LASTING BONDS, SUSTAINING RELATIONSHIPS

2015 Annual Report

SMARTER SOLUTIONS

RCBC

A YGC Member

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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LASTING BONDS, SUSTAINING RELATIONSHIPS

The business of banking goes beyond one-time transactions. It is meant to be a continuous cycle that provides value to our clients in a manner that is consistent and dependable. Built on a solid foundation of trust and integrity, synergy is achieved when balanced with transparency, in-depth knowledge, reliability and communication. RCBC aims to meet the needs of our customers at every stage of their lives, and be a rewarding long-term partner to all our stakeholders.

Financial **Highlights**

PROFITABILITY FOR THE YEAR (in million pesos except ratios)

	2015	2014	2013
Operating Earnings	**22,232**	22,069	23,121
Operating Expenses	**15,061**	14,236	14,474
Net Income Attributable to Parent Bank's Shareholders	**5,129**	4,411	5,321
Return on Average Capital Funds	**9.33 %**	9.23 %	12.18 %
Return on Average Assets	**1.09 %**	1.04 %	1.39 %
Net Interest Margin	**4.15 %**	4.30 %	4.22 %
Net Earnings per share (Basic and diluted)	**3.07**	3.11	3.95

BALANCE SHEET AT YEAR-END (in million pesos except no. of shares)

	2015	2014	2013
Total Resources	**516,061**	457,905	421,869
Interest-Earning Assets	**409,526**	363,140	349,442
Liquid Assets1/	**89,500**	97,102	183,219
Loans and Receivables, Net	**299,119**	261,574	237,960
Investments	**111,201**	100,790	92,700
Deposits	**342,362**	315,761	297,853
Net Worth	**58,129**	53,131	44,808
Paid-In	**36,637**	28,908	28,908
Surplus Free	**21,695**	18,367	16,082
Hybrid Perpetual Securities	**-**	4,883	4,883
Others	**(203)**	973	(5,065)
Number of Common Shares	**1,399,908,746**	1,275,659,728	1,275,658,638
Book Value per share (Diluted)	**41.52**	37.82	31.29

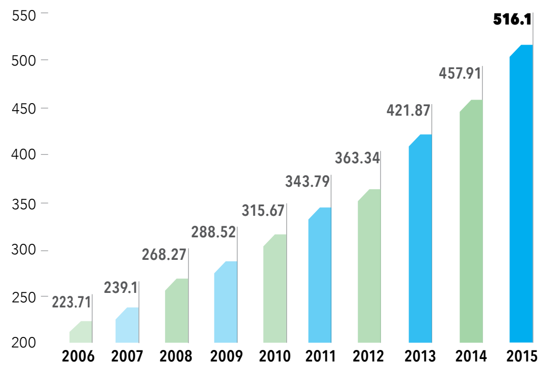
CAPITAL ADEQUACY RATIO (BASEL 3 STARTING JAN. 1, 2014)

	2015	2014	2013
Tier 1	**12.55 %**	11.83 %	15.95 %
CAR	**15.72 %**	15.37 %	16.52 %

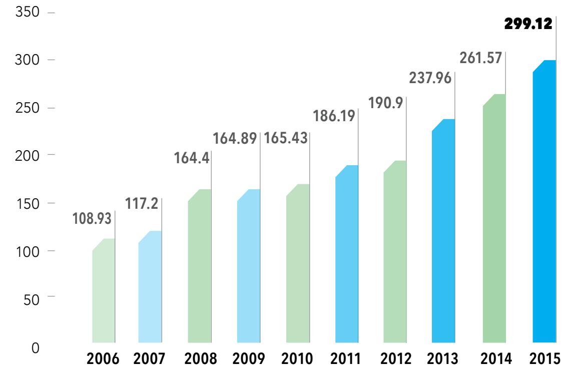
	2015	2014	2013
NUMBER OF EMPLOYEES	**6,219**	**5,909**	**5,671**
NUMBER OF BRANCHES (INCLUDING EXTENSION OFFICES AND FX DESK)	**456**	**449**	**435**
NUMBER OF ATMs	**1,342**	**1,202**	**1,150**

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

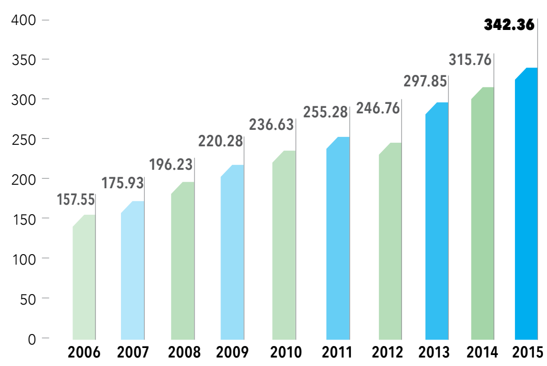
TOTAL RESOURCES (in billion pesos)



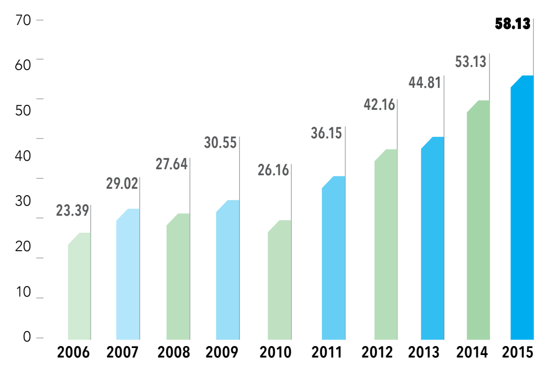
NET LOANS (in billion pesos)



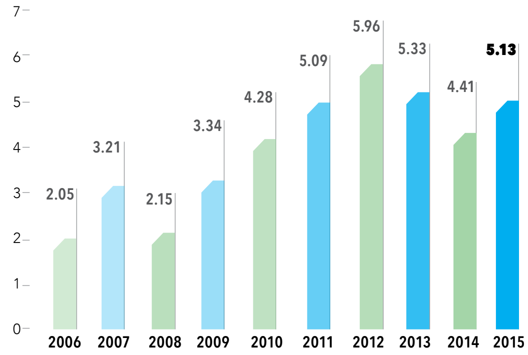
TOTAL DEPOSITS (in billion pesos)



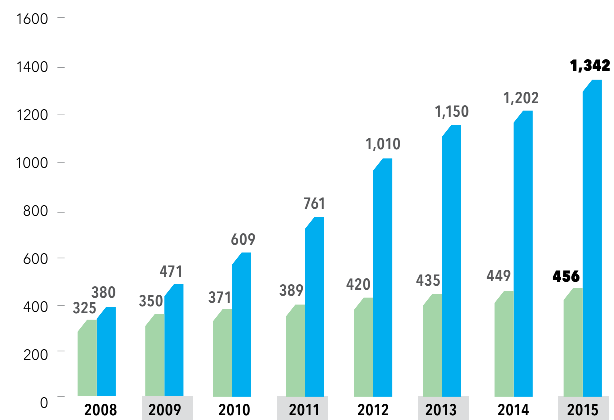
NET WORTH (in billion pesos)



NET INCOME (in billion pesos)



DISTRIBUTION NETWORK



	2008	2009	2010	2011	2012	2013	2014	2015
Branches	325	350	371	389	420	435	449	456
ATMs	380	471	609	761	1,010	1,150	1,202	1,342
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	2.94:1

Message from the **Honorary Chairman**

In creating long term value for our shareholders, we at RCBC have always maintained a combination of focused strategy and a diversified business model that is fueled by innovation and service excellence.

AMBASSADOR ALFONSO T. YUCHENGCO
YGC Chairman and RCBC Honorary Chairman

We capitalize on the importance of synergy as an underlying thrust, which is why we continued to mark our previous year with partnerships that enhance our corporate and commercial standing. They enrich our foundation for growth and diversification, opening new markets and solidifying our footprint in select international markets.

As borders dissolve and integration becomes the main business byword, we see a greater need to adapt to the challenges of this evolving environment. We see the value of strengthening our fiduciary responsibilities within our local markets as well as beyond. Our strategy is to be full participants in the societies and communities in which we operate, so that by doing so, we can help create jobs, drive economic opportunities, and enable more customers – particularly those that are unserved and underserved – to be financially better off.

To continue delivering greater value and strengthening the relationships we have established with all our stakeholders, RCBC will be even more customer-focused. We will enhance our leadership depth, deployment, and diversity while reducing structural cost. We take pride in the knowledge, expertise, and commitment of our people; and we remain grateful for the support of our shareholders and clients.

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 and 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 and Plenipotentiary of the Republic of the Philippines to the People's Republic of China (PROC) (1986-1988)

AFFILIATIONS – PRIVATE SECTORS

- Pan Malayan Management and Investment Corporation (PMMIC) Chairman of the Board and Chief Executive Officer
- 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
- Dabaw Kaisa Foundation, Inc. Honorary Member

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)

ADOPTED SON OF DAVAO
Exemplary Leadership in Business and Government and Contributed to the Growth of Davao City
(July 14, 2009)

NON-GOVERNMENT AWARDS

LIFETIME ACHIEVEMENT AWARD
Asian Bankers Association
(November 13, 2015)

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)

EDUCATION

BACHELOR OF SCIENCE IN COMMERCE
Far Eastern University, Philippines
(1946)

CERTIFIED PUBLIC ACCOUNTANT (CPA)
(1947)

MASTER OF SCIENCE
Columbia University, New York
(2007)

Helen Y. Dee, Chairperson

Message to our **Stockholders**

We are honored to work with the many distinguished men and women who have contributed to the Bank's continued success. What they have accomplished over the years has been remarkable.

Dear fellow Shareholders,

More than 50 years ago, we embarked on building an institution dedicated to provide a wide range of financial services to as many and as different customers and market segments here and abroad. Step by step, branch by branch, customer by customer, we broadened our horizons and sought to reach out and discover new opportunities to be of service to the Filipino. We've faced challenges during those years; and the recent ones have been no different, if not more testing. With years however comes wisdom. With challenges, which are nearly always unique, come lessons and opportunities. This has been the backdrop of RCBC's growth story. Allow us to share with you where that story has taken us so far.

RCBC's 2015 performance was anchored on building a momentum of financial strength. Your Bank did this by focusing on the quality of growth of its core business, while continuing to reach for new and meaningful customer relationships.

Last year we exceeded expectations. Net Income of Php5.13 billion surpassed targets, growing by 16.28% over the previous year's Php4.41 billion on the back of the solid performance of nearly every business line. Overall profitability was strong with Return on Assets at 1.09%, Return on Equity at 9.33%, and Net Interest Margin at 4.15%, which is still the highest among our peers. Loan growth was a sturdy 14.35%, with the loan portfolio ending at a net outstanding balance of Php299.12 billion. Notwithstanding the increase in risk exposures, however, the Bank's NPL level settled at a historic low of 0.79%, translating to an unprecedented 101.65% NPL Cover. Total Deposits grew by 8.42% in 2015; and reflective of the focus on quality growth, CASA-to-Total Deposits ratio improved to 64.99%.

WE GREW OUR CORE BUSINESS AND FURTHER EXPANDED OUR REACH.
All market segments sustained the growth momentum, as average loan volume of the Corporate segment grew by 18%, Consumer by 17%, and SME by 24%. Microfinance lending thru Rizal Microbank posted a stellar performance, as loan disbursements shot up by 31.86% translating to an impressive loan portfolio increase of 84.87%. On the funding side, Total Deposits reached Php342 billion by the end of 2015, with CASA (Current Accounts and Savings Accounts) increasing to Php222 billion. That is a 13.26% growth in quality and stable deposits.

In the pursuit of our commitment to provide our customers the best service experience, we continued to expand our physical and electronic distribution channels, while we pushed on with the development and enhancement of new and existing products to address the growing and evolving customer needs. This same commitment has allowed us to grow the market we serve from 800,000 in 2006 to 7.32 million customers to date, translating to a compounded annual growth rate (CAGR) of 27.85%. Our vision is to see this number hit 12 million by year 2020. By the end of 2015, RCBC's physical and electronic network has grown to 456 branches and 1,342 ATMs. We have likewise expanded our web presence through the website, www.rcbc.com, and the RCBC AccessOne internet banking platform. Retail internet banking in 2015 reached 4.82 million transactions, 42% more than in 2014. To further enhance the customer experience, we began to deploy the TouchQ Lobby Management System machines in our business centers which allows for less waiting and processing time. Customers may now pre-stage transactions remotely using mobile or the internet through RCBC AccessOne. As of the close of 2015, 21 TouchQ machines have been deployed; and for 2016 we target to deploy over 100 more.

OUR FINANCIAL STRENGTH HAS LED TO GREATER INVESTOR CONFIDENCE.

Quality growth begets strength, which in turn leads to investor confidence. Highlighting this effect of quality in our balance sheet is the Php7.95 billion capital investment by our new shareholder Cathay Life Insurance Corp., a subsidiary of Cathay Financial Holding Ltd., the largest conglomerate in Taiwan. This is a milestone partnership that digs deep into a shared vision of strong and sustainable expansion. With Cathay Life's investment, the Bank's Common Equity Tier 1 (CET1) capital rose to a formidable Php48.78 billion, thus allowing RCBC to end 2015 with a confident and industry-leading CET1 ratio of 12.55% and Capital Adequacy Ratio of 15.72%.

Also in 2015, our efforts towards purposeful growth, robust risk management, and enhancing governance structures earned for us an upgrade by the credit rating agency Moody's to Baa3 (stable), which is considered investment grade. This allowed us in November 2015 to successfully raise $320 million worth of senior unsecured bonds. The pricing was an exceptional 3.45%, the lowest coupon ever by a Philippine bank.

These numbers place the Bank at a unique position of trust, strength, and readiness to take advantage of growth opportunities in the future.

WE PURSUED PARTNERSHIPS, BIG AND SMALL, FOR NATION-BUILDING.

Apart from what we have achieved financially, we take pride in the role RCBC plays in the noble goals of nation-building and improving the lives of Filipino communities. Over the years, the Bank has participated in, and funded several long-term infrastructure projects on power, telecommunications, and real estate. We are especially honored to be a part of the 15-year Php42.15 billion syndicated term loan with San Buenaventura Power Ltd, which was awarded the Asia Pacific Power Deal of the Year by Project Finance International. Your Bank is also the biggest funder of Helios Solar Energy Corp's 132.5-megawatt solar farm, the country's largest solar power generation facility, and one of the ten largest in the world. Not only does the Helios project place the country in the Renewable Energy Map; but more importantly it provides employment to thousands of people in Negros Occidental, while boosting environmental conservation by decreasing carbon emission by 92,627 tons per year.

For nearly a decade, we have continuously nurtured the growth of our SME client base into a strong force that has made the competition envious. The SME segment's contribution may have been previously underestimated; but we saw its potential years back and invested in this wide and diverse market. From four lending centers in 2007, our commitment to provide complete and quality integrated financial services to the SME

We believe in the people that make up our organization. It is the combined talent of many individuals that has allowed the Bank to grow and improve over the years; therefore the continuous investment in people is a critical factor that will shape the future of RCBC.

Lorenzo V. Tan*, President and Chief Executive Officer

sector has only gotten stronger. We now have twenty-eight lending centers ready to service the SMEs of the country. In 2016, RCBC, in partnership with the International Finance Corporation (IFC), shall embark on an initiative to offer non-financial services to the SME market.

Understanding the demographics of our country and the need to uplift those in the peripheries, RCBC positioned Rizal Microbank (RMB) as an institution for the small entrepreneurs. On its 5th year in 2015, RMB's client based increased by 28.48% from the previous year and doubled its portfolio growth from 44.52% in 2014 to 85.73%. This growth is more than triple of the Philippine Microfinance industry's 26.10%.

We are likewise proud of the business relationships we have built over the years with our international clients, and are excited about the new ones that are just beginning. Our dedicated attention to our Japanese, Korean, and Taiwanese customers continues to produce encouraging results, as client base has grown to 1,150 in 2015. The same brand of relationship management has allowed us to maintain our share of over 70% of the Export Processing Zone business.

WE CONTINUED TO INVEST IN OUR HUMAN CAPITAL.

We believe in the people that make up our organization. It is the combined talent of many individuals that has allowed the Bank to grow and improve over the years; therefore the continuous investment in people is a critical factor that will shape the future of RCBC. Thus in 2015, the Bank devoted about 2.2 million training hours to personnel of all job levels. This number translated to 257 training hours per participant from the parent bank alone.

Continuity is likewise an ingredient for success; thus the Bank continues to open opportunities under a well-developed management training program at each level or specialization: junior officers, middle management, higher leadership roles, and specialized sales and operational areas. In 2015, RCBC's Leadership U successfully produced 22 senior-officer graduates from its Leadership Development Program (LDP), 59 from its Middle Management Development Program (MMDP), a combined 29 from the Corporate Banking Group and Retail Banking Group Learning Academies, 13 from the Officers' Development Program (ODP), and 5 from the General Operations Learning and Development (GOLD) Program.

WE FURTHERED A COMPREHENSIVE RISK MANAGEMENT STRATEGY.

The Bank has always adopted a three-pronged approach to Risk Management: a) one that supports the business model, b) a framework that responds to trends and regulations, and c) one that continuously seeks to strengthen the risk function. Our efforts in 2015 were geared towards furthering this approach.

In 2015 we have completed the first full cycle of risk-rating corporate and commercial borrowers under the Standard & Poor's credit risk rating framework, thus bringing the level of our credit assessment methodology closer to international best practice. The FICO consumer loans scorecards have likewise been put to mainstream use in RCBC Savings Bank, and are now used as the main tool for assessing credit applications. RCBC Bankard likewise updated its credit assessment methodology, and has since launched the additional use of a behavioral scorecard for better credit quality management. Still in the area of credit risk management, the Loan Portfolio Quality Scorecard was also launched in 2015, along with the institutionalization of a standard problem loan evaluation process.

The previous year likewise saw systems initiatives being put to good use and furthered. Optimist, our credit evaluation and assessment platform, was firmly entrenched in the risk rating process, with Strategist's portfolio analysis function expected to be harnessed in full in 2016. Towards the latter part of 2014, the Bank made two significant acquisitions – an Asset Liability Management (ALM) / Market Risk / Fund Transfer Pricing (FTP) system, and an Operational Risk Management system. Both systems went Live in 2015, the latter being the first implementation in the country.

Major process improvements that were initiated in 2014 likewise saw completion in 2015, most notable of which was the development of a Risk-Adjusted Performance Measurement (RAPM) framework. The RAPM, which facilitates the determination of risk-adjusted return on capital (RAROC), is expected to further the Bank's internal capital adequacy assessment process (ICAAP).

GOOD GOVERNANCE HAS ALWAYS BEEN A GOAL.

The Bank recognizes that our environment has become increasingly complicated, and greater governance responsibilities are asked of large institutions such as RCBC. We affirm that corporate governance is a necessary component of what constitutes sound strategic business management; thus we endeavor to exert every effort to create a strong good governance awareness and culture within the organization. We always look to improve and enhance what we know. Continuous learning through high level training seminars for directors and senior officers, and regular lectures for Bank associates all aim to establish good governance characteristics throughout the Bank. These are all linked to the robust review and enhancement of policies, given new regulation and emerging best practices.

We are pleased to report that the challenging work of instituting a strong governance culture and elevating to best governance practices in the Bank was recognized by institutions such as Corporate Governance Asia bestowing the *Outstanding Company in Corporate Governance* award to RCBC. Such recognitions received by the Bank further motivate us to strengthen corporate governance within the organization.

ACCOLADES HAVE COME OUR WAY.

Our efforts in providing efficient and quality service to our customers and community have been recognized by various institutions with close to 20 recognitions bestowed on RCBC in 2015. As affirmation of the Bank's pursuit of excellence, RCBC received awards from world class

institutions such as "Overall Best Private Bank in the Philippines, "Best Overall Domestic Provider of FX Services", and "Best Domestic Provider of FX Options in the Philippines" from AsiaMoney. The Bank has also been recognized as the "Best Commercial Bank" and "Best Banking Group in the Philippines" by the London-based World Finance magazine, "Domestic Retail and SME Bank of the Year" by Asian Banking & Finance magazine and, "CEO Gender Award" by IFC. We are thankful for these recognitions. There is no better way to live up to these awards than to continue to be better, and to continue to exceed expectations.

A CHALLENGE CONFRONTS US TODAY.

Whereas 2015 was a good year, the first quarter of 2016 presented us a challenge unlike any we have faced in the past. We did not wish it for ourselves or for any of our peers, nor did we invite such test. The events of the past months however have nonetheless served as a humbling experience for RCBC, tested our resolve, and challenged our appreciation of the opportunities and risks of banking. We are grateful for the lessons. We remain undeterred in our mission. And we accept the challenge.

As of this writing, the Bank has begun instituting reforms aimed to improve our control environment. We have significantly lowered the thresholds for remittances, required more posting reviews during the day, and strengthened the process for escalation and reporting of unusual transactions. We have likewise set out to create an independent oversight body for exceptions, fraud, and unusual transactions. Recognizing that on our own we may not be able to recognize areas for improvement, we have engaged third parties to perform activities ranging from independent assessment to administration of reform measures.

What we have set out to do may seem a step back from the efficiencies we have been used to. We are confident however that the institution, our valued clients, and the entire banking system stand to benefit from these reforms in the long run.

THANK YOU.

Finally, we are honored to work with the many distinguished men and women who have contributed to the Bank's continued success. What they have accomplished over the years has been remarkable. The results we have achieved in 2015 would not have been possible without the continued trust and confidence of our customers, the unwavering commitment and dedication of our associates and management team, and the continued guidance and valuable advice of the Board of Directors. We will rely on the same trust and confidence as we continue to work for greater heights for RCBC.

On behalf of the Bank's Board of Directors, allow us to extend our gratitude to you our shareholders for your valuable and unwavering support, and in confidently sharing in the Bank's vision.

HELEN Y. DEE
CHAIRPERSON

LORENZO V. TAN*
PRESIDENT AND CHIEF EXECUTIVE OFFICER

FINANCIAL PERFORMANCE

"RCBC clearly demonstrated its resilience in 2015 with Net Income and Core Income posting healthy growth. Steadily, the Bank has bolstered its core businesses by deliberately focusing on recurring and less cyclical sources of revenue."

Results of Operations

RCBC posted a consolidated net income of Php5.13 billion for full year 2015, up by 16.28% or Php718 million from Php4.41 billion in 2014. Core income excluding trading gains and extraordinary income grew robustly by 41%.

Total interest income reached Php21.52 billion and accounted for 96.80% of total operating income. Interest income from loans and receivables went up by 9.40% or Php1.50 billion from Php15.96 billion to Php17.46 billion and accounted for 78.54% of total operating income. The increase is mainly due to the 18% growth in the average volume of loan portfolio.

Total interest expense went up by 13.57% from Php5.23 billion to Php5.94 billion. Interest expense from deposit liabilities reached Php2.99 billion while interest expense from bills payable and other borrowings reached Php2.95 billion. As a result, net interest income reached Php15.58 and accounted for 70.07% of total operating income.

The Bank booked lower impairment losses at Php2.35 billion.

Non-interest income of Php6.66 billion was slightly lower than last year's Php7.10 billion as there was a drop in Trading and Securities gain that was recorded at Php1.41 billion from last year's Php2.55 billion. Service fees and commissions increased by 26.12% or Php600 million, now at Php2.90 billion. Foreign exchange gains stood at Php181 million while Trust fees settled at Php286 million. Miscellaneous income went up by 9.21% or Php159 million from Php1.73 billion to Php1.89 billion.

Operating expenses inched up by 5.80% or Php83 million from Php14.24 billion to Php15.06 billion and consumed 67.74% of total operating income.

- Depreciation and amortization reached Php1.61 billion
- Taxes and licenses stood at Php1.44 billion
- Miscellaneous expenses settled at Php4.68 billion from Php4.60 billion
- Occupancy and equipment-related stood at Php2.61 billion
- Manpower costs reached Php4.73 billion

RCBC's performance as of December 31, 2015 resulted to profitability ratios of 1.09% and 9.33% for Return on Assets and Return on Equity, respectively. Net Interest Margin was at 4.15%, one of the highest in the banking sector.

NPL ratio (net) was at 0.79%. Basel 3 CAR was at 15.72% and CET 1 ratio of 12.55%.

Financial Condition

RCBC's Total Assets expanded by 12.70% or by Php58.16 billion from Php457.91 billion to Php516.06 billion. This increase was due to: Loans and Receivables-net (excluding Interbank loans) which grew by 14.35% or Php37.55 billion from Php261.57 billion to Php299.12 billion and growth in investment securities which increased by 10.33% or Php10.41 billion from Php100.79 billion to Php111.20 billion.

Average loan volume of the corporate segment grew by 18%, consumer by 17%, and SME by 24%. Corporate loans remain to have the largest share in the total loan portfolio at 66% while consumer and SME loans accounted for 23% and 11%, respectively.

Deposit liabilities grew by 8.42% or Php26.60 billion from Php315.76 billion to Php342.36 billion, with CASA deposits expanding by Php26 billion to Php222.50 billion. CASA-to-total deposits ratio stood at 64.99%, an all-time high and up from 62.22% as of end-2014.

On January 21, 2015, the Bank successfully raised USD200 million worth of 5-year senior unsecured fixed-rate notes off its $1.0 billion EMTN Programme. The notes carried a coupon and yield of 4.25% and maturity of January 22, 2020. On February 10, 2015, the Bank issued another $43 million with a coupon and yield of 4.25% under the same EMTN Programme. On September 21, 2015, Rizal Commercial Banking Corporation closed and signed a USD280 million three (3)-year syndicated term loan facility with a diverse group of international banks.

Total liabilities amounted to Php457.93 billion, up by 13.13% or Php53.16 billion from Php404.77 billion.

Common stock increased by 9.74% or Php1.24 billion from Php12.76 billion to Php14.00 billion mainly due to the strategic investment by Cathay Life. As a result, Capital Paid in Excess of Par also grew by 40.17% or Php6.49 billion from Php16.15 billion to Php22.64 billion. Retained earnings went up by 18.11% or Php3.33 billion from Php18.37 billion to Php21.69 billion.

Total Capital increased by 9.41% or Php5.00 billion from Php53.13 billion in 2014 to Php58.13 billion.

The Basel 3 CAR ratio reached 15.72% representing a 572 basis points (5.72%) buffer over the 10% Basel 3 regulatory minimum. The Tier 1 ratio reached 12.55%, representing a 405 basis points (4.05%) buffer over the 8.5% Basel 3 regulatory minimum (6% minimum + 2.5% conservation buffer).

OPERATIONAL HIGHLIGHTS

Retail Banking

The industry's retail banking market remained highly competitive in 2015. A preferred customer segment of major banks in the country, retail customers can be a sustainable market given the wide range of financial needs and the large potential from the growing middle class and demographic sweet spot.

Despite this challenging environment, the Bank's Retail Banking Group (RBG) achieved significant landmarks. Total low cost current account and savings account (CASA), the preferred funding source for the Bank's balance sheet, increased to Php 222.5 billion in 2015 or a growth of 13.3%.

Together with Sunlife Grepa, our life insurance Bancassurance partner, our total premiums in 2015 reached Php1.13 billion. It is the highest level achieved since the partnership began in 2011 as we capitalized on our broadening customer base and raised awareness on other financial investment options to our clients.

While providing customers savings and investment products, we also looked after their financing requirements. Together with RCBC Savings Bank, the Bank's consumer banking entity, RBG was able to offer personal, auto, and real estate loans to its clients that resulted to an increase in referrals by 20%. Identifying customers' requirements was key in achieving this milestone. While reaching

new heights in these three key result areas, RBG also continued to cross-sell loans to SMEs; credit cards (under the Bankard brand); non-life insurance (under First Nationwide Assurance Corporation and Malayan Insurance Corporation); and investment products from our Treasury Group and Trust and Investments Group. We expect to gain momentum this 2016 from our gains in 2015, particularly with expanding and enhancing our distribution capabilities. Our consolidated branch network of 472, and 1,342 automated tellering machines (ATMs) resulted to an ATM-to-branch ratio of 2.94, one of the highest in the industry. We opened 24 RCBC branches in Metro Manila and expect to open more in 2016 as we utilize the licenses awarded to us by the Bangko Sentral ng Pilipinas in 2015.

In 2015, AccessOne, the Bank's internet banking platform was re-launched. With a new look and feel, the platform is more user friendly, customizable, faster and easy to use, and with improved security features. TouchQ, our lobby management system was also rolled out in 2015. The system allows pre-staging of transactions in-branch and remotely via mobile, home or office access which allows customers to dedicate less time for his/her transactions. More TouchQ machines will be deployed in the branches in 2016 to serve customers better.

Consumer Banking

Consumer financing particularly of auto, housing, personal and salary loans are offered through its subsidiary RCBC Savings Bank while credit card financing is through the RCBC Bankard brand. As part of its strategic thrust, RCBC aims to continue growing its consumer lending business to reach at least 30% of the total loan portfolio.

RCBC Savings Bank (RSB) has made significant headway in this direction, expanding its consumer loan portfolio by double-digit for the past 4 years. This was primarily driven by substantial growth in both auto and real estate loans. Consumer loans comprised 92% of its total loan portfolio with loan portfolio growing by 20% to Php57.85 billion by end-2015.

To support loan growth initiatives, RSB has undertaken several strategic moves which include increasing market penetration of major dealerships and developers and expanding market coverage by putting up additional lending offices which now total 32 nationwide. Moreover, RSB is putting greater focus in tapping the potentials of the entire RCBC Group branch network as a key strategic initiative to generate increased loan bookings.

Along with the anticipated growth in loans, RCBC Savings Bank continued to remain prudent in ensuring loan portfolio quality and has implemented loan-related systems to enhance efficiency. In 2015, the bank has put in place the Automated Credit Scoring System designed to handle a large volume of loan applications at the desired turn-around-time and to ensure consistency in applying loan underwriting standards.

The RCBC Bankard credit card brand strengthened its customer position by enabling cardholders better management of finances whilst providing them a rewarding experience. For better budget management, Bankard established Unli 0% as a permanent product feature last March, allowing customers to convert charged transactions to 3-month installment payments by contacting Customer Service. However, customers can still enjoy straight transactions regardless of the amount and of the store-location purchases. As of end of 2015, 217,683 transactions amounting to Php1.83 billion of retail billings were converted to Unli 0%, reflecting the cardholders' eager acceptance of the new feature.

To further augment the *rewarding experience* RCBC Bankard offers, All-in Rewards online was launched. This online shopping portal gives cardholders the unique privilege of earning bonus points each time they shop from more than two hundred (200) top online local and international stores. Likewise, RCBC Bankard launched several promotions where cardholders received freebies or discounts for their purchases. This included a spend-and-get offer where cardholders were rewarded with their favorite coffee or a bundle of baked goodies based on their purchases. They were also made privy to several events where they got first crack on discounts plus exclusive 0% interest installment deals. On top of the instant treats, RCBC Bankard cardholders were given a chance to win close to four million rewards points from March to September, and a chance to win a brand new Honda Mobilio plus one year's worth of dining, wellness, and shopping credits, from November 2015 to January 2016.

Because of its unique and exceptional features, RCBC Bankard was once again recognized and awarded in the international arena as the *Best Credit Card Offering-Philippines* in the 2015 Cards & Electronic Payments International (CEPI) Asia Awards.

Commercial and SME Banking

Small and Medium Enterprises (SMEs) are a vital sector to the country's economic growth and stability. The Bank services its SME customers mainly through its 27 satellite offices nationwide and dedicated team of specialized account officers of the Commercial and SME Banking Segment (CSMES).

Recognizing that borrowers are not just clients but partners as well, CSMES continued to hold Client Appreciation Events attended by the Bank's Senior Management. A luncheon for its Iloilo clients, cocktails for its Bacolod clients, and a Young Entrepreneurs Night for Metro Manila clients were held. Through these events, the Bank reaffirmed its goal to provide quality integrated financial services to meet the needs of its SME clients. Mr. Injap Sia, founder of Mang Inasal and one of the Philippines youngest billionaires shared his valuable insights and experiences during the Young Entrepreneurs Night.

CSMES commitment coupled with management's support has resulted to the following awards :

- Best SME Bank in the Philippines from The Asian Banker Philippine Country Awards 2015
- SME Bank of the Year – Philippines from Asian Banking and Finance's 2015 Retail Banking Awards
- 2015 International Finance Corp. (IFC) CEO Gender Award for RCBC's eWMN Program from the IFC Gender and Economy Event.

Through the combined efforts of the CSMES Team and the constant support of other YGC member companies, the Bank produced an SME loan book that is 12% of its total loan portfolio, aiming to increase further to 20% over the medium term.

Corporate Banking

The unique and specific and market sub-segments of large corporations is attended to by two groups: the Conglomerates and Global Corporate Banking Group and the National Corporate Banking Group.

The Conglomerates and Global Corporate Banking Group (C&GCBG) handles the banking requisites of conglomerates, multinationals and Ecozone-based companies. In 2015, the Group expanded its scope of business by forging a relationship with Cathay United Bank in tapping Taiwanese clients. Adhering to its commitment to deliver excellent service, C&GCBG partnered with the Bank's internal marketing units in creating products and services well-matched with clients' needs.

The Group's initiative of becoming the lead arranger of syndication deals paved its way in 2015. The Group grew its asset portfolio by 2.92x over a 5-year period. In 2015, total asset portfolio of Php65.96 billion surpassed prior year's level by 15% with a noteworthy income growth of 12%. The Group, likewise, continued to have the highest credit quality of portfolio.

The major contributors to the substantial asset growth were from conglomerates whose core businesses are power, namely, GN Power Kauswagan LTD. Co., Kirahon Solar Energy Corporation, Bulacan Solar Energy and Helios Solar Energy Corporation. In addition, Global and Ecozone Segment extended credit facilities for Hanjin Heavy Industries & Construction Co., Ltd., a Korean-owned ship building company and Charoen Pokphand Foods Philippines Corporation, a Thai company engaged in agro-industrial business.

The Global and Ecozone Segment consistently held its market share of over 70% in the Export Processing Zones all over the country, with primary focus on Japanese and Korean firms. To protect and capture new businesses, the segment continued building tie-ups with foreign banks. In 2015, successful dealings with Kookmin Bank, Shinhan Bank and Industrial Bank of Korea materialized.

Meanwhile, the National Corporate Banking Group (NCBG) anchored its portfolio growth through its four marketing segments, namely: Large Corporates, Chinese, Emerging Corporates, and Commercial, Small & Medium Enterprises.

At the end of 2015, the consolidated loan bookings of the Group stood at Php46.03 billion, 24.64% higher than previous year's level. The asset build-up was largely sustained due to loan syndications and bilateral loan deals for industries related to power, telecommunications and real estate. Alliances with large corporates, namely, GT Capital Holdings, Inc., FDC Misamis Power, Megaworld Corporation, Phinma Group of Companies and the First Philippine Holdings Corp. were made. In 2015, RCBC participated in the 15-year Php42.15 billion syndicated term loan with San Buenaventura Power Ltd which was awarded the Asia Pacific Power Deal of the Year by Project Finance International.

NCBG's Large Corporates Segment also contributed to increasing the Bank's market presence by working with other marketing units of the Bank through strategic linkages with major clients. A tie up with Megaworld Corporation was sealed by locating branches in their malls to provide bills payment and remittance services. The Group was also able to forge an arrangement with Masterpiece Asia Properties Inc. of the Vista Group of Companies, whereby RCBC was given priority in setting up branches in Starmall outlets. Moreover, Bankard's Point-of-Sale (POS) terminals were also given priority in terms of usage for credit card transactions in its malls.

We were able to maintain our share in the highly competitive Chinese-Filipino market through efficient servicing of existing clients, complemented by aggressive marketing of new customers. Our Chinese Banking Segment operates lending offices in Binondo and Kalookan, manned by seasoned Relationship Managers who can provide our clients with timely and effective banking solutions.

The Bank further strengthened its foothold in the fast-growing middle market through its Emerging Corporates Segment. This new segment was able to expand, its loans and deposits by over 100% last year, with the bulk of its business coming from newly acquired clients. This segment focused on key customers who are engaged in Wholesale and Retail Trade, Services, Light Manufacturing, and Food Processing.

Global Transaction Banking

Tasked with providing relevant solutions to the needs of a broad range of customers, from large local and multinational corporations to Filipinos earning their living overseas, the Global Transaction Banking Group exceeded its business targets in 2015 and, most importantly, fulfilled its promise to the customers of the bank that the Group is committed to serve.

CORPORATE CASH MANAGEMENT

The Corporate Cash Management Segment built on the momentum it attained from a stellar 2014 performance by gaining significant ground in the corporate operating payments space. Total value of corporate check payments made by customers using the check cutting and printing services of the Bank rose to Php15 billion, a hefty 67% growth over the equivalent number in 2014. Most importantly, this underscores the success of the efforts that the Group has made to shift corporate customers towards coursing their operating funds through the Bank.

Substantial gains were also made on the collections side of the corporate cash management business as the value of funds inflows from post-dated check warehousing services increased in value to over Php16 billion, a strong 47% surge from Php11 billion, the year before.

Mindful of both attaining a more balanced business model and meeting the full range of its corporate customers' transaction banking needs in 2016, focus will be placed on fully closing the other end of the cash management equation by launching new solutions for more effective and less costly cash and check collections.

GLOBAL FILIPINO BANKING

The Global Filipino Banking Segment also met noteworthy success as it outdid overall industry performance in 2015. While the sum total of workers' remittances was limited to only single digit growth of between 5% and 6% due to unfavorable global economic circumstances, the Bank's TeleMoney Remittance Services enjoyed an uptick of more than 18% in inward remittance value, which nudged its market share significantly closer to 10%. Accounting for most of the gains were substantial surges in TeleMoney inward remittance volumes from Hong Kong, Japan, and the United Kingdom.

In 2016, Global Filipino Banking will focus on several key areas, the most important of which is providing innovative payment and savings services to employees of shipping and engineering companies based abroad, and expansion of its local distribution capabilities for remittance payouts using new technologies like mobile point of sale terminals. With these and other initiatives coming on stream, the Global Filipino Banking Segment is aiming to push the Bank's market share of Filipino workers' remittances past 10% by the end of the year.

The success of both business segments in attaining their 2015 goals contributed to the satisfactory overall performance of the Global Transaction Banking business for the year, and provides a good springboard for the Group to further improve on its results on 2016.

Treasury

Treasury Group re-focused its efforts on offering more products to bank clients, catering to varying requirements and increasing customer-driven flows. To further enhance its client-centric approach, the group's commercial trading and distribution functions were merged, raising the bar in the delivery of innovative investment and hedging solutions and services to customers.

Treasury Group also managed to grow its investment portfolio while maintaining asset quality and generated modest trading and fee income despite tough market conditions.

In 2015, inflation in the Philippines fell to historic lows with the BSP keeping policy rates on hold. The Philippines' fundamentals remained strong, characterized by strong GDP growth, a budget surplus, abundant market liquidity, and a surge in government spending. Local market yields were relatively low but with the PHP and other currencies, corrected and weakened due to market expectations of a USD rate hike.

The growth and policy divergence that started in 2014 continued in 2015. The United States Federal Reserve (FED) raised its interest rate after seven years of near-zero levels, while other developed market central banks continued expanding their balance sheets significantly. China's Yuan devaluation and declining oil prices also contributed to market concern and anxiety.

Ahead of the FED hike and amidst challenging market conditions, the Bank, through the Treasury Group, successfully raised funding through a USD 280 million syndicated loan and several tranches of USD senior unsecured bonds. Its USD 320 million issuance was the largest USD-bond issuance at the lowest coupon ever by a Philippine bank so far.

Consistent with previous years' performance, RCBC was voted as Best for Overall FX Services and Best for FX Options by Corporates in AsiaMoney. The Philippine Dealing & Exchange Corp. also recognized RCBC in the Top 5 for Fixed Income Brokering and Corporate Securities Market Making in the Philippines.

Trust and Investments

RCBC Trust propelled the growth of its two new Unit Investment Trust Funds (UITFs) launched last year, the Rizal Peso Cash Management Fund and the Rizal Global Equity Feeder Fund, raising a combined total volume of Php4.00 billion in 2015. High net worth and investment-savvy clients likewise appreciated the access given to them to the equities and exchange traded funds (ETF) markets of Japan and the U.S. through the Foreign Exchange Directional Stock Portfolio, a new trust product introduced to select clients during the year.

The Bank continued to strengthen its foothold on the retirement fund management business by expanding its client base to include more ecozone companies and other prestigious customers.

Seeing the lucrative opportunity in the stock transfer business, the Bank fortified its grip in these markets when CST Trust Co. of Canada, a leading global equity servicing solutions provider, appointed RCBC Trust as its co-transfer agent in the Philippines for the globally listed Canadian companies Manulife Philippines and Sun Life of Canada.

The bank also made its presence felt in the corporate trust arena by garnering key trust roles in several project financing deals involving green energy particularly wind, solar and hydroenergy.

In preparation for the roll-out of the Personal Equity and Retirement Account (PERA) in the market, the bank sent five of its Trust marketing personnel to the PERA seminar and accreditation exam and got a 100% passing rate for all the participants, a tough feat only a handful of trust institutions have realized. PERA Funds have also been developed to be offered as accredited investment outlets of PERA Accounts.

The year 2015 also marked the groundwork for major technology projects of RCBC Trust that will enable the bank to level up with the changing and dynamic needs of its customers, improve service delivery and further strengthen risk management and regulatory compliance for its trust business.

Private Banking

The Wealth Management Group (WMG), the private banking arm of the Bank, expanded its assets under management (AuM) by 13% year-on-year and grew its client base by 12%. While fee-based revenues increased by a remarkable 47%.

Amidst an environment of investors anxiously waiting for central banks directions on rates, WMG saw its clients shift their investments to shorter tenors. 45% of the Group's AuM was invested in instruments with less than 1 year maturity. Notwithstanding, WMG remained steadfast and ready in providing diversified, yet appropriate and suitable investments to clients under its open architecture platform. It made available to clients access to investment options in the global market such as offshore mutual funds, and US and Japan equities.

The Group's dedication to its clients' interest and financial well-being was once more recognized by AsiaMoney for the fourth consecutive year as the Overall Best Private Bank in the Philippines and the Best Domestic Private Bank in the Philippines. These awards validate the trust and confidence that the clients have for the performance and integrity of the Group.

At the same time, recognitions were given to the Group's implementation of the Finacle Wealth Management System. The Private Banker International awarded WMG with The Outstanding Wealth Management Technology Initiative award; while Wealth Briefing Asia honored the Group with The Best Implementation of a Technology Solution award. This wealth management solution provides the Group's relationship managers with flexibility and customer centric capabilities in the delivery of high quality service to clients.

Human Resources

OUR MOST IMPORTANT ASSET: *OUR PEOPLE!*

In support of the Bank's growth strategy and plans, the Human Resources Group (HRG) 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, 2015 = 4,048			
BY EMPLOYMENT TYPE:		**BY GENDER:**	
Regular Employees	3738	Male	1,537 or 38%
Probationary	310	Female	2,511 or 62 %
BY AGE GROUP:		**BY JOB LEVEL:**	
< 30	1,700	Staff	1,660
31 - 40	966	Junior Supervisory	1,660
41 - 50	1,063	Middle Management	450
> 50	319	Senior Management	278

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 8,605 attendees addressing the competencies of Leadership, Customer Service, Sales Planning and Management, Product Knowledge, Risk Management and Technical Skills while a number of employees were enrolled in external training programs – 111 employees attended specialized/IT programs and 358 employees were also sent to attend other programs. HRG also conducted Coaching and Mentoring workshops as we promote a coaching and mentoring culture across the organization.

The Bank's effort to provide careers to new graduates and to ensure an effective talent development resulted to a deployment of 13 Officers Development Program (ODP) graduates to junior officer positions across the Bank. In August 2015, the 7th batch of ODP commenced with 13 selected trainees. On the same month, HRG, in partnership with the Operations Group commenced with the fifth batch of the General Operations Learning and Development (GOLD) Program with 5 selected trainees. The 7-month program aims to develop a pool of junior officers with strong operations background and risk orientation.

Aside from learning and development, a strong talent pipeline was also put in place. 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 conducted the 3rd batch 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 date, this program which began in 2010 has produced 6 graduates who are now occupying group head positions.

To further deepen the leadership bench, the fourth 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 6th 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.

The Bank has likewise offered the pilot run of the Corporate Banking Learning Academy, a 10-week training program which aims to develop highly capable, credible and productive Relationship Managers.

INVESTMENT IN EMPLOYEE TRAINING

TOTAL NO. OF TRAINING ATTENDEES PER JOB LEVEL	
Staff	3,325
Junior Supervisory	2,988
Middle Management	1,749
Senior Management	543
Total No of Attendees	8,605
Total No. of Training Hours for 2015	**2,214,540***
Average No. of Training Hours Per Attendee	**257****

AVERAGE NO. OF TRAINING HOURS PER ATTENDEE PER JOB LEVEL	
Staff	266 hours
Junior Supervisory	222 hours
Middle Management	317 hours
Senior Management	204 hours

** 148% increase on the training hours vs. 2014*
*** 68% increase on the average training hours per attendee vs. 2014*

PERFORMANCE MANAGEMENT

In its thrust to provide its employees with continuing opportunities to achieve and excel in one's chosen field and, to grow professionally and personally to their fullest potential, 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 the 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 culminates with the annual rewards program and the promotion of the associates recognized for their top performance.

COMPENSATION AND REWARDS PROGRAM

RCBC commits to pay its employees' salaries/ compensation consistent with their 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 contributions 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 the 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 perform 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 of the Officer level, ranging from the First Officer 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 through reorganizations

    b. Target Market Group. The salary structure was based on the market data of RCBC's peers. Data on these peer banks are obtained from industry and national surveys conducted by private consulting 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. If case surveys and studies reveal that RCBC's salary structure is no longer at par within the industry or its Target Market Group, it is upon HRG to come up with recommendations to correct the disparity and to discuss said recommendations with the management.

5. Final approval of recommendations with regard to the 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 10% which is below industry level.

Staff Turnover Statistics:

STAFF TURNOVER STATISTICS:			
BY GENDER:			
Male	158 or 10.4%		
Female	240 or 9.9%		
BY AGE GROUP:		**BY JOB LEVEL:**	
< 30	211 or 13%	Staff	180 or 11%
31 - 40	80 or 8.4%	Junior Supervisory	102 or 10.2%
41 - 50	55 or 5.2%	Middle Management	93 or 8.8%
> 50	52 or 16.8%	Senior Management	23 or 8.7%

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 Bank's intranet portal, 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 a 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 under the influence of drugs or alcohol present a safety and an operational hazard to themselves and their colleagues and 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, thus, the enactment of 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, and 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's 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 are defined as pockets, bags, storage media, cars and any other personal property that may be used as a repository of cash, jewelry, documents, keys, data and other valuable items.

