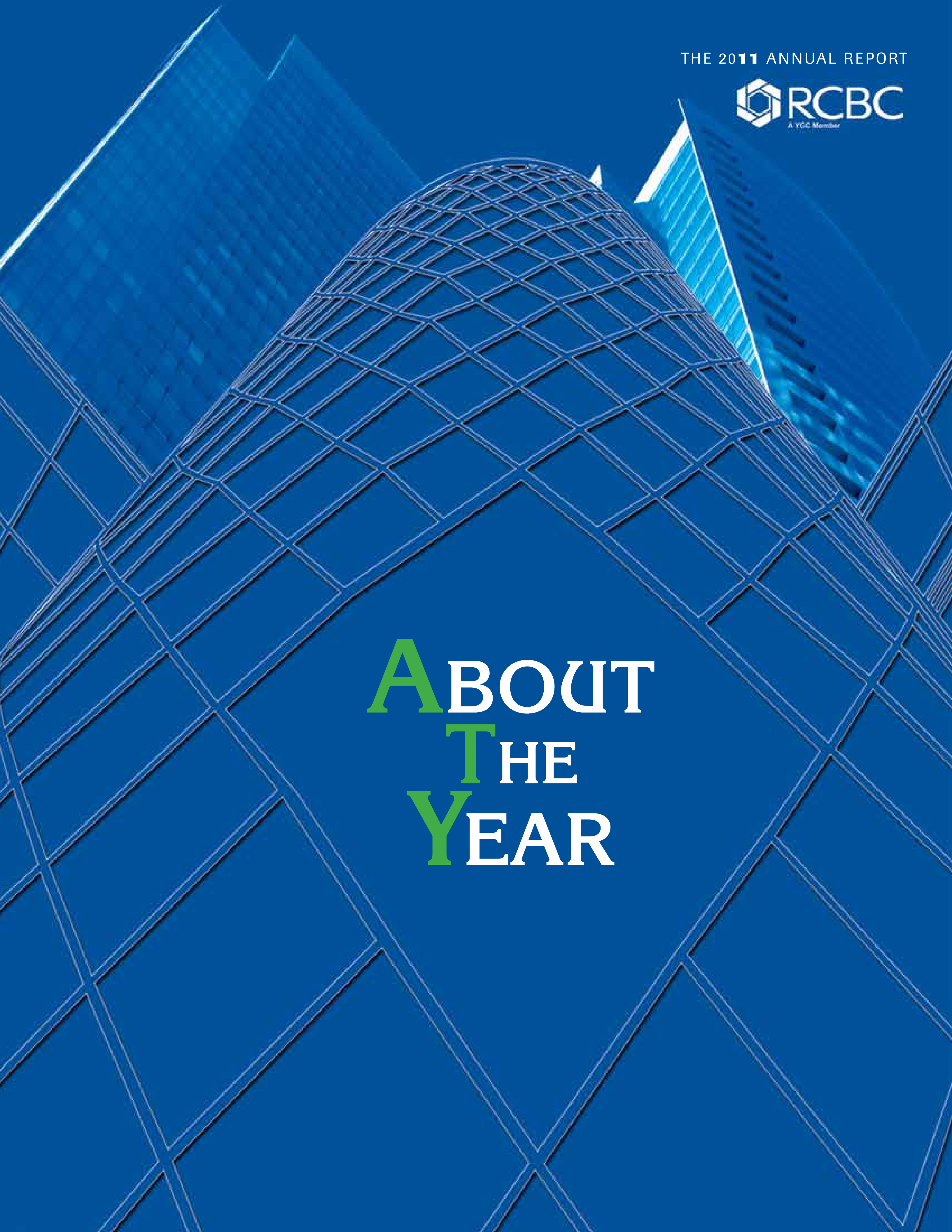


THE 2011 ANNUAL REPORT

RCBC
A YGC Member

About The Year

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.

THE COVER

The cone-shaped edifice of the RCBC Plaza is a definitive feature that separates it from any other office buildings in the country. Just like the uncompromising design of its headquarters, RCBC continues to distinct itself from the rest of the field, carving itself a niche in the banking industry and building a reputation for service excellence and innovative products. The year 2011 was all about the growth RCBC has achieved in all of its business fronts and the significant progress it has made towards realizing its vision of becoming the most admired and trusted profitable financial services group.

CONTENTS

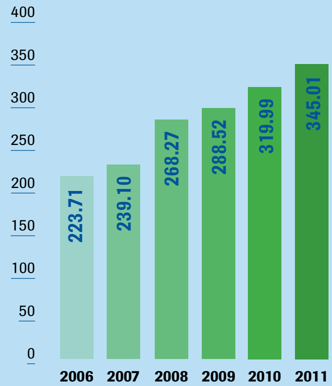
Financial Highlights

	2011	2010	2009
FOR THE YEAR (in million pesos except ratios)			
OPERATING EARNINGS	**20,622**	19,294	16,154
OPERATING EXPENSES	**12,194**	10,876	9,831
NET INCOME ATTRIBUTABLE TO			
PARENT BANK'S SHAREHOLDERS	**5,007**	4,248	3,328
RETURN ON AVERAGE CAPITAL FUNDS	**13.96%**	14.08%	11.95%
RETURN ON AVERAGE ASSETS	**1.60%**	1.47%	1.24%
NET INTEREST MARGIN	**4.09%**	4.55%	4.62%
AT YEAR-END (in million pesos except no. of shares)			
TOTAL RESOURCES	**345,005**	319,400	288,516
INTEREST-EARNING ASSETS	**295,538**	263,783	242,147
LIQUID ASSETS[1/]	**153,027**	130,184	99,358
LOANS AND RECEIVABLES, NET	**184,554**	163,982	164,892
INVESTMENTS	**92,678**	92,964	69,251
DEPOSITS	**255,460**	236,779	220,278
NET WORTH	**39,926**	31,848	29,958
PAID-IN	**20,809**	15,200	15,200
SURPLUS, RESERVE	**12,121**	11,887	9,611
HYBRID PERPETUAL SECURITIES	**4,883**	4,883	4,883
OTHERS	**2,113**	(122)	264
NUMBER OF COMMON SHARES	**1,140,135,121**	990,554,034	990,550,835
PER SHARE OF COMMON STOCK			
NET EARNINGS[2/]			
BASIC	**4.43**	4.06	3.13
DILUTED	**4.43**	4.06	3.06
BOOK VALUE (DILUTED)	**30.72**	29.26	27.27
CAPITAL ADEQUACY RATIO (CAR)	**18.52%**	17.77%	18.47%
NUMBER OF EMPLOYEES	**5,136**	4,645	4,409
NUMBER OF BRANCHES (including extension offices)	**387**	369	348
NUMBER OF ATMS	**761**	609	471

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

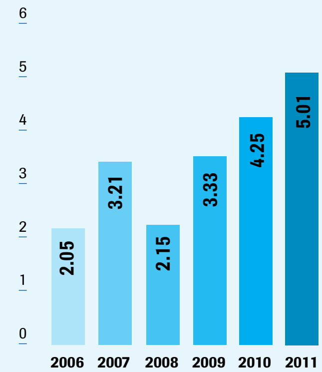
TOTAL RESOURCES

(in Billion Pesos)



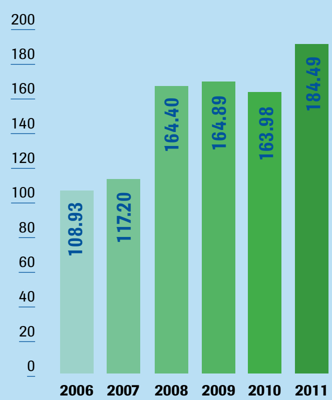
NET INCOME

(in Billion Pesos)



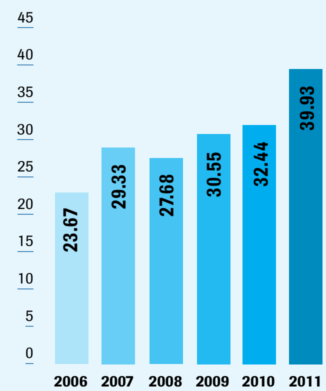
NET LOANS

(in Billion Pesos)



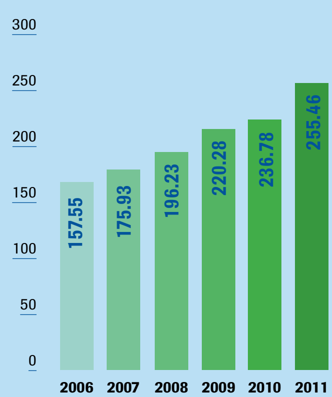
CAPITAL

(in Billion Pesos)



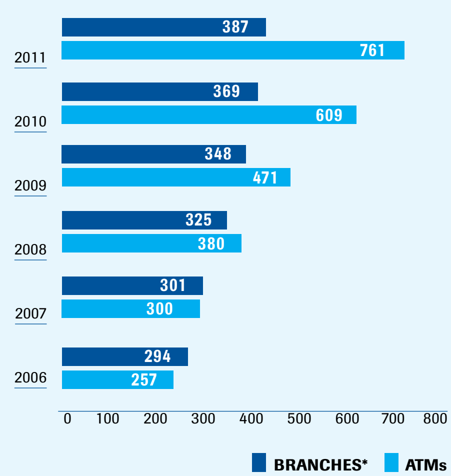
TOTAL DEPOSITS

(in Billion Pesos)



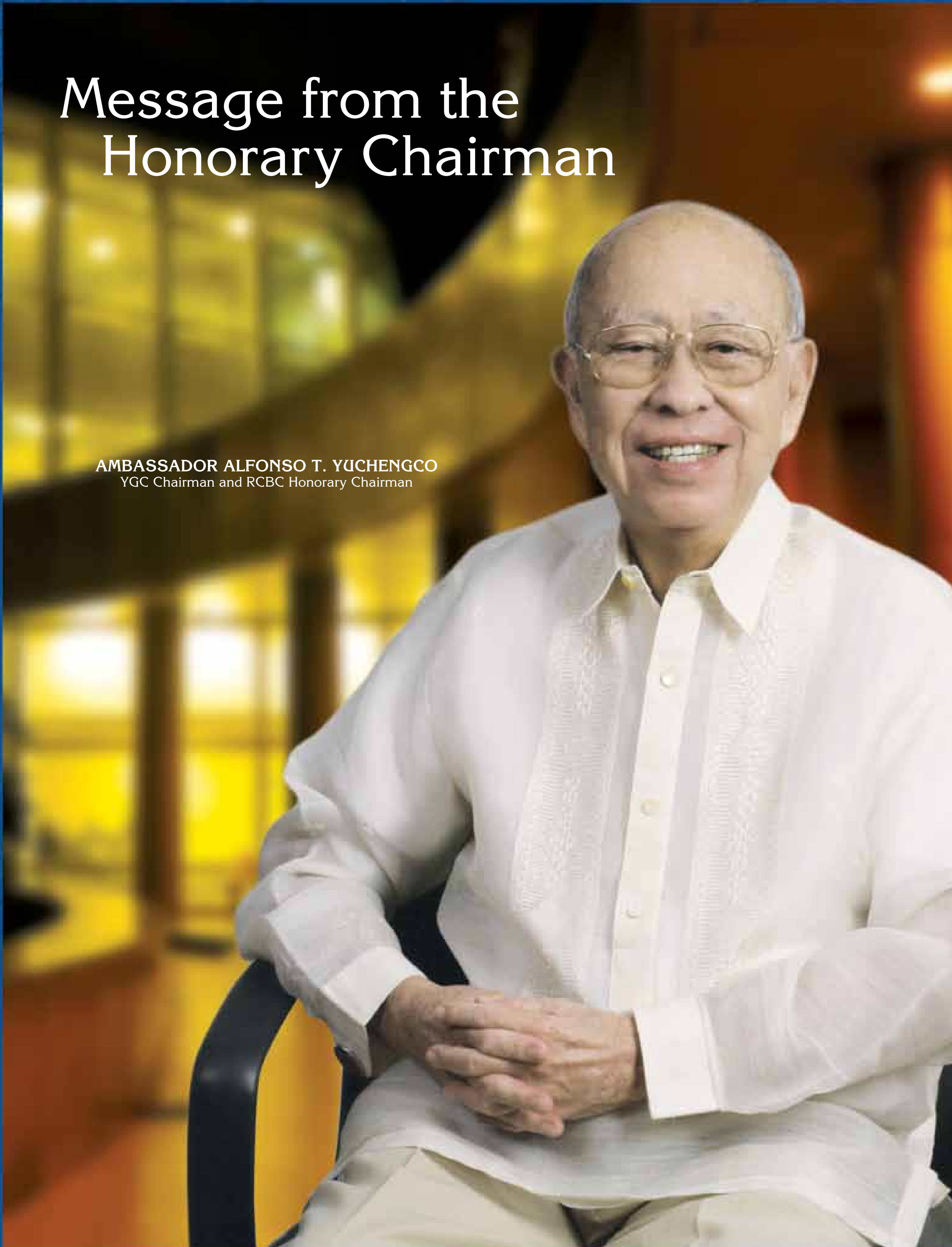
DISTRIBUTION NETWORK

(Branches and ATMs)



* *including extension offices*

Message from the Honorary Chairman



AMBASSADOR ALFONSO T. YUCHENGCO
YGC Chairman and RCBC Honorary Chairman

We are in a better position to uphold and preserve our tradition of excellence that has endeared us to our clients and shareholders.

The year 2011 was all about the great strides we at Rizal Commercial Banking Corporation have achieved, not only in our pursuit of expansive growth and greater profitability, but to our long-standing duty of providing sound and innovative banking services and financial solutions to the Filipino people. Last year was marked by a sustained and unprecedented expansion in all of RCBC's business fronts, a result of our relentless passion for customer satisfaction and our insatiable hunger for service excellence.

Our exceptional performance is indeed a fitting reward for all the efforts we have exerted in the last fifty years and clearly indicates that we are moving in the right direction as we all look forward to yet another golden era.

Looking at where we stand and what we were able to achieve, we are in a better position to uphold and preserve our tradition of excellence that has endeared us to our clients and shareholders. We now have an expanded network teeming with resources complemented with new innovative offerings that will allow us to elevate further our delivery of banking services and grow our clientele. We have developed new products and services that are not only market responsive but also provide our existing and prospective clients with the best value. Our presence is now even more felt and profound across the country as we reach more of our countrymen, giving them access to our funds for their financial needs and the benefit of world-class banking service.

All of these efforts did not go unnoticed within the international and domestic banking industry as RCBC brought home various awards from numerous award-giving bodies, citing our banking service excellence and ingenious financial solutions and products. These awards are testament to our brilliance and ability to perform beyond expectations, inherent qualities that enable us to solidify further our place in the industry.

With great pride and exuberance, I wish to extend my deepest appreciation to our clients, our partners and our shareholders, who continue to support us in this journey. I am convinced that as long as we maintain our passion and commitment to our duties, we will continue to make headway in fulfilling our objectives and eventually make our presence in the market stronger and even more enduring.

AMBASSADOR ALFONSO T. YUCHENGCO
YGC Chairman and RCBC Honorary Chairman

AMBASSADOR ALFONSO T. YUCHENGCO
YGC Chairman and RCBC Honorary Chairman

Business Affiliations

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 with the rank of Ambassador (2001)

Under the Administration of President Joseph Ejercito Estrada

- Presidential Assistant on APEC Matter with Cabinet Rank (1998-2000)

Under the Administration of President Fidel V. Ramos

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

Under the Administration of President Corazon C. Aquino

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

Affiliations – Private Sectors

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

GOVERNMENT AWARDS

Distinguished Service Award
Department of Foreign Affairs
February 24, 2012

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

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

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

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

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

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

Outstanding Manilan in Diplomacy
City of Manila (1995)

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

NON-GOVERNMENT AWARDS

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)

Highly Acclaimed Leadership

The strength of and respect for our institution radiate in large measure from the high esteem accorded by local and international business communities to our visionary leader. It inspires us in turn to do our utmost to achieve our vision of becoming the most admired and trusted profitable financial services group.

Message to our Stockholders

On behalf of the Board of Directors and your dedicated management team, we are pleased to report on RCBC's performance during a challenging yet fulfilling year.

The Bank's performance reflected our pursuit of a strategy of strong and continued growth balanced with prudent risk management, expansion and diversification, with deepening customer relationships.

In 2011, your Bank strengthened its balance sheet and improved its income performance while maintaining a strong capital adequacy ratio.

The Bank's Net Income reached P5.01 billion, 17.9% better than the previous year's P4.25 billion, while Net Interest Income stood at P10.75 billion. Non-Interest Income growth of 17.4% was mainly supported by Trading Gains, Service Fees, Commissions and Trust Fees which totaled P7.11 billion or 72% of total Non-Interest Income. Return on Average Equity was at 13.96% while Return on Average Assets was at 1.60%.

The Bank continued to build its financial strength following a deliberate strategy of prudent balance sheet management. Total consolidated resources reached P345.01 billion, 8.02% higher than the P319.40 billion posted in the same period last year. We continued to build our loan portfolio by actively pursuing opportunities in growth industries and refinancing activities as well as loan syndications while remaining vigilant on credit risk standards. Loans grew to P184.55 billion, as the corporate loan book rose by 30%, SME loan book by 37%, and Consumer Loans by 15%. Net Interest Margin remained high at 4.09%. Total Deposits as of end-2011 totaled P255.46 billion as the bank continued to focus on growing its low cost CA/SA deposits which grew by 20.33% while prudently reducing higher costing time deposits. CA/SA to Total Deposits ratio improved to 56.53% in 2011 compared to 50.69% in the same period last year.

The Bank's performance reflected our pursuit of a strategy of strong and continued growth balanced with prudent risk management, expansion and diversification, with deepening customer relationships.

It was a year of continued strengthening of our Balance Sheet. To address this, our Treasury Group established a Euro Medium Term Note Program ("EMTN Program"). This enabled the Bank to immediately tap the capital markets to take advantage of favorable market conditions. RCBC is the first Philippine bank to establish such a Program.

The Bank also issued a 3.85 billion Peso denominated Long Term Negotiable Certificate of Deposits (LTNCD) in December 2011 to establish term funding sources that is integral to sound balance sheet risk management.

To prepare for eventual stabilization of markets and to expand product offerings, Treasury applied for and was granted additional derivatives authorities by the Bangko Sentral ng Pilipinas (BSP) in

Our commitment of providing excellent banking service to our customers is our driving force to continue improving our products and distribution channels.

addition to those granted in 2010. These additional licenses will allow RCBC to expand its Trading, FX and Interest Rate hedging and investment capabilities and to extend its product offerings to more clients of the Bank.

The Bank's capital position remains strong, Capital Funds grew by 25.52% to P39.94 billion from P31.82 billion last year on the back of higher earnings and the P5.8 billion Tier 1 equity investments by the International Finance Corporation (IFC) and CVC Capital Partners, one of the top five largest private equity firms in the world. Capital Adequacy Ratio (CAR) stood strong at 18.52% and a Tier 1 ratio of 13.75%. We took a hard look at our plans and strategies and the risks that we might face and determined what will be needed in the implementation of a continuing Internal Capital Adequacy Assessment Process (ICAAP).

Our commitment of providing excellent banking service to our customers is our driving force to continue improving our products and distribution channels. We continued to boost our customer franchise, as we extended our distribution capability, enhanced our brand equity through better products that address specific client needs with effective marketing and more visible communications efforts. The number of our customers as of end 2011 grew to 3.4 million.

We have expanded our domestic distribution network to 392 with the addition of 21 new branches, combined with the existing 12 branches of Rizal Microbank and Pres. J.P. Laurel Rural bank, in strategic areas across the country. Complementing the branches, 232 ATMs were added, increasing our ATM network to 841.

In the area of consumer banking, RCBC Savings' net income grew by 19% from P968 million in 2010 to P1.15 billion. RSB continued to review and align its organizational structure against its goals and objectives as well as its strategies with the launch of its lending program to small and medium-sized enterprises. RSB likewise completed a number of technology initiatives that are meant to improve operations and enhance efficiency level. These included a shift in its backroom system to Oracle, the use of automated collection and predictive dialer system, and creation of a loans contact center to better service the needs of its customers.

We recognized the benefits and opportunities of building partnerships. RCBC Bankard's co-branding agreements with Sta. Lucia Mall, and Wilcon Builders have expanded our market for credit cards. This and the continued aggressive marketing to select clients resulted in a 14.2% increase in our cards-in-force totaling 506,000 at the end of 2011.

Our efforts to address the more sophisticated needs of high networth individuals yielded favorable results. Total assets under management grew by 28%.

The Bank's Trust business provided its clients with opportunities for short-term safe investment havens given global uncertainties. It pursued an aggressive distribution of its Special Investment Management Account (SIMA) – SDA product which best fits the client's needs. This strategy resulted in a 17% growth in trust assets.

We continued to aggressively cross-sell our array of products and increase bancassurance activities. RCBC's Bancassurance sales grew from P406 million in 2007 to P1.6 billion in 2011, a CAGR of 40.89%. It is also important to note that this is the first year of our partnership with an international institution, Sunlife, providing products with a global brand to our customers. We were motivated to enter this partnership by a vision of millions of our customers patronizing our global insurance products with Sunlife in addition to RCBC's core banking products.

Complementing our core business, the Bank's Global Transaction Services Group expanded its services to our Corporate and Small and Medium Enterprises (SME) clients by providing working capital solutions, in terms of cash management, short term trade financing and electronic banking services.

The Bank's microfinance business has grown 16 times over since its inception in 2009, from an aggregate loan disbursement of P14.6 million to P250 million in 2011. As the microfinance operation of RCBC matures, growth of the portfolio is expected to grow exponentially.

The Core Banking System replacement moved forward and will be ready for implementation in 2012. The Bank's network infrastructure was upgraded and is ready for the launch. Oracle Financials went live as planned in the first quarter of 2011.

In the area of talent management, the Bank continued to build its organizational capability. It strengthened the talent pipeline and brought further competencies on the job by facilitating various training programs and seminars benefiting 4,141 employees addressing the competencies of Customer Service, Sales Planning and Management, Product Knowledge, Leadership, Risk Management and Technical Skills while a total of 512 employees were enrolled in a number of specialized/IT external training programs.

Reflective of RCBC's commitment to excellence, the Bank received 18 Awards from World Finance, Asiamoney, and Asian Banking and Finance Magazines, Visa International and IDC Financial Innovation for Best Bank, Treasury, Retail Banking and Operational activities including the Most Admired Board of Directors award received during the Asia CEO Awards.

The achievements of 2011 would not have been possible without the support of everyone. We would like to thank our customers and depositors for their continued trust and confidence, our associates and our management team for their dedication and for their invaluable contribution to the performance of the Bank. We are also grateful to the Board of Directors for their valued counsel and guidance. And to you our shareholders, we thank you for your unwavering support.

The year ahead presents an even more challenging business environment. Such challenges firm up our resolve to attain levels of financial performance that will result in RCBC as being the most admired and trusted financial services group.

LORENZO V. TAN
President and Chief Executive Officer

HELEN Y. DEE
Chairman

Elevating Banking

We always put our best foot forward
in providing our clients with superior value
and worthwhile banking experience
by continually investing our resources
in innovative technologies
and in the enhancement of our
core banking system.

Economic Environment for the Bank in 2011

Philippine GDP in 2011 grew 3.7%, after 7.6% in 2010, which was an election year, and has consistently grown for 52 consecutive quarters (since 1999), as a sign of resilience and improved economic fundamentals, despite challenges posed by the external environment.

Major factors that slowed down Philippine economic growth were the underspending by the government as part of good governance measures, contraction in exports that slowed industry growth amid slower global economic growth, some storm damage in late 2011.

However, growth in consumer spending and investments remained relatively strong in 2011, due to record low interest rates, continued growth in OFW remittances, sustained strong growth in business process outsourcing (BPO) industry, continued double-digit growth in tourism.

GNP growth for 2011 was at 2.6%, after 8.2% in 2010.

Philippine GDP by industrial origin is as follows: Services (56.5% of GDP) posted a growth of 5.0% vs. 7.2% in 2010, due to the growth in Real Estate, Renting, & Business Activities (+7.7%); Other Services (+6.7%); Financial Intermediation (+6.6%); Transport, Storage, and Communication (+3.9%). Industry (32.0% of GDP) grew by 1.9%, after 11.6% in 2010, led by Manufacturing (+4.7%); Mining & Quarrying (+4.1%), but offset by Construction (-6.4%) and Electricity, Gas, & Water Supply (-2.8%). Agriculture, Hunting, Forestry & Fishing (11.5% of GDP) grew in 2011 by 2.6% vs. -0.2% in 2010.

In terms of expenditure share, Consumer Spending (70.8% of GDP) posted a faster growth of 6.1% vs. 3.4% in 2010, amid continued growth in OFW remittances and after average Unemployment Rate improved to 7.0% vs. 7.3% in 2010, partly due to new BPO employment that grew by 22% to 638,000 in 2011. Investments (22.2% of GDP) went up by 11.1%, after 31.6% in 2010, amid the sustained low interest rate environment, moderate global economic recovery, improved investor sentiment as partly manifested by credit rating upgrades. However, Government Spending (9.6% of GDP) contracted by -0.7% vs. 4.0% in 2010 after government underspending, which narrowed the Budget Deficit to –P197.5 billion (-2.0% of GDP) vs. –P314.5 billion (3.5% of GDP) in 2010.

Inflation averaged 4.8% in 2011, vs. 3.8% in 2010, but nevertheless still relatively benign and within the 3%-5% target of the Bangko Sentral ng Pilipinas (BSP).

The 91-Day Treasury Bill Rate ended 2011 at 1.556%, up from a record low of 0.438% on Sep. 5, 2011, vs. 0.775% in end-2010. Philippine interest rates remained relatively low amid huge amounts of excess peso liquidity in the financial system, relatively benign inflation, narrower budget deficit, and slower global economic growth.

The Bangko Sentral ng Pilipinas (BSP) came up with measures since late 2010 to sterilize the strong inflows of foreign portfolio investments or "hot money," partly to discourage undue speculation on further peso appreciation that adversely affects the competitiveness of exports, BPO, and tourism, and reduces the income of OFWs and others that earn in foreign currencies.

Consequently, these measures resulted to abnormally low short-term interest rates near zero levels, which are considered unprecedented and also helped in discouraging further peso strength. This eventually led to a flatter peso interest rate yield curve (with the decline in long-term interest rates amid the search for higher returns) and tighter net interest rate margins.

The Peso Exchange Rate was steady in end-2011 at 43.84, the same as the previous year, while most of the other Southeast Asian currencies weakened slightly vs. the US dollar during the year. Philippine Gross International Reserves (GIR) reached US$75.3 billion or equivalent to 11.1 months worth of imports (+US$12.9 billion or +21% from US$62.4 billion in 2010), partly brought about by the following: +7.2% growth in OFW remittances to US$20.1 billion; +24% growth in BPO revenues to US$11 billion; net foreign portfolio investments of +US$4.1 billion after +US$4.6 billion in 2010 (though temporary/shorter-term in nature). Balance of payments surplus for 2011 stood at +US$10.2 billion, after a record high of +US$14.3 billion in 2010.

However, exports for 2011 declined by an average of -6.7% to US$48 billion, vs. +34% growth in 2010, as the Euro zone debt crisis partly caused the slowdown in the global economy and trade. Imports in 2011 grew by an average of +9.5% to US$60.1 billion, vs. +27.5% in 2010. Consequently, Trade Deficit in 2011 widened to -US$12.1 billion, vs. –US$3.4 billion for 2010.

Universal/Commercial bank loans (net of RRPs) as of end-2011 grew by +19.3% to P2.791 trillion, vs. +8.9% as of end-2010, spurred by relatively low interest rates and encouraged by the lowest Non-Performing Loan (NPL) Ratio levels since right before the 1997 Asian financial crisis, at 2.2% as of end-2011 vs. 2.9% as of end-2010.

Financial Highlights

Results of Operations

RCBC posted a record performance in 2011 with Net Income of P5.01 billion, higher by 17.87% than 2010's P4.25 billion. This resulted to a Return on Equity of 13.96% and Return on Assets of 1.60%.

Gross Operating Income expanded by 6.88% or P1.33 billion to P20.62 billion from P19.29 billion in 2010.

Non-interest Income growth of 17.38% or P1.46 billion was mainly supported by higher Trading gains and Commissions and Service Fees. Trust fees, equity in net earnings of associates, Foreign Exchange gains and Miscellaneous income which totaled of P3.02 billion, contributed 30.55% to total Non-Interest Income.

Net Interest Income marginally decreased by -1.23% or –P134 million to P10.8 billion. The decrease was mainly due to higher Interest Expense on Bills Payable and Other borrowings which increased by 20.45% or P383 million due to increased volume of Bills Payable. The Bank however continued to grow its low cost deposits and reduced Interest Expenses from Deposits by -5.81% or –P235 million to P3.81 billion.

Impairment losses, which amounted to P2.51 billion, or P653 million lower than prior year's was due to better asset quality.

Operating Expenses increased by P1.3 billion to P12.19 billion as the Bank continued to expand business operations and invest in technology, as the set-up of a new core banking technology are ongoing. Branches increased from 369 at end 2010 to 387, while ATMs increased to total 761 at end 2011 from 609 in the previous year.

Financial Condition

Total Resources of the bank at year-end stood at P345.01 billion, P25.61 billion or 8.02% ahead of the previous year. This was mainly driven by a P18.68 billion or 7.89% organic growth of deposits, which ended at a level of P255.46 billion by end 2010, mainly driven by Savings deposits which grew by 23.83% to P134.24 billion. CASA to Total Deposits ratio improved from 50.69% in 2010 to 56.53%.

Capital funds, including minority interest, reached P39.94 billion or a growth of 25.50% or P8.12 billion mainly due to fresh equity infusion of P5.8 billion by CVC Capital Partners (P3.7 billion) and IFC (P2.1 billion). These capital activities strengthened Capital adequacy ratio to 18.52% as of year-end 2011.

Majority of funds were allocated to lending activities as Loans and Receivables grew by P20.57 billion or 12.55% to P184.55 billion. Growth came from all segments as Corporate loans grew by 37%, SME loans grew by 38% and Consumer loans grew by 15%.

Investment Securities was relatively flat at P89.06 billion from P89.47 in 2010.

Bank premises grew by P522 million or 9.77% to P5.87 billion mainly due to continued expansion.

Operational Highlights

Retail Banking

2011 was a stellar year for the Retail Banking Group as it reaped several awards in various categories. The highlight was receiving the Philippines Best Retail Bank of the Year award from Asian Banking and Finance. RCBC was also awarded the Philippine Best Website. The most recent achievement is Visa International's "Over-all Best Prepaid Service in the Philippines for 2011" which covers three categories: Top Growth, Cards in Force and Volume Growth.

These awards encapsulate the success of the retail distribution strategies that were implemented since the re-engineering plan in 2007. As the forefront of RCBC's acquisition channel, the Retail Banking Group has been consistent with its commitment to aggressively grow its customer base through its diverse and innovative product offerings and strengthened multi-delivery channels.

CUSTOMER FOCUS

Focused efforts in customer acquisition resulted to an increase in the customer base to 3.3 million in 2011. Several RCBC MyWallet card variants were launched to provide customers value-for-money services and access to transactions world-wide. Taking the performance lead are Mercury MyWallet Visa and LBC's Send and Swipe card. By the end of 2011, more than 1.8 million RCBC MyWallet prepaid cards have been distributed nationwide.

PRODUCT MANAGEMENT

The wide range of deposit product offerings with enhanced features has been instrumental to the tremendous growth in low-cost deposits. Combined with an effective marketing and communication strategy, the Retail Banking Group heavily used customer analytics to provide effective customer segmentation and product positioning.

Understanding the diversity and changing needs of the customer, the Bank continues to improve its products and services. Features and functionalities of Cash Management products were improved as RBG aimed for increasing its market share. The launch of various products since 2007 have pushed the branches to embark on massive acquisition activities and to focus on growing the relationship of each customer to increase product availment and deposit levels.

ELECTRONIC BANKING

RCBC has engaged heavily on e-commerce to serve the increasing complexity and demand of customers. Retail Banking has completed its multi-channel strategy and is now gaining ground to expand its network in terms of customer segments. Innovation has been a key factor to this strategy as the bank aims to tap strategic partners that will leverage on their expertise to introduce new initiatives to its customers.

During the 4th quarter, RCBC Access One was launched for all Apple IOS users. The bank aims to target all other smart phone users as the Android version is set to be launched in early 2012. The bank's main frontliners, the Business Managers, will likewise be empowered and will be the first to be equipped with iPads that will incorporate a system and daily performance dashboard for sales calls.

CROSS-SELLING

As the thrift banking arm of the Bank, RCBC Savings Bank implemented various initiatives to maintain its position as one of the top thrift banks of the country. These initiatives include the re-organization and expansion of its consumer lending centers (CLCs); improvement of processing turn-around time; strengthening of relationships with clients, dealers and developers; strategic establishment and relocation of branches and ATMs; greater synergy within the YGC; new product launch; product competitiveness and promotion; and continuous manpower training and development.

Since 2000, the Bank has been offering credit card products through its subsidiary, Bankard, Inc. In 2007, credit card operations were transferred to the parent bank and the card was renamed RCBC Bankard. Aimed at responding to the various needs of its market, its wide array of products include: regular RCBC Mastercard and Visa cards, RCBC Corporate card, Diamond Card, JCB card, myDream JCB card, Landmark Anson's card, LJC card, Citrus card, Mango card and RCBC Bankard China Union Pay.

BUILDING A STABLE BASE

The Retail Banking Group's main strategy in 2011 may be aptly summarized as a robust growth in the number of quality customers. This was achieved by the sustained brand awareness and product innovation, complimented by an evolving distribution channel – both traditional and electronic.

Corporate Banking

The Corporate Banking Group (CBG) handles banking relationships with the different corporate clients of the bank. In 2011, CBG recorded a P12.7 billion growth in its loan portfolio despite tough market conditions. The group participated in various loan syndications of its major corporate clients such as Quezon Power Philippines Ltd. Co., Manila Electric Company, and Globe Telecoms. CBG also extended credit to major corporates like the Ayala Group of Companies, San Miguel Corporation, and the SM Group. In addition, CBG remains to be a leading provider of trade finance services to Filipino-Chinese businesses.

Despite the lackluster performance of the country's export sector in 2011, which posted a 5.9% decline over the previous year, the Japanese and Ecozone Segment of CBG, which primarily covers locators in the ecozones, still posted a 9.6% growth in the export business generated from its clients. The Segment's performance was attributed to its strong presence and increasing clients' penetration rate in the major ecozones, as well as its successful efforts in further solidifying its relationships with its exporter clients. The Segment accounted for a sizeable share of CBG's CASA deposits, foreign exchange income and collateral business volume of 57%, 54%, and 38%, respectively.

The past 3 years witnessed sustained double digit growth for the Bank's Small and Medium Enterprises (SME) segment with a 37% increase in outstanding loans reported in 2011. This growth can be attributed to stronger market presence that resulted from establishment of new lending centers, increasing manpower complement and adopting a more aggressive marketing program for the SME market. The effects of process changes and streamlining of loan origination activities introduced in 2008 have likewise helped in better management of existing loans and generation of new businesses.

The Bank continues to launch technology-based innovations expected to simplify administration and servicing of small credits. In a move to reach a greater number of potential loan clients, the Bank is now making this loan self-assessment exercise available via Interactive Voice Recording System (IVRS). Using the most accessible tool of communication – the telephone, anyone can simply dial 877-RCBC or its toll free number 1-800-10000-RCBC to access the Bank's loan self-assessment exercise to immediately find out if they can get a loan from the Bank.

Consumer Banking

RCBC Savings Bank, with its mandate to act as the consumer banking arm of the RCBC Group, continued to grow its consumer loan portfolio (growth of 12% from P22.8 billion in 2010 to P25.4 billion in 2011), which accounted for 87% of the Savings Bank's total loan portfolio, by taking a more robust stance in consumer lending. Improvement in internal processes were implemented such as the creation of the Credit Cycle Management Group to separate the sales from the credit side of lending, thereby improving credit processes, enhancing turnaround time, and boosting service delivery. Collection efforts were, likewise, enhanced with the implementation of the Automated Collection System and the creation of a new unit focused on the resolution of the Bank's big-ticket non-performing assets. Realizing that SME is one of the major growth areas in the coming years, RCBC Savings Bank launched SME lending in early 2011.

Continued growth in the bank's loan portfolio was supported by the bank's strategy to increase distribution channels both on a nationwide and regional coverage. For housing loans, accredited developers include top tier Ayala Land Inc., Megaworld, Robinson's Land, and Filinvest Land. For auto loans, the bank started offering floorstock financing to select car manufacturers and internal promotional campaigns were launched such as the Mag-Level Up Na and the Go For Three This August. For salary and personal loans, corporate tie-ups were forged with medical associations, socio-civic organizations, and educational institutions as part of the Bank's wholesale-to-retail strategy. The Bank also increased its distribution network with the opening of Naga and Lucena lending centers, and Tacloban, Dipolog, and Dumaguete lending desks in 2011.

The RCBC Bankard brand launched two new co-branded cards in 2011 to add to its array of credit card variants. These two new co-branded cards include the Sta. Lucia Mall-RCBC Bankard MasterCard and the Wilcon-RCBC Bankard MasterCard. The Sta. Lucia Mall-RCBC Bankard is the country's first-ever shopping mall co-branded credit card that allows cardholders to earn rewards points and enjoy rebates, discounts and other privileges available exclusively to them when they use their card in participating merchants located within Sta. Lucia Mall.

The Wilcon-RCBC Bankard MasterCard was launched to provide cardholders year-round access to the widest and most modern choice of home-building supplies, furnishings, décor, appliances and many other home-makeover essentials. RCBC Bankard issued a total of 178,177 cards, increasing cards-in-force total to 505,710 achieving a 14.2% growth over 2010 total.

To strengthen the RCBC Bankard brand, a tagline "Making Your Life Better" was rolled out for a consistent look and feel. To further emphasize the brand and give its cardholders a credit card experience that they will enjoy and which will make their life easy and convenient, two additional services were launched in 2011 – Spend Analyzer and Dining-on-Demand.

The RCBC Bankard Spend Analyzer is a first-of-its-kind card feature that allows cardholders to plan their card usage by printing an expense summary table on their monthly statement of account. This table lists their expenses according to merchants and gives them a clear picture of the items or services they purchased with their card for the particular month as well as their total card usage. On the other hand, the RCBC Bankard Dining-on-Demand allows cardholders to order from over 200 restaurants using the RCBC Bankard Customer Service Hotline 888-1-888. They order their food then pay using their card in one seamless process.

Various marketing campaigns were also launched in 2011 like Spend Anywhere promos with Nivea, Hygienix, Adidas and many other establishments. To encourage usage and prevent attrition, special, targeted offers were sent to low-spenders, non-users and paydowns. The flexible Easyterms installment facility of the card was made even more flexible with various promos that pushed for 0% installment; thereby making it more attractive to cardholders. In time for the holidays, cardholders were offered a chance to enjoy a 20% rebate on their current month's interest charges for simply charging at least P20,000 to their card. For their holiday shopping, they were also allowed to purchase on 0% installment and pay the next year or after three months. All these efforts resulted in an increase in Issuing billings of 30% in 2011.

Treasury

The financial markets in 2011 were marked with caution and volatility. The debt crisis in Europe, the fiscal stalemate in the U.S., the natural disaster in Japan and slowing growth in Emerging Markets drove asset prices to an uncertain and directionless path. Volatility increased, particularly in the latter part of 2011, when the Greek debt problem became more evident and threatened even core Eurozone countries. Passage of the government budget for 2012 almost failed, which led to a credit downgrade of the U.S. Faced with these, investors remained cautious and tentative, even as liquidity continued to be at historic highs.

Amidst this market, Treasury actively managed its investment portfolio to prepare for the cyclical and structural changes in the investment horizon. In addition, it continued its investment portfolio diversification, not only in markets, but in products as well. Treasury added local currency fixed income securities as one of its investment instruments to take advantage of higher yields and potential currency appreciation of various emerging market economies.

The volatility of the markets also emphasized the need to strengthen our Balance Sheet. To address this need, Treasury established a Euro Medium Term Note Program ("EMTN Program"). This enables the Bank to immediately tap the capital markets to take advantage of favorable market conditions. RCBC is the first Philippine bank to establish such a Program.

The Bank issued a U.S. Dollar 200 Million bonds from this Program in February 2012, in addition to a 3.850 Billion Peso denominated Long Term Negotiable Certificate of Deposits (LTNCD) in December 2011, to establish term funding sources that is integral to sound balance sheet risk management.

To prepare for eventual stabilization of markets and to expand product offerings, Treasury applied for and was granted additional derivatives authorities by the Bangko Sentral ng Pilipinas (BSP) in addition to those granted in 2010. These additional licenses will allow Treasury to expand its Trading, FX and Interest Rate hedging and investment capabilities and to extend its product offerings to more clients of the Bank.

Through the ongoing efforts of the Global Distribution and Advisory Division (GDA) to strengthen its distribution in the Foreign Exchange and Fixed Income Markets, RCBC was awarded, in 2011, by the Fund Managers Association of the Philippines (FMAP) as the 3rd Best Fixed Income House Award with special acknowledgement for having the Best Domestic Fixed Income Salesperson. The collaboration of GDA and the proprietary trading desks in the Fixed Income and FX Markets garnered RCBC recognition as Over-all Best Domestic Interest Rates Services, Best Interest Rates Research & Market Coverage, Best Sales Services in Interest Rate Derivatives, Over-all Best Domestic Credit, Best Domestic Provider for FX Services and Best Prime FX Broking House in the Philippines in the Asia Money Poll for 2011. RCBC was also once again recognized by the Bureau of Treasury as one of the Top Ten Government Securities Eligible Dealers and in PDEx as one of the top 10 dealers for overall trading activity for 2011.

Wealth Management

The Bank's Wealth Management Group, the premiere unit of RCBC dedicated to serve the investment needs of affluent high net worth individuals continued its unprecedented growth for the fifth straight year since it was formally reorganized. Its assets under management (AUM) rose to P51.5 billion, an increase of +28% over the previous year. Over the last 5 years, it registered an impressive compounded growth rate of +38%, year on year, surpassing its 5 year target of P50 billion set in 2007. From 2007 to 2011, the Group's AUM surged +381%.

The continued growth in AUM is attributed primarily to a number of key strategies which the Group has been relentlessly focusing on. One of them is in expanding its client base, which surged by +17% versus a year ago levels leading to a remarkable compounded rate of +47%, year on year, or +577%, over the last 5 years. The Group's Relationship Managers and Associates have done well in nurturing and cultivating strong relationships with existing clients as the latter continues to increase its portfolio and AUM, a further evidence of its strong trust and confidence in the organization. This redounds to more referrals and new clients coming in, contributing to a wider client base.

Consistent with the vision of the Group for an open platform concept, high net worth clients are given the opportunity to invest in various financial instruments including those offered by 3rd party institutions. This service affords the clients the chance to diversify their portfolios according to their risk tolerance and investment appetite with the help and assistance given by our Relationship Managers.

In support of the tremendous growth potential of the wealth management business, the Group has also embarked on upgrading its existing IT system. Recently, the Bank has partnered with SunGard, one of the world's leading software and technology services companies, to further enhance its service reliability and efficiency to its clientele through an advanced and dedicated system dubbed the WealthStation. The new system will provide the Group with an automated and consolidated view of client portfolios throughout the Bank onto a single platform, improve reliability and efficiency of information, compliance, processes and workflow. RCBC Wealth Management is the first in the country to use SunGard's WealthStation.

Finally, the Group continues to expand its team of Relationship Managers and Associates as it branches out to other areas outside of Metro Manila such as Davao City. Strategic Wealth Management centers and offices will be set up to cater to a surge in newfound wealth and the middle class as a result of a continuing improvement in business and economic conditions as well as a relatively stable political environment in the country.

Trust Services

The year 2011 saw RCBC Trust further displaying its strength and expertise in fund management, solid capability in handling special fiduciary services and its ability to anticipate and respond to customers' evolving needs as it grew its total trust assets by P10.3 billion or 17% to P69.7 billion.

Corporate clients, which accounted for more than 50% of the bank's trust business, continued to be at the forefront of sustaining the core business of the bank in fund management and special fiduciary services. In 2011, RCBC earned new mandates for the management and administration of retirement funds and savings plans of prestigious companies. The bank also continued to take an active stance in offering its non-fund management services, focusing on receiving agencies for IPOs and stock rights offerings, collateral trust arrangements, mortgage trust indentures, escrows and stock transfer services.

