2013
Annual Report

SMARTER SOLUTIONS

RCBC

A YGC Member

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A YGC Member

Vision

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

Mission

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

We are committed to:

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

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

RCBC AWARDS

2010

BUREAU OF TREASURY
One of the Top 10 Government Securities Eligible Dealers

2011

ASIA CEO AWARDS
Most Admired Board of Directors

ASIA RESPONSIBLE ENTREPRENEURSHIP AWARDS
Best Green Bank for Southeast Asia

ASIAN BANKING AND FINANCE
Philippine Best Retail Bank of the Year

Philippine Best Bank Website

ASIAN FINANCIAL SERVICES CONGRESS 2012
Excellence in Enterprise Operational Transformation

BUREAU OF TREASURY
Top 10 Government Securities Eligible Dealers

FINANCE ASIA
One of the Best Managed Mid-Cap Company

INSTITUTE OF CORPORATE DIRECTORS
Silver Award - 2011 Corporate Governance Scorecard for Publicly Listed Companies

VISA
Best Overall Provider of Visa Prepaid Services in the Philippines for 2011

Best Performer in Transaction Number Growth

Payment Volume Growth and Cards-in-force Growth

WORLD FINANCE
Best Commercial Bank in the Philippines

2012

ASIAMONEY
Overall Best for Interest Rates

Joint #1 Best Liquidity and Market Support for Credit

Best Domestic Provider for Interest Rates - Philippines

Best Pricing and Execution capabilities for Interest Rates

Best Interest Rates Research and Market Coverage

Best Sales Service in Interest Rates Derivatives

Best Domestic Provider of FX Services in the Philippines
(as voted by Corporates)

Best Domestic Provider of FX Services in the Philippines
(as voted by Financial Institutions)

ASIAMONEY
Best Domestic Provider of FX Prime Broking Services in the Philippines
(as voted by Corporates)

Best Domestic Provider for Interest Rates - Philippines

Overall Best Private Bank in the Philippines

Philippines' Overall Best for Interest Rate

Best for Interest Rate Derivatives

Best Market Coverage

Best Interest Rate Research

Best Domestic Private Bank in the Philippines for 2012

ASIAN BANKING AND FINANCE
Philippines Domestic Technology & Operations Bank of the Year - Phone-a-Loan Program

Philippine SME Bank of the Year

Domestic Retail Bank of the Year - Philippines

BANKING & PAYMENTS ASIA - TRAILBLAZER AWARDS
Special Commendation for Product Excellence (MyWallet)

BIZNEWS ASIA
Platinum Business Icon Award

Management Excellence Award

BUREAU OF TREASURY
Top 10 Government Securities Eligible Dealers

PDEX
Top 10 for overall Trading Activity

THE ASIAN BANKER
Best Cash Management Bank in the Philippines

Best Core Banking Implementation Projects

WORLD FINANCE
Best Banking Group in the Philippines

2013

BAIPHIL
Green Bank Champion: Earth Care Program with Centennial Forest

CELENT
Celent Model Bank: Transaction Processing Category

ASIAN BANKING AND FINANCE
Core Banking Initiative of the Year

Philippines' SME Bank of the Year

GLOBAL BANKING & FINANCE REVIEW AWARDS
Best Electronic Banking Website Philippines 2013

ASIAN BANKING AND FINANCE
Online Banking Initiative of the Year - Philippines

ASIAMONEY
Overall Best Private Bank in the Philippines

Best Domestic Private Bank in the Philippines

WORLD FINANCE
Best Banking Group in the Philippines

ASIA RESPONSIBLE ENTREPRENEURSHIP AWARDS
Social Empowerment Award

2014

RETAIL BANKER INTERNATIONAL
Product Excellence in Credit Cards

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Hope Rises

(Based on the Painting "Lumiere Rises")

The spirit of bayanihan; our peoples' warm smiles; and, our joyous festivals. All of these only prove that no catastrophe - not even in the magnitude of the great super typhoon Yolanda (Haiyan) can break the Filipinos' positivity and optimism. In a similar fashion, RCBC was able to provide domestic and international clients financial resiliency, in a year that was tested by political, economic and environmental challenges. Both for the Philippines and RCBC, hope for the brighter things ahead truly springs eternal.

SMARTER SOLUTIONS

RCBC

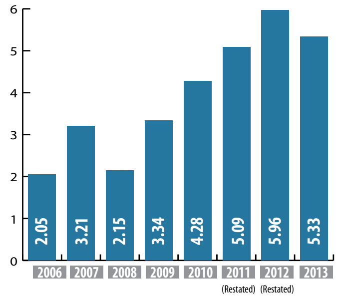
A YGC Member

Financial Highlights

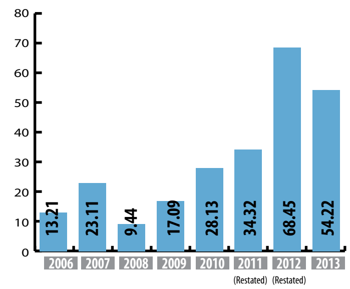
	2013 Audited	2012 Audited - as Restated	2011 Audited - as Restated
FOR THE YEAR (in million pesos except ratios)			
Operating Earnings	**23,121**	22,744	20,936
Operating Expenses	**14,474**	13,557	12,396
Net Income Attributable to Parent Bank's Shareholders	**5,321**	5,949	5,061
Return on Average Capital Funds	**12.18 %**	16.07 %	17.44 %
Return on Average Assets	**1.39 %**	1.70 %	1.63 %
NET INTEREST MARGIN	**4.22 %**	3.93 %	4.13 %
AT YEAR-END (in million pesos except no. of shares)			
Total Resources	421,869	363,339	343,786
Interest-Earning Assets	349,442	293,587	294,210
Liquid Assets1/	183,148	151,745	151,938
Loans and Receivables, Net	237,960	190,903	186,192
Investment Securities	92,700	95,179	87,728
Deposit Liabilities	297,853	246,757	255,283
Equity	44,808	42,162	36,146
Paid-In	28,908	20,809	20,809
Surplus and Reserve for Trust	16,430	13,005	8,617
Hybrid Perpetual Securities	4,883	4,883	4,883
Others	(5,413)	3,465	1,837
Number of Common Shares	1,275,658,638	1,140,857,133	1,140,135,121
PER SHARE OF COMMON STOCK			
Net Earnings (Basic and Diluted)	3.95	4.85	4.49
Book Value (Diluted)	31.29	32.68	27.40
Capital Adequacy Ratio (CAR)	**16.52 %**	**17.61 %**	**18.52 %**
NUMBER OF EMPLOYEES	5,671	5,442	5,136
Number of Branches *(including extension offices and FX desk)*	435	420	389
Number of ATMs	1,150	1,010	761

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

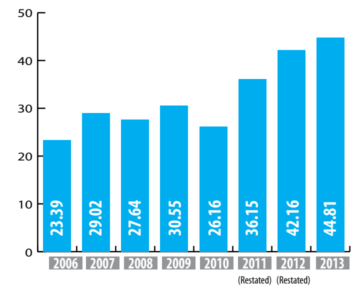
NET INCOME
(IN BILLION PESOS)



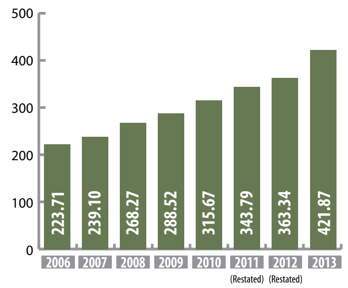
MARKET CAPITALIZATION
(IN BILLION PESOS)



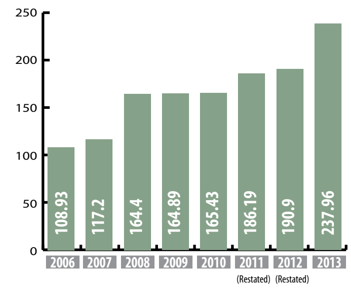
CAPITAL
(IN BILLION PESOS)



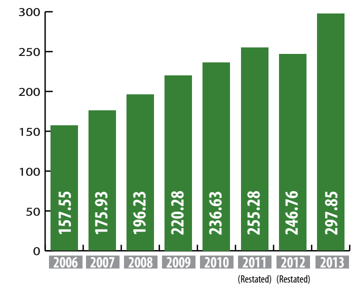
TOTAL RESOURCES
(IN BILLION PESOS)



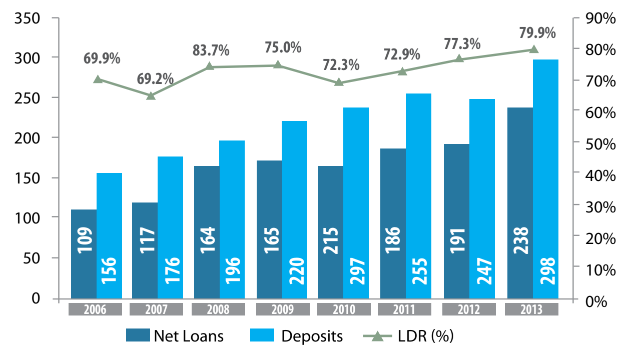
NET LOANS
(IN BILLION PESOS)



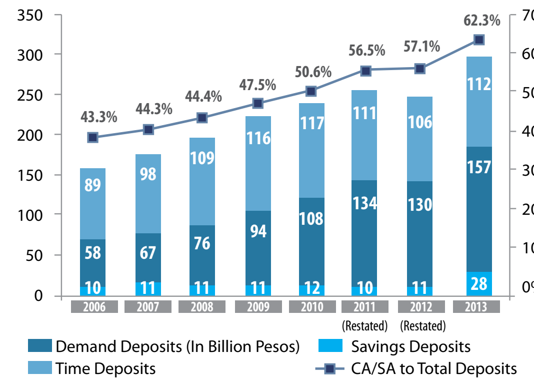
TOTAL DEPOSITS
(IN BILLION PESOS)



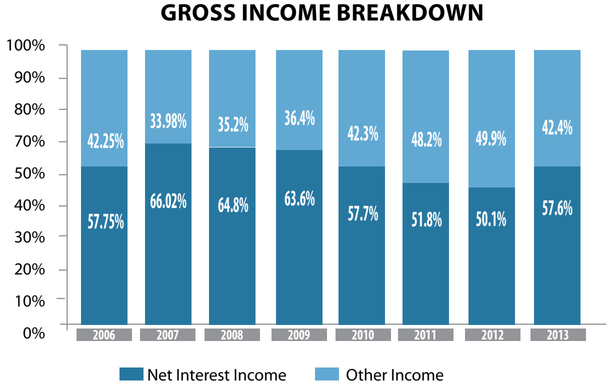
LOANS TO DEPOSITS RATIO



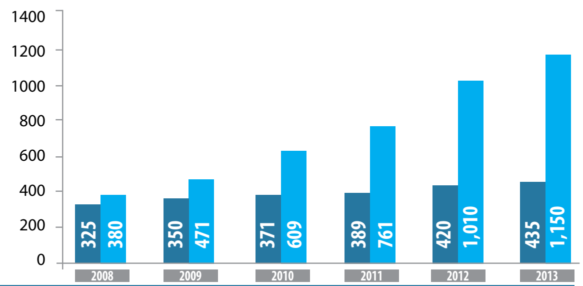
CA/SA TO TOTAL DEPOSITS



GROSS INCOME BREAKDOWN



DISTRIBUTION NETWORK



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

MESSAGE FROM THE HONORARY CHAIRMAN

Our continuous drive for growth

In the year 2013, we have witnessed how our own hard work and effort paid off through changing and challenging circumstances. Our continuous drive for growth and excellence made us one of the most respected institutions in the country.

RCBC again demonstrated its commitment during the year, continuing to support its customers through tough times. We have constantly promoted sustainable financial solutions to our customers and stakeholders. We have highly provided our local and international clients financial resiliency, enduring the test of political, economical, and environmental challenges this year.

Constantly innovating ourselves made us realize our strengths and highlight our advantages. We have been keeping up with the newest trends in banking technology and have been providing significant insights to our clients' evolving needs. Our goal of assisting individuals, communities and businesses to grow and prosper is delivering a better long-term outcome for both our customers and the Bank.

Our country was strongly affected by natural calamities, but amidst the trials, we have been among the first to offer a helping hand to our affected fellow Filipinos. Promoting responsible corporate citizenship has been one of our core values and we have proactively addressed the needs of our countrymen in these difficult situations.

We never forget our commitment to excellent service and we make sure we strengthen our relationships and foster long-term partnerships.

Our efforts were recognized by prestigious financial institutions, and their affirmation makes us embrace our tradition of excellence more. This has strategically paved our way to be one of the top banks in the country and drives our desire to be the best in the years to come.

In a year of change and of challenges, our people have worked hard, maintained their focus on our customers, and continued to deliver, to the benefit of our businesses and our shareholders.

With that, I am extending my deepest appreciation to all those who have been with us through the years for their continued support and patronage. With all of these positivity and enthusiasm under our sleeves, and armed with the knowledge and the expertise of our people, I strongly believe that we will continue being a pillar in the local and global financial industry, today and in the years to come.

AMBASSADOR ALFONSO T. YUCHENGCO
YGC CHAIRMAN AND RCBC HONORARY CHAIRMAN

Our efforts were recognized by prestigious financial institutions, and their affirmation makes us embrace our tradition of excellence more.

Ambassador Alfonso T. Yuchengco

YGC CHAIRMAN AND RCBC HONORARY CHAIRMAN

Business Affiliations

AMBASSADOR ALFONSO T. YUCHENGCO
YGC CHAIRMAN

GOVERNMENT POSITIONS

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

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

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

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

AFFILIATIONS – PRIVATE SECTORS

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

GOVERNMENT AWARDS:

DISTINGUISHED SERVICE AWARD
Department of Foreign Affairs
(February 24, 2012)

PHILIPPINE LEGION OF HONOR
WITH THE DEGREE OF GRAND COMMANDER
Presented by President Gloria Macapagal-Arroyo
(June 29, 2010)

FIRST RECIPIENT OF THE ORDER OF LAKANDULA
WITH THE RANK OF BAYANI (GRAND CROSS)
Presented by President Gloria Macapagal-Arroyo
Republic of the Philippines
(November 20, 2003)

ORDER OF SIKATUNA WITH THE RANK OF DATU
Presented by President Fidel V. Ramos
Republic of the Philippines (1998)

GRAND CORDON OF THE ORDER OF THE RISING SUN
Presented by His Majesty, the Emperor of Japan.
The highest honor ever given by the
Emperor to a foreigner (1998)

KNIGHT GRAND OFFICER OF RIZAL
Presented by the Knights of Rizal
Republic of the Philippines (1998)

ORDER OF THE SACRED TREASURE, GOLD AND SILVER STAR
Awarded by His Majesty, The Emperor of Japan (1993)

OUTSTANDING MANILAN IN DIPLOMACY
City of Manila (1995)

OUTSTANDING CITIZEN IN THE FIELD OF BUSINESS
City of Manila (1976)

NON-GOVERNMENT AWARDS

OUTSTANDING LAM-AN TOWNMATES AWARD
Philippine Lam-An Association Inc.
(November 19, 2012)

ICONS OF THE INDUSTRY
Philippine Insurers and Reinsurers Association (PIRA, Inc.)
(October 18, 2012)

BUSINESS ICONS OF THE DECADE AWARD
Presented by Biz News Asia
(November 25, 2011)

RIZAL AWARD
Presented by Aliw Awards
(November 8, 2011)

DISTINGUISHED SERVICE AWARD
Presented by the Confederation of Asia-Pacific Chambers
of Commerce and Industry
(October 23, 2011)

FIRST RECIPIENT OF THE F.A.I.R. HALL OF FAME
Presented by the Federation of Afro-Asian
Insurers & Reinsurers (FAIR)
(October 5, 2011)

LEADERSHIP AWARD
Presented by the Philippine Constitution Association (PHILCONSA)
(September 26, 2011)

LIFETIME ACHIEVEMENT AWARD
Asia Insurance Industry Awards
(October 17, 2010)

PHILCONSA MAHARLIKA AWARD
Presented by the Philippine Constitution Association (2010)

HALL OF FAME AWARDEE
Far Eastern University (December 13, 2003)

OUTSTANDING ALUMNI AWARDEE
Far Eastern University (May 2003)

LIFETIME ACHIEVEMENT AWARD
Dr. Jose P. Rizal Awards for Excellence (June 2002)

KNP PILLAR AWARD
Kaluyagan Nen Palaris, Pangasinan (December 2006)

PARANGAL SAN MATEO
Philippine Institute of Certified Public Accountants
Foundation, Inc. (October 2001)

THE OUTSTANDING FILIPINO AWARDEE
TOFIL 2000

GOLD MEDALLION
Confederation of Asia-Pacific Chambers of Commerce & Industry
(CACCI) (2000)

FIRST ASEAN TO BE ELECTED TO THE "INSURANCE HALL OF FAME"
International Insurance Society, Inc. (1997)

FIRST RECIPIENT OF THE GLOBAL INSURANCE
HUMANITARIAN AWARD
University of Alabama (USA) (2008)

HALL OF FAME AWARD
Philippine Institute of Certified Public Accountants (PICPA) (1997)

OUTSTANDING CERTIFIED PUBLIC ACCOUNTANT (CPA)
IN INTERNATIONAL RELATIONS
Philippine Institute of Certified Public Accountants (PICPA) (1996)

CEO EXCEL AWARD
International Association of Business Communicators (2009)

MEDAL OF MERIT
Philippines-Japan Society (1995)

OUTSTANDING SERVICE TO CHURCH & NATION
De La Salle University (1993)

MANAGEMENT MAN OF THE YEAR
Management Association of the Philippines (1992)

DISTINGUISHED LA SALLIAN AWARD FOR INSURANCE & FINANCE
De La Salle University (1981)

FIRST ASIAN TO RECEIVE INTERNATIONAL INSURANCE SOCIETY (IIS)
FOUNDERS' GOLD MEDAL AWARD OF EXCELLENCE
International Insurance Society (1979)

PRESIDENTIAL MEDAL OF MERIT
Far Eastern University (1978)

MOST OUTSTANDING JCI SENATOR IN THE
FIELD OF BUSINESS AND ECONOMICS
XXXIII Jaycee Chamber International (JCI) World Congress (1978)

INSURANCE MAN OF THE YEAR
Business Writers Association of the Philippines (1955)

MOST DISTINGUISHED ALUMNUS
Far Eastern University (1955)

We set on a course towards an ideal model for long-term growth: earnings that come from a growing core business that is broad based, diversified, and above all, sustainable.

LORENZO V. TAN
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Message to our Stockholders

Dear Fellow Shareholders

In 2013, your Bank earned Php 5.3 Billion in Net Income, a 10.6% decline versus 2012 (as restated). This resulted to a Return on Equity of 12.2%, and a Return on Assets of 1.4%. Despite the challenges of 2013, however, RCBC's compounded annual growth rate in Net Income for the past 5 years stands strong at 20%. Asset Quality continues to improve and remain healthy with Non-Performing Loans (NPL) ratio at a historical low of 1.1%, Net Interest Margin (NIM) at 4.2%, CA/SA to Total Deposit ratio at 62.3%, and Basel II Capital Adequacy Ratio (CAR) at 16.5%. These solid numbers demonstrate that your Bank remains resilient and determined in its goals. Allow us to share with you why we believe 2013 made the organization stronger, and how this renewed strength has allowed us to stand ready for the road ahead.

The past year was characterized by important changes in our global economic and regulatory environment, but none more significant than the surprise in May when financial markets experienced a sharp sell-off after the US Federal Reserve signaled that it may soon taper its quantitative easing policy. As investors rushed to unload their holdings, bond yields rose sharply such that during the months of May to June, the yield on the US 10-yr note soared from 1.6% to an unprecedented 2.6%. It eventually breached 3.0% in December. Foreign currency bond prices took a nosedive, causing an almost immediate mark to market loss of value to bond portfolios everywhere, negatively affecting the value of RCBC's Available for Sale (AFS) Securities.

In the midst of the volatility and challenges of 2013, however, your Bank re-discovered its core. As market conditions made it a lean year for trading, there came about a heightened focus on building the core business of lending. Last year we generated a modest Php 2.6 Billion in net trading gains, 61.8% less than what we booked in 2012. Total Gross Revenues excluding these trading gains, however, increased by 28.7%, while Net Interest Income after impairment losses increased by 26.3%. We set on a course towards an ideal model for long-term growth: earnings that come from a growing core business that is broad based, diversified, and above all, sustainable. In the succeeding pages, allow us to outline for you how we fared, what we have accomplished, and why we are confident about the future.

The Challenge of 2013

Change and the increasing demands of globalization characterized 2013. On the domestic side, the Philippines experienced a convergence of positive factors: resilient economic growth, interest rates reaching new record lows, benign inflation, a stable peso exchange rate, and further increase in structural dollar inflows from remittances, business process outsourcing (BPO) revenues, tourism receipts, and foreign investments. This led to the unprecedented investment grade rating for the country by all three major global credit rating agencies. Even as the two great natural calamities in 2013 and the ongoing political and corruption crises threatened to stifle the country's positive trajectory, our growth momentum pushed on, ending the year with a GDP growth of 7.2%, the highest in three years and among the fastest in Asia. The side story of 2013 however was, and as has been the case in recent years, the global economy which were still in recovery mode. Global economic indicators however started to pick up. The Eurozone was coming out of recession. China, the world's second biggest economy, posted a GDP growth of 7.7% in 2013, the slowest since 1999, but relatively higher compared to other major global economies. Still close to home, Japan, the world's third largest economy, picked up after coming up with a record economic stimulus package. And of course the US economy, the world's largest, finally showed signs of sustained revival, thus warranting some reduction of the Fed's asset purchase/economic stimulus. Along with these developments, new global financial regulations – most notably Basel III – began to take hold, with the world's Central Banks, our own Bangko Sentral ng Pilipinas (BSP) included, choosing to adopt at various timeframes and with varied shades. All of these developments presented both opportunities and challenges, and therefore called for a strong adaptive response.

Your Bank heeded that call.

Facing the challenges together kept the performance of the Bank steady. It stands today with strength and pride because of the collaboration of many.

HELEN Y. DEE
CHAIRPERSON

Core Financial Growth

Last year we set about the task of building a stronger balance sheet, a better quality portfolio. Total Assets increased by 16.1% coming mainly from Loans, as the loan book grew by 24.7%, more than three times faster than its average growth of 8.0% in the last 10 years. All market segments contributed to this growth, as Corporate loans, which account for nearly 63.5% of the total earning loan book increased by 9.0%. Lending to the Small & Medium Enterprise (SME) sector showed stronger growth at 34.0%, and growth momentum of the total Consumer loan portfolio, including credit cards, caught up with a 22.0% increase of its own. Meanwhile, Microfinance lending thru Rizal Microbank continued its uptrend with loan disbursements growing by 72.0%, thus growing its outstanding loan portfolio by 102.0%. By the end of December 2013, the Bank's net loan portfolio reached Php238.0 Billion.

In line with asset growth, we endeavored to improve asset quality. The Bank has brought down its NPL Ratio in 2013 to an all-time low of 1.1% from 1.9% in 2012, a byproduct of innovative improvements in credit risk management and the lending process. To further our asset quality clean-up, last year we sold Php 4.8 Billion of non-performing assets to the International Finance Corporation (IFC), thus freeing up a significant portfolio drag. Overall, Total Gross Non-performing assets declined by 36.2% from Php18.8 Billion in 2012 to Php12.0 Billion in 2013.

On the funding side, your Bank focused on growing a stable base while keeping costs low. While Total Deposits increased by 20.7% to reach Php 297.9 Billion by the end of the year, the increase in the low cost Current Account and Savings Account (CASA) deposits was higher at 31.7%. The result was a much improved funding mix ratio of CASA-to-Total Deposits of 62.3% in 2013 from 57.1% in 2012. Along with the Bank's redemption of Php 11.0 Billion of Tier 2 notes, this significantly contributed to the Php 1.9 Billion or 16.7% growth in Net Interest Income (NII) in 2013. The combination of the better asset portfolio and funding mix resulted to an improved Net Interest Margin (NIM) of 4.2% in 2013, up from 3.9% in 2012, one of the highest in the industry.

To further strengthen the balance sheet, RCBC began preparations for Basel III early in the year, raising a total of Php 8.2 Billion (USD 200 Million) of core capital in the first half of 2013, the first Php 4.1 Billion coming in March from various institutional investors through a Top up offering ; and the second in April 2013, as the IFC placed an additional Php 4.1 Billion, increasing their shareholdings in the Bank from 6.4% in 2012 to 11.3% by the end of 2013.

Still part of Basel III preparations and in line with the rationalization of its equity investments, the Bank in September 2013 sold its 25.0% shareholdings in RCBC Realty and its 49.0% share in RCBC Land Inc. to free up over Php 4.5 Billion of Capital. In addition, the Bank sold its 65.4% stake in the publicly listed Bankard, Inc., allowing a little over Php 700 Million of Capital, to be freed up. The Bank's credit card operations and business remain unaffected by the transaction, as the servicing operations that support the RCBC Bankard franchise are now under a new company called RCBC Bankard Services Corporation.

The above activities allowed RCBC to close the year with a strong Basel II Capital Adequacy Ratio of 16.5%. It also stands ready for Basel III, as pro-forma Basel III Common Equity Tier 1 (CET1) ratio was at 11.1% (vs. the minimum requirement of 6.0%) and total Basel III CAR at 11.7% (vs. the minimum requirement of 10%).

Expanding Constituency

While there may have been many challenges, the Bank understands that there are likewise opportunities for the taking. In 2013, the Bank continued to grow its other businesses, deepen business relationships and broaden its market reach. The Bank remains focused on strategic areas, with the customer at the center of the growth potential.

In expanding and deepening client relationships, RCBC understands that there is competitive advantage in providing a full range of cash management services to all types of clients, and in fostering partnerships with complementary institutions, both domestic and foreign. In 2013, we expanded the scope of the Global Transaction Banking Group to manage the broader range of markets from Corporate to Retail Cash Management and cover the whole funds flow. This would allow both scale and technology to provide more efficient service to all our customers – corporate or retail.

RCBC is likewise especially proud and very much optimistic about the opportunity to partner with foreign banks and securities houses such as Resona Bank (Japan), Shoku Chukin Bank (Japan), Okasan Securities (Japan), and Bank of East Asia (HK-China). These strategic partnerships aim to further extend the Bank's reach to multinational corporate and investor clients and expand our capabilities via transfer of technology and best practices.

Re-discovering our core also meant building on our innate strength and leveraging on the foundations we have built over the last few years, all with the goal of deepening business and customer relationships and broadening our reach. We are pleased to report that the Bank's total number of customers reached 5.9 Million in 2013 up by 34% from 4.4 Million in 2012 and close to six times more than the 1 Million customers in 2007. As we grow with each additional customer, the Bank aims to provide products and services aligned to the financial growth and maturity of its constituency. The Bank looks to aggressively cross sell these products such that in the long run, each customer should have at least 5 products from RCBC. One of the vital components of this cross selling strategy is Bancassurance and the partnership with Sunlife-Grepa Financial, Inc., an avenue that in fact paved the way for the strengthening of the cross-selling culture in the Bank, with Bancassurance sales increasing by 158% from 2012 reaching Php10.03 Billion in 2013.

We take pride and put value on the continued and increasing trust that clients have on our asset management teams. The Wealth Management Group saw its Assets Under Management (AUM) grow by 10.3% and the number of clients by 8.8% in 2013. In terms of Trust assets, volumes may have declined in 2013 due to regulatory developments, but Total Trust Fees were up by 3.8%. Despite the requirement to wind down investment management accounts in Special Deposit Accounts (SDA), RCBC's UITF products became one of the alternative placements for these funds, and investment in the same increased five-fold in 2013

We aim to be an important part of our customers' lives. With a distribution network of 435 branches and 1,150 ATMs as of end 2013, our ATM-to-Branch Ratio stood at an impressive 2.64 times - now one of the highest in the industry. The Bank continued to expand not just its physical presence with 15 new branches and 140 ATMs, but also broadened its online presence, as the number of transactions done through our electronic channels increased by 33% (Internet) and 310% (Mobile). With online space being a bigger and wider arena, the Bank continues to recognize the importance of growing with the next generation. We therefore enhanced our presence in social media by opening a Facebook page www.facebook.com/RCBCGroup in mid-2012 and launched an online branding strategy in 2013, which resulted to a 1,000% growth in the number of "likes".

Strengthening Foundations

One of the major reasons for the achievements of 2013, and in fact for the last few years, is your Bank's conscious effort to continuously strengthen its foundation, particularly its investment in people and use of technology.

You will recall that we migrated to a new core banking platform in 2012, the efficiencies of which we have started harnessing in 2013. Since the migration, RCBC has increased its daily transaction volume by 53% from 980,000 in 2012 to 1.5 million in 2013. The Bank has also successfully applied the capabilities of the platform to expand into new demographics, including farmers, small business owners and clients in more rural parts of the Philippines where banking facilities have yet to penetrate extensively. For these customers, RCBC was able to offer new services like micro-financing.

The investment in people on the other hand is a continuing process. The Retail Banking Group (RBG) Learning Academy, set up in 2012, continues to train and develop the Bank's first line of service – the branch personnel. Recognizing the need for the constant development of future leaders, the Bank has instituted five levels of management development programs, from the entry level programs - Officers Development Program (ODP) & General Operations Learning and Development Program (GOLD) - to the higher level Supervisory Development Program (SDP) to the Middle Management Development Program (MMDP), the Leadership Development Program (LDP), and the high level Executive Development Program (EDP), in order to sustain the development of our people as they grow in their careers. We continued to strengthen the talent pipeline and brought further competencies on the job by facilitating various training programs and seminars benefiting more than 6,500 employees addressing the competencies of Leadership, Customer Service, Sales Planning and Management, Product Knowledge, Risk Management and Technical. In 2013, we sent more than 50% of the total IT workforce to a number of specialized IT external training programs.

We continue to strengthen our Risk Management capacity. In 2013, RCBC became the first Philippine bank to use the credit risk scorecards developed by Standard & Poor's (S&P). By using the S&P scorecards, we tap into and align with S&P's

expertise in the area of credit risk assessment. RCBC in 2013 also embarked, in partnership with SunGard, on a process to automate credit risk assessment, thereby cutting the process significantly for a more efficient lending cycle. We do not intend to stop with these improvements, as risk management capacity building initiatives have been lined up for the next two years especially in the areas of Operational Risk, Market Risk, and Asset & Liability Management.

Taking Pride in What We've Accomplished

The strategy to build financial strength has been a main driver over the past years. That strategy has been fittingly rewarded, as the international rating agency Fitch Ratings in 2013 upgraded Rizal Commercial Banking Corp.'s (RCBC) Long-Term Issuer Default Ratings (IDRs) from 'BB-' to 'BB'. In addition, Capital Intelligence also upgraded its RCBC rating of 'BB' for both Foreign Currency Long term and Financial Strength to 'BB+'.

Our efforts in providing efficient and quality service to our customers and community have been recognized by various institutions with more than 10 recognitions bestowed on RCBC. These awards validate our strategic initiatives and commitment to excellence. Among those your Bank received were technology related awards from Asian Banking and Finance for Online Banking Initiative of the Year and the Core Banking Initiative of the Year. We were also recognized for our focus on providing quality banking services to specific strategic segments such as the small and medium enterprises (SMEs), micro-entrepreneurs through microfinance, and high net worth individuals through private banking services. Our strategic focus on cash management, also earned our team "The Asian Banker Achievement Award for Best Cash Management Bank in Philippines". And as validation of the collective work we have done as a Group, World Finance recognized RCBC as the "Best Banking Group" in 2013.

The foregoing recognitions by no means allow us to rest on our laurels. On the contrary, these accolades spur your Bank to grow stronger, reach farther, and serve better. It is this very same collective drive that fueled us during the aftermath of Super typhoon Yolanda when we were able to announce the speedy re-opening of our Tacloban Business Center. RCBC was the first private commercial bank to re-open in the city, delivering fully functional financial services and transactions. Such feat needed no award, as the sense of fulfillment and pride in seeing the results of what we have invested in through the years is enough.

Confident About the Future

Facing the challenges together kept the performance of the Bank steady. It stands today with strength and pride because of the collaboration of many. And what drives us in all the things we do, are our stakeholders: the shareholders, the customers, the employees, and the community where we operate. Thank you to our customers and clients who continue to place their trust in us over the past years. We extend our gratitude to our Associates, whose dedication and hard work have produced the quality of service that has defined our Bank, and to our Management Team, whose collective expertise, commitment and drive has allowed RCBC to achieve significant milestones and to build a dynamic and resilient organization. Thank you to our stockholders, for your unwavering commitment to the Bank. And to our distinguished Board of Directors and Advisors, RCBC is very grateful for your continued guidance and valuable advice in steering the Bank towards the achievement of its Vision and fulfillment of its Mission.

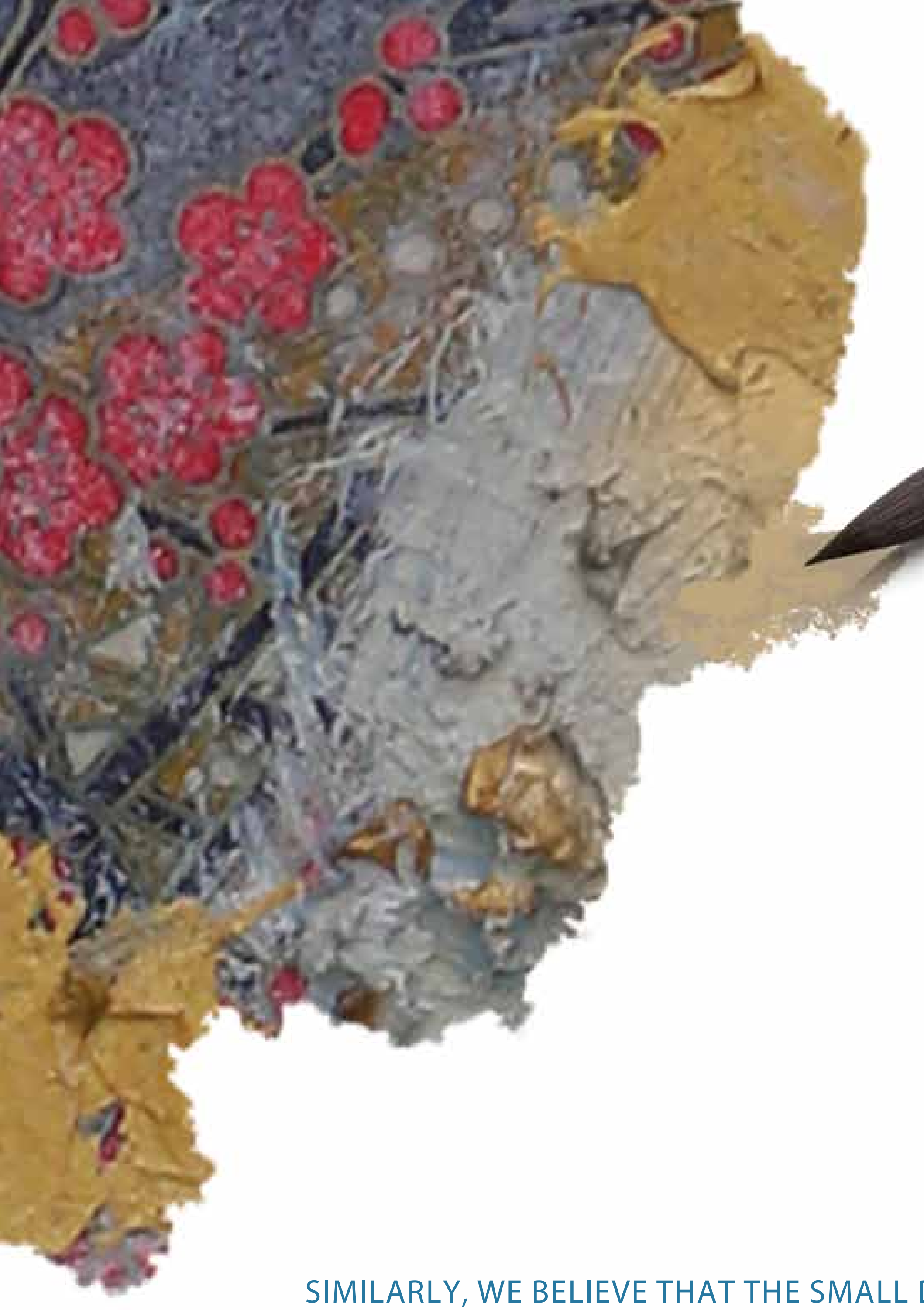
LORENZO V. TAN
PRESIDENT AND CHIEF EXECUTIVE OFFICER

HELEN Y. DEE
CHAIRPERSON

SMARTER SOLUTIONS

RCBC

A YGC Member



Small detailed brush strokes can change an artwork's impression.

SIMILARLY, WE BELIEVE THAT THE SMALL DETAILS IN OUR BUSINESS MATTER AND MAKE THE BIG DIFFERENCE.

Financial Performance

RESULTS OF OPERATIONS

RCBC registered a consolidated net income of P5.32 billion for full year 2013, which translates to a 12.18% return on average equity and 1.39% return on average resources. Excluding the cyclical trading gains, gross income increased by 28.74% from previous year to P20.52 billion.

Gross operating income slightly grew by 1.66% or P377 million to P23.12 billion from P22.74 billion in 2012.

Net interest income ended at P13.31 billion, 16.74% higher than in 2012 due to the increase in loan portfolio and the decrease in interest expense which contracted by 25.04% or P1.84 billion mainly due to the lower cost of time deposits. Accordingly, net interest margin improved to 4.22% from 3.93% last year.

Non-interest income stood at P9.81 billion, 13.51% below 2012 as there was a sharp drop in trading gains from fixed-income securities which offset the rise in fee-based and miscellaneous income. Service fees and commissions went up by 15.29% or P318 million driven by growth in ATM business, underwriting, retail banking and trade transactions, remittance and credit card fees. Miscellaneous income catapulted to P4.24 billion, 115.54% higher than last year chiefly owing to higher bancassurance fees and gain on sale of assets.

Impairment losses declined by 17.38% to P2.05 billion due to lower provisioning on loan accounts.

Other operating expenses were up by 6.76% or P917 million to P14.47 billion as the Bank pursued the expansion of its distribution network and investment in core banking technology. The cost-to-income ratio was at 61.21% with manpower costs making up 16.81% of gross operating income.

FINANCIAL CONDITION

Total resources of the Bank at year-end increased by P58.53 billion or 16.11% to P421.87 billion from P363.34 billion in 2012. This increase was largely attributable to the significant growth in loan portfolio underpinned by the increment in total deposits. Total deposits expanded by 20.71% or P51.10 billion to P297.85 billion and accounted for 70.60% of total resources.

Loans and receivables (net) grew by 24.65% to P237.96 billion with the sustained growth in all market segments: consumer loan bookings by 22%, SME loan bookings by 34% and corporate loan bookings by 9%. Corporate loans remain to have the largest share in the total loan portfolio at 64% while consumer loans and SME loans accounted for 24% and 12% respectively. Despite the robust loan growth, asset quality continued to be strong. Consequently, non-performing loans ratio improved to 1.07% from last year's 1.85%.

Investment securities, which is composed of financial assets at fair value through profit or loss and available for sale securities, slightly decreased by 2.60% or P2.48 billion to P92.70 billion.

As part of the Bank's strategy to resort to cheaper alternative sources of funding to support asset growth, bills payable was expanded by P13.51 billion or 51.19% to P39.90 billion.

Equity, including non-controlling interests, reached P44.81 billion or a growth of 6.28% or P2.65 billion mainly as a result of the capital raising activities undertaken by the Bank . A total of US$ 200 million was successfully obtained from the top-up share placement and additional capital infusion from IFC. Capital Adequacy Ratio (Basel 2) was above the minimum regulatory requirement of 10% at 16.52% while Basel 2 Tier 1 ratio was at 15.95% which also exceeded the BSP's 6% requirement.

Operational Highlights

RETAIL BANKING

The RCBC Group services its clients through a combined 435 branches and 1,150 ATMs, supported by retail internet and mobile banking channels for online transactions. In 2013 the Bank opened 15 additional branches and 140 additional ATMs to end with a ratio of 2.64 ATMs per branch, one of the highest in the industry. Online access in 2013 continued to expand in the IOS and Android universe via the RCBC AccessOne application, and in social media with a re-branded www.facebook.com/RCBCGroup.

The Bank saw heightened customer penetration in 2013, as its Retail Banking Group (RBG) continued to expand its reach in the retail market through its traditional deposit offerings, marketing and referral of Trust and other investment products, pre-paid cards, and Bancassurance. Product innovation likewise increased customer interest and appreciation, as the checkbook, passbook and ATM features bundled into the Super Value CA and E-Woman CA elicited positive feedback from customers. Flexible interest rates for Super Earner Loyalty Plus, and an automatic savings feature for the "iSave" accounts also, encouraged increase in savings activity. Efficiency and convenience too were rallying points in 2013, as the corporate "e-Payslip" payroll service gave enrolled payroll accountholders the convenience of viewing their payslip information online through RCBCAccessOne. The pre-paid card convenience of RCBC "MyWallet", which uniquely allows no maintaining balance, expanded access points through partnerships with well-known retail institutions such as Goldilocks Bakeshop and Palawan Pawnshop. And the Bancassurance partnership with Sunlife-Grepa Financial, generated a total of Php10.0 Billion in referrals, boosted by new products and various incentive campaigns during the year. The focus on expansion and low-cost products supported the increase in Deposits in 2013 and improved the ratio of low-cost to Total Deposits to 62.3%.

CONSUMER BANKING

The Bank provides consumer loans, such as auto, housing, personal and salary loans through its subsidiary, RCBC Savings Bank (RSB) and credit card financing through the RCBC Bankard brand. The efforts in growing the consumer loan portfolio centered on expansion, operating efficiency and product value.

The RSB added 9 new consumer lending offices, 7 of which are located in the provinces, where the bank sees huge potential for growth, to end with a total of 31 in 2013. Supporting the expansion were technology projects focused on improving turnaround time and facilitating loan origination. This included the use of iPads to enable account officers to process and approve loans more conveniently. Other projects for a more efficient and faster application process include the online loan application, the loan referral tracking system, and the automated credit scoring system. This focus allowed RSB to grow its auto loan portfolio by 13% and regular housing loan book by 36%.