Employee Welfare and Well-Being

In 2015, the Human Resources Group conducted the following activities to sustain the promotion of the health, safety and welfare of RCBC employees.

- Maintained its partnership with Maxicare, the Bank's HMO provider, in giving health and medical services in accordance to the employees' benefits. Services provided in 2015 included: Hospitalization, emergency care and other medical services with 8,188 availments for employees and 2,410 availments for dependents; Executive Check-Up for employees with a total cost of Php27.8 million; and Outpatient consultation services for employees with 861 availments in 2015.

- The Bank also partnered with Sunlife Grepa Financial Inc. in utilizing the clinic located at the RCBC Plaza and servicing more than 1,500 availments in 2015. Moreover, a clinic, with regular visiting doctors, was set-up at the RSB Corporate Center in BGC to give free check-ups and consultation services to more than 500 employees at said location.

- Conducted corporate wellness activities on various health and medical topics aligned with trending issues, DOH and DOLE Programs (Musculoskeletal Disorders in the Workplace, Stress Management,Rainy Season Illnesses); First aid, safety and life support trainings, fire and earthquake seminars and drills for employees; Purified water, refrigerators and microwave ovens are available for employee usage 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 971 flu, 24 pneumonia and 20 cervical cancer vaccines for employees' consumption; Installation of a new breastfeeding station for nursing associates.

- Promoted physical fitness through sports and wellness by engaging employees to participate in sponsored sports activities for all business centers nationwide (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.

- All associates are covered with a life insurance policy inclusive of accidental death, total and permanent disability and burial assistance benefits.

Lastly, Management has always recognized that people are its most important asset. Hence, the Bank spent more than Php98 million in 2015 for employee health benefits alone, a clear indication of its paramount commitment in maintaining employee welfare and well-being.

Digital Banking

The Digital Banking Group is the newest business group of RCBC, established last November 2015. Recognizing customers' rapidly shifting preference to the digital space, especially with regards to the way they connect with banks, RCBC created the Digital Banking Group in order to win across digital products and channels, and lead innovation in digital banking. Its current portfolio of products include Debit cards and MyWallet cash cards, while its channels include ATMs and the AccessOne Retail online banking portal.

In 2015, key accomplishments include expansion of the RCBC & RSB ATM network to over 1,300 ATMs, helping to grow fee-based income for the bank. The AccessOne Retail Division also revamped the online banking portal, including launching a GCash partnership that provided additional services such as fund transfers to GCash, mobile access to funds, and prepaid mobile phone reloading facilities. The Cards Division continued to acquire strategic partnership tie-ups to expand its MyWallet cardholder base, including launching the MyWallet Star Kapamilya cash card.

Information Technology Shared Services

In line with the Bank's initiative to further enhance its customer service delivery and compete with the rapid technology adoption in the industry, RCBC modernized its customer touch points; Touch Q was launched in key RCBC and RSB branches as part of the Bank's *"Branch of the Future"* vision. The system facilitated the pre-staging and prioritization of transactions through kiosks, mobile and web applications integrated with the Bank's core banking system to ensure efficient and error-free handling of transactions. The new Access One Retail brought RCBC to the next level of banking by giving its customers a state-of-the-art internet experience.

The Bank invested in various technologies in 2015, including:

- Introduction of the Ambit Focus Asset and Liability Management and Funds Transfer Pricing modules to further strengthen risk management practices. The ARC Logics Operational Risk Management System provided the Bank with the opportunity to adopt the advanced measurement approach of Basel II.

- A new web-based Human Capital Management (HCM) system, "myHRIS", was implemented in the RCBC Group. Powered by Adrenalin, myHRIS is one of the most flexible and configurable HR systems in the market.

- The Bank converted its physical servers to virtual machines and upgraded its core banking mainframe to support the growth objectives and enhance the resiliency of its technology infrastructure.

Operations

In 2015, Operations Group (OG) continued to improve operational efficiency and service standardization across all units. Last year saw the implementation of 21 record-breaking Lean-Six Sigma (LSS) projects which resulted to 40,000 man-hours saved. This is the highest number of projects implemented by the Group in one year since it started integrating LSS into its daily operations 5 years ago. The LSS projects not only help in the improvement of day-to-day operations, but also in the faster delivery of services to the customer.

Also, the 5th batch of General Operations Learning & Development (GOLD) graduates were deployed to the different departments. The GOLD program aims to develop a pool of junior officers that can effectively manage short to long term projects and daily operational matters. Two batches of another program, the Analyst Competency Training (ACT) was also conducted to raise the skill and competency level of Analysts in the production line. ACT and GOLD trained a total of 40 officers and staff to prepare them for the rigors accompanying their assignment to the Operations Group. These two training platforms form the core development programs initiated by OG, in partnership with the Human Resources Group (HRG).

Subsidiaries

RCBC Savings

RCBC Savings Bank (RSB) continued to record double-digit growth in its loan portfolio amidst intense competition in the consumer finance industry. Loan portfolio increased 19.76% to Php63.7 billion as of end-2015, driven by growth of its core loans – auto 26.77% and real estate 16.43%. This enabled the bank to generate increased level of loan interest income at Php5.00 billion in 2015. Non-interest income likewise increased by 2.58%, despite volatilities in the market, as service fees grew 28.00%. While its loan portfolio continued to grow, RSB managed to improve its net non-performing loan ratio to 1.94% from 2.57% in 2014. The bank, in its thrust to generate incremental CASA volume, launched the Save Up and Drive promo where depositors could win a car for the grand prize and gadgets as consolation prizes. This allowed the bank to increase its CASA level to Php35.77 billion during the year.

RSB remained the 3rd largest thrift bank in the country with Php92.89 billion in assets, higher by 14.74% from 2014. The bank ended the year with Php1.25 billion in net income, a 21.40% growth over earnings in the previous year. This yielded a Return on Equity (ROE) of 13.78% and Return on Assets (ROA) of 1.44%.

RSB'S capital stood at Php9.67 billion at year-end 2015, translating to a CAR of 13.55%, well above BSP's statutory requirement.

To widen market reach, RSB continued to expand its distribution network, particularly in the provincial areas and other urban centers which have benefited from the robust growth in the BPO sector and the resilient OFW remittances. As of end-2015, the bank had 150 branches and extension offices, 32 lending centers and desks, and 436 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) the underwriting of equity, quasi-equity, and debt via public offering or private placement; (ii) the syndication of foreign currency and peso loans; (iii) the financial advisory with respect to mergers and acquisitions, restructuring, company valuations and spin-offs; and, (iv) the dealership of commercial papers and other securities. With over 40 years of strong investment banking presence, RCBC Capital has established its name in the industry, making it one of the top ranking preferred investment houses in the country.

In 2015, RCBC Capital focused primarily on raising financing for key projects in the infrastructure, and power and energy sectors. Across several transactions, RCBC Capital arranged project financing programs amounting to approximately Php128.8 billion for the development of infrastructure and power projects, consisting partly of coal-fired power plants with an aggregate capacity of 1,300MW. Most notable of these is the USD956.0 million, 414MW coal-fired power plant in Mindanao, wherein the investment house acted as the sole arranger for the onshore funding requirement. RCBC Capital was also responsible in arranging the project loan facilities for the largest solar power plant in the Philippines with a total capacity of 132.5MW.

In addition, RCBC Capital underwrote several fixed income and equity transactions (ie., bonds, preferred shares, and common shares) that raised total funding of approximately Php116.8 billion in the capital market.

As of year-end 2015, RCBC Capital had Total Equity of approximately Php3.4 billion, making it one of the strongest Philippine investment banks in terms of capitalization.

RCBC Securities, Inc.

Philippine Stock Exchange transactions handled by RCBC Securities soared by 41% or Php47.05 billion in 2015, despite the 1% growth in the Philippine Stock Exchange's total peso turnover over the same period, significantly increasing from 0.78% to 1.09% in 2015. The company enjoyed a sharp increase in trading activity from a number of our institutional clients. Notable among which is Okasan Securities, whose trades generated 1.6x more in commission income in 2015, which reflected the success of the frequent marketing trips to Tokyo, during which top officials of listed Philippine companies attended meetings with Japan's biggest institutional fund managers.

Further, the company acquired a new local institutional client who, despite trading that only started last December, has already contributed 1.5% to our full year commission income.

Commission income grew to Php90.74 million and Net Income amounted to Php23.64 million.

RCBC Bankard Services Corporation

For the year 2015, RCBC Bankard Services Corporation (RBSC), the servicing entity of RCBC's credit card business, focused its activities on growing its cards-in-force (CIF). As of year-end, total CIF of RCBC reached 497,882.

RBSC posted a net profit of Php63.08 million for the year 2015, a 10.41% increase versus 2014. The reported net profit resulted to a Return on Equity of 43.01%. Total equity grew by 4.31% - from Php143.59 million in 2014 to Php149.78 million in 2015.

RBSC is a wholly owned company of RCBC Capital Corporation (RCAP). In 2015, the company paid cash dividend to RCAP at P0.58 per share.

RCBC Forex Brokers, Inc.

RCBC Forex Brokers Corp is known as one of the top forex corporations in the country in 2015, due to its ability to give real time FX prices to individuals and small corporate clients who have no access to the primary market. Timely, efficient, and transparent pricing remains to be its key competitive advantage that allowed a net income of Php70.90 million yielding an average Return on Equity of 30.35% per annum.

Rizal Microbank (Merchants Savings & Loans)

Entering its 5th year in 2015, Rizal Microbank (RMB) doubled its portfolio growth from 44.5% in 2014 to 86.2% in 2015 (more than triple of the Philippine Microfinance industry growth of 26.1%). As of year-end 2015, RMB's loan portfolio stood at Php409 million. Aside from its focus on microfinance and the sub-SME market segments, Rizal Microbank launched a Value Chain Agrifinance Loan product geared at supporting the agricultural industry through the technical assistance from the International Finance Corporation (IFC), in the middle of 2015,

Rizal Microbank continues to retain an excellent quality on loan portfolio maintaining Portfolio-at-Risk (PAR) > 1 day of 6.28% - compared to the Philippine Microfinance Industry PAR which posted levels of 8.3% PAR> 30 days. Rizal Microbank's yield of 28.9% dominated its peers averaging Portfolio Yields of 26.6%.

In 2016 Rizal Microbank seeks to expand its operation to the Visayas area, to further cement its nationwide presence.

RCBC Leasing and Finance Corporation

RCBC Leasing continued to grow while riding on the momentum it has built over the past years and capitalizing on the solid support of the Parent Bank. In 2015, the company received Php500 million in additional capital from RCBC, its Parent Bank. The increase in capital provides more leverage for RCBC Leasing to achieve its long term goal for sustainable growth, profitability, liquidity and stability, while comfortably complying with the regulatory capital requirements under the Basel III framework.

2015 was a challenging year for RCBC Leasing as it continues to find ways and strategies to retain its top customers amidst the highly competitive environment. These strategies yielded positive results as the 100% customer retention goal was achieved despite the unusual low interest rates offered by competitors. In fact, the company booked Php2.20 billion in new loans and leases surpassing its volume production of Php1.48 billion a year ago or an increase of 48.42%. The additional bookings improved the company's lease/loan receivables registering a year-on-year growth of 35.05% or Php3.23 billion, net of deferred lease income. The equipment and other Properties for Lease (EOPL) portfolio likewise improved to Php649.69 million as of year-end 2015 or an increase of 38.23% from Php470.02 million as of the same period a year ago.

The non-performing loans (NPL) ratio decreased from the previous year's 28.52% to this year's 19.79% Due to the gradual improvement on asset quality.

The Consolidated Net Income grew by 38.69% or Php33.98 million from the previous year's Php24.50 million.

2015 AWARDS	
Corporate Governance Asia Magazine	Best CSR
Corporate Governance Asia Magazine	Best Investor Relations Company (Philippines)
IFC	CEO Gender Award (Awarded for: The East Asia Pacific Women in Business Program aka RCBC eWMN)
Asian Banking & Finance Retail Banking Awards	Domestic Retail Bank of the Year - Philippines
Asian Banking & Finance Retail Banking Awards	SME Bank of the Year - Philippines
Asia Responsible Entrepreneurship Awards	Green Leadership Award
BSP	Outstanding Respondent for Coordinated Portfolio Investment Survey (CPIS)
Asiamoney	Best Domestic Private Bank
Asiamoney	Overall Best Private Bank in the Philippines for 2015 by high net worth individuals (HNWIs)
Wealth Briefings Asia Awards 2015	Best Implementation of a Technology Solution (for successful rollout of new Finacle Wealth Management System)
Bank Marketing Association of the Philippines	Best Product Program - US Dollar Time Deposit InstaPrize Promo
Asiamoney	Best Overall Domestic Provider of FX Services in the Philippines as voted by corporates
Asiamoney	Best Domestic Provider for FX Options in the Philippines as voted by corporates
Bank Marketers Association of the Philippines	Best Product Program (for RCBC's US$ Time Deposit Holiday Promo: Where the traditional product meets Social Media Marketing)
Bank Marketers Association of the Philippines	Best Kiddie Savings Program (for RCBC Savings Bank's W.I.S.E. Savings Account)
Cards & Electronic Payments International (CEPI) Asia Awards	Best Credit Card Offering – Philippines
The Asian Banker Philippine Country Awards	Best SME Bank

CORPORATE GOVERNANCE

RCBC is committed in maintaining a high standard of corporate governance by adhering to the core principles of transparency, accountability and fairness.

CORE PRINCIPLES

The Board-approved Corporate Governance Manual embodies and translates the core principles of transparency, accountability and fairness into well-defined policies and rules. The Corporate Governance Manual is reviewed annually for the purpose of continually aligning the Bank's policies and rules with pertinent regulations and issuances of the BSP and SEC. The Bank's governance structure and processes are benchmarked against local and international leading practices. Thus, the 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 are incorporated in the Bank's Corporate Governance Manual. The Bank's efforts at the continuous enhancement of Corporate Governance within the organization ensures that the interests of stockholders and other stakeholders are well-regarded, the directors, officers, and associates/employees are cognizant of their responsibilities, and the affairs of the Bank are conducted in a safe and sound manner.

The Bank's Corporate Governance Manual fully complies with the SEC's Revised Code of Corporate Governance, as amended. It also conforms to the guidelines and respective best practices under the PSE Corporate Governance Guidelines Disclosure Template and the ASEAN Corporate Governance Scorecard that has promoted greater transparency through more disclosures. This, in turn, enhanced the confidence of the clients/investors that the Bank truly commits to the highest standards of good corporate governance. The Bank shall continue to strengthen its corporate governance policies and procedures in accordance with the BSP and SEC guidelines.

The Board of Directors

The Board of Directors (the "Board") is at the core of the Bank's corporate governance framework. It is primarily responsible for the governance of the Bank, and provides an independent check on Management.

In accordance with the Bank's By-Laws and Corporate Governance Manual, the Board in 2015 was comprised of 15 members elected by the stockholders. All of the 15 directors are known for their integrity, experience, education, training and competence. The Bank has 13 non-executive directors, 3 of whom are independent. It used to have 2 executive directors who were officers of the Bank. However, with the resignation of Mr. Lorenzo V. Tan, President and CEO, on May 6, 2016, the Bank's Board has been reduced to 14 members.

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 reviews and evaluates the qualifications of a person nominated to the Board. The Committee considers as guidelines the nominee's 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, to determine his/her 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. Under the Bank's By-Laws, a person is disqualified to be nominated and subsequently elected as a member of the Bank's Board if said person is engaged in any business that competes with or is antagonistic to the Bank.

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 14-member board, 12 are male and 2 are female, representing 86% and 14%, 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.

Who are in our Board?

Non-Executive, Non-Independent Directors
- Amb. Alfonso T. Yuchengco
- Ms. Helen Y. Dee
- Mr. Cesar E.A. Virata
- Mr. Medel T. Nera
- Atty. Teodoro D. Regala
- Atty. Wilfrido E. Sanchez
- Mr. Tse Ching Chan
- Mr. John Law
- Mr. Yuh-Shing (Francis) Peng

Non-Executive, Independent Directors
- Mr. Armando M. Medina
- Mr. Francisco C. Eizmendi, Jr.
- Mr. Antonino L. Alindogan, Jr.

Executive Directors
- Mr. Lorenzo V. Tan*
- Atty. Maria Celia H. Fernandez-Estavillo

INDEPENDENT DIRECTORS

The Board has a sufficient number of independent directors that gives the assurance of impartial 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 to determine whether he meets all of the qualifications and possesses none of the disqualifications of an independent director under relevant laws and regulations. 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 arms' 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.

Pursuant to SEC Memorandum Circular No. 9, series of 2011 and SEC Advisory dated March 15, 2015, independent directors elected in 2012 may be re-elected as such until 2017, when the 2-year cooling-off period shall commence. However, in a subsequent SEC Advisory dated 31 March 2016, the SEC has advised that if there are no suitable replacements, said independent directors may be re-elected in 2017 until 2021, at which time, they may no longer be qualified as independent directors for the same companies. Said re-election in 2017 until 2021 shall be with prior written notice and justification to the SEC addressed to the Corporate Governance and Finance Department.

The incumbent independent directors are independent based on length of service. Messrs. Armando M. Medina, Francisco C. Eizmendi, Jr. and Antonino L. Alindogan, Jr. will end their 5-year service period as independent directors by 2017.

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 shall continuously seek to enhance their skills, knowledge and understanding of the Bank's present activities and those that it intends to pursue. The directors shall keep abreast of 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 and provides oversight to senior management. Thus, it approves and oversees the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values.

The Board defines the appropriate corporate governance framework and practices, not only for the Bank, but for the entire Group. It ensures that there are governance policies and mechanisms appropriate to the structure, business and risks of the Group and the entities comprising it. Moreover, the Board sets the "tone at the top," the professional standards and the corporate values that promote integrity for self, senior management, and other employees.

ADVISORY BOARD

The Bank has an Advisory Board that 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. The members contribute by way of providing non-binding but relevant advice during board meetings. While the By-Laws allow for up to 10 members in the Advisory Board, the Bank used to have 4 appointed Advisory Board members. However, with the death former BSP Governor Gabriel C. Singson on March 29, 2016, the Advisory Board has been reduced to 3 members. Each of these members is considered as business leaders and is of known probity and integrity.

SEPARATE ROLES OF THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER (CEO)

One of the key features of the Bank's Board is the separation of the roles of the Chairperson and the CEO. The respective roles of our Chairperson, Mrs. Helen Y. Dee and our CEO, Mr. Lorenzo V. Tan* are clearly delineated which ensures an appropriate balance of power, increased accountability and better capacity for decision making by the Board.

Through her leadership of the Board, the Chairperson ensures proper governance of the Bank. She is responsible for the efficient functioning of the Board, and this includes maintaining a relationship of trust with the other directors. Apart from presiding over meetings, the Chairperson's many roles include ensuring that the Board makes informed decisions on matters addressed to its discretion, that quality and timely lines of communication and flow of information between the Board and Management are maintained, and that 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 leads Management in developing and implementing business strategies, plans and budgets to the extent approved by the Board. He then provides the Board with a balanced and understandable account of the Bank's performance, financial condition, results of operations 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

Atty. Maria Celia H. Fernandez-Estavillo is the Bank's Corporate Secretary. Under the Bank's Corporate Governance Manual, the Corporate Secretary is an officer of the Bank who may or may not be a director. It is required that the Corporate Secretary must possess significant knowledge of the laws, rules and regulations, financial and accounting skills, and a working knowledge of the Bank's operations to enable her to discharge the functions of her office.

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 her duties and responsibilities to the Bank. She 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. In view of the nature of the functions of her office, the Corporate Secretary is required to attend all board meetings.

MEETINGS AND QUORUM REQUIREMENT

The Board schedules and holds regular meetings monthly in accordance with the Bank's By-Laws, and convenes for special meetings when required by business exigencies. Prior to the regular or special meeting, each director is furnished with a copy of the notice, agenda and other relevant meeting materials. Every Board meeting, whether regular or special, is duly minuted.

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.

Directors attend regular and special meetings in person or through teleconferencing and videoconferencing conducted in accordance with the rules and regulations of the SEC and 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 his absence will only be excused in exceptional cases. It is required that 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 a sworn certification about the directors' record of attendance in Board meetings through SEC Form 17-C to the SEC and PSE.

For the period January to December 2015, attendance at the board and board committee meetings is as follows:

DIRECTORS	BOARD		EXCOM[1]		AUDIT[2]		ROC[3]		CG[4]		TC[5]		TECH[6]		PERC[7]		RPT[8]	
	M*	A**	M	A	M	A	M	A	M	A	M	A	M	A	M	A	M	A
Alfonso T. Yuchengco	17	14																
Helen Y. Dee	17	16	44	39			11	11	10	10			10	9	4	4		
Lorenzo V. Tan*	17	17	44	39			10	9			12	12	10	7				
Cesar E.A. Virata	17	17	44	40			11	11			12	12	10	7				
Medel T. Nera	17	15			15	13	11	11					10	9				
Teodoro D. Regala	17	15	29	28							12	12					11	11
Wilfrido E. Sanchez	17	16							10	9	12	11					11	9
Maria Celia H. Fernandez-Estavillo	17	16							10	9					4	4		
Tze Ching Chan	17	12																
Richard G.A. Westlake	17	9					11	7										
John Law	11	9																
Yuh-Shing (Francis) Peng	11	10															5	3
Armando M. Medina	17	14			15	15	11	9	2	2			10	9				
Francisco C. Eizmendi, Jr.	17	14			15	9			10	10							11	9
Antonino L. Alindogan, Jr.	17	16	44	34													11	7
Minki Brian Hong	6	5	15	4	5	1											5	3
Francis G. Estrada	6	2					4	1									6	5

** Number of meetings held during the Year, including special Board, stockholders and organizational meetings of the Board ** Number of meetings attended*
[1]Executive Committee [2]Audit Committee [3]Risk Oversight Committee [4]Corporate Governance Committee [5]Trust Committee [6]Technology Committee
[7]Personnel Evaluation and Review Committee [8]Related Party Transactions Committee

Board Committees

The Board has delegated certain functions to the following board committees:

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 (resigned effective 27 April 2015), Atty. Teodoro D. Regala (appointed on April 27, 2015)
Activities in 2015	The major activities conducted by the Executive Committee in 2015 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.*)
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 2015, 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.
- Review of the results of External Quality Assessment of Internal Audit conducted by Navarro Amper & Co. (Deloitte)
- Review of the alignment of Subsidiaries' Internal Audit Methodology with RCBC Internal Audit

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 (until April 2015), Mr. Richard G.A. Westlake
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 2015 are as follows:

- Approval of:
  - 2015 Portfolio & Risk Limits
  - Bank replies to BSP ROE findings on risk management
  - March 2015 ICAAP Document & Roadmap
  - 2015 Consolidated Risk Appetite Statement
  - 2015 – 2017 ICAAP Financial Projections
  - Material risks to be covered for 2015
  - Growth limits for the Group's RE exposures relative to capital adequacy floors
  - Revised capital calculation framework for credit concentration and stress testing
  - BSP Circular 855 Gap Analysis
  - Policy and action plans concerning stale risk ratings
  - Proposed rating action for cash-secured credits
  - Policy on internal model validation and backtesting
  - Policy on the use of "re-casted" FS for ratings purposes
  - Reporting policy for treasury transactions
  - Policy for valuation and monitoring of equity exposures under FVOCI and FVPL

- LCR policy
- Amendments to the Contingency Funding Plan
- Amendments to the ORMD Framework and various Guidelines on KRI, RCSA, and Loss
- Events reporting
- Revised KRI assessment parameters and thresholds
- ISGD charter, ISGD framework, and strategic plan
- Initiatives towards system acquisition and implementation of InfoSec programs
- Policy on InfoSec standards consultation and clock synchronization
- Prioritization schedule for systems under disaster recovery
- Additional UHF radio units for disaster preparedness
- For the conduct of basic life support training

- Notation of:
  - Standard and limits compliance reports
  - Manuals reviewed by CRISMS for 2015
  - Reports on subsidiary credit risk oversight
  - BSP's LCR implementation timeline and internal LCR simulations
  - Other matters covered by ORM oversight
  - Progress reports on the implementation of the ORM system
  - Regular InfoSec and technology reports
  - Disaster Recovery Test reports
  - Various contingency initiatives and disaster preparedness activities
  - Gaps vs BSP guidelines on business continuity management
  - Regular updates on the implementation of Risk Mgt projects
  - Regular Trust risk management reports
- Notation of and action on the Risk Profile of subsidiaries
- Notation and disposition of:
  - Credit Stress Testing results
  - Regular credit risk portfolio reports on ratings migration, concentration, asset quality, and risk-based pricing compliance
  - Regular market & liquidity risk reports
- Discussion and notation of:
  - Regular ICAAP & Basel III runs
  - Various RAPM runs
  - REST runs
  - Various regulatory issuances impacting Capital Adequacy
- Confirmation of:
  - ALCO actions on disposition of various limit breaches
- Oversight on BSP Circular No. 855 (Credit Risk Management) implementation
- FATCA Implementation oversight

4. 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. Maria Celia Fernandez-Estavillo, Atty. Wilfrido E. Sanchez, Mr. Armando M. Medina (*ind.*)
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; • Identify persons believed to be qualified to become members of the Board and/or the Board Committees; • Assist the Board in making an assessment of the Board's effectiveness in the process of replacing or appointing new members of the Board and/or Board Committees; • Assist the Board in developing and implementing the Board's performance evaluation process and rating system that constitute a powerful and valuable feedback mechanism to improve board effectiveness, maximize strengths and highlight areas for further development; • Provide guidance to assist the Board in developing a compensation philosophy or policy consistent with the culture, strategy and control environment of the Company; • 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 2015, 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 of the Bank's corporate governance disclosures, i.e. PSE Corporate Governance Guidelines for Listed Companies and SEC Annual Corporate Governance Report (ACGR).

5. 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 M. 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, 57, 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 2015 which include, but is not limited to, the following:

- Formulation of policies and guidelines:
  - Approval of Revised Trust Policy Manual (June 2015)
  - Approval of Revised Trust Risk Manual (June 2015)
  - Approval of new policies and guidelines to further streamline controls:
    a. Amendment to credit scoring of local and foreign financial institutions (June 2015)
    b. Proposed criteria for self-assessment rating form (June 2015)
    c. Policy governing the handling of unclaimed balances (May 2015)
    d. Guidelines for handling reserve requirements for other institutional trusts
- Conducted oversight of trust business
  - Approval of Trust business plans for 2015
  - Review of monthly financial performance of Trust for 2015
  - Discussions of impact of new regulations issued on the trust business
  - Review of industry landscape and trends (quarterly)
  - Monthly review of status of past due loans
  - Annual status report n ROPAs of TIG
  - Administrative and performance review of accounts
  - Implementation of the report on compliance with client prescribed limits (quarterly)
  - Discussions on the quarterly investment strategies of TIG with monthly market updates
  - Product development efforts for 2015
    a. Aggressive marketing of Peso Cash Management Fund (volume grew by P3.9B)
    b. Training of WM and Branch personnel for Feeder Funds and Fund of Funds (covered 82% of branches and 92% of Wm personnel)
    c. Continued accreditation of UITF marketing personnel (3 sessions in 2015)
    d. Various product promotion and awareness campaigns and incentive programs
  - Discussions on accounts opened and closed on a monthly basis together with new mandates

- Evaluation and approval of management recommendations on the investment and disposition of funds or
  - Approval of lines for local financial institutions (September 2015)
  - Approval of lines of foreign financial institutions (May 2015)
  - Accreditation of stockbrokers (Sept 2015)
  - Approval of credit lines for corporate borrowers and bond issuers (as necessary)
  - Approval of the list of investment outlets for various accounts (as necessary)
  - Approval of various issues (bonds, IPOs and preferred shares) offered in the market
  - Approval of new products to be launched and product enhancements
  - Approval of list of equity issues (May 2015)
- Management of risks in the conduct of the trust business
  - Discussion and review of various risk management reports (market risk, credit risk, operational risk, reputation risk, strategic risk, legal risk)
  - Monitoring the proper implementation of approved policies and guidelines
  - Review of compliance with applicable laws and regulations
  - Development of systems to enhance productivity and customer service
    a. Continued enhancements of Administrative Review System
    b. Completed of phase I of the Trust Order Monitoring System (expected to go live on March 2016)
    c. Initiated TAPS Replacement Project in December 2015
    d. Initiated development of the UITF Online Investing Project
  - Updates on regulatory developments and impacts to Trust business
- Audit and Compliance
  - Trust was exempted from the annual BSP audit in 2015
  - All trust units obtained satisfactory 4 star rating from Internal Audit
  - Addressed various audit and compliance issues in BSP examination, internal audit and semi-annual compliance reviews

6. 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 in the Profile of Directors.

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 *(until January 2016,* replaced by Ms. Lizette Margaret Mary J. Racela, *effective February 1, 2016),* 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	• 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, 56, Filipino, Executive Vice-President, is the Head of Treasury Group. He was the Head of Retail Banking Group from March 2015 to January 2016, Head of Treasury's Balance Sheet Management Segment from December 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.

Florentino M. Madonza, 45, 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, 58, 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, 49, 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. Related Party Transactions

Composition	At least three (3) members of the Board of Directors, including 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. 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, Jr. *(ind.)*, Atty. Teodoro D. Regala, Atty. Wilfrido E. Sanchez, Mr. Francis G. Estrada *(resigned effective 27 April 2015)*, Atty. Maria Celia H. Fernandez-Estavillo-alternate member *(until 25 August 2015,* Mr. Yuh-Shing Francis Peng *(first appointed 25 May 2015)*
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 2015:

- Declaration and payment of cash dividends amounting to P0.05630 per share, or a total of approximately P19,046.63 payable to holders of convertible preferred shares as of March 21, 2015;
- Confirmation and ratification of the actual number of shares which shall be subscribed by and sold to Cathay Life Insurance Co., Ltd. ("Cathay Life") which was the preferred bidder for the proposed acquisition of a 20% share block in RCBC;
- Subscription by RCBC to P500 Million worth of shares of stock of RCBC Leasing and Finance Corporation, approved by the BSP on September 30, 2015;
- Early redemption of USD100 Million Hybrid Tier 1 Notes approved by the BSP on May 21, 2015;
- Appointment of Mr. Richard G.A. Westlake as a Member of the Risk Oversight Committee;
- Amendment of Arictle XI, Section 2 of the By-Laws;
- Audited Financial Statements of Rizal Commercial Banking Corporation and RCBC-Trust and Investments Group as of year ended December 31, 2014, as prepared by Punongbayan & Araullo, subject to the final approval of stockholders;
- Declaration and payment of cash dividend amounting to P0.60 per share, or a total of approximately P765.60 Million payable to holders of Preferred and Common Class shares as of the close of the 10th trading day from receipt of approval by the Bangko Sentral ng Pilipinas ("record date") and payable within five (5) calendar days (later amended to ten (10) calendar days) from record date.
- Resignation of Mr. Minki Brian Hong as Member of the Board of Directors;
- Resignaion of Mr. Francis G. Estrada as Member of the Board of Directors;
- Appointment of Mr. Yuh-Shing (Francis) Peng as Member of the Board of Directors effective April 27, 2015;
- Appointment of Mr. John Law as Member of the Board of Directors effective April 27, 2015;
- Acquisition of 221,666 shares of stock, representing 2.52% shareholding of Merchant's Savings and Loan Association, Inc. (Rizal Microbank) approved by the BSP on September 30, 2015;
- Assignment of receivables of Rizal Microbank from RCBC-JPL Holding Company, Inc. in the amount of Php222.0 Million approved by BSP on September 30, 2015;
- Appointment of Mr. Yuh-Shing (Francis) Peng as Member of the Related Party Transactions Committee;
- Issuance of Long Term Negotiable Certificates of Deposits subject to prevailing market conditions and BSP approval;
- Issuance of USD 400 Million Senior Notes out of the Bank's Medium Term Note Programme and a bond exchange of its USD 275 Million Senior Notes due 2017, subject to favorable market conditions and other considerations;
- Approval of proposed 2016 Budget;
- 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 body, 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 for the year 2015, the non-executive directors undertook the performance evaluation of the CEO.

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 are considered in making 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 are based on the duties and responsibilities of the Chairperson under the Corporate Governance Manual, BSP and SEC issuances.

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 2016.

Shareholdings in the Company

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

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent (%)
Common	**Pan Malayan Management & Investment Corporation** Address: 48/F Yuchengco Tower RCBC Plaza 6819 Ayala Avenue, Makati City Relationship with issuer: RCBC is a subsidiary of PMMIC	Pan Malayan Management & Investment Corporation *The records in the possession of the Bank show that the beneficial ownership of this company belong to the shareholders of record of said company. The Bank has not been advised otherwise*	Filipino	*583,448,082	41.68%
Common	**Cathay Life Insurance Corp.** Address: 296 Ren Al Road Sec4 Taipei 10633 Taiwan R.O.C. Relationship with Issuer: Stockholder		Non-Filipino	306,985,807	21.93%
Common	**International Finance Corporation (IFC) & IFC Capitalization (Equity) Fund, L.P.** Address: 2121 Pennsylvania Avenue, NW Washington, DC 20433 USA Relationship with the issuer: Stockholder	International Finance Corporation (IFC) *The records in the possession of the Bank show that the beneficial ownership of this company belong to the shareholder of record of said company. The Bank has not been advised otherwise.*	Non-Filipino	107,875,642	7.70%

**Combined direct and indirect shares of PMMIC*

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

	Title of Class	Name of Beneficial Owner	Amount and Nature of Record / Beneficial Ownership		Citizenship	Percent of Class (%)
			Amount	Nature		
1	Common	Alfonso T. Yuchengco	761,050	R/B	Filipino	0.005
2	Common	Helen Y. Dee	5,513,290	R/B	Filipino	0.039
3	Common	Cesar E.A. Virata	1,001,670	R/B	Filipino	0.007
4	Common	Lorenzo V. Tan*	50	R	Filipino	0.000
5	Common	Teodoro D. Regala	10	R	Filipino	0.000
6	Common	Wilfrido E. Sanchez	300,010	R/B	Filipino	0.002
7	Common	Ma. Celia H. Fernandez-Estavillo	4,389,140	R/B	Filipino	0.031
8	Common	Richard G.A. Westlake	10	R	New Zealander	0.000
9	Common	Tze Ching Chan	10	R	Chinese	0.000
10	Common	Yuh-Shing Peng	10	R	R.O.C. Taiwan	0.000
11	Common	Armando M. Medina	1,950	R	Filipino	0.000
12	Common	John Law	10	R	French	0.000
13	Common	Francisco C. Eizmendi, Jr.	10	R	Filipino	0.000
14	Common	Antonino L. Alindogan, Jr.	10	R	Filipino	0.000
15	Common	Medel T. Nera	10	R	Filipino	0.000

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

	Title of Class	Name of Beneficial Owner	Amount and Nature of Record / Beneficial Ownership		Citizenship	Percent of Class (%)
			Amount	Nature		
1	Common	Gerald O. Florentino	55,000	B	Filipino	0.000
2	Common	Alfredo S. Del Rosario, Jr.	174,000	B	Filipino	0.001
3	Common	Koji Onozawa	20,000	B	Japanese	0.000
4	Common	Rommel S. Latinazo	74,000	B	Filipino	0.000
5	Common	Evelyn Nolasco	27,000	B	Filipino	0.000

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. This includes interim and other reports that could adversely affect the Bank's business and 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. This assures the Board, senior management, and stockholders the Bank's 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. In 2015, the internal audit function underwent full external quality assessment review by an independent assessor and the latest Quality Assurance Report was released on November 25, 2015.

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 P10.20 million and P9.67 million for 2015 and 2014, respectively. Additionally, approximately P3.80 million was paid for other services rendered by the independent accountant in 2015.

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, 2015 and 2014, 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 2015, 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 in the event of occurrence, said internal control assists in timely detection. A properly designed and consistently enforced system of operational and financial internal controls helps the Bank's Board of Directors and Management to 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 to are identified, and appropriate and effective internal controls are developed and implemented to manage said 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 form 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

  Other elements in an effective internal control program include 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 entails 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. Each one in the organization is expected to ensure 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, and all its relevant details 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, during the last annual stockholders' meeting, the bank's significant transactions with its DOSRI and other related parties for the previous year. Review of related party transactions is part of compliance testing of the Testing and Monitoring Department of the Compliance Office as well as audit work program of the Internal Audit Group.

In December 2015, the BSP issued Circular No. 895 series of 2015 or the Guidelines on Related Party Transactions. The said circular prescribes the adoption of a group-wide RPT Policy that encompasses all entities within the banking group, taking into account their size, structure, risk profile and complexity of operations. The Bank's RPT Policy and the Charter of the RPT Committee are currently being revised to align them with the provisions of BSP Circular No. 895.

Details of the Bank's major related party transactions in 2015 are described below:

- RCBC and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC. Rental expense incurred by the Group related to this lease arrangements is included as part of Occupancy and Equipment-related account in the statements of profit or loss. RCBC's lease contract with RRC is effective until December 31, 2015. The agreement was renewed for another five years until December 31, 2020.

- RCBC entered into sublease agreements with certain subsidiaries which occupy several floors of RCBC Plaza. Rental income by Parent Bank related to these sublease arrangement is included as part of Rentals under the Miscellaneous income account in the statement of profit or loss.

- On February 23, 2015, RCBC's BOD approved the subscription to P500 worth of share of stock of RCBC LFC. As of December 31, 2015, RCBC LFC is yet to file with the SEC the application for increase in its authorized capital stock since the certificate of authority to amend the articles of incorporation was only secured from the BSP on January 20, 2016.

- On May 25, 2015, RCBC's BOD approved the equity infusion into Rizal Microbank of P250 by purchasing additional 2,500,000 common shares of stock with par value of P100 each. The additional capital infusion into Rizal Microbank was approved by BSP on September 30, 2015.

- On May 25, 2015, RCBC's BOD also approved the acquisition of receivables from Rizal Microbank in the amount of P222.

- On June 29, 2015, RCBC's BOD approved the engagement of Philippine Integrated Advertising Agency ("PIAA") for advertising and PR services in the amount of P75. The contract covers product advertising, corporate/institutional advertising, brand advertising, media planning and buying, consumer promotion, printing of collaterals and production of other merchandising materials, public relations, event management and web design.

- On 28 September 2015, RCBC BOD approved the participation of International Finance Corporation ("IFC") as an anchor investor in the proposed bond issue of RCBC. IFC has indicated to participate for up to USD75 out of a potential bond issue size of up to USD300, for a total fee of between 20-40 basis points.

- RCBC's and certain subsidiaries' retirement funds covered under their defined benefit post-employment plan maintained for qualified employees are administered and managed by RCBC's and RSB's Trust Departments in accordance with the respective trust agreements covering the plan. 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.

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 RBSC) 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.

The Bank does not have any transactions with promoters within the past five (5) years. The Bank does not have transactions with parties that fall outside the definition of related parties under SFAS/IAS No. 24, but with whom the registrants or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

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, employees are urged to conduct business transactions for the Bank in accordance with Bank policy in order to avoid conflict of interest. Bank employees are likewise prohibited from directly or indirectly using 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 shall an employee 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.

On September 17, 2015, the BSP issued Circular No. 888 series of 2015 or the Amendments to Regulations on Dividend Declaration and Interest Payment on Tier 1 Capital Instruments. The said circular dispensed with the requirement of prior BSP approval as a condition for payment of dividend provided that the requirements stated in the circular are complied with. Furthermore, "net amount available for dividends" now refers to the amount of unrestricted or free retained earnings and undivided profits reported in the Financial Reporting Package (FRP) as of the calendar/fiscal year-end immediately preceding the date of the dividend declaration.

The details of the 2015 cash dividend distributions are as follows:

Nature of Securities	Dividend		Record Date	Date Approved		Date Paid/Payable
	Per Share	Total Amount Php (in Thousand Php)		By BOD	By BSP	
Preferred	P0.0564	P0.02	March 21, 2015	January 26, 2015	March 20, 2015	March 27, 2015
Common	P0.6000	P839.95	May 13, 2015	March 30, 2015	May 13, 2015	June 8, 2015
Preferred	P0.6000	P0.19	May 13, 2015	March 30, 2015	May 13, 2015	June 8, 2015
Preferred	P0.0567	P0.02	June 21, 2015	April 27, 2015	September 11, 2015	September 22, 2015
Preferred	P0.0583	P0.02	September 21, 2015	July 27, 2015	September 11, 2015	September 24, 2015
Preferred	P0.0593	P0.02	December 21, 2015	November 4, 2015	**	December 22, 2015

***Not applicable, BSP approval not anymore required*

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 impacts 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 Committee meetings. 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 2015 is as follows:

Remuneration Item	2015
(a) Per diem Allowance Only Non-Executive Directors, Independent Directors and members of the Advisory Board are entitled to per diem.	**Php8,490,000.00** (aggregate amount for NED's, ID's and Advisory Board Members for the Board and Committees for the year 2015)
(b) Directors' Bonuses Directors' bonuses are given to executive, non-executive and independent directors based on the formula provided for in the Bank's By-Laws.	**Php29,547,390.89** (gross aggregate amount for 2015)
TOTAL	**Php38,037,390.89**

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	Bonuses
Lorenzo V. Tan*	President and CEO	**2015**		
Redentor C. Bancod	Senior Executive Vice President			
John Thomas G. Deveras	Senior Executive Vice President			
Michelangelo R. Aguilar	Executive Vice President			
Manuel G. Ahyong, Jr.	Executive Vice President		**44,250**	**16,534**

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 CG Lawyers, AML Lawyers and Specialists, Compliance Specialists and FATCA Lawyers and 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 2015, the Board approved the revised Policy on Related Party Transactions (RPT) and the revised Charter of the RPT Committee to ensure more effective monitoring and reporting of related party transactions. Under the revised Policy, review of RPTs to ensure compliance with regulatory requirements and internal policies became part of the compliance testing program of the Testing and Monitoring Department. Under the RPT Committee Charter, the Corporate Governance Department was tasked to perform secretariat 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 September 28, 2015 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 is a web-based technology solution that helps the Bank monitor all its financial transactions in order to facilitate the detection of money laundering and terrorist financing schemes. Using its rule-based scenarios, patterns and monetary thresholds, the Bank can detect potential money laundering activities. Currently the Base60 has 53 alert scenarios. With its enterprise-wide approach, it analyzes both the client's profile and transactions helping the Bank to effectively and efficiently prevent money-laundering schemes. The Bank in 2015 filed 227 Suspicious Transaction Reports.

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 December 2013 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 July 1, 2014.

In order to prepare the Bank for FATCA, the Bank 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 Bank released FATCA e-learning module 3 specifically for front line bank personnel for client onboarding. In addition, the Bank prepared other instructional materials such as the FATCA FAQs, FATCA Questions & Answers (questions from clients and the Bank's units and subsidiaries) and issued the corresponding internal circulars for FATCA implementation. FATCA was also incorporated as a lecture subject in the Employee Orientation Program for new hires; the Branch Induction Program for new tellers, customer relationship associates and operations assistants; and the Retail Banking Group Learning Academy for the managers of Business Centers. It should also be noted that prior to the bank-wide FATCA implementation, the Bank conducted lectures and trainings for its various units including the branches, Treasury, Trust, Wealth Management, Telemoney, Compliance Office and capitalized on the participation of its Deputy Compliance Officers for FATCA monitoring and assistance. These continued well into year 2015 and with the addition of focused and custom-made lectures and trainings for the various sales districts of the Retail Banking Group in Luzon, Visayas and Mindanao.

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

Worth mentioning is the fact that, in order to ensure compliance and maintain high level standard in project implementation, the Bank engaged an independent and internationally renowned consulting firm in 2014 to conduct a study which includes a high level legal entity analysis, product assessment, and due diligence review of the Bank's and its subsidiaries for FATCA.

In 2015, the Bank prepared its FATCA Report for submission to the US IRS. However, with the coming of the Intergovernmental Agreement (IGA) and its signing in July 13, 2015 by the US and Philippine governments, the Philippine financial institutions were advised by the BIR of the postponement of the submission of said FATCA Report to an indefinite date. In the same year, the Bank commenced with the FATCA enhanced due diligence for high value accounts that included: electronic record search of financial accounts for US indicia; paper record search of financial accounts for US indicia; and inquiries with relationship managers. The Bank also began to develop a more permanent IT solution for an automated FATCA data management, extraction and reporting, the development of which is still continuing.

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 2015 shareholders' meeting are disclosed in the Annual Corporate Governance Report.

In the interest of further ensuring effective shareholder participation, for the 2016 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 2016 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 and 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.

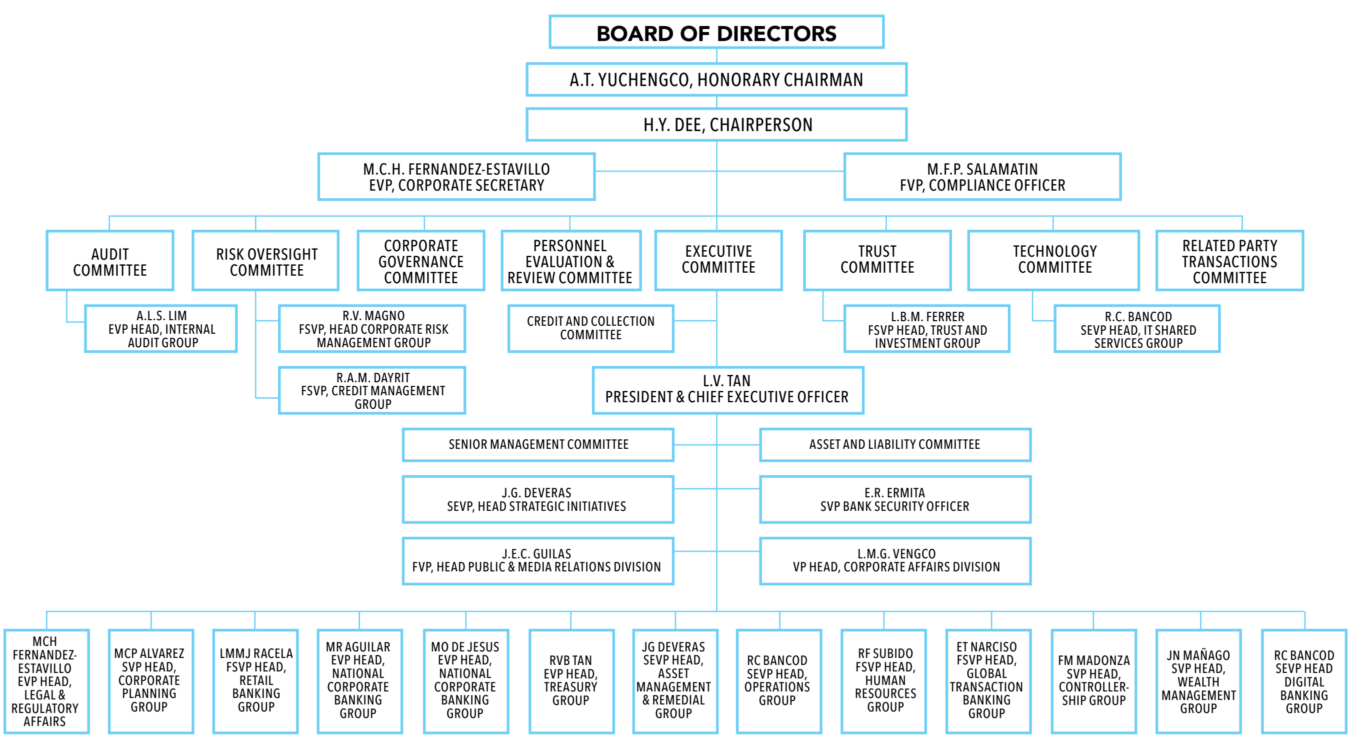
Other information that is always disclosed includes remuneration (stock options) of all directors and senior management, corporate strategy and off balance sheet transactions.