New personal trust and IMA accounts, on the other hand, grew by over 50% in 2011. There was sustained interest in the long-term tax-exempt Crest Fund which participates in primary bond issuances and secondary market offers. The continued confidence of this market segment in the RCBC's fund management expertise allows the bank to achieve a more sustainable and long-term growth of managed funds.

On the other end of the spectrum is the bank's response to the clients' clamor for short-term safe investment havens given global uncertainties. RCBC Trust pursued an aggressive distribution of BSP's Special Deposit Account (SDA) in the market through its Special IMA (SIMA) - SDA product. The SIMA - SDA business grew by almost 150% taking advantage of the bank's increasing number of branches and the familiarity of clients with the investment. This growth was fully-supported by a trust IT sub-system that was launched during the year in all branches for a straight-through processing of transactions from front-to-back office.

With the pervasiveness of internet banking as a way of life, RCBC introduced to its existing customers the RCBC eTRUST, an internet facility that provides 24/7 clients with online access to the Rizal Unit Investment Trust Fund (Rizal UITF) Statement of Account (SOA) and the ability to view and check the latest Financial Statements (FS) for regular trust, investment management or other fiduciary services. It also provides clients with a convenient and secure way of requesting for additional reports, updating their contact details and downloading relevant forms. RCBC Trust takes pride in being among the very few trust institutions that offer this facility. This is RCBC's prelude to having increased visibility on-line and providing more technologically enhanced services to its trust clients.

Amidst the new and enhanced systems implemented during the year to streamline key processes and provide effective solutions to the customers' changing investment needs, the set-up of trust operations was restructured to align with the bank's service factory set-up. This allows RCBC Trust to continue to provide clients with quality service despite the growing volume of trust accounts.

RCBC Trust also implemented various incentive programs and started with aggressive product awareness campaigns, particularly for the Rizal Unit Investment Trust Funds (Rizal UITFs), to enhance the selling and referral efforts of various distribution channels including all YGC personnel. RCBC aims to make a successful resurgence in the UITF market as a result of these intensified campaigns and vigorous selling efforts.

Overseas Filipino Banking

The Overseas Filipino Banking group achieved a 5% growth in total remittances to $1.66 billion in 2011. The growth was attributed to enhanced tie-up relationships, improved client base and competitive exchange rates. Credit-to-account transactions also increased as the Group pushed the campaign for stronger account opening through its pre-departure orientation seminars.

The Group's Domestic Marketing division attained a double-digit growth in volume primarily due to the strong demand for Filipino sea-based workers. Also contributing to the growth was the addition of five new shipping clients to the Group's client base .

The Group's Subsidiary offices in Hong Kong and Italy realized increases in their respective volumes as well. The increase in volume was achieved through close coordination with tie-ups/agents , increased marketing activities to Filipino Domestic Helpers, as well as Filipino expatriates and businessmen and by conducting marketing promos which increased client interest and loyalty. The market for cross border transfers also improved with the continued increase in remittances from Chinese and Sri Lankan nationals in Italy. Early in 2011, a regulation was issued requiring all financial intermediaries (including money remittance companies) registered with Banca d'Italia to reapply as a Payment Institution in order to continue doing business in Italy. RCBC Telemoney Europe SpA completed the necessary requirements and the new license was released in January 2012. Meanwhile, our Subsidiary office in North America changed its business model to more agents and tie-ups.

The Group's Remittance Tie-ups also increased its remittances in countries such as Brunei, Singapore, Taiwan, Switzerland and Qatar. The Group also maintained its market share in Saudi Arabia despite the the Saudization law. Six new remittance tie-ups were accredited in 2011 as the division continued to find suitable money-transmitters in various countries with high OFW density.

The Group's worldwide remittance network reached a total of 1,365 subsidiary offices, tie-up partners and agents in 26 countries. The Group released in the fourth quarter of the year a new set of marketing collaterals with the tag line – "Ang pinagpaguran mo, makakarating ng mabilis at sigurado" – stressing the hard work of our Overseas Filipino Workers and the highlighting the assurance of Telemoney service.

Branch Network and Service Delivery Channels

In 2011 RCBC grew its brick and mortar channel with 10 (5 RCBC & 5 RSB) branches and 8 extension offices added to the RCBC & RSB bank network. The establishment of more extension offices minimizes overhead expenses and maximizes business expansion opportunities. RCBC & RSB added presence in Mandaluyong and Kalookan in Metro Manila; Bulacan, Cagayan, Isabela, Laguna and Mindoro in Luzon; Cebu, Lapu-Lapu, and Mandaue in the Visayas; and Cagayan de Oro, Davao and Bukidnon in Mindanao. Moreover, a total of 152 ATMs were added to the network in 2011, cementing the Bank's position as 5th in the industry with the largest ATM network.

Building on its electronic channel franchise, several enhancements were introduced: launch of iPhone App for Mobile Banking, implementation of the e-statement and integrated SOA in Access One, and Additional merchants in e-shop such as LocalRoam, Savers and Dragon Pay.

With the implementation of its new Core Banking system, the Bank will soon reap the benefits of a fully integrated multi-channel framework.

Microfinance

From its inception in 2009 with an aggregate loan disbursement of P14.6 million, the bank's microfinance operation has grown 16x over with 2011 exhibiting total annual disbursement of P250 million. The number of loans disbursed for the year totaled 4,051 – a 44% increase over the previous year's loan disbursement. Due to the short tenors of microfinance loans, outstanding portfolio by year-end 2011 accounted for only 17% of the total disbursement for the year. Short loan tenors, coupled with an excellent portfolio quality have resulted in portfolio yields averaging at 64%. Portfolio quality have been maintained at excellent levels with Portfolio-at-Risk > than 30days hovering at 2.38%, a much better performance vis-à-vis the Philippine industry PAR>30 days benchmark which presently stands at 8.06%. Due to the collateral-free nature of microfinance loans, a more stringent measure of portfolio quality has been adopted, thus, any loan with an installment delayed by even a single day is already considered in default – thus, the use of the "Portfolio-at-Risk Ratio." As the microfinance operation of RCBC matures, growth of the portfolio is expected to grow exponentially.

Information Technology

The Information Technology Shared Services Group (ITSSG) continued to deploy new application systems and enhance the Bank's IT infrastructure to support the growing demands of the business.

New channels were enabled in 2011 to reach more customers. The eTrust and Foreign Exchange portals were launched in the first semester while the Phone-A-Loan and Mobile Banking system for iOS phones and tablets were launched in the second semester. The iCard system servicing MyWallet customers was upgraded. A new Contact Center Ticketing System was implemented in July to service the queries of the growing customer base.

The Core Banking System replacement moved forward and will be ready for implementation in 2012. The Bank's network infrastructure was upgraded and is ready for the launch. Oracle Financials went live as planned in the first quarter of 2011.

The Data Center infrastructure and operations were enhanced in preparation for the larger volume of transactions. New servers were installed and storage systems were upgraded. The Data Center of the RCBC Savings Bank was consolidated with RCBC to improve operating efficiencies.

The Information Technology Shared Services Group (ITSSG) shall continue to support the Bank's growth through the deployment of technology-enabled products and solutions.

Human Resources

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

It strengthened the talent pipeline and brought further competencies on the job by facilitating various training programs and seminars benefiting 4,141 employees addressing the competencies of Customer Service, Sales Planning and Management, Product Knowledge, Leadership, Risk Management and Technical Skills while, a total of 512 employees were enrolled in a number of specialized/IT external training programs.

The Bank's effort to provide careers to new graduates and to ensure an effective talent development, HRG deployed 14 Officers Development Program (ODP) graduates to junior officer positions across the Bank and commenced with the fourth batch with 14 trainees from top universities. In June 2011, HRG in partnership with Operations Group launched the General Operations Learning and Development (GOLD) Program with 8 selected trainees. The 6-month program aims to develop a pool of junior officers with strong operations background and risk orientation.

HRG in collaboration with management, continued to subscribe to the Bank's Succession Planning Program. This is to ascertain that the organization has a deep bench of internal candidates ready to assume higher leadership responsibilities. Moreover, the group graduated the first batch of the Leadership Development Program (LDP), an internal training program 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; and, presently on its 2nd run of the program with 25 participants from the different groups of the Bank. The group likewise announced the promotions of 572 highly deserving associates; implemented the annual rewards program; and, managed the Bank provided benefits and Retirement Program.

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

As part of the Bank's thrust to maintain a safe and healthy working environment, the HRG continues to uphold policies such as the Substance Abuse policy - an awareness program on drug abuse and their effects in the workplace and unauthorized use of alcohol; and the policy on Inspection and Search Procedures – which involves notifying security personnel of anything unusual and or suspicious and the inspection procedures by security personnel upon entering and leaving bank premises. The directors and all employees of the Bank are governed by a Code of Conduct, which revolves around the Core Values of the company. It is designed to serve as a guide on how to conduct one's self within and outside Bank premises and in dealing with clients and customers and co-associates. Violation of the Code of Conduct may be reported to the Human Resources Group, the Internal Audit Group or the Security Department. The provisions of the Bank's Code of Conduct are available electronically to all employees through the RCBC Information Zone (RIZ).

Strengthening the Bank's corporate social responsibility, the Bank strongly supported YGC's environmental consciousness campaign dubbed as 'Earth Care Program'. This nationwide initiative aims to encourage employees to show their concern for nature and conserve resources through Earth Hour and the grand tree-planting activity in the YGC Centennial Forest in Tanay, Rizal, where every major YGC company came to plant seedlings in the mountains of Barangay San Andres, covering 100 hectares.

The 'Earth Care Program' was launched during YGC's 100th anniversary celebration. The Program was also brought to Cagayan De Oro, Davao, Bacolod, Cebu, Clark and Legaspi City, Albay.

Customer Service Excellence

Following its successful rollout of YGC's WOW service excellence program in 2010, RCBC took the steps necessary to ensure employees embrace the service culture introduced to them in the previous year.

To keep employee interest and engagement with the 12 service standards advocated in the WOW platform high, RCBC's Service Excellence unit mounted innovative and out-of-the box promotional ideas that attracted participation from thousands of bank employees. From a highly competitive collage making competition among the bank's operating groups in January, to an exciting dating game in February, employees anticipated and participated in various activities that saw the bank promoting and focusing on one service standard each month.

As the WOW Program backs continuous learning among associates of the YGC, RCBC was first to complete an Assessment of Competencies and Traits of its frontline personnel who eventually went on to undergo training programs that will enhance their service delivery skills even more. RCBC was likewise able to lay down and introduce new learning modules under the WOW Learning Series while continuing side by side the training programs traditionally undertaken by HRG. The Operations Group, on the other hand, went on to pursue major quality enhancing initiatives through the Lean Six Sigma principle.

To ensure that the voice of the customer is not left in the equation, RCBC conducted customer satisfaction surveys undertaken separately by RCBC Contact Center and the Service Excellence unit.

Moreover, to ensure that every customer complaint is serviced and brought to a satisfactory resolution, RCBC integrated the Service Excellence unit in the complaints handling flow, particularly those lodged at and originating from the RCBC Contact Center. Under the new system, RCBC Service Excellence now validates and closes each complaint ticket filed by clients, making sure that complaining customers are truly appeased before their concerns are labeled “addressed.”

“Text Alerts,” the winning entry in the employee suggestion competition in 2010 was adopted and implemented last year by the bank’s Wealth Management Group. The paperless communication link added an even more personalized touch in the group’s customer handling practice as it treated clients to warm and thoughtful greeting special occasions.

Having made an imprint for quality service among its employees, RCBC managed to easily rollout the 2nd edition of WOW Minds at Work (employee suggestion program), which attracted participation even among the Officers’ Development Program trainees. Paired with the environment sensitive employee suggestion campaign Green Minds at Work, RCBC was able to generate truly value laden suggestions.

2011’s winning WOW Minds@Work entry is a proposal to put together a product CD, an instructional audio-visual presentation which will feature the wide range of products offered by the bank, which can eventually take the place of printed and costly brochures that clients leave behind. The project is now being worked on by the bank’s Public Relations Committee.

On the other hand, RCBC’s Green Minds@Work winner pushed for the digitization of transaction reports for heavily paper dependent internal transactions such as in RCBC’s settlements unit. The proposal, once in place, will allow the Bank to save on paper use and even on storage space requirements.

Subsidiaries

RCBC Savings

Against a backdrop of slow global and domestic economic growth, RCBC Savings Bank’s net income for 2011 breached the P1 billion mark. The Bank reported a record P1.15 billion net income, a 19% growth from P968 million in 2010. This resulted in higher profitability ratios with Return on Equity at 16.7% last year from 14.2% and Return on Assets of 2.2% from 1.8%. The Bank’s continued profitability enabled it to declare cash dividends to the parent bank.

RSB solidified its rank as the 3rd largest thrift bank in the Philippines with P63.40 billion in total assets, 9% increase from P57.94 billion the previous year. As the Bank focused on its core business, its consumer loan portfolio grew by 13% led by significant growth in regular housing and auto loans. Regular housing loans and auto loans accounted for 85% of the total loan portfolio. The low interest rate environment and robust real estate industry contributed significantly to the 11% expansion of regular housing loans. Auto loans, on the other hand, rose 10% despite the supply problems experienced by the industry during the year. The earthquake and tsunami which ravaged Japan, and the flooding in the cities of Thailand affected the availability of parts and completely built-up units (CBU), resulting in a decline of vehicle sales in the industry by 3.1%.

Total deposits rose by 11% to P53.59 billion from P48.09 billion in 2010 primarily attributable to the substantial growth in CASA, which reduced the overall funding cost and enabled the Bank to continuously offer consumer loans at more competitive interest rates.

Because of its sustained profitable operations, RSB's capital increased by 4% to P7.13 billion despite the dividend payout. The Bank continued to be sound and well capitalized with capital adequacy ratio at 14.9%, higher than the 10% minimum CAR prescribed by BSP. Its balance sheet remained strong with continued loan loss provisioning, improved non-performing loan (NPL) ratio and higher coverage ratios against the level of NPLs and non-performing assets (NPAs). The NPL ratio as of end-2011 improved to 4.0% from 5.4%.

To further expand its loan business, RSB launched SME lending in order to cater to the financing needs of small and medium-sized enterprises. The Bank recognizes the huge growth potential of this market as SMEs make-up over 99% of all registered businesses in the Philippines and employ 70% of the workforce. These businesses are expected to grow in line with the economy.

As a means of widening its geographical reach and improving service delivery, the Bank opened 5 new business centers (Santiago, Isabela; San Ildefonso, Bulacan; Agora, Cagayan de Oro; Buhangin, Davao; Balibago, Sta. Rosa Laguna), 2 provincial lending centers (Naga and Lucena), 3 provincial lending desks (Tacloban, Dipolog and Dumaguete), and installed 16 additional ATMs nationwide. RSB ended the year with 123 branches, 13 lending centers, 5 lending desks, and 167 ATMs.

RSB continued to review and align its organizational structure against its goals and objectives as well as its strategies. The Bank likewise completed a number of technology initiatives that are meant to improve operations and enhance efficiency level. These included a shift in its backroom system to Oracle, the use of automated collection and predictive dialer system, and creation of a loans contact center to better service the needs of its customers.

RSB also launched the Bank Officers Training Program (BOTP) in 2011 to address its growth and succession needs. With participants coming from both the graduates of top-tier schools and existing regular employees with perceived high potentials, the BOTP aims to develop the potentials of young and aggressive people and prepare them in assuming management positions within the bank in the coming years.

RCBC Forex

Behind the backdrop of a volatile market in 2011, RCBC Forex was able to spot opportunities among the major currencies and was able to ride the unpredictability of the past year. Despite the uncertainties the company was able to post a record net income of P75 million, yielding an average return on investment of 34.34% p.a. The key to its growth performance are its people who ensure that their clients are provided with efficient and reliable service coupled with aggressive product marketing and quoting of competitive rates. Thus, for the last seven (7) years it remains to be the number one (1) bank-owned forex corporation in terms of revenue.

RCBC Capital

RCBC Capital Corporation, a wholly-owned subsidiary of the Bank, is a full service investment house providing a complete range of investment banking and financial consultancy services which include (i) underwriting of equity, quasi-equity, and debt via public offering or private placement, (ii) syndication of foreign currency and peso loan, (iii) financial advisory service with respect to mergers and acquisitions, restructuring, company valuations and spin-offs, and (iv) dealership of commercial papers and other securities. With over 38 years of strong presence in the Philippine investment banking scene, RCBC Capital has established its name in the industry, making it one of the top ranking and preferred investment houses in the country. In 2011, RCBC Capital raised funds through the equity capital market for several issuers, which included San Miguel Corporation, San Miguel Purefoods, and First Gen Corporation, among others. RCBC Capital was also actively involved in key debt issues in 2011. Among these were debt issues of Ayala Corporation, SM Investments Corporation and the National Food Authority. Moreover, reflective of its commitment to excellence, RCBC Capital was awarded Best Vanilla/Structured Loan Deal of the Year in South East Asia for its Joint Lead Arranger role in the $425.0 million Corporate Notes Issue of Quezon Power Corporation. The company had also been cited for its active participation in the issuance of LGU bonds. In 2011, RCBC Capital posted a 45% growth in its revenues. RCBC Capital continues to build its portfolio as evidenced by several debt and equity deals in its pipeline.

RCBC Securities

During the year. Gross Broker's commission of RCBC Securities, Inc. increased by 31% from P66.35 million in 2010 to P86.92 million in 2011 while volume of transactions coursed through Philippine Stock Exchange significantly increased from P23.69 billion to P39.18 billion in 2011.

RCBC Bankard

Bankard, Inc. continued to achieve financial gains with a reported net income after tax of P118.4 million for the year 2011. It posted total revenues of P402.8 million registering a 5.1% growth versus a year ago. Likewise, Bankard was able to generate substantial incremental revenue over the last year of P10.7 million from acquiring transactions of UnionPay issued cards. Collection and recoveries from fully provisioned and written-off credit card receivables left in the books of Bankard amounted to P58.5 million. The financial results translated to a return to equity of 142%, return on average of 13% and earnings per share of P0.05.

Total assets of Bankard grew by 17.2% from P837.1 million to P980.9 million due to the net income in 2011 and the additional funds generated from the sale of its treasury shares. Bankard, Inc. sold its 26.5 million shares in November 2011 to comply with the minimum public ownership requirement.

Bankard's relentless efforts to effectively and productively service the RCBC Bankard credit card can be seen thru the growing volumes the company processed in the areas of Issuing and Acquiring volumes as well as the customer transactions which grew by more than 30%. Cards embossed and delivered increased by 62%. Collection contacts made increased by 42.5%. All these were achieved thru a lean organization.

Simultaneous to Bankard's efforts to come up with new and improved products and services that are relevant and targeted to the needs of the credit card customers of RCBC were the initiatives to enhance existing infrastructures that support the consistent execution of strategies and activities such as training and development programs. During the year, 20 additional employees were added to the Cross Posting Program as part of the development of the employees.

Bankard has moved forward its plans to expand it acquiring business by acquiring 5,000 POS terminals and currently in the process of inputting the solutions into these machines. Bankard has also started processing "debit" transactions through the POS terminals via link ups with a number of the POS terminals to Bancnet.

For 2012, we will continue to focus our energies and efforts towards the continuous improvement of processes that will enhance our product and service delivery systems. We will also identify opportunities in the area of payment systems that we can participate in to enhance your company's profitability.

Corporate Governance

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

The Bank's corporate governance policies and rules are embodied in the board-approved Corporate Governance Manual which is updated and revised annually, with the objective of continually aligning the Bank's policies with the BSP and SEC issuances as well as international best practices on corporate governance. This also ensures that the interests of stockholders and stakeholders are always taken into account, the directors, officers, and employees are aware of their responsibilities and the business of the bank is conducted in a safe and sound manner. To improve governance structures and process through benchmarking against local and international leading practices, the latest revisions to the 2011 Revised Corporate Governance Manual incorporated 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.

Excelling through Innovation

We now boast of products and services that are innovative, market responsive and recognized by both the local and international banking community, a testament to our banking expertise and excellence in customer service.

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

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

A formal policy on related party transactions was developed and approved by the Bank's Board of Directors in September 2011. The policy set forth guidelines to ensure that agreements, arrangements or obligations to which the Bank or any of its subsidiaries is a party and which involves any director, officer, employee, agent or shareholder of the Bank are entered into on an arm's length basis, i.e., on terms no less favorable than those available to any unconnected third party under the same or similar circumstances.

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

THE BOARD OF DIRECTORS

The corporate powers of the Bank are exercised, its business conducted and all its property are controlled and held by the Board of Directors, composed of members elected by the stockholders. There are 15 directors, 4 of which are independent. All 15 directors are known for their independence, professionalism and integrity, and make decisions for RCBC with complete fidelity to RCBC and cognizant of their responsibilities under relevant law and regulation.

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

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

The responsibility to act and pass upon matters for action in between meetings of the Board has been delegated to an Executive Committee. The Board has delegated other responsibilities to its subcommittees. The Audit Committee provides oversight of the Bank's financial reporting and control, and internal and external audit functions. It monitors and evaluates the adequacy and effectiveness of the Bank's internal controls, including financial, operational and compliance controls, and risk management. The Corporate Governance Committee assists the Board in fulfilling its corporate governance responsibilities. It reviews and evaluates the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board. It is responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines. It makes recommendations to the Board regarding the continuing education of directors. The Risk Management Committee oversees the system of limits to discretionary authority that the Board delegates to management. It ensures that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached. It likewise enables the Board to establish the Bank's risk tolerance within a risk-reward framework and ensures that a risk management strategy is in place that adheres to this framework. The Trust Committee oversees the trust and fiduciary business of the Bank. The Technology Committee oversees the bank's hardware/software purchases, monitors performances of various IT applications of the bank as well as status of various IT projects. The Personnel Evaluation and Review Committee investigates cases of violation of clearly defined Bank policies, rules and regulations. It also recommends to the Board the disciplinary measures and penalties to be meted out.

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, is tasked with overseeing the effective implementation of the Bank's compliance program. This program is consistent with the Bank's mission of conducting its business with integrity, excellence and commitment while providing fast, affordable and quality financial services to its clients.

The Compliance Office promotes compliance awareness and proactive regulatory compliance among officers and staff through dissemination of regulatory issuances, regular monitoring, compliance-testing, and conducting seminars. It maintains a clear and open communication process within the Bank to provide Bank personnel with a clear understanding of banking laws, rules & regulations, as well as the risks and effects of non-compliance. The compliance function also covers oversight of the activities of Bank's domestic subsidiaries which are under BSP supervision, such as RCBC Savings Bank, RCBC Capital Corporation, Bankard, Inc., RCBC Securities, Inc., RCBC Forex Corporation, and the newly acquired Merchants Savings and Loan Association and Pres. JP Laurel Rural Bank, Inc, as well as its foreign subsidiaries, such as RCBC International Finance, RCBC Investments Ltd., RCBC North America, and RCBC Telemoney Europe. This ensures consistent and uniform implementation of the requirements of the BSP and other regulatory agencies. This also involves monitoring of inter-company transactions to ensure that these are done at arm's length and in the regular course of business.

In order to strengthen and improve the Bank's Compliance Program, the Compliance Office was reorganized in May 2011 and expanded into three departments, namely: the Anti-Money Laundering Department, the Testing and Monitoring Department and the Corporate Governance Department under the direct control and supervision of the Compliance Officer. Under these departments are AML Specialists, Compliance Specialists as well as an Education and Research Specialist. Likewise, the designated Deputy Compliance Officers from each unit/department/division are responsible for the actual implementation of applicable regulatory issuances and the submission of compliance certifications to the Compliance Office. Pursuant to BSP Circular No. 145, Section X170 of the BSP's MORB as amended and the SEC's Revised Code of Corporate Governance, the Board approved the latest revisions/updates to the Bank's Manual of Compliance in November 2011. Following the issuance of BSP Circular No. 747, Series of 2012 re: Revised Compliance Framework for Banks, the Bank's Compliance Program shall be updated and revised in order to comply with the provisions of the Circular.

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

Risk and Capital Management

Taking off from the foundations set in 2009 and 2010, one of the Bank's major initiatives in 2011 was the further embedding and alignment of its capital and risk management processes with the ultimate goal of creating value within a defined risk-reward framework.

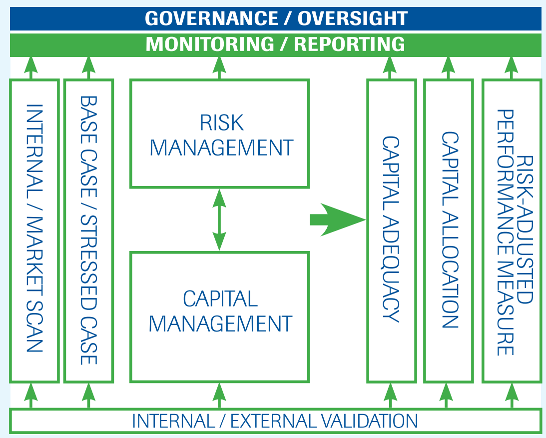
Concretely, the Bank's risk and capital management framework is one that enables the Board and Senior Management to:

- Make informed and conscious decisions to either take on or reject risk exposures;
- Charge an appropriate price for every risk assumed;
- Plan for the establishment of adequate capital against unexpected losses; and
- Rationalize deployment of capital given measures of risk-adjusted returns.

RISK AND CAPITAL MANAGEMENT FRAMEWORK

The Bank's Risk and Capital Management Framework emphasizes five pillars:

a) Oversight,
b) Risk Management,
c) Capital Management,
d) Risk and Capital Monitoring & Escalation, and
e) Review & Validation.



The Bank's Risk and Capital Management systems respond to internal and external signals manifested in its Corporate Vision & Mission, which animate a set of Strategies that aim to fulfill such Vision while taking into account external signals mostly involving current market movements and projections. Always, Risk and Capital Management systems see through bi-focal lenses – growth/business-as-usual scenario, and stress.

With the foregoing as backdrop, business targets are determined along with the risks and the necessary capital, bearing in mind minimum capital adequacy regulations and internal triggers. In an ideal scenario, the process should lead to maximization of capital via robust capital allocation among the business units, and with performance assessed via risk-adjusted measures. The Bank is committed to working towards this goal. In the meantime, and largely due to regulatory capital floors, the process is mainly capital supply – driven; i.e., growth is dictated by how much capital is available.

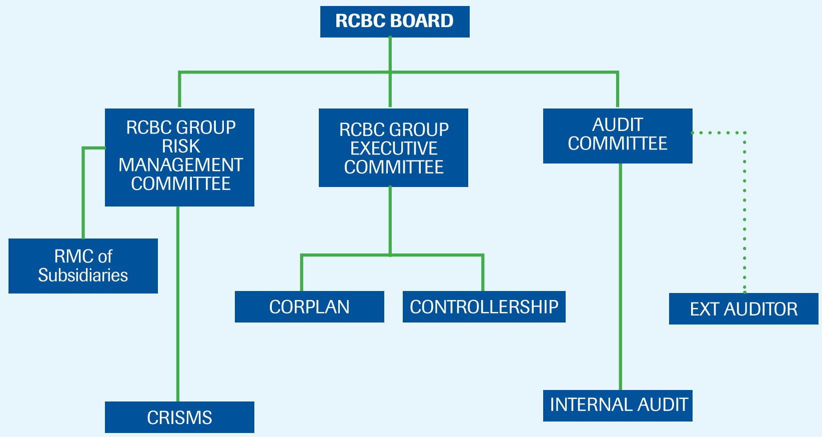
The Framework and its sub-processes are all subject to review and validation, a role largely driven by the Bank's Internal Audit Group.

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

Risk and Capital Management Infrastructure & Oversight

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

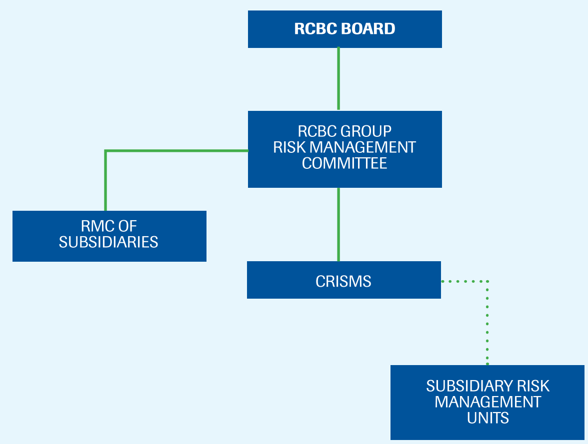
In the interest of promoting effective and efficient corporate governance, however, the Board constitutes committees to perform oversight responsibilities. Central to the Risk and Capital Management Framework are the specific oversight functions performed by the Executive Committee (Excom), the Risk Management Committee (RMC), and the Audit Committee (AudCom). General oversight with respect to the Framework's implementation however rests with the RMC.



The Risk Management Committee (RMC)

The RMC 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 Bank's risk appetite;
- Review and management of the Bank'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 management



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

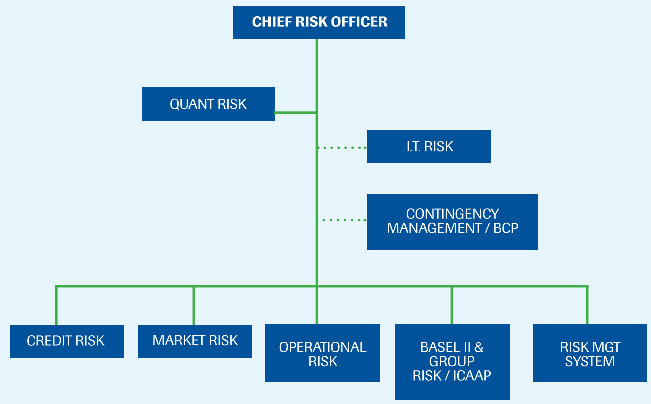
- Identify the Bank's risk exposures, assess the probability of each risk becoming reality, and estimate its possible effect and cost.
- Develop a written plan defining the strategies for managing and controlling major risks; and identify practical strategies to reduce the chance of harm and failure 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 management 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.

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 Bank'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 Corporate Risk Management Services Group (CRISMS)

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

CRISMS implements the risk management process in the parent company, 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 operational. The quantitative risk unit exists to address the quantitative nature of risk management and to assist in the building of models and other risk metrics. I.T. risk management and contingency management are not directly under CRISMS; but the latter nonetheless exercises oversight.

Complementing these established divisions are two other functions under CRISMS:

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

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

Risk Management Philosophy & Framework

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

This corporate risk philosophy further translates to:

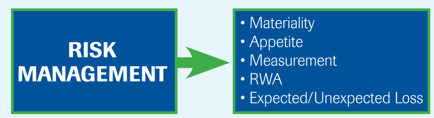
- Prudential risk-taking and proactive exposure management as cornerstones for sustainable growth, capital adequacy, and profitability;
- Standards aligned with internationally accepted practices and regulations in day to day conduct of risk and performance management; and
- Commitment to developing risk awareness across the Bank, 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 Bank's risk management system aims to:

- Identify, measure, control, and monitor the risk inherent to the Bank'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 Bank's Risk Management Framework, as a vital component of Risk and Capital Management, provides the engine for the determination of the Bank'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 Bank are then used to measure these risks. Limits are then set to control them; and later monitored regularly to ascertain whether the same risks are still within the prescribed limits.



The Framework adhered to by the Bank in managing its risk exposures is illustrated as follows:

RISK IDENTIFICATION AND MATERIALITY

The risk identification & assessment process in the Bank 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 Bank's Trust business, subsidiaries and affiliates. The final means by which risk identification is carried out is via independent assessments. These include assessments and validations made by the Bank's internal audit group, by the BSP, other regulators, the customers themselves, and other stakeholders.

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

RISK ASSESSMENT

Pillar 1 Risks

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

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

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

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

Pillar 2 Risks

The tools used to measure most of Pillar 2 risks on the other hand are, in general, still evolving, and shall still undergo refinement moving forward. Following is a brief summary of the tools employed for quantifying Pillar 2 risks in 2011.

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

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

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

- *Reputation Risk* – It is the current and prospective negative impact to earnings and capital arising from negative public opinion. The Bank recognizes this risk as one of the most difficult to quantify. For 2011, the Bank employed a reputation monitoring and escalation framework, which studies have shown to be just as effective. The assessment of extreme reputation risk however is folded into the assessment of liquidity risk stress.

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

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

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

RISK CONTROL

The Board establishes the Bank'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.

The control and mitigation of Pillar 1 risks are illustrated below.

RISK TRACK	RISK CONTROLS	OTHER RISK MITIGATION TOOLS
CREDIT	Regulatory Limits: SBL, DOSRI Industry Exposure Limit (IER) Credit Approval Authority Limits Internal SBL	Credit Evaluation Process Industry & Borrower Risk Rating Loan Loss Provisioning / Impairment Asset Quality Review Credit Stress Testing Exception Monitoring & Reporting
MARKET	Trading Position Limits Value-at-Risk (VAR) Limits DV01 Limits Loss Limits Management Action Triggers (MAT) Rate reasonability Limits	Individual Product Guidelines Market Stress Testing
OPERATIONAL	Risk Control Self-Assessment* Loss Events Database* Key Risk Indicators* **(non-limits currently)*	Embedded in compliance programs Business continuity, Audit Risk-specific control activities

RISK MONITORING AND REPORTING

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

RISK MITIGATION AND MANAGEMENT

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

The Bank 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 Bank in good stead during unforeseen crisis events.

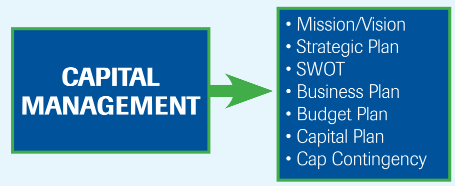
RISK FOUNDATION & ENABLERS

For the entire Risk Process to work, however, some foundations need to be set, most important of which is the active involvement of the Board and Senior Management. It must be apparent to the rest of the Bank 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 Bank must have access to the right minds in the industry. Moreover, full backing from the technology side must be present for the risk process to be effective and updated with latest trends. Finally, an effective risk management process is a product of continuous learning and improvement. Risks evolve; and for the Bank to keep up, its risk process must proactively keep up as well.

Capital Management Framework

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



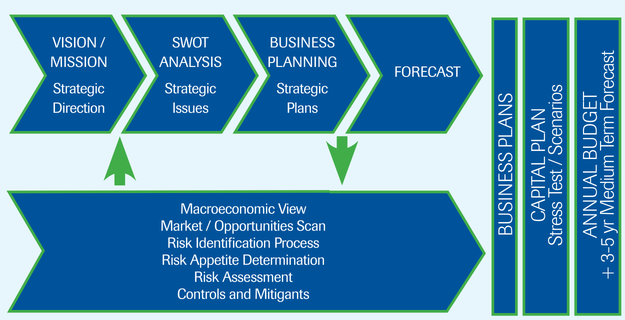
In the Strategic & Business Planning Process of the Bank, the over-all risk appetite is developed as part of the business plans.

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.

The other component of the Capital Management 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.

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



Caring for Nature, Empowering the Youth

We are aware of our duty as a responsible corporate citizen and we show this by actively supporting endeavors focused on the environment and on youth empowerment such as the YGC-led efforts, Buhay Rizal and Earth Care Program.

Corporate Social Responsibility

Environmental awareness and nationalism continued to be the two main avenues through which RCBC directed its corporate social responsibility efforts in 2011.

The environment became the central thrust of the Yuchengco Group of Companies (YGC) on its centennial year, implemented under the YGC Earth Care Program. This program was launched in March 2011 when RCBC, together with the rest of the YGC member companies, rallied its Metro Manila employees to Enchanted Kingdom not only to celebrate the 100 years of the conglomerate but also to give its support to Earth Hour 2011, which the YGC sponsored.

ENVIRONMENT INITIATIVES

1. YGC Earth Care Program

During the Earth Hour Lights Off ceremony, RCBC's President & CEO Lorenzo V. Tan, along with the heads of the other companies, pledged to uphold the environmental principles of Earth Hour as espoused by its organization, World Wide Fund for Nature (WWF)-Philippines.

Since then, RCBC has done its share in reducing the consumption of power, water, and other materials like paper and plastic products, to help the YGC target its 10% carbon footprint reduction and generate savings of up to Php50 million for the year 2011.

The campaign was eventually taken to Davao City, Bacolod, Clark Freeport in Pampanga, Lapu-Lapu City in Cebu, Cagayan de Oro, and Legaspi City in Albay. A total of 1,400 RCBC employees from these provincial sites participated in environment seminars and outdoor cleanliness and tree-planting drives. These regional rollout activities were featured in a month-long photo exhibit held in December 2011 at the lobby of the RCBC Plaza.

2. YGC Centennial Forest

In October 2011, RCBC sent a strong delegation to the YGC Centennial Forest tree-planting drive in Tanay, Rizal. This undertaking spans 100 hectares of denuded forest land that has been adopted from the area's indigenous inhabitants (Dumagat). The reforestation efforts will cover 20 hectares every year for the next 5 years. The YGC member firms planted more than 20,000 seedlings of fruit-bearing trees that would provide livelihood to the community. The bank is currently studying proposals to eventually include a product component to this initiative. A certain number of seedlings, for example, will be planted for every new account generated, whether for checking or savings account.

3. Marikina Tree-planting drive

In November 2011, under the banner of the RCBC eWoman checking and savings account, the bank conducted a tree-planting activity along the River Park district of Marikina City. This was part of a periodic outreach program that aims to improve the lives of the people in the communities as the bank's way of giving back its success to the public.

The event was enlivened by the participation of beauty titlists of Ms. Philippines-Earth as they hosted a lively learning session for grade school students of the Industrial Valley Elementary School, teaching the importance of saving money and sharing stories and tips on how to care for the environment.

Marikina City Vice Mayor Jose Fabian I. Cadiz expressed his city's gratitude on behalf of Mayor Del Reyes de Guzman. The bank planted 50 partially grown balete trees along the riverbank, serving both as shade and as protection against soil erosion during flooding.

4. Intramuros Clean and Green Project

Also in October 2011, RCBC donated garbage bins in support of the cleanliness project of the Intramuros Tourism Council (ITC). ITC Chairman Jose P. Mananzan expressed his organization's gratitude to have the bank among its strong partners that aim to make more Filipinos proud and appreciative of the historical location. The turnover was attended as well by ITC President J.C. Delos Reyes and Intramuros Administrator Jose A. Capistrano, Jr., together with other ITC personnel and RCBC's Corporate Communications Head FVP Jose Edwiniel C. Guilas.

NATIONALISM AMONG THE YOUTH

1. Rizal Youth Program

In commemoration of the 150th birth anniversary of the National Hero Dr. Jose P. Rizal, RCBC and RCBC Savings Bank partly sponsored a week-long series of competitions in July 2011, dubbed as the Rizal Youth Program. This event is part of the YGC Buhay Rizal program, which continues to initiate various activities that highlight the strong nationalistic values of Rizal.

Students from 22 partner-schools of the YGC Buhay Rizal program, accompanied by their respective principals and other school officials, participated in Essay Writing, Extemporaneous Speaking, Poetry Writing, Poster Making, Quiz Bee, and Sayaw-Awit Interpretative Dance, all of which revolved around the theme of honoring Rizal.

Ambassador Alfonso T. Yuchengco, together with the head executives of other YGC companies, presided over the judging of the winners, together with representatives from the Department of Education and the Knights of Rizal.

2. Re-staging of PETA's "Batang Rizal"

RCBC and RSB sponsored in September 2011 the re-staging of the musical play "Batang Rizal," one of the most beloved musical productions of the Philippine Educational Theater Association (PETA). The play offers both entertainment and educational values as it tells of how a young high school student named Pepito magically gets transported to the past and meets Pepe, Jose Rizal as a young boy.

Over 700 students from eight public high schools flocked into the PETA Theater Center in Quezon City to watch the afternoon and evening runs. •

Building Relationships

We continue to enhance our relationships and forge new partnerships with other business groups in an effort to meet the evolving banking needs of our treasured clients.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statement of Management's Responsibility for Financial Statements

The management of **Rizal Commercial Banking Corporation and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2011 and 2010, 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, including the additional supplemental 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, 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
Chairman of the Board

LORENZO V. TAN
President & Chief Executive Officer

ZENAIDA F. TORRES
Head, Controllership Group

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Report of Independent Auditors

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

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

Management's Responsibility for the Financial Statements

The management of the Group and the Parent Company is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards in the Philippines for Banks (FRSPB), as described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As discussed in Note 11 to the financial statements, the Parent Company transferred to special purpose vehicles (SPVs) certain nonperforming assets (NPAs) totalling P13,588 million in prior years, in exchange primarily for subordinated/SPV notes and partly for cash under either separate "sale and purchase" or "asset sale" agreements pursuant to Republic Act No. 9182 (the SPV Act) and Monetary Board (MB) Resolution No. 135. In recording the transfers of the NPAs to the SPVs, the Parent Company derecognized the NPAs from its financial statements and deferred the recognition of the losses resulting from the sale of the NPAs qualified for derecognition and the additional allowance for impairment on such NPAs not qualified for derecognition had these not been derecognized, such losses and the additional allowance for impairment are instead being amortized over a period of 10 years in accordance with MB Resolution No. 135. The terms of certain subordinated/SPV notes with certain SPVs provide that the payments of the subordinated/SPV notes are dependent on the collections to be made by those SPVs on the NPAs transferred. Under FRSPB, this is indicative of an incomplete transfer of the risks and rewards of ownership the NPAs to the SPVs. FRSPB requires that (a) an entity retaining majority of the residual risks and rewards of certain assets of the SPVs should reflect in its financial statements its proportionate interest in such SPVs and (b) an entity should substantially transfer all the risks and rewards of ownership of an asset before such asset could be derecognized. FRSPB, likewise, requires the full recognition of the losses determined on the NPAs qualified for derecognition and the additional allowance for impairment for NPAs not qualified for derecognition in the period the impairment and the losses were determined, instead of amortizing them over future periods directly in the surplus account. The effects of these matters on the Group's and Parent Company's financial statements are discussed in Note 11 to the financial statements.

Qualified Opinion

In our opinion, except for the effects on the financial statements of the Group and the Parent Company of the matters described in the *Basis for Qualified Opinion* section of this report, the financial statements referred to above present fairly, in all material respects, the financial position of the Group and of the Parent Company as at December 31, 2011 and 2010, and of their financial performance and their cash flows for the three years in the period ended December 31, 2011, in accordance with Financial Reporting Standards in the Philippines for Banks, as described in Note 2 to the financial statements.

Other Matter

As discussed in Note 28 to the financial statements, the Bank presented the supplementary information required by the Bureau of Internal Revenue under Revenue Regulations (RR) 15-2010 and RR 19-2011 in a supplementary schedule filed separately from the basic financial statements. RR 15-2010 and RR 19-2011 require the information to be presented in the notes to financial statements. Such supplementary information is the responsibility of management. The supplementary information is not a required part of the basic financial statements prepared in accordance with Financial Reporting Standards in the Philippines for Banks; it is also not a required disclosure under the Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission.