For the RCBC Bankard credit card portfolio, the Bank continued to expand and reach out to new customers through its co-branding partnerships with Fully Booked Bookstore and retail store Mango. The discounts and exclusive benefits of the co-branded card were supplemented with aggressive marketing promotions and incentives, such as the "Destination" raffle promo and the installment promo called "Unli 0%", to build up the portfolio. The Bank also recognizes the increasing popularity and, at the same time, the increasing risk of online shopping. The Bank's Web Shopper provides separate card details for online shopping, while keeping the original card details safe from the risks of online shopping. As a result, the credit card portfolio increased by 14% in 2013 while issuing billings grew by 6%, with a total of 104,475 additional new cards

COMMERCIAL & SME BANKING

The Bank's Commercial & SME Segment had a strong year with a 34% growth in loans driven by the strong growth of its provincial lending centers in the Visayas and Mindanao regions, with the expansion and strengthening of small and commercial business operations - this despite the natural calamities of super typhoon Yolanda and the Bohol earthquake. With the expectations of continuing growth in the segment, the Bank has continued to build its capabilities to serve this market. The eWoman (eWMN) Program of the Bank, in partnership with the International Finance Corporation (IFC), is designed to help women entrepreneurs expand their business, combining loans and cash management services and offering unique features that focus on networking, education and training. The convergence of efforts on risk management, cross selling, branch referrals, systems and manpower support culminated with the award "SME Bank of the Year – Philippines 2013" by Asian Banking and Finance in July 2013 in recognition of its efforts to use technology to make bank financing accessible to all market segments.

CORPORATE BANKING

Recognizing the increasing complexity and competitiveness of the market, Corporate Banking was segmented to two groups: the National Corporate Banking Group (NCBG) and Conglomerates & Global Corporate Banking Group (C&GCBG). The new structure allows for greater focus on specific market segments and greater opportunity to deepen the client relationship.

The Conglomerates & Global Corporate Banking Group (C&GCBG) manages the unique and complex requirements of conglomerates, multinational corporations and Japanese and Ecozone companies. The increased focus, allowed the group to capitalize on the niche businesses within these identified market segments resulting in a strong performance with total assets growth of 32% and return on risk assets of 4.78%. The group closed several major breakthrough deals in the areas of infrastructure, power and construction. Some of the major breakthrough deals of the year were: Atlantic Aurum Investments Philippines Corporation (Skyway), Lake Mainit Hydro Generation Corporation, Masinloc Power Partners Company, Ltd., and Hanjin Heavy Industries & Construction Company, Philippines. In partnership with other units of the Bank, the group delivered comprehensive banking solutions to support the various funding requirements of its clientele: the investment banking arm, RCBC Capital Corporation, enabled the Bank to take a more significant role in bigger deals; the Trust Investments Group employed its expertise in facility agency functions; and the Treasury Group and RCBC Forex Corp. serviced the various foreign exchange requirements of the Bank's conglomerates and corporate clients. In tandem with the Global Transaction Services Group, the group was able to expand the deposit of the Japanese and Ecozone Segment. The Bank has consistently been a strong presence in the Special Economic Zones and with the Japanese corporations and is supported by the 67 ATMs exclusively installed for this market. To complement these efforts, the Japanese Business Relationship Officers of the Group led the way for a Business Partnership Agreement with one of the top five banking groups in Japan – Resona Holdings, Inc. and a Memorandum of Understanding with Philippine Export Zone Authority to further promote foreign direct investments and foster business partnerships between Filipino and Japanese companies.

The National Corporate Banking Group (NCBG) addresses the evolving banking needs of the wide range of corporations nationwide. The NCBG further strengthened its capabilities in 2013 and focused on servicing its customers across the different regions and showed strong performance with revenues up by 59%. The group participated in loan syndications for Professional Services, Inc., Guam Healthcare Development., Inc., Sarangani Power, Toledo Power, and the Villar Group of Companies. As clients grow in their respective businesses, the different segments within the NCBG are able to provide a focused approach to the changing banking needs. The Chinese Banking Segment continued to be at the forefront of providing financial services to the dynamic Filipino-Chinese entrepreneurs with loan portfolio growing at 17%.

GLOBAL TRANSACTION BANKING

Global Transaction Banking (GTB) is about banking solutions designed to provide a wide range of tools for the clients to manage their funds easily and become an integral part of their financial flow. In order to capture both the personal and wholesale banking experience and manage the cash flow more efficiently, both retail and corporate transaction banking services have been consolidated into GTB.

For corporate clients, transaction banking services range from basic cash management solutions for disbursement requirements to more sophisticated solutions for entire working capital flows (including trade financing and nationwide collections), international remittances and electronic banking services. In order for the solutions to be truly relevant, the GTB goes into an in-depth analysis and understanding of the clients' end-to-end business activities (including supply chain solutions, collections and payment transactions). Collection solutions simplify the process of monitoring receivables through auto-debit arrangements, bills payment facilities, deposit pickup and check warehousing. Disbursement solutions include customized check printing, fully outsourced check disbursements, auto credit facilities, payroll solutions and payment gateways to BIR, SSS, and other government institutions. Account sweeping facilities consolidate funds into a concentration account to maximize the availability of funds from various linked operating accounts. The cash management solution can be operated through a web-based banking platform that allows multiple banking transactions and reduces processing time.

GTB's trade receivables financing product, known as the Vendor Invoice Program (VIP), expanded in 2013 with new supply chains connecting our clients for more efficient settlement of trade and commerce. The VIP provides working capital funding to SME clients, who are vendors and suppliers to the larger corporations, thereby strengthening the buyer-supplier relationship across the financial supply chain cycle. In 2013, the VIP booked over Php2.0 Billion in trade receivables versus Php1.1 Billion in the previous year, or an 82% growth. Since the inception of the VIP, over Php4.0 Billion in trade receivables have been processed.

The cash management & trade financing services complement the marketing and cross-sell opportunities of other business groups and YGC members. In 2013, 57% more retail clients enrolled with GTB for cash management and 21% more for corporate clients, both leading to the 14% increase in the deposit volume from the cash flow managed through GTB.

Funds flow from international remittances complement the Bank's overall transaction banking model. As the Overseas Filipino Banking group was merged under the Global Transaction Banking Group, total remittance volume of the Bank was up by 8% to USD1.9 Billion in 2013 due to competitive exchange rates, an expansion of the number of tie-ups and cross-border remittances service for Chinese, Sri Lankan migrant workers, and partnerships with banks in the Middle East and Canada.

The efforts of the Global Transaction Banking Group were recognized by The Asian Banker in 2013 with "The Asian Banker Achievement Award for Best Cash Management Bank in Philippines" for providing innovative products addressing the demands of supply and value chains of many industries that have been evolving and dynamic with its requirements.

TREASURY

The overall global economic growth was modest in 2013 with lower than expected inflation and a supportive monetary policy in advanced countries. Market conditions proved to be challenging with the slower albeit more stable growth in the US. Quantitative easing (QE) facilitated a massive repair on balance sheets prompting the budget deficit to fall from 10% to 4% of GDP. Banks had to recapitalize and work off bad loans, the housing market began its recovery, and corporations became flush with liquidity and households dramatically reducing their debts. Supportive economic data and good news on the fiscal front provided the Federal Open Market Committee (FOMC) with an opportunity to begin tapering. In December, it announced a USD10 Billion reduction in its monthly stimulus program. The Fed is expected to continue tapering until the last quarter of 2014 and eventually shift to forward guidance in order to anchor short-term rates.

In the Philippines, accommodative monetary policy and consistently benign inflation introduced additional liquidity into the local economy as expectations of a Philippine upgrade to an Investment Grade rating by the relevant credit rating agencies spurred record inflows into the country. Yields in the bond market hit new lows and the Philippine Stock Exchange Index (PSEi) soared to new heights at the start of the year. However, comments by Ben Bernanke in late May on possible QE tapering prompted a flight to quality as foreign investors reduced risk and reassessed their positions. Local players likewise proceeded with more caution. The Philippine Peso corrected in line with other emerging market (EM) currencies in Asia due to a stronger US Dollar but strong fundamentals have made it resilient in the face of overall EM weakness.

As part of its balance sheet management endeavors, the Treasury Group initiated the Bank's issuance of a total of Php5 Billion of Long Term Negotiable Certificates of Deposits and completed a USD200 million syndicated loan aimed at lengthening the tenor of the Bank's funding base. Treasury also redeemed (earlier than due date) a total of Php11 Billion in Lower Tier 2 Capital Notes no longer eligible as capital under Basel III. The group also received Bangko Sentral ng Pilipinas (BSP) approval for additional derivatives licenses that could expand the range of products it could offer to clients.

To provide top quality products and service to clients, the Global Distribution and Advisory Division (GDA) set up two teams to separately handle Fixed Income and Foreign Exchange Sales, in coordination with the treasury proprietary desks handling the respective products. The combined product focus and strong experience of the team led to a strong performance for the year, with individual members being recognized among FMAP's Top3 Best Fixed Income Salespersons, The Asset's Top 10 Best Individuals in Philippine Bonds and a nomination for The Asset's Best Individual in Asian Local Currency Bonds.

Treasury expects an even more challenging market environment for 2014, as interest rates are expected to rise and there could be more volatility in the financial markets. It is mindful of the global and local macroeconomic conditions that could slow down or accelerate the pace of interest rate increases. While the environment will prove challenging, Treasury shall continue to strengthen its investment portfolio and continue to manage the balance sheet to achieve target returns, strengthen margins, and have manageable asset-liability maturity profiles.

TRUST & INVESTMENTS

Similarly, the past year was challenging for the Trust and Asset management industry. Market volatility and the shift in investment focus from emerging markets back to the U.S. and developing countries, compounded by the phase-out of the Special Deposit Account (SDA) facility as an investment outlet for agency accounts and the BIR rulings on long term trust and investment management accounts, all contributed to the decline in the industry's Assets under Management (AUM) by 19%. RCBC Trust likewise registered a decline in AUM, ending the year at over Php68 Billion. Despite the decline in AUM, RCBC Trust managed to maintain its No. 5 rank among local private trust institutions. While the SDA phase-out may have dampened the growth momentum of the trust industry, it became an opportunity for the Unit Investment Trust Fund (UITF) business. The volume of RCBC's UITFs grew five-fold in 2013 with most of the funds flowing into the preferred short-term, safer investment - Rizal Peso Money Market Fund (RPMMF).

Corporate transactions with the Bank's Corporate Banking Groups and subsidiary RCBC Capital also allowed for the growth in other Trust services such as traditional trust arrangements retirement fund management, portfolio management and corporate agency market. RCBC's Trust and Investments Group (TIG) was selected as bond trustee by Energy Development Corporation (EDC) and Facility Agent, Security Trustee and Project Accounts Trustee for several project financing deals, such as Lake Mainit Hydro Generation Corporation, Masterpiece Properties Inc. and Medical Doctors Inc.

To support the activities of TIG, there are the continuing operational improvements focused on risk management, compliance monitoring and process efficiency. One of the projects related to improving process efficiency, systems and technology is the eTrust facility, which provides clients access to their latest financial statements and UITF statements of account. The over-all goal is for strong, compliant and efficient operations that will support the quality of service delivery to customer.

PRIVATE BANKING

Recognizing the unique needs of the sophisticated market niche of high net worth individuals, the Bank's specialized Wealth Management Group (WMG) services their private banking needs. The group, in spite of the difficult and volatile market, was able to grow its number of clients by 9% and expand its assets under management (AUM) by 10% year-on-year. Likewise, fee based revenues increased by 20% and accounted for over 70% of total revenues generated for the year.

Though clients remained prudent and continued to diversify their investments according to their needs and risk tolerances, there was a marked decline in their appetite to further invest in longer dated instruments like bonds. Clients sought refuge in short tenor investments despite lower yields as they waited for clearer market signals and economic indicators before deciding how to proceed further. The last quarter of 2013 was marked by a "wait and see" attitude amongst investors. Gauging from the mix of investments in terms of tenor, at least 40% remained in short term instruments.

Despite the changing moods of the market, WMG focused on providing for the financial needs of its clients by giving the best solutions anchored on what is most sensible and appropriate and therefore, a tailored financial solution. This is the driver for expanding the clients' investment horizon beyond what is locally available, and working around an open architecture framework, to provide a wide range of options including estate planning, retirement and legacy.

Committed to guiding and supporting its clients with their investment needs, the WMG sustained its expansion and was able to grow its AUM and its client base over the past 5 years by 23.5% and 20%, respectively, on a compounded basis. This growth performance of WMG has been recognized by AsiaMoney for the 2nd consecutive year as the Best Domestic Private Bank in the Philippines and the Overall Best Private Bank in the Philippines in terms of AUM. This is a clear manifestation of the clients' level of trust, appreciation and confidence on the conduct and overall performance of the Group. This award is a major milestone for the Group as it begins to see their efforts and strategy bear fruit and recognition.

HUMAN RESOURCES

OUR MOST IMPORTANT ASSET: OUR PEOPLE!

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

MANPOWER STATISTICS*

TOTAL WORKFORCE AS OF DECEMBER 31, 2013 = **3,667**

BY EMPLOYMENT TYPE:		BY GENDER:	
Regular Employees	3,556	Male	1,459 or 40%
Probationary	111	Female	2,208 or 60%

BY AGE GROUP:		BY JOB LEVEL:	
< 30	1,457	Staff	1,525
31 – 40	951	Junior Supervisory	1,519
41 – 50	970	Middle Management	392
>50	289	Senior Management	231

**Parent bank only*

INVESTMENT IN PEOPLE

Learning and Development

RCBC is committed to provide a strong learning and development platform for all employees across all job levels. HRG therefore continued to strengthen the talent pipeline and brought further competencies on the job by facilitating various training programs and seminars benefiting 6,584 employees addressing the competencies of Leadership, Customer Service, Sales Planning and Management, Product Knowledge, Risk Management and Technical Skills while, a total of 145 employees were enrolled in a number of specialized/IT external training programs. HRG also conducted coaching workshops, to promote a coaching culture across the organization.

The Bank's effort to provide careers to new graduates and to ensure an effective talent development resulted in the deployment of 12 Officers Development Program (ODP) graduates to junior officer positions across the Bank. In June 2013, HRG in partnership with Operations Group commenced with the third batch of the General Operations Learning and Development (GOLD) Program with 7 selected trainees. The 6-month program aims to develop a pool of junior officers with strong operations background and risk orientation.

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

To further deepen the leadership bench, the second batch of the Middle Management Development Program (MMDP) was conducted. This is a 6-month internal training program which aims to accelerate the development of our next generation of leaders. The MMDP was designed in partnership with the De La Salle University, Center for Professional Development in Business and Economics (CPDBE).

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

INVESTMENT IN EMPLOYEE TRAINING*

TOTAL NUMBER OF TRAINING ATTENDEES PER JOB LEVEL	
Staff	2,692
Junior Supervisory	2,019
Middle Management	1,682
Senior Management	336
Total No of Attendees	**6,729**
Total Number of Training Hours for 2013	**557,553**
Average Number of Training Hours Per Employee	**83**
Average Number of Training Hours Per Employee Per Job Level	
Staff	22 hours
Junior Supervisory	204 hours
Middle Management	46 hours
Senior Management	30 hours

**Parent bank only*

Performance Management

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

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

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

Compensation and Rewards Program

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

The Bank implements and maintains a sound Compensation and Incentive Program with the following objectives:

1. To establish a basis for determination and management of compensation, salary increase and performance incentives.
2. To provide financial incentives through the proper administration of salaries and other means of compensation for each individual to motivate them to do their best on their job.
3. To maintain competitive salary levels/structures consistent with those in the banking industry
4. To ensure retention and attraction of performing and key talents in the organization.

The Compensation and Incentive Program is composed of (a) Basic Pay - referring to the employee's monthly take-home pay, exclusive of allowances and overtime pay; (b) Guaranteed Pay is part of the annual compensation supplementary to the Basic Pay, such as the 13th month pay; (c) Variable Pay refers to additional bonuses or incentives, Merit Increase (for Officers) and Promotional Increase (for Non-Officers and Officers), given to eligible employees based on their contributions to the Bank's overall objectives.

To guide the Bank in managing the compensation levels of its employees, a salary structure was designed and developed based on several parameters. One parameter is the job evaluation system - a process of analyzing, measuring and classifying positions according to common job elements or factors found in every position. The current salary structure is based on a job grading system for Officer Levels up to Senior Executive Vice President. HRG is responsible for ensuring that jobs are rated properly and regularly to account for organizational and functional changes. Another parameter is the salary structure of the "Target Market Group", based on market data of banks deemed as peers of the Bank, and obtained from industry and national surveys conducted by private consultancy companies and trade and employee associations. Management sets target positioning objectives, based on the Target Market Group or the banking industry in general. The positioning is targeted at both the market's guaranteed pay and total annual cash compensation.

The salary structure is reviewed regularly by HRG and supported by surveys and studies, to maintain its relevance and competitiveness internally and externally. Should the surveys and studies reveal significant divergence between the current salary structure and the industry or its Target Market Group, HRG will prepare and discuss recommendations with management to correct the disparity. Changes to the compensation structure and policies are reviewed and approved by the Corporate Governance Committee. The administration, implementation and maintenance of the Bank's Compensation and Incentive Program are handled by HRG.

Employee Retention

Recognizing the continuing competition for talent, HRG's retention programs have helped keep the Bank's attrition rate at 9.07% - significantly below industry level.

TURNOVER STATISTICS*

BY GENDER:	
Male	133 or 9.2%
Female	197 or 9.0%

BY AGE GROUP:	
<30	186 or 13.0%
31 - 40	65 or 6.7%
41 - 50	39 or 4.2%
>50	40 or 13.3%

BY JOB LEVEL:	
Staff	143 or 9.4%
Junior Supervisory	100 or 10.3%
Middle Management	71 or 7.7%
Senior Management	16 or 7.3%

**Parent bank only*

ADHERENCE TO THE CODE OF CONDUCT

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

INFORMATION TECHNOLOGY AND SHARED SERVICES

In line with the Bank's growth strategy, the Information Technology Shared Services Group (ITSSG) continued to enhance the capability of the Finacle Core Banking System to handle a higher volume of transactions supplemented with a top tier enterprise disk storage facility investment and an upgrade of the database to the latest version.

The benefits of the new core banking system was evident as new products like the long term USD Time Deposit and Super Earner Loyalty Plus Savings Account were launched at a much shorter period. Additional channels for the customer's convenience were made available by extending the Access One Mobile Banking and Internet Banking to the clients of RCBC Savings Bank.

There were several improvements on existing systems, such as the enhancement of the Telemoney remittance system to enable real time interface and straight through processing, and revisions on Customer Analytics to improve cross-selling. The Credit Risk System, Corporate Risk Rating Model and various automated reconciliation and monitoring systems were also launched.

Focused on the strategy to strengthen technology in the bank, the significant efforts in the core banking project were recognized by international award giving bodies as the Best Core Banking Project for the Philippines 2013 given by The Asian Banker during its Technology Awards and, the International Data Group (IDG), the world's leading technology media, events and research company, cited the Bank's Senior EVP Dennis Bancod, the ASEAN CIO of the Year Awardee of 2013.

OPERATIONS

The Operations Group (OG) continues to build on its initiatives and achievements in operating efficiency and risk mitigating initiatives. Anchored on its strong Lean 6 Sigma foundation, the OG successfully launched projects resulting to cost savings, translating to at least ten thousand (10,000) productive hours. At the center of all the efforts and activities of the group is the practice of continuous improvement, earning for the team seven (7) certified Lean 6 Sigma green and black belts in Operations Group. The Bank's General Operations Learning and Development (GOLD) training program, focused on junior officers with strong process orientation and passion for innovation, has become a key component of the continuous and sustainable improvement,

The Group was also recognized with a "Highly Commended Award" under the category of Business Continuity Strategy, from the Business Continuity Awards 2013 in London for the successful implementation and testing of its business continuity strategy, effective use of business impact and risk analysis and for instilling a business continuity culture.

The Bank also leveraged on the strengths of Operations Group as it consolidated the back office support for the automated teller machines (ATMs), cash and regional operations. The consolidation is expected to bring about synergy, effective management and controls, and a broader and rewarding career path for its employees.

Subsidiaries

RCBC Savings

RCBC Savings Bank (RSB) recorded Php1.15 Billion in Net Income After Tax (NIAT), with a 15.1% Return on Equity (ROE) and 1.8% Return on Assets (ROA). Net interest income increased by 21% to Php3.51 Billion supported by the strong 24% loan growth led by double digit expansion of core loans - auto and regular housing loans. As part of RSB's overall strategy and focus on the SME market, RSB also increased efforts to grow this market and had more than doubled its SME loan portfolio through focused marketing activities and quality service. Non-interest income grew by Php1.58 Billion, inclusive of the decline in trading gains given the volatile market. Total resources reached Php66.40 Billion, up by 4% from 2012 driven by the growth in loan portfolio. The bank sought to reach more clients by expanding its distribution network to include additional 6 business centers and 59 ATMs nationwide to end the year with 142 business centers and 343 ATMs. Expansion helped the bank generate higher level of deposits, up 5% to Php55.66 Billion with a 23% increase in its CASA. RSB's capital stood at Php6.90 Billion, with a Capital Adequacy Ratio (CAR) of 16.6%, higher than the 10% minimum required CAR of the BSP. RSB also launched new products during the year, including the RCBC Savings Bank MyWallet, a pre-paid cash card with no maintaining balance and the "e.VIP" Checking Account, which offers clients the convenience of one account with a checkbook, transaction journal and ATM. On its first year, the RCBC Savings Bank MyWallet had enrolled over 170,000 cards, exceeding the bank's projections. The "e.VIP" checking account also brought in more than Php2 Billion in deposits and added over 2,000 accounts.

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 loans, (iii) financial advisory with respect to mergers and acquisitions, restructuring, company valuations and spin-offs, and (iv) dealership of commercial papers and other securities. With over 40 years of strong presence in Philippine investment banking, RCBC Capital has established its name in the industry, making it one of the top ranking and preferred investment houses in the country. The Net Income of RCBC Capital for 2013 was Php397.1 Million.

RCBC Capital raised funds through the capital market for several issuers, representing diverse industries such as retail, shipping and tourism. Equity issuers included those Robinsons Retail Group and Harbor Star Shipping, among others, with a collective issue size totaling Php28.0 Billion. RCBC Capital was also actively involved in key debt issues in 2013 from key sectors such as energy, infrastructure and holding companies with major issuers such as Manila Electric Company, Energy Development Corporation, Atlantic Aurum Investments Phils., Inc. (Skyway), GT Capital Holdings, Inc., Toledo Power Corporation and House of Investments .

RCBC Bankard Services Corporation

On December 27, 2013, Rizal Commercial Banking Corporation (RCBC) and RCBC Capital Corp. (RCAP) sold their 89.9% stake in Bankard, Inc. in a block sale to various investors made through Philippine Business Bank, Inc.-Trust and Investment Center. This share sale resulted to (1) the transfer of the management of RCBC's credit card operations from Bankard, Inc. to RCBC Bankard Services Corporation (RBSC) and (2) the sale of all or substantially all of the assets and liabilities related to the servicing operations of RCBC Bankard credit card to RBSC and RCBC with respect to Bankard's POS terminals and merchant acquiring business.

RBSC, wholly owned by RCAP, was incorporated on December 04, 2013 with essentially the same management structure and Board of Directors Bankard, Inc. had before its December 27, 2013 sale. This assures cardholders of the RCBC Bankard brand that the management and operations of their credit card remains unchanged and remains under RCBC.

As a servicing entity of RCBC, RBSC's goal continues to be focused on the growth of RCBC's credit card business and the continued improvement of its product offerings and services to cardholders. In 2013, the use of the credit card through the issuing payments volume and the total outstanding credit card receivables continued to register a growth of 6% and 14%, respectively.

RBSC posted a net income after tax of Php1.7 million since the start of its operations on December 16, 2013. Reported total assets as of end 2013 amounted to Php86.8 million while total equity was at Php26.2 million. Bankard, Inc., until the share sale on December 27, 2013, posted a net income of Php151.5 million.

RCBC Securities

RCBC Securities (RSEC), the stock brokerage arm of the Bank, was still able to generate gains in 2013, even as the exchange moved with volatile and robust activity. While, it may seem that the Philippine Stock Exchange Index was flat from 5,812.73 in 2012 to 5,889.83 in end-2013, the market was actually exceptionally strong in the first five months of the year, with value turnover 41% higher in 2013 than in 2012. Behind the backdrop of a volatile market, RCBC Securities continued to expand its customer base to over 8,700 by end of the year. To support this growth, additional sales, research and operations staff was brought in.

In May 2013, RSEC established a milestone partnership with Okasan Securities, one of Japan's top stockbrokerage houses, to market Philippine stocks to Japanese investors. Since then, the company has undertaken two marketing trips to meet with Japan's largest institutional investors, including life insurance companies, trust and banking corporations and asset management companies. These efforts are expected to bring in considerable business from Japan in the years to come.

Understanding the needs of its unique and discriminating customers, the company continued to focus on activities and improvements in its overall service delivery. The company continued to organize stock market investor briefings to clients in Metro Manila and provincial branches and is developing and redesigning its online trading system to provide a stronger competitive edge in the retail business.

All the above efforts combined helped expand the firm's peso turnover to Php46.55 Billion in 2013, almost double the previous year's Php22.56 Billion. Consequently, the company generated commission income of Php111.61 million, 94% higher than the year-ago's Php57.64 million.

RCBC Forex

Notwithstanding the challenges in 2013, RCBC Forex managed to post solid financial results. Growth in Gross Revenues, excluding one-time gains in 2012 was at 11.13%. Net Income reached Php76.8 million yielding an Average Return on Investment of 34.14% while volume stood at over USD2.6 Billion.

RCBC Forex remains one of the most profitable bank-owned foreign currency traders in the industry. The strength of the business is in the faster processing time, competitive rates and the solid support of the Corporate Banking Relationship Managers and the Business Center Managers as well as the deep business relationship of its loyal customer base.

Rizal Microbank (Merchants Savings & Loans)

2013 was a year of firsts for Rizal Microbank, a full year after the operational adjustments borne out of the integration of the microfinance operations of the former Pres. Jose P. Laurel Rural Bank, Inc. into Rizal Microbank, the bank finally had standardized operations in Luzon and Mindanao. The year 2013 saw Rizal Microbank hit a cumulative loan disbursement of Php1.1 Billion, having disbursed 14,510 loans over a 4 year period. The bank exhibited a 101.5% year-on-year growth with outstanding portfolio as of year-end at P148.4 million, up from Php73.6 million in 2012 - supported by the increase from 994 to 1,083 active borrowers. With 3 loan product offerings (2 microfinance products and a business loan product), portfolio yields have hovered at around 41% - still outpacing international microfinance industry benchmark for banks which stood at 23.68% for the same period.

As part of its institutional initiative towards promoting, expanding and improving the understanding of microfinance to a broader population, Rizal Microbank and the Asian Bankers Association (ABA) conducted a two-day course on microfinance as a business initiative for delegates of ABA member banks from Indonesia, Iran, Taiwan, and Vietnam. The Microfinance Appreciation Course aimed to impart the best microfinance practices and experiences to ABA member banks through several lectures and field exposure visits to Rizal Microbank clients.

Rizal Microbank received several recognitions in 2013. Enterprise Asia bestowed Rizal Microbank's PITAKA Microfinance Program with the Asia Responsible Entrepreneurship Award for Social Empowerment, in Singapore last June 2013, the first microfinance operation from the Philippines to have received this distinction. Citibank awarded Microfinance client, Necy Ann Ty with the Microentrepreneur of the Year Award and Rizal Microbank was likewise recognized during awarding ceremonies held at the Bangko Sentral ng Pilipinas on 3 December 2013.

In expanding business operations, Rizal Microbank factored cost with environmental considerations and on October 2013, the very first banking office made of recycled shipping container vans was opened in the Philippines.

RCBC Leasing

RCBC Leasing and its subsidiary, RCBC Rental, posted Php2.15 Billion in new loans and leases in 2013, exceeding its Php1.31 Billion volume production a year ago by 64% while maintaining a balanced portfolio mix in terms of industry exposure, including Manufacturing, Transportation & Storage, Construction and Wholesale & Retail Trade industries. Consolidated Total Assets increased to Php3.63 Billion, a 14% growth from Php3.18 Billion as of the same period last year. With continued business generation, gradual reduction in annual interest rates, and a windfall from settlement of non-performing portfolio, Gross Revenue improved by 26% to Php482 million and registered a Net Income of Php17.1 million, a turn-around from the previous year's loss of Php92 million.

A blend of passion, professionalism, and commitment to service produces the best work results.

Corporate Governance

CORE PRINCIPLES

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

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

The Bank likewise complies with the guidelines and respective best practices under the PSE Corporate Governance Guidelines Disclosure Template and the ASEAN Corporate Governance Scorecard, thereby promoting greater transparency through more disclosures which gives clients/investors the confidence that the bank they are dealing with adheres to the highest standards of good corporate governance.

THE BOARD OF DIRECTORS

The corporate powers of the Bank are exercised, its business conducted and all its property are controlled and held by the Board of Directors, composed of members elected by the stockholders. Based on the Bank's By-Laws and the Corporate Governance Manual, there are 15 directors, 3 of 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. There are 13 non-executive directors and 2 executive directors who are concurrently officers of the Bank.

The profiles of the members of the Board of Directors are as follows:

Ambassador Alfonso T. Yuchengco, 91, Filipino, is the Bank's Honorary Chairman. He is also the Chairman and Chief Executive Officer of the Bank's major stockholder, Pan Malayan Management and Investments Corporation, the Honorary Chairman of the Board of MICO Equities, Inc. (the holding company of the Malayan Group of Insurance Companies) and other YGC companies. He has served as Philippine Ambassador to the People's Republic of China, Ambassador Extraordinary Plenipotentiary of the Philippines to Japan, and Presidential Special Envoy to Greater China, Japan and Korea. He served as the Philippines' Permanent Representative to the United Nations with the rank of Ambassador from 2001 to 2002. He was the first recipient of the Order of Lakandula with the rank of Bayani (Grand Cross) presented by President Gloria Macapagal-Arroyo. Ambassador Yuchengco was the first Asian to be elected to the Insurance Hall of Fame by the International Insurance Society, Inc. He graduated from Far Eastern University with a Bachelor of Science degree in Commerce and completed his graduate studies at the Columbia University, New York, USA. He holds several Honorary Doctorate Degrees from universities in the Philippines, Japan and the United States. Following his service in government, he was re-elected to the Bank's Board of Directors in 2002.

Ms. Helen Y. Dee, 69, Filipino, is the Bank's Chairperson. She is a member of various board committees of the Bank, including the Risk Oversight Committee, Corporate Governance Committee, Technology Committee and the Personnel Evaluation and Review Committee. Ms. Dee is also the Chairperson/President of Hydee Management and Resource Corporation and House of Investments ("HI"), Landev Corporation, Hi-Eisai Pharmaceutical Inc., Mapua Information Technology Center, Inc. and Manila Memorial Park Cemetery, Inc. She is also the Vice Chairperson of Pan Malayan Management and Investment Corporation. Among the top companies where she holds a directorship position are Philippine Long Distance Telephone Company, Petroenergy Resources Corp., Great Life Financial Assurance Corporation, Malayan Insurance and MICO Equities. Ms. Dee is also a Trustee of the Malayan Colleges, Inc. (operating under the name Mapua Institute of Technology). She graduated from Assumption College with a Bachelor of Science degree in Commerce and completed her Masters in Business Administration at De La Salle University. She has been the Board Chairperson since 2005.

Mr. Lorenzo V. Tan, 52, Filipino, has been the Bank's President and Chief Executive Officer since 2007. He is also a director of RCBC Savings Bank, Merchants Savings and Loan Association, Inc. and Smart Communications, Inc. He is currently the President of the Bankers Association of the Philippines and Chairman of Asian Bankers Association. Before joining the Bank, Mr. Tan was the President and Chief Executive Officer of Sun Life of Canada (Phils.), Inc., President and Chief Executive Officer of Philippine National Bank, President and Chief Operating Officer of United Coconut Planters Bank, and Group Managing Director of Guoco Holdings (Phils.), Inc. He also held various positions in Citibank N.A. from 1987 to 1995. He graduated from De La Salle University with a Bachelor of Science degree in Commerce. He completed his Master of Management degree from the J.L. Kellogg Graduate School of Management in Evanston, Illinois, USA. He is a Certified Public Accountant in the United States and the Philippines.

Mr. Cesar E. A. Virata, 83, Filipino, has been a director since 1995, Corporate Vice Chairman since June 2000 and Senior Adviser from 2007. He is also the Chairman and President of C. Virata and Associates, Inc., Management Consultants. Mr. Virata's roster of companies where he is also a Director and/or Chairman include RCBC Savings Bank, RCBC Forex Brokers Corporation, RCBC Realty Corp., RCBC Land, Inc., Malayan Insurance Company, Inc., Business World Publishing Corporation, Belle Corporation, Luisita Industrial Park Corporation, Pacific Fund Inc., Malayan Colleges, Inc., RCBC Bankard Services Corporation, AY Foundation, Inc., YGC Corporate Services, Inc., among others. Mr. Virata has held important/key positions in the Philippine government, including Prime Minister, Secretary/Minister of Finance, Chairman of the Committee on Finance of the Batasan Pambansa (National Assembly) and member of the Monetary Board. He was also Chairman of the Land Bank of the Philippines. He likewise served as Governor for the Philippines to the World Bank, the Asian Development Bank and the International Fund for Agriculture Development. He was Chairman of the Development Committee of the World Bank and International Monetary Fund from 1976 to 1980 and Chairman of the Board of Governors of the Asian Development Bank. Prior to his Government positions, he was a Professor and Dean of the College of Business Administration of the University of the Philippines and Principal, SyCip Gorres Velayo and Company, Management Services Division. Mr. Virata graduated from the University of the Philippines with degrees in Mechanical Engineering and Business Administration (Cum Laude). He completed his Masters in Business Administration from the Wharton Graduate School, University of Pennsylvania.

Mr. Minki Brian Hong, 41, American, is currently a Managing Director of CVC Asia Pacific Limited and a Director of Hexagon Investments Holdings Limited. He graduated from the Brown University with double degree in Political Science and Business Economics. Other present directorship positions include Capital Asia Funds Limited, Best Moment Holdings, WiniaMando, Inc., Spare Group Limited, Spare Holdings Limited. He has been a director of the Bank since 2011.

Mr. Tze Ching Chan, 57, Chinese, started with Citibank in Hong Kong as a Management Associate in 1980. He was posted to Japan from 1986 to 1994. In 1994, he returned to Hong Kong to become Country Treasurer and Head of Sales and Trading. In 1997, he became head of Citibank's Corporate Banking business for Hong Kong. In 1999, he became Citigroup Country Officer for Hong Kong. In 2003, he was posted to Taiwan as Citigroup Country Officer. In 2004, he assumed the additional role of Chief Operating Officer for Greater China. In 2005, he returned from Taiwan to Hong Kong as Citigroup Country Officer for Hong Kong and Head of Corporate and Investment Banking business for Greater China, a position he held until his retirement from Citi in 2007. He worked briefly as Deputy Chief Executive for Bank of China (Hong Kong) in 2008. Mr. Chan is currently a Senior Adviser at CVC Capital Partners and The Bank of East Asia, Limited. He also holds directorship of various companies in Hong Kong and is currently an Honorary Advisory Vice-President at Hong Kong Institute of Bankers. He has been a director of the Bank since 2011.

Mr. Tim-Chiu R. Leung, 61, British, has over thirty (30) years of experience in the financial services industry working for companies such as Hang Seng Bank Ltd., Citibank N.A., HSBC Bank USA and Delta Asia Financial Group. He also worked for DBS Bank Ltd. and UBS AG in Hong Kong as Managing Director. He graduated from the University of Hawaii with a Bachelors degree in Business Administration. He completed his Masters in Business Administration from the University of Minnesota, USA. Mr. Leung has been a director of the Bank since 2012.

Mr. Francis G. Estrada, 64, Filipino, holds Chairmanship and/or Directorship position/s in several companies, including De La Salle Philippines, Ayala Land Inc., and Philippine American Life Insurance Company. He is a Trustee and Fellow of the Institute of Corporate Directors (Philippines). Mr. Estrada obtained his Bachelor of Science in Business Administration and Bachelor of Arts from the De La Salle University. He graduated "With Distinction" from the Asian Institute of Management with a Master in Business Management and completed the Advanced Management Program at Harvard Business School. He has been a director of the Bank since 2012.

Mr. Medel T. Nera, 58, Filipino, joined the Board of Directors of the Bank in July 2011. Aside from being a member of Audit Committee, he is also the Chairman of the Risk Oversight Committee and member of Technology Committee. Mr. Nera graduated from the Far Eastern University with a degree in BS Commerce Major in Accountancy. He completed his post graduate studies at the New York University with Master of Business Administration degree. He is presently the Director of Philippine National Reinsurance Corporation, Director and President of House of Investments, Inc., and Director and President of RCBC Realty Corporation. He also has directorship positions in Honda Cars Kalookan, iPeople, Inc., Landev Corporation, Hi-Eisai Pharmaceutical, Malayan Colleges Laguna, and YGC Corporate Services.

Atty. Teodoro D. Regala, 80, Filipino, has been a director of the Bank since 1999 and a Chairman of the Trust Committee since 2000. He is the Founding and Senior Partner and a member of the Executive Committee of Angara Abello Concepcion Regala and Cruz Law Offices- one of the biggest law offices in the country. He is a Director of Malayan Insurance Co., Inc., MICO Equities, Inc., Safeway Philtech, Inc., and Director and Corporate Secretary of OEP Philippines, Inc and Republic Asahi Realty Corporation. He graduated from the University of the Philippines (Cum Laude) with a Bachelor of Laws degree and took his Masters of Law at Harvard University.

Atty. Wilfrido E. Sanchez, 77, Filipino, has been a director of the Bank since 2006. He is a Tax Counsel at Quiason Makalintal Barot Torres and Ibarra Law Offices. He also holds the position of Director in other companies, such as Adventure International Tours, Inc., Amon Trading Corp., Center for Leadership and Change, Inc., EEI Corporation, House of Investments, and Universal Robina Corporation, among others. He graduated from Ateneo de Manila University with a Bachelor of Laws degree and completed his Master of Laws at Yale University.

Atty. Maria Celia H. Fernandez-Estavillo, 42, Filipino, is also the Bank's Corporate Secretary and First Senior Vice President and Head–Legal and Regulatory Affairs Group. She is also a Director and/or Corporate Secretary in Luisita Industrial Park Corp., Philippine Integrated Advertising Agency, Inc., RCBC Capital Corporation, and Niyog Property Holdings, Inc. She is also a member of the Board of Trustees of Yuchengco Center and Mapua Colleges Inc. She graduated from the University of the Philippines with a Bachelor of Science in Business Economics (Summa Cum Laude). She also graduated from the same university with a Bachelor of Laws degree (Cum Laude). She completed her Master of Laws (LL.M) in Corporate Law (Cum Laude) from New York University School of Law. She received the highest score in the Philippine Bar examinations of 1997. Atty. Fernandez-Estavillo has been a director of the Bank since 2005.

The independent directors of the Bank are:

Mr. Armando M. Medina, 64, Filipino, is a member of various board committees of the Bank, including the Executive Committee, Audit Committee, and Risk Oversight Committee He is also an Independent Director of RCBC Savings Bank, RCBC Capital Corporation, Malayan Insurance Co. Inc., and Malayan Colleges Inc.. He graduated from De La Salle University with a Bachelor of Arts degree in Economics and a Bachelor of Science in Commerce with a major in Accounting. Mr. Medina has been an independent director of the Bank since 2003.

Mr. Francisco C. Eizmendi, Jr., 78, Filipino, is the Chairman of Deerborn Motor Co., an Independent Director of Sunlife Grepa Financial Inc., Great Life Financial Assurance Corporation, Makati Finance Corporation and Trustee at the Institute of Corporate Directors. He served as President and Chief Operating Officer of San Miguel Corporation from 1987 to 2002. He graduated from the University of Sto. Tomas with a Bachelor of Science degree in Chemical Engineering. Mr. Eizmendi has been an independent director of the Bank since 2006.

Mr. Antonino L. Alindogan, Jr., 75, Filipino, holds directorship positions in various companies including House of Investments, Inc., An-Cor Holdings, Inc., Philippines Airlines, Inc. and PAL Holdings, Inc. among others. Prior to his assumption as independent director of the Bank, Mr. Alindogan was a member of the Monetary Board of the Bangko Sentral ng Pilipinas. He graduated as Magna Cum Laude from the De La Salle College with a degree of Bachelor of Science degree in Accounting. Mr. Alindogan has been an independent director of the Bank since 2007.

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

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

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

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

Independent Directors

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

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

Rotation and Re-election of Directors

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

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

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

Fit and Proper Standards

The Bank has adopted fit and proper standards on directors and key personnel, taking into consideration their integrity/ probity, technical expertise, physical/mental fitness, competence, relevant education/financial literacy, diligence, and knowledge/ experience/ training. The qualifications of those nominated to the Board as well as those nominated for positions requiring appointment by the Board are reviewed and evaluated by the Corporate Governance Committee.

To reinforce the pivotal role they play in the implementation of corporate governance in the Bank, the Board of Directors and senior management participate in corporate governance and AMLA training seminars on an annual basis. From August up to November, 2013, the Board and senior management attended monthly training seminars arranged by the Regulatory Affairs Division/Compliance Office covering the following topics: updates on corporate governance, updates on AMLA, risk management and Basel III, risk management and project finance and respectively conducted by experts on the subject matter. These seminars, which are provided by regulators, external advisors and professional trainers, are viewed as augmenting the knowledge of Board members for a more effective contribution and ensure that the Board is kept abreast of relevant regulatory and legislative developments and changes. Further, new directors are briefed by senior management on the different aspects of operation handled by each group upon election. On a regular basis, directors request and meet with key officers of the Bank on various topics.

Board Oversight and Tone at the Top

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

Advisory Board

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

Separate Roles of the Chairperson and the CEO

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

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

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

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

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

ACCESS TO INFORMATION

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

The Corporate Secretary

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

Meetings and Quorum Requirement

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

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

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

The Bank submits annually a sworn certification about the directors' record of attendance in Board meetings through SEC Form 17-C to the SEC and PSE.