Awards and Recognitions

Outstanding Company in Corporate Governance, 11th Corporate Governance Asia Recognition Awards, Corporate Governance Asia (2015)
Asian Corporate Director - Ms. Helen Y. Dee, 11th Corporate Governance Asia Recognition Awards, Corporate Governance Asia (2015)
Asia's Best CSR – 5th Asian Excellence Recognition Awards, Corporate Governance Asia (2015)
Best Investor Relations Company, 5th Asian Excellence Recognition Awards, Corporate Governance Asia (2015)
Most Promising Company in Corporate Governance – 9th and 10th Corporate Governance Asia Recognition Awards, Corporate Governance Asia (2013 and 2014)
Asian Company Secretary of the Year, 2nd Asian Company Secretary Awards, Corporate Governance Asia (2014)
Finalist, 2013 PSE Bell Awards for Corporate Governance

RCBC Table of Organization

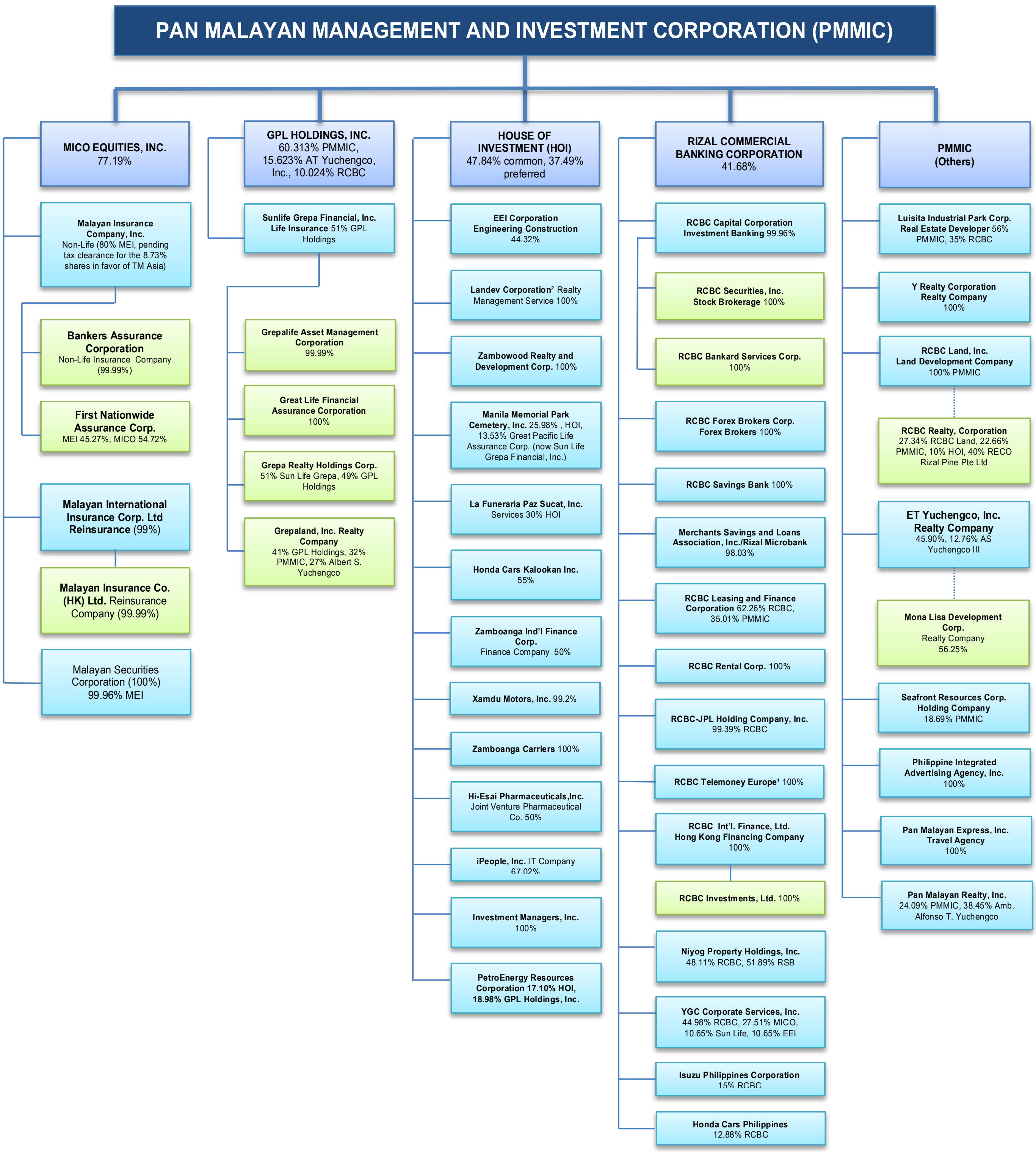
At the helm of the Corporate Governance Framework of the Bank are the Board of Directors, the Board Committees and Senior Management, shown in the table below:



Conglomerate Structure

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

Following is the PMMIC/YGC Conglomerate and the RCBC Group Structure:



[1]ceased operations on March 4, 2016
*Until May 6, 2016

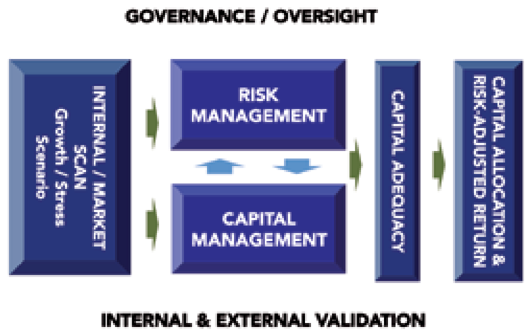
RISK AND CAPITAL MANAGEMENT

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.

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 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.



RISK AND CAPITAL MANAGEMENT FRAMEWORK

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.

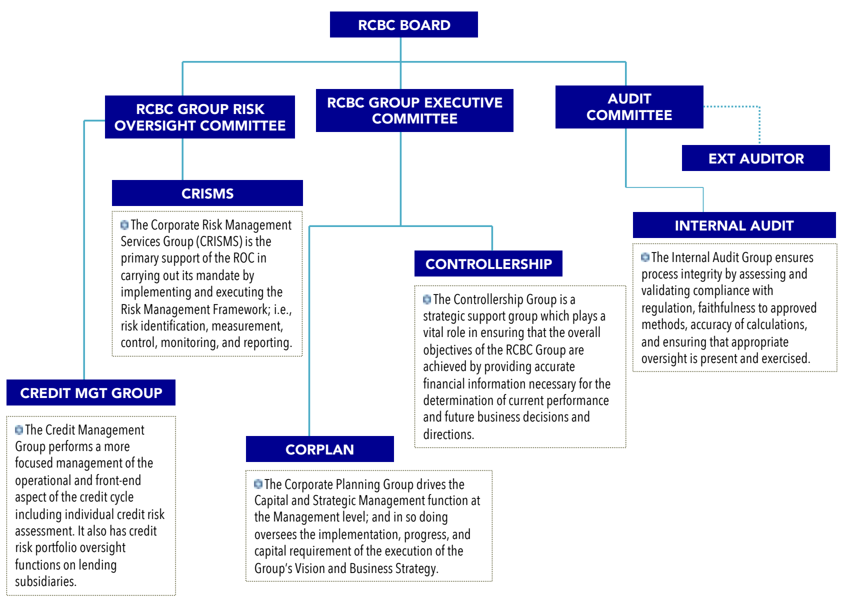
The Framework and its sub-processes are all subject to review and validation, a role largely driven by the Internal Audit Group.

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, the Risk Oversight Committee (ROC), the Audit Committee, and the Related Party Committee. General oversight with respect to the Framework's implementation however rests with the ROC.



RISK AND CAPITAL MANAGEMENT INFRASTRUCTURE

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.

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. The Credit Portfolio and Group Risk Division (CGRD) is responsible for the Internal Capital Adequacy Assessment Process (ICAAP), Basel compliance, and credit risk analytics. Said division also includes the credit portfolio risk function. A quantitative risk unit also exists to address the quantitative nature of risk management and to assist in the building of models and other risk metrics. Risk management of the Trust business is likewise directly under CRISMS, the same with Business Continuity Management.

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 formal management 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.

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 mitigation structures 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. As of December 2015, 23 DOROs have been designed for the Parent, and 8 for the subsidiaries.

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.

The Credit Management Group (CMG)

The Credit Management Group (CMG) 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. CMG reports administratively to the President / CEO; but remains functionally reporting to the ROC as a vital part of the Group's risk function.

Risk Management Function in RCBC

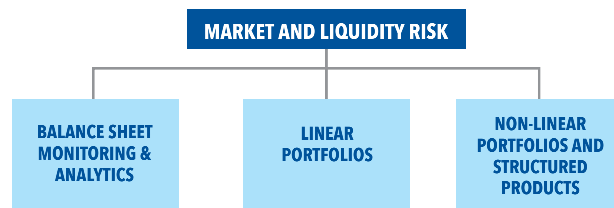
Notwithstanding its defined specific risk management functions, the Group recognizes that the core banking activity of managing risks is not the sole province of CRISMS and CMG. It is rather a function that cuts across the entire organization.

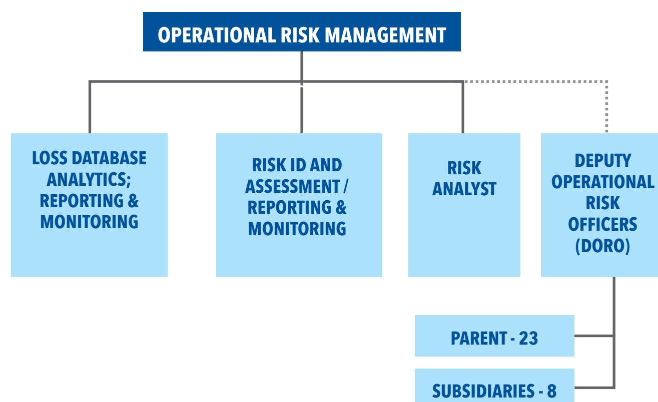
The management of credit risk for instance encompasses the Group's various units involved in the credit or lending cycle spanning origination, evaluation, approval, implementation / account management, and collection / remedial management. Each stage of the cycle is governed by a specific set of policies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

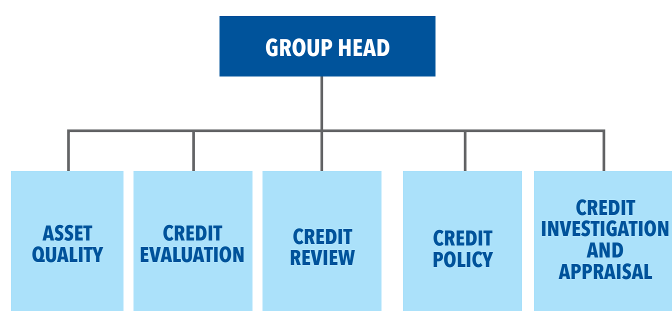
The same is true with the management of market, liquidity, and interest rate risks. As a general principle, risk-taking units (e.g. Trading, Investment, and Liquidity desks) are themselves risk managers, and are therefore expected to recognize and identify the risks attributed to various traded instruments, 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. 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.

CORPORATE RISK MANAGEMENT SERVICES GROUP (CRISMS)







CREDIT MANAGEMENT GROUP (CMG)

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:

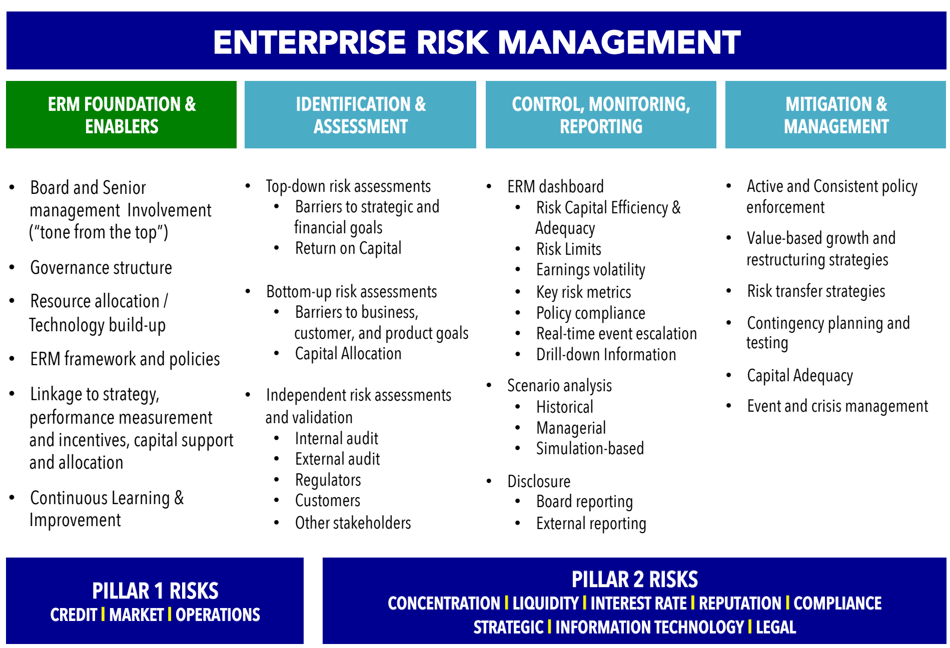
- Prudential risk-taking and proactive exposure management as cornerstones for sustainable growth, capital adequacy, and profitability;
- Standards aligned with internationally accepted practices and regulations in day to day conduct of risk and performance management; and
- Commitment to developing 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.



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 the amount of capital needed to support such risks is evaluated.

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 exposures to fluctuations in interest rates are kept within acceptable limits.

Operational Risk
It is the risk arising from the potential that inadequate information systems, 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.

Legal Risk
Consistent with Basel II, the Group understands this risk as a sub-set of Operational Risk. It is the current and prospective negative impact to earnings and capital arising from uncertainty of legal proceedings that the Group is, or may be, involved in. The Group periodically assesses the probability of cases being won or lost, and accordingly sets up provisions when necessary. Potential legal liabilities are reported as potential losses under Operational Risk.

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	CET1 and Total Capital Adequacy Trigger and Floor Ratios
Trading Risk	Acceptable Trading Book VaR
Balance Sheet Risk	Maximum percentage of Net Interest Income-at-risk
Liquidity Risk	Maximum tolerable outflows; Liquidity Coverage and Net Stable Funding ratios
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.

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 § HH Index § CC Index § Econ Capital	• Standardized Approach • Tools include: § VaR § DVO1 § Back-testing § Stress testing • Derivatives § VaR § DVO1 § Vega	• Generally follows BSP Circ 544 • Interest Rate Gap as basic tool • Stress Test • Earnings Perspective § Net Interest Income-at-Risk • Economic Value Perspective § Capital-at-Risk	• Generally follows BSP Circ 545 • 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

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.

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

RISK 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.

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.

RISK MONITORING AND REPORTING FRAMEWORK

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 mitigation techniques 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 2015, 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 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 management 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 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 management 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 Bank migrated to using an internal credit risk rating system to one that permits more credit analytics, while at the same time retaining qualitative features that still accommodate some expert judgment when assessing credit worthiness. The Bank, since 2013, has been using 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.

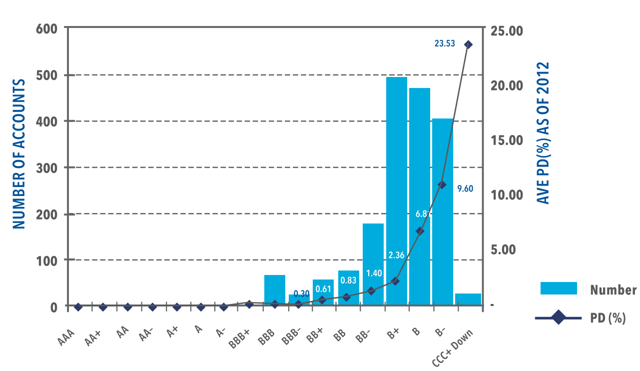
The Scorecards are designed to be used for: 1) the whole of corporate lending by RCBC, RSB, and Malayan Leasing, 2) relevant portfolio assessed by Treasury and Trust for investment purposes, and 3) the SME portfolio of both RCBC and RSB. The resulting ratings shadow the international S&P rating scale,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

As of December 2015, 100% of the qualified portfolio have been rated using the S&P Scorecards.

The rated portfolio of the parent bank as of end-2015 totaled PhP229.5 billion. Availments totaling PhP227.6 billion (99%) were from borrowers rated AAA to B-. Exposures to adversely classified accounts amounted to PhP1.9 billion (1%). Notably, of the PhP236 billion portfolio of the parent bank, a total of PhP3 billion (1.3%) has not been rated, as these availments are against deposits. The ROC in July 2015 however approved the assignment of a rating of BBB for these exposures, subject to perfect enforceability of the collateral arrangement. Borrowers accounting for PhP3.4 billion (1.5%) of the total loan portfolio are not yet subject to risk rating. Following the requirements of BSP Circular 855, however, these shall eventually be risk-rated.

S & P Rated Accounts (Parent) 4Q 2015

S & P RATING SCALE



DISTRIBUTION OF THE RATED PORTFOLIO

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.

S&P LETTER GRADE	DESCRIPTION OF LETTER GRADE
AAA	Extremely strong capacity to meet financial commitments.
AA+	Very strong capacity to meet financial commitments.
AA	Very 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.
A	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.
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.
BBB	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.
BBB-	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions.
BB+	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions.
BB	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and 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.
B	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments.
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.
CCC	Currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments.
Lower than CCC	Currently highly vulnerable

DESCRIPTION OF THE RATING GRADE

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, thus, lowering credit provisions, 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 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 2015 ratings is as follows:

	Numerical Equivalent		2015 RATING
Least Risk	**3.26-4**	A	**7**
Intermediate Low Risk	**2.51-3.25**	B	**77**
Intermediate High Risk	**1.76-2.5**	C	**58**
Most Risk	**1-1.75**	D	**5**

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. 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.

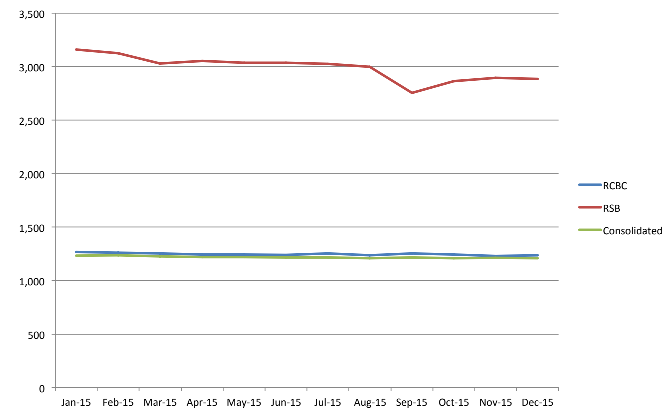
CREDIT CONCENTRATION RISK

Credit concentration risk denotes the risk arising from an uneven distribution of counterparties in credit or in any other business relationship, 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

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 2015, credit concentration risk for both the parent and the consolidated entity has been assessed as "moderate".

While the HHI finds usefulness in indicating industry concentration, the same may not be said for borrower concentration, as the index does not take into account a possible skewed lending behavior towards individual borrowers, which itself is an indication of credit concentration. The parent bank therefore supplements the HHI by adopting a Comprehensive Concentration Index (CCI). Mathematically, the CCI is the sum of the proportional share of the leading borrower (or borrowers) and the summation of the squares of the proportional sizes of each borrower, weighted by a multiplier reflecting the proportional size of the rest of the portfolio. The CCI therefore provides a view of the dispersion of the portfolio.



Credit concentration risk, as it relates to capital, is measured by deriving the attributed Economic Capital (EC). This is done by primarily measuring the effect on expected credit loss given changes in probabilities of default, and using industry causality factors as weights. Unexpected loss is then derived to arrive at a measure of EC.

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 2015, 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	543.39	0.00%	0.44	2.03%	0.43	538.48	537.23	2.67%
FXTN	254.31	5.43%	11.74	3.95%	7.57	272.57	268.32	4.13%
Other Corporate Bonds	178.20	6.99%	3.68	6.77%	3.15	178.88	178.24	4.91%
Foreign Currency Denominated Holdings								
ROP Sovereign Bonds	256.86	4.79%	17.90	3.51%	11.73	285.30	276.06	3.43%
ROP Guaranteed Bonds	2.31	7.23%	3.13	3.18%	2.44	2.65	2.60	2.37%
Other FXCY Bonds	1,624.71	4.43%	1.74	4.84%	1.55	1,716.00	1,668.52	1.50%
Total FVTPL	**2,859.78**	**3.87%**	**3.95**	**4.22%**	**2.89**	**2,993.89**	**2,930.97**	2.34%

FOREIGN EXCHANGE PORTFOLIO (PhP millions)

Foreign Exchange Risk Exposures (Phpmio)	
A. General Market Risk	
USD	(1005.11)
JPY	179.26
CHF	3.21
GBP	(85.38)
EUR	12.39
CAD	107.68
AUD	9.34
SGD	(6.82)
Other	24.16
Sum of net long	336.04
Sum of net short	(1,097.31)
Overall net open position	1,097.31
Incremental MRWA Arising From NDF	-
Total Risk Weighted FX Exposures	1,097.31

DERIVATIVES PORTFOLIO YEAR-END PROFILE

	Notional Amount (USD millions)	Notional Amount (PhP millions)
Trading		
Sell/Buy USD (Borrow Php)	260.82	12,202.20
Buy/Sell USD (Lend Php)	250.47	11,786.55
GROSS POSITION	511.28	23,988.75
NET POSITION	10.35	(415.66)

	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	40.49	96.51
Pay Fixed - Receive Float	9,300.00	67.07	30.63

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.

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.

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, including year-to-date caps.

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 (IRRBB)

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, 2015 IR Gap is as presented in Note 4.3.2 of the AFS.

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 potential impact Group's annual net interest income, given the above December 2015 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	558	1,116	(558)	(1,116)
Parent Bank	789	1,578	(789)	(1,578)

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. 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 of 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: 20% withdrawal in deposits; 20% haircut in securities; 10% loan pay-off; 50% reduction of counterparty lines
- General Market Liquidity Crisis: 20% 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

The BSP in 2015 issued two exposure drafts on the implementation of the Liquidity Coverage Ratio (LCR). Consequently, the Group crafted policy guidelines to ensure compliance to the said ratio ahead of the regulatory timeline. It has likewise started simulating its LCR and Net Stable Funding Ratio (NSFR), the results of which 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.

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 Business Continuity Management Division of CRISMS 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.

The Group approved in 2014 the acquisition of an Operational Risk Management System (ORMS) 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 ORMS went Live in 2015, and covers the parent Bank and its subsidiaries.

The following 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).

Probability assessment uses a 5-scale likelihood factor matrix ranging from "least likely" to "almost certain". Impact 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

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	Monthly	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

Information Technology Risk Management (ITRM) 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 Group. 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 ITRM 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, ITRM 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, the Information Security Governance Division (ISGD) of CRISMS 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) The ROC approved an Information Security Risk Management Framework that serves as an enabler of the Group's objectives with regard to data loss prevention, improved security of system and network services and pre-emptive risk management. This initiative involves the creation and oversight of the IT Risk Management Program that enables the Group to appropriately identify and protect its business data, intellectual property, and physical assets;

c) Automation of the IT RCSA process is integrated in the new Operational Risk Management System. This aims to facilitate the recording of risk mitigations plans and their proper monitoring and reporting to Senior Management. Likewise, the system collects and stores incident reports that serve as a historical basis for potential recurrence.

Compliance and Regulatory 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:

HIGH / MAJOR RISK AREA

§ 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:
  - suspension / loss of license to operate
  - suspension of banking franchise/branching
  - position declared vacant
  - denial of BSP credit facilities; prohibition from making new loans or investments; prohibition from declaring cash dividends
  - severe penalties such as imprisonment of officers; monetary fine of PhP30,000.00 and above.

MODERATE / MEDIUM RISK AREA

§ Covers banking transactions or compliance areas where violation or deficiency will result in:
  - penalty of suspension of an officer/employee
  - 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.

LOW RISK AREA

§ The risk is low:
- where sanctions imposed include warning or reprimand on erring officer or employee.
- 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 Group 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 (TF) 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 (AMLD), monitor AMLA compliance and conduct regular compliance testing of business units.

In order to minimize compliance risk and eliminate deviation from regulatory requirements, the AMLD conducts classroom training and creates e-learning modules for the employees of the Group. The AML Training Programs are designed specifically for the different bank employees depending on their areas of responsibility and exposure to risk. These training programs are consistent and in accordance with the pertinent provisions of the BSP Manual of Regulations for Banks and related BSP and SEC circulars, as well as, the Anti-Money Laundering Act of the Philippines.

Further, the AMLD also conducts special investigation of news reports on the commission of unlawful activities of certain clients, individuals and/or entities, which could pose as a potential money laundering risk to the Group. The special investigation is not only limited to news reports but also includes proactive analysis of the banking reports available in order to prevent money launderers from using the Group as a conduit for money laundering.

Finally, the AMLD regularly reports to the AML Committee, Senior Management Committee and the Board of Directors to ensure that monitoring of AML activities is regularly disclosed allowing management to perform its oversight function on AML and TF matters.

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. And as mandated by BSP Circular 895 (Guidelines on Related Party Transactions), reports on the Group's conglomerate structure and material exposures to related parties are likewise generated and thereafter submitted to the BSP.

§ 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).

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.

In 2015, the Group prepared its FATCA Report for submission to the US IRS. However, with the coming of the Intergovernmental Agreement (IGA) and its signing in July 13, 2015 by the US and Philippine governments, Philippine financial institutions were advised by the Bureau of Internal Revenue (BIR) of the postponement of the submission of said FATCA Report to an indefinite date. In the same year, the Group commenced with the FATCA enhanced due diligence for high value accounts that included: electronic record search of financial accounts for US indicia; paper record search of financial accounts for US indicia; and inquiries with relationship managers. The Group also began to develop a more permanent IT solution for an automated FATCA data management, extraction and reporting, the development of which is still continuing.

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 Parent Bank's Public Relations Committee (PR Comm) consolidates the reputation risk management efforts of the Group. The Heads of the Parent Bank's Corporate Affairs and Public & Media Relations Divisions currently chair 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

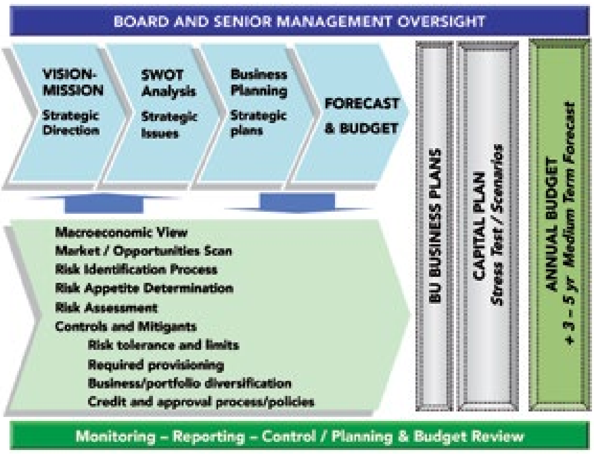
Consistent with the view that reputation risk is a product of other material risks, controlling the magnitude of reputation risk is attained by controlling those of the others'. On the public relations front, the Group's PR Comm sets an annual target of free media / publicity via the release of positively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

Capital Management Framework

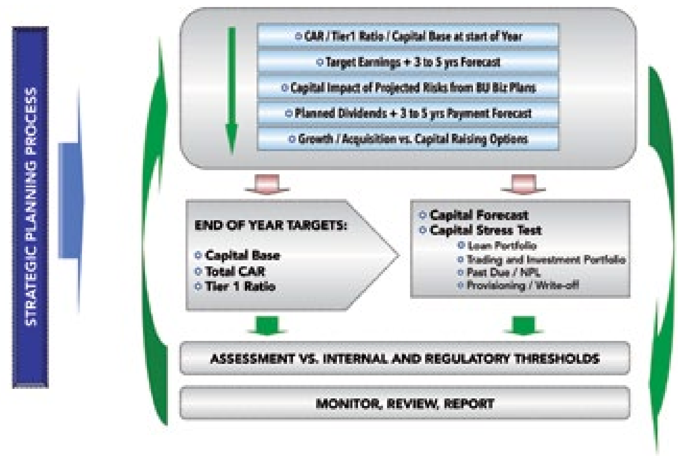
The Group's Capital Management Framework provides the engine that ties together the strategic and business planning process as well as capital planning.

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.



CAPITAL MANAGEMENT FRAMEWORK



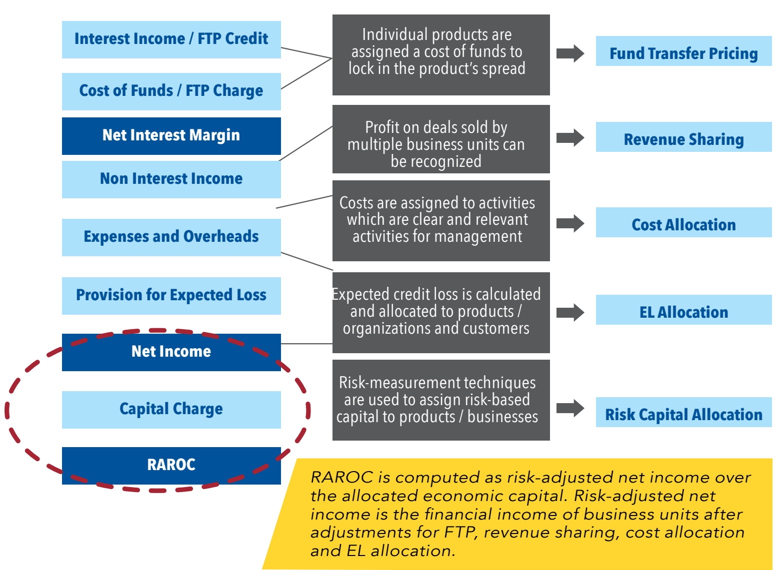
CAPITAL PLANNING

The other component of the Framework is the development of the Capital Plan 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.

Risk-Adjusted Performance Measurement (RAPM)

The Risk-Adjusted Performance Measurement (RAPM) framework allows for the active monitoring and management of risk exposures and allocation of economic capital proportionate to the amount of risk each business unit takes. The 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. Capital allocation as a result of RAROC is also a goal.

The RAPM dashboard is the Group's way of firmly linking risk and capital, as it allows Senior Management to assess the contribution of each business – after considering the related risks – and its return on the capital used. It also allows for capital planning at the business segment and or subsidiary level, allocating capital based on the identified risks and strategic intent. A view of performance, tempered with the risks and capital requirements, clarifies the components of the risk appetite for each strategy. The Framework is illustrated below.



RAPM FRAMEWORK

The measurement of profitability of business is refined and adjusted for the effect of the recently adopted Fund Transfer Pricing (FTP) model. Profitability too is further adjusted for risk via the estimation of expected loss.

Economic Capital is 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 is accounted for either via direct deduction from earnings (CAR numerator), or via the calculation of additional economic capital needed for risk (denominator).

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 components in 2015 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 however 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 Php8.2 billion in common equity capital from two different capital raising activities. In March 2013, a total of Php4.1 billion raised coming from various investors through a top-up placement and in April 2013, IFC investment another of Php4.1 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.

On December 17, 2014, the Group and Cathay Life Insurance Co., Ltd., a wholly owned subsidiary of Cathay Financial Holding Co., Ltd. signed definitive agreements to acquire approximately 20% stake in RCBC on a pro-forma, post-transaction basis comprising 124,242,272 newly-subscribed shares and 155,757,728 existing shares. This transaction effectively cancelled the planned Stock Rights Offering which was earlier approved by the PSE on September 24, 2014.

The strategic investment in April 2015 by Cathay Life, Php7.95 billion of new Core Equity Tier 1 ("CET 1") capital for the Group, is part of RCBC's capital raising strategy in order to comply with the more stringent capital adequacy rules under the new Basel III framework and is expected to enable RCBC to be comfortably above the minimum CET1 requirements of the BSP. In addition, the proceeds from the investment is expected to continue to support the continued growth of RCBC's loan book and increased expansion into the SME and Consumer segments to improve margins and risk diversification/actuarialization. The transaction is also in-line with Cathay's strategy to expand its business in ASEAN region.

On July 24, 2015 the Group redeemed its USD 100 Million 9.875% Non-Cumulative Step-up Perpetual Securities ("the Hybrid Tier 1 Notes") as approved by the Board of Directors and by the Bangko Sentral ng Pilipinas last March 30, 2015 and May 27, 2015, respectively. The Hybrid Tier 1 Notes were redeemed for a total price of USD 113.93 million. Hybrid Tier 1 Notes were redeemed earlier than expected as they were classified as not eligible for Basel III requirement.

Rizal Commercial Banking Corporation and Cathay Life Insurance Corp, a wholly owned subsidiary of Cathay Financial Holding Co., Ltd. closed the equity investment deal for a 20% stake in RCBC on April 20, 2015. The key terms of the transaction involved the subscription of primary shares (124,242,272) and the purchase of shares from CVC (119,033,590 shares) and IFC (36,724,138 shares) all at Php64.00 per share.

2006	2007	2008	2009	2011	2013	2014	1H-2015
CAPITAL RAISED							
PHP1.05 bn convertible preferred shares	PHP5.6 bn common stock public offering	PHP7.0 bn unsecured debt qualifying as Tier 2 capital	PHP4 bn tier 2 unsecured debt	Investment from IFC (PHP2 bn) and CVC (PHP3.7 bn) P 5.7 bn	Top–up – $ 100 mn IFC - $ 100 mn Freed up capital from sale of equity invstmts - P 12.7 bn	PHP10 bn unsecured debt qualifying as Tier 2 capital	Investment from Cathay Life Insurance P 8.0 bn

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 Basel III Capital Adequacy Ratios (CAR) of the Group and the Parent as reported to the BSP as of December 31, 2015 are as follows:

The capital adequacy ratio of the Group and the Parent as reported to the BSP as of December 31, 2015 and 2014 under Basel 3 framework are shown in the table below.

	Group		Parent Company	
	2015	2014	**2015**	2014
CET 1 Capital	48,779	40,084	37,940	30,573
Tier 1 Capital	48,782	40,087	37,943	30,576
Tier 2 Capital	12,325	12,005	11,894	11,602
Total Qualifying Capital	**61,107**	**52,093**	**49,837**	**42,179**
Credit Risk Weighted Assets	346,956	292,841	287,800	246,202
Market Risk Weighted Assets	7,320	14,942	7,263	14,630
Operational Risk Weighted Assets	34,528	31,166	23,872	21,715
Risk Weighted Assets	**388,804**	**338,949**	**318,935**	**282,546**
Total Capital Adequacy Ratio	**15.72%**	**15.37%**	**15.63%**	**14.93%**
Tier 1 Capital Adequacy Ratio	**12.55%**	**11.83%**	**11.90%**	**10.82%**
Common Equity Tier 1 Ratio	**12.55%**	**11.83%**	**11.90%**	**10.82%**
Capital Conservation Buffer	**6.55%**	**5.83%**	**5.90%**	**4.82%**

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, 2015 and 2014 are as follows:

	Group		Parent Company	
	2015	2014	**2015**	2014
Tier 1 (Common Equity Tier 1 plus Additional Tier 1) Capital				
Paid up common stock	13,999	12,757	13,999	12,757
Additional paid in capital	22,635	16,147	22,635	16,147
Retained Earnings	16,798	13,928	16,798	13,928
Undivided profits	5,117	4,332	5,117	4,332
Net unrealized gains or losses on AFS securities	658	1,060	658	1,060
Cumulative foreign currency translation	82	274	98	295
Minority interest in subsidiary financial allied undertaking which are less than wholly owned	29	24		
Common Equity Tier 1 (CET1) Capital	59,318	48,522	59,305	48,519

	Group		Parent Company	
	2015	2014	**2015**	2014
Less: Regulatory Adjustments to CET1 Capital				
Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)	1	304	1	290
Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates	411	44	411	44
Deferred tax assets	1,104	84	347	
Goodwill	158	158	158	158
Other Intangible Assets	1,958	879	1,808	721
Defined benefit pension fund assets (liabilities)	1	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			15,063	13,344
Other equity investments in non-financial allied undertakings and non-allied undertakings	6,898	6,737	3,569	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)	8	0	8	0
Total Regulatory Adjustments to CET1 Capital	10,539	8,438	21,365	17,946
Total Common Equity Tier 1 Capital	**48,779**	**40,084**	**37,940**	**30,573**
Additional Tier 1 (AT1) Capital				
Instruments issued by the bank that are eligible as AT1 Capital	3	3	3	3
Less: Regulatory Adjustments to AT1 Capital				
Total Additional Tier 1 (AT1) Capital	**3**	**3**	**3**	**3**
Total Tier 1 (Common Equity Tier 1 plus Additional Tier 1) Capital	**48,782**	**40,087**	**37,943**	**30,576**
Tier 2 Capital				
Instruments issued by the bank that are eligible as Tier 2 capital	9,936	9,921	9,936	9,921
General loan loss provision	2,389	2,084	1,958	1,681
Total Tier 2 capital	12,325	12,005	11,894	11,602
Less: Regulatory Adjustments to Tier 2 Capital				
Total Tier 2 Capital	**12,325**	**12,005**	**11,894**	**11,602**
Total Qualifying Capital	**61,107**	**52,093**	**49,837**	**42,179**

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

	Group									
	2015					2014				
		BASEL III					BASEL III			
FRP Equity Accounts	FRP	CET1 Capital	Additional Tier 1	Tier 2 Capital	Total Basel III Capital	FRP	CET1 Capital	Additional Tier 1	Tier 2 Capital	Total Basel III Capital
Paid in Capital Stock	14,002	13,999	3		14,002	12,760	12,757	3		12,760
Common Stock	13,999	13,999			13,999	12,757	12,757			12,757
Perpetual and Non-Cumulative Preferred Stock	3		3		3	3		3		3
Additional Paid-in Capital	22,635	22,635			22,635	16,147	16,147			16,147
Other Equity Instruments (Hybrid Tier 1)	-				-	4,383				-
Retained Earnings	16,798	16,798			16,798	13,928	13,928			13,928
Undivided Profits	5,117	5,117			5,117	4,332	4,332			4,332
Other Comprehensive Income	(473)	739			739	1,334	1,334			1,334
Minority Interest in Subsidiaries (for consolidated report only)	29	29			29	24	24			24
Total Equity Accounts	**58,109**	**59,318**	**3**		**59,321**	**52,909**	**48,522**	**3**	**-**	**48,525**
Other Accounts Eligible as Regulatory Capital										
Unsecured Subordinated Debt				9,936	9,936				9,921	9,921
General Loan Loss Reserves				2,389	2,389				2,084	2,084
Regulatory Adjustments/Deductions to CET1 Capital										-
Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)		(1)			(1)		(304)			(304)
Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates		(411)			(411)		(44)			(44)
Deferred tax assets		(1,104)			(1,104)		(84)			(84)
Goodwill		(158)			(158)		(158)			(158)
Other Intangible Assets		(1,958)			(1,958)		(879)			(879)
Defined benefit pension fund assets (liabilities)		(1)			(1)		(231)			(231)
Other equity investments in non-financial allied undertakings and non-allied undertakings		(6,898)			(6,898)		(6,737)			(6,720)
Reciprocal investments in common stock of other banks quasi-banks and financial allied undertakings including securities dealer/ brokers and insurance companies, after deducting related goodwill, if any (for both solo and consolidated bases)		(8)			(8)		(0)			(0)
Total Regulatory Capital	**58,109**	**48,779**	**3**	**12,325**	**61,107**	**52,909**	**40,084**	**3**	**12,005**	**52,093**

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

	Parent Company									
	2015					2014				
		BASEL III					BASEL III			
FRP Equity Accounts	FRP	CET1 Capital	Additional Tier 1	Tier 2 Capital	Total Basel III Capital	FRP	CET1 Capital	Additional Tier 1	Tier 2 Capital	Total Basel III Capital
Paid in Capital Stock	14,002	13,999	3		14,002	12,760	12,757	3		12,760
Common Stock	13,999	13,999			13,999	12,757	12,757			12,757
Perpetual and Non-Cumulative Preferred Stock	3		3		3	3		3		3
Additional Paid-in Capital	22,635	22,635			22,635	16,147	16,147			16,147
Other Equity Instruments (Hybrid Tier 1)	-				-	4,383				-
Retained Earnings	16,798	16,798			16,798	13,928	13,928			13,928
Undivided Profits	5,117	5,117			5,117	4,332	4,332			4,332
Other Comprehensive Income	(456)	756			756	1,355	1,355			1,355
Minority Interest in Subsidiaries (for consolidated report only)						-				-
Total Equity Accounts	**58,096**	**59,305**	**3**		**59,308**	**52,906**	**48,519**	**3**	**-**	**48,523**
Other Accounts Eligible as Regulatory Capital										
Unsecured Subordinated Debt				9,936	9,936				9,921	9,921
General Loan Loss Reserves				1,958	1,958				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)		(1)			(1)		(290)			(290)
Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates		(411)			(411)		(44)			(44)
Deferred tax assets		(347)			(347)		-			-
Goodwill		(158)			(158)		(158)			(158)
Other Intangible Assets		(1,808)			(1,808)		(721)			(721)
Defined benefit pension fund assets (liabilities)							(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		(15,063)			(15,063)		(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)		(3,569)			(3,569)		(3,160)			(3,160)
Reciprocal investments in common stock of other banks quasi-banks and financial allied undertakings including securities dealer/ brokers and insurance companies, after deducting related goodwill, if any (for both solo and consolidated bases)		(8)			(8)		(0)			(0)
Total Regulatory Capital	**58,096**	**37,940**	**3**	**11,894**	**49,837**	**52,906**	**30,573**	**3**	**11,602**	**42,179**

Components of Regulatory Capital

Regulatory Capital consist 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 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 accomodations both direct and indirect to DOSRI
b. Unsecured loans, other credit credit accomodations 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
e. Other Intangible Assets consist 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 and 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 P 3 billion of the Notes on September 5, 2014, which constituted a further issuance of, and formed a single series with the existing P 7 billion Tier 2 Notes. The significant terms and conditions of the Tier 2 Notes with an aggregate issue amount of P 10 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 of the 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.

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

December 31, 2015					
Equity Accounts	Audited FS	BSP FRP	Change	Details	Amount
Common Stock	13,999	13,999	-		
Preferred Stock	3	3	-		
Capital Paid in Excess of Par	22,635	22,635	-		
Revaluation Reserves	(458)	(457)	(1)	Reinstatement of equity investments in subsidiaries to cost method	(161)
				Adjustment on fair market value of FVOCI	11
				Remeasurement of Net Defined Benefits - Subsidiaries	150
					(1)
Reserve for Trust Business	356	350	6	Additional provision on Reserves for Trust Business	6
Surplus	14,282	21,565	(7,284)	Reinstatement of equity investments to cost method	(6,903)
				Impairment provision for JPL	(375)
				Reserve for Self Insurance reported as part of the Other Liabilities in the AFS	(61)
				Additional provision on Reserves for Trust Business	(6)
				Additional income after considering audit adjusting entries	61
					(7,284)
Total Capital	**50,817**	**58,096**	**(7,279)**		**(7,279)**

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.