PUNONGBAYAN & ARAULLO

By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 3174908, January 2, 2012, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-1 (until Aug. 25, 2013)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-22-2011 (until Feb. 3, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2012)

March 26, 2012

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Financial Position

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

	Notes	Group 2011		Group 2010		Parent 2011		Parent 2010
Resources								
CASH AND OTHER CASH ITEMS	7	**P**	**8,148**	P	7,860	**P**	**6,560**	P 6,281
DUE FROM BANGKO SENTRAL NG PILIPINAS	7		**34,221**		24,889		**22,990**	22,915
DUE FROM OTHER BANKS	7		**3,606**		2,946		**2,965**	2,276
INVESTMENT AND TRADING SECURITIES								
Financial assets at fair value through profit or loss	8		**11,818**		15,479		**11,241**	11,791
Available-for-sale securities - net	9		**77,239**		55,487		**63,162**	46,685
Held-to-maturity investments	10		**–**		18,501		**–**	16,779
LOANS AND RECEIVABLES - Net	11		**184,554**		163,982		**153,989**	130,283
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - Net	12		**3,621**		3,497		**11,188**	10,658
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	13		**5,866**		5,344		**3,883**	3,811
INVESTMENT PROPERTIES - Net	14		**7,349**		7,303		**3,659**	3,830
DEFERRED TAX ASSETS - Net	28		**1,456**		1,434		**1,389**	1,389
OTHER RESOURCES - Net	15		**7,127**		12,678		**4,761**	8,615
TOTAL RESOURCES		**P**	**345,005**	P	319,400	**P**	**285,787**	P 265,313
Liabilities and Capital Funds								
DEPOSIT LIABILITIES	17							
Demand		**P**	**10,172**	P	11,598	**P**	**8,341**	P 9,241
Savings			**134,244**		108,414		**108,562**	93,714
Time			**111,044**		116,767		**87,131**	86,462
Total Deposit Liabilities			**255,460**		236,779		**204,034**	189,417
BILLS PAYABLE	18		**15,712**		17,117		**16,147**	17,171
BONDS PAYABLE	19		**10,905**		10,927		**10,905**	10,927
ACCRUED INTEREST, TAXES AND OTHER EXPENSES	20		**3,946**		3,757		**2,831**	2,652
OTHER LIABILITIES	21		**8,081**		8,054		**6,244**	6,566
SUBORDINATED DEBT	22		**10,966**		10,946		**10,966**	10,946
Total Liabilities			**305,070**		287,580		**251,127**	237,679
CAPITAL FUNDS			**39,935**		31,820		**34,660**	27,634
TOTAL LIABILITIES AND CAPITAL FUNDS		**P**	**345,005**	P	319,400	**P**	**285,787**	P 265,313

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Income

FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Millions of Philippine Pesos, Except Per Share Data)

		Group			Parent		
	Notes	**2011**	2010	2009	**2011**	2010	2009
INTEREST INCOME ON							
Loans and receivables	11	**P11,661**	P 11,605	P 12,109	**P 8,449**	P 8,100	P 8,347
Investment securities	8, 9, 10	**4,602**	4,547	3,960	**3,979**	3,901	3,449
Others	7	**551**	648	701	**280**	598	643
		16,814	16,800	16,770	**12,708**	12,599	12,439
INTEREST EXPENSE ON							
Deposit liabilities	17	**3,808**	4,043	4,716	**2,795**	2,917	3,347
Bills payable and other borrowings	18, 19, 22	**2,256**	1,873	1,786	**2,251**	1,873	1,752
		6,064	5,916	6,502	**5,046**	4,790	5,099
NET INTEREST INCOME		**10,750**	10,884	10,268	**7,662**	7,809	7,340
IMPAIRMENT LOSSES - Net	16	**2,508**	3,161	2,243	**1,779**	2,352	1,684
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**8,242**	7,723	8,025	**5,883**	5,457	5,656
OTHER OPERATING INCOME							
Trading and securities gains - net	8	**4,950**	3,674	2,253	**4,021**	2,605	1,902
Service fees and commissions	2	**1,906**	1,655	1,623	**1,047**	1,161	902
Foreign exchange gains - net		**294**	459	494	**224**	383	384
Trust fees		**250**	220	181	**219**	201	168
Equity in net earnings of associates	12	**200**	285	207	**–**	–	–
Miscellaneous	27	**2,272**	2,117	1,128	**2,131**	2,464	1,237
		9,872	8,410	5,886	**7,642**	6,814	4,593
OTHER OPERATING EXPENSES							
Employee benefits	25	**3,463**	2,988	2,779	**2,449**	2,022	1,865
Occupancy and equipment-related	26	**1,939**	1,800	1,651	**1,546**	1,475	1,348
Taxes and licenses	28	**1,412**	1,308	1,220	**936**	925	912
Depreciation and amortization	13, 14, 15	**889**	840	715	**593**	577	470
Miscellaneous	27	**4,491**	3,940	3,466	**3,307**	3,000	2,563
		12,194	10,876	9,831	**8,831**	7,999	7,158
PROFIT BEFORE TAX		**5,920**	5,257	4,080	**4,694**	4,272	3,091
TAX EXPENSE	28	**903**	999	745	**578**	530	519
NET PROFIT		**5,017**	4,258	3,335	**4,116**	3,742	2,572
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST		**10**	10	7	**–**	–	–
NET PROFIT ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**P 5,007**	P 4,248	P 3,328	**P 4,116**	P 3,742	P 2,572
Earnings Per Share	33						
Basic		**P 4.43**	P 4.06	P 3.13	**P 3.57**	P 3.52	P 2.30
Diluted		**P 4.43**	P 4.06	P 3.06	**P 3.57**	P 3.52	P 2.25

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Millions of Philippine Pesos)

		Group			Parent		
	Note	**2011**	2010	2009	**2011**	2010	2009
NET PROFIT FOR THE YEAR		**P 5,017**	P 4,258	P 3,335	**P 4,116**	P 3,742	P 2,572
OTHER COMPREHENSIVE INCOME (LOSSES)							
Fair value gains (losses) on available-for-sale securities	9	**2,264**	(365)	1,976	**2,074**	(669)	1,807
Translation adjustment during the year		**(2)**	(22)	14	**–**	–	–
		2,262	(387)	1,990	**2,074**	(669)	1,807
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,279**	3,871	5,325	**6,190**	3,073	4,379
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST		**37**	9	7	**–**	–	–
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**P 7,242**	P 3,862	P 5,318	**P 6,190**	P 3,073	P 4,379

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Changes in Capital Funds

FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Millions of Philippine Pesos)

		Group			Parent		
	Notes	**2011**	2010	2009	**2011**	2010	2009
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS							
PREFERRED STOCK							
Balance at beginning of year		**P 207**	P 207	P 859	**P 207**	P 207	P 859
Conversion of preferred stock to common stock		**(181)**	–	(652)	**(181)**	–	(652)
Balance at end of year	23	**26**	207	207	**26**	207	207
COMMON STOCK							
Balance at beginning of year		**9,906**	9,906	9,629	**9,906**	9,906	9,629
Issuance of common stock		**1,437**	–	–	**1,437**	–	–
Conversion of preferred stock to common stock		**58**	–	277	**58**	–	277
Balance at end of year	23	**11,401**	9,906	9,906	**11,401**	9,906	9,906
TREASURY SHARES - At Cost							
Balance at beginning of year		**(953)**	(953)	–	**(953)**	(953)	–
Reissuance of treasury shares during the year		**953**	–	642	**953**	–	642
Purchase of treasury shares during the year		**–**	–	(1,595)	**–**	–	(1,595)
Balance at the end of year	23	**–**	(953)	(953)	**–**	(953)	(953)
CAPITAL PAID IN EXCESS OF PAR							
Balance at beginning of year		**6,040**	6,040	5,572	**6,040**	6,040	5,572
Excess of consideration given over cost of common stock issued	23	**2,838**	–	–	**2,838**	–	–
Excess of consideration given over cost of treasury shares reissued	23	**504**	–	93	**504**	–	93
Conversion of preferred stock to common stock		**–**	–	375	**–**	–	375
Balance at end of year		**9,382**	6,040	6,040	**9,382**	6,040	6,040
HYBRID PERPETUAL SECURITIES	24	**4,883**	4,883	4,883	**4,883**	4,883	4,883
REVALUATION RESERVES ON AVAILABLE-FOR-SALE SECURITIES							
Balance at beginning of year		**43**	407	(1,569)	**(213)**	456	(1,351)
Fair value gains (losses) on available-for-sale securities	9	**2,239**	(364)	1,976	**2,074**	(669)	1,807
Balance at end of year		**2,282**	43	407	**1,861**	(213)	456
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS *(Balance Carried Forward)*		**P 27,974**	P 20,126	P 20,490	**P 27,553**	P 19,870	P 20,539

	Notes	Group 2011	Group 2010	Group 2009	Parent 2011	Parent 2010	Parent 2009
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS *(Balance Brought Forward)*		**P 27,974**	P 20,126	P 20,490	**P 27,553**	P 19,870	P 20,539
ACCUMULATED TRANSLATION ADJUSTMENTS							
Balance at beginning of year		**76**	98	84	**–**	–	–
Translation adjustment during the year		**(2)**	(22)	14	**–**	–	–
Balance at end of year		**74**	76	98	**–**	–	–
RESERVE FOR TRUST BUSINESS							
Balance at beginning of year		**297**	286	277	**290**	279	270
Transfer from surplus free		**16**	11	9	**9**	11	9
Balance at end of year	29	**313**	297	286	**299**	290	279
OTHER RESERVES	23						
Balance at beginning of year		**(241)**	(241)	(241)	**–**	–	–
Net effect of change in percentage ownership over subsidiaries		**(2)**	–	–	**–**	–	–
Balance at end of year		**(243)**	(241)	(241)	**–**	–	–
SURPLUS							
Balance at beginning of year		**11,590**	9,325	7,626	**7,474**	5,715	4,772
Net profit for the year		**5,007**	4,248	3,328	**4,116**	3,742	2,572
Cash dividends	23	**(1,241)**	(997)	(786)	**(1,241)**	(997)	(786)
Amortization of deferred charges	15	**(3,532)**	(975)	(834)	**(3,532)**	(975)	(834)
Transfer to reserve for trust business	29	**(16)**	(11)	(9)	**(9)**	(11)	(9)
Balance at end of year		**11,808**	11,590	9,325	**6,808**	7,474	5,715
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**39,926**	31,848	29,958	**34,660**	27,634	26,533
NON-CONTROLLING INTEREST							
Balance at beginning of year		**(28)**	(4)	(44)	**–**	–	–
Net profit for the year		**10**	10	7	**–**	–	–
Fair value gains (losses) on available-for-sale securities	9	**25**	(1)	–	**–**	–	–
Net effect of change in percentage ownership over subsidiaries	23	**2**	–	–	**–**	–	–
Redemption of preferred shares		**–**	(33)	–	**–**	–	–
Increase in non-controlling interest due to acquisition of a new subsidiary		**–**	–	33	**–**	–	–
Balance at end of year		**9**	(28)	(4)	**–**	–	–
TOTAL CAPITAL FUNDS		**P 39,935**	P 31,820	P 29,954	**P 34,660**	P 27,634	P 26,533

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Millions of Philippine Pesos, Except Number of Shares Data)

		Group			Parent		
	Notes	**2011**	2010	2009	**2011**	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		**P 5,920**	P 5,257	P 4,080	**P 4,694**	P 4,272	P 3,091
Adjustments for:							
Impairment losses	16	**2,508**	3,161	2,243	**1,779**	2,352	1,684
Depreciation and amortization	13, 14, 15	**889**	840	715	**593**	577	470
Equity in net earnings of associates	12	**(200)**	(285)	(207)	**–**	–	–
Dividend income	27	**(209)**	(180)	(88)	**(1,242)**	(1,309)	(331)
Operating profit before working capital changes		**8,908**	8,793	6,743	**5,824**	5,892	4,914
Decrease (increase) in financial assets at fair value through profit and loss		**3,661**	(6,063)	(5,979)	**550**	(3,757)	(4,950)
Increase in loans and receivables		**(23,935)**	(3,675)	(2,206)	**(25,100)**	(4,785)	(2,598)
Decrease (increase) in investment properties		**1,041**	(900)	(895)	**(31)**	2,882	130
Decrease (increase) in other resources		**1,772**	(70)	506	**202**	128	645
Increase in deposit liabilities		**18,681**	16,501	24,051	**14,617**	8,864	21,624
Increase in accrued interest, taxes and other expenses		**211**	392	337	**400**	342	291
Increase (decrease) in other liabilities		**5**	1,156	(323)	**(344)**	677	(68)
Cash generated from (used in) operations		**10,344**	16,134	22,234	**(3,882)**	10,243	19,988
Cash paid for taxes		**(947)**	(910)	(636)	**(799)**	(547)	(460)
Net Cash From (Used in) Operating Activities		**9,397**	15,224	21,598	**(4,681)**	9,696	19,528
CASH FLOWS FROM INVESTING ACTIVITIES							
Acquisitions of bank premises, furniture, fixtures and equipment	13	**(1,287)**	(1,264)	(1,026)	**(622)**	(906)	(772)
Decrease (increase) in held-to-maturity investments		**(709)**	565	711	**(2,404)**	–	254
Decrease (increase) in available-for-sale securities		**(258)**	(18,552)	(11,603)	**4,800**	(14,214)	(9,270)
Acquisitions of software		**(231)**	(326)	(187)	**(192)**	(326)	(187)
Proceeds from disposals of bank premises, furniture, fixtures and equipment	13	**103**	53	82	**69**	28	50
Cash dividends received	12, 27	**297**	297	306	**1,297**	1,309	331
Proceeds from disposals of software		**17**	–	–	**17**	–	–
Decrease (increase) in investments in subsidiaries and associates		**(12)**	68	325	**(585)**	43	(1)
Net Cash From (Used in) Investing Activities		**(2,080)**	(19,159)	(11,392)	**2,380**	(14,066)	(9,595)
CASH FLOWS FROM FINANCING ACTIVITIES							
Issuance of common shares	23	**4,152**	–	–	**4,152**	–	–
Reissuance of treasury shares	23	**1,457**	–	–	**1,457**	–	–
Proceeds from (payments of) bills payable	18	**(1,405)**	6,336	(10,672)	**(1,024)**	6,636	(10,875)
Dividends paid	23	**(1,241)**	(997)	(786)	**(1,241)**	(997)	(786)
Net proceeds from issuance of bonds payable	19	**–**	10,927	–	**–**	10,927	–
Redemption of bonds payable	19	**–**	(5,836)	–	**–**	(5,836)	–
Net proceeds from issuance of subordinated debt	22	**–**	–	3,985	**–**	–	3,985
Purchase of treasury shares	23	**–**	–	(1,595)	**–**	–	(1,595)
Net Cash From (Used in) Financing Activities		**2,963**	10,430	(9,068)	**3,344**	10,730	(9,271)
NET INCREASE IN CASH AND CASH EQUIVALENTS *(Balance Carried Forward)*		**P 10,280**	P 6,495	P 1,138	**P 1,043**	P 6,360	P 662

	Notes	Group 2011	Group 2010	Group 2009	Parent 2011	Parent 2010	Parent 2009
NET INCREASE IN CASH AND CASH EQUIVALENTS							
(Balance Brought Forward)		**P 10,280**	P 6,495	P 1,138	**P 1,043**	P 6,360	P 662
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR							
Cash and other cash items	7	**7,860**	6,812	6,809	**6,281**	5,409	5,596
Due from Bangko Sentral ng Pilipinas	7	**24,889**	19,321	16,391	**22,915**	17,914	15,656
Due from other banks	7	**2,946**	3,067	4,862	**2,276**	1,789	3,198
		35,695	29,200	28,062	**31,472**	25,112	24,450
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	7	**8,148**	7,860	6,812	**6,560**	6,281	5,409
Due from Bangko Sentral ng Pilipinas	7	**34,221**	24,889	19,321	**22,990**	22,915	17,914
Due from other banks	7	**3,606**	2,946	3,067	**2,965**	2,276	1,789
		P 45,975	P 35,695	P 29,200	**P 32,515**	P 31,472	P 25,112

Supplemental Information on Noncash Investing and Financing Activities

1. In 2011, held-to-maturity investments with total carrying amount of P19,210 and P19,183 were reclassified to available-for-sale securities for the Group and the Parent, respectively (see Note 10).

2. In 2011, preferred shares amounting to P181 or 18,110,322 shares with a par value of P10 were converted into 5,821,548 common shares with the same par value. Out of the shares converted, 18,082,311 were from treasury (see Note 23).

3. In 2009, the Group and the Parent Company reclassified its investment in special purpose companies (SPCs), previously presented as investment properties, with total carrying amount of P3,092 and P388, respectively, to investments in subsidiaries. Accordingly, the net assets of the SPCs were consolidated to the Group's financial statements (see Notes 12 and 14).

4. In 2009, the Parent Company exchanged its common shares previously purchased as treasury shares amounting to P642 for a 5.64% equity stake in MICO Equities, Inc. (see Note 23).

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Notes to Financial Statements

DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Millions of Philippine Pesos, Except Number of Shares and Per Share Data or as Indicated)

1. CORPORATE INFORMATION

Rizal Commercial Banking Corporation (the "Parent Company") holds ownership interest in the following subsidiaries and associates:

Subsidiaries/Associates	Country of Incorporation	Explanatory Notes	Effective Percentage of Ownership 2011	2010
Subsidiaries:				
RCBC Savings Bank, Inc. (RSB)	Philippines		**100.00**	100.00
RCBC Forex Brokers Corporation (RCBC Forex)	Philippines		**100.00**	100.00
RCBC Telemoney Europe	Italy		**100.00**	100.00
RCBC North America, Inc. (RCBC North America)	California, USA	(a)	**100.00**	100.00
RCBC International Finance Limited (RCBC IFL)	Hongkong		**99.99**	99.99
RCBC Investment Ltd.	Hongkong	(b)	**99.99**	99.99
RCBC Capital Corporation (RCBC Capital)	Philippines		**99.96**	99.96
RCBC Securities, Inc. (RSI)	Philippines	(c)	**99.96**	99.96
Pres. Jose P. Laurel Rural Bank, Inc. (JPL)	Philippines	(d)	**99.39**	99.00
Bankard, Inc. (Bankard)	Philippines	(e)	**89.99**	91.69
Merchants Savings and Loan Association, Inc. (Merchants Bank)	Philippines		**97.47**	96.38
Special Purpose Companies (SPCs):				
Best Value Property and Development Corporation	Philippines	(f)	**100.00**	100.00
Cajel Realty Corporation	Philippines	(f)	**100.00**	100.00
Crescent Park Property and Development Corporation	Philippines	(f)	**100.00**	100.00
Crestview Properties Development Corporation	Philippines	(f)	**100.00**	100.00
Eight Hills Property and Development Corporation	Philippines	(f)	**100.00**	100.00
Fairplace Property and Development Corporation	Philippines	(f)	**100.00**	100.00
Gold Place Properties Development Corporation	Philippines	(f)	**100.00**	100.00
Goldpath Properties Development Corporation (Goldpath)	Philippines	(f)	**100.00**	100.00
Greatwings Properties Development Corporation	Philippines	(f)	**100.00**	100.00
Happyville Property and Development Corporation	Philippines	(f)	**100.00**	100.00
Hexagonland, Inc. (Hexagonland)	Philippines	(g)	**–**	100.00
Landview Property and Development Corporation	Philippines	(f)	**100.00**	100.00
Lifeway Property and Development Corporation	Philippines	(f)	**100.00**	100.00
Manchesterland Properties, Inc. (Manchesterland)	Philippines	(h)	**–**	100.00
Niceview Property and Development Corporation	Philippines	(f)	**100.00**	100.00
Niyog Property Holdings, Inc. (NPHI)	Philippines	(i)	**100.00**	100.00
Princeway Properties Development Corporation	Philippines	(f)	**100.00**	100.00
Stockton Realty Development Corporation	Philippines	(f)	**100.00**	100.00
Top Place Properties Development Corporation	Philippines	(f)	**100.00**	100.00
Associates:				
RCBC Land, Inc. (RLI)	Philippines		**49.00**	49.00
YGC Corporate Services, Inc. (YCS)	Philippines		**40.00**	40.00
Luisita Industrial Park Co. (LIPC)	Philippines		**35.00**	35.00
RCBC Realty Corporation (RRC)	Philippines	(j)	**34.80**	34.80
Honda Cars Phils., Inc. (HCPI)	Philippines		**12.88**	12.88
Roxas Holdings, Inc. (RHI)	Philippines	(k)	**7.11**	7.11

Explanatory Notes:

(a) Includes 16.03% of RCBC IFL in 2011 and 2010.
(b) A wholly owned subsidiary of RCBC IFL.
(c) A wholly owned subsidiary of RCBC Capital.
(d) On February 15, 2011, the Parent Company made the third and last tranche of capital infusion to JPL totalling to P125. As of December 31, 2011, the Parent Company established its full and irrevocable voting and economic rights for 99.39% of JPL's outstanding shares (see Note 12).

(e) As of December 31, 2011, the Parent Company has 65.43% direct ownership and 24.56% indirect ownership through RCBC Capital as a result of increase in the outstanding shares of Bankard totalling to 1,528,474,000 shares.
(f) Wholly owned subsidiaries of RSB.
(g) In January 2011, the Securities and Exchange Commission (SEC) approved the dissolution of Hexagonland which subsequently liquidated its property to Goldpath. Consequently, Goldpath made partial return of capital to RSB in the form of land previously owned by Hexagonland (see Note 30.2).
(h) In August 2011, Goldpath sold its interest in Manchesterland to a third party consisting of 635,700 shares for a consideration of P915.
(i) The Parent Company has 48.11% direct ownership and 51.89% indirect ownership through RSB.
(j) The Parent Company has 25.00% direct ownership and 9.80% indirect ownership through RLI.
(k) The Parent Company has 2.36% direct ownership and 4.75% indirect ownership through RCBC Capital (see Note 12).

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

As of December 31, 2011, the Group and the Parent Company have grown their network within and outside the Philippines as follows:

	Group	Parent
Automated teller machines (ATMs)	761	587
Branches	374	239
Extension offices	13	13
Foreign exchange booths	2	2

It is a 41.57% owned subsidiary of Pan Malayan Management and Investment Corporation (PMMIC), a company incorporated and domiciled in the Philippines. PMMIC is the holding company of the flagship institutions of the Yuchengco Group of Companies.

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

The financial statements as of and for the year ended December 31, 2011 (including the comparatives for the years ended December 31, 2010 and 2009) were approved and authorized for issue by the Board of Directors (BOD) on March 26, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized in the succeeding pages. The policies have been consistently applied to all the periods 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 Rizal Commercial Banking Corporation and its subsidiaries (together hereinafter referred to as the "Group") and the separate financial statements of Rizal Commercial Banking Corporation have been prepared in accordance with the Financial Reporting Standards in the Philippines for Banks (FRSPB); except for the staggered recognition of the required additional allowance for impairment and losses taken up against surplus account, and the derecognition of certain non-performing assets (NPAs) transferred, as discussed fully in Note 11.

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, except for the following accounting treatment of certain financial instruments which are not allowed under PFRS, but were allowed under FRSPB as permitted by the Bangko Sentral ng Pilipinas (BSP) for prudential reporting, and by the SEC for financial reporting purposes: (i) the non-separation of the embedded derivatives in credit-linked notes (CLNs) and other similar instruments that are linked to Republic of the Philippines (ROP) bonds to their host instruments and reclassification of ROP bonds together with the embedded derivatives in CLN from the fair value through profit or loss (FVTPL) classification to loans and receivables and available-for-sale (AFS) classifications; and (ii) the reclassification of certain financial assets previously classified under AFS category due to the tainting of held-to-maturity (HTM) portfolio back to HTM category. The effects of the reclassification to certain statement of financial position items as of December 31, 2011 and 2010 and net profit for the periods then ended under FRSPB are discussed fully in Notes 8, 9, 10, and 11.

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

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Group presents all items of income and expense in two statements: a statement of income and a statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Group applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all amounts are in millions, except number of shares and per share data or when otherwise indicated (see also Note 2.17).

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 2011 that are Relevant to the Group*

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

PAS 24 (Amendment)	:	Related Party Disclosures
Philippine Interpretations International Financial Reporting Interpretations Committee (IFRIC) 14 (Amendment)	:	Prepayment of a Minimum Funding Requirement
IFRIC 19	:	Extinguishing Financial Liabilities with Equity Instruments
Various Standards	:	2010 Annual Improvements to PFRS

Discussed below are the effects on the financial statements of the new accounting interpretation and amended standards:

(i) PAS 24 (Amendment), *Related Party Disclosures* (effective from January 1, 2011). The amendment simplifies and clarifies the definition of a related party by eliminating inconsistencies in determining related party relationships. The amendment also provides partial exemption from the disclosure requirements for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of this amendment did not result in any significant changes on the Group's disclosures of related parties in its financial statements.

(ii) Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement* (effective from January 1, 2011). This interpretation addresses unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan. It sets out guidance on when an entity recognizes an asset in relation to a surplus for defined benefit plans based on PAS 19, *Employee Benefits*, which are subject to a minimum funding requirement. The Group is not subject to minimum funding requirements and it does not usually make substantial advance contributions to its retirement fund, hence, the adoption of the revised standard has no material effect on its financial statements.

(iii) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* (effective from July 1, 2010). This interpretation clarifies the accounting when an entity renegotiates the terms of a financial liability through issuance of equity instruments to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as follows:

- the issue of equity instruments to a creditor to extinguish all or part of a financial liability is consideration paid in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*;

- the entity measures the equity instruments issued at fair value, unless this cannot be reliably measured;

- if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,

- the difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss.

The adoption of the interpretation did not have a material effect on the Group's financial statements as it did not extinguish financial liabilities through equity swap during the year.

(iv) 2010 Annual Improvements to PFRS. The FRSC has adopted the *2010 Improvements to PFRS*. Most of these amendments became effective for annual periods beginning on or after July 1, 2010 or January 1, 2011. Among those improvements, only the following amendments which are effective for the Group from January 1, 2011 were identified to be relevant to the Group's financial statements but which did not have any material impact on its financial statements:

- PAS 1 (Amendment), *Presentation of Financial Statements: Clarification of Statement of Changes in Equity* (effective from July 1, 2010). The amendment clarifies that, for each component of equity, an entity may present an analysis of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. As the Group's other comprehensive income includes fair value changes on AFS financial assets and translation adjustment of foreign operations, the Group has elected to continue presenting each item of other comprehensive income in the statement of changes in equity.

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates,* PAS 28, *Investments in Associates,* PAS 31, *Interests in Joint Ventures, and,* PAS 27 (Amendment), *Consolidated and Separate Financial Statements* (effective from July 1, 2010). These amendments clarify that the consequential amendments made to PAS 21, PAS 28 and PAS 31 arising from the amendment to PAS 27 (2008), *Consolidated and Separate Financial Statements* apply prospectively, to be consistent with the related PAS 27 transition requirements. These amendments have no impact on the Group's financial statements since there is no disposal of foreign operations, loss of significant influence over an associate and loss of control over a jointly controlled entity at the time of the adoption of the amendment on PAS 27.

- PAS 34 (Amendment), *Interim Financial Reporting – Significant Events and Transactions* (effective from January 1, 2011). The amendment provides further guidance to illustrate how to apply disclosure principles under PAS 34 for significant events and transactions to improve interim financial reporting. It requires additional disclosure covering significant changes to fair value measurement and classification of financial instruments, and to update relevant information from the most recent annual report. This amendment has no significant effect on the financial statements since the Group already provides adequate information in its financial statements in compliance with the disclosure requirements.

- PFRS 3 (Amendments), *Business Combinations* (effective from July 1, 2010). The amendment clarifies that contingent consideration arrangement and balances arising from business combinations with acquisition dates prior to the entity's date of adoption of PFRS 3 (Revised 2008) shall not be adjusted on the adoption date. It also provides guidance on the subsequent accounting for such balances.

  It further clarifies that the choice of measuring non-controlling interest (NCI) at fair value or at the proportionate share in the recognized amounts of an acquiree's identifiable net assets, applies only to instruments that represent ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components of NCI are measured at fair value unless PFRS requires another measurement basis.

  This amendment also clarifies accounting for all share-based payment transactions that are part of a business combination, including unreplaced and voluntary replaced share-based payment awards. Specifically, this provides guidance for situations where the acquirer does not have an obligation to replace an award but replaces an existing acquiree award that would otherwise have continued unchanged after the acquisition, thus resulting to the accounting for these awards being the same as for the awards that the acquirer is obliged to replace. This amendment has no significant effect on the Group's financial statements since the manner of measuring NCI at the time of business combination is based on net identifiable assets.

- PFRS 7 (Amendment), *Financial Instruments: Clarification of Disclosures* (effective from January 1, 2011). The amendment clarifies the disclosure requirements which emphasize the interaction between quantitative and qualitative disclosures about the nature and extent of risks arising from financial instruments. It also amends the required disclosure of financial assets including the financial effect of collateral held as security. This amendment has no significant effect on the financial statements since the Group already provides adequate information in its financial statements in compliance with the disclosure requirements.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programme – Fair value Awards Credits* (effective January 1, 2011). The improvement clarifies that when the fair value of award credits is measured on the basis of the value of the awards for which they could be redeemed, the fair value of the award credits should take into account the expected forfeitures as well as discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale.

(b) Effective in 2011 that are not Relevant to the Group

The following amendments and interpretations to published standards are mandatory for accounting periods beginning on or after January 1, 2011 but are not relevant to the Group's financial statements:

PAS 32 (Amendment)	:	Financial Instruments: Presentation - Classification of Rights Issues
PFRS 1 (Amendment)	:	First-Time Adoption of PFRS – Limited Exemption from PFRS 7 Comparative Disclosure
2010 Annual Improvement PFRS 1 (Amendment)	:	First-Time Adoption of PRFS

(c) *Effective Subsequent to 2011 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2011. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets* (effective from July 1, 2011). The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group does not usually enter into this type of arrangement with regard to transfer of financial assets, hence, the amendment may not significantly change the Group's disclosures in its financial statements.

(ii) PAS 12 (Amendment), *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (effective from January 1, 2012). The amendment provides an exception to the existing principle in PAS 12 that recovery of the carrying amount of investment property measured at fair value under PAS 40, *Investment Property,* will be or normally be through sale. The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset on an investment property measured at fair value should reflect the tax consequence of recovering the carrying amount entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) measured at fair value that is held with an objective to consume substantially the economic benefits embodied in the asset over time, rather than through sale.

As a result of the amendment, Standing Interpretation Committee (SIC) 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets*, is accordingly withdrawn. The management is currently assessing the possible impact of this amendment on the Group's financial statements.

(iii) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in Other Comprehensive Income into those that, in accordance with other PFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group's management expects that this will not affect the presentation of items in other comprehensive income, since all of the Group's other comprehensive income, which includes translation adjustment of foreign operations and unrealized fair value gains and losses on AFS financial assets, can be reclassified to profit or loss when specified conditions are met.

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

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

Currently, the Group and Parent Company are using the corridor approach and their unrecognized actuarial losses as of December 31, 2011 amounted to P373 and P248, respectively, which will be retrospectively recognized as losses in other comprehensive income in 2013.

(v) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The Group is yet to assess the impact of this new standard.

(vi) Consolidation Standards

- PFRS 10, *Consolidated Financial Statements* (effective from January 1, 2013). This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess.
- PFRS 12, *Disclosure of Interest in Other Entities* (effective from January 1, 2013). This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.
- PAS 27 (Revised), *Separate Financial Statements* (effective from January 1, 2013). This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in the new PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Revised), *Investments in Associate and Joint Venture* (effective from January 1, 2013). This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11, *Joint Arrangement*.

The Group is currently reviewing the impact of the above consolidation standards on its financial statements in time for its adoption in 2013.

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

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

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

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

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

The Group obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

The Group accounts for its investments in subsidiaries and associates, and non-controlling interest as follows:

(a) Investments in Subsidiaries

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

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

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

All intercompany balances and transactions with subsidiaries, including the unrealized profits arising from intra-group transactions, have been eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.

(b) Transactions with Non-controlling Interests

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

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

(c) Investments in Associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in joint ventures. In the consolidated financial statements, Investments in Associates are initially recognized at cost and subsequently accounted for using the equity method. Under the equity method, the Group recognizes in profit or loss its share in the earnings or losses of the associates. The cost of the investment is increased or decreased by the Group's equity in net earnings or losses of the associates since the date of acquisition. Dividends received are recorded as reduction in the carrying values of the investments.

Acquired investments in associates are also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognized as investments in associates. All subsequent changes to the share of interest in the equity of the associate are recognized in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are charged against Equity in Net Earnings of Associates in the Group's statement of income and therefore affect net results of the Group. These changes include subsequent depreciation, amortization or impairment of the fair value adjustments of assets and liabilities. Items that have been directly recognized in the associate's equity, for example, resulting from the associate's accounting for AFS financial assets, are recognized in the consolidated statement of changes in capital funds of the Group. No effect on the Group's net result or capital funds is recognized in the course of these transactions. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

2.4 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 6.

2.5 Financial Assets

Financial assets, which are recognized when the Group becomes a party to the contractual terms of the financial instrument, include cash and other financial instruments. Financial assets, other than those designated and effective as hedging instruments are classified into the following categories: FVTPL, loans and receivables, HTM investments and AFS securities. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting period at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards. Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized as expense in profit or loss. The foregoing categories and detailed description of the categories of financial instruments are more fully discussed below and in the succeeding pages.

(a) Financial Assets at FVTPL

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

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

(b) *Loans and Receivables*

Loans and receivables are non-derivative financial assets (except for CLNs linked to ROP bonds which were reclassified from AFS – see Note 2.7) with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to the debtor with no intention of trading the receivables. Included in this category are those arising from direct loans to customers, interbank loans and receivables, sales contract receivable, all receivables from customers/debtors and cash and cash equivalents. Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with the BSP and amounts due from other banks.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses. Any change in their value is recognized in profit or loss, except for changes in fair values of reclassified financial assets under PAS 39 and PFRS 7 (Amendments). Increases in estimates of future cash receipts from such financial assets shall be recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than as an adjustment to the carrying amount of the financial asset at the date of the change in estimate. Impairment losses is the estimated amount of losses in the Group's loan portfolio, based on the evaluation of the estimated future cash flows discounted at the loan's original effective interest rate or the last repricing rate for loans issued at variable rates (see Note 2.6). It is established through an allowance account which is charged to expense. Loans and receivables are written off against the allowance for impairment losses when management believes that the collectibility of the principal is unlikely, subject to BSP regulations.

(c) *HTM Investments*

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

HTM investments consist of government and private debt securities. Should the Group sell other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS securities. The tainting provision will not apply if the sales or reclassifications of HTM investments are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or are attributable to an isolated event that is beyond the control of the Group, is non-recurring and could not have been reasonably anticipated by the Group. HTM investments are subsequently measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows (see Note 2.6). Any changes to the carrying amount of the investment due to impairment are recognized in profit or loss.

(d) *AFS Securities*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

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

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from income taxes. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Reversal of impairment loss for equity securities is recognized in other comprehensive income, while for debt securities is recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss is recognized.

Impairment losses recognized on financial assets are presented as part of Impairment Losses account in the statement of income.

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

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

Derecognition of financial assets occurs when the right to receive cash flows from the financial instruments expire, or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.6 Impairment of Financial Assets

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

i. significant financial difficulty of the issuer or obligor;

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

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

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

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

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

(a) Assets Carried at Amortized Cost

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

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

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

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

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

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

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

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

(b) *Assets Carried at Fair Value*

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

(c) *Assets Carried at Cost*

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

2.7 Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

2.8 Offsetting Financial Instruments

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

2.9 Bank Premises, Furniture, Fixtures and Equipment

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

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss.

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

Buildings	20-25 years
Furniture, fixtures and equipment	3-15 years

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.18).

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

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

2.10 Investment Properties

Investment properties pertain to land, buildings or condominium units acquired by the Group, in settlement of loans from defaulting borrowers through foreclosure or dacion in payment, and not held for sale in the next 12 months.

Investment properties are initially recognized at cost, which includes acquisition price plus directly attributable cost incurred such as legal fees, transfer taxes and other transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses (see Note 2.18).

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

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

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

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

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

Assets classified as held-for-sale are measured at the lower of their carrying amounts, immediately prior to their classification as held-for-sale and their fair value less costs to sell. Assets classified as held-for-sale are not subject to depreciation or amortization. The profit or loss arising from the sale or revaluation of held-for-sale assets is included in the Other Operating Income (Expenses) account in the statement of income.

2.12 Intangible Assets

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

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

Goodwill is classified as intangible asset with indefinite useful life and, thus, not subject to amortization but would require an annual test for impairment (see Note 2.18). Goodwill is subsequently carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

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

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

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

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

2.13 Financial Liabilities

Financial liabilities include deposit liabilities, bills payable, bonds payable, subordinated debt, accrued interest and other expenses, and other liabilities.

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

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

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

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

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

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

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

2.14 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 commitment that has resulted from past events.

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

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

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

2.15 Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

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

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

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

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

(c) *Service Charges, Commissions and Other Income* include the following accounts:

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

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

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

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

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

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

2.16 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

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

(b) *Group as Lessor*

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

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

2.17 Foreign Currency Transactions and Translations

(a) *Transactions and Balances*

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

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

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

(b) Translation of Financial Statements of Foreign Subsidiaries

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

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

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

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

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

The translation on 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.

2.18 Impairment of Non-financial Assets

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

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

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

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

2.19 Employee Benefits

(a) Post-employment Benefits

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

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

The asset recognized in the statement of financial position for post-employment defined benefit pension plans is the fair value of plan assets at the end of the reporting period less the present value of the defined benefit obligation (DBO), together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

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

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

(b) Termination Benefits

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

(c) Bonus Plans

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

(d) Compensated Absences

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

2.20 Income Taxes

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

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

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

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

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

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

2.21 Related Parties

Related party transactions are transfer of resources, services or obligations between the Bank 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. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Parent Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individual.

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

2.22 Capital Funds

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

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

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

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

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

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

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

Other reserves refers to the amount attributable to the Parent Company arising from the change in the ownership of the non-controlling interest in the Parent Company's subsidiaries (see Note 23).

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

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

2.23 Earnings Per Share

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

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

2.24 Trust Activities

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

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

3.1 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) HTM Investments

The Group follows the guidance of PAS 39, *Financial Instruments: Recognition and Measurement*, in classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as HTM investments. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments at maturity other than for the allowed specific circumstances – for example, selling a not insignificant amount close to maturity – it will be required to reclassify the entire class to AFS. However, the tainting provision will not apply if the sales or reclassifications of HTM investments are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; or occurs after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or are attributable to an isolated event that is beyond the control of the Group, is nonrecurring and could not have been reasonably anticipated by the Group. The investments would therefore be measured at fair value and not at amortized cost.

In 2011, the Group and Parent Company disposed more than insignificant amount of its HTM investments with carrying value of P6,250 and P3,124, respectively. Consequently, the Group and Parent Company reclassified the remaining HTM with amortized cost of P19,210 and P19,183, respectively, to AFS Securities and is no longer allowed to classify subsequent investments to HTM for the next two years (see Note 10).

(b) Impairment of AFS Securities

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

The Group recognized allowance for impairment on its AFS securities amounting to P1,465 and P1,360 as of December 31, 2011 in the Group and Parent Company financial statements, respectively, and P1,357 and P1,295 as of December 31, 2010 in the Group and Parent Company financial statements, respectively (see Note 9). Also, in 2011, the Parent Company and Group reclassified its HTM investments to AFS securities due to tainting (see Note 10).

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

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

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

(d) Operating and Finance Leases

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

(e) Classification and Fair Value Determination of Acquired Properties

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

(f) Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.14 and relevant disclosures are presented in Note 31.

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 the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next financial year.

(a) Impairment Losses on Financial Assets (Loans and Receivables and HTM Investments)

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

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

The carrying value of the Group and Parent Company's loans and receivables and the analysis of the allowance for impairment on such financial assets are shown in Note 11.

(b) *Valuation of Financial Assets Other than Loans and Receivables*

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

The Group recognized the change in value of financial assets at FVTPL resulting to an increase of P86 in 2011, P33 in 2010 and P39 in 2009; and increase of P52 in 2011, P7 in 2010 and P10 in 2009 in the Group and Parent Company financial statements, respectively. The changes in fair values from AFS securities that were reported in the statements of comprehensive income amounted to fair value gains of P2,264 in 2011 and P1,976 in 2009, and fair value loss of P365 in 2010 in the Group financial statements; and fair value gains of P2,074 in 2011 and P1,807 in 2009, and fair value loss of P669 in 2010 in the Parent Company financial statements. The carrying values of the assets are disclosed in Notes 8 and 9, respectively.

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

The Group estimates the useful lives of bank premises, furniture, fixtures and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of bank premises, furniture, fixtures and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amount of bank premises, furniture, fixtures and equipment and investment properties are analyzed in Notes 13 and 14, respectively. Based on management's assessment as at December 31, 2011 and 2010, there are no changes in the useful lives of bank premises, furniture, fixtures and equipment and investment properties during the period. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

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

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

	Group			
	2011		2010	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and other cash items	**P 8,148**	**P 8,148**	P 7,860	P 7,860
Due from BSP	**34,221**	**34,221**	24,889	24,889
Due from other banks	**3,606**	**3,606**	2,946	2,946
HTM investments	**–**	**–**	18,501	21,430
Loans and receivables	**184,554**	**184,602**	163,982	164,504
Other resources	**615**	**615**	1,360	1,360
Deposit liabilities:				
Demand	**10,172**	**10,172**	11,598	11,598
Savings	**134,244**	**134,244**	108,414	108,414
Time	**111,044**	**111,044**	116,767	116,767
Bills payable	**15,712**	**15,712**	17,117	17,117
Bonds payable	**10,905**	**12,444**	10,927	11,379
Accrued taxes, interest and other expenses	**3,723**	**3,723**	3,440	3,440
Other liabilities	**6,794**	**6,794**	6,469	6,469
Subordinated debt	**10,966**	**11,847**	10,946	11,663

	Parent			
	2011		2010	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and other cash items	**P 6,560**	**P 6,560**	P 6,281	P 6,281
Due from BSP	**22,990**	**22,990**	22,915	22,915
Due from other banks	**2,965**	**2,965**	2,276	2,276
HTM investments	**-**	**-**	16,779	19,480
Loans and receivables	**153,989**	**149,336**	130,283	130,805
Other resources	**596**	**596**	1,187	1,187
Deposit liabilities				
Demand	**8,341**	**8,341**	9,241	9,241
Savings	**108,562**	**108,562**	93,714	93,714
Time	**87,131**	**87,131**	86,462	86,462
Bills payable	**16,147**	**16,147**	17,171	17,171
Bonds payable	**10,905**	**12,444**	10,927	11,379
Accrued taxes, interest and other expenses	**2,719**	**2,719**	2,542	2,542
Other liabilities	**4,836**	**4,836**	4,990	4,990
Subordinated debt	**10,966**	**11,847**	10,946	11,663

See Notes 2.5 and 2.13 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 4.

(e) Fair Value of Derivatives

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

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

(f) Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying value of unrecognized deferred tax assets as of December 31, 2011 and 2010 is disclosed in Note 28.1.

(g) Impairment of Non-financial Assets

Except for intangible assets with indefinite useful lives, PFRS requires that an impairment review be performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.18. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

(h) Retirement Benefits

The determination of the Group's obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 25 and include, among others, discount rates, expected return on plan assets and salary increase rate. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The amounts of retirement benefit asset and expense and the analysis of the movements in the estimated present value of the retirement obligation are presented in Note 25.

4. RISK MANAGEMENT POLICIES AND OBJECTIVES

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

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

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

- The Risk Management Committee (RMC), which meets monthly, carries out the BOD's oversight responsibility for group risk management, covering credit, market and operational risks under Pillar 1 of the Basel II framework; as well as the management of other material risks determined under Pillar II and the Internal Capital Adequacy Assessment Process (ICAAP) (see Note 5.2). Risk limits are reviewed and approved by the RMC.

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

Two senior management committees also provide a regular forum, at a lower-level, to take up risk issues.

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

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

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

In addition to the risk management systems and controls, the Group holds capital commensurate with the levels of risk it undertakes (see Notes 5.1 and 5.2) in accordance with minimum regulatory capital requirements.

4.1 Group's Strategy in Using Financial Instruments

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

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

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

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

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

4.2 Liquidity Risk

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

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

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

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

The *gap analyses* as of December 31, 2011 and 2010 in accordance with account classification of the BSP are presented below and in the succeeding pages.

