with the Anti-Money Laundering Rules and Regulations on a quarterly basis.

The AMLD regularly reports to the Anti-Money Laundering Committee, senior management committees and the BOD to disclose results of their monitoring of AMLA compliance.

5. CAPITAL MANAGEMENT

5.1 Regulatory Capital

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

In implementing the current capital requirements, the BSP requires the Group to maintain a prescribed ratio of qualifying regulatory capital to total risk-weighted assets including market risk and operational risk computed based on BSP-prescribed formula provided under its circulars.

On January 15, 2013, the BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. Circular No. 781 is effective on January 1, 2014.

Prior to 2014, the Group was required to maintain a capital adequacy ratio (CAR) of 10% of qualifying regulatory capital to total risk-weighted assets including market risk and operational risk.

The BSP has adopted the Basel III risk-based capital adequacy framework effective January 1, 2014, which requires the Group to maintain at all times the following:

(a) Common Equity Tier 1 (CET1) of at least 6.0% of risk weighted assets;
(b) Tier 1 Capital of at least 7.5% of risk-weighted assets;
(c) Qualifying Capital (Tier 1 plus Tier 2 Capital) of at least 10.0% of risk-weighted assets; and,
(d) Capital Conservation Buffer of 2.5% of risk weighted assets, comprised of CET1 Capital.

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 P300, respectively.

In computing for the CAR, the regulatory qualifying capital is analyzed into two tiers which are: (i) Tier 1 Capital comprised of CET1 and Additional Tier 1 (AT1) capital, and, (ii) Tier 2 Capital, defined as follows and are subject to deductions as defined in relevant regulations:

(a) Common Equity Tier 1 Capital includes the following:

- *(i)* paid-up common stock;
- *(ii)* common stock dividends distributable;
- *(iii)* additional paid-in capital;
- *(iv)* deposit for common stock subscription;
- *(v)* retained earnings;
- *(vi)* undivided profits;
- *(vii)* other comprehensive income from net unrealized gains / losses on financial assets at FVOCI and cumulative foreign currency translation; and,
- *(viii)* minority interest in subsidiary banks which are less than wholly-owned, subject to regulatory conditions.

(b) AT1 Capital includes:

(i) instruments that do not qualify as CET1, but meet the criteria set out in Annex B of BSP Circular 781;
(ii) financial liabilities meeting loss absorbency requirements set out in Annex E of BSP Circular 781;
(iii) financial liabilities bearing loss absorbency features at point of non-viability as set out in Annex F of BSP Circular 781;
(iv) additional paid-in capital resulting from issuance of AT1 capital;
(v) deposit for subscription to AT1 instruments; and,
(vi) minority interest in subsidiary banks which are less than wholly-owned, subject to regulatory conditions.

(c) Tier 2 Capital includes:

(i) instruments issued that are not qualified as Tier 1 capital but meet the criteria set forth in Annex C of BSP Circular 781;
(ii) financial liabilities bearing loss absorbency features at point of non-viability as set out in Annex F of BSP Circular 781;
(iii) deposit for subscription of Tier 2 capital;
(iv) appraisal increment reserve on bank premises, as authorized by the Monetary Board;
(v) general loan loss provisions; and,
(vi) minority interest in subsidiary banks that are less than wholly-owned, subject to regulatory conditions.

Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans, or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board of the BSP.

The Group's and Parent Company's regulatory capital position based on the Basel III risk-based capital adequacy framework as of December 31, 2014 follows:

	Group	**Parent Company**
Tier 1 Capital		
CET 1	**P 40,084**	**P 30,573**
AT1	**3**	**3**
	40,087	**30,576**
Tier 2 Capital	**12,005**	**11,602**
Total Qualifying Capital	**P 52,092**	**P 42,178**
Total Risk – Weighted Assets	**P 338,949**	**P 282,546**
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk weighted assets	**15.37%**	**14.93%**
Tier 1 Capital Ratio	**11.83%**	**10.82%**
Total CET 1 Ratio	**11.83%**	**10.82%**

The Group and Parent Company's regulatory capital position under Basel II as of December 31, 2013 is presented as follows:

	Group	Parent Company
Tier 1 Capital	P 48,807	P 37,451
Tier 2 Capital	1,744	-
Total Qualifying Capital	P 50,551	P 37,451
Total Risk – Weighted Assets	P 305,920	P 248,079
Capital ratios:		
Total regulatory capital expressed as percentage of total risk – weighted assets	16.52%	15.10%
Total Tier 1 expressed as percentage of total risk – weighted assets	15.95%	15.10%

The foregoing capital ratios comply with the related BSP prescribed ratios.

5.2 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 CAR 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 up to 2014, the annual submission of an ICAAP document is due every January 31st and every March 31st starting in 2015, as prescribed by the BSP.

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.

(a) *Credit Risk Concentration* – The Group has so far limited its analysis to credit risk concentration arising from the uneven sector distribution of the Group'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.

(b) *Liquidity Risk* – The Group estimates its liquidity risk under BAU scenario using standard gap analysis. Stressed liquidity risk on the other hand assumes a repeat of a historical liquidity stress, and estimates the impact if the Group were to partially defend its deposits and partially pay-off by drawing from its reserve of liquid assets.

(c) *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 estimates interest rate risk in the banking book as its NII-at-risk, and accordingly deducts the same from regulatory qualifying capital. Stressed IRRBB is calculated by applying the highest observed market volatilities over a determined timeframe.

(d) *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 estimates compliance risk as the sum of regulatory fines and penalties, and forecasts this amount in relation to the level of operating expenses. The resulting figure is treated as a deduction from regulatory qualifying capital. In 2013, the Group decided to henceforth broaden its analysis of this risk to account for regulatory benchmarks and other regulations that the Group has not been in compliance with, as noted by past BSP examinations.

(e) *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 is folded into the Group's assessment of stressed liquidity risk.

(f) *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 treats strategic business risk as a catch-all risk, and expresses its estimate as a cap on additional risk-weighted assets given other risks and the desired level of capital adequacy.

(g) *Information Technology Risk* – It is the current and prospective negative impact to earnings arising from failure of IT systems. The Group treats this risk as forming part of Operational Risk.

6. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

6.1 Carrying Amounts and Fair Values by Category

The following table summarizes the carrying amounts and corresponding fair values of those financial assets and financial liabilities presented in the statements of financial position.

	Group			
	2014		2013	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**P 75,784**	**P 75,784**	P 69,854	P 69,854
Investment securities	**79,795**	**78,911**	-	-
Loans and receivables	**261,574**	**261,574**	237,960	237,976
Other resources	**845**	**845**	1,530	1,530
	417,998	**417,114**	309,344	309,360
At FVPL	**16,458**	**16,458**	3,288	2,358
At FVOCI	**4,537**	**4,537**	-	-
AFS securities	**-**	**-**	89,412	89,412
	P 438,993	**P 438,109**	P 402,044	P 401,130
Financial Liabilities				
At amortized cost:				
Deposit liabilities	**315,761**	**315,761**	297,853	297,853
Bills payable	**39,799**	**39,799**	39,895	39,895
Bonds payable	**23,486**	**24,954**	23,317	25,651
Subordinated debt	**9,921**	**11,042**	-	-
Accrued interest and other expenses	**4,287**	**4,287**	4,323	4,323
Other liabilities	**6,436**	**6,436**	7,997	7,997
	399,690	**402,279**	373,385	375,719
Derivative financial liabilities	**291**	**291**	635	635
	P 399,981	**P 402,570**	P 374,020	P 376,354

	Parent Company			
	2014		2013	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost				
Cash and cash equivalents	**P 62,837**	**P 62,837**	P 62,454	P 62,454
Investment securities	**70,256**	**69,651**	-	-
Loans and receivables	**205,614**	**205,614**	191,636	191,652
Other resources	**783**	**783**	1,510	1,510
	339,490	**338,885**	255,600	255,616
At FVPL	**15,062**	**15,062**	2,358	2,358
At FVOCI	**2,222**	**2,222**	-	-
AFS securities	**-**	**-**	76,882	76,882
	P 356,774	**P 356,169**	P 334,840	P 334,856
Financial Liabilities				
At amortized cost:				
Deposit liabilities	**P 248,022**	**P 248,022**	P 243,620	P 243,620
Bills payable	**36,837**	**36,837**	37,067	37,067
Bonds payable	**23,486**	**24,954**	23,317	25,651
Subordinated debt	**9,921**	**11,042**	-	-
Accrued interest and other expenses	**3,303**	**3,303**	3,391	3,391
Other liabilities	**5,109**	**5,109**	5,302	5,302
	326,678	**329,267**	312,697	315,031
Derivative financial liabilities	**291**	**291**	635	635
	P 326,969	**P 329,558**	P 313,332	P 315,666

Except for investment securities at amortized cost, bonds payable and subordinated debt with fair value disclosed different from their carrying amounts, management considers that the carrying amounts of other financial assets and financial liabilities presented above which are measured at amortized cost, approximate the fair values either because those instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material. The fair value information disclosed for the Group's and Parent Company's investment securities at amortized cost and other financial assets and liabilities measured at fair value on a recurring basis are determined based on the procedures and methodologies discussed in Note 7.2.

6.2 Offsetting Financial Assets and Financial Liabilities

The following financial assets presented in the statements of financial position at gross amounts are covered by enforceable master netting arrangements and similar arrangements:

	Group				
	Notes	Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position: Financial Instruments	Related amounts not set off in the statements of financial position: Cash received	Net amount
December 31, 2014					
Loans and receivables – Receivable from customers	11	**P 258,688**	**(P 12,724)**	**P -**	**P 245,964**
Other resources – Margin deposits	15	**96**	**-**	**(96)**	**-**
December 31, 2013					
Loans and receivables – Receivable from customers	11	P 213,663	(P 12,124)	P -	P 201,539
Other resources – Margin deposits	15	1,293	-	(635)	658

	Parent Company				
	Notes	Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position: Financial Instruments	Related amounts not set off in the statements of financial position: Cash received	Net amount
December 31, 2014					
Loans and receivables – Receivable from customers	11	**P 203,417**	**(P 11,484)**	**P -**	**P 191,933**
Other resources – Margin deposits	15	**96**	**-**	**(96)**	**-**
December 31, 2013					
Loans and receivables – Receivable from customers	11	P 166,832	(P 11,153)	P -	P 155,679
Other resources – Margin deposits	15	1,293	-	(635)	658

The following financial liabilities presented in the statements of financial position at gross amounts are covered by enforceable master netting arrangements and similar agreements:

Group

	Notes	Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position: Financial Instruments	Related amounts not set off in the statements of financial position: Cash received	Net amount
December 31, 2014					
Deposit liabilities	17	**P 315,761**	**(P 12,724)**	**P -**	**P 303,037**
Other liabilities – Derivative financial liabilities	22	**291**	**-**	**(96)**	**195**
December 31, 2013					
Deposit liabilities	17	P 297,853	(P 12,124)	P -	P 285,729
Bills payable	18	39,895	(10)	-	39,885
Other liabilities – Derivative financial liabilities	22	635	-	(635)	-

Parent Company

	Notes	Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position: Financial Instruments	Related amounts not set off in the statements of financial position: Cash received	Net amount
December 31, 2014					
Deposit liabilities	17	**P 248,022**	**(P 11,484)**	**P -**	**P 236,538**
Other liabilities – Derivative financial liabilities	22	**291**	**-**	**(96)**	**195**
December 31, 2013					
Deposit liabilities	17	P 243,620	(P 11,153)	P -	P 232,467
Bills payable	18	37,067	(10)	-	37,057
Other liabilities – Derivative financial liabilities	22	635	-	(635)	-

For financial assets and liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and its counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. However, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

For purposes of presenting the above information, the related amounts not set off in the statements of financial position pertains to: (a) hold-out deposits which serve as the Group's collateral enhancement for certain loans and receivables; (b) certain loans and receivables assigned by the Group as collateral for its rediscounting availments from the BSP; and, (c) margin deposits which serve as security for outstanding financial market transactions and other liabilities. The financial instruments that can be set off are only disclosed to the extent of the amounts of the Group's obligations to counterparties.

7. FAIR VALUE MEASUREMENT AND DISCLOSURES

7.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

(b) 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,

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3. Changes in assumptions could also affect the reported fair value of the financial instruments. The Group uses judgment to select a variety of valuation techniques and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

7.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of December 31, 2014 and 2013.

	Group			
	2014			
	Level 1	Level 2	Level 3	Total
Financial assets at FVPL:				
Government bonds	P 10,421	P 271	P -	P 10,692
Corporate debt securities	2,707		-	2,707
Equity securities	1,269	-	329	1,598
Derivative assets	54	1,407	-	1,461
	14,451	1,678	329	16,458
Financial assets at FVOCI – Equity securities	2,290	124	2,123	4,537
Total Resources at Fair Value	**P 16,741**	**P 1,802**	**P 2,452**	**P 20,995**
Derivative liability	**P -**	**P 291**	**P -**	**P 291**

	Group 2013			
	Level 1	Level 2	Level 3	Total
Financial assets at FVPL:				
Government bonds	P 1,108	P 2	P -	P 1,110
Corporate debt securities	371	103	-	474
Equity securities	827	-	-	827
Derivative assets	54	823	-	877
	2,360	928	-	3,288
AFS securities:				
Government bonds	43,834	4,303	-	48,137
Corporate debt securities	36,659	1,360	-	38,020
Equity securities	2,836	79	-	2,915
	83,329	5,742	-	89,072
Allowance for impairment	-	(1,158)	-	(1,158)
	83,329	4,584	-	87,914
Total Resources at Fair Value	P 85,689	P 5,512	P -	P 91,202
Derivative liability	P -	P 635	P -	P 635

	Parent Company			
	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVPL:				
Government bonds	P 10,376	P 147	P -	P 10,523
Corporate debt securities	2,509	-	-	2,509
Equity securities	240	-	329	569
Derivative assets	54	1,407	-	1,461
	13,179	1,554	329	15,062
Financial assets at FVOCI – Equity securities	-	123	2,099	2,222
Total Resources at Fair Value	**P 13,179**	**P 1,677**	**P 2,428**	**P 17,284**
Derivative liability	**P -**	**P 291**	**P -**	**P 291**

	2013			
	Level 1	Level 2	Level 3	Total
Financial assets at FVPL:				
Government bonds	P 1,108	P 2	P -	P 1,110
Corporate debt securities	371	-	-	371
Derivative assets	54	823	-	877
	1,533	825	-	2,358
AFS securities:				
Government bonds	37,756	3,206	-	40,962
Corporate debt securities	33,926	1,266	-	35,192
Equity securities	164	79	-	243
	71,846	4,551	-	76,397
Allowance for impairment	-	(1,008)	-	(1,008)
	71,846	3,543	-	75,389
Total Resources at Fair Value	P 73,379	P 4,368	P -	P 77,747
Derivative liability	P -	P 635	P -	P 635

Described below are the information about how the fair values of the Group's classes of financial assets and financial liabilities were determined.

(a) Government Bonds and Corporate Papers

The fair value of the Group's government bonds and corporate papers categorized within Level 1 is determined directly based on published closing prices available from the electronic financial data service providers which had been based on price quoted or actually dealt in an active market at the end of each of the reporting period. On the other hand, government bonds with fair value categorized within Level 2 is determined based on the prices of benchmark government securities which are also quoted in an active market or bond exchange (i.e., PDEx).

(b) Corporate Debt Securities (excluding Corporate Papers Categorized within Level 1)

The fair value of the Group's corporate debt securities categorized under Level 2 of the hierarchy in 2013, is estimated and determined based on pricing model developed by applying benchmark pricing curves which are derived using the yield of benchmark security with similar maturities (i.e., government bonds or notes). In applying this pricing methodology, the yield of the underlying securities is interpolated between the observable yields to consider any gaps in the maturities of the benchmark securities used to develop a benchmark curve.

(c) Equity Securities

The fair values of equity securities classified as financial assets at FVPL and FVOCI as of December 31, 2014 and AFS securities as of December 31, 2013 were valued based on their market prices quoted in the PSE at the end of each reporting period; hence, categorized within Level 1. On the other hand, for equity securities which are not traded in an active market and categorized within Level 2, their fair value is determined by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties.

Level 2 category also includes the Group's investments in proprietary club shares as their prices are not derived from a market considered as active due to lack of trading activities among market participants at the end of each reporting period.

(d) Derivative Assets and Liabilities

The fair value of the Group's derivative assets categorized within Level 1 is determined directly based on published price quotation available for an identical instrument in an active market at the end of each of the reporting period.

On the other hand, the fair values of certain derivative financial assets and liabilities categorized within Level 2 were determined through valuation techniques using net present value computation which makes use of the streams of cash flows related to the derivative financial instruments such as interest rate swaps and currency swaps.

There were no transfers between levels of hierarchy in 2014 and 2013.

As of December 31, 2013, the Group and the Parent Company has non-marketable/unquoted equity securities invested in local private companies amounting to P1,572 and P1,563, respectively, which were classified under AFS Securities and were carried at cost as the Group was unable to reliably determine their fair value by reference to comparable instrument or by using any valuation techniques. The Group has reclassified and designated these unquoted equity securities to Financial Assets at FVOCI and Financial Assets at FVPL on January 1, 2014 upon initial adoption of PFRS 9; hence, required to be measured at fair value on a recurring basis. These investments were remeasured by the Group and the Parent Company resulting in an increase of P1,077 and P1,062, respectively, in the carrying amount of investments representing fair value gains as of the initial date of adoption [see Note 2.2(b)]. From its carrying amount at cost as of December 31, 2013, the Group has determined the fair value of these equity investments using valuation technique through discounted cash flows method; hence, categorized as Level 3 in the fair value hierarchy.

The significant assumptions used applied by the Group in determining the fair value of these equity investments include, among others, the following:

- A growth rate ranging from 4.4% to 4.9% in deriving the present value of the continuing/terminal cash flows from the investee companies; and,

- Weighted average cost of capital (WACC) ranging from 7.5% to 13.9% used to determine the present value of the free cash flows for a certain forecast period covered in the cash flow projections.

7.3 Fair Value Disclosures for Investment Properties Carried at Cost

The total estimated fair values of the investment properties amounted to P9,946 and P7,924 in the Group's financial statements and P5,379 and P3,531 in the Parent Company's financial statements as of December 31, 2014 and 2013, respectively. The fair value hierarchy of these properties as of December 31, 2014 and 2013 is categorized as Level 3.

The fair values of the Group's and Parent Company's investment properties were determined based on the following approaches:

(a) Fair Value Measurement for Land

The Level 3 fair value of land was derived using the observable recent prices of the reference properties and were adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value of the properties.

(b) Fair Value Measurement for Buildings

The Level 3 fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change in the valuation techniques during the year.

8. SEGMENT INFORMATION

8.1 Business Segments

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 (UITFs), 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.

8.2 Analysis of Primary Segment Information

Primary segment information (by business segment) on a consolidated basis as of and for the years ended December 31, 2014, 2013 and 2012 follow:

	2014				
	Retail Banking Group	Corporate Banking Group	Treasury Group	Others	Total
Statement of profit or loss					
Interest income	P 6,459	P 9,394	P 3,234	P 1,113	P 20,200
Interest expense	(1,962)	(3,275)	(3,071)	3,075	(5,233)
Net interest income	4,497	6,119	163	4,188	14,967
Non-interest income	2,358	1,378	1,677	1,689	7,102
Total revenues	6,855	7,497	1,840	5,877	22,069
Non-interest expense	(6,026)	(1,465)	(495)	(8,759)	(16,745)
Profit (loss) before tax	829	6,032	1,345	(2,882)	5,324
Tax expense	-	-	-	(914)	(914)
Non-controlling interest in net profit	-	-	-	1	1
Net profit (loss)	**P 829**	**P 6,032**	**P 1,345**	**(P 3,795)**	**P 4,411**
Statement of financial position					
Total Resources	**P 247,416**	**P 198,852**	**P 98,490**	**(P 86,853)**	**P 457,905**
Total Liabilities	**P 247,074**	**P 198,852**	**P 98,490**	**(P 139,642)**	**P 404,774**
Other segment information					
Depreciation and amortization	**P 349**	**P 148**	**P 6**	**P 1,074**	**P 1,577**

	2013				
	Retail Banking Group	Corporate Banking Group	Treasury Group	Others	Total
Statement of profit or loss					
Interest income	P 6,698	P 7,662	P 3,369	P 1,095	P 18,824
Interest expense	(2,214)	(3,013)	(3,217)	2,931	(5,513)
Net interest income	4,484	4,649	153	4,025	13,311
Non-interest income	2,495	1,638	2,088	3,589	9,810
Total revenues	6,979	6,287	2,241	7,614	23,121
Non-interest expense	(6,356)	(922)	(611)	(8,639)	(16,528)
Profit (loss) before tax	623	5,365	1,630	(1,025)	6,593
Tax expense	-	-	-	(1,259)	(1,259)
Non-controlling interest in net profit	-	-	-	(13)	(13)
Net profit (loss)	P 623	P 5,365	P 1,630	(P 2,297)	P 5,321
Statement of financial position					
Total Resources	P 213,208	P 174,779	P 99,650	(P 65,768)	P 421,869
Total Liabilities	P 213,208	P 174,779	P 99,650	(P 110,576)	P 377,061
Other segment information					
Depreciation and amortization	P 305	P 6	P 13	P 994	P 1,318

	2012				
	Retail Banking Group	Corporate Banking Group	Treasury Group	Others	Total
Statement of profit or loss					
Interest income	P 8,890	P 7,817	P 3,742	(P 1,692)	P 18,757
Interest expense	(4,031)	(5,247)	(2,892)	4,815	(7,355)
Net interest income	4,859	2,570	850	3,123	11,402
Non-interest income	2,175	1,020	5,888	2,259	11,342
Total revenue	7,034	3,590	6,738	5,382	22,744
Non-interest expense	(5,920)	(1,091)	(664)	(8,368)	(16,043)
Profit (loss) before tax	1,114	2,499	6,074	(2,986)	6,701
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 3,738)	P 5,949
Statement of financial position					
Total Resources	P 210,659	P 159,508	P 83,451	(P 90,279)	P 363,339
Total Liabilities	P 210,659	P 159,508	P 83,451	(P 132,441)	P 321,177
Other segment information					
Depreciation and amortization	P 298	P 13	P 8	P 795	P 1,114

8.3 Analysis of Secondary Segment Information

Secondary information (by geographical locations) as of and for the years ended December 31, 2014, 2013 and 2012 follow:

	2014			
	Philippines	**United States**	**Asia and Europe**	**Total**
Statement of profit or loss				
Total revenues	P 21,873	P 3	P 194	P 22,069
Total expenses	17,459	17	183	17,658
Net profit (loss)	**P 4,414**	**(P 14)**	**P 11**	**P 4,411**
Statement of financial position				
Total resources	**P 457,454**	**P 7**	**P 444**	**P 457,905**
Total liabilities	**P 404,448**	**P 8**	**P 318**	**P 404,774**
Other segment information				
Depreciation and amortization	**P 1,575**	**P -**	**P 2**	**P 1,577**

	2013			
	Philippines	United States	Asia and Europe	Total
Results of operations				
Total revenues	P 22,909	P 65	P 147	P 23,121
Total expenses	17,589	43	168	17,800
Net profit (loss)	P 5,320	P 22	(P 21)	P 5,321
Statement of financial position				
Total resources	P 421,327	P 92	P 450	P 421,869
Total liabilities	P 376,691	P 78	P 292	P 377,061
Other segment information				
Depreciation and amortization	P 1,316	P -	P 2	P 1,318

	2012			
	Philippines	United States	Asia and Europe	Total
Results of operations				
Total revenues	P 22,595	P 38	P 111	P 22,744
Total expenses	16,585	26	184	16,795
Net profit (loss)	P 6,010	P 12	(P 73)	P 5,949
Statement of financial position				
Total resources	P 362,907	P 124	P 308	P 363,339
Total liabilities	P 320,882	P 89	P 206	P 321,177
Other segment information				
Depreciation and amortization	P 1,112	P -	P 2	P 1,114

9. CASH AND CASH EQUIVALENTS

The components of Cash and Cash Equivalents follow:

	Group		**Parent Company**	
	2014	2013	**2014**	2013
Cash and other cash items	**P 13,085**	P 9,826	**P 9,539**	P 7,563
Due from BSP	**46,099**	52,491	**37,763**	48,679
Due from other banks	**16,600**	7,537	**15,535**	6,212
	P 75,784	P 69,854	**P 62,837**	P 62,454

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 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 (see Note 17), to serve as clearing account for interbank claims and to comply with existing trust regulations. The balance of Due from BSP also includes short-term special deposit account amounting to P5,538 and P17,049 for the Group and P3,300 and P16,900 for the Parent Company at December 31, 2014 and 2013, respectively, which bear annual interest at 2.00% to 2.50% in 2014 and 2.00% to 3.50% in 2013.

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

	Group		**Parent Company**	
	2014	2013	**2014**	2013
Foreign banks	**P 15,742**	P 6,675	**P 15,030**	P 5,534
Local banks	**858**	862	**505**	678
	P 16,600	P 7,537	**P 15,535**	P 6,212

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

	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Foreign currencies	**P 15,832**	P 7,044	**P 15,065**	P 5,768
Philippine pesos	**768**	493	**470**	444
	P 16,600	P 7,537	**P 15,535**	P 6,212

Interest rates per annum on these deposits range from 0.00% to 1.00% in 2014, 2013 and 2012.

10. TRADING AND INVESTMENT SECURITIES

This account is comprised of:

	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Financial assets at FVPL	**P 16,458**	P 3,288	**P 15,062**	P 2,358
Financial assets at FVOCI	**4,537**	-	**2,222**	-
Investment securities at amortized cost	**79,795**	-	**70,256**	-
AFS securities - net	**-**	89,412	**-**	76,882
	P 100,790	P 92,700	**P 87,540**	P 79,240

10.1 Financial Assets at Fair Value through Profit or Loss

Financial assets at FVPL is composed of the following:

	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Government securities	**P 10,692**	P 1,110	**P 10,523**	P 1,110
Corporate debt securities	**2,707**	474	**2,509**	371
Equity securities	**1,598**	827	**569**	-
Derivative financial assets	**1,461**	877	**1,461**	877
	P 16,458	P 3,288	**P 15,062**	P 2,358

The carrying amounts of financial assets at FVPL are classified as follows:

	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Held-for-trading	**P 14,428**	P 2,411	**P 13,032**	P 1,481
Designated as at FVPL	**569**	-	**569**	-
Derivatives	**1,461**	877	**1,461**	877
	P 16,458	P 3,288	**P 15,062**	P 2,358

Treasury bills and other debt securities issued by the government and other private corporations earn annual interest as follows:

	2014	2013	2012
Peso denominated	**1.63% - 12.38%**	1.63% - 14.38%	4.63% - 12.38%
Foreign currency denominated	**0.05% - 10.63%**	1.25% - 10.63%	2.50% - 10.63%

Equity securities are composed of listed shares of stock traded at the PSE and shares of stock designated as at FVPL.

Derivative instruments used by the Group include foreign currency short-term forwards, cross-currency swaps, debt warrants 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. Debt warrants attached to the bonds and other debt securities allows the Group to purchase additional debt securities from the same contracting issuer at the same price and yield as the initial purchased security. Option is a derivative financial instrument that specifies 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 financial liabilities as of December 31 both in the Group's and Parent Company's financial statements are shown below.