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

December 31, 2014					
Equity Accounts	Audited FS	BSP FRP	Change	Details	Amount
Common Stock	12,757	12,757	-		
Preferred Stock	3	3	-		
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	750	1,355	(605)	Reinstatement of equity investments in subsidiaries to cost method	(265)
				Impact of early adoption of FRPS 9	36
				To adjust retirement benefits following PAS19R	(376)
					(605)
Reserve for Trust Business	340	336	4	Additional provision on Reserves for Trust Business	4
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 exposure as of December 31, 2015 and 2014 are as follows:

	December 31, 2015					
	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
			(in Millions)			
On- Balance Sheet Assets	336,747	277,624				
Off- Balance Sheet Assets	9,444	9,410				
Counterparty Risk-Weighted Assets in the Banking & Trading Book	766	766				
Credit Linked Notes in the Banking Book						
Securitization Exposures						
Market Risk-Weighted Assets			7,320	7,263		
Operational Risk using Basic Indicator Approach					34,528	23,872
Total	**346,956**	**287,800**	**7,320**	**7,263**	**34,528**	**23,872**
Capital Requirements	**34,696**	**28,780**	**732**	**726**	**3,453**	**2,387**

	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**

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, 2015 and 2014 are as follows :

Group

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

	December 31, 2015									
Type of Exposures	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights 0%	20%	50%	75%	100%	150%	Total Risk Weighted Assets
On-Balance Sheet Exposures										
Sovereigns	100,499	1,470	99,029	73,977	1,315	20,495		3,242		13,752
Multilateral Development Banks										
Banks	25,369		25,369		1,733	21,732		1,905		13,117
Interbank call loans										
Local government units	176		176			176				88
Government corporations	11,738	5,718	6,020		227	1,152		4,641		5,263
Corporates	255,590	25,546	230,043		469	2,388		226,960	227	228,588
Housing Loans	31,876	12,198	19,678			16,700		2,978		11,328
MSME Qualified portfolio	8,327		8,327				8,327			6,245
Defaulted exposures	2,561		2,561					932	1,629	3,375
Housing Loans	932		932					932		932
Others	1,629		1,629						1,629	2,443
ROPA	3,618		3,618						3,618	5,428
All other assets, net of deductions	65,045	1,431	63,615	14,045	172			49,136	262	49,563
Total on-balance sheet exposures	504,799	46,363	458,436	88,022	3,915	62,642	8,327	289,795	5,736	336,747
Off-balance sheet exposures										
Direct credit substitutes	4,643		4,643					4,643		4,643
Transaction-related contingencies	3,562		3,562					3,562		3,562
Trade-related contingencies	1,239		1,239					1,239		1,239
Others	118,251		118,251	118,251						
Total off-balance sheet exposures	127,694		127,694	118,251				9,444		9,444
Counterparty Risk-Weighted Assets in the Banking Book										
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	441		441		9	143		290		363
Derivatives - exchange rate contracts	453		453		10	84		359		403
Credit Derivatives										
Total counterparty RWA in trading book	894		894		19	226		649		766
Risk-Weighted Amount of Credit Linked Notes in the Banking Book										
Risk-Weighted Securitization Exposures										
Total	**633,387**	**46,363**	**587,024**	**206,273**	**3,934**	**62,868**	**8,327**	**299,887**	**5,736**	**346,956**
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	**633,387**	**46,363**	**587,024**	**206,273**	**3,934**	**62,868**	**8,327**	**299,887**	**5,736**	**346,956**

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

Group
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 0%	20%	50%	75%	100%	150%	Total Risk Weighted Assets
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

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

	December 31, 2015									
Type of Exposures	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights 0%	20%	50%	75%	100%	150%	Total Risk Weighted Assets
On-Balance Sheet Exposures										
Sovereigns	85,358	1,470	83,888	61,719	109	18,817		3,242		12,673
Multilateral Development Banks										
Banks	23,766		23,766		1,733	21,505		528		8,830
Interbank call loans										
Local government units	176		176			176				88
Government corporations	11,235	5,718	5,517		227	649		4,641		5,011
Corporates	243,164	25,484	217,680		469	2,388		214,597	227	216,225
Housing Loans	78	68	11			11				5
MSME Qualified portfolio	8,016		8,016				8,016			6,012
Defaulted exposures	811		811					51	760	1,191
Housing Loans	51		51					51		51
Others	760		760						760	1,140
ROPA	948		948						948	1,422
All other assets, net of deductions	33,587		33,587	10,127	113			23,347		23,370
Total on-balance sheet exposures	407,139	32,740	374,400	71,846	2,650	43,546	8,016	246,406	1,934	277,624
Off-balance sheet exposures										
Direct credit substitutes	4,643		4,643					4,643		4,643
Transaction-related contingencies	3,529		3,529					3,529		3,529
Trade-related contingencies	1,239		1,239					1,239		1,239
Others	96,913		96,913	96,913						
Total off-balance sheet exposures	106,324		106,324	96,913				9,410		9,410
Counterparty Risk-Weighted Assets in the Banking Book										
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	441		441		9	143		290		363
Derivatives - exchange rate contracts	453		453		10	84		359		403
Credit Derivatives										
Total counterparty RWA in trading book	894		894		19	226		649		766
Risk-Weighted Amount of Credit Linked Notes in the Banking Book										
Risk-Weighted Securitization Exposures										
Total	**514,357**	**32,740**	**481,617**	**168,759**	**2,669**	**43,772**	**8,016**	**256,466**	**1,934**	**287,800**
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	**514,357**	**32,740**	**481,617**	**168,759**	**2,669**	**43,772**	**8,016**	**256,466**	**1,934**	**287,800**

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

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

Type of Exposures	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	December 31, 2014 Risk Weights 0%	20%	50%	75%	100%	150%	Total Risk Weighted Assets
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	99,883		99,883	99,883						
Total off-balance sheet exposures	110,420		110,420	99,883				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	**463,007**	**38,837**	**424,170**	**151,494**	**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	**463,007**	**38,837**	**424,170**	**151,494**	**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

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

December 31, 2015										
On-Balance Sheet Assets	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	14,045		14,045	14,045						
Checks and Other Cash Items	172		172		172					34
Due from Bangko Sentral ng Pilipinas (BSP)	50,618		50,618	50,618						
Due from Other Banks	19,537		19,537		1,733	16,138		1,666		10,082
Financial Assets Designated at Fair Value through Profit or Loss										
Available-for-Sale (AFS) Financial Assets	4		4					4		4
Held-to-Maturity (HTM) Financial Assets	103,150	1,470	101,680	23,359	2,010	29,804		46,280	227	61,924
Unquoted Debt Securities Classified as Loans	1,556		1,556					1,556		1,556
Loans and Receivables	295,514	44,893	250,621			16,700	8,327	223,965	1,629	241,004
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, and Securities Lending and Borrowing Transactions										
Sales Contract Receivable (SCR)	1,935		1,935					1,673	262	2,065
Real and Other Properties Acquired / NCAHS	3,618		3,618						3,618	5,428
Other Assets	14,650		14,650					14,650		14,650
Total Risk-weighted On-Balance Sheet Assets	**504,799**	**46,363**	**458,436**	**88,022**	**3,915**	**62,642**	**8,327**	**289,795**	**5,736**	**336,747**

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

December 31, 2014										
On-Balance Sheet Assets	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	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 / NCAHS	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**

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

On-Balance Sheet Assets	December 31, 2015									
	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	10,127		10,127	10,127						
Checks and Other Cash Items	113		113		113					23
Due from Bangko Sentral ng Pilipinas (BSP)	42,027		42,027	42,027						
Due from Other Banks	18,172		18,172		1,733	15,911		528		8,830
Financial Assets Designated at Fair Value through Profit or Loss										
Available-for-Sale (AFS) Financial Assets										
Held-to-Maturity (HTM) Financial Assets	92,567	1,470	91,097	19,693	805	27,624		42,749	227	57,062
Unquoted Debt Securities Classified as Loans	1,556	-	1,556					1,556		1,556
Loans and Receivables	229,818	31,270	198,549			11	8,016	189,773	748	196,913
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, and Securities Lending and Borrowing Transactions										
Sales Contract Receivable (SCR)	667		667					655	12	673
Real and Other Properties Acquired / NCAHS	948		948						948	1,422
Other Assets	11,145		11,145					11,145		11,145
Total Risk-weighted On-Balance Sheet Assets	**407,139**	**32,740**	**374,400**	**71,846**	**2,650**	**43,546**	**8,016**	**246,406**	**1,934**	**277,624**

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

On-Balance Sheet Assets	December 31, 2014									
	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	9,539		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 / NCAHS	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**

Market Risk Weighted Assets

	Group				Parent Company			
	2015		2014		**2015**		2014	
Using Standardized Approach	Notional Amount	Market Risk Weighted Assets	Notional Amount	Market Risk Weighted Assets	Notional Amount	Market Risk Weighted Assets	Notional Amount	Market Risk Weighted Assets
Interest Rate Exposures	55,150	4,322	55,169	12,521	54,031	4,322	52,574	12,153
Equity Exposures	-	-	-	-	-	-	-	-
Foreign Exposures	1,433	1,097	4,935	2,410	1,374	1,040	5,001	2,465
Options	2,984	1,901	366	11	2,984	1,901	366	11
Total	**59,568**	**7,320**	**60,471**	**14,942**	**58,389**	**7,263**	**57,942**	**14,630**

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

Nature of Item	Group		Parent Company	
	2015	2014	**2015**	2014
Net interest income	13,227	11,743	9,469	8,511
Other non-interest income	5,188	4,879	3,263	3,070
Gross Income	18,415	16,622	12,732	11,581
Capital Requirements	**34,528**	**31,166**	**23,872**	**21,715**

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.

Moreover, as of December 31, 2015 the Bank had exposures to the following countries via direct exposure to local corporates, the range of issuer ratings of which is indicated:

COUNTRY	RATING RANGE
China	AA-
Great Britain	A+
Hong Kong	A / A-
India	BBB+ / BBB-
Indonesia	BB+ / BB
Malaysia	Unrated
Mexico	BBB+
South Korea	AA- / A-
United States	AA- / BB+

CORPORATE SOCIAL RESPONSIBILITY

Expanding the provision of sustainable livelihood programs to rural communities and promotion of environmental preservation were the core thrusts of the Bank's corporate social responsibility efforts in 2015. RCBC pursued its organizational advocacies in the areas of community and environmental development with ever-growing and mutually beneficial partnerships with institutions ranging from financial service providers to local government units (LGUs).

Left photo: San Andres Brgy. Captain Darwin Dela Rosa pose with RCBC officers Anj Mirasol, RCBC Bankard VP for Marketing; Joee Guilas, RCBC FVP for Corporate Communications and Service Excellence; and Donna Marcelo, RCBC Savings Bank VP for Corporate Communications and Marketing Services, together with one of the livelihood program beneficiaries. *Below photo:* Driven by social media, RCBC's Teenvironmentalist campaign encourages teens to engage in environmental conservation.

SMARTER SOLUTIONS RCBC
Teenvironmentalists
Greenvironmentalists

Top photo: RCBC Earth Care representatives in talks with officers of project proponent YGC-CSI and Tanay residents.
Right photo: RCBC officers and employees pose with the beneficiaries of the Oplan Pangkabuhayan SaGoat Kita project in Tanay, Rizal.

Promoting environmental stewardship

RCBC continues to be an active participant in the Earth Care program of the Yuchengco Group of Companies (YGC). This conglomerate-wide program aims to restore and preserve the natural beauty of the environment and provide livelihood opportunities to the residents of Barangay San Andres in Tanay, Rizal.

Through this initiative, trees are planted and cultivated in the designated areas in cooperation with Samahan ng mga Magsasaka ng San Andres (SAMASAI), the Department of Environment and Natural Resources (DENR), and the Bank's fellow YGC members. Since 2013, quarterly ocular inspections are done by representatives from the different companies of the conglomerate in order to ensure the maintenance and growth of the planted seedlings.

Tapping the digital domain, RCBC launched its TeenVironmentalist campaign aimed at tapping the most significant segment of society, the youth, to create a nationwide engagement for environmental preservation.

The campaign invites teenagers to post in social media their pledges on how to help protect Mother Nature. Participants are required to upload a video of their pledges to YouTube, and share it on the official RCBC Facebook page with the hashtag, #TeenVironmentalist. They are also encouraged to nominate their friends and peers in creating and posting their own pledges. Parents and other adults are also invited to participate in the campaign with the hashtag, #GreenVironmentalist.

Creating long-term livelihood opportunities

In line with the 2015 celebration of the Chinese New Year of the Goat, RCBC conducted the Oplan Pangkabuhayan: SaGoat Kita Livelihood Program, a CSR initiative in which baby goats were given out to 55 families residing in Barangay San Andres in Tanay, Rizal. This also commemorated RCBC's 55th anniversary. The program aims to pave avenues for more sustainable livelihood opportunities for communities in far-flung areas.

RCBC representatives among the YGC Earth Care contingent.

PROFILE OF DIRECTORS

AMBASSADOR ALFONSO T. YUCHENGCO

HONORARY CHAIRMAN
NON-EXECUTIVE DIRECTOR

93 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

Ambassador 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 seminars conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates on March 22, 2014 and September 5, 2015.

BOARD OF DIRECTORS

01 **HELEN Y. DEE**
Chairperson
Non-Executive Director

02 **CESAR E.A. VIRATA**
Vice Chairperson
Non-Executive Director

03 **LORENZO V. TAN***
President and CEO
Executive Director
(Until May 6, 2016)

04 **ATTY. TEODORO D. REGALA**
Non-Executive Director

05 **ARMANDO M. MEDINA**
Independent
Non-Executive Director

06 **ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO**
Corporate Secretary
Executive Director

07 **ATTY. WILFRIDO E. SANCHEZ**
Non-Executive Director

BOARD OF DIRECTORS

08 **ANTONINO L. ALINDOGAN, JR.**
Independent
Non-Executive Director

09 **FRANCISCO C. EIZMENDI, JR.**
Independent
Non-Executive Director

10 **RICHARD G. A. WESTLAKE**
Non-Executive Director

11 **JOHN LAW**
Non-Executive Director

12 **T. C. CHAN**
Non-Executive Director

13 **MEDEL T. NERA**
Non-Executive Director

14 **FRANCIS PENG**
Non-Executive Director

ADVISORY BOARD

01 GABRIEL C. SINGSON†
Chairman, Advisory Board
(Until March 28, 2016)

• 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

02 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

03 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

04 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

MS. HELEN Y. DEE
CHAIRPERSON, NON-EXECUTIVE DIRECTOR
72 years of age, Filipino

BS Commerce, Assumption College, Philippines; Masters in Business Administration, De La Salle University, Philippines

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 Mapúa Institute of Technology).

She holds positions in the 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 seminars conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates on March 22, 2014 and September 5, 2015.

MR. CESAR E.A. VIRATA
VICE CHAIRPERSON, NON-EXECUTIVE DIRECTOR
85 years of age, Filipino

BS Mechanical Engineering and Business Administration (Cum Laude), University of the Philippines; Masters in Business Administration, Wharton Graduate School, University of Pennsylvania, USA

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, and Corporate Governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates on September 5, 2015.

MR. LORENZO V. TAN
PRESIDENT AND CEO, EXECUTIVE DIRECTOR
54 years of age, Filipino
(Until May 6, 2016)

BS Commerce, De La Salle University, Philippines; Master of Management, J.L. Kellog Graduate School of Management in Evanston, Illinois, USA; Certified Public Accountant in the United States and the Philippines

Mr. Lorenzo V. Tan had been the Bank's President, Chief Executive Officer and Director since 2007 until his resignation on May 6, 2016.

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

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 seminars conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates in March 22, 2014 and September 5, 2015.

MR. TZE CHING I. CHAN
NON-EXECUTIVE DIRECTOR
59 years of age, Chinese

Bachelor of Business Administration and Master of Business Administration, University of Hawaii, USA; Certified Public Accountant, American Institute of Certified Public Accountants, USA

He started with Citibank in Hong Kong as a Management Associate in 1980 and served in various capacities until he was named 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. Mr. Chan is currently a Senior Adviser at CVC Capital Partners and The Bank of East Asia, Limited and holds various board seats in listed companies, government statutory bodies and NGOs in Hongkong including, among others, AFFIN Holdings Berhad, The Community Chest of Hongkong, East Asia Futures Limited, East Asia Securities Company Limited, and Hongkong Exchanges and Clearing Limited, in addition to various other seats in important committees of various institutions. He is currently an Honorary Advisory Vice-President at Hong Kong Institute of Bankers and a Member of the Financial Reporting Council of Hongkong. Mr. T.C. Chan completed both his Bachelors Degree in Business Administration and Masters of Business Administration from the University of Hawaii in the United States.

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.

ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO
CORPORATE SECRETARY, EXECUTIVE DIRECTOR
44 years of age, Filipino

BS Business Economics (Summa Cum Laude) and Bachelor of Laws (Cum Laude), University of the Philippines; Master of Laws (LL.M) in Corporate Law (Cum Laude), New York University School of Law, USA; highest score in the 1997 Philippine Bar examinations

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

She is a member of the Corporate Governance Committee and Personnel Evaluation and Review Committee.

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 conducted 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 seminars conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates on March 22, 2014 and September 5, 2015.

MR. MEDEL T. NERA
NON-EXECUTIVE DIRECTOR
60 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. He is an independent director 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.

ATTY. TEODORO D. REGALA
NON-EXECUTIVE DIRECTOR
82 years of age, Filipino

Bachelor of Arts, University of Sydney, Australia; Bachelor of Laws degree (Cum Laude), University of the Philippines; Masters of Law, Harvard University, USA

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 seminars conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates on March 22, 2014 and September 6, 2015.

ATTY. WILFRIDO E. SANCHEZ
Non-Executive Director
79 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., Transnational Diversified Group, Inc. and Center for Leadership and Change, Inc., among others.

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.

MR. RICHARD GORDON ALEXANDER WESTLAKE
Non-Executive Director
64 years of age, of New Zealand

MA degree, Oxford University, England; Accredited Fellow, Institute of Directors, New Zealand; International Fellow of Mudara-Institute of Directors, Dubai, United Arab Emirates

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, the world's leading producer and exporter of goat milk infant formula.

Previous roles include chairmanship of Intergen Limited, the Standards Council of New Zealand; Deputy Chairman of Institute of Geological & Nuclear Sciences Limited; Establishment Chairman of Meteorological Service of New Zealand and Quotable Value Limited; and he was a founding director of Kiwibank Ltd for ten years.

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

MR. JOHN LAW
NON-EXECUTIVE DIRECTOR
65 years of age, Dual citizen of France and Taiwan

BS Psychology, Chung Yuan University, Taiwan; Master of Business Administration, Indiana University, USA; MA Poetry, University of Paris, France

Mr. John Law has been a director of the Bank since April 27, 2015.

He is also currently a Senior Advisor for Greater China for Taipei-based company Oliver Wyman in Taipei, and is member of the Board of Directors of Far East Horizon, Ltd. in Hongkong, BNP Paribas (China) Ltd., and Bank of Hangzhou, also in China. In the past, he held Board seats in several financial institutions around the world, including the Industrial Bank (China), UBS Securities Co. Ltd. (China), Bank of Nanjing (China), Sacombank (Vietnam), and SinoPac Securities Ltd. (Taiwan), and was connected in various capacities with the International Finance Corporation/Worldbank, Citibank (N.A.), and Morgan Trust Company of New York, a 100% subsidiary of JP Morgan.

He attended the the Financial Crisis Response: International Consultation conducted by International Finance Corporation/Global Governance Forum in June 2009 and the High Level Meeting on Governance of Bank Subsidiaries also conducted by the International Finance Corporation/Global Governance Forum in March 2014.

MR. YUH-SHING (FRANCIS) PENG
NON-EXECUTIVE DIRECTOR
44 years of age, Taiwanese

Bachelor of Science in Control Engineering, National Chiao Tung University, Taiwan; Bachelor of Law, National Taiwan University, Taiwan; Master of Business Administration/Information Management, National Central University, Taiwan

Mr. Yuh-Shing (Francis) Peng has been a director of the Bank since 27 April 2015.

He is an Executive Vice President of Cathay United Bank, handling various departments, particularly the International Banking Department, Corporate Banking Strategy & Product Department, and Offshore Banking Unit. He also served in various capacities with Citibank N.A. in Hongkong, Citibank Taiwan Limited, and Citibank Taipei.

He attended the seminar on Banking Internal Control and Audit in 2010, Trust Industry Training for Executives in 2013 and Trust Industry Training for Supervising Officers in 2013 conducted by Taiwan Academy of Banking and Finance. He also attended the internal training on Internal Audit and Check Practice and Debt and Liabilities in 2013 and internal training on Executives Leadership in 2014 by the Cathay United Bank.

MR. ANTONINO L. ALINDOGAN, JR.
INDEPENDENT, NON-EXECUTIVE DIRECTOR
77 years of age, Filipino

BS Accounting (Magna Cum Laude), De La Salle University, Philippines

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

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

He is also 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 seminars conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates on March 22, 2014 and September 5, 2015.

MR. FRANCISCO C. EIZMENDI, JR.
INDEPENDENT, NON-EXECUTIVE DIRECTOR
80 years of age, Filipino

BS Chemical Engineering, University of Sto. Tomas; Trustee, Institute of Corporate Directors

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., an Independent Director of Sunlife Grepa Financial Inc. and Great Life Financial Assurance Corporation and Trustee of Institute of Corporate Directors. 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 also attended the corporate governance seminar conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates on September 5, 2015.

MR. ARMANDO M. MEDINA
INDEPENDENT, NON-EXECUTIVE DIRECTOR
66 years of age, Filipino

BA Commerce and Economics and BS Commerce with a major in Accounting, De La Salle University, Philippines

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 conducted 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 seminars conducted by SGV & Co. for the directors and key officers of RCBC, RCBC subsidiaries and affiliates on March 22, 2014 and September 5, 2015.

SENIOR MANAGEMENT

01 **REDENTOR C. BANCOD**
Senior Executive Vice President
Head of IT Shared Services Group
Digital Banking Group

02 **ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO**
Director, Corporate Secretary and Executive Vice President and Head of Legal and Regulatory Affairs Group

03 **JOHN THOMAS G. DEVERAS**
Senior Executive Vice President
Head of Strategic Initiatives and Head of Asset Management and Remedial Group
(Starting October 26, 2015)

04 **MICHELANGELO R. AGUILAR**
Executive Vice President
Head of Conglomerates and Global Corporate Banking Group

05 **MICHAEL O. DE JESUS**
Executive Vice President
Head of National Corporate Banking Group

06 **ANA LUISA S. LIM**
Executive Vice President
Head of Internal Audit Group

07 **RAUL VICTOR B. TAN**
Executive Vice President
Head of Retail Banking Group
(Until January 31, 2016)
Head of Treasury *(Until April 20, 2016)*

08 **LOURDES BERNADETTE M. FERRER**
First Senior Vice President
Head of Trust and Investments Group

09 **EMMANUEL T. NARCISO**
First Senior Vice President
Head of Global Transaction Banking Group

10 **REGINO V. MAGNO**
First Senior Vice President, Chief Risk Officer and Head of Corporate Risk Management Services (CRISMS)

11 **RAFAEL ALOYSIUS M. DAYRIT**
First Senior Vice President
Head of Credit Management Group

12 **EDGAR ANTHONY B. VILLANUEVA†**
Executive Vice President
Head of Global Transaction Banking Group
(Until June 22, 2015)

13 **ALFREDO S. DEL ROSARIO**
Executive Vice President
Head of Special Projects
(Until April 29, 2016)

14 **MANUEL G. AHYONG, JR.**
First Senior Vice President
Head of Wealth Management Group
(Until November 30, 2015)

SENIOR MANAGEMENT

01 LIZETTE MARGARET MARY J. RACELA
First Senior Vice President
Head of Retail Banking Group
(Starting February 1, 2016)

02 ROWENA F. SUBIDO
First Senior Vice President
Head of Human Resources Group

03 MA. CHRISTINA P. ALVAREZ
Senior Vice President
Head of Corporate Planning Group

04 JANE N. MAÑAGO
Senior Vice President
Head of Wealth Management Group
(Starting December 1, 2015)

05 FLORENTINO M. MADONZA
Senior Vice President
Head of Controllership Group

06 ROMMEL S. LATINAZO
Executive Vice President
President and Chief Executive Officer
RCBC Savings Bank
(Seconded from RCBC)

07 MARIA LOURDES JOCELYN S. PINEDA
Senior Vice President, Head of
Microfinance and President
Rizal Microbank
(Until March 20, 2016)

08 **RAYMUNDO C. ROXAS**
President, Rizal Microbank
(Starting March 21, 2016)

09 **JOSEPH COLIN B. RODRIGUEZ**
Senior Vice President
President and Chief Executive Officer
RCBC Forex Brokers Corporation
(Seconded from RCBC)

10 **ALFONSO C. TANSECO**
President and Chief Executive Officer
RCBC Leasing and Finance Corporation
and RCBC Rental Corporation

11 **JOSE LUIS F. GOMEZ**
President and Chief Executive Officer
RCBC Capital Corporation

12 **OSCAR B. BIASON**
President and Chief Executive Officer
RCBC Bankard Services Corporation
(Until January 16, 2016)

13 **SIMON JAVIER A. CALASANZ**
First Senior Vice President
President, RCBC Bankard Services Corporation
(Starting February 18, 2016 / Seconded from RCBC)

14 **GERALD O. FLORENTINO**
First Senior Vice President
President and Chief Executive Officer
RCBC Securities, Inc.
(Seconded from RCBC)

PROFILE OF SENIOR MANAGEMENT

REDENTOR C. BANCOD
Senior Executive Vice President
Head of the IT Shared Services Group, Operations Group, and Digital Banking Group

Previously, he was General Manager of the IT Shared Services for Sun Life Financial, Asia and Senior Vice President and Chief Technology Officer of Sun Life of Canada (Philippines) Inc. He holds an MBA degree from Northwestern University Kellog School of Management and Hong Kong University of Science and Technology. He obtained his Bachelor of Arts degree in Philosophy from the University of the Philippines and has graduate studies with Asian Institute of Management and Ateneo de Manila University.

JOHN THOMAS G. DEVERAS
Senior Executive Vice President
Head, Strategic Initiatives and Asset Management & Remedial Group *(Starting October 26, 2015)*

Prior to joining RCBC, he was a FIG Investment Officer at the International Finance Corporation (IFC). Before that, he worked at the Philippine National Bank, where he was concurrently President of PNB Capital and Head, Remedial Management Group, with a rank of Senior Vice President. He obtained his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University and earned his MBA from the University of Chicago.

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 of Standard Chartered Bank Manila Branch. 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.

MICHAEL O. DE JESUS
Executive Vice President
Head of National Corporate Banking Group

Prior to joining RCBC, he was head of the Corporate Bank of Philippine National Bank and United Coconut Planters Bank. He also worked with both Citibank New York and Citibank Manila .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.

ALFREDO S. DEL ROSARIO
Executive Vice President
Head of Asset Management and Remedial Group
(Until April 29, 2016)

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.

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.

ROMMEL S. LATINAZO
Executive Vice President
President and Chief Executive Officer of RCBC Savings Bank
(Seconded from RCBC)

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.

ANA LUISA S. LIM
Executive 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.

RAUL VICTOR B. TAN
Treasurer, Executive Vice President and Head of Treasury
(Until April 20, 2016)

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.

EDGAR ANTHONY B. VILLANUEVA†
Executive Vice President
Head of Global Transaction Banking Group
(Until June 22, 2015)

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.
First Senior Vice President
Head of Wealth Management Group
(Until November 30, 2015)

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.

SIMON JAVIER A. CALASANZ
First Senior Vice President
President, RCBC Bankard Services Corporation
(Starting February 18, 2016)

A double degree graduate from DLSU majoring in Marketing and Psychology, Mr. Calasanz brings with him over thirteen (13) years of banking experience. He has handled challenging roles in the following areas: Retail Banking and Wealth Management, Contact Centre Management, Consumer Loans, Product Management, Credit Risk and Compliance, Fraud Detection, Management Information Systems and Operations. His last 2 roles with the Hongkong and Shanghai Banking Corporation were as concurrent Head of Sales and Contact Centre Management and Head of Cards and Consumer Assets. He also performed significant roles for the Credit Card Association of the Philippines, Bancnet and Credit Management Association of the Philippines, previous positions were as President/Chairman, Director, and Director/ Committee Member, respectively. He continues to hold a position in the Card Association as Special Advisor to the Board of Directors.

RAFAEL ALOYSIUS M. DAYRIT
First Senior Vice President
Head of Credit Management Group

Prior to joining RCBC, he worked with Solidbank Corporation, United Coconut Planters Bank and Union Bank of the Philippines. He obtained his Bachelor of Science in Agribusiness from U.P. Los Baños and finished his Masters in Business Administration from U.P. Diliman. He was a Fulbright/ Hubert H. Humphrey Scholar in Agricultural Economics at the University of California, Davis.

LOURDES BERNADETTE M. FERRER
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.

GERALD O. FLORENTINO
First Senior Vice President
President and Chief Executive Officer, RCBC Securities, Inc.
(Seconded from RCBC)

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.

REGINO V. MAGNO
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.

EMMANUEL T. NARCISO
First Senior Vice President
Head of Global Transaction Banking Group

Prior to joining RCBC, he was the Group Head of Transaction Banking in Banco de Oro Unibank, Inc. from June 2011 to August 2015. He was also previously connected with the Hongkong and Shanghai Banking Corporation, where he handled the following roles: Head of Business Banking Division (Philippines), Head of Payments and Cash Management for Vietnam and Philippines. He also worked for Security Bank Corporation as Head of Corporate Transaction Banking Division and Citibank N.A. where his last appointment was as Business Development Head for Global Transaction Services. He started his career in banking as an Analyst/Programmer in the Bank of the Philippine Islands in 1984. He obtained his Bachelor of Arts in Economics from the Ateneo de Manila University and finished his Master in Business Management from the Asian Institute of Management.

MARIA LOURDES JOCELYN S. PINEDA
Senior Vice President, Head of Microfinance
and President of Rizal Microbank
(Until March 20, 2016)

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.

LIZETTE MARGARET MARY J. RACELA
First Senior Vice-President
Head of Retail Banking Group

Prior to joining RCBC, she was Head of the Provincial Commercial Lending Group of the Philippine National Bank. She also worked for several local banks, namely, United Coconut Planters

Bank, East West Banking Corp., Urban Development Bank. She joined RCBC in 2008 as Small and Medium Enterprise Head for Provincial Business. After which, she was seconded to RCBC Savings Bank as Consumer Lending Group Head from December 2010 to January 2016. Ms. Racela obtained her Bachelor of Science Degree in Business Administration from the University of the Philippines. She also took up Bachelor of Law in the same university and has completed the academic requirements up to 3rd year.

ROWENA F. SUBIDO
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 for more than three years. 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.

MA. CHRISTINA P. ALVAREZ
Senior Vice President
Head of Corporate Planning Group

She has over 15 years of corporate and financial planning experience in banking. She has been with RCBC since 2006, as Head of Financial and Business Planning Division and then as Group Head in 2014. She graduated from the Ateneo de Manila University in 1991 with a degree in Management Economics and earned her Masters in Business Management degree in 1998 from the Asian Institute of Management.

FLORENTINO M. MADONZA
Senior Vice President
Head of Controllership Group

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.

JANE N. MAÑAGO
Senior Vice President
Head of Wealth Management Group
(Starting December 1, 2015)

She has extensive exposure in the fields of treasury, marketing, product management, account management and private banking from her tenure with Citibank, Equitable Bank and YGC CSI. She graduated Cum Laude from the University of Santo Tomas with the degrees Bachelor of Arts in Behavioral Science and Bachelor of Science in Commerce, major in Business Administration.

JOSEPH COLIN B. RODRIGUEZ
Senior Vice President
President and Chief Executive Officer
RCBC Forex Brokers Corporation
(Seconded from RCBC)

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.

OSCAR B. BIASON
President and Chief Executive Officer
RCBC Bankard Services Corporation
(Until January 16, 2016)

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.

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.

RAYMUNDO C. ROXAS
President, Rizal Microbank
(Starting March 21, 2016)

Prior to his appointment, he was the Head of Lending and Branch Operations of Rizal Microbank. He graduated from the Lyceum of the Philippines University with a Bachelor of Science degree in Psychology (Cum Laude) and has more than 25 years of work experience in microfinance. Previous connections include the following: USAID for its Microenterprise Access to Banking; Services (MABS) Project; ACCION International as Chief Commercial Officer; and First Isabela Cooperative Bank, Inc. (FICO Bank).

ALFONSO C. TANSECO
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 and completed the Bank Management Program of 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 as at December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015, including the additional components attached therein, in accordance with Financial Reporting Standards in the Philippines for Banks (FRSPB).

Management responsibility on the financial statements 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 reviews and approves the financial statements, and the additional supplementary information, 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 Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

HELEN Y. DEE
Chairperson, Board of Directors

LORENZO V. TAN
President & Chief Executive Officer

RAUL VICTOR B. TAN
EVP, Head-Treasury Group

FLORENTINO M. MADONZA
SVP, Head-Controllership Group

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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, 2015 and 2014, 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, 2015, 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.

P&A Grant Thornton
An instinct for growth™

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, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015, 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.

By: Maria Isabel E. Comedia
Partner

CPA Reg. No. 0092966
TIN 189-477-563
PTR No. 5321722, January 4, 2016, Makati City
SEC Group A Accreditation
Partner - No. 0629-AR-2 (until Oct. 2, 2016)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-21-2013 (until Nov. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

February 29, 2016

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Financial Position

DECEMBER 31, 2015 AND 2014
(Amounts in Millions of Philippine Pesos)

	Notes	GROUP		PARENT COMPANY	
		2015	2014	**2015**	2014
RESOURCES					
CASH AND OTHER CASH ITEMS	9	**P 14,070**	P 13,085	**P 10,127**	P 9,539
DUE FROM BANGKO SENTRAL NG PILIPINAS	9	**50,617**	46,099	**42,026**	37,763
DUE FROM OTHER BANKS	9	**19,701**	16,600	**18,196**	15,535
TRADING AND INVESTMENT SECURITIES - Net	10	**111,201**	100,790	**97,790**	87,540
LOANS AND RECEIVABLES - Net	11	**299,119**	261,574	**231,708**	205,614
INVESTMENTS IN AND ADVANCES TO SUBSIDIARIES AND ASSOCIATES - Net	12	**363**	321	**8,748**	7,999
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	13	**7,602**	7,031	**4,975**	4,487
INVESTMENT PROPERTIES - Net	14	**3,370**	5,355	**2,883**	3,426
OTHER RESOURCES - Net	15	**10,018**	7,050	**6,201**	5,027
TOTAL RESOURCES		**P 516,061**	P 457,905	**P 422,654**	P 376,930

	Notes	GROUP 2015	GROUP 2014	PARENT COMPANY 2015	PARENT COMPANY 2014
LIABILITIES AND EQUITY					
DEPOSIT LIABILITIES	17	**P 342,362**	P 315,761	**P 264,070**	P 248,022
BILLS PAYABLE	18	**49,404**	39,799	**45,816**	36,837
BONDS PAYABLE	19	**39,364**	23,486	**39,364**	23,486
SUBORDINATED DEBT	20	**9,936**	9,921	**9,936**	9,921
ACCRUED INTEREST, TAXES AND OTHER EXPENSES	21	**4,453**	4,671	**3,404**	3,498
OTHER LIABILITIES	22	**12,413**	11,136	**9,247**	8,474
Total Liabilities		**457,932**	404,774	**371,837**	330,238
EQUITY	23	**58,129**	53,131	**50,817**	46,692
TOTAL LIABILITIES AND EQUITY		**P 516,061**	P 457,905	**P 422,654**	P 376,930

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Profit or Loss

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Millions of Philippine Pesos, Except Per Share Data)

		GROUP			PARENT COMPANY		
	Notes	**2015**	2014	2013	**2015**	2014	2013
INTEREST INCOME							
Loans and receivables	11	**P 17,462**	P 15,961	P 14,302	**P 12,163**	P 11,143	P 10,138
Trading and investment securities	10	**3,880**	4,026	4,259	**3,455**	3,578	3,762
Others	9, 24	**178**	213	263	**145**	190	246
		21,520	20,200	18,824	**15,763**	14,911	14,146
INTEREST EXPENSE							
Deposit liabilities	17	**2,992**	2,581	2,682	**2,006**	1,849	1,855
Bills payable and other borrowings	18, 19, 20, 24	**2,951**	2,652	2,831	**2,832**	2,519	2,698
		5,943	5,233	5,513	**4,838**	4,368	4,553
NET INTEREST INCOME		**15,577**	14,967	13,311	**10,925**	10,543	9,593
IMPAIRMENT LOSSES - Net	16	**2,350**	2,509	2,054	**1,150**	1,663	1,380
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**13,227**	12,458	11,257	**9,775**	8,880	8,213
OTHER OPERATING INCOME							
Service fees and commissions	2	**2,897**	2,297	2,398	**1,217**	1,166	1,375
Trading and securities gains - net	2, 10	**1,406**	2,545	2,600	**1,311**	1,869	1,762
Trust fees	27	**286**	297	304	**232**	255	257
Foreign exchange gains - net	2, 19	**181**	237	264	**133**	199	221
Miscellaneous	25	**1,885**	1,726	4,244	**2,054**	2,668	4,208
		6,655	7,102	9,810	**4,947**	6,157	7,823
TOTAL OPERATING INCOME		**P 19,882**	P 19,560	P 21,067	**P 14,722**	P 15,037	P 16,036

Forward

	Notes	GROUP **2015**	GROUP 2014	GROUP 2013	PARENT COMPANY **2015**	PARENT COMPANY 2014	PARENT COMPANY 2013
TOTAL OPERATING INCOME		**P 19,882**	P 19,560	P 21,067	**P 14,722**	P 15,037	P 16,036
OTHER OPERATING EXPENSES							
Employee benefits	24	**4,731**	4,064	3,886	**3,190**	2,748	2,639
Occupancy and equipment-related	28, 29	**2,607**	2,528	2,390	**1,917**	1,863	1,731
Depreciation and amortization	13, 14, 15	**1,611**	1,577	1,318	**994**	860	772
Taxes and licenses	14	**1,437**	1,463	1,708	**938**	1,016	1,202
Miscellaneous	25	**4,675**	4,604	5,172	**3,397**	3,483	3,943
		15,061	14,236	14,474	**10,436**	9,970	10,287
PROFIT BEFORE TAX		**4,821**	5,324	6,593	**4,286**	5,067	5,749
TAX EXPENSE (INCOME)	26	**(307)**	914	1,259	**18**	588	967
NET PROFIT		**P 5,128**	P 4,410	P 5,334	**P 4,268**	P 4,479	P 4,782
ATTRIBUTABLE TO:							
PARENT COMPANY SHAREHOLDERS		**P 5,129**	P 4,411	P 5,321			
NON-CONTROLLING INTERESTS		**(1)**	(1)	13			
		P 5,128	P 4,410	P 5,334			
Earnings Per Share (EPS)	30						
EPS before impact of capital redemption		**P 3.60**	P 3.11	P 3.95	**P 2.97**	P 3.16	P 3.52
Impact of redemption of Hybrid Perpetual Securities	23	**(0.53)**	-	-	**(0.53)**	-	-
Basic and diluted EPS		**P 3.07**	P 3.11	P 3.95	**P 2.44**	P 3.16	P 3.52

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Millions of Philippine Pesos)

		GROUP			PARENT COMPANY		
	Notes	**2015**	2014	2013	**2015**	2014	2013
NET PROFIT		**P 5,128**	P 4,410	P 5,334	**P 4,268**	P 4,479	P 4,782
OTHER COMPREHENSIVE INCOME (LOSS)							
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains (losses) on defined benefit plan	24	**(1,044)**	1	(773)	**(987)**	80	(755)
Fair value gains (losses) on financial assets at fair value through other comprehensive income	10, 23	**(140)**	118	-	**(220)**	56	-
		(1,184)	119	(773)	**(1,207)**	136	(755)
Items that will be reclassified subsequently to profit or loss							
Translation adjustments on foreign operations	23	**(10)**	(5)	4	**-**	-	-
Fair value losses on available-for-sale securities	10, 23	**-**	-	(8,150)	**-**	-	(6 ,982)
		(10)	(5)	(8,146)	**-**	-	(6,982)
Total Other Comprehensive Income (Loss)	23	**(1,194)**	114	(8 ,919)	**(1,207)**	136	(7,737)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**P 3,934**	P 4,524	(P 3,585)	**P 3,061**	P 4,615	(P 2,955)
ATTRIBUTABLE TO:							
PARENT COMPANY SHAREHOLDERS		**P 3,932**	P 4,525	(P 3,598)			
NON-CONTROLLING INTERESTS		**2**	(1)	13			
		P 3,934	P 4,524	(P 3,585)			

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(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, 2015		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
Transactions with owners	23											
Issuance of common shares during the year		1,242	-	6,487	-	-	-	-	-	7,729	-	7,729
Redemption of hybrid perpetual securities		-	-	-	(4,883)	-	-	-	(723)	(5,606)	-	(5,606)
Cash dividends		-	-	-	-	-	-	-	(1,059)	(1,059)	-	(1,059)
Total transactions with owners		1,242	-	6,487	(4,883)	-	-	-	(1,782)	1,064	-	1,064
Total comprehensive income (loss) for the year	23	-	-	-	-	(1,197)	-	-	5,129	3,932	2	3,934
Transfer of fair value gains on financial assets at fair value through other comprehensive income to surplus	23	-	-	-	-	(3)	-	-	3	-	-	-
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	22	-	(22)	-	-	-
		1,242	-	6,487	(4,883)	(1,200)	22	-	3,328	4,996	2	4,998
Balance at December 31, 2015		**P 13,999**	**P 3**	**P 22,635**	**-**	**(P 518)**	**P 388**	**(P97)**	**P 21,695**	**P 58,105**	**P 24**	**P 58,129**
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)	(1,903)	(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)	-	-	-
		-	-	-	-	142	18	185	2,462	2,807	(1)	2,806
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 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)	-	-	-
		1,348	-	6,751	-	(8,919)	19	48	3,406	2,653	(7)	2,646
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

PARENT COMPANY

	Notes	COMMON STOCK	PREFERRED STOCK	CAPITAL PAID IN EXCESS OF PAR	HYBRID PERPETUAL SECURITIES	REVALUATION RESERVES	RESERVE FOR TRUST BUSINESS	SURPLUS	TOTAL EQUITY
Balance at January 1, 2015		P 12,757	P 3	P 16,148	P 4,883	P 749	P 341	P 11,811	P 46,692
Transactions with owners	23								
Issuance of common shares during the year		1,242	-	6,487	-	-	-	-	7,729
Redemption of hybrid perpetual securities		-	-	-	(4,883)	-	-	(723)	(5,606)
Cash dividends		-	-	-	-	-	-	(1,059)	(1,059)
Total transactions with owners		1,242	-	6,487	(4,883)	-	-	(1,782)	(1,064)
Total comprehensive income (loss) for the year	23	-	-	-	-	(1,207)	-	4,268	3,061
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	15	(15)	-
		1,242	-	6,487	(4,883)	(1,207)	15	2,471	4,125
Balance at December 31, 2015		**P 13,999**	**P 3**	**P 22,635**	**P -**	**(P 458)**	**P 356**	**(P 14,282)**	**P 50,817**
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
Transactions 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)	-
		-	-	-	-	136	14	2,747	2,897
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)	-
		1,348	-	6,751	-	(7,737)	15	3,075	3,452
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

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Millions of Philippine Pesos)

		GROUP			PARENT COMPANY		
	Notes	**2015**	2014	2013	**2015**	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		**P 4,821**	P 5,324	P 6,593	**P 4,286**	P 5,067	P 5,749
Adjustments for:							
Interest income		**(21,520)**	(20,200)	(18,824)	**(15,763)**	(14,911)	(14,146)
Interest received		**21,149**	19,980	19,106	**15,593**	14,757	14,433
Interest expense		**5,943**	5,233	5,513	**4,838**	4,368	4,553
Interest paid		**(5,861)**	(5,162)	(5,637)	**(4,720)**	(4,412)	(4,658)
Impairment losses	16	**2,350**	2,509	2,054	**1,150**	1,663	1,380
Depreciation and amortization	13, 14, 15	**1,611**	1,577	1,318	**994**	860	772
Gain on assets sold	14, 25	**(281)**	(333)	(696)	**(162)**	(18)	(512)
Dividend income	25	**(237)**	(285)	(182)	**(766)**	(1,682)	(1,000)
Share in net earnings of associates	12	**(93)**	(24)	(243)	**-**	-	-
Gain from disposals of investments in subsidiary and associates		**-**	-	(1,380)	**-**	-	(1,787)
Operating profit before working capital changes		**7,882**	8,619	7,622	**5,450**	5,692	4,784
Decrease in financial assets at fair value through profit and loss		**11,346**	21,018	8,204	**11,069**	19,381	6,688
Increase in financial assets at fair value through other comprehensive income		**(493)**	(76)	-	**(339)**	-	-
Increase in loans and receivables		**(39,323)**	(28,046)	(50,531)	**(27,179)**	(17,819)	(40,680)
Decrease in investment properties		**1,502**	242	2,905	**408**	657	1,674
Decrease (increase) in other resources		**(1,469)**	942	(414)	**(96)**	(234)	20
Increase in deposit liabilities		**26,601**	17,908	51,096	**16,048**	4,402	47,185
Increase (decrease) in accrued interest, taxes and other expenses		**(89)**	(59)	(502)	**(15)**	(2)	235
Increase (decrease) in other liabilities		**232**	(119)	2,287	**(214)**	337	1,568
Cash generated from operations		**6,189**	20,429	20,667	**5,132**	12,414	21,474
Cash paid for taxes		**(602)**	(792)	(1,382)	**(540)**	(593)	(955)
Net Cash From Operating Activities		**5,587**	19,637	19,285	**4,592**	11,821	20,519
CASH FLOWS FROM INVESTING ACTIVITIES							
Increase in investment securities at amortized cost		**(21,428)**	(20,993)	-	**(21,200)**	(20,577)	-
Acquisitions of bank premises, furniture, fixtures, and equipment	13	**(1,961)**	(912)	(2,751)	**(1,411)**	(573)	(3,319)
Cash dividends received	12, 25	**313**	285	466	**766**	1,682	1,000
Proceeds from disposals of bank premises, furniture, fixtures and equipment	13	**461**	98	362	**242**	185	52
Acquisitions of intangible assets	15	**(1,348)**	(288)	(304)	**(1,243)**	(124)	(249)
Additional investments in and advances to subsidiaries and associates	12	**-**	(4)	-	**(750)**	(4)	-
Increase in available-for-sale securities		**-**	-	(12,783)	**-**	-	(13,570)
Proceeds from disposals of investments in subsidiary and associates		**-**	-	4,772	**-**	-	5,344
Net Cash Used in Investing Activities		**(23,963)**	(21,814)	(10,238)	**(23,596)**	(19,411)	(10,742)
CASH FLOWS FROM FINANCING ACTIVITIES							
Net proceeds from issuance of bonds payable	19	**15,878**	-	-	**15,878**	-	-
Proceeds from (payments of) bills payable	18	**9,605**	(96)	13,508	**8,979**	(230)	13,096
Issuance of common stock	23	**7,729**	-	8,099	**7,729**	-	8,099
Redemption of hybrid perpetual securities	23	**(5 ,173)**	-	-	**(5,173)**	-	-
Dividends paid	23	**(1,059)**	(1,718)	(1,692)	**(1,059)**	(1,718)	(1,692)
Net proceeds from issuance of subordinated debt	20	**-**	9,921	-	**-**	9,921	-
Redemption of subordinated debt	20	-	-	(10,987)	-	-	(10,987)
Net Cash From Financing Activities		**26,980**	8,107	8,928	**26,354**	7,973	8,516
NET INCREASE IN CASH AND CASH EQUIVALENTS							
(Balance Carried Forward)		**P 8,604**	P 5,930	P 17,975	**P 7,350**	P 383	P 18,293

	Notes	GROUP 2015	GROUP 2014	GROUP 2013	PARENT COMPANY 2015	PARENT COMPANY 2014	PARENT COMPANY 2013
NET INCREASE IN CASH AND CASH EQUIVALENTS *(Balance Brought Forward)*		**P 8,604**	P 5,930	P 17,975	**P 7,350**	P 383	P 18,293
CASH AND CASH EQUIVALENTS AT BEGINNING 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
		75,784	69,854	51,879	**62,837**	62,454	44,161
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	9	**14,070**	13,085	9,826	**10,127**	9,539	7,563
Due from Bangko Sentral ng Pilipinas	9	**50,617**	46,099	52,491	**42,026**	37,763	48,679
Due from other banks	9	**19,701**	16,600	7,537	**18,196**	15,535	6,212
		P 84,388	P 75,784	P 69,854	**P 70,187**	P 62,837	P 62,454

Supplemental Information on Non-cash 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.

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, 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. In 2015, building and land amounting to P71 and P12, respectively, were reverted to Bank Premises, Furniture, Fixtures, and Equipment due to change in use (see Notes 13 and 14).