Group

	2011					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-maturity**	**Total**
Resources:						
Cash	P 453	P –	P –	P –	P 7,695	P 8,148
Cash equivalents	34,050	395	80	25	3,277	37,827
Loans and receivables	19,379	27,135	43,693	43,129	51,218	184,554
Investments	22,036	109	7,489	52,029	11,015	92,678
Other resources	12,842	100	382	51	8,423	21,798
Total resources	88,760	27,739	51,644	95,234	81,628	345,005
Liabilities:						
Deposits liabilities	31,163	13,066	4,836	3,379	203,016	255,460
Bills payable	9,112	6,594	–	6	–	15,712
Bonds payable	–	–	10,905	–	–	10,905
Subordinated debt	–	–	10,959	–	7	10,966
Other liabilities	3,998	55	2	–	7,972	12,027
Total liabilities	44,273	19,715	26,702	3,385	210,995	305,070
Capital funds	15	–	–	4,297	35,623	39,935
Total liabilities and capital funds	44,288	19,715	26,702	7,682	246,618	345,005
On-book gap	44,472	8,024	24,942	87,552	(164,990)	–
Cumulative on-book gap	44,472	52,496	77,438	164,990	–	–
Contingent resources	138,277	23,423	905	–	–	162,605
Contingent liabilities	138,318	23,418	905	–	–	162,641
Total gap	(41)	5	–	–	–	(36)
Cumulative off-book gap	(41)	(36)	(36)	(36)	(36)	–
Cumulative total gap	P 44,431	P 52,460	P 77,402	P 164,954	(P165,026)	P –

Group

	2010					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-maturity	Total
Resources:						
Cash	P 1,124	P –	P –	P –	P 6,736	P 7,860
Cash equivalents	27,835	–	–	–	–	27,835
Loans and receivables	37,867	25,991	41,235	14,826	44,063	163,982
Investments	21,983	150	8,359	48,399	14,073	92,964
Other resources	697	73	448	15	25,526	26,759
Total resources	89,506	26,214	50,042	63,240	90,398	319,400
Liabilities:						
Deposits liabilities	26,618	6,854	3,217	8,544	191,546	236,779
Bills payable	10,352	3,450	2,126	7	1,182	17,117
Bonds payable	–	–	10,927	–	–	10,927
Subordinated debt	–	–	10,937	–	9	10,946
Other liabilities	4,176	36	14	1	7,584	11,811
Total liabilities	41,146	10,340	27,221	8,552	200,321	287,580
Capital funds	–	15	–	4,313	27,492	31,820
Total liabilities and capital funds	41,146	10,355	27,221	12,865	227,813	319,400
On-book gap	48,360	15,859	22,821	50,375	(137,415)	–
Cumulative on-book gap	48,360	64,219	87,040	137,415	–	–
Contingent resources	132,699	42,031	1,137	–	–	175,867
Contingent liabilities	132,734	42,031	1,137	–	–	175,902
Total gap	(35)	–	–	–	–	(35)
Cumulative off-book gap	(35)	(35)	(35)	(35)	(35)	–
Cumulative total gap	P 48,325	P 64,184	P 87,005	P 137,380	(P137,450)	P –

Parent

	2011					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-maturity**	**Total**
Resources:						
Cash	P 308	P –	P –	P –	P 6,252	P 6,560
Cash equivalents	19,696	395	–	–	5,864	25,955
Loans and receivables	16,206	20,285	26,342	40,641	50,515	153,989
Investments	11,303	–	7,229	51,646	15,413	85,591
Other resources	10,985	–	–	–	2,707	13,692
Total resources	58,498	20,680	33,571	92,287	80,751	285,787
Liabilities:						
Deposits liabilities	25,125	7,898	4,558	3,379	163,074	204,034
Bills payable	9,386	6,756	–	5	–	16,147
Bonds payable	–	–	10,905	–	–	10,905
Subordinated debt	–	–	10,959	–	7	10,966
Other liabilities	2,622	5	–	–	6,448	9,075
Total liabilities	37,133	14,659	26,422	3,384	169,529	251,127
Capital funds	–	–	4,297	–	30,363	34,660
Total liabilities and capital funds	37,133	14,659	30,719	3,384	199,892	285,787
On-book gap	21,365	6,021	2,852	88,903	(119,141)	–
Cumulative on-book gap	21,365	27,386	30,238	119,141	–	–
Contingent resources	138,258	23,423	905	–	–	162,586
Contingent liabilities	138,251	23,418	905	–	–	162,574
Total gap	7	5	–	–	–	12
Cumulative off-book gap	7	12	12	12	12	–
Cumulative total gap	P 21,372	P 27,398	P 30,250	P 119,153	P 119,129	P –

Parent

	2010					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-maturity	Total
Resources:						
Cash	P 989	P –	P –	P –	P 5,292	P 6,281
Cash equivalents	25,191	–	–	–	–	25,191
Loans and receivables	35,035	23,114	25,427	13,004	33,703	130,283
Investments	11,813	–	4,454	58,119	11,527	85,913
Other resources	–	–	–	–	17,645	17,645
Total resources	73,028	23,114	29,881	71,123	68,167	265,313
Liabilities:						
Deposits liabilities	24,189	6,728	8,183	–	150,317	189,417
Bills payable	11,837	3,339	1,990	5	–	17,171
Bonds payable	–	–	10,927	–	–	10,927
Subordinated debt	–	–	10,937	–	9	10,946
Other liabilities	2,773	–	–	–	6,445	9,218
Total liabilities	38,799	10,067	32,037	5	156,771	237,679
Capital funds	–	–	–	4,313	23,321	27,634
Total liabilities and capital funds	38,799	10,067	32,037	4,318	180,092	265,311
On-book gap	34,229	13,047	(2,156)	66,805	(111,925)	–
Cumulative on-book gap	34,229	47,276	45,120	111,925	–	–
Contingent resources	132,681	42,031	1,137	–	–	175,849
Contingent liabilities	132,690	42,031	1,137	–	–	175,858
Total gap	(9)	–	–	–	–	(9)
Cumulative off-book gap	(9)	(9)	(9)	(9)	(9)	–
Cumulative total gap	P 34,220	P 47,267	P 45,111	P 111,916	(P111,934)	P –

Pursuant to applicable BSP regulations, the Group is required to maintain liquidity reserve and statutory legal reserve which are based on a certain percentages of deposits. A portion of the required reserve must be deposited with BSP. The remaining portion of the required reserve may be held by the Group in the form of cash in vault and or government securities.

Under a current BSP circular, the liquidity reserve is required to be in the form of reserve deposits with the BSP. The BSP also requires the Parent Company and RSB to maintain asset cover of 100% for foreign currency liabilities of their FCDU, of which 30% must be in liquid assets.

4.2.1 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 their measurement, monitoring, and control systems account for these exposures as well. The Group sets and regularly reviews limits on the size of their cash flow mismatches for each significant individual currency and in aggregate over appropriate time horizons. The Group also assesses their access to foreign exchange markets when setting up their risk limits.

Following BSP Circular No. 639 on ICAAP, the Group likewise calculates and maintains a level of capital needed to support unexpected losses attributable to liquidity risk (see Note 5.2).

4.2.2 Liquidity Risk Stress

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

4.3 Market Risk

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

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

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

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

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

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

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

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

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

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

- Earnings-at-Risk (EaR) – more specifically, in its current implementation, refers to the impact on net interest income for a 12-month horizon of adverse movements in interest rates. For this purpose, the Group employs a gap analysis to measure the interest rate sensitivity of its statement of financial position (local and foreign currencies). As of a given reporting date, the 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 EaR are consistent with a 99% confidence level with respect to historical rate volatility, assuming a one-year holding period.

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

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

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

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

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

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

Group

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

	2010			
	At December 31	Average	Maximum	Minimum
Foreign currency risk	P 7	P 10	P 58	P 1
Interest rate risk	144	127	249	38
Overall	P 151	P 137	P 307	P 39

Parent

	2011			
	At December 31	**Average**	**Maximum**	**Minimum**
Foreign currency risk	P 33	P 28	P 59	P 8
Interest rate risk	153	119	223	36
Overall	**P 186**	**P 147**	**P 282**	**P 44**

	2010			
	At December 31	Average	Maximum	Minimum
Foreign currency risk	P 5	P 9	P 56	P 1
Interest rate risk	112	107	213	35
Overall	P 117	P 116	P 269	P 36

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 assets and foreign currency liabilities, is capped by current BSP regulations. Compliance with this ceiling by the Group and the respective foreign currency positions of its subsidiaries are reported to the BSP on a daily basis as required. Beyond this constraint, the Group manages its foreign exchange exposure by limiting it to within conservative levels justifiable from a return/risk perspective. In addition, the Group regularly calculates VaR for each currency position, which is incorporated in market risk management discussion in Note 4.3.

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

Group

	2011		
	Foreign Currency	**Peso**	**Total**
Resources:			
Cash and other cash items	P 932	P 7,216	P 8,148
Due from BSP	–	34,221	34,221
Due from other banks	3,002	604	3,606
Financial assets at FVTPL	6,223	5,595	11,818
AFS securities	56,610	20,629	77,239
Loans and receivables	34,229	150,325	184,554
Other resources	435	180	615
Liabilities:			
Deposit liabilities	63,089	192,371	255,460
Bills payable	10,212	5,500	15,712
Bonds payable	10,905	–	10,905
Accrued interest, taxes and other expenses	439	3,284	3,723
Other liabilities	1,437	5,357	6,794
Subordinated debt	–	10,966	10,966

	2010		
	Foreign Currency	Peso	Total
Resources:			
Cash and other cash items	P 747	P 7,113	P 7,860
Due from BSP	–	24,889	24,889
Due from other banks	2,195	751	2,946
Financial assets at FVTPL	6,934	8,545	15,479
AFS securities	34,505	20,982	55,487
HTM investments	15,956	2,545	18,501
Loans and receivables	29,694	134,288	163,982
Other resources	170	1,190	1,360
Liabilities:			
Deposit liabilities	59,303	177,476	236,779
Bills payable	15,577	1,540	17,117
Bonds payable	10,927	–	10,927
Accrued interest, taxes and other expenses	598	2,842	3,440
Other liabilities	2,116	4,353	6,469
Subordinated debt	–	10,946	10,946

Parent

	2011		
	Foreign Currency	**Peso**	**Total**
Resources:			
Cash and other cash items	P 747	P 5,813	P 6,560
Due from BSP	–	22,990	22,990
Due from other banks	2,436	529	2,965
Financial assets at FVTPL	6,223	5,018	11,241
AFS securities	50,327	12,835	63,162
Loans and receivables	33,151	120,838	153,989
Other resources	38	558	596
Liabilities:			
Deposit liabilities	55,971	148,063	204,034
Bills payable	10,212	5,935	16,147
Bonds payable	10,905	–	10,905
Accrued interest, taxes and other expenses	431	2,288	2,719
Other liabilities	1,022	3,814	4,836
Subordinated debt	–	10,966	10,966

	2010		
	Foreign Currency	Peso	Total
Resources:			
Cash and other cash items	P 747	P 5,534	P 6,281
Due from BSP	–	22,915	22,915
Due from other banks	1,996	280	2,276
Financial assets at FVTPL	6,450	5,341	11,791
AFS securities	32,475	14,210	46,685
HTM investments	14,252	2,527	16,779
Loans and receivables	29,565	100,718	130,283
Other resources	27	1,160	1,187
Liabilities:			
Deposit liabilities	55,186	134,231	189,417
Bills payable	16,073	1,098	17,171
Bonds payable	10,927	–	10,927
Accrued interest, taxes and other expenses	583	1,959	2,542
Other liabilities	1,388	3,602	4,990
Subordinated debt	–	10,946	10,946

4.3.2 Interest Rate Risk

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

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

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

Group

	2011					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-rate Sensitive**	**Total**
Resources:						
Cash	P 145	P –	P –	P –	P 8,003	P 8,148
Cash equivalents	31,086	395	80	25	6,241	37,827
Loans and advances to customers	118,482	11,919	20,836	8,657	24,660	184,554
Investment and trading securities	22,036	109	7,489	52,028	7,395	89,057
Total resources	P 171,749	P 12,423	P 28,405	P 60,710	P 46,299	P 319,586
Liabilities:						
Deposits from banks	P 9,111	P 6,594	P –	P 7	P –	P 15,712
Deposits from customers	95,364	14,303	8,075	3,379	134,339	255,460
Debt securities issued	–	–	10,905	–	–	10,905
Subordinated liabilities	–	–	10,959	–	7	10,966
Total liabilities	P 104,475	P 20,897	P 29,939	P 3,386	P 134,346	P 293,043
On-book gap	P 67,274	(P 8,474)	(P 1,534)	P 57,324	(P 88,047)	P 26,543
Cumulative gap	P 67,274	P 58,800	P 57,266	P 114,590	P 26,543	

Group

	2010					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash	P 135	P –	P –	P –	P 7,725	P 7,860
Cash equivalents	27,835	–	–	–	–	27,835
Loans and advances to customers	78,976	13,059	20,273	7,586	44,088	163,982
Investment and trading securities	22,009	150	8,297	56,316	2,695	89,467
Total resources	P 128,955	P 13,209	P 28,570	P 63,902	P 54,508	P 289,144
Liabilities:						
Deposits from banks	P 10,353	P 3,456	P 2,119	P 8	P 1,181	P 17,117
Deposits from customers	94,820	10,398	12,444	1	119,116	236,779
Debt securities issued	–	–	10,927	–	–	10,927
Subordinated liabilities	–	–	10,937	–	9	10,946
Total liabilities	P 105,173	P 13,854	P 36,427	P 9	P 120,306	P 275,769
On-book gap	P 23,782	(P 645)	(P 7,857)	P 63,893	(P 65,798)	P 13,375
Cumulative gap	P 23,782	P 23,137	P 15,280	P 79,173	P 13,375	

Parent

	2011					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-rate Sensitive**	**Total**
Resources:						
Cash	P –	P –	P –	P –	P 6,560	P 6,560
Cash equivalents	16,732	395	–	–	8,828	25,955
Loans and advances to customers	110,942	5,069	3,486	6,168	28,324	153,989
Investment and trading securities	11,303	–	7,229	51,646	4,225	74,403
Total resources	P 138,977	P 5,464	P 10,715	P 57,814	P 47,937	P 260,907
Liabilities:						
Deposits from banks	P 9,385	P 6,756	P –	P 6	P –	P 16,147
Deposits from customers	70,333	8,866	4,559	3,379	116,897	204,034
Debt securities issued	–	–	10,905	–	–	10,905
Subordinated liabilities	–	–	10,959	–	7	10,966
Total liabilities	P 79,718	P 15,622	P 26,423	P 3,385	P 116,904	P 242,052
On-book gap	P 59,259	(P 10,158)	(P 15,708)	P 54,429	(P 68,967)	P 18,855
Cumulative gap	P 59,259	P 49,101	P 33,393	P 87,822	P 18,855	

	2010					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash	P –	P –	P –	P –	P 6,281	P 6,281
Cash equivalents	23,575	–	–	–	1,616	25,191
Loans and advances to customers	79,872	6,479	4,464	5,764	33,704	130,283
Investment and trading securities	11,791	–	7,460	54,339	1,665	75,255
Total resources	P 115,238	P 6,479	P 11,924	P 60,103	P 43,266	P 237,010
Liabilities:						
Deposits from banks	P 11,854	P 3,327	P 1,983	P 7	P –	P 17,171
Deposits from customers	69,585	8,562	8,324	–	102,946	189,417
Debt securities issued	–	–	10,927	–	–	10,927
Subordinated liabilities	–	–	10,937	–	9	10,946
Total liabilities	P 81,439	P 11,889	P 32,171	P 7	P 102,955	P 228,461
On-book gap	P 33,799	(P 5,410)	(P 20,247)	P 60,096	(P 59,689)	P 8,549
Cumulative gap	P 33,799	P 28,389	P 8,142	P 68,238	P 8,549	

4.3.3 Equity Price Risk

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

4.4 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.

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

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

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

4.4.1 Exposure to Credit Risk

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

Group

	2011	
	Loans and Receivables	**Investment Securities**
Carrying Amount	**P 184,554**	**P 85,790**
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	146	2,904
Grade 6: Impaired	–	–
Grade 7: Impaired	236	–
Grade 8: Impaired	113	–
Grade 9: Impaired	–	–
Grade 10: Impaired	3,659	–
Gross amount	4,154	2,904
Allowance for impairment	(3,011)	(1,465)
Carrying amount	1,143	1,439
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	134,562	–
Grade 6: Watchlist	12,273	–
Grade 7: Special Mention	4,860	–
Grade 8: Sub-standard	3,459	–
Grade 9: Doubtful	1,038	–
Grade 10: Loss	4,339	–
Gross amount	160,531	–
Allowance for impairment	(2,352)	–
Carrying amount	158,179	–
Unquoted debt securities classified as loans	2,763	–
Other receivables	6,488	–
Allowance for impairment	(2,965)	–
Carrying amount	6,286	–
Neither Past Due Nor Impaired	18,946	84,351
Total Carrying Amount	**P 184,554**	**P 85,790**

Group

	2010	
	Loans and Receivables	Investment Securities
Carrying Amount	P 163,982	P 87,903
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	63	2,418
Grade 6: Impaired	23	–
Grade 7: Impaired	46	–
Grade 8: Impaired	2,111	–
Grade 9: Impaired	260	–
Grade 10: Impaired	1,982	–
Gross amount	4,485	2,418
Allowance for impairment	(2,513)	(1,357)
Carrying amount	1,972	1,061
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	114,490	–
Grade 6: Watchlist	13,321	–
Grade 7: Special Mention	5,686	–
Grade 8: Sub-standard	2,618	–
Grade 9: Doubtful	–	–
Grade 10: Loss	1,061	–
Gross amount	137,176	–
Allowance for impairment	(4,159)	–
Carrying amount	133,017	–
Unquoted debt securities classified as loans	5,049	–
Other receivables	3,056	–
Allowance for impairment	(905)	–
Carrying amount	7,200	–
Neither Past Due Nor Impaired	21,793	86,842
Total Carrying Amount	P 163,982	P 87,903

Parent

	2011	
	Loans and Receivables	**Investment Securities**
Carrying Amount	**P 153,989**	**P 73,908**
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	–	2,808
Grade 6: Impaired	–	–
Grade 7: Impaired	236	–
Grade 8: Impaired	113	–
Grade 9: Impaired	–	–
Grade 10: Impaired	3,659	–
Gross amount	4,008	2,808
Allowance for impairment	(2,998)	(1,360)
Carrying amount	1,010	1,448
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	113,527	–
Grade 6: Watchlist	12,237	–
Grade 7: Special Mention	236	–
Grade 8: Sub-standard	2,724	–
Grade 9: Doubtful	907	–
Grade 10: Loss	3,615	–
Gross amount	133,246	–
Allowance for impairment	(1,973)	–
Carrying amount	131,273	–
Unquoted debt securities classified as loans	2,763	–
Accrued interest receivable and accounts receivable	3,012	–
Allowance for impairment	(531)	–
Carrying amount	5,244	–
Neither Past Due Nor Impaired	16,462	72,460
Total Carrying Amount	**P 153,989**	**P 73,908**

Parent

	2010	
	Loans and Receivables	Investment Securities
Carrying Amount	P 130,283	P 74,879
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	–	2,369
Grade 6: Impaired	23	–
Grade 7: Impaired	46	–
Grade 8: Impaired	2,111	–
Grade 9: Impaired	260	–
Grade 10: Impaired	1,982	–
Gross amount	4,422	2,369
Allowance for impairment	(2,514)	(1,295)
Carrying amount	1,908	1,074
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	89,540	–
Grade 6: Watchlist	8,552	–
Grade 7: Special Mention	5,686	–
Grade 8: Sub-standard	1,481	–
Grade 9: Doubtful	–	–
Grade 10: Loss	–	–
Gross amount	105,259	–
Allowance for impairment	(1,354)	–
Carrying amount	103,905	–
Unquoted debt securities classified as loans	5,049	–
Accrued interest receivable and accounts receivable	3,056	–
Allowance for impairment	(905)	–
Carrying amount	7,200	–
Neither Past Due Nor Impaired	17,270	73,805
Total Carrying Amount	P 130,283	P 74,879

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

4.4.2 Collateral Held as Security and Other Credit Enhancements

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are generally updated annually. Generally, collateral is not held over loans and advances to other banks, except when securities are held as part of reverse repurchase and securities borrowing activities. Collateral usually is not held against investment securities, and no such collateral was held at December 31, 2011 and 2010.

The Group holds collateral against Loans and Receivables in the form of hold-out on deposits, real estate mortgage, standby letters of credit or bank guaranty, government guaranty, chattel mortgage, assignment of receivables, pledge of shares, personal and corporate guaranty and other forms of security. An estimate of the fair value of collateral and other security enhancements held against loans and receivables as of December 31, 2011 and 2010 are shown below.

Group

	2011	2010
Against individually impaired		
Real property	**P 3,005**	P 3,979
Chattels	**–**	28
Others	**–**	–
Against classified accounts but not impaired		
Real property	**22,675**	25,558
Chattels	**21,425**	22,246
Equities	**11,230**	3,223
Debt securities	**–**	136
Others	**4,444**	1,590
Against neither past due nor impaired		
Real property	**52,450**	25,164
Chattels	**753**	336
Others	**3,594**	21,809
Total	**P 119,576**	P 104,069

Parent

		2011		2010
Against individually impaired				
Real property	**P**	**2,861**	P	3,916
Chattels		**–**		28
Others		**–**		–
Against classified accounts but not impaired				
Real property		**10,280**		12,505
Chattels		**7,753**		9,613
Equities		**11,230**		3,223
Debt securities		**–**		136
Others		**3,752**		982
Against neither past due nor impaired				
Real property		**49,167**		22,686
Chattels		**–**		–
Others		**3,594**		21,809
Total	**P**	**88,637**	P	74,898

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 at the reporting date is shown in Note 11.

In the course of the Group's implementation of ICAAP (see Notes 5.2 and 11), it adopts a quantification of credit risk concentration following frameworks prescribed by some of the more advanced European central banks. Using sector distribution as a tool, the Group performs a straightforward application of the Herfindahl-Hirshman Index (HHI) to determine the existence of credit risk concentration.

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

4.4.4 Credit Risk Stress Test

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

4.5 Fair Value Hierarchy

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

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

The table below presents the breakdown of the Group's financial assets and liabilities measured at fair value in the statements of financial position as of December 31, 2011 and 2010.

Group

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Government bonds	P 3,946	P 2,239	P –	P 6,185
Other debt securities	2,799	1,359	–	4,158
Derivative assets	54	1,086	–	1,140
Equity securities	335	–	–	335
	7,134	4,684	–	11,818
AFS securities:				
Government bonds	33,849	11,898	–	45,747
Other debt securities	25,089	3,471	–	28,560
Equity securities	2,191	–	–	2,191
	61,129	15,369	–	76,498
Allowance for impairment	(1,298)	–	–	(1,298)
	59,831	15,369	–	75,200
Total Resources at Fair Value	**P 66,965**	**P 20,053**	**P –**	**P 87,018**
Derivative liability	**P –**	**P 1,110**	**P –**	**P 1,110**

	2010			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Government bonds	P 7,859	P 1,142	P –	P 9,001
Other debt securities	1,990	2,674	–	4,664
Derivative assets	49	1,545	–	1,594
Equity securities	220	–	–	220
	10,118	5,361	–	15,479
AFS securities:				
Government bonds	28,485	415	–	28,900
Other debt securities	19,544	5,699	–	25,243
Equity securities	1,214	3	–	1,217
	49,243	6,117	–	55,360
Allowance for impairment	(1,190)	–	–	(1,190)
	48,053	6,117	–	54,170
Total Resources at Fair Value	P 58,171	P 11,478	P –	P 69,649
Derivative liability	P –	P 1,374	P –	P 1,374

Parent

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Government bonds	P 3,837	P 2,239	P –	P 6,076
Other debt securities	2,771	1,254	–	4,025
Derivative assets	54	1,086	–	1,140
	6,662	4,579	–	11,241
AFS securities:				
Government bonds	25,073	9,094	–	34,167
Other debt securities	22,690	5,810	–	28,500
Equity securities	177	–	–	177
	47,940	14,904	–	62,844
Allowance for impairment	(1,193)	–	–	(1,193)
	46,747	14,904	–	61,651
Total Resources at Fair Value	**P 53,409**	**P 19,483**	**P –**	**P 72,892**
Derivative liability	**P –**	**P 1,110**	**P –**	**P 1,110**

	2010			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Government bonds	P 4,654	P 1,093	P –	P 5,747
Other debt securities	1,880	2,570	–	4,450
Derivative assets	49	1,545	–	1,594
	6,583	5,208	–	11,791
AFS securities:				
Government bonds	21,092	–	–	21,092
Other debt securities	19,518	5,699	–	25,217
Equity securities	187	–	–	187
	40,797	5,699	–	46,496
Allowance for impairment	(1,122)	–	–	(1,122)
	39,675	5,699	–	45,374
Total Resources at Fair Value	P 46,258	P 10,907	P –	P 57,165
Derivative liability	P –	P 1,374	P –	P 1,374

There were no transfers between levels of hierarchy in 2011 and 2010. The Group and the Parent Company's investments in non-marketable equity securities (INMES) with carrying amount of P2,039 and P1,317 in the Group's financial statements and P1,511 and P1,317 in the Parent Company's financial statements, as of December 31, 2011 and 2010, respectively, presented under AFS securities were carried at cost as there are no reliable sources of fair value.

4.6 Operations Risk

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

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

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

Operations Risk Management, as it relates to Capital Adequacy, is currently under Basic Indicator Approach (see Notes 5.1 and 5.2).

4.6.1 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 capital. This risk is present in activities such as asset management and regulatory compliance.

As part of the Group's ICAAP initiatives (see Note 5.2), it initially adopted a representative, albeit provisional, measure of reputation risk based on a widely held theory that the stock price of a listed company more or less is a barometer of said company's reputation. Applying statistical treatment to VaR therefore provides an indication as to the maximum amount by which the Group's reputation may be eroded.

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

4.6.2 Legal Risk and Regulatory Risk Management

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

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

4.7 Anti-Money Laundering Controls

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

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

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

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

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

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

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

5. CAPITAL MANAGEMENT

5.1 Regulatory Capital

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

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

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

Under the relevant provisions of the current BSP regulations, the minimum capitalization of the Parent Company, RSB, Merchants Bank, RCBC Capital, and JPL is P4,950, P325, P325, P300 and P32, respectively. In computing for the CAR, the regulatory qualifying capital is analyzed into two tiers which are: (i) Tier 1 Capital and (ii) Tier 2 Capital, less deductions from the Total Tier 1 and Tier 2 for the following:

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

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

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

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

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

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

a. Tier 1 Capital includes the following:
   i. paid-up common stock;
   ii. paid-up perpetual and non-cumulative preferred stock;
   iii. common and perpetual, non-cumulative preferred stock dividends distributable;
   iv. surplus;
   v. surplus reserves;
   vi. undivided profits (for domestic banks only);
   vii. unsecured subordinated debt (with prior BSP approval); and
   viii. non-controlling interest in the equity of subsidiary financial allied undertakings;

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

b. Tier 2 Capital includes:
   i. perpetual and cumulative preferred stock;
   ii. limited life redeemable preferred stock with or without the replacement requirement subject to BSP conditions;
   iii. dividends distributable of i and ii above;
   iv. appraisal increment reserve – bank premises, as authorized by the Monetary Board (MB);
   v. net unrealized gains on underwritten listed equity securities purchased;
   vi. general loan loss provision;
   vii. unsecured subordinated debt with a minimum original maturity of at least ten years (with prior BSP approval);
   viii. unsecured subordinated debt with a minimum original maturity of at least five years (with prior BSP approval); and
   ix. deposit for stock subscription on:
      – common stock,
      – perpetual and non-cumulative preferred stock,
      – perpetual and cumulative preferred stock subscription, and
      – limited life redeemable preferred stock subscription with the replacement requirement upon redemption;

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

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

		2011		2010
Tier 1 Capital	**P**	**35,752**	P	29,824
Tier 2 Capital		**12,413**		12,154
Total Qualifying Capital, after deductions	**P**	**48,165**	P	41,978
Total Risk – Weighted Assets	**P**	**260,039**	P	236,225
Capital ratios:				
Total regulatory capital expressed as percentage of total risk – weighted assets		**18.52%**		17.77%
Total Tier 1 expressed as percentage of total risk – weighted assets		**13.75%**		12.63%

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

		2011		2010
Tier 1 Capital	**P**	**29,619**	P	24,309
Tier 2 Capital		**6,022**		6,369
Total Qualifying Capital, after deductions	**P**	**35,641**	P	30,678
Total Risk – Weighted Assets	**P**	**208,161**	P	188,722
Capital ratios:				
Total regulatory capital expressed as percentage of total risk – weighted assets		**17.12%**		16.26%
Total Tier 1 expressed as percentage of total risk – weighted assets		**14.23%**		12.88%

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

5.2 Internal Capital Adequacy Assessment and Pillar 2 Risk Weighted Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		2011		2010
Pillar 1 Risk – Weighted Assets	**P**	**262,580**	P	236,225
Pillar 2 Risk – Weighted Assets		**9,696**		5,439
Total Risk – Weighted Assets	**P**	**272,276**	P	241,664
Capital ratios:				
Total regulatory capital expressed as percentage of total risk – weighted assets		**18.37%**		17.37%
Total Tier 1 expressed as percentage of total risk – weighted assets		**14.06%**		12.36%

6. SEGMENT INFORMATION

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

a. *Retail Banking* – principally handles the business centers offering a wide range of financial products and services to the commercial "middle market" customers. Products offered include individual customer's deposits, overdraft facilities, trade finance, payment remittances and foreign exchange transactions.

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

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

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

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

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

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

Primary segment information (by business segment) on a consolidated basis as of and for the years ended December 31, 2011, 2010 and 2009 follow:

	2011									
		Retail Banking Group		Corporate Banking Group		Treasury Group		Others		Total
Results of operations										
Net interest income	P	4,647	P	2,425	P	1,434	P	2,244	P	10,750
Non-interest income		2,073		951		4,508		2,340		9,872
Total revenue		6,720		3,376		5,942		4,584		20,622
Non-interest expense	(	5,070	)(	1,090)	(	567)	(	7,975)	(	14,702)
Profit (loss) before tax		1,650		2,286		5,375	(	3,391)		5,920
Tax expense		–		–		–	(	903)	(	903)
Non-controlling interest in net profit		–		–		–	(	10)	(	10)
Net profit (loss)	**P**	**1,650**	**P**	**2,286**	**P**	**5,375**	**(P**	**4,304)**	**P**	**5,007**
Statement of financial position										
Total Resources	**P**	**196,996**	**P**	**118,389**	**P**	**79,705**	**(P**	**50,085)**	**P**	**345,005**
Total Liabilities	**P**	**196,996**	**P**	**118,389**	**P**	**79,705**	**(P**	**90,020)**	**P**	**305,070**
Other segment information										
Capital expenditures	**P**	**621**	**P**	**18**	**P**	**4**	**P**	**885**	**P**	**1,528**
Depreciation and amortization	**P**	**255**	**P**	**17**	**P**	**8**	**P**	**609**	**P**	**889**

	2010				
	Retail Banking Group	Corporate Banking Group	Treasury Group	Others	Total
Results of operations					
Net interest income	P 4,271	P 2,063	P 1,431	P 3,119	P 10,884
Non-interest income	2,137	910	3,173	2,190	8,410
Total revenue	6,408	2,973	4,604	5,309	19,294
Non-interest expense	(4,493)	(1,080)	(432)	(8,032)	(14,037)
Profit (loss) before tax	1,915	1,893	4,172	(2,723)	5,257
Tax expense	–	–	–	(999)	(999)
Non-controlling interest in net profit	–	–	–	(10)	(10)
Net profit (loss)	P 1,915	P 1,893	P 4,172	(P 3,732)	P 4,248
Statement of financial position					
Total Resources	P 196,963	P 119,867	P 82,690	(P 80,120)	P 319,400
Total Liabilities	P 196,963	P 119,867	P 82,690	(P 111,940)	P 287,580
Other segment information					
Capital expenditures	P 614	P 12	P 3	P 961	P 1,590
Depreciation and amortization	P 358	P 14	P 3	P 465	P 840

	2009				
	Retail Banking Group	Corporate Banking Group	Treasury Group	Others	Total
Results of operations					
Net interest income	P 4,006	P 1,859	P 1,080	P 3,323	P 10,268
Non-interest income	1,808	938	2,388	752	5,886
Total revenue	5,814	2,797	3,468	4,075	16,154
Non-interest expense	(4,084)	(827)	(399)	(6,764)	(12,074)
Profit (loss) before tax	1,730	1,970	3,069	(2,689)	4,080
Tax expense	–	–	–	(745)	(745)
Non-controlling interest in net profit	–	–	–	(7)	(7)
Net profit (loss)	P 1,730	P 1,970	P 3,069	(P 3,441)	P 3,328
Statement of financial position					
Total Resources	P 184,765	P 96,875	P 75,578	(P 68,702)	P 288,516
Total Liabilities	P 184,765	P 96,875	P 75,578	(P 99,248)	P 257,970
Other segment information					
Capital expenditures	P 337	P 13	P 4	P 859	P 1,213
Depreciation and amortization	P 223	P 22	P 5	P 465	P 715

Secondary information (by geographical location) as of and for the years ended December 31, 2011, 2010 and 2009 follow:

	2011			
	Philippines	**United States**	**Asia and Europe**	**Total**
Results of operations				
Total revenues	P 20,426	P 56	P 140	P 20,622
Total expenses	15,366	107	142	15,615
Net profit (loss)	P 5,060	(P 51)	(P 2)	P 5,007
Statement of financial position				
Total resources	P 344,467	P 163	P 375	P 345,005
Total liabilities	P 304,747	P 137	P 186	P 305,070
Other segment information				
Capital expenditures	P 1,528	P –	P –	P 1,528
Depreciation and amortization	P 887	P 2	P –	P 889

	2010							
	Philippines		United States		Asia and Europe		Total	
Results of operations								
Total revenues	P	19,112	P	63	P	119	P	19,294
Total expenses		14,793		119		134		15,046
Net profit (loss)	P	4,319	(P	56)	(P	15)	P	4,248
Statement of financial position								
Total resources	P	318,409	P	156	P	835	P	319,400
Total liabilities	P	286,837	P	104	P	639	P	287,580
Other segment information								
Capital expenditures	P	1,586	P	2	P	2	P	1,590
Depreciation and amortization	P	834	P	5	P	1	P	840

	2009							
	Philippines		United States		Asia and Europe		Total	
Results of operations								
Total revenues	P	15,960	P	75	P	119	P	16,154
Total expenses		12,566		144		116		12,826
Net profit (loss)	P	3,394	(P	69)	P	3	P	3,328
Statement of financial position								
Total resources	P	287,950	P	147	P	419	P	288,516
Total liabilities	P	257,639	P	133	P	198	P	257,970
Other segment information								
Capital expenditures	P	1,206	P	3	P	4	P	1,213
Depreciation and amortization	P	709	P	5	P	1	P	715

7. CASH AND CASH EQUIVALENTS

The components of Cash and Cash Equivalents follow:

	Group				**Parent**			
	2011		2010		**2011**		2010	
Cash and other cash items	**P**	**8,148**	P	7,860	**P**	**6,560**	P	6,281
Due from BSP		**34,221**		24,889		**22,990**		22,915
Due from other banks		**3,606**		2,946		**2,965**		2,276
	P	**45,975**	P	35,695	**P**	**32,515**	P	31,472

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 Bank's vault and those in the possession of tellers, including ATMs. Other cash items include cash items (other than currency and coins on hand), such as checks drawn on other banks or other branches after the Bank's clearing cut-off time until the close of the regular banking hours.

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

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

	Group				**Parent**			
	2011		2010		**2011**		2010	
Foreign banks	**P**	**1,827**	P	2,661	**P**	**1,456**	P	1,892
Local banks		**1,779**		285		**1,509**		384
	P	**3,606**	P	2,946	**P**	**2,965**	P	2,276

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

	Group				Parent			
	2011		2010		2011		2010	
Foreign currencies	**P**	**3,002**	P	2,195	**P**	**2,436**	P	1,996
Philippine pesos		**604**		751		**529**		280
	P	**3,606**	P	2,946	**P**	**2,965**	P	2,276

Interest rates per annum on these deposits range from 0.50% to 3.125% in 2011, 0.50% to 4.63% in 2010 and 0.50% to 5.25% in 2009.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account is composed of the following:

	Group				Parent			
	2011		2010		2011		2010	
Government bonds	**P**	**6,185**	P	9,001	**P**	**6,076**	P	5,747
Other debt securities		**4,158**		4,664		**4,025**		4,450
Derivative financial assets		**1,140**		1,594		**1,140**		1,594
Equity securities – quoted		**335**		220		**–**		–
	P	**11,818**	P	15,479	**P**	**11,241**	P	11,791

The carrying amounts of the above financial assets are classified as follows:

	Group				Parent			
	2011		2010		2011		2010	
Held-for-trading	**P**	**10,678**	P	13,885	**P**	**10,101**	P	10,197
Derivatives		**1,140**		1,594		**1,140**		1,594
	P	**11,818**	P	15,479	**P**	**11,241**	P	11,791

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

	2011	2010	2009
Peso denominated	**4.95% - 11.38%**	4.63% - 9.13%	4.02% - 11.88%
Foreign currency denominated	**2.50% - 10.63%**	2.50% - 11.04%	3.75% - 11.38%

Majority of financial assets at FVTPL are held-for-trading. The amounts presented have been determined directly by reference to published price quoted in an active market.

Fair values of government bonds and other debt securities were determined directly by reference to published closing prices available from electronic financial data service providers which had been based on price quoted or actually dealt in an active market.

Fair values of certain derivative financial assets were determined through valuation techniques using net present value computation. Derivatives instruments used by the Parent Company include mainly foreign currency short-term forwards, cross-currency swaps and options. Foreign currency forwards represent commitments to purchase/sell on a future date at a specific exchange rate. Foreign currency short-term swaps are simultaneous foreign currency spot and forward deals with tenor of one year. 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 liabilities as of December 31 both in the Group and Parent Company financial statements are set out as follows:

	2011					
	Notional Amount		Fair Values			
			Assets		Liabilities	
Currency swaps	P	200,770	P	951	P	757
Interest rate swaps/futures		12,991		104		344
Options		1,014		31		9
Debt warrants		–		54		–
	P	**214,775**	**P**	**1,140**	**P**	**1,110**

	2010		
	Notional Amount	Fair Values – Assets	Fair Values – Liabilities
Currency swaps	P 340,655	P 1,470	P 1,228
Interest rate swaps/futures	4,914	64	123
Options	1,156	11	23
Debt warrants	–	49	–
	P 346,725	P 1,594	P 1,374

The derivative liabilities of P1,110 and P1,374 as of December 31, 2011 and 2010, respectively, are shown as part of Other Liabilities under Derivatives with Negative Fair Values in the statements of financial position (see Note 21). Such derivative liabilities have maturity period of one to three months.

The Group recognized the change in value of financial assets at FVTPL resulting to an increase of P86 in 2011, P33 in 2010 and P39 in 2009; and increase of P52 in 2011, P7 in 2010 and P10 in 2009 in the Group and Parent Company financial statements, respectively, which were included as part of Trading and Securities Gains – net account in the statements of income.

As permitted by the BSP for prudential reporting purposes, in 2008, the Group reclassified certain debt securities and embedded derivatives of CLNs from financial assets at FVTPL to HTM investments, AFS securities and loans and receivables categories. The effects of the reclassification are fully disclosed in Notes 9, 10 and 11.

9. AVAILABLE-FOR-SALE SECURITIES

The Group's AFS securities consist of the following:

	Group		Parent	
	2011	2010	**2011**	2010
Government bonds	**P 45,747**	P 28,900	**P 34,167**	P 21,092
Other debt securities	**28,560**	25,243	**28,500**	25,217
Equity securities	**4,397**	2,701	**1,855**	1,671
	78,704	56,844	**64,522**	47,980
Allowance for impairment (see Note 16)	**(1,465)**	(1,357)	**(1,360)**	(1,295)
	P 77,239	P 55,487	**P 63,162**	P 46,685

Interest rates per annum on government bonds and other debt securities range from 2.50% to 14% in 2011, 1.48% to 15.50% in 2010, and 2.50% to 17.50% in 2009.

Changes in the account follow:

	Group		Parent	
	2011	2010	**2011**	2010
Balance at beginning of year	**P 55,487**	P 36,385	**P 46,685**	P 32,261
Additions	**87,894**	65,998	**77,073**	61,305
Sale/disposal	**(86,648)**	(46,318)	**(80,402)**	(46,177)
Reclassification from HTM investments (see Note 10)	**19,210**	–	**19,183**	–
Fair value gains (losses)	**2,264**	(365)	**2,074**	(669)
Amortization/accretion of discount or premium	**(1,141)**	1,015	**(1,608)**	1,078
Revaluation of foreign currency investments	**274**	(1,207)	**222**	(1,094)
Provision for impairment losses	**(101)**	(21)	**(65)**	(19)
Balance at end of year	**P 77,239**	P 55,487	**P 63,162**	P 46,685

The changes in fair values of AFS securities which were recognized under other comprehensive income and directly to capital funds amounted to fair value gain of P2,264 in 2011 and P1,976 in 2009, and fair value loss of P365 in 2010 in the Group financial statements; and fair value gain of P2,074 in 2011 and P1,807 in 2009, and fair value loss of P669 in 2010 in the Parent Company financial statements.

Certain government securities are deposited with BSP as security for the Group's faithful compliance with its fiduciary obligations in connection with its trust operations (see Note 29).

In 2008, the Group reclassified financial assets at FVTPL to AFS securities in accordance with PFRS. The carrying value and fair value of the securities at the date of reclassification amounted to P527. Had no reclassification been made, the Group would have earned additional fair value gain of nil, P189 and P197 for the years ended December 31, 2011, 2010 and 2009, respectively. The carrying amount of the securities as of December 31, 2011 and 2010 amounted to nil and P780, respectively, in the Group financial statements.

In addition, the Parent Company reclassified in 2008 its collateralized debt obligations (CDOs) and CLNs that are linked to ROP bonds, with an aggregate carrying value of P5,961 to loans and receivables. As of December 31, 2011 and 2010, aggregate carrying value of the CLNs amounted to P2,763 and P5,049, respectively (see Note 11.1).

10. HELD-TO-MATURITY INVESTMENTS

The balance of this account as of December 31, 2010 is composed of the following:

		Group		Parent
Government bonds	P	18,452	P	16,732
Other debt securities		49		47
Balance at end of year	P	18,501	P	16,779

As to currency, HTM investments as of December 31, 2010 comprise of the following:

		Group		Parent
Government bonds	P	15,956	P	14,252
Other debt securities		2,545		2,527
Balance at end of year	P	18,501	P	16,779

Changes in the HTM investments account in 2011 and 2010 are summarized below.

		Group				**Parent**		
		2011		2010		**2011**		2010
Balance at beginning of year	**P**	**18,501**	P	19,962	**P**	**16,779**	P	17,639
Reclassification to AFS securities (see Note 9)	**(**	**19,210)**		–	**(**	**19,183)**		–
Disposals	**(**	**4,789)**	(	171)	**(**	**3,124)**		–
Additions		**5,970**		–		**5,970**		–
Amortization of premium – net	**(**	**490)**	(	220)	**(**	**460)**	(	184)
Revaluation of foreign currency		**18**	(	676)		**18**	(	676)
Maturities		**–**	(	394)		**–**		–
Balance at end of year	**P**	**–**	P	18,501	**P**	**–**	P	16,779

HTM investments pertain to government and debt securities denominated in peso and US dollar with fair values in 2010 of P21,430 and P19,480 for the Group and Parent Company, respectively. The fair values were determined through published closing prices or prices available from electronic financial data service providers which had been based on price quoted or actually dealt in an active market.

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

11. LOANS AND RECEIVABLES

This account consists of the following:

		Group				**Parent**		
		2011		2010		**2011**		2010
Loans and discounts	**P**	**149,196**	P	115,023	**P**	**117,195**	P	85,212
Customers' liabilities on acceptances, import bills and trust receipts		**10,147**		15,787		**10,147**		15,787
Bills purchased		**1,729**		1,615		**1,686**		1,549
Securities purchased under reverse repurchase agreements		**61**		660		**–**		–
		161,133		133,085		**129,028**		102,548
Interbank loans receivable		**17,967**		24,264		**17,127**		18,576
Credit card receivables		**10,192**		8,348		**7,760**		5,796
Unquoted debt securities classified as loans		**2,763**		5,049		**2,763**		5,049
Accrued interest receivable		**2,338**		2,190		**1,997**		1,802
Sales contract receivables		**1,369**		1,040		**466**		541
Accounts receivable		**1,242**		1,096		**1,015**		1,255
Miscellaneous		**21**		14		**–**		–
		197,025		175,086		**160,156**		135,567
Allowance for impairment (see Note 16)	**(**	**8,328)**	(	7,577)	**(**	**5,502)**	(	4,773)
Unearned discount	**(**	**2,389)**	(	1,986)	**(**	**76)**	(	98)
Reserves for credit card	**(**	**1,338)**	(	1,168)	**(**	**589)**	(	413)
Prompt payment discount	**(**	**416)**	(	373)		**–**		–
	P	**184,554**	P	163,982	**P**	**153,989**	P	130,283

Loans and receivables bear average interest rates of 1.00% to 23.00% per annum in 2011, 1.00% to 19.00% per annum in 2010 and 2.00% to 11.00% in 2009 in the Group and Parent Company financial statements.

Included in these accounts are NPLs amounting to P2,675 (net of allowance of P6,183) and P4,906 (net of allowance of P5,123) as of December 31, 2011 and 2010, respectively, in the Group's financial statements and P1,302 (net of allowance of P3,625) and P2,818 (net of allowance of P2,405) as of December 31, 2011 and 2010, respectively, in the Parent Company financial statements.

Accounts receivable includes claim from the Bureau of Internal Revenue (BIR) related to the 20% final withholding tax on Poverty Eradication and Allevation Certificates (PEACe) bonds amounting to P198.78. As of December 31, 2011, the case regarding the claim is still pending in the Supreme Court (see Note 31).

Loans and receivables amounting P3,200 and P751 as of December 31, 2011 and 2010, respectively, both in the Group and Parent Company financial statements are assigned as collateral to BSP as security for rediscounting availments (see Note 18).