	2014		
	Notional Amount	**Fair Values**	
		Assets	**Liabilities**
Currency swaps and forwards	P 22,788	P 137	P 118
Interest rate swaps and futures	16,396	60	173
Debt warrants	5,598	54	-
Options	715	7	-
Credit default swaps	89	4	-
Credit linked notes	-	971	-
Principal-protected notes	-	228	-
	P 45,586	**P 1,461**	**P 291**

	2013		
	Notional Amount	Fair Values	
		Assets	Liabilities
Currency swaps and forwards	P 52,298	P 389	P 338
Interest rate swaps and futures	21,771	172	293
Debt warrants	5,557	54	-
Options	2,638	14	4
Credit default swaps	667	20	-
Principal-protected notes	-	228	-
	P 82,931	P 877	P 635

The derivative liabilities amounting to P291 and P635 as of December 31, 2014 and 2013, respectively, are shown as Derivative financial liabilities as part of Other Liabilities account in the statements of financial position (see Note 22). The bulk of such derivative liabilities have maturity periods of less than a year.

In 2008, the Parent Company reclassified its CLNs that are linked to ROP bonds, with an aggregate carrying value of P2,946 from AFS Securities to Loans and Receivables. As of December 31, 2013, the aggregate carrying value of the CLNs amounted to P2,665 (see Note 11.3). On January 1, 2014, the Parent Company reclassified its CLNs with an aggregate value of P2,665 from Loans and Receivables to Financial Assets at FVPL as a result of the initial application of PFRS 9 [see Note 2.2(b)]. As of December 31, 2014, the carrying value of the remaining CLNs amounted to P971.

The Group recognized the fair value changes in financial assets at FVPL resulting in an increase of P614 in 2014 and P151 in 2013 in the Group's financial statements; and increase of P455 in 2014 and P167 in 2013 in the Parent Company's financial statements, which were included as part of Trading and Securities Gains account in the statements of profit or loss.

Other information about the fair value measurement of the Group's financial assets at FVPL are presented in Note 7.2.

10.2 Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at FVOCI as of December 31, 2014 consist of:

	Group	**Parent**
Quoted equity securities	P 2,290	P -
Unquoted equity securities	2,247	2,222
	P 4,537	**P 2,222**

The Group has designated the above equity securities as at FVOCI because they are held for long-term investments and are neither held-for-trading nor designated as at FVPL. Unquoted equity securities pertain to golf club shares and investments in non-marketable equity securities.

Included in the carrying amount of the Group's financial assets at FVOCI as of December 31, 2014 are the Parent Company's unquoted equity securities with fair value determined using discounted cash flows method; hence, categorized under Level 3 of the fair value hierarchy (see Note 7.2).

In 2014, the fair value changes in the Group's and Parent's financial assets at FVOCI amounted to P118 and P56, respectively, which are recognized as an adjustment in other comprehensive income and presented in the 2014 statement of comprehensive income under items that will not be reclassified subsequently to profit or loss. In addition, as a result of RCBC Capital's disposal of certain financial asset at FVOCI in 2014, the related fair value gain amounting to P28 previously recognized in other comprehensive income as a result of the adoption of PFRS 9 on January 1, 2014, was transferred from Revaluation Reserves to Surplus account during the year.

In 2014, the Group and Parent Company recognized dividends on these equity securities amounting to P285 and P108, respectively, which are included as part of Miscellaneous income under the Operating Income account in the 2014 statement of profit or loss (see Note 25.1).

10.3 Investment Securities at Amortized Cost

Investment securities at amortized cost as of December 31, 2014 consist of:

	Group		Parent	
Government securities	P	56,995	P	49,481
Corporate debt securities		22,800		20,775
	P	**79,795**	**P**	**70,256**

The breakdown of these investment securities by currency is shown below.

	Group		Parent	
Philippine peso	P	13,599	P	8,357
Foreign currencies		66,196		61,899
	P	**79,795**	**P**	**70,256**

In 2014, interest rates per annum on government securities and corporate debt securities range from 1.63% to 12.38% for peso denominated securities and 1.40% to 10.63% for foreign currency denominated securities.

10.4 Available-for-sale Securities

The composition of these financial assets as of December 31, 2013 as to type of investment is shown below.

	Group		Parent Company	
Government securities	P	48,137	P	40,962
Corporate debt securities		38,020		35,192
Equity securities		4,598		1,921
		90,755		78,075
Allowance for impairment (see Note 16)	(	1,343)	(	1,193)
	P	89,412	P	76,882

The breakdown of these investment securities by currency is shown below.

	Group		Parent Company	
Philippine peso	P	18,950	P	11,070
Foreign currencies		70,462		65,812
	P	89,412	P	76,882

Interest rates per annum on government securities and corporate debt securities range from 1.70% to 7.60% in 2013 and 1.19% to 12.00% in 2012.

In accordance with PFRS 9 and the Group's business model in managing financial assets, these equity and debt securities outstanding as of December 31, 2013 were reclassified to Financial Assets at FVPL, Financial Assets at FVOCI, Investment Securities at Amortized Cost and Loans and Receivables categories on January 1, 2014 [see Note 2.2(b)].

A reconciliation of the carrying amounts of AFS securities at the beginning and end of 2013 is shown below.

	Group		Parent Company	
Balance at beginning of year	P	83,687	P	69,512
Additions		99,837		99,676
Disposals	(	93,511)	(	92,570)
Fair value losses	(	8,150)	(	6,982)
Net accretion of discounts		3,633		3,419
Impairment losses	(	567)	(	478)
Revaluation of foreign currency investments		4,483		4,305
Balance at end of year	P	89,412	P	76,882

The changes in fair values of AFS securities which were recognized in other comprehensive income and formed part of Revaluation Reserves account in equity amounted to fair value losses of P8,150 in 2013 and fair value gains of P863 in 2012 in the Group's financial statements; and fair value losses of P6,982 in 2013 and fair value gains of P787 in 2012 in the Parent Company's financial statements (see Note 23.6).

Included in corporate debt securities as of December 31, 2013 is a 10-year note from Philippine Asset Growth One, Inc. (PAGO) with a face amount of P731 which is part of the consideration received in relation to the Parent Company's disposal in February 2013 of its non-performing assets (NPAs), consisting of non-performing loans (NPLs) with a carrying amount of P507 and non-performing investment properties with a carrying amount of P1,236 (see Note 14). This note receivable carries a variable interest rate of 1.0% per annum during the first five years, 7.0% per annum in the sixth to seventh year, and 7.5% per annum in the last three years. This note receivable was

initially recognized in 2013 at fair value resulting in the recognition of day-one loss of P181 which is included as part of allowance for impairment. On January 1, 2014, as a result of the initial application of PFRS 9, the note was reclassified to Loans and Receivables [see Note 2.2(b)].

In 2013, the Group's equity investment in Roxas Holdings, Inc. (RHI) with a carrying amount of P413 previously classified as an investment in associates, was reclassified into AFS securities and carried at its fair value of P434 as of December 31, 2013 (see Note 12.2). As a result of the initial application of PFRS 9, the Group's equity investment in RHI was reclassified to financial assets at FVPL [see Note 2.2(b)].

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 27).

The information about the fair value measurement of the Group's trading and investment securities is presented in Note 7.2.

11. LOANS AND RECEIVABLES

This account consists of the following:

	Group		Parent Company	
	2014	2013	**2014**	2013
Receivables from customers:				
Loans and discounts	**P 234,605**	P 189,052	**P 180,307**	P 143,073
Credit card receivables	**10,843**	12,049	**10,843**	12,049
Customers' liabilities on acceptances, import bills and trust receipts	**9,411**	9,814	**9,411**	9,815
Bills purchased	**3,087**	2,077	**3,047**	2,073
Lease contract receivables	**1,339**	1,244	**-**	-
Receivables financed	**242**	832	**-**	-
	259,527	215,068	**203,608**	167,010
Unearned discount	**(839)**	(1,405)	**(191)**	(178)
	258,688	213,663	**203,417**	166,832
Other receivables:				
Accrued interest receivables	**2,846**	2,626	**2,338**	2,183
Accounts receivables	**2,509**	2,891	**1,858**	2,217
Sales contract receivables	**2,273**	1,652	**815**	240
Unquoted debt securities classified as loans	**1,326**	2,665	**1,266**	2,665
Interbank loans receivables	**323**	20,594	**525**	22,120
Accrued rental receivables	**66**	-	**-**	-
	9,343	30,428	**6,802**	29,425
	268,031	244,091	**210,219**	196,257
Allowance for impairment (see Note 16)	**(6,457)**	(6,131)	**(4,605)**	(4,621)
	P 261,574	P 237,960	**P 205,614**	P 191,636

Receivables from customers portfolio earn average annual interest or range of interest as follows:

	2014	2013	2012
Loans and discounts	**6.00%**	6.22%	6.90%
Credit card receivables	**24.24% - 58.00%**	34.90% - 42.00%	38.40% - 42.00%
Lease contract receivables	**8.00% - 21.00%**	10.55% - 22.81%	11.00% - 21.57%
Receivable financed	**10.00% - 25.00%**	10.00% - 25.00%	10.00% - 25.00%

11.1 Credit Concentration, Security and Maturity Profile of Receivables from Customers

The concentration of credit of receivables from customers as to industry follows:

	Group		Parent Company	
	2014	2013	**2014**	2013
Real estate, renting and other related activities	**P 57,784**	P 33,011	**P 34,372**	P 19,789
Manufacturing (various industries)	**38,658**	34,537	**38,129**	33,752
Electricity, gas and water	**38,587**	31,550	**38,306**	31,153
Consumer	**29,513**	25,642	**10,843**	12,049
Wholesale and retail trade	**26,051**	20,736	**22,946**	19,046
Other community, social and personal activities	**25,827**	30,488	**22,323**	20,068
Transportation and communication	**21,661**	19,763	**19,963**	16,854
Financial intermediaries	**8,435**	7,658	**7,452**	6,874
Hotels and restaurants	**2,421**	1,398	**2,412**	1,391
Agriculture, fishing and forestry	**1,979**	703	**1,812**	615
Mining and quarrying	**1,389**	4	**1,389**	4
Diversified holding companies	**963**	3,701	**963**	3,701
Others	**5,420**	4,472	**2,507**	1,536
	P 258,688	P 213,663	**P 203,417**	P 166,832

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 Group and the Parent Company are in compliance with this loan concentration limit of the BSP as of the end of each reporting period.

The breakdown of the receivables from customers portfolio as to secured and unsecured follows:

	Group		Parent Company	
	2014	2013	**2014**	2013
Secured:				
Real estate mortgage	**P 64,636**	P 56,201	**P 33,148**	P 28,945
Chattel mortgage	**20,179**	18,730	**278**	293
Hold-out deposit	**12,724**	12,124	**11,484**	11,153
Other securities	**38,031**	32,340	**36,740**	32,340
	135,570	119,395	**81,650**	72,731
Unsecured	**123,118**	94,238	**121,767**	94,101
	P 258,688	P 213,663	**P 203,417**	P 166,832

The maturity profile of the receivable from customers portfolio follows:

	Group		Parent Company	
	2014	2013	**2014**	2013
Due within one year	**P 69,191**	P 54,108	**P 47,913**	P 39,364
Due beyond one year	**189,497**	159,555	**155,504**	127,468
	P 258,688	P 213,663	**P 203,417**	P 166,832

11.2 Non-performing Loans and Impairment

Non-performing loans included in the total loan portfolio of the Group and the Parent Company as of December 31, 2014 and 2013 are presented below, net of allowance for impairment in compliance with the BSP Circular 772.

	Group		Parent Company	
	2014	2013	**2014**	2013
Gross NPLs	**P 5,176**	P 6,117	**P 2,140**	P 3,528
Allowance for impairment	**(2,540)**	(3,618)	**(1,534)**	(2,560)
	P 2,636	P 2,499	**P 606**	P 968

Under Section X309 of MORB, non-performing loans shall, as a general rule, refer to loan accounts whose principal and/or interest is unpaid for 30 days or more after due date or after they have become past due in accordance with existing rules and regulations. This shall apply to loans payable in lump sum and loans payable in quarterly, semi-annual or annual installments, in which case, the total outstanding balance thereof shall be considered non-performing. In the case of loans payable in monthly installments, the total outstanding balance thereof shall be considered non-performing when three or more installments are in arrears. In the case of loans payable in daily, weekly or semi-monthly installments, the entire outstanding balance of the loan/receivable shall be considered as non-performing when the total amount of arrearages reaches 10% of the total loan/receivable balance. Restructured loans shall be considered non-performing except when as of restructuring date, it has an updated principal and interest payments and it is fully secured by real estate with loan value of up to 60% of the appraised value of real estate security and the insured improvements and such other first class collaterals.

Accounts receivables include 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. On January 13, 2015, the Supreme Court nullified the 2011 BIR Rulings classifying all bonds as deposit substitutes and ordered the Bureau of Treasury to return to the petitioning banks the 20% final withholding taxes it withheld on the PEACe Bonds on October 18, 2011. Subsequently, on March 16, 2015, the Parent Company filed a Motion for Clarification and/or Partial Reconsideration and reiterated its arguments with the Supreme Court (see Note 29.3).

Loans and receivables amounting to P10 as of December 31, 2013 both in the Group's and Parent Company's financial statements were assigned as collateral to the BSP as security for rediscounting availments (see Note 18).

A reconciliation of the allowance for impairment of loans and receivables at the beginning and end of 2014 and 2013 is shown below (see Note 16).

	Group		Parent Company	
	2014	2013	**2014**	2013
Balance at beginning of year	**P 6,131**	P 10,946	**P 4,621**	P 7,228
Impairment losses during the year - net	**2,255**	1,783	**1,591**	1,099
Accounts written off and others – net	**(1,929)**	(6,598)	**(1,607)**	(3,706)
Balance at end of year	**P 6,457**	P 6,131	**P 4,605**	P 4,621

11.3 Reclassification to and from Loans and Receivables

In 2008, the Parent Company reclassified from AFS Securities to Loans and Receivables, its CLNs that are linked to ROP bonds and certain CDOs with aggregate carrying amount of P5,961 (see Note 10.1) and embedded derivatives financial liability amounting to P308 at reclassification date. The reclassified CDOs were disposed of in 2010. The effective interest rates at reclassification date ranged from 4.25% to 9.50% per annum. The unrealized fair value losses that should have been recognized by the Group and Parent Company in the financial statements under Revaluation Reserves account had the CLNs not been reclassified to Loans and Receivables is P145 as of December 31, 2013. Had the embedded derivatives not been reclassified by the Parent Company, interest income on loans and receivables would have decreased by P214 and P218 for the years ended December 31, 2013 and 2012, respectively, and the additional fair value losses that would have been recognized in profit or loss would have amounted to P92 in 2013 and fair value gains of P111 in 2012. As of December 31, 2013, the carrying amounts and the corresponding fair values of the outstanding reclassified CLNs linked to ROP bonds amounted to P2,665 and P2,947, respectively.

On January 1, 2014, as a result of the initial application of PFRS 9, the Parent Company reclassified its CLNs with an aggregate value of P2,665 from Loans and Receivables to Financial Assets at FVPL [see Note 2.2(b)].

12. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The components of the carrying values of investments in subsidiaries and associates are as follows (refer to Note 1.2 for the effective percentage of ownership, line of business, and country of incorporation of subsidiaries and associates):

	Group	
	2014	2013
Acquisition costs of associates:		
HCPI	**P 91**	P 91
LIPC	**57**	53
YCS	**5**	5
	153	149
Accumulated equity in net earnings:		
Balance at beginning of year	**184**	887
Share in net earnings for the year	**24**	243
Share in actuarial losses on defined benefit plan	**(34)**	-
Cash dividends	**(6)**	(284)
Effect of disposals	**-**	(662)
Balance at end of year	**168**	184
Carrying amount	**P 321**	P 333

	Parent Company	
	2014	2013
Subsidiaries:		
RSB	**P 3,190**	P 3,190
RCBC Capital	**2,231**	2,231
Rizal Microbank	**992**	992
RCBC LFC	**687**	687
RCBC JPL	**375**	375
RCBC Forex	**150**	150
RCBC North America	**134**	134
RCBC Telemoney	**72**	72
RCBC IFL	**58**	58
	7,889	7,889
Associates:		
NPHI	**388**	388
HCPI	**91**	91
LIPC	**57**	53
YCS	**5**	5
	541	537
	8,430	8,426
Allowance for impairment (see Note 16)	**(431)**	(427)
Carrying amount	**P 7,999**	P 7,999

At the end of each reporting period, the Group has no material interest in unconsolidated structured entities.

Also, the Parent Company and its subsidiaries did not enter in any contractual arrangements to provide financial support to any entities under the Group.

12.1 Changes in Investments in Subsidiaries

On January 30, 2012, the BOD approved the acquisition of a total of 448,528,296 common stocks or 97.79% of the outstanding capital stock of First Malayan Leasing and Finance Corporation (FMLFC) from PMMIC, House of Investments, Inc. (HI) and other investors. The sale and purchase of FMLFC stocks were made in accordance with the three share purchase agreements signed by the contracting parties on February 7, 2012 and were conditioned on among others, the receipt of approval of the transaction from the BSP, which was received by the Parent Company on March 12, 2012 (see Note 23.4). After the acquisition, FMLFC was renamed as RCBC LFC.

On August 31, 2011, the BOD approved the acquisition of selected assets and assumption of selected liabilities of JPL Rural Bank through Rizal Microbank, subject to the approval of Philippine Deposit Insurance Corporation (PDIC) and BSP with the following conditions: (a) JPL Rural Bank shall surrender its rural bank license to BSP within 30 days from BSP approval; and, (b) JPL Rural Bank 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 JPL Rural Bank. The application for the acquisition of selected assets and assumption of selected liabilities was approved by PDIC and BSP on January 31, 2012 and March 2, 2012, respectively. In 2012, JPL Rural Bank changed its corporate name to RCBC JPL.

As a result of the continued losses incurred by RCBC JPL until 2012 evidenced by its reported capital deficiency of P406 as of December 31, 2012, the Parent Company recognized an impairment loss of P319 in 2012 in addition to the P56 provision for impairment recognized prior to 2012 to fully impair the carrying amount of its investment in RCBC JPL. Such impairment loss is reported as part of Impairment Losses account in the Parent Company's 2012 statement of profit or loss.

On October 18, 2013, the BOD approved the share purchase agreement entered into by the Group and another third party investor for the sale of the Group's ownership interest in Bankard, Inc. Bankard, Inc.'s total assets, total liabilities and net assets amounted to P1,075, P14 and P1,061 respectively, as at the date of disposal. As a consideration for the sale of the investment, the Group received cash amounting to P225 and a right over an escrow account amounting to P870 established by the buyer investor in settlement of this transaction. Gain on sale recognized related to this transaction amounting to P44 is included as part of Gain on sale of equity investments under Miscellaneous Income account in the Group's 2013 statement of profit or loss (see Note 25.1). Moreover, the disposal of Bankard, Inc. resulted in the reversal and transfer of P233 other reserves recognized in prior years directly to surplus (see Note 23.4).

12.2 Information about Investments in Associates

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 by the Parent Company as an associate despite having only 12.88% ownership interest.

The table below presents the summary of the unaudited financial information of HCPI as of and for the years ended December 31:

	Resources	Liabilities	Revenues	Profit
2014:				
HCPI	**P 4,334**	**P 1,744**	**P 10,412**	**P 449**
2013:				
HCPI	P 3,728	P 1,243	P 9,713	P 270

On July 31, 2013, the BOD approved the sale of a total of 2,130,000 common stocks or 49.00% shareholdings in RCBC Land, Inc. (RLI) to PMMIC and a total of 1,701,771 common stocks and 5,201,771 preferred stocks or 25.00% ownership in RCBC Realty Corporation to PMMIC, HI and RLI. Total consideration received from the said disposal of shares of stock amounted to P4,547 resulting in a gain of P1,336 which was recognized and included as part of Gain on sale of equity investments under Miscellaneous Income account in the Group's 2013 statement of profit or loss (see Note 25.1).

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 other actions between them with respect to the exercise of the voting rights. As a result of this agreement, RCBC Capital and the Parent Company were 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 as an associate of the Group until 2012. In 2013, the agreement with the other stockholder of RHI was terminated resulting in RCBC Capital and the Parent Company losing their significant influence in RHI. Consequently, the Group has ceased to account its investment in RHI under equity method which resulted in the derecognition of the carrying amount of the investment amounting to P413 and recognition of the same investment as part of AFS securities at its fair value of P434, resulting in a gain from this transaction amounting to P21 (see Note 10.4). Such gain is recognized as part of Others under Miscellaneous Income account in the 2013 statement of profit or loss of the Group. In addition, the Group has recognized in other comprehensive income a fair value loss of P20 arising from the remeasurement of such equity investment in RHI at fair value at the end of 2013.

13. 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 2014 and 2013 are shown below.

	Group					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
December 31, 2014						
Cost	P 1,297	P 3,070	P -	P 7,291	P 979	P 12,637
Accumulated depreciation and amortization	-	(1,032)	-	(4,574)	-	(5,606)
Net carrying amount	**P 1,297**	**P 2,038**	**P -**	**P 2,717**	**P 979**	**P 7,031**
December 31, 2013						
Cost	P 1,587	P 4,333	P -	P 6,026	P 915	P 12,861
Accumulated depreciation and amortization	-	(976)	-	(3,071)	-	(4,047)
Net carrying amount	P 1,587	P 3,357	P -	P 2,955	P 915	P 8,814
January 1, 2013						
Cost	P 1,486	P 1,767	P 1,600	P 6,272	P 807	P 11,932
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

	Parent					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
December 31, 2014						
Cost	P 779	P 2,172	P -	P 4,766	P 695	P 8,412
Accumulated depreciation and amortization	-	(798)	-	(3,127)	-	(3,925)
Net carrying amount	**P 779**	**P 1,374**	**P -**	**P 1,639**	**P 695**	**P 4,487**
December 31, 2013						
Cost	P 1,212	P 4,123	P -	P 4,567	P 615	P 10,517
Accumulated depreciation and amortization	-	(737)	-	(2,759)	-	(3,496)
Net carrying amount	P 1,212	P 3,386	P -	P 1,808	P 615	P 7,021
January 1, 2013						
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

A reconciliation of the carrying amounts of bank premises, furniture, fixtures and equipment at the beginning and end of 2014 and 2013 is shown below.

	Group					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2014, net of accumulated depreciation and amortization	P 1,587	P 3,357	P -	P 2,955	P 915	P 8,814
Additions	1	72	-	529	310	912
Reclassification to Investment Properties (see Note 14)	(259)	(1,265)	-	-	-	(1,524)
Disposals	(32)	(22)	-	(54)	(44)	(152)
Depreciation and amortization charges for the year	-	(104)	-	(713)	(202)	(1,019)
Balance at December 31, 2014 net of accumulated depreciation and amortization	**P 1,297**	**P 2,038**	**P -**	**P 2,717**	**P 979**	**P 7,031**

	Group					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2013, net of accumulated depreciation and amortization	P 1,486	P 856	P 1,600	P 2,758	P 807	P 7,507
Additions	106	1,007	-	1,308	330	2,751
Reclassifications	-	1,600	(1,600)	-	-	-
Disposals	(5)	(33)	-	(322)	(48)	(408)
Depreciation and amortization charges for the year	-	(73)	-	(789)	(174)	(1,036)
Balance at December 31, 2013 net of accumulated depreciation and amortization	P 1,587	P 3,357	P -	P 2,955	P 915	P 8,814

	Parent Company					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2014, net of accumulated depreciation and amortization	P 1,212	P 3,386	P -	P 1,808	P 615	P 7,021
Additions	1	44	-	324	204	573
Reclassification to Investment Properties (see Note 14)	(419)	(1,985)	-	-	-	(2,404)
Disposals	(15)	(3)	-	(22)	-	(40)
Depreciation and amortization charges for the year	-	(68)	-	(471)	(124)	(663)
Balance at December 31, 2014, net of accumulated depreciation and amortization	**P 779**	**P 1,374**	**P -**	**P 1,639**	**P 695**	**P 4,487**
Balance at January 1, 2013, net of accumulated depreciation and amortization	P 672	P 732	P 739	P 1,621	P 669	P 4,433
Additions	545	1,998	-	653	123	3,319
Reclassification	-	739	(739)	-	-	-
Disposals	(5)	(32)	-	(18)	(43)	(98)
Depreciation and amortization charges for the year	-	(51)	-	(448)	(134)	(633)
Balance at December 31, 2013, net of accumulated depreciation and amortization	P 1,212	P 3,386	P -	P 1,808	P 615	P 7,021

In October 2009, the Parent Company, RSB and Bankard, Inc. entered into an agreement with Malayan Insurance Company, Inc. (MICO), Grepalife Financial, Inc. (Grepalife) and Hexagonland 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, now operated by the Group as RSB Corporate Center. In 2011, the Parent Company acquired the rights and interest of Grepalife in the UJV. Also in 2011, RSB was able to acquire the rights and interest of Hexagonland after the latter's liquidation. On October 2, 2012, the remaining co-venturers executed a memorandum of understanding agreeing in principle to cancel or revoke the UJV, subject to the approval of BSP. As of December 31, 2012, total cash contribution of the Parent Company, RSB and Bankard, Inc. to the UJV amounted to P1,600 which is recorded as Construction in Progress. On March 13, 2013, through MB Resolution No. 405 dated March 7, 2013, BSP approved the Parent Company's acquisition of the land contributed to the RSB Corporate Center as well as the rights and interests of its co-venturers (see Note 28.5). As a result, the Parent Company paid its co-venturers a total consideration of P1,200 which is inclusive of compensation at the rate of 5.00% per annum computed from the date of the co-venturers' payment of their respective cash contributions until the date of the actual return or payment by the Parent Company. The total consideration was capitalized and recorded as part of Buildings account. In addition, by virtue of a deed of absolute sale executed between the Parent Company and RSB on April 5, 2013, the latter transferred its ownership and title to the land where the RSB Corporate Center is situated to the Parent Company for a selling price of P529.

In 2014, a portion of the said building including the land where it is located with gross amounts of P1,985 and P419, respectively, in the Parent Company's financial statements was reclassified to Investment Properties account following the commencement of operating leases for the significant portion of the property during the year, including leases to RSB. In the consolidated financial statements of the Group, a portion of the property being leased out with gross amount of P1,524 is reclassified as part of the Investment Properties account in the 2014 statement of financial position (see Note 14).

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 its bank subsidiaries. As of December 31, 2014 and 2013, the Parent Company and its bank subsidiaries have satisfactorily complied with this BSP requirement.

The gross carrying amount of the Group's and the Parent Company's fully-depreciated bank premises, furniture, fixtures and equipment that are still in use in operations is P3,503 and P3,026, respectively, as of December 31, 2014 and P3,477 and P2,871, respectively, as of December 31, 2013.

14. INVESTMENT PROPERTIES

Investment properties pertain to land, buildings or condominium units acquired by the Group, in settlement of loans from defaulting borrowers through foreclosure or dacion in payment and properties which are held for rental.

The gross carrying amounts and accumulated depreciation and impairment losses of investment properties at the end of 2014, 2013 and 2012 are shown below.