4. In 2013, the Group received a 10-year note from Philippine Asset Growth One, Inc. 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 11).

5. The Group and the Parent Company foreclosed real and other properties totalling to P1,631 and P13, respectively, in 2015, P834 and P18, respectively, in 2014, and P690 and P16, respectively, in 2013, in settlement of certain loan accounts (see Note 14).

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Notes to Financial Statements

DECEMBER 31, 2015, 2014 AND 2013
(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**	
	2015	2014	**2015**	2014
Automated teller machines (ATMs)	**1,342**	1,202	**906**	812
Branches	**420**	414	**259**	252
Extension offices	**36**	35	**26**	25

RCBC is 41.68% 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 cor. Sen. Gil Puyat 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**	
			2015	2014
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

Subsidiaries/Associates	Line of Business	Explanatory Notes	Effective Percentage of Ownership 2015	2014
Merchants Savings and Loan Association, Inc. (Rizal Microbank)	Thrift banking		**98.03**	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
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 interest and 16.03% indirect ownership interest 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 2016 pursuant to BSP recommendation (see Note 15.1).
(f) The Parent Company has 48.11% direct ownership interest and 51.89% indirect ownership interest 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, 2015 (including the comparatives as of December 31, 2014 and for the years ended December 31, 2014 and 2013) were approved and authorized for issue by the Board of Directors (BOD) of the Parent Company on February 29, 2016.

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.

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, 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 profit or loss for the year ended December 31, 2013 under FRSPB are discussed fully in Note 11.3. However, these reclassifications were no longer applicable upon the adoption of PFRS 9 (2009, 2010 and 2013 versions), hereinafter referred to as PFRS 9, effective January 1, 2014.

These financial statements have been prepared using the measurement bases specified by FRSPB for each type of resource, liability, income and expense. 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 of 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 2.18). 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 2015 that are Relevant to the Group

The Group adopted for the first time the following amendment and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after July 1, 2014, for its annual reporting period beginning January 1, 2015:

PAS 19 (Amendment)	:	Employee Benefits – Defined Benefit Plans – Employee Contributions
Annual Improvements	:	Annual Improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle)

Discussed below are the relevant information about these amended standard and improvements.

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions*. The amendment clarifies that if the amount of the contributions to defined benefit plans 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. The amendment did not have a significant impact on the Group's financial statements since the Group's defined benefit plan does not require employees or third parties to contribute to the benefit plan.

(ii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but had no material impact on the Group's financial statements as these amendments merely clarify the existing requirements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify 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 management 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, *Financial Instruments: Presentation*. 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.

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, *Joint Arrangements*, 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, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*, 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 owneroccupied 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.

(b) Effective in 2015 that is not Relevant to the Company

Among the annual improvements to PFRS (2010-2012 Cycle) that are mandatory for accounting periods beginning on or after July 1, 2014, but not relevant to the Group is PFRS 2 (Amendment) – *Share-based Payment – Definition of Vesting Condition.*

(c) Effective Subsequent to 2015 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2015 which are adopted by the FRSC. Management will adopt the following relevant pronouncements 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 16 (Amendment), *Property, 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.

(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 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.

(v) 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 date deferred indefinitely). 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 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. In December 2015, the IASB deferred the mandatory effective date of these amendments (i.e., January 1, 2016), indefinitely.

(vi) 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.

(vii) 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.

(viii) 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, 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 is currently conducting a comprehensive study on the potential impact of this standard prior to its mandatory adoption.

The detailed information about the Group's early adoption of PFRS 9 is disclosed in its financial statements as of and for the year ended December 31, 2014.

(ix) Annual Improvements to PFRS (2012-2014 Cycle) (effective from January 1, 2016). Among the improvements, the following amendments are relevant to the Group:

- 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.

- 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.

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 Parent Company accounts for its investments in subsidiaries, associates, interests in jointly controlled operations 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 and is recognized directly in profit or loss.

(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) *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.

The Group reassesses whether or not an entity qualifies as an associate in the occurrence of changes to facts and circumstances surrounding its ability to exert significant influence.

(c) *Interest in Jointly Controlled Operation*

For interests in jointly controlled operations, the Group recognizes in its financial statements the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. The amounts of these related accounts are presented as part of the regular asset and liability accounts and income and expense accounts of the Group.

No adjustment or other consolidation procedures are required for the assets, liabilities, income and expenses of the joint venture that are recognized in the separate financial statements of the venturers.

(d) *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.

In the Parent Company's financial statements, investments in subsidiaries and associates are accounted for at cost, less any impairment loss (see Note 2.19).

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-derivative and 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.

The Group's financial assets at amortized cost are presented in the statement of financial position as Cash and Other Cash Items, Due from BSP, Due from Other Banks, 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 2015 and 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, Revenue, 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, Advances to RCBC LFC (in the Parent Company's financial statements) 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.

(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. 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. 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, 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. 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.

(c) 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:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Group granting the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or,
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: adverse changes in the payment status of borrowers in the group, or national or local economic conditions that correlate with defaults on the assets in the group.

The Group recognizes impairment loss based on the category of financial assets as follows:

(i) 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.

(ii) 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 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.

(iii) 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.

(d) 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.

2.6 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 Note 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 the BSP for prudential reporting and the SEC for financial reporting purposes prior to January 1, 2014 [see Note 2.1(a)].

2.7 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.

2.8 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.

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 2.19).

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.

2.9 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 2.19). 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.

2.10 Assets Held-for-Sale and Disposal Group

Assets held-for-sale and disposal group which are presented as part of Other Resources, include real and 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.

2.11 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).

Branch licenses represent the rights given by the BSP to the Group to establish a certain number of branches in various areas in the country.

Goodwill and branch licenses are classified as intangible assets with indefinite useful life and, thus, not subject to amortization but would require an annual test for impairment (see Note 2.19). Goodwill and branch licenses are 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.

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 2.19).

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.

2.12 Other Resources

Other resources excluding items classified as intangible assets and deferred tax 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.

2.13 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.

In 2014 and 2013, dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Group and subsequent approval of the BSP. In 2015, BSP approval is no longer necessary as provided by the liberalized rules for banks and quasi-banks on dividend declaration.

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.

2.14 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.

2.15 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 as approved by the BSP.

NCI represents the portion of the net assets and profit or loss not attributable to the Group and are presented separately in the consolidated statement of profit or loss and comprehensive income and within equity in the consolidated statements of financial position and changes in equity.

2.16 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 group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

(b) *Trading and Securities Gains (Losses)*

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 2.21).

2.17 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.

2.18 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.

2.19 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, branch licenses and trading rights) 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 CGU 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 CGU 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 CGU's recoverable amount exceeds its carrying amount.

2.20 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 & Exchange Corp. (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, *Provisions, Contingent Liabilities and Contingent Assets,* 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.

2.21 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.

2.22 Income Taxes

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

2.23 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.

2.24 Earnings Per Share

Basic earnings per share is determined by dividing the adjusted 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.

In cases of redemption of preference shares, the net income used in the computation of basic and diluted earnings per share is decreased by the excess of the fair value of consideration paid to holders of the instruments over the carrying amount of such repurchased the instruments.

2.25 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.

2.26 Events After the End of the Reporting Period

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

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) *Classification of 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)(iii), it will be required to reclassify the entire class of HTM investments to AFS Securities.

With the adoption of PFRS 9 in 2014, the HTM category and the related provisions on tainting are already omitted.

(d) *Evaluation of 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 impairment on AFS Securities amounting to P567 and P478 as of December 31, 2013 in the Group's and Parent Company's financial statements, respectively (see Note 10.4).

(e) *Distinction Between 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) *Distinction Between 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, 2015 and 2014, 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) *Classification and Determination of 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 and Disposal Group 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 7.4.

(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 2.14 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) *Estimation of 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, 2015 and 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) *Determination of 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) *Estimation of Useful Lives of Bank Premises, Furniture, Fixtures and Equipment, Investment Properties, Computer Software, Branch Licenses and Trading Rights*

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 Group's branch licenses and trading rights were regarded as having an indefinite useful lives considering there is no foreseeable limit to the period over which such assets are expected to generate net cash inflows for the Group. The assessment of having indefinite useful lives is reviewed periodically and is updated whether events and circumstances such as the period of control over these assets and legal or similar limits on the use of these assets continue to support such assessment.

The carrying amounts of bank premises, furniture, fixtures and equipment, investment properties and computer software are analyzed in Notes 13, 14 and 15, respectively, while the carrying amounts of goodwill and branch licenses are analyzed in Note 15. Based on management's assessment as of December 31, 2015 and 2014, 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) *Determination of 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, 2015 and 2014 are disclosed in Note 26.1.

(e) *Estimation of 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 2.19. 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) *Determination of 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 7.4 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 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 RPT 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 or 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 on 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 and/or the ROC, 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, such as 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 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, 2015 and 2014 are presented below.

	Group					
	2015					
	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 25,761	P 233	P 244	P 15	P 58,135	P 84,388
Investments - net	20,331	2,246	13,571	71,683	3,733	111,564
Loans and receivables - net	26,051	43,676	63,011	117,598	48,783	299,119
Other resources - net	7,783	283	1,209	48	11,667	20,990
Total resources	79,926	46,438	78,035	189,344	122,318	516,061
Liabilities:						
Deposit liabilities	51,332	16,800	19,202	-	255,028	342,362
Bills payable	20,731	565	17,339	10,769	-	49,404
Bonds payable	-	-	24,343	15,021	-	39,364
Subordinated debt	-	-	9,936	-	-	9,936
Other liabilities	9,422	40	-	-	7,404	16,866
Total liabilities	81,485	17,405	70,820	25,790	262,432	457,932
Equity	-	-	-	-	58,129	58,129
Total liabilities and equity	81,485	17,405	70,820	25,790	320,561	516,061
On-book gap	(1,559)	29,033	7,215	163,554	(198,243)	-
Cumulative on-book gap	(1,559)	27,474	34,689	198,243	-	-
Contingent resources	23,434	2,527	2,353	-	-	28,314
Contingent liabilities	23,605	2,545	2,353	-	-	28,503
Off-book gap	(171)	(18)	-	-	-	(189)
Cumulative off-book gap	(171)	(189)	(189)	(189)	(189)	-
Periodic gap	**(1,730)**	**29,015**	**7,215**	**163,554**	**(198,243)**	**-**
Cumulative total gap	**(P 1,730)**	**P 27,285**	**P 34,500**	**P 198,054**	**(P 189)**	**P -**

	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 - net	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 - net	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
Off-book 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 -

	Parent Company					
	2015					
	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 21,285	P -	P -	P -	P 49,064	P 70,349
Investments - net	17,558	1,433	11,862	63,910	11,775	106,538
Loans and receivables - net	19,256	31,124	29,326	108,175	43,827	231,708
Other resources - net	5,857	4	623	20	7,555	14,059
Total resources	63,956	32,561	41,811	172,105	112,221	422,654
Liabilities:						
Deposit liabilities	35,911	9,185	18,802	-	200,172	264,070
Bills payable	18,228	-	16,819	10,769	-	45,816
Bonds payable	-	-	24,343	15,021	-	39,364
Subordinated debt	-	-	9,936	-	-	9,936
Other liabilities	11,788	-	-	-	863	12,651
Total liabilities	65,927	9,185	69,900	25,790	201,035	371,837
Equity	-	-	-	-	50,817	50,817
Total liabilities and equity	P 65,927	P 9,185	P 69,900	P 25,790	P 251,854	P 422,654

	Parent Company 2015					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More than Five Years**	**Non-maturity**	**Total**
On-book gap	(P 1,971)	P 23,376	(P 28,089)	P 146,315	(P 139,631)	P -
Cumulative on-book gap	(1,971)	21,405	(6,684)	139,631	-	-
Contingent resources	23,182	2,527	2,353	-	-	28,062
Contingent liabilities	23,182	2,545	2,353	-	-	28,080
Off-book gap	-	(18)	-	-	-	(18)
Cumulative off-book gap	-	(18)	(19)	(18)	(18)	-
Periodic gap	**(1,971)**	**23,358**	**(28,089)**	**146,315**	**(139,631)**	**-**
Cumulative total gap	**(P 1,971)**	**P 21,387**	**(P 6,702)**	**P 139,613**	**(P 18)**	**P -**

	Parent 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 - net	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 - net	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
Off-book 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 -

Pursuant to applicable BSP regulations, the Group is required to maintain reserves against deposit liabilities which are based on certain percentages of deposits. The required reserves against deposit liabilities 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 VaR 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			
	At December 31	**Average**	**Maximum**	**Minimum**
2015:				
Foreign currency risk	P 15	P 7	P 17	P 2
Interest rate risk	279	245	360	167
Overall	**P 294**	**P 252**	**P 377**	**P 169**
2014:				
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

	Parent Company			
	At December 31	**Average**	**Maximum**	**Minimum**
2015:				
Foreign currency risk	P 15	P 7	P 16	P 2
Interest rate risk	118	114	190	64
Overall	**P 133**	**P 121**	**P 206**	**P 66**
2014:				
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

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		
	Foreign Currencies	**Philippine Pesos**	**Total**
2015:			
Resources:			
Cash and other cash items	P 830	P 13,240	P 14,070
Due from BSP	-	50,617	50,617
Due from other banks	18,977	724	19,701
Financial assets at FVPL	2,040	3,072	5,112
Financial assets at FVOCI	23	4,185	4,208
Investment securities at amortized cost	88,134	13,747	101,881
Loans and receivables - net	42,729	256,390	299,119
Other resources	95	529	624
	P 152,828	**P 342,504**	**P 495,332**

	Group					
		Foreign Currencies		Philippine Pesos		Total
Liabilities:						
Deposit liabilities	P	73,214	P	269,148	P	342,362
Bills payable		39,141		10,263		49,404
Bonds payable		39,364		-		39,364
Subordinated debt		-		9,936		9,936
Accrued interest and other expenses		770		3,428		4,198
Other liabilities		789		7,955		8,744
	P	**153,278**	**P**	**300,730**	**P**	**454,008**
2014:						
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 - net		38,772		222,802		261,574
Other resources		144		695		839
	P	134,844	P	304,143	P	438,987
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		6,685		7,654
	P	131,960	P	268,948	P	400,863

	Parent Company					
		Foreign Currencies		Philippine Pesos		Total
2015:						
Resources:						
Cash and other cash items	P	706	P	9,421	P	10,127
Due from BSP		-		42,026		42,026
Due from other banks		17,794		402		18,196
Financial assets at FVPL		2,040		1,953		3,993
Financial assets at FVOCI		23		2,318		2,341
Investment securities at amortized cost		82,979		8,477		91,456
Loans and receivables - net		42,729		188,979		231,708
Other resources		95		384		479
	P	**146,366**	**P**	**253,960**	**P**	**400,326**
Liabilities:						
Deposit liabilities	P	66,720	P	197,350	P	264,070
Bills payable		39,141		6,675		45,816
Bonds payable		39,364		-		39,364
Subordinated debt		-		9,936		9,936
Accrued interest and other expenses		750		2,538		3,288
Other liabilities		788		5,119		5,907
	P	**146,763**	**P**	**221,618**	**P**	**368,381**
2014:						
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		644		785
	P	129,456	P	227,320	P	356,776
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		4,458		5,094
	P	126,723	P	199,940	P	326,663

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					
	2015					
	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 25,641	P 113	P 124	P 15	P 58,495	P 84,388
Investments - net	18,876	2,246	12,106	71,683	6,653	111,564
Loans and receivables - net	138,082	29,671	57,941	51,794	21,631	299,119
Other resources - net	262	34	782	659	19,253	20,990
Total resources	182,861	32,064	70,953	124,151	106,032	516,061
Liabilities:						
Deposit liabilities	86,735	14,311	18,809	-	222,507	342,362
Bills payable	47,197	570	1,637	-	-	49,404
Bonds payable	-	-	24,343	15,021	-	39,364
Subordinated debt	-	-	9,936	-	-	9,936
Other liabilities	472	40	-	-	16,354	16,866
Total liabilities	134,404	14,921	54,725	15,021	238,861	457,932
Equity	-	-	-	-	58,129	58,129
Total liabilities and equity	134,404	14,921	54,725	15,021	296,990	516,061
On-book gap	48,457	17,143	16,228	109,130	(190,958)	-
Cumulative on-book gap	48,457	65,600	81,828	190,958	-	-
Contingent resources	23,434	2,527	2,353	-	-	28,314
Contingent liabilities	23,605	2,545	2,353	-	-	28,503
Off-book gap	(171)	(18)	-	-	-	(189)
Cumulative off-book gap	(171)	(189)	(189)	(189)	(189)	-
Periodic gap	**48,286**	**17,125**	**16,228**	**109,130**	**(190,958)**	**-**
Cumulative total gap	**P 48,286**	**P 65,411**	**P 81,639**	**P 190,769**	**(P 189)**	**P -**

	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 23,638	P 404	P 23	P 15	P 51,704	P 75,784
Investments - net	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 – net	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	138,055	24,760	42,496	2,034	250,560	457,905
On-book gap	14,457	13,473	6,114	114,885	(148,929)	-
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
Off-book 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 -

	Parent Company 2015					
	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 21,285	P -	P -	P -	P 49,064	P 70,349
Investments - net	16,103	1,433	10,397	63,910	14,695	106,538
Loans and receivables - net	132,403	20,006	13,367	49,256	16,676	231,708
Other resources - net	-	4	623	28	13,404	14,059
Total resources	169,791	21,443	24,387	113,194	93,839	422,654
Liabilities:						
Deposit liabilities	51,812	6,372	17,555	-	188,331	264,070
Bills payable	44,695	-	1,121	-	-	45,816
Bonds payable	-	-	24,343	15,021	-	39,364
Subordinated debt	-	-	9,936	-	-	9,936
Other liabilities	393	-	-	-	12,258	12,651
Total liabilities	96,900	6,372	52,955	15,021	200,589	371,837
Equity	-	-	-	-	50,817	50,817
Total liabilities and equity	96,900	6,372	52,955	15,021	251,406	422,654
On-book gap	72,891	15,071	(28,568)	98,173	(157,567)	-
Cumulative on-book gap	72,891	21,405	(6,684)	139,631	-	-
Contingent resources	23,182	2,527	2,353	-	-	28,062
Contingent liabilities	23,182	2,545	2,353	-	-	28,080
Off-book gap	-	(18)	-	-	-	(18)
Cumulative off-book gap	-	(18)	(19)	(18)	(18)	-
Periodic gap	**72,891**	**15,053**	**(28,568)**	**98,173**	**(157,567)**	**-**
Cumulative total gap	**P 72,891**	**P 87,944**	**P 59,376**	**P 157,549**	**(P 18)**	**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 18,917	P -	P -	P -	P 43,920	P 62,837
Investments - net	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 - net	4	7	742	49	12,138	12,940
Total resources	136,709	21,308	17,784	108,715	92,414	376,930
Liabilities:						
Deposits liabilities	53,201	11,022	14,935	2,034	166,830	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
Off-book 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 -

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, 2015				
Group	**(P 558)**	**(P 1,116)**	**P 558**	**P 1,116**
Parent Company	**(789)**	**(1,578)**	**789**	**1,578**
December 31, 2014				
Group	(P 175)	(P 350)	P 175	P 350
Parent Company	(375)	(750)	375	750

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, 2015 and 2014 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. The Credit Management Group (CMG) 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 CMG 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 congruence with and, 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.

Credit Risk Management Division (CRMD) of RSB is, in turn, tasked to measure, control and manage credit risk on the consumer loans business of RSB through the performance of regular monitoring, reporting and recommendation of risk mitigation measures of the actual credit risk portfolio to the Credit Committee and Risk Committee, as well as accomplishment of the corresponding review and development of credit policies and guidelines to sustain asset quality.

For consumer loans, risk assessment is performed on an individual borrower through the use of a credit application scorecard for Housing, Auto and Personal Loans while for Corporate Salary Loans, rule-based credit criteria on company accreditation and borrower evaluation has been established. The credit application scorecard 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. Credit decisions are based on recommended score cut-offs.

Asset quality in RSB is monitored through a regular portfolio performance review including customer segmentation and loan concentration risk assessment to identify sources of risk and to determine risk mitigation on segments that drive delinquency or manifests triggers for default. Likewise, close monitoring and review of industry performance, economic changes and market conditions that may affect the consumer loans business is also taken into consideration to establish a holistic risk assessment process.

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			
	2015		2014	
	Loans and Receivables	**Trading and Investment Securities**	Loans and Receivables	Trading and Investment Securities
Individually Assessed for Impairment				
B to B-	**P 62**	**P -**	P 94	P -
Sub-standard	**191**	**-**	126	-
Doubtful	**99**	**-**	-	-
Loss	**389**	**-**	266	-
Gross amount	**741**	**-**	486	-
Allowance for impairment	**(491)**	**-**	(366)	-
Carrying amount	**250**	**-**	120	-
Collectively Assessed for Impairment				
Unclassified	**122,337**	**-**	111,369	-
AA to AA-	**450**	**-**	437	-
A to A-	**221**	**-**	195	-
BB+ to BB	**40,774**	**-**	30,625	-
BB- to B+	**64,204**	**-**	70,625	-
B to B-	**68,265**	**-**	44,968	-
CCC+ and below	**260**	**-**	575	-
Sub-standard	**1,354**	**-**	2,277	-
Doubtful	**553**	**-**	-	-
Loss	**674**	**-**	520	-
Gross amount	**299,092**	**-**	261,591	-
Unearned interest and discount	**(351)**	**-**	(839)	-
Allowance for impairment	**(4,492)**	**-**	(4,636)	-
Carrying amount	**294,249**	**-**	256,116	-
Unquoted debt securities classified as loans	**1,270**	**-**	1,326	-
Other receivables	**5,407**	**-**	5,144	-
Allowance for impairment	**(2,057)**	**-**	(1,455)	-
Carrying amount	**4,620**	**-**	5,015	-
Neither Past Due Nor Impaired	**-**	**105,397**	323	94,655
Total Carrying Amount	**P 299,119**	**P 105,397**	P 261,574	P 94,655

	Parent Company			
	2015		2014	
	Loans and Receivables	**Trading and Investment Securities**	Loans and Receivables	Trading and Investment Securities
Individually Assessed for Impairment				
B to B-	**P -**	**P -**	P 45	P -
Sub-standard	**191**	**-**	126	-
Doubtful	**99**	**-**	-	-
Loss	**389**	**-**	266	-
Gross amount	**679**	**-**	437	-
Allowance for impairment	**(491)**	**-**	(353)	-
Carrying amount	**188**	**-**	84	-
Collectively Assessed for Impairment				
Unclassified	**62,797**	**-**	62,035	-
BB+ to BB	**38,274**	**-**	29,242	-
BB- to B+	**60,113**	**-**	70,348	-
B to B-	**68,265**	**-**	40,909	-
CCC+ and below	**260**	**-**	575	-
Sub-standard	**52**	**-**	877	-
Doubtful	**546**	**-**	-	-
Gross amount	**230,307**	**-**	203,986	-
Unearned interest and discount	**(240)**	**-**	(191)	-
Allowance for impairment	**(3,075)**	**-**	(2,936)	-
Carrying amount	**226,992**	**-**	200,859	-
Unquoted debt securities classified as loans	**1,210**	**-**	1,266	-
Other receivables	**4,577**	**-**	4,146	-
Allowance for impairment	**(1,259)**	**-**	(1,316)	-
Carrying amount	**4,528**	**-**	4,096	-
Neither Past Due Nor Impaired	**-**	**94,909**	575	84,749
Total Carrying Amount	**P 231,708**	**P 94,909**	P 205,614	P 84,749

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. Advances to RCBC LFC is not subjected to impairment testing as the amount was transferred for the purpose of additional capital infusion into a consolidated subsidiary (see Note 12.1).

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 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. 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, 2015 and 2014.

An estimate of the fair value of collateral and other security enhancements held against the loan portfolio as of December 31, 2015 and 2014 is shown below.

	Group	
	2015	2014
Against individually impaired		
Real property	**P 129**	P 21
Chattels	**49**	49
Against classified accounts but not impaired		
Real property	**62,132**	75,428
Chattels	**7,968**	5,861
Equity securities	**4,003**	5,244
Hold-out deposits	**1,432**	1,240
Others	**545**	815
Against neither past due nor impaired		
Real property	**183,761**	113,268
Chattels	**97,434**	32,607
Hold-out deposits	**16,202**	11,484
Others	**30,895**	58,608
Total	**P 404,550**	P 304,625

	Parent Company			
	2015		2014	
Against individually impaired				
Real property	**P**	**129**	P	21
Against classified accounts but not impaired				
Real property		**55,361**		73,227
Chattels		**3,797**		4,143
Equity securities		**4,003**		5,244
Others		**232**		541
Against neither past due nor impaired				
Real property		**4,387**		-
Hold-out deposits		**16,202**		11,484
Others		**29,213**		57,591
Total	**P**	**113,324**	P	152,251

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 11.1.

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 as well as established concentration metrics. 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 supplements this methodology with the use of the Comprehensive Concentration Index (CCI) to monitor and analyse name concentration.

The Group, however, recognizes the inherent limitations of the use of HHI and CCI 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 Group adopted a credit risk stress testing framework using break-even sales and cash flow debt service to determine a borrower's vulnerability and ultimately impact to the Group's capital adequacy. The Parent Company likewise adopted in 2015 a portfolio credit risk testing framework that takes into consideration the causal relationships among industry sectors. 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 was implemented 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 Public and Media Relations 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 RA 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 required minimum capitalization for the Parent Company, RSB, Rizal Microbank, RCBC Capital and RCBC LFC is P20,000, P2,000, P1,000, 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 or 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, 2015 and 2014 follows:

	Group	Parent Company
2015:		
Tier 1 Capital		
CET 1	P 48,779	P 37,940
AT1	3	3
	48,782	37,943
Tier 2 Capital	12,325	11,894
Total Qualifying Capital	**P 61,107**	**P 49,837**
Total Risk – Weighted Assets	**P 388,804**	**P 318,935**
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk weighted assets	**15.72%**	**15.63%**
Tier 1 Capital Ratio	**12.55%**	**11.90%**
Total CET 1 Ratio	**12.55%**	**11.90%**
2014:		
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 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, the BSP issued Circular No. 639 on the ICAAP and Supervisory Review Process 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 and realization of cyber security threats. 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			
	2015		2014	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**P 84,388**	**P 84,388**	P 75,784	P 75,784
Investment securities	**101,881**	**99,715**	79,795	78,911
Loans and receivables - net	**299,119**	**299,119**	261,574	261,574
Other resources	**624**	**624**	839	839
	486,012	**483,846**	417,992	417,108
At FVPL	**5,112**	**5,112**	16,458	16,458
At FVOCI	**4,208**	**4,208**	4,537	4,537
	P 495,332	**P 493,116**	P 438,987	P 438,103
Financial Liabilities				
At amortized cost:				
Deposit liabilities	**P 342,362**	**P 342,362**	P 315,761	P 315,761
Bills payable	**49,404**	**49,404**	39,799	39,799
Bonds payable	**39,364**	**42,961**	23,486	24,954
Subordinated debt	**9,936**	**10,730**	9,921	11,042
Accrued interest and other expenses	**4,198**	**4,198**	4,287	4,287
Other liabilities	**8,479**	**8,479**	7,363	7,363
	453,743	**458,134**	400,617	403,206
Derivative financial liabilities	**265**	**265**	291	291
	P 454,008	**P 458,399**	P 400,908	P 403,497

	Parent Company							
	2015				2014			
		Carrying Amount		Fair Value		Carrying Amount		Fair Value
Financial Assets								
At amortized cost								
Cash and cash equivalents	**P**	**70,349**	**P**	**70,349**	P	62,837	P	62,837
Investment securities		**91,456**		**89,781**		70,256		69,651
Advances to RCBC LFC		**500**		**500**		-		-
Loans and receivables - net		**231,708**		**231,708**		205,614		205,614
Other resources		**479**		**479**		785		785
		394,492		**392,817**		339,492		338,887
At FVPL		**3,993**		**3,993**		15,062		15,062
At FVOCI		**2,341**		**2,341**		2,222		2,222
	P	**400,826**	**P**	**399,151**	P	356,776	P	356,171
Financial Liabilities								
At amortized cost:								
Deposit liabilities	**P**	**264,070**	**P**	**264,070**	P	248,022	P	248,022
Bills payable		**45,816**		**45,816**		36,837		36,837
Bonds payable		**39,364**		**42,961**		23,486		24,954
Subordinated debt		**9,936**		**10,730**		9,921		11,042
Accrued interest and other expenses		**3,288**		**3,288**		3,303		3,303
Other liabilities		**5,642**		**5,642**		4,803		4,803
		368,116		**372,507**		326,372		328,961
Derivative financial liabilities		**265**		**265**		291		291
	P	**368,381**	**P**	**372,772**	P	326,663	P	329,252

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								
				Related amounts not set off in the statements of financial position					
	Notes		**Gross amounts recognized in the statements of financial position**		**Financial instruments**		**Cash received**		**Net amount**
December 31, 2015									
Loans and receivables – Receivable from customers	11	**P**	**296,891**	**(P**	**17,634)**	**P**	**-**	**P**	**279,257**
Other resources – Margin deposits	15		**42**		**-**	**(**	**42)**		-
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)		-

	Notes	Gross amounts recognized in the statements of financial position		Related amounts not set off in the statements of financial position: Financial instruments		Cash received		Net amount
		Parent Company						
December 31, 2015								
Loans and receivables – Receivable from customers	11	**P**	**230,070**	**(P**	**16,202)**	**P**	**-**	**P 213,868**
Other resources – Margin deposits	15		**42**		**-**	**(**	**42)**	**-**
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)	-

The following financial liabilities presented in the statements of financial position at gross amounts are covered by enforceable master netting arrangements and similar agreements:

	Notes	Gross amounts recognized in the statements of financial position		Related amounts not set off in the statements of financial position: Financial instruments		Cash received		Net amount
		Group						
December 31, 2015								
Deposit liabilities	17	**P**	**342,362**	**(P**	**17,634)**	**P**	**-**	**P 324,728**
Other liabilities – Derivative financial liabilities	22		**265**		**-**	**(**	**42)**	**223**
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

	Notes	Gross amounts recognized in the statements of financial position		Related amounts not set off in the statements of financial position: Financial instruments		Cash received		Net amount
		Parent Company						
December 31, 2015								
Deposit liabilities	17	**P**	**264,070**	**(P**	**16,202)**	**P**	**-**	**P 247,868**
Other liabilities – Derivative financial liabilities	22		**265**		**-**	**(**	**42)**	**223**
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

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; and, (b) 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:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the 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, 2015 and 2014.

	Group			
	Level 1	Level 2	Level 3	Total
2015:				
Financial assets at FVPL:				
Government securities	P 1,093	P 163	P -	P 1,256
Corporate debt securities	522	-	-	522
Equity securities	1,229	-	367	1,596
Derivative assets	57	1,681	-	1,738
	2,901	1,844	367	5,112
Financial assets at FVOCI –				
Equity securities	1,867	176	2,165	4,208
Total Resources at Fair Value	**P 4,768**	**P 2,020**	**P 2,532**	**P 9,320**
Derivative liabilities	**P -**	**P 265**	**P -**	**P 265**
2014:				
Financial assets at FVPL:				
Government securities	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	2,314	124	2,099	4,537
Total Resources at Fair Value	P 16,755	P 1,802	P 2,428	P 20,995
Derivative liabilities	P -	P 291	P -	P 291

	Parent Company			
	Level 1	Level 2	Level 3	Total
2015:				
Financial assets at FVPL:				
Government securities	P 1,093	P 100	P -	P 1,193
Corporate debt securities	522	-	-	522
Equity securities	173	-	367	540
Derivative assets	57	1,681	-	1,738
	1,845	1,781	367	3,993
Financial assets at FVOCI –				
Equity securities	-	176	2,165	2,341
Total Resources at Fair Value	**P 1,845**	**P 1,957**	**P 2,532**	**P 6,334**
Derivative liabilities	**P -**	**P 265**	**P -**	**P 265**
2014:				
Financial assets at FVPL:				
Government securities	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 liabilities	P -	P 291	P -	P 291

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 and Corporate Debt Securities

The fair value of the Group's government securities 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 securities 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).

The fair value of the Group's government securities categorized under Level 2 of the hierarchy 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.

(b) Equity Securities

The fair values of equity securities classified as financial assets at FVPL and FVOCI as of December 31, 2015 and 2014 were valued based on their market prices quoted in the PSE at the end of each reporting period; hence, categorized within Level 1.

Level 2 category 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.

For equity securities which are not traded in an active market and categorized within Level 3, their fair value is determined through the net asset value or a market-based approach valuation technique (price-to-book value method) using current market values of comparable listed entities. The price-to-book value method uses the price-to-book ratio of comparable listed entities as multiple in determining the fair value of the Group's equity securities adjusted by a certain valuation discount. The price-to-book ratio used by the Group in the fair value measurement of its level 3 equity securities as of December 31, 2015 ranges from 0.584:1 to 1.072:1 for financial assets at FVOCI and 0.868:1 to 1.113:1 for financial assets at FVPL.

Increase (decrease) in the price-to-book ratio and net asset value would result in higher (lower) fair values, all else equal.

A reconciliation of the carrying amounts of level 3 equity securities at the beginning and end of 2015 and 2014 is shown below.

	Financial Assets at FVOCI	Financial Assets at FVPL	Total
2015:			
Balance at beginning of year	P 2,099	P 329	P 2,428
Additions	326	-	326
Fair value losses	(260)	38	(222)
Balance at end of year	**P 2,165**	**P 367**	**P 2,532**
2014:			
Balance at beginning of year	P 2,087	P 293	P 2,380
Fair value gains	12	36	48
Balance at end of year	P 2,099	P 329	P 2,428

In 2015, the Parent Company exercised its stock rights on a certain investee which resulted into additional investment amounting to P326.

(c) *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 2015 and 2014.

As of December 31, 2013, the Group and the Parent Company has non-marketable or 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. 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 or terminal cash flows from the investee companies; and,
- Weighted average cost of capital 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 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Group's and Parent Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

	Group			
	Level 1	Level 2	Level 3	Total
2015:				
Financial Assets:				
Cash and other cash items	P 14,070	P -	P -	P 14,070
Due from BSP	50,617	-	-	50,617
Due from other banks	19,701	-	-	19,701
Investment securities at amortized cost	99,715	-	-	99,715
Loans and receivables - net	-	-	299,119	299,119
Other resources	-	-	624	624
	P 183,103	**P -**	**P 299,743**	**P 483,846**

	Group			
	Level 1	Level 2	Level 3	Total
2015:				
Financial Liabilities:				
Deposit liabilities	P 342,362	P -	P -	P 342,362
Bills payable	-	49,404	-	49,404
Bonds payable	-	42,961	-	42,961
Subordinated debt	-	10,730	-	10,730
Accrued interest, taxes and other expenses	-	-	4,198	4,198
Other liabilities	-	-	8,479	8,479
	P 342,362	**P 103,095**	**P 12,677**	**P 458,134**
2014:				
Financial Assets				
Cash and other cash items	P 13,085	P -	P -	P 13,085
Due from BSP	46,099	-	-	46,099
Due from other banks	16,600	-	-	16,600
Investment securities at amortized cost	78,911	-	-	78,911
Loans and receivables - net	-	-	261,574	261,574
Other resources	-	-	839	839
	P 154,695	P -	P 262,413	P 417,108
Financial Liabilities:				
Deposit liabilities	P 315,761	P -	P -	P 315,761
Bills payable	-	39,799	-	39,799
Bonds payable	-	24,954	-	24,954
Subordinated debt	-	11,042	-	11,042
Accrued interest, taxes and other expenses	-	-	4,287	4,287
Other liabilities	-	-	7,363	7,363
	P 315,761	P 75,795	P 11,650	P 403,206

	Parent Company			
	Level 1	Level 2	Level 3	Total
2015:				
Financial Assets:				
Cash and other cash items	P 10,127	P -	P -	P 10,127
Due from BSP	42,026	-	-	42,026
Due from other banks	18,196	-	-	18,196
Investment securities at amortized cost	89,781	-	-	89,781
Loans and receivables - net	-	-	231,708	231,708
Advances to RCBC LFC	-	-	500	500
Other resources	-	-	479	479
	P 160,130	**P -**	**P 232,687**	**P 392,817**
Financial Liabilities:				
Deposit liabilities	P 264,070	P -	P -	P 264,070
Bills payable	-	45,816	-	45,816
Bonds payable	-	42,961	-	42,961
Subordinated debt	-	10,730	-	10,730
Accrued interest, taxes and other expenses	-	-	3,288	3,288
Other liabilities	-	-	5,642	5,642
	P 264,070	**P 99,507**	**P 8,930**	**P 372,507**
2014:				
Financial Assets:				
Cash and other cash items	P 9,539	P -	P -	P 9,539
Due from BSP	37,763	-	-	37,763
Due from other banks	15,535	-	-	15,535
Investment securities at amortized cost	69,651	-	-	69,651
Loans and receivables - net	-	-	205,614	205,614
Other resources	-	-	785	785
	P 132,488	P -	P 206,399	P 338,887
Financial Liabilities:				
Deposit liabilities	P 248,022	P -	P -	P 248,022
Bills payable	-	36,837	-	36,837
Bonds payable	-	24,954	-	24,954
Subordinated debt	-	11,042	-	11,042
Accrued interest, taxes and other expenses	-	-	3,303	3,303
Other liabilities	-	-	4,803	4,803
	P 248,022	P 72,833	P 8,106	P 328,961

The following are the methods used to determine the fair value of financial assets and financial liabilities not presented in the statements of financial position at their fair values:

(a) *Due from BSP and Other Banks*

Due from BSP pertains to deposits made by the Group to the BSP for clearing and reserve requirements. Due from other banks includes items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

(b) *Investment Securities at Amortized Cost*

The fair value of investment securities at amortized cost is determined by direct reference to published price quoted in an active market for traded securities.

(c) *Loans and Receivables and Advances to RCBC LFC*

Loans and receivables are net of provisions for impairment. The estimated fair value of loans and receivables and Advances to RCBC LFC represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(d) *Deposits Liabilities and Borrowings*

The estimated fair value of deposits is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The fair value of bonds payable and subordinated debt is computed based on the average of published ask and bid prices.

(e) *Other Resources and Other Liabilities*

Due to their short duration, the carrying amounts of other resources and liabilities in the statements of financial position are considered to be reasonable approximation of their fair values.

7.4 Fair Value Disclosures for Investment Properties Carried at Cost

The total estimated fair values of the investment properties amounted to P7,994 and P9,946 in the Group's financial statements and P5,349 and P5,379 in the Parent Company's financial statements as of December 31, 2015 and 2014, respectively. The fair value hierarchy of these properties as of December 31, 2015 and 2014 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.

There were no changes in the Group's operating segments in 2015 and 2014.

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, 2015, 2014 and 2013 follow:

	Retail Banking Group	Corporate Banking Group	Treasury Group	Others	Total
2015:					
Statement of profit or loss					
Interest income	P 7,889	P 11,280	P 2,715	(P 364)	P 21,520
Interest expense	(1,718)	(4,078)	(2,740)	2,593	(5,943)
Net interest income (expense)	6,171	7,202	(25)	2,229	15,577
Non-interest income	2,682	1,559	1,606	808	6,655
Total revenues	8,853	8,761	1,581	3,037	22,232
Non-interest expense	(6,684)	(2,166)	(442)	(8,119)	(17,411)
Profit (loss) before tax	2,169	6,595	1,139	(5,082)	4,821
Tax income	-	-	-	307	307
Net profit (loss)	**P 2,169**	**P 6,595**	**P 1,139**	**(P 4,775)**	**P 5,128**
Statement of financial position					
Total resources	**P 272,249**	**P 283,356**	**P 93,941**	**(P 133,485)**	**P 516,061**
Total liabilities	**P 272,249**	**P 283,356**	**P 93,941**	**(P 191,614)**	**P 457,932**
Other segment information					
Depreciation and amortization	**P 268**	**P 95**	**P 9**	**P 1,239**	**P 1,611**
2014:					
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)
Net profit (loss)	P 829	P 6,032	P 1,345	(P 3,796)	P 4,410
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

	Retail Banking Group	Corporate Banking Group	Treasury Group	Others	Total
2013:					
Statement of profit or loss					
Interest income	P 6,698	P 7,662	P 3,370	P 1,094	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)
Net profit (loss)	P 623	P 5,365	P 1,630	(P 2,284)	P 5,334
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

8.3 Analysis of Secondary Segment Information

Secondary information (by geographical locations) as of and for the years ended December 31, 2015, 2014 and 2013 follow:

	Philippines	**United States**	**Asia and Europe**	**Total**
2015:				
Statement of profit or loss				
Total income	P 28,299	P -	P 183	P 28,482
Total expenses	23,176	4	174	23,354
Net profit (loss)	**P 5,123**	**(P 4)**	**P 9**	**P 5,128**
Statement of financial position				
Total resources	**P 515,602**	**P 3**	**P 456**	**P 516,061**
Total liabilities	**P 457,599**	**P -**	**P 333**	**P 457,932**
Other segment information				
Depreciation and amortization	**P 1,609**	**P -**	**P 2**	**P 1,611**
2014:				
Statement of profit or loss				
Total income	P 27,105	P 3	P 194	P 27,302
Total expenses	22,692	17	183	22,892
Net profit (loss)	P 4,413	(P 14)	P 11	P 4,410
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:				
Results of operations				
Total income	P 28,422	P 65	P 147	P 28,634
Total expenses	23,089	43	168	23,300
Net profit (loss)	P 5,333	P 22	(P 21)	P 5,334
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

9. CASH AND CASH EQUIVALENTS

The components of Cash and Cash Equivalents follow:

	Group				Parent Company			
		2015		2014		**2015**		2014
Cash and other cash items	**P**	**14,070**	P	13,085	**P**	**10,127**	P	9,539
Due from BSP		**50,617**		46,099		**42,026**		37,763
Due from other banks		**19,701**		16,600		**18,196**		15,535
	P	**84,388**	P	75,784	**P**	**70,349**	P	62,837

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 Group'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 Notes 17 and 27), 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 P4,505 and P5,999 for the Group and P3,000 and P3,301 for the Parent Company at December 31, 2015 and 2014, respectively, which bear annual interest at 2.50% in 2015, and annual interest range of 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			
		2015		2014		**2015**		2014
Foreign banks	**P**	**18,295**	P	15,742	**P**	**17,732**	P	15,030
Local banks		**1,406**		858		**464**		505
	P	**19,701**	P	16,600	**P**	**18,196**	P	15,535

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

	Group				Parent Company			
		2015		2014		**2015**		2014
Foreign currencies	**P**	**18,977**	P	15,832	**P**	**17,794**	P	15,065
Philippine peso		**724**		768		**402**		470
	P	**19,701**	P	16,600	**P**	**18,196**	P	15,535

Interest rates per annum on these deposits range from 0.00% to 0.30% in 2015 and 0.00% to 1.00% both in 2014 and 2013.

10. TRADING AND INVESTMENT SECURITIES

This account is comprised of:

	Group				Parent Company			
		2015		2014		**2015**		2014
Financial assets at FVPL	**P**	**5,112**	P	16,458	**P**	**3,993**	P	15,062
Financial assets at FVOCI		**4,208**		4,537		**2,341**		2,222
Investment securities at amortized cost		**101,881**		79,795		**91,456**		70,256
	P	**111,201**	P	100,790	**P**	**97,790**	P	87,540

10.1 Financial Assets at Fair Value Through Profit or Loss

Financial assets at FVPL is composed of the following:

	Group				Parent Company			
		2015		2014		**2015**		2014
Government securities	**P**	**1,256**	P	10,692	**P**	**1,193**	P	10,523
Corporate debt securities		**522**		2,707		**522**		2,509
Equity securities		**1,596**		1,598		**540**		569
Derivative financial assets		**1,738**		1,461		**1,738**		1,461
	P	**5,112**	P	16,458	**P**	**3,993**	P	15,062

The carrying amounts of financial assets at FVPL are classified as follows:

	Group		Parent Company	
	2015	2014	**2015**	2014
Held-for-trading	**P 2,834**	P 14,428	**P 1,715**	P 13,032
Designated as at FVPL	**540**	569	**540**	569
Derivatives	**1,738**	1,461	**1,738**	1,461
	P 5,112	P 16,458	**P 3,993**	P 15,062

Treasury bills and other debt securities issued by the government and other private corporations earn annual interest as follows:

	2015	2014	2013
Peso denominated	**2.63% - 8.44%**	1.63% - 12.38%	1.63% - 14.38%
Foreign currency denominated	**3.45% - 9.63%**	0.05% - 10.63%	1.25% - 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.

	Notional Amount	**Fair Values**	
		Assets	**Liabilities**
2015:			
Currency swaps and forwards	P 33,269	P 392	P 179
Interest rate swaps and futures	19,111	66	84
Debt warrants	5,891	57	-
Options	4,653	8	2
Credit linked notes	-	979	-
Principal-protected notes	-	236	-
	P 62,924	**P 1,738**	**P 265**
2014:			
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

The derivative liabilities amounting to P265 and P291 as of December 31, 2015 and 2014, 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 and certain CDO's, with an aggregate carrying value of P5,691 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. As of December 31, 2015 and 2014, the carrying value of the remaining CLNs amounted to P979 and P971, respectively.

The Group recognized the fair value changes in financial assets at FVPL resulting in a decrease of P107 in 2015 and increase of P614 in 2014 and P151 in 2013 in the Group's financial statements; and increase of P127 in 2015, 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, 2015 and 2014 consist of:

	Group		Parent	
2015:				
Quoted equity securities	P	1,686	P	-
Unquoted equity securities		2,522		2,341
	P	**4,208**	**P**	**2,341**
2014:				
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, 2015 and 2014 are unquoted equity securities with fair value determined using the net asset value or a market-based approach (price-to-book value method); hence, categorized under Level 3 of the fair value hierarchy (see Note 7.2).

The fair value changes in FVOCI amounted to a decrease of P140 in 2015 and an increase of P118 in 2014 in the Group's financial statements and, a decrease of P220 in 2015 and an increase of P56 in 2014 in the Parent Company's financial statements, respectively, which are recognized as an adjustment in other comprehensive income and presented in the 2015 and 2014 statements 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, the related fair value gain of P3 in 2015 and fair value loss of P28 in 2014 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 2015, 2014 and 2013, dividends on these equity securities were recognized amounting to P211, P285 and P108 by the Group and, P87, P107 and P38 by the Parent Company, respectively, which are included as part of Miscellaneous income under the Other Operating Income account in the 2015, 2014 and 2013 statements of profit or loss (see Note 25.1).