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

For the period January to December 2013, attendance at the board and board committee meetings is as follows:

DIRECTOR	BOARD No. of Meetings Held During the Year*	No. of Meetings Attended	EXECUTIVE COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	AUDIT COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	RISK OVERSIGHT COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	CORPORATE GOVERNANCE COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	TRUST COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	TECHNOLOGY COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended	PERSONNEL EVALUATION AND REVIEW COMMITTEE No. of Meetings Held During the Year	No. of Meetings Attended
Alfonso T. Yuchengco	20	20														
Helen Y. Dee	20	20	42	38			10	10	12	12			8	7	6	6
Lorenzo V. Tan	20	20	42	37			10	8			12	11	8	6		
Cesar E.A. Virata	20	20	42	40			10	8			12	12	8	7		
Teodoro D. Regala	20	20									12	12				
Wilfrido E. Sanchez	20	19							12	12	12	10				
Ma. Celia H. Fernandez-Estavillo	20	19							12	12					6**	6
Minki Brian Hong	20	14	42	14	15	6										
T.C. Chan	20	14														
Tim-Chiu Richard Leung	20	12														
Medel T. Nera	20	19			15	14	10	9					8	6		
Francis G. Estrada	20	16														
Francisco C. Eizmendi, Jr.	20	19			15	8			12	12						
Armando M. Medina	20	20	42	40	15	15	10	10					8	4		
Antonino M. Alindogan, Jr.	20	16	42	37	15		10	8	10***	7						

*Includes special board, stockholders' and organizational meetings of the board ** As head of the Legal and Regulatory Affairs Group ***Appointed 26 February 2013

Board Committees

The Board has delegated responsibilities to 7 board committees as follows:

1. The Executive Committee

- COMPOSITION : Chairman, Vice-Chairman and four (4) members to be elected by the Board of Directors from among themselves.
- MEMBERS : Ms. Helen Y. Dee – chairperson; Mr. Lorenzo V. Tan – co-chairman; Mr. Cesar E.A. Virata, Mr. Armando M. Medina (ind,), Mr. Antonino L. Alindogan, Jr. (ind.), Mr. Minki Brian Hong
- RESPONSIBILITIES : The Executive Committee has the power to act and pass upon such matters as the Board of Directors may entrust to it for action in between meetings of the said Board of Directors. Matters affecting general policy, however, are always referred to the Board of Directors for decision.

The major activities conducted by the Executive Committee in 2013 include, among others, the following:

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

2. The Audit Committee

- COMPOSITION : At least three (3) members of the Board, at least two (2) of whom shall be independent directors, including the Chairman, and another one with audit experience.
- MEMBERS: Mr. Armando M. Medina – chairman, ind.; Mr. Medel T. Nera, Mr. Francisco C. Eizmendi, Jr. (ind.),Mr. Minki Brian Hong
- RESPONSIBILITIES: The Audit Committee assists the Board in fulfilling its oversight responsibilities for: (i) the integrity of the bank's accounting and financial reporting, principles, policies and system of internal controls,

including the integrity of the Bank's financial statements and the independent audit thereof; (ii) the Bank's compliance with legal and regulatory requirements; (iii) the Bank's assessment and management of enterprise risks including credit, market, liquidity, operational and legal risks; and (iv) the Bank's audit process and the performance of the Bank's internal audit and external auditors, including the external auditors' qualifications and independence.

In the year 2013, the Audit Committee fulfilled its duties and responsibilities as embodied in the Audit Committee Charter, particularly on areas of Internal Control and Risk Management, Financial Reporting, Internal and External Audit, Compliance with Laws and Regulations, Ethics and Business Conduct, and other functions as requested by the Board. Work done included, but is not limited to, the following:

- Performance of oversight functions over the internal and external auditors and ensuring that they acted independently from each other and both auditors were given unrestricted access to records, properties and personnel in the discharge of their functions.
- Review of audit reports of both internal and external auditors and engaging in discussions of the results of audits during Audit Committee meetings to evaluate the adequacy and effectiveness of internal control system and risk management including financial reporting and information technology security. This also included the review of the annual and quarterly financial statements before submission to the Board and regulators focusing on the following matters:
    - Any changes in accounting policies and practices;
    - Significant adjustments arising from audit;
    - Compliance with accounting standards;
    - Compliance with tax, legal and regulatory requirements;
    - Going concern assumptions;
    - Major judgmental areas; and
    - Completeness of disclosures of material information including subsequent events and related party transactions.
- Review of the extent and scope, activities, staffing, resources and organizational structure of the Internal Audit function and approved the annual audit plan to ensure its conformity with the objectives of the Bank. This also included quarterly review of audit plan accomplishment / status including capacity and manpower complement.
- Review of the compliance reports of the Compliance Officer during Audit Committee meetings to assess compliance with laws, rules and regulations. This also included the review of findings of any examinations by regulatory agencies (e.g., BSP).
- Review of the Audit Committee and Internal Audit Charters.
- Analysis and evaluation of related party transactions.

For the year 2014, the Audit Committee's planned programs are as follows:

- Approval of the outsourcing of ICAAP validation and training
- Evaluation and approval of the outsourcing of sixty (60) business center to an external service provider
- Evaluation of the outsourcing of some of the IT Audit plan
- Review of the Audit Committee and Internal Audit process
- Review of selection process and criteria on the assessment of the external auditor and conduct of the annual assessment

3. The Risk Oversight Committee

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

• MEMBERS: Mr. Medel T. Nera – chairman; Mr. Armando M. Medina (ind.), Ms. Helen Y. Dee, Mr. Lorenzo V. Tan, Mr. Cesar E.A. Virata, Mr. Antonino L. Alindogan, Jr. (ind.)

• RESPONSIBILITIES: The Risk Oversight Committee has the following responsibilities:

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

The highlights of the Risk Oversight Committee's actions in 2013 are as follows:

- Review and approval of:
  - o portfolio and risk limits
  - o ICAAP Document and Roadmap
- Approval of:
  - o Consolidated Risk Appetite Statement
  - o Increase in industry concentration limits
  - o Various revisions to credit policies and internal SBL
  - o Various liquidity and other risk limit amendments
  - o Revisions to market risk models and the contingency funding plan
  - o Amendments to the ORMD framework and various guidelines on KRI, RCSA and Loss Events reporting
- Amendments to Trust Risk Policy Manual and other manuals
- Notation and approval/disposition/action of/on:
  - o Results of the risk materiality survey
  - o Results of the BSP uniform stress testing for banks; credit stress testing results
  - o Updates on the Bank's SEMS initiatives
  - o Risk profile of subsidiaries
  - o Reports on subsidiary credit risk oversight
  - o Disaster Recovery Test reports; various contingency initiatives and report on impact assessment of recent calamities

4. The Corporate Governance Committee

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

• MEMBERS: Mr. Francisco C. Eizmendi, Jr. – chairman,(ind.); Ms. Helen Y. Dee, Atty. Ma. Celia Fernandez-Estavillo, Atty. Wilfrido E. Sanchez, Mr. Antonino L. Alindogan, Jr. (ind.)

• RESPONSIBILITIES: The Corporate Governance Committee's responsibilities include:

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

In 2013, the Corporate Governance Committee performed the following major actions which include, among others:

1. Review and evaluation of the qualifications of persons nominated to the Board as well as new officers with rank of Assistant Vice President and up requiring appointment by the Board;
2. Review and evaluation of the results of the annual self-assessment of the Board as a whole, of themselves as the individual members and as members of the Board committees; and
3. Review of the annual performance evaluation of senior management and those recommended for promotion.

5. The Trust Committee

• COMPOSITION: At least five (5) members including (i) the president or any senior officer of the bank and (ii) the trust officer. The remaining committee members, including the chairman, may be any of the following: (i) non-executive directors or independent directors who are not part of the Audit Committee or (ii) those considered as qualified independent professionals, provided that in case of there are more than five (5) Trust Committee members, the majority shall be composed of qualified non-executive members.

• MEMBERS: Atty. Teodoro D. Regala – chairman; Mr. Lorenzo V. Tan, Mr. Cesar E.A. Virata, Atty. Wilfrido E. Sanchez. Ms. Nanette Ferrer – Head, Trust and Investment

• RESPONSIBILITIES: Oversees the trust and fiduciary business of the Bank.

The profile of Ms. Ferrer is as follows:

Lourdes Bernadette M. Ferrer, 55, First Senior Vice President, is the Head of Trust and Investments Group. Prior to joining the Bank on 1 September 2000, she held various related positions in Solidbank Corporation and the International Corporate Bank. She graduated from the University of the Philippines with a Bachelor of Science degree in Statistics and obtained her Master's Degree in Business Administration from the same university.

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

As mandated in its charter, the Trust Committee accomplished various activities in 2013 which include, but is not limited to, the following:

- Approve revisions to the policy and risk manuals; new policies and guidelines to further streamline controls;
- Review and approve the annual business plan;
- Review and discuss financial performance, impact of new regulations, industry landscape and trends, among others;
- Evaluate and approve credit lines, new products, accreditation, etc.;
- Discuss and review various risk management reports; and
- Monitor and review compliance with and impact of applicable laws and regulations and implementation of approved policies and guidelines.

6. The Technology Committee

• COMPOSITION: At least 5 members of the Board.

• MEMBERS: Ms. Helen Y. Dee – chairperson; Mr. Lorenzo V. Tan, Mr. Cesar E.A. Virata, Mr. Medel T. Nera, Mr. Armando M. Medina (ind.)

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

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

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

7. The Personnel Evaluation and Review Committee

• COMPOSITION: A Chairperson, who shall be a member of the Board of Directors, and other members who may either be directors or senior management officers of RCBC. The Head of the Internal Audit Group shall sit during meetings as a resource person.

• MEMBERS: Ms. Helen Y. Dee – chairperson; Mr. Raul B. Tan – Head, Retail Banking, Ms. Zenaida F. Torres – Head, Controllership, Mr. Regino V. Magno – Corporate Risk Management Services, Ms. Rowena F. Subido – Head, Human Resources, Atty. Maria Celia Fernandez-Estavillo – Head, Legal and Regulatory Affairs

• RESPONSIBILITIES: The Committee has the following responsibilities:

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

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

Raul Victor B. Tan, 54, First Senior Vice President, is the Head of Retail Banking Group. He was also the Head of Treasury's Balance Sheet Management Segment before assuming his current position. Prior to joining the Bank, he was FVP and Treasurer of RCBC Capital from July to November 2008. He also held various Treasury positions in UCPB from 2004 to 2008, where his last appointment was FVP and Chief Dealer for Treasury Banking. He obtained his Master's degree in Business Administration from Fordham University and finished his Bachelor of Science degree in Management from Ateneo de Manila University.

Zenaida F. Torres, 59, First Senior Vice President, assumed the post of Controllership Group Head in October 2009. Ms. Torres was seconded to Bankard, Inc. as Chief Financial Officer from February 2004 to August 2008 and concurrently acted as the Corporate Information Officer from November 2006 to August 2008. Prior to this, Ms. Torres also held various positions in the Bank from 1980 to 2003 and positions at Costraco, Phils., University of the East, and Ford Credit Philippines. She earned her Bachelor of Science degree in Business Administration major in Accounting from the University of the East. She is also a Certified Public Accountant.

Regino V. Magno, 56, First Senior Vice President, is the Bank's Chief Risk Officer and Head of Corporate Risk Management Services (CRISMS). Prior to joining RCBC, he was the Chief Risk Officer of Sterling Bank of Asia from August 2007 to December 2008. He was a Market Risk Consultant of Chase Cooper, a London-based consulting firm; Chief Risk Officer of Philippine National Bank for four years; a Consultant of Philippine Deposit Insurance Corporation for a year; and a Senior Risk Manager at the Bank of the Philippine Islands for four years. He held various positions in CityTrust Banking Corporation. Mr. Magno obtained his Bachelor of Science degree in Industrial Management Engineering from De La Salle University and finished his Master of Business Administration from the University of the Philippines.

Rowena F. Subido, 47, First Senior Vice President, is the Group Head of Human Resources. She was also the Deputy Group Head of Human Resources before assuming her current position. Prior to joining RCBC, she worked with Citibank, N.A. as Senior Vice President and Lead Human Resources Generalist and Senior Vice President and Head of Human Resources for the Institutional Clients Group. She also worked with Citifinancial Corporation, the Consumer Finance Division of Citigroup, as Vice President and Human Resources Head for four years. She also has HR experience in retail, distribution and manufacturing industries, having worked for California Clothing Inc. (Guess USA) where she was Human Resources Head, International Marketing Corporation as Division Manager for Human Resources & Operations, Tricom Systems (Philippines), Inc. as a Personnel and Administration Officer and Seamark Enterprises, Inc. as a Personnel Officer. Her career in HR began in 1987 with John Clements Consultants, Inc. initially as a Psychometrician and later as a Recruitment Consultant under Staffbuilders Temps Division. Ms. Subido graduated from the University of Santo Tomas with a degree in Bachelor of Science major in Psychology. She earned units for Masters in Psychology major in Organizational/Industrial Psychology at De La Salle University.

Material Transactions

The Bank is committed to disclose material information to its stakeholders as part of its adherence to transparency, accountability and fairness. Following are the material transactions approved by the Board for 2013:

- US$100 million private placement of primary shares by the International Finance Corporation (IFC)
- Early redemption of Php7 billion Tier 2 Capital Notes
- Sale of NPAs to Philippines Asset Growth One, Inc.
- US$100 million Top-up offering to institutional investors; appointment of Credit Suisse, Deutsche Bank, Macquarie Bank and Maybank ATR Kim Eng as joint book runners
- US$130 million Hybrid Tier 1 Capital Notes issuance
- Sale of 34.8% stake in RCBC Realty
- Early redemption of Php4 billion Lower tier 2 Capital Notes
- Senior Loan Facility with International Finance Corporation
- Divestment of Bank's 65.425% equity stake in Bankard, Inc.
- 2014 Budget
- Revisions to various policy manuals
- DOSRI loans and non-DOSRI loans (amount involved is at least 15% of Bank's unimpaired capital)
- Cash dividend declarations totaling P1.276 Billion (common and preferred stock)
- Financial reports

Performance Evaluation and Assessment of Independence

The members of the Board conduct an annual self-assessment of the Board as a whole, of themselves as the individual members and as members of the Board committees. The self-assessment includes an evaluation of the independent judgment, objectivity and balanced perspectives of each member and of the Board as a whole. The Audit Committee's self-assessment complies with SEC Memorandum Circular No. 4, s. 2012 entitled "Guidelines for the Assessment of the Performance of Audit Committees Listed in the Exchange." Additionally, the independent directors conduct an annual assessment of the Chairperson of the Board. The self-assessment forms are based on the Bank's Revised Corporate Governance Manual, SEC and BSP rules and regulations. Self-assessment is also done by the members of the Executive Committee, Risk Oversight Committee, Trust Committee, Technology Committee, Corporate Governance Committee and the Personnel Evaluation and Review Committee on an annual basis. The results of the performance evaluation are discussed at the Board level with the goal towards self-improvement.

The results of the performance evaluation of the Chairperson, the self-assessment of the Board, the individual directors, and the Board Committees were presented to the Committee as follows:

PERSON/BODY	RATING
Chairperson	2.75[1]
Board of Directors as a Body	2.72[1]
Individual Directors	2.82[1]
Chief Executive Officer	2.75[1]
Executive Committee	2.82[1]
Corporate Governance Committee	2.64[1]
Risk Oversight Committee	2.40[2]
Trust Committee	2.42[2]
Technology Committee	2.47[2]
Personnel Evaluation and Review Committee	2.78[1]
Audit Committee	Very Satisfactory

Note 1

Rating	Description
1.00-2.00	Failed to Meet Expectation
2.01-2.75	Met Expectations
2.76-3.00	Exceeded expectations

Note 2

Rating	Description
1	Failed to Meet Expectation
2	Met Expectations
3	Exceeded expectations

For the Audit Committee, the rating is based on SEC Memorandum Circular No. 4(series of 2012). The rating is based on a four-scale rating system: Outstanding, Very Satisfactory, Satisfactory, Poor.

Accountability and Audit

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

Internal Audit Function

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

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

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

- Evaluation of significant risk exposures and adequacy of risk management process;
- Evaluation of the adequacy and effectiveness of controls encompassing the organization's governance, operations, and information systems including the reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with laws, rules, regulations and contracts.

The audit reports summarize the risk exposures, control issues, recommendations, status of committed actions, officers responsible and implementation dates.

An independent assessment of the effectiveness of the internal audit function is conducted every 3 or 5 years by an external auditor through a quality assurance review.

The External Auditor

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

For the audit of the Bank's annual financial statements and services provided in connection with statutory and regulatory filings or engagements, the aggregate amount to be billed/billed, excluding out-of pocket expenses, by its independent accountant amounts/amounted to P9.428 and P9.338 million for 2013 and 2012, respectively. Additionally, approximately P3.4 million was paid for other services rendered by the independent accountant in 2013.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. In connection with the audits of the Bank's financial statements for the two (2) most recent years ended December 31, 2013 and 2012, there were no disagreements with Punongbayan and Araullo on any matter of accounting principles or practices, financial statement disclosures, audit scope or procedures.

Certification by CEO and Internal Audit

Mr. Lorenzo V. Tan, President and CEO, and Mrs. Ana Luisa S. Lim, Head, Internal Audit Group, submitted a certification to the Corporate Governance Committee that for the year ended 2013, a sound internal audit, control and compliance system were in place and are continuously being improved pursuant to noted Bangko Sentral ng Pilipinas observations in order for the aforesaid systems to work more effectively. The certification complies with PSE Corporate Governance Guidelines for Listed Companies.

Internal Control

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

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

CONTROL ENVIRONMENT

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

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

RISK ASSESSMENT

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

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

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

CONTROL ACTIVITIES

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

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

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

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

MONITORING ACTIVITIES AND CORRECTING DEFICIENCIES

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

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

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

POLICIES

Policy on Related Party Transactions

A revised formal policy on related party transactions was developed and approved by the Bank's Board of Directors in September 2012, for the guidance of the Bank and its subsidiaries. The policy set forth additional safeguards and procedures to ensure that agreements, arrangements or obligations to which the Bank or any of its subsidiaries is a party and which involves any director, officer, shareholder of the Bank and their related interests or related parties as defined in the policy are entered into on an arm's length basis, i.e., on terms no less favorable to the Bank than those available to any unconnected third party under the same or similar circumstances. The policy requires all associates to report any potential related party transactions and for the members of the Board of Directors to disclose details of their directorships and shareholdings owned by them or members of their family. Under the policy, related party transactions are submitted to the Audit Committee for analysis and evaluation before they are presented to the Board for approval. Any member of the Board who has an interest in the transaction under discussion shall not participate in discussions and shall abstain from voting on the approval of the related party transaction. Pursuant to BSP Circular No. 749 as amended and the Bank's Corporate Governance Manual, the Bank's stockholders confirmed by majority vote, in the last annual stockholders' meeting, the bank's significant transactions with its DOSRI and other related parties.

Details of the Bank's major related party transactions in 2013 are described below:

- The significant transactions of the Bank and its subsidiaries (collectively referred to as the "Group") with its related parties as of end December 2013 included loans and receivables and deposit liabilities. Total amount of loans outstanding was at P5,730 Billion and deposit liabilities was at P4,008 Billion as of end December 2013, where related parties are defined according to PAS 24.
- The Bank complies with existing BSP regulations on loans, credit accommodations and guarantees to its directors, officers, stockholders and related interests (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 loans to each DOSRI, 70% of which must be secured, should not exceed the amount of his deposit and book value of his investment in the Bank. In the aggregate, loans to DOSRIs, generally, should not exceed the total capital funds or 15% of the total loan portfolio of the Bank and/or any of its lending and nonbanking financial subsidiaries, whichever is lower. As of December 31, 2013 and 2012, the Group is in compliance with these regulatory requirements.

  The total amount of DOSRI loans was at P6,416 Billion as of end December 2013.
- The Bank and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RCBC Realty Corporation (RCBC Realty). Related rental expense are included as part of Occupancy and Equipment-related account in the statement of income. The Bank's lease contract with RCBC Realty is until December 31, 2015.
- On October 1, 2009, the Bank entered into a Joint Development Agreement (Agreement) with RCBC Savings Bank (RSB), Bankard, Inc. (Bankard), Malayan Insurance Company, Inc. (MICO), Grepalife Financial, Inc. (Grepalife) and Hexagonland, Inc. (Hexagonland) (all related parties, collectively referred to as the Consortium) and with the conformity of Goldpath, the parent company of Hexagonland, whereby the Consortium agreed to pool their resources and enter into an unincorporated joint venture arrangement for the construction and development of a high rise, mixed use commercial/office building referred to by the Consortium as the RSB Building Project (the Project).

  In 2011, pursuant to the Agreement, RSB acquired the ownership of the land through Goldpath after Hexagonland's liquidation and partial return of capital to Goldpath. RSB, accordingly, contributed the land amounting to P383 Billion to the Project. Also, in 2011, the Bank's BOD approved its assumption of rights and interest of its co-partner, Grepalife, in the Project.

  On October 2, 2012, the Consortium executed a Memorandum of Understanding agreeing in principle to cancel or revoke the UJV, subject to the approval of the BSP. On March 13, 2013, through MB Resolution No. 405 dated March 7, 2013, the BSP confirmed the Bank's acquisition of the land contributed by RSB to the Project as well as the rights and interests of its co-venturers..
- In 31 July 2013, the Board approved the sale of the Bank's 25% shareholdings in RCBC Realty and 49% shareholdings in RCBC Land, Inc. (RCBC Land) representing the Bank's 34.8% economic interest in RCBC Realty to Pan Malayan Investment and Management Corporation, House of Investments, and RCBC Land. The transaction was valued at Php 4,547,095,000.00. The purpose of the transaction was to comply with Basel III guidelines.
- In 18 October 2013, the Board approved the sale to Philippine Business Bank Trust and Investment Center on behalf of various clients the Bank's and its subsidiary RCBC Capital Corporation's 89% stake in Bankard.

  In 25 November 2013, the Board approved the transfer of the merchant acquiring business of Bankard to the Bank. The transfer of the business involved the following activities:

  1. Sale of POS terminals to the Bank
  2. Assignment of merchant contracts in the name of Bankard, Inc. to the Bank
  3. Transfer of the Bank Identification Number (BIN) and Association Licenses from Bankard to the Bank for the processing of acquiring transaction
  4. Transfer of settlement Bank accounts from Bankard, Inc. to the Bank.

The purpose of the transaction was to consolidate the merchant acquiring business of Bankard to the Bank. This was also intended to help in the efforts of the Bank to minimize its equity investments in subsidiaries in preparation for Basel III implementation. Net Assets as of 31 October 2013 was at P39.05 Million.

In 04 December 2013, RCBC Bankard Services Corporation was incorporated as a subsidiary of RCBC Capital Corporation to perform card processing services for the Bank.

- The Bank's and certain subsidiaries' retirement funds covered under their defined post-employment benefit plan for qualified employees are administered by the Bank's Trust Department in accordance with their respective trust agreements. The Group's retirement fund has transactions directly and indirectly with the Group and the Bank which consist of investment in common shares of the Bank, other securities and debt instruments and deposits in the total amount of P3,559 Billion as of 31 December 2013. The retirement fund neither provides any guarantee or surety for any obligation of the Group nor its investments in its own shares of stock covered by any restriction and liens.

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

Code of Conduct

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

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

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

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

Open Communication Policy

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

The policy covers all reports or information in relation to actual or suspected criminal activities, unlawful acts or omissions, fraud, violations of the Code of Conduct and other bank policies, danger to health and safety, improprieties or malpractice in the workplace, including those related to matters of financial reporting, internal control and/or auditing. It establishes procedures on the escalation, investigation and follow up of any irregular activity, and encourages employees to report concerns to either of the heads of Internal Audit Group, Human Resources Group, Legal and Regulatory Affairs Group, or the Security Officer.

REMUNERATION POLICY AND STRUCTURE

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

Board of Directors

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

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

Non-executive directors are entitled to reasonable per diem for attendance in board and board committee meetings.

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

Aggregate remuneration of executive, non-executive, and independent directors, accrued for 2011, 2012 and 2013, is as follows:

Remuneration Item	2011	2012	2013
(a) Per diem Allowance*	Php5,323,770.00	PhP4,918,000.00	Php 6,207,000.00
(b) Directors' Bonuses	23,047,974.56	29,138,763.00	24,237,656.00
Total	Php28,371,744.56	PhP34,056,763.00	PhP30,444,656.00

* Executive Directors do not receive any per diem allowance.

The Directors' Bonuses are given to executive, non-executive and independent directors based on the formula provided in the Bank's By-Laws.

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

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

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

1. Alignment with shareholder interests. The long-term bonus plan must be one that drives high performance and contributes to overall business goals, including sustainable long-term growth, thereby increasing shareholder value.
2. Key employees' retention. It must attract, retain and reward the key employees that are able to successfully execute the organization's strategic objectives.
3. Alignment of the bonus plan with prudent risk-taking. The bonus plan must be one that is designed to provide incentives to build sustainable sources of income and enterprise value. Long term bonuses awarded are earned over a 5 year period and are directly correlated to changes in profitability and enterprise value.

Employees/Associates

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

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

2. To guide the Bank in managing the compensation levels of its employees, a salary structure was designed and developed using the following parameters:
   - **a. Position Evaluation.** Position evaluation is a systematic procedure for analyzing, measuring and classifying positions in terms of common job elements or factors found in every position. The current salary structure is based on the existing job grading system for Officer levels ranging from First Officer up to the Senior Executive Vice President. The Human Resources Group (HRG) has the responsibility of ensuring that jobs are rated properly and continuously as they change over time due to reconfiguration of functions or reorganizations.
   - **b. Target Market Group.** The salary structure was based on market data of banks deemed as peers by RCBC. Data on these peer banks are obtained from industry and national surveys conducted by private consultancy companies and trade and employee associations.
   - **c. Target Positioning Objective.** In terms of target positioning objectives, the Bank receives instruction from management on the desired positioning in relation with the Target Market Group or the banking industry in general. This positioning is targeted at both the market's guaranteed pay and total annual cash compensation.
3. The salary structure is reviewed regularly by HRG to maintain its relevance and competitiveness internally and externally.
4. In case surveys and studies reveal that the salary structure is grossly sliding off as compared to the industry or its Target Market Group, it is incumbent upon HRG to come up with recommendations to correct the disparity and to discuss said recommendations with management.
5. Final approval of recommendations with regard to changes in the compensation structure and policies will need to be secured from the Corporate Governance Committee.
6. Administration, implementation and maintenance of the Bank's Compensation and Incentive Program shall be the direct responsibility of HRG, particularly by its Group Head, Department Head for Compensation and Benefits and Department Head for Career Management.
7. The Compensation and Incentive Program shall be composed of:
   - **a. Basic Pay.** This refers to the employee's monthly take-home pay, exclusive of allowances and overtime pay.
   - **b. Guaranteed Pay.** Refers to the guaranteed annual pay/compensation regardless of whether the company meets its target or not. For Non-Officers, guaranteed pay totals 17 months, which includes the 13th month pay. For Officers, guaranteed pay totals 16 months inclusive of the 13th month pay.
   - **c. Long Term Bonuses / Variable Pay.** This refers to additional bonuses or incentives given to eligible employees depending on their contributions to the Bank's overall objectives. The incentives or rewards may include the Merit Increase (for Officers) and Promotional Increase (for Non-Officers and Officers).

A Performance Management System (PMS) is in place to ensure that the Bank rewards employees based on meritocracy. Employees' performance are measured and compared with established targets and standards and the results are recorded and communicated. This serves as basis for granting rewards and promotions.

For 2011, 2012 and 2013, the following shows the table of basic pay and variable pay for members of the Senior Management Committee as a whole:

In Thousand Pesos	2011	2012	2013
Salaries	80,939.90	89,782.93	88,048.24
Guaranteed Bonuses (including 13th mo.)	22,156.09	25,252.27	24,375.12
Long Term Bonuses	45,009.22	199,352.85	265,272.58
Total	148,105.21	314,388.05	377,695.94

For the year 2011, 2012 and 2013, Long Term Bonuses include accumulated bonuses earned by management over a 5-year period, starting in year 2007.

The Bank uses an HR system to implement its remuneration process. Data in the server is backed-up daily, hence, in the event of disaster, remuneration can be processed without disruption.

THE COMPLIANCE OFFICE

RCBC is committed to safeguard the integrity of the Bank by maintaining a high level of regulatory compliance. The Compliance Office, which was created by virtue of BSP Circular No. 145 as amended by Circular No. 747 dated February 6, 2012, is tasked with overseeing the effective implementation of the Bank's compliance program. This program is consistent with the Bank's mission of conducting its business with integrity, excellence and commitment while providing fast, affordable and quality financial services to its clients. Pursuant to BSP Circular No. 747, Section X180 of the BSP's MORB as amended and the SEC's Revised Code of Corporate Governance, the Board approved the revisions/updates to the Bank's Manual of Compliance in July 2013.

Structure

In order to strengthen and improve the Bank's Compliance Program, the Compliance Office was reorganized in May 2011 and expanded into three departments, namely: the Anti-Money Laundering Department, the Testing and Monitoring Department and the Corporate Governance Department under the direct control and supervision of the Compliance Officer. In December 2013, the Foreign Account Tax Compliance Act (FATCA) Compliance Department was created, also under the direct control and supervision of the Compliance Officer. Under these departments are 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. The Compliance Officer reports directly to the Audit Committee.

The compliance function also covers oversight of the activities of Bank's domestic subsidiaries which are under BSP supervision, such as RCBC Savings Bank, RCBC Capital Corporation, RCBC Securities, Inc., RCBC Forex Brokers Corporation, Merchants Savings and Loan Association/Rizal Microbank, and RCBC Leasing and Finance Corporation, as well as its foreign subsidiaries, such as RCBC International Finance Ltd., RCBC Investments Ltd., RCBC North America, Inc., and RCBC Telemoney Europe SpA. This ensures consistent and uniform implementation of the requirements of the BSP and other regulatory agencies. This also involves monitoring of inter-company transactions to ensure that these are done at arm's length and in the regular course of business.

Training

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.

During the year, from June up to December, the Compliance Office conducted the Comprehensive Compliance Training for Business Managers (BM), Senior Customer Relationship Officers (SCRO), Customer Relationship Officers / Assistants (CRO/CRA), Customer Service Heads (CSH) and CSA-Tellers. The lecture provided the participants with various information on regulatory and compliance awareness as well as operational processes on Customer Relationship Management (CRM). The lecture sessions covered topics on Compliance Program, Corporate Governance, Legal Aspects of Banking Transactions and AMLA conducted by speaker-facilitators from the Testing and Monitoring Department, Corporate Governance Department, Legal Operations Department and AMLA Department, respectively. The seminar series also provided an opportunity for Bank associates to raise questions and/or clarifications on the topics discussed.

AMLA

In compliance with BSP Circular No. 706 dated January 5, 2011 on Updated Anti-Money Laundering (AML) Rules and Regulations and the Revised Implementing Rules and Regulations of R.A No. 9160, as amended by RA's No. 9194 and 10167 dated August 23, 2012, the Compliance Office revised the Bank's 2012 AML Policy Manual to come up with a streamlined and enhanced risk-based Money Laundering and Terrorist Financing Prevention Program (MLPP) in October 2013 to prevent the Bank from being used, intentionally or unintentionally, for money laundering and terrorist financing activities.

The additional revisions to the MLPP were approved by the Board of Directors on January 27, 2014 and implemented bankwide, including the branches, subsidiaries/offices located within and outside the Philippines. The manual incorporated the provisions of the Implementing Rules and Regulations of RA's 10167, 10168 and 10365 amending the Anti-Money Laundering Act of 2001.

The Bank also acquired a new AML system in March 2013 to more adequately respond to and detect money laundering schemes.

SHAREHOLDERS' RIGHTS

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

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

Conduct of Shareholders' Meeting

Stockholders are encouraged to personally attend shareholders' meetings. In case the stockholders cannot attend the annual and special stockholders' meetings, they are apprised ahead of time of their right to appoint a proxy. Accurate and timely information is made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

TRANSPARENCY/COMMITMENT TO DISCLOSE MATERIAL INFORMATION

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

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

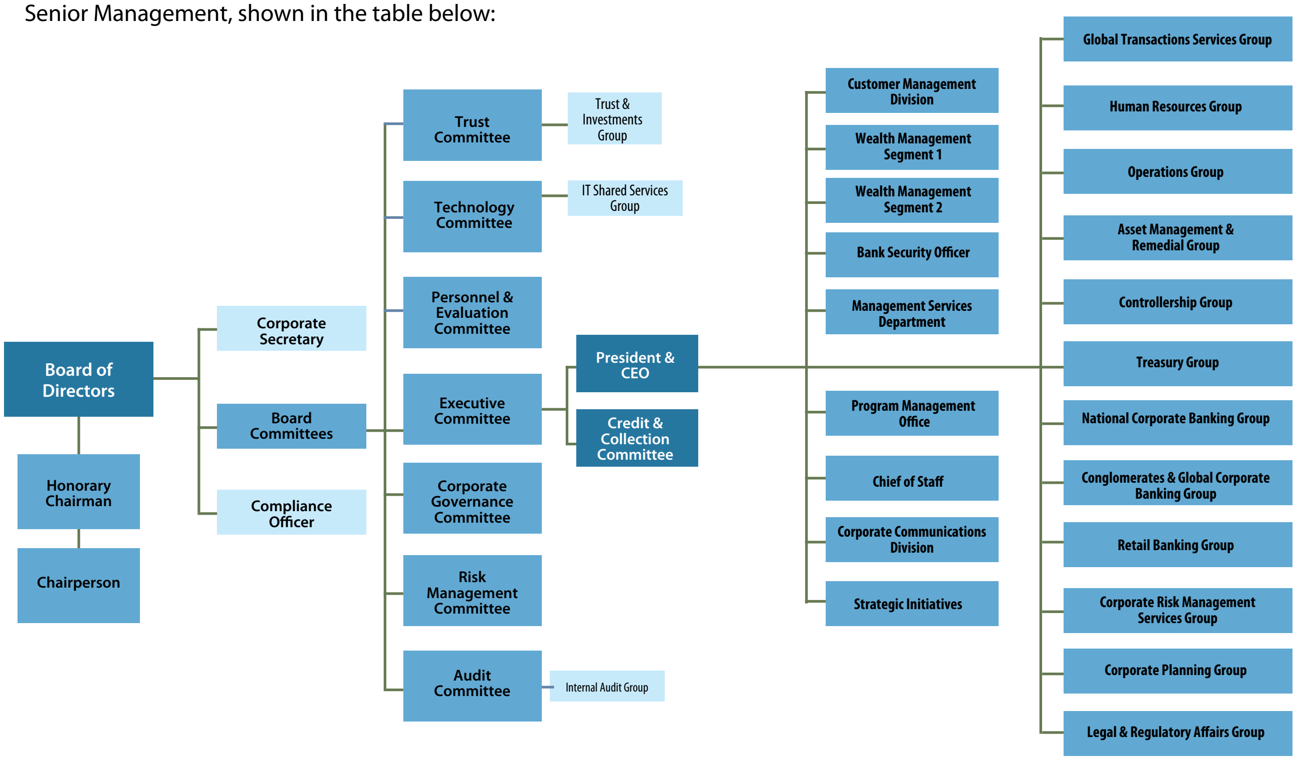
Other information that is always disclosed includes remuneration (stock options) of all directors and senior management, corporate strategy and off balance sheet transactions.

AWARDS AND RECOGNITIONS

- Most Promising Company in Corporate Governance – 9th Corporate Governance Asia Recognition Awards
- Finalist, 2013 PSE Bell Awards for Corporate Governance

RCBC TABLE OF ORGANIZATION

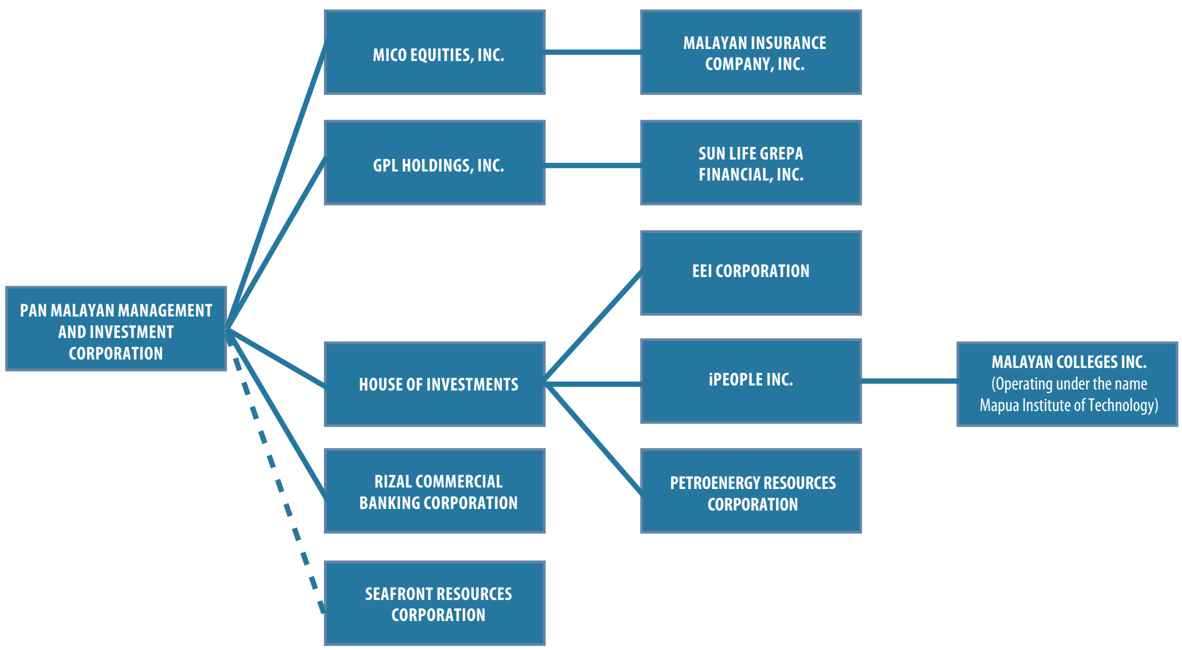
At the helm of the Corporate Governance Framework of the Bank are the Board of Directors, the Board Committees and Senior Management, shown in the table below:

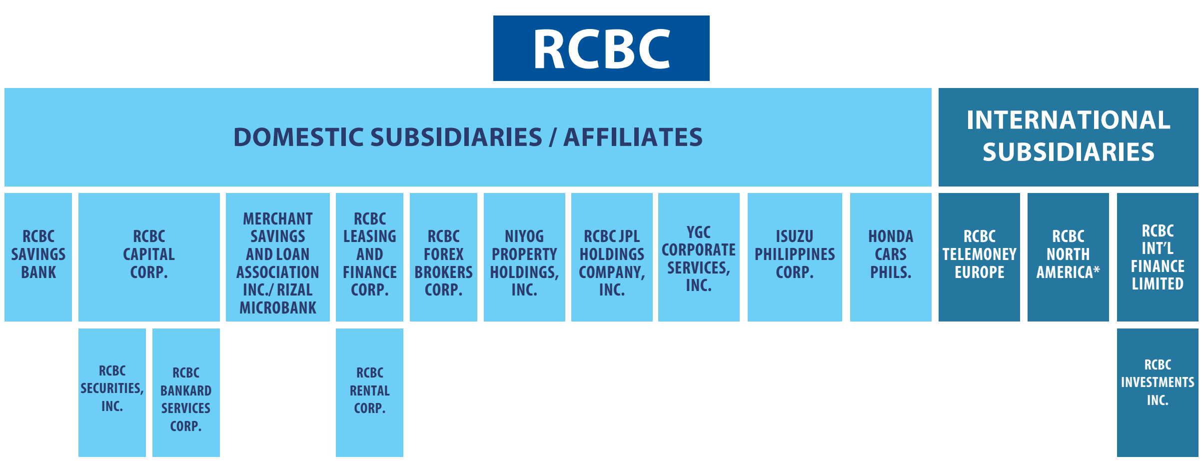


CONGLOMERATE STRUCTURE

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

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





*Operational until March 2014

SMARTER SOLUTIONS

RCBC

A YGC Member

We take pride in our game-changing products and services, striving to be the best in the business and to our customers.

Risk and Capital Management

Risk and Capital Management Framework

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

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

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

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

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

Risk and Capital Management Infrastructure and Oversight

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

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

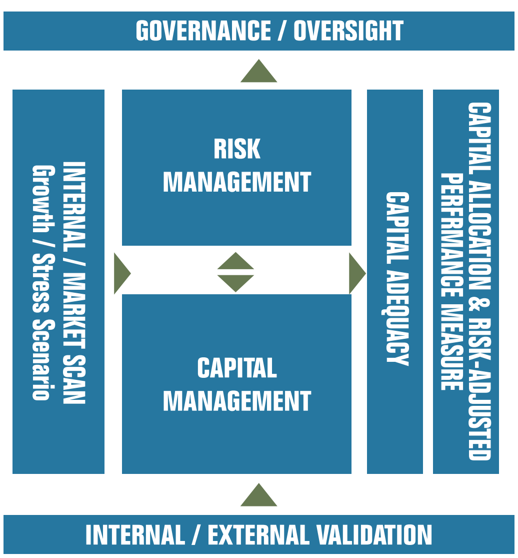


FIGURE 1. Risk and Capital Management Framework

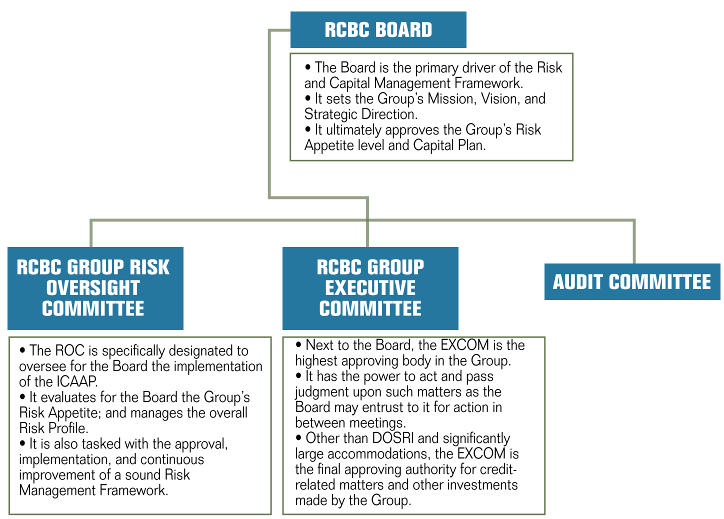


FIGURE 2. Board Oversight Committees

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

Figure 3 summarizes the infrastructure discussed above.