	Group			Parent Company		
	Land	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
December 31, 2014						
Cost	P 3,418	P 2,880	P 6,298	P 1,620	P 2,034	P 3,654
Accumulated depreciation	-	(615)	(615)	-	(82)	(82)
Accumulated impairment (see Note 16)	(319)	(9)	(328)	(146)	-	(146)
Net carrying amount	**P 3,099**	**P 2,256**	**P 5,355**	**P 1,474**	**P 1,952**	**P 3,426**
December 31, 2013						
Cost	P 3,238	P 2,649	P 5,887	P 1,373	P 1,085	P 2,458
Accumulated depreciation	-	(526)	(526)	-	(31)	(31)
Accumulated impairment (see Note 16)	(765)	(17)	(782)	(483)	-	(483)
Net carrying amount	P 2,473	P 2,106	P 4,579	P 890	P 1,054	P 1,944
December 31, 2012						
Cost	P 5,343	P 3,244	P 8,587	P 2,972	P 1,452	P 4,424
Accumulated depreciation	-	(660)	(660)	-	(241)	(241)
Accumulated impairment (see Note 16)	(1,111)	(32)	(1,143)	(619)	-	(619)
Net carrying amount	P 4,232	P 2,552	P 6,784	P 2,353	P 1,211	P 3,564

The reconciliations of the carrying amounts of investment properties at the beginning and end of 2014 and 2013 follow:

	Group		Parent Company	
	2014	2013	**2014**	2013
Balance at January 1, net of accumulated depreciation and impairment	**P 4,579**	P 6,784	**P 1,944**	P 3,564
Additions	**834**	690	**18**	16
Reclassification from Bank Premises (see Note 13)	**1,524**	-	**2,404**	-
Disposals/transfers	**(1,116)**	(2,823)	**(813)**	(1,633)
Impairment losses	**(248)**	(48)	**(72)**	-
Depreciation charges for the year	**(218)**	(24)	**(55)**	(3)
Balance at December 31, net of accumulated depreciation and impairment	**P 5,355**	P 4,579	**P 3,426**	P 1,944

As of December 31, 2014 and 2013, there is no restriction on the realizability of investment properties or the remittance of income and proceeds of disposal therefrom.

14.1 Additions and Disposals of Investment Properties

The Group and the Parent Company foreclosed real and other properties totalling to P834 and P18, respectively, in 2014 and P690 and P16, respectively, in 2013 in settlement of certain loan accounts.

In September 2014, the Parent Company sold to a third party buyer a certain non-performing investment property consisting of land and building with a total carrying amount of P774 for a total consideration of P740 consisting of P35 cash as down payment, P40 accounts receivable and P665 sales contract receivable with no interest and payable in staggered amount for a period of four years. This disposal resulted in a loss of P34 recognized as part of Others under the Miscellaneous Expenses account in the 2014 statement of profit or loss (see Note 25.2). The sales contract receivable was initially recognized at its fair value resulting in the recognition of a day-one loss amounting to P5 which is included as part of allowance for impairment.

In February 2013, the Parent Company sold its NPAs with a total carrying amount of P1,743 including P1,236 non-performing investment properties and P507 NPLs for a total consideration of P2,288 consisting of P1,557 cash and P731 long-term debt security (see Note 10.4). The total gain recognized from this transaction amounted to P364 which is included as part of Gain on assets sold under Miscellaneous Income account in the 2013 statement of profit or loss (see Note 25.2).

The total gain recognized by the Group and the Parent Company from disposals of investment properties amounted to P333 and P18, respectively, in 2014, P696 and P512, respectively, in 2013, and P198 and P101, respectively, in 2012 which is presented as part of Gain on assets sold under Miscellaneous Income account in the statements of profit or loss (see Note 25.1).

14.2 Income and Expenses from Investment Properties held for Rental

The Group and Parent Company earned rental income from investment properties amounting to P165 and 162, respectively, in 2014, P88 and P84, respectively, in 2013, and P67 and P72, respectively, in 2012. Expenses incurred by the Group and Parent Company in relation to the investment properties include taxes and licenses amounting to P63 and P21, respectively, in 2014, P54 and P1, respectively, in 2013 and P47 and P2, respectively, in 2012.

14.3 Valuation and Measurement of Investment Properties

Certain investment properties of the Group and Parent Company were written down to their carrying amount of P258 and P72, respectively, based on management's latest evaluation of recoverable amount computed based on fair value less costs of disposal. The recoverable amount of these properties were computed based on the latest available appraisal reports adjusted for the costs of disposal of 4% of the appraised amounts and/or estimated selling price.

The fair value of investment properties as of December 31, 2014 and 2013, based on the available appraisal reports, amounted to P9,946 and P7,924, respectively, for the Group; and, P5,379 and P3,531 respectively, for the Parent Company (see Note 7.3).

15. OTHER RESOURCES

Other resources consist of the following:

	Group		Parent Company	
	2014	2013	**2014**	2013
Real estate properties for sale (see Note 15.1)	**P 1,564**	P 2,037	**P 960**	P 960
Creditable withholding taxes	**920**	605	**919**	583
Software – net (see Note 15.2)	**822**	874	**664**	682
Inter-office float items	**705**	345	**691**	412
Returned checks and other cash items	**488**	143	**464**	120
Goodwill (see Note 15.3)	**426**	426	**-**	-
Prepaid expenses	**312**	264	**199**	180
Assets held-for-sale (see Note 15.4)	**213**	592	**-**	-
Unused stationery and supplies	**163**	189	**122**	160
Refundable deposits	**142**	137	**140**	135
Foreign currency notes and coins on hand	**113**	98	**85**	82
Margin deposits (see Note 15.5)	**96**	1,293	**96**	1,293
Sundry debits	**88**	43	**88**	28
Deferred tax assets (see Note 26.1)	**84**	62	**-**	-
Branch licenses – net (see Note 15.6)	**57**	108	**-**	-
Input value added tax (VAT)	**55**	-	**-**	-
Post-employment benefit asset (see Note 24.2)	**-**	-	**-**	32
Miscellaneous	**1,011**	657	**620**	172
	7,259	7,873	**5,048**	4,839
Allowance for impairment (see Notes 15.3 and 16)	**(209)**	(244)	**(21)**	(43)
	P 7,050	**P 7,629**	**P 5,027**	**P 4,796**

15.1 Real Estate Properties for Sale

Real estate properties for sale represent those properties held by the Parent Company, by the SPCs of RSB and NPHI that were consolidated in the Group's statements of financial position.

In 2009, in accordance with the letter received by RSB from BSP dated March 26, 2009, RSB reclassified certain investment properties to equity investments as its investment in subsidiaries in its separate financial statements which resulted in the inclusion of the assets, liabilities, income and expenses of the SPCs of RSB in the Group's consolidated financial statements. The approval of the BSP through the MB is subject to the following conditions: (i) RSB should immediately dissolve the SPCs once the underlying dacioned real property assets were sold or disposed of; and, (ii) the equity investments in the SPCs shall be disposed of within a reasonable period of time.

In partial compliance with the requirements of BSP, the management of RSB resolved that certain SPCs be disposed of through the conversion of the SPCs' existing common stock into redeemable preferred stocks which shall be subsequently redeemed. Accordingly, at their special meeting held on September 30, 2013, the respective BOD and the stockholders of the SPCs approved that a portion of the common stocks of the SPCs owned by RSB shall be converted to redeemable preferred stocks and that for such purpose, the Articles of Incorporation of the SPCs below have been amended. The amendment was approved by the SEC on November 28, 2013:

1. Goldpath
2. Eight Hills
3. Crescent Park
4. Niceview
5. Lifeway
6. Gold Place
7. Princeway
8. Greatwings
9. Top Place
10. Crestview
11. Best Value

On December 23, 2013, the BOD of RSB approved the foregoing SPCs' redemption of the SPC's respective preferred stocks for a total consideration of P1,555. This transaction resulted in the recognition of a redemption loss by RSB amounting to P185 which is reported in the 2013 consolidated financial statements of the Group as part of Other Reserves account pending the eventual retirement of these redeemable preferred stocks. On May 30, 2014 and on October 16, 2014, the retirement of the preferred shares were approved by the BOD and SEC, respectively; hence, the retirement of shares was executed by RSB. Consequently, the amount of the redemption loss was transferred directly to Surplus account from Other Reserves account as the redemption of shares of these SPCs is considered transaction between owners within the Group (see Note 23.4).

In relation to the SPC disposal plan and to fully comply with the requirements of the BSP, the BOD of RSB has approved in its meeting held on May 30, 2014 the shortening of the corporate life of these SPCs until December 31, 2015 which was approved by the SEC in various dates during the last quarter of 2014. As the Group is in the process of liquidating the operations of those SPCs, which is expected to be completed within 2015, the carrying amounts of the real properties of those SPCs subject for liquidation are accounted for under PFRS 5; hence, classified as assets-held-for-sale.

15.2 Software

A reconciliation of the carrying amounts of software at the beginning and end of 2014 and 2013 is shown below.

	Group		Parent Company	
	2014	2013	**2014**	2013
Balance at beginning of year	**P 874**	P 754	**P 682**	P 569
Additions	**147**	304	**124**	249
Amortization	**(199)**	(184)	**(142)**	(136)
Balance at end of year	**P 822**	P 874	**P 664**	P 682

Amortization charges for software are included as part of Depreciation and Amortization account in the statements of profit or loss.

15.3 Goodwill

The goodwill recognized by the Group as of December 31, 2014 and 2013 pertains to the following.

	2014	2013
RSB	**P 268**	P 268
Rizal Microbank	**158**	158
	426	426
Allowance for impairment	**(158)**	(158)
	P 268	P 268

RSB recognized goodwill arising from its acquisition of the net assets of another bank in 1998 from which it had expected future economic benefits and synergies that will result from combining the operations of the acquired bank with that of RSB.

Goodwill is subject to annual impairment testing and whenever there is an indication of impairment. In 2014, RSB engaged a third party consultant to perform an independent impairment testing of goodwill.

On the basis of the report of the third party consultant dated January 31, 2015 with valuation date as of the end of 2014, the Group has assessed that the recoverable amount of the goodwill is higher than its carrying value. Accordingly, no impairment loss is required to be recognized in 2014.
In addition, the goodwill pertaining to the acquisition of Rizal Microbank was fully provided with impairment in 2011.

15.4 Assets Held-for-Sale

Assets held-for-sale represents properties that are approved by management to be immediately sold other than real estate properties. These mainly include automobiles, equipment and properties foreclosed by RSB and RCBC LFC in settlement of loans.

15.5 Margin Deposits

Margin deposits serve as security for outstanding financial market transactions and other liabilities. These are designed to provide additional credit risk protection for counterparty exposures.

15.6 Branch Licenses

Branch licenses represent the excess of the total cost of investment over the allocated net assets acquired by the Parent Company from JPL Rural Bank (see Note 12.1).

16. ALLOWANCE FOR IMPAIRMENT

Changes in the amounts of allowance for impairment are summarized as follows:

	Notes	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Balance at beginning of year					
AFS securities	10.4	**P 1,343**	P 776	**P 1,193**	P 715
Loans and receivables	11	**6,131**	10,946	**4,621**	7,228
Investment in subsidiaries and associates	12	**-**	-	**427**	627
Investment properties	14	**782**	1,143	**483**	619
Other resources	15	**244**	207	**43**	19
		8,500	13,072	**6,767**	9,208
Impairment losses during the year		**2,509**	2,054	**1,663**	1,380
Charge-offs and other adjustments during the year		**(4,015)**	(6,626)	**(3,227)**	(3,821)
		(1,506)	(4,572)	**(1,564)**	(2,441)
Balance at end of year					
AFS securities	10.4	**-**	1,343	**-**	1,193
Loans and receivables	11	**6,457**	6,131	**4,605**	4,621
Investment in subsidiaries and associates	12	**-**	-	**431**	427
Investment properties	14	**328**	782	**146**	483
Other resources	15	**209**	244	**21**	43
		P 6,994	P 8,500	**P 5,203**	P 6,767

The total impairment losses on financial and non-financial assets recognized by the Group and Parent Company in 2012 amounted to P2,486 and P1,921, respectively.

17. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Demand	**P 32,197**	P 28,448	**P 24,391**	P 23,575
Savings	**164,269**	157,065	**142,375**	134,757
Time	**119,295**	112,340	**81,256**	85,288
	P 315,761	P 297,853	**P 248,022**	P 243,620

Included in the time deposits are the Parent Company's Long-term Negotiable Certificate of Deposits (LTNCDs) as of December 31, 2014 and 2013 as follows:

Issuance Date	Maturity Date	Effective Interest	Outstanding Balance 2014	Outstanding Balance 2013
December 19, 2014	June 19, 2020	4.13%	**P 2,100**	P -
November 14, 2013	May 14, 2019	3.25%	**2,860**	2,860
November 14, 2013	May 14, 2019	3.52%	**1,838**	1,775
May 7, 2012	November 7, 2017	5.25%	**1,150**	1,150
December 29, 2011	June 29, 2017	5.25%	**2,033**	2,033
December 29, 2011	June 29, 2017	5.54%	**1,585**	1,501
May 6, 2010	November 6, 2015	6.50%	**2,854**	2,854
May 6, 2010	November 6, 2015	6.35%	**2,035**	1,912
			P 16,455	P 14,085

The Parent Company's LTNCDs were used in the expansion of its term deposit base to support long-term asset growth and for other general funding purposes.

The maturity profile of the deposit liabilities follows:

	Group				Parent Company			
	2014		2013		2014		2013	
Within one year	P	67,692	P	49,276	P	45,365	P	35,675
Beyond one year but within five years		16,277		11,855		16,120		10,634
Beyond five years		2,097		4,635		2,097		4,635
Non-maturing		229,695		232,087		184,440		192,676
	P	315,761	P	297,853	P	248,022	P	243,620

Deposit liabilities, aside from LTNCDs, bear annual interest rates ranging from 0.25% to 0.88% in 2014, 2013 and 2012. Deposit liabilities are stated at amounts they are to be paid which approximate the market value.

Under existing BSP regulations, non-FCDU deposit liabilities, including long-term tax exempt Negotiable Certificate of Time Deposits, of the Parent Company is subject to reserve requirement equivalent to 20% and 18% in 2014 and 2013, respectively, while RSB and RMB are subject to reserve requirement equivalent to 8% and 6% in 2014 and 2013, respectively. Peso-denominated LTNCDs of the Parent Company are subject to reserve requirement equivalent to 6% in 2014 and 3% in 2013. As of December 31, 2014 and 2013, the Group is in compliance with such regulatory reserve requirements.

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 the BSP. Available reserves consist of Due from BSP amounting to P40,100 and P30,288 for the Group and P34,462 and P27,088 for the Parent Company as of December 31, 2014 and 2013, respectively.

18. BILLS PAYABLE

This account consists of borrowings from:

	Group				Parent Company			
	2014		2013		2014		2013	
Foreign banks	P	30,572	P	32,572	P	30,572	P	31,283
Local banks		9,155		5,537		6,261		5,771
BSP		-		8		-		8
Others		72		1,778		4		5
	P	39,799	P	39,895	P	36,837	P	37,067

The maturity profile of bills payable follows:

	Group				Parent Company			
	2014		2013		2014		2013	
Within one year	P	35,814	P	38,345	P	32,897	P	35,562
Beyond one year but within five years		1,126		45		1,081		-
More than five years		2,859		1,505		2,859		1,505
	P	39,799	P	39,895	P	36,837	P	37,067

Borrowings from foreign and local banks, which are mainly short-term in nature, are subject to annual fixed interest rates as follows:

	2014	2013	2012
Group			
Peso denominated	**0.08%-5.00%**	1.35%-10.00%	1.31%-5.00%
Foreign currency denominated	**0.08%-3.13%**	0.05%-2.62%	0.20%-3.18%
Parent Company			
Foreign currency denominated	**0.08%-3.13%**	0.05%-2.62%	0.43%-3.18%

The Parent Company's bills payable to the BSP as of December 31, 2013 represent rediscounting availments which were collateralized by the assignment of certain loans amounting to P10 as of December 31, 2013 (see Note 11).

Only bills payable to BSP is collateralized by the assignment of certain loans.

19. 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 every February 9 and August 9 of each year, which commenced on August 9, 2010. The Senior Notes matured on February 9, 2015. As of December 31, 2014 and 2013, the peso equivalent of this outstanding bond issue amounted to P11,180 and P11,143, 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 every January 18 and July 18 of each year, which commenced on July 18, 2012. The Senior Notes, unless redeemed, will mature on January 31, 2017. As of December 31, 2014 and 2013, the peso equivalent of this outstanding bond issue amounted to P12,306 and P12,174.

The interest expense incurred on these bonds payable amounted to P1,333 in 2014, P1,284 in P2013 and P1,199 in 2012. The Group recognized foreign currency exchange losses in relation to these bonds payable amounting to P171 in 2014 and P1,759 in 2013 and foreign exchange gain of P1,465 in 2012 which are presented as part of Foreign exchange gains under Other Operating Income in the statements of profit or loss.

20. SUBORDINATED DEBT

20.1 Tier 2 Notes

On June 27, 2014, the Parent Company issued P7 billion Basel III-compliant Tier 2 Capital Notes (the "Tier 2 Notes") which shall be part of the Group's regulatory capital compliance in accordance with Basel III capital guidelines of the BSP. The Parent Company re-opened the Tier 2 Notes and issued an additional P3 billion of the Notes on September 5, 2014, which constituted a further issuance of, and formed a single series with the existing P7 billion Tier 2 Notes. The significant terms and conditions of the Tier 2 Notes with an aggregate issue amount of P10 billion, are as follows:

(a) The Tier 2 Notes shall mature on September 27, 2024, provided that they are not redeemed at an earlier date.

(b) Subject to satisfaction of certain regulatory approval requirements, the Parent Company may, on September 26, 2019, and on any Interest Payment Date thereafter, redeem all of the outstanding Tier 2 Notes at redemption price equal to 100% of its face value together with accrued and unpaid interest thereon. The terms and conditions of the Tier 2 Notes also allow for early redemption upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event.

(c) The Tier 2 Notes shall initially bear interest at the rate of 5.375% per annum from and including June 27, 2014 to but excluding September 27, 2019 and shall be payable quarterly in arrears at the end of each interest period on March 27, June 27, September 27 and December 27 of each year.

(d) Unless the Tier 2 Notes are previously redeemed, the initial interest rate will be reset on September 26, 2019 at the equivalent of the five-year PDST-R2 or the relevant five-year benchmark plus the initial spread of 1.93% per annum. Such reset interest shall be payable quarterly in arrears commencing on September 27, 2019 up to and including September 27, 2024, if not otherwise redeemed earlier.

(e) The Tier 2 Notes have a loss absorption feature which means the notes are subject to a Non-Viability Write-Down in case of the occurrence of a Non-Viability Event, subject to certain conditions as set out in the terms and conditions of the notes, when the Issuer is considered non-viable as determined by the BSP. Non-Viability is defined as a deviation from a certain level of CET1 ratio or the inability of the Issuer to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. Upon the occurrence of a Non-Viability Event, the Issuer shall write-down the principal amount of the notes to the extent required by the BSP, which could go as low as zero. A Non-Viability Write-Down shall have the following effects:

  (i) it shall reduce the claim on the notes in liquidation;
  (ii) reduce the amount re-paid when a call or redemption is properly exercised; and,
  (iii) partially or fully reduce the interest payments on the notes.

The total interest expense incurred by the Group on the notes amounted to P253 in 2014.

20.2 P4 Billion Notes

On January 26, 2009, the Parent Company's BOD approved the 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. On December 26, 2013, the Parent Company redeemed all of the outstanding notes. The total interest expense incurred on the subordinated debt amounted to P310 and P540 for the years ended 2013 and 2012, respectively.

20.3 P7 Billion Notes

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. On February 22, 2013, the Parent Company redeemed all of the outstanding notes. The interest expense incurred on the subordinated debt amounted to P75 and P281 for the years ended December 31, 2013 and 2012, respectively.

21. ACCRUED INTEREST, TAXES AND OTHER EXPENSES

The composition of this account follows:

	Group		Parent Company	
	2014	2013	**2014**	2013
Accrued expenses	**P 3,283**	P 3,390	**P 2,475**	P 2,519
Accrued interest payable	**1,004**	933	**828**	872
Taxes payable	**384**	214	**195**	158
	P 4,671	P 4,537	**P 3,498**	P 3,549

Accrued expenses represent mainly the accruals for utilities, employee benefits and other operating expenses. Accrued interest payable primarily includes unpaid interest on deposit liabilities, bills payable, bonds payable and subordinated debt at the end of each reporting period.

22. OTHER LIABILITIES

Other liabilities consist of the following:

	Group		Parent Company	
	2014	2013	**2014**	2013
Accounts payable	**P 5,310**	P 6,316	**P 3,343**	P 4,125
Bills purchased – contra	**2,188**	1,263	**2,148**	1,259
Manager's checks	**1,283**	1,238	**905**	742
Outstanding acceptances payable	**388**	233	**388**	233
Post-employment defined benefit obligation (see Note 24.2)	**297**	12	**146**	-
Derivative financial liabilities (see Note 10.1)	**291**	635	**291**	635
Other credits	**220**	255	**163**	199
Withholding taxes payable	**171**	236	**127**	166
Payment orders payable	**155**	153	**137**	144
Deferred income	**143**	220	**65**	173
Deposit on lease contracts	**125**	161	**-**	-
Sundry credits	**108**	140	**93**	107
Guaranty deposits	**83**	57	**83**	57
Due to BSP	**19**	18	**19**	18
Miscellaneous	**355**	522	**566**	529
	P 11,136	P 11,459	**P 8,474**	P 8,387

Accounts payable is mainly composed of debit card balances of customers, settlement billing from credit card operations and Group's capital expenditure purchases which are to be settled within the next reporting period.

23. EQUITY

23.1 Capital Stock

The movements in the outstanding capital stock are as follows:

	Number of Shares		
	2014	2013	2012
Preferred stock – voting, non-cumulative non-redeemable, participating, convertible into common stock – P10 par value			
Authorized – 200,000,000 shares			
Balance at beginning of year	**342,082**	342,082	2,584,756
Conversion of shares during the year	**(3,791)**	-	(2,242,674)
Balance at end of year	**338,291**	342,082	342,082
Common stock – P10 par value			
Authorized – 1,400,000,000 shares			
Balance at beginning of year	**1,275,658,638**	1,140,857,133	1,140,135,121
Conversion of shares during the year	**1,090**	-	722,012
Issuances during the year	**-**	134,801,505	-
Balance at end of year	**1,275,659,728**	1,275,658,638	1,140,857,133

As of December 31, 2014 and 2013, there are 782 and 796 holders, respectively, of the Parent Company's listed shares holding an equivalent of 100.00% and 95.01%, respectively, of the Parent Company's total issued and outstanding shares. Such listed shares closed at P48.00 per share and P42.50 per share as of December 31, 2014 and 2013, respectively.

In 1986, the Parent Company listed its common shares with the PSE. The historical information on the Parent Company's issuance of common shares arising from the initial and subsequent public offerings, including private placements is presented below.

Issuance	Subscriber	Issuance 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 (IFC)	March 2011	73,448,275
Private placement	Hexagon Investments B.V.	September 2011	126,551,725
Private placement	PMMIC	March 2013	63,650,000
Private placement	IFC Capitalization Fund	April 2013	71,151,505

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 purpose of the issuance of the convertible 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 three-month London Interbank Offered Rate (LIBOR) plus a spread of 2.0% per annum, calculated quarterly;

(b) Convertible to common shares at any time after the issue date at the option of the Parent Company 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 shareholders.

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 Parent Company's authorized capital stock and removal of pre-emptive rights from holders of capital stock, whether common or preferred, to subscribe for or to purchase any shares of stock of any class, by amending the Parent Company's Articles of Incorporation.

The proposed P16,000 authorized capital stock is divided into the following classes of stocks:

(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 the 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 the BSP and SEC on August 24, 2011 and September 16, 2011, respectively.

Common shares may be transferred to local 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 local nationals and by foreign nationals, respectively.

23.2 Purchase and Reissuance of Treasury Shares and Issuance of Common Shares

On March 17, 2011, the Parent Company issued 73,448,275 common shares, comprising of 50,427,931 treasury shares reissuance (with total cost of P771) and 23,020,344 unissued stock (with total par value of P230), to IFC Capitalization Fund for a total consideration of P2,130 representing 7.20% 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 reissuance (with total cost of P182) and an additional 120,730,177 common stock (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 15.00% of the outstanding common shares. The issuance resulted in the recognition of additional Capital Paid in Excess of Par amounting to P2,264.

In 2013, the Parent Company issued common shares to PMMIC and IFC Capitalization Fund at P64 and P58 per share for a total issue price of P4,074 and P4,127, respectively. These issuances resulted in the recognition of Capital Paid in Excess of Par amounting to P3,437 and P3,415, respectively, reduced by total issuance costs of P101.

On September 29, 2014, the BOD of the Parent Company awarded Cathay Life Insurance Co., Ltd. (Cathay) as the preferred bidder for the proposed acquisition of a 20.00% share block in the Parent Company. The proposed acquisition involves Cathay: (i) subscribing to 124,340,272 primary common shares of the Parent Company at P64.00 per share to raise P7,957 new CET 1 capital for the Parent Company, pursuant to a Share Subscription Agreement; (ii) acquiring from Hexagon Investments B.V., an entity controlled by funds managed by CVC Asia Pacific Limited, 118,935,590 secondary shares also at P64.00 per share, pursuant to a Sale and Purchase Agreement; (iii) acquiring 36,724,138 secondary common shares from IFC Capitalization Fund at P64.00 per share, pursuant to a Sale and Purchase Agreement; and, (iv) entering into a shareholders agreement with PMMIC and the Parent Company. The BSP's approval of the sale and transfer of shares was subsequently received by the Parent Company on February 13, 2015 (see Note 32); hence, this transaction will be recognized on the financial statements of the Parent Company in the next reporting period.

23.3 Surplus and Dividend Declarations

The details of the cash dividend distributions follow:

Date Declared	Dividend Per Share	Dividend Total Amount	Record Date	Date Approved by BOD	Date Approved by BSP	Date Paid Payable
January 30, 2012	P 0.0649	P 0.03	March 21, 2012	January 30, 2012	February 24, 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	December 21, 2012	January 2, 2013
November 26, 2012	*	201.99	*	November 26, 2012	March 4, 2013	April 27, 2013
November 26, 2012	*	212.56	*	November 26, 2012	September 6, 2013	October 25, 2013
January 28, 2013	0.0578	0.02	March 21, 2013	January 28, 2013	March 4, 2013	March 26, 2013
March 25, 2013	1.0000	1,275.66	May 21, 2013	March 25, 2013	April 29, 2013	May 27, 2013
March 25, 2013	1.0000	0.34	May 21, 2013	March 25, 2013	April 29, 2013	May 27, 2013
April 29, 2013	0.0577	0.02	June 21, 2013	April 29, 2013	June 10, 2013	June 27, 2013
July 29, 2013	0.0575	0.02	September 21, 2013	July 29, 2013	September 6, 2013	September 26, 2013
October 29, 2013	0.0569	0.02	December 21, 2013	October 29, 2013	January 13, 2014	January 15, 2014
October 29, 2013	*	224.01	*	October 29, 2013	February 25, 2014	April 25, 2014
October 29, 2013	*	212.01	*	October 29, 2013	September 15, 2014	October 24, 2014
January 27, 2014	0.0562	0.02	March 21, 2014	January 27, 2014	February 25, 2014	March 27, 2014
March 31, 2014	1.0000	1,275.66	May 23, 2014	March 31, 2014	May 23, 2014	June 16, 2014
March 31, 2014	1.0000	0.34	May 23, 2014	March 31, 2014	May 23, 2014	June 16, 2014
April 28, 2014	0.0570	0.02	June 21, 2014	April 28, 2014	July 25, 2014	July 30, 2014
July 28, 2014	0.0536	0.02	September 30, 2014	July 28, 2014	September 15, 2014	October 10, 2014
October 27, 2014	0.0564	0.02	December 21, 2014	October 27, 2014	December 19, 2014	January 28, 2015
October 27, 2014	*	221.57	*	October 27, 2014	March 20, 2015	April 2015
October 27, 2014	*	221.57	*	October 27, 2014	**	October 2015

** Pertains to cash dividends on hybrid perpetual securities*
***Pending approval*

A portion of the Group's surplus corresponding to the undistributed profit of subsidiaries and equity in net earnings of certain associates totalling P6,724 and P7,910 as of December 31, 2014 and 2013, respectively, is not currently available for distribution as dividends.