10.3 Investment Securities at Amortized Cost

Investment securities at amortized cost as of December 31, 2015 and 2014 consist of:

	Group		Parent	
2015:				
Government securities	P	56,093	P	48,441
Corporate debt securities		45,788		43,015
	P	**101,881**	**P**	**91,456**
2014:				
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	
2015:				
Philippine peso	P	13,747	P	8,477
Foreign currencies		88,134		82,979
	P	**101,881**	**P**	**91,456**
2014:				
Philippine peso	P	13,599	P	8,357
Foreign currencies		66,196		61,899
	P	79,795	P	70,256

Interest rates per annum on government securities and corporate debt securities range from 1.63% to 8.44% in 2015 and 1.63% to 12.38% in 2014 for peso denominated securities and 1.40% to 10.63% in 2015 and 2014 for foreign currency denominated securities, respectively.

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	(1,343)	(1,193)
	P 89,412	P 76,882

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.

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.

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 in 2013 amounted to fair value losses of P8,150 and P6,982 in the Group's and Parent Company's financial statements, respectively (see Note 23.6).

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).

11. LOANS AND RECEIVABLES

This account consists of the following (see also Note 28.1):

	Group		**Parent Company**	
	2015	2014	**2015**	2014
Receivables from customers:				
Loans and discounts	**P 272,344**	P 234,605	**P 206,965**	P 180,307
Credit card receivables	**10,987**	10,843	**10,987**	10,843
Customers' liabilities on acceptances, import bills and trust receipts	**9,950**	9,411	**9,950**	9,411
Bills purchased	**2,420**	3,087	**2,408**	3,047
Lease contract receivables	**1,409**	1,339	**-**	-
Receivables financed	**132**	242	**-**	-
	297,242	259,527	**230,310**	203,608
Unearned discount	**(351)**	(839)	**(240)**	(191)
	296,891	258,688	**230,070**	203,417
Other receivables:				
Accrued interest receivables	**3,217**	2,846	**2,508**	2,338
Accounts receivables [see Note 28.5(a) and (b)]	**2,660**	2,509	**2,070**	1,808
Sales contract receivables	**2,058**	2,273	**675**	815
Unquoted debt securities classified as loans	**1,270**	1,326	**1,210**	1,266
Accrued rental receivables	**63**	66	**-**	-
Interbank loans receivables	**-**	323	**-**	575
	9,268	9,343	**6,463**	6,802
	306,159	268,031	**236,533**	210,219
Allowance for impairment (see Note 16)	**(7,040)**	(6,457)	**(4,825)**	(4,605)
	P 299,119	P 261,574	**P 231,708**	P 205,614

Receivables from customers portfolio earn average annual interest or range of interest as follows:

	2015	2014	2013
Loans and discounts:			
Philippine peso	**5.05%**	5.04%	5.63%
Foreign currencies	**2.95%**	2.80%	2.69%
Credit card receivables	**23.88% - 42.00%**	24.24% - 58.00%	38.40% - 42.00%
Lease contract receivables	**8.00% - 26.88%**	8.00% - 21.00%	10.55% - 22.81%
Receivable financed	**10.00% - 25.00%**	10.00% - 25.00%	10.00% - 25.00%

Included in unquoted debt securities classified as loans and receivable as of December 31, 2015 and 2014 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 14.1). 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.

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 29.2).

Also included in Parent Company's accounts receivables is the amount due from RCBC JPL which was acquired from Rizal Microbank in 2015 amounting to P222. The receivable amount is unsecured, noninterest-bearing and payable in cash on demand.

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	
	2015	2014	**2015**	2014
Real estate, renting and other related activities	**P 76,052**	P 57,784	**P 42,374**	P 34,372
Manufacturing (various industries)	**39,497**	38,658	**39,469**	38,129
Electricity, gas and water	**51,148**	38,587	**50,814**	38,306
Consumer	**37,855**	29,513	**13,211**	10,843
Other community, social and personal activities	**24,737**	25,827	**24,413**	22,323
Wholesale and retail trade	**23,993**	26,051	**22,773**	22,946
Transportation and communication	**18,425**	21,661	**18,364**	19,963
Financial intermediaries	**7,822**	8,435	**7,779**	7,452
Agriculture, fishing and forestry	**3,796**	1,979	**3,715**	1,812
Hotels and restaurants	**3,018**	2,421	**3,018**	2,412
Diversified holding companies	**2,058**	963	**2,058**	963
Mining and quarrying	**1,934**	1,389	**1,934**	1,389
Others	**6,556**	5,420	**148**	2,507
	P 296,891	P 258,688	**P 230,070**	P 203,417

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	
	2015	2014	**2015**	2014
Secured:				
Real estate mortgage	**P 79,505**	P 64,636	**P 41,914**	P 33,148
Chattel mortgage	**23,259**	20,179	**206**	278
Hold-out deposit	**17,634**	12,724	**16,202**	11,484
Other securities	**35,212**	38,031	**33,216**	36,740
	155,610	135,570	**91,538**	81,650
Unsecured	**141,281**	123,118	**138,532**	121,767
	P 296,891	P 258,688	**P 230,070**	P 203,417

The maturity profile of the receivables from customers portfolio follows:

	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Due within one year	**P 69,727**	P 69,191	**P 45,663**	P 47,913
Due beyond one year	**227,164**	189,497	**184,407**	155,504
	P 296,891	P 258,688	**P 230,070**	P 203,417

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, 2015 and 2014 are presented below, net of allowance for impairment in compliance with the BSP Circular 772.

	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Gross NPLs	**P 5,427**	P 5,176	**P 2,200**	P 2,140
Allowance for impairment	**(3,122)**	(2,540)	**(1,600)**	(1,534)
	P 2,305	P 2,636	**P 600**	P 606

Based on BSP regulations, 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.

A reconciliation of the allowance for impairment of loans and receivables at the beginning and end of 2015 and 2014 is shown below (see Note 16).

	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Balance at beginning of year	**P 6,457**	P 6,131	**P 4,605**	P 4,621
Impairment losses during the year - net	**2,067**	2,255	**1,137**	1,591
Accounts written off and others – net	**(1,484)**	(1,929)	**(917)**	(1,607)
Balance at end of year	**P 7,040**	P 6,457	**P 4,825**	P 4,605

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 for the year ended December 31, 2013 and the additional fair value losses that would have been recognized in profit or loss would have amounted to P92. 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 carrying value of P2,665 from Loans and Receivables to Financial Assets at FVPL.

12. INVESTMENTS IN AND ADVANCES TO SUBSIDIARIES AND ASSOCIATES

The components of the carrying values of investments in and advances to 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):

	Note	Group 2015	Group 2014
Acquisition costs of associates:			
HCPI		**P 91**	P 91
LIPC		**57**	57
YCS		**4**	5
		152	153
Accumulated equity in net earnings:			
Balance at beginning of year		**168**	184
Share in net earnings for the year	25.1	**93**	24
Share in actuarial gains on defined benefit plan		**1**	(34)
Share in fair value gains on financial assets at FVOCI		**25**	-
Cash dividends		**(76)**	(6)
Balance at end of year		**211**	168
Carrying amount		**P 363**	P 321

	Note	Parent Company 2015	Parent Company 2014
Subsidiaries:			
RSB		**P 3,190**	P 3,190
RCBC Capital		**2,231**	2,231
Rizal Microbank		**1,242**	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
		8,139	7,889
Associates:			
NPHI		**388**	388
HCPI		**91**	91
LIPC		**57**	57
YCS		**4**	5
		540	541
Advances -			
RCBC LFC		**500**	-
		9,179	8,430
Allowance for impairment	16	**(431)**	(431)
Carrying amount		**P 8,748**	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.

The Parent Company received dividends from its subsidiaries and associates amounting to P602 and P76, respectively, in 2015, P1,568 and P6, respectively, in 2014 and, P678 and P284, respectively, in 2013.

12.1 Changes in Investments in Subsidiaries

On May 25, 2015, the Parent Company's BOD approved the equity infusion into Rizal Microbank of P250 by purchasing additional 2,500,000 common shares of stock with par value of P100 each. The additional capital infusion into Rizal Microbank was approved by the BSP on September 30, 2015.

On February 23, 2015, the Parent Company's BOD approved the subscription to P500 worth of share of stock of RCBC LFC. As of December 31, 2015, RCBC LFC is yet to file with the SEC the application for increase in its authorized capital stock since the certificate of authority to amend the articles of incorporation was only secured from the BSP on January 20, 2016.

On October 18, 2013, the Parent Company's 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 of 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 and Parent Company's 2013 statement of profit or loss (see Note 25.1). Moreover, the disposal of Bankard, Inc. resulted in the reversal and transfer directly to surplus of other reserves amounting to P233 which was recognized in prior years (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
2015:				
HCPI	**P 4,914**	**P 2,097**	**P 14,276**	**P 705**
2014:				
HCPI	P 4,334	P 1,744	P 10,412	P 449

On July 31, 2013, the Parent Company's BOD approved the sale of a total of 2,130,000 common stock or 49.00% shareholdings in RCBC Land, Inc. (RLI) to PMMIC and a total of 1,701,771 common stock and 5,201,771 preferred stock or 25.00% ownership in RCBC Realty Corporation to PMMIC, HI and RLI. The 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 Roxas Holdings, Inc. (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. 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. As a result of the initial application of PFRS 9, the Group's equity investment in RHI was reclassified to financial assets at FVPL.

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 2015 and 2014 are shown below.

	Group				
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
December 31, 2015					
Cost	P 1,297	P 3,239	P 7,946	P 1,015	P 12,638
Accumulated depreciation and amortization	-	(1,131)	(4,764)	-	(5,606)
Net carrying amount	**P 1,297**	**P 2,108**	**P 3,182**	**P 1,015**	**P 7,602**
December 31, 2014					
Cost	P 1,297	P 3,070	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 2,717	P 979	P 7,031
January 1, 2014					
Cost	P 1,587	P 4,333	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 2,955	P 915	P 8,814

	Parent Company				
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Rights and Improvements**	**Total**
December 31, 2015					
Cost	P 786	P 2,308	P 5,378	P 748	P 9,220
Accumulated depreciation and amortization	-	(865)	(3,380)	-	(4,245)
Net carrying amount	**P 786**	**P 1,443**	**P 1,998**	**P 748**	**P 4,975**
December 31, 2014					
Cost	P 779	P 2,172	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 1,639	P 695	P 4,487
January 1, 2014					
Cost	P 1,212	P 4,123	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 1,808	P 615	P 7,021

A reconciliation of the carrying amounts of bank premises, furniture, fixtures and equipment at the beginning and end of 2015 and 2014 is shown below.

	Group				
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Rights and Improvements**	**Total**
Balance at January 1, 2015, net of accumulated depreciation and amortization	P 1,297	P 2,038	P 2,717	P 979	P 7,031
Additions	4	143	1,515	299	1,961
Reclassification from Investment Properties (see Note 14)	12	71	-	-	83
Disposals	(16)	(9)	(220)	(26)	(271)
Depreciation and amortization charges for the year	-	(135)	(830)	(237)	(1,202)
Balance at December 31, 2015, net of accumulated depreciation and amortization	**P 1,297**	**P 2,108**	**P 3,182**	**P 1,015**	**P 7,602**
Balance at January 1, 2014, net of accumulated depreciation and amortization	P 1,587	P 3,357	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 2,717	P 979	P 7,031

	Parent Company				
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2015, net of accumulated depreciation and amortization	P 779	P 1,374	P 1,639	P 695	P 4,487
Additions	1	124	1,075	211	1,411
Reclassification from Investment Properties (see Note 14)	12	71	-	-	83
Disposals	(6)	(8)	(171)	-	(185)
Depreciation and amortization charges for the year	-	(118)	(545)	(158)	(821)
Balance at December 31, 2015, net of accumulated depreciation and amortization	**P 786**	**P 1,443**	**P 1,998**	**P 748**	**P 4,975**
Balance at January 1, 2014, net of accumulated depreciation and amortization	P 1,212	P 3,386	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 1,639	P 695	P 4,487

In 2014, a portion of the RSB Corporate Center, a building owned by the Parent Company, 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). In 2015, due to the change in use of some portions of the RSB Corporate Center, building and land amounting to P71 and 12, respectively, were reclassified back from Investment Properties in the Group's and Parent Company's financial statements.

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, 2015 and 2014, 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 P3,825 and P3,342, respectively, as of December 31, 2015 and P3,503 and P3,026, respectively, as of December 31, 2014.

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 2015, 2014 and 2013 are shown below.

	Group			Parent Company		
	Land	Buildings	Total	Land	Buildings	Total
December 31, 2015						
Cost	P 1,853	P 1,901	P 3,754	P 1,006	P 2,008	P 3,014
Accumulated depreciation	-	(314)	(314)	-	(131)	(131)
Accumulated impairment (see Note 16)	(70)	-	(70)	-	-	-
Net carrying amount	**P 1,783**	**P 1,587**	**P 3,370**	**P 1,006**	**P 1,877**	**P 2,883**

	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
January 1, 2014						
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

The reconciliations of the carrying amounts of investment properties at the beginning and end of 2015 and 2014 follow:

		Group		Parent Company	
	Notes	**2015**	2014	**2015**	2014
Balance at January 1, net of accumulated depreciation and impairment		**P 5,355**	P 4,579	**P 3,426**	P 1,944
Additions		**1,631**	834	**13**	18
Reclassification from (to) Bank Premises	13	**(83)**	1,524	**(83)**	2,404
Reclassification to Assets Held-for-Sale and Disposal Group	15.1	**(1,688)**	-	**(337)**	-
Disposals/transfers		**(1,445)**	(1,116)	**(84)**	(813)
Impairment losses		**(225)**	(248)	**-**	(72)
Depreciation charges for the year		**(175)**	(218)	**(52)**	(55)
Balance at December 31, net of accumulated depreciation and impairment		**P 3,370**	P 5,355	**P 2,883**	P 3,426

As of December 31, 2015 and 2014, 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 P1,631 and P13, respectively, in 2015 and P834 and P18, respectively, in 2014 in settlement of certain loan accounts.

In September 2014, the Parent Company sold to a third party buyer a certain non-performing investment properties 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 11). 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 25.1).

The total gain recognized by the Group and the Parent Company from disposals of investment properties amounted to P281 and P162, respectively, in 2015, P333 and P18, respectively, in 2014, and P696 and P512, respectively, in 2013, which is presented as 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 P310 and 330, respectively, in 2015, P237 and 192, respectively, in 2014, and P277 and P103, respectively, in 2013 [see Notes 25.1 and 28.5(a)]. Expenses incurred by the Group and Parent Company in relation to the investment properties include taxes and licenses amounting to P17 and P15, respectively, in 2015, P23 and P21, respectively, in 2014, and P54 and P1, respectively, in 2013.

14.3 Valuation and Measurement of Investment Properties

Certain investment properties of the Group were written down to their carrying amount of P362 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, 2015 and 2014, based on the available appraisal reports, amounted to P7,994 and P9,946, respectively, for the Group; and, P5,349 and P5,379, respectively, for the Parent Company (see Note 7.4).

15. OTHER RESOURCES

Other resources consist of the following:

		Group		Parent Company	
	Notes	**2015**	2014	**2015**	2014
Assets held-for-sale and disposal group	15.1	**P 3,263**	P 1,777	**P 1,426**	P 960
Deferred tax assets	26.1	**1,222**	84	**443**	-
Creditable withholding taxes		**1,219**	920	**1,191**	919
Branch licenses	15.5	**1,022**	57	**1,000**	-
Software – net	15.2	**936**	822	**786**	664
Goodwill	15.3	**426**	426	**-**	-
Prepaid expenses		**302**	312	**217**	199
Refundable deposits		**271**	142	**169**	140
Inter-office float items		**224**	705	**263**	691
Sundry debits		**176**	88	**148**	88
Returned checks and other cash items		**164**	488	**155**	464
Unused stationery and supplies		**158**	163	**109**	122
Foreign currency notes		**147**	113	**113**	85
Margin deposits	15.4	**42**	96	**42**	96
Miscellaneous		**686**	1,066	**147**	620
		10,258	7,259	**6,209**	5,048
Allowance for impairment	15.3, 16	**(240)**	(209)	**(8)**	(21)
		P 10,018	P 7,050	**P 6,201**	P 5,027

15.1 Assets Held-for-Sale and Disposal Group

Assets held-for-sale represents real and other properties that are approved by management to be immediately sold. These mainly include real properties, automobiles and equipment foreclosed by the Parent Company, RSB and RCBC LFC in settlement of loans.

In 2015, RSB classified portion of its Investment properties amounting to P1,351 as assets held-for-sale (see Note 14) since the carrying amount of this properties will be recovered principally through a sale transaction. The properties are readily available for immediate sale in its present condition and that management believes that the sale is highly probable. The Bank expects to complete the sale transaction for these assets within 2016.

In 2013, the Parent Company entered into a joint venture agreement to develop certain investment properties (see Note 14) for the purpose of recovering the cost through the eventual sale. Management reclassified these properties amounting to P337 as assets held-for-sale. This type of joint arrangement is accounted for as a jointly controlled operation. There was no separate entity created under this joint venture agreement. The joint venture agreement stipulates that the Parent Company shall contribute parcels of land and the co-venturer shall be responsible for the planning, conceptualization, design, construction, financing and marketing of units to be constructed on the properties. The Parent Company does not have outstanding commitments over the joint venture agreement as of December 31, 2015 and 2014.

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 shares into redeemable preferred shares 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 shares of the SPCs owned by RSB shall be converted to redeemable preferred shares 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:

(a) Goldpath
(b) Eight Hills
(c) Crescent Park
(d) Niceview
(e) Lifeway
(f) Gold Place
(g) Princeway
(h) Greatwings
(i) Top Place
(j) Crestview
(k) Best Value

On December 23, 2013, the BOD of RSB approved the foregoing SPCs' redemption of the SPCs' respective preferred shares 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 shares. 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 SPCs 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 2016, 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 2015 and 2014 is shown below.

	Group		**Parent Company**	
	2015	2014	**2015**	2014
Balance at beginning of year	**P 822**	P 874	**P 664**	P 682
Additions	**348**	288	**243**	124
Amortization	**(234)**	(340)	**(121)**	(142)
Balance at end of year	**P 936**	P 822	**P 786**	P 664

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, 2015 and 2014 pertains to the following:

	2015	2014
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 2015 and 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, 2016 and 2015 with valuation date as of the end of 2015 and 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 the statements of profit or loss.

In addition, the goodwill pertaining to the acquisition of Rizal Microbank was fully provided with impairment in 2011.

15.4 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.

15.5 Branch Licenses

Branch licenses represent the rights given to the Group to establish a certain number of branches in the restricted areas in the country and the excess of the total cost of investment over the allocated net assets acquired by the Parent Company from RCBC JPL.

16. ALLOWANCE FOR IMPAIRMENT

Changes in the amounts of allowance for impairment are summarized as follows:

		Group		Parent Company	
	Notes	**2015**	2014	**2015**	2014
Balance at beginning of year					
Loans and receivables	11	**P 6,457**	P 6,131	**P 4,605**	P 4,621
Investment in subsidiaries and associates	12	**-**	-	**431**	427
Investment properties	14	**328**	782	**146**	483
Other resources	15	**209**	244	**21**	43
		6,994	8,500	**5,203**	6,767
Impairment losses during the year		**2,350**	2,509	**1,150**	1,663
Charge-offs and other adjustments during the year		**(1,994)**	(4,015)	**(1,089)**	(3,227)
		356	(1,506)	**61**	(1,564)
Balance at end of year					
Loans and receivables	11	**7,040**	6,457	**4,825**	4,605
Investment in subsidiaries and associates	12	**-**	-	**431**	431
Investment properties	14	**70**	328	**-**	146
Other resources	15	**240**	209	**8**	21
		P 7,300	P 6,994	**P 5,264**	P 5,203

17. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities (see also Note 28.2):

	Group		Parent Company	
	2015	2014	**2015**	2014
Demand	**P 44,311**	P 32,197	**P 34,963**	P 24,391
Savings	**178,197**	164,269	**153,369**	142,375
Time	**119,854**	119,295	**75,738**	81,256
	P 342,362	P 315,761	**P 264,070**	P 248,022

Included in the time deposits are the Parent Company's Long-term Negotiable Certificate of Deposits (LTNCDs) as of December 31, 2015 and 2014 as follows:

Issuance Date	Maturity Date	Coupon Interest	Outstanding Balance 2015	Outstanding Balance 2014
December 19, 2014	June 19, 2020	4.13%	**P 2,100**	P 2,100
November 14, 2013	May 14, 2019	3.25%	**2,860**	2,860
November 14, 2013	May 14, 2019	3.52%	**1,903**	1,838
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%	**1,674**	1,585
May 6, 2010	November 6, 2015	6.50%	**-**	2,854
May 6, 2010	November 6, 2015	6.35%	**-**	2,035
			P 11,720	P 16,455

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			
	2015		2014		2015		2014	
Within one year	P	**68,132**	P	67,692	P	**45,096**	P	45,365
Beyond one year but within five years		**19,202**		16,277		**18,802**		16,120
Beyond five years		**-**		2,097		**-**		2,097
Non-maturing		**255,028**		229,695		**200,172**		184,440
	P	**342,362**	P	315,761	P	**264,070**	P	248,022

Deposit liabilities, aside from LTNCDs, bear annual interest rates ranging from 0.15% to 1.00% in 2015, and 0.25% to 0.88% in 2014 and 2013. 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% in 2015 and 2014, while RSB and Rizal Microbank are subject to reserve requirement equivalent to 8% in 2015 and 2014. Peso-denominated LTNCDs of the Parent Company are subject to reserve requirement equivalent to 6% in 2015 and 2014. As of December 31, 2015 and 2014, the Group is in compliance with such regulatory reserve requirements.

In 2012, the 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 P46,112 and P40,100 for the Group and P39,026 and P34,462 for the Parent Company as of December 31, 2015 and 2014, respectively (see Note 9).

18. BILLS PAYABLE

This account consists of borrowings from:

	Group				Parent Company			
	2015		2014		2015		2014	
Foreign banks	P	**33,965**	P	30,572	P	**33,965**	P	30,572
Local banks		**15,392**		9,155		**11,847**		6,261
Others		**47**		72		**4**		4
	P	**49,404**	P	39,799	P	**45,816**	P	36,837

The maturity profile of bills payable follows:

	Group				Parent Company			
	2015		2014		2015		2014	
Within one year	P	**21,296**	P	35,814	P	**18,228**	P	32,897
Beyond one year but within five years		**17,339**		1,126		**16,819**		1,081
More than five years		**10,769**		2,859		**10,769**		2,859
	P	**49,404**	P	39,799	P	**45,816**	P	36,837

Borrowings from foreign and local banks, which are mainly short-term in nature, are subject to annual fixed interest rates as follows:

	2015	2014	2013
Group			
Peso denominated	**1.75%-2.00%**	0.08%-5.00%	1.35%-10.00%
Foreign currency denominated	**0.02%-2.67%**	0.08%-3.13%	0.05%-2.62%
Parent Company			
Foreign currency denominated	**0.02%-2.67%**	0.08%-3.13%	0.05%-2.62%

Only bills payable to BSP is collateralized by the assignment of certain loans. As of December 31, 2015 and 2014, there were no outstanding bills payable to BSP.

19. BONDS PAYABLE

The composition of this account for the Group and the Parent Company follows:

Issuance Date	Maturity Date	Coupon Interest	Face Value (in millions)		Outstanding Balance			
					2015		2014	
November 2, 2015	February 2, 2021	3.45%	$	**320**	P	**15,020**	P	-
January 21, 2015	January 22, 2020	4.25%		**243**		**11,398**		-
January 30, 2012	January 31, 2017	5.25%		**275**		**12,946**		12,306
February 8, 2010	February 9, 2015	6.25%		**250**		**-**		11,180
			$	**1,088**	P	**39,364**	P	23,486

In November 2015, the Parent Company issued unsecured US$ denominated Senior Notes with principal amount of US$320 bearing an interest of 3.45% per annum, payable semi-annually in arrears every May 2 and November 2 of each year. The Senior Notes, unless redeemed, will mature on February 2, 2021. As of December 31, 2015, the peso equivalent of this outstanding bond issue amounted to P15,020.

In January 2015, the Parent Company issued unsecured US$ denominated Senior Notes with principal amount of US$243 bearing an interest of 4.25% per annum, payable semi-annually in arrears every January 21 and July 21 of each year, which commenced on July 21, 2015. The Senior Notes, unless redeemed, will mature on January 22, 2020. As of December 31, 2015, the peso equivalent of this outstanding bond issue amounted to P11,398.

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, 2015 and 2014, the peso equivalent of this outstanding bond issue amounted to P12,946 and P12,306, respectively.

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, the peso equivalent of this outstanding bond issue amounted to P11,180.

The interest expense incurred on these bonds payable amounted to P1,262 in 2015, P1,333 in 2014, and P1,284 in P2013. The Group recognized foreign currency exchange losses in relation to these bonds payable amounting to P1,286 in 2015, P171 in 2014 and P1,759 in 2013 which are netted against 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 P553 in 2015 and 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 for the year ended 2013.

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 for the year ended December 31, 2013.

21. ACCRUED INTEREST, TAXES AND OTHER EXPENSES

The composition of this account follows:

	Group		Parent Company	
	2015	2014	**2015**	2014
Accrued expenses	**P 3,112**	P 3,283	**P 2,342**	P 2,475
Accrued interest	**1,086**	1,004	**946**	828
Taxes payable	**255**	384	**116**	195
	P 4,453	P 4,671	**P 3,404**	**P 3,498**

Accrued expenses represent mainly the accruals for utilities, employee benefits and other operating expenses. Accrued interest 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	
	Notes	**2015**	2014	**2015**	2014
Accounts payable	28.5(a), 28.5(c)	**P 6,124**	P 5,310	**P 3,951**	P 3,343
Bills purchased – contra		**1,358**	2,188	**1,346**	2,148
Manager's checks		**1,278**	1,283	**789**	905
Post-employment defined benefit obligation	24.2	**1,274**	297	**1,139**	146
Outstanding acceptances payable		**418**	388	**418**	388
Other credits		**281**	220	**193**	163
Derivative financial liabilities	10.1	**265**	291	**265**	291
Withholding taxes payable		**166**	171	**110**	127
Deposit on lease contracts		**161**	125	**-**	-
Guaranty deposits		**156**	83	**156**	83
Payment orders payable		**117**	155	**104**	65
Sundry credits		**78**	108	**78**	93
Due to BSP		**28**	19	**28**	19
Miscellaneous		**709**	498	**670**	703
		P 12,413	P 11,136	**P 9,247**	P 8,474

Accounts payable is mainly composed of debit card balances of customers, settlement billing from credit card operations and Group's expenditure purchases which are to be settled within the next reporting period.

Miscellaneous liabilities include Pag-ibig, SSS and PhilHealth premiums, and other amounts due to local banks.

23. EQUITY

23.1 Capital Stock

The movements in the outstanding capital stock are as follows:

	Number of Shares		
	2015	2014	2013
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	**338,291**	342,082	342,082
Conversion of shares during the year	**(28,146)**	(3,791)	-
Balance at end of year	**310,145**	338,291	342,082
Common stock – P10 par value			
Authorized – 1,400,000,000 shares			
Balance at beginning of year	**1,275,659,728**	1,275,658,638	1,140,857,133
Conversion of shares during the year	**6,746**	1,090	-
Issuances during the year	**124,242,272**	-	134,801,505
Balance at end of year	**1,399,908,746**	1,275,659,728	1,275,658,638

As of December 31, 2015 and 2014, there are 780 and 782 holders, respectively, of the Parent Company's listed shares holding an equivalent of 100.00% of the Parent Company's total issued and outstanding shares. Such listed shares closed at P33.00 per share and P48.00 per share as of December 31, 2015 and 2014, 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
Private placement	Cathay Life Insurance Corp.	April 2015	124,242,272

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.

In 2015, the Parent Company issued common shares to Cathay Life Insurance Corporation at P64 per share for a total issue price of P7,951. This issuance resulted in the recognition of Capital Paid in Excess of Par amounting to P6,709 reduced by the total issuance cost of P222. The acquisition involves Cathay: (i) acquiring from Hexagon Investments B.V., an entity controlled by funds managed by CVC Asia Pacific Limited, 118,935,590 secondary shares at P64 per share, pursuant to a Sale and Purchase Agreement;
(ii) acquiring 36,724,138 secondary common shares from IFC Capitalization Fund also at P64 per share, pursuant to a Sale and Purchase Agreement; and, (iv) entering into a shareholders agreement with PMMIC and the Parent Company.

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
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 27, 2015
January 26, 2015	0.0564	0.02	March 21, 2015	January 26, 2015	March 20, 2015	March 27, 2015
March 30, 2015	0.6000	839.95	May 13, 2015	March 30, 2015	May 13, 2015	June 8, 2015
March 30, 2015	0.6000	0.19	May 13, 2015	March 30, 2015	May 13, 2015	June 8, 2015
April 27, 2015	0.0567	0.02	June 21, 2015	April 27, 2015	September 11, 2015	September 22, 2015
July 27, 2015	0.0583	0.02	September 21, 2015	July 27, 2015	September 11, 2015	September 24, 2015
November 4, 2015	0.0593	0.02	December 21, 2015	November 4, 2015	**	December 22, 2015

** Pertains to cash dividends on hybrid perpetual securities*
*** Not applicable, BSP approval not anymore required*

In 2015, the BSP, through the Monetary Board, approved the liberalized rules for banks and quasi-banks on dividend declaration. The policy requires that dividend declaration be immediately recognized as a liability and that it be disclosed in the statement of changes in equity.

A portion of the Group's surplus corresponding to the undistributed profit of subsidiaries and equity in net earnings of certain associates totalling P7,073 and P6,724 as of December 31, 2015 and 2014, 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 SPCs' 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 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 2013 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 million, 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 million, 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 million 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 Philippine Deposit Insurance Corporation 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.

On March 30, 2015, the Parent Company's BOD approved the redemption of its hybrid perpetual securities at a premium amounting to P723 million.

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, 2015,	P 835	P 71	(P 224)	P 682
Fair value losses on financial assets at FVOCI	(143)	-	-	(143)
Translation adjustments on foreign operation	-	(10)	-	(10)
Actuarial losses on defined benefit plan	-	-	(1,044)	(1,044)
Other comprehensive loss	(143)	(10)	(1,044)	(1,197)
Transfer from fair value gains on financial asset at FVOCI to Surplus	(3)	-	-	(3)
Balance as of December 31, 2015	**P 689**	**P 61**	**(P 1,268)**	**(P 518)**
Balance at January 1, 2014, as restated	P 689	P 76	(P 225)	P 540
Fair value gains 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
Balance at January 1, 2013, as restated	P 3,145	P 72	P 548	P 3,765
Fair value losses on AFS Securities	(8,150)	-	-	(8,150)
Translation adjustments on foreign operation	-	4	-	4
Actuarial losses on defined benefit plan	-	-	(773)	(773)
Other comprehensive income (loss)	(8,150)	4	(773)	(8,919)
Balance as of Dzecember 31, 2013	(P 8,150)	P 76	(P 225)	(P 5,154)

	Parent Company		
	Revaluation of Financial Assets at FVOCI	Actuarial Gains (Losses) on Defined Benefit Plan	Total
Balance at January 1, 2015,	P 824	(P 75)	P 749
Fair value losses on financial assets at FVOCI	(220)	-	(220)
Actuarial losses on defined benefit plan	-	(987)	(987)
Other comprehensive loss	(220)	(987)	(1,207)
Balance as of December 31, 2015	**P 604**	**(P 1,062)**	**(P 458)**
Balance at January 1, 2014, as restated	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
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)

24. EMPLOYEE BENEFITS

24.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and other employee benefits are shown below.

	Group		
	2015	2014	2013
Short-term employee benefits	**P 4,370**	P 3,731	P 3,585
Post-employment defined benefits	**361**	333	301
	P 4,731	P 4,064	P 3,886

	Parent Company		
	2015	2014	2013
Short-term employee benefits	**P 2,924**	P 2,494	P 2,409
Post-employment defined benefits	**266**	254	230
	P 3,190	P 2,748	P 2,639

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 2015 and 2014.

The amounts of post-employment benefit obligation recognized in the financial statements are determined as follows:

	Group		Parent Company	
	2015	2014	**2015**	2014
Fair value of plan assets	**P 3,585**	P 4,228	**P 2,898**	P 3,667
Present value of the obligatio	**4,859**	4,525	**4,037**	3,813
Deficiency of plan assets	**(P 1,274)**	(P 297)	**(P 1,139)**	(P 146)

The Group's and Parent Company's post-employment defined benefit obligation as of December 31, 2015 and 2014 are included as part of Other Liabilities account in the statements of financial position (see Note 22).

The movements in the fair value of plan assets are presented below.

	Group		Parent Company	
	2015	2014	**2015**	2014
Balance at beginning of year	**P 4,228**	P 4,215	**P 3,667**	P 3,653
Interest income	**278**	192	**176**	162
Return on plan assets (excluding amounts included in net interest)	**(1,013)**	35	**(998)**	43
Contributions paid into the plan	**378**	17	**265**	-
Benefits paid by the plan	**(286)**	(231)	**(212)**	(191)
Balance at end of year	**P 3,585**	P 4,228	**P 2,898**	P 3,667

The movements in the present value of the defined benefit obligation follow:

	Group		Parent Company	
	2015	2014	**2015**	2014
Balance at beginning of year	**P 4,525**	P 4,226	**P 3,813**	P 3,620
Current service cost	**361**	333	**266**	254
Interest expense	**227**	196	**181**	166
Remeasurements – actuarial losses (gains) arising from changes in:				
Financial assumptions	**(73)**	(5)	**(68)**	(32)
Demographic assumptions	**(22)**	-	**-**	-
Experience adjustments	**127**	6	**57**	(4)
Benefits paid by the plan	**(286)**	(231)	**(212)**	(191)
Balance at end of year	**P 4,859**	P 4,525	**P 4,037**	P 3,813

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	
	2015	2014	**2015**	2014
Cash and cash equivalents	**P 379**	P 155	**P 153**	P 20
Debt securities:				
Government bonds	**84**	119	**11**	35
Corporate debt securities	**269**	210	**51**	53
Equity securities:				
Quoted equity securities				
Financial intermediaries	**1,863**	2,716	**1,863**	2,716
Transportation and communication	**315**	408	**290**	408
Electricity, gas and water	**112**	-	**97**	-
Diversified holding companies	**19**	18	**19**	18
Others	**113**	101	**3**	3
Unquoted long-term equity investments	**330**	330	**330**	330
UITF	**17**	112	**74**	78
Loans and receivables	**77**	36	**1**	1
Investment properties	**1**	6	**6**	6
Other investments	**6**	18	**-**	-
	3,585	4,229	**2,898**	3,668
Liabilities	**-**	(1)	**-**	(1)
	P 3,585	P 4,228	**P 2,898**	P 3,667

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 fair value of the plan assets is at Level 1 in the fair value hierarchy except for long-term equity investments, loans and receivables, investment properties and other investments which are at Level 3.

The returns on plan assets are as follows:

	Group		Parent Company	
	2015	2014	**2015**	2014
Interest income	**P 278**	P 192	**P 176**	P 162
Actuarial gains (losses)	**(979)**	35	**(998)**	43
Actual returns	**(P 701)**	P 227	**(P 824)**	P 205

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		
	2015	2014	2013
Reported in profit or loss:			
Current service cost	**P 361**	P 333	P 293
Net interest expense (income)	**(51)**	4	(419)
Effect of curtailment	**-**	-	8
	P 310	P 337	P 252
Reported in other comprehensive income:			
Actuarial gains (losses) arising from changes in:			
Financial assumptions	**P 73**	P 5	(P 123)
Demographic assumptions	**22**	-	3
Experience adjustments	**(127)**	(6)	(52)
Effect of asset ceiling test	**-**	1	45
Share in actuarial losses of associates	**1**	(34)	-
Return on plan assets (excluding amounts included in net interest)	**(1,013)**	35	(646)
	(P 1,044)	P 1	(P 773)

	Parent Company		
	2015	2014	2013
Reported in profit or loss:			
Current service costs	**P 266**	P 254	P 221
Net interest expense (income)	**5**	4	(55)
Effect of curtailment	**-**	-	9
	P 271	P 258	P 175
Reported in other comprehensive income:			
Actuarial gains (losses) arising from changes in:			
Financial assumptions	**P 68**	P 32	(P 171)
Experience adjustments	**(57)**	4	(105)
Changes in effect of asset ceiling	**-**	2	164
Return on plan assets (excluding amounts included in net interest)	**(998)**	42	(643)
	(P 987)	P 80	(P 755)

Current service costs, including the effect of curtailment and past service cost, form part of Employee Benefits under the 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:

	2015	2014	2013
Group			
Discount rates	**5.05% - 5.15%**	4.52% - 4.98%	4.09% - 5.47%
Expected rate of salary increases	**5.00% - 10.00%**	5.00% - 8.00%	5.00% - 8.00%
Parent Company			
Discount rates	**5.15%**	4.76%	4.57%
Expected rate of salary increases	**5.00%**	5.00%	5.00%

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 Rate 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 cash and cash equivalents 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 during 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, 2015 and 2014:

	Group		
	Impact on Post-Employment Defined Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2015:			
Discount rate	**+/- 1%**	**(P 311)**	**P 359**
Salary growth rate	**+/- 1%**	**322**	**(285)**
2014:			
Discount rate	+/- 1%	(P 241)	P 277
Salary growth rate	+/- 1%	243	(217)

	Parent Company		
	Impact on Post-Employment Defined Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2015:			
Discount rate	**+/- 1%**	**(P 161)**	**P 181**
Salary growth rate	**+/- 1%**	**152**	**(138)**
2014:			
Discount rate	+/- 1%	(P 161)	P 181
Salary growth rate	+/- 1%	152	(139)

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, 2015 and 2014 consists of equity securities with the balance invested in fixed income securities and cash and cash equivalents. 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 underfunded by P1,274 and P1,139 for the Group and Parent Company based on the latest funding actuarial valuations in 2015.

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	
	2015	2014	**2015**	2014
Less than one year	**P 204**	161	**P 162**	P 148
More than one year to five years	**773**	813	**770**	674
More than five years to 10 years	**1,698**	1,696	**1,598**	1,469
	P 2,675	P 2,670	**P 2,530**	P 2,291

The weighted average duration of the defined benefit obligation at the end of the reporting period is 6 to 18.5 years for the Group and 6.1 years for the Parent Company.

The Group and Parent Company expects to contribute P413 and P82, respectively, to the plan in 2016.

25. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

25.1 Miscellaneous Income

	Notes	Group		
		2015	2014	2013
Interchange fees		**P 365**	P 324	P 296
Rentals	14.2	**355**	243	285
Gains on assets sold	14.1	**281**	333	696
Dividend income	10.2	**237**	285	182
Recoveries from written-off assets		**169**	137	291
Share in net earnings of associates	12	**93**	24	243
Discounts earned		**58**	112	130
Gain on sale of equity investments	12	**-**	-	1,380
Others	12	**327**	268	741
		P 1,885	P 1,726	P 4,244

	Notes	Parent Company		
		2015	2014	2013
Dividend income	10.2, 12	**P 766**	P 1,682	P 1,000
Rentals	14.2 28.5(a)	**375**	197	125
Interchange fees		**364**	324	296
Gains on assets sold	14.1	**162**	18	512
Discounts earned		**58**	112	106
Gain on sale of equity investments	12	**-**	-	1,787
Others	12	**329**	335	382
		P 2,054	P 2,668	P 4,208

25.2 Miscellaneous Expenses

	Note	Group 2015	Group 2014	Group 2013
Insurance		**P 656**	P 614	P 516
Credit card-related expenses		**600**	524	559
Management and other professional fees		**529**	444	475
Communication and information services		**443**	463	447
Transportation and travel		**295**	404	377
Advertising and publicity		**289**	269	327
Litigation/assets acquired expenses		**247**	222	430
Banking fees		**190**	176	176
Stationery and office supplies		**129**	127	165
Other outside services		**112**	104	114
Representation and entertainment		**94**	152	157
Donations and charitable contributions		**61**	55	69
Commissions		**45**	27	29
Membership fees		**19**	18	22
Others	14.1	**966**	1,005	1,309
		P 4,675	P 4,604	P 5,172

	Note	Parent Company 2015	Parent Company 2014	Parent Company 2013
Credit card related expenses		**P 584**	P 511	P 534
Service processing fees	28.5(c)	**527**	479	460
Insurance		**511**	484	408
Communication and information services		**258**	288	279
Advertising and publicity		**191**	182	227
Management and other professional fees		**175**	220	218
Transportation and travel		**159**	238	263
Banking fees		**141**	133	133
Other outside services		**100**	92	98
Stationery and office supplies		**81**	85	121
Litigation/assets acquired expense		**81**	73	142
Donations and charitable contributions		**56**	50	64
Representation and entertainment		**41**	72	82
Membership fees		**15**	14	18
Others		**477**	562	896
		P 3,397	P 3,483	P 3,943

The Group's other expenses is composed of freight, employee activities expenses, fines and penalties, and seasonal giveaways. The Parent Company's other expenses also include fees for records, facilities and management services to a related party under common control amounting to P53 and P44 in 2015 and 2014, respectively (see Note 28.5).

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 2015, 2014 and 2013, 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 (income) as reported in the statements of profit or loss consists of:

	Group		
	2015	2014	2013
Current tax expense:			
Final tax	**P 326**	P 434	P 932
RCIT	**459**	382	203
Excess MCIT over RCIT	**46**	122	147
	831	938	1,282
Application of MCIT	**-**	(1)	-
	831	937	1,282
Deferred tax income relating to NOLCO and origination and reversal of temporary differences	**(1,138)**	(23)	(23)
	(P 307)	P 914	P 1,259

	Parent Company		
	2015	2014	2013
Current tax expense:			
Final tax	**P 254**	P 391	P 812
RCIT	**161**	77	11
Excess MCIT over RCIT	**46**	120	144
	461	588	967
Deferred tax income relating to NOLCO	**(443)**	-	-
	P 18	P 588	P 967

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense (income) reported in profit or loss is as follows:

	Group		
	2015	2014	2013
Tax on pretax profit at 30%	**P 1,446**	P 1,597	P 1,978
Adjustments for income subjected to lower income tax rates	**(142)**	(174)	(245)
Tax effects of:			
Recognition of previously unrecognized deferred tax asset	**(992)**	-	-
Non-taxable income	**(539)**	(967)	(1,005)
Utilization of NOLCO	**(443)**	-	(1)
Non-deductible expenses	**356**	202	298
Unrecognized temporary differences	**129**	456	325
FCDU income	**(125)**	(214)	(93)
Utilization of MCIT	**-**	(1)	-
Others	**3**	15	2
Tax expense (income)	**(P 307)**	P 914	P 1,259

	Parent Company		
	2015	2014	2013
Tax on pretax profit at 30%	**P 1,286**	P 1,520	P 1,725
Adjustments for income subjected to lower income tax rates	**(108)**	(118)	(218)
Tax effects of:			
Recognition of previously unrecognized deferred tax asset	**(443)**	-	-
Utilization of NOLCO	**(443)**	-	-
Non-deductible expenses	**423**	130	121
Non-taxable income	**(290)**	(644)	(944)
Unrecognized temporary differences	**(282)**	(86)	376
FCDU income	**(125)**	(214)	(93)
Tax expense	**P 18**	P 588	P 967

The Parent Company recognized deferred tax asset amounting to P443 on a portion of its unutilized NOLCO amounting to P1,476 which can be utilized until 2016. 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, 2015 and 2014 relate to the operations of the Parent Company and certain subsidiaries as shown below (see Note 15).

		2015		2014
Allowance for impairment	**P**	**652**	P	64
NOLCO		**443**		-
Post-employment defined benefits		**21**		18
Rent expense differential		**1**		1
Unamortized past service cost		**-**		2
Others		**5**	(	1)
	P	**1,222**	P	84

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 deferred tax assets of the Group relate to the following:

	Group				**Parent Company**			
		2015		2014		**2015**		2014
Allowance for impairment	**P**	**1,538**	P	2,034	**P**	**1,450**	P	1,432
Excess MCIT		**314**		470		**310**		405
NOLCO		**137**		1,053		**104**		990
Unamortized past service cost		**45**		169		**25**		176
Advance rental		**2**		2		**2**		2
	P	**2,036**	P	3,728	**P**	**1,891**	P	3,005

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 SPC 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	(1,476)	-	1,865	2016
2012	102	(39)	(63)	-	2015
	P 3,510	**(P 1,515)**	**(P 63)**	**P 1,932**	

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 SPC losses were incurred, is shown below.

Inception Year	**Amount**	**Utilized**	**Expired**	**Balance**	**Expiry Year**
2013	P 3,299	P 1,476	P -	P 1,823	2016

As of December 31, 2015, the Group and Parent Company have MCIT of P314 and P310, respectively, that can be applied against RCIT for the next three consecutive years after the MCIT was incurred.

The breakdown of the excess MCIT over RCIT with the corresponding validity periods follows:

Inception Year	**Amount**	**Utilized**	**Expired**	**Balance**	**Expiry Year**
2015	P 46	P -	P -	P 46	2018
2014	122	-	-	122	2017
2013	147	(1)	-	146	2016
2012	202	-	(202)	-	2015
	P 517	**(P 1)**	**(P 202)**	**P 314**	

The breakdown of the Parent Company's excess MCIT over RCIT with the corresponding validity periods follows:

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2015	P 46	P -	P -	P 46	2018
2014	120	-	-	120	2017
2013	144	-	-	144	2016
2012	141	-	(141)	-	2015
	P 451	**P -**	**(P 141)**	**P 310**	

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 P86,963 and P82,552 as of December 31, 2015 and 2014, respectively. The Parent Company's total trust resources amounted to P65,841 and P66,156 as of December 31, 2015 and 2014, 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 P930 (Group) and P685 (Parent Company); and P872 (Group) and P702 (Parent Company) as of December 31, 2015 and 2014, 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 P22 and P15, respectively, in 2015 and P18 and P14, respectively, in 2014.

28. RELATED PARTY TRANSACTIONS

The Group and Parent Company's related parties include its ultimate parent company (PMMIC), 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, 2015 and 2014 is presented below.