The concentration of credit of the loan portfolio as to industry follows:

	Group		Parent	
	2011	2010	**2011**	2010
Manufacturing (various industries)	**P 33,931**	P 26,377	**P 33,717**	P 26,266
Real estate, renting and other related activities	**31,004**	29,841	**20,756**	18,006
Other community, social and personal activities	**23,561**	23,780	**19,143**	20,421
Electricity, gas and water	**21,000**	10,113	**20,893**	10,113
Consumer	**14,481**	12,564	**–**	–
Wholesale and retail trade	**13,923**	10,543	**13,031**	9,808
Financial intermediaries	**7,590**	4,296	**7,133**	3,308
Transportation and communication	**7,362**	7,327	**6,770**	6,945
Diversified holding companies	**3,554**	3,738	**3,554**	3,738
Hotels and restaurants	**1,423**	1,061	**1,423**	1,060
Agriculture, fishing and forestry	**897**	895	**720**	695
Construction	**424**	264	**–**	–
Others	**1,983**	2,286	**1,888**	2,188
	P 161,133	P 133,085	**P 129,028**	P 102,548

The BSP considers that loan concentration exists when the total loan exposure to a particular industry exceeds 30% of the total loan portfolio above plus the outstanding credit card receivables and interbank loans receivable.

The breakdown of the loan portfolio as to secured and unsecured follows:

	Group		Parent	
	2011	2010	**2011**	2010
Secured:				
Real estate mortgage	**P 41,501**	P 43,129	**P 25,547**	P 27,375
Deposit hold-out	**31,291**	17,184	**30,566**	16,539
Chattel mortgage	**14,488**	13,045	**68**	128
Other securities	**27,356**	9,289	**27,356**	8,629
	114,636	82,647	**83,537**	52,671
Unsecured	**46,497**	50,438	**45,491**	49,877
	P 161,133	P 133,085	**P 129,028**	P 102,548

The maturity profile of the loan portfolio follows:

	Group		Parent	
	2011	2010	**2011**	2010
Due within one year	**P 87,524**	P 48,408	**P 56,244**	P 44,897
Due beyond one year	**73,609**	84,677	**72,784**	57,651
	P 161,133	P 133,085	**P 129,028**	P 102,548

A reconciliation of the allowance for impairment at the beginning and end of 2011 and 2010 is shown below.

	Group				Parent			
	2011		2010		**2011**		2010	
Balance at beginning of year	**P**	**7,577**	P	7,466	**P**	**4,773**	P	4,434
Provisions – net of recovery		**1,948**		2,865		**1,578**		2,127
Accounts written off/others	**(**	**1,197)**	(	2,754)	**(**	**849)**	(	1,788)
Balance at end of year	**P**	**8,328**	P	7,577	**P**	**5,502**	P	4,773

11.1 Reclassification to Loans and Receivables

The Parent Company reclassified in 2008 its CLNs that are linked to ROP bonds and certain CDOs previously recognized as AFS Securities to Loans and Receivables with aggregate carrying amount of P5,961, and embedded derivatives with negative fair value amounting to P308, at reclassification date (see Notes 8 and 9). The reclassified CDOs were already disposed in 2010. On the other hand, presented below are the carrying amounts and the corresponding fair values of the outstanding reclassified CLNs linked to ROP bonds as of December 31:

	2011				2010			
	Carrying Amount		**Fair Value**		Carrying Amount		Fair Value	
From AFS – host contract	**P**	**2,763**	**P**	**2,382**	P	5,049	P	4,851
From FVTPL – embedded derivative		**–**		**409**		–		720
	P	**2,763**	**P**	**2,791**	P	5,049	P	5,571

The effective interest at reclassification date ranges from 4.90% to 10.50%. The unrealized fair value gains or losses that should have been recognized in the Group's capital funds had the CLNs not been reclassified to Loans and Receivables amounted to loss of P473 as of December 31, 2011 and gain of P522 as of December 31, 2010. Had the embedded derivatives not been reclassified by the Parent Company, interest income on loans and receivables would have decreased by P236, P222 and P21 for the years ended December 31, 2011, 2010 and 2009, respectively, and the additional trading gains to be recognized in profit or loss amounted to P409, P720 and P1,421 for the years ended December 31, 2011, 2010 and 2009, respectively.

11.2 Special Purpose Vehicle (SPV) Transactions

In accordance with the provisions of Republic Act (RA) No. 9182 (the SPV Act) and MB Resolution No. 135, the Parent Company entered into either "sale and purchase" or "asset sale" agreements with SPVs, namely:

- New Pacific Resources Management (SPV-AMC), Inc. (NPRMI) on May 14, 2008 and February 26, 2007,
- Philippine Investments One, Inc. (PIOI) on August 25, 2004 and April 12, 2005,
- Star Two (SPV-AMC), Inc. (Star Two) on November 15, 2006,
- Global Ispat Holdings and Global Steelworks International (collectively referred herein as the Global SPVs) on October 15, 2004, and
- Asian Pacific Recoveries (SPV-AMC) Corporation (Asian Pacific Recoveries) on February 21, 2005.

The agreements cover the transfers of specific NPAs, consisting of NPLs and real and other properties acquired (ROPA, presented as Investment Properties), amounting to P51 in 2008 and P1,699 in 2007 to NPRMI; P3,770 and P1,433 in 2004 and 2005, respectively, to PIOI; P3,879 in 2006 to Star Two; P686 to Global SPVs in 2004; and P2,070 to Asian Pacific Recoveries in 2005. The agreement with the Global SPVs was made in conjunction with other participating banks.

The Certificates of Eligibility, obtained for purposes of availing of the tax exemptions and privileges on the NPLs transferred and ROPAs sold, were completely issued by the BSP to the Parent Company on various dates in 2004, 2005, 2007 and 2008.

The significant terms and conditions of the "asset sale" agreement with NPRMI and the "sale and purchase" agreements with PIOI, among others, follow:

- The SPVs shall issue 10-year subordinated/SPV notes in exchange for the NPLs transferred. The issuance of the subordinated/SPV notes constitutes full settlement for the NPLs transferred.
- The subordinated/SPV notes are subordinated in priority of payment to the senior notes and any other working capital notes of the SPVs.
- The amount and schedule of payment of the subordinated/SPV notes shall be contingent and dependent on the amount and timing of collections to be made by the SPVs on the NPLs transferred, subject to the rights and privileges of the SPVs' other creditors.

In addition, the SPV note issued by PIOI to the Parent Company relative to the April 12, 2005 "sale and purchase" agreement shall have a maturity of 10 years. Interest shall accrue on the amount of the aggregate allocated loan asset amount and shall be payable for each quarter in arrears from reckoning date at an interest rate equal to the 91-day rate for Philippine treasury bills per annum.

The total consideration for the sale of NPAs (for eligible and not eligible under the SPV Act) to Star Two amounted to P1,190. Based on the terms and conditions of the "asset sale and purchase" agreement with Star Two, the risk and rewards of the ownership of the sold NPAs was transferred completely to Star Two. The asset sale and purchase agreement also requires Star Two to pay an earnest money deposit equivalent to 20% of the total purchase price within five days after the bid award date. The 20% earnest money deposit amounting to P238 was received by the Parent Company in November 2006. The remaining outstanding balance of the purchase price amounting to P952 was subsequently collected on February 9, 2007.

The significant terms and conditions of the Parent Company's "sale and purchase" agreement with the Global SPVs, among others, follow:

- The SPVs shall pay cash up front and issue 8-year zero-coupon subordinated notes to the Parent Company and other participating banks in exchange for the NPLs transferred. The issuance of the subordinated notes and the upfront cash payment to the Parent Company constitute full settlement for the NPLs transferred.

- The subordinated notes shall be issued to the Parent Company and other participating banks in two tranches, namely, Tranche A and Tranche B. The subordinated notes shall be secured by a first-ranking mortgage and security interest over the plant assets of the Global SPVs and standby letters of credit to be delivered by the Global SPVs from time to time in accordance with the agreement subject to the rights and privileges of the SPVs' other creditors.

- The amount and schedule of payment of the subordinated notes to the Parent Company and other participating banks shall be based on the repayment schedule set forth in the "sale and purchase" agreement.

The significant terms and conditions of the Parent Company's "sale and purchase" agreement with Asian Pacific Recoveries, among others, follow:

- The SPV shall pay P20 as bid deposit.

- On closing date, the SPV shall pay the Parent Company the purchase price balance by wire transfer in full settlement of the NPLs transferred.

- The SPV acknowledges and agrees that if there is occurrence of a default by any obligor under any loan document, SPV will remain bound by all terms and conditions to purchase all the loans in the transaction without any adjustment or alteration in the purchase price unless the Parent Company removes loans from the transaction prior to closing.

In relation to such transactions, the BSP has informed the Parent Company that the allowance for impairment amounting to P23 and P290 on the NPAs transferred to NPRMI in 2008 and 2007, respectively; P1,474 on the NPAs transferred to Star Two in 2006, P2,226 and P164 to PIOI and the Global SPVs, respectively, in 2004; and P1,211 to PIOI and P246 to Asian Pacific Recoveries in 2005, shall be "freed" and used only for general loan loss provision and/or for specific provision of loan accounts that may be classified in the future.

In 2008, the Parent Company reversed portion of the freed allowance amounting to P1,000 by charging it to current operations, instead of charging it to the beginning balance of Surplus account. Portion of the freed allowance was charged against amortization for deferred charges (as discussed below) totalling P1,614 in 2008 and prior years. Also, in 2006, the Parent Company charged portion of the freed allowance for the write-off of certain impaired credit card receivables amounting to P2,593. FRSPB, however, requires the derecognition of the related allowance for impairment of the NPAs transferred that qualified for derecognition at the time of sale.

The face value of the subordinated/SPV notes issued by NPRMI in 2008 amounted to P48 and P1,689 in 2007; subordinated/SPV notes issued by PIOI in 2005 amounted to P1,419 and P3,771 in 2004; the SPV note issued by Global SPVs amounted to P549 in 2004. In addition to the subordinated notes, Global SPV also paid cash to the Parent Company amounting to P27 in 2004; PIOI and Asian Pacific Recoveries paid cash amounting to P14 and P428, respectively, for the 2005 transfer; and NPRMI paid cash amounting to P3 in 2008 and P10 in 2007. In recording the transfers of the NPAs, the Parent Company derecognized the NPAs and recorded the subordinated/SPV notes as part of Available-for-sale Securities (unquoted debt securities) at their fair values as of the dates of issuance. However, one of the significant conditions stated in the terms of the subordinated/SPV notes from NPRMI and PIOI is that the amount and timing of payment of the subordinated/SPV notes are dependent on the collections to be made by NPRMI and PIOI on the NPAs transferred. Under FRSPB, this is indicative of an incomplete transfer of the risks and rewards of ownership of the NPAs from the Parent Company to NPRMI and PIOI. FRSPB requires that: (a) the entity retaining majority of the residual risks and rewards of ownership of certain assets of SPV should reflect in its financial statements its proportionate interest in such SPV, if any, and (b) an entity should substantially transfer all the risks and rewards of ownership of an asset before such asset could be derecognized. The carrying amount of subordinated/SPV notes is P1,424 (net of allowance of P747) as of December 31, 2011 and 2010.

As permitted under MB Resolution No. 135, the Parent Company has deferred over 10 years the recognition of the additional allowance for impairment as determined from the NPAs transferred to PIOI not qualified for derecognition, and the losses determined from the NPAs transferred to Star Two, Global SPVs and Asian Pacific Recoveries qualified for derecognition, totaling to P1,335 in 2006, P1,605 in 2005 and P1,956 in 2004. The schedule of amortization of the additional allowance for impairment and losses as prescribed under MB Resolution No. 135 shall be 5% for the first three years, 10% for the next four years, and 15% for the remaining three years. In accordance with MB Resolution No. 135, total amortization recognized by the Parent Company and directly charged to surplus account amounted to P3,532 and P975 (see Note 15) for the years ended December 31, 2011 and 2010. While this accounting treatment may be allowed under MB Resolution No. 135, FRSPB, however, requires the full recognition of the additional allowance for impairment for NPAs not qualified for derecognition and the losses for NPAs qualified for derecognition against current operations in the period such impairment and losses were determined instead of capitalizing them as deferred charges, and amortizing them over future periods and charging the amortization directly to surplus account.

Had the Parent Company (i) reflected in its financial statements its interest in NPRMI and PIOI, if any, and not derecognized the NPAs transferred and (ii) not deferred the recognition of the additional allowance for impairment for NPAs not qualified for derecognition and the losses determined from the NPAs qualified for derecognition in accordance with FRSPB, the balance of the Group's AFS Securities would have decreased by P1,424 in 2011 and 2010; Investment Properties would have increased by P1,436 in 2011 and 2010; Deferred Charges (part of Other Resources account in Note 15) would have decreased by P2,540 and P6,072 in 2011 and 2010, respectively; Other Liabilities would have increased by P12 both in 2011 and 2010; and Surplus would have decreased by P2,540 and P6,072 in 2011 and 2010, respectively.

12. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The components of the carrying values of investments in subsidiaries and associates are as follows (please refer to Note 1 for the effective percentage of ownership in 2011 and 2010):

	Group	
	2011	2010
Acquisition costs of associates:		
RRC	**P 1,836**	P 1,875
RLI	**921**	921
RHI	**153**	102
HCPI	**91**	91
LIPC	**53**	53
YCS	**5**	5
Subtotal	**3,059**	3,047
Equity in net earnings:		
Balance at beginning of year	**503**	244
Equity in net earnings for the year	**200**	285
Dividends	**(88)**	(117)
Net effect of disposal of equity investment	**–**	91
Balance at end of year	**615**	503
Subtotal	**3,674**	3,550
Allowance for impairment (see Note 16)	**(53)**	(53)
Total	**P 3,621**	P 3,497

	Parent	
	2011	2010
Subsidiaries:		
RSB	**P 3,190**	P 3,190
RCBC Capital	**2,231**	2,231
Bankard	**1,000**	1,000
Merchants Bank	**992**	493
JPL	**375**	350
NPHI	**388**	388
RCBC Forex	**150**	150
RCBC North America	**134**	134
RCBC Telemoney Europe	**72**	72
RCBC IFL	**58**	58
	8,590	8,066
Associates:		
RRC	**1,836**	1,875
RLI	**921**	921
HCPI	**91**	91
LIPC	**53**	53
YCS	**5**	5
	2,906	2,945
	11,496	11,011
Allowance for impairment (see Note 16)	**(308)**	(253)
Subscription payable	**–**	(100)
	P 11,188	P 10,658

The following table presents the audited financial information (except for HCPI for which 2011 and 2010 information were based on unaudited financial statements) on the significant associates as of and for the years ended December 31, 2011 and 2010:

	Assets	Liabilities	Revenues	Profit (Loss)
2011:				
RRC	**P 8,603**	**P 2,805**	**P 1,404**	**P 656**
RLI	**607**	**–**	**9**	**8**
HCPI	**2,842**	**755**	**7,438**	**(230)**
2010:				
RRC	P 8,945	P 3,308	P 1,251	P 457
RLI	647	1	1	(2)
HCPI	4,281	1,819	14,543	260

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 accounted for using the equity method.

RCBC Capital entered into an agreement with another stockholder of RHI to commit and undertake to vote as a unit the shares of stock of RHI, representing 54.68% of the outstanding capital stock thereof, which they own and hold, to regulate the conduct of the voting and the relationship between them with respect to the exercise of the voting rights. Thus, notwithstanding RCBC Capital's ownership of only 4.71% in RHI, its investment is carried under the equity method of accounting.

RRC redeemed a certain percentage of its preferred shares which resulted in the decrease of the Parent Company's cost of investment by P39 and P72 in 2011 and 2010, respectively. Consequently, the redemption of preferred shares resulted in a gain amounting to P81 and P178 in 2011 and 2010, respectively, which was recognized in the statements of income as part of Gain on Sale of Investment under Miscellaneous Income account (see Note 27.1).

In 2011, the Parent Company infused P500 worth of capital to Merchants Bank to support Merchants Bank's acquisition of assets and assumption of liabilities of JPL.

On May 25, 2009, the BOD of the Parent Company approved the reclassification of its investment in NPHI with carrying amount of P388 from Investment Properties account to Investments in Subsidiaries and Associates account in accordance with BSP Circular No. 520 (see Note 14).

On February 12 and 13, 2009, an agreement was executed between the Parent Company and JPL whereby the Parent Company infused an initial amount of P125 in JPL as stock subscription which resulted in the Parent Company's 33% ownership and full management control of JPL. The Parent Company was also granted the option to own the remaining 66% of the outstanding shares of the JPL by way of future equity infusion into JPL of P125 on February 2010 and another P125 on February 2011 bringing the total equity investment of the Parent Company to P375 or 99% by 2011. In accordance with the agreement, the Parent Company made an additional cash infusion amounting to P50 on March 9, 2009, P75 on February 15, 2010 and P125 on February 15, 2011 as the third and last tranche. As of December 31, 2011, the Parent Company established its full and irrevocable voting and economic rights for 99.39% of JPL's outstanding shares.

13. BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2011 and 2010 are shown below.

	Group					
	Land	**Buildings**	**Construction in Progress**	**Furniture, Fixtures and Equipment**	**Leasehold Rights and Improvements**	**Total**
December 31, 2011						
Cost	P 1,799	P 1,519	P 870	P 4,374	P 827	P 9,389
Accumulated depreciation and amortization	–	(837)	–	(2,686)	–	(3,523)
Net carrying amount	**P 1,799**	**P 682**	**P 870**	**P 1,688**	**P 827**	**P 5,866**
December 31, 2010						
Cost	P 1,752	P 1,396	P 532	P 3,906	P 994	P 8,580
Accumulated depreciation and amortization	–	(764)	–	(2,364)	(108)	(3,236)
Net carrying amount	P 1,752	P 632	P 532	P 1,542	P 886	P 5,344
January 1, 2010						
Cost	P 1,753	P 1,356	P 65	P 3,467	P 992	P 7,633
Accumulated depreciation and amortization	–	(699)	–	(2,109)	(71)	(2,879)
Net carrying amount	P 1,753	P 657	P 65	P 1,358	P 921	P 4,754

	Parent					
	Land	**Buildings**	**Construction in Progress**	**Furniture, Fixtures and Equipment**	**Leasehold Rights and Improvements**	**Total**
December 31, 2011						
Cost	P 672	P 1,393	P 458	P 3,355	P 717	P 6,595
Accumulated depreciation and amortization	–	(637)	–	(2,075)	–	(2,712)
Net carrying amount	**P 672**	**P 756**	**P 458**	**P 1,280**	**P 717**	**P 3,883**

	Parent					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
December 31, 2010						
Cost	P 693	P 1,377	P 329	P 3,054	P 784	P 6,237
Accumulated depreciation and amortization	–	(589)	–	(1,837)	–	(2,426)
Net carrying amount	P 693	P 788	P 329	P 1,217	P 784	P 3,811
January 1, 2010						
Cost	P 693	P 1,342	P 40	P 2,646	P 818	P 5,539
Accumulated depreciation and amortization	–	(540)	–	(1,616)	–	(2,156)
Net carrying amount	P 693	P 802	P 40	P 1,030	P 818	P 3,383

A reconciliation of the carrying amounts at the beginning and end of 2011 and 2010, of bank premises, furniture, fixtures and equipment is shown below.

	Group					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2011, net of accumulated depreciation and amortization	P 1,752	P 632	P 532	P 1,542	P 886	P 5,344
Additions	68	132	338	636	113	1,287
Disposals	(21)	(5)	–	(67)	(10)	(103)
Depreciation and amortization charges for the year	–	(77)	–	(423)	(162)	(662)
Balance at December 31, 2011, net of accumulated depreciation and amortization	**P 1,799**	**P 682**	**P 870**	**P 1,688**	**P 827**	**P 5,866**
Balance at January 1, 2010, net of accumulated depreciation and amortization	P 1,753	P 657	P 65	P 1,358	P 921	P 4,754
Additions	5	72	467	600	120	1,264
Disposals	(6)	(15)	–	(27)	(5)	(53)
Depreciation and amortization charges for the year	–	(82)	–	(389)	(150)	(621)
Balance at December 31, 2010, net of accumulated depreciation and amortization	P 1,752	P 632	P 532	P 1,542	P 886	P 5,344

	Parent					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2011, net of accumulated depreciation and amortization	P 693	P 788	P 329	P 1,217	P 784	P 3,811
Additions	–	25	129	401	67	622
Disposals	(21)	(5)	–	(43)	–	(69)
Depreciation and amortization charges for the year	–	(52)	–	(295)	(134)	(481)
Balance at December 31, 2011, net of accumulated depreciation and amortization	**P 672**	**P 756**	**P 458**	**P 1,280**	**P 717**	**P 3,883**

	Parent					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2010, net of accumulated depreciation and amortization	P 693	P 802	P 40	P 1,030	P 818	P 3,383
Additions	–	52	289	472	93	906
Disposals	–	(8)	–	(20)	–	(28)
Depreciation and amortization charges for the year	–	(58)	–	(265)	(127)	(450)
Balance at December 31, 2010, net of accumulated depreciation and amortization	P 693	P 788	P 329	P 1,217	P 784	P 3,811

In October 2009, the Parent Company, RSB and Bankard entered into an agreement with Malayan Insurance Company, Inc. (MICO) to form a consortium for the pooling of their resources and establishment of an unincorporated joint venture for the construction and development of high rise, mixed use commercial/office building. Total cash contribution of the Parent Company, RSB and Bankard to the joint venture amounted to P870 and P532 as of December 31, 2011 and 2010, respectively, recorded as Construction in Progress and land costing P383 and P315 as of December 31, 2011 and 2010, respectively, recorded as part of Land account (see Note 30.2).

Under BSP rules, investments in bank premises, furniture, fixtures and equipment should not exceed 50% of the respective unimpaired capital of the Parent Company and bank subsidiaries. As of December 31, 2011 and 2010, the Parent Company and bank subsidiaries have satisfactorily complied with this BSP requirement.

14. INVESTMENT PROPERTIES

Investment properties consist of various land and building acquired through foreclosure or dacion as payment of outstanding loans by the borrowers. A reconciliation of the carrying amounts at the beginning and end of 2011 and 2010, and the gross carrying amounts and the accumulated depreciation and impairment of investment properties are as follows:

	Group		Parent	
	2011	2010	**2011**	2010
Balance at January 1, net of accumulated depreciation and impairment	**P 7,303**	P 5,067	**P 3,830**	P 2,873
Additions	**1,632**	3,739	**400**	1,599
Disposals	**(1,074)**	(1,122)	**(370)**	(438)
Impairment	**(407)**	(291)	**(176)**	(186)
Depreciation	**(105)**	(90)	**(25)**	(18)
Balance at December 31, net of accumulated depreciation and impairment	**P 7,349**	P 7,303	**P 3,659**	P 3,830
December 31				
Cost	**P 9,344**	P 9,086	**P 4,490**	P 4,464
Accumulated depreciation	**(709)**	(616)	**(262)**	(261)
Accumulated impairment (see Note 16)	**(1,286)**	(1,167)	**(569)**	(373)
Net carrying amount	**P 7,349**	P 7,303	**P 3,659**	P 3,830

The fair value of investment properties as of December 31, 2011 and 2010, based on the available appraisal values, amounted to P11,907 and P12,901, respectively, for the Group; and P6,415 and P6,402, respectively, for the Parent Company.

In 2011, the Group and the Parent Company foreclosed real and other properties totalling to P2,886 and P400, respectively, in settlement of certain loan accounts.

On May 25, 2009, the BOD of the Parent Company approved the reclassification of its investment in NPHI with carrying amount of P388 from Investment Properties account to Investments in Subsidiaries and Associates account (see Note 12) in accordance with BSP Circular No. 520. This resulted into the consolidation of NPHI's assets, liabilities and net profit in the Group's financial statements starting 2009.

In 2009, in accordance with the letter received by RSB from BSP dated March 26, 2009, RSB reclassified certain investment properties to equity investments in the RSB's separate financial statements, subject to the following conditions: (i) RSB should immediately dissolve the SPCs once the underlying dacioned real property assets are sold or disposed; and, (ii) the equity investments in the SPCs shall be disposed of within a reasonable period not beyond October 5, 2012. The reclassification resulted into consolidation of the SPCs in the Group's financial statements. Accordingly, the assets, liabilities, income and expenses of the SPCs were consolidated in the Group's financial statements.

15. OTHER RESOURCES

Other resources consist of the following:

	Group				Parent			
	2011		2010		**2011**		2010	
Deferred charges – SPV (see Note 11.2)	**P**	**2,540**	P	6,072	**P**	**2,540**	P	6,072
Real estate properties for sale – net		**1,763**		2,793		**–**		–
Software – net		**657**		530		**621**		530
Goodwill		**426**		426		**–**		–
Foreign currency notes and coins on hand		**237**		381		**237**		239
Prepaid expenses		**236**		180		**190**		117
Margin deposits		**228**		737		**224**		737
Unused stationery and supplies		**227**		118		**226**		117
Branch licenses – net		**209**		244		**–**		–
Refundable deposits		**111**		98		**107**		98
Retirement benefit asset (see Note 25)		**99**		109		**97**		100
Assets held-for-sale		**84**		152		**–**		–
Inter-office float items		**71**		129		**241**		172
Returned checks and other cash items		**39**		144		**28**		113
Sundry debits		**1**		112		**–**		65
Miscellaneous		**391**		501		**253**		272
		7,319		12,726		**4,764**		8,632
Accumulated depreciation		**–**	(	13)		**–**	(	14)
Allowance for impairment (see Note 16)	**(**	**192)**	(	35)	**(**	**3)**	(	3)
	P	**7,127**	P	12,678	**P**	**4,761**	P	8,615

15.1 Deferred Charges – SPV

Deferred charges mainly represent the unamortized balance of the required additional allowance for impairment and losses as determined from the asset exchanges of the Parent Company's NPAs to certain SPVs; these are amortized over a period of 10 years in accordance with BSP Resolution No. 135 (see Note 11.2). The following table presents the movements in the Group's and Parent Company's Deferred Charges – SPV account.

	2011		2010	
Balance at beginning of year	**P**	**6,072**	P	7,047
Amortization	**(**	**3,532)**	(	975)
Balance at end of year	**P**	**2,540**	P	6,072

Amortization of Deferred Charges recognized by the Parent Company for the years ended December 31, 2011 and 2010 amounted to P990 and P975, respectively. On top of the scheduled amortization in 2011, the Parent Company recorded additional P2,541 to accelerate amortization of Deferred Charges - SPV.

15.2 Software

A reconciliation of the carrying amounts at the beginning and end of 2011 and 2010 of software is shown below.

	Group				Parent			
	2011		2010		**2011**		2010	
Balance at beginning of year	**P**	**530**	P	313	**P**	**530**	P	313
Additions		**231**		326		**195**		326
Disposals	**(**	**17)**		–	**(**	**17)**		–
Amortization	**(**	**87)**	(	109)	**(**	**87)**	(	109)
Balance at end of year	**P**	**657**	P	530	**P**	**621**	P	530

15.3 Real Estate Properties for Sale

Real estate properties for sale represent those properties held by SPCs under RSB that were consolidated to the Group's statements of financial position as of December 31, 2011 and 2010.

15.4 Branch Licenses

On May 14, 2009, BSP approved the Parent Company's acquisition of JPL under the terms and conditions specified under the Term Sheet dated February 12, 2009 and Addendum to Term Sheet dated February 13, 2009, executed by the Parent Company and JPL subject to certain conditions (see Note 12). As a result of this approval to acquire JPL through capital infusion over three years, the Parent Company recognized the excess of the total cost of investment over the allocated net assets of JPL amounting to P264 as Branch Licenses in its financial statements.

A reconciliation of the carrying amounts at the beginning and end of 2011 and 2010 of branch license is shown below.

	2011	2010
Balance at beginning of year	P 244	P 264
Amortization	(35)	(20)
Balance at end of year	P 209	P 244

15.5 Impairment on Goodwill

In 2011, the Group recognized full impairment of goodwill relating to its investment in Merchants Bank. The impairment amounted to P157 and is presented as part of Impairment Losses in the Group's statements of income.

16. ALLOWANCE FOR IMPAIRMENT

Changes in the allowance for impairment are summarized as follows:

	Notes	Group 2011	Group 2010	Parent 2011	Parent 2010
Balance at beginning of year					
AFS securities	9	P 1,357	P 1,336	P 1,295	P 1,276
Loans and receivables	11	7,577	7,466	4,773	4,434
Investment in subsidiaries and associates	12	53	53	253	253
Investment property	14	1,167	855	373	426
Other resources	15	35	154	3	123
		10,189	9,864	6,697	6,512
Provisions during the year		2,508	3,161	1,779	2,352
Charge-offs during the year		(1,373)	(2,836)	(734)	(2,167)
		1,135	325	1,045	185
Balance at end of year					
AFS securities	9	1,465	1,357	1,360	1,295
Loans and receivables	11	8,328	7,577	5,502	4,773
Investment in subsidiaries and associates	12	53	53	308	253
Investment properties	14	1,286	1,167	569	373
Other resources	15	192	35	3	3
		P 11,324	P 10,189	P 7,742	P 6,697

17. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	Group 2011	Group 2010	Parent 2011	Parent 2010
Demand	P 10,172	P 11,598	P 8,341	P 9,241
Savings	134,244	108,414	108,562	93,714
Time	111,044	116,767	87,131	86,462
	P 255,460	P 236,779	P 204,034	P 189,417

Included in time deposits of the Group and Parent Company are various issuances of long-term negotiable certificate of deposits with outstanding balance of P7,917 and P4,418 as of December 31, 2011 and 2010, respectively.

The maturity profile of the deposit liabilities follow:

	Group 2011	Group 2010	Parent 2011	Parent 2010
Within one year	P 247,245	P 225,018	P 196,097	P 181,962
Beyond one year, within five years	4,836	3,217	4,558	3,047
Beyond five years	3,379	8,544	3,379	4,408
	P 255,460	P 236,779	P 204,034	P 189,417

Deposit liabilities are in the form of savings, demand and time deposit accounts with annual interest rates ranging from 0.25% to 9.50% in 2011 and 0.25% to 4.50% in 2010 and 2009. Deposit liabilities are stated at amounts they are to be paid which approximate the market value.

Under existing BSP regulations, non-FCDU deposit liabilities of the Group are subject to liquidity reserves and statutory reserves equivalent to 21% both in 2011 and 2010. As of December 31, 2011 and 2010, the Group is in compliance with such regulations.

Available reserves as of December 31, 2011 and 2010 follow:

	Group				Parent			
	2011		2010		**2011**		2010	
Cash and other cash items	**P**	**8,148**	P	7,655	**P**	**6,560**	P	6,136
Due from BSP		**9,814**		6,400		**7,768**		4,947
Reserve deposit account (BSP)		**15,893**		12,746		**15,143**		12,746
AFS securities		**–**		1,335		**–**		1,335
Securities purchased under reverse repurchase agreement		**61**		52		**–**		–
	P	**33,916**	P	28,188	**P**	**29,471**	P	25,164

18. BILLS PAYABLE

This account consists of borrowings from:

	Group				Parent			
	2011		2010		**2011**		2010	
Foreign banks	**P**	**10,212**	P	14,722	**P**	**10,212**	P	14,722
Local banks		**2,934**		1,758		**3,369**		1,812
BSP		**2,560**		624		**2,560**		624
Others		**6**		13		**6**		13
	P	**15,712**	P	17,117	**P**	**16,147**	P	17,171

All bills payable are due within one year. Only bills payable to BSP is collateralized by the assignment of certain loans.

Borrowings with foreign and local banks are mainly short-term in nature. In the financial statements of the Group, peso borrowings are subject to annual fixed interest rates ranging from 4.50% to 4.80% in 2011, 0.60% to 1.25% in 2010 and 4.75% to 5.50% in 2009, while foreign currency denominated borrowings are subject to annual fixed interest rates ranging from 0.50% to 3.02% in 2011, 0.15% to 2.98% in 2010 and 0.10% to 3.18% in 2009.

In the Parent Company financial statements, peso borrowings are subject to annual fixed interest rates ranging from 0.60% to 1.25% in 2010 and 3.50% to 4.75% in 2009 (no peso borrowings in 2011). On the other hand, foreign currency-denominated borrowings are subject to annual fixed interest rates ranging from 0.50% to 3.02% in 2011, 0.15% to 2.98% in 2010 and 0.10% to 3.18% in 2009.

The interest rates on bills payable maturing beyond one year are repriced semi-annually at effective market interest rates.

Bills payable include rediscounting availments from the BSP amounting to P2,560 and P624 as of December 31, 2011 and 2010, respectively, both in the Group and Parent Company's financial statements. Such borrowings are collateralized by the assignment of certain loans amounting to P3,200 and P751 as of December 31, 2011 and 2010, respectively, both in the Group and Parent Company's financial statements (see Note 11).

19. BONDS PAYABLE

In February 2010, the Parent Company issued unsecured US$ denominated Senior Notes with principal amount of US$250 bearing an interest of 6.25% per annum, payable semi-annually in arrears on February 9 and August 9 of each year, commencing on August 9, 2010. The Senior Notes, unless redeemed, will mature on February 9, 2015. As of December 31, 2011 and 2010, the peso equivalent of the outstanding bond issue amounted to P10,905 and P10,927, respectively.

20. ACCRUED INTEREST, TAXES AND OTHER EXPENSES

The composition of this account follows:

	Group				Parent			
	2011		2010		**2011**		2010	
Accrued expenses	**P**	**2,836**	P	1,958	**P**	**1,921**	P	1,629
Accrued interest payable		**882**		987		**798**		913
Taxes payable		**223**		317		**112**		110
Others		**5**		495		**–**		–
	P	**3,946**	P	3,757	**P**	**2,831**	P	2,652

21. OTHER LIABILITIES

Other liabilities consist of the following:

	Group				Parent			
	2011		2010		**2011**		2010	
Accounts payable	**P**	**3,132**	P	2,456	**P**	**2,165**	P	2,015
Derivatives with negative fair values (see Note 8)		**1,110**		1,374		**1,110**		1,374
Bills purchased – contra		**1,050**		1,169		**1,050**		1,169
Manager's checks		**943**		669		**492**		481
Unearned income		**709**		351		**412**		351
Outstanding acceptances payable		**270**		446		**270**		446
Other credits		**196**		229		**171**		145
Withholding taxes payable		**155**		155		**153**		129
Payment orders payable		**107**		205		**89**		172
Guaranty deposits		**60**		432		**60**		83
Sundry credits		**22**		56		**145**		73
Due to BSP		**5**		26		**5**		26
Miscellaneous		**322**		486		**122**		102
	P	**8,081**	P	8,054	**P**	**6,244**	P	6,566

22. SUBORDINATED DEBT

On November 26, 2007, the Parent Company's BOD approved the issuance of P7 billion unsecured subordinated notes (the "P7 billion Notes") with the following significant terms and conditions:

a. The P7 billion Notes shall mature on February 22, 2018, provided that they are not previously redeemed.

b. Subject to satisfaction of certain regulatory approval requirements, the Parent Company may, on February 22, 2013, redeem all of the outstanding notes at redemption price equal to 100% of the face value of the P7 billion Notes together with accrued and unpaid interest thereof.

c. The P7 billion Notes bear interest at the rate of 7% per annum from February 22, 2008 and shall be payable quarterly in arrears at the end of each interest period on May 22, August 22, November 22 and February 22 each year.

d. Unless the P7 billion Notes are previously redeemed, the interest rate from 2013 to 2018 will be reset at the equivalent of the five-year Fixed Rate Treasury Note benchmark bid yield as of February 22, 2013 multiplied by 80% plus 3.53% per annum. Such stepped-up interest shall be payable quarterly commencing 2013.

The P7 billion Notes were issued on February 22, 2008 and were fully subscribed. The carrying amount of the P7 billion Notes amounted to P6,982 and P6,968 as of December 31, 2011 and 2010, respectively.

On January 26, 2009, the Parent Company's BOD approved another issuance of P4 billion unsecured subordinated notes (the "P4 billion Notes") with the following significant terms and conditions:

a. The P4 billion Notes shall mature on May 15, 2019, provided that they are not previously redeemed.

b. Subject to satisfaction of certain regulatory approval requirements, the Parent Company may, on May 15, 2014, redeem all of the outstanding notes at redemption price equal to 100% of the face value of the P4 billion Notes together with accrued and unpaid interest thereon.

c. The P4 billion Notes bear interest at the rate of 7.75% per annum from May 15, 2009 and shall be payable quarterly in arrears at the end of each interest period on August 15, November 15, February 15 and May 15 each year.

d. Unless the P4 billion Notes are previously redeemed, the interest rate from May 15, 2014 to May 15, 2019 will be increased to the rate equivalent to 80% of benchmark rate as of the first day of the 21st interest period plus the step-up spread. Such stepped up interest shall be payable quarterly in arrears.

The P4 billion Notes were issued on May 15, 2009 and were fully subscribed. The carrying amount of the P4 billion Notes amounted to P3,984 and P3,978 as of December 31, 2011 and 2010, respectively.

The subordinated debt is measured at amortized cost at the end of each reporting period.

23. CAPITAL FUNDS

23.1 Capital Stock

Capital stock consists of:

	Shares		
	2011	2010	2009
Preferred stock – voting, non-cumulative non-redeemable, participating, convertible into common shares – P10 par value Authorized – 200,000,000 shares Issued and outstanding	**2,584,756**	20,695,078	20,695,078
Common stock – P10 par value Authorized – 1,400,000,000 shares in 2011 and 1,100,000,000 shares in 2010 and 2009 Issued and outstanding	**1,140,135,121**	990,554,034	990,554,034

	Amount		
	2011	2010	2009
Preferred stock – voting, non-cumulative non-redeemable, participating, convertible into common shares – P10 par value Authorized – 200,000,000 shares Issued and outstanding	**P 26**	P 207	P 207
Common stock – P10 par value Authorized – 1,400,000,000 shares in 2011 and 1,100,000,000 shares in 2010 and 2009 Issued and outstanding	**P 11,401**	P 9,906	P 9,906

As of December 31, 2011, there are 861 holders of the listed shares equivalent to 49.77% of the Bank's total outstanding shares. Such listed shares closed at P30.10 per share as of December 31, 2011.

In 1986, the Parent Company listed its common shares with the PSE. The history of the Parent Company's issuance of common shares arising from the initial and subsequent public offerings, including private placements is presented below.

Issuance	Subscriber	Issue Date	Number of Shares Issued
Initial public offering	Various	November 1986	1,410,579
Stock rights offering	Various	April 1997	44,492,908
Stock rights offering	Various	July 1997	5,308,721
Stock rights offering	Various	August 1997	830,345
Stock rights offering	Various	January 2002	167,035,982
Stock rights offering	Various	June 2002	32,964,018
Follow-on offering	Various	March 2007	210,000,000
Private placement	International Finance Corporation	March 2011	73,448,275
Private placement	Hexagon Investments B.V.	September 2011	126,551,725

On May 29, 2006, the Parent Company's stockholders approved the issuance of up to 200,000,000 convertible preferred shares with a par value of P10 per share, subject to the approval, among others of the PSE.

The issuance of the convertible preferred shares was approved by the Parent Company's stockholders on May 29, 2006. The purpose of the issuance of the preferred shares is to raise the Tier 1 capital pursuant to BSP regulations, thereby strengthening the capital base of the Parent Company and allowing it to expand its operations. On February 13, 2007, the PSE approved the listing application of the underlying common shares for the 105,000 convertible preferred shares, subject to the compliance of certain conditions of the PSE. Preferred shares have the following features:

a. Entitled to dividends at floating rate equivalent to the applicable base rate plus a spread of 2% per annum, calculated quarterly;

b. Convertible to common stocks at any time after the issue date at a conversion price using the adjusted net book value per share of the Parent Company based on the latest available financial statements prepared in accordance with PFRS adjusted by local regulations;

c. Non-redeemable; and

d. Participating as to dividends on a pro rata basis with the common stockholders in the Surplus of the Parent Company after dividend payments had been made to the preferred shares.

Preferred shares amounting to P181 or 18,110,322 shares, P0.087 or 8,739 shares and P652 or 65,229,707 shares were converted to 5,821,548, 3,199 and 27,707,800 common shares in 2011, 2010 and 2009, respectively.

On June 28, 2010, the Parent Company's stockholders owning or representing more than two-thirds of the outstanding capital stock confirmed and ratified the approval by the majority of the BOD on their Executive Session held on May 21, 2010, the proposed increase in authorized capital stock and removal of pre-emptive rights from holders of capital stock, whether common or preferred, to subscribe for or purchase any shares of any class, by amending its Articles of Incorporation. The proposed P16,000 authorized capital stock is divided into the following classes of shares:

a. 1,400,000,000 common shares with a par value of ten pesos (P10.00) per share.

b. 200,000,000 preferred shares with a par value of ten pesos (P10.00) per share.

The removal of pre-emptive rights was approved by BSP and SEC on October 20, 2010 and November 4, 2010, respectively. On the other hand, the increase in authorized capital stock of the Parent Company was approved by BSP and SEC on August 24, 2011 and September 16, 2011, respectively.

Common shares may be transferred to Philippine and foreign nationals and shall, at all times, not be less than 60% and not more than 40% of the voting stock, be beneficially owned by Philippine nationals and by foreign nationals, respectively.

The determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's "unimpaired capital" (regulatory net worth) required and reported to the BSP, determined on the basis of regulatory accounting policies, which differ from PFRS in some aspects. Specifically, under existing banking regulations, the combined capital accounts of the Parent Company should not be less than an amount equal to 10% of its risk assets.

A portion of the Group's surplus corresponding to the undistributed income of subsidiaries and equity in net earnings of certain associates totalling P3,361 and P2,214 as of December 31, 2011 and 2010 , respectively, is not currently available for distribution as dividends.

23.2 Purchase of Treasury Shares

On March 16, 2009, the BOD of the Parent Company approved the acquisition of 92,421,320 common shares and 18,082,311 convertible preferred shares at P15.20 per share and P10.00 per share, respectively. Total cost of purchasing the treasury shares including the buying charges and documentary stamp taxes (DST) incurred amounted to P1,595. On September 1, 2009, majority of the stockholders approved the reissuance of the 41,993,389 common treasury shares amounting to P642 in exchange for 5.64% ownership or 169,059 shares of stock in MICO Equities, Inc. (MICOEI) amounting to P735. The excess of the carrying amount of the investment in MICOEI over the cost of treasury stock re-issued amounting to P93 was recognized as part of Capital Paid in Excess of Par in the financial statements as of December 31, 2011 and 2010. The remaining balance of the total cost of purchasing the treasury shares amounting to P953 is presented as Treasury Shares in the statements of changes in capital funds as of December 31, 2010 and 2009.

On March 17, 2011, the Parent Company issued 73,448,275 common shares, comprised of 50,427,931 treasury shares (with total cost of P771) and 23,020,344 unissued shares (with total par value of P230), to International Finance Corporation for a total consideration of P2,130 representing 7.2% ownership interest. The issuance resulted in the recognition of Additional Paid-in Capital (APIC) amounting to P1,078.

Also, on September 23, 2011, the Parent Company issued 5,821,548 common shares (equivalent of 18,082,311 preferred shares and with total par value of P58) from the treasury account (with total cost of P182) and an additional 120,730,177 common shares (with total par value of P1,207) from unissued portion of the increase in authorized capital stock on September 23, 2011 to Hexagon Investments B.V. that is equivalent to approximately 15% of the outstanding common stock. The issuance resulted in the recognition of APIC amounting to P2,264.