23.4 Other Reserves

On December 23, 2013, the SPCs' BOD approved the redemption of the SPC's respective preferred shares for a total consideration of P1,555. As a result thereof, the Group incurred a redemption loss amounting to P185 and is presented as part of Other Reserves account in the 2013 statement of financial position. On May 30, 2014 and on October 16, 2014, the BOD and SEC approved the execution of the retirement of the preferred shares resulting from the SPC's redemption on December 31, 2014. Consequently, the amount of the redemption loss of P185 previously recognized in the 2013 consolidated statement of changes in equity of the Group, as part Other Reserves account, was transferred directly to Surplus (see Note 15.1).

In 2012, the Parent Company acquired FMLFC. FMLFC was originally a subsidiary of HI which is also a subsidiary of PMMIC. Thus, the acquisition by the Parent Company was accounted for as 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 applied the pooling of interests method (also referred to as merger accounting) and applied the following:

(a) the assets and liabilities of FMLFC were recorded at book value rather than at fair value;
(b) no goodwill was recognized; the difference between the Parent Company's cost of investment and FMLFC's equity amounting to P87 was recognized in Other Comprehensive Income upon consolidation in 2012 and formed part of the Other Reserves within equity; and,
(c) comparative financial information were restated as if the acquisition had taken place at the beginning of the earliest comparative period presented.

Prior to the business combination, there have been changes in the NCI's ownership interest in FMLFC. These changes in ownership brought about a decrease of P228 in Other Reserves in 2012. These changes also caused a decrease of P120 in Surplus and P172 in NCI in 2012. The effects of these changes are presented as Net Effect of Change in Ownership over Subsidiaries in the 2012 statement of changes in equity. Upon the effective date of acquisition in 2012, FMLFC was renamed as RCBC LFC (see Note 12.1).

In 2008, the Parent Company's interest in Bankard, Inc.'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 the BSP on February 23, 2007. This change in ownership in Bankard, Inc. did not result in a change in control by the Parent Company. In accordance with the relevant accounting standards, the Parent Company's and NCI (other than RCBC Capital) stocks in Bankard, Inc.'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, Inc.'s net assets amounting to P233 was recognized directly in equity and presented as part of Other Reserves.

In 2013, as a result of the disposal of the Parent Company's and RCBC Capital's ownership interest over Bankard, Inc., Other Reserves arising from the change in ownership recognized in the Group's statement of changes in equity was reversed and directly charged to Surplus (see Note 12.1).

23.5 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 in the Singapore Exchange Securities Trading Limited ("SGX-ST") was done 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:

(a) 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 LIBOR for three-month US dollar deposits;

(b) 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;

(c) 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 stocks in the preceding financial year; or determines that no dividend is to be paid on such stocks in the current financial year. Actual payments of interest (dividends) on the hybrid perpetual securities are shown in Note 23.3;

(d) 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 stocks (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;

(e) 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;

(f) 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,

(g) 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.

23.6 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the statements of changes in equity at their aggregate amount under Revaluation Reserves account are shown below.

	Group			
	Revaluation of Financial Assets at FVOCI	**Accumulated Translation Adjustment on Foreign Operations**	**Actuarial Gains (Losses) on Defined Benefit Plan**	**Total**
Balance at January 1, 2014, as restated [see Note 2.2(b)]	P 689	P 76	(P 225)	P 540
Fair value gain on financial assets at FVOCI	118	-	-	118
Translation adjustments on foreign operation	-	(5)	-	(5)
Actuarial gains on defined benefit plan	-	-	1	1
Other comprehensive income (loss)	118	(5)	1	114
Transfer from fair value losses on financial asset at FVOCI to Surplus	28	-	-	28
Balance as of December 31, 2014	**P 835**	**P 71**	**(P 224)**	**P 682**

	Group			
	Revaluation of AFS Securities	Accumulated Translation Adjustment on Foreign Operations	Actuarial Gains (Losses) on Defined Benefit Plan	Total
Balance at January 1, 2013	P 3,145	P 72	P 548	P 3,765
Fair value losses on AFS securities	(8,150)	-	-	(8,150)
Translation adjustments on foreign operations	-	4	-	4
Actuarial losses on defined benefit plan	-	-	(773)	(773)
Other comprehensive income (loss)	(8,150)	4	(773)	(8,919)
Balance as of December 31, 2013	(P 5,005)	P 76	(P 225)	(P 5,154)
Balance at January 1, 2012	P 2,282	P 74	(P 612)	P 1,744
Fair value gains on AFS securities	863	-	-	863
Translation adjustments on foreign operations	-	(2)	-	(2)
Actuarial gains on defined benefit plan	-	-	1,160	1,160
Other comprehensive income (loss)	863	(2)	1,160	2,021
Balance as of December 31, 2012	P 3,145	P 72	P 548	P 3,765

	Parent Company		
	Revaluation of Financial Assets at FVOCI	**Actuarial Gains (Losses) on Defined Benefit Plan**	**Total**
Balance at January 1, 2014, as restated [see Note 2.2(b)]	P 768	(P 155)	P 613
Fair value gains on financial assets at FVOCI	56	-	56
Actuarial gains on defined benefit plan	-	80	80
Other comprehensive income	56	80	136
Balance as of December 31, 2014	**P 824**	**(P 75)**	**P 749**

	Revaluation of AFS Securities	Actuarial Gains (Losses) on Defined Benefit Plan	Total
Balance at January 1, 2013	P 2,648	P 600	P 3,248
Fair value losses on AFS securities	(6,982)	-	(6,982)
Actuarial losses on defined benefit plan	-	(755)	(755)
Other comprehensive loss	(6,982)	(755)	(7,737)
Balance as of December 31, 2013	(P 4,334)	(P 155)	(P 4,489)

	Revaluation of AFS Securities	Actuarial Gains (Losses) on Defined Benefit Plan	Total
Balance at January 1, 2012	P 1,861	(P 553)	P 1,308
Fair value gains on AFS securities	787	-	787
Actuarial gains on defined benefit plan	-	1,153	1,153
Other comprehensive income	787	1,153	1,940
Balance as of December 31, 2012	P 2,648	P 600	P 3,248

24. EMPLOYEE BENEFITS

24.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and other employee benefits are shown below.

	Group		
	2014	2013	2012
Short-term employee benefits	**P 3,731**	P 3,585	P 3,597
Post-employment defined benefits	**333**	301	254
	P 4,064	P 3,886	P 3,851

	Parent Company		
	2014	2013	2012
Short-term employee benefits	**P 2,494**	P 2,409	P 2,542
Post-employment defined benefits	**254**	230	190
	P 2,748	P 2,639	P 2,732

24.2 *Post-employment Defined Benefit Plan*

(a) Characteristics of the Defined Benefit Plan

The Parent Company and certain subsidiaries maintain a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by the Parent Company's and RSB's Trust Departments, covering all regular full-time employees. The Parent Company's and RSB's Trust Departments manage the fund in coordination with the Parent Company's Retirement Committee, Trust Committee and the respective committees of the subsidiaries which act in the best interest of the plan assets and are responsible for setting the investment policies.

The normal retirement age of the Group's employees ranges between 55 to 60 but the plan also provides for an early retirement at age 50 to 55 with a minimum of 10 to 20 years of credited service. The maximum retirement benefit is the lump sum equivalent to 1.25 to 2 months pay per year of continuous employment based on the employees' salary at retirement. Any fraction of a year shall be computed proportionately.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation reports obtained from independent actuaries in 2014 and 2013.

The amounts of post-employment benefit asset (obligation) recognized in the financial statements are determined as follows:

	Group		Parent Company	
	2014	2013	**2014**	2013
Fair value of plan assets	**P 4,228**	P 4,215	**P 3,667**	P 3,653
Present value of the obligation	**4,525**	4,226	**3,813**	3,620
Excess (deficiency) of plan assets	**(297)**	(11)	**(146)**	33
Unrecognized asset due to asset ceiling	**-**	(1)	**-**	(1)
	(P 297)	(P 12)	**(P 146)**	P 32

The Group's post-employment defined benefit obligation as of December 31, 2014 and 2013 as well as that of the Parent Company as of December 31, 2014 are included as part of Other Liabilities account (see Note 22). On the other hand, the Parent Company's post-employment defined benefit asset as of December 31, 2013 is presented as part of Other Resources account (see Note 15).

The movements in the fair value of plan assets are presented below.

	Group		Parent Company	
	2014	2013	**2014**	2013
Balance at beginning of year	**P 4,215**	P 4,755	**P 3,653**	P 4,273
Interest income	**192**	264	**162**	234
Return on plan assets (excluding amounts included in net interest)	**35**	(646)	**43**	(643)
Contributions paid into the plan	**17**	101	**-**	22
Benefits paid by the plan	**(231)**	(259)	**(191)**	(233)
Balance at end of year	**P 4,228**	P 4,215	**P 3,667**	P 3,653

The movements in the present value of the defined benefit obligation follow:

	Group		Parent Company	
	2014	2013	**2014**	2013
Balance at beginning of year	**P 4,226**	P 3,805	**P 3,620**	P 3,177
Current service cost	**333**	293	**254**	221
Interest expense	**196**	215	**166**	179
Remeasurements – actuarial losses (gains) arising from changes in:				
Financial assumptions	**(5)**	123	**(32)**	171
Demographic assumptions	**-**	(3)	**-**	-
Experience adjustments	**6**	52	**(4)**	105
Benefits paid by the plan	**(231)**	(259)	**(191)**	(233)
Balance at end of year	**P 4,525**	P 4,226	**P 3,813**	P 3,620

The composition of the fair value of plan assets at the end of each reporting period by category and risk characteristics is shown below.

	Group		Parent Company	
	2014	2013	**2014**	2013
Cash and cash equivalents	**P 155**	P 31	**P 20**	P 31
Debt securities:				
Philippine government bonds	**119**	190	**35**	85
Corporate debt securities	**210**	59	**53**	59
Equity securities:				
Quoted equity securities	**3,243**	3,084	**3,145**	3,020
Unquoted long-term equity investments	**330**	365	**330**	365
UITF	**112**	108	**78**	81
Loans and receivables	**36**	10	**1**	7
Investment properties	**6**	6	**6**	6
Other investments	**18**	363	**-**	-
	4,229	4,216	**3,668**	3,654
Liabilities	**(1)**	(1)	**(1)**	(1)
	P 4,228	P 4,215	**P 3,667**	P 3,653

The fair values of the above debt securities and quoted equity securities are determined based on market prices in active markets. Long-term equity investments represent investment in corporations not listed in active and organized markets. Fair values are determined based on the book value per share based on latest audited financial statements of the investee company. The fair value of the UITF is determined based on the net asset value per unit of investment held in the fund.

The returns on plan assets are as follows:

	Group		Parent Company	
	2014	2013	**2014**	2013
Interest income	**P 192**	P 264	**P 162**	P 234
Actuarial gains (losses)	**35**	(646)	**42**	(643)
Actual returns	**P 227**	(P 382)	**P 204**	(P 409)

The amounts of post-employment benefit expense recognized in the statements of profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are determined as follows:

	Group		
	2014	2013	2012
Reported in profit or loss:			
Current service cost	**P 333**	P 293	P 250
Net interest expense (income)	**4**	(49)	19
Past service cost	**-**	-	4
Effect of curtailment	**-**	8	-
	P 337	P 252	P 273

	Group		
	2014	2013	2012
Reported in other comprehensive income:			
Actuarial gains (losses) arising from changes in:			
Financial assumptions	**P 5**	(P 123)	(P 130)
Demographic assumptions	**-**	3	16
Experience adjustments	**(6)**	(52)	(130)
Effect of asset ceiling test	**1**	45	(133)
Share in actuarial losses of associates	**(34)**	-	-
Return on plan assets (excluding amounts included in net interest expense/income)	**35**	(646)	1,537
	P 1	(P 773)	P 1,160

	Parent Company		
	2014	2013	2012
Reported in profit or loss:			
Current service costs	**P 254**	P 221	P 190
Net interest expense (income)	**3**	(55)	10
Effect of curtailment	**-**	9	-
	P 257	P 175	P 200
Reported in other comprehensive income:			
Actuarial gains (losses) arising from changes in:			
Financial assumptions	**P 32**	(P 171)	(P 88)
Experience adjustments	**4**	(105)	(130)
Changes in effect of asset ceiling	**2**	164	(159)
Return on plan assets (excluding amounts included in net interest expense)	**42**	(643)	1,530
	P 80	(P 755)	P 1,153

Current service costs, including the effect of curtailment and past service cost, form part of the Employee Benefits under Other Operating Expenses account, while net interest expense (income) is presented as part of Interest Expense – Bills Payable and Other Borrowings (Interest Income – Others) in the statements of profit or loss.

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of post-employment obligation, the following ranges of actuarial assumptions were used:

	2014	2013	2012
Group			
Discount rates	**4.52% - 4.98%**	4.09% - 5.47%	5.46% - 6.00%
Expected rate of salary increases	**5.00% - 8.00%**	5.00% - 8.00%	5.00% - 8.00%
Parent Company			
Discount rates	**4.76%**	4.57%	5.63%
Expected rate of salary increases	**5.00%**	5.00%	8.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at the Group's normal retiring age of 60 is based on the 1994 GAM table, set back 6 years for females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan.

Currently, the plan assets of the Group are significantly invested in equity and debt securities, while the Group also invests in UITF and other investments. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the post-employment plan are described below.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2014 and 2013:

	Group				
		Impact on Post-Employment Defined Benefit Obligation			
	Change in Assumption	Increase in Assumption		Decrease in Assumption	
December 31, 2014					
Discount rate	**+/- 1%**	**(P**	**241)**	**P**	**277**
Salary growth rate	**+/- 1%**		**243**	**(**	**217)**
December 31, 2013					
Discount rate	+/- 1%	(P	230)	P	264
Salary growth rate	+/- 1%		235	(	210)

	Parent Company				
		Impact on Post-Employment Defined Benefit Obligation			
	Change in Assumption	Increase in Assumption		Decrease in Assumption	
December 31, 2014					
Discount rate	**+/- 1%**	**(P**	**161)**	**P**	**181**
Salary growth rate	**+/- 1%**		**152**	**(**	**139)**
December 31, 2013					
Discount rate	+/- 1%	(P	163)	P	182
Salary growth rate	+/- 1%		155	(	142)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation at the end of each reporting period has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its Retirement Plan Committee in coordination with the Group's Trust Departments, ensures that the investment positions are managed considering the computed retirement obligations under the retirement plan. This strategy aims to match the plan assets to the retirement obligations due by investing in assets that are easy to liquidate (i.e., government securities, corporate bonds, equities with high value turnover). As the Group's retirement obligations are in Philippine peso, all assets are invested in the same currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations. In view of this, various investments are made in a portfolio that may be liquidated within a reasonable period of time.

A large portion of the plan assets as of December 31, 2014 and 2013 consists of equity securities with the balance invested in fixed income securities and UITF. The Group believes that equity securities offer the best returns over the long term with an acceptable level of risk.

(iii) Funding Arrangements and Expected Contributions

The plan is currently overfunded by P669 for the Group and overfunded by P820 for the Parent Company based on the latest funding actuarial valuations in 2014.

The maturity profile of undiscounted expected benefit payments from the plan within 10 years from the end of each reporting period follows:

	Group		Parent Company	
	2014	2013	**2014**	2013
Less than one year	**P 161**	193	**P 148**	P 133
More than one year to five years	**813**	846	**674**	630
More than five years to 10 years	**1,696**	1,573	**1,469**	1,315
	P 2,670	P 2,612	**P 2,291**	P 2,078

The weighted average duration of the defined benefit obligation at the end of the reporting period is 6 to 21.2 years for the Group and 6.3 years for the Parent Company.

The Group expects to contribute P21 to the plan in 2015.

25. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

25.1 Miscellaneous Income

	Notes	Group		
		2014	2013	2012
Gains on assets sold	14.1	**P 333**	P 696	P 198
Interchange fees		**324**	296	279
Rentals	14.2	**243**	285	257
Dividend income	10.2	**285**	182	298
Recoveries from charged-off assets		**137**	291	46
Discounts earned		**112**	130	126
Gain on sale of equity investments	12	**-**	1,380	-
Share in net earnings of associates	12	**24**	243	357
Others	12	**268**	741	408
		P 1,726	P 4,244	P 1,969

	Notes	Parent Company		
		2014	2013	2012
Dividend income	10.2	**P 1,682**	P 1,000	P 918
Interchange fees		**324**	296	279
Rentals	14.2	**197**	125	111
Discounts earned		**112**	106	120
Gains on assets sold	14.1	**18**	512	101
Gain on sale of equity investments	12	**-**	1,787	-
Others	12	**335**	382	183
		P 2,668	P 4,208	P 1,712

25.2 Miscellaneous Expenses

	Note	Group		
		2014	2013	2012
Insurance		**P 614**	P 516	P 567
Credit card-related expenses		**524**	559	497
Communication and information services		**463**	447	425
Management and other professional fees		**444**	475	457
Transportation and travel		**404**	377	386
Advertising and publicity		**269**	327	324
Litigation/assets acquired expenses	14.2	**222**	430	373
Banking fees		**176**	176	130
Representation and entertainment		**152**	157	147
Stationery and office supplies		**127**	165	135
Other outside services		**104**	114	107
Donations and charitable contributions		**55**	69	70
Commissions		**27**	29	23
Membership fees		**18**	22	26
Others		**1,005**	1,309	1,028
		P 4,604	P 5,172	P 4,695

	Notes	Parent Company 2014	2013	2012
Credit card related expenses		**P 511**	P 534	P 497
Insurance		**484**	408	393
Service processing fees	28.5	**479**	460	405
Communication and information services		**288**	279	312
Transportation and travel		**238**	263	262
Management and other professional fees		**220**	218	237
Advertising and publicity		**182**	227	214
Banking fees		**133**	133	103
Other outside services		**92**	98	103
Stationery and office supplies		**85**	121	97
Litigation/assets acquired expense	14.2	**73**	142	247
Representation and entertainment		**72**	82	81
Donations and charitable contributions		**50**	64	64
Membership fees		**14**	18	19
Others		**562**	896	655
		P 3,483	P 3,943	P 3,689

26. 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 profit or loss), as well as income taxes. Percentage and other taxes paid consist principally of the gross receipts tax (GRT) and documentary stamp tax (DST). In 2003, the Parent Company and its financial intermediary subsidiaries were subjected to VAT instead of GRT. However, effective January 1, 2004 as prescribed under 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 tax authorities.

Income taxes include the regular corporate income tax (RCIT) of 30%, 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.

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 regular income tax liability in the next three consecutive years. In addition, the Group's net operating loss carry over (NOLCO) is allowed as a deduction from taxable income in the next three consecutive 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 non-residents, 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.

In 2014, 2013 and 2012, the Group opted to continue claiming itemized deductions.

The Parent Company's foreign subsidiaries are subject to income and other taxes based on the enacted tax laws of the countries and/or jurisdictions where they operate.

26.1 Current and Deferred Taxes

The tax expense as reported in the statements of profit or loss consists of:

	Group 2014	2013	2012
Current tax expense:			
Final tax	**P 434**	P 932	P 481
RCIT	**382**	203	36
MCIT	**122**	147	202
	938	1,282	719
Application of MCIT	**(1)**	-	-
	937	1,282	719
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(23)**	(23)	26
	P 914	P 1,259	P 745

	Parent Company		
	2014	2013	2012
Current tax expense:			
Final tax	**P 391**	P 812	P 355
MCIT	**120**	144	141
RCIT	**77**	11	28
	P 588	P 967	P 524

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		
	2014	2013	2012
Tax on pretax profit at 30%	**P 1,597**	P 1,978	P 2,010
Adjustments for income subjected to lower income tax rates	**(174)**	(245)	(181)
Tax effects of:			
Non-taxable income	**(967)**	(1,005)	(642)
Unrecognized temporary differences	**456**	325	481
FCDU income	**(214)**	(93)	(1,098)
Non-deductible expenses	**202**	298	210
Utilization of NOLCO	**-**	(1)	(262)
Utilization of MCIT	**(1)**	-	(2)
Others	**15**	2	229
Tax expense	**P 914**	P 1,259	P 745

	Parent Company		
	2014	2013	2012
Tax on pretax profit at 30%	**P 1,520**	P 1,725	P 1,572
Adjustments for income subjected to lower income tax rates	**(118)**	(218)	(137)
Tax effects of:			
Non-taxable income	**(644)**	(944)	(210)
FCDU income	**(214)**	(93)	(1,097)
Non-deductible expenses	**130**	121	204
Unrecognized temporary differences	**(86)**	376	454
Utilization of NOLCO	**-**	-	(262)
Tax expense	**P 588**	P 967	P 524

The net deferred tax assets of the Group recognized and presented as part of Other Resources account in the statements of financial position as of December 31, 2014 and 2013 relate to the operations of certain subsidiaries as shown below (see Note 15).

	2014	2013
Allowance for impairment	**P 64**	P 46
Post-employment defined benefits	**18**	16
Unamortized past service cost	**2**	2
Rent expense differential	**1**	1
Others	**(1)**	(3)
	P 84	P 62

The Parent Company and certain subsidiaries have not recognized deferred tax assets on certain temporary differences since management believes that the Parent Company and certain subsidiaries may not be able to generate sufficient taxable profit in the future against which the tax benefits arising from those deductible temporary differences, NOLCO and other tax credits can be utilized.

The unrecognized net deferred tax assets of the Group relate to the following:

	Group		Parent Company	
	2014	2013	**2014**	2013
Allowance for impairment	**P 1,095**	P 1,269	**P 219**	P 432
NOLCO	**1,053**	1,135	**990**	1,079
MCIT	**470**	444	**405**	379
Unamortized past service cost	**(169)**	(174)	**(176)**	(181)
Advance rental	**2**	(1)	**2**	(1)
	P 2,451	P 2,673	**P 1,440**	P 1,708

Consequently, deferred tax liabilities were also not recognized on certain taxable temporary differences as the settlement of those can be offset by the available deductible temporary differences in the future.

In addition, deferred tax liabilities on accumulated translation adjustments, particularly those relating to its foreign subsidiaries, were not recognized 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	Expired	Balance	Expiry Year
2014	P 67	P -	P -	P 67	2017
2013	3,341	-	-	3,341	2016
2012	102	-	-	102	2015
2011	339	-	(339)	-	2014
	P 3,849	P -	(P 339)	P 3,510	

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	Expired	Balance	Expiry Year
2013	P 3,299	P -	P -	P 3,299	2016
2011	296	-	(296)	-	2014
	P 3,595	P -	(P 296)	P 3,299	

As of December 31, 2014, the Group and Parent Company have MCIT of P470 and P405, respectively, that can be applied against RCIT for the next three consecutive years after the MCIT was incurred.

The breakdown of the MCIT with the corresponding validity periods follow:

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2014	P 122	P -	P -	P 122	2017
2013	147	(1)	-	146	2016
2012	202	-	-	202	2015
2011	95	-	(95)	-	2014
	P 566	(P 1)	(P 95)	P 470	

The breakdown of the Parent Company's MCIT with the corresponding validity periods follow:

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2014	P 120	P -	P -	P 120	2017
2013	144	-	-	144	2016
2012	141	-	-	141	2015
2011	94	-	(94)	-	2014
	P 499	P -	(P 94)	P 405	

26.2 Supplementary Information Required under RR 15-2010 and RR 19-2011

The BIR issued RR 15-2010 and RR 19-2011 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 the Securities Regulation Code Rule 68.

The Parent Company presented this tax information required by the BIR as a supplemental schedule filed separately from the basic financial statements.

27. 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 P82,552 and P79,172 as of December 31, 2014 and 2013, respectively. The Parent Company's total trust resources amounted to P66,156 and P68,419 as of December 31, 2014 and 2013, respectively (see Note 29.1).

In connection with the trust operations of the Parent Company and RSB, time deposit placements and government securities with a total face value of P872 (Group) and P702 (Parent Company); and P1,038 (Group) and P865 (Parent Company) as of December 31, 2014 and 2013, respectively, are deposited with the 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 9) and Trading and Investment Securities (see Note 10), 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 annual 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 equity.

The Group and the Parent Company transferred from Surplus to Reserve for Trust Business P18 and P14, respectively, in 2014 and P19 and P15, respectively, in 2013.

28. RELATED PARTY TRANSACTIONS

The Group and Parent Company's related parties include its ultimate parent company, subsidiaries, entities under common ownership, key management personnel and others.

A summary of the Group's and Parent Company's transactions and outstanding balances of such transactions with related parties as of and for the years ended December 31, 2014 and 2013 is presented below.