		Group			
		2015		2014	
Related Party Category	Notes	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Stockholders					
Loans and receivables	28.1	**(P 537)**	**P 426**	(P 110)	P 963
Deposit liabilities	28.2	**1,545**	**3,018**	115	1,473
Issuance of shares of stock	23.2	**7,729**	**-**	-	-
Interest income from loans and receivables	28.1	**29**	**-**	52	-
Interest expense on deposits	28.2	**5**	**-**	9	-
Associates					
Deposit liabilities	28.2	**(60)**	**65**	(146)	125
Interest expense on deposits	28.2	**3**	**-**	-	-
Dividend income	12	**76**	**-**	6	-
Related Parties Under Common Ownership					
Loans and receivables	28.1	**(1,966)**	**541**	(544)	2,507
Deposit liabilities	28.2	**(596)**	**2,282**	1,007	2,878

Related Party Category	Notes	Group 2015 Amount of Transaction	Group 2015 Outstanding Balance	Group 2014 Amount of Transaction	Group 2014 Outstanding Balance
Related Parties Under Common Ownership					
Interest income from loans and receivables	28.1	**35**	**-**	121	-
Interest expense on deposits	28.2	**10**	**-**	15	-
Occupancy and equipment-related expense	28.5(a)	**829**	**9**	826	11
Miscellaneous expenses – others	25.2	**53**	**-**	44	-
Key Management Personnel					
Loans and receivables	28.1	**(3)**	**4**	6	7
Deposit liabilities	28.2	**(287)**	**176**	57	463
Interest income from loans and receivables	28.1	**-**	**-**	1	-
Interest expense on deposits	28.2	**3**	**-**	3	-
Salaries and employee benefits	28.5(d)	**456**	**-**	428	6
Other Related Interests					
Loans and receivables	28.1	**(249)**	**1,686**	115	1,935
Deposit liabilities	28.2	**78**	**601**	374	523
Interest income from loans and receivables	28.1	**103**	**-**	130	-
Interest expense on deposits	28.2	**3**	**-**	3	-

Related Party Category	Notes	Parent Company 2015 Amount of Transaction	Parent Company 2015 Outstanding Balance	Parent Company 2014 Amount of Transaction	Parent Company 2014 Outstanding Balance
Stockholders					
Loans and receivables	28.1	**(P 537)**	**P 426**	(P 110)	P 963
Deposit liabilities	28.2	**1,545**	**3,018**	115	1,473
Issuance of shares of stock	23.2	**7,729**	**-**	-	-
Interest income from loans and receivables	28.1	**29**	**-**	52	-
Interest expense on deposits	28.2	**5**	**-**	9	-
Subsidiaries					
Loans and receivables	28.1	**142**	**222**	-	80
Deposit liabilities	28.2	**26**	**2,065**	(1,286)	2,039
Interest income from loans and receivables	28.1	**3**	**-**	12	-
Interest expense on deposits	28.2	**6**	**-**	6	-
Dividend income	25.1	**602**	**-**	1,568	-
Rental income	28.5(a), 28.5(b)	**175**	**6**	142	26
Occupancy and equipment-related expense	28.5(b)	**153**	**3**	121	34
Service processing fees	28.5(c)	**410**	**33**	376	-
Sale of investments securities	28.3	**1,287**	**-**	-	-
Purchase of investments securities	28.3	**751**	**-**	2,969	-
Capital subscriptions	12.1	**750**	**500**	-	-
Assignment of receivables	11, 28.1	**222**	**-**	-	-
Associates					
Deposit liabilities	28.2	**(60)**	**65**	(146)	125
Interest expense on deposit	28.2	**3**	**-**	-	-
Dividend income	12	**76**	**-**	6	-
Related Parties Under Common Ownership					
Loans and receivables	28.1	**(1,966)**	**541**	(544)	2,507
Deposit liabilities	28.2	**(596)**	**2,282**	1,007	2,878
Interest income from loans and receivables	28.1	**35**	**-**	121	-
Interest expense on deposits	28.2	**10**	**-**	15	-
Occupancy and equipment-related expense	28.5(b)	**829**	**9**	826	11
Miscellaneous expenses – others	25.2	**53**	**-**	44	-

Related Party Category	Notes	Parent Company 2015 Amount of Transaction	Parent Company 2015 Outstanding Balance	Parent Company 2014 Amount of Transaction	Parent Company 2014 Outstanding Balance
Key Management Personnel					
Loans and receivables	28.1	**(5)**	**2**	7	7
Deposit liabilities	28.2	**(287)**	**176**	57	463
Interest income from loans and receivables	28.1	**-**	**-**	1	-
Interest expense on deposits	28.2	**3**	**-**	3	-
Salaries and employee benefits	28.5(d)	**221**	**-**	193	-
Other Related Interests					
Loans and receivables	28.1	**63**	**1,686**	115	1,623
Deposit liabilities	28.2	**-**	**476**	374	476
Interest income from loans and receivables	28.1	**103**	**-**	130	-
Interest expense from deposits	28.2	**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, 2015 and 2014 are as follows:

Related Party Category	Group Issuances	Group Repayments	Group Interest Income	Group Loans Outstanding
2015:				
Stockholders	P -	P 537	P 29	P 426
Related parties under common ownership	40	2,006	35	541
Key management personnel	2	5	-	4
Other related interests	400	649	103	1,686
	P 442	**P 3,197**	**P 167**	**P 2,657**
2014:				
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
	P 1,218	P 1,751	P 304	P 5,412

Related Party Category	Parent Company Issuances	Parent Company Repayments	Parent Company Interest Income	Parent Company Loans Outstanding
2015:				
Stockholders	P -	P 537	P 29	P 426
Subsidiaries	5,754	5,612	3	222
Related parties under common ownership	40	2,006	35	541
Key management personnel	-	5	-	2
Other related interests	400	337	103	1,686
	P 6,194	**P 8,497**	**P 170**	**P 2,877**
2014:				
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	1,623
	P 10,174	P 10,706	P 316	P 5,180

In the ordinary course of business, the Group has loan transactions with each other, their other affiliates, and with certain Directors, Officers, Stockholders and Related Interests (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, 2015 and 2014, 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	
	2015	2014	**2015**	2014
Total outstanding DOSRI loans	**P 1,143**	P 5,412	**P 1,125**	P 5,345
Unsecured DOSRI	**62**	415	**62**	400
Past due DOSRI	**1**	1	**1**	1
Non-accruing DOSRI	**1**	1	**1**	1
Percent of DOSRI loans to total loan portfolio	**0.44%**	2.09%	**0.49%**	2.63%
Percent of unsecured DOSRI loans to total DOSRI loans	**5.46%**	7.67%	**5.51%**	7.48%
Percent of past due DOSRI loans to total DOSRI	**0.08%**	0.02%	**0.08%**	0.02%
Percent of non-accruing DOSRI loans to total DOSRI loans	**0.08%**	0.02%	**0.08%**	0.02%

The Group and Parent Company did not recognize any impairment loss on these loans in 2015 and 2014.

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, 2015 and 2014 are as follows (see Note 17):

	Group			
Related Party Category	**Deposits**	**Withdrawals**	**Interest Expense**	**Outstanding Balance**
2015:				
Stockholders	P 49,928	P 48,383	P 5	P 3,018
Associates	20,098	20,158	3	65
Related parties under common ownership	121,273	121,869	10	2,282
Key management personnel	4,635	4,922	3	176
Other related interests	54,586	54,508	3	601
	P 250,520	**P 249,840**	**P 24**	**P 6,142**
2014:				
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
	P 682,045	P 680,638	P 30	P 5,462

	Parent Company			
Related Party Category	**Deposits**	**Withdrawals**	**Interest Expense**	**Outstanding Balance**
2015:				
Stockholders	P 49,928	P 48,383	P 5	P 3,018
Subsidiaries	1,342,248	1,342,222	6	2,065
Associates	20,098	20,158	3	65
Related parties under common ownership	121,273	121,869	10	2,282
Key management personnel	4,635	4,922	3	176
Other related interests	54,508	54,508	2	476
	P 1,592,690	**P 1,592,062**	**P 29**	**P 8,082**
2014:				
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
	P 1,979,447	P 1,979,326	P 35	P 7,454

Deposit liabilities transactions with related parties have similar terms with other counterparties.

28.3 Sale and Purchase of Securities

The Parent Company's and certain subsidiaries engage into trading of investment securities. These transactions are priced similar to transactions with other counterparties.

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, 2015 and 2014 as follows:

	Group		Parent Company	
Nature of Transactions	**Net Amount of Transaction**	**Outstanding Balance**	**Net Amount of Transaction**	**Outstanding Balance**
2015:				
Investment in common shares of Parent Company	**(P 853)**	**P 1,863**	**(P 853)**	**P 1,863**
Investment in corporate debt securities	**(5)**	**50**	**-**	**50**
Deposits with the Parent Company	**19**	**126**	**-**	**-**
Fair value losses	**(849)**	**-**	**(849)**	**-**
Interest income	**5**	**-**	**3**	**-**
2014:				
Investment in common shares of Parent Company	(P 567)	P 2,716	P 311	P 2,716
Investment in corporate debt securities	(1)	55	(1)	50
Deposits with the Parent Company	(106)	107	-	-
Fair value gains	1,266	-	1,266	-
Dividend income	57	-	57	-
Interest income	6	-	3	-

The carrying amount and the composition of the plan assets as of December 31, 2015 and 2014 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 stock covered by any restriction and liens.

28.5 Other Related Party Transactions

(a) Lease Contracts with RRC and Sublease Agreement with Subsidiaries

The Parent Company and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC [see Note 29.7(b)]. Rental expense incurred by the Group related to this lease arrangements is 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. The agreement was renewed for another five years until December 31, 2020. The outstanding payable on the lease contract is presented as part of Accounts payable under Other Liabilities in the 2015 and 2014 statements of financial position (see Note 22). The related outstanding payable is unsecured, noninterest-bearing and payable in cash on demand.

The Parent Company entered into sublease agreements with certain subsidiaries which occupy several floors of RCBC Plaza. Rental income by Parent Bank related to these sublease arrangements is included as part of Rentals under the Miscellaneous income account in the statements of profit or loss (see Notes 14.2 and 15.1). The outstanding receivable on the lease contracts is presented as part of Accounts receivable under Loans and Receivables in the statements of financial position (see Note 11). The related outstanding receivable is unsecured, noninterest-bearing and payable in cash on demand. Management believes that the receivables on the sublease agreements are fully recoverable.

(b) 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 P7. 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. The outstanding receivable on the lease contract is presented as part of Accounts receivable under Loans and Receivables in the statements of financial position (see Note 11). The related outstanding receivable is unsecured, noninterest-bearing and payable in cash on demand. Management believes that receivable from the lease contract is fully recoverable.

(c) 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 statements of profit or loss (see Note 25.2). The outstanding payable on the service agreement is presented as part of Account payable under Other Liabilities in the statements of financial position (see Note 22). The related outstanding payable is unsecured, noninterest-bearing and payable in cash on demand.

(d) Key Management Personnel Compensation

The breakdown of key management personnel compensation follows:

	Group					
	2015		2014		2013	
Short-term employee benefits	**P**	**338**	P	313	P	351
Post-employment defined benefits		**18**		14		11
	P	**356**	P	327	P	362

	Parent Company					
	2015		2014		2013	
Short-term employee benefits	**P**	**221**	P	193	P	283
Post-employment defined benefits		**-**		-		-
	P	**221**	P	193	P	283

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, 2015 and 2014:

	Group				Parent Company			
	2015		2014		**2015**		2014	
Trust department accounts	**P**	**86,963**	P	82,552	**P**	**65,841**	P	66,156
Derivative liabilities		**32,102**		22,154		**32,102**		22,154
Derivative assets		**30,822**		23,432		**30,822**		23,432
Outstanding guarantees issued		**29,210**		25,328		**29,210**		25,328
Unused commercial letters of credit		**12,574**		12,095		**12,508**		12,038
Spot exchange sold		**2,346**		6,515		**2,346**		6,062
Spot exchange bought		**2,343**		6,055		**2,343**		6,055
Inward bills for collection		**1,861**		724		**1,861**		724
Late deposits/payments received		**511**		630		**477**		581
Outward bills for collection		**84**		147		**84**		146
Others		**5**		1		**5**		1

29.2 Poverty Eradication and Alleviation Certificates 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 11.2).

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.

29.3 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 million, 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 million 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. However, the Singapore Court of Appeals held that the NSC Liquidator and Secured Creditors are still required to deliver to GSPI and GIHI clean title to the NSC Plant Assets.

On August 12, 2015, the Singapore Court of Appeals heard the oral arguments of the parties on the following issues: (a) the remand of the case to the Arbitral Tribunal or a new Arbitral Tribunal, as prayed for by GSPI and GIHI, so it can present evidence on their lost opportunity to make profit, and (b) the costs to be awarded to the NSC Liquidator and the Secured Creditors, which have been the subject of the submissions of the parties. On November 27, 2015, the Singapore Court of Appeals held that under the International Arbitration Act (IAA) of Singapore (based on the UNCITRAL Model Law on International Commercial Arbitration of 1985), which governed the proceedings between the parties, the remission or remand of the issue of GSPI and GIHI's lost opportunity to make profit to the Arbitral Tribunal, or to a new Arbitral Tribunal for that matter, is not allowed as remission under the IAA was conceived as an alternative to a setting aside action, and cannot be availed of where an award has been set aside by the courts. Likewise, the doctrines of res judicata and abuse of process also operate to preclude the reopening of this issue. However, as to the issue of the Lost Land Claims, the Singapore Court of Appeals opined that the Arbitral Tribunal never engaged with the merits of secured creditors' claim that the award to GSPI and GIHI of the amount of P1,403 million is premature. Thus, this issue, covering the Billet Shop Land of 3.4071 hectares (as set out in Schedule VI of the APA), may be the subject of a fresh arbitration proceedings before a new arbitral tribunal. The Singapore Court of Appeals likewise awarded litigation costs to the Liquidator but none to the secured creditors.

The Parent Company's exposure is approximately P260 in terms of estimated property taxes and transfer costs due on the Plant Assets, while it has a receivable from Global Steel of P486 taking into consideration the P49 installment payment it had received from the funds previously in escrow. The Parent Company has fully provisioned the receivable, which is classified in the books of the Parent Company as UDSCL with zero net book value. The Parent Company's exposure, however, may be varied depending on (a) the disposition of Iligan City's Motion for Reconsideration on the dismissal of its Petition for Review of the Amended Decision which held that all pre-closing taxes on the NSC assets sold to GSPI and GIHI have already been paid, and (b) should Iligan City agree to enter into another tax agreement with NSC on its outstanding tax obligation.

29.4 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 million, 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 million, and no basis for the same. Based on Bankard, Inc.'s records of this claim (which was remitted to Mercarse), only US$0.5 million belonged to VII and US$1 million 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 or 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 was eventually raffled to another judge who, in turn, ruled that there are material facts in dispute which will require a full-blown trial. On September 29, 2015, the Bank was advised by its US counsel that the case will be heard beginning January 2016, as previously scheduled. As such, the Final Status Conference on the case was set last January 7, 2016.

After (a) the January 7, 2016 Final Status Conference, where the new judge modified the order of presentation of evidence so as not to prolong the service of the twelve-man jury and the two alternates, (b) a mandatory settlement conference on January 8, 2016 before another judge, and (c) the jury selection process which transpired from January 12 to 13, 2016, the jury heard the opening statements, evidence and closing arguments of VII/VMS and the Parent Company/Bankard Inc. from January 13 to 26, 2016. Due to the modification in the order of presentation of evidence directed by the judge, the hearing of the Parent Company/Bankard Inc.'s motion for nonsuit (similar to a demurrer to evidence) was ordered deferred until after the jury verdict. On January 27, 2016, the jury rendered a verdict solely in favor of VMS. However, recognizing that the judge's disposition of the Parent Company/Bankard Inc.'s motion for nonsuit based, among others, on prescription and VII and VMS's lack of capacity to sue, following the ruling of the California Supreme Court in the case of Greb v. Diamond International Corp. (56 Cal. 4th 243 [2013]), will impact the jury verdict, the judge, on his own, deferred the entry of such jury verdict until after the March 10, 2016 hearing on the Parent Company/Bankard Inc.'s motion for nonsuit.

At present, the United States counsel is in the process of preparing, among others, the supplement to the earlier motion for nonsuit and the Parent Company/Bankard Inc.'s motion for judgment notwithstanding the verdict, especially in view of the great variance in the allegations contained in VII and VMS's amended complaint, and that actually proven during the trial of the case. In particular, the evidence presented by VII and VMS showed that their monetary claim arose from transactions involving websites officially owned by another merchant, which websites were likewise covered by a different Tripartite Merchant Agreement than what they sued on, and to which they are likewise not parties. Significantly, VII and VMS failed to present any competent proof that they, in fact, own the websites in question, so as to likewise have legal standing to sue.

29.5 Applicability of RR 4-2011

On March 15, 2011, the BIR issued Revenue Regulations No. 4-2011 (RR 4-2011) which prescribed that for income tax reporting purposes, banks and other financial institutions must (a) report costs and expenses either under RBU or FCDU/EFCDU or OBU if specifically identified as such; or (b) allocate such cost and expenses, which cannot be specifically identified, based on percentage share of gross income earnings of a unit.

The BIR, however, issued assessment notices to banks and other financial institutions for deficiency income tax for alleged non-intra-unit allocation of costs and expenses to exempt income and income subjected to final tax within RBU and within FCDU.

On April 6, 2015, Petitioner-Banks filed a Petition for Declaratory Relief with Application for Temporary Restraining Order (TRO) and/or Preliminary Injunction, with the Regional Trial Court (RTC) of Makati. Further, in Civil Case No. 15-287, the petitioner Banks assailed the validity of RR 4-2011 on various grounds including but not limited to (a) that the said RR was issued and implemented in violation of the petitioner-banks' substantive due process rights; (b) it is not only illegal but also unfair; (c) that it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; and, (d) it sets a dangerous precedent for the disallowance of full deductions due to the prescribed method of allocation.

On April 8, 2015, Makati City RTC issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 27, 2015, Makati City RTC issued a Writ of Preliminary Injunction (WPI) enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 04-2011 against the Petitioner-Banks, including the issuance of Preliminary Assessment Notice or Final Assessment Notice, as the case may be, based on the revenue regulations, pending litigation, unless sooner dissolved.

On June 10, 2015, Makati City RTC issued a Confirmatory Order which confirms the effects of the TRO and WPI, that the writ of preliminary injunction currently in effect includes a prohibition against the BIR from ruling or deciding on any administrative matter pending before it in relation to the subject revenue regulations and insofar as Petitioners are concerned.

29.6 Lease Commitments

(a) *Parent Company as a Lessor*

In October 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 P7. 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 14.2, 25.1 and 28.5(b)].

The Parent Company's future minimum rental receivables under this non-cancellable operating lease arrangement are as follows:

		2015		2014
Within one year	**P**	**86**	P	82
After one year but not more than five years		**153**		246
	P	**239**	P	328

(b) *Group as Lessee*

The Parent Company and certain subsidiaries lease some of the premises occupied by their respective head offices [see Note 28.5(a)] 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 P742, P754 and P809 in 2015, 2014 and 2013, 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, 2015, future minimum rental payables under these non-cancellable operating leases follow:

		Group		**Parent Company**
Within one year	P	699	P	577
After one year but not more than five years		2,716		2,257
More than five years		329		292
	P	**3,744**	**P**	**3,126**

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		
	2015	2014	2013
Basic and Diluted EPS			
a. Net profit attributable to Parent Company's shareholders	**P 5,129**	P 4,411	P 5,321
Allocated for preferred and Hybrid Tier 1 (HT 1) dividends	**(219)**	(442)	(418)
b. Adjusted net profit before capital redemption	**4,910**	3,969	4,903
Redemption premium on HT1	**(723)**	-	-
c. Adjusted net profit	**P 4,187**	P 3,969	P 4,903
d. Weighted average number of outstanding common stocks	**1,362**	1,276	1,240
EPS before capital redemption (b/d)	**P 3.60**	P 3.11	P 3.95
Basic and diluted EPS (c/d)	**P 3.07**	P 3.11	P 3.95

	Parent Company		
	2015	2014	2013
Basic and Diluted EPS			
a. Net profit attributable to Parent Company's shareholders	**P 4,268**	P 4,479	P 4,782
Allocated for preferred and Hybrid Tier 1 (HT 1) dividends	**(219)**	(442)	(418)
b. Adjusted net profit before capital redemption	**4,049**	4,037	4,364
Redemption premium on HT1	**(723)**	-	-
c. Adjusted net profit	**P 3,326**	P 4,037	P 4,364
d. Weighted average number of outstanding common stocks	**1,362**	1,276	1,240
EPS before capital redemption (b/d)	**P 2.97**	P 3.16	P 3.52
Basic and diluted EPS (c/d)	**P 2.44**	P 3.16	P 3.52

The convertible preferred shares did not have a significant impact on the EPS for each of the periods presented.

31. SELECTED FINANCIAL PERFORMANCE INDICATORS

The following basic indicators and ratios measure the financial performance of the Group and Parent Company:

	Group		
	2015	2014	2013
Return on average equity:			
$\frac{\text{Net profit}}{\text{Average total equity}}$	**9.33%**	9.23%	12.18%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}}$	**1.09%**	1.04%	1.39%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	**4.15%**	4.30%	4.22%
Profit margin:			
$\frac{\text{Net profit}}{\text{Revenues}}$	**23.07%**	19.98%	23.07%

	Group 2015	2014	2013
Debt-to-equity ratio:			
$\frac{\text{Total liabilities}}{\text{Total equity}}$	**7.88**	7.62	8.42
Resources-to-equity ratio:			
$\frac{\text{Total resources}}{\text{Total equity}}$	**8.88**	8.62	9.42
Interest rate coverage:			
$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	**1.81**	2.02	2.27

	Parent Company 2015	2014	2013
Return on average equity:			
$\frac{\text{Net profit}}{\text{Average total equity}}$	**8.78%**	10.80%	12.96%
Return on average resources:			
$\frac{\text{Net profit}}{\text{Average total resources}}$	**1.11%**	1.27%	1.49%
Net interest margin:			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	**3.62%**	3.71%	3.75%
Profit margin:			
$\frac{\text{Net profit}}{\text{Revenues}}$	**26.89%**	26.82%	27.46%
Debt-to-equity ratio:			
$\frac{\text{Total liabilities}}{\text{Total equity}}$	**7.32**	7.07	8.07
Resources-to-equity ratio:			
$\frac{\text{Total resources}}{\text{Total equity}}$	**8.32**	8.07	9.07
Interest rate coverage:			
$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	**1.89**	2.16	2.27

List of Senior Officers

Honorary Chairman
AMBASSADOR ALFONSO T. YUCHENGCO

Chairperson
HELEN Y. DEE

President and Chief Executive Officer
LORENZO V. TAN
(Until May 6, 2016)

Corporate Secretary
ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO
Executive Vice President
Head, Legal and Regulatory Affairs Group

Assistant Corporate Secretary
ATTY. JENNIFER M. BALBA
Manager and Head, Corporate Secretariat

Senior Executive Vice Presidents
REDENTOR C. BANCOD
Head, Information Technology Shared Services Group, Operations Group and Digital Banking Group

JOHN THOMAS G. DEVERAS
Head, Strategic Initiatives and Head, Asset Management and Remedial Group
(Starting October 26, 2015)

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, Special Projects
(Until April 29, 2016)

ANA LUISA S. LIM
Head, Internal Audit Group

RAUL VICTOR B. TAN
Head, Retail Banking Group
(Until January 31, 2016)
and Head, Treasury Group
(Until April 20, 2016)

EDGAR ANTHONY B. VILLANUEVA†
Head, Global Transaction Banking Group
(Until July 22, 2015)

First Senior Vice Presidents
RAFAEL ALOYSIUS M. DAYRIT
Head, Credit Management Group

ROGELIO P. DAYRIT
Head, Global and Ecozone Segment
(Until September 15, 2015)

LOURDES BERNADETTE M. FERRER
Head, Trust and Investment Group

JOHN P. GO
Head, Chinese Banking Segment II

ELI D. LAO
Head, Chinese Banking Segment I
(Until March 2, 2016)

REGINO V. MAGNO
Head, Corporate Risk Management Services Group

REMEDIOS M. MARANAN
National Service Head, BC Services

YASUHIRO MATSUMOTO
Head, Global and Ecozone Segment

EMMANUEL T. NARCISO
Head, Global Transaction Banking Group
(Starting September 6, 2016)

REYNALDO P. ORSOLINO
Head, Emerging Corporates Segment

LIZETTE MARGARET MARY J. RACELA
Head, Retail Banking Group
(Starting February 1, 2016)

ROWENA F. SUBIDO
Head, Human Resources Group

Senior Vice Presidents
MA. CHRISTINA P. ALVAREZ
Head, Corporate Planning Group

MA. FELISA R. BANZON
Head, Local Corporate Banking Segment
(Until May 10, 2016)

ENRIQUE C. BUENAFLOR
Head, Corporate Cash Management Division

KAREN K. CANLAS
Head, Wealth Management Segment II, Division I

BRIGITTE B. CAPIÑA
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, Conglomerate and Strategic Corporates Segment

SABINO MAXIMIANO O. ECO
Deputy Group Head, Operations and Head, Branch Banking Services Division

EDWIN R. ERMITA
Bank Security Officer, Security

BENJAMIN E. ESTACIO
Regional Service Head, Mindanao

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 Group

JANE N. MAÑAGO
Head, Wealth Management Group

CARLOS CESAR B. MERCADO
Acting Treasurer
(Starting April 21, 2016)
and 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 Systems Segment

LOIDA C. PAPILLA
Head, Asset Management Support Division

ALBERTO N. PEDROSA
Head, Investment and Markets Trading Segment

ARSILITO A. PEJO
Regional Sales Director, Eastern Visayas

NANCY J. QUIOGUE
Regional Service Head, North and Central Metro

ELSIE S. RAMOS
Head, Legal Affairs Division

ISMAEL S. REYES
National Sales Director, Retail Banking Group

STEVEN MICHAEL T. REYES
Head, Commercial Trading Segment

RAOUL V. SANTOS
Head, Investment Services Division

LIBERTINE R. SELIRIO
Head, Global and Ecozone Segment Division I

MICHAEL ASHWIN S. SINGH
Head, Institutional Cross Selling Segment

JOHAN C. SO
Head, Large Local Corporate Segment Division I

MA. ANGELA V. TINIO
Head, Commercial and Small and Medium Enterprise Segment

TEODORO ERIC D. VALENA, JR.
IT Head, Add 5 - Retail E-Channels

First Vice Presidents
MARISSA D. ALON
District Sales Director, Southwest Metro

CLINT STANLEY D. ANG
Head, Employee Relations Department

RUTH M. ANIÑON
Head, Testing and Monitoring Department

ALVIN V. ANTONIO
Head, Global Filipino Banking Segment

ALVIN F. ASUNCION
Deputy Head, Customer Analytics Division

ABENER M. BALATBAT
Relationship Manager III, Large Local Corporate Segment Division II

MANUEL R. BENGSON, JR.
Head, Derivatives Trading Department

MA. ESTRELLA G. BERNARDO
Regional Sales Director, South Luzon
(Until May 1, 2016)

LALAINE I. BILAOS
Head, Large Local Corpoarte Segment Division II

AMANDO ANTONIO A. BOLUNIA
Asset Quality Officer, Asset Quality Division

CONCORDIO R. BONGON, JR.
District Sales Director, South Central Luzon

LUIS GONZAGA S. BONOAN
District Sales Director, Makati CBD I

JOSE MARIA P. BORROMEO
Head, Central Funding Division

SOPHIE B. BRITO
Business Manager, Arranque

ALBERTO Y. BUESER
Head, Audit Cluster 1

CHRISTINE ROSELLE O. CABACUNGAN
Head, Credit Review Division

JOSE MANUEL E. CANIZA
Head, Interest Rate Risk Division

MA. LORENZA S. CAUILAN
District Sales Director, Ortigas CBD

NATHAN FRANCIS C. CHINCUANCO
Head, Business Solutions Division

HAZEL DEANNE T. CO
Head, Chinese Banking Sement I Division II
(Until October 15, 2015)

VIVIAN Y. CO
Business Manager, Binondo

SHIRLEY S. CO
Relationship Manager, Wealth Management Segment I, Division II

NENER G. CONCEPCION
Head, Audit Cluster 5

RAFAEL N. CRUCILLO
Head, Customer Information Management Division

ELVIN MICHAEL L. CRUZ
Head, Litigation Department

ANTONIO MANUEL E. CRUZ, JR.
Head, Emerging Corporates Segment Division I

RICO M. DE LA CRUZ
Division Head, CSME - Metro Manila Division

FRANCISCO J. DE SILVA
IT Head, Add 7 - Branch and Back Office

SIMPLICIO B. DELA CRUZ, JR.
Head, CSME-Central Visayas Negros Lending Department

JOEL RIZALDY G. FLOR
IT Head, Add 5 - Corporate E-Channels Division

BERNICE U. GASPAR
Head, Chinese Banking Division II Division III

MARLINE P. GONZALES
Relationship Manager III, Conglomerates and Strategic Corporates Segment

JOSE EDWINIEL C. GUILAS
Head, Public and Media Relations Division

FRANCISCO VICENTE O. HILARIO
IT Head, IT Management Services

NASER ANTONIO S. HUAB
Head, Audit Cluster 4

ERICO C. INDITA
Regional Sales Director, Central Metro Manila

REYNALDO ANTONIO R. JIMENEZ
Head, 24/7 Operations Division

JOSE ROY G. LAPORNO
Head, CSME-Negros Lending Center

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

ROEL D. LUSTADO
Head, Bancassurance Investment and Cross Selling Department

LORNA V. MARIANO
Head, Lending and Trade Services Division

JOSE JAYSON L. MENDOZA
Head, CSME - Provincial Division

MA. ROMINA C. MERESEN
Head, Product Management Division

EDGARDO F. MIGUEL
Head, Cash Management Services Division

MARIETA O. MIRANDA
Head, Financial Management/Accounting and Control Division

JOSEPH F. MONZON
Trust Risk Officer, Corporate Risk Management Services
(Until July 7, 2015)

HELEN F. MORALES
District Sales Director, Uptown Metro

JAEHOON OH
Head, Korean Business Relationship Office

GWENDOLYNN S. PADILLA
Head, Legal Documentation Department

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

HONORATA V. PO
Regional Sales Director, South Luzon
(Starting May 2, 2016)

MICHAEL ANGELO C. RAMOS
IT Head, Add 3 – 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
Deputy Group Head, Digital Banking

MA. FE P. SALAMATIN
Compliance Officer and Head, Regulatory Affairs Division

GUIA MARGARITA Y. SANTOS
Head, Corporate Legal Services Division
(Seconded from RCBC)

CARREN T. SARIA
District Sales Director, Midtown

YVONNE B. SASIN
District Sales Director, South Mindanao

ANNA LISSA L. SELVA
Relationship Manager III, Local Corporate Banking Segment Division I

FRANCISCO G. SINGIAN, JR.
Head, Asset and Liability Management Division

ELVIRA D. SORIANO
Head, Audit Cluster 3

ZENAIDA S. SOTO
District Sales Director, Southeast Luzon

THADDEUS ANTHONY L. TAN
District Sales Director, Chinatown

BRENDA S. TARUC
Head, Market Risk Division

GIANNI FRANCO D. TIRADO
Regional Sales Director, Mindanao

LEA B. TORRES
Head, Account Management Department I

EMMANUEL MARI K. VALDES
Head, Product and Sales Support Division

MARIA TERESA C. VELASCO
Head, Global Distribution and Advisory Division

LOLITO S. VELASQUEZ
Head, Account Management Department II

MA. VICTORIA P. VICTORIA
District Sales Director, Makati CBD II

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

PAULA FRITZIE C. ZAMORA
Head, Financial Institutions Management Division

Vice Presidents

LORAN S.D. ABANILLA
Head, ATM Business Development Department
(Until May 30, 2015)

FRANCES RUTH P. ABELLA
Relationship Manager, Wealth Management Segment II Division I

STEPHANIE S. ABENDANO
Relationship Manager, Wealth Management Segment I, Division II

MARY ZENETTE T. ABLANG
Head, Business Development Division

DAISY A. AGUILLARDO
Head, Learning and Development Department

JOY PURIFICACION T. ALCANTARA
District Sales Director, Metro Cebu-South

CHARLITO T. ALONSO
Head, North Luzon Lending Department

JOSEPH C. ANCHETA
Business Manager, La Union

LEILANI ANACLETA F. ANTONIO
Head, CSME - Panay Lending Department

CHRISLYN C. ARCILLA
Head, Sales, Project Development and Joint Venture Department

LETICIA ARMADA
Head, Marketing Support Services Department

MA. AMADEA J. ASUNCION
District Service Head, Chinatown

OMAR L. AYALIN
Head, Customization and Implementation Department

ROSELYN P. BARRETTO
Business Manager, Tutuban

BANJO E. BAUTISTA
IT Manager, Data Center Operations Department

JESSICA O. BAUTISTA
Relationship Manager, Wealth Management Segment I, Division II

JENNY O. BAYLON
Relationship Manager, Wealth Management Segment I, Division II

ANTHONY B. BERJAMIN
IT Head, Network and Communications Department

CELESTE G. BONGON
Business Manager, Legaspi Village

RICO M. BORGONIA
Relationship Manager III, Global and Ecozone Segment Division I
(Until June 10, 2015)

FLORDELIZA S. BUNDA
Business Manager, Malabon

MARY CATHERINE T. BUNTUA
Business Manager, Greenbelt

MICHAEL ANTHONY C. BUSTAMANTE
Head, ATM Channel

BENJAMIN L. CABRERA
Regional Relationship Manager, South Luzon

NANCY T. CACHO
Business Manager, Caloocan

WILSON M. CALDERON
Relationship Manager III, Global and Ecozone Segment Division I

CHRISTIANE LAARNIE R. CANCIO
Trust Product Development Officer

RENATO L. CANLAS
Relationship Manager III, Global and Ecozone Segment Division I

EVELYN D. CAPUCAO
Business Manager, Biñan - LIIP

ELI GRACE B. CARABEO
Department Head, Operations Command Center

LUZVIMINDA A. CARPIO
Business Manager, Valenzuela

MA. CARMEN M. CASACLANG
Head, Trust Credit Management Division

RHODORA L. CASTRO
Regional Service Head, North Luzon

EUNICE L. CATARUNGAN
Business Manager, Roosevelt

MA. LINDA C. CAYETANO
Business Manager, Davao Recto
(Until January 19, 2016)

JEANIE A. CHUA
Business Manager, Del Monte

RAYMOND ANTHONY M. CIRUJANO
Relationship Manager III, Large Local Corporate Segment Division I

D`ANGELO T. CO
Head, Foreign Exchange Risk Desk

MICHELLE O. CO
Business Manager, Banilad
(Until March 31, 2015)

ROMEO R. COMABIG
Business Manager, Guadalupe

LILIAN B. CRUZ
IT Head, Add I - Core Banking

CYNTHIA T. CRUZ
District Sales Director
Bulacan-Bataan-Zambales

ROSE ANNE M. CRUZ
Business Manager, Alabang

ANNA MYCHELLE C. CRUZADO
Relationship Manager III, Conglomerates and Strategic Corporates Segment

MERCI F. CUARESMA
Operations Head, Settlements Department

EDWARD LEO A. CUSTODIO
Regional Service Head, North Luzon

DENNIS I. DE VERA
Head, Credit Appraisal and Investigation Division

MA. DIVINA GRACIA C. DELA CRUZ
Operations Head, Operations Risk Administration

JO-ANNE R. DESALES
Business Manager, Frontera Verde

MARIA BERNADETTE F. DIMAANDAL
Head, Audit Cluster 6

MARIELLA RHEA P. DIZON
Business Manager, Boni Tektite
(Starting April 1, 2016)

CONRADO T. DUPAYA, JR.
Head, ATM Support Department

ELIZABETH D. DUYAN
Business Manager, Lucena

EVANGELINE M. DY
Business Manager, Buendia

ROMEO D. DY
Head, Systems Support Department

NONOY B. EBORA
Business Manager, Batangas

PAULINO G. ERJAS
Head, Trust Operations and Stock Transfer Division

SHERWIN A. ESGUERRA
Business Manager, Quezon Avenue

CATALINO N. EUGENIO
Business Manager, Banawe

ISABEL FRANCESCA R. FALCO
Head, ATM Business Development Department

RUBEN A. FELEBRICO
Business Manager, Tektite
(Until March 20, 2016)

LANIE B. FERNANDEZ
Head, Customer Experience Management Department

MERFEL S. FERNANDEZ
Business Manager, Bacolod

JESUS M. FERRARIS
Business Manager, Sta. Ana

EDWIN JOHN R. FRIAS
Business Manager, The Fort JY Campos Tower

RODNEY O. GABATAN
Business Manager, Laguna Technopark

ROWELL B. GAGA-A
District Sales Director, Negros

KENNETH MARK F. GARCIA
Head, Account Management Department III

FERNANDO PASCUALITO R. GENEROSO
IT Head, ADD 2 - ATM and Card Systems

JOSEPH G. GENTOLIA
Head, Branch Reconcilliation Department

RAYMUND C. GOLEZ
Regional Service Head, Visayas

RICARDO B. GONZAGA
Head, South Mindanao Lending Department

MARIA VIOLETA M. GONZALES
Business Manager, Clark I

GEORGE NEIL P. GUERRERO
Senior Trader, Fx Swaps and Forwards Desk

CRISANTO D. ILANG
Operations Manager
Central Clearing Department

LUIS A. JACINTO
Head, Information Security Governance Division

MARIE KATHLYN E. JOSE
Business Manager, McKinley Hills
(Until March 31, 2015)

TRISTAN JOHN A. KABIGTING
Head, General Accounting Division

CHERRY C. LACHICA
District Sales Director, Central Mindanao
(Starting April 1, 2016)

JEROME D. LAGUSTAN
Senior Portfolio Manager
Foreign Investment Portfolio Department

ARLENE O. LAZARTE
Head, Operational Risk Management Division

JOY T. LIM
Head, Financial Planning and Credit Support Division

MA. REGINA CRISTINA L. LIM
Head, Access One Retail Division

SANDRA S. LIM
Business Manager, Tomas Mapua

RUEL A. LUSTADO
District Service Head, Midtown and Upper North Metro

LOUCHELLE R. MACARAIG
Business Systems Specialist, Business Systems Analysis Department

EDUARDO L. MAGCAMIT
Head, Audit Cluster 2

CECILIO ENRICO P. MAGSINO
District Service Head, Southwest Metro

MA. LOURDES C. MAKABALI
Operations Head, Icard Support Department

JOY O. MALIG
Operations Head, Credit and Loans Services Department

JOCELYN A. MANGA
Head, Chinese Banking Segment II Kalookan Division

ROMULO F. MANUEL
District Service Head, Southwest Luzon

ANTONIO C. MARQUEZ, JR.
District Service Head
Bel-Air and Southeast Metro
(Until March 31, 2016)

FRANCISCO D. MASIGLAT, JR.
Head, Cash Management Department

CLARISSA P. MENDOZA
Relationship Manager III, Global and Ecozone Segment Division I

ELLER L. MENESES
District Sales Director, Northeast Luzon

CESARIA AILEEN R. MERCADO
Business Manager, Paseo - Sta. Rosa

MARIE RORECEJACK R. MESINA
Relationship Manager III, Large Local Corporate Segment Division I

LINDA D. MINA
Business Manager, Mandaluyong

GRACE MARIE G. MONTALVO
Business Manager, Makati Avenue
(Until May 2, 2016)

ANGEL A. MONTE DE RAMOS, JR.
Business Manager, CPIP - Batino

ROBERTO L. MORADA
Head, South Luzon Lending Department

SUZETTE Y. NG
Relationship Manager III, Chinese Banking Segment I Division II

RODOLFO C.NICODEMUS, JR.
Business Manager, Pasong Tamo

PACIFICO A. NIEVA, JR.
IT Head, Data Center Operations Department

CRISTETA P. OLALIA
Business Manager, Angeles - Balibago

HELEN G. OLETA
Head, Trust Trading Division

MICHAEL G. OLIVA
Head, Financial and Business Planning Division

JENNIFER M. ONA
Foreign Exchange Sales Trader, FX Sales Department

ALMA LUZ G. ORANTE
Head, RBG Systems Management Division

ROSSANA LEONORA H. ORTIZ
Head, Emerging Corporates Segment Division II

MARIETTA R. OSMENA
Relationship Manager, Wealth Management Segment II Division I

MARIA CHRISTINA ROSE V. PANTE
Head, Overseas Subsidiaries Business Department

NOEL L. PATAJO
Security Operations Officer, Security

ROSITA T. PECSON
District Sales Director, Northwest Luzon

REY C. PEÑARANDA
Head, Product Development and Marketing Division

CARLOS P. PETERSEN
District Sales Director, Central Mindanao
(Until March 31, 2016)

GEORGE T. PINEDA
Project Director, Add 6 - E-Channels/ Mobile Application Systems

DANILO G. PINEDA
District Sales Director, Upper North Metro

VICENTE D. QUINTERO, III
District Sales Director, Central Eastern Visayas

RAMIL S. RAMOS
Relationship Manager, Wealth Management Segment II Division I

ANA S. REYES
Division Head, Alternative Banking Services

ALMA D. REYES
District Sales Director, Pampanga

MICHAEL L. RICAFORT
Head, Economics and Industry Division

HELEN T. RIVERO
Head, Policy Development and Cost Standards Division

CARLOS FRANCISCO P. ROA
Asset Quality Officer, Asset Quality Division

LAURINDA R. ROGERO
Head, Anti Money Laundering Department

RONALD JAMES F. ROXAS
Head, ATM Business Development Division

MA. RUBY B. SAN JOAQUIN
Head, Management Accounting Department

CHRISTIAN D. SAN JUAN
Head, Credit and Group Risk Division

EDUARDO F. SANGIL
District Service Head, Northeast Metro

RENAN D. SANTOS
Head, Liquidity Management Department

IRENE T. SIH-TAN
Relationship Manager III, Chinese Banking Segment I Division I

RYAN ROY W. SINAON
Head, Trust Portfolio Management Department II

LEONARDO V. SOLON, JR.
District Sales Director
Northwest Mindanao

MARIPAZ D. STA. ANA
Head, Credit Policy Division

PAULINE S. SUA
Business Manager, Divisoria

DELILAH C. SUICO
District Service Head, Metro Cebu North

RAMON JAIME R. TABUENA, JR.
Relationship Manager III, Large Local Corporate Segment Division II

CYNTHIA S. TENORIO
Business Systems Specialist
Business Systems Analysis Department

LOURDES FELIXIA T. TOJONG
District Sales Director, Metro Cebu North

NERISSA C. TOLEDO
Division Head, Program Marketing and Product Development Division

MARIA LENY P. TOLENTINO
Business Manager, Malayan Plaza

TED EDWARD R. TOLENTINO
Head, Retail Lending and Credit Division

TERESA P. TUAZON
Head, Business Systems Analysis Department

VICTORIA T. TUPAZ
Relationship Manager III Global and Ecozone Segment Division I

LORETO M. ULPINDO
Regional Service Head, South Metro

IRENE CHRISTI L. URBANOZO
Business Manager, Bacolod Shopping

JEROME T. UY
Business Manager, Sta. Mesa

JAIME JUAN RAMON N. VALERA III
Head, Financial Planning and Administration Division

MARIA RHODANA E. VALERIO
Business Manager
RCBC Plaza Business Center

LIZA MARIE G. VENGCO
Head, Corporate Affairs Division

DENNIS R. VERGARA
Head, Business Intelligence and Analytics Department

GRACE R. VILLAHERMOSA
Business Manager, Mactan

ABELARDO B. VILLAROSA, JR.
Head, CSME – Makati Lending Department

AIRES MICHAELA A. YACAT
Head, Trust Portfolio Management Department I

CHARLOTTE S. YU
Relationship Manager III, CSME - South Luzon Lending Department

SUBSIDIARIES

Domestic

MERCHANTS SAVINGS AND LOAN ASSOCIATION, INC. (RIZAL MICROBANK -THRIFT BANK)

Chairman
LORENZO V. TAN
(Until May 6, 2016)

Vice Chairman
JOHN THOMAS G. DEVERAS

Presidents
MA. LOURDES JOCELYN S. PINEDA
(Until March 20, 2016)

RAYMUNDO C. ROXAS
(Starting March 21, 2016)

NIYOG PROPERTY HOLDINGS, INC.

Chairman and President
JOHN THOMAS G. DEVERAS

Vice President
EVELYN NOLASCO

Controller and Treasurer
FLORENTINO M. MADONZA

Corporate Secretary
ATTY. MA. CELIA H. FERNANDEZ-ESTAVILLO

RCBC CAPITAL CORPORATION

Chairman
YVONNE S. YUCHENGCO

President and Chief Executive Officer
JOSE LUIS F. GOMEZ

Senior Vice Presidents
MELANIE A. CAGUIAT
Credit and Administration

RUTH B. GUTIERREZ
Chief Accountant

Vice Presidents
CLAUDINE C. DEL ROSARIO
Investment Banking Group

JUAN MARCELO M. QUIJANO
Compliance Officer

MICHAEL G. ZAPATA
Investment Banking Group

XAVIER Y. ZIALCITA
Investment Banking Group

Corporate Secretary
ATTY. MA. CELIA H.
FERNANDEZ-ESTAVILLO

Subsidiaries:

RCBC BANKARD SERVICES CORPORATION

Chairman
CESAR E.A. VIRATA

Vice Chairman
RAUL M. LEOPANDO

Presidents and Chief Executive Officers
OSCAR B. BIASON
(Until January 16, 2016)

SIMON JAVIER A. CALASANZ
(Starting February 18, 2016 / Seconded from RCBC)

Senior Vice Presidents
EUGENIO U. FERNANDEZ
Chief Finance Officer and Treasurer

MA. REGINA Y. MILLARE
Chief Operating Officer

First Vice Presidents
AMOR A. LAZARO
Head, Business Intelligence

MYLENE J. BICO
Head, Portfolio Analytics and Business Development

MA. ANGELA C. MIRASOL
Head, Marketing

Vice Presidents
KATRINA JOY G. CRUZ
Head, Collection

REBECCA K. TAN
Head, Operations

BENJAMIN W. R. CUMPAS, JR.
Head, Merchant Business and Head, Sales and Distribution

EVELYN A. FERNANDEZ
Head, Acceptance Services

MA. LIWAYWAY M. TAN
Head, Compliance Risk Management and Internal Audit

KARLO C. GONZALES
Head, Fraud Management and Authorization

IRENE D. TAYLO
Head, Co-Brand and Partnership

RENAN D. UNSON
Head, Information Technology

Assistant Vice Presidents
MICHELLE L. BOLLOZOS
Head, Human Resource Management

RITA REICHEL S. RIVERA
Head, Customer Service

HYGEIA C. CALAOR
Head, Recovery Management

SALVE TIEN C. GATPANDAN
Head, Acceptance Services Group Head

ANGELUZ T. GUERZON
Corporate Legal Counsel

JOCELYN D. JANORAS
Head, Financial Accounting

CRISTINA V. MACALINAO
Head, Credit Policy

RCBC SECURITIES, INC.