23.3 Cash Dividend Declaration

The details of the cash dividend distributions follow:

Date Declared	Dividend Per Share	Dividend Total Amount *	Stockholders of Record as of	Date Approved by BOD	Date Approved by BSP	Date Paid/Payable
January 26, 2009	P 0.0881	P 5,978	December 31, 2008	January 26, 2009	April 16, 2009	May 8, 2009
March 30, 2009	0.0824	5,589	February 28, 2009	March 30, 2009	June 10, 2009	July 3, 2009
March 30, 2009	0.3060	20,762	March 11, 2009	March 30, 2009	June 10, 2009	July 13, 2009
March 30, 2009	0.3060	266,349	March 11, 2009	March 30, 2009	June 10, 2009	July 13, 2009
June 29, 2009	0.0667	4,526	May 31, 2009	June 29, 2009	September 1, 2009	September 10, 2009
September 28, 2009	0.0579	146	December 21, 2009	September 28, 2009	December 7, 2009	January 5, 2010
September 28, 2009	**	218,386	**	September 28, 2009	April 26, 2010	April 26, 2010
September 28, 2009	**	212,856	**	September 28, 2009	October 13, 2010	October 27, 2010
January 25, 2010	0.0563	143	March 31, 2010	January 25, 2010	April 26, 2010	May 11, 2010
March 29, 2010	0.6000	564,073	May 6, 2010	March 29, 2010	April 26, 2010	May 12, 2010

Date Declared	Dividend Per Share	Dividend Total Amount *	Stockholders of Record as of	Date Approved by BOD	Date Approved by BSP	Date Paid/Payable
March 29, 2010	P 0.6000	P 1,573	May 6, 2010	March 29, 2010	April 26, 2010	May 12, 2010
April 26, 2010	0.0582	155	June 21, 2010	April 26, 2010	June 22, 2010	July 19, 2010
July 26, 2010	0.0649	161	September 21, 2010	July 26, 2010	August 20, 2010	September 30, 2010
October 26, 2010	0.0579	151	December 21, 2010	October 26, 2010	January 24, 2011	February 10, 2011
October 26, 2010	**	213,695	**	October 26, 2010	April 12, 2011	April 26, 2011
October 26, 2010	**	213,215	**	October 26, 2010	September 2, 2011	October 26, 2011
January 31, 2011	0.0577	148	March 21, 2011	January 31, 2011	April 12, 2011	May 3, 2011
March 31, 2011	0.8000	810,860	March 25, 2011	March 31, 2011	April 28, 2011	May 23, 2011
March 31, 2011	0.8000	2,090	March 25, 2011	March 31, 2011	April 28, 2011	May 23, 2011
April 25, 2011	0.0577	151	June 21, 2011	April 25, 2011	June 21, 2011	July 15, 2011
August 31, 2011	0.0562	148	September 21, 2011	August 31, 2011	October 21, 2011	November 10, 2011
November 2, 2011	0.0595	158	December 21, 2011	November 2, 2011	January 3, 2012	January 11, 2012
November 2, 2011	**	216,460	**	November 2, 2011	February 24, 2012	April 27, 2012
November 2, 2011	**	216,460	**	November 2, 2011	pending approval	October 27, 2012

** Amount in thousands of Philippine Peso*
*** Cash dividends on hybrid perpetual securities*

23.4 Other Reserves

In 2008, the Parent Company's interest in Bankard's net assets increased to 91.69% (representing 66.58% direct ownership and 25.11% indirect ownership through RCBC Capital) as a result of additional capital infusion of P1,000 which was approved by BSP on February 23, 2007. This change in ownership with Bankard did not result in obtaining additional or reduced control. In accordance with the relevant accounting standards, the Parent Company's and Non-controlling Interest's (other than RCBC Capital) shares in Bankard's net assets were adjusted to reflect the changes in their respective interests. The difference between the amount of additional investment made by the Parent Company and the adjustment in the Non-controlling Interest share in Bankard's net assets amounting to P241 was recognized directly in capital funds and presented as part of Other Reserves in the statements of changes in capital funds. In 2011, there were charges in Parent Company's percentage ownership over Merchants Bank and Bankard resulted in the increase in Other Reserves by P2.

24. 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$98.045, 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 Parent Company's BOD on June 7, 2006.

The Perpetual Securities represent US$100, 9.875%, non-cumulative step-up callable perpetual securities issued pursuant to a trust deed dated October 27, 2006 between the Parent Company and Bank of New York – London Branch each with a liquidation preference of US$1 thousand per US$1 thousand in principal amount of the Perpetual Securities. The actual listing and quotation of the Perpetual Securities in a minimum board lot size of US$1 hundred with the Singapore Exchange Securities Trading Limited ("SGX-ST") was on November 1, 2006. The Perpetual Securities were issued pursuant to BSP Circular No. 503 dated December 22, 2005 allowing the issuance of perpetual, non-cumulative securities up to US$125 which are eligible to qualify as Hybrid Tier 1 Capital.

The significant terms and conditions of the issuance of the Perpetual Securities, among others, follow:

- Interest will be paid from and including October 27, 2006 (the "issue date") to (but excluding) October 27, 2016 (the "First Optional Redemption Date") at a rate of 9.875% per annum payable semi-annually in arrears from April 27, 2007 and, thereafter at a rate reset and payable quarterly in arrears, of 7.02% per annum above the then prevailing London Interbank Offered Rate ("LIBOR") for three-month US dollar deposits;

- Except as described below, interest will be payable on April 27 and October 27 in each year, commencing on April 27, 2007 and ending on the First Optional Redemption Date, and thereafter (subject to adjustment for days which are not business days) on January 27, April 27, July 27, October 27 in each year commencing on January 27, 2016;

- The Parent Company may, in its absolute discretion, elect not to make any interest payment in whole or in part if the Parent Company has not paid or declared a dividend on its common shares in the preceding financial year; or determines that no dividend is to be paid on such shares in the current financial year;

- The rights and claims of the holders will be subordinated to the claims of all senior creditors (as defined in the conditions) and the holders of any priority preference shares (as defined in the conditions), in that payments in respect of the securities are conditional upon the Parent Company being solvent at the time of payment and in that no payments shall be due except to the extent the Parent Company could make such payments and still be solvent immediately thereafter;

- The Perpetual Securities are not deposits of the Parent Company and are not guaranteed or insured by the Parent Company or any party related to the Parent Company or the 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;

- 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, and will procure that no distribution or dividend or other payment is made on, any junior share capital or any parity security, and it shall not redeem, repurchase, cancel, reduce or otherwise acquire any junior share capital or any parity securities, other than in the case of any partial interest payment, pro rata payments on, or redemptions of, parity securities the dividend and capital stopper shall remain in force so as to prevent the Parent Company from undertaking any such declaration, payment or other activity as aforesaid unless and until a payment is made to the holders in an amount equal to the unpaid amount (if any) of interest payments in respect of interest periods in the twelve months including and immediately preceding the date such interest payment was due and the BSP does not otherwise object; and

- The Parent Company, at its option, may redeem the Perpetual Securities at the fixed or final redemption date although the Parent Company may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and the Holders, redeem all (but not some only) of the securities (i) on the first optional redemption date; and (ii) on each interest payment date thereafter, at an amount equal to the liquidation preference plus accrued interest.

25. EMPLOYEE BENEFITS

Expenses recognized for employee benefits are analyzed below.

	Group		
	2011	2010	2009
Salaries and wages	**P 1,962**	P 1,776	P 1,730
Bonuses	**760**	521	506
Retirement – defined benefit plan	**280**	259	142
Compensated absences	**109**	99	92
Social security costs	**84**	88	74
Other short-term benefits	**268**	245	235
	P 3,463	P 2,988	P 2,779

	Parent		
	2011	2010	2009
Salaries and wages	**P 1,259**	P 1,151	P 1,067
Bonuses	**610**	396	369
Retirement – defined benefit plan	**234**	175	126
Compensated absences	**105**	97	90
Social security costs	**55**	53	49
Other short-term benefits	**186**	150	164
	P 2,449	P 2,022	P 1,865

The Parent Company and its subsidiaries maintain a tax-qualified, non-contributory retirement plan that is being administered by a trustee covering all of their respective regular full-time employees.

The amounts of retirement benefit asset (presented as part of Other Resources) recognized in the financial statements (see Note 15) are determined as follows:

	Group		Parent	
	2011	2010	**2011**	2010
Fair value of plan assets	**P 3,121**	P 2,749	**P 2,598**	P 2,270
Present value of the obligation	**3,395**	2,866	**2,749**	2,440
Excess of obligation	**(274)**	(117)	**(151)**	(170)
Unrecognized actuarial losses	**373**	226	**248**	270
Retirement benefit asset	**P 99**	P 109	**P 97**	P 100

The movements in the present value of the retirement benefit obligation follows:

	Group		Parent	
	2011	2010	**2011**	2010
Balance at the beginning of year	**P 2,866**	P 1,958	**P 2,440**	P 1,579
Current service cost and interest cost	**454**	325	**373**	251
Actuarial losses	**205**	737	**50**	747
Past service cost	**3**	41	**–**	–
Benefits paid by the plan	**(133)**	(195)	**(114)**	(137)
Balance at end of year	**P 3,395**	P 2,866	**P 2,749**	P 2,440

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

	Group		Parent	
	2011	2010	**2011**	2010
Balance at the beginning of year	**P 2,749**	P 1,762	**P 2,270**	P 1,324
Actuarial gains	**57**	772	**71**	766
Expected return on plan assets	**178**	114	**140**	82
Contributions paid into the plan	**270**	296	**231**	235
Benefits paid by the plan	**(133)**	(195)	**(114)**	(137)
Balance at end of year	**P 3,121**	P 2,749	**P 2,598**	P 2,270

The plan assets consist of the following:

	Group		Parent	
	2011	2010	**2011**	2010
Assets				
Equity securities	**P 2,016**	P 1,973	**P 1,970**	P 1,928
Government securities	**385**	327	**109**	156
Deposit with banks	**260**	104	**198**	28
Long-term equity investments	**242**	225	**242**	225
Unit investment trust fund	**69**	67	**68**	67
Loans and receivables	**26**	71	**17**	55
Investment properties	**7**	16	**7**	16
Other investments	**157**	192	**28**	21
	3,162	2,975	**2,639**	2,496
Liabilities	**(41)**	(226)	**(41)**	(226)
	P 3,121	P 2,749	**P 2,598**	P 2,270

Actual return on plan assets were P235 (Group) and P211 (Parent Company) in 2011, while actual return on plan assets were P886 (Group) and P848 (Parent Company) in 2010.

The amounts of retirement benefit expense recognized as part of Employee Benefits account in the statements of income are as follows:

	Group		
	2011	2010	2009
Interest costs	**P 232**	P 181	P 141
Current service costs	**222**	144	83
Past service cost	**3**	41	–
Net actuarial losses recognized during the year	**1**	7	1
Expected return on plan assets	**(178)**	(114)	(81)
Retirement income due to ceiling	**–**	–	(2)
Retirement benefit	**P 280**	P 259	P 142

	Parent		
	2011	2010	2009
Interest costs	**P 195**	P 145	P 111
Current service costs	**178**	106	56
Expected return on plan assets	**(140)**	(82)	(49)
Net actuarial losses recognized during the year	**1**	6	8
Retirement benefit	**P 234**	P 175	P 126

For determination of the pension liability, the following actuarial assumptions were used:

	Group		
	2011	2010	2009
Discount rates	**6.26%**	8.00%	9.20%
Expected rate of return on plan assets	**8.00%**	6.00%	6.00%
Expected rate of salary increases	**5.00%**	5.00%	5.00%

	Parent		
	2011	2010	2009
Discount rates	**6.26%**	8.00%	9.20%
Expected rate of return on plan assets	**8.00%**	6.00%	6.00%
Expected rate of salary increases	**5.00%**	5.00%	5.00%

26. LEASE CONTRACTS

The Parent Company and certain subsidiaries lease some of the premises occupied by their respective branches/business centers. The Group's rental expense (included as part of Occupancy and Equipment-related account in the statements of income) amounted to P702, P611 and 404 in 2011, 2010 and 2009, respectively. The lease periods are from 1 to 25 years. Most of the lease contracts contain renewal options, which give the Parent Company and its subsidiaries the right to extend the lease on terms mutually agreed upon by both parties.

As of December 31, 2011, future minimum rentals payable under non-cancelable operating leases follow:

	Group	Parent
Within one year	P 588	P 449
After one year but not more than five years	1,422	1,212
More than five years	258	238
Balance at end of year	P 2,268	P 1,899

27. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

27.1 Miscellaneous Income

		Group		
	Note	**2011**	2010	2009
Gain on sale of investments	12	**P 495**	P 506	P 167
Gain on assets sold		**313**	231	264
Interchange fees		**213**	271	135
Dividend income		**209**	180	88
Rental income		**126**	34	78
Gain on reversal of allowance		**107**	216	–
Discounts earned		**91**	90	78
Others		**718**	589	318
		P 2,272	P 2,117	P 1,128

		Parent		
	Note	**2011**	2010	2009
Dividend income		**P 1,242**	P 1,309	P 331
Interchange fees		**213**	271	135
Gain on assets sold		**199**	226	237
Rental income		**125**	33	77
Discounts earned		**91**	90	78
Gain on sale of investments	12	**82**	338	101
Others		**179**	197	278
		P 2,131	P 2,464	P 1,237

27.2 Miscellaneous Expense

	Group		
	2011	2010	2009
Management and other professional fees	**P 563**	P 277	P 461
Insurance	**502**	580	512
Litigation/Assets acquired expense	**494**	652	421
Communication and information services	**390**	380	302
Other credit card related expenses	**389**	298	265
Transportation and travel	**383**	325	329
Advertising and publicity	**281**	232	260
Other outside services	**162**	120	166
Representation and entertainment	**140**	120	74
Stationery and office supplies	**138**	125	117
Banking fees	**136**	90	101
Donations and charitable contribution	**62**	53	42
Commission	**38**	26	8
Membership fees	**19**	17	15
Others	**794**	665	393
	P 4,491	P 3,960	P 3,466

	Parent					
	2011		2010		2009	
Management and other professional fees	**P**	**615**	P	484	P	412
Other credit card related expenses		**388**		298		265
Litigation/Assets acquired expense		**370**		511		315
Insurance		**357**		445		375
Communication and information services		**264**		226		207
Transportation and travel		**251**		226		166
Advertising and publicity		**179**		164		189
Stationery and office supplies		**98**		89		81
Other outside services		**98**		82		67
Banking fees		**86**		81		92
Representation and entertainment		**84**		72		51
Donations and charitable contributions		**55**		47		38
Membership fees		**16**		16		13
Others		**446**		259		292
	P	**3,307**	P	3,000	P	2,563

28. INCOME AND OTHER TAXES

Under Philippine tax laws, the Parent Company and its domestic subsidiaries are subject to percentage and other taxes (presented as Taxes and Licenses in the statements of income), as well as income taxes. Percentage and other taxes paid consist principally of the gross receipts tax (GRT) and DST. In 2003, the Parent Company and its financial intermediary subsidiaries were subjected to the value-added tax (VAT) instead of GRT. However, effective January 1, 2004 as prescribed under Republic Act (RA) No. 9238, the Parent Company and certain subsidiaries were again subjected to GRT instead of VAT. RA No. 9238, which was enacted on February 10, 2004, provides for the reimposition of GRT on banks and non-bank financial intermediaries performing quasi-banking functions and other non-bank financial intermediaries beginning January 1, 2004. The liability of the Parent Company and certain subsidiaries for GRT is based on the related regulations issued by the authorities.

Income taxes include the corporate income tax discussed below, and final tax paid at the rate of 20%, which represents the final withholding tax on gross interest income from government securities and other deposit substitutes.

Under current tax regulations, the applicable regular corporate income tax rate (RCIT) was 32% up to October 31, 2005 and 35% up to December 31, 2008. In accordance with RA No. 9337 which amended certain sections of the National Internal Revenue Code of 1997, RCIT rate was reduced from 35% to 30% beginning January 1, 2009.

Effective July 2008, RA No. 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction equivalent to 40% of gross sales. Once the option is made, it shall be irrevocable for the taxable year for which the option was made. In 2011, 2010 and 2009, the Group opted to continue claiming itemized deductions.

Interest allowed as a deductible expense is reduced by an amount equivalent to certain percentage of interest income subjected to final tax. Minimum corporate income tax (MCIT) of 2% on modified gross income is computed and compared with the RCIT. Any excess of the MCIT over the RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, the Group's net operating loss carry over (NOLCO) is allowed as a deduction from taxable income in the next three years.

In accordance with the Revenue Regulations (RR) 09-05 relative to the tax exemptions and privileges granted under the SPV Act, the losses incurred by the Group as a result of transferring its NPA to an SPV within the period of two years from April 12, 2003 shall be carried over as a deduction from its taxable gross income for a period of five consecutive taxable years.

On December 29, 2009, the Parent Company received a certification from the BIR that the exchange of shares between the Parent Company (41,993,389 common treasury shares) and PMMIC (169,059 shares of stock in MICO) is a tax-free exchange in accordance with RR 18-2001 (see Note 23.2).

Effective May 2004, RA No. 9294 restored the tax exemption of FCDUs and offshore banking units (OBUs). Under such law, the income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10% gross income tax.

Interest income on deposits with other FCDUs and offshore banking units is subject to 7.5% final tax.

The Parent Company's foreign subsidiaries are subject to income and other taxes based on the enacted tax laws of the countries where they operate.

28.1 Current and Deferred Taxes

The tax expense as reported in profit or loss consist of:

	Group		
	2011	2010	2009
Current:			
Final withholding tax	**P 600**	P 611	P 451
RCIT	**200**	277	197
MCIT	**95**	115	98
Deferred tax expense (income)	**8**	(4)	(1)
	P 903	P 999	P 745

	Parent		
	2011	2010	2009
Current:			
Final withholding tax	**P 465**	P 381	P 367
MCIT	**94**	114	98
RCIT	**19**	35	54
	P 578	P 530	P 519

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

	Group		
	2011	2010	2009
Statutory income tax at 30%	**P 1,776**	P 1,577	P 1,224
Adjustments for income subjected to lower income tax rates	**(97)**	(43)	(91)
Tax effects of:			
FCDU income	**(887)**	(1,102)	(671)
Non-taxable income	**(1,057)**	(755)	(427)
Non-deductible expenses	**629**	484	232
Unrecognized temporary differences	**476**	450	321
Application of unrecognized NOLCO	**(5)**	–	(1)
Application of unrecognized MCIT	**(1)**	–	(1)
Others	**69**	388	159
	P 903	P 999	P 745

	Parent		
	2011	2010	2009
Statutory income tax at 30%	**P 1,408**	P 1,282	P 927
Adjustments for income subjected to lower income tax rates	**(51)**	(37)	(47)
Tax effects of:			
FCDU income	**(732)**	(1,042)	(622)
Non-taxable income	**(727)**	(538)	(223)
Unrecognized temporary differences	**501**	759	335
Non-deductible expenses	**179**	106	149
	P 578	P 530	P 519

The components of net deferred tax assets as of December 31 follow:

	Group		Parent	
	2011	2010	**2011**	2010
Allowance for impairment	**P 1,456**	P 1,433	**P 1,389**	P 1,389
Unamortized past service costs	**–**	4	**–**	–
Unrealized foreign exchange losses	**–**	(3)	**–**	–
	P 1,456	P 1,434	**P 1,389**	P 1,389

The Group did not set up deferred tax liabilities on accumulated translation adjustment, particularly those relating to its foreign subsidiaries, since their reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

In light of the provision of PAS 12, *Income Taxes,* the Parent Company and certain subsidiaries have not recognized deferred tax assets (liabilities) on certain temporary differences since management expects the non-realization of the tax benefits arising from these differences. Accordingly, the Group did not set up the net deferred tax assets on the following temporary differences:

	Group				Parent			
	2011		2010		**2011**		2010	
Allowance for impairment	**P**	**6,761**	P	5,380	**P**	**3,400**	P	2,036
NOLCO		**2,898**		3,088		**2,615**		2,992
Unamortized past service cost	**(**	**387)**	(	317)	**(**	**373)**	(	322)
MCIT		**308**		302		**306**		292
Gain on revaluation		**–**		4		**–**		–
Advance rental	**(**	**3)**		–	**(**	**2)**		–
	P	**9,577**	P	8,457	**P**	**5,946**	P	4,998

The breakdown of the Group's NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred and within five years from the year SPV losses were incurred, is shown below.

Inception Year		Amount		Used/Expired		Balance	Expiry Year
2008	P	753	P	753	P	–	2011
2009		825		–		825	2012
2010		1,642		–		1,642	2013
2011		431		–		431	2014
	P	3,651	P	753	P	2,898	

The breakdown of the Parent Company's NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred and within five years from the year SPV losses were incurred, is shown below.

Inception Year		Amount		Used/Expired		Balance	Expiry Year
2008	P	672	P	672	P	–	2011
2009		738		–		738	2012
2010		1,582		–		1,582	2013
2011		295		–		295	2014
	P	3,287	P	672	P	2,615	

As of December 31, 2011, the Group and Parent Company have MCIT of P308 and P306, respectively, that can be applied against RCIT for the next three consecutive years after the MCIT was incurred. The breakdown of Group's MCIT with the corresponding validity periods follow:

Inception Year		Amount		Used/Expired		Balance	Expiry Year
2008	P	89	P	89	P	–	2011
2009		98		–		98	2012
2010		115		–		115	2013
2011		95		–		95	2014
	P	397	P	89	P	308	

The breakdown of the Parent Company's MCIT with the corresponding validity periods follow:

Inception Year		Amount		Used/Expired		Balance	Expiry Year
2008	P	80	P	80	P	–	2011
2009		98		–		98	2012
2010		114		–		114	2013
2011		94		–		94	2014
	P	386	P	80	P	306	

28.2 Supplementary Information Required under RR 15-2010 and RR 19-2011

The BIR issued RR 15-2010 and RR19-2011 on November 25, 2010 and December 9, 2011, respectively, which require certain tax information to be disclosed as part of the notes to financial statements. Such supplementary information is, however, not a required part of the basic financial statements prepared in accordance with FRSPB; it is neither a required disclosure under the Philippine Securities and Exchange Commission rules and regulations covering form and content of financial statements under Securities Regulation Code Rule 68.

The Parent Company, however, presented this tax information required by the BIR as a supplemental schedule filed separately to the BIR from the basic financial statements.

29. 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 P87,561 and P68,995 as of December 31, 2011 and 2010, respectively. The Parent Company's total trust resources amounted to P69,419 and P59,433 as of December 31, 2011 and 2010, respectively (see Note 31).

In connection with the trust operations of the Parent Company and RSB, time deposit placements and government securities with a total face value of P860 (Group) and P645 (Parent Company); and P707 (Group) and P582 (Parent Company) as of December 31, 2011 and 2010, respectively, are deposited with the BSP in compliance with existing trust regulations.

In compliance with existing BSP regulations, 10% of the Parent Company's and RSB's profit from trust business is appropriated to surplus reserve. This yearly appropriation is required until the surplus reserve for trust business equals 20% of the Parent Company's and RSB's regulatory capital. The surplus reserve is shown as Reserve for Trust Business in the statements of changes in capital funds.

30. RELATED PARTY TRANSACTIONS

30.1 DOSRI

In the ordinary course of business, the Group has loan transactions with each other, their other affiliates, and with certain DOSRIs. Under existing policies of the Group, these loans are made substantially on the same terms as loans to other individuals and business of comparable risks.

Under current BSP regulations, the amount of individual loans to a DOSRI, 70% of which must be secured, should not exceed the amount of his deposit and book value of his investment in the Parent Company and/or any of its lending and nonbanking financial subsidiaries. In the aggregate, loans to DOSRIs, generally, should not exceed the total capital funds or 15% of the total loan portfolio of the Parent Company and/or any of its lending and nonbanking financial subsidiaries, whichever is lower.

BSP Circular No. 423 dated March 15, 2004 amended the definition of DOSRI accounts.

The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts granted under said circular as of December 31, 2011 and 2010:

	Group		Parent	
	2011	2010	**2011**	2010
Total outstanding DOSRI loans	**P 4,595**	P 4,615	**P 4,446**	P 4,442
Percent of DOSRI accounts to total loans	**2.58%**	2.78%	**3.45%**	3.50%
Percent of unsecured DOSRI accounts to total DOSRI accounts	**4.13%**	2.05%	**4.03%**	1.85%
Percent of past due DOSRI accounts to total loans	**0.37%**	0.28%	**0.37%**	0.37%
Percent of nonaccruing DOSRI accounts to total loans	**0.37%**	0.28%	**0.37%**	0.37%

30.2 Joint Development Agreement

On October 1, 2009, the Parent Company entered into a Joint Development Agreement (Agreement) with RSB, Bankard, MICO, and Hexagonland (all related parties, collectively referred to as the Consortium) and with the conformity of Goldpath, the parent company of Hexagonland, whereby the Consortium agreed to pool their resources and enter into an unincorporated joint venture arrangement for the construction and development of a high rise, mixed use commercial/office building which shall be referred to by the Consortium as the RCBC Savings Bank Building Project (the Project). The estimated cost of the Project is at P2,966.

The Consortium shall share in the Project cost as follows:

Party	Type of Contribution	%
RSB	Cash and Land	43.75%
Parent Company	Cash	41.98%
Bankard	Cash	10.55%
MICO	Cash	3.72%
		100%

Furthermore, within six months from the execution of the Agreement, RSB shall undertake to liquidate Hexagonland, which will result to the partial liquidation of Goldpath, to acquire ownership of the land, thereby increasing the RSB's share in the Project cost to 43.75%. In 2011, RSB received the land pursuant to Hexagonland's liquidation and partial return of capital of Goldpath wherein Goldpath transferred the land to RSB and RSB accordingly contributed the land to the Project amounting to P383.

The Group and the Parent Company's total cash contribution to the joint venture amounted to P1,253 and P458, and P847 and P329 as of December 31, 2011 and 2010, respectively. The Group and Parent Company's contributions are presented as part of the Bank Premises, Furniture, Fixtures and Equipment under Construction in Progress and Land accounts in the Group and Parent Company's statements of financial position (see Note 13).

30.3 Key Management Personnel Compensation

The breakdown of key management personnel compensation follow:

	Group		
	2011	2010	2009
Short-term benefits	**P 213**	P 201	P 154
Post-employment benefits	**40**	45	41
	P 253	P 246	P 195

	Parent		
	2011	2010	2009
Short-term benefits	**P 61**	P 51	P 53
Post-employment benefits	**36**	38	41
	P 97	P 89	P 94

30.4 Lease Contract with RRC

The Parent Company and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC. Related rental expense reported in the Group and Parent Company financial statements amounted to P234 and P227 in 2011 and P200 and P193 in 2010, respectively, and are included as part of Occupancy and Equipment-related account in the statements of income. The Parent Company's lease contract with RRC is until December 31, 2015.

30.5 Deposits

As of December 31, 2011 and 2010, certain related parties have deposits with the Parent Company and certain bank subsidiaries.

31. COMMITMENTS AND CONTINGENCIES

In the normal course of operations of the Group, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, tax assessments, etc., which are not reflected in the accompanying financial statements. Management does not anticipate losses from these transactions that will adversely affect the Group's operations.

In the opinion of the Management, the suits and claims arising from the normal course of operations of the Group that remain unsettled, if decided adversely, will not involve sums that would have material effect on the Group's financial position or operating results.

The following is a summary of contingencies and commitments arising from off-statement of financial position items at their equivalent peso contractual amounts as of December 31, 2011 and 2010:

	Group		Parent	
	2011	2010	**2011**	2010
Derivative liabilities	**P 114,395**	P 174,800	**P 114,395**	P 174,800
Derivative assets	**100,380**	171,925	**100,380**	171,925
Trust department accounts (see Note 29)	**87,561**	68,995	**69,419**	59,433
Outstanding guarantees issued	**20,329**	6,164	**20,329**	6,164
Spot exchange bought	**10,725**	7,513	**10,725**	7,513
Spot exchange sold	**10,722**	7,057	**10,722**	7,057
Unused commercial letters of credit	**9,784**	2,798	**9,784**	2,798
Inward bills for collection	**2,792**	3,312	**2,792**	3,312
Late deposits/payments received	**857**	497	**813**	462
Outward bills for collection	**386**	262	**386**	262

31.1 Purchase of Bankard Shares

In June 2003, RCBC Capital, a wholly-owned subsidiary of the Bank, filed an arbitration claim with the International Chamber of Commerce against Equitable PCI Bank ("Equitable") (now Banco de Oro or BDO) relating to RCBC Capital's acquisition of Bankard shares from Equitable in May 2000 for a purchase price of approximately P1,800. The claim was based on alleged deficiencies in Bankard's accounting practices and non-disclosure of material facts in relation to the acquisition. RCBC Capital sought a rescission of the sale or damages of approximately P810, including interest and expenses. The arbitration hearings were held before the ICC Arbitral Tribunal ("Tribunal"), being the body organized by the International Chamber of Commerce.

In September 2007, the Tribunal ruled that RCBC Capital was entitled to damages, for overpayment of the purchase of shares as a result of the overstatement of the assets of Bankard used as the basis of the purchase price of the shares, from Equitable arising from the breach. On June 16, 2010, the Tribunal issued a Final Award declaring Equitable liable to pay RCBC Capital the total amount of P363.88 and US$1.46 by way of damages, fees and legal costs. On September 13, 2011, BDO paid the amount of P637.94 to RCBC Capital. The amount was paid under protest and without prejudice to the outcome of various cases filed by BDO to vacate the award and assail the confirmation and execution of judgment.

There are still a number of cases pending before the Court of Appeals filed by BDO appealing various orders from the regional trial court, as well as one filed by RCBC Capital seeking to enjoin the second regional trial court from acquiring jurisdiction.

Management strongly believes that in view of the merits of RCBC Capital's claims and defenses, the outcome of the proceedings will be settled in favor of RCBC Capital.

31.2 PEACe Bonds

In October 2011, 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. Nonwithstanding the pendency of the case and the issuance of a Temporary Restraining Order by the Supreme Court, the Bureau of Treasury withheld P198.78 in October 2011 from the Parent Company on the interest on its PEACe bonds holdings. The Government has requested additional time within which to file its comment on the petition. Management believes that the petitioning banks have a strong case, and that there is a high probability of recovery.

Except for the above-mentioned lawsuits, the Bank is not aware of any suits and claims against itself or its subsidiaries, which if decided adversely would have a material effect on its financial position or operating results.

32. EVENT AFTER THE REPORTING PERIOD

On January 30, 2012, the Parent Company's BOD approved the acquisition of 448,528,296 shares (100% ownership) from the selling shareholders of First Malayan Leasing and Finance Corporation at P1.53 per share. The transaction was approved by the BSP on March 12, 2012. Subsequently, the Parent Company recorded the total investment cost amounting to P687.

33. EARNINGS PER SHARE

The following reflects the income and per share data used in the basic and diluted earnings per share (EPS) computations (figures in millions, except EPS data):

	Group		
	2011	2010	2009
Basic Earnings Per Share			
a. Net profit attributable to parent company's shareholders	**P 5,007**	P 4,248	P 3,328
Less: allocated for preferred and Hybrid Tier 1 dividends	**(428)**	(432)	(487)
	4,579	3,816	2,841
b. Weighted average number of outstanding common shares	**1,033**	940	908
c. Basic EPS (a/b)	**P 4.43**	P 4.06	P 3.13
Diluted Earnings Per Share			
a. Net profit (net of amount allocated for preferred and HT1 dividends)	**P 4,579**	P 3,816	P 2,841
b. Weighted average number of outstanding common shares	**1,033**	941	928
c. Diluted EPS (a/b)	**P 4.43**	P 4.06	P 3.06

	Parent		
	2011	2010	2009
Basic Earnings Per Share			
a. Net profit attributable to parent company's shareholders	**P 4,116**	P 3,742	P 2,572
Less: allocated for preferred and Hybrid Tier 1 dividends	**(428)**	(432)	(487)
	3,688	3,310	2,085
b. Weighted average number of outstanding common shares	**1,033**	940	908
c. Basic EPS (a/b)	**P 3.57**	P 3.52	P 2.30
Diluted Earnings Per Share			
a. Net profit (net of amount allocated for preferred and HT1 dividends)	**P 3,688**	P 3,310	P 2,085
b. Weighted average number of outstanding common shares	**1,033**	941	928
c. Diluted EPS (a/b)	**P 3.57**	P 3.52	P 2.25

The above computation does not take into consideration the effects of certain accounting treatment allowed by BSP but not allowed under FRSPB and PFRS as discussed in Note 11.

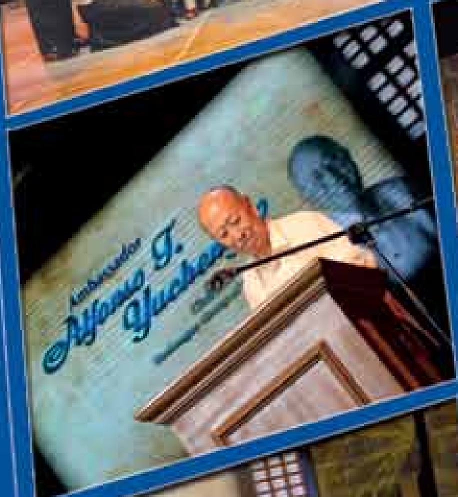
34. SELECTED FINANCIAL PERFORMANCE INDICATORS

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Group		
	2011	2010	2009
Return on average capital funds	**13.96%**	14.08%	11.95%
Return on average assets	**1.60%**	1.47%	1.24%
Net interest margin	**4.09%**	4.55%	4.62%
CAR	**18.52%**	17.77%	18.47%

	Parent		
	2011	2010	2009
Return on average capital funds	**13.72%**	14.72%	10.46%
Return on average assets	**1.57%**	1.55%	1.14%
Net interest margin	**3.54%**	3.97%	4.00%
CAR	**17.12%**	16.26%	17.23%

The above computation does not take into consideration the effects of certain accounting treatment allowed by BSP but not allowed under FRSPB and PFRS as discussed in Note 11.



YGC Centennial

As one of the pillars of the Yuchengco Group of Companies, we remain steadfast in our commitment to further contribute to the growth and expansion of our beloved group as we mark its triumphant hundred years and look forward to yet another golden century.

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RIZAL COMMERCIAL BANKING CORPORATION

Board of Directors

1 Ambassador Alfonso T. Yuchengco
Honorary Chairman

(Refer to page 8 for his business affiliations)

2 Helen Y. Dee
Chairman

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Director and Corporate Vice Chairman

• RCBC Savings Bank, Inc., Director • RCBC Realty Corporation, Director • RCBC Forex Brokers Corporation, Director and Chairman • Malayan Insurance Company, Inc., Director • Bankard, Inc., Director and Chairman • Malayan Colleges, Inc. (operating under Mapua Institute of Technology), Trustee

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President & Chief Executive Officer

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Director

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Director

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7 Atty. Wilfrido E. Sanchez
Director

• Quiason Makalintal Barot Torres & Ibarra Law Offices, Tax Counsel • EEI Corporation, Director • Grepalife Asset Management Corporation, Director • Grepalife Fixed Income Fund Corporation, Director • House of Investments, Inc., Director

8 Atty. Ma. Celia H. Fernandez-Estavillo
Director and Corporate Secretary

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Director

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10 Brian Hong
Director

CVC Asia Pacific Limited, Senior Managing Director

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RIZAL COMMERCIAL BANKING CORPORATION

Board of Directors

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Independent Director

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3 Roberto F. De Ocampo, OBE
Independent Director

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RIZAL COMMERCIAL BANKING CORPORATION

Senior Management

1 **Redentor C. Bancod**
Information Technology & Operations

2 **Alfredo S. Del Rosario**
Asset Management & Remedial

3 **John Thomas G. Deveras**
Strategic Initiatives
President, Rizal Micro Bank

4 **Jose Emmanuel U. Hilado**
Treasury

5 **Ismael R. Sandig**
Retail Banking

6 **Uy Chun Bing**
Corporate Banking

7 **Elbert M. Zosa**
Corporate Planning

8 **Melissa G. Adalia**
Human Resources

9 **Michelangelo R. Aguilar**
Corporate Banking

10 **Manuel G. Ahyong, Jr.**
Wealth Management

11 **Michael O. De Jesus**
Corporate Banking

12 **Ma. Celia H. Fernandez-Estavillo**
Legal & Regulatory Affairs

13 **Lourdes Bernadette M. Ferrer**
Trust & Investment

14 **Ana Luisa S. Lim**
Internal Audit

15 **Cynthia P. Santos**
Overseas Filipino Banking & Telemoney

16 **Zenaida F. Torres**
Controllership

17 **Edgar Anthony B. Villanueva**
Global Services

18 **Regino V. Magno**
Corporate Risk Management Services

19 **Oscar B. Biason**
President and Chief Executive Officer
Bankard, Inc.

20 **Jose Luis F. Gomez**
President and Chief Executive Officer
RCBC Capital Corporation

21 **Rommel S. Latinazo**
President and Chief Executive Officer
RCBC Savings Bank

22 **Maria Lourdes Jocelyn S. Pineda**
Microfinance
President, JP Laurel Rural Bank, Inc.

23 **Ma. Cristina S. Rosales**
President and Chief Executive Officer
RCBC Forex Brokers Corporation

RIZAL COMMERCIAL BANKING CORPORATION

Senior Officers

RCBC

Honorary Chairman
AMBASSADOR ALFONSO T. YUCHENGCO

Chairman of the Board
HELEN Y. DEE

Corporate Vice Chairman
CESAR E. A. VIRATA

President and Chief Executive Officer
LORENZO V. TAN

Executive Vice President
JOHN THOMAS G. DEVERAS
Head, Strategic Initiatives

First Senior Vice President
EDGAR ANTHONY B. VILLANUEVA
Head, Global Transaction Services

Senior Vice President
MARIA LOURDES JOCELYN S. PINEDA
Head, Microfinance

First Vice Presidents
EDWIN R. ERMITA
Bank Security Officer

JOSE EDWINIEL C. GUILAS
Head, Corporate Communications
& Service Excellence Div.

Vice President
ENRIQUE C. BUENAFLOR
Business Development Manager
Global Transaction Services

INTERNAL AUDIT GROUP

First Senior Vice President
ANA LUISA S. LIM
Group Head

First Vice President
ELOIDA F. OQUIALDA
Head, Cluster 4 / IT Audit

Vice Presidents
ALBERTO Y. BUESER
Head, Cluster 1

NENER G. CONCEPCION
Head, Cluster 5

ELVIRA D. SORIANO
Head, Cluster 3

TRUST AND INVESTMENTS GROUP

First Senior Vice President
LOURDES BERNADETTE M. FERRER
Division Head and Trust Officer

First Vice Presidents
CRISELDA Y. PASTORAL
Head, Trust Retail Marketing Div.

RAOUL V. SANTOS
Head, Trust Investment Services Div.

Vice President
ERIC B. VICTORIA
Head, Trust Business Development Div.

ASSET MANAGEMENT AND REMEDIAL GROUP

Executive Vice President
ALFREDO S. DEL ROSARIO, JR.
Group Head

Senior Vice Presidents
CLARO PATRICIO L. CONTRERAS
Head, Remedial Management Div.

EVELYN NOLASCO
Head, Asset Disposition Div.

First Vice Presidents
LOIDA C. PAPILLA
Head, Asset Management Support Div.

LEAH B. TORRES
Head, Account Management Dept. 2

LOLITO S. VELASQUEZ
Head, Account Management Dept. 1

Vice President
KENNETH MARK F. GARCIA
Head, Account Management Dept. 3

CORPORATE PLANNING GROUP

Executive Vice President
ELBERT M. ZOSA
Group Head

First Vice President
MA. CHRISTINA P. ALVAREZ
Head, Financial Planning & Development Div.

CORPORATE RISK MANAGEMENT SERVICES

Senior Vice Presidents
REGINO V. MAGNO
Group Head

RAFAEL ALOYSIUS M. DAYRIT
Head, Credit Risk Div.

Vice Presidents
CHRISTINE ROSELLE O. CABACUNGAN
Head, Credit Review Dept.

LUIS A. JACINTO
Risk Management Systems Officer

JOSEPH F. MONZON
Trust Risk Officer

BRENDA S. TARUC
Head, Market Risk Div.

CONTROLLERSHIP GROUP

First Senior Vice President
ZENAIDA F. TORRES
Group Head

First Vice Presidents
FLORENTINO M. MADONZA
Head, General Accounting Div.

NELIA A. PEÑA
Head, Financial Management,
Accounting & Control Div.

Vice President
MARIETA O. MIRANDA
Head, Financial Accounting Dept.

CORPORATE BANKING GROUP

Executive Vice President
UY CHUN BING G.
Group Head

First Senior Vice Presidents
MICHELANGELO R. AGUILAR
Head, Corporate Banking Segment 1

MICHAEL O. DE JESUS
Head, Corporate Banking Segment 2

ELI D. LAO
Head, Chinese Banking Segment 1

YASUHIRO MATSUMOTO
Head, Japanese Business Relationship Office

REYNALDO P. ORSOLINO
Head, Commercial & Small Medium Enterprise Banking Div.

Senior Vice Presidents
ROGELIO P. DAYRIT
Head, Japanese & Ecozone Banking Segment

SIONY C. DY TANG
Head, Chinese Banking Segment 1 – Div. 1

JOHN P. GO
Head, Chinese Banking Segment 2

KOJI ONOZAWA
Japanese Business Relationship Officer

First Vice Presidents
MA. FELISA R. BANZON
Head, Corporate Banking Segment 2 – Div. 1

RENATO V. CARPIO
Head, Corporate Banking Segment 1 - Conglomerate Div.

HAZEL DEANNE T. CO
Head, Chinese Banking Segment 1 - Div. 2

GRACIANO P. DEL ROSARIO
Head, Japanese & Ecozone Banking Segment – Div. 1

GERARDO G. MIRAL
Head, Japanese & Ecozone Banking Segment – Div. 2

JOHAN C. SO
Head, Chinese Banking Segment 2 - Div. 3

MA. ANGELA V. TINIO
Head, VisMin Lending Region

Vice Presidents
ABENER M. BALATBAT
Relationship Manager,
Corporate Banking Segment 2 – Div. 2

LALAINE I. BILAOS
Head, Corporate Banking Segment 2 – Div. 2

RICO M. BORGONIA
Relationship Manager,
Japanese & Ecozone Banking Segment – Div. 1

GLORIA T. CARLOTA
Relationship Manager,
Corporate Banking Segment 1 – Conglomerate Div.

ANTONIO MANUEL E. CRUZ, JR.
Head, CSMED - Makati Lending Dept.

ARMANDO A. INABANGAN, JR.
Relationship Manager,
Corporate Banking Segment 2 – Div. 2

JOSE S. ISON, JR.
Relationship Manager, Corporate Banking Segment 2 – Div. 1

MA. ARLENE L. LEYCO
Head, CSMED - South Metro Manila Lending Dept.

EDUARDO C. MASANGCAY
Relationship Manager,
Japanese & Ecozone Banking Segment – Div. 2

JOSE JAYSON L. MENDOZA
Head, CSMED - South Luzon Lending Dept.

MARIE RORECEJACK R. MESINA
Relationship Manager, Corporate Banking Segment 2 – Div. 2

SUZETTE Y. NG
Relationship Manager, Chinese Banking Segment 1 – Div. 2

MARCOS AURELIO O. SALVADOR
Financial Planning & Credit Support Div.

PATRICK PETER R. SANTOS
Relationship Manager, Corporate Banking Segment 2 – Div. 2

LIBERTINE R. SELIRIO
Relationship Manager,
Japanese & Ecozone Banking Segment – Div. 2

ALBERT C. SUBIDO
Relationship Manager,
Japanese & Ecozone Banking Segment – Div. 1

RAMON JAIME R. TABUENA, JR.
Relationship Manager,
Japanese & Ecozone Banking Segment – Div. 2

VICTORIA T. TUPAZ
Relationship Manager,
Corporate Banking Segment – Conglomerate Div.

TREASURY GROUP

Executive Vice President
JOSE EMMANUEL U. HILADO
Group Head and Treasurer

Senior Vice Presidents
ANITA LINDA R. AQUINO
Head, Global Distribution & Advisory Div.
(Until March 16, 2012)

CARLOS CESAR B. MERCADO
Head, Trading Segment

RAUL VICTOR B. TAN
Head, Balance Sheet Management Segment
Concurrent Head, Asset & Liability Management Div.

First Vice Presidents
ALVIN V. ANTONIO
Head, Foreign Interest Rate Risk Div.

JOSE MANUEL E. CAÑIZA
Head, Domestic Interest Rate Risk Div.

ALBERTO N. PEDROSA
Head, Investment Portfolio Management Div. and
Concurrent Head, Domestic Investment Portfolio Dept.

Vice Presidents
PAULA FRITZIE Z. ARTEFICIO
Head, Derivatives Trading Dept.

MANUEL R. BENGSON, JR.
Senior Investment Officer

MA. CHARINA M. FUENTES
Head, Corporate Sales Dept.

MARICEL ELENA M. PERALEJO
Head, Institutional Sales Dept.

ERNEE A. REGALA
Head, Commercial Sales Dept.

FRANCISCO G. SINGIAN, JR.
Balance Sheet Risk Management Dept.

HUMAN RESOURCES GROUP

First Senior Vice President
MELISSA G. ADALIA
Group Head
(Until June 12, 2012)

Senior Vice President
ROWENA F. SUBIDO
Deputy Group Head

Vice President
CLINT STANLEY D. ANG
Head, Employee Relations Dept.

INFORMATION TECHNOLOGY SHARED SERVICES GROUP

Executive Vice President
REDENTOR C. BANCOD
Group Head

First Vice Presidents
JOEL RIZALDY G. FLOR
Head, Shared Business Services

ELIZABETH D. M. GOCO
Head, Management Services Div.