		Group			
		2014		2013	
Related Party Category	Notes	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Ultimate Parent Company					
Issuance of shares of stock	23.2	**P -**	**P -**	P 4,074	P 4,074
Stockholders					
Loans and receivables	28.1	**(110)**	**963**	1,073	1,073
Deposit liabilities	28.2	**115**	**1,473**	(1,122)	1,358
Issuance of shares of stock	23.1	**-**	**-**	4,127	4,127
Interest income from loans and receivables	28.1	**52**	**-**	14	-
Interest expense on deposits	28.2	**9**	**-**	12	-
Associates					
Deposit liabilities	28.2	**(146)**	**125**	(366)	271
Interest expense on deposits	28.2	**-**	**-**	6	-
Dividend income	12	**6**	**-**	284	-
Related Parties Under Common Ownership					
Loans and receivables	28.1	**(544)**	**2,507**	1,687	3,051
Deposit liabilities	28.2	**1,007**	**2,878**	11	1,871
Interest income from loans and receivables	28.1	**12**	**-**	15	-
Interest expense on deposits	28.2	**15**	**-**	14	-
Occupancy and equipment-related expense	28.5	**826**	**11**	759	12
Short-term employee benefits	24.1	**164**	**4**	189	3
Miscellaneous expenses – others	25.2	**44**	**-**	29	-
Key Management Personnel					
Loans and receivables	28.1	**6**	**7**	-	1
Deposit liabilities	28.2	**57**	**463**	161	406
Interest income from loans and receivables	28.1	**1**	**-**	-	-
Interest expense on deposits	28.2	**3**	**-**	5	-
Salaries and employee benefits	28.5(e)	**428**	**6**	447	6
Other Related interests					
Loans and receivables	28.1	**(415)**	**1,935**	261	2,350
Deposit liabilities	28.2	**304**	**523**	(412)	219
Interest income from loans and receivables	28.1	**130**	**-**	100	-
Interest expense on deposits	28.2	**3**	**-**	1	-

Related Party Category	Notes	Parent Company 2014 Amount of Transaction	Parent Company 2014 Outstanding Balance	Parent Company 2013 Amount of Transaction	Parent Company 2013 Outstanding Balance
Ultimate Parent Company					
Issuance of shares of stock	23.2	**P -**	**P -**	P 4,074	P 4,074
Stockholders					
Loans and receivables	28.1	**(110)**	**963**	1,073	1,073
Deposit liabilities	28.2	**115**	**1,473**	(1,122)	1,358
Issuance of shares of stock	23.2	**-**	**-**	4,127	4,127
Interest income from loans and receivables	28.1	**52**	**-**	14	-
Interest expense on deposits	28.2	**9**	**-**	12	-
Subsidiaries					
Loans and receivables	28.1	**-**	**80**	15	80
Deposit liabilities	28.2	**(1,286)**	**2,039**	2,809	3,325
Purchase of building under construction	28.5(a)	**-**	**-**	809	-
Purchase of land	13	**-**	**-**	529	-
Interest income from loans and receivables	28.1	**12**	**-**	15	-
Interest expense on deposits	28.2	**6**	**-**	8	-
Dividend income	25.1	**1,568**	**-**	678	-
Occupancy and equipment-related expense	28.5(c)	**121**	**34**	14	59
Service processing fees	28.5(d)	**376**	**-**	403	-
Associates					
Deposit liabilities	28.2	**(146)**	**125**	(366)	271
Interest expense on deposits	28.2	**-**	**-**	6	-
Dividend income	12	**6**	**-**	284	-
Related Parties Under Common Ownership					
Loans and receivables	28.1	**(544)**	**2,507**	663	3,051
Deposit liabilities	28.2	**1,007**	**2,878**	11	1,871
Purchase of building under construction	28.5(a)	**-**	**-**	97	-
Interest income from loans and receivables	28.1	**121**	**-**	82	-
Interest expense on deposits	28.2	**15**	**-**	14	-
Occupancy and equipment-related expense	28.5(c)	**826**	**11**	759	12
Short-term employee benefits	24.1	**164**	**4**	189	3
Miscellaneous expenses – others	25.2	**44**	**-**	29	-
Key Management Personnel					
Loans and receivables	28.1	**7**	**7**	-	-
Deposit liabilities	28.2	**57**	**463**	161	406
Interest income from loans and receivables	28.1	**1**	**-**	-	-
Interest expense on deposits	28.2	**3**	**-**	5	-
Salaries and employee benefits	28.5	**193**	**-**	283	-
Other Related Interests					
Loans and receivables	28.1	**115**	**1,788**	(484)	1,673
Deposit liabilities	28.2	**374**	**476**	(259)	102
Interest income from loans and receivables	28.1	**130**	**-**	100	-
Interest expense from deposits	28.2	**2**	**-**	-	-

28.1 Loans and Receivables

The summary of the Group's and Parent Company's significant transactions and the related outstanding balances for loans and receivables with its related parties as of and for the years ended December 31, 2014 and 2013 are as follows:

Related Party Category	Group 2014 Issuances	Group 2014 Repayments	Group 2014 Interest Income	Group 2014 Loans Outstanding
Stockholders	P -	P 110	P 52	P 963
Related parties under common ownership	475	1,019	121	2,507
Key management personnel	8	2	1	7
Other related interests	735	620	130	1,935
Total	**P 1,218**	**P 1,751**	**P 304**	**P 5,412**

	2013			
Related Party Category	Issuances	Repayments	Interest Income	Loans Outstanding
Stockholders	P 1,100	P 27	P 14	P 1,073
Related parties under common ownership	2,411	1,748	82	3,051
Key management personnel	-	1	-	1
Other related interests	513	997	100	1,824
Total	P 4,024	P 2,773	P 196	P 5,949

	Parent Company			
	2014			
Related Party Category	**Issuances**	**Repayments**	**Interest Income**	**Loans Outstanding**
Stockholders	P -	P 110	P 52	P 963
Subsidiaries	8,956	8,956	12	80
Related parties under common ownership	475	1,019	121	2,507
Key management personnel	8	1	1	7
Other related interests	735	620	130	1,788
Total	**P 10,174**	**P 10,706**	**P 316**	**P 5,345**

	Parent Company			
	2013			
Related Party Category	Issuances	Repayments	Interest Income	Loans Outstanding
Stockholders	P 1,100	P 27	P 14	P 1,073
Subsidiaries	1,495	1,480	15	80
Related parties under common ownership	2,411	1,748	82	3,051
Other related interests	513	997	100	1,673
Total	P 5,519	P 4,252	P 211	P 5,877

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 businesses 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 the encumbered deposit and book value of the investment in the Group and Parent Company and/or any of its lending and nonbank financial subsidiaries. In the aggregate, loans to DOSRIs, generally, should not exceed the total equity or 15% of the total loan portfolio of the Group and Parent Company. However, non-risk loans are excluded in both individual and aggregate ceiling computation. As of December 31, 2014 and 2013, the Group and the Parent Company is in compliance with these regulatory requirements.

The following table shows the other information relating to the loans, other credit accommodations and guarantees granted to DOSRI as of December 31 in accordance with BSP reporting guidelines:

	Group		**Parent Company**	
	2014	2013	**2014**	2013
Total outstanding DOSRI loans	**P 5,412**	P 6,475	**P 5,345**	P 6,403
Unsecured DOSRI	**415**	547	**400**	530
Past due DOSRI	**1**	526	**1**	526
Non-accruing DOSRI	**1**	526	**1**	526
Percent of DOSRI loans to total loan portfolio	**2.09%**	3.03%	**2.63%**	3.84%
Percent of unsecured DOSRI loans to total DOSRI loans	**7.67%**	8.45%	**7.48%**	8.27%
Percent of past due DOSRI loans to total DOSRI	**0.02%**	8.12%	**0.02%**	8.21%
Percent of non-accruing DOSRI loans to total DOSRI loans	**0.02%**	8.12%	**0.02%**	8.21%

The Group and Parent Company did not recognize any impairment loss on these loans in 2014 and 2013.

28.2 Deposit Liabilities

The summary of the Group's and Parent Company's significant transactions and the related outstanding balances for deposit liabilities with its related parties as of and for the years ended December 31, 2014 and 2013 are as follows:

	Group			
	2014			
Related Party Category	**Deposits**	**Withdrawals**	**Interest Expense**	**Outstanding Balance**
Stockholders	P 57,682	P 57,567	P 9	P 1,473
Associates	10,555	10,701	-	125
Related parties under common ownership	559,264	558,257	15	2,878
Key management personnel	1,259	1,202	3	463
Other related interests	53,285	52,911	3	523
Total	**P 682,045**	**P 680,638**	**P 30**	**P 5,462**

	2013			
Related Party Category	Deposits	Withdrawals	Interest Expense	Outstanding Balance
Stockholders	P 51,667	P 52,789	P 12	P 1,358
Associates	49,890	50,256	6	271
Related parties under common ownership	61,484	61,473	14	1,871
Key management personnel	2,619	2,458	5	406
Other related interests	46,600	46,859	1	219
Total	P 212,260	P 213,835	P 38	P 4,125

	Parent Company			
	2014			
Related Party Category	**Deposits**	**Withdrawals**	**Interest Expense**	**Outstanding Balance**
Stockholders	P 57,682	P 57,567	P 9	P 1,473
Subsidiaries	1,297,402	1,298,688	6	2,039
Associates	10,555	10,701	-	125
Related parties under common ownership	559,264	558,257	15	2,878
Key management personnel	1,259	1,202	3	463
Other related interests	53,285	52,911	2	476
Total	**P 1,979,447**	**P 1,979,326**	**P 35**	**P 7,454**

	2013			
Related Party Category	Deposits	Withdrawals	Interest Expense	Outstanding Balance
Stockholders	P 51,667	P 52,789	P 12	P 1,358
Subsidiaries	1,396,021	1,393,212	8	3,325
Associates	49,890	50,256	6	271
Related parties under common ownership	61,484	61,473	14	1,871
Key management personnel	2,619	2,458	5	406
Other related interests	46,600	46,859	-	102
Total	P 1,608,281	P 1,607,047	P 45	P 7,333

28.3 Deposits

As of December 31, 2014 and 2013, 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.

28.4 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 and RSB's Trust Departments in accordance with the respective trust agreements covering the plan.

The retirement funds have transactions with the Group and Parent Company as of December 31, 2014 and 2013 as follows:

	2014			
	Group		**Parent Company**	
Nature of Transactions	**Net Amount of Transaction**	**Outstanding Balance**	**Net Amount of Transaction**	**Outstanding Balance**
Investment in common shares of Parent Company	(P 567)	P 2,723	P 311	P 2,716
Investment in corporate debt securities	(1)	55	(1)	50
Deposits with the Parent Company	(106)	107	-	-
Trading gain	1,266	-	1,266	-
Dividend income	57	-	57	-
Interest income	6	-	3	-

	2013			
	Group		Parent Company	
Nature of Transactions	Net Amount of Transaction	Outstanding Balance	Net Amount of Transaction	Outstanding Balance
Investment in common shares of Parent Company	P 138	P 3,290	P 137	P 2,405
Investment in corporate debt securities	6	56	1	51
Deposits with the Parent Company	215	213	-	-
Trading gain	1,260	-	954	-
Dividend income	59	-	57	-
Interest income	2	-	3	-

The carrying amount and the composition of the plan assets as of December 31, 2014 and 2013 are disclosed in Note 24.2. Investment in corporate debt securities include long-term negotiable certificates of deposit issued by the Parent Company.

The information on the Group's and Parent Company's contributions to the retirement fund and benefit payments through the fund are disclosed in Note 24.2.

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.

28.5 Other Related Party Transactions

(a) Joint Development Agreement

On October 1, 2009, the Parent Company entered into a Joint Development Agreement (Agreement) with RSB, Bankard, Inc., 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 referred to by the Consortium as the RSB Building Project (the Project).

In 2011, pursuant to the Agreement, RSB acquired the 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.

On October 2, 2012, the Consortium executed a memorandum of understanding agreeing in principle to cancel or revoke the Agreement, subject to the approval of the BSP. On March 13, 2013, through MB Resolution No. 405 dated March 7, 2013, the BSP approved 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.

On April 5, 2013, the Parent Company returned the total cash contributions of RSB, Bankard, Inc. and MICO amounting to P763, P294 and P97, respectively, and paid liquidated damages of P46 to RSB (see Note 13).

(b) Lease Contracts with RRC

The Parent Company and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC. Rental expense incurred by the Group related to this lease arrangements are included as part of Occupancy and Equipment-related account in the statements of profit or loss. The Parent Company's lease contract with RRC is effective until December 31, 2015.

(c) Lease Contract on RSB Corporate Center

In October 2013, the Parent Company and RSB entered into a lease agreement covering certain office and parking spaces of RSB Corporate Center at a monthly rental fee of P6.4. The monthly rental payments are subject to an escalation rate of 5% annually effective in 2014 up to the 5th year of the lease term. The lease is for a period for five years which shall end in October 2018 and renewable as may be agreed by the parties.

(d) Service Agreement with RBSC

In December 2013, RBSC entered into a Special Purchase Agreement (the Purchase Agreement) with Bankard, Inc. to transfer Bankard, Inc's credit card servicing operations to RBSC. In accordance with the Purchase Agreement, the BOD of the Parent Company approved the assignment of the Service Agreement (the Agreement) previously with Bankard, Inc. to RBSC. Under the Agreement, RBSC shall provide the Parent Company with marketing, distribution, technical, collection and selling assistance and processing services in connection with the operation of the Parent Company's credit card business. The total service processing fees incurred by the Parent Company is recognized as part of the Service processing fees under the Miscellaneous Expenses account in the statement of profit or loss (see Note 25.2).

(e) Key Management Personnel Compensation

The breakdown of key management personnel compensation follows:

	Group		
	2014	2013	2012
Short-term employee benefits	**P 414**	P 436	P 401
Post-employment defined benefits	**14**	11	78
	P 428	P 447	P 479

	Parent Company		
	2014	2013	2012
Short-term employee benefits	**P 193**	P 283	P 246
Post-employment defined benefits	**-**	-	41
	P 193	P 283	P 287

29. 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., with amounts not reflected in the financial statements. Management does not anticipate losses from these transactions that will adversely affect the Group's operations.

In the opinion of 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.

29.1 Contingent Accounts, Guarantees and Other Commitments

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, 2014 and 2013:

	Group		**Parent Company**	
	2014	2013	**2014**	2013
Trust department accounts	**P 82,552**	P 79,172	**P 66,156**	P 68,419
Outstanding guarantees issued	**25,328**	25,976	**25,328**	25,976
Derivative assets	**23,432**	38,648	**23,432**	38,648
Derivative liabilities	**22,154**	44,283	**22,154**	44,283
Unused commercial letters of credit	**12,095**	11,778	**12,038**	11,684
Spot exchange sold	**6,515**	7,737	**6,062**	7,737
Spot exchange bought	**6,055**	7,744	**6,055**	7,744
Inward bills for collection	**724**	874	**724**	874
Late deposits/payments received	**630**	881	**581**	735
Outward bills for collection	**147**	131	**146**	129
Others	**1**	1	**1**	1

29.2 Purchase of Bankard, Inc. Shares

In June 2003, RCBC Capital filed an arbitration claim with the International Chamber of Commerce (ICC) against Equitable PCI Bank (Equitable) (now BDO Unibank, Inc. or BDO) relating to RCBC Capital's acquisition of Bankard, Inc. shares from Equitable in May 2000. The claim was based on alleged deficiencies in Bankard, Inc.'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, being the body organized by the ICC.

On October 1, 2013, RCBC Capital and BDO, with a view to a renewal of business relations, reached a complete and final settlement of their respective claims arising from the sale of BDO's (as successor-in-interest of Equitable) 67% stake in Bankard, Inc. RCBC Capital and BDO agreed to jointly terminate and dismiss the various cases filed in connection with their claims and counterclaims against each other.

29.3 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 and is presented as part of Accounts receivables under the Loans and Receivables account in the statements of financial position (see Note 11).

On January 13, 2015, the Supreme Court nullified the 2011 BIR Rulings classifying all bonds as deposit substitutes and ordered the Bureau of Treasury to return to the petitioning banks the 20% final withholding taxes it withheld on the PEACe Bonds on October 18, 2011. On March 16, 2015, the Parent Company filed a Motion for Clarification and/or Partial Reconsideration, seeking clarification to exclude from the definition "deposit substitutes" the PEACe Bonds since there was only one lender at the primary market, and the subsequent sales in the secondary market pertain to a sale or assignment of credit, which is not subject to withholding tax. The Parent Company also sought partial reconsideration to the ruling that should the PEACe Bonds be considered as deposit substitutes, the BIR should collect the unpaid final withholding tax directly from RCBC Capital/Code NGO, or any lender or investor, as withholding agents, since there was no interest earned and collection of the withholding tax, if at all, has already prescribed.

The Parent Company also reiterated its arguments that the tax imposed on the PEACe Bonds constitutes double taxation, violates the non-impairment clause of the Constitution, and is a breach of the obligations by the Bureau of Treasury when it issued the PEACe Bonds. The Office of the Solicitor General also filed a Motion for Reconsideration and Clarification, reiterating the BIR's right to withhold 20% as final withholding tax and asking for clarification on the effect of the ruling on other government securities.

29.4 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 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, as and by way of lost opportunity to make profits and (b) P1,403 representing the value of the Lost Land Claim. A petition to set aside the Partial Award was filed with the Singapore High Court, and said petition was granted. GSPI and GIHI filed an appeal on September 1, 2014.

In the meantime, the secured creditors' application for the issuance of consequential orders relating to the discharge of the injunction, costs and other matters, the purpose of which is to allow the secured creditors to obtain complete relief from the SIAC Partial Award, was heard and granted by the Singapore High Court on November 17, 2014. In particular, the Singapore High Court confirmed that the injunctions issued in 2008 and that embodied in the Partial Award have been discharged, so that the secured creditors may now compel GSPI and GIHI to comply with their obligations under the Omnibus Agreement/Asset Purchase Agreement and take legal action upon GSPI's and GIHI's failure to do so. The Singapore High Court likewise granted the secured creditors' claim for the payment of legal costs, the amount of which shall be subject to further submissions. As a result of the ruling of the Singapore High Court that the injunctions previously issued have been discharged, the secured creditors, applying the principle of legal set-off, directed the release of GSPI and GIHI's installment payment by the Facility Agent. Accordingly, the Parent Company and RCBC Capital received their respective share in the funds previously held in escrow.

The Singapore Court of Appeals heard GSPI and GIHI's appeal on January 26, 2015. On March 31, 2015, the Singapore Court of Appeals rendered a decision which affirmed the earlier decision of the Singapore High Court insofar as it set aside (a) the monetary award of US$80 and P1,403 representing lost opportunity to make profit and the value of the Lost Land Claim in favor of GSPI and GIHI, and (b) the deferment of GSPI and GIHI's obligation to pay the purchase price of the Plant Assets. The Singapore Court of Appeals ruled that (a) the issue of lost opportunity to make profit was not properly brought before the SIAC Arbitral Tribunal, and the award in issue is unsupported by evidence; (b) the SIAC Arbitral Tribunal erred in putting a value on the Lost Land, since the secured creditors did not, at any point, concede that they will be unable to deliver the same to GSPI and GIHI by October 15, 2012; and, (c) the dispute relating to GSPI and GIHI's payment obligation is an obligation under the Omnibus Agreement, which is beyond the ambit of arbitration, so that the SIAC Arbitral Tribunal could not properly order the Parent Company, RCBC Capital and the other secured creditors to defer holding GSPI and GIHI in default. The Singapore Court of Appeals further held that it is prepared to hear the parties on costs and on any consequential orders that may be needed.

The Parent Company's exposure is approximately P246 in terms of estimated property taxes and transfer costs due on the Plant Assets, 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. In February 2015, the Parent Company received the amount of P49 as installment payment recently released from escrow. The Parent Company's exposure, however, may be varied should Iligan City agree to enter into another tax agreement with NSC on its outstanding tax obligation.

29.5 Verotel Merchant Services B.V. Case

In 2011, Verotel Merchant Services B.V. (VMS), a corporation domiciled in Netherlands, and Verotel International Industries, Inc. (VII), a Philippine corporation civilly sued the Parent Company, Bankard, Inc., Grupo Mercarse Corp., CNP Worldwide, Inc. (CNP) and several individuals before the Los Angeles Superior Court for various causes of action including fraud, breach of contract and accounting, claiming that VII and its alleged parent company, VMS, failed to receive the total amount of US$1.5, which the defendants allegedly misappropriated. VMS is an internet merchant providing on-line adult entertainment and on-line gambling, in addition to the sale of pharmaceuticals over the internet.

While the court ruled that jurisdiction was obtained over the Parent Company and Bankard, Inc., despite the fact that none of the Parent Company, Bankard, Inc. or any of the plaintiffs do business in California, the Parent Company and Bankard, Inc. believe that the case has no merit and will be ruled in their favor on the following basis:

(a) The plaintiffs have no legal standing to sue. VII ended its corporate existence in 2008 and had no capacity to sue in 2011 when the case was filed. There is also no evidence that VMS is the parent company of VII, neither does VMS has any contract with Bankard, Inc.

(b) All the monies due to VII have been remitted by Bankard, Inc. to Mercarse PA, the agent designated by VII to receive its monies. In addition, VII never gave notice to Bankard, Inc. that it was not receiving payments from their agent.

(c) There is no accounting of the claim of US$1.5, and no basis for the same. Based on Bankard, Inc.'s records of this claim (which was remitted to Mercarse), only US$0.5 belonged to VII and US$1 belonged to another merchant.

(d) Even under the worst possible scenario, the Parent Company/Bankard, Inc.'s US counsel opined that the ruling against the Parent Company/Bankard, Inc. would not be material since there is no basis to find the Parent Company/Bankard, Inc. liable for fraud.

On December 4, 2014, the Los Angeles Superior Court declared a mistrial and recused herself from hearing the case after one of the plaintiffs' counsel unilaterally set a mandatory settlement conference with another judge of the Los Angeles Superior Court without any directive/clearance from her court.

The aforementioned plaintiffs' counsel likewise did not confer with the Parent Company's US counsel for the said setting. Consequently, the court issued an Order to Show Cause upon the plaintiffs' counsel as to why the matter should not be referred to the California State Bar for misconduct, especially after the counsel issued a declaration casting aspersions on the court and her staff and the veracity of the Minute Order denying that the court ordered the parties to proceed to mandatory settlement conference. The matter was heard on March 30, 2015, at which occasion the judge immediately discharged the Order to Show Cause after the plaintiff's counsel admitted to using inappropriate language in his explanation.

The case has been ordered for re-assignment to another judge. Based on the latest update of the US counsel, the case was raffled to another judge, who set the Motion to vacate the orders denying the Parent Company and Bankard, Inc.'s motions for summary judgment for hearing on May 12, 2015. In the meantime, the trial for the main case is tentatively scheduled in January 2016.

29.6 Lease Commitments

(a) Parent Company as a Lessor

In September 2013, the Parent Company has entered into a five year lease agreement with RSB for the latter's lease of certain office and parking spaces in RSB Corporate Center at a monthly rental fee of P6.4. The monthly rental payments are subject to an escalation rate of 5% annually effective in 2014 up to the 5th year of the lease term. Rental income recognized by the Parent Company in 2014 amounted P95 and is presented as part of Rental under the Other Operating Income account in the 2014 statement of profit or loss (see Notes 15 and 28.5).

The Parent Company's future minimum rental receivables under this non-cancellable operating lease arrangement are as follows:

	2014	2013
Within one year	**P 82**	P 78
After one year but not more than five years	**246**	328
	P 328	P 406

(b) Group as Lessee

The Parent Company and certain subsidiaries lease some of the premises occupied by their respective head offices and branches/ business centers. The Group's rental expense (included as part of Occupancy and Equipment-related account in the statements of profit or loss) amounted to P754, P809 and P739 in 2014, 2013 and 2012, respectively. The lease periods are from one to 25 years. Most of the lease contracts contain renewal options, which give the Group the right to extend the lease on terms mutually agreed upon by the parties.

As of December 31, 2014, future minimum rental payables under these non-cancellable operating leases follow:

	Group	Parent Company
Within one year	P 912	P 514
After one year but not more than five years	1,784	969
More than five years	724	678
	P 3,420	P 2,161

30. EARNINGS PER SHARE

The following reflects the profit and per share data used in the basic and diluted EPS computations (figures in millions, except EPS data):

	Group		
	2014	2013	2012
Basic EPS			
a. Net profit attributable to Parent Company's shareholders	**P 4,411**	P 5,321	P 5,949
Allocated for preferred and Hybrid Tier 1 (HT 1) dividends	**(442)**	(418)	(414)
	3,969	4,903	5,535
b. Weighted average number of outstanding common stocks	**1,276**	1,240	1,141
c. Basic EPS (a/b)	**P 3.11**	P 3.95	P 4.85
Diluted EPS			
a. Net profit attributable to Parent Company's shareholders (net of amount allocated for preferred and HT 1 dividends)	**P 3,969**	P 4,903	P 5,535
b. Weighted average number of outstanding common stocks	**1,276**	1,240	1,141
c. Diluted EPS (a/b)	**P 3.11**	P 3.95	P 4.85

	Parent Company		
	2014	2013	2012
Basic EPS			
a. Net profit	**P 4,479**	P 4,782	P 4,716
Allocated for preferred and HT 1 dividends	**(442)**	(418)	(414)
	4,037	4,364	4,302
b. Weighted average number of outstanding common stocks	**1,276**	1,240	1,141
c. Basic EPS (a/b)	**P 3.16**	P 3.52	P 3.77

	Parent Company		
	2014	2013	2012
Diluted EPS			
a. Net profit (net of amount allocated for preferred and HT1 dividends)	**P 4,037**	P 4,364	P 4,302
b. Weighted average number of outstanding common stocks	**1,276**	1,240	1,141
c. Diluted EPS (a/b)	**P 3.16**	P 3.52	P 3.77

31. SELECTED FINANCIAL PERFORMANCE INDICATORS

The following basic indicators and ratios measure the financial performance of the Group and Parent Company:

	Group		
	2014	2013	2012
Return on average equity:			
Net profit / Average total equity	**9.23%**	12.18%	16.07%
Return on average resources:			
Net profit / Average total resources	**1.04%**	1.39%	1.70%
Net interest margin:			
Net interest income / Average interest earning resources	**4.30%**	4.22%	3.93%
Profit margin:			
Net profit / Revenues	**19.98%**	23.07%	26.19%
Debt-to-equity ratio:			
Total liabilities / Total equity	**7.62**	8.42	7.62
Resources-to-equity ratio:			
Total resources / Total equity	**8.62**	9.42	8.62
Interest rate coverage:			
Earnings before interest and taxes / Interest expense	**2.02**	2.27	1.91

	Parent Company		
	2014	2013	2012
Return on average equity:			
Net profit / Average total equity	**10.80%**	12.96%	15.64%
Return on average resources:			
Net profit / Average total resources	**1.27%**	1.49%	1.59%
Net interest margin:			
Net interest income / Average interest earning resources	**3.71%**	3.75%	3.44%
Profit margin:			
Net profit / Revenues	**26.82%**	27.46%	27.56%
Debt-to-equity ratio:			
Total liabilities / Total equity	**7.07**	8.07	7.40
Resources-to-equity ratio:			
Total resources / Total equity	**8.07**	9.07	8.40
Interest rate coverage:			
Earnings before interest and taxes / Interest expense	**2.16**	2.27	1.85

32. EVENTS AFTER THE END OF REPORTING PERIOD

32.1 Issuance of Senior Notes

On January 21, 2015, the Parent Company issued unsecured US$ denominated Senior Notes amounting to US$200 maturing on January 22, 2020 (the "2020 Senior Notes"). The 2020 Senior Notes bear interest at 4.25% per annum payable semi-annually and was issued out of the Parent Company's US$1,000 Medium Term Note Programme. On February 10, 2015, the Parent Company reopened its 2020 Senior Notes and issued a second tranche amounting to US$43. The second tranche was a further issuance of, and was consolidated and formed part of a single series with the earlier issuance bringing the aggregate amount outstanding of the 2020 Senior Notes to US$243. The 2020 Senior Notes were used to finance operations and for general corporate purposes, including the refinancing of the Parent Company's US$250 6.25% Senior Notes due on February 9, 2015. This issuance was approved by the Parent Company's BOD on November 24, 2014.

32.2 Sale and Transfer of Parent Company's Shares

On February 13, 2015, the BSP has approved the Parent Company's proposed sale and transfer of shares held by Hexagon Investments B.V. and IFC Capitalization Fund to Cathay relating to the latter's proposed acquisition of the 20.00% share block in the Parent Company (see Note 23.2).