Chairman
RAUL M. LEOPANDO

President and CEO
GERALD O. FLORENTINO
(Seconded from RCBC)

Vice Presidents
RAUL P. RUIZ
Research Head

MARILEN B. ZUNIGA
Operations Head and
Chief Finance Officer

RCBC FOREX BROKERS CORPORATION

Chairman
CESAR E. A. VIRATA

President and Chief Executive Officer
JOSEPH COLIN B. RODRIGUEZ
(Seconded from RCBC)

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
CLARO PATRICIO L. CONTRERAS

Director and Senior Vice President
LOIDA C. PAPILLA

Director
ROLANDO I. RAMIREZ, JR.

Corporate Secretary
KENNETH MARK F. GARCIA

RCBC SAVINGS BANK

Chairperson
HELEN Y. DEE

Vice Chairman
LORENZO V. TAN
(Until May 6, 2016)

President and Chief Executive Officer
ROMMEL S. LATINAZO
(Seconded from RCBC)

Executive Vice President
CARLOS A. PINPIN, JR.
Head, Corporate Planning Group

Senior Vice Presidents
MA. LOURDES S. ALDECOA
Head, Asset Management and
Remedial Group

MARIE ROSE C. ANCHETA
Head, Retail Banking Group

MARY GRACE P. MACATANGAY
Head, Credit Management Group

GERARDO G. MIRAL
Head, Consumer Lending Group
(Starting May 2, 2016/ 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

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

CRISPINA D. DEL ROSARIO
Regional Sales Director, Metro Manila
North and North Central Region

HELEN GRACE D. GAVICA
Head, Information Management Division

ENRIQUE G. LLAGAS
Head, Property Management and
Sales Division

CLARO A. PINEDA III
Acting Head, Operations and Technology
(Starting May 2, 2016)

GUIA MARGARITA Y. SANTOS
Head, Corporate Legal Services 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
JOSE MA. ANTONIO B. ABOLA, JR.
Head, Account Management Division
(Seconded from RCBC)

MA. NINA T. ALBA
District Sales Director, Rizal

CONRADO B. ALUNAN
Regional Head, Visayas Provincial
Lending Center

ULYSSES L. ATIENZA
District Sales Director, Batangas

MANUEL E. AVILES
Regional Sales Director, Vismin

JENNYLYN R. BARCELONA
Head, Developer Generated Department

SHIRLEY K. BENEDICTO
District Sales Director, Chinese Commercial

JUDY ROSARIO G. CAM
Chief Compliance Officer
Compliance Division

JESUS MANUEL M. CASTRO
Head, Cabanatuan Provincial
Lending Center

JUAN MIGUEL D. CORONA
Head, Asset Channels and Product
Marketing Department

KATHRINA KLAIRE M. DE GUZMAN
Business Center Manager, Pacific Place

MANUEL R. DELIZO
Chief Security Officer, Security Office

JOHN FRANCIS A. DELOS REYES
Head, Direct Marketing Department

JOSEPH ERICSON D. GALVEZ
Senior Trader, Treasury Group

MA. LOURDES M. GARCIA
District Sales Director, Quezon City
Financial District

MARIA VILMA U. GARGANERA
Business Center Manager
RSB Corporate Center

GENEVIEVE P. ICASIANO
Reginal Sales Director
South Metro Manila and Rizal

EDWARD NIÑO S. LIM
Head, Acceptance Division

ROMEO R. LLAVE, JR.
District Sales Director
Global Financial District

MICHELLE Y. LOPINTO
Deputy Head, Controllership and
Support Services Division

JOHN LYNDON O. LUDOVICE
Head, Strategic Services Division

JAYZEL A. MARCIAL
Head, Credit Risk Management Division

RAYMOND G. MIÑOSO
District Sales Director, Negros

LORNA A. NACAR
Regional Service Head, North Luzon

MA. LUISA A. PASAMBA
Head, Accounting Department

XANDRIX J. PERALTA
District Sales Director, Mindanao

RICHARD M. PERALTA
Regional Service Head
North Metro Manila

JOSELITO M. PERLADA
Head, General Services Department

VICENTE H. PURIFICACION, JR.
Head, Add 3 - Information
Management Division

ALBERTO O. REGINO, JR.
Head, Litigation Department

DON S. SALDAÑA
Head, Sales Distribution
Channel Department

RAYMOND JOEL B. SIASAT, JR.
Regional Head, Mindanao
Provincial Lending Center

MARIA ELIZABETH S. YAP
Head, Human Resource Division

RCBC LEASING AND FINANCE CORPORATION

Chairman
HELEN Y. DEE

President and Chief Executive Officer
ALFONSO C. TANSECO

Treasurer
REY JOSE Q. BUMANGLAG

Corporate Secretary
ATTY. JENNIFER M. BALBA

Subsidiary:

RCBC RENTAL CORP.

President and Chief Executive Officer
ALFONSO C. TANSECO

Corporate Secretary
ATTY. JENNIFER M. BALBA

International

RCBC INTERNATIONAL FINANCE LTD.

Chairman
LORENZO V. TAN
(Until May 6, 2016)

General Manager
FEDERICO E. AGUS, JR.

RCBC TELEMONEY EUROPE SpA.[1]

Chairman
LORENZO V. TAN
(Until May 6, 2016)

Managing Director
ARIEL N. MENDOZA

Operations Manager
LAUREN E. OCAMPO

ASSOCIATES

HONDA CARS PHILIPPINES, INC.

President and General Manager
TOSHIO KUWAHARA

Executive Vice President and Head, Manufacturing Div.
KATSUNORI ISHII

ISUZU PHILIPPINES CORPORATION

President
HAJIME KOSO

Executive Vice President and Treasurer
TAKASHI TOMITA

LUISITA INDUSTRIAL PARK CORPORATION

President
RAMON S. BAGATSING, JR.

Treasurer
ELENA F. TRAJANO

Corporate Secretary
ATTY. MA. CELIA H. FERNANDEZ-ESTAVILLO

YGC CORPORATE SERVICES, INC.

Chairman
AMBASSADOR ALFONSO T. YUCHENGCO

President
HELEN Y. DEE

Executive Vice President and Chief Operating Officer
LIWAYWAY F. GENER

Vice President
ALBERT S. YUCHENGCO

Treasurer
FLOR BELLA MONINA MARAÑON

Corporate Secretary
ATTY. SAMUEL V. TORRES

[1] *ceased operations on March 4, 2016*

RCBC Branch Directory

METRO MANILA

168 Mall
168 Mall Shopping Center
Stall No. 4H-01, Soler St., Binondo, Manila
Tel. Nos. : 708-2386; 708-2291; 708-2387; 708-2290
Fax No. : 708-2289

A. Mabini
1353 Tesoro Bldg.
A. Mabini St., Ermita, Manila
Tel. Nos. : 526-0444 to 45; 526-0424; 525-0468
Fax No. : 526-0446

Acropolis
191 Triquetra Bldg., E. Rodriguez Jr. Ave.
Libis, Quezon City
Tel. Nos. : 638-0550; 638-0552 to 53; 645-0551
Fax No. : 638-0552

Acropolis Extension Office
Unit G8A-B, G/F MDC 100 Bldg.
188 E. Rodriguez, Jr. Ave. cor. Eastwood Ave.
Bario Bagumbayan, Quezon City
Tel. Nos. : 0932-776-9838; 916-284-2028

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 Madrigal Business Park
Unit 5 & 6, G/F CTP Alpha Bldg.
Investment Drive, Madrigal Business Park
Ayala Alabang, Muntinlupa City
Tel. Nos. : 0917-847-6358; 0917-570-0824; 0917-817-4760

Alabang-Filinvest Corp.
Units G04 & G05, Vivere Hotel
5102 Bridgeway Ave., Filinvest Corporate City
Alabang, Muntinlupa City
Tel. Nos. : 556-3416 to 17; 556-3419; 666-2953
Fax No. : 556-3507

Annapolis-Greenhills
G/F Platinum 2000
No. 7 Annapolis St., San Juan
Tel. Nos. : 941-7416; 941-7418; 941-7420; 941-7496
Fax No. : 941-7421

Araneta
G/F, Unit 111 Sampaguita Theatre Bldg.
Gen. Araneta cor. 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. : 869-0430; 869-0314; 869-0306; 869-9613
Fax No. : 869-9859

Arranque
1001 Orient Star Bldg. Masangkay cor.
Soler Sts., Binondo, Manila
Tel. Nos. : 244-8443 to 44; 245-7055; 244-8438

Aurora Boulevard-Madison
Madison 101, Aurora Blvd.
cor. Madison St., Quezon City
Tel. Nos. : 531-9357 to 58; 531-9360
Fax No. : 531-9363

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 Banawe cor.
N. Roxas Sts., Quezon City
Tel. Nos. : 742-3578; 743-0204
Fax No. : 743-0210

Bayani Road
37 Bayani Rd., AFPOVAI Subd.
Fort Bonifacio, Taguig City
Tel. Nos. : 808-7436; 856-0156
Fax No. : 808-7435

Better Living
14 Doña Soledad, Better Living Subd.
Parañaque City
Tel. Nos. : 828-2174; 828-3478; 828-3095; 828-4810
Fax No. : 828-9795

BF Homes
Unit 101, Centermall Bldg., President Ave.
BF Homes, Parañaque City
Tel. Nos. : 807-8761 to 63; 842-1554
Fax No. : 842-1553

Binondo
Yuchengco Tower, 500 Q. Paredes St.
Binondo, Manila
Tel. Nos. : 241-2491; 242-5933 to 52

Boni Avenue
617 Boni Ave., Mandaluyong City
Tel. Nos. : 532-5532; 533-0280; 533-6335; 533-6337
Fax No. : 533-6336

Buendia
Grepalife Bldg.
219 Sen. Gil J. Puyat Ave., Makati City
Tel. Nos. : 810-3674; 844-1896; 845-6411 to 12
Fax No. : 844-8868

Buendia-Techzone
Techzone Philippines Bldg.
213 Sen. Gil Puyat Ave.
Bgry. San Antonio, Makati City
Tel. Nos. : 802-2700 to 01; 802-2704; 802-2719 to 20; 820-2723
Fax No. : 802-2721

Cainta
Multicon Bldg., FP Felix Ave., Cainta, Rizal
Tel. Nos. : 645-6710; 645-6713; 645-6716; 645-6703 to 04
Fax No. : 645-6704

Caloocan
259 Rizal Ave. Ext., 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. : 931-5242; 931-5251; 931-2309; 931-2375; 931-2319
Fax No. : 931-2328

Concepcion Marikina
21 Bayan-Bayanan Ave.
Brgy. Concepcion Uno, Marikina City
Tel. Nos. : 384-3973; 948-4002; 571-4607
Fax No. : 942-6368

Connecticut/Greenhills
51 Connecticut St.
Northeast Greenhills, San Juan
Tel. Nos. : 721-4495; 722-4424; 726-9793; 744-6348
Fax No. : 722-4424

Cubao
Space 37/38, Shopwise Arcade
Times Square Ave., Araneta Center
Cubao, Quezon City
Tel. Nos. : 911-0870; 912-8127; 913-6163; 911-2527
Fax No. : 911-2535

D. Tuazon
G/F Academe Foundation Bldg.
47 D. Tuazon St., Sta. Mesa Heights
Quezon City
Tel. Nos. : 731-7290; 731-5805 to 07; 731-7261
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, Ormaza cor.
Dela Rosa Sts., Legaspi Village, Makati City
Tel. Nos. : 893-9050; 893-6828; 893-4216; 893-9050
Fax No. : 893-5039

Delta
Delta Bldg., Quezon Ave.
cor. West Ave., Quezon City
Tel. Nos. : 352-8115; 352-8113
Fax No. : 352-81-12

Diliman
Matalino St. cor. Kalayaan Ave.
Diliman, Quezon City
Tel. Nos. : 924-3627; 924-3629; 925-2148; 924-2149
Fax No. : 924-3628

Divisoria
New Divisoria Condominium
628 Sta. Elena, Divisoria, Manila
Tel. Nos. : 241-7884; 242-9082; 241-7847; 241-7853

E. Rodriguez-Doña Josefa
59 E. Rodriguez, Sr. Ave.
Brgy. Doña Josefa, Quezon City
Tel. Nos. : 521-6455 to 53

Eastwood Mall
G/F Unit A-102, Eastwood Mall, Orchard Rd.
near Garden Rd., Eastwood City, Quezon City
Tel. Nos. : 470-9382; 470-6275; 470-0504; 470-9379
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; 852-5775; 851-2074
Fax No. : 852-3954

Elcano
676 Elcano cor. Lavezares Sts., Binondo, Manila
Tel. Nos. : 242-8684; 242-3643; 242-8685; 2423598
Fax No. : 242-3649

Ermita
550 United Nations Ave., Ermita, Manila
Tel. Nos. : 525-5238; 523-2948; 523-2983; 525-5219
Fax No. : 524-1021

F. Blumentritt - R. Pascual
158 F. Blumentritt cor. R. Pascual Sts.
Brgy. Batis, San Juan City
Tel. Nos. : 941-7409 to 11; 941-7414; 941-7408
Fax No. : 941-7413

Fairview
Medical Arts Bldg., Dahlia St.
North Fairview, Quezon City
Tel. Nos. : 930-2010; 930-2052; 461-3011; 461-3008
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 106, Parc Chateau Condominium Garnet
cor. 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. : 726-2404; 726-4236; 725-0818
Fax No. : 725-9087

Greenbelt
BSA Tower, Legaspi St.
Legaspi Village, Makati City
Tel. Nos. : 845-4051; 845-4881; 845-4883; 844-1829
Fax No. : 845-4883

Jupiter Makati
Unit 101, Doña Consolacion Bldg.
122 Jupiter St., Bel-Air Makati City
Tel. Nos. : 553-4142 to 43; 519-7744; 551-7711
Fax No. : 478-0798

Las Piñas
Veraville Bldg., Alabang-Zapote Rd.
Las Piñas City
Tel. Nos. : 874-1659; 873-4496; 874-8365; 874-0394
Fax No. : 873-4498

Legaspi Village
First Global Bldg., Salcedo cor.
Gamboa Sts., Legaspi Village, Makati City
Tel. Nos. : 812-4893; 817-2664; 818-4919; 8172689
Fax No. : 813-5287

Leviste-Salcedo
LP Leviste cor. San Agustin Sts.
Salcedo, Makati City
Tel. Nos. : 802-0373 to 75
Fax No. : 802-0372

Linden Suites
G/F The Linden Suites Tower II, 37 San Miguel
Ave., Ortigas Center, Pasig City
Tel. Nos. : 477-7267; 477-7269; 477-7271; 477-7273 to 74
Fax No. : 477-7275

Loyola Heights
G/F MQI Centre, 42 E. Abada cor.
Rosa Alvero Sts., Loyola Heights, Quezon City
Tel. Nos. : 426-6533 to 35; 426-6528; 426-6525
Fax No. : 426-6602

Magallanes
G/F BMG Centre
Paseo de Magallanes, Makati City
Tel. Nos. : 808-7604; 815-7536; 815-6613; 815-7635
Fax No. : 818-7877

Makati Avenue
G/F Executive Bldg. Center Inc., 369 Sen. Gil
Puyat Ave. cor. Makati Ave., Makati City
Tel. Nos. : 897-9384; 890-7023; 890-7025; 895-9578; 895-7024
Fax No. : 890-7026

Makati Rada
One Legaspi Park, 121 Rada St.
Legaspi Village, Makati City
Tel. Nos. : 915-2046; 909-5203; 909-5201
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., San Andres
cor. M.H. Del Pilar Sts., Malate, Manila
Tel. Nos. : 516-4687; 516-4690; 516-4695
Fax No. : 516-4694

Malayan Plaza
Unit G3 & G4, G/F Malayan Plaza
ADB Ave. cor. Opal Rd., Pasig City
Tel. Nos. : 635-5164; 634-7491 to 93
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
Gil Fernando Ave. cor. Sta. Ana Extn.
Marikina City
Tel. Nos. : 681-6673 to 74; 646-6270; 681-6669
Fax No. : 681-1717

McKinley Hills
G/F Two World Hill Bldg.
Upper McKinley Rd., McKinley Town Center
Fort Bonifacio, Taguig City
Tel. Nos. : 403-1516; 401-6165; 401-6102
Fax No. : 856-1239

Meralco Ave.
G/F Regency Bldg., Meralco Ave. cor.
Exchange Rd., Ortigas, Pasig City
Tel. Nos. : 666-6125; 401-6166

Mindanao Avenue-Tandang Sora
G/F 003 MC Square Bldg., Mindanao Ave. cor.
Tandang Sora, Quezon City
Tel. Nos. : 277-3750; 277-3534; 277-3656 to 57; 277-3779
Fax No. : 802-4381

Missouri-Greenhills
8 Missouri St., Northeast Greenhills
San Juan City
Tel. Nos. : 546-3688; 894-9000 loc. 5252

Moonwalk-Parañaque
2 Armstrong St., Moonwalk Village
Parañaque City
Tel. Nos. : 865-6612 to 16; 865-6609
Fax No. : 865-6614

Morayta
828 Nicanor Reyes Sr. St.
Sampaloc, Manila
Tel. Nos. : 736-2478; 735-1387; 735-4465; 736-2477
Fax No. : 736-0568

N. Domingo-Pasadena
LHK Bldg., 288 N. Domingo St.
Brgy. Pasadena, San Juan City
Tel. Nos. : 997-2801; 997-2805; 997-2808 to 09

Navotas
551 M. Naval St., Brgy. Bangkulasi
Navotas City
Tel. No. : 332-1648

New Manila
Upper Ground Level, Hemady Square Bldg.
86 Dona 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. : 936-8677 to 78; 930-6191; 930-6188
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

Ortigas CBD
Unit G3 & G4, Mezaninne, Malayan Plaza
ADB Ave. cor. Opal Rd., Pasig City
Tel. No. : 706-39-51

Otis
Isuzu Manila, 1502 Paz M.
Guanzon St., Paco, Manila
Tel. Nos. : 561-7262; 564-5367; 564-5368
Fax No. : 561-7272

Pablo Ocampo-Venecia
G/F Savanna Commercial Center Bldg.
1201 Pablo Ocampo-Venecia
Brgy. Sta. Cruz, Makati City
Tel. Nos. : 802-4749; 802-4751; 802-4746; 802-4743; 802-4750
Fax No. : 802-4744

Padre Rada
649 Padre Rada St., Tondo, Manila
Tel. Nos. : 245-0250; 245-0082
Fax No. : 245-0241

Palanan-Bautista
G/F Shalimar Bldg., 3696 Bautista St.
Palanan, Makati City
Tel. Nos. : 846-4468; 846-4424; 846-4399; 846-4329
Fax No. : 846-4328

Pasay
San Bell Bldg., 2015 Sen. Gil Puyat Ave. Extn.
cor. 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 Dr. Sixto Ave. cor. C. Raymundo St.
Pasig City
Tel. Nos. : 641-0640; 641-7914; 641-7993; 641-6259
Fax No. : 641-0639

Pasig Kapitolyo
G/F Ace Suites Plaza (Ace Water Spa) United
cor. Brixton Sts., Brgy. Kapitolyo, Pasig City
Tel. Nos. : 654-4423; 654-4428; 654-4437

Pasig Toby's C. Raymundo Avenue
Lot1 & 2A, Good Harvest Complex
C. Raymundo Ave., Caniogan, Pasig City
Tel. No. : 651-7765

Pasig Westlake
Unit A G/F Westlake Bldg.
Pasig Blvd., Brgy. Bagong Ilog, Pasig City
Tel. Nos. : 706-4616; 706-4322; 706-3363; 706-6322
Fax No. : 706-4599

Pasong Tamo
2283 Pasong Tamo Extn. cor. Lumbang St.
Makati City
Tel. Nos. : 898-5977 to 78; 813-3348; 813-3442; 813-3369
Fax No. : 893-5976

Pasong Tamo - Bagtikan
1173 Don Chino Roces Ave.
Brgy. San Antonio, Makati City
Tel. Nos. : 802-1629; 802-1624 to 26
Fax No. : 802-1631

Pasong Tamo - EDSA
Wilcon IT Hub, 2251 Chino Roces Ave.
Makati City
Tel. Nos. : 802-4297; 802-4570 to 71; 802-4302
Fax No. : 802-4381

Quezon Avenue
1405 Quezon Ave., Quezon City
Tel. Nos. : 371-8178; 373-3552; 373-4224; 371-8184; 373-3551
Fax No. : 373-3554

Quezon Avenue - Roosevelt
Lower G/F 1, Fisher Mall Heroes Hill
Brgy. Sta. Cruz, Quezon Ave. cor.
Roosevelt Ave., Quezon City
Tel. Nos. : 277-3394 to 98

Quirino Avenue
411 Anflocor Bldg., Quirino Ave.
cor. NAIA Rd., Tambo, Parañaque City
Tel. Nos. : 852-0403; 852-4690; 851-4692; 851-4694
Fax No. : 853-4685

Raon-Sales
653 Gonzalo Puyat cor. Sales Sts.
Quiapo, Manila
Tel. Nos. : 733-1661; 733-1657; 733-1654 to 55
Fax No. : 733-1662

RCBC Main Office Branch
G/F Yuchengco Tower 1, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. Nos. : 878-3307; 894-9072; 894-9082; 894-1207; 878-3313

Remedios-Taft
1853 Taft Ave., Malate, Manila
Tel. Nos. : 256-9427; 256-9425; 256-9419
Fax No. : 256-9421

Rockwell
G/F, Phinma Plaza, Hidalgo St.
Rockwell Center, Makati City
Tel. Nos. : 898-1505; 898-2050; 898-1502; 898-2049
Fax No. : 898-1503

Roosevelt
302 Roosevelt Ave.
San Francisco Del Monte, Quezon City
Tel. Nos. : 372-2412 to 13; 372-2415 to 16
Fax No. : 372-2417

Roosevelt - Pitimini
205 Roosevelt Ave. cor. Pitimini St.
Quezon City
Tel. Nos. : 277-1882 to 83; 277-1887; 277-1879; 277-1891

Roxas Boulevard
Russel St. cor. Roxas Blvd., Pasay City
Tel. Nos. : 853-7562; 853-9343; 851-8964; 851-7984; 851-7986
Fax No. : 851-7987

Roxas Boulevard-Arquiza
Roxas Blvd. cor Arquiza St., Ermita, Manila
Tel. Nos. : 663-0563; 573-9783; 573-7687
Fax No. : 662-0324

Salcedo Village
G/F, Y. Tower II Bldg., Leviste cor.
Gallardo Sts., Salcedo Vill., 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. : 843-8196; 816-2506; 844-7822; 843-1342
Fax No. : 843-3242

Shaw Boulevard-Lawson
G/F, SCT Bldg., 143 Shaw Blvd.
cor. Lawson St., Mandaluyong City
Tel. Nos. : 535-1641; 535-2516; 535-2610; 535-2615

South Harbor
Harbor Centre I, Chicago cor. 23rd Sts.
Port Area, Manila
Tel. Nos. : 527-6486; 527-7311 to 12; 527-6481
Fax No. : 527-7310

Sta. Lucia East
G2-25 G/F Level, Bldg. 2, Sta. Lucia Mall
Marcos Highway cor. 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. : 715-8939; 715-8936; 715-8938
Fax No. : 715-8937

Sto. Domingo
4 Sto. Domingo Ave., Quezon City
Tel. Nos. : BM 917-366-1383; CSH 917-367-9838; SCRO 905-289-3483

Sucat
2F Santana Grove, Dr. A. Santos Ave.
cor. Soreena St., Sucat, Paranaque City
Tel. Nos. : 828-6719; 828-5761; 828-9813; 666-6122
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. : 286-0658; 286-0490; 286-3465; 658-0637
Fax No. : 658-0636

Taytay Extension Office
Rizal Ave., Cuatro Cantos, Brgy. San Juan
Taytay, Rizal
Tel. Nos. : 570-7400; 570-4701; 570-4699

Tektite
1904-A, 19F East Tower
Philippine Stock Exchange Center
Ortigas Center, Pasig City
Tel. Nos. : 638-7304 to 05; 634-6725; 638-7302;
Fax No. : 634-6647

The Beacon Makati
The Beacon, Roces Tower
G/F Don Chino Roces Ave. cor. Arnaiz Ave.
Brgy. Pio del Pilar, Makati City
Tel. Nos. : 893-4293; 893-1607; 893-0076
Fax No. : 893-3021

The Firm
CVC Law Center, 11th Ave. cor. 39th St.
Fort Bonifacio, Taguig City
Tel. Nos. : 519-7090; 519-6880; 519-6870; 519-7690
Fax No. : 519-7693

The Fort JY Campos
JY Campos Centre, 9th Ave.
Bonifacio Global City, Taguig City
Tel. Nos. : 815-0003; 808-9854; 808-9732; 808-9757; 808-9865
Fax No. : 815-0085

The Fort Sapphire Residences
G/F Sapphire Residences, 31st St. cor.
2nd Ave., Cresent Park Global City, Taguig City
Tel. Nos. : 519-5771; 519-7243; 519-1553; 519-5709
Fax No. : 519-5758

The Fort Sunlife
G/F, Sunlife Bldg., 5th Ave. cor. Rizal Drive
Bonifacio Global City, Taguig City
Tel. Nos. : 553-6310; 553-7152; 478-8213; 808-7527
Fax No. : 808-7525

Timog
RCBC Bldg., 36 Timog Ave., Quezon City
Tel. Nos. : 373-7218 to 19; 373-2832 to 33
Fax No. : 371-4306

Tomas Mapua
Park Tower Condominium
630 Tomas Mapua St., Sta. Cruz, Manila
Tel. Nos. : 733-0611; 734-1201; 733-0631; 734-1069; 733-0617

Tordesillas
G/F Metropole Bldg., Tordesillas cor.
Gil Puyat Ave., Makati City
Tel. Nos. : 808-2080; 808-1059; 808-1396; 808-2378
Fax No. : 808-2378

Trinoma
Space P015B Level 1, Trinoma EDSA
cor. 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. : 251-0412; 251-0410; 253-1446; 251-0449

Unimart
Greenhills Commercial Complex
Ortigas Ave., San Juan
Tel. Nos. : 721-3552; 721-2120 to 23; 721-6388
Fax No. : 727-2884

Valenzuela
231 McArthur Highway
Karuhatan, Valenzuela City
Tel. Nos. : 291-6592 to 93; 293-8378; 291-9551
Fax No. : 293-6204

Wack Wack
Unit K Facilities Center Bldg.
548 Shaw Blvd., Mandaluyong City
Tel. Nos. : 533-8182; 534-4305; 534-2394; 534-4416
Fax No. : 534-4416

West Avenue
Unit 101, 135 West Ave.
Brgy. Bungad, District 5, Quezon City
Tel. Nos. : 294-3439; 2945494; 262-8602
Fax No. : 254-5283

Wilson - Greenhills
G Square Bldg., Upper G/F, Units 4 & 5
Wilson St., Greenhills, San Juan City
Tel. Nos. : 706-4071; 706-4073 to 75
Fax No. : 706-4076

LUZON

Angeles
RCBC Bldg., Sto Rosario St.
cor. Teresa Ave., Angeles City
Tel. Nos. : (045) 888-2532; 888-8633; 887-1566
Fax No. : (045) 322-1510

Angeles Sto. Cristo
243 Sto. Entierro St.
Brgy. Sto. Cristo, Angeles City
Tel. Nos. : (045) 626-2060 to 61; 626-2120; 322-7222
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) 417-7662; 417-7454; 417-0736;
Telefax No. : (02) 529-8969

Baguio
RCBC Bldg., 20 Session Rd., Baguio City
Tel. Nos. : (074) 442-5345 to 46; 442-2077
Fax No. : (074) 442-3512

Balagtas
McArthur Highway, Borol 1st, Balagtas, Bulacan
Tel. Nos. : (044) 693-1350 to 51
Fax No. : (044) 693-1351

Balanga
Don Manuel Banzon Ave. cor. Cuaderno St.
Balanga City, Bataan
Tel. Nos. : (047) 237-9693; 237-9695
Fax No. : (047) 237-9694

Balibago
McArthur Highway, Balibago, Angeles City
Tel. Nos. : (045) 625-5587 to 88; 892-0764
Fax No. : (045) 625-5736

Baliuag
1 J.P. Rizal St. cor. S. Tagle St., 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 Rizal Ave. cor. P. Gomez St., Batangas City
Tel. Nos. : (043) 723-7870; 723-3104 to 05; 723-7720
Fax No. : (043) 723-1802

Bauan Extension Office
J.P. 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. : (049) 539-0167; (02) 520-9174
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
National Highway cor. Dolor St.
Crossing, Calamba City, Laguna
Tel. Nos. : (049) 545-1720; 545-1930; 545-9174; 545-6166
Fax No. : (049) 545-6165

Carmelray
G/F Admin Bldg., Carmelray Industrial Park 1
Canlubang, Calamba City, Laguna
Tel. Nos. : (049) 549-2898; 549-1372
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; 545-1295; 545-0964
Fax No. : (049) 545-0964

Carmen
McArthur Highway
Carmen Rosales, Pangasinan
Tel. Nos. : (075) 564-4228; 582-2657
Fax No. : (075) 564-3912

Carmona
People's Technology Complex (SEZ)
Governor's Drive, Carmona, Cavite
Tel. Nos. : (046) 430-1401 to 02
Fax Nos. : (046) 430-1490; (02) 520-8093

Cauayan
Central Store Bldg. Roxas St., Cauayan, Isabela
Tel. Nos. : (078) 652-1157; 897-1509
Fax No. : (078) 652-2371

Cavite City
P. Burgos Ave., Caridad, Cavite City
Tel. Nos. : (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) 599-3058; 499-3029
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) 653-3440; 522-0828 to 29;
522-0303
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) 416-6698;
416-6865; 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) 433-0289; 433-0126
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) 624-1168; 622-3158
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
Quezon Ave. cor 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) 544-0719;
541-2756; 541-3271
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
C.M. Recto cor. E. Mayo St., Lipa City
Tel. Nos. : (043) 756-6479; 756-2565
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
Quezon Ave. cor. M.L. Tagarao St., Lucena City
Tel. Nos. : (02) 250-8208; (042) 710-4086;
710-6461
Fax No. : (042) 710-4458

Lucena - Evangelista
Quezon Ave. cor. Evangelista St., Lucena City
Tel. Nos. : (042) 710-8068; 7105788
Telefax No. : (02) 250-8325

Malolos
FC Bldg., McArthur Highway
Bo. Sumapang Matanda, Malolos, Bulacan
Tel. No. : (044) 662-1228
Fax No. : (02) 299-8147

Marinduque
EDG Bldg., Brgy. Lapu-lapu
Sta. Cruz, Marinduque
Tel. No. : (042) 321-1941
Fax No. : (042) 321-1942

Masbate
Zurbito cor. Domingo (Tara) Sts., Masbate City
Tel. No. : (056) 333-2269
Fax No. : (056) 333-2885

Meycauayan
VD&S Bldg., McArthur Highway
Calvario, Meycauayan City, Bulacan
Tel. Nos. : (044) 769-6121; 769-6290

Meycauayan Extension Office
Sterling Square, Sterling Industrial Cmpd.
Iba, Malhacan National Highway
Meycauayan City, Bulacan
Tel. Nos. : 894-9000 loc. 5314

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 Rizal Ave.
cor. 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) 437-6549 to 50;
437-6255; 971-0586; 437-6260
Fax No. : (046) 971-0587

San Fernando
G/F Hiz-San Bldg., McArthur Highway
Brgy. Dolores, City of San Fernando
Pampanga
Tel. Nos. : (045) 963-4757 to 59; 963-4761
Fax No. : (045) 963-4760

San Fernando Jasa
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., McArthur Highway, Sindalan
City of San Fernando, Pampanga
Tel. Nos. : (045) 861-3661 to 62;
455-0380; 455-3082
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. : (02) 847-5685; 868-9459 to 60
Fax No. : (02) 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., LISP1, Pulo Rd.
Brgy. Diezmo, Cabuyao, Laguna
Tel. Nos. : (049) 543-0105 to 06; 543-0571
Fax No. : (049) 543-0572

Solano
211 J.P. Rizal Ave., National Highway
Solano, Nueva Vizcaya
Tel. Nos. : (078) 326-6678; 326-5569
Fax No. : (078) 326-5559

Sta. Cruz
A. Regidor cor. Burgos St., Sta. Cruz, Laguna
Tel. Nos. : (02) 520-8318; (049) 501-2136;
(049) 501-3538

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; 641-5371;
641-4845
Fax No. : (044) 288-2694

Sta. Rosa Balibago -
Waltermart Extension Office
Upper G/F, Waltermart Center
Sta. Rosa, Laguna
Tel. No. : (049) 530-2507
Telefax 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) 520-8115; 420-8020;
(049) 541-2751 to 53
Fax No. : (049)541-2343

Starmall Daang Hari
Starmall Prima, Daang Hari cor. Molino Rd.
Brgy. Molino 4, Bacoor, Cavite
Tel. No. : (046) 686-1671

Subic Freeport Ecozone
Royal Subic Duty Free Complex
Rizal cor. 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; 982-0821; 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
Bonifacio cor Gomez Sts.
Tuguegarao City, Cagayan
Tel. Nos. : (078) 844-1165; 846-2845
Fax No. : (078) 844-1926

Urdaneta
E.F. Square Bldg., McArthur Highway
Urdaneta City, Pangasinan
Tel. Nos. : (075) 656-2289; 568-2090; 568-8436
Fax No. : (075) 568-2925

VISAYAS

Antique
Solana cor. 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
Rizal cor. Locsin Sts., Bacolod City
Tel. Nos. : (034) 433-7850; 433-7844;
434-7348; 433-0835
Fax No. : (034) 434-5443

Bacolod Shopping
Hilado Extn., Bacolod City
Tel. Nos. : (034) 434-6807; 434-6808;
433-8483
Fax No. : (034) 433-0828

Balamban
D.C. Sanchez St., Balamban, Cebu
Tel. Nos. : (032) 465-3451 to 52; 266-9127
Telefax No.: (032) 465-3450

Banilad
A.S. Fortuna St., Banilad, Cebu City
Tel. Nos. : (032) 346-3892; 346-3894; 346-5431
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; 288-1906
Fax No. : (036) 288-1905

Cadiz
Abelarde cor. Mabini Sts., Cadiz City
Tel. Nos. : (034) 493-0567; 493-0531; 493-0751
Fax No. : (034) 493-0531

Calbayog
Magsaysay Blvd. cor. Gomez St.
Calbayog City, Western Samar
Tel. Nos. : (055) 209-1338; 209-1565
Fax No. : (055) 533-9013

Catarman
Ange Ley Bldg., J.P. Rizal St.
Catarman, Northern Samar
Tel. Nos. : (055) 500-9480; 500-9482;
251-8071; 251-8410
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

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., P. Burgos
cor. 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, Mindanao Ave. cor. Siquijor Rd.
Cebu Business Park, Cebu City
Tel. Nos. : (032) 238-6923; 233-6229; 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) 260-0511; 260-0515; 260-0526; 260-0491
Fax No. : (032) 260-0526

Cebu Manalili
Tan Sucheng Bldg., V. Gullas St.
(formerly Manalili St.) Cebu City
Tel. Nos. : (032) 412-3441; 255-2050; 253-0624; 255-0422
Fax No. : (032) 256-1671

Consolacion
ADM Bldg., National Highway
Consolacion, Cebu
Tel. Nos. : (032) 564-2052; 564-2014; 423-9335; 564-2049

Dumaguete
Dr. V. Locsin St., Dumaguete City
Negros Oriental
Tel. Nos. : (035) 225-1349; 422-8153; 422-8096
Fax No. : (035) 422-8422

Fuente Osmeña
Grepalife Tower, Fuente Osmeña
Rotonda, Cebu City
Tel. Nos. : (032) 255-4886; 253-2560; 255-3326; 255-3566; 255-9864
Fax No. : (032) 253-0018

Guadalupe
63M. Velez St., Cebu City
Tel. Nos. : (032) 255-5353; 254-3102; 254-3104; 254-5512
Fax No. : (032) 254-3103

Hinigaran
Rizal St., National Road, Hinigaran
Negros Occidental
Tel. No. : (034) 391-2322
Fax No. : (034) 391-2323

Iloilo
J. M Basa Iloilo Business Center
J.M. Basa cor. Arsenal Sts., Iloilo City
Tel. Nos. : (033) 336-9643; 337-8153; 336-9714; 335-1056
Fax No. : (033) 337-8100

Iloilo Mabini
Go Pun Bldg., Mabini cor. Delgado Sts.
Iloilo City
Tel. Nos. : (033) 509-1732; 336-6616
Fax No. : (033) 336-3728

Iloilo-Ledesma
Ledesma cor. Quezon Sts., Iloilo City
Tel. Nos. : (033) 508-6019; 338-4370
Telefax No. : (033) 338-4369

Jaro
E. Lopez cor. Seminario Sts., Jaro, Iloilo City
Tel. Nos. : (033) 320-4074; 320-4077
Fax No. : (033) 320-4075

JCentre Mall
Lower G/F, JCentre Mall, 165 A.S. Fortuna St.
Bakilid, Mandaue City, Cebu
Tel. Nos. : (032) 520-3263; 520-3258; 520-3260
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) 340-1853; 340-1726; 340-2955; 340-0750; 340-1282; 340-0737; 340-1810
Fax No. : (032) 340-0737

Mandaue
A.C. Cortes St., Ibabao, Mandaue City
Tel. Nos. : (032) 346-1283; 346-0025; 346-1727; 345-5561
Fax Nos. : (032) 346-0948; 345-5561

MEPZ 2 Extension Office
Pueblo Verde, Mactan Economic Zone 11
Brgy. Basak, Lapu-Lapu City
Tel. Nos. : (032) 340-1686; 341-2738; 340-1778
Fax No. : (032) 340-5422

North Reclamation
G/F CIFC Tower, JL Briones St. cor. 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., Real cor. Carlos Tans Sts.
Ormoc City
Tel. Nos. : (053) 255-3454; 561-8134; 255-4225; 561-8701; 255-3292
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) 729-8605; 312-5141
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
Rizal cor. Burgos Sts., Silay City
Tel. Nos. : (034) 495-1989; 495-0505
Fax No. : (034) 495-1990

Taboan
Lakandula cor. C. Padilla Sts., Cebu City
Tel. Nos. : (032) 261-6061; 261-6062
Fax No. : (032) 261-7213

Tacloban
RSB Bldg., Zamora cor. Sto. Niño Sts.
Tacloban City
Tel. Nos. : (053) 325-5058; 321-2917; 321-2892; 325-7326; 523-4167
Fax Nos. : (053) 523-4167; 523-1930

Tagbilaran
RCBC Bldg., C.P.G. Ave., Tagbilaran City
Tel. Nos. : (038) 412-3583; 412-3555; 501-7536
Fax No. : (038) 411-5874

Talisay Extension Office
South Central Square, Lawaan III
Talisay City Cebu
Tel. Nos. : (032) 505-6199; 505-5194
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
F-106 G/F Finster Bldg., Ateneo De Davao
University Main Campus, CM Recto Ave.
cor. Roxas Ave., Davao City
Tel. Nos. : (082) 295-3127; 295-2707; 295-3784

Butuan
Dy Esteban Bldg. II
Ester Luna St., Butuan City
Tel. Nos. : (085) 342-8923; 341-5267; 342-7551; 341-8829
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

C Limketkai
Gateway Tower 1, Limketkai Center
Cagayan de Oro City
Tel. Nos. : (088) 856-3707; 852-1291
Telefax No.: (088) 856-3708

CDO Osmeña
Simplex Bldg., Osmeña St.
Cagayan De Oro City
Tel. Nos. : (088) 857-1888; (08822) 726-754
Telefax No.: (088) 856-2888

CDO Velez
A. Velez cor. Cruz Taal St., Cagayan de Oro City
Tel. Nos. : (088) 856-4982; (08822) 727-964; 726-057
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) 552-5470; 552-3034; 552-4634
Fax No. : (083) 552-3034

Damosa Gateway Mall
Damosa Gateway Commercial Complex
J.P. Laurel Ave. cor. Mamay Rd.
Lanang, Davao City
Tel. No. : (082) 234-7002
Telefax No.: (082) 234-7019

Davao
RCBC Bldg. C.M. Recto cor. Palma Gil Sts.
Davao City
Tel. Nos. : (082) 300-4299; 222-7901 to 03
Fax No. : (082) 221-6034

Davao Bajada
JP Laurel Ave. cor. Villa Abrille St.
Davao City
Telefax Nos.: (082) 225-1112; 305-5231

Davao-Quirino
E. Quirino Ave., Davao City
Tel. Nos. : (082) 221-4912; 221-4909
Fax No. : (082) 300-4288

Digos
RCBC Bldg., J.P. Rizal cor. M.L. Roxas Sts.
Digos City, Davao Del Sur
Tel. No. : (082) 553-2560
Fax No. : (082) 553-2319

Dipolog
Gen. Luna cor. 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) 500-2643; 500-2500 local 3627
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., Quezon Ave.
cor. 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
National Highway cor. 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; 813-3566
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. Nos. : (063) 388-7003
Fax No. : (063) 388-7045

Marbel
General Santos Drive cor. 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 & Calamba Purok 7
Lauro Arabejo St., Poblacion Nabunturan
Compostela Valley Province
Tel. Nos. : (084) 376-0216; 376-0731

NCCC Mall Davao
NCCC MALL Davao
Crossing McArthur Highway and Ma-a Rd.
Matina, Davao City
Tel. Nos. : (082) 297-1247; 299-3974; 299-3976

Ozamis
Don Anselmo Bernard Ave.
cor. Mabini St.
Ozamis City
Tel. Nos. : (088) 521-1311; 521-1312; 521-1559
Fax No. : (088) 521-1559

Pagadian
RCBC Bldg., Rizal Ave., Pagadian City
Tel. Nos. : (062) 214-1773; 214-1781; 214-1271
Fax No. : (062) 214-1781; 925-0397

Panabo
Greatsun Plaza Bldg., Prk. Atis
Brgy. Sto. Nino, National Highway
Panabo City
Tel. Nos. : (084) 822-1192; 822-1320; 645-0002
Fax No. : (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) 234-0137; 234-0135

Roadway Inn Extension Office
Roadway Inn, J.P. Laurel Ave.
Bajada, Davao City
Tel. Nos. : (082) 222-0198; 222-0207

Sta. Ana
Monteverde cor. Sales Sts., Sta. Ana
Davao City
Tel. Nos. : (082) 221-1794; 221-1950; 221-2160
Fax No. : (082) 221-1795

Surallah
National Highway cor. Mabini St.
Surallah, South Cotabato
Tel. Nos. : (083) 238-3017; 238-3250
Fax No. : (083) 238-3018

Surigao
San Nicolas cor. Burgos Sts., Surigao City
Tel. Nos. : (086) 231-7266; 826-1288
Telefax No.: (086) 826-4034

Tacurong
G/F Hilario Bldg., National Highway cor.
Bonifacio St., Tacurong City, Sultan Kudarat
Tel. Nos. : (064) 200-3189; 200-3440; 200-3442
Fax No. : (064) 477-0250

Tagum
RCBC Bldg., Pioneer Ave. cor. Quirante II St.
Tagum City, Davao del Norte
Tel. Nos. : (084) 655-6341 to 42; 400-3113
Fax No. : (084) 400-1006

Tandag
Pimentel Bldg., Donasco St.
Tandag, Surigao del Sur
Tel. Nos. : (086) 211-3065 to 66
Fax No. : (086) 211-3063

Toril
G/F Felcris Supermarket
McArthur Highway (Toril District)
Tel. Nos.: (082) 295-1600; 295-1700
Fax No.: (082) 295-2800

Valencia
Marchedon Bldg., 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) 991-2048; 991-0753; 991-0754
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 Avenue
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., J.P. 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) 555-8700
PRESIDENT & CEO: ROMMEL S. LATINAZO

MERCHANTS SAVINGS AND LOAN ASSOCIATION, INC.
(RIZAL MICROBANK-THIRFT BANK)
cor. J.P. Laurel Ave. (Acacia Section) and
Villa Abrille St., Davao City
Tel. Nos.: (082) 222-3948; 222-2438
PRESIDENT: RAYMUNDO C. ROXAS

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
30/F Robinson-Equitable Tower
cor. ADB Ave. and Poveda St.
Ortigas Center, Pasig City
Tel. No.: (632) 688-1888
PRESIDENT & CEO: SIMON JAVIER A. CALASANZ

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 & CEO: GERALD 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: JOSEPH COLIN N. RODRIGUEZ

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: CLARO PATRICIO L. CONTRERAS

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

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 & GM: 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.

YGC CORPORATE SERVICES, INC.*
5/F Grepalife Bldg.
221 Sen. Gil Puyat Ave., Makati City
Tel. No.: (632) 894-2887
Fax No.: (632) 894-2923
EVP & COO: LIWAYWAY F. GENER

INTERNATIONAL

RCBC INTERNATIONAL FINANCE LIMITED CENTRAL OFFICE
Unit A 18F Li Dong Bldg.
9 Li Yuen St., East Central, Hong Kong
Tel No.: (852) 2167-7400; 2167-7471
Fax No.: (852) 2167-7422
Email: feagus@rcbc.com
CONTACT PERSON: MR. FEDERICO E. AGUS, JR.

TSUEN-WAN BRANCH
Shop 221, Lik Sang Plaza
269 Castle Peak Road, Tsuen Wan
New Territories, Hong Kong
Tel No.: (852) 2492-9747
Fax No.: (852) 2316-7344
Email: rcbchktw@biznetvigator.com
CONTACT PERSON: MR. ARTEMIO ROY R. PANES

WORLD – WIDE HOUSE
Shop 129 1F, Worldwide Plaza
19 Des Voeux Road, Central Hong Kong
Tel No.: (852) 2501-0703; 2537-8342
Fax No.: (852) 2537-9241
Email: feagus@rcbc.com
CONTACT PERSON: MR. FEDERICO E. AGUS, JR.

RCBC TELEMONEY EUROPE, SPA.[1]
Via Principe Amedeo, 7/b-c
Angolo Via Massimo d'Azeglio
00187 Rome, Italy
Tel. Nos.: (39) 06 4823616 to 17
Fax No.: (39) 06 4823615
E-mail Address: rome.rcbc@gmail.com
MANAGING DIRECTOR: ARIEL N. MENDOZA

MILAN BRANCH[1]
Via Speronari No. 6
20123 Milan, Italy
Tel. Nos.: (39) 02 72094109; (39) 02 80509274
Fax No.: (39) 02 72094092
E-mail Address: milan.rcbc@gmail.com

[1]ceased operations on March 4, 2016

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
  - 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
    - BancNet eGov - SSS/Pag-ibig/Philhealth

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*

SMARTER SOLUTIONS

RCBC

A YGC Member

Yuchengco Tower, RCBC Plaza
6819 Ayala Avenue, Makati City
0727 Philippines
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