FRANCIS VICENTE O. HILARIO
Head, I.T. Governance

JENNIE F. LANSANG
Head, Shared Technology Services

EDMUNDO C. LIAO
Head, Technical Support Dept.

JONATHAN EDWIN F. LUMAIN
Head, Application Development Div. 2

TEODORO ERIC D. VALENA, JR.
Head, Application Development Div. 1

Vice Presidents
FRANCISCO J. DE SILVA
Head, Applications Development Div. 4

MICHAEL ANGELO C. RAMOS
Head, Applications Development Div. 3

EDMUND A. REYES
Applications Architect

OPERATIONS GROUP

Executive Vice President
REDENTOR C. BANCOD
Group Head

Senior Vice President
VIVIEN I. LUGO-MACASAET
Head, Head Office Operations Div.

First Vice Presidents
SABINO MAXIMIANO O. ECO
Head, Retail and Channels Div.

OSCAR G. GUMABAY
Head, Technical Services Dept.

Vice Presidents
JORGE B. DUNGO
Head, Central Clearing Dept.

REYNALDO ANTONIO R. JIMENEZ
Head, International Operations Dept.

LORNA V. MARIANO
Head, Credit and Loans Dept.

CLARO A. PINEDA III
Head, Operations Control Div.

MA. EVANGELINE T. REYES
Head, Business Process Management

YVONNE A. ROQUE
Head, Treasury Operations Dept.

LEGAL AND REGULATORY AFFAIRS GROUP

First Senior Vice President
MA. CELIA H. FERNANDEZ-ESTAVILLO
Group Head and Corporate Secretary

First Vice President
ELSIE S. RAMOS
Head, Legal Affairs Div.

Vice Presidents
RUTH M. ANIÑON
Head, Testing & Monitoring Dept.

MERLYN E. DUEÑAS
Head, Operations Dept. & Assistant Corporate Secretary
(Until April 4, 2012)

MA. FE P. SALAMATIN
Head, Regulatory Affairs Div. and Compliance Officer

OVERSEAS FILIPINO BANKING/TELEMONEY GROUP

First Senior Vice President
CYNTHIA P. SANTOS
Group Head

Vice President
CARMELITA P. GALANO
Head, Remittance Tie-Ups Business Div.

RETAIL BANKING GROUP

Executive Vice President
ISMAEL R. SANDIG
Group Head

First Senior Vice Presidents
PRUDENCIO J. GESTA
Deputy Group Head, Visayas

REMEDIOS M. MARANAN
Deputy Group Head for Service

Senior Vice Presidents
BRIGITTE B. CAPINA
Regional Sales Manager, South Metro

ARSENIO L. CHUA
Regional Sales Manager, North Metro

REMO ROMULO M. GARROVILLO, JR.
Head, Channel Management & Product Development Div.

ZENAIDES R. LAPERA
Regional Sales Manager, North Luzon

JOSE P. LEDESMA III
Regional Sales Manager, South Luzon
(Until March 27, 2012)

NESTOR O. PINEDA
Regional Sales Manager, Central Metro

First Vice Presidents
ANITA O. ABAD
District Sales Manager, Chinese Downtown

ROBERTO D. CHICA
Regional Sales Manager, Mindanao

DOMINGO P. DAYRO, JR.
Head, Business Solutions & Retail Systems Div.

MA. ELIZABETH V. DELA PAZ
Regional Sales Manager, Corporate Headquarters

JOSEPHINE M. EMPACES
Regional Sales Manager, Visayas

NOEL D. LARDIZABAL
Regional Service Head, South Luzon

ARSILITO A. PEJO
Regional Service Head, Visayas

NANCY J. QUIOGUE
Regional Service Head, Metro Manila

ROBERTO L. RODRIGUEZ, JR.
District Sales Manager, South Metro

ANNA SYLVIA E. ROXAS
Head, BC Planning & Expansion Div.

FLORANTE G. SANTIAGO
District Sales Manager, Southern Mindanao

MICHELE D. SANTOS
Head, Branch Support Center Div.

THADDEUS ANTHONY L. TAN
Regional Sales Manager, South Luzon

EMMANUEL MARI K. VALDES
Head, Cash Management Services Dept.

GERALDINE M. VILLANUEVA
District Sales Manager, Negros Occidental

Vice Presidents
LORAN SD. ABANILLA
Head, Retail Product Management Div.

MA. ESTRELLA G. BERNARDO
District Sales Manger, South Central Luzon

CONCORDIO R. BONGON, JR.
District Sales Manager, South West Luzon

LUIS GONZAGA S. BONOAN
Business Manager, Greenbelt

MARY CATHERINE T. BUNTUA
Business Manager, Buendia

MICHAEL ANTHONY C. BUSTAMANTE
Head, EBIZ Center Expansion Dept.

BENJAMIN L. CABRERA
Business Manager, Palawan

MAURA R. CANTILLANA
Business Manager, Sta. Rosa Paseo

VIVIAN Y. CO
Business Manager, Binondo

MAXIMO K. CUARTERO
Business Manager, Unimart

CYNTHIA T. CRUZ
District Sales Manager, North Luzon

DANTE P. DE CASTRO
Business Manager, Sta. Ana

BENJAMIN E. ESTACIO
Regional Service Head, Mindanao

RUBEN A. FELEBRICO
Business Manager, Tektite

EDWIN JOHN R. FRIAS
District Sales Manager, Ortigas Business

MA. ESTER B. GABATIN
Business Manager, Paseo de Roxas

ERICO C. INDITA
District Sales Manager, Makati Central

NELMIDA B. MABUTAS
District Sales Manager, Upper North Metro

CECILIO ENRICO P. MAGSINO
District Service Head, North Central Luzon

RAFAEL A. MENDOZA
District Service Head, South Central Luzon

EDGARDO F. MIGUEL
Head, Cash Services & Management Div.

GRACE MARIE G. MONTALVO
Business Manager, Makati Ave.

ANGEL A. MONTE DE RAMOS, JR.
Business Manager, Carmelray

HELEN F. MORALES
District Sales Manager, South East Metro

VIRGINIA U. ONG
District Sales Manager, Metro Cebu

CARLOS P. PETERSEN
Business Manager, Dadiangas

MARIA LUISA M. PILORIN
Business Manager, New Manila

HONORATA V. PO
District Sales Manager, South East Luzon

FRANCIS O. RAMOS
District Sales Manager, Panay

FRANCIS NICOLAS G. REYES
Head, Branches Expansion Dept.

MA. ROSANNA M. RODRIGO
District Sales Manager, North Central Luzon

CARREN T. SARIA
District Sales Manager, Chinese Uptown District

GIANNI FRANCO D. TIRADO
District Sales Manager, Central Mindanao

LOURDES FELIXIA T. TOJONG
Business Manager, Cebu Business Park

PABLO C. TRINIDAD
District Sales Manager, North West Luzon

LORETO M. ULPINDO
District Service Head, Southeast Manila

MA. VICTORIA P. VICTORIA
Business Manager, The Firm

CYNTHIA T. YUZON
Business Manager, Caloocan

WEALTH MANAGEMENT

First Senior Vice President
MANUEL G. AHYONG, JR.
Head, Segment 2

First Vice President
JANE N. MAÑAGO
Division Head, Segment 1

Vice President
KAREN K. CANLAS
Division Head, Segment 2

SUBSIDIARIES

Domestic

RCBC SAVINGS BANK

Chairman
HELEN Y. DEE

Vice Chairman
LORENZO V. TAN

President
ROMMEL S. LATINAZO
(Seconded from RCBC)

Executive Vice Presidents
CARMELITA M. CHAVEZ
Head, Retail Banking Group

CARLOS A. PINPIN, JR.
Head, Corporate Planning Group

Senior Vice Presidents
NORMAN VIC C. AYCOCHO
Head, Credit Management Group
(Until February 1, 2012)

LIZETTE MARGARET MARY J. RACELA
Head, Consumer Lending Group
(Seconded from RCBC)

MATIAS L. PALOSO
Deputy Group Head, Retail Banking Group
(Seconded from RCBC)

JOSEPH COLIN B. RODRIGUEZ
Head, Treasury Group
(Seconded from RCBC)

AL JAN G. YAP
Division Head, Business Support & Services Div.

First Vice Presidents
ELIZABETH G. ABECIA
Regional Head, VisMin Provincial Lending Centers

ATTY. JOHN A. AGBAYANI
Head, CTS Task Force

MA. LOURDES S. ALDECOA
Head, Portfolio Management Div.

AMADOR T. BAIRA
Head, Auto/ Personal Loans Div.

LEONOR F. BELEN
Business Center Manager, Pacific Place Business Center

GUILBERTO K. BENEDICTO
Head, Consumer Prod. & Channels Management Div.

JO ANNE C. CHAN
Head, Controllership & Support Services Div.

HELEN GRACE D. GAVICA
Head, Information Management Div.

MARY GRACE P. MACATANGAY
Officer-in- Charge, Asset Management & Remedial Group

MA. ANTONIA G. REBUENO
Regional Sales Manager, Luzon

MA. LOURDES G. TRINIDAD
Head, Risk Management Div.

LORNA M. VALENZUELA
Regional Sales Manager, Metro Manila/Rizal

MA. LOURDES R. VASQUEZ
Regional Service Head, Metro Manila/Rizal

BASILIA JOSEFA E. VILLAMOR
Regional Sales Manager, VisMin

Vice Presidents
ELMER M. AQUINO
Head, Wholesale Lending Div.

SHIRLEY K. BENEDICTO
District Sales Manager, Manila

JUDY ROSARIO G. CAM
Compliance Officer & Head, Compliance Div.

MA. CARMINA P. CARPIO
Trust Officer and Head, Trust Services Div.

ARIEL J. CRUZ
Regional Head, Luzon Provincial Lending Centers

LARRY F. DE GUZMAN
District Sales Manager, North East/North Central Metro

CRISPINA D. DEL ROSARIO
District Sales Manager, Central Luzon

RAMON C. GARCIA
Head, Sales Distribution Channels Dept.
(Seconded from RCBC)

NIMFA FRANCIS C. GREGORIOS
Regional Service Head, VisMin
(until March 10, 2012)

EVELINDA M. HICARO
Head, Cash & ATM Div.

GENEVIEVE P. ICASIANO
District Sales Manager, North West Metro

ELMER R. LABRADOR
Head, Collection & Remedial Div.

ENRIQUE G. LLAGAS
Head, Property Management & Sales Div.

ROMEO R. LLAVE, JR.
District Sales Manager, Makati/South Metro Manila

JOHN LYNDON O. LUDOVICE
Head, Strategic Services Div.

BRIGITTE P. MAHOR
Head, Management Services Dept.

DONNA KRISTINE F. MARCELO
Head, Corporate Communications &
Marketing Services Div.

EDWIN B. NANGCAS
District Sales Manager, Vismin

PATRICIO A. PICAZO
Head, Human Resource Div.

ATTY. ALBERTO O. REGINO, JR.
Head, Litigation Dept.

ATTY. GUIA MARGARITA Y. SANTOS
Head, Corporate Legal Services Div.
(Seconded from RCBC)

NINFA F. SEE
Regional Service Head, Luzon

MICHAEL Z. SISON
Head, Central MIS Dept.

RANDY B. TORRES
Head, Housing Loans Div.

BANKARD, INC.
Chairman
CESAR E.A. VIRATA

Vice Chairman
RAUL M. LEOPANDO

President and Chief Executive Officer
OSCAR B. BIASON

Executive Vice President, Chief Operating Officer and Chief Information Officer
RAFAEL ANDRES R. REYES

Senior Vice President
EUGENIO U. FERNANDEZ
Chief Finance Officer

First Vice President
MARIA ANGELINA V. ANGELES
Head, Customer Service

Vice Presidents
VILMA M. BALTAZAR
Head, Human Resource Management

KATRINA JOY G. CRUZ
Head, Collection

BENJAMIN W. R. CUMPAS, JR.
Head, Merchant Business

EVELYN A. FERNANDEZ
Head, Acceptance Services

AMOR A. LAZARO
Head, Portfolio MIS

FE FORTUNATA R. RIO
Head, Operations

MA. LIWAYWAY M. TAN
Head, Compliance Risk Management & Internal Audit

KARLO C. GONZALES
Head, Fraud Management & Authorization

MYLENE J. BICO
Head, Portfolio Analytics & Business Development

IRENE D. TAYLO
Head, Co-Brand & Partnership

RCBC FOREX BROKERS CORP.
Chairman
CESAR E. A. VIRATA

President and Chief Executive Officer
MA. CRISTINA S. ROSALES

Corporate Treasurer
MEDEL T. NERA

Corporate Secretary
ATTY. SAMUEL V. TORRES

JP LAUREL RURAL BANK, INC.
Chairman
JOHN THOMAS G. DEVERAS

Vice Chairman and Treasurer
ALFREDO S. DEL ROSARIO, JR.

President
MARIA LOURDES JOCELYN S. PINEDA

Senior Executive Vice President
MARIANO JOSE R. LAUREL

Executive Vice President
MANUEL C. LASCANO

Corporate Secretary
ATTY. GERARDO DR. MANALO

RIZAL MICRO BANK
Chairman
LORENZO V. TAN

Vice Chairman and President
JOHN THOMAS G. DEVERAS

Chief Finance Officer
FLORENTINO M. MADONZA

Corporate Secretary and Compliance Officer
ATTY. MERLYN E. DUENAS
(Until April 4, 2012)

RCBC CAPITAL CORP.
Chairman
YVONNE S. YUCHENGCO

President and Chief Executive Officer
JOSE LUIS F. GOMEZ

Senior Vice President
RAMON M. POSADAS
Debt Securities

First Vice Presidents
MELANIE A. CAGUIAT
Credit & Administration

RUTH B. GUTIERREZ
Chief Accountant

Vice President
JUAN MARCELO M. QUIJANO
Compliance Officer

Corporate Secretary
ATTY. MA. CELIA H. FERNANDEZ-ESTAVILLO

Subsidiaries:
RCBC SECURITIES, INC.
Chairman
RAUL M. LEOPANDO

RCBC LAND, INC.
Chairman
CESAR E. A. VIRATA

President
YVONNE S. YUCHENGCO

Vice President
ALFONSO S. YUCHENGCO, JR.

Treasurer
ALFONSO S. YUCHENGCO III

Corporate Secretary
ATTY. SAMUEL V. TORRES

Subsidiary:
RCBC REALTY CORP.
Chairman
AMBASSADOR ALFONSO T. YUCHENGCO

President
MEDEL T. NERA

Treasurer and Chief Financial Officer
JOSE MA. G. CASTILLO III

Corporate Secretary
ATTY. SAMUEL V. TORRES

NIYOG PROPERTY HOLDINGS, INC.
President
JOHN THOMAS G. DEVERAS

Vice President
ALFREDO S. DEL ROSARIO, JR.

Controller and Treasurer
FLORENTINO M. MADONZA

Corporate Secretary
ATTY. MA. CELIA H. FERNANDEZ-ESTAVILLO

International

RCBC NORTH AMERICA, INC.
(formerly RCBC California International, Inc.)

Chairman
VICTOR P. QUISUMBING

President
CYNTHIA P. SANTOS

Acting Managing Director and Chief Executive Officer
PIA R. MARTINEZ

RCBC INTERNATIONAL FINANCE, LTD.
Chairman
LORENZO V. TAN

Managing Director and Chief Executive Officer
MARK DEXTER D. YABUT

RCBC TELEMONEY EUROPE, SpA.
Chairman
LORENZO V. TAN

Vice Chairman
CYNTHIA P. SANTOS

Acting Managing Director
ARIEL N. MENDOZA

ASSOCIATES

Honda Cars Philippines, Inc.
President
TATSUYA NATSUME

Executive Vice President and Head, Manufacturing Div.
MITSURU OKAMOTO

Corporate Secretary
ATTY. PRISCILLA VALER

Luisita Industrial Park Corp.
Chairman
AMBASSADOR ALFONSO T. YUCHENGCO

Co-Chairman
HELEN Y. DEE

Vice Chairman
CESAR E. A. VIRATA

President
RAMON S. BAGATSING, JR

Treasurer
ELENA F. TRAJANO

Corporate Secretary
ATTY. MA. CELIA H. FERNANDEZ-ESTAVILLO

YGC Corporate Services, Inc.
Chairman
AMBASSADOR ALFONSO T. YUCHENGCO

President
HELEN Y. DEE

Vice Chairman
LORENZO V. TAN

Executive Vice President and Chief Operating Officer
LIWAYWAY F. GENER

Vice President
ALBERT S. YUCHENGCO

Corporate Secretary
ATTY. SAMUEL V. TORRES

RIZAL COMMERCIAL BANKING CORPORATION

RCBC Branch Directory

Metro Manila

168 Mall
168 Mall Shopping Center
Stall No. 4H-01, Soler St.
Binondo Manila
Tel. Nos. : 708-2290; 708-2291; 708-2386; 708-2387
Fax No. : 708-2289

A. Mabini
1353 A. Mabini St.
Ermita, Manila
Tel. Nos. : 526-0444; 526-0445; 526-0424; 526-0468
Fax No. : 526-0446

Acropolis
191 Triquetra Bldg., E. Rodriguez Jr. Ave.
Libis, Quezon City
Tel. Nos. : 638-0550; 645-0551; 638-0552; 638-0553
Fax No. : 638-0552

Alabang
RCBC Bldg., Tierra Nueva Subd.
Alabang-Zapote Rd., Alabang
Muntinlupa City
Tel. Nos. : 807-2245; 807-2246; 809-0401; 809-0403
Fax No. : 850-9044

Alabang West Service Road
Alabang West Service Rd.
cor. Montillano St. and South Superhighway
Alabang, Muntinlupa City
Tel. Nos. : 556-3416 to 17; 556-3419; 666-2953
Fax No. : 556-3507

Araneta
G/F, Unit 111 Sampaguita Theatre Bldg.
cor. Gen. Araneta and Gen. Roxas Sts.
Cubao, Quezon City
Tel. Nos. : 912-1981 to 83; 912-6049
Fax No. : 912-1979

Arnaiz Ave., Makati
843 G/F Prudential Life 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.
cor. Masangkay and Soler Sts.
Binondo, Manila
Tel. Nos. : 245-7055; 244-8443 to 44; 244-8438
Fax No. : 244-8437

Ayala
Unit 709 Tower One, Ayala Triangle
Ayala Ave., Makati City
Tel. Nos. : 848-6983 to 85
Fax No. : 848-7003

Baclaran
21 Taft Ave., Baclaran
Parañaque City
Tel. Nos. : 832-3938; 852-8147 to 48
Fax No. : 832-3942

Banawe
Unit I-K, CTK Bldg.
385 cor. Banawe and N. Roxas Sts.
Quezon City
Tel. Nos. : 742-3578; 743-0204
Fax No. : 743-0210

Better Living
14 Doña Soledad, Better Living Subd.
Parañaque City
Tel. Nos. : 828-4810; 828-2174; 828-3478; 828-3095
Fax No. : 828-9795

BF Homes
Unit 101 Centermall Bldg., President's Ave.
BF Homes, Parañaque City
Tel. Nos. : 807-8760 To 63; 842-1554
Fax No. : 842-1553

Binondo
Yuchengco Tower
500 Quintin Paredes St.
Binondo, Manila
Tel. Nos. : 241-2491; 241-2746; 242-5933
Fax No. : 244-40-31

Boni Avenue
617 Boni Ave., Mandaluyong City
Tel. Nos. : 533-0280; 533-6337; 533-6335; 532-5532
Fax No. : 533-6336

Buendia
Grepalife Bldg.
219 Sen. Gil J. Puyat Ave., Makati City
Tel. Nos. : 844-1896; 810-3674; 845-6411 to 12, 844-4169
Fax No. : 844-8868

Cainta
Multicon Bldg., FP Felix Ave.
Cainta, Rizal
Tel. Nos. : 645-6713; 645-6703 to 04; 645-6710
Fax No. : 645-6716

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; 931-2319
Fax No. : 931-2328

Concepcion Marikina
17 Bayan-Bayanan Ave.
Brgy. Concepcion Uno
Marikina City
Tel. Nos. : 661-7568; 948-4002; 571-4607
Fax No. : 942-6368

Connecticut (Greenhills)
51 Connecticut St., Northeast Greenhills
San Juan, Metro Manila
Tel. Nos. : 721-4495; 722-4424; 726-9793; 744-6348
Fax No. : 722-4424

Cubao
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
19 cor. D. Tuazon St. and Quezon Ave.
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

Delta
Delta Bldg.
cor. Quezon Ave. and West Ave.
Quezon City
Tel. Nos. : 352-8115; 352-8113
Fax No. : 352-8112

Dela Rosa
G/F Sterling Center
cor. Ormaza and Dela Rosa Sts.
Legaspi Village, Makati City
Tel. Nos. : 893-6828; 893-4312; 893-4216; 893-9050; 893-5039
Fax No. : 893-5039

Diliman
cor. Matalino St. and 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
Fax No. : 241-78-41

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; 470-9377
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
622 G/F Elcano Plaza, Elcano St.
Binondo, Manila
Tel. Nos. : 242-8684; 242-3643; 242-8685; 242-3598
Fax No. : 242-3649

Ermita
550 United Nations Ave.
Ermita, Manila
Tel. Nos. : 525-5238; 523-2948; 523-2983; 525-5241; 525-5219; 523-7640
Fax No. : 524-1021

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 No. 106 Parc Chateau Condominium
cor. Garnet and Onyx Sts.
Ortigas Center, Pasig City
Tel. Nos. : 570-9141 to 42; 570-6317; 570-6319
Telefax No. : 570-9144

Gilmore
100 Granada St., Valencia, Quezon City
Tel. Nos. : 726-2404; 726-4236; 725-0818
Fax No. : 725-9087

Greenbelt
BSA Tower, Legaspi St.
Legaspi Village, Makati Ctiy
Tel. Nos. : 845-4881; 845-4883; 845-4051; 844-1829
Fax No. : 845-4883

Kapitolyo Pasig
cor.United and Brixton Sts.
Brgy. Kapitolyo, Pasig City

Jupiter Makati
Unit 101 Doña Consolacion Bldg.
122 Jupiter St., Bel-Air, Makati City
Tel. Nos. : 553-4142 to 43; 519-7711
Fax No. : 478-0798

La Fuerza
Unit 10 & 11 G/F La Fuerza Plaza 1
2241 Chino Roces Ave., Makati City
Tel. Nos. : 893-4293; 893-8495; 893-1607; 893-0076
Fax No. : 893-3021

Las Pinas
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. (formerly Accra Condominium)
cor. Salcedo and Gamboa Sts.
Legaspi Village, Makati City
Tel. Nos. : 817-2664; 812-4893; 818-4919; 817-2689
Fax No. : 813-5287

Linden Suites
G/F The Linden Suites Tower II
37 San Miguel Ave., Ortigas Center
Pasig City
Tel. Nos. : 477-7267; 477-7269; 477-7271; 477-7273 to 74
Fax No. : 477-7275

Loyola Heights
G/F MQI Centre
42 cor. E. Abada and Rosa Alvero Sts.
Loyola Heights, Quezon City
Tel. Nos. : 426-6533 to 35; 426-6528; 426-6525
Fax No. : 426-6602

Makati Avenue
G/F Executive Bldg. Center, Inc.
369 cor. Sen. Gil Puyat and Makati Ave.
Makati City
Tel. Nos. : 890-7023 to 25; 895-9578; 897-9384
Fax No. : 890-7026

Makati Rada
One Legaspi Park Bldg., 121 Rada St.
Legaspi Village, Makati City
Tel. Nos. : 909-5201 to 03; 915-2046
Fax No. : 909-5204

Malabon
cor. J.P. Rizal Ave. Extn. and Pascual St.
Brgy. San Agustin, Malabon City
Tel. Nos. : 281-0198 to 99; 281-0518; 281-2709
Fax No. : 281-0190

Malate
470 Maria Daniel Bldg.
cor. San andres and M.H. Del Pilar Sts.
Malate, Manila
Tel. Nos. : 516-4686 to 87; 516-4690; 516-4694 to 95
Fax No. : 516-4694

Malayan Plaza (Ortigas)
Unit G3 & G4, G/F Malayan Plaza
cor. ADB Ave. and Opal Rd., Pasig City
Tel. Nos. : 635-5164; 634-7493; 634-7491 to 92
Fax No. : 635-5166

Mandaluyong
Unit 102 G/F, EDSA Central Square
Greenfield District, Mandaluyong City
Tel. Nos. : 633-9585; 637-5381; 631-5851 to 52; 631-5804
Fax No. : 631-5803

Marikina
cor. Gil Fernando Ave. and Sta. Ana Extn.
Marikina City
Tel. Nos. : 681-6674; 646-6270; 681-6669; 681-6673
Fax No. : 681-1717

Masangkay
1473 G. Masangkay St.
Sta. Cruz, Manila
Tel. Nos. : 254-5283; 252-9321; 255-1123; 255-0367
Fax No. : 254-52-83

Meralco Pasig
cor. Meralco Ave. and Exchange Rd.
Ortigas, Pasig City

Mckinley Hills
G/F Two World Hill Bldg., Upper Mckinley Rd.
Mckinley Town Center, Fort Bonifacio, Taguig City
Tel. Nos.: 401-6165; 401-6137; 401-6102
Fax No. : 856-1239

Morayta
828 Nicanor Reyes Sr. St.
Sampaloc, Manila
Tel. Nos.: 736-2478; 735-1387;
735-4465; 736-2477
Fax No. : 736-05-68

Multinational
Unit 8, G/F 3963 JJM Bldg. Ii
Ninoy Aquino Ave., Sto. Nino, Parañaque City
Tel. Nos.: 851-1174; 851-1172; 851-1171
Fax No. : 851-1173

Newport City
G/F, 150 Plaza 66 Bldg., Newport Blvd.
Manlunas St., Newport City, Pasay City
Tel. Nos.: 556-7645 to 47
Fax No. : 556-7648

New Manila
269 E. Rodriguez Sr. Ave., Quezon City
Tel. Nos.: 725-6021; 727-6010; 727-6013
Fax No. : 727-6012

Novaliches
882 cor. Quirino Highway and Nitang St.
Novaliches, Quezon City
Tel. Nos.: 936-8677 to 78; 930-6191; 930-6188
Fax No. : 936-8676

Ortigas Ave., Greenhills
Unit 104, Grace Bldg., Ortigas Ave.
Greenhills, San Juan
Tel. Nos.: 727-4714; 725-2985;
726-9901; 727-4341
Fax No. : 725-0472

Otis (Paco)
Isuzu Manila
1502 Paz M. Guanzon St.
Paco, Manila
Tel. Nos.: 561-7262; 564-5367; 564-5368
Fax No. : 561-7272

Padre Rada
649 Padre Rada St., Tondo, Manila
Tel. Nos.: 245-0250; 245-5514;
245-0241; 245-0082
Fax No. : 245-02-41

Pasay
G/F San Bell Bldg.
2015 Sen. Gil J. Puyat Ave. Extn.
Pasay City
Tel. Nos.: 846-6281; 846-6282; 846-6283;
846-6285; 846-6288
Fax No. : 846-6284

Paseo De Roxas
8747 G/F Lepanto Bldg.
Paseo De Roxas, Makati City
Tel. Nos.: 403-7157 to 58; 403-7151; 403-7153
Fax No. : 403-7159

Pasig
92 cor. Dr. Sixto Ave. and C. Raymundo St.
Pasig City
Tel. Nos.: 641-0640; 641-7914; 641-7993;
641-6259; 641-8307
Fax No. : 641-0639

Pasig
Quorum International, Inc.
Lot 1 and 2 A, Good Harvest Complex
C. Raymundo Ave., Brgy. Caniogan, Pasig City
Tel. Nos.: 641-0640; 641-7993; 641-6259
Fax No. : 641-0639

Pasong Tamo
2283 MMP Bldg.
cor. Pasong Tamo Extn. and Lumbang St.
Makati City
Tel. Nos.: 893-5977 to 78; 813-3348;
813-3442; 813-3369
Fax No. : 893-5976

Quezon Avenue
1405 Quezon Ave., Quezon City
Tel. Nos.: 371-8178; 373-3552; 373-4224;
371-8184; 373-3551
Fax No. : 373-3554

Quirino Avenue
411 Anflocor Bldg.
cor. Quirino Ave. and NAIA Rd.
Tambo, Parañaque City
Tel. Nos.: 852-0403; 852-4690;
851-4692; 851-4694
Fax No. : 853-4685

Raon Sales
655–657, cor. Gonzalo Puyat and 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, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. Nos.: 894-9082; 894-9517; 894-9072;
878-3313; 878-3416; 878-3307 to 08
Fax No. : 894-9000 loc. 2288

Rockwell
G/F, Phinma Plaza, Hidalgo St.
Rockwell Center, Makati City
Tel. Nos.: 898-1502; 898-1505;
898-2049; 898-2050
Fax No. : 898-1503

Roosevelt
302 Roosevelt Ave., San Francisco del Monte
Quezon City
Tel. Nos.: 372-2412 to 13; 372-2415 to 16
Fax No. : 372-2417

Roxas Boulevard
cor. Russel St. and Roxas Blvd.
Pasay City
Tel. Nos.: 853-7562; 853-9343; 851-8964;
8517984; 851-7986
Fax No. : 851-7987

Salcedo Village
G/F, Y. Tower II Bldg.
cor. Leviste and Gallardo Sts.
Salcedo Village, Makati City
Tel. Nos.: 892-7715; 892-7775; 892-7794;
894-2281; 894-2288
Fax No. : 892-7786

San Lorenzo
1018 G/F L&R Bldg.
A. S. Arnaiz Ave., Makati City
Tel. Nos.: 843-8196; 816-2506;
844-7822; 843-1342
Fax No. : 843-3242

Shangri-La Extension Office
507, 5th Level, Shangri-La Plaza Mall
cor. Edsa and Shaw Blvd., Mandaluyong City
Tel. Nos.: 633-9582; 633-4485
Fax No. : 633-9583

Shaw Blvd.-Lawson
G/F SCT Bldg.
143 cor. Shaw Blvd. and Lawson St.
Mandaluyong City
Tel. No. : 535-1641; 535-2516;
535-2610; 535-2615
Fax No. : 535-2615

South Harbor
Harbor Centre I
cor. Chicago and 23rd Sts.
Port Area, Manila
Tel. Nos.: 527-6486; 527-7311 to 12;
527-6481 to 82
Fax No. : 527-7310

Southmall
Cillben Commercial Bldg.
467 Real St., Alabang-Zapote Rd.
Brgy. Almanza Uno, Las Piñas City
Tel. Nos.: 801-6425; 801-0321;
801-6489; 801-5565
Fax No. : 801-7462

Sta. Lucia East
Sta. Lucia East Grand Mall, Brickroad Area
cor. Marcos Highway and Felix Ave.
Cainta, Rizal
Tel. Nos.: 645-3685; 645-7911; 682-0359;
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

Sucat
2F Santana Grove
cor. Dr. A. Santos Ave. and Soreena St.
Sucat, Parañaque City
Tel. Nos.: 828-6719; 828-5761; 828-9813
Fax No. : 828-5615

T. Alonzo
1461-1463 Soler St., Sta Cruz, Manila
Tel. Nos.: 733-7863 to 65; 734-6034
Fax No. : 733-78-62

Taytay
Manila East Rd., Taytay, Rizal
Tel. Nos.: 286-0658; 286-0490;
286-3465; 658-0637
Fax No. : 658-0636

Tektite
1904-A 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 Firm
CVCLAW Center
cor. 11th Ave. and 39th St.
Fort Bonifacio, Taguig
Tel. Nos.: 519-7090; 519-6880;
519-6878; 519-7690
Fax No. : 519-7693

The Fort Sapphire
G/F Sapphire Residences
cor. 31st St. and 2nd Ave.
The Fort, Taguig City
Tel. Nos.: 519-5771-5197243;
519-1553; 519-5709
Fax No. : 519-5758

The Fort Sunlife
G/F Sunlife Centre, 5th Ave.
Bonifacio Global City, Taguig City

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; 733-0617
Fax No. : 734-10-69

Tordesillas
131 Tordesillas St., Salcedo Village
Makati City
Tel. Nos.: 808-2080; 808-1059;
808-1396; 808-2378;
Fax No. : 808-2378

Trinoma
Space P015b Level 1, Trinoma
cor. Edsa and North Ave., Quezon City
Tel. Nos.: 901-6105; 901-6108;
901-6146; 474-0192
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
Fax No. : 253-14-45

Unimart
Greenhills Commercial Complex
Ortigas Ave., San Juan, Metro Manila
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

Luzon

Angeles
RCBC Bldg.
cor. Sto. Rosario St. and 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; 626-2061; 322-7222
Fax No. : (045) 887-2811

Aparri
108 Rizal St., Centro 14
Aparri, Cagayan
Tel. Nos.: (078) 888-0347; 888-0349; 888-0350
Fax No. : (078) 888-0348

Bacao Extension Office
Yokota Commercial Bldg.
Bacao Rd., Brgy. Bacao 2, Gen. Trias Cavite
Tel. Nos.: (046) 686-1671; 686-1673 to 74

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; 442-5346;
442-2077; 446-1657(Smed)
Fax No. : (074) 442-3512

Balagtas
McArthur Highway, Borol 1st, Balagtas, Bulacan
Tel. Nos.: (044) 693-1350
Fax No. : (044) 693-1351

Balanga
cor. Don Manuel Banzon Ave. and Cuaderno St.
Balanga City, Bataan
Tel. Nos.: (047) 237-9693; 237-9695
Fax No. : (047) 237-9694

Balibago
McArthur Highway, Balibago, Angeles City
Tel. Nos.: (045) 625-5587; 331-5188; 892-0764
Fax No. : (045) 625-5736

Baliuag
01 cor. JP Rizal and S. Tagle Sts.
Baliwag, Bulacan
Tel. Nos.: (044) 766-2643; 766-3530
Fax No. : (044) 766-2642

Bataan
Bataan Economic Zone, Mariveles, Bataan
Tel. Nos.: (047) 935-4021; 935-4022; 935-4023
Fax No. : (045) 935-4020

Batac
Marcos Blvd., Brgy. 10 Lacub
Batac, Ilocos Norte
Tel. Nos.: (077) 617-1631
Fax No. : (077) 792-3126

Batangas
17 cor. Rizal Ave. and P. Gomez St.
Batangas City
Tel. Nos.: (043) 723-7870; 723-3104 to 05;
723-7720
Fax No. : (043) 723-1802

Bauan Extension Office
JP Rizal St., Poblacion, Bauan, Batangas
Tel. Nos.: (043) 727-2715; 727-2718; 727-2738

Biñan
G/F Admin. Bldg.
Laguna International Industrial Park
Mamplasan, Biñan, Laguna
Tel. Nos.: (049) 539-0167; (02)520-9174
Fax No. : (049) 539-017

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 Rosales
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 Nos.: (078) 652-2371

Cavite City
P. Burgos Ave., Caridad, Cavite City
Tel. Nos.: (046) 431-2242; 431-5951;
(02) 529-8503
Fax No. : (046) 431-2398

Clark
Bldg. N4033, C.M. Recto Highway
Clark Freeport Zone
Tel. No. : (045) 599-3058
Fax No. : (045) 599-3057

Clark 2
Berthaphil III, Clark Center
Jose Abad Santos Ave., Clark Freeport Zone
Tel. No. : (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) 545-0018; 545-0015 to 16
Fax No. : (045) 545-0019

Dagupan
RCBC Bldg., A.B. Fernandez Ave.
Dagupan City
Tel. Nos.: (075) 653-3440; 522-0828;
522-0829; 522-0303
Fax No. : (075) 515-6584

Dasmariñas
RCBC Bldg., FCIE Cmpd., Governor's Drive
Langkaan, Dasmariñas, Cavite
Tel. Nos.: (046) 402-0031 to 33; (02) 529-8118
Fax No. : (046) 402-0034

Dasmariñas Mangubat
Heritage Bldg., Mangubat Drive
Dasmariñas, Cavite
Tel. Nos.: (046) 416-6698; 416-6865;
850-0830; (02) 529-8133
Telefax No.: (046) 416-6865

DMIA Extension Office
DMIA Bldg., 7549 Clark Freeport Zone
Tel. No. : (045) 477-8292

Gapan
Tinio St., San Vicente
Gapan City, Nueva Ecija
Tel. Nos.: (044) 486-0936; 486-1389; 940-2853
Fax No. : (044) 486-0375

Gateway
RCBC Bldg., Gateway Business Park
Brgy. Javalera, General Trias, Cavite
Tel. Nos.: (046) 433-0289; 433-0126;
(02) 6700-5355
Fax No. : (046) 433-0250

Gateway Extension Office
G/F, Samantha's Place Commercial Bldg.
Governor's Drive, Manggahan
General Trias, Cavite
Tel. Nos.: (046) 686-7854; 686-7840; 402-3008
Fax No. : (046) 402-3009

GMA, Cavite
Citi Appliance Bldg., Brgy. San Gabriel
Governor's Drive, GMA, Cavite
Tel. Nos.: (046) 972-0317; (046) 890-2365
Telefax No. : (02) 520-8708

Guimba
Afan Salvador St., Guimba, Nueva Ecija
Tel. No. : (044) 611-1060
Fax No. : (044) 943-0020

Hacienda Luisita
Robinsons Plaza, San Miguel, Tarlac City
Tel. Nos.: (045) 985-1545; 985-1546
Fax No. : (045) 985-1544

Ilagan, Isabela
RCK Bldg., Calamagui 2nd
Maharlika Rd., Ilagan Isabela
Tel. No. : (078) 624-1168
Fax No. : (078) 624-1158

Imus
Esguerra Bldg., Palico IV
Aguinaldo Highway, Imus, Cavite
Tel. Nos.: (046) 471-3784; (02) 529-8622
Fax No. : (046) 471-3816

La Trinidad
Peliz Loy Centrum Bldg.
Km. 5, La Trinidad, Benguet
Tel. Nos.: (074) 424-3344; 424-3346;
434-3347; 434-3348
Fax No. : (074) 424-3349

La Union
cor. Quezon Ave. and P. Burgos St.
San Fernando City, La Union
Tel. Nos.: (072) 242-5575; 242-5576; 700-5575
Fax No. : (02) 246-3004

Laguna Technopark
LTI Administration Bldg. II
Laguna Technopark, Brgy. Malamig
Biñan, Laguna
Tel. Nos.: (049) 544-0719; 541-2756;
541-3271; (02) 520-8114
Fax No. : (049) 541-2755

Laoag
Jackie's Commercial Bldg. II
Rizal St., Laoag City
Tel. Nos.: (077) 772-0616; 772-1765
Fax No. : (077) 771-4447

Legazpi City
G/F M. Dy Bldg.
Rizal St., Legazpi City
Tel. Nos.: (052) 214-3033; 480-6053;
(02) 429-1812; 429-1819
Fax Nos.: (052) 480-6416

Lima
Lima Technology Center
Malvar, Batangas
Tel. Nos.: (043) 981-1846 to 47
Fax No. : (043) 981-1849

Lipa
cor. C.M. Recto and E. Mayo St., Lipa City
Tel. Nos.: (043) 756-6479; 756-2565
Fax No.: (043) 756-0220

Lucena
cor. Quezon Ave. and M.L. Tagarao St.
Lucena City
Tel. Nos.: (042) 710-4086; 710-6461;
(02) 250-8208
Fax No. : (042) 710-4458

Lucena - Evangelista
cor. Quezon Ave. and Evangelista St.
Lucena City
Tel. Nos.: (042) 710-8068; 710-5788
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
Quezon St., Masbate City
Tel. No. : (056) 333-2269; 333-2294; 442-9145
Fax No. : (056) 333-2885

Meycauayan
VD&S Bldg., McArthur Highway
Calvario, Meycauayan City, Bulacan
Tel. Nos.: (044) 935-2590
Fax No. : (044) 935-2821

Naga
G/F Crown Hotel Bldg.
Peñafrancia Ave., Naga City
Tel. Nos.: (054) 811-9115 to 16; 473-9114;
(02) 250-8132
Telefax No. : (02) 250-8182

Olongapo
1055 Rizal Ave. Extn.
West Tapinac, Olongapo City
Tel. Nos.: (047) 611-0179; 611-0205
Fax No. : (047) 611-0206

Palawan
RCBC Bldg., Junction 1
cor. Rizal Ave. and National Highway
Puerto Princesa City
Tel. Nos.: (048) 433-2091; 433-2693; 433-5283
Fax No. : (048) 433-5352

Rosario
Cavite Export Processing Zone
Rosario, Cavite
Tel. Nos.: (046) 437-6549 to 50; 437-6255;
971-0586; 437-6260;
(02) 529-8829 to 30
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; 963-4758;
963-4759; 963-4761
Fax No. : (045) 963-4760

San Fernando Robinsons
Level 1, Candaba Gate, Robinson's Starmills
City of San Fernando, Pampanga
Tel. No. : (045) 961-5143
Fax No. : (045) 961-5147

San Fernando Sindalan
SBC Bldg., McArthur Highway, Sindalan
City of San Fernando, Pampanga
Tel. Nos.: (045) 861-3661; 861-3662;
455-0380; 455-3082
Fax No. : (045) 455-0381

San Jose City
Mokara Bldg., Maharlika Highway
Abar 1st, San Jose City, Nueva Ecija
Tel. Nos.: (044) 511-1408; 958-5090
Telefax No. : (044) 958-5097

San Pablo
Ultimart Shopping Plaza
M. Paulino St., San Pablo City
Tel. Nos.: (049) 562-0782; 562-7834
Fax No. : (049) 562-0781

San Pedro
EM Arcade, Brgy. Poblacion
National Highway, San Pedro, Laguna
Tel. Nos.: 847-5685; 868-9459 to 60
Fax No. : 847-5683

Santiago
26 Maharlika Rd., Victory Norte
Santiago City, Isabela
Tel. Nos.: (078) 682-4599; 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 JP Rizal Ave., National Highway
Solano, Nueva Vizcaya
Tel. Nos.: (078) 326-7524; 326-6678
Fax No. : (078) 326-5559

Sta. Cruz
cor. A. Regidor and Burgos St.
Sta. Cruz, Laguna
Tel. Nos.: (049) 501-2136; 501-3538
Telefax No. : (02) 520-8318

Sta. Maria, Bulacan
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
Carvajal Bldg., Old National Highway
Balibago, Sta Rosa, Laguna
Tel. Nos.: (049) 534-5017 to 18; (02) 520-8443
Fax No. : (049) 534-5017

Sta. Rosa-Paseo
Unit 1, Sta. Rosa Country Market
Brgy. Don Jose, Sta. Rosa, Laguna
Tel. Nos.: (049) 541-2751 to 53; (02) 520-8115;
(02)420-8020
Fax No. : (049) 541-2343

Subic
Royal Subic Duty Free Complex
cor. Rizal and Argonaut Highways
Subic Free Port Zone, Olongapo City
Tel. Nos.: (047) 252-5023; 252-5025; 252-5026
Fax No. : (047) 252-5024

Tabaco
232 Ziga Ave., Tabaco City, Albay
Tel. Nos.: (052) 558-2013; 830-0112
Telefax 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
cor. Bonifacio and Gomez Sts.
Tuguegarao City, Cagayan
Tel. Nos.: (078) 844-1165; 846-2845
Fax No. : (078) 844-1926

Urdaneta
E.F. Square Bldg., McArthur Highway
Urdaneta City, Pangasinan
Tel. Nos.: (075) 568-2090; 656-2289; 568-8436
Fax No. : (075) 568-2925

Visayas

Antique
cor. Solana and T. Fornier Sts.
San Jose, Antique
Tel. Nos.: (036) 540-8191 to 92; 320-1981;
540-8191
Fax Nos.: (036) 540-8191; (036) 320-1981

Bacolod Lacson
Lourdes C. Centre II
14th Lacson St., Bacolod City
Tel. Nos.: (034) 432-3189; 709-0488
Fax No. : (034) 432-3441

Bacolod Libertad
Libertad Extn., Bacolod City
Tel. Nos.: (034) 433-9646; 434-8193; 707-6207
Fax No. : (034) 433-9647

Bacolod Main
cor. Rizal and Locsin Sts., Bacolod City
Tel. Nos.: (034) 433-7850; 433-7844;
434-7348; 433-0835
Fax No. : (034) 434-5443

Bacolod Shopping
Hilado Extn., Bacolod City
Tel. Nos.: (034) 434-6807 to 08; 433-8483;
709-1710; 709-1708
Fax No. : (034) 433-0828

Balamban Extension Office
DC Sanchez St., Balamban, Cebu
Tel. Nos.: (032) 465-3451; 465-3452; 465-3450;
465-3451; 465-3452
Telefax No. : (032) 465-3450

Banilad
A.S. Fortuna St.
Banilad, Cebu City
Tel. Nos.: (032) 346-5431; 346-3892;
346-3894; 346-7083
Fax No. : (032) 346-3891