Awards and Recognition

ASIAMONEY
Best Domestic Private Bank
in the Philippines

Overall Best Private Bank in the Philippines as
voted by HNWIs with US$1m-5m

Overall Best Private Bank in the Philippines as
voted by HNWIs with US$5.01m-25m

ASIA RESPONSIBLE ENTREPRENEUR AWARDS (AREA)
Green Leadership Award

BANGKO SENTRAL NG PILIPINAS
Outstanding Commercial Bank Respondent on
Overseas Filipino Remittances Award

CARDS AND ELECTRONIC PAYMENTS INTEL
Credit Card Product of the Year

CORPORATE GOVERNANCE ASIA MAGAZINE (NEW INITIATIVE MEDIA LIMITED)
Asian Company Secretary of the Year

PDEX
Top 6 Fixed-Income Brokering Participant
as of July 2014

PEOPLE ASIA
People of the Year Awardee

RETAIL BANKER INTERNATIONAL
Product Excellence in Credit Cards

THE BEST OF ASIA
Most Promising Company on
Corporate Governance

VISA
MyWallet
Highest e-Commerce Transactions
Highest Cross Border Transactions
Highest Cards in Force

WORLD FINANCE
Best Banking Group in the Philippines
Best Commercial Bank in the Philippines

List of Senior Officers

RCBC

HONORARY CHAIRMAN
Ambassador Alfonso T. Yuchengco

CHAIRPERSON
Helen Y. Dee

PRESIDENT AND
CHIEF EXECUTIVE OFFICER
Lorenzo V. Tan

CORPORATE SECRETARY
Maria Celia H. Fernandez-Estavillo
Executive Vice President
Head, Legal and Regulatory Affairs Group

Ella Katrina R. Mitra
Vice President
Assistant Corporate Secretary
(until November 2014) and
Head, Legal Operations Department

Jennifer M. Balba
Manager
Assistant Corporate Secretary and
Head Corporate Secretariat

SENIOR EXECUTIVE
VICE PRESIDENTS
Redentor C. Bancod
Head, Information Technology Shared
Services Group and Operations Group

Jose Emmanuel U. Hilado
Head, Treasury Group
(until July 16, 2014)

EXECUTIVE VICE PRESIDENTS
Michelangelo R. Aguilar
Head, Conglomerates and
Global Corporate Banking Group

Michael O. De Jesus
Head, National Corporate Banking Group

Alfredo S. Del Rosario, Jr.
Head, Asset Management and
Remedial Group

John Thomas G. Deveras
Head, Strategic Initiatives

Edgar Anthony B. Villanueva
Head, Global Transaction Banking Group

FIRST SENIOR VICE PRESIDENTS
Manuel G. Ahyong, Jr.
Head, Wealth Management Group

Rafael M. Dayrit
Head, Credit Management Group

Rogelio P. Dayrit
Head, Global and Ecozone Segment

Lourdes Bernadette M. Ferrer
Head, Trust and Investment Group

Gerald O. Florentino
Head, Corporate Planning Group
(until September 30, 2014)

John P. Go
Head, Chinese Banking Segment 2

Eli D. Lao
Head, Chinese Banking Segment 1

Ana Luisa S. Lim
Head, Internal Audit Group

Regino V. Magno
Head, Corporate Risk Management
Services Group

Remedios M. Maranan
National Service Head, BC Services

Yasuhiro Matsumoto
Head, Japanese Business
Relationship Office

Reynaldo P. Orsolino
Head, Emerging Corporate Segment

Rowena F. Subido
Head, Human Resources Group

Raul Victor B. Tan
Head, Retail Banking Group and
Concurrent Head, Treasury Group

Zenaida F. Torres
Head, Controllership Group
(until October 13, 2014)

SENIOR VICE PRESIDENTS
Ma. Felisa R. Banzon
Head, Large Local Corporate Segment

Enrique C. Buenaflor
Head, Business Development Division

Brigitte B. Capina
Regional Sales Director
South Metro Manila

Arsenio L. Chua
Regional Sales Director
North Metro Manila

Claro Patricio L. Contreras
Head, Remedial Management Division

Elizabeth E. Coronel
Head, Conglomerates and Strategic
Corporates Segment

Sabino Maximiano O. Eco
Deputy Group Head, Operations and
Head, Branch Banking Services Division

Edwin R. Ermita
Bank Security Officer

Jennie F. Lansang
Deputy Group Head and
Chief Technology Officer, IT Shared
Services Group

Vivien L. Macasaet
Head, Management Services Division

Florentino M. Madonza
Head, Controllership Division
(starting October 14, 2014)

Jane N. Mañago
Head, Wealth Management
Segment 1 - Division 2

Carlos Cesar B. Mercado
Head, Balance Sheet
Management Segment

Evelyn Nolasco
Head, Asset Disposition Division

Koji Onozawa
Japanese Liaison Officer
Japanese Business Relationship Office

Matias L. Paloso
Head, RBG Products, Support and
System Segment

Loida C. Papilla
Head, Asset Management Support
Division

Alberto N. Pedrosa
Head, Investment Portfolio Management
Division

Arsilito A. Pejo
Regional Sales Director, Eastern Visayas

Maria Lourdes Jocelyn S. Pineda
Head, Microfinance and President
Rizal Microbank

Nancy J. Quiogue
Regional Service Head, Metro Manila

Elsie S. Ramos
Head, Legal Affairs Division

Ismael S. Reyes
National Sales Director, Retail Banking
Group

Steven Michael T. Reyes
Head, Trading Segment

Raoul V. Santos
Head, Investment Services Division

Johan C. So
Head, Chinese Banking Segment 2 –
Kalookan Division

Ma. Angela V. Tinio
Head, Commercial and Small Medium
Enterprise Segment

FIRST VICE PRESIDENTS
Marissa D. Alon
District Sales Director, Southwest Metro

Ma. Christina P. Alvarez
Head, Corporate Planning Group
(starting January 1, 2015)

Ruth M. Aniñon
Head, Testing and Monitoring
Department

Alvin V. Antonio
Head, Overseas Filipino Banking Division

Abener M. Balatbat
Relationship Manager 3, Large Local
Corporate Segment, Division 2

Manuel R. Bengson, Jr.
Head, Derivatives Trading Department

Ma. Estrella G. Bernardo
Regional Sales Director, South Luzon

Lalaine I. Bilaos
Head, Large Local Corporate Segment
Division II

Concordio R. Bongon, Jr.
District Sales Director, South Central
Luzon

Alberto Y. Bueser
Head, Audit Cluster 1

Jose Manuel E. Caniza
Head, Interest Rate Risk Division

Karen K. Canlas
Head, Wealth Management
Segment II - Division I

Ma. Lorenza S. Cauilan
District Sales Director, Ortigas

Nathan Francis C. Chincuanco
Head, Business Solutions Division

Hazel Deanne T. Co
Head, Chinese Banking Segment 1 -
Division 2

Nener G. Concepcion
Head, Audit Cluster 5

Antonio Manuel E. Cruz, Jr.
Head, Emerging Corporate Segment -
Division 1

Francisco J. De Silva
IT Head, ADD7 - Branch and Back Office

Benjamin E. Estacio
Regional Service Head, Mindanao

Joel Rizaldy G. Flor
IT Head, ADD5 – Corporate E-Channels
Division

Bernice U. Gaspar
Head, Chinese Banking Segment 2 -
Division 3

Marline P. Gonzales
Relationship Manager 3, Conglomerates
and Strategic Corporates Segment

Jose Edwiniel C. Guilas
Head, Corporate Communications and
Service Excellence Division

Francisco Vicente O. Hilario
IT Head, IT Management Services

Naser Antonio S. Huab
Head, Audit Cluster 4 - IT

Erico C. Indita
Regional Sales Director
Central Metro Manila Region

Reynaldo Antonio R. Jimenez
Head, 24x7 Operations Division

Maria Arlene L. Leyco
Head, South Metro Manila Lending
Department

Edmundo D. Liao
IT Head, Technical Support Department

Jonathan Edwin F. Lumain
Head, Shared Technology Services

Lorna V. Mariano
Head, Lending and Trade Services
Division

Jose Jayson L. Mendoza
Head, Provincial Lending Department

Edgardo F. Miguel
Head, Cash Management Services Division

Gerardo G. Miral
Head, Global and Ecozone Segment - Division 2

Marieta O. Miranda
Head, Financial Management/Accounting and Control Division

Joseph F. Monzon
Trust Risk Officer, Corporate Risk Management Services

Helen F. Morales
District Sales Director, Uptown Metro

Jaehoon Oh
Head, Korean Business Relationship Office

Roland R. Paita
District Sales Director, Southwest Luzon

Criselda Y. Pastoral
Head, Trust Retail Marketing Division

Maricel Elena M. Peralejo
Head, Fixed Income Sales Department

Claro A. Pineda, III
Head, Regional Operations Division

Nestor O. Pineda
District Sales Director, Bel-Air/South East

Honorata V. Po
District Sales Director, Southwest Luzon

Michael Angelo C. Ramos
IT Head, ADD3 – Head Office Systems Division

Maria Evangeline T. Reyes
Head, Transaction Banking Services Division

Francis Nicolas G. Reyes
Head, Business Site Management Division

Ma. Rosanna M. Rodrigo
Regional Sales Director, North Luzon

Yvonne A. Roque
Head, Capital Markets Services Division

Anna Sylvia E. Roxas
Head, Product Management Division

Ma. Fe P. Salamatin
Compliance Officer and Head Regulatory Affairs Division

Carren T. Saria
District Sales Director, Midtown District

Yvonne B. Sasin
District Sales Director, Southeast Luzon

Libertine R. Selirio
Head, Global and Ecozone Segment - Division 1

Francisco G. Singian, Jr.
Head, Balance Sheet Risk Management Department

Elvira D. Soriano
Head, Audit Cluster 3

Zenaida S. Soto
Business Manager, Laguna Technopark

Thaddeus Anthony L. Tan
District Sales Director, Chinatown District

Brenda S. Taruc
Head, Market Risk Division

Gianni Franco D. Tirado
Regional Sales Director, Mindanao

Lea B. Torres
Head, Account Management Department 1

Emmanuel Mari K. Valdes
Head, Product and Sales Support Division

Teodoro Eric D. Valena, Jr.
IT Head, ADD5 – Retail E-Channels

Maria Teresa C. Velasco
Head, Global Distribution and Advisory Division

Lolito S. Velasquez
Head, Account Management Department 2

Eric B. Victoria
Head, Trust Business Development Division

Geraldine M. Villanueva
Regional Sales Director, Western Visayas

Abigail Suzette F. Virola
Head, Foreign Exchange Sales Department

Cynthia T. Yuzon
District Sales Director
North East Metro Manila

Paula Fritzie C. Zamora
Head, Financial Institutions Management Division

VICE PRESIDENTS

Loran S. Abanilla
Head, ATM Business Development Department

Mary Zenette T. Ablang
Head, VisMin Business Development

Jose Ma. Antonio B. Abola, Jr.
Head, CSME - North Mindanao Lending Department

Daisy A. Aguillardo
Head, Learning and Development Department

Omar L. Ayalin
Head, Project Management Department

Joy Purificacion T. Alcantara
District Sales Director, Metro Cebu-South

Charlito T. Alonso
Head, CSME - North Luzon Lending Department

Clint Stanley D. Ang
Head, Employee Relations Department

Leilani Anacleta F. Antonio
Head, CSME – Panay Lending Department

Chrislyn C. Arcilla
Head, Sales Department and Project Development and Joint Venture

Leticia Armada
Head, Marketing Support Services Department

Alvin F. Asuncion
Deputy Head, Customer Analytics Division

Roselyn P. Barretto
Business Manager, Tutuban

Banjo E. Bautista
IT Head, Network and Communications Department

Amando Antonio A. Bolunia
Asset Quality Officer, Asset Quality Department

Celeste G. Bongon
Business Manager, Legaspi Village

Luis Gonzaga S. Bonoan
Regional Relationship Manager
South Metro

Rico M. Borgonia
Relationship Manager 3, Global and Ecozone Segment - Division 1

Sophie B. Brito
Business Manager, Arranque

Flordeliza S. Bunda
Business Manager, Kalookan

Mary Catherine T. Buntua
Business Manager, Greenbelt

Michael Anthony C. Bustamante
Head, Merchant Channel Automation Section

Christine Roselle O. Cabacungan
Head, Credit Review Division

Benjamin L. Cabrera
Regional Relationship Manager
South Luzon

Nancy T. Cacho
Business Manager, Caloocan

Wilson M. Calderon
Relationship Manager 3, Global and Ecozone Segment - Division 1

Christiane Laarnie R. Cancio
Head, Product Development

Evelyn D. Capucao
Business Manager, LIIP-Biñan

Luzviminda A. Carpio
Business Manager, Valenzuela

Ma. Carmen M. Casaclang
Head, Trust Credit Management Division

Rhodora L. Castro
Regional Service Head, South Luzon

Jeanie A. Chua
Business Manager, Del Monte

Raymond Anthony M. Cirujano
Relationship Manager 3, Large Local Corporate Segment - Division 1

Shirley S. Co
Relationship Manager 2, Division 2, Wealth Management Segment 1

Vivian Y. Co
Business Manager, Binondo

Romeo R. Comabig
Business Manager, Guadalupe

Rafael N. Crucillo
Head, Customer Information Management Division

Cynthia T. Cruz
District Sales Director
Bulacan-Bataan-Zambales

Elvin Michael L. Cruz
Head, Litigation Department

Lilian B. Cruz
IT Head, ADD1 – Core Banking

Merci F. Cuaresma
Operations Head, Settlements Department

Edward Leo A. Custodio
Regional Service Head, North Luzon

Rico M. De La Cruz
Head, CSME - North Metro Manila Lending Department

Simplicio B. Dela Cruz, Jr.
Head, CSME - Central Visayas Lending Department

Mariella Rhea P. Dizon
Business Manager, Boni

Conrado T. Dupaya, Jr.
Operations Head, ATM Support Department

Paulino G. Erjas
Operations Head, Trust and Stock Transfer Operations

Catalino N. Eugenio
Business Manager, Banawe

Ruben A. Felebrico
Business Manager, Tektite

Jesus M. Ferraris
Business Manager, Sta. Ana

Edwin John R. Frias
Branch Manager, The Fort JY Campos

Rowell B. Gaga-A
District Sales Director, Negros Occidental

Kenneth Mark F. Garcia
Head, Account Management Department 3

Raymund C. Golez
Regional Service Head, Visayas

Vittorio Raoul M. Gomez
Head, Trust Trading Division

Ricardo B. Gonzaga
Head, CSME - South Mindanao Lending Department

Crisanto D. Ilang
Operations Manager, Central Clearing Department

Luis A. Jacinto
Head, Information Securities Governance Division

Tristan John A. Kabigting
Head, General Accounting Division

Cherry C. Lachica
Business Manager, Marbel

Jose Roy G. Laporno
Head, CSME - Negros Lending Department

Arlene O. Lazarte
Head, Operational Risk Management Unit

Joy T. Lim
Head, Financial Planning and Credit Support Division

Sandra S. Lim
Business Manager, Tomas Mapua

Roel D. Lustado
Head, Deposits, Investment and Cross Selling Department

Louchelle R. Macaraig
Business Systems Specialist, Business Systems Analysis Department

Eduardo L. Magcamit
Head, Audit Cluster 2

Cecilio Enrico P. Magsino
District Service Head, Metro Manila

Ma. Lourdes C. Makabali
Operations Head, ICard Support Department

Romulo F. Manuel
District Service Head, Luzon

Antonio C. Marquez, Jr.
District Service Head, Metro Manila

Francisco D. Masiglat, Jr.
Head, Cash Management Department

Clarissa P. Mendoza
Relationship Manager 3, Global and Ecozone Segment, Division 1

Eller L. Meneses
District Sales Director, North East Luzon

Marie Rorecejack R. Mesina
Relationship Manager 3, Large Local Corporate Segment - Division 1

Linda D. Mina
Business Manager, Mandaluyong

Grace Marie G. Montalvo
Business Manager, Makati Avenue

Angel A. Monte De Ramos, Jr.
Business Manager, CPIP-Batino

Suzette Y. Ng
Relationship Manager III, Chinese Banking Segment I – Division II

Pacifico A. Nieva, Jr.
IT Head, Data Center Operations Department

Cristeta P. Olalia
Business Manager, Angeles-Balibago

Alma Luz G. Orante
Head, RBG Systems Management Division

Gwendolynn S. Padilla
Head, Legal Documentation Department

Maria Christina Rose V. Pante
Head, Overseas Subsidiaries Business Department

Rosita T. Pecson
District Sales Director, Northwest Luzon

Carlos P. Petersen
District Sales Director, Central Mindanao

Danilo G. Pineda
District Sales Director, Upper North Metro Manila

Vicente D. Quintero III
District Sales Director, Central Eastern Visayas

Ramil S. Ramos
Relationship Manager 3, Division 1, Wealth Management Segment 2

Alma D. Reyes
District Sales Director, Pampanga

Ana S. Reyes
Head, Alternative Banking Services Division

Helen T. Rivero
Head, Policy Development and Cost Standards Division

Carlos Francisco P. Roa
Asset Quality Officer, Asset Quality Department

Eduardo F. Sangil
District Service Head, Metro Manila

Christian D. San Juan
Basel II Risk Officer, Corporate Risk Management Services

Ma. Ruby B. San Joaquin
Head, Management Accounting Department

Renan D. Santos
Head, Liquidity Management Department

Lawrence C. See
Relationship Manager 3, Chinese Banking Segment 2 - Kalookan Division

Anna Lissa L. Selva
Relationship Manager 3, Corporate Banking Segment - Division 1

Leonardo V. Solon, Jr.
District Sales Director, Northwest Mindanao

Pauline S. Sua
Business Manager, Divisoria

Delilah C. Suico
District Service Head, Visayas

Ramon Jaime R. Tabuena, Jr.
Relationship Manager 3, Large Local Corporate Segment - Division 2

Cynthia S. Tenorio
Business Systems Specialist, Business Systems Analysis Department

Lourdes Felixia T. Tojong
District Sales Director, Metro Cebu North

Nerissa C. Toledo
Head, Program Marketing and Product Development Division

Maria Leny P. Tolentino
Business Manager, Wack Wack

Ted Edward R. Tolentino
Head, Retail Lending and Credit Division

Teresa P. Tuazon
Head, Business Systems Analysis Department

Victoria T. Tupaz
Relationship Manager 3, Global and Ecozone Segment, Division 1

Irene Christi L. Urbanozo
Business Manager, Bacolod Shopping

Loreto M. Ulpindo
Regional Service Head, South Metro

Jaime Juan Ramon N. Valera III
Head, Financial Planning and Administration Division

Dennis R. Vergara
Head, Business Intelligence and Analytics Department

Ma. Victoria P. Victoria
District Sales Director, Makati

Grace R. Villahermosa
Business Manager, Mactan

Abelardo B. Villarosa, Jr.
Head, CSME - Makati Lending Department

SUBSIDIARIES

Domestic

Merchants Savings And Loan Association, Inc. (Rizal Microbank - Thrift Bank)

CHAIRMAN
Lorenzo V. Tan

VICE CHAIRMAN
John Thomas G. Deveras

PRESIDENT
Maria Lourdes Jocelyn S. Pineda

Niyog Property Holdings, Inc.

CHAIRMAN AND PRESIDENT
John Thomas G. Deveras

VICE PRESIDENT
Alfredo S. Del Rosario, Jr.

CONTROLLER AND TREASURER
Florentino M. Madonza

CORPORATE SECRETARY
Atty. Maria Celia H. Fernandez-Estavillo

RCBC Capital Corporation

CHAIRPERSON
Yvonne S. Yuchengco

PRESIDENT AND CHIEF EXECUTIVE OFFICER
Jose Luis F. Gomez

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. Maria Celia H. Fernandez-Estavillo

Subsidiary:

RCBC Bankard Services Corporation

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Cesar E.a. Virata

VICE CHAIRMAN
Raul M. Leopando

PRESIDENT AND CHIEF EXECUTIVE OFFICER
Oscar B. Biason

SENIOR VICE PRESIDENTS
Eugenio U. Fernandez
Chief Finance Officer and Treasurer

Ma. Regina Y. Millare
Chief Operating Officer

FIRST VICE PRESIDENT
Fe Fortunata R. Rio
Head, Operations

VICE PRESIDENTS
Katrina Joy G. Cruz
Head, Collection

Benjamin W. R. Cumpas, Jr.
Head, Merchant Business and Head, Sales and Distribution

Evelyn A. Fernandez
Head, Acceptance Services

Amor A. Lazaro
Head, Business Intelligence

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

Renan D. Unson
Head, Information Technology

ASSISTANT VICE PRESIDENTS
Michelle L. Bollozos
Head, Human Resource Management

Rita Reichel S. Rivera
Head, Customer Service

RCBC SECURITIES, INC.

CHAIRMAN
Raul M. Leopando

PRESIDENT
Gerald O. Florentino
(starting October 1, 2014)

Michael A. Singson
(until September 30, 2014)

VICE PRESIDENT
Raul P. Ruiz
Research Head

RCBC Forex Brokers Corporation

CHAIRMAN
Cesar E. A. Virata

PRESIDENT AND CHIEF EXECUTIVE OFFICER
Ma. Cristina S. Rosales
(until March 31, 2015)

Joseph Colin B. Rodriguez
(starting April 1, 2015)

CORPORATE TREASURER
Medel T. Nera

VICE PRESIDENT
Criselda T. Espinosa

CORPORATE SECRETARY
Atty. Samuel V. Torres

RCBC-JPL Holding Co., Inc. (JP Laurel Bank)

CHAIRMAN AND PRESIDENT
Alfredo S. Del Rosario, Jr.

SENIOR VICE PRESIDENT AND TREASURER
Claro Patricio L. Contreras

CORPORATE SECRETARY
Kenneth Mark F. Garcia

RCBC Savings Bank

CHAIRPERSON
Helen Y. Dee

VICE CHAIRMAN
Lorenzo V. Tan

PRESIDENT AND CHIEF EXECUTIVE OFFICER
Rommel S. Latinazo
(seconded from RCBC)

EXECUTIVE VICE PRESIDENTS
Carlos A. Pinpin, Jr.
Head, Corporate Planning Group

Lizette Margaret Mary J. Racela
Head, Consumer Lending Group
(seconded from RCBC)

SENIOR VICE PRESIDENTS
Ma. Lourdes S. Aldecoa
Head, Credit Management Group

Mary Rose C. Ancheta
Head, Retail Banking Group

Mary Grace P. Macatangay
Head, Asset Management and Remedial Group

Al Jan G. Yap
Head, Business Support and Services Division
(seconded from RCBC)

FIRST VICE PRESIDENTS
Elmer M. Aquino
Head, SME Business Development Division

Amador T. Baira
Head, Auto Loans Division

Roland D. Bay
Regional Sales Director, Luzon Region

Guilberto K. Benedicto
Head, Product and Sales Support Division

Ma. Carmina P. Carpio
Head, Trust Services Division

Jo Anne C. Chan
Head, Controllership and Support Services Division

Ariel J. Cruz
Regional Head, Luzon Provincial Lending Center

Helen Grace D. Gavica
Head, Information Management Division

Randy B. Torres
Head, Housing Loans Division

Ma. Lourdes G. Trinidad
Head, Risk Management Division

Ma. Lourdes R. Vasquez
National Service Head, Business Center Service

VICE PRESIDENTS
Ma. Nina T. Alba
District Sales Director, Rizal District

Conrado B. Alunan
Regional Head, Visayas Provincial Lending Center

Ulysses L. Atienza
District Sales Director, Batangas District

Jennylyn R. Barcelona
Head, Developer Generated Department

Shirley K. Benedicto
District Sales Director, Chinese Commercial District

Judy Rosario G. Cam
Chief Compliance Officer

Dominador A. Danila
District Sales Director, Ortigas Financial District

Kathrina Klaire M. De Guzman
Business Center Manager, Pacific Place

Crispina D. Del Rosario
Regional Sales Director, Metro Manila North and North Central Region

Manuel R. Delizo
Chief Security Officer

John Francis A. Delos Reyes
Head, Direct Marketing Department

Ma. Lourdes M. Garcia
District Sales Director, Quezon City Financial District

Genevieve P. Icasiano
District Sales Director Manila/West District

Elmer R. Labrador
Head, Collection and Remedial Division

Edward Niño S. Lim
Head, Acceptance Division

Enrique G. Llagas
Head, Property Management and Sales Division

Romeo R. Llave, Jr.
District Sales Director, Global Financial District

John Lyndon O. Ludovice
Head, Strategic Services Division

Donna Kristine F. Marcelo
Head, Corporate Communications and Marketing Services Division

Jayzel A. Marcial
Head, Credit Risk Management Division

Raymond G. Miñoso
District Sales Director, Negros District

Edwin B. Nangcas
Business Center Manager, Velez

Ma. Luisa A. Pasamba
Head, Accounting Department

Rey C. Peñaranda
Head, Business Solutions and Channels Management Division

Richard M. Peralta
Regional Service Head, North Metro Manila

Joselito M. Perlada
Head, General Services Department

Vicente H. Purificacion, Jr.
Head, ADD3, Information Management Division

Alberto O. Regino, Jr.
Head, Litigation Department

Don S. Saldaña
Head, Sales Distribution Channel Department

Blesilda B. Santos
Head, Insurance Division

Guia Margarita Y. Santos
Head, Corporate Legal Services Division
(seconded from RCBC)

Raymond Joel B. Siasat, Jr.
Regional Head, Mindanao Provincial Lending Center

Maria Elizabeth S. Yap
Head, Human Resource Division

RCBC Leasing and Finance Corporation

CHAIRPERSON
Helen Y. Dee

PRESIDENT AND CHIEF EXECUTIVE OFFICER
Alfonso C. Tanseco

TREASURER
Irma E. Japson

CORPORATE SECRETARY
Atty. Ella Katrina R. Mitra

Subsidiary:

RCBC Rental Corp.

PRESIDENT AND CHIEF EXECUTIVE OFFICER
Alfonso C. Tanseco

CORPORATE SECRETARY
Atty. Ella Katrina R. Mitra

International

RCBC International Finance Ltd.

CHAIRMAN
Lorenzo V. Tan

OPERATIONS MANAGER
Federico E. Agus, Jr.

RCBC North America, Inc.
(formerly RCBC California International, Inc.)

CHAIRMAN
Victor P. Quisumbing

PRESIDENT
Edgar Anthony G. Villanueva

CHIEF EXECUTIVE OFFICER
Edgar C. Bulawan

RCBC TELEMONEY EUROPE SpA.

CHAIRMAN
Lorenzo V. Tan

MANAGING DIRECTOR
Ariel N. Mendoza

OPERATIONS MANAGER
Lauren E. Ocampo

ASSOCIATES

Honda Cars Philippines, Inc.

PRESIDENT AND GENERAL MANAGER
Toshio Kuwahara

EXECUTIVE VICE PRESIDENT
Katsunori Ishii
Head, Manufacturing Division

Isuzu Philippines Corporation

PRESIDENT
Nobuo Izumina

EXECUTIVE VICE PRESIDENT AND TREASURER
Takashi Tomita

Luisita Industrial Park Corporation

PRESIDENT
Ramon S. Bagatsing, Jr.

TREASURER
Elena F. Trajano

CORPORATE SECRETARY
Atty. Maria Celia H. Fernandez-Estavillo

YGC Corporate Services, Inc.