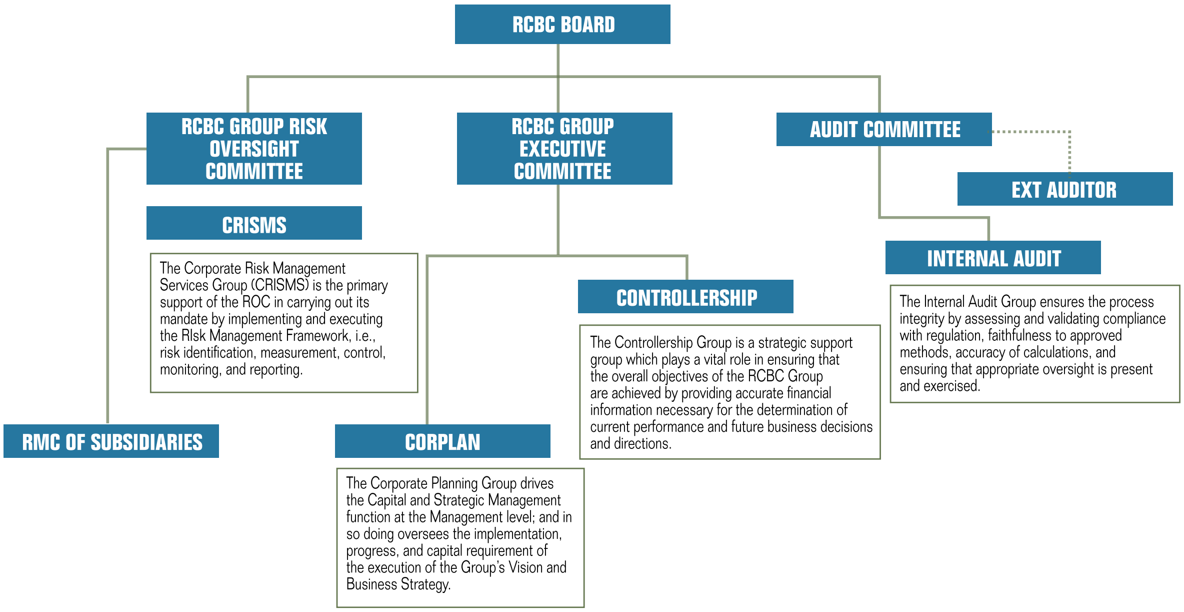


FIGURE 3. Management and Line Functions

The Risk Oversight Committee

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

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

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

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

The Corporate Risk Management Services Group (CRISMS)

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

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

Functionally, CRISMS is structured along the traditional make of risk management organizations, with separate divisions dedicated to the largest financial risks - credit, market, and operations. A quantitative risk unit exists to address the quantitative nature of risk management and to assist in the building of models and other risk metrics. Risk management of the Trust business is also directly under CRISMS, the same with Contingency Management / Business Continuity Management. I.T. risk management however is not directly under CRISMS; but the latter nonetheless exercises oversight. Figure 4 illustrates the organizational structure of CRISMS.

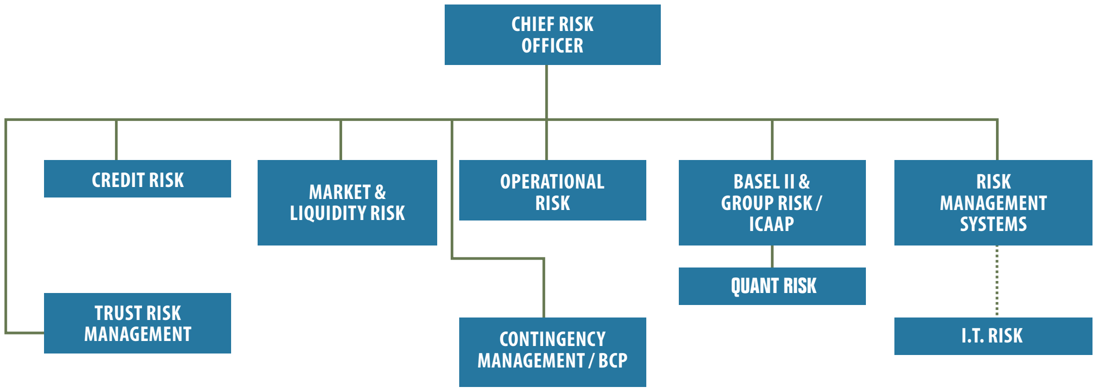


FIGURE 4. The Corporate Risk Management Services Group

Credit Management Segment

The Credit Management Segment (CMS) of CRISMS is primarily tasked with the execution of the credit risk management framework adopted by the Group, recommends credit policies for eventual approval by the Board, and mirrors the same risk management function of CRISMS. It represents CRISMS in the various credit management venues. Organizationally, CMS is the largest unit in CRISMS. Figure 5 illustrates the structure and the attendant responsibilities of CMS.

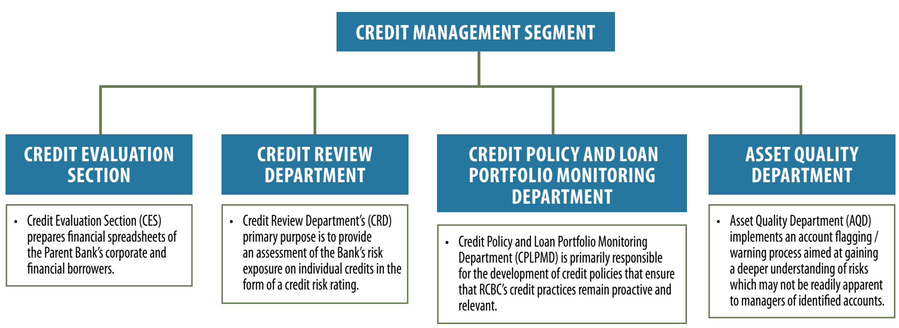


FIGURE 5. Credit Management Segment

Market and Liquidity Risk Division

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

FIGURE 6. Market and Liquidity Risk Division

Operational Risk Management Department

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

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

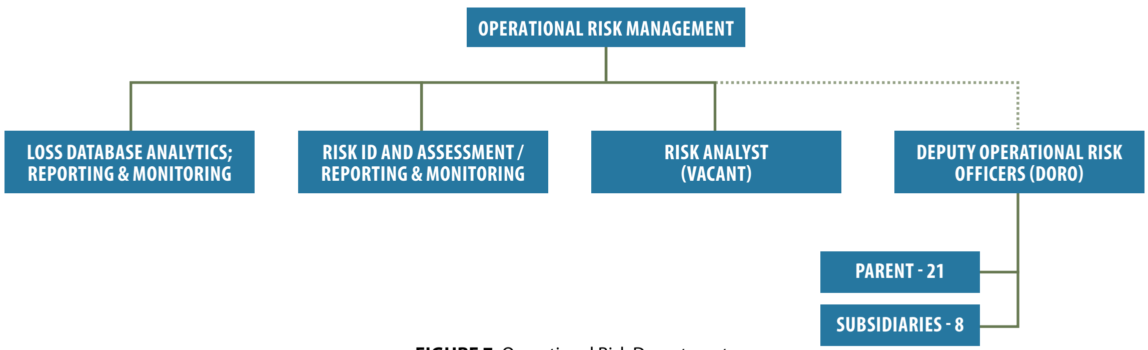


FIGURE 7. Operational Risk Department

Complementary CRISMS Functions

Complementing these established units are two other functions under CRISMS:

The Basel & Group Risk Oversight function is aimed at: a) furthering the Group's initiatives in relation to risk management practices espoused by the Basel Committee and the Bangko Sentral ng Pilipinas (BSP), and b) ensuring that a single risk framework is applied across the entire RCBC Group, and facilitating the Internal Capital Adequacy Assessment Process (ICAAP). The Risk Management Systems function exists to oversee the assessment, implementation, and management of existing and prospective risk systems. The said function is also responsible for CRISMS' oversight of I.T. Risk and Information Security.

Risk Management Function in RCBC

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

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

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

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

Risk Management System and Philosophy

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

This corporate risk philosophy further translates to the following policy precepts:

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

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

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

The Risk Management Framework

The Group's Risk Management Framework, as a vital component of Risk and Capital Management, provides the engine for the determination of the Group's material risks, its appetite for said risks, and the overall execution of the risk management cycle of identifying, assessing or measuring, controlling and monitoring risk exposures. Risks are identified using various tools and techniques. Metrics, both adopted from regulation and best practice and internal to the Group are then used to measure these risks. Limits are then set to control them; and later monitored regularly to ascertain whether the same risks are still within the prescribed limits. The Framework is illustrated by Figure 8.

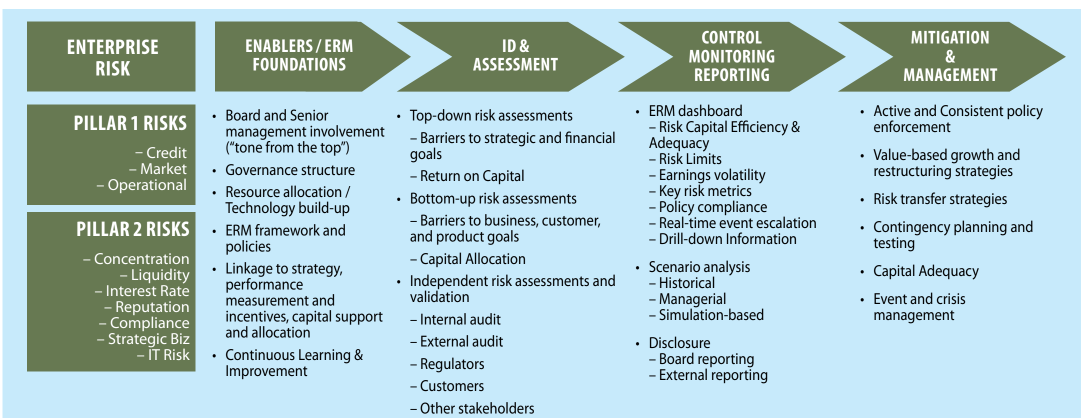


FIGURE 8. The Risk Management Framework

Risk Identification and Materiality

The risk identification & assessment process in the Group is carried out mainly via three means. "Top-down" risk assessment is from a macro perspective, and generally occurs during the risk appetite setting exercise of the Board and Senior Management. "Bottom-up" risk assessment on the other hand is the micro perspective. It involves identification and assessment of existing risks or those that may arise from new business initiatives and products, including material risks that originate from the Group's Trust business, subsidiaries and affiliates. The foregoing are generally the steps undertaken by the Group in the conduct of its Internal Capital Adequacy Assessment Process (ICAAP), whereby current and prospective material risks are assessed, and thereafter evaluate the amount of capital needed to support such risks.

The final means by which risk identification is carried out is via independent assessments. These include assessments and validations made by the Group's internal audit group, by the BSP, other regulators, the customers themselves, and other stakeholders.

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

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

Credit Risk

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

Credit Concentration Risk

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

Liquidity Risk

It is the risk to earnings or capital arising from the Group's inability to meet its obligations when they become due without incurring unacceptable losses. The Group's strategy for managing this risk is generally via limiting the maturity mismatch between assets and liabilities, and by holding sufficient liquid assets of appropriate quality and marketability.

Market Risk

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

Interest Rate Risk in the Banking Book

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

Operational Risk

It is the risk arising from the potential that inadequate information system, operations or transactional problems (related to service or product delivery), breaches in internal controls, fraud or unforeseen catastrophes will result to unexpected loss. The Group manages this risk via a Framework involving various tools that promote a strong control environment, escalation, monitoring and reporting of risk events, and adequate mitigation of assessed risks.

Reputation Risk

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

Compliance, Regulatory, and Legal Risk

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

Strategic Business Risk

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

IT Risk

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

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

Risk Appetite

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

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

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

Risk Assessment

The assessment of Pillar 1 (Credit, Market, Operational) risks is through proper risk measurement tools and methodology aligned with best practices and acceptable per regulatory standards. Minimum approaches are as prescribed under Basel II and BSP Circulars 360, 538, 544 and 545, with the objective of building on these regulatory prescriptions towards better internal models. The tools used to measure most of Pillar 2 risks on the other hand are, in general, still evolving, and shall still undergo refinement moving forward.

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

RISK ASSESSMENT AND MEASUREMENT

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

CREDIT & CONCENTRATION
- Credit Risk – Standardized Approach
- Assessment Tools include:
  – Industry Rating
  – Credit Risk Rating
  – Impairment Assessment
  – Stress Testing
- Concentration Risk
  – Herfindahl-Hirshman Index

MARKET
- Standardized Approach
- Tools include:
  – VaR
  – DV01
  – Back-testing
  – Stress testing
- Derivatives
  – VaR
  – DV01
  – Vega

INTEREST RATE
- Generally follows BSP Circ544
- Interest Rate Gap as basic tool
- Stress Test
- Earnings Perspective
  – Net Interest Income-at-Risk
- Economic Value Perspective
  – Capital-at-Risk

LIQUIDITY
- Generally follows BSP Circ545
- Liquidity Gap as basic tool
- Stress Test
  – General market stress
  – RCBC-specific stress

OPERATIONAL
- Basic Indicator Approach
- Tools include:
  – Loss Events Reporting
  – Risk Control Self Assessment
  – Key Risk Indicators
  – Ops Risk Grading Matrix

COMPLIANCE
- Assessment done via compliance grading matrix and the probable regulatory penalties for identified compliance risk areas
- Compliance risk change expressed as a percentage of operating expenses

REPUTATION
- Assessment is performed within the functional responsibility of the RCBC Public Relations Committee

STRATEGIC
- Currently treated as a catch-all risk, such that it is that which remains after accounting for all others.

FIGURE 9. Risk Assessment Methodologies

Risk Control

The Board establishes the Group's strategic directions and risk tolerances. In carrying out these responsibilities, the Board approves policies, sets risk standards, and institutes risk limits. These limits are established, approved, and communicated through policies, standards, and procedures that define responsibility and authority. The same are evaluated at least annually for relevance, and to ensure compatibility with decided business strategy. Figure 10 summarizes the key risk controls and limits employed by the Group.

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

FIGURE 10. Risk Controls and Limits

Risk Monitoring and Reporting

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

Figure 11 illustrates the monitoring and reporting framework employed by the Group.

FIGURE 11. Risk Reporting Framework

Risk Mitigation

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

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are generally updated annually. Generally, collateral is not held over loans and advances to other banks, except when securities are held as part of reverse repurchase and securities borrowing activities. Collateral usually is not held against trading securities. The Group also holds collateral against loans and receivables in the form of hold-out on deposits, real estate mortgage, standby letters of credit or bank guaranty, government guaranty, chattel mortgage, assignment of receivables, pledge of shares, personal and corporate guaranty and other forms of security.

The standards of acceptability, valuation, enforceability, and monitoring/reporting of sufficiency of risk mitigants are covered by Board approved policies and procedures. Note 5.04.02 of the AFS presents an estimate of the fair values of collaterals held against loans and receivables.

RCBC also employs dynamic economic hedging mechanisms to mitigate its market and interest rate risk exposures, operated and managed within the context of its trading and investment functions. The expanded derivatives license granted to the Bank affords it a selection of instruments to manage P&L movements attributed to foreign exchange and interest rate fluctuations. The Group, as of December 2013, carried credit derivatives exposures as trading positions, and had minimal exposure to structured products (Note 9 of AFS).

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

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

Risk Foundation and Enablers

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

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

Credit Risk

Risk Assessment Process

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

Following the Group's efforts to align with international best practice, the ROC in 2012 approved the migration of the Internal Credit Risk Rating System (ICRRS) from the current adaptation of the BAP model to one that permits more credit analytics, while at the same time retaining qualitative features that still accommodate some expert judgment when assessing credit worthiness. In December 2012, the Parent Bank's Executive Committee, upon the endorsement of the ROC, approved the acquisition of the following Standard and Poor's (S&P) Scorecards:

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

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

"Soft launch" of the Scorecards was done in March 2013. The Scorecards are designed to be used for: 1) the whole of corporate lending by RCBC, RSB, and Malayan Leasing, 2) relevant portfolio assessed by Treasury and Trust for investment purposes, and 3) the SME portfolio of both RCBC and RSB. The resulting ratings shadow the international S&P rating scale, and therefore map to S&P probabilities of default (PD).

As of December 2013, 55% of the rated portfolio have been rated using the S&P Scorecards. The distribution of this subset is illustrated in Figure 12.

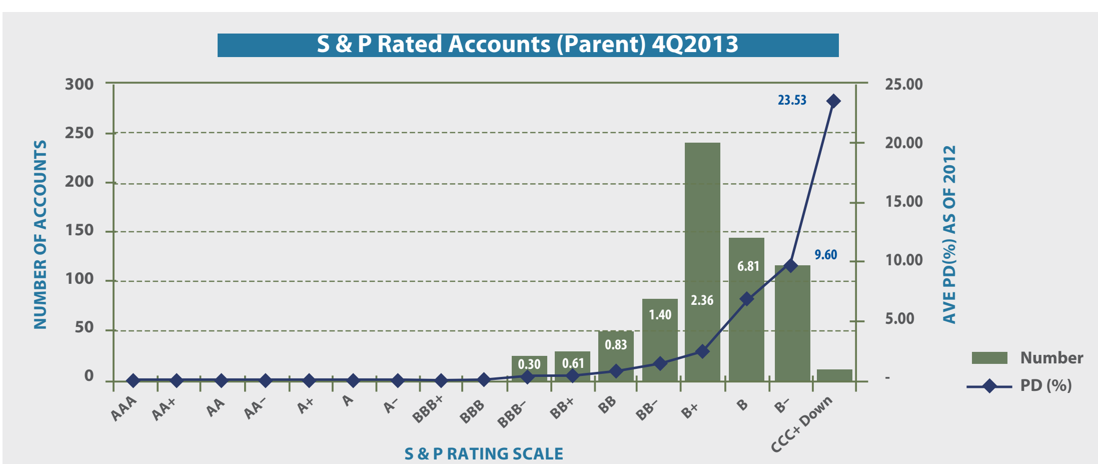


FIGURE 12. S&P Rated Portfolio

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

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

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

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

On December 2013, the Bank's Excom approved the acquisition of another S&P scorecard, this time for financial institutions & counterparties.

The assessment of the Group's exposure to credit risk is also manifested in its loan loss / impairment provisioning process which normally considers the worst provisioning level resulting from the following approaches: a) required reserves based on the BSP's latest Report of Examination, b) required provisions following the application of internal credit risk assessment tools, and c) impairment testing following PAS39. The total credit risk exposure of the Group, net of provisioning, is detailed in Note 5.04.01 of the accompanying Notes to Financial Statements (NFS). The details of the Group's impairment testing exercise are found in Note 16 of the NFS.

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

Risk Control Set-up

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

Portfolio Limits

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

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

Final ratings range from "A" to "D", with industries rated "A" representing the least risky. The breakdown of 2013 vs 2012 ratings is as follows:

	Numerical Equivalent		2013 RATING	2012 RATING
Least Risk	3.26-4	A	6	6
Intermediate Low Risk	2.51-3.25	B	76	71
Intermediate High Risk	1.76-2.5	C	61	63
Most Risk	1-1.75	D	4	7

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

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

Country Risk Limits

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

Specific Risk Limits

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

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

Credit Approval Controls

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

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

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

Risk Monitoring and Reporting

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

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

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

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

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

Credit Concentration Risk

Credit concentration risk in the context of banking generally denotes the risk arising from an uneven distribution of counterparties in credit or in any other business relationships, or from a concentration in business sectors or geographic regions which is capable of generating losses large enough to jeopardize an institution's solvency. The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk of the loan portfolio at the end of the reporting period is shown in Note 11 of the NFS.

Risk Assessment Methodology

Other than the various measures of risk concentration, the Group measures credit concentration risk using a simplified application of the Herfindahl-Hirschman Index (HHI) approach.

Mathematically, the HHI is the sum of the squares of the relative portfolio shares, divided by the squared portfolio shares sum. If percentages were to represent the relative portfolio shares, the HHI formula is simply the sum of the squares of these percentages, as the square of 100% (the percentage sum) is one (1). For 2013, credit concentration risk for both the parent and the consolidated entity has been assessed as "moderate". As it relates to assessment of capital adequacy, credit concentration risk is treated as an add-on to the Group's credit risk-weighted assets. Figure 13 illustrates the trend for 2013.

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

Risk Control Set-up

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

Risk Monitoring and Reporting

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

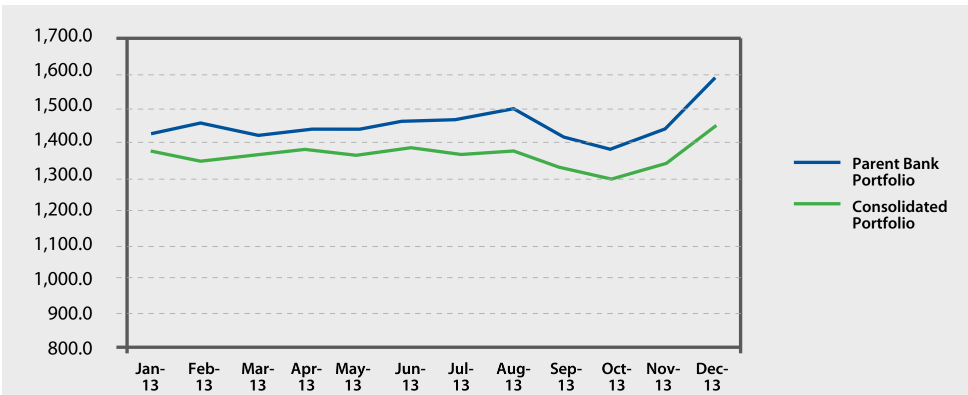


FIGURE 13. Credit Concentration Index

Market Risk

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

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

FIXED INCOME PORTFOLIO – HELD FOR TRADING (PhP millions)

Held for Trading	Face Value	Modified Duration	Market Yield
Peso Denominated Holdings			
Tbills	2.20	0.21	0.31%
FXTN	622.43	5.44	3.05%
Other Corporate Bonds	552.00	3.53	3.34%
Foreign Currency Denominated Holdings			
ROP Sovereign Bonds	194.62	6.89	4.68%
ROP Guaranteed Bonds	1.64	5.79	4.11%
Other FXCY Bonds	113.50	7.53	5.63%
Total HFT	**1,486.39**	**5.07**	**3.57%**

FOREIGN EXCHANGE PORTFOLIO (PhP millions)

Foreign Exchange Risk Exposures (PhPmio)	
A. General Market Risk	
USD	1231.85
JPY	66.57
CHF	(13.42)
GBP	(2.64)
EUR	(106.43)
CAD	(5.63)
AUD	0.67
SGD	20.19
Other	(174.37)
Sum of net long	1319.28
Sum of net short	(302.49)
Overall net open position	1319.28
Incremental MRWA Arising From NDF	248.61
Total Risk Weighted FX Exposures	1,567.90

DERIVATIVES PORTFOLIO YEAR-END PROFILE

	Notional Amount (USD millions)	Notional Amount (PhP millions)
Trading		
Sell/Buy USD (Borrow PHP)	335.47	14,893.05
Buy/Sell USD (Lend PHP)	275.69	12,239.48
GROSS POSITION	611.16	27,132.53
NET POSITION	59.77	(2,653.57)

	Peso Interest Rate Swaps (PHP millions)	USD Interest Rate Swaps (USD Millions)
Trading		
Received Fixed-Pay Float	1,750.00	39.56
Pay Fixed - Receive Float	9,550.00	175.81

The Group's exposures are generally sensitive to market factors such as yield curves, foreign exchange rates, security prices, as well as the implied volatilities of the corresponding options instruments of these factors. Market risk generally emanates from the Bank's proprietary trading portfolios. Non-traded market risk may also arise from the distribution activities covering traditional treasury products as well as selected derivatives instruments. In 2013, in its efforts to expand the array of products and services that can be offered to corporate and retail clients, the Group applied for additional instruments under the expanded derivatives license. RCBC was granted the license in the third quarter of the year.

Risk Assessment Process

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

The market risk metrics in use, each of which has a corresponding limit, include the following:

- Nominal Position – an open risk position that is held as of any point in time expressed in terms of the nominal amount of the exposure.
- Dollar Value of an 01 (DV01) – an estimate of the price impact due to a one-basis point change in the yield of fixed income securities. It effectively captures both the nominal size of the portfolio as well as its duration. A given DV01 limit accommodates various combinations of portfolio nominal size and duration, thus providing a degree of flexibility to the trading/risk taking function, but at the same time represents a ceiling to the rate sensitivity of the exposure according to the Group's risk appetite.
- Value-at-Risk (VaR) – an estimate of the amount of loss that a given risk exposure is unlikely to exceed during a given time period, at a given level of statistical confidence. Analytically, VaR is the product of: (a) the sensitivity of the market value of the position to movement of the relevant market risk factors and (b) the volatility of the market risk factor for the given time horizon at a specified level of statistical confidence. Typically, the Group uses a 99% confidence level for this measurement. VaR is used as a risk measure for trading positions, which are marked-to-market (as opposed to exposures resulting from banking, or accrual, book assets and liabilities). Foreign Exchange Position VaR uses a one-day holding period, while Fixed Income VaR uses a defeasance period assessed periodically as appropriate to allow an orderly unwinding of the position. VaR models are back-tested to ensure that results remain consistent with the expectations based on the chosen statistical confidence level. While the Parent Company and RSB use VaR as an important tool for measuring market risk, it is cognizant of its limitations, notably the following:
  - The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
  - VaR is based on historical volatility. Future volatility may be different due to either random, one-time events or structural changes (including changes in correlation). VaR may be unable to capture volatility due to either of these.
  - The holding period assumption may not be valid in all cases, such as during periods of extremely stressed market liquidity.

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

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

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

A summary of the VaR position of the trading portfolio as of December 31 of both the Group and the Parent Bank are found in Note 5.03 of the accompanying NFS.

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

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

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

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

Model Back-testing

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

The wild market swings in the aftermath of the Fed's pronouncements in May 2013 resulted to excesses under the two methods, but not sufficient to undermine the robustness of the models.

Risk Control Set-up

The Risk-taking Approval Process

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

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

Risk Appetite & Tolerance

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

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

Foreign Exchange Portfolio

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

Fixed Income Portfolio

The Group's portfolios of fixed income securities in the trading books are classified as Held-for-Trading (HFT) in accordance with BSP Circulars 494 and 506. These are booked at fair value. The procedure for fair valuation is documented in RCBC's Mark-to-Market (MTM) manual.

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

Aggregate Risk Tolerance Level

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

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

Risk Monitoring and Reporting

Market risk MIS includes the following:

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

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

Management Action Triggers (MATs)

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

Limit Breaches

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

Exception Approval & Authority Delegation

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

- ROC approval of exceptions requires the approval of at least three (3) members, which includes the President.
- The President and the Chief Executive Officer is given authority to temporarily relax any Stop Loss Limit. Occurrence of the breach and the use of such authority should be reported in the next ALCO and ROC Meetings.

- ALCO approval requires majority of ALCO members, provided this majority includes the Chief Executive Officer, the President, the Treasury Head and another designated director.
- The Treasury Head may re-allocate MAT or Loss Limits between the FX and fixed-income desks, and between fixed-income USD and Peso with approval of the President, provided such reallocation is done prior to any breach.

Interest Rate Risk in the Banking Book

As defined in earlier sections, IRRBB is the current and prospective negative impact to earnings and capital arising from movements or shifts in interest rates. IRRBB becomes inherent in the current and prospective interest gapping of the Group's balance sheet. Whereas market (or price) risk is primarily associated with trading income, IRRBB is more concerned with balance sheet positions that have more permanence, and therefore responsible primarily for accrual income.

Sources of IRRBB

In general, IRRBB encompasses the following:

- risks related to the timing mismatch in the maturity and re-pricing of assets and liabilities and off-balance sheet short and long term positions (re-pricing risk),
- risk arising from changes in the slope and the shape of the yield curve (yield curve risk),
- risks arising from hedging exposure to one interest rate with exposure to a rate which re-prices under slightly different conditions (basis risk), and
- risks arising from options, including embedded options, e.g consumers redeeming fixed rate products when market rates change (i.e. option risk).

Risk Identification and Measurement Process

The construction of an Interest Rate (IR) gap is the starting point of an IRRBB analysis. Such IR gap is based on certain assumptions, the key ones being:

- Loans and time deposits are subject to re-pricing on their contractual maturity dates. Non-performing loans, however, are not re-priced;
- Debt securities classified under AFS, HTM, and UDSCL are bucketed based on their repricing profile. Held-for-trading securities are considered non-rate sensitive; and
- For assets and liabilities with no definite repricing schedule or maturity, slotting is based on the Group's empirical assumptions.

The Group's December 31, 2013 IR Gap is as follows (in PhP millions)

(In Millions Php)	One to three months	Three months to one year	One to five years	More than five years	Non-Rate Sensitive	Total
Resources						
Cash (COCI)	203	–	–	–	9,623	9,826
Placements (Due from BSP & Other Banks)	47,472	227	35	–	31,931	79,665
Total Investments (invs. Sec. & Equity Inv.)	10,035	1,088	15,386	61,206	9,588	97,302
Total Loans (L & R)	115,807	25,450	27,576	28,521	10,673	208,027
Other Resources (all others)	2,455	278	693	89	23,249	26,765
Total Resources	**175,971**	**27,043**	**43,690**	**89,816**	**85,064**	**421,584**
Liabilities & Capital Funds						
Deposit Liabilities	78,821	20,539	12,559	4,635	180,292	296,845
Bills Payable and Due to Other Banks	38,683	1,197	15	–	–	39,895
Bonds Payable	–	–	23,477	–	–	23,477
Subordinated Debt	–	–	–	–	–	–
Other Liabilities	3,437	24	–	–	13,019	16,479
Total Liabilities	**120,941**	**21,759**	**36,051**	**4,635**	**193,310**	**376,697**
Capital Funds	–	15	4,351	–	40,521	44,888
Total Liabilities and Capital Funds	**120,941**	**21,774**	40,403	4,635	233,832	421,584
On-book gap	55,030	5,268	3,288	85,181	(148,767)	
Cumulative on-book gap	**55,030**	**60,299**	**63,586**	**148,767**	**0**	
Contingent Resources	36,297	9,453	1,332	–	–	47,081
Contingent Liabilities	36,548	9,473	1,332	–	0	47,354
Off-book gap	**(252)**	**(21)**	**–**	**–**	**(0)**	**(272)**
Cumulative off-book gap	**(252)**	**(272)**	**(272)**	**(272)**	**(272)**	
Period gap	**54,779**	**5,248**	**3,288**	**85,181**	**(148,767)**	
Cumulative total gap	**54,779**	**60,027**	**63,314**	**148,495**	**(272)**	

The NII-at-Risk

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

The following table summarizes the Group's NII-at-Risk, given the above December 2013 IR Gap and assumed parallel rate shifts in a business-as-usual scenario (amounts in PhP millions, except for %ages).

Change in annual Net Interest Income	+100bps	+200bps	-100bps	-200bps
Consolidated Bank	200.03	400.06	(200.03)	(400.06)
Parent Bank	208.07	416.14	(208.07)	(416.14)

Given the positively gapped IR profile, the Group stands to benefit from a rising interest rate scenario.

The sensitivities as of December 2012 and 2011 in turn are as follows:

Change in annual Net Interest Income	+100/+200bps	-100/-200bps	+100/+200bps	-100/-200bps
	December 2012		December 2011	
Consolidated Bank	(7.73)/(15.48)	7.73/15.48	200.75/401.57	(200.75)/(401.57)
Parent Bank	109.75/219.51	(109.72)/(219.51)	273.63/547.26	(273.63)/(547.26)

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

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

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

Risk Control Process

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

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

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

Risk Monitoring and Reporting

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

Liquidity Risk

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

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

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

Risk Assessment Process

Liquidity risk is measured using the established Maximum Cumulative Outflow (MCO) method, which in turn is based on historical observations and simulations of prospective liquidity risk events. The starting point an MCO analysis is liquidity (cash flow) gapping. Both the parent and the consolidated entity's gap reports are found in Note 5.02 of the accompanying NFS.

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

The Group stress parameters are as follows:

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

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

Risk Control and Mitigation

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

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

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

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

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

Basel III Preparedness

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

Operational Risk

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

Operational Risk Management (ORM) Tools

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

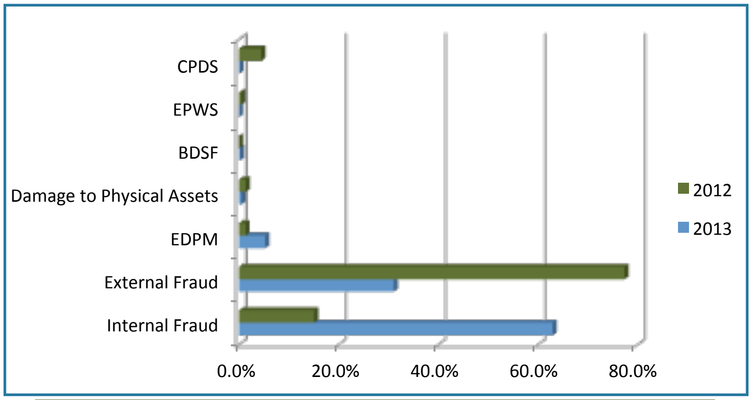
1. Internal Fraud – Losses due to acts of a type intended to defraud, misappropriate funds/property or circumvent regulations, the law or company policy, excluding diversity/ discrimination events, which involves at least one internal party. Example is theft of bank property by staff.
2. External Fraud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

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

Loss Events Reporting

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

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



Operational Risk Losses

For the years 2013 and 2012, incidents attributed to external and internal fraud comprised the majority of the Group's actual operational risk losses. Internal fraud cases were mainly from the Retail Bank (branches), while external fraud incidents came mostly from the subsidiaries.

Key Risk Indicators (KRI)

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

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

KRIs for each of the major business units are expected to be developed after the 2013 RCSA run is completed. By 2014, these business unit KRIs shall be part of the regular monitoring and reporting process.

Risk and Control Self-Assessment (RCSA)

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

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

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

Risk Assessment Process

The Group uses the Basic Indicator Approach in its assessment of this risk, as it relates to capital adequacy determination. The following however are the methodologies used in assessing the Group's operational risk profile.

Probability and Severity Analysis

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

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

The following table shows the Probability factors used.
Assessment on the other hand employs a 5-scale severity factor matrix ranging from "least severe" to "very severe".

Control Rating

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

Risk Rating

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

The Parent Bank's Risk Rating trend for 2012 and 2013 is illustrated in Figure 14.

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

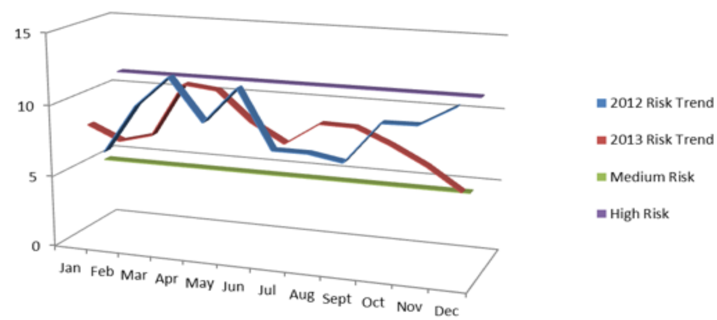


FIGURE 14. Operational Risk Rating Trend

Risk Monitoring and Reporting

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

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

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

The Deputy Operational Risk Officers (DOROs)

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

Operational Risk Control and Mitigation

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

Insurance

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

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

Outsourcing

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

Business Continuity Plan (BCP)

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

The Group's BCP is currently being managed by the Contingency Management Office (CMO) also under CRISMS. The CMO reports to the ROC on BCP issues.

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

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

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

Exception Reporting

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

Risk awareness

The Group recognizes the importance of raising risk awareness and instilling an operational risk culture to be able to understand the operational risk management business benefits as well as the responsibilities attached to it. Among the 2013 initiatives included the general publication of Risk quotes to keep associates up-to-date on problems/issues that have happened to other financial institutions.

Information Technology Risk

IT Risk is mostly assumed under Operation Risk due to the latter's sheer size. Oversight of its management is shared between the IT Group and CRISMS via the Risk Management Systems Department (RMSD).

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

- To protect the IT systems needed to store, process or transmit the Group's data and correspondences;
- To provide management with an accurate view of current and potential IT-related risks, and assist them in making informed decisions concerning scope of risk, risk appetite, and risk tolerance;
- To provide an end-to-end guidance on how to manage IT-related risks (from technical control measures, security, etc);

- To come up with a risk profile to further understand the Group's full exposure, and better utilize its resources;
- To integrate the IRM into the Group's overall Enterprise Risk Management (ERM); and
- To implement (and continuously improve) a sound framework for the identification, measurement, control, monitoring, and reporting of the risks experienced by the Group.

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

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

The Information and Technology Risk Management Framework

Asset Identification & Valuation

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

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

Risk Identification & Assessment

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

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

- list of those potential threats with medium or high risks, and prioritization of those that need immediate mitigation
- a risk treatment plan for those threats/vulnerabilities having moderate to high risks, and determination of the owner/ responsible personnel to mitigate the risk.

Risk Treatment

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

Monitoring and Reporting

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

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

On BSP Circular 808

As part of the continuous process in improving the IT Risk Management approach, the Group is studying the recently issued BSP circular 808 to adopt additional effective measures in identifying and assessing risks associated with the use of technology.

Compliance, Regulatory and Legal Risk

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

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

The Group's Compliance Program, the implementation of which is overseen and coordinated by the Compliance Officer, is the primary control process for regulatory risk issues. The Compliance Officer is responsible for communicating and disseminating new rules and regulations to all units, analyzing and addressing compliance issues, performing periodic compliance testing on branches and Head Office units, and reporting compliance findings to the Audit Committee and the Board.

Risk Identification and Assessment Process

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

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

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

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

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

- Includes prohibited acts and practices; also includes regulatory ceilings or limitations affecting capital adequacy, asset quality, management, earnings, liquidity and other risks, resulting in the following sanctions:
  - o suspension / loss of license to operate
  - o suspension of banking franchise/branching
  - o position declared vacant
  - o denial of BSP credit facilities; prohibition from making new loans or investments; prohibition from declaring cash dividends
  - o severe penalties such as imprisonment of officers; monetary fine of PhP30,000.00 and above.

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

- Covers banking transactions or compliance areas where violation or deficiency will result in:
  - o penalty of suspension of an officer/employee
  - o monetary sanction is below PhP30,000.00 a day but not less than PhP10,000.00 a day.

These may also refer to compliance areas/regulations, the violations of which could result in penalties of PhP30,000.00 and above but which the Group has minimal probability of violating based on past BSP examinations, compliance testing or internal audit.

<u>Low Risk Area</u>

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

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

Compliance Testing

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

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

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

Risk Control Procedures

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

Anti-Money Laundering Controls

The Anti-Money Laundering Act (AMLA) or Republic Act (RA) No. 9160 was passed in September 2001 and was amended by Republic Act No. 9194, RA No. 10167, and Republic Act No. 10365 in March 2003, June 2012 and February 2013, respectively. Under the AMLA, as amended, the Group is required to submit "Covered Transaction Reports" involving single transactions in cash or other equivalent monetary instruments in excess of PhP500,000.00 within one banking day. The Group is also required to submit "Suspicious Transaction Reports" to the Anti-Money Laundering Council in the event that circumstances exist and there are reasonable grounds to believe that the transaction is suspicious. Furthermore, terrorist financing was criminalized in Republic Act No.10168.

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

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

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

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

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

Risk Monitoring and Reporting

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

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

To improve the AMLA Department's capacity to facilitate surveillance and enhance the analytical review of accounts, a new AML software was acquired in May 2013. This new software, Base60, will replace the existing homegrown AML Integrated Monitoring System (AMLIMS) currently being used. Bankwide implementation is targeted in the 2nd quarter of 2014.

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

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

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

Reputation Risk

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

The RCBC Public Relations Committee

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

The PR Comm has the following for its primary objectives:

- To serve as venue for surfacing and managing issues that affect, or tend to affect the public's perception principally of the RCBC Group, and by extension, the members of the Yuchengco Group of Companies (YGC)
- To design, recommend and, once approved, implement public relation strategies and/or campaigns that are designed to enhance the Group's positive public image, avert any potential negative perception arising from looming reputation issues, and contain or minimize any incurred or continuing damage to the Group's image arising from subsisting negative public information.

Risk Identification and Assessment

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

Financial Performance

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

Customer

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

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

Internal Processes

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

People

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

Risk Control and Mitigation

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

Capital Management Framework

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

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

The planning process then results to a business plan, the annual budget, a medium-term forecast /projections, all of which incorporate identified risks. It includes a regular review of the business plan based on key performance indicators. Figure 15 illustrates the strategic and business planning process employed by the Group.

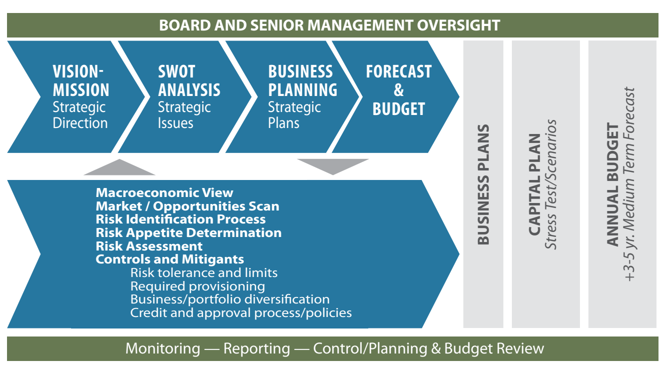


FIGURE 15. Capital Management Framework

The other component of the Framework is the development of the Capital Plan (Figure 16) that incorporates the current business plan and additional projections and stress testing. This component highlights the use of medium to long term forecasts and stress scenarios in the management of capital. The results of the forecasts are always reviewed against the internal minimum capital adequacy levels and the regulatory thresholds.

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.

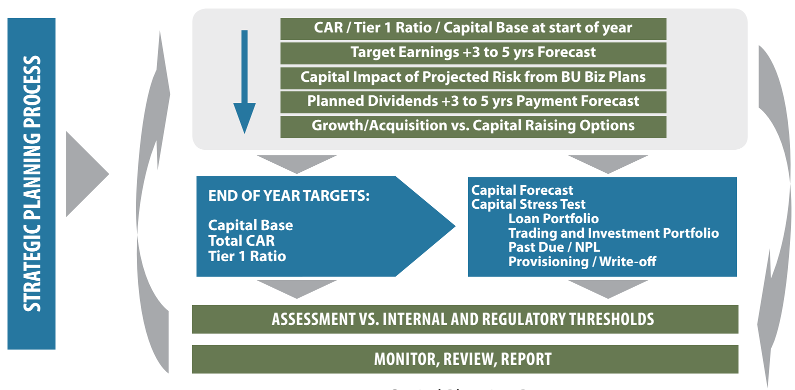


FIGURE 16. Capital Planning Process

Capital Adequacy and Basel III

The Group manages its capital in line with the over-all growth strategy and regulatory requirements, balanced with optimizing value for the stockholder and the Group as a whole. Regulatory developments such as the upcoming implementation of Basel III was a main consideration for the Group in 2013 and market conditions at the start of the year proved to be an opportune time for the Group to raise additional capital for this.

The Group began its capital build up as early as 2006 to strengthen its capital base, and make room for organic growth and/or acquisition plans. By 2009, the Group raised a total of Php22.6billion of capital (including Basel II eligible capital).

The upcoming implementation of Basel III required additional common equity tier 1 capital and beginning 2010, the Group managed a series of capital raising activities to prepare for this and to further support long term growth plans.

In May 2010, the Board approved the amendment of the articles of incorporation to increase the authorized capital from 1.1 Billion common shares to 1.4 Billion to allow room and flexibility in raising capital.

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

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

Table 1 summarizes this story in numbers.