Bayawan
National Highway, Bayawan City
Negros Oriental
Tel. No. : (035) 531-0554
Telefax No. : (035) 228-3322

Boracay
Station 1, Brgy. Balabag
Boracay, Malay, Aklan
Tel. Nos.: (036) 288-1905 to 06
Fax No. : (036) 288-1905

Cadiz
cor. Abelarde and Mabini Sts., Cadiz City
Tel. Nos.: (034) 493-0567; 493-0531;
493-0751; 7208544
Fax No. : (034) 493-0531

Calbayog
cor. Magsaysay Blvd. and Gomez St.
Calbayog City, Western Samar
Tel Nos. : (055) 209-1338; 209-1565; 533-9013
Fax No. : (055) 533-9013

Catarman
Ang Ley Bldg., JP Rizal St.
Catarman, Northern Samar
Tel. Nos.: (055) 500-9480; 500-9482; 251-8071;
251-8410; 500-9480/9482
Fax No. : (055) 251-8071

Catbalogan
Del Rosario St., Catbalogan, Western Samar
Tel. Nos.: (055) 251-2005; 356-1018;
251-2775; 543-9062
Fax No. : (055) 543-9062

Caticlan Extension Office
Caticlan Jetty Port, Caticlan
Malay, Aklan
Telefax No. : (036) 288-7644

Cebu - Paseo Arcenas
Don Ramon Arcenas St. along R. Duterte St.
Banawa, Cebu City
Tel. Nos.: (032) 236-8012; 236-8016
Telefax No. : (032) 236-8017

Cebu - Sto. Niño
Belmont Hardware Depot Bldg.
cor. P. Burgos and Legaspi Sts.
Brgy. San Roque, Cebu City
Tel. Nos.: (032) 253-6028; 256-0173
Telefax No. : (032) 255-8256

Cebu Business Park
Lot 1, Block 6, cor. Mindanao Ave. and
Siquijor Rd., Cebu Business Park, Cebu City
Tel. Nos.: (032) 238-6923; 233-6229; 416-3708
Fax No. : (032) 233-5450

Cebu - Consolacion
ADM Bldg., National Highway
Consolacion, Cebu
Tel. Nos. : (032) 564-2052; 564-2014; 423-9335
Fax No. : (032) 564-2049

Dumaguete
Dr. V. Locsin St., Dumaguete City, Negros Oriental
Tel. Nos. : (035) 225-1349; 422-8422; 422-8096;
422-8422; 422-8096
Fax No. : (035) 422-8096

Cebu - Fuente Osmeña
Grepalife Tower, Fuente Osmeña
Rotonda, Cebu City
Tel. Nos. : (032) 255-4886; 253-2560; 255-3326;
255-3566; 253-2581
Fax No. : (032) 253-0018

Cebu - Guadalupe
151 M. Velez St., Guadalupe, Cebu City
Tel. Nos. : (032) 255-5353; 254-3102;
254-3104; 254-5512
Fax No. : (032) 254-3103

Hinigaran
Rizal St., National Rd.
Hinigaran, Negros Occidental
Tel. Nos. : (034) 391-2322 to 23; 740-7576
Fax Nos.: (034) 391-2323, 391-2321

Iloilo
J. M. Basa Iloilo Business Center
cor. J.M. Basa and Arsenal Sts., Iloilo City
Tel. Nos. : (033) 336-9643; 337-8153; 336-9714
Fax No. : (033) 337-8100

Iloilo - Mabini
Go Pun Bldg.
cor. Mabini and Delgado Sts., Iloilo City
Tel. Nos. : (033) 509-1732; 336-6616
Fax No. : (033) 336-3728

Iloilo - Ledesma
cor. Ledesma and Quezon Sts., Iloilo City
Tel. Nos. : (033) 508-6019; 338-4370
Telefax No. : (033) 338-4369

Iloilo - Jaro
cor. E. Lopez and Seminario Sts., Jaro, Iloilo City
Tel. Nos. : (033) 320-4074; 320-4077; 508-4100
Fax No. : (033) 320-4075

JCentre Mall Cebu
Lower Ground Floor, 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; 746-8177
Fax No. : (034) 471-2516

Kalibo
Roxas Ave., Kalibo, Aklan
Tel. Nos. : (036) 262-3474; 500-8262
Fax No. : (036) 268-5108

Cebu - 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

Cebu - Manalili
Tan Suching Bldg.
V. Gullas St. (formerly Manalili St.) Cebu City
Tel. Nos. : (032) 412-3441; 255-2050; 253-0624;
255-0422; 412-3441
Fax No. : (032) 256-1671

Cebu - Mandaue
A.C. Cortes Ave., Ibabao, Mandaue City
Tel. Nos. : (032) 346-1283; 346-0025;
346-1727; 345-5561
Fax Nos.: (032) 346-0948; 345-5561

Cebu - MEPZ 2 Extension Office
Pueblo Verde, Mactan Economic Zone II (MEZII)
Brgy. Basak, Lapu-Lapu City
Tel. Nos. : (032) 340-1686; 341-2738; 340-1778
Fax No. : (032) 340-5422

Cebu - N. Reclamation
G/F CIFC Tower
cor. JL Briones St. and J. Luna Ave.
North Reclamation Area, Cebu City
Tel. Nos. : (032) 231-7044; 231-7045; 231-9975
Fax No. : (032) 231-7042

Ormoc
G/F MFT Bldg.
cor. Real and Carlos Tans Sts., Ormoc City
Tel. Nos. : (053) 255-3454; 561-8134; 255-4225;
561-8701; 255-3292; 561-8134;
561-8701
Fax No. : (053) 255-4225

Roxas
Plaridel St., Roxas City
Tel. Nos. : (036) 522-3570; 621-1210; 522-3570
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
cor. Rizal and Burgos Sts., Silay City
Tel. Nos. : (034) 495-1989; 495-0505; 714-8774
Fax No. : (034) 495-1990

Cebu - Taboan
cor. Lakandula and C. Padilla Sts., Cebu City
Tel. Nos. : (032) 261-6061 to 62
Fax No. : (032) 261-7213

Tacloban
RSB Bldg., cor. Zamora and Sto. Niño Sts.
Tacloban City
Tel. Nos. : (053) 325-5058; 321-2917; 321-2892;
325-7326; 523-4167; 523-1930
Fax No. : (053) 523-4167

Tagbilaran
RCBC Bldg., C.P.G. Ave., Tagbilaran City
Tel. Nos. : (038) 412-3583; 412-3555; 235-3043;
412-5874; 501-7536
Fax No. : (038) 411-5874

Cebu - Talisay Extension Office
South Central Square, Lawaan,
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. Nos. : (032) 322-5300; 467-9635
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
cor. CM Recto Ave. and Roxas Ave., Davao City
Tel. Nos. : (082) 295-2707; 295-3784
Fax No. : (082) 295-3127

Butuan
Dy Esteban Bldg. II
Ester Luna St., Butuan City
Tel. Nos. : (085) 342-8923; 341-8829;
341-5267; 342-7551
Fax No. : (085) 341-9093

Butuan Extension Office
Brgy. Tandang Sora
J.C. Aquino Ave., Butuan City
Tel. Nos. : (085) 342-7663
Fax No. : (085) 342-7661

Calinan Extension Office
National Highway, Poblacion Calinan
Davao City
Tel. Nos. : (082) 284-1443; 284-1445

CDO Osmeña
Simplex Bldg., Osmeña St.
Cagayan De Oro City
Tel. Nos. : (088) 856-2888; 857-1888;
(08822) 726-754
Telefax No.: (088) 856-2888

CDO Velez
cor. A. Velez and Taal Sts.
Cagayan De Oro City
Tel. Nos. : (088) 856-4982; 856-8888;
(08822) 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
cor. J.P. Laurel Ave. and Mamay Rd.
Lanang, Davao City
Tel. No. : (082) 234-7002
Telefax No.: (082) 234-7019

Davao Bajada
cor. JP Laurel Ave. and Villa Abrille St.
Davao City
Tel. No. : (082) 225-1112; 305-5231
Telefax Nos.: (082) 225-1112

Davao-Recto
RCBC Bldg., cor. C.M. Recto and
Palma Gil Sts., Davao City
Tel. Nos. : (082) 300-4299; 222-7901 to 03
Fax No. : (082) 221-6034

Digos
RCBC Bldg.
cor. J.P. Rizal and M.L. Roxas Sts.
Digos City, Davao Del Sur
Tel. Nos. : (082) 553-2560; 553-2319
Telefax No.: (082) 553-2319

Dipolog
cor. Gen. Luna and Balintawak Sts.
Dipolog City
Tel. Nos. : (065) 212-2543; 212-2542
Telefax No.: (065) 212-2542

Dole Extension Office
Dole Phils. Pavillion
Polomolok, South Cotabato
Tel. Nos. : (083) 500-2643; 500-2500 loc. 3627
Fax No. : (083) 500-2643

General Santos
RGH Bldg., Catolico Ave.
Lagao, General Santos City
Tel. Nos.: (083) 553-8883; 553-8880
Fax No.: (083) 301-3473

Iligan
Lanao Fil-Chinese Chamber of Commerce, Inc.
Bldg. cor. Quezon Ave. and B. Labao St.,
Iligan City
Tel. Nos. : (063) 221-5443; 221-5449; 223-8333
Fax No. : (063) 221-3006

Ipil
National Highway, Ipil, Zamboanga Sibugay
Tel. Nos. : (062) 333-2254; 333-2257
Fax No. : (062) 333-2257

Isulan
cor. National Highway and Lebak Rd.
Isulan, Sultan Kudarat
Tel. Nos. : (064) 201-3867; 201-4912; 471-0233
Telefax No.: (064) 471-0233

Kidapawan
KMCC Bldg. Dayao St.
Kidapawan City, North Cotabato
Tel. Nos. : (064) 288-1572 To 73
Fax No. : (064) 288-1573

Lapasan
Lapasan Highway, Lapasan
Cagayan De Oro City
Tel. Nos. : (088) 856-1888; (08822) 728-447;
(088) 856-3888
Fax Nos.: (08822) 722-448

Limketkai
Gateway Tower 1, Limketkai Center
Cagayan De Oro City
Tel. Nos. : (088) 856-3707; 856-3708; 852-1291
Telefax No.: (088) 856-3708

Malaybalay
Tiongson Bldg., 8 Don Carlos St.
Malaybalay City, Bukidnon
Tel. Nos. : (088) 813-3564 to 66
Telefax No.: (088) 813-3564

Maramag Extension Office
Fibeco Cmpd., Sayre Highway
Anahawon, Maramag Bukidnon
Tel. Nos. : (088) 238-5591
Fax No. : (088) 238-5589

Marbel
cor. Gen. Santos Drive and Roxas St.
Koronadal City, South Cotabato
Tel. Nos. : (083) 228-2331; 228-2333;
(083) 520-1378
Fax No. : (083) 228-2333

Marbel Extension Office
Notre Dame of Marbel University
G/F Kobe Bldg. along Alunan Ave.
Koronadal City

NCCC Mall Davao
NCCC Mall Davao
Crossing McArthur Highway, Ma-A Rd.
Matina, Davao City
Tel. Nos. : (082) 297-1247; 299-3974
Fax No. : (082) 299-3976

Ozamis
cor. Don Anselmo Bernard Ave.
and Mabini Sts., Ozamis City
Tel. Nos. : (088) 521-1311 to 12; 521-1559
Telefax No.: (088) 521-1559

Pagadian
RCBC Bldg., Rizal Ave., Pagadian City
Tel. Nos. : (062) 214-1773; 214-1781; 214-1271
Fax Nos.: (062) 214-1781; Pldt (062) 925-0397

Panabo
Gaisano Panabo Grand Mall, Quezon St.
Panabo City, Davao Del Norte
Tel. Nos. : (084) 822-1192; 822-1320; 645-0002
Fax No. : (084) 822-1192)

Polomolok
B-French St., Polomolok, South Cotabato
Tel. Nos. : (083) 500-9161; 225-2148; 500-9561
Telefax No.: (083) 500-9161

Davao-Quirino
cor. V. Ilustre and San Pedro Sts.
Davao City
Tel. Nos. : (082) 221-4912; 221-4909
Fax No. : (082) 300-4288

Sta. Ana
cor. Monteverde and Sales Sts.
Sta. Ana, Davao City
Tel. Nos. : (082) 221-1794; 221-1950; 221-2160
Fax No. : (082) 221-1795

Surallah
cor. National Highway and Mabini St.
Surallah, South Cotabato
Tel. Nos. : (083) 238-3017; 238-3018; 238-3250
Fax No. : (083) 238-3018

Surigao
cor. San Nicolas and Burgos Sts., Surigao City
Tel. Nos. : (086) 231-7266; 826-1288; 826-4034
Telefax No.: (086) 826-4034

Tacurong
G/F Hilario Bldg.
cor. National Highway and Bonifacio Sts.
Tacurong City, Sultan Kudarat
Tel. Nos. : (064) 200-3189; 200-3442
Fax No. : (064) 477-0250

Tagum
RCBC Bldg., cor. Pioneer Ave. and
Quirante II Sts.,Tagum City, Davao Del Norte
Tel. Nos. : (084) 217-3272; 217-3247; 400-3113
Fax No. : (084) 400-1006

Tandag
Pimentel Bldg., Donasco St.
Tandag, Surigao Del Sur
Tel. Nos. : (086) 211-3065 to 66; 211-3063
Telefax No.: (086) 211-3063

Toril
Felcris Supermarket, National Highway
Purok 11, Brgy. Crossing Bayabas
Toril, Davao City
Tel. Nos. : (082) 295-1600
Fax No. : (082) 295-1700

Valencia
Sayre, National Highway
Valencia , Bukidnon
Tel. Nos. : (088) 828-2166 to 67
Fax No. : (088) 828-2166

Victoria Plaza
Victoria Plaza Mall
J.P. Laurel Ave., Davao City
Tel. Nos. : (082) 221-8580 to 83
Fax No. : (082) 221-8581

Zamboanga
cor. Tomas Claudio and Barcelona Sts.
Zamboanga City
Tel. Nos. : (062) 991-2048; 991-0753 to 54
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

RIZAL COMMERCIAL BANKING CORPORATION

RCBC Savings Bank Branch Directory

Metro Manila

Amoranto
509 cor. N.S. Amoranto Sicaba St.
Quezon City
Tel. Nos.: 559-5012; 740-9894; 415-1992
Fax No. : 415-1992

Ampid
122 Gen. Luna St., Ampid 1
San Mateo, Rizal
Tel. Nos.: 998-2799; 997-3761; 941-7788
Fax No. : 997-3761

Angono
Quezon Ave., Angono, Rizal
Tel. No. : 651-0731
Fax No. : 651-0730

Anonas
69 cor. Anonas and Chico Sts.
Project 2, Quezon City
Tel. Nos.: 925-1320; 928-9762
Fax No. : 925-1319

Antipolo-Taytay
Palmera II, Ortigas Extn., Taytay, Rizal
Tel. Nos.: 660-3854; 660-3855
Fax No. : 660-3858

Ayala Alabang
G/F Sycamore Bldg.
cor. Alabang Zapote Rd. and Buencamino St.
Alabang, Muntinlupa City
Tel. Nos.: 850-8825 to 26; 850-9712
Fax No. : 850-8825

Ayala Avenue
G/F Jaka Bldg., 6780 Ayala Ave.
Makati City
Tel. Nos.: 893-7266-67; 812-4065 to 66; 813-3602
Fax No. : 893-7265

Baclaran
3916 cor. Quirino Ave. and Aragon St.
Baclaran, Parañaque City
Tel. Nos.: 853-9693; 551-1593
Fax No. : 551-1593

Barangka
84 A. Bonifacio Ave.
Riverbanks Center, Marikina City
Tel. Nos.: 997-8456; 997-5442; 948-1093; 514-1623; 348-7577
Fax No. : 941-3244

Betterliving
Doña Soledad St., Better Living Subd.
Bicutan, Parañaque City
Tel. Nos.: 824-0176; 823-9232
Fax No. : 824-0176

Binangonan
cor. Ml Quezon and P. Zamora Sts.
Libid, Binangonan, Rizal
Tel. Nos.: 652-0082; 652-1177
Fax No. : 652-0082

Blumentritt
1876 cor. Blumentritt and Andrade Sts.
Sta. Cruz, Manila
Tel. No. : 781-8342
Fax No. : 781-8342

Camarin
Susano Rd., Camarin, Caloocan City
Tel. Nos.: 939-7283 (Dl); 961-7239
Fax No. : 961-7239

Commonwealth
L43 B3 Commonwealth Ave.
Old Balara, Quezon City
Tel. Nos.: 931-4404; 931-0718; 434-3965
Fax No. : 434-3965

Divisoria Mall
Unit 1717 A, Divisoria Mall
cor. Sto. Cristo and Commercio Sts.
Binondo, Manila
Tel. Nos.: 243-7081; 243-8505
Fax No. : 245-7585

E. Rodriquez
444 E. Rodriguez Sr., Brgy. Doña Aurora
Galas, Quezon City
Tel. Nos.: 743-1953; 743-1965
Fax No. : 743-1953

EDSA Pasay
527 Edsa Pasay City
Tel. Nos.: 887-5678 to 79; 514-2347
Fax No. : 887-5677

Ermita
Mabini St., Ermita, Manila
Tel. Nos.: 526-7988; 353-9452
Fax No. : 526-1315

Felix Avenue
Phase 2 Karangalangan Village
Brgy. De La Paz, Pasig City
Tel. Nos.: 681-7565; 681-4836; 681-4845
Fax No. : 681-7565

Fort Bonifacio
Unit 152 cor. Mc Home Depot and Bonifacio Blvd.
Global City, Taguig
Tel. No. : 816-3938
Fax No. : 816-3930

Greenhills
G/F Ongpauco Bldg.
cor. Wilson and P. Guevarra Sts.
Greenhills, San Juan
Tel. Nos.: 727-0141; 725-1121
Fax No. : 742-9368

J.P. Rizal
cor. J.P. Rizal and Makati Ave.
Brgy. Poblacion, Makati City
Tel. Nos.: 899-7551; 899-7537
Fax No. : 899-7489

Kalentong
49 C & D Arañez Bldg.
Kalentong, Sta. Ana, Manila
Tel. No. : 533-4420
Fax No. : 533-6590

Kapitolyo
615 Shaw Blvd., Pasig City
Tel. Nos.: 631-8178 to 79; 635-5437
Fax No. : 631-8179

Katipunan
G/F Torres Bldg., 321 Katipunan Ave.
Loyola Heights, Quezon City
Tel. Nos.: 929-8469; 929-8418
Fax No. : 929-8604

La Huerta
Brgy. La Huerta, Quirino Ave.
Parañaque City
Tel. Nos.: 829-6022 to 23; 825-5850; 820-7606
Fax No. : 829-6022

Lagro
Km. 22 Quirino Highway, Lagro
Novaliches, Quezon City
Tel. Nos.: 936-0158; 461-5070
Fax No. : 417-8996

Las Piñas
Manuela Bldg. 1, Alabang Zapote Rd.
Las Piñas City
Tel. Nos.: 874-5340; 874-5341
Fax No. : 874-5341

Manuela EDSA
444 cor. Edsa and Shaw Blvd.
Mandaluyong City
Tel. Nos.: 718-2491 to 92; 726-5424
Fax No. : 724-3547

Marulas
McArthur Highway, Marulas
Valenzuela, Metro Manila
Tel. Nos.: 277-7592; 293-9408 to 09
Fax No. : 277-7592

Masinag
259 Sumulong Highway
Mayamot, Antipolo City
Tel. Nos.: 645-1969; 682-4906
Fax No. : 645-5575

Mendiola
cor. E. Mendiola and Concepcion Aguila Sts.
San Miguel, Manila (College of Holy Spirit)
Tel. No. : 734-9587
Fax No. : 734-0452

Metropolis
G/F Starmall Alabang
South Superhigway, Alabang, Muntinlupa City
Tel. Nos.: 809-8568; 809-8604
Fax No. : 809-8604

Montalban
cor. J. Rizal and Linco Sts.
Balite, Montalban Rizal
Tel. Nos.: 948-1385; 942-2472
Fax No. : 948-13-85

Morong
T. Claudio St., Brgy. San Juan
Morong, Rizal
Tel. Nos.: 653-0289; 691-5245
Fax No. : 653-0289

Muntinlupa
National Highway, Muntinlupa City
Tel. No. : 862-0034
Fax No. : 862-0035

N. Domingo
cor. N. Domingo and Araneta Ave.
San Juan, Metro Manila
Tel. No. : 723-8859
Fax No. : 727-4074

Navotas
cor. Estrella and Yangco St.
Navotas East, Metro Manila
Tel. Nos.: 282-4392; 282-0338
Fax No. : 282-0338

Novaliches
917 Bo. Gulod, Quirino Highway
Novaliches, Quezon City
Tel. Nos.: 936-8811; 418-0213
Fax No. : 937-1326

Ortigas Extension Office
Ortigas Ave. Extn., Pasig City
Tel. Nos.: 656-1329; 656-1956
Fax No. : 655-0886

P. Tuazon
cor. 12th Ave. and P. Tuazon
Cubao, Quezon City
Tel. Nos.: 913-3118; 912-0816
Fax No. : 913-3112

Pacific Place
G/F Pacific Place Condominium
Pearl Drive, Ortigas Center, Pasig City
Tel. Nos.: 636-6617; 635-6604

Pasay Libertad
2350 cor. Taft Ave. and Libertad St., Pasay City
Tel. No. : 833-8925
Fax No. : 831-3418

Pasig Town
5 Dr. Sixto Antonio Ave.
Kapasigan, Pasig City
Tel. Nos.: 640-0972; 641-0798; 641-0783
Fax No. : 641-0783

Pasong Tamo
2178 G/F Matrinco Bldg.
Pasong Tamo, Makati
Tel. Nos.: 840-5226; 840-5224; 403-7810
Fax No. : 840-5224

Pateros
M. Almeda St., Bo. San Roque
Pateros, Metro Manila
Tel. Nos.: 641-9081; 641-6201
Fax No. : 547-3381

San Joaquin
Concepcion St., San Joaquin, Pasig City
Tel. Nos.: 640-0154 to 55
Fax No. : 640-0154

San Mateo
323 Gen. Luna St. Guitnangbayan
San Mateo Rizal
Tel. Nos.: 942-6969; 941-2149
Fax No. : 941-6388

San Roque
J. P. Rizal St., San Roque, Marikina City
Tel. Nos.: 681-2489; 646-2131
Fax No. : 681-2490

Sangandaan
cor. A. Mabini and Plaridel Sts.
Poblacion, Caloocan City
Tel. No. : 288-8238
Fax No. : 288-7723

Sta. Mesa
4463 Old Sta. Mesa, Manila
Tel. Nos.: 716-0685; 716-0631
Fax No. : 716-0685

Sucat
Unit 3 Virramall Bldg., Dr. A. Santos Ave.
Sucat Rd., Parañaque City
Tel. Nos.: 828-8238; 828-8236; 828-6726
Fax No. : 828-8236

Taft Remedios
1932 Taft Ave., Malate, Manila
Tel. Nos.: 536-6510 to 11
Fax No. : 526-6994

Tanay
cor. J.P. Laurel and M.H. Del Pilar Sts.
Tanay, Rizal
Tel. No. : 693-1267
Fax No. : 654-3126

Timog
G/F No. 88 Picture City Center
Timog Ave., Quezon City
Tel. Nos.: 9291260; 9291254; 4107126
Fax No. : 9291254

Tomas Morato
169 cor. Tomas Morato St. and Scout Castor
Quezon City
Tel. Nos.: 413-1134; 374-0744
Fax No. : 413-1134

Visayas Ave.
6 Visayas Ave., Bahay Toro, Quezon City
Tel. Nos.: 929-8962; 924-8006
Fax No. : 924-8753

Luzon

Alaminos
cor. Marcos Ave. and Montemayor St.
Alaminos City
Tel. Nos.: (075) 551-5724; 654-1138; 551-2587
Fax No. : (075) 551-2587

Angeles
810 Henson St., Lourdes Northwest
Angeles City
Tel. Nos.: (045) 625-9363; 625-9395

Apalit
National Rd., San Vicente
Apalit, Pampanga
Tel. Nos.: (045) 302-6275; 302-6276; 879-0095
Fax No. : (045) 302-6275

Bacoor
E. Aguinaldo Highway, Bacoor, Cavite
Tel. Nos.: 529-8965; 046) 471-7131; 471-3670
Fax No. : (046) 471-7131

Baguio City
G/F Jupiter Bldg., A. Bonifacio St., Baguio City
Tel. Nos.: (074)444-2362; 444-2368; 444-2366
Fax No. : (074)444-2366

Balibago, Sta.Rosa
Sta. Rosa Commercial Complex
F. Canicosa Ave., Brgy. Balibago
Sta. Rosa, Laguna
Tel. Nos.: (049) 530-0793 to 95

Batangas
131 D. Silang St., Brgy.15, Batangas City
Tel. Nos.: (043) 723-1229; 723-2394
Fax No. : (043) 723-6381

Binakayan
Aguinaldo Highway, Binakayan
Kawit, Cavite
Tel. Nos.: 529-8728; (046) 434-3382; 434-3060
Fax No.: (046) 404-3060

Biñan
126 A. Bonifacio St., Canlalay
Biñan, Laguna
Tel. Nos.: (049) 511-9826; 411-7829
Fax No. : 429-4833

Bocaue
249 Binang 2nd, Bocaue, Bulacan
Tel. Nos.: (044) 692-4743; 692-4501;
692-0053; 920-1080 to 81
Fax No. : (044) 920-1081

Cabanatuan
cor. Maharlika Highway and Paco Roman Extn.,
Cabanatuan City
Tel. Nos.: (044) 463-8640 to 41; 463-9718
Fax No. : (044) 463-8641

Cabuyao
cor. J.P. Rizal Ave. and Del Pilar St.
Cabuyao, Laguna
Tel. Nos.: 520-8920; (049) 531-2021;
531-4790 to 91
Fax No. : (049) 531-4215

Calamba
B4 L6 Woodside Village, Brgy. Canlalay
Biñan, Laguna
Tel. Nos.: (049) 545-6031; 545-6034
Fax No. : (02) 520-8825

Calapan
Homemark Commercial Bldg.
J.P. Rizal St., Calapan City
Oriental Mindoro
Tel. Nos.: (043) 441-0602 to 04

Candon
San Jose, National Highway
Candon City, Ilocos Sur
Tel. Nos.: (077) 742-5775; 644-0102
Fax No. : (077) 742-5775

Dagupan
cor. Perez Blvd. and Zamora St., Dagupan City
Tel. Nos.: (075) 515-5125
Fax No. : (075) 614-3809

Dasmariñas
San Agustin, E. Aguinaldo Highway
Dasmariñas, Cavite
Tel. Nos.: (046) 416-0351; 973-0573
Fax No. : (02) 529-8119

G.M.A.
Blk. 2 Lot 20, Brgy. San Gabriel, GMA, Cavite
Tel. Nos.: 520-8710; (046) 972-0251; 890-2672
Fax No. : (02) 520-8710

Gen. Trias
61 Gov. Luis Ferrer Ave., Poblacion
Gen. Trias, Cavite
Tel. Nos.: (046) 437-7348; 437-7570 to 71;
437-1508
Fax No. : (046) 437-7348

Imus
Nuevo, Tansang Luma, Imus, Cavite
Tel. Nos.: 429-4001; (046) 471-4097; 471-4197
Fax No. : (046) 471-3989

Lemery
Ilustre Ave., Lemery, Batangas
Tel. Nos.: (043) 411-0901; 411-0911
Fax No. : (043) 411-0901

Lingayen
Columban Plaza Bldg., Avenida Rizal St.
Poblacion Lingayen, Pangasinan
Tel. Nos.: (075) 542-3142; 542-3840; 653-0083
Fax No. : (075) 542-3113

Lipa
11-B Morada Ave., Lipa City
Tel. Nos.: 756-63 to 59
Fax No. : 756-6357

Lucena
82 Quezon Ave., Lucena City
Tel. Nos.: (042) 373-4346; 373-3590; 373-1537
Fax No. : (042) 373-1537

Malolos
Paseo Del Congreso, Malolos, Bulacan
Tel. Nos.: (044) 791-5989; 662-5004
Fax No. : (044) 791-7909

Meycauayan
831 McArthur Highway, Meycauayan, Bulacan
Tel. Nos.: (044) 228-2241; 840-8038
Fax No. : (044) 935-2614

Molino
RFC Mall, Molino 2, Bacoor, Cavite
Tel. Nos.: 529-8967; (046) 477-1864
Fax No. : (046) 477-2278

Naga
G/F Annelle Bldg.
cor. Biak Na Bato St. and PNR Rd.
Tabuco, Naga City
Tel. Nos.: (054) 811-3588
Fax No. : (054) 473-7788

Naic
Capt. C. Nazareno St.
Naic, Cavite
Tel. Nos.: (046) 507-0697; 507-0183
Fax No. : (046) 412-0391

Noveleta
Poblacion, Noveleta, Cavite
(Beside Nuguid Appliance Ctr.)
Tel. Nos.: (046) 438-1056; 438-2572; 438-8411
Fax No. : (046) 438-2571

Padre Garcia
A. Mabini St., Poblacion
Padre Garcia, Batangas
Tel. Nos.: (043) 436-0214 to 16

Plaridel
Cagayan Valley Rd., Banga I
Plaridel, Bulacan
Tel. Nos.: (044) 795-0688; 670-2289
Fax No. : (044) 795-0688

San Ildefonso
Cagayan Valley Rd., Poblacion
San Ildefonso, Bulacan
Tel. Nos.: (044) 901-0230
Fax No. : (044) 901-0235

San Jose, Batangas
Cameco Bldg
cor. Makalintal Ave. and J. A. De Villa St.
Poblacion 4, San Jose, Batangas
Tel. Nos.: (043) 726-0052 to 54
Fax No. : (043) 726-0052

San Pedro
National Highway, Brgy. Nueva
San Pedro, Laguna
Tel. Nos.: 808-4608; 808-4587
Fax No. : (02) 847-4897

Santiago, Isabela
27 Maharlika Highway, Dubihan
Santiago City, Isabela
Tel. Nos.: (078) 305-2056 to 59

San Fernando Pampanga
G/F Queensland Bldg., McArthur Highway
Dolores, City of San Fernando, Pampanga
Tel. Nos.: (045) 961-7614 to 15; 860-6749;
436-3951
Fax No. : (045) 961-7615

Sta. Rosa
cor. J. Rizal Blvd. and Perlas Village
Tagapo, Sta. Rosa, Laguna
Tel. Nos.: (049) 534-3207 to 08
Fax No. : (02) 520-8190

Tanauan
G/F Reyes Commercial Bldg.
Jp Laurel Ave., Tanauan City
Tel. Nos.: (043) 778-3700; 778-3800
Fax No. : (043) 778-3600

Tanza
Sta.Cruz St., Tanza, Cavite
Tel. Nos.: (046) 437-7715; 437-7081; 437-7614
Fax No. : (046) 437-7614

Tarlac
McArthur Highway, Blossomville Subd.
Brgy. Sto. Cristo, Tarlac City
Tel. Nos.: (045) 982-9133; 982-3700
Fax No. : (045) 982-3760

Trece Martirez
Brgy. San Agustin, Trece Martires
City Cavite
Tel. Nos.: (046) 419-2602; 419-0344
Fax No. : (046) 419-2671

Urdaneta
McArthur Highway, Urdaneta City
Pangasinan
Tel. Nos.: (075) 568-4941; 624-2241
Fax No. : (075) 624-2747

Vigan
Plaza Maestro Annex , Unit 1
Vigan City, Ilocos Sur
Tel. Nos.: (077) 722-6512 632-0221
Fax No. : (077) 632-0221

Visayas

Basak, Mandaue
Cebu North Rd., Highway Basak
Mandaue City
Tel. Nos.: (032) 344-8155; 236-5469
Fax No. : (032) 345-0457

Dumaguete
cor. Real and San Juan Sts.
Dumaguete City
Tel. Nos.: (035) 422-8452; 225-6848
Fax No. : (035) 225-1177

Escario, Cebu
N. Escario St., Capitol Site, Cebu City
Tel. Nos.: (032) 255-6404; 412-6943;
254-7165
Fax No. : (032) 255-6403

F. Cabahug
Pacific Square Bldg., F. Cabahug St.
Mabolo, Cebu City
Tel. Nos.: (032) 505-5801 to 02; 268-4902
Fax No. : (032) 505-5805

Jalandoni, Iloilo
Jalandoni St., San Agustin, Iloilo City
Tel. Nos.: (033) 338-0212L; 337-4785
Fax No. : (033) 338-2065

La Paz, Iloilo
Calle Luna, Brgy. Bantud
La Paz, Iloilo City
Tel. Nos.: (033) 329-1201 to 04
Fax No. : (033) 329-1202

Lacson, Bacolod
Lacson St., Mandalagan, Bacolod City
Tel. Nos.: (034) 434-4689 to 91; 709-8101
Fax No. : (034) 434-4691

Lapu-Lapu
Gregorio's Court, Maximo Patalinghug Ave.
Basak, Lapu-Lapu City
Tel. Nos.: (032) 5200-6520 to 22

Luzuriaga, Bacolod
Golden Heritage Bldg.
1 cor. San Juan and Luzuriaga Sts.
Bacolod City
Tel. Nos.: (034) 432-1543 to 45
Fax No. : (034) 432-1544

Maasin, Leyte
Abgao St., Maasin City, Southern Leyte
Tel. Nos.: (053) 381-3854; 570-8282
Fax No. : (053) 381-3855

Mandaue, Cebu
National Highway, Mandaue City
Tel. Nos.: (032) 345-8063 to 65; 268-4912
Fax No. : (032) 345-8066

P. Del Rosario, Cebu
P. Del Rosario St., Bo. Sambag
Cebu City
Tel. Nos.: (032) 255-6182; 255-6702;
268-6812
Fax No. : (032) 255-6704

Tagbilaran
cor. H. Grupo St. and CPG Ave.
Tagbilaran City
Tel. Nos.: (038) 412-0083 to 84; 501-0998
Fax No. : (038) 412-0085

Talamban, Cebu
G/F Eco Trade Bldg., J. Panos St.
Talamban, Cebu City
Tel. Nos.: (032) 343-7992 to 93
Fax No. : (032) 343-7994

Talisay
South Rd., Bulacao, Talisay City
Tel. Nos.: (032) 272-2701 / 2722833
032-2722837

Mindanao

Agora, CDO
D2 A-One Business Center, Gaabucayan St.
Agora, Lapasan, Cagayan De Oro
Tel. Nos.: (088) 231-2097 to 99

Bolton, Davao
Bolton St., Davao City
Tel. Nos.: (082) 222-4428 to 32; 224-1155
Fax No. : (082) 222-4430

Buhangin
2010 Santos Bldg., Diversion Rd.
National Highway, Buhangin, Davao City
Tel. Nos.: (082) 241-0459; 241-0725;
241-2425; 241-2866

Carmen, CDO
Fabe Bldg., cor. Waling-Waling and Ferrabel Sts.
Carmen, Cagayan De Oro City
Tel. No. : (088) 858-5793
Fax No. : (088) 858-6248

Gen. Santos
Pioneer Ave., Gen. Santos City
Tel. Nos.: (083) 553-8196 to 98
Fax No. : (083) 301-8945

J.P. Laurel, Bajada
G/F Ana Socorro Bldg., JP Laurel Ave.
Bajada Davao City
Tel. Nos.: (082) 222-2801 to 05
Fax No. : (082) 222-2804

Monteverde, Davao
Veterans Bldg., Tomas Monteverde Ave.
Davao City
Tel. Nos.: (082) 222-0115; 227-0858
Fax No. : (082) 221-9590

Velez, CDO
Velez St., Cagayan De Oro City
Tel. Nos.: (088) 856-2460 to 65
Fax No. : (088) 272-9274

Zamboanga
G/F Jesus Wee Bldg.
Gov. Lim Ave. Zamboanga City
Tel. Nos.: (062) 991-0816 to 17
Fax No. : (062) 991-0814

RIZAL COMMERCIAL BANKING CORPORATION

RCBC Subsidiaries and Associates*

DOMESTIC

BANKARD, INC.
31/F Robinsons Equitable Tower
4 ADB Ave., cor. Poveda St.
Ortigas Center, Pasig City
Tel. Nos.: (632) 688-1801; 634-5993
PRESIDENT & CEO: OSCAR B. BIASON

RIZAL MICRO BANK
46/F RCBC Plaza, Yuchengco Tower
6819 Ayala Ave., Makati City
Tel. Nos.: (632) 894-9000 loc 1290
PRESIDENT: JOHN THOMAS G. DEVERAS

RCBC CAPITAL CORPORATION
7/F Yuchengco Tower, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. Nos.: (632) 894-9000; 845-3403; 845-3440
Fax No.: (632) 845-3457
PRESIDENT & CEO: JOSE LUIS F. GOMEZ

RCBC SECURITIES, INC.
7/F Yuchengco Tower, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. Nos.: (632) 889-7641; 889-6931 to 35
Fax Nos.: (632) 889-7643
CHAIRMAN: RAUL M. LEOPANDO

RCBC FOREX BROKERS CORPORATION
8/F, Yuchengco Tower, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. Nos.: (632) 894-9902; 894-9971; 878-3380 to 81
Fax No.: (632) 894-9080
PRESIDENT & CEO: MA. CRISTINA S. ROSALES

RCBC SAVINGS BANK
18/F West Tower, Philippine Stock Exchange Centre,
Exchange Road, Ortigas Center, Pasig City
Tel No. 555-8700
PRESIDENT: ROMMEL S. LATINAZO

HONDA CARS PHILIPPINES, INC.*
105 South Main Ave., Laguna Technopark
Sta. Rosa, Laguna
Tel. Nos.: Makati Line (632) 857-7200
Laguna Line (049) 541-1411 to 19
Fax No.: (632) 857-7260
PRESIDENT: HIROSHI SHIMIZU

PRESIDENT JOSE P. LAUREL RURAL BANK,INC.
2/F Pres. Laurel Bank Bldg.
Pres. Laurel Highway, Tanauan City, Batangas
Tel. Nos.: (43)778-4444; 778-4447-49
Fax No.: (43)778-4201
PRESIDENT & CEO: MA. LOURDES JOCELYN S. PINEDA

LUISITA INDUSTRIAL PARK CORPORATION*
48/F Yuchengco Tower, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. Nos.:(632) 844-8292; 894-9000 local 2366; 2367
Fax No.: (632) 843-1666
PRESIDENT: RAMON BAGATSING, JR.

NIYOG PROPERTY HOLDINGS, INC. (NPHI)
12/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel Nos.: (632) 878-3426; 878-3408; 894-9000 loc. 1130
PRESIDENT: JOHN THOMAS G. DEVERAS

RCBC LAND, INC.*
48/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. No.: (632) 844-8292
Fax No.: (632) 843-1666
PRESIDENT: YVONNE S. YUCHENGCO

RCBC REALTY CORPORATION*
24/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. No.: (632) 887-4941
Fax No.: (632) 887-5147
c/o House of Investments
3/F Grepalife Bldg.
Sen. Gil Puyat Ave., Makati City
Tel. No.: (632) 815-9636 to 38
Fax No.: (632) 843-4694
PRESIDENT: PERRY Y. UY

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
PRESIDENT & CEO: HELEN Y. DEE

INTERNATIONAL

RCBC INTERNATIONAL FINANCE, LTD.
Unit B, 20/F, Lidong Bldg., 9 Liyuen St.
East Central, Hong Kong
Tel No.: (852) 2167-7400
Fax No.: (852) 2167-7422
MANAGING DIRECTOR: MARK DEXTER D. YABUT

World-Wide Plaza Branch
Shop 127/129, 1/F Worldwide Plaza
19 Des Voeux Rd., Central Hong Kong
Tel No.: (852) 2501-0703
Fax No.: (852) 2537-9241
E-mail Address: feagus@rcbc.com

Tsuen-Wan Branch
Shop 221, Lik Sang Plaza
269 Castle Peak Rd., Tsuen Wan
New Territories, Hong Kong
Tel No.: (852) 2492-9747
Fax No.: (852) 2316-7344
Email Address: rcbchktw@biznetvigator.com

RCBC NORTH AMERICA, INC.
8955-A Mira Mesa Blvd.
San Diego, California 92126
Tel. No.: (858) 653-3818
E-mail Address: sandiego_ca@rcbcremit.com
ACTING MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER: PIA R. MARTINEZ

RCBC TELEMONEY EUROPE, SPA.
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
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ACTING MANAGING DIRECTOR: ARIEL N. MENDOZA

Milan Branch
Via Speronari No. 6
20123 Milan, Italy
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Fax No.: (39) 02 72094092
E-mail Address: milan.rcbc@gmail.com

Florence Branch
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Tel. Nos.: (39) 055 4633031; (39) 055 495845
Fax No.: (39) 055 4627042
E-mail Address: florence.rcbc@gmail.com

Bologna Branch
Via Cesare Boldrini 16
(Al' Angolo Piano Terra)
40121 Bologna, Italy
Telefax No.: (39) 051 1998 4113
E-mail Address: bologna.rcbc@gmail.com

Napoli Branch
Via San Giacomo No. 24
80133 Napoli, Italy
Tel. No.: (39) 081 5510219
Fax No.: (39) 081 5524433
Email Address : naples.rcbc@gmail.com

Products and Services

A. DEPOSITS

Peso Deposits
- Checking Accounts
  - Regular Checking
  - Enhanced SuperValue Checking (change on rates only)
  - eWoman Checking
  - Rizal Enterprise Checking
  - eLite Checking Account
- Savings Accounts
  - Regular Savings
  - Dragon Savings
  - Super Earner
  - eWoman Savings
  - ePassbook Savings Account
  - SSS Pensioner
  - Payroll Savings Account
  - Student Savings ATM
  - WISE Savings Account
- Cash Card
  - RCBC MyWallet
  - RCBC WOW MyWallet
  - RCBC MyWallet Co-branded Cards
  - RCBC MyWallet Visa
  - RCBC MyWallet Enchanted Kingdom Card
  - Mercury Drug – MyWallet Visa
  - LBC Send & Swipe Visa*
    - **RCBC as issuer.*
- Savings Accounts with Automatic Transfer (SWAT)
- Time Deposits
  - Regular Time Deposit
  - Special Time Deposit
  - Premium Time Deposit

Foreign Currency Deposits
- Savings Accounts – Regular Savings
  - US Dollar
  - Japanese Yen
  - Euro Dollar
  - British Pounds
  - Canadian Dollar
  - Chinese Yuan
  - Australian Dollar
  - Swiss Franc
  - Singapore Dollar
- Dollar Dragon Savings
- Time Deposits
  - US Dollar
  - Japanese Yen
  - Euro Dollar
  - British Pounds
  - Canadian Dollar
  - Australian Dollar
  - Swiss Franc

B. ELECTRONIC BANKING CHANNELS

Automated Teller Machines
Bills Payment Machines
RCBC AccessOne
- *Internet Banking*
- *Mobile Banking*
  - *-for iOS (Apple iPhone/iPad/iPod Touch)*
  - *-for Java phones (iMobile)*
- *Phone Banking*
- *eShop*

RCBC Access One Personal
RCBC Access One Corporate
RCBC Phone Banking
RCBC Mobile Banking
RCBC eShop

myRCBC Mobile Banking via BancNet
BancNet Online
BancNet POS System

C. REMITTANCE SERVICES

RCBC TeleMoney Products
- Tele-Remit
- Tele-Credit
- Tele-Door2Door
- Tele-Pay

D. 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)

E. PAYMENT AND SETTLEMENT SERVICES

Check Clearing
Domestic Letters of Credit
Fund Transfers
- Collection Services
- Cash Card
- 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

F. 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)
  - Long Term Commercial Papers (LTCPs)
- US$ Denominated Sovereign Bonds
  - Republic of the Philippines (RoP) Bonds
- Corporate Bonds and other Debt Instruments

Advisory Services

G. TRUST SERVICES

Trusteeship
- Retirement Fund Management
- Corporate and Institutional Trust
- Pre-Need Trust Fund Management
- 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
- Crest Fund

Unit Investment Trust Funds
- Rizal Peso Money Market Fund
- Rizal Dollar Money Market Fund
- Rizal Peso Bond
- Rizal Dollar Bond Fund
- Rizal Equity Fund
- Rizal Balanced Fund

H. 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)
- eCheck Payment Solution

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

I. 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

J. ANCILLARY SERVICES

Day & Night Depository Services
Deposit Pick-up and Delivery
Foreign Currency Conversions
Foreign Trade Information
Research (Economic and Investment)
Wealth Management
Safety Deposit Box

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