CHAIRMAN
Ambassador Alfonso T. Yuchengco

PRESIDENT
Helen Y. Dee

VICE PRESIDENT
Albert S. Yuchengco

EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER
Liwayway F. Gener

TREASURER
Flor Bella Monina Marañon

CORPORATE SECRETARY
Atty. Samuel V. Torres

RCBC Branch Directory

METRO MANILA

168 Mall
168 Mall Shopping Center, Stall No. 4H-01
Soler St., Binondo, Manila
Tel. Nos. : 708-2290 to 91; 708-2386 to 87
Fax No. : 708-2289

A. Mabini
1353 Tesoro Bldg., A. Mabini St., Ermita, Manila
Tel. Nos. : 525-0468; 526-0424; 526-0444 to 45
Fax No. : 526-0446

Acropolis
191 Triquetra Bldg., E. Rodriguez Jr. Ave.
Libis, Quezon City
Tel. Nos. : 638-0550 to 53
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; 556-3719; 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

Beacon Makati
G/F, The Beacon, Roces Tower
cor. Don Chino Roces Ave. and Arnaiz Ave.
Brgy. Pio del Pilar, Makati City
Tel. Nos. : 893-0076; 893-1607; 893-4293
Fax No. : 893-3021

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's Ave.
BF Homes, Parañaque City
Tel. Nos. : 842-1554; 807-8761 to 63
Fax No. : 842-1553

Binondo
Yuchengco Tower, 500 Q. Paredes St.
Binondo, Manila
Tel. Nos. : 241-2491; 242-5933 to 52

Boni Avenue
617 Boni Ave., Mandaluyong City
Tel. Nos. : 533-0280; 532-5532; 533-6335; 533-6337
Fax No. : 533-6336

Buendia
Grepalife Bldg., 219 Sen. Gil J. Puyat Ave.
Makati City
Tel. Nos. : 810-3674; 844-1896; 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., Brgy. 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; 911-2527; 912-8127; 913-6163
Fax No. : 911-2535

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. : 712-9456 to 57; 712-7567
Fax No. : 741-6010

Dela Rosa
G/F Sterling Center, cor. Ormaza and
Dela Rosa Sts., Legaspi Village, Makati City
Tel. Nos. : 893-4216; 893-6828; 893-9050
Fax No. : 893-5039

Delta
Delta Bldg., cor. Quezon Ave.
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. : 924-2149; 924-3627; 924-3629; 925-2148
Fax No. : 924-3628

Divisoria
New Divisoria Condominium
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 cor. Elcano and Lavezares Sts.
Binondo, Manila
Tel. Nos. : 242-3598; 242-3643; 242-8684 to 85
Fax No. : 242-3649

Ermita
550 United Nations Ave., Ermita, Manila
Tel. Nos. : 523-2948; 523-2983; 525-5219; 525-5238
Fax No. : 524-1021

Fairview
Medical Arts Bldg., Dahlia St.
North Fairview, Quezon City
Tel. Nos. : 461-3008; 461-3011; 930-2010; 930-2052
Fax No. : 461-3009

Frontera Verde
G/F Transcom Bldg., Frontera Verde Cmpd.
Brgy. Ugong, Pasig City
Tel. Nos. : 706-4721; 706-4724 to 26
Fax No. : 706-4723

Garnet
Unit No. 106, Parc Chateau Condominium, cor.
Garnet and Onyx Sts., Ortigas Center, Pasig City
Tel. Nos. : 570-9141 to 42; 570-6317; 570-6319
Telefax No.: 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 City
Tel. Nos. : 844-1829; 845-4051; 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

Las Piñas
Veraville Bldg., Alabang-Zapote Rd.
Las Piñas City
Tel. Nos. : 873-4496; 874-0394; 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 to74
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 Ave. and Makati Ave., Makati City
Tel. Nos. : 890-7023 to 25; 895-9578; 897-9384
Fax No. : 890-7026

Makati Rada
One Legaspi Park, 121 Rada St.
Legaspi Village, Makati City
Tel. Nos. : 909-5201; 909-5203; 915-2046
Fax No. : 909-5204

Malabon
685 Rizal Ave., 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. : 516-4687; 516-4690; 516-4695
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 92; 634-7493; 635-5164
Fax No. : 635-5166

Mandaluyong
Unit 102, G/F, EDSA Central Square, Greenfield
District, Mandaluyong City
Tel. Nos. : 631-5851 to 52; 631-5804; 633-9585; 637-5381
Fax No. : 631-5803

Marikina
cor. Gil Fernando Ave. and Sta. Ana Extn.
Marikina City
Tel. Nos. : 681-6669; 681-6673 to 74; 646-6270
Fax No. : 681-1717

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. Nos. : 401-6166; 666-6125

Morayta
828 Nicanor Reyes Sr. St., Sampaloc, Manila
Tel. Nos. : 735-1387; 735-4465; 736-2477 to 78
Fax No. : 736-0568

Navotas
551 M. Naval St., Brgy. Bangkulasi, Navotas City
Tel. No. : 332-1648

New Manila
UG Level, Hemady Square Bldg., 86 Doña
Hemady St., New Manila, Quezon City
Tel. Nos. : 727-6010; 727-6012
Telefax Nos.: 727-6013, 725-6021

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 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. : 941-0885; 941-2093; 941-2247; 941-2473
Fax No. : 941-1475

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; 245-0250
Fax No. : 245-0241

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. : 641-0640; 641-6259; 641-7914;
641-7993
Fax No. : 641-0639

Pasig Kapitolyo
G/F D'Ace Water Spa Plaza, cor. United and
Brixton Sts., Brgy. Kapitolyo, Pasig City
Tel. Nos. : 654-4423; 654-4428; 654-4437

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;
898-5977 to 78
Fax No. : 893-5976

Quezon Avenue
1405 Quezon Ave., Quezon City
Tel. Nos. : 373-3551 to 52; 373-4224; 371-8178;
371-8184
Fax No. : 373-3554

Quirino Avenue
411 Anflocor Bldg., cor. Quirino Ave. and
NAIA Rd., Tambo, Parañaque City
Tel. Nos. : 851-4692; 851-4694; 852-0403;
852-4690
Fax No. : 853-4685

Raon-Sales
653 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
G/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. Nos. : 878-3307; 878-3313; 894-9072;
894-9082; 894-1207; 894-9072

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 372-2413;
372-2415 to 16
Fax No. : 372-2417

Roxas Boulevard
cor. Russel St. and Roxas Blvd., Pasay City
Tel. Nos. : 851-7984; 851-7986; 851-8964;
853-7562; 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; 843-1342; 843-8196;
844-7822
Fax No. : 843-3242

Shangri-La Extension Office
507 5th Level, Shangri-La Plaza Mall
cor. EDSA and Shaw Blvd., Mandaluyong City
Tel. Nos. : 633-4485; 633-9582
Fax No. : 633-9583

Shaw Boulevard, Lawson
G/F SCT Bldg., 143 cor. Shaw Blvd and
Lawson St., Mandaluyong City
Tel. Nos. : 535-1641; 535-2516; 535-2610;
535-2615

South Harbor
Harbor Centre I, cor. Chicago and 23rd Sts.
Port Area, Manila
Tel. Nos. : 527-6486; 527-7311 to 12; 527-6481
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
G2-25 G/F Level, Bldg. 2, Sta. Lucia Mall, cor.
Marcos Highway and Felix Ave., Cainta, Rizal
Tel. Nos. : 645-3686; 645-7911; 682-5963;
682-7126
Fax No. : 645-3685

Sta. Mesa
1-B G. Araneta Ave., Brgy. 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; 734-6034 to 35
Fax No. : 733-7862

Taytay
Manila East Rd., Brgy. Dolores, Taytay, Rizal
Tel. Nos. : 286-0490; 286-0658; 286-3465;
658-0637
Fax No. : 658-0636

Taytay Extension Office
Rizal Ave., Cuatro Cantos, Brgy. San Juan
Taytay, Rizal
Tel. Nos. : 570-4701; 570-4699; 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. : 519-6870; 519-6880; 519-7090
Fax No. : 519-7693

The Fort JY Campos
JY Campos Centre, 9th Ave.
Bonifacio Global City, Taguig City
Tel. Nos. : 815-0003; 808-9732; 808-9757;
808-9854; 808-9865
Fax No. : 815-0085

The Fort Sapphire Residences
G/F Sapphire Residences, cor. 31st Street 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 Condominium
630 Tomas Mapua St., Sta. Cruz, Manila
Tel. Nos. : 733-0611; 733-0617; 733-0631;
734-1069; 734-1201

Tordesillas
G/F Metropole Bldg., cor. Tordesillas St.
and Gil Puyat Ave., 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 23; 721-3552; 721-6388
Fax No. : 727-2884

Valenzuela
231 MacArthur Highway, Karuhatan
Valenzuela City
Tel. Nos. : 291-9551; 291-6592 to 93; 293-8378
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

West Avenue
Unit 101, 135 West Ave., Brgy. Bungad
District 5, Quezon City
Tel. Nos. : 252-9321; 254-5283; 255-0367;
255-1123

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., Brgy. 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., Brgy. Centro 14
Aparri, Cagayan
Tel. Nos. : (02) 894-9000 loc. 5386
(078) 888-0347; 888-0349 to 50
Fax No. : (078) 888-0348

Bacao Extension Office
Yokota Commercial Bldg., Bacao Rd.
Brgy. Bacao 2, Gen. Trias, Cavite
Tel. No. : (046) 437-6125
Telefax No.: (046) 437-6127

Bacoor
Maraudi Bldg., Gen. E. Aguinaldo Highway
Brgy. Niog, Bacoor, Cavite
Tel. Nos. : (046) 417-0736; 417-7454; 417-7662
Telefax No.: (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
MacArthur 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
MacArthur 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., Brgy. 10, Lacub, Batac
Ilocos Norte
Tel. Nos. : (077) 617-1631; 670-1812
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. No. : (043) 727-2715
Fax No. : (043) 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. : (02) 520-9174; (049) 539-0167
Fax No. : (049) 539-0177

Boac Extension Office
D. Reyes St., Brgy. San Miguel
Boac, Marinduque
Tel. No. : (042) 332-0320
Telefax No.: (042) 332-0319

Cabanatuan
1051 Burgos Ave., Cabanatuan City, Nueva Ecija
Tel. Nos. : (044) 463-5359; 463-8420; 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, Brgy. Tulo, Calamba City, Laguna
Tel. Nos. : (049) 545-0040; 545-0964; 545-1295
Fax No. : (049) 545-0964

Carmen
MacArthur 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. : (02) 520-8093; (046) 430-1490

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. : (02) 529-8503; (046) 431-2242;
431-5951
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
Brgy. 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 Cmpd., Governor's Drive
Langkaan, Dasmariñas, Cavite
Tel. Nos. : (02) 529-8118; (046) 402-0031 to 33
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. : (02) 529-8133; (046) 416-6865;
416-6698; 850-0830
Telefax No.: (046) 416-6865

DMIA Extension Office
Clark International Airport, Passenger Terminal
Bldg., Arrival Area, Angeles City, Pampanga
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
Brgy. Javalera, General Trias, Cavite
Tel. Nos. : (02) 6700-5355; (046) 433-0126;
433-0289
Fax No. : (046) 433-0250

Gateway Extension Office
G/F, Samantha's Place Commercial Bldg.
Governor's Drive, Manggahan
General Trias, Cavite
Tel. Nos. : (046) 402-3008 to 10

GMA, Cavite
Citi Appliance Bldg., Brgy. San Gabriel
Governor's Drive, GMA, Cavite
Tel. No. : (046) 972-0317
Fax No. : (046) 890-2365

Guimba
Afan Salvador St., Guimba, Nueva Ecija
Tel. No. : (044) 611-1060
Fax No. : (044) 943-0020

Hacienda Luisita
Plaza Luisita, San Miguel, Tarlac
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. : (02) 529-8622; (046) 471-3784
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
Brgy. Malamig, Biñan, Laguna
Tel. Nos. : (02) 520-8114; (049) 541-2756;
541-3271; 544-0719
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. : (02) 429-1812; (052) 480-6416

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 St., Lipa City
Tel. Nos. : (043) 756-2565; 756-6479
Fax No. : (043) 756-0220

Lisp III Extension Office
Science Park III, Admin. Bldg., Millenium Drive
Sto. Tomas, Batangas City
Tel. Nos. : (049) 530-9612; 530-9614; 530-9619
Fax No. : (049) 530-9604

Lucena
cor. Quezon Ave and M.L. Tagarao St.
Lucena City
Tel. Nos. : (02) 250-8208; (042) 710-4086;
710-6461
Fax No. : (042) 710-4458

Lucena-Evangelista
cor. Quezon Ave. and Evangelista St.
Lucena City
Tel. Nos. : (042) 710-5788; 710-8068
Telefax No.: (02) 250-8325

Malolos
FC Bldg., MacArthur Highway, Bo. Sumapang
Matanda, Malolos, Bulacan
Tel. No. : (044) 662-1228
Fax No. : (02) 299-8147

Marinduque
EDG Bldg., Brgy. 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., MacArthur Highway
Calvario, Meycauayan City, Bulacan
Tel. Nos. : (044) 769-6121; 769-6290

Naga
G/F, Crown Hotel Bldg.
Peñafrancia Ave., Naga City
Tel. Nos. : (054) 473-9114; 811-9115
Fax Nos. : (02) 250-8132; (054) 811-9116

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
Brgy. Tiniguiban, Puerto Princesa City
Tel. Nos. : (048) 723-0358 to 60

Rosario
Cavite Export Processing Zone, Rosario, Cavite
Tel. Nos. : (02) 529-8829 to 30; (046) 437-6255;
437-6260; 437-6549 to 50; 971-0586
Fax No. : (046) 971-0587

San Fernando
G/F Hiz-San Bldg., MacArthur Highway
Brgy. Dolores, City of San Fernando, Pampanga
Tel. Nos. : (045) 963-4757 to 59; 963-4761
Fax No. : (045) 963-4760

San Fernando Robinsons
Unit 3 & 4, G/F Kingsborough Commercial
Center, Jose Abad Santos Ave.
City of San Fernando
Tel. No. : (045) 961-5143
Fax No. : (045) 961-5147

San Fernando, Sindalan
SBC Bldg., MacArthur 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, Brgy. Poblacion, National Highway
San Pedro, Laguna
Tel. Nos. : 847-5685; 868-9459 to 60
Fax No. : 847-5683

Santiago
26 Maharlika Rd., Aveles Bldg.
Victory Norte, Santiago City, Isabela
Tel. No. : (078) 682-7426
Fax No. : (078) 682-4599

Science Park
Admin Bldg., LISP 1, Pulo Rd.
Brgy. 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. Nos. : (078) 326-5569; 326-6678
Fax No. : (078) 326-5559

Sta. Cruz
cor. A. Regidor and Burgos St., Sta. Cruz, Laguna
Tel. Nos. : (049) 501-2136; 501-3538; 520-8318

Sta. Cruz Extension Office
Teoxan Bldg., Sitio Narra, Brgy. Labuin
Sta. Cruz, Laguna
Tel. No. : (049) 501-2136
Fax No. : (049) 501-2136

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
UGF Waltermart Center, Sta. Rosa, Laguna
Tel. No. : (049) 530-2507
Telefax No.: (049) 530-2508

Sta. Rosa Solenad 2 Extension Office
Unit M20 Bldg. 2, Nuvali, Solenad 2, National
Rd., Brgy. Sto. Domingo, Sta. Rosa, Laguna
Tel. No. : (049) 530-1281
Telefax Nos.: (049) 530-1482; 530-1384

Sta. Rosa Balibago
Carvajal Bldg, Old National Highway
Balibago, Sta. Rosa, Laguna
Tel. Nos. : (02) 520-8443; (049) 534-5017 to 18
Fax No. : (049) 534-5017

Sta.Rosa Paseo
Unit 1, Sta. Rosa Country Market
Brgy. Don Jose, Sta. Rosa, Laguna
Tel. Nos. : (02) 420-8020; 520-8115;
(049) 541-2751 to 53
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; 252-5025 to 26
Fax No. : (047) 252-5024

Tabaco
232 Ziga Ave., Tabaco City, Albay
Tel. Nos. : (02) 429-1808; (052) 487-7042;
830-0112
Fax No. : (02) 429-1808

Tagaytay
Unit 1 Olivarez Plaza, Emilio Aguinaldo Highway
Tagaytay City
Tel. Nos. : (02) 845-3302; (046) 483-0540 to 43
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., MacArthur Highway
Urdaneta City, Pangasinan
Tel. Nos. : (075) 568-2090; 656-2289; 568-8436
Fax No. : (075) 568-2925

VISMIN

Antique
cor. Solana and T. Fornier Sts.
San Jose, Antique
Tel. Nos. : (036) 540-8191 to 92; 540-7025
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) 433-8483; 434-6807 to 08
Fax No. : (034) 433-0828

Balamban Extension Office
D.C. Sanchez St., Balamban, Cebu
Tel. Nos. : (032) 465-3451 to 52
Telefax No.: (032) 465-3450

Banilad
A. S. Fortuna St., Banilad, Cebu City
Tel. Nos. : (032) 346-3892; 346-3894; 346-5431;
346-7083
Fax No. : (032) 346-3891

Bayawan
National Highway, Bayawan City
Negros Oriental
Tel. No. : (035) 531-0554
Telefax No.: (035) 228-3322

Boracay
Station 1, Brgy. 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, Brgy. Caticlan, Malay, Aklan
Tel. No. : (036) 288-7644
Telefax 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 No.: (032) 236-8017

Cebu - Sto. Nino
Belmont Hardware Depot Bldg., cor. P. Burgos
and Legaspi Sts., Brgy. San Roque, Cebu City
Tel. Nos. : (032) 253-6028; 256-0173
Telefax No.: (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) 255-0422; 253-0624; 255-2050;
412-3441
Fax No. : (032) 256-1671

Consolacion
ADM 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; 422-8153
Fax No. : (035) 422-8422

Fuente Osmeña
Grepalife Tower, Fuente Osmeña
Rotonda, Cebu City
Tel. Nos. : (032) 253-2560; 255-3326; 255-3566;
255-4886; 255-9864
Fax No. : (032) 253-0018

Guadalupe
63M. Velez St., Cebu City
Tel. Nos. : (032) 254-3102, 254-3104; 255-5353;
254-5512
Fax No. : (032) 254-3103

Hinigaran
Rizal St., National Rd., Hinigaran
Negros Occidental
Tel. No. : (034) 391-2322
Fax No. : (034) 391-2323

Iloilo
J.M. Basa Iloilo Business Center
cor. J.M. Basa and Arsenal Sts., Iloilo City
Tel. Nos. : (033) 335-1056; 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 No.: (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
LG/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
Pueblo Verde, Mactan Economic Zone 11
Brgy. 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; 523-1930; 523-4167
Fax No. : (053) 523-4167

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 No.: (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 Ave.
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; 342-8923; 342-7551
Fax No. : (085) 341-9093

Butuan Extension Office
Brgy. 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

Carrasacal Extension Office
National Highway, Gamuton
Carrascal, Surigao del Sur
Tel. No. : (086) 212-8031
Fax No. : (086) 212-8030

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 No.: (088) 856-3708

CDO Osmena
Simplex Bldg., Osmeña St., Cagayan De Oro City
Tel. Nos. : (088) 857-1888; (08822) 726-754
Telefax No.: (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 No.: (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 No.: (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 Nos.: (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. J.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 No.: (065) 212-2542

Dole Extension Office
Dole Phils. Pavillion, Polomolok
South Cotabato
Tel. Nos. : (083) 500-2500 loc. 3627; 500-2643
Fax No. : (083) 500-2643

Gensan
RGH Bldg., J. Catolico Ave., Lagao
General Santos City
Tel. Nos. : (083) 553-8880; 553-8883
Fax No. : (083) 301-3473

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 No.: (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 No.: (064) 471-0233

Kabacan
Poblacion, National Highway, Kabacan
Cotabato Province
Tel. No. : (064) 248-2207
Telefax No.: (064) 248-2058

Kidapawan
KMCC Bldg., Dayao St., Kidapawan City
North Cotabato
Tel. No. : (064) 288-1572
Fax No. : (064) 288-1573

Malaybalay
Tiongson Bldg., 8 Don Carlos St.
Malaybalay City, Bukidnon
Tel. Nos. : (088) 813-3565 to 66
Telefax No.: (088) 813-3564

Maramag Extension Office
FIBECO Cmpd., Sayre Highway
Anahawon, Maramag, Bukidnon
Tel. No. : (088) 238-5591
Fax No. : (088) 238-5589

Maranding Extension Office
National Highway, Maranding, Lala
Lanao del Norte
Tel. No. : (063) 388-7003
Fax No. : (063)388-7045

Marbel
cor. General Santos Drive and Roxas St.
Koronadal City, South Cotabato
Tel. Nos. : (083) 228-2331; 520-1378
Fax No. : (083) 228-2333

Marbel Extension Office
Kobe Bldg., NDMU Cmpd., Alunan Ave.
Koronadal City, South Cotabato
Tel. No. : (083) 228-7914

Nabunturan
SMPTC Bldg., Tirol and 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
MacArthur 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 St.
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 Nos. : (062) 214-1781; 925-0397

Panabo
Greatsun Plaza Bldg., Purok Atis
Brgy. Sto. Niño, National Highway, Panabo City
Tel. Nos. : (084) 645-0002; 822-1192; 822-1320
Fax Nos. : (084) 822-1192

Polomolok
B-French St., Polomolok
South Cotabato
Tel. Nos. : (083) 225-2148 to 49
Telefax No.: (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) 222-0198; 222-0207

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 No.: (086) 826-4034

Tacurong
G/F Hilario Bldg., cor. National Highway
and Bonifacio St., 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) 400-3113; 655-6341 to 42
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, MacArthur Highway
(Toril District), Davao
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
Sia Bldg., Tomas Claudio St.
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

Agustin (EDSA Pasay)
Agustin 1 Bldg., Ruby Rd., Ortigas, Pasig
Tel. Nos. : 631-2027; 631-2031

Ampid
122 Gen. Luna St., Ampid I, San Mateo, Rizal
Tel. Nos. : 941-7788; 997-3761; 998-2799

Angono
M.L. Quezon Ave., Brgy. San Pedro
Angono, Rizal
Tel. Nos. : 451-0456; 651-0731

Anonas
69 cor. Anonas and Chico Sts.
Project 2, Quezon City
Tel. Nos. : 925-1320; 928-9762

Antipolo Lores
G/F Lores Country Plaza, ML Quezon Extn.
Brgy. San Roque, Antipolo City
Tel. Nos. : 696-9130; 696-9133 to 34

Antipolo Lores Extension (Mille Luce) Office
G/F Mille Luce Village Center
Brgy. Dalig, Antipolo City
Tel. Nos. : 570-299; 2571-7862

Antipolo Taytay
Palmera II Ortigas Extn., Taytay, Rizal
Tel. Nos. : 660-3854 to 55; 660-3858

Ayala Alabang
G/F Sycamore Bldg., Alabang Zapote Rd.
Ayala Alabang, Muntinlupa City
Tel. Nos. : 850-8825 to 850-8826; 8509712

Ayala Avenue
6780 Jaka Bldg., Ayala Ave., Makati City
Tel. Nos. : 812-4066; 893-7265 to 66

Baclaran
3916 cor. Quirino Ave. and Aragon St.
Baclaran, Parañaque City
Tel. Nos. : 551-1593; 853-9692 to 93

Barangka
Bldg. J, Riverbanks Center, 84 A. Bonifacio Ave.
Barangka, Marikina City
Tel. Nos. : 948-1093; 991-5442

Betterliving
Doña Soledad St., Better Living Subd.
Bicutan, Parañaque City
Tel. Nos. : 659-6204; 823-9232; 824-0175

Binangonan
cor. ML Quezon and P. Zamora Sts.
Libid, Binangonan, Rizal
Tel. Nos. : 652-0082; 652-1177

Binangonan Extension (Calumpang) Office
Perez Cmpd., National Rd.,
Calumpang Binangonan, Rizal
Tel. Nos. : 584-5518 ; 584-5587

Binondo (Divisoria Mall)
Unit 2 G/F & 2/F, One Binondo Place
cor. San Nicolas and Ilang Ilang Sts.
Binondo, Manila
Tel. Nos. : 241-0991; 256-0108; 256-0310

Blumentritt
1876 cor. Blumentritt and Andrade Sts.
Sta. Cruz, Manila
Tel. Nos. : 743-1316; 749-2902; 781-8342

C. Raymundo (Amoranto)
G/F JG Bldg. along C. Raymundo Ave.
Brgy. Rosario, Pasig City
Tel. Nos. : 570-2779; 570-4651; 571-3580

Camarin
Susano Rd., Camarin, Caloocan City
Tel. Nos. : 442-3619; 939-7283; 961-7239

Caybiga
30 General Luis St., Brgy. Caybiga, Caloocan City
Tel. Nos. : 983-0697; 983-0914

Cogeo
Cogeo Trade Hall Bldg., Sitio Kasapi
Brgy. 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

E. Rodriguez
444 E. Rodriguez Sr. Ave.
Brgy. Doña Aurora, Galas, Quezon City
Tel. Nos. : 711-1920; 740-4954; 743-1953

Ermita
1127 A. Mabini St., Ermita, Manila
Tel. Nos. : 353-9452; 526-7988; 526-7990

Felix Ave.
Phase 2, Karangalangan Village
Brgy. De La Paz, Pasig City
Tel. Nos. : 681-7565; 681-4836

Fort Bonifacio
Unit 1-D, Crescent Park Residences
2nd Ave., Burgos Circle, Taguig City
Tel. Nos. : 816-3930; 816-3938

Greenhills
G/F Ongpauco Bldg., cor. Wilson and
P. Guevarra Sts., San Juan
Tel. Nos. : 724-9368; 725-1121; 727-0141

J.P. Rizal
cor. J.P. Rizal and Makati Ave.
Brgy. Poblacion, Makati City
Tel. Nos. : 899-7489; 899-7537; 899-7551

Kalentong
49 Arañez Bldg., New Panaderos St.
Sta. Ana, Manila
Tel. Nos. : 533-4420; 533-6590

Kapitolyo
615 Shaw Blvd., Pasig City
Tel. Nos. : 631-8178 to 79; 635-5437

Katipunan
G/F Torres Bldg., 321 Katipunan Ave.
Loyola Heights, Quezon City
Tel. Nos. : 929-8418; 929-8469; 929-8604

La Huerta
Brgy. La Huerta, Quirino Ave., Parañaque City
Tel. Nos. : 829-6022 to 23; 820-7606

Lagro
Km 22 cor. Quirino Highway, Lagro Subd.
Novaliches, Quezon City
Tel. Nos. : 227-1646; 417-8996; 921-3472;
936-0158

Las Piñas
Manuela Bldg. 1, Alabang Zapote Rd.
Las Piñas City
Tel. Nos. : 872-6822; 874-5340 to 41

Malabon
214 M.H Del Pilar St., Brgy. Tugatog
Malabon City
Tel. Nos. : 961-6181; 961-6562

Malanday
614 MacArthur Highway, Malanday
Valenzuela City
Tel. Nos. : 277-0211 to 12

Manuela EDSA
444 cor. EDSA and Shaw Blvd.
Mandaluyong City
Tel. Nos. : 718-2491 to 92

Marulas
MacArthur Highway, Marulas, Valenzuela City
Tel. Nos. : 291-6634; 293- 9408 to 09

Masinag
259 Sumulong Highway, Mayamot, Antipolo City
Tel. Nos. : 570-7514; 645-1969; 645-5575

Mendiola
cor. Mendiola and Conception Aguila
San Miguel, Manila
Tel. Nos. : 734-0452; 734-9587