	2006	2007	2008	2009	2011	2013
Capital raised	PhP5.0bio Hybrid Tier 1 PhP1.0bio Convertible Preferred Shares	PhP5.0bio Tier 1 Common Stock	PhP7.0bio Unsecured Subordinated Debt Qualifying as Tier II Capital	PhP4.0bio Unsecured Subordinated Debt Qualifying as Tier II Capital	PhP5.8bio Tier 1 Common Stock—Php2.1bio from IFC and Php3.7bio from CVC Capital Partners	Php4.1bio Common Stock from a "top-up offering" and Php4.1bio Common Stock from additional investment of IFC
Stockholder's Equity	PhP23.4bio	29.0bio	27.6bio	30.5bio	36.15bio[1]	44.8bio[1]
CAR (%)	20.3%	18.7%	17.3%	18.5%	18.5%	16.5%
Tier 1 Ratio (%0)	13.3%	15.1%	13.2%	12.6%	13.7%	15.9%
Net Income (Php)	PhP2.1bio	3.21bio	2.2bio	3.3bio	5.06bio	5.3bio

[1]*Restated*

The main drivers for the capital raising activities were over-all growth plans, regulatory requirements, macro-economic and market conditions.

Basel III

The Group redeemed two of its Tier 2 instruments in 2013, as it is no longer eligible as Capital under Basel III. In February 2013, the Php 7 Billion Notes was redeemed, and in December 2013, the Group opted to redeem the Php 4 Billion Notes earlier than the call date of May 2014.

In preparation for the implementation of Basel III in 2014, the Group strengthened Capital levels through the buildup of common equity and structural changes in the its Equity Investments. A total of Php 8.2 Billion of common equity was raised in the 2013 from two separate transactions: the additional investment of IFC and the investment of various institutional investors through a Top Up Offering. The Group also managed to free up a total Php 5.1 bio of capital through the sale of ownership in select Equity Investments such as RCBC Realty Corp. and RCBC Land Inc. and Bankard, Inc..

The Group's Basel II Tier 1 Capital Ratio and total CAR as of end December 2013, were above the BSP minimum requirement of 6% and 10%, respectively. Moving into the Basel III framework, the Group estimates its capital ratios, as of the same period to be above the minimum requirements of 6.0% for Common Equity Tier 1 and 10% for Total CAR.

2013 Capital Ratios	Basel II	Basel III
Total CET1	N/A	11.14%
Total Tier 1	15.95%	11.14%
CAR	16.52%	11.71%

Risk and Capital Disclosures

As prescribed by Section X190.5 and Part VIII of Appendix 63b of the Manual of Regulation for Banks (MORB), BSP Circular 538, and BSP Memorandum No. M-2014-007, the following are the pertinent risk and capital disclosures for RCBC and its subsidiaries. The figures for the Group and the Parent are calculated based on accounting methodologies prescribed by the BSP for prudential reporting, and therefore may not necessarily tally with the figures stated in the Group's Audited Financial Statements.

The Basel II capital adequacy ratio (CAR) of the Group and the Parent as reported to the BSP as of December 31, 2013, 2012 and 2011 are as follows:

	December 31 *(In Millions)*					
	Group			Parent		
	2013	2012	2011	2013	2012	2011
Tier 1 Capital	48,808	37,138	35,753	48,855	37,127	35,731
Tier 2 Capital	1,745	12,446	12,413	1,399	12,138	12,134
Gross Qualifying Capital	50,553	49,584	48,166	50,254	49,265	47,865
Less: Regulatory Deductions	2	0	0	12,803	13,695	12,224
Total Qualifying Capital	**50,551**	**49,584**	**48,166**	**37,451**	**35,570**	**35,641**
Credit Risk Weighted Assets	267,842	239,058	222,382	220,525	190,690	179,367
Market Risk Weighted Assets	8,853	14,440	11,510	7,367	12,053	10,726
Operations Risk Weighted Assets	29,225	28,124	26,148	20,187	19,654	18,067
Risk Weighted Assets	**305,920**	**281,622**	**260,039**	**248,079**	**222,397**	**208,161**
Tier 1 Capital Adequacy Ratio	**15.95%**	**13.19%**	**13.75%**	**15.10%**	**13.62%**	**14.23%**
Total Capital Adequacy Ratio	**16.52%**	**17.61%**	**18.52%**	**15.10%**	**15.99%**	**17.12%**

The regulatory qualifying capital of the Group and the Parent consists of Tier 1 (core) capital and Tier 2 (supplementary) capital less required deductions. The components of qualifying capital as of December 31, 2013, 2012 and 2011 are as follows:

	December 31 (In Millions)					
	Group			Parent		
	2013	2012	2011	2013	2012	2011
Tier 1 Capital						
Paid up common stock	12,760	11,412	11,427	12,760	11,412	11,427
Additional paid in capital	16,148	9,397	9,915	16,148	9,397	9,915
Retained Earnings	12,034	9,063	10,418	12,034	9,063	10,418
Undivided profits	5,366	4,840	1,428	5,366	4,840	1,428
Cumulative foreign currency translation	76	75	77	70	75	77
Minority interest in subsidiary financial allied undertakings	26	111	103		-	-
Subtotal	46,409	34,898	33,369	46,378	34,787	33,265
Hybrid Tier 1 Capital (limited to 17.65% of Total Core Tier 1)	4,351	4,024	4,297	4,351	4,024	4,297
Total Tier 1	50,761	38,922	37,666	50,729	38,811	37,562
Less deductions:						
Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI	341	40	137	326	25	126
Deferred income tax	1,454	1,475	1,460	1,389	1,389	1,389
Goodwill	158	269	315	158	269	315
Total deductions from Tier 1 Capital	1,953	1,784	1,913	1,874	1,683	1,831
Total Tier 1 Capital	**48,808**	**37,138**	**35,753**	**48,855**	**37,127**	**35,731**

	December 31 (In Millions)					
	Group			Parent		
	2013	2012	2011	2013	2012	2011
Tier 2 Capital						
Appraisal Increment Reserve	–	–	59	–	–	59
Net unrealized gains on available for sale equity securities	5	3	32	5	3	32
General loan loss provision	1,740	1,479	1,364	1,394	1,169	1,084
Unsecured subordinated debt	0	10,966	10,959	–	10,966	10,959
Perpetual and cumulative preferred stock subscription	–	4	4	0	0	–
Total Tier 2 capital	1,745	12,452	12,419	1,399	12,138	12,134
Deductions from Tier 2: Sinking fund for redemption of limited life redeemable preferred stock with the replacement requirement upon redemption	–	6	6	–	–	–
Eligible Amount of Tier 2 Capital	1,745	12,446	12,413	1,399	12,138	12,134
Deductions from Tier 1 capital and Tier 2 capital:						
Investment in equity of consolidated, subsidiary banks and quasi banks, and other financial allied undertakings	–	–	–	12,801	13,695	12,224
Reciprocal investments in equity of other banks/enterprises	2	0	0	2	0	0
Total deductions from Tier 1 and Tier 2 capital	2	0	0	12,803	13,695	12,224
Net Tier 1 capital	48,807	37,138	35,752	37,451	30,280	29,619
Net Tier 2 capital	1,744	12,446	12,413	–	5,290	6,022
Total qualifying capital	**50,551**	**49,584**	**48,165**	**37,451**	**35,570**	**35,641**

Capital Requirements by type of exposures as of December 31, 2013, 2012 and 2011 are as follows:

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

	December 31, 2012					
	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
	(in Millions)					
On-Balance Sheet Assets	229,874	181,602				
Off-Balance Sheet	8,433	8,338				
Counterparty Risk-Weighted Assets in the Banking and Trading Book	751	751				
Credit Linked Notes in the Banking Book	–	–				
Securitization Exposures	–	–				
Market Risk-Weighted Assets			14,440	12,053		
Operational Risk using Basic Indicator Approach					28,124	19,654
Total	**239,058**	**190,690**	**14,440**	**12,053**	**28,124**	**19,654**
Capital Requirements	**23,906**	**19,069**	**1,444**	**1,205**	**2,812**	**1,965**

	December 31, 2011					
	Credit Risk		Market Risk		Operational Risk	
	Group	Parent	Group	Parent	Group	Parent
	(in Millions)					
On-Balance Sheet Assets	214,670	171,655				
Off-Balance Sheet	6,015	6,015				
Counterparty Risk-Weighted Assets in the Banking and Trading Book	1,697	1,697				
Credit Linked Notes in the Banking Book	–	–				
Securitization Exposures	–	–				
Market Risk-Weighted Assets			11,510	10,726		
Operational Risk using Basic Indicator Approach					26,148	18,067
Total	**222,382**	**179,367**	**11,510**	**10,726**	**26,148**	**18,067**
Capital Requirements	**22,238**	**17,937**	**1,151**	**1,073**	**2,615**	**1,807**

Risk weighted on-balance sheet assets covered by credit risk mitigants were based on collateralized transactions as well as guarantees by the Philippine National Government (NG) and those guarantors and exposures with the highest credit rating.

Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets as of December 31, 2013, 2012 and 2011 are as follows:

RCBC – Parent
Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets
December 31, 2013

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

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

RCBC – Consolidated
Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets
December 31, 2013

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

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

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RCBC – Parent
Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets
December 31, 2012

Type of Exposures	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
On-Balance Sheet Exposures										
Sovereigns	60,405	7,574	52,831	45,135	339	736		6,622		7,058
Multilateral Development Banks	197		197		197					39
Banks	20,790		20,790		2,630	14,613		3,546		11,379
Interbank call loans	400		400		400					80
Local government units	698		698			698				349
Government corporations	6,909		6,909			-		6,909		6,909
Corporates	147,871	27,796	120,075			2,214		117,861		118,968
Housing Loans	1,138		1,138			1,138				569
MSME qualified portfolio	7,648		7,648				7,648			5,736
Defaulted exposures	867		867					67	800	1,267
Housing loans	67		67					67		67
Others	800		800						800	1,200
ROPA	3,552		3,552						3,552	5,329
All other assets, net of deductions	31,481		31,481	7,432	162			23,887		23,919
Total on-balance sheet exposures	281,956	35,370	246,586	52,566	3,729	19,399	7,648	158,892	4,352	181,602
Off-Balance Sheet Exposures										
Direct credit substitutes	-		-							
Transaction-related contingencies	5,532		5,532					5,532		5,532
Trade-related contingencies	2,806		2,806					2,806		2,806
Others	-		-							-
Total off-balance sheet exposures	8,338		8,338	-	-	-	-	8,338	-	8,338
Counterparty Risk-Weighted Assets in the Banking Book										-
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	131		131		6	109		17		72
Derivatives - exchange rate contracts	875		875		63	293		520		679
Credit Derivatives	-		-							-
Total counterparty RWA in trading book	1,006	-	1,006	-	68	402	-	536	-	751
Risk-Weighted Amount of Credit Linked Notes in the Banking Book	-		-							-
Risk-Weighted Securitization Exposures	-		-							-
Total	**291,300**	**35,370**	**255,930**	**52,566**	**3,797**	**19,801**	**7,648**	**167,766**	**4,352**	**190,690**
Deductions from Capital										
General loan loss provision (in excess of the amount permitted to be included in Upper Tier 2)										-
Unbooked valuation reserves and other capital adjustments										-
Total, net of deductions	**291,300**	**35,370**	**255,930**	**52,566**	**3,797**	**19,801**	**7,648**	**167,766**	**4,352**	**190,690**

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

RCBC – Consolidated
Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets
December 31, 2012

Type of Exposures	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
On-Balance Sheet Exposures										
Sovereigns	71,645	7,574	64,071	54,409	336	736		8,590		9,025
Multilateral Development Banks	197		197		197					39
Banks	21,458		21,458		2,901	14,820		3,736		11,727
Interbank call loans	-		-							-
Local government units	698		698			698				349
Government corporations	8,266		8,266			277		7,989		8,127
Corporates	161,623	29,770	131,852			2,214		129,638		130,745
Housing Loans	16,905	2,542	14,362			14,362				7,181
MSME qualified portfolio	7,649		7,649				7,649			5,736
Defaulted exposures	1,916		1,916					529	1,387	2,609
Housing loans	529		529					529		529
Others	1,387		1,387						1,387	2,080
ROPA	7,009		7,009						7,009	10,513
All other assets, net of deductions	54,029	710	53,319	9,306	240			43,773		43,821
Total on-balance sheet exposures	351,393	40,597	310,797	63,715	3,675	33,108	7,649	194,255	8,396	229,874
Off-Balance Sheet Exposures										
Direct credit substitutes	-		-							-
Transaction-related contingencies	5,627		5,627					5,627		5,627
Trade-related contingencies	2,806		2,806					2,806		2,806
Others	-		-							-
Total off-balance sheet exposures	8,433		8,433	-	-	-	-	8,433	-	8,433
Counterparty Risk-Weighted Assets in the Banking Book	-		-							-
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	131		131		6	109		17		72
Derivatives - exchange rate contracts	875		875		63	293		520		679
Credit Derivatives	-		-							-
Total counterparty RWA in trading book	1,006	-	1,006	-	68	402	-	536	-	751
Risk-Weighted Amount of Credit Linked Notes in the Banking Book	-		-							-
Risk-Weighted Securitization Exposures	-		-							-
Total	**360,833**	**40,597**	**320,236**	**63,715**	**3,743**	**33,509**	**7,649**	**203,225**	**8,396**	**239,058**
Deductions from Capital										
General loan loss provision (in excess of the amount permitted to be included in Upper Tier 2)										-
Unbooked valuation reserves and other capital adjustments										-
Total, net of deductions	**360,833**	**40,597**	**320,236**	**63,715**	**3,743**	**33,509**	**7,649**	**203,225**	**8,396**	**239,058**

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

RCBC – Parent
Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets
December 31, 2011

Type of Exposures	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights 0%	20%	50%	75%	100%	150%	Total Risk Weighted Assets
On-Balance Sheet Exposures										
Sovereigns	53,011	5,488	47,523	33,793	1,843	2,082		9,804		11,214
Multilateral Development Banks	503		503	503						-
Banks	23,852		23,852		6,105	15,111		2,636		11,413
Interbank call loans	-		-							-
Local government units	130		130			130				65
Government corporations	9,931		9,931					9,931		9,931
Corporates	137,761	30,567	107,194		505	3,040		103,649		105,270
Housing Loans	283		283			283				142
MSME qualified portfolio	6,816		6,816				6,816			5,112
Defaulted exposures	665		665					83	582	956
Housing loans	83		83					83		83
Others	582		582						582	873
ROPA	3,651		3,651						3,651	5,476
All other assets, net of deductions	28,884		28,884	6,560	308			22,016		22,077
Total on-balance sheet exposures	265,486	36,055	229,431	40,856	8,761	20,647	6,816	148,119	4,233	171,655
Off-Balance Sheet Exposures										
Direct credit substitutes	-		-							-
Transaction-related contingencies	4,892		4,892					4,892		4,892
Trade-related contingencies	1,123		1,123					1,123		1,123
Others	-		-							-
Total off-balance sheet exposures	6,015		6,015	-	-	-	-	6,015	-	6,015
Counterparty Risk-Weighted Assets in the Banking Book	-		-							-
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	160		160		8	131		21		88
Derivatives - exchange rate contracts	2,395		2,395		138	1,351		906		1,609
Credit Derivatives	-		-							-
Total counterparty RWA in trading book	2,555	-	2,555	-	146	1,482	-	927	-	1,697
Risk-Weighted Amount of Credit Linked Notes in the Banking Book	-		-							-
Risk-Weighted Securitization Exposures	-		-							-
Total	**274,055**	**36,055**	**238,001**	**40,856**	**8,907**	**22,129**	**6,816**	**155,061**	**4,233**	**179,367**
Deductions from Capital										
General loan loss provision (in excess of the amount permitted to be included in Upper Tier 2)										-
Unbooked valuation reserves and other capital adjustments										-
Total, net of deductions	**274,055**	**36,055**	**238,001**	**40,856**	**8,907**	**22,129**	**6,816**	**155,061**	**4,233**	**179,367**

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

RCBC – Consolidated
Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets
December 31, 2011

Type of Exposures	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
On-Balance Sheet Exposures										
Sovereigns	73,266	5,488	67,778	51,904	823	2,082		12,969		14,175
Multilateral Development Banks	503		503	503						-
Banks	24,975		24,975		6,432	15,217		3,326		12,221
Interbank call loans	-		-							-
Local government units	130		130			130				65
Government corporations	11,512		11,512			378		11,134		11,323
Corporates	147,384	30,567	116,817		505	3,040		113,272		114,893
Housing Loans	12,093	822	11,271			11,271				5,635
MSME qualified portfolio	6,845		6,845				6,845			5,134
Defaulted exposures	1,572		1,572					419	1,152	2,148
Housing loans	419		419					419		419
Others	1,152		1,152						1,152	1,729
ROPA	7,526		7,526						7,526	11,289
All other assets, net of deductions	46,867	690	46,177	8,123	334			37,721		37,787
Total on-balance sheet exposures	332,672	37,567	295,105	60,529	8,094	32,119	6,845	178,841	8,678	214,670
Off-Balance Sheet Exposures										
Direct credit substitutes	-		-							-
Transaction-related contingencies	4,892		4,892					4,892		4,892
Trade-related contingencies	1,123		1,123					1,123		1,123
Others	-		-							-
Total off-balance sheet exposures	6,015		6,015	-	-	-	-	6,015	-	6,015
Counterparty Risk-Weighted Assets in the Banking Book	-		-							-
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	160		160		8	131		21		88
Derivatives - exchange rate contracts	2,395		2,395		138	1,351		906		1,609
Credit Derivatives	-		-							-
Total counterparty RWA in trading book	2,555	-	2,555	-	146	1,482	-	927	-	1,697
Risk-Weighted Amount of Credit Linked Notes in the Banking Book	-		-							-
Risk-Weighted Securitization Exposures	-		-							-
Total	**341,242**	**37,567**	**303,675**	**60,529**	**8,240**	**33,601**	**6,845**	**185,783**	**8,678**	**222,382**
Deductions from Capital										
General loan loss provision (in excess of the amount permitted to be included in Upper Tier 2)										-
Unbooked valuation reserves and other capital adjustments										-
Total, net of deductions	**341,242**	**37,567**	**303,675**	**60,529**	**8,240**	**33,601**	**6,845**	**185,783**	**8,678**	**222,382**

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

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

2013

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

2012

On-Balance Sheet Assets	Principal Amount	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
Cash on Hand	7,432		7,432	7,432						-
Checks and Other Cash Items	162		162		162					32
Due from Bangko Sentral ng Pilipinas (BSP)	31,420		31,420	31,420						-
Due from Other Banks	5,098		5,098		2,449	1,738		910		2,269
Financial Assets Designated at Fair Value through Profit or Loss	208		208			208				104
Available-for-Sale (AFS) Financial Assets	61,778	7,574	54,204	13,714	536	9,374		30,580		35,374
Held-to-Maturity (HTM) Financial Assets	-		-							-
Unquoted Debt Securities Classified as Loans	7,282		7,282			2,435		4,847		6,064
Loans and Receivables	149,583	27,796	121,787		581	5,644	7,648	107,221	693	116,935
Loans and Receivables Arising from Repurchase Agreements	-		-							-
Sales Contract Receivable (SCR)	354		354					247	107	407
Real and Other Properties Acquired	3,552		3,552						3,552	5,329
Other Assets	15,088		15,088					15,088		15,088
Total Risk-weighted On-Balance Sheet Assets	**281,956**	**35,370**	**246,586**	**52,566**	**3,729**	**19,399**	**7,648**	**158,892**	**4,352**	**181,602**

2011

On-Balance Sheet Assets	Principal Amount	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
Cash on Hand	6,560		6,560	6,560						-
Checks and Other Cash Items	308		308		308					62
Due from Bangko Sentral ng Pilipinas (BSP)	22,939		22,939	22,939						-
Due from Other Banks	2,964		2,964		584	1,511		869		1,742
Financial Assets Designated at Fair Value through Profit or Loss	431		431			431				215
Available-for-Sale (AFS) Financial Assets	56,087	5,488	50,599	4,851	2,568	10,479		32,700		38,453
Held-to-Maturity (HTM) Financial Assets	-		-							-
Unquoted Debt Securities Classified as Loans	6,694		6,694	503		2,776		3,415		4,803
Loans and Receivables	144,198	30,567	113,631		5,300	5,450	6,816	95,623	442	105,183
Loans and Receivables Arising from Repurchase Agreements	6,002		6,002	6,002						-
Sales Contract Receivable (SCR)	442		442					302	140	512
Real and Other Properties Acquired	3,651		3,651						3,651	5,476
Other Assets	15,209		15,209					15,209		15,209
Total Risk-weighted On-Balance Sheet Assets	**265,486**	**36,055**	**229,431**	**40,856**	**8,761**	**20,647**	**6,816**	**148,119**	**4,233**	**171,655**

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

2013

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

2012

On-Balance Sheet Assets	Principal Amount	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
Cash on Hand	9,306		9,306	9,306						-
Checks and Other Cash Items	240		240		240					48
Due from Bangko Sentral ng Pilipinas (BSP)	36,451		36,451	36,451						-
Due from Other Banks	5,862		5,862		2,720	1,946		1,196		2,713
Financial Assets Designated at Fair Value through Profit or Loss	208		208			208				104
Available-for-Sale (AFS) Financial Assets	75,431	7,574	67,857	17,839	533	9,374		40,111	0	44,905
Held-to-Maturity (HTM) Financial Assets	-		-							-
Unquoted Debt Securities Classified as Loans	7,559		7,559			2,712		4,847		6,203
Loans and Receivables	185,444	33,023	152,421		181	18,868	7,649	124,620	1,104	141,482
Loans and Receivables Arising from Repurchase Agreements	119		119	119						-
Sales Contract Receivable (SCR)	1,306		1,306					1,023	283	1,448
Real and Other Properties Acquired	7,009		7,009						7,009	10,513
Other Assets	22,458		22,458					22,458		22,458
Total Risk-weighted On-Balance Sheet Assets	**351,393**	**40,597**	**310,797**	**63,715**	**3,675**	**33,108**	**7,649**	**194,255**	**8,396**	**229,874**

2011

On-Balance Sheet Assets	Principal Amount	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
Cash on Hand	8,123		8,123	8,123						-
Checks and Other Cash Items	334		334		334					67
Due from Bangko Sentral ng Pilipinas (BSP)	34,174		34,174	34,174						-
Due from Other Banks	3,910		3,910		912	1,617		1,381		2,372
Financial Assets Designated at Fair Value through Profit or Loss	431		431			431				215
Available-for-Sale (AFS) Financial Assets	69,791	5,488	64,303	10,666	1,548	10,479		41,525	84	47,200
Held-to-Maturity (HTM) Financial Assets	-		-							-
Unquoted Debt Securities Classified as Loans	7,072		7,072	503		3,154		3,415		4,992
Loans and Receivables	172,889	32,079	140,810		5,300	16,437	6,845	111,406	822	127,051
Loans and Receivables Arising from Repurchase Agreements	7,064		7,064	7,064						-
Sales Contract Receivable (SCR)	1,120		1,120					873	247	1,243
Real and Other Properties Acquired	7,526		7,526						7,526	11,289
Other Assets	20,240		20,240					20,240		20,240
Total Risk-weighted On-Balance Sheet Assets	**332,672**	**37,567**	**295,105**	**60,529**	**8,094**	**32,119**	**6,845**	**178,841**	**8,678**	**214,670**

Market Risk Weighted Assets

	2013				2012				2011			
	Group		Parent		Group		Parent		Group		Parent	
Using Standardized Approach	Notional Amount	Total Risk Weighted Exposures	Notional Amount	Total Risk Weighted Exposures	Notional Amount	Total Risk Weighted Exposures	Notional Amount	Total Risk Weighted Exposures	Notional Amount	Total Risk Weighted Exposures	Notional Amount	Total Risk Weighted Exposures
Interest Rate Exposures	64,426	5,051	63,496	4,998	84,010	7,469	81,565	6,199	151,936	9,007	161,606	8,847
Equity Exposures	827	1,655	-	-	558	1,115	-	-	312	623	-	
Foreign Exchange Exposures	4,339	1,568	4,591	1,789	10,384	5,290	10,186	5,288	26,141	1,879	26,165	1,879
Options	1,764	580	1,764	580	1,787	565	1,787	565	723	0	723	0
Total Market Risk-Weighted Assets	**71,357**	**8,853**	**69,851**	**7,367**	**96,740**	**14,440**	**93,538**	**12,053**	**179,111**	**11,510**	**188,494**	**10,726**

Operational Risk-Weighted Assets under Basic Indicator Approach

	Group			Parent		
	3 year average Gross Income			3 year average Gross Income		
	2013	2012	2011	**2013**	2012	2011
Net interest income	10,933	10,551	9,842	7,939	7,630	7,045
Other non-interest income	4,654	4,448	4,103	2,828	2,852	2,591
Gross Income	15,587	15,000	13,945	10,767	10,482	9,636
Capital Requirements	**29,225**	**28,124**	**26,148**	**20,187**	**19,654**	**18,067**

Use of third party assessment for Credit Risk

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

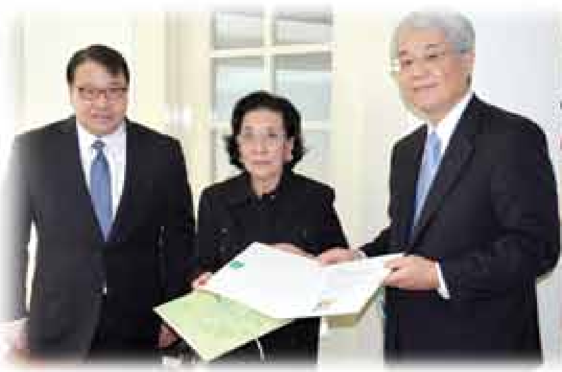
	Fitch	Moody's	S&P	Risk Weight
Australia	AAA	Aaa	AAAu	0%
Austria	AAA	Aaa	AA+	0%
Bahrain	BBB	Baa2	BBB	50%
Brazil	BBB	Baa2	BBB	50%
Canada	AAA	Aaa	AAA	0%
Chile	A+	Aa3	AA-	0%
China	A+	Aa3	AA-	0%
Colombia	BBB	Baa3	BBB	50%
Denmark	AAA	Aaa	AAA	0%
France	AA+	Aa1	AAu	0%
Germany	AAA	Aaa	AAAu	0%
Hong Kong	AA+	Aa1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

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

SMARTER SOLUTIONS

A YGC Member

Like a blank canvass that can evolve into a slate of meaningful interpretations, RCBC's values-formation and livelihood initiatives bring about meaningful social change and contribute to nation-building.



Service Excellence

In 2013, RCBC continued on its service excellence journey, aiming to provide the best possible service to all of its customers and clients. As part of these efforts, the bank has come up with a series of training and immersion among front-line and non-frontline personnel, from department heads and below to emphasize high-quality customer service as a core deliverable of the bank.

To enhance the overall knowledge and expertise of the bank's employees, RCBC continued carrying out the self assessment modules of the YGC WOW Learning Series, a program administered across YGC companies to improve overall customer service quality provided by the conglomerate's various businesses. The learning program is over and above those that are regularly held by each company's Human Resources Group and afforded complementary learning opportunities for employees.

As an avenue for gauging employees' skills and behavior, an Assessment of Competencies and Traits (ACT) program was conducted among all rank and file employees. Key factors like interpersonal, mental, leadership, support, behavioral responses, and personality styles were included in the assessment. Development of supervisory and leadership skills were carried out through the Managerial Assessment of Proficiency (MAP) program among supervisory personnel from division heads and below. This was piloted among 33 RCBC officials and will continue to expand in the years to come.

Reflecting the findings and recommendations of a Mystery Shopper Survey randomly conducted by a third party consultant among the bank's branches, RCBC's Customer Engagement Division, along with the Human Resources Group, created the RBG Service Culture program primarily to build a customer-centric culture among employees. The program focused on generating deeper service-value for customers that eventually translates to long term partnerships and loyalty. This was given to employees of different levels to instill the importance of valuing the customer.

To facilitate a better, more efficient and comprehensive product presentation by the bank's frontline personnel to their existing and would be-clients, RCBC completed the distribution of iPads to all its Branch Marketing Personnel in 2013. The gadgets not only minimized the use of printed materials for sales and marketing purposes but also provided the opportunity to give clients a more substantive and detailed presentation on any bank product that they are interested in.

In congruence with the bank's brand promise as a provider of smart solutions to the customer's needs, RCBC endeavored to look into all aspects of its operations and effected process improvement initiatives that made service delivery faster, easier and more efficient for both employees and their clients.

To continuously ensure that the culture of excellence is well-engrained in the consciousness of the bank's pool of talented workforce, the Corporate Communication and Service Excellence Division initiated fun and engaging promotions that cascaded valuable service excellence learnings. From an artistic board design challenge that promoted the importance of accepting accountability and responsibility to a nostalgic "old/throwback" photo competition that reminded of the value of gratitude and saying "thank you," the monthly promos were warmly and widely received by employees and heightened everyone's awareness of the importance of being cheerful and effective providers of banking services.

SOCIAL MEDIA

Leveraging the power and understanding the importance of reaching out through today's online media channels, the bank ventured into social media and opened its Facebook page account: https://www.facebook.com/RCBCGroup as an avenue for public information and customer service.

As part of the initiative to generate functional traffic and increase positive social media presence, the bank's Corporate Communications launched an on-line branding strategy dubbed as "I like MYRCBC" in December 2013. It triggered an aggressive growth on the bank's online media presence, as it is now growing an average of about 1,000% per month.

Coinciding with the page re-launch was the rollout of the "I like MYRCBC because…." promo which solicited netizen views and insights on RCBC. It invited online audiences to share their comments on why they like the bank. The promo reached hundreds of thousands of online audiences, received thousands of likes and hundreds of positive responses. Most of the comments commended the smart and easy banking solutions provided by RCBC. Many also cited the convenience provided for them by RCBC AccessOne.

With its consistent and collaborative efforts in creating digital marketing strategies through the use of social media, RCBC is highly optimistic of drawing more positive attention and expanding its business network connections in the online community.

Corporate Social Responsibility

RCBC pursued its corporate social responsibility initiatives in the areas of environmental care, education, and community development in 2013.

Environmental Care

The bank has been exerting efforts to promote environmental care in the past years together with other YGC conglomerates with its Earth Care project, a tree planting drive in Tanay, Rizal. This year, together with the members of the Samahan ng mga Magsasaka ng San Andres (SAMASAI) and other YGC group members, the bank signed a memorandum of agreement for the maintenance of the 40-hectare tree planting site. This is to ensure that the seedlings planted in the previous years will be cultivated and protected by the farmers in the area.

In line with this, the bank joined the first ocular inspection in December 2013, wherein the YGC Earth Care project team responded positively during the checking of the growth and maintenance of the tree planting sites.

In pursuit of promoting environment-friendly facilities, RCBC had the first ever container van banking office in the country when its subsidiary, Rizal Microbank, opened its first Micro Banking Office (MBO) in Lipa City, made out of recycled container vans. The MBO's construction only amounted to approximately P 2.3 million, including all office facilities and security requirements compared to the usual P 4-6 million cost of a regular branch, thus ensuring cost-efficiency.

Educational Campaign

As part of the Buhay Rizal Values Campaign, which aims to revive nationalism and instill the Filipino values reflected in the life of our national hero Dr. Jose Rizal, RCBC Savings Bank donated over 800 copies of Noli Me Tangere books to students of Navotas National High School this year.

This project is also targeted to develop the potential of the youth in education and values formation.

Since YGC launched the book donation initiative in 2008, it has donated nearly 50,000 copies of Noli Me Tangere, helping thousands of students from various public high schools across the country.

Entrepreneurship and Livelihood Projects

RCBC's aim to support micro-entrepreneurs in the country is starting to bear fruit not only for the bank but also for its clients. A Rizal Microbank client became one of 2013's Citi Microentrepreneurship Awardee for her company's significant contribution to community development efforts in Mindanao. After receiving a microfinance loan from Rizal Microbank only a few months back, the client was able to build a multi-million peso business, employing dozens of employees spread across 25 branches in Mindanao.

Her achievements truly underscore the bank's commitment and pride supporting small business owners that make a significant contribution to the community's sustainable development.

Disaster and Emergency Relief

The bank has been active this year in giving support and immediate relief to the victims of super typhoon Yolanda.

Immediately after the calamity struck, RCBC launched the campaign, Alay ni Rizal, which raised almost P2 Million through employee donations alone. Full assistance like food and clothing were also given to employees who were severely affected. The campaign remains in effect as donations continue to come in through online channels courtesy of RCBC MyWallet and ATM cardholders.

While other banks either kept their doors locked or offered limited banking services after the typhoon left Philippine shores, RCBC Tacloban branch was the first to be fully operational.

In accordance with the relief efforts, groups like the Bankers Association of the Philippines (BAP) and Resona Holdings Inc., the fourth largest financial services group of Japan, coursed through RCBC their respective financial assistance initiatives aimed at rebuilding lives and reconstructing infrastructures in the Visayas region.

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HONORARY CHAIRMAN
(Refer to page 8 for his Business Affiliations)

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- Malayan Insurance Company, Inc., Chairman
- Manila Memorial Park Cemetery, Inc., Chairman
- Mapua Board of Trustees, Member
- Philippine Long Distance Telephone Company, Director

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CHIEF EXECUTIVE OFFICER
- RCBC Savings Bank, Vice Chairman
- TOYM Foundation, Vice Chairman
- Asian Bankers Association, Chairman
- Bankers Association of the Philippines, President
- Philippine Dealing System Holdings Corporation, 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
- RCBC Bankard Services Corporation, Director and Chairman
- Malayan Colleges, Inc. *(operating under Mapua Institute of Technology)*, Trustee

Board of Directors

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- PhilPlans First, Inc., Independent Director
- OEP Philippines, Inc., Director and Corporate Secretary
- Union Church of Manila (Philippines) Foundation, Inc., President

ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO
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- RCBC Savings Bank, Inc., Corporate Secretary
- RCBC Capital Corporation, Corporate Secretary
- Mapua Institute of Technology, Trustee
- Yuchengco Foundation, Trustee
- Philippine Integrated Advertising Agency, Inc., Director

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DIRECTOR
- Ayala Land, Inc., Independent Director and Chair of the Compensation Committee
- Philippine American Life Assurance Company, Independent Director, Chair of the Risk Management Committee and Member of the Investment and Audit Committees
- Institute of Corporate Directors, Vice Chairman, Trustee and Fellow
- Armed Forces of the Philippines Multi-Sectoral Governance Council, Member
- De La Salle University, former Chairman of the Board of Trustees, current Member of the Board of Advisers

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- House of Investments, Inc., Director
- LT Group, Inc., Director
- Transnational Diversified Group, Inc., Director
- Universal Robina Corporation, Director

MEDEL T. NERA
DIRECTOR
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- RCBC Realty Corporation, President
- National Reinsurance Corporation of the Philippines, Inc., Director
- CRIBS Foundation, Director and Treasurer
- SyCip, Gorres, Velayo and Co., CPAs Former Senior Partner and Head of Financial Services Audit Practice of Ernst and Young in the Far East

BRIAN HONG
DIRECTOR
- CVC Asia Pacific Limited, Senior Managing Director
- SPi Global, Chairman

Board of Directors

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DIRECTOR
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- CVC Capital Partners, Senior Adviser
- Hong Kong Exchanges and Clearing Limited, Independent Non-Executive Director
- Mongolian Mining Corporation (MMC), Chairman of Audit Committee and Independent Non-Executive Director
- AFFIN Holdings Berhad, Non-Executive Director

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- New York Engineering Limited, Chairman of the Board of Directors
- International Finance Corporation, Short Term Consultant

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- Philippine Airlines, Inc., Independent Director
- House of Investments, Inc., Independent Director
- LT Group, Inc., Independent Director
- Greatlife Financial Assurance Corporation, Independent Director

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- Dearborn Motors Company, Inc., Chairman
- SunLife Grepa Financial, Inc., Independent Director
- Great Life Financial Assurance Corporation, Independent Director
- Makati Finance, Independent Director
- Institute for Solidarity in Asia, President
- East West Seed Philippines, Member, Board of Advisors

ARMANDO M. MEDINA
INDEPENDENT DIRECTOR
- RCBC Savings Bank, Independent Director
- RCBC Capital Corporation, Independent Director
- Malayan Insurance Company, Inc., independent Director
- Malayan Colleges, Inc., Independent Trustee

Advisory Board

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- VH Holdings, Inc., Director
- BT Investments Holdings Philippines, Inc., Director
- Apollo GmbH, Director
- Yuchengco Museum, Board Member

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- Toyota Batangas City, Inc., President and Chief Executive Officer
- Toyota Camarines Sur, Inc., President and Chief Executive Officer
- Philippines-Japan Society, Inc., President and Member of the Board of Trustees
- Philippines-Japan Economic Cooperation Committee, Inc., Senior Adviser
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- J.G. Summit Holdings, Director
- Gokowei Brothers Foundation, Trustee
- Tan Yan Kee Foundation, Trustee
- Pres. Ramos Peace and Development Foundation, Trustee

YVONNE S. YUCHENGCO
ADVISORY BOARD MEMBER

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

Senior Management

REDENTOR C. BANCOD

JOSE EMMANUEL U. HILADO

ISMAEL R. SANDIG
(Until July 30, 2013)

MICHELANGELO R. AGUILAR

MICHAEL O. DE JESUS

ALFREDO S. DEL ROSARIO

JOHN THOMAS G. DEVERAS

EDGAR ANTHONY B. VILLANUEVA

MANUEL G. AHYONG, JR.

ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO

LOURDES BERNADETTE M. FERRER

ANA LUISA S. LIM

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

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

JOSE EMMANUEL U. HILADO
Senior Executive Vice President, Treasurer and Head of Treasury Group

Prior to joining RCBC, he was SVP and Head of Trading and Investments of Banco de Oro Unibank he also served as SVP/Treasurer of BDO Private Bank. Prior to this, he held various positions in Equitable PCIBank, and Far East Bank and Trust Company. He obtained his Bachelor of Science degree in Economics from the University of the Philippines and is also a certified Treasury Professional by the BAP-Ateneo Graduate School.

ISMAEL R. SANDIG
Senior Executive Vice President, Head of Retail Banking Group (until July 2013)

He was a Senior Consultant and Assistant to the President at East West Bank Corporation. He was with Philippine National Bank as Retail Banking Sector Head and Consumer Finance Sector Head. He also held various positions in Retail Banking in Union Bank of the Philippines, PCI Bank and Insular Bank of Asia and America. He earned his Bachelor of Science degree in Commerce major in Accounting from Far Eastern University.

MICHELANGELO R. AGUILAR
Executive Vice-President, Head of Conglomerates and Global Corporate Banking Group

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

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

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

ALFREDO S. DEL ROSARIO JR.
Executive Vice President, Head of the Asset Management and Remedial Group

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

JOHN THOMAS G. DEVERAS
Executive Vice President, Head of Strategic Initiatives

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

EDGAR ANTHONY B. VILLANUEVA
Executive Vice President, Head of Global Transaction Banking Group

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

MANUEL G. AHYONG, JR.
First Senior Vice President, Head of Wealth Management Segment 2

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

ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO
Director, Corporate Secretary and First Senior Vice President and Head–Legal and Regulatory Affairs Group

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

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

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

ANA LUISA S. LIM
First Senior Vice President, Head of Internal Audit Group

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

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

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

Senior Management

REGINO V. MAGNO

CYNTHIA P. SANTOS
(Until December 10, 2013)

ROWENA F. SUBIDO

RAUL VICTOR B. TAN

ZENAIDA F. TORRES

GERALD O. FLORENTINO

JOSE LUIS F. GOMEZ

ROMMEL S. LATINAZO

MARIA LOURDES JOCELYN S. PINEDA

MA. CRISTINA S. ROSALES

ALFONSO C. TANSECO

OSCAR B. BIASON

MICHAEL A. SINGSON

CYNTHIA P. SANTOS
First Senior Vice President, Head of the Overseas Filipino Banking/TeleMoney Group (until December 10, 2013)

Prior to this position, Ms. Santos was the Head of the Corporate Planning Group and its Chief Information Officer. She started in RCBC as the Bank Economist. She graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics and obtained her Master of Arts degree in Development Economics from Williams College, Massachusetts.

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

Prior to joining RCBC, she worked with Citibank, N.A. as Senior Vice President and Lead Human Resources Generalist and Senior Vice President and Head of Human Resources for the Institutional Clients Group. She also worked with Citifinancial Corporation, the Consumer Finance Division of Citigroup, as Vice President and Human Resources Head for four years.

She graduated from the University of Santo Tomas with a degree in Bachelor of Science major in Psychology. She earned units for Masters in Psychology major in Organizational/ Industrial Psychology at De La Salle University.

RAUL VICTOR B. TAN
First Senior Vice President, Head of Retail Banking Group

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

ZENAIDA F. TORRES
First Senior Vice President, Head of Controllership Group

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

GERALD O. FLORENTINO
Senior Vice President, Head of Corporate Planning

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

JOSE LUIS F. GOMEZ
President and CEO RCBC Capital Corporation

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

ROMMEL S. LATINAZO
Executive Vice President, President and Chief Executive Officer of RCBC Savings Bank

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

MA. LOURDES JOCELYN S. PINEDA
Senior Vice President, Head of Microfinance and President Rizal Microbank

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

MA. CRISTINA S. ROSALES
President & CEO, RCBC Forex Brokers Corporation

Prior to her appointment, she was First Vice President and Head of the Investment Services Department, Trust Division of RCBC. Before joining RCBC she also worked at Far East Bank. She graduated from De La Salle University with an A.B. degree in Economics (Summa Cum Laude). She is an MBA candidate at De La Salle University.

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

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

OSCAR B. BIASON
President & Chief Executive Officer, RCBC Bankard Services Corporation

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

MICHAEL A. SINGSON
President and Director, RCBC Securities, Inc.

Before joining RCBC Securities, he was a Vice-President of the Treasury Group of Rizal Commercial Banking Corp. He previously headed Business Development in Nomura Securities (Phils.), Inc. and was a financial adviser in Canadian companies Alterna Savings and Credit Union Ltd. and in Edward Jones. He also served as Vice-President of Jibsen International Trading Corp. , Vice-President of Pryce Securities, and trader at Kerry Securities. He obtained his Bachelor of Science degree in Financial Management from De la Salle University.

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, 2013 and 2012, in accordance with Financial Reporting Standards in the Philippines for Banks. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors (BOD) reviews and approves the financial statements and submits the same to the stockholders.

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

Helen Y. Dee
Chairperson

Lorenzo V. Tan
President & Chief Executive Officer

Jose Emmanuel U. Hilado
Head, Treasury Group

Zenaida F. Torres
Head, Controllership Group

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Report of Independent Auditors

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

We have audited the accompanying financial statements of Rizal Commercial Banking Corporation and subsidiaries (together hereinafter referred to as the Group) and of Rizal Commercial Banking Corporation (the Parent Company), which comprise the statements of financial position as at December 31, 2013 and 2012, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2013, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2013 and 2012, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2013, in accordance with FRSPB, as described in Note 2 to the financial statements.

Emphasis of a Matter

As discussed in Note 28 to the financial statements, the Parent Company presented the supplementary information required by the Bureau of Internal Revenue under Revenue Regulations (RR) 15-2010 and RR 19-2011 in a supplementary schedule filed separately from the basic financial statements. RR 15-2010 and RR 19-2011 require the information to be presented in the notes to financial statements. Such supplementary information is the responsibility of management. The supplementary information is not a required part of the basic financial statements prepared in accordance with FRSPB; it is also neither a required disclosure under the Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission.

PUNONGBAYAN & ARAULLO

By: **Benjamin P. Valdez**
Partner

CPA Reg. No. 0028485
TIN 136-619-880
PTR No. 4222741, January 2, 2014, Makati City
SEC Group A Accreditation
Partner - No. 009-AR-3 (until Dec. 9, 2014)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-11-2011 (until Sept. 22, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

March 31, 2014

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Financial Position

DECEMBER 31, 2013 AND 2012
(With Corresponding Figures as of January 1, 2012)
(Amounts in Millions of Philippine Pesos)

		GROUP			PARENT COMPANY		
	Notes	December 31, 2013	December 31, 2012 (As Restated – See Note 2)	January 1, 2012 (As Restated – See Note 2)	December 31, 2013	December 31, 2012 (As Restated – See Note 2)	January 1, 2012 (As Restated – See Note 2)
RESOURCES							
CASH AND OTHER CASH ITEMS	8	**P 9,826**	P 9,380	P 8,163	**P 7,563**	P 7,432	P 6,560
DUE FROM BANGKO SENTRAL NG PILIPINAS	8	**52,491**	36,620	34,283	**48,679**	31,590	22,990
DUE FROM OTHER BANKS	8	**7,537**	5,879	3,769	**6,212**	5,139	2,965
TRADING AND INVESTMENT SECURITIES							
At Fair Value Through Profit or Loss	9	**3,288**	11,492	11,818	**2,358**	9,046	11,241
Available-for-Sale - Net	10	**89,412**	83,687	75,910	**76,882**	69,512	61,782
LOANS AND RECEIVABLES - Net	11	**237,960**	190,903	186,192	**191,636**	153,078	153,989
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - Net	12	**333**	3,946	3,613	**7,999**	11,607	11,239
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	13	**8,814**	7,507	6,462	**7,021**	4,433	3,883
INVESTMENT PROPERTIES - Net	14	**4,579**	6,784	7,635	**1,944**	3,564	3,927
OTHER RESOURCES - Net	15	**7,629**	7,141	5,941	**4,796**	4,478	3,197
TOTAL RESOURCES		**P 421,869**	P 363,339	P 343,786	**P 355,090**	P 299,879	P 281,773

		GROUP			PARENT COMPANY		
	Notes	**December 31, 2013**	December 31, 2012 (As Restated – See Note 2)	January 1, 2012 (As Restated – See Note 2)	**December 31, 2013**	December 31, 2012 (As Restated – See Note 2)	January 1, 2012 (As Restated – See Note 2)
LIABILITIES AND EQUITY							
DEPOSIT LIABILITIES	17	**P 297,853**	P 246,757	P 255,283	**P 243,620**	P 196,435	P 204,034
BILLS PAYABLE	18	**39,895**	26,387	18,037	**37,067**	23,971	16,147
BONDS PAYABLE	19	**23,317**	21,553	10,905	**23,317**	21,553	10,905
SUBORDINATED DEBT	22	**–**	10,987	10,966	**–**	10,987	10,966
ACCRUED INTEREST, TAXES AND OTHER EXPENSES	20	**4,537**	4,513	4,151	**3,549**	3,407	2,831
OTHER LIABILITIES	21	**11,459**	10,980	8,298	**8,387**	7,828	6,407
Total Liabilities		**377,061**	321,177	307,640	**315,940**	264,181	251,290
EQUITY	23	**44,808**	42,162	36,146	**39,150**	35,698	30,483
TOTAL LIABILITIES AND EQUITY		**P 421,869**	P 363,339	P 343,786	**P 355,090**	P 299,879	P 281,773

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Profit or Loss

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Millions of Philippine Pesos, Except Per Share Data)

		GROUP			PARENT COMPANY		
	Notes	2013	2012 (As Restated – See Note 2)	2011 (As Restated – See Note 2)	2013	2012 (As Restated – See Note 2)	2011 (As Restated – See Note 2)
INTEREST INCOME							
Loans and receivables	11	**P 14,302**	P 13,843	P 11,840	**P 10,138**	P 10,126	P 8,449
Investment securities	9, 10	**4,259**	4,736	4,602	**3,762**	4,184	3,979
Others	8	**263**	178	578	**246**	111	271
		18,824	18,757	17,020	**14,146**	14,421	12,699
INTEREST EXPENSE							
Deposit liabilities	17	**2,682**	4,294	3,804	**1,855**	3,255	2,795
Bills payable and other borrowings	18, 19, 22	**2,831**	3,061	2,372	**2,698**	2,928	2,251
		5,513	7,355	6,176	**4,553**	6,183	5,046
NET INTEREST INCOME	16	**13,311**	11,402	10,844	**9,593**	8,238	7,653
IMPAIRMENT LOSSES - Net		**2,054**	2,486	2,538	**1,380**	1,921	1,779
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**11,257**	8,916	8,306	**8,213**	6,317	5,874
OTHER OPERATING INCOME							
Trading and securities gains - net	2, 9, 10	**2,600**	6,804	4,950	**1,762**	5,541	4,021
Service fees and commissions	2	**2,398**	2,080	1,910	**1,375**	1,196	1,047
Trust fees	2	**304**	293	250	**257**	254	219
Foreign exchange gains - net	2	**264**	196	294	**221**	168	224
Share in net earnings of associates	12	**243**	357	200	**–**	–	–
Miscellaneous	27	**4,001**	1,612	2,488	**4,208**	1,712	2,131
		9,810	11,342	10,092	**7,823**	8,871	7,642
TOTAL OPERATING INCOME		**P 21,067**	P 20,258	P 18,398	**P 16,036**	P 15,188	P 13,516

	Notes	GROUP 2013		GROUP 2012 (As Restated – See Note 2)		GROUP 2011 (As Restated – See Note 2)		PARENT COMPANY 2013		PARENT COMPANY 2012 (As Restated – See Note 2)		PARENT COMPANY 2011 (As Restated – See Note 2)
TOTAL OPERATING INCOME		**P**	**21,067**	P	20,258	P	18,398	**P**	**16,036**	P	15,188	P	13,516
OTHER OPERATING EXPENSES												
Employee benefits	25		**3,886**		3,851		3,430		**2,639**		2,732		2,393
Occupancy and equipment-related	26		**2,390**		2,269		1,944		**1,731**		1,646		1,546
Taxes and licenses	28		**1,708**		1,628		1,349		**1,202**		1,210		936
Depreciation and amortization	13, 14, 15		**1,318**		1,114		1,054		**772**		671		593
Miscellaneous	27		**5,172**		4,695		4,619		**3,943**		3,689		3,307
			14,474		13,557		12,396		**10,287**		9,948		8,775
PROFIT BEFORE TAX			**6,593**		6,701		6,002		**5,749**		5,240		4,741
TAX EXPENSE	28		**1,259**		745		915		**967**		524		578
NET PROFIT		**P**	**5,334**	P	5,956	P	5,087	**P**	**4,782**	P	4,716	P	4,163
ATTRIBUTABLE TO:												
PARENT COMPANY SHAREHOLDERS		**P**	**5,321**	P	5,949	P	5,061						
NON-CONTROLLING INTERESTS			**13**		7		26						
		P	**5,334**	P	5,956	P	5,087						
Earnings Per Share	33												
Basic		**P**	**3.95**	P	4.85	P	4.49	**P**	**3.52**	P	3.77	P	3.62
Diluted		**P**	**3.95**	P	4.85	P	4.49	**P**	**3.52**	P	3.77	P	3.62

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Millions of Philippine Pesos)

		GROUP			PARENT COMPANY		
	Notes	**2013**	2012 (As Restated – See Note 2)	2011 (As Restated – See Note 2)	**2013**	2012 (As Restated – See Note 2)	2011 (As Restated – See Note 2)
NET PROFIT		**P 5,334**	P 5,956	P 5,087	**P 4,782**	P 4,716	P 4,163
OTHER COMPREHENSIVE INCOME (LOSS)							
Item that will not be reclassified subsequently to profit or loss							
Actuarial gains (losses) on defined benefit plan	25	**(773)**	1,160	(90)	**(755)**	1,153	(25)
Items that will be reclassified subsequently to profit or loss							
Fair value gains (losses) on available-for-sale securities	10	**(8,150)**	863	2,264	**(6,982)**	787	2,074
Translation adjustments on foreign operations	23	**4**	(2)	(2)	**–**	–	–
Excess of cost of investment over net assets of acquired subsidiary	23	**–**	(87)	–	**–**	–	–
		(8,146)	774	2,262	**(6,982)**	787	2,074
Total Other Comprehensive Income (Loss)	23	**(8,919)**	1,934	2,172	**(7,737)**	1,940	2,049
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(P 3,585)**	P 7,890	P 7,259	**(P 2,955)**	P 6,656	P 6,212
ATTRIBUTABLE TO:							
PARENT COMPANY SHAREHOLDERS		**(P 3,598)**	P 7,883	P 7,208			
NON-CONTROLLING INTERESTS		**13**	7	51			
		(P 3,585)	P 7,890	P 7,259			

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Millions of Philippine Pesos)

		GROUP											
		ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS											
	Notes	COMMON STOCK	PREFERRED STOCK	TREASURY STOCK	CAPITAL PAID IN EXCESS OF PAR	HYBRID PERPETUAL SECURITIES (Note 24)	REVALUATION RESERVES	RESERVE FOR TRUST BUSINESS	OTHER RESERVES	SURPLUS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2013, as previously reported		P 11,409	P 3	P –	P 9,397	P 4,883	P 3,217	P 329	(P 330)	P 14,035	P 42,943	P 30	P 42,973
Prior period adjustments	2	–	–	–	–	–	548	–	–	(1,359)	(811)	–	(811)
Balance at January 1, 2013, as restated		11,409	3	–	9,397	4,883	3,765	329	(330)	12,676	42,132	30	42,162
Transactions with owners													
Issuance of common shares during the year	23	1,348	–	–	6,751	–	–	–	–	–	8,099	–	8,099
Effect of change in percentage ownership over subsidiaries	12, 23	–	–	–	–	–	–	–	48	(204)	(156)	(20)	(176)
Cash dividends	23	–	–	–	–	–	–	–	–	(1,692)	(1,692)	–	(1,692)
Total transactions with owners		1,348	–	–	6,751	–	–		48	(1,896)	6,251	(20)	6,231
Total comprehensive income (loss) for the year	23	–	–	–	–	–	(8,919)	–	–	5,321	(3,598)	13	(3,585)
Transfer from surplus free to reserves for trust business	29	–	–	–	–	–	–	19	–	(19)	–	–	–
Balance at December 31, 2013		**P 12,757**	**P 3**	**P –**	**P 16,148**	**P 4,883**	**(P 5,154)**	**P 348**	**(P 282)**	**P 16,082**	**P 44,785**	**P 23**	**P 44,808**
				–									
Balance at January 1, 2012, as previously reported		P 11,401	P 26	P –	P 9,382	P 4,883	P 2,356	P 313	(P 102)	P 9,392	P 37,651	P 195	P 37,846
Prior period adjustments	2	–	–	–	–	–	(612)	–	–	(1,088)	(1,700)	–	(1,700)
Balance at January 1, 2012, as restated		11,401	26		9,382	4,883	1,744	313	(102)	8,304	35,951	195	36,146
Transactions with owners				–									
Conversion of preferred stock to common stock	23	8	(23)	–	15	–	–	–	–	–	–	–	–
Effect of change in percentage ownership over subsidiaries		–	–	–	–	–	–	–	(141)	(120)	(261)	(172)	(433)
Cash dividends	23	–	–	–	–	–	–	–	–	(1,441)	(1,441)	–	(1,441)
Total transactions with owners		8	(23)	–	15	–	–	–	(141)	(1,561)	(1,702)	(172)	(1,874)
Total comprehensive income for the year	23	–	–	–	–	–	2,021	–	(87)	5,949	7,883	7	7,890
Transfer from surplus free to reserves for trust business	29	–	–		–	–	–	16	–	(16)	–	–	–
Balance at December 31, 2012		P 11,409	P 3	–	P 9,397	P 4,883	P 3,765	P 329	(P 330)	P 12,676	P 42,132	P 30	P 42,162
Balance at January 1, 2011, as previously reported		P 9,906	P 207	(P 953)	P 6,040	P 4,883	P 119	P 297	(P 100)	P 5,620	P 26,019	P 142	P 26,161
Prior period adjustments	2	–	–	–	–	–	(522)	–	–	(1,120)	(1,642)	–	(1,642)
Balance at January 1, 2011, as restated		9,906	207	(953)	6,040	4,883	(403)	297	(100)	4,500	24,377	142	24,519
Transactions with owners													
Conversion of preferred stock to common stock	23	58	(181)	–	123	–	–	–	–	–	–	–	–
Issuance of common shares during the year	23	1,437	–	–	2,715	–	–	–	–	–	4,152	–	4,152
Reissuance of treasury shares during the year	23	–	–	953	504	–	–	–	–	–	1,457	–	1,457
Effect of change in percentage ownership over subsidiaries		–	–	–	–	–	–	–	(2)	–	(2)	2	–
Cash dividends	23	–	–	–	–	–	–	–	–	(1,241)	(1,241)	–	(1,241)
Total transactions with owners		1,495	(181)	953	3,342	–	–	–	(2)	(1,241)	4,366	2	4,368
Total comprehensive income for the year	23	–	–	–	–	–	2,147	–	–	5,061	7,208	51	7,259
Transfer from surplus free to reserves for trust business	29	–	–	–	–	–	–	16	–	(16)	–	–	–
Balance at December 31, 2011		P 11,401	P 26	P –	P 9,382	P 4,883	P 1,744	P 313	(P 102)	P 8,304	P 35,951	P 195	P 36,146

	Notes	COMMON STOCK	PREFERRED STOCK	TREASURY STOCK	CAPITAL PAID IN EXCESS OF PAR	HYBRID PERPETUAL SECURITIES (Note 24)	REVALUATION RESERVES	RESERVE FOR TRUST BUSINESS	SURPLUS	TOTAL EQUITY
		PARENT COMPANY								
Balance at January 1, 2013, as previously reported		P 11,409	P 3	P –	P 9,397	P 4,883	P 2,648	P 312	P 7,804	P 36,456
Prior period adjustments	2	–	–	–	–	–	600	–	(1,358)	(758)
Balance at January 1, 2013, as restated		11,409	3	–	9,397	4,883	3,248	312	6,446	35,698
Transactions with owners										
Issuance of common shares during the year	23	1,348	–	–	6,751	–	–	–	–	8,099
Cash dividends	23	–	–	–	–	–	–	–	(1,692)	(1,692)
Total transactions with owners		1,348	–	–	6,751	–	–	–	(1,692)	6,407
Total comprehensive income (loss) for the year	23	–	–	–	–	–	(7,737)	–	4,782	(2,955)
Transfer from surplus free to reserves for trust business	29	–	–	–	–	–	–	15	(15)	–
Balance at December 31, 2013		**P 12,757**	**P 3**	**P –**	**P 16,148**	**P 4,883**	**(P 4,489)**	**P 327**	**P 9,521**	**P 39,150**
Balance at January 1, 2012, as previously reported		P 11,401	P 26	P –	P 9,382	P 4,883	P 1,861	P 299	P 4,268	P 32,120
Prior period adjustments	2	–	–	–	–	–	(553)	–	(1,084)	(1,637)
Balance at January 1, 2012, as restated		11,401	26	–	9,382	4,883	1,308	299	3,184	30,483
Transactions with owners										
Conversion of preferred stock to common stock	23	8	(23)	–	15	–	–	–	–	–
Cash dividends	23	–	–	–	–	–	–	–	(1,441)	(1,441)
Total transactions with owners		8	(23)	–	15	–	–	–	(1,441)	(1,441)
Total comprehensive income for the year	23	–	–	–	–	–	1,940	–	4,716	6,656
Transfer from surplus free to reserves for trust business	29	–	–	–	–	–	–	13	(13)	–
Balance at December 31, 2012		P 11,409	P 3	P –	P 9,397	P 4,883	P 3,248	P 312	P 6,446	P 35,698
Balance at January 1, 2011, as previously reported		P 9,906	P 207	(P 953)	P 6,040	P 4,883	(P 213)	P 290	P 1,402	P 21,562
Prior period adjustments	2	–	–	–	–	–	(528)	–	(1,131)	(1,659)
Balance at January 1, 2011, as restated		9,906	207	(953)	6,040	4,883	(741)	290	271	19,903
Transactions with owners										
Conversion of preferred stock to common stock	23	58	(181)	–	123	–	–	–	–	–
Issuance of common shares during the year	23	1,437	–	–	2,715	–	–	–	–	4,152
Reissuance of treasury shares during the year	23	–	–	953	504	–	–	–	–	1,457
Cash dividends	23	–	–	–	–	–	–	–	(1,241)	(1,241)
Total transactions with owners		1,495	(181)	953	3,342	–	–	–	(1,241)	4,368
Total comprehensive income for the year	23	–	–	–	–	–	2,049	–	4,163	6,212
Transfer from surplus free to reserves for trust business	29	–	–	–	–	–	–	9	(9)	–
Balance at December 31, 2011		P 11,401	P 26	P –	P 9,382	P 4,883	P 1,308	P 299	P 3,184	P 30,483

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Millions of Philippine Pesos)

		GROUP			PARENT COMPANY		
	Notes	2013	2012 (As Restated – See Note 2)	2011 (As Restated – See Note 2)	2013	2012 (As Restated – See Note 2)	2011 (As Restated – See Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		P 6,593	P 6,701	P 6,002	P 5,749	P 5,240	P 4,741
Adjustments for:							
Interest received		19,106	18,604	16,872	14,433	13,947	12,504
Interest income		(18,824)	(18,757)	(17,020)	(14,146)	(14,421)	(12,699)
Interest paid		(5,637)	(7,188)	(6,281)	(4,658)	(6,004)	(5,161)
Interest expense		5,513	7,355	6,176	4,553	6,183	5,046
Impairment losses	16	2,054	2,486	2,538	1,380	1,921	1,779
Gain from disposals of investments in subsidiary and associates	12	(1,380)	–	–	(1,787)	–	(81)
Depreciation and amortization	13, 14, 15	1,318	1,114	1,054	772	671	593
Share in net earnings of associates	12	(243)	(357)	(200)	–	–	–
Dividend income	27	(182)	(298)	(209)	(1,000)	(918)	(1,242)
Operating profit before working capital changes		8,318	9,660	8,932	5,296	6,619	5,480
Decrease in financial assets at fair value through profit and loss		8,204	326	3,661	6,688	2,195	550
Decrease (increase) in loans and receivables		(50,531)	(6,247)	(23,982)	(40,680)	146	(24,905)
Decrease (increase) in investment properties		2,905	297	1,027	1,674	218	(31)
Decrease (increase) in other resources		(1,110)	(1,959)	862	(492)	(1,731)	617
Increase (decrease) in deposit liabilities		51,096	(8,526)	18,655	47,185	(7,599)	14,617
Increase (decrease) in accrued interest, taxes and other expenses		(502)	1,352	1,109	235	1,675	113
Increase (decrease) in other liabilities		2,287	2,682	98	1,568	1,572	(345)
Cash generated from (used in) operations		20,667	(2,415)	10,362	21,474	3,095	(3,904)
Cash paid for taxes		(1,382)	(719)	(964)	(955)	(649)	(799)
Net Cash From (Used in) Operating Activities		19,285	(3,134)	9,398	20,519	2,446	(4,703)
CASH FLOWS FROM INVESTING ACTIVITIES							
Decrease (increase) in available-for-sale securities		(12,783)	(6,938)	(297)	(13,570)	(6,922)	4,761
Acquisitions of bank premises, furniture, fixtures and equipment	13	(2,751)	(2,217)	(1,885)	(3,319)	(1,282)	(622)
Proceeds from disposals of investments in subsidiary and associates	12	4,772	–	–	5,344	–	–
Cash dividends received	12, 27	466	322	297	1,000	918	1,242
Proceeds from disposals of bank premises, furniture, fixtures and equipment	13	362	291	422	52	204	69
Acquisitions of software	15	(304)	(217)	(231)	(249)	(62)	(195)
Increase in held-to-maturity investments		–	–	(709)	–	–	(2,404)
Additional investments in subsidiaries and associates		–	–	(12)	–	(687)	(449)
Net Cash From (Used in) Investing Activities		(10,238)	(8,759)	(2,415)	(10,742)	(7,831)	2,402
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from (payments of) bills payable	18	13,508	8,350	(1,018)	13,096	7,824	(1,024)
Redemption of subordinated debt	22	(10,987)	–	–	(10,987)	–	–
Issuance of common shares	23	8,099	–	4,152	8,099	–	4,152
Dividends paid	23	(1,692)	(1,441)	(1,241)	(1,692)	(1,441)	(1,241)
Net proceeds from issuance of bonds payable	19	–	10,648	–	–	10,648	–
Reissuance of treasury shares	23	–	–	1,457	–	–	1,457
Net Cash From Financing Activities		8,928	17,557	3,350	8,516	17,031	3,344
NET INCREASE IN CASH AND CASH EQUIVALENTS *(Balance Carried Forward)*		P 17,975	P 5,664	P 10,333	P 18,293	P 11,646	P 1,043

	Note	GROUP 2013	GROUP 2012 (As Restated – See Note 2)	GROUP 2011 (As Restated – See Note 2)	PARENT COMPANY 2013	PARENT COMPANY 2012 (As Restated – See Note 2)	PARENT COMPANY 2011 (As Restated – See Note 2)
NET INCREASE IN CASH AND CASH EQUIVALENTS *(Balance Brought Forward)*		**P 17,975**	P 5,664	P 10,333	**P 18,293**	P 11,646	P 1,043
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR							
Cash and other cash items	8	**9,380**	8,163	7,864	**7,432**	6,560	6,281
Due from Bangko Sentral ng Pilipinas	8	**36,620**	34,283	24,921	**31,590**	22,990	22,915
Due from other banks	8	**5,879**	3,769	3,097	**5,139**	2,965	2,276
		51,879	46,215	35,882	**44,161**	32,515	31,472
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	8	**9,826**	9,380	8,163	**7,563**	7,432	6,560
Due from Bangko Sentral ng Pilipinas	8	**52,491**	36,620	34,283	**48,679**	31,590	22,990
Due from other banks	8	**7,537**	5,879	3,769	**6,212**	5,139	2,965
		P 69,854	P 51,879	P 46,215	**P 62,454**	P 44,161	P 32,515

Supplemental Information on Noncash Operating, Investing and Financing Activities

1. In 2013, the Group received a 10-year note from Philippine Asset Growth One with a face amount of P731 which formed part of the consideration received in relation to the Parent Company's disposal of non-performing assets (see Note 10).

2. The Group and the Parent Company foreclosed real and other properties totalling to P678 and P5, respectively in 2013 and P579 and P96, respectively in 2012 in settlement of certain loan accounts (see Note 14).

3. In 2012, preferred shares amounting to P23 or 2,242,674 shares with a par value of P10 were converted into 722,012 common shares with the same par value (see Note 23).

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

5. In 2011, preferred shares amounting to P181 or 18,110,322 shares with a par value of P10 a share were converted into 5,830,566 common shares with the same par value a share.

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

Notes to Financial Statements

DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Millions of Philippine Pesos, Except Per Share Data or As Indicated)

1. CORPORATE MATTERS

1.01 Incorporation and Operations

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

As a banking institution, the Group's operations are regulated and supervised by the Banko Sentral ng Pilipinas (BSP). As such, the Group is required to comply with banking rules and regulations such as those relating to maintenance of reserve requirements on deposit liabilities and deposit substitutes and those relating to the adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. The Group's activities are subject to the provisions of the General Banking Law of 2000 (Republic Act No. 8791) and other related banking laws.

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

	Group		Parent Company	
	2013	2012	**2013**	2012
Automated teller machines (ATMs)	**1,150**	1,010	**807**	726
Branches	**407**	399	**251**	249
Extension offices	**27**	19	**23**	19
Foreign exchange booths	**1**	2	**1**	2

The Parent Company is a 45.20% owned subsidiary of Pan Malayan Management and Investment Corporation (PMMIC), a company incorporated and domiciled in the Philippines. PMMIC is the holding company of the flagship institutions of the Yuchengco Group of Companies.

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

1.02 Subsidiaries and Associates

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

Subsidiaries/Associates	Line of Business	Explanatory Notes	Effective Percentage of Ownership 2013	Effective Percentage of Ownership 2012
Subsidiaries:				
RCBC Savings Bank, Inc. (RSB)	Consumer and retail banking		**100.00**	100.00
RCBC Forex Brokers Corporation (RCBC Forex)	Foreign exchange dealing		**100.00**	100.00
RCBC Telemoney Europe (RCBC Telemoney)	Remittance		**100.00**	100.00
RCBC North America, Inc. (RCBC North America)	Remittance	(a)	**100.00**	100.00
RCBC International Finance Limited (RCBC IFL)	Remittance		**100.00**	100.00
RCBC Investment Ltd.	Remittance	(b)	**100.00**	100.00
RCBC Capital Corporation (RCBC Capital)	Investment house		**99.96**	99.96
RCBC Securities, Inc. (RSI)	Securities brokerage and dealing	(c)	**99.96**	99.96
RCBC Bankard Services Corporation (RCBC Bankard)	Credit card activities	(c)	**100.00**	–
RCBC-JPL Holding Company, Inc. (RCBC JPL)	Financial holding		**99.39**	99.39
Bankard, Inc. (Bankard)	Credit card activities	(d)	**–**	89.98
Merchants Savings and Loan Association, Inc. (Rizal Microbank)	Thrift banking		**97.47**	97.47
RCBC Leasing and Finance Corporation (RCBC LFC)	Financial leasing		**97.79**	97.79
RCBC Rental Corporation	Property leasing	(e)	**97.79**	97.79

Subsidiaries/Associates	Line of Business	Explanatory Notes	Effective Percentage of Ownership 2013	2012
Special Purpose Companies (SPCs):	Real estate buying and selling	(f)		
Best Value Property and Development Corporation (Best Value)			**100.00**	100.00
Cajel Realty Corporation			**100.00**	100.00
Crescent Park Property and Development Corporation (Crescent Park)			**100.00**	100.00
Crestview Properties Development Corporation (Crestview)			**100.00**	100.00
Eight Hills Property and Development Corporation (Eight Hills)			**100.00**	100.00
Fairplace Property and Development Corporation			**100.00**	100.00
Gold Place Properties Development Corporation (Gold Place)			**100.00**	100.00
Goldpath Properties Development Corporation (Goldpath)			**100.00**	100.00
Greatwings Properties Development Corporation (Greatwings)			**100.00**	100.00
Happyville Property and Development Corporation			**100.00**	100.00
Landview Property and Development Corporation			**100.00**	100.00
Lifeway Property and Development Corporation (Lifeway)			**100.00**	100.00
Niceview Property and Development Corporation (Niceview)			**100.00**	100.00
Niyog Property Holdings, Inc. (NPHI)		(g)	**100.00**	100.00
Princeway Properties Development Corporation (Princeway)			**100.00**	100.00
Stockton Realty Development Corporation			**100.00**	100.00
Top Place Properties Development Corporation (Top Place)			**100.00**	100.00
Associates:				
YGC Corporate Services, Inc. (YCS)	Financing company		**40.00**	40.00
Luisita Industrial Park Co. (LIPC)	Real estate buying, developing, selling and rental		**35.00**	35.00
Honda Cars Phils., Inc. (HCPI)	Sale of motor vehicles		**12.88**	12.88
Roxas Holdings, Inc. (RHI)	Sugar refining	(h)	**7.11**	7.11
RCBC Land, Inc. (RLI)	Real estate buying, developing, selling	(i)	–	49.00
RCBC Realty Corporation (RRC)	Real estate buying, developing, selling and rental	(i)	–	34.80

Except for RCBC Telemoney (Italy), RCBC North America (USA), RCBC IFL (Hongkong) and RCBC Investment Ltd. (Hongkong), the Parent Company, all other subsidiaries and all associates are incorporated and conducting their businesses in the Philippines.

Explanatory Notes:

(a) Includes 16.03% ownership of RCBC IFL
(b) A wholly owned subsidiary of RCBC IFL
(c) Wholly owned subsidiaries of RCBC Capital
(d) As of December 31, 2012, the Parent Company has 65.42% direct ownership and 24.56% indirect ownership through RCBC Capital. Bankard was disposed in 2013 (see Note 12).
(e) A wholly owned subsidiary of RCBC LFC
(f) Except for NPHI, the SPCs are wholly owned subsidiaries of RSB.
(g) The Parent Company has 48.11% direct ownership and 51.89% indirect ownership through RSB.
(h) In 2013, RHI was no longer considered as an associate and the carrying amount of the investment was reclassified to available-for-sale (AFS) securities (see Notes 10 and 12).
(i) As of December 31, 2012, the Parent Company has 25.0% direct ownership in RRC and 9.8% indirect ownership through RLI. RLI and RRC were disposed in 2013 (see Note 12).

1.03 Approval of Financial Statements

The financial statements as of and for the year ended December 31, 2013 (including the comparative financial statements for December 31, 2012 and 2011 and the corresponding figures as of January 1, 2012) were approved and authorized for issue by the Board of Directors (BOD) of the Parent Company on March 31, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.01 Basis of Preparation of Financial Statements

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

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

FRSPB are similar to Philippine Financial Reporting Standards (PFRS), which are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), except for the following accounting treatments for certain financial instruments which are not allowed under PFRS, but were allowed under FRSPB as permitted by the BSP for prudential reporting, and by the Securities and Exchange Commission (SEC) for financial reporting purposes: (i) the non-separation of the embedded derivatives in credit-linked notes (CLNs) and other similar instruments that are linked to Republic of the Philippines (ROP) bonds to their host instruments and reclassification of ROP bonds together with the embedded derivatives in CLNs from the fair value through profit or loss (FVTPL) classification to loans and receivables and AFS Securities classifications; and (ii) the reclassification of certain financial assets previously classified under AFS Securities category due to the tainting of held-to-maturity (HTM) investments portfolio back to HTM category. The effects of the reclassifications to certain accounts in the statements of financial position as of December 31, 2013 and 2012 and net profit for the years then ended under FRSPB are discussed fully in Note 11.01.

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

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standards (PAS) 1, Presentation of Financial Statements. The Group presents all items of income and expenses in two statements: a "statement of profit or loss" and a "statement of comprehensive income".

The Group presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that have a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

In 2013, the Group made retrospective restatements on certain accounts in the comparative financial statements for December 31, 2012 and 2011 and the corresponding figures as of January 1, 2012 mainly as a result of the following:

(i) adoption of PAS 19 (Revised), *Employee Benefits;*
(ii) derecognition by the Parent Company of deferred tax assets related to impairment losses on loans and receivables;
(iii) correction of the carrying amount of rental deposits recognized in the financial statements of RCBC LFC;

As a result of the above restatements, the Group presents a third statement of financial position as of January 1, 2012 without the related notes, except for the disclosures required under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* as presented below and in the succeeding pages.

The effects of the above restatements in the comparative financial statements for December 31, 2012, and corresponding figures as of January 1, 2012 on the affected resources, liabilities, and equity components, are shown below.

Group

	December 31, 2012		
	As Previously Reported	Effects of Restatements	As Restated
Changes in resources:			
Loans and receivables	P 190,808	P 95	P 190,903
Investment properties	6,796	(12)	6,784
Other resources	7,980	(839)	7,141
Changes in liabilities:			
Accrued interest, taxes and other expenses	4,501	12	4,513
Other liabilities	10,937	43	10,980
Net decrease in equity		(P 811)	
Changes in components of equity:			
Revaluation reserves	3,217	548	3,765
Surplus	14,035	(1,359)	12,676
Net decrease in equity		(P 811)	

	January 1, 2012		
	As Previously Reported	Effects of Restatements	As Restated
Changes in resources:			
Investment properties	P 7,651	(P 16)	P 7,635
Other resources	7,406	(1,465)	5,941
Changes in liabilities:			
Accrued interest, taxes and other expenses	3,978	173	4,151
Other liabilities	8,252	46	8,298
Net decrease in equity		(P 1,700)	
Changes in components of equity:			
Revaluation reserves	2,356	(612)	1,744
Surplus	9,392	(1,088)	8,304
Net decrease in equity		(P 1,700)	

Parent Company

	December 31, 2012		
	As Previously Reported	Effects of Restatements	As Restated
Change in resources –			
Other resources	P 5,236	(P 758)	P 4,478
Net decrease in equity		(P 758)	
Changes in components of equity:			
Revaluation reserves	2,648	600	3,248
Surplus	7,804	(1,358)	6,446
Net decrease in equity		(P 758)	

	January 1, 2012		
	As Previously Reported	Effects of Restatements	As Restated
Change in resources –			
Other resources	P 4,683	(P 1,486)	P 3,197
Change in liabilities –			
Other liabilities	6,256	151	6,407
Net decrease in equity		(P 1,637)	
Changes in components of equity:			
Revaluation reserves	1,861	(553)	1,308
Surplus	4,268	(1,084)	3,184
Net decrease in equity		(P 1,637)	

The restatements also affected the reported amounts of certain accounts on the statements of profit or loss and statements of comprehensive income for the years ended December 31, 2012 and 2011 as shown below.

Group

	December 31, 2012		
	As Previously Reported	Effects of Restatements	As Restated
Changes in profit or loss:			
Interest income - others	P 176	P 2	P 178
Interest expense - bills payable and other borrowings	3,062	(1)	3,061
Miscellaneous income	1,695	(83)	1,612
Employee benefits	3,660	191	3,851
		(271)	
Change in other comprehensive income (loss) –			
Actuarial gains on defined benefit plan	–	1,160	1,160
Net increase in comprehensive income		P 889	

	December 31, 2011		
	As Previously Reported	Effects of Restatements	As Restated
Changes in profit or loss:			
Interest income - others	P 595	(P 17)	P 578
Interest expense - bills payable and other borrowings	2,401	(29)	2,372
Miscellaneous income	2,526	(38)	2,488
Employee benefits	3,488	(58)	3,430
		32	
Change in other comprehensive income (loss) – Actuarial losses on defined benefit plan	–	(90)	(90)
Net decrease in comprehensive income		(P 58)	

Parent Company

	December 31, 2012		
	As Previously Reported	Effects of Restatements	As Restated
Changes in profit or loss:			
Interest income - others	P 121	(P 10)	P 111
Miscellaneous income	1,786	(74)	1,712
Employee benefits	2,542	190	2,732
		(274)	
Change in other comprehensive income (loss) – Actuarial gains on defined benefit plan	–	1,153	1,153
Net increase in comprehensive income		P 879	

	December 31, 2011		
	As Previously Reported	Effects of Restatements	As Restated
Changes in profit or loss:			
Interest income - others	P 280	(P 9)	P 271
Employee benefits	2,449	(56)	2,393
		47	
Change in other comprehensive income (loss)– Actuarial losses on defined benefit plan	–	(25)	(25)
Net increase in comprehensive income		P 22	

The Group's and Parent Company's earnings per share (EPS) in 2012 and 2011 were also restated as follows:

	Group		Parent Company	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Basic EPS:				
December 31, 2012	P 5.09	P 4.85	P 4.01	P 3.77
December 31, 2011	4.45	4.49	3.57	3.62
Diluted EPS:				
December 31, 2012	P 5.09	P 4.85	P 4.01	P 3.77
December 31, 2011	4.45	4.49	3.57	3.62

The foregoing restatements did not have significant impact on the Group's and Parent Company's statements of cash flows for the years ended December 31, 2012 and 2011.

(c) *Functional and Presentation Currency*

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

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

2.02 Adoption of New and Amended PFRS

(a) *Effective in 2013 that are Relevant to the Group*

In 2013, the Group adopted for the first time the following new PFRS, revisions, annual improvements and amendments to PFRS that are relevant to the Group and effective for financial statements for the annual period beginning on or after July 1, 2012 or January 1, 2013:

PAS 1 (Amendment)	:	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
PAS 19 (Revised)	:	Employee Benefits
PAS 34 (Amendment)	:	Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
PFRS 10	:	Consolidated Financial Statements
PFRS 11	:	Joint Arrangements
PFRS 12	:	Disclosure of Interests in Other Entities
PAS 27 (Revised)	:	Separate Financial Statements
PAS 28 (Revised)	:	Investments in Associates and Joint Ventures
PFRS 10, 11 and 12 (Amendments)	:	Amendments to PFRS 10, 11 and 12 Transition Guidance to PFRS 10, 11 and 12
PFRS 13	:	Fair Value Measurement
Annual Improvements	:	Annual Improvements to PFRS (2009-2011 Cycle)

Discussed below are the relevant information about these new, revised and amended standards.

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss, and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group applied the amendment retrospectively, hence, the presentation of the statements of comprehensive income has been modified to reflect the groupings of items of other comprehensive income.

(ii) PAS 19 (Revised), *Employee Benefits* (effective from January 1, 2013). This revised standard made a number of changes to the accounting for employee benefits. The most significant changes relate to defined benefit plans as follows:

- eliminates the corridor approach and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit liability or asset; and,
- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The Group has applied PAS 19 (Revised) retrospectively in accordance with its transitional provisions. Consequently, the Group restated the comparative amounts disclosed in prior years and adjusted the cumulative effect of the changes against the balances of the affected resources, liabilities and components of equity [see Note 2.01(b)].

(iii) PAS 34 (Amendment), *Interim Financial Reporting and Segment Information for Total Assets and Liabilities* (effective from January 1, 2013). This standard clarifies the requirements on segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in paragraph 23 of PFRS 8, *Operating Segments*. It also clarifies that the total resources and liabilities for a particular reportable segment are required to be disclosed if, and only if: (a) a measure of total resources or of total liabilities (or both) is regularly provided to the chief operating decision maker; and, (b) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment. This amendment has no significant impact in the Group's annual and interim financial statements and reporting.

(iv) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, Financial Instruments: Presentation. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's statement of financial position. The details and outstanding balances of financial assets and financial liabilities that are subject to offsetting, enforceable master netting agreements and similar arrangements are disclosed in Note 4.02.

(v) Consolidation, Joint Arrangements, Associates and Disclosures

This package of consolidation, joint arrangements, associates and disclosures standards comprise of PFRS 10, *Consolidated Financial Statements*, PFRS 11, *Joint Arrangements*, PFRS 12, *Disclosure of Interests in Other Entities*, PAS 27 (Revised 2011), *Separate Financial Statements* and PAS 28 (Revised 2011), *Investments in Associates and Joint Ventures.*

- PFRS 10 changes the definition of control focusing on three elements which determine whether the investor has control over the investee such as the: (a) power over the investee, (b) exposure or rights to variable returns from involvement with the investee, and, (c) ability to use such power to affect the returns. This standard also provides additional guidance to assist in determining control when this is difficult to assess, particularly in situation where an investor that owns less than 50% of the voting rights in an investee may demonstrate control to the latter.
- PFRS 11 deals with how a joint arrangement is classified and accounted for based on the rights and obligations of the parties to the joint arrangement by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. The option of using proportionate consolidation for arrangement classified as jointly controlled entities under the previous standard has been eliminated. This new standard now requires the use of equity method in accounting for arrangement classified as joint venture.
- PFRS 12 integrates and makes consistent the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associates, special purpose entities and unconsolidated structured entities. In general, this requires more extensive disclosures about the risks to which an entity is exposed from its involvement with structured entities.
- PAS 27 (Revised) deals with the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10, while PAS 28 (Revised) includes the requirements for joint ventures, as well as for associates, to be accounted for using the equity method following the issuance of PFRS 11.

Subsequent to the issuance of these new standards and revisions, amendments to PFRS 10,11 and 12 were issued to clarify certain transitional guidance for the first-time application of the standards. The guidance clarifies that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

The Group has evaluated the various facts and circumstances related to its interests in other entities and it has determined that the adoption of the foregoing standards, revisions and amendments had no material impact on the amounts recognized and disclosures presented in the financial statements.

(vi) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This new standard clarifies the definition of fair value and provides guidance and enhanced disclosures about fair value measurements. The requirements under this standard do not extend the use of fair value accounting but provide guidance on how it should be applied to both financial instrument items and non-financial items for which other PFRS require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. This new standard applies prospectively from annual period beginning January 1, 2013, hence, disclosure requirements need not be presented in the comparative information in the first year of application.

Other than the additional disclosures presented in Note 32, the application of this new standard had no significant impact on the amounts recognized in the financial statements.

(vii) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies that a statement of financial position as at the beginning of the preceding period (third statement of financial position) is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the third statement of financial position. The amendment specifies that other than disclosure of certain specified information in accordance with PAS 8, related notes to the third statement of financial position are not required to be presented.

Consequent to the Group's adoption of PAS 19 (Revised) in 2013, restatements and reclassifications of certain other accounts, the Group and the Parent Company have made a retrospective restatement of prior years' financial statements and have presented a third statement of financial position as of January 1, 2012 without the related notes, except for the disclosures required under PAS 8 as presented in Note 2.01(b).

(b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory. This amendment had no impact on the Group's financial statements since it does not have significant servicing equipment used in its operations.

(c) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12, *Income Taxes.* Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity. This amendment had no effect on the Group's financial statements as it has been recognizing the effect of distributions to holders of equity instruments and transaction costs of an equity transaction in accordance with PAS 12.

(b) Effective in 2013 that are not Relevant to the Group

The following amendments, annual improvements and interpretation to PFRS are mandatory for accounting periods beginning on or after January 1, 2013 but are not relevant to the Group's financial statements:

PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Government Loans
Annual Improvements (2009-2011 Cycle) PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Repeated Application of PFRS 1 and Borrowing Costs
Philippine Interpretations International Financial Reporting Interpretation Committee 20	:	Stripping Costs in the Production Phase of a Surface Mine

(c) Effective Subsequent to 2013 that are not Adopted Early

There are new PFRS, amendments, annual improvements and interpretation to existing standards that are effective for periods subsequent to 2013. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Group does not expect this amendment to have a significant impact on its financial statements.

(ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets* (effective from January 1, 2014). The amendment clarifies that the requirements for the disclosure of information about the recoverable amount of assets or cash-generating units is limited only to the recoverable amount of impaired assets that is based on fair value less cost of disposal. It also introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less cost of disposal is determined using a present value technique. Management will reflect in its subsequent years' financial statements the changes arising from this amendment on disclosure requirements, if the impact of the amendment will be applicable.

(iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (effective January 1, 2014). The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. The Group does not expect this amendment to have a significant impact on its financial statements.

(iv) PFRS 9, *Financial Instruments: Classification and Measurement.* This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement,* in its entirety. The first phase of the standard was issued in November 2009 and October 2010 and contains new requirements and guidance for the classification, measurement and recognition of financial assets and financial liabilities. It requires financial assets to be classified into two measurement categories: amortized cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows that represent solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt instruments and equity instruments are measured at fair value. In addition, PFRS 9 allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, 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 the liability's credit risk is recognized in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2013, the IASB has published amendments to International Financial Reporting Standard (IFRS) 9 that contain new chapter and model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The amendment also now requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather in profit or loss. It also includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

To date, the remaining chapter of IFRS/PFRS 9 dealing with impairment methodology is still being completed. Further, the IASB is currently discussing some limited modifications to address certain application issues regarding classification of financial assets and to provide other considerations in determining business model.

The Group does not expect to implement and adopt PFRS 9 until all its phases have been completed. However, management is currently assessing the impact of PFRS 9 on the Group's financial statements and evaluating the need to conduct a comprehensive study of the potential impact and changes that may result from the adoption of PFRS 9 when it becomes effective.

(v) PFRS 10 and 12 and PAS 27 (Amendments) – *Investment Entities* (effective from January 1, 2014). The amendments define the term "investment entities," provide supporting guidance, and require investment entities to measure investments in the form of controlling interest in another entity, at fair value through profit or loss.

Management does not anticipate these amendments to have a material impact on the Group's financial statements.

(vi) Annual Improvements to PFRS. Annual improvements to PFRS, 2010-2012 Cycle and 2011-2013 Cycle, made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

(a) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property and equipment is revalued, and intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

(b) PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the key management entity to its employees or directors.

(c) PFRS 8 (Amendment), *Operating Segments.* This amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments and clarifies that the reconciliations of segment assets are only required if segment assets are reported regularly.

(d) PFRS 13 (Amendment), *Fair Value Measurement.* The amendment, basically a revision only on the basis of conclusion, clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

(a) PFRS 13 (Amendment), *Fair Value Measurement.* The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in PAS 32.

(b) PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3, *Business Combinations*, and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset, or a business combination in reference to PFRS 3.

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

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Note 1.02, after the elimination of material intercompany transactions. All intercompany resources and liabilities, equity, income, expenses and cash flows relating to transactions with subsidiaries are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

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

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. *The Group controls an entity when it has the power over the* entity; it is exposed, or has rights to, variable returns from its involvement with the entity; and it has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Group obtains control.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

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

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

Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. On the other hand, negative goodwill represents the excess of the Group's share in the fair value of identifiable net assets of the subsidiary at the date of acquisition over acquisition cost.

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

No goodwill or negative goodwill is recognized. Any difference between the cost of the investment and the subsidiary's identifiable net assets is recognized on consolidation in a separate reserve account.

(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 in the carrying value of the net assets of a subsidiary.

In the consolidated financial statements, the non-controlling interests component is shown as part of the consolidated statement of changes in equity.

(c) *Investments in Associates*

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

Acquired investments in associates are subject to purchase method of accounting as described in Note [2.03(a)(i)]. However, any goodwill that represents the excess of identifiable net assets of the acquiree at the date of acquisition or fair value adjustment attributable to the Group's share in the associate is included in the amount recognized as investments in associates. All subsequent changes to the ownership of interest in the equity of the associate are recognized in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are credited against Share in Net Earnings of Associates in the Group's statement of profit or loss. These changes include subsequent depreciation, amortization or impairment of the fair value adjustments of assets and liabilities.

Changes resulting from other comprehensive income of the associate or items that have been directly recognized in the associate's equity are recognized in other comprehensive income or equity of the Group as applicable. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has not been recognized previously.

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

In the Parent Company's financial statements, investments in subsidiaries and associates are accounted for at cost, less any impairment loss (see Note 2.20).

2.04 Segment Reporting

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

The Group's operations are structured according to the nature of the services provided (primary segment) and different geographical markets served (secondary segment). Financial information on business segments is presented in Note 7.

2.05 Financial Assets

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

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

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

(a) Financial Assets at FVTPL

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

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

Gains and losses arising from changes in the fair value of the financial assets at FVTPL category are included in Trading and Securities Gains account in the statement of profit or loss in the period in which they arise.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets (except for CLNs linked to ROP bonds which were reclassified from AFS Securities – see Note 2.07) with fixed or determinable payments that are not quoted in an active market. These arise when the Group provides money 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 contracts receivable, all receivables from customers/debtors, margin deposits and security deposits (shown under Other Resources account) and cash and cash equivalents. Cash and cash equivalents comprise cash, non-restricted balances with the BSP and amounts due from other banks, which are either non-maturing or with less than three months maturity from the date of acquisition.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

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

(c) HTM Investments

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

HTM investments are subsequently measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows (see Note 2.06). Any changes to the carrying amount of the investment due to impairment are recognized in profit or loss.

Should the Group sell other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS securities, except as may be allowed by the BSP and SEC. The tainting provision will not apply if the sales or reclassifications of HTM investments are: (i) so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; (ii) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or, (iii) are attributable to an isolated event that is beyond the control of the Group, is non-recurring and could not have been reasonably anticipated by the Group.

(d) AFS Securities

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

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

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity. When a financial asset is disposed of or is determined to be impaired [see Note 2.06 (b)], the cumulative gains or losses recognized in other comprehensive income is reclassified from revaluation reserve in equity to profit or loss and is presented as a reclassification adjustment within other comprehensive income.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive payment is established.

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

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

2.06 Impairment of Financial Assets

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

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

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

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

(d) the occurrence of the probability that the borrower will enter bankruptcy or other financial reorganization;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or,

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

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

(a) 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 possible, the Group seeks to restructure loans rather than to take possession of the collateral. This may involve extending the payment arrangement and agreement for new loan conditions. Once satisfactory track record of payment of principal and/or interest is achieved, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria evidencing the good quality of the loan are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate. The difference between the carrying value of the original loan and the present value of the restructured cash flows, discounted at the original effective interest rate, is recognized as part of Impairment Losses account in the statement of profit or loss.

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 reclassified from revaluation reserves and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. 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 the above mentioned assets carried at cost cannot be reversed.

2.07 Derivative Financial Instruments and Hedge Accounting

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

Derivatives are categorized as Financial Assets at FVTPL which are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at their fair value (except for the embedded derivatives in CLNs linked to ROP bonds reclassified to loans and receivables together with the host contract). Fair values are obtained from active markets for listed or traded securities or determined using valuation techniques if quoted prices are not available, including discounted cash flow models and option pricing models, as appropriate. The change in fair value of derivative financial instruments is recognized in profit or loss, except when their effects qualify as a hedging instrument. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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

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

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

2.08 Offsetting Financial Instruments

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

2.09 Bank Premises, Furniture, Fixtures and Equipment

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

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.20). The residual values, estimated useful lives and method of depreciation of bank premises, furniture, fixtures and equipment (except land) are reviewed and adjusted if appropriate, at the end of each reporting period.

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

2.10 Investment Properties

Investment properties pertain to land, buildings or condominium units acquired by the Group, in settlement of loans from defaulting borrowers through foreclosure or dacion in payment. These properties are neither held by the Group for sale in the next 12 months nor used in the rendering of services or for administrative purposes.

Investment properties are stated at cost, less accumulated depreciation and any impairment losses (see Note 2.20). The cost of an investment property comprises its purchases price and directly attributable costs incurred such as legal fees, transfer taxes and other transaction costs.

Depreciation and impairment loss are recognized in the same manner as in bank premises, furniture, fixtures and equipment.

Direct operating expenses related to investment properties, such as repairs and maintenance, and real estate taxes are normally charged against current operations in the period in which these costs are incurred.

Investment properties, including the related accumulated depreciation and any impairment losses, are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss under the Miscellaneous Income account in the year of retirement or disposal.

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

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.

If the Group has classified an asset as held for sale, but the criteria for it to be recognized as held-for-sale are no longer satisfied, the Group shall cease to classify the asset as held-for-sale.

The Group recognizes an impairment loss for any initial or subsequent write-down of the assets held for sale to fair value less cost to sell, to the extent that it has not been previously recognized in profit or loss. On the other hand, any gain from any subsequent increase in fair value less to costs to sell of an asset up to the extent of the cumulative impairment loss that has been previously recognized is recognized in profit or loss.

The gains or losses arising from the sale or remeasurement of assets held-for-sale is recognized in Miscellaneous Income (Expenses) under the Other Operating Income (Expenses) account in the statement of profit or loss.

2.12 Intangible Assets

Intangible assets include goodwill, branch licenses, and computer software licenses which are accounted for under cost model and are reported under Other Resources account in the statement of financial position. The cost of the asset is the amount of cash and cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of acquisition.

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired at the date of acquisition (see Note 2.03).

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

Branch licenses represent the rights given to the Group to establish a certain number of branches in the restricted areas in the country as incentive obtained in relation to the acquisition of Pres. Jose P. Laurel Rural Bank, Inc. (JPL Rural Bank), now operating under the name RCBC JPL (see Note 12).

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

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight line basis over the expected useful lives of the software of three to ten years.

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

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

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.13 Other Resources

Other resources excluding items classified as loans and receivables, intangible assets, deferred tax assets, and post-employment benefit assets, pertain to other assets controlled by the Group as a result of past events. These are recognized in the financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

2.14 Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, bonds payable, subordinated debt, accrued interest and other expenses, and other liabilities (except tax-related payables) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for maturities beyond one year, less settlement payments. All interest-related charges on financial liabilities are recognized as an expense in the statement of profit or loss under the caption Interest Expense.

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

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

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

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Group and subsequent approval of the BSP.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.15 Provisions and Contingencies

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

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

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

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

2.16 Equity

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

Treasury stocks are stated at the cost of reacquiring such stocks and are deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of.

Capital paid in excess of par includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of stocks are deducted from 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 consist of:

(a) Net unrealized fair value gains or losses arising from revaluation of AFS securities;

(b) Reserves on remeasurements of post-employment defined benefit plan comprising of net accumulated actuarial gains or losses arising from experience adjustments and other changes in actuarial assumptions, and actual return on plan assets (excluding account included in net interest); and,

(c) Accumulated translation adjustments represent the cumulative gains 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 by the Group under existing regulations requiring the Parent Company and a subsidiary to carry to surplus 10% of its net profits accruing from their trust business until the surplus shall amount to 20% of the regulatory capital. The reserve shall not be paid out in dividends, but losses accruing in the course of the trust business may be charged against this account.

Other reserves refer to the amount attributable to the Parent Company arising from the changes in the ownership of the non-controlling interest in the Parent Company and the result of the redemption of the preferred stocks of RSB's subsidiaries. This also includes the excess of cost of investment over the net identifiable assets of an acquired subsidiary under the pooling of interest method (see Note 23.04).

Surplus represents all current and prior period results of operations as disclosed in the statement of profit or loss, reduced by the amount of dividends declared.

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 profit or loss and consolidated statements of comprehensive income and within equity in the consolidated statements of financial position and changes in equity.

2.17 Revenue and Expense Recognition

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

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

(a) *Interest Income and Expense* are recognized in the statement of profit or loss for all financial instruments using the effective interest method.

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

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

(b) *Trading and Securities Gains (Losses)* are recognized when the ownership of the securities is transferred to the buyer and is computed at the difference between the selling price and the carrying amount of the securities disposed of. These also include trading gains as a result of the mark-to-market valuation of investment securities classified as FVTPL. In the case of AFS securities, trading and securities gains or losses recognized in the statement of profit or loss reflect the amounts of fair value gains or losses previously recognized in other comprehensive income and reclassified to profit or loss upon disposal.

(c) *Service Fees and Commissions* are recognized as follows:

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

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

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

(d) *Gain on assets sold* which is included as part of Miscellaneous income under Other Operating Income, arises from the disposals of investment properties and real estate properties for sale and assets held-for-sale. This is recognized when the risks and rewards of ownership of the assets is transferred to the buyer, and when the collectibility of the entire sales price is reasonably assured.

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

Costs and expenses are recognized in profit or loss upon utilization of the resources and/or services or at the date those are incurred. All finance costs are reported in profit or loss on accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset, if any (see Note 2.22).

2.18 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

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

(b) Group as Lessor

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

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

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

2.19 Foreign Currency Transactions and Translations

(a) Transactions and Balances

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

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

For financial reporting purposes, the accounts of the FCDU are translated into their equivalents in Philippine pesos based on the PDSCR prevailing at the end of 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.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as AFS securities are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized as gains and losses in other comprehensive income.

(b) Translation of Financial Statements of Foreign Subsidiaries

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

(i) Resources and liabilities at the end of the reporting period as presented in the statement of financial position are translated at the closing rate at the date of that statement of financial position;

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

(iii) All resulting exchange differences are recognized as a component of equity.

In consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized in other comprehensive income which form part of Revaluation Reserves account in equity. When a foreign operation is sold, the accumulated translation and exchange differences are recognized in profit or loss as part of the gain or loss on sale.

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

2.20 Impairment of Non-financial Assets

Investments in subsidiaries and associates, bank premises, furniture, fixtures and equipment, investment properties, and other resources (including intangible assets) and other non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use 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 their carrying amount may not be recoverable.

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

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's carrying amount recoverable amount exceeds its carrying amount.

2.21 Employee Benefits

Entities under the Group provide respective post-employment benefits to employees through a defined benefit plan and defined contribution plan, as well as other benefits, which are recognized as follows:

(a) Defined Benefit Plan

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

The asset recognized in the statement of financial position for post-employment defined benefit plan is the fair value of plan assets at the end of the reporting period less the present value of the defined benefit obligation adjusted for the effect of asset ceiling limit. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows arising from expected benefit payments, using a discount rate derived from the interest rates of a zero coupon government bonds as published by the Philippine Dealing and Exchange Corporation (PDEx), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and other changes in actuarial assumptions, effect of the changes to the asset ceiling, if any, and actual return on plan assets (excluding amount included in net interest), are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Other Interest Income account in the statement of profit or loss.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment.

(b) Defined Contribution Plan

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

(c) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of: (i) when it can no longer withdraw the offer of such benefits and, (ii) when it recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(d) *Bonus Plans*

The Group recognizes a liability and an expense for bonuses, based on a fixed formula. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) *Compensated Absences*

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

2.22 Borrowing Costs

Borrowing costs are recognized as expense in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.23 Income Taxes

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

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

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of the assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities recognized by the entities under the Group are offset if they have a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.24 Related Party Relationships and Transactions

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

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

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

2.25 Earnings Per Share

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

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

2.26 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. The resources, liabilities and income or loss arising thereon are excluded from these financial statements, as these are neither resources nor income of the Group.

2.27 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.01 Critical Management Judgments in Applying Accounting Policies

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

(a) Classifying Financial Assets as HTM Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as HTM investments, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments at maturity other than for specific circumstances under the standard as discussed in Note 2.05 (c), it will be required to reclassify the entire class of HTM investments to AFS securities.

In 2011, the Group and Parent Company disposed a significant amount of its HTM investments, with carrying values of P6,250 and P3,124, respectively, prior to maturity of the investments. Consequently, the Group and Parent Company reclassified the remaining HTM investments with amortized cost of P19,210 and P19,183, respectively, to AFS securities. The Group cannot classify investments under HTM category within two reporting periods after the year of sale or until end of 2013. The Group has reclassified its remaining tainted investments back to HTM category in 2014.

(b) Evaluating Impairment of AFS securities

The determination when an investment in AFS securities assets is other-than-temporarily impaired requires the Group to make judgment. In making this judgment, 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.

Based on management evaluation of information and circumstances affecting the Group's AFS securities, the Group recognized allowance for impairment on its AFS securities amounting to P1,343 and P1,193 as of December 31, 2013 in the Group's and Parent Company's financial statements, respectively, and P776 and P715 as of December 31, 2012 in the Group's and Parent Company's financial statements, respectively (see Note 10).

(c) Distinguishing Investment Properties and Owner-occupied Properties

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

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), 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) Distinguishing Operating and Finance Leases

The Group has entered into various lease agreements as either a lessor or a lessee. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As of December 31, 2013 and 2012, most of the Group's lease arrangements qualify as operating leases except for the various lease agreements of RCBC LFC which are accounted for under finance lease.

(e) Classifying and Determining Fair Value of Acquired Properties

The Group classifies its acquired properties as Bank Premises, Furniture, Fixtures and Equipment if used in operations, as Assets Held-for-sale classified under Other Resources if the Group expects that the properties will be recovered through sale rather than use, as Investment Properties if held for currently undetermined future use and is regarded as held for capital appreciation, or as Financial Assets in accordance with PAS 39. At initial recognition, the Group determines the fair value of acquired properties through internally and externally generated appraisal. The appraised value is determined based on the current economic and market conditions, as well as the physical condition of the property. The Group's methodology in determining the fair value of acquired properties are further discussed in Note 32.

(f) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.15 and relevant disclosures are presented in Note 31.

3.02 Key Sources of Estimation Uncertainty

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

(a) Estimating Impairment Losses on Loans and Receivables

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

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

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

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

The Group carries certain financial assets at fair value which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument (see Note 32.01). The amount of changes in fair value would differ if the Group had utilized different valuation methods and assumptions. Any change in fair value of the financial assets and liabilities would affect profit or loss and other comprehensive income.

The fair value of derivative financial instruments that are not quoted in an active market is determined through valuation techniques using the net present value computation (see Note 32.01).

The carrying values of the Group's and Parent Company's financial assets at FVTPL and AFS securities and the amounts of fair value changes recognized during the years on those assets are disclosed in Notes 9 and 10, respectively.

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

The Group estimates the useful lives of bank premises, furniture, fixtures and equipment, investment properties and software based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amount of bank premises, furniture, fixtures and equipment, investment properties and software are analyzed in Notes 13, 14 and 15, respectively. Based on management's assessment as at December 31, 2013 and 2012, there are no changes in the useful lives of these assets. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

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

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying value of recognized and unrecognized deferred tax assets as of December 31, 2013 and 2012 is disclosed in Note 28.01.

(e) *Estimating Impairment Losses of Non-financial Assets*

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

(f) *Determining Fair Value of Investment Properties*

The Group's investment properties are composed of parcels of land, buildings and condominium units which are held for capital appreciation, and are measured using cost model. The estimated fair value of investment properties disclosed in Note 32.03 is determined on the basis of the appraisals conducted by professional appraiser applying the relevant valuation methodologies as discussed therein.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in key inputs and sources of information used in the determination of the fair value disclosed for those assets may result in adjustment in the carrying amount of the assets reported in the financial statements if their fair value will indicate evidence of impairment.

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

The determination of the Group's obligation and cost of post-employment defined benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or loss, and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit asset and obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation, as well as the significant assumptions used in estimating such obligation, are presented in Note 25.02.

4. CATEGORIES AND OFFSETTING OF FINANCIAL RESOURCES AND LIABILITIES

4.01 Carrying Amounts and Fair Values by Category

The following table summarizes the carrying amounts and corresponding fair values of those financial resources and liabilities measured and presented in the statements of financial position at amortized cost:

	Group			
	2013		2012 (As Restated – See Note 2.01)	
	Carrying Amount	**Fair Value**	Carrying Amount	FairValue
Financial Assets				
Loans and receivables:				
Cash and other cash items	**P 9,826**	**P 9,826**	P 9,380	P 9,380
Due from BSP	**52,491**	**52,491**	36,620	36,620
Due from other banks	**7,537**	**7,537**	5,879	5,879
Loans and receivables	**237,960**	**237,976**	190,903	191,328
Other resources	**1,530**	**1,530**	995	995
Financial Liabilities				
Financial liabilities at amortized cost:				
Deposit liabilities	**297,853**	**297,853**	246,757	246,757
Bills payable	**39,895**	**39,895**	26,387	26,387
Bonds payable	**23,317**	**25,651**	21,553	22,675
Accrued interest and other expenses	**4,323**	**4,323**	4,261	4,261
Other liabilities	**7,997**	**7,997**	6,264	6,264
Subordinated debt	**–**	**–**	10,987	11,457

	Parent Company			
	2013		2012	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Loans and receivables:				
Cash and other cash items	**P 7,563**	**P 7,563**	P 7,432	P 7,432
Due from BSP	**48,679**	**48,679**	31,590	31,590
Due from other banks	**6,212**	**6,212**	5,139	5,139
Loans and receivables	**191,636**	**191,652**	153,078	153,598
Other resources	**1,510**	**1,510**	991	991
Financial Liabilities				
Financial liabilities at amortized cost:				
Deposit liabilities	**243,620**	**243,620**	196,435	196,435
Bills payable	**37,067**	**37,067**	23,971	23,971
Bonds payable	**23,317**	**25,651**	21,553	22,675
Accrued interest and other expenses	**3,391**	**3,391**	3,249	3,249
Other liabilities	**5,302**	**5,302**	3,992	3,992
Subordinated debt	**–**	**–**	10,987	11,457

The Group uses valuation techniques to determine fair values of financial resources and liabilities which are validated and periodically reviewed. To the extent practicable, valuation techniques 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 also affect the reported fair value of financial instruments. The Group uses judgment to select a variety of valuation techniques and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

4.02 Offsetting Financial Resources and Financial Liabilities

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

	Notes	Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position: Financial Instruments	Related amounts not set off in the statements of financial position: Cash received	Net amount
Group					
December 31, 2013					
Loans and receivables – Receivable from customers	11	**P 215,068**	**(P 12,134)**	**P –**	**P 202,934**
Other resources – Margin deposits	15	**1,293**	**–**	**(635)**	**658**
December 31, 2012					
Loans and receivables – Receivable from customers	11	190,505	(31,968)	–	158,537
Other resources – Margin deposits	15	715	–	(715)	–
Parent Company					
December 31, 2013					
Loans and receivables – Receivable from customers	11	**P 167,010**	**(P 11,163)**	**P –**	**P 155,847**
Other resources – Margin deposits	15	**1,293**	**–**	**(635)**	**658**
December 31, 2012					
Loans and receivables – Receivable from customers	11	148,088	(10,346)	–	137,742
Other resources – Margin deposits	15	715	–	(715)	–

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

	Notes	Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position: Financial Instruments	Related amounts not set off in the statements of financial position: Cash received	Net amount
Group					
December 31, 2013					
Deposit liabilities	17	**P 297,853**	**(P 12,124)**	**P –**	**P 285,729**
Bills payable	18	**39,895**	**(10)**	**–**	**39,885**
Other liabilities – Derivatives with negative fair values	21	**635**	**–**	**(635)**	**–**
December 31, 2012					
Deposit liabilities	17	P 246,757	(P 29,082)	P –	P 217,675
Bills payable	18	26,387	(2,886)	–	23,501
Other liabilities – Derivatives with negative fair values	21	1,471	–	(715)	756
Parent Company					
December 31, 2013					
Deposit liabilities	17	**P 243,620**	**(P 11,153)**	**P –**	**P 232,467**
Bills payable	18	**37,067**	**(10)**	**–**	**37,057**
Other liabilities – Derivatives with negative fair values	21	**635**	**–**	**(635)**	**–**
December 31, 2012					
Deposit liabilities	17	P 196,435	(P 7,460)	P –	P 188,975
Bills payable	18	23,971	(2,886)	–	21,085
Other liabilities – Derivatives with negative fair values	21	1,471	–	(715)	756

For financial resources and liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and its counterparties allows for net settlement of the relevant financial resources and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. However, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

For purposes of presenting the above information, the related amounts not set off in the statements of financial position pertains to: (a) deposit hold-out which serves as the Group's collateral enhancement for certain loans and receivables; (b) certain loans and receivables assigned by the Group as collateral for its rediscounting availments from the BSP; and, (c) margin deposits which serve as security for outstanding financial market transactions and other liabilities. The financial instruments that can be set off are only disclosed to the extent of the amounts of the Group's obligations to counterparties.

5. RISK MANAGEMENT POLICIES AND OBJECTIVES

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

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

- The Executive Committee (EXCOM), which meets weekly, approves credit policies and decides on large counter-party credit facilities and limits. Next to the BOD, the EXCOM is the highest approving body in the Group and has the authority to pass judgment upon such matters as the BOD may entrust to it for action in between meetings.
- The Risk Oversight Committee (ROC), which meets monthly, carries out the BOD's oversight responsibility for group risk management, covering credit, market and operational risks under Pillar 1 of the Basel II framework; as well as the management of other material risks determined under Pillar II and the Internal Capital Adequacy Assessment Process (ICAAP) (see Note 6.02). Risk limits are reviewed and approved by the ROC.
- The Audit Committee, which meets monthly, reviews the results of Internal Audit examinations and recommends remedial actions to the BOD as appropriate.

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

- The Credit and Collection Committee (CRECOL), chaired by the Chief Executive Officer (CEO) and composed of the heads of credit risk-taking business units and the head of credit management segment, meets weekly to review and approve credit exposures within its authority. It also reviews plans and progress on the resolution of problem loan accounts.
- The Asset/Liability Committee (ALCO), chaired by the Treasurer of the Parent Company and with the participation of the CEO and key business and support unit heads including the President of the major subsidiary, RSB, meets weekly to appraise market trends, and economic and political developments. It provides direction in the management of interest rate risk, liquidity risk, foreign currency risk, and trading and investment portfolio decisions. It sets prices/rates for various asset and liability and trading products, in light of funding costs and competitive and other market conditions. It receives confirmation that market risk limits (as described in the succeeding pages) are not breached; or if breached, it provides guidance on the handling of the relevant risk exposure in between ROC meetings.

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

In addition to established risk management systems and controls, the Group holds capital commensurate with the levels of risk it undertakes (see Note 6) in accordance with regulatory capital standards and internal benchmarks set by the Group's BOD.

5.01 Group's Strategy in Using Financial Instruments

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

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

The Group's investment portfolio is composed mainly of marketable, sovereign-risk and corporate debt papers.

The Parent Company was granted additional derivatives authorities effective January 2011. Products approved under the Limited Dealer Authority (Type 2) are foreign currency forwards, non-deliverable forwards, interest rate and cross currency swaps while CLNs and bond options were approved under the Limited User Authority (Type 3). In February 2012, Bond Forwards, Non-deliverable Swaps and Foreign Exchange Options have been included under the same Limited User Authority (Type 3). In June 2013, the Parent Company was granted a Type 2 license Non-deliverable Swaps, FX Options, Bond and Interest Rate Options, and Asset Swaps. During the same period, additional Type 3 licenses for Foreign Exchange-Option and Bond-Option linked notes were likewise approved. The Parent Company's derivatives portfolio consists mostly of short-term currency forward contracts and swaps.

5.02 Liquidity Risk

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

The Group recognizes the liquidity risk inherent in its activities, and identifies, measures, monitors and controls the liquidity risk inherent to the members of the Group which are financial intermediaries.

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

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

The gap analyses as of December 31, 2013 and 2012 are presented below.

Group

	2013					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non maturity	Total
Resources:						
Cash and other cash items	P 323	P 120	P –	P –	P 9,383	P 9,826
Cash equivalents	47,472	227	35	–	12,294	60,028
Investments	12,165	1,088	15,386	61,206	3,188	93,033
Loans and receivables	20,829	33,279	46,837	74,700	62,315	237,960
Other resources	12,207	278	710	78	7,748	21,022
Total resources	92,996	34,992	62,968	135,984	94,928	421,869
Liabilities:						
Deposit liabilities	34,997	14,279	11,855	4,635	232,087	297,853
Bills payable	25,376	12,969	15	1,505	30	39,895
Bonds payable	–	–	23,317	–	–	23,317
Other liabilities	12,295	24	–	–	3,677	15,996
Total liabilities	72,668	27,272	35,187	6,140	235,794	377,061
Equity	–	15	4,351	–	40,442	44,808
Total liabilities and equity	72,668	27,287	39,538	6,140	276,236	421,869
On-book gap	20,328	7,705	23,430	129,844	(181,307)	–
Cumulative on-book gap	20,328	28,033	51,463	181,307	–	–
Contingent resources	36,297	9,453	1,332	–	–	47,082
Contingent liabilities	36,548	9,473	1,332	–	–	47,353
Total gap	(251)	(20)	–	–	–	(271)
Cumulative off-book gap	(251)	(271)	(271)	(271)	(271)	–
Cumulative total gap	P 20,077	P 27,762	P 51,192	P 181,036	(P 271)	P –

Group

	2012 (As Restated – See Note 2.01)					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non maturity	Total
Resources:						
Cash and other Cash items	P 401	P -	P -	P -	P 8,979	P 9,380
Cash equivalents	18,483	-	104	-	23,912	42,499
Investments	22,506	927	23,513	46,671	5,508	99,125
Loans and receivables	16,802	26,972	40,900	68,133	38,096	190,903
Other resources	11,218	132	476	63	9,543	21,432
Total resources	69,410	28,031	64,993	114,867	86,038	363,339
Liabilities:						
Deposit liabilities	26,219	8,067	9,526	-	202,945	246,757
Bills payable	21,244	887	2,893	781	582	26,387
Bonds payable	-	-	21,553	-	-	21,553
Subordinated debt	6,987	-	4,000	-	-	10,987
Other liabilities	6,999	12	2	-	8,480	15,493
Total liabilities	61,449	8,966	37,974	781	212,007	321,177
Equity	-	15	4,883	-	37,264	42,162
Total liabilities and equity	61,449	8,981	42,857	781	249,271	363,339
On-book gap	7,961	19,050	22,136	114,086	(163,233)	-
Cumulative on-book gap	7,961	27,011	49,147	163,233	-	-
Contingent resources	41,317	16,676	971	-	-	58,964
Contingent liabilities	41,405	16,676	971	-	-	59,052
Total gap	(88)	-	-	-	-	(88)
Cumulative off-book gap	(88)	(88)	(88)	(88)	(88)	-
Cumulative total gap	P 7,873	P 26,923	P 49,059	P 163,145	(P 88)	P -

Parent Company

	2013					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non maturity**	**Total**
Resources:						
Cash and other Cash items	P 82	P -	P -	P -	P 7,481	P 7,563
Cash equivalents	45,232	-	-	-	9,659	54,891
Investments	2,265	1,044	15,033	44,195	24,702	87,239
Loans and receivables	15,786	23,577	23,182	68,996	60,095	191,636
Other resources	6,891	9	99	26	6,736	13,761
Total resources	70,256	24,630	38,314	113,217	108,673	355,090

	2013					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non maturity**	**Total**
Liabilities:						
Deposit liabilities	P 24,846	P 10,829	P 10,634	P 4,635	P 192,676	P 243,620
Bills payable	23,555	12,007	-	1,505	-	37,067
Bonds payable	-	-	23,317	-	-	23,317
Other liabilities	6,739	-	-	-	5,197	11,936
Total liabilities	55,140	22,836	33,951	6,140	197,862	315,940
Equity	-	-	4,351	-	34,810	39,150
Total liabilities and equity	55,140	22,836	38,302	6,140	232,672	355,090
On-book gap	15,116	1,794	12	107,077	(123,999)	-
Cumulative on-book gap	15,116	16,910	16,922	123,999	-	-
Contingent resources	36,269	9,453	1,332	-	-	47,054
Contingent liabilities	36,289	9,473	1,332	-	-	47,094
Total gap	(20)	(20)	-	-	-	(40)
Cumulative off-book gap	(20)	(40)	(40)	(40)	(40)	-
Cumulative total gap	P 15,096	P 16,870	P 16,882	P 123,959	(P 40)	P -

Parent Company

	2012 (As Restated – See Note 2.01)					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non maturity	Total
Resources:						
Cash and other cash items	P 162	P -	P -	P -	P 7,270	P 7,432
Cash equivalents	15,916	-	-	-	20,813	36,729
Investments	10,325	826	23,013	44,394	11,607	90,165
Loans and receivables	12,376	19,650	21,389	63,761	35,902	153,078
Other resources	8,585	-	-	-	3,890	12,475
Total resources	47,364	20,476	44,402	108,155	79,482	299,879
Liabilities:						
Deposit liabilities	23,075	7,128	9,224	-	157,008	196,435
Bills payable	18,864	5,107	-	-	-	23,971
Bonds payable	-	-	21,553	-	-	21,553
Subordinated debt	6,987	-	4,000	-	-	10,987
Other liabilities	5,202	-	-	-	6,033	11,235
Total liabilities	54,128	12,235	34,777	-	163,041	264,181
Equity	-	-	4,883	-	30,815	35,698
Total liabilities and equity	54,128	12,235	39,660	-	193,856	299,879

	2012 (As Restated – See Note 2.01)					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non maturity	Total
On-book gap	(P 6,764)	P 8,241	P 4,742	P 108,155	(P 114,374)	P -
Cumulative on-book gap	(6,764)	1,477	6,219	114,374	-	-
Contingent resources	41,306	16,676	971	-	-	58,953
Contingent liabilities	41,363	16,676	971	-	-	59,010
Total gap	(57)	-	-	-	-	(57)
Cumulative off-book gap	(57)	(57)	(57)	(57)	(57)	-
Cumulative total gap	(P 6,821)	P 1,420	P 6,162	P 114,317	(P 57)	P -

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

5.02.01 Foreign Currency Liquidity Management

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

Following BSP Circular No. 639 on ICAAP, the Group likewise calculates and maintains a level of capital needed to support unexpected losses attributable to liquidity risk (see Note 6.02).

5.02.02 Liquidity Risk Stress

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

5.03 Market Risk

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

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

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

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

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

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

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

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

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

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

- 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 statements of financial position (local and foreign currencies). As of a given reporting date, the interest rate gap analysis (see Note 5.03.02) measures mismatches between the amounts of interest-earning assets and interest-bearing liabilities re-pricing within "time buckets" going forward from the end of the reporting period. A positive gap means net asset sensitivity, which implies that an increase in the interest rates would have a positive effect on the Group's net interest income. Conversely, a negative gap means net liability sensitivity, implying that an increase in the interest rates would have a negative effect on the Group's net interest income. The rate movements assumed for measuring EaR are consistent with a 99% confidence level with respect to historical rate volatility, assuming a one-year holding period.

- Capital-at-Risk (CaR) – BSP Circular No. 544 refers to the estimation of the effect of interest rate changes as not only with respect to earnings, but also on the Group's economic value. The estimate therefore must consider the fair valuation effect of rate changes on non-trading positions. This includes both those positions with fair value changes against profit or loss, as well as those with fair value changes booked directly against equity (e.g., AFS securities); but excludes those whose fair value changes are considered substantially offset – in an economic, if not accounting, sense – by fair value changes of another statement of financial position item. Adding this to the EaR determined using the procedure described above provides a measure of capital subject to interest rate risk. The Group sets its CaR limit as a percentage of the equity 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 and year-to-date losses. For trading positions, a Management Action Trigger (MAT) is also usually defined to be at 50% of the Loss Limit. When MAT is breached, the risk-taking unit must consult with ALCO for approval of a course of action moving forward.

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

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

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

Group

	2013			
	At December 31	**Average**	**Maximum**	**Minimum**
Foreign currency risk	P 16	P 14	P 34	P 3
Interest rate risk	188	257	405	123
Overall	**P 204**	**P 271**	**P 439**	**P 126**

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

Parent Company

	2013			
	At December 31	**Average**	**Maximum**	**Minimum**
Foreign currency risk	P 15	P 12	P 31	P 3
Interest rate risk	36	85	192	28
Overall	**P 51**	**P 97**	**P 223**	**P 31**

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

5.03.01 Foreign Exchange Risk

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

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

Group

	2013		
	Foreign Currencies	**Philippine Pesos**	**Total**
Resources:			
Cash and other cash items	P 879	P 8,947	P 9,826
Due from BSP	-	52,491	52,491
Due from other banks	7,044	493	7,537
Financial assets at FVTPL	909	2,379	3,288
AFS securities	70,462	18,950	89,412
Loans and receivables	44,636	193,324	237,960
Other resources	1,391	139	1,530
	P 125,321	P 276,723	P 402,044
Liabilities:			
Deposit liabilities	P 62,865	P 234,988	P 297,853
Bills payable	37,542	2,353	39,895
Bonds payable	23,317	-	23,317
Accrued interest and other expenses	2,869	1,454	4,323
Other liabilities	762	7,235	7,997
	P 127,355	P 246,030	P 373,385

	2012 (As Restated – See Note 2.01)		
	Foreign Currencies	Philippine Pesos	Total
Resources:			
Cash and other cash items	P 928	P 8,452	P 9,380
Due from BSP	-	36,620	36,620
Due from other banks	5,333	546	5,879
Financial assets at FVTPL	3,129	8,363	11,492
AFS securities	58,075	25,612	83,687
Loans and receivables	31,430	159,473	190,903
Other resources	826	169	995
	P 99,721	P 239,235	P 338,956

	2012 (As Restated – See Note 2.01)		
	Foreign Currencies	Philippine Pesos	Total
Liabilities:			
Deposit liabilities	P 52,300	P 194,457	P 246,757
Bills payable	23,971	2,416	26,387
Bonds payable	21,553	-	21,553
Accrued interest and other expenses	676	3,585	4,261
Other liabilities	650	5,614	6,264
Subordinated debt	-	10,987	10,987
	P 99,150	P 217,059	P 316,209

Parent Company

	2013		
	Foreign Currencies	**Philippine Pesos**	**Total**
Resources:			
Cash and other cash items	P 746	P 6,817	P 7,563
Due from BSP	-	48,679	48,679
Due from other banks	5,768	444	6,212
Financial assets at FVTPL	909	1,449	2,358
AFS securities	65,812	11,070	76,882
Loans and receivables	45,891	145,745	191,636
Other resources	1,365	145	1,510
	P 120,491	P 214,349	P 334,840
Liabilities:			
Deposit liabilities	P 57,163	P 186,457	P 243,620
Bills payable	37,054	13	37,067
Bonds payable	23,317	-	23,317
Accrued interest and other expenses	667	2,724	3,391
Other liabilities	1,134	4,168	5,302
	P 119,335	P 193,362	P 312,697

	2012		
	Foreign Currencies	Philippine Pesos	Total
Resources:			
Cash and other cash items	P 652	P 6,780	P 7,432
Due from BSP	-	31,590	31,590
Due from other banks	4,538	601	5,139
Financial assets at FVTPL	3,129	5,917	9,046
AFS securities	51,867	17,645	69,512
Loans and receivables	31,332	121,746	153,078
Other resources	826	165	991
	P 92,344	P 184,444	P 276,788
Liabilities:			
Deposit liabilities	P 46,170	P 150,265	P 196,435
Bills payable	23,971	-	23,971
Bonds payable	21,553	-	21,553
Accrued interest and other expenses	664	2,585	3,249
Other liabilities	625	3,367	3,992
Subordinated debt	-	10,987	10,987
	P 92,983	P 167,204	P 260,187

5.03.02 Interest Rate Risk

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

The *interest rate gap analyses* of financial resources and liabilities as of December 31 based on re-pricing maturities are shown in the succeeding pages. It should be noted that such interest rate gap analyses are based on the following key assumptions:

- Loans and time deposits are subject to re-pricing on their contractual maturity dates. Non-performing loans, however, are not re-priced;
- Debt securities classified under AFS securities, HTM investments, and unquoted debt securities classified as loans are bucketed based on their re-pricing profile;
- Held-for-trading securities are considered as non-rate sensitive; and,
- For resources and liabilities with no definite re-pricing schedule or maturity, slotting is based on the Group's empirical assumptions.

Group

	2013					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-rate Sensitive**	**Total**
Resources:						
Cash and other cash items	P 203	P -	P -	P -	P 9,623	P 9,826
Cash equivalents	47,472	227	35	-	12,294	60,028
Investments	10,035	1,088	15,386	61,206	5,318	93,033
Loans and receivables	115,807	25,450	27,576	28,521	40,606	237,960
Other resources	2,455	278	693	89	17,507	21,022
Total resources	175,972	27,043	43,690	89,816	85,348	421,869
Liabilities:						
Deposit liabilities	78,821	20,539	12,559	4,635	181,299	297,853
Bills payable	38,684	1,197	14	-	-	39,895
Bonds payable	-	-	23,317	-	-	23,317
Other liabilities	3,437	24	-	-	12,535	15,996
Total liabilities	120,942	21,760	35,890	4,635	193,834	377,061
Equity	-	15	4,351	-	40,442	44,808
Total liabilities and equity	120,942	21,775	40,241	4,635	234,276	421,869
On-book gap	55,030	5,268	3,449	85,181	(148,928)	-
Cumulative on-book gap	55,030	60,298	63,747	148,928	-	-
Contingent resources	36,297	9,453	1,332	-	-	47,082
Contingent liabilities	36,548	9,473	1,332	-	-	47,353
Total gap	(251)	(20)	-	-	-	(271)
Cumulative off-book gap	(251)	(271)	(271)	(271)	(271)	-
Cumulative total gap	P 54,779	P 60,027	P 63,476	P 148,657	(P 271)	P -

Group

	2012 (As Restated – See Note 2.01)					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and other cash items	P 239	P -	P -	P -	P 9,141	P 9,380
Cash equivalents	17,949	-	104	-	24,446	42,499
Investments	22,506	927	24,440	46,671	4,581	99,125
Loans and receivables	88,965	15,917	45,173	34,611	6,237	190,903
Other resources	2,633	132	609	63	17,995	21,432
Total resources	132,292	16,976	70,326	81,345	62,400	363,339
Liabilities:						
Deposit liabilities	88,346	7,407	20,121	-	130,883	246,757
Bills payable	25,674	65	65	1	582	26,387
Bonds payable	-	-	21,553	-	-	21,553
Subordinated debt	6,987	-	4,000	-	-	10,987
Other liabilities	1,797	12	14	-	13,670	15,493
Total liabilities	122,804	7,484	45,753	1	145,135	321,177
Equity	-	15	4,883	-	37,264	42,162
Total liabilities and equity	122,804	7,499	50,636	1	182,399	363,339
On-book gap	9,488	9,477	19,690	81,344	(119,999)	-
Cumulative on-book gap	9,488	18,965	39,655	119,999	-	-
Contingent resources	41,317	16,676	971	-	-	58,964
Contingent liabilities	41,405	16,676	971	-	-	59,052
Total gap	(88)	-	-	-	-	(88)
Cumulative off-book gap	(88)	(88)	(88)	(88)	(88)	-
Cumulative total gap	P 9,400	P 18,877	P 39,567	P 119,911	(P 88)	P -

Parent Company

	2013					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-rate Sensitive**	**Total**
Resources:						
Cash and other cash items	P 82	P -	P -	P -	P 7,481	P 7,563
Cash equivalents	45,232	-	-	-	9,659	54,891
Investments	135	1,044	15,033	61,198	9,829	87,239
Loans and receivables	110,765	15,749	3,921	22,816	38,385	191,636
Other resources	2	9	82	37	13,631	13,761
Total resources	156,216	16,802	19,036	84,051	78,985	355,090

	2013					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More Than Five Years**	**Non-rate Sensitive**	**Total**
Liabilities:						
Deposits liabilities	P 56,741	P 14,455	P 9,457	P 4,635	P 158,332	P 243,620
Bills payable	37,067	-	-	-	-	37,067
Bonds payable	-	-	23,317	-	-	23,317
Other liabilities	743	-	-	-	11,193	11,936
Total liabilities	94,551	14,455	32,774	4,635	169,525	315,940
Equity	-	-	4,351	-	34,799	39,150
Total liabilities and equity	94,551	14,455	37,125	4,635	204,324	355,090
On-book gap	61,665	2,347	(18,089)	79,416	(125,339)	-
Cumulative on-book gap	61,665	64,012	45,923	125,339	-	-
Contingent resources	36,269	9,453	1,332	-	-	47,054
Contingent liabilities	36,289	9,473	1,332	-	-	47,094
Total gap	(20)	(20)	-	-	-	(40)
Cumulative off-book gap	(20)	(40)	(40)	(40)	(40)	-
Cumulative total gap	P 61,645	P 63,972	P 45,883	P 125,299	(P 40)	P -

Parent Company

	2012 (As Restated – See Note 2.01)					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and other cash items	P -	P -	P -	P -	P 7,432	P 7,432
Cash equivalents	15,381	-	-	-	21,348	36,729
Investments	10,325	826	23,013	44,394	11,607	90,165
Loans and receivables	84,539	8,595	9,745	30,240	19,959	153,078
Other resources	-	-	-	-	12,475	12,475
Total resources	110,245	9,421	32,758	74,634	72,821	299,879
Liabilities:						
Deposit liabilities	62,619	4,942	9,255	-	119,619	196,435
Bills payable	23,971	-	-	-	-	23,971
Bonds payable	-	-	21,553	-	-	21,553
Subordinated debt	6,987	-	4,000	-	-	10,987
Other liabilities	1,471	-	-	-	9,764	11,235
Total liabilities	95,048	4,942	34,808	-	129,383	264,181
Equity	-	-	4,883	-	30,815	35,698
Total liabilities and equity	95,048	4,942	39,691	-	160,198	299,879

	2012 (As Restated – See Note 2.01)					
	One to Three Months	Three Months to One Year	One to Five Years	More Than Five Years	Non-rate Sensitive	Total
On-book gap	P 15,197	P 4,479	(P 6,933)	P 74,634	(P 87,377)	P -
Cumulative on-book gap	15,197	19,676	12,743	87,377	-	-
Contingent resources	41,306	16,676	971	-	-	58,953
Contingent liabilities	41,363	16,676	971	-	-	59,010
Total gap	(57)	-	-	-	-	(57)
Cumulative off-book gap	(57)	(57)	(57)	(57)	(57)	-
Cumulative total gap	P 15,140	P 19,619	P 12,686	P 87,320	(P 57)	P -

The table below summarizes the potential impact on the Group's and Parent Company's annual interest income of parallel rate shifts using the repricing profile shown in the previous pages.