Metropolis
Upper G/F, Starmall, Alabang, Muntinlupa City
Tel. Nos. : 809-8568; 809-8604

Montalban
cor. JP Rizal and Linco Sts.
Balite, Rodriguez, Rizal
Tel. No. : 948-1385

Morong
Tomas Claudio St., Brgy. San Juan
Morong, Rizal
Tel. No. : 653-0289

Muntinlupa
National Highway, Muntinlupa City
Tel. Nos. : 862-0034 to 35

N.K.T.I
East Ave., Diliman, Quezon City
Tel. Nos. : 376-1059; 376-1060

Navotas
cor. Estrella and Yangco Sts.
Navotas East, Metro Manila
Tel. Nos. : 282-0338; 282-4392

Novaliches
917 Brgy. Gulod, Quirino Highway
Novaliches, Quezon City
Tel. Nos. : 418-0213; 936-88-11; 937-1326

Ortigas Extension Office
G/F cor. Prudentialife Bldg. and Riverside Village,
Ortigas Extn., Pasig City
Tel. Nos. : 477-3314; 655-0886; 656-1329;
656-1956

P. Tuazon BC
cor. 12th Ave. and P.Tuazon, Cubao, Quezon City
Tel. Nos. : 912-0816; 913-3118

Pacific Place
G/F Pacific Place Condominium
Ortigas Center, Pasig City
Tel. Nos. : 636-6617; 635-6604; 634-1563

Pantok
EM Bldg. National Rd.
Pantok, Binangonan, Rizal
Tel. Nos. : 570-0367; 570-3868

Pasay Libertad
2350 cor. Taft Ave. and Libertad, Pasay City
Tel. Nos. : 804-0333; 831-3418; 833-8925

Pasigtown
5 Dr. Sixto Antonio Ave., Kapasigan, Pasig City
Tel. Nos. : 640-0972; 641-0783; 570-8887

Pasong Tamo
2178 G/F Matrinco Bldg., Pasong Tamo, Makati
Tel. Nos. : 403-7810; 840-5224; 840-5226

Pateros
54 M. Almeda St., San Roque, Pateros
Tel. Nos. : 641-6201; 641-9081

Rizal Ave.
G/F Eleongsin Bldg., 440 Rizal Ave.,
Caloocan City
Tel. Nos. : 361-1109; 361-1214; 361-1244;
361-1354

RSB Main Office
26th and 25th Sts., RCBC Savings Bank
Corporate Center, Bonifacio Global City,
Taguig City
Tel. Nos. : 843-3035; 843-3049; 843-3051;
843-3054 to 55

San Joaquin
319 J. P. Rizal St., San Roque, Marikina City
Tel. Nos. : 646-2131; 682-6453
Telfax No.: 681-2490

San Mateo
323 Gen. Luna St., Guitnangbayan 2
San Mateo, Rizal
Tel. Nos. : 942-6969; 948-0199

San Roque
243 Old 319 New JP Rizal St.
Brgy. San Roque, Marikina City
Tel. Nos. : 646-2131; 682-6453
Fax No. : 681-2490

Sangandaan
cor. A. Mabini and Plaridel Sts., Caloocan City
Tel. Nos. : 288-7723; 288-8238

Sta. Mesa
4463 Old Sta. Mesa, Manila
Tel. Nos. : 716-0631; 716-0685

Sucat
Unit 3 Virra Mall Bldg., Dr. A. Santos Ave.
Sucat, Parañaque City
Tel. Nos. : 659-7130; 828-8236; 828-8238

Taft Remedios
1932 Taft Ave., Malate, Manila
Tel. Nos. : 526-7094; 536-6510 to 11

Tanay
cor. M.H. Del Pilar and J.P. Laurel St.
Brgy. Plaza Aldea, Tanay, Rizal
Tel. Nos. : 654-3126; 693-1267

Teresa
R. Magsaysay Ave., Brgy. San Gabriel
Teresa, Rizal
Tel. Nos. : 570-9693; 668-5298; 666-5391

Timog
G/F 88 Picture City Center, Timog Ave.
Quezon City
Tel. Nos. : 410-7126; 929-1260; 929-1254

Tomas Morato
169 cor. Tomas Morato St. and
Scout Castor, Quezon City
Tel. Nos. : 355-7066; 374-0744
Fax No. : 413-1134

Visayas Avenue
6 Visayas Ave., Brgy. Bahay Toro
Tandang Sora, Quezon City
Tel. Nos. : 924-8753; 924-8006; 929-8962

LUZON

Alaminos
cor. Marcos Ave. and Montemayor St.
Poblacion, Alaminos City, Pangasinan
Tel. Nos. : (075) 551-2587; 551-5724

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

Bacoor
333 Gen E. Aguinaldo Highway
Camella Homes, Ph11-A, Bacoor, Cavite
Tel. Nos. : (02) 529-8965; (046) 471-3670;
471-7131

Baguio
67-69 Juniper Bldg., Bonifacio St., Baguio City
Tel. Nos. : (074) 444-2362; 444-2366; 444-2368

Baler, Aurora
cor. Quezon and Bonifacio Sts.
Poblacion, Baler, Aurora
Tel. Nos. : (042) 722-0001; 722-0003

Balibago, Sta.Rosa
F. Canicosa Ave., Sta.Rosa Commercial Complex
Balibago, Sta. Rosa, Laguna
Tel. Nos. : (049) 520-8426; 530- 0793; 530-0795

Batangas
131 Diego Silang St., Batangas City
Tel. Nos. : (043) 723-1229; 723-2394

Binakayan
Tirona Highway, Binakayan, Kawit, Cavite
Tel. Nos. : (02) 529-8728; (046) 434-3060;
434-3382

Biñan
126 A. Bonifacio St., Canlalay
Biñan City, Laguna
Tel. Nos. : (02) 429- 4833; (049) 511-8772;
511-9826

Bocaue
249 Binang 2nd, Bocaue, Bulacan
Tel. Nos. : (044) 692-0053; 769-5027 to 28

Cabanatuan
cor. Maharlika Highway and Paco Roman Ext.
Cabanatuan City
Tel. Nos. : (044) 463-8640 to 41

Cabuyao
cor. J.P. Rizal Ave. and Del Pilar St.
Cabuyao, Laguna
Tel. Nos. : (02) 520-8920; (049) 531-4215;
531-2021; 531-4790 to 91

Calamba
National Rd., Brgy. Real, Calamba City
Tel. Nos. : (02) 520-8825; (049) 502-8311;
502-9989; 545-6031; 545-6034

Calapan
1/F Homemark Bldg., JP Rizal St.
Camilmil, Calapan City, Oriental Mindoro
Tel. Nos. : (043) 288-1909; 441-0601 to 02

Candon
National Highway, Brgy. San Jose
Candon City, Ilocos Sur
Tel. Nos. : (077) 644-0102; 742-5775

Dagupan
RVR Bldg., Tapuac District
Dagupan City, Pangasinan
Tel. Nos. : (075) 522-8965; 523-6599

Dasmariñas
San Agustin I, E. Aguinaldo Highway
Dasmariñas, Cavite
Tel. Nos. : (02) 529-8119; (046) 416-0351

G.M.A.
Blk 2 Lot 20 Brgy. San Gabriel, GMA, Cavite
Tel. Nos. : (02) 520-8710; (046) 890-2672;
972-0251

Gen. Trias
59 Gov. Ferrer Ave., Gen Trias, Cavite
Tel. Nos. : (046) 437-1508; 437-7348

Imus
Nueno Ave., Imus, Cavite
Tel. Nos. : (02) 429-4001; (046) 471-3989;
471-4097

Lemery
Ilustre Ave., Lemery, Batangas
Tel. No. : (043) 411-0901

Lingayen
G/F Columban Plaza Ave.
Rizal East, Lingayen, Pangasinan
Tel. Nos. : (075) 542-3142; 542-3840; 653-0083

Lipa
11-B Morada Ave., Lipa City
Tel. Nos. : (043) 756-6357 to 59

Lipa Extension Office
Mezzanine Flr., Southern Twin's Bldg., cor. V.
Malabanan St. and P. Torrez, Lipa City, Batangas
Tel. Nos. : (043) 404-8053; 404-8067

Lucena
82 Quezon Ave., Lucena City
Tel. Nos. : (042) 373-1537; 373-4346

Malolos
Paseo Del Congreso, City of Malolos, Bulacan
Tel. Nos. : (044) 791-3953; 791-5989

Meycauayan
MacArthur Highway, Calvario
Meycauayan, Bulacan
Tel. Nos. : (044) 769-0530; 840-8038

Molino
G/F RFC Molino Mall, Molino, Bacoor, Cavite
Tel. Nos. : (02) 529-8967; (046) 477-1864;
477-2278

Muzon
Diaz Bldg., Carriedo St., Brgy. Muzon
City of San Jose del Monte, Bulacan
Tel. No. : (044) 893-4928

Naga
G/F Annelle Bldg., cor. Biak Na Bato and
PNR Rd., Tabuco, Naga City
Tel. Nos. : (054) 472-5588; 473-7788

Naic
Capt. C. Nazareno St., Naic, Cavite
Tel. Nos. : (046) 412-0391; 507-0183

Nasugbu
cor. J.P.Laurel and Mulingbayan Sts.
Poblacion 9, Nasugbu, Batangas
Tel. Nos. : (043) 741-0394; 741-0396 to 97

Noveleta
Magdiwang Highway, Noveleta, Cavite
Tel. Nos. : (046) 438-1056; 438-8411

Padre Garcia
A Mabini St., Poblacion, Padre Garcia
Tel. Nos. : (043) 436-0214 to 16; 515-7177

Plaridel
Banga 1st, Plaridel, Bulacan
Tel. Nos. : (044) 670-2289; 795-0688

Puerto Princesa
175 Pacific Plaza Bldg., Rizal Ave.
Puerto Princesa City, Palawan
Tel. Nos. : (048) 433-0364 to 65; 433-0367

San Carlos
G/F Roper Bldg., Palaris St.
San Carlos City, Pangasinan
Tel. Nos. : (075) 632-2468 to 70

San Fernando Extension (Andalusia) Office
G/F Vistamall, Paseo de Andalusia
San Agustin, San Fernando, Pampanga
Tel. Nos. : (045) 455-1195; 455-2568

San Fernando Pampanga
G/F Emerald Business Center
Dolores San Fernando, Pampanga
Tel. Nos. : (045) 961-4505; 961-7614 to 15

San Ildefonso
Cagayan Valley Rd., Poblacion
San Ildefonso, Bulacan
Tel. Nos. : (044) 901-0230; 901-0235

San Jose
Cameco Bldg., cor. Makalintal Ave. and J.A. De
Villa St., San Jose, Batangas
Tel. Nos.: (043) 726-0052 to 53

San Nicolas
Brgy. 2, San Baltazar, San Nicolas, Ilocos Norte
Tel. Nos.: (077) 677-1122 ; 677-1130

San Pedro
National Highway., Brgy. Nueva
San Pedro, Laguna
Tel. Nos. : (02) 808-4587; 808-4608

Santiago, Isabela
27 National Highway, Dubinan
West Santiago City
Tel. Nos. : (078) 305-2056 to 57

Sta. Rosa
cor. J. Rizal Blvd. and Perlas Village
Tagapo, Sta. Rosa, Laguna
Tel. Nos. : (049) 520-8190; 534-3207 to 08

Sta. Rosa Extension Office
G/F Garden Plaza Mall, Garden Villas 3
Brgy. Ibaba, Sta. Rosa City, Laguna
Tel. Nos. : (049) 530-3821; 530-3815

Starmall
LG Starmall, Kaypian, Northwinds
San Jose Del Monte, Bulacan
Tel. Nos. : (044) 797-0272 to 73; 797-0275

Tanauan
G/F Reyes Commercial Bldg.
JP Laurel Ave., Tanauan City
Tel. Nos. : (043) 778-3600; 778-3700; 778-3800

Tanza
A. Soriano Highway, Daang Amaya II
Tanza, Cavite
Tel. Nos. : (046) 437-1507; 437-7081; 437-7715

Tarlac
Blossomville Subd., MacArthur Highway
Tarlac City
Tel. Nos. : (045) 982-3700; 982-9133

Trece Martires
Brgy. San Agustin, Trece Martires City, Cavite
Tel. Nos. : (046) 419-2602; 419-2671; 419-3270

Tuguegarao
48 Balzain Rd., Tuguegarao City, Cagayan
Tel. Nos. : (078) 844-0885; 844-0879; 844-1689

Urdaneta
MTMAS Bldg., San Vicente
Urdaneta City, Pangasinan
Tel. No. : (075) 568-4941

Vigan
Plaza Maestro Annex, Unit 1
Vigan City, Ilocos Sur
Tel. No. : (077) 722-6512

VISAYAS

Basak, Mandaue
Rizal St., Northroad Highway, Basak
Mandaue City
Tel. Nos. : (032) 268-5469; 344-8155

Dumaguete
cor. Real and San Juan Sts., Dumaguete City
Tel. Nos. : (035) 225-1177; 225-6848;422-8452

Escario, Cebu
N. Escario St., Capitol Site, Cebu City
Tel. Nos. : (032) 254-7165; 255-6404; 412-6943

F. Cabahug
Pacific Square Bldg., F. Cabahug St.
Mabolo, Cebu City
Tel. Nos. : (032) 505-5801; 505-5805

Jalandoni, Iloilo
Jalandoni St., San Agustin, Iloilo City
Tel. Nos. : (033) 337-4785; 338-0212; 338-2065

La Paz, Iloilo
Calle Luna, Brgy. Bantud, La Paz, Iloilo City
Tel. Nos. : (033) 329-1203 to 04

Lacson
Lacson St., Mandalagan, Bacolod City
Tel. Nos. : (034) 434-4689 to 91; 709-8101

Lapu-Lapu
Gregorio's Court, Maximo Patalinghug Ave.
Basak, Lapu-Lapu City
Tel. Nos. : (032) 520-6520 to 22

Lopue's East
cor. Burgos St. and Carlos Hilado, National
Highway, Brgy. Villamonte, Bacolod City
Tel. Nos. : (034) 435-1026; 435-1030

Luzuriaga
Golden Heritage Bldg., 1 cor. San Juan and
Luzuriaga Sts., Bacolod City
Tel. Nos. : (034) 432-1543 to 45

Maasin, Leyte
Tomas Oppus St., Abgao, Maasin City
Southern Leyte
Tel. Nos. : (053) 381-3854; 570-8282

Mandaue, Cebu
M.C. Briones St., Highway Guizo, Mandaue City
Tel. Nos. : (032) 268-4912; 345-8063; 345-8065

Oton
Madr & Sons Arcade, J.C Zulueta St.
Poblacion, South Oton, Iloilo
Tel. Nos. : (033) 336-0306 to 07; 510-8870

P. Del Rosario, Cebu
P. Del Rosario St., Bo. Sambag, Cebu City
Tel. Nos. : (032) 255-6182; 255-6702; 255-6704;
268-6812

Tagbilaran
cor. CPG Ave. and H. Grupo St.
Tagbilaran City, Bohol
Tel. Nos. : (038) 412-0083 to 85

Talamban, Cebu
G/F Eco Trade Bldg., J. Panos St.
Talamban, Cebu City
Tel. Nos. : (032) 343-7992 to 94; 412-1620

Talisay
South Road, Bulacao, Talisay City, Cebu
Tel. Nos. : (032) 272-2701; 272-2833

MINDANAO

Agora
D-1 Gaabucayan St., Agora, Lapasan
Cagayan De Oro City
Tel. Nos. : (088) 231-2098 to 99; 880-7892 to 93

Bolton
RCBC Savings Bank Bldg.
Bolton Branch, Davao City
Tel. Nos. : (082) 221-0251; 222-4428; 222-4430

Buhangin
Bldg. 2010, Km. 7 Diversion Rd.
Buhangin, Davao City
Tel. Nos. : (082) 241-0459; 241-0725; 241-2425

Butuan
G/F RT Bldg., cor. J.C. Aquino Ave. and
Borbon Rd., P-2 Libertad, Butuan City
Tel. Nos. : (085) 815-2050 to 51

Carmen, CDO
Fabe Bldg., cor. Waling-Waling and
Ferrabel Sts., Carmen, Cagayan De Oro City
Tel. Nos. : (088) 858-5793; 858-6248

Gen. Santos
Pioneer Ave., Gen. Santos City
Tel. Nos. : (083) 553-8196 to 98

J.P. Laurel
G/F Ana Socorro Bldg., JP Laurel Ave.
Bajada, Davao City
Tel. Nos. : (082) 222-2803 to 04

Monteverde
Door 5 & 6, Veterans Bldg.
Monteverde, Davao City
Tel. Nos. : (082) 222-0115; 221-9590; 227-0858

Velez, CDO
Velez St., Cagayan De Oro City
Tel. Nos. : (088) 272-9274; 856-2460 to 65

Zamboanga
G/F Jesus Wee Bldg.
Gov. Lim Ave., Zamboanga City
Tel. Nos. : (062) 991-0814; 991-0817

RCBC Subsidiaries and Associates*

DOMESTIC

RCBC SAVINGS BANK
25th and 26th Streets, Bonifacio Global City
Taguig City
Tel No.: (632) 230-7784
Fax No.: (632) 519-5158
PRESIDENT & CEO: ROMMEL S. LATINAZO

MERCHANTS 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

RCBC CAPITAL CORPORATION
21/F Tower II, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. No.: (632) 894-9000
Fax No.: (632) 845-3457
PRESIDENT & CEO: JOSE LUIS F. GOMEZ

RCBC Bankard Services Corporation
31/F Robinson-Equitable Tower
cor. ADB Ave. and Poveda St.
Ortigas Center, Pasig City
Tel. No.: (632) 688-1888
PRESIDENT & CEO: OSCAR B. BIASON

RCBC SECURITIES, INC.
21/F Tower II, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. No.: (632) 878-3397
Fax No.: (632) 889-7643
PRESIDENT: GERAL O. FLORENTINO

RCBC FOREX BROKERS CORPORATION
8/F, Yuchengco Tower, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. No.: (632) 844-8920
Fax No.: (632) 894-9080
PRESIDENT & CEO: MA. CRISTINA S. ROSALES

NIYOG PROPERTY HOLDINGS, INC.
12/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel Nos.: (632) 894-9413; 894-9092
PRESIDENT: JOHN THOMAS G. DEVERAS

RCBC-JPL HOLDING CO., INC. (JP LAUREL BANK)
2/F Pres. Laurel Bldg.
Pres. Jose P. Laurel Highway
Tanauan City, Batangas
Tel. No.: (043) 778-4444
PRESIDENT & CEO: ALFREDO S. DEL ROSARIO, JR.

RCBC LEASING AND FINANCE CORPORATION
2/F Grepalife Bldg.
221 Sen. Gil Puyat, Ave., Makati City
Tel. No.: (632) 810-9660
PRESIDENT & CEO: ALFONSO C. TANSECO

RCBC RENTAL CORPORATION
2/F Grepalife Bldg.
221 Sen. Gil Puyat, Ave., Makati City
Tel. Nos.: (632) 810-9660
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

HONDA CARS PHILIPPINES, INC.*
105 South Main Ave., Laguna Technopark
Brgy. Don Jose, City of Sta. Rosa, Laguna
Tel. Nos.: Makati Line (632) 857-7200; 541-1411
PRESIDENT: TOSHIO KUWAHARA

LUISITA INDUSTRIAL PARK CORPORATION*
48/F Yuchengco Tower, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. No.: (632) 894 9559
PRESIDENT: RAMON S. BAGATSING, JR.

INTERNATIONAL

RCBC INTERNATIONAL FINANCE LIMITED CENTRAL OFFICE
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[1] *Ceased operations on March 31, 2014.*

PRODUCTS AND SERVICES

A. DEPOSITS

- *Peso Deposits*
  - Checking Accounts
    - Regular Checking
    - SuperValue Checking
    - eWoman Checking
    - Rizal Enterprise Checking
    - eLite Checking Account
    - eVIP Checking Account
  - Savings Accounts
    - Regular Savings
    - iSave
    - Dragon Savings
    - Super Earner Loyalty Plus
    - eWoman Savings
    - ePassbook Savings Account
    - ePassbook Premium Plus
    - SSS Pensioner
    - Payroll Savings Account
    - WISE Savings Account
  - Time Deposits
    - Regular Time Deposit
    - Special Time Deposit
- *Foreign Currency Deposits*
  - Savings Accounts - Regular Savings
    - US Dollar
    - Japanese Yen
    - Euro
    - British Pounds
    - Canadian Dollar
    - Chinese Yuan
    - Australian Dollar
    - Swiss Franc
    - Singapore Dollar
    - Dollar Dragon Savings
  - Time Deposits
    - US Dollar
    - Japanese Yen
    - Euro Dollar
    - British Pounds
    - Canadian Dollar
    - Australian Dollar
    - Swiss Franc

B. CASH CARDS

- *RCBC MyWallet*
- *RCBC Savings Bank MyWallet*
- *RCBC WOW MyWallet*
- *RCBC MyWallet Visa*
- *RCBC MyWallet Co-branded Cards*
  - RCBC MyWallet Enchanted Kingdom
  - Mercury Drug – MyWallet Visa
  - LBC Send & Swipe Visa (RCBC as issuer)
  - Super8 – MyWallet Visa
  - Goldilocks Gtizen – MyWallet Visa
  - Palawan Pawnshop - MyWallet
  - RCBC Telemoney – MyWallet Visa Cash Card
  - Rizal Microbank – MyWallet Cash Card

C. ELECTRONIC BANKING CHANNELS

- *Automated Teller Machines*
- *Bills Payment Machines*
- *RCBC AccessOne*
  - RCBC Access One Personal
    - Internet Banking
    - Mobile Banking
    - Phone Banking
    - E-Shop
  - RCBC Access One Corporate
- *BancNet POS System*

D. REMITTANCE SERVICES

- *RCBC TeleMoney Products*
  - Tele-Remit
  - Tele-Credit
  - Tele-Door2Door
  - Tele-Pay

E. CREDIT CARDS

- *RCBC Bankard*
  - Black Platinum Mastercard
  - Visa Infinite Card
  - World Mastercard
  - Fully Booked-RCBC Bankard MasterCard
  - RCBC Bankard Web Shopper
  - Diamond Platinum Mastercard
  - UnionPay Card
  - Classic and Gold Card

F. LOANS

- *Commercial Loans (Peso and/or Foreign Currency)*
  - Fleet and Floor Stock Financing
  - Short-term Credit Facilities
  - Term Loans
  - Trade Finance
  - Vendor Invoice Program
- *Consumer Loans*
  - Auto Insurance Loan
  - Car Loans
  - Credit Card
  - Gold Cheque
  - Housing Loans
  - Salary Loans
- *Special Lending Facilities*
  - DBP Wholesale Lending Facilities
  - Land Bank Wholesale Lending Facilities
  - SSS Wholesale Lending Facilities
  - BSP Rediscounting Facility
  - Guaranty Facilities
    - Small Business Guarantee and Finance Corporation (SBGFC)
    - Philippine Export-Import Credit Agency (PhilEXIM)
    - Home Guaranty Corporation (HGC)

F. PAYMENT AND SETTLEMENT SERVICES

- *Check Clearing*
- *Domestic Letters of Credit*
- *Fund Transfers*
  - Collection Services
  - Cash Card
  - Checkwriting Services
  - Demand Drafts (Peso and Dollar)
  - Gift Checks
  - Manager's Checks
  - Payroll Services
  - Telegraphic Transfers
  - Traveler's Checks
- *International Trade Settlements*
  - Import/Export Letters of Credit
  - Documents Against Payment/Acceptance
  - Open Account Arrangements
- *Overseas Workers Remittances*
- *Securities Settlement*

G. TREASURY AND GLOBAL MARKETS

- *Foreign Exchange*
  - Foreign Exchange Spot
  - Foreign Exchange Forwards
  - Foreign Exchange Swaps
- *Fixed Income*
  - Peso Denominated Government Securities and other Debt Instruments
    - Treasury Bills
    - Fixed Rate Treasury Notes (FXTNS)
    - Retail Treasury Bonds (RTB)
    - Local Government Units Bonds (LGUs)
    - Quasi-Sovereign Bonds or Government-Owned and Controlled Corporate Bonds
    - Short and Long Term Commercial Papers (STCPs/LTCPs)
    - Global Peso Notes (GPNs)
    - Corporate Bonds
  - Foreign Currency Denominated Bonds
    - Republic of the Philippines (RoP) Bonds
    - United States Treasury Bills, Notes and Bonds
    - Other Sovereign or Quasi-Sovereign Bonds or Government-Owned and Controlled Corporate Bonds
    - Corporate Bonds and other Debt Instruments
- *Derivatives*
  - Interest Rate Swaps
  - Cross Currency Swaps
  - Asset Swaps
- *Advisory Services*

H. TRUST SERVICES

- *Trusteeship*
  - Retirement Fund Management
  - Corporate and Institutional Trust
  - Pre-Need Trust Fund Management
  - Customized Employee Savings Plan
  - Employee Savings Plan
  - Living Trust
  - Estate Planning
  - Mortgage/Collateral Trust
  - Bond Trusteeship
- *Agency*
  - Safekeeping
  - Escrow
  - Investment Management
  - Loan and Paying Agency
  - Bond Registry and Paying Agency
  - Facility Agency
  - Receiving Agency
  - Sinking Fund Management
  - Stock Transfer and Dividend Paying Agency
- *Unit Investment Trust Funds*
  - Rizal Peso Money Market Fund
  - Rizal Peso Cash Management Fund
  - Rizal Peso Bond
  - Rizal Balanced Fund
  - Rizal Equity Fund
  - Rizal Dollar Money Market Fund
  - Rizal Dollar Bond Fund
  - Rizal Global Equity Feeder Fund

I. CORPORATE CASH MANAGEMENT

- *Collection and Receivables Services*
  - Bills Collection
    - Channels
      - Over the Counter (OTC)
      - Auto Debit Agreement (ADA)
      - Automated Teller Machine (ATM)
      - Internet (AccessOne)
      - Bills Payment Machine
      - Telephone
      - Mobile
      - PDC Warehousing
      - Deposit Pick-up
- *Disbursements*
  - Rizal Enterprise Checking Account
  - Employee Payments Service (Payroll Services)
  - Electronic Check Payment Solution Plus (ECPS Plus)
- *Government Payment*
  - Payment Gateway
- *Third Party Services*
  - Collection and Receivables Services
    - BancNet On-Line
    - BancNet Direct Bills Payment
    - BancNet Point of Sale System
  - Payment Management Services
    - BancNet EDI-SSSNet

J. INVESTMENT BANKING

- *Underwriting of Debt and Equity Securities for distribution via Public Offering or Private Placement:*
  - Common and Preferred Stock
  - Convertible Preferred Stock and Bonds
  - Long- and Short-Term Commercial Papers and Corporate Notes
  - Corporate and Local Government Bonds
- *Arranging/Packaging of:*
  - Syndicated Loans (Peso and Dollar)
  - Joint Ventures
  - Project Finance
- *Financial Advisory and Consultancy*
- *Mergers and Acquisitions*

K. ANCILLARY SERVICES

- *Day & Night Depository Services*
- *Deposit Pick-up and Delivery*
- *Foreign Currency Conversions*
- *Foreign Trade Information*
- *Research (Economic and Investment)*
- *Wealth Management*
- *Safety Deposit Box*

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