	Changes in Interest Rates (in basis points)			
	(100)	(200)	100	200
December 31, 2013				
Group	**(P 200)**	**(P 400)**	**P 200**	**P 400**
Parent Company	**(208)**	**(416)**	**208**	**416**
December 31, 2012				
Group	P 7	P 15	(P 7)	(P 15)
Parent Company	(110)	(220)	110	220

5.03.03 Equity Price Risk

The Group has minimal exposure 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.

5.04 Credit Risk

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

Credit Management Segment (CMS) 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 CMS works hand-in-hand with the business units and with the Corporate Planning Group.

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

Impairment provisions are recognized for losses that have been incurred at the end of the reporting period. Significant changes in the economy, or in particular industry segments that represent a concentration in the Group's 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.

Loans and receivables, regardless if the accounts have been fully paid, extended or renewed in subsequent year or period, are subjected to evaluation for possible losses. The Parent Company uses its internal credit risk rating system (ICRRS) to determine any evidence of impairment. The rating system classifies performing accounts from a scale of AAA indicating an extremely strong capacity of the counterparty to meet financial commitments down to ratings below CCC demonstrating a high probability of counterparty's payment default on financial commitments. Non-current accounts that are rated below CCC are classified based on the characteristics of classified loans per BSP Manual of Regulations for Banks, i.e., Substandard, Doubtful or Loss.

Only impaired accounts with significant amount are subject to specific impairment test. Impaired accounts refer to those accounts which were rated BB+ to lower than CCC and accounts rated as Substandard, Doubtful and Loss. Significant amount is at least P0.5 for sales contract receivables and P15 for all other loan and receivable accounts.

In the process of applying the Parent Company's ICRRS in determining indications of impairment on individually significant items of loans and receivables, the Parent Company analyzes the credit quality of the borrowers and counterparties through a set of criteria and rating scale classified into the following:

Risk Rating	Rating Description/Criteria
AAA	Extremely strong capacity to meet financial commitments
AA*	Very strong capacity to meet financial commitments
A*	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances
BBB*	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions
BB*	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions
B*	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments
CCC*	Currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments
Substandard	Loans past due for over 90 days
Doubtful	Past due clean loans previously classified as Substandard without at least 20% repayment during the succeeding 12 months
Loss	Loans considered absolutely uncollectible

** Ratings from AA to CCC are modified by a plus (+) or minus (-) sign to show relative standing within the rating categories.*

The foregoing ICRRS is established by the Parent Company during the first quarter of 2013 in congruent and with reference to the credit risk rating methodology used by Standard & Poor's (S&P) in measuring the creditworthiness of an individual debt issue which is still performing or current in status. Previously, ICRRS implemented by the Parent Company is based on BSP/Bankers' Association of the Philippines model which classifies the accounts into the following: 1 - Excellent, 2 - Strong, 3 - Good, 4 - Satisfactory, 5 - Acceptable, 6 - Watchlist, 7 - Special Mention, 8 - Substandard, 9 - Doubtful and 10 - Loss.

As part of the migration process, the old rating scale was mapped with S&P's rating scale as follows:

Rating Scale	
S&P Model	ICCRS
AAA	1
AA+	1
AA	1
AA-	1
A+	2
A	2
A-	2
BBB+	3
BBB	3
BBB-	3
BB+	4
BB	4
BB-	5
B+	5
B	6
B-	6
CCC+ and below	7

The risk ratings determined by the Parent Company for its portfolio of loans and receivables at a given review date is updated to consider the possible shift in the economy or business environment or circumstances affecting the industry and the entity/borrower, in particular. Accordingly, a periodic assessment of credit quality may improve the borrower's rating or it could lead to one or more rating downgrades over time.

5.04.01 Exposure to Credit Risk

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

Group

	2013	
	Loans and Receivables	**Trading and Investment Securities**
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	P 26	P 1,266
Grade 6: Impaired	137	-
Grade 7: Impaired	27	-
Grade 8: Impaired	49	-
Grade 9: Impaired	-	-
Grade 10: Impaired	638	-
Gross amount	877	1,266
Allowance for impairment	(519)	(1,065)
Carrying amount	358	201
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	167,267	-
Grade 6: Watchlist	26,243	-
Grade 7: Special Mention	5,993	-
Grade 8: Sub-standard	1,441	-
Grade 9: Doubtful	-	-
Grade 10: Loss	929	-
Gross amount	201,873	-
Allowance for impairment	(4,364)	-
Carrying amount	197,509	-
Unquoted debt securities classified as loans	2,665	-
Other receivables	5,518	-
Allowance for impairment	(1,248)	-
Carrying amount	6,935	-
Neither Past Due Nor Impaired	33,158	86,474
Total Carrying Amount	**P 237,960**	**P 86,675**

	2012 (As Restated – See Note 2.01)	
	Loans and Receivables	Trading and Investment Securities
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	P 596	P 2,732
Grade 6: Impaired	-	-
Grade 7: Impaired	-	-
Grade 8: Impaired	19	-
Grade 9: Impaired	-	-
Grade 10: Impaired	3,604	-
Gross amount	4,219	2,732
Allowance for impairment	(3,111)	(596)
Carrying amount	1,108	2,136

	2012 (As Restated – See Note 2.01)	
	Loans and Receivables	Trading and Investment Securities
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	P 151,273	P -
Grade 6: Watchlist	17,256	-
Grade 7: Special Mention	2,076	-
Grade 8: Sub-standard	2,124	-
Grade 9: Doubtful	683	-
Grade 10: Loss	-	-
Gross amount	173,412	-
Allowance for impairment	(6,882)	-
Carrying amount	166,530	-
Unquoted debt securities classified as loans	2,423	-
Other receivables	4,479	-
Allowance for impairment	(953)	-
Carrying amount	5,949	-
Neither Past Due Nor Impaired	17,316	87,670
Total Carrying Amount	P 190,903	P 89,806

Parent Company

	2013	
	Loans and Receivables	**Trading and Investment Securities**
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	P -	P 1,266
Grade 6: Impaired	113	-
Grade 7: Impaired	27	-
Grade 8: Impaired	49	-
Grade 9: Impaired	-	-
Grade 10: Impaired	638	-
Gross amount	827	1,266
Allowance for impairment	(519)	(1,005)
Carrying amount	308	261
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	138,761	-
Grade 6: Watchlist	26,243	-
Grade 7: Special Mention	1,045	-
Grade 8: Sub-standard	370	-
Grade 9: Doubtful	-	-
Grade 10: Loss	-	-
Gross amount	166,419	-
Allowance for impairment	(3,452)	-
Carrying amount	162,967	-
Unquoted debt securities classified as loans	2,665	-
Other receivables	4,402	-
Allowance for impairment	(650)	-
Carrying amount	6,417	-
Neither Past Due Nor Impaired	21,944	76,369
Total Carrying Amount	**P 191,636**	**P 76,630**

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Parent Company

	2012	
	Loans and Receivables	Trading and Investment Securities
Individually Assessed for Impairment		
Grade 1 to 5: Unclassified	P -	P 986
Grade 6: Impaired	-	-
Grade 7: Impaired	-	-
Grade 8: Impaired	19	-
Grade 9: Impaired	-	-
Grade 10: Impaired	3,604	-
Gross amount	3,623	986
Allowance for impairment	(3,092)	(535)
Carrying amount	531	451
Collectively Assessed for Impairment		
Grade 1 to 5: Unclassified	128,954	-
Grade 6: Watchlist	12,658	-
Grade 7: Special Mention	1,106	-
Grade 8: Sub-standard	2,124	-
Grade 9: Doubtful	-	-
Grade 10: Loss	-	-
Gross amount	144,842	-
Allowance for impairment	(3,331)	-
Carrying amount	141,511	-
Unquoted debt securities classified as loans	2,423	-
Other receivables	3,774	-
Allowance for impairment	(805)	-
Carrying amount	5,392	-
Neither Past Due Nor Impaired	5,644	75,837
Total Carrying Amount	P 153,078	P 76,288

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.

5.04.02 Collateral Held as Security and Other Credit Enhancements

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are generally updated annually. Generally, collateral is not held over loans and advances to other banks, except when securities are held as part of reverse repurchase and securities borrowing activities. Collateral is not usually held against trading securities, and no such collateral was held at December 31, 2013 and 2012.

The Group holds collateral against its loans portfolio in the form of deposit hold-out, real estate mortgage, standby letters of credit or bank guaranty, government guaranty, chattel mortgage, assignment of receivables, pledge of stocks, personal and corporate guaranty and other forms of security. An estimate of the fair value of collateral and other security enhancements held against the loans portfolio as of December 31, 2013 and 2012 is shown below.

Group

	2013	2012
Against individually impaired		
Real property	**P 345**	P 397
Chattels	**50**	401
Against classified accounts but not impaired		
Real property	**63,382**	48,373
Chattels	**20,398**	17,950
Equities	**1,426**	2,670
Others	**42,699**	39,655
Against neither past due nor impaired		
Real property	**9,052**	7,760
Chattels	**1,146**	580
Others	**2,335**	-
Total	**P 140,833**	P 117,786

Parent Company

		2013		2012
Against individually impaired				
Real property	**P**	**345**	P	274
Against classified accounts but not impaired				
Real property		**46,050**		36,250
Chattels		**4,069**		2,567
Equities		**1,426**		2,670
Others		**41,472**		38,942
Total	**P**	**93,362**	P	80,703

5.04.03 Concentrations of Credit Risk

Credit risk concentration in the context of banking generally denotes the risk arising from an uneven distribution of counterparties in credit or in any other business relationships, or from a concentration in business sectors or geographic regions which is capable of generating losses large enough to jeopardize an institution's solvency. The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk of the loan portfolio at the end of the reporting period is shown in Note 11.

In the course of the Group's implementation of ICAAP (see Note 6.02), it adopts a quantification of credit risk concentration following frameworks prescribed by some of the more advanced European central banks. Using sector distribution as a tool, the Group performs a straightforward application of the Herfindahl-Hirshman Index (HHI) to determine the existence of credit risk concentration.

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

5.04.04 Credit Risk Stress Test

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

5.05 Operations Risk

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

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

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

Operations Risk Management, as it relates to Capital Adequacy, is currently under Basic Indicator Approach (see Note 6).

5.05.01 Reputation Risk

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

As part of the Group's ICAAP initiatives (see Note 6.02), it initially adopted a representative, albeit provisional, measure of reputation risk based on a widely held theory that the stock price of a listed company more or less is a barometer of said company's reputation. Applying statistical treatment to VaR therefore provides an indication as to the maximum amount by which the Group's reputation may be eroded.

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

5.05.02 Legal Risk and Regulatory Risk Management

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

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

5.06 Anti-Money Laundering Controls

The Anti-Money Laundering Act (AMLA) or Republic Act (RA) No. 9160 was passed in September 2001 and was amended by RA No. 9194, RA No. 10167, and RA No. 10365 in March 2003, June 2012 and February 2013, respectively. Under the AMLA, as amended, the Group is required to submit "Covered Transaction Reports" involving single transactions in cash or other equivalent monetary instruments in excess of P0.5 within one banking day. The Group is also required to submit "Suspicious Transaction Reports" to the Anti-Money Laundering Council in the event that circumstances exist and there are reasonable grounds to believe that the transaction is suspicious. Furthermore, terrorist financing was criminalized in Republic Act No.10168.

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

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

In an effort to further prevent money laundering activities, the Group revised its KYC policies and guidelines in order to comply with the aforementioned Circular. Under the guidelines, each business unit is required to validate the true identity of a customer based on official or other reliable identifying documents or records before an account may be opened. Likewise, the Group is required to risk profile its clients to Low, Normal, or High with its corresponding due diligence of Reduced, Average or Enhanced, in compliance with the risk-based approach mandated by the Circular. Decisions to enter into a business relationship with a high risk customer requires senior management approval, and in some cases such as a politically exposed person or a private individual holding a prominent position, Group Head approval is necessary.

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

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

6. CAPITAL MANAGEMENT

6.01 Regulatory Capital

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

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

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

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

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

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

a. Tier 1 Capital includes the following:

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

   Subject to the following deductions:

   i. treasury stocks;
   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 stocks;
   ii. Limited life redeemable preferred stock treasury stocks 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 stocks 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:

		2013		2012
Tier 1 Capital	**P**	**48,807**	P	37,138
Tier 2 Capital		**1,744**		12,446
Total Qualifying Capital, after deductions	**P**	**50,551**	P	49,584
Total Risk – Weighted Assets	**P**	**305,920**	P	281,622
Capital ratios:				
Total regulatory capital expressed as percentage of total risk – weighted assets		**16.52%**		17.61%
Total Tier 1 expressed as percentage of total risk – weighted assets		**15.95%**		13.19%

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

		2013		2012
Tier 1 Capital	**P**	**37,451**	P	30,280
Tier 2 Capital		-		5,290
Total Qualifying Capital, after deductions	**P**	**37,451**	P	35,570
Total Risk – Weighted Assets	**P**	**248,079**	P	222,397
Capital ratios:				
Total regulatory capital expressed as percentage of total risk – weighted assets		**15.10%**		15.99%
Total Tier 1 expressed as percentage of total risk – weighted assets		**15.10%**		13.62%

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

6.02 Internal Capital Adequacy Assessment and Pillar 2 Risk Weighted Assets

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

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

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

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

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

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

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

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

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

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

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 estimates interest rate risk in the banking book as its NII-at-risk, and accordingly deducts the same from regulatory qualifying capital. Stressed IRRBB is calculated by applying the highest observed market volatilities over a determined timeframe.

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 estimates compliance risk as the sum of regulatory fines and penalties, and forecasts this amount in relation to the level of operating expenses. The resulting figure is treated as a deduction from regulatory qualifying capital. In 2013, the Group decided to henceforth broaden its analysis of this risk to account for regulatory benchmarks and other regulations that the Group has not been in compliance with, as noted by past BSP examinations. The effect of ensuring compliance shall thus be included as a Pillar 2 charge beginning 2014.

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 is 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 treats strategic business risk as a catch-all risk, and expresses its estimate as a cap on additional risk-weighted assets given other risks and the desired level of capital adequacy.

vii. *Information Technology Risk* – It is the current and prospective negative impact to earnings arising from failure of IT systems. The Group treats this risk as forming part of Operational Risk.

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

		2013		2012
Pillar 1 Risk – Weighted Assets	**P**	**305,920**	P	281,622
Pillar 2 Risk – Weighted Assets		**10,946**		9,657
Total Risk – Weighted Assets	**P**	**316,866**	P	291,279
Capital ratios:				
Total regulatory capital expressed as percentage of total risk – weighted assets		**15.88%**		16.99%
Total Tier 1 expressed as percentage of total risk – weighted assets		**15.33%**		12.75%

7. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

Primary segment information (by business segment) on a consolidated basis as of and for the years ended December 31, 2013, 2012 and 2011 follow:

	2013				
	Retail Banking Group	**Corporate Banking Group**	**Treasury Group**	**Others**	**Total**
Results of operations					
Net interest income	P 4,484	P 4,649	P 153	P 4,025	P 13,311
Non-interest income	2,495	1,638	2,088	3,589	9,810
Total revenues	6,979	6,287	2,241	7,614	23,121
Non-interest expense	(6,356)	(922)	(611)	(8,639)	(16,528)
Profit (loss) before tax	623	5,365	1,630	(1,025)	6,593
Tax expense	-	-	-	(1,259)	(1,259)
Non-controlling interest in net profit	-	-	-	(13)	(13)
Net profit (loss)	**P 623**	**P 5,365**	**P 1,630**	**(P 2,297)**	**P 5,321**
Statement of financial position					
Total Resources	**P 213,208**	**P 174,779**	**P 99,650**	**(P 65,768)**	**P 421,869**
Total Liabilities	**P 213,208**	**P 174,779**	**P 99,650**	**(P 110,576)**	**P 377,061**
Other segment information					
Depreciation and amortization	**P 305**	**P 6**	**P 13**	**P 994**	**P 1,318**

	2012 (As Restated – See Note 2.01)				
	Retail Banking Group	Corporate Banking Group	Treasury Group	Others	Total
Results of operations					
Net interest income	P 4,859	P 2,570	P 850	P 3,123	P 11,402
Non-interest income	2,175	1,020	5,888	2,259	11,342
Total revenue	7,034	3,590	6,738	5,382	22,744
Non-interest expense	(5,920)	(1,091)	(664)	(8,368)	(16,043)
Profit (loss) before tax	1,114	2,499	6,074	(2,986)	6,701
Tax expense	-	-	-	(745)	(745)
Non-controlling interest in net profit	-	-	-	(7)	(7)
Net profit (loss)	P 1,114	P 2,499	P 6,074	(P 3,738)	P 5,949
Statement of financial position					
Total Resources	P 210,659	P 159,508	P 83,451	(P 90,279)	P 363,339
Total Liabilities	P 210,659	P 159,508	P 83,451	(P 132,441)	P 321,177
Other segment information					
Depreciation and amortization	P 298	P 13	P 8	P 795	P 1,114

	2011 (As Restated – See Note 2.01)				
	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 2,338	P 10,844
Non-interest income	2,073	951	4,508	2,560	10,092
Total revenue	6,720	3,376	5,942	4,898	20,936
Non-interest expense	(5,070)	(1,090)	(567)	(8,207)	(14,934)
Profit (loss) before tax	1,650	2,286	5,375	(3,309)	6,002
Tax expense	-	-	-	(915)	(915)
Non-controlling interest in net profit	-	-	-	(26)	(26)
Net profit (loss)	P 1,650	P 2,286	P 5,375	(P 4,250)	P 5,061
Statement of financial position					
Total Resources	P 196,996	P 118,389	P 79,705	(P 51,304)	P 343,786
Total Liabilities	P 196,996	P 118,389	P 79,705	(P 87,450)	P 307,640
Other segment information					
Depreciation and amortization	P 255	P 17	P 8	P 774	P 1,054

Secondary information (by geographical locations) as of and for the years ended December 31, 2013, 2012 and 2011 follow:

	2013			
	Philippines	**United States**	**Asia and Europe**	**Total**
Results of operations				
Total revenues	P 22,909	P 65	P 147	P 23,121
Total expenses	17,589	43	168	17,800
Net profit (loss)	P 5,320	P 22	(P 21)	P 5,321
Statement of financial position				
Total resources	P 421,327	P 92	P 450	P 421,869
Total liabilities	P 376,691	P 78	P 292	P 377,061
Other segment information				
Depreciation and amortization	P 1,316	P -	P 2	P 1,318

	2012 (As Restated – See Note 2.01)			
	Philippines	United States	Asia and Europe	Total
Results of operations				
Total revenues	P 22,595	P 38	P 111	P 22,744
Total expenses	16,585	26	184	16,795
Net profit (loss)	P 6,010	P 12	(P 73)	P 5,949
Statement of financial position				
Total resources	P 362,907	P 124	P 308	P 363,339
Total liabilities	P 320,882	P 89	P 206	P 321,177
Other segment information				
Depreciation and amortization	P 1,112	P -	P 2	P 1,114

	2011 (As Restated – See Note 2.01)			
	Philippines	United States	Asia and Europe	Total
Results of operations				
Total revenues	P 20,740	P 56	P 140	P 20,936
Total expenses	15,624	107	144	15,875
Net profit (loss)	P 5,116	(P 51)	(P 4)	P 5,061
Statement of financial position				
Total resources	P 343,242	P 163	P 381	P 343,786
Total liabilities	P 307,311	P 137	P 192	P 307,640
Other segment information				
Depreciation and amortization	P 1,052	P 2	P –	P 1,054

6. CASH AND CASH EQUIVALENTS

The components of Cash and Cash Equivalents follow:

	Group		Parent Company	
	2013	2012	**2013**	2012
Cash and other cash items	**P 9,826**	P 9,380	**P 7,563**	P 7,432
Due from BSP	**52,491**	36,620	**48,679**	31,590
Due from other banks	**7,537**	5,879	**6,212**	5,139
	P 69,854	P 51,879	**P 62,454**	P 44,161

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

Due from BSP represents the aggregate balance of deposit accounts maintained with the BSP primarily to meet reserve requirements (see Note 17), to serve as clearing account for interbank claims and to comply with existing trust regulations. The balance also include short-term special deposit account amounting to P17,049 and P5,050 at December 31, 2013 and 2012, respectively which bear annual interest at 3.5% and 2%, respectively.

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

	Group		Parent Company	
	2013	2012	**2013**	2012
Foreign banks	**P 6,675**	P 4,581	**P 5,534**	P 4,059
Local banks	**862**	1,298	**678**	1,080
	P 7,537	P 5,879	**P 6,212**	P 5,139

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

	Group		Parent Company	
	2013	2012	**2013**	2012
Foreign currencies	**P 7,044**	P 5,333	**P 5,768**	P 4,538
Philippine pesos	**493**	546	**444**	601
	P 7,537	P 5,879	**P 6,212**	P 5,139

Interest rates per annum on these deposits range from 0.00% to 0.25% in 2013 and 2012 and 0.50% to 3.13% in 2011.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account is composed of the following:

	Group		Parent Company	
	2013	2012	**2013**	2012
Government bonds	**P 1,110**	P 9,120	**P 1,110**	P 7,375
Derivative financial assets	**877**	717	**877**	717
Equity securities – quoted	**827**	588	**-**	-
Other debt securities	**474**	1,067	**371**	954
	P 3,288	P 11,492	**P 2,358**	P 9,046

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

	Group		Parent Company	
	2013	2012	**2013**	2012
Held-for-trading	**P 2,411**	P 10,775	**P 1,481**	P 8,329
Derivatives	**877**	717	**877**	717
	P 3,288	P 11,492	**P 2,358**	P 9,046

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

	2013	2012	2011
Peso denominated	**1.63% - 14.38%**	4.63% - 12.38%	4.95% - 11.38%
Foreign currency denominated	**1.25% - 10.63%**	2.50% - 10.63%	2.50% - 10.63%

Equity securities are composed of listed shares of stock traded at the Philippine Stock Exchange (PSE).

Derivatives instruments used by the Group include 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's and Parent Company's financial statements are set out as follows:

	2013		
	Notional Amount	**Fair Values**	
		Assets	**Liabilities**
Currency swaps and forwards	P 52,299	P 389	P 338
Interest rate swaps and futures	21,771	172	293
Debt warrants	5,557	54	-
Options	2,638	14	4
Credit default swaps	667	20	-
Principal-protected notes	222	228	-
	P 83,154	**P 877**	**P 635**

	2012		
	Notional Amount	Fair Values	
		Assets	Liabilities
Currency swaps and forwards	P 59,636	P 390	P 1,004
Interest rate swaps and futures	16,816	64	463
Debt warrants	5,139	49	-
Options	2,167	6	-
Credit default swaps	411	1	4
Principal-protected notes	205	207	-
	P 84,374	P 717	P 1,471

The derivative liabilities amounting to P635 and P1,471 as of December 31, 2013 and 2012, respectively, are shown as Derivatives with Negative Fair Values as part of Other Liabilities in the statements of financial position (see Note 21). The bulk of such derivative liabilities have maturity periods of less than a year.

The Group recognized the change in value of financial assets at FVTPL resulting in an increase of P151 in 2013, decrease of P325 in 2012 and increase of P86 in 2011 in the Group's financial statements; and increase of P167 in 2013, decrease of P310 in 2012 and increase of P52 in 2011 in the Parent Company's financial statements, which were included as part of Trading and Securities Gains account in the statements of profit or loss.

Other information about the fair value measurement of the Group's financial assets at FVTPL are presented in Note 32.02.

10. AVAILABLE-FOR-SALE SECURITIES

The AFS securities consist of the following:

	Group		Parent Company	
	2013	2012	**2013**	2012
Government bonds	**P 48,137**	P 46,542	**P 40,962**	P 38,235
Other debt securities	**38,020**	33,673	**35,192**	30,259
Equity securities	**4,598**	4,248	**1,921**	1,733
	90,755	84,463	**78,075**	70,227
Allowance for impairment (see Note 16)	**(1,343)**	(776)	**(1,193)**	(715)
	P 89,412	P 83,687	**P 76,882**	P 69,512

Interest rates per annum on government bonds and other debt securities range from 1.70% to 7.60% in 2013, 1.19% to 12.00% in 2012 and 2.50% to 14.00% in 2011.

Changes in the carrying amount of AFS securities follow:

	Group		Parent Company	
	2013	2012	**2013**	2012
Balance at beginning of year	**P 83,687**	P 75,910	**P 69,512**	P 61,782
Additions	**99,837**	175,567	**99,676**	127,956
Sale/disposals	**(93,511)**	(162,062)	**(92,570)**	(120,642)
Fair value gains (losses)	**(8,150)**	863	**(6,982)**	787
Amortization/accretion of discount or premium	**3,633**	(2,914)	**3,419**	3,142
Impairment provision/ reversal	**(567)**	381	**(478)**	337
Revaluation of foreign currency investments	**4,483**	(4,058)	**4,305**	(3,850)
Balance at end of year	**P 89,412**	P 83,687	**P 76,882**	P 69,512

The changes in fair values of AFS securities which were recognized in other comprehensive income and formed part of Revaluation Reserves account in equity amounted to fair value losses of P8,150 in 2013, fair value gains of P863 in 2012 and P2,264 in 2011 in the Group's financial statements; and fair value losses of P6,982 in 2013, fair value gains of P787 in 2012 and P2,074 in 2011 in the Parent Company's financial statements (see Note 23.05).

Included in other debt securities is a 10-year note from Philippine Asset Growth One, Inc. (PAGO) with a face amount of P731 which is part of the consideration received in relation to the Parent Company's disposal in February 2013 of its non-performing assets (NPAs), consisting of non-performing loans (NPLs) with a carrying amount of P507 and non-performing investment properties with a carrying amount of P1,236 (see Note 14). This note receivable carries a variable interest rate of 1.0% per annum during the first five years, 7.0% per annum in the sixth to seventh year, and 7.5% per annum in the last three years. This note receivable was initially recognized at fair value resulting in the recognition of day-one loss of P181 which is included as part of allowance for impairment.

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 Parent Company reclassified its CLNs that are linked to ROP bonds, with an aggregate carrying value of P2,946 from AFS securities to Loans and Receivables. As of December 31, 2013 and 2012, the aggregate carrying value of the CLNs amounted to P2,665 and P2,423, respectively (see Note 11.01).

In 2013, the Group's equity investment in RHI with a carrying amount of P413 previously classified as an investment in associate, is reclassified into AFS securities and recognized at its fair value of P434 as of December 31, 2013 (see Note 12).

The information about the fair value measurement of the Group's AFS securities is presented in Note 32.02.

11. LOANS AND RECEIVABLES

This account consists of the following:

	Group		Parent Company	
	2013	2012 (As Restated – See Note 2.01)	**2013**	2012
Receivable from customers:				
Loans and discounts	**P 189,052**	P 164,769	**P 143,073**	P 125,621
Credit card receivables	**12,049**	12,924	**12,049**	10,609
Customers' liabilities on acceptances, import bills and trust receipts	**9,814**	10,062	**9,815**	10,062
Bills purchased	**2,077**	1,820	**2,073**	1,796
Lease contract receivables	**1,244**	569	**-**	-
Receivables financed	**832**	242	**-**	-
Securities purchased under reverse repurchase agreements	**-**	119	**-**	-
	215,068	190,505	**167,010**	148,088
Other receivables:				
Interbank loans receivable	**20,594**	4,687	**22,120**	5,768
Accounts receivable	**2,891**	1,932	**2,217**	1,300
Unquoted debt securities classified as loans	**2,665**	2,423	**2,665**	2,423
Accrued interest receivable	**2,626**	2,908	**2,183**	2,471
Sales contract receivables	**1,652**	1,752	**240**	377
Miscellaneous	**-**	22	**-**	-
	30,428	13,724	**29,425**	12,339
	245,496	204,229	**196,435**	160,427
Allowance for impairment (see Note 16)	**(6,131)**	(10,946)	**(4,621)**	(7,228)
Unearned discount	**(1,211)**	(2,018)	**(178)**	(121)
Prompt payment discount	**(194)**	(362)	**-**	-
	P 237,960	P 190,903	**P 191,636**	P 153,078

Loans and receivables bear average interest rates of 5.58% per annum in 2013 and 6.90% per annum in 2012 in the Group's and Parent Company's financial statements. Included in this account are NPLs amounting to P2,499 (net of allowance of P3,618) and P3,491 (net of allowance of P6,742) as of December 31, 2013 and 2012, respectively, in the Group's financial statements and P968 (net of allowance of P2,560) and P1,472 (net of allowance of P4,218) as of December 31, 2013 and 2012, respectively, in the Parent Company's financial statements.

Accounts receivable include claim from the Bureau of Internal Revenue (BIR) relating to the 20% final withholding tax on Poverty Eradication and Allevation Certificates (PEACe) bonds amounting to P199. As of December 31, 2013, the case regarding the claim is still pending in the Supreme Court (see Note 31.02).

Loans and receivables amounting to P10 and P2,886 as of December 31, 2013 and 2012, respectively, both in the Group's and Parent Company's financial statements are assigned as collateral to the BSP as security for rediscounting availments (see Note 18).

The concentration of credit of the receivables from customers as to industry follows:

	Group		Parent Company	
	2013	2012	**2013**	2012
Manufacturing (various industries)	**P 34,537**	P 29,592	**P 33,752**	P 29,028
Real estate, renting and other related activities	**31,802**	33,889	**19,789**	23,295
Electricity, gas and water	**31,550**	25,125	**31,153**	24,898
Other community, social and personal activities	**30,488**	21,736	**20,068**	17,964
Consumer	**25,642**	32,697	**9,497**	10,609
Wholesale and retail trade	**20,736**	16,035	**19,046**	14,693
Transportation and communication	**19,763**	12,038	**16,854**	10,982
Financial intermediaries	**7,658**	5,441	**6,874**	4,765
Diversified holding companies	**3,701**	8,264	**3,701**	8,264
Hotels and restaurants	**1,398**	1,223	**1,391**	1,209
Construction	**1,209**	923	**–**	–
Agriculture, fishing and forestry	**703**	792	**385**	761
Others	**5,881**	2,750	**4,500**	1,620
	P 215,068	P 190,505	**P 167,010**	P 148,088

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

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

	Group		Parent Company	
	2013	2012	**2013**	2012
Secured:				
Real estate mortgage	**P 56,201**	P 46,075	**P 28,945**	P 25,567
Chattel mortgage	**18,730**	17,147	**293**	341
Deposit hold-out	**12,124**	29,082	**11,153**	7,460
Other securities	**32,340**	16,047	**32,340**	36,378
	119,395	108,351	**72,731**	69,746
Unsecured	**95,673**	82,154	**94,279**	78,342
	P 215,068	P 190,505	**P 167,010**	P 148,088

The maturity profile of the loan portfolio follows:

	Group		Parent Company	
	2013	2012	**2013**	2012
Due within one year	**P 44,140**	P 41,735	**P 39,364**	P 37,347
Due beyond one year	**170,928**	148,770	**127,646**	110,741
	P 215,068	P 190,505	**P 167,010**	P 148,088

A reconciliation of the allowance for impairment of loans and receivables at the beginning and end of 2013 and 2012 is shown below (see Note 16).

	Group		Parent Company	
	2013	2012	**2013**	2012
Balance at beginning of year	**P 10,946**	P 9,718	**P 7,228**	P 6,091
Net provisions during the year	**1,783**	1,645	**1,099**	1,239
Accounts written off and others	**(6,598)**	(417)	**(3,706)**	(102)
Balance at end of year	**P 6,131**	P 10,946	**P 4,621**	P 7,228

11.01 Reclassification to Loans and Receivables

In 2008, the Parent Company reclassified, from AFS Securities to Loans and Receivables, its CLNs that are linked to ROP bonds and certain CDOs with aggregate carrying amount of P5,961 (see Note 10), and embedded derivatives with negative fair value amounting to P308, at reclassification date. The reclassified CDOs were already disposed in 2010. The carrying amounts and the corresponding fair values as of December 31 of the outstanding reclassified CLNs linked to ROP bonds are as follows:

	Carrying Amount	Fair Value
From AFS – host contract		
December 31, 2013	**P 2,665**	**P 2,679**
December 31, 2012	2,423	2,789

The effective interest rates at reclassification date ranges from 4.25% to 9.50%. The unrealized fair value losses that should have been recognized by the Group and the Parent Company in the financial statements under Revaluation Reserves account had the CLNs not been reclassified to Loans and Receivables are P145 and P194 as of December 31, 2013 and 2012, respectively. Had the embedded derivatives not been reclassified by the Parent Company, interest income on loans and receivables would have decreased by P214, P218 and P236 for the years ended December 31, 2013, 2012 and 2011, respectively, and the additional fair value losses that would have been recognized in profit or loss would have amounted to P92 in 2013 and fair value gains of P111 and P19 in 2012 and 2011, respectively.

12. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The components of the carrying values of investments in subsidiaries and associates are as follows (refer to Note 1.02 for the effective percentage of ownership, line of business, and country of incorporation of subsidiaries and associates):

	Group	
	2013	2012
Acquisition costs of associates:		
HCPI	**P 91**	P 91
LIPC	**53**	53
YCS	**5**	5
RRC	**-**	1,836
RLI	**-**	921
RHI	**-**	153
	149	3,059
Accumulated equity in net earnings:		
Balance at beginning of year	**887**	554
Share in net earnings for the year	**243**	357
Effect of disposals during the year	**(662)**	-
Cash dividends	**(284)**	(24)
Balance at end of year	**184**	887
	P 333	P 3,946

	Parent Company	
	2013	2012
Subsidiaries:		
RSB	**P 3,190**	P 3,190
RCBC Capital	**2,231**	2,231
Rizal Microbank	**992**	992
RCBC LFC	**687**	687
RCBC JPL	**375**	375
RCBC Forex	**150**	150
RCBC North America	**134**	134
RCBC Telemoney	**72**	72
RCBC IFL	**58**	58
Bankard	**-**	1,000
	7,889	8,889
Associates:		
NPHI	**388**	388
HCPI	**91**	91
LIPC	**53**	53
YCS	**5**	5
RRC	**-**	1,836
RLI	**-**	921
RHI	**-**	51
	537	3,345
	8,426	12,234
Allowance for impairment (see Note 16)	**(427)**	(627)
	P 7,999	P 11,607

On January 30, 2012, the BOD approved the acquisition of a total of 448,528,296 common stocks or 97.79% of the outstanding capital stock in First Malayan Leasing and Finance Corporation (FMLFC) from PMMIC, House of Investments, Inc. (HI) and other investors. The sale and purchase of FMLFC stocks were made in accordance with the three share purchase agreements signed by the contracting parties on February 7, 2012 and were conditioned on among others, the receipt of approval of the transaction from the BSP, which was received by the Parent Company on March 12, 2012 (see Note 23.04). After the acquisition, FMLFC was renamed as RCBC LFC.

On August 31, 2011, the BOD approved the acquisition of selected assets and assumption of selected liabilities of JPL Rural Bank through Rizal Microbank, subject to the approval of Philippine Deposit Insurance Corporation (PDIC) and BSP with the following conditions: (a) JPL Rural Bank shall surrender its rural bank license to BSP within 30 days from BSP approval; and, (b) JPL Rural Bank shall likewise cease to accept deposits and change its business name so as to delete the word "bank" therein. Consequently, in 2011, the Parent Company infused P500 worth of capital to Rizal Microbank to support the acquisition of assets and assumption of liabilities of JPL Rural Bank. The application for the acquisition of selected assets and assumption of selected liabilities was approved by PDIC and BSP on January 31, 2012 and March 2, 2012, respectively. In 2012, JPL Rural Bank changed its corporate name to RCBC JPL.

As a result of the continued losses incurred by RCBC JPL until 2012 evidenced by its reported capital deficiency of P406 as of December 31, 2012, the Parent Company recognized an impairment loss of P319 in 2012 in addition to the P56 provision for impairment recognized prior to 2012 to fully impair the carrying amount of its investment in RCBC JPL. Such impairment loss is reported as part of Impairment Losses account in the 2012 statement of profit or loss.

On October 18, 2013, the BOD approved the share purchase agreement entered into by the Group and another third party investor for the sale of the Group's ownership interest in Bankard. Bankard's total assets, total liabilities and net assets amounted to P1,075, P14 and P1,061 respectively, as at the date of disposal. As a consideration for the sale of the investment, the Group received cash amounting to P225 and a right over an escrow account amounting to P870 established by the buyer investor in settlement of this transaction. Gain on sale recognized related to this transaction amounting to P44 is included as part of Gain on sale of equity investments under Miscellaneous Income in the 2013 statement of profit or loss (see Note 27.01). Moreover, the disposal of Bankard resulted in the reversal and transfer of P233 other reserves recognized in years prior to 2011 directly to surplus (see Note 23.04).

The following table presents the summary of the financial information of the significant associates as of and for the years ended December 31:

	Resources		Liabilities		Revenues		Profit	
2013:								
HCPI (unaudited)	**P**	**3,728**	**P**	**1,243**	**P**	**9,713**	**P**	**270**
2012:								
RRC (audited)	P	9,070	P	2,493	P	1,458	P	779
HCPI (unaudited)		4,718		2,509		11,119		285
RLI (audited)		560		–		–		–

The Parent Company, under a shareholder's agreement, agreed with another stockholder of HCPI to commit and undertake to vote, as a unit, the shares of stock thereof, which they proportionately own and hold, and to regulate the conduct of the voting and the relationship between them with respect to their exercise of their voting rights. As a result of this agreement, the Parent Company is able to exercise significant influence over the operating and financial policies of HCPI. Thus, HCPI has been considered by the Parent Company as an associate despite having only 12.88% ownership interest.

On July 31, 2013, the BOD approved the sale of a total of 2,130,000 common stocks or 49.00% shareholdings in RLI to PMMIC and a total of 1,701,771 common stocks and 5,201,771 preferred stocks or 25.00% ownership in RRC to PMMIC, HI and RLI. Total consideration received from the said disposal of equity shares amounted to P4,547 resulting in a gain on sale of P1,336 which was recognized and included as part of Gain on sale of equity investments under Miscellaneous Income in the 2013 statement of profit or loss (see Note 27.01).

In 2011, RRC redeemed a certain percentage of its preferred stocks which resulted in the decrease of the Parent Company's cost of investment by P39. The redemption of preferred stocks resulted in a gain amounting to P81 which was recognized in the 2011 statement of profit or loss as part of Gain on sale of equity investments under Miscellaneous Income account (see Note 27.01).

RCBC Capital entered into an agreement with another stockholder of RHI to commit and undertake to vote, as a unit, the shares of stock of RHI, which they own and hold, and to regulate the conduct of the voting and other actions between them with respect to the exercise of the voting rights. As a result of this agreement, RCBC Capital and the Parent Company were able to exercise significant influence over the operating and financial policies of RHI. Thus, notwithstanding RCBC Capital's ownership of only 4.71% and the Parent Company's ownership of only 2.40%, RHI has been considered as an associate of the Group until 2012. In 2013, the agreement with the other stockholder of RHI was terminated resulting in RCBC Capital and the Parent Company losing their significant influence in RHI. Consequently, the Group has ceased to account its investment in RHI under equity method which resulted in the derecognition of the carrying amount of the investment amounting to P413 and recognition of the same investment as part of AFS securities at its fair value of P434, resulting in a gain from this transaction amounting to P21. Such gain is recognized as part of Others under Miscellaneous Income account in the 2013 statement of profit or loss of the Group. In addition, the Group has recognized in other comprehensive income a fair value loss of P20 arising from the remeasurement of such equity investment in RHI at fair value at the end of the reporting period.

At the end of each reporting period, the Group has no material interest in unconsolidated structured entities.

Also, the Parent Company and its subsidiaries did not enter in any contractual arrangements to provide financial support to any entities under the Group.

13. BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of bank premises, furniture, fixtures and equipment at the beginning and end of 2013 and 2012 are shown below.

	Group					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
December 31, 2013						
Cost	P 1,587	P 4,333	P -	P 6,026	P 915	P 12,861
Accumulated depreciation and amortization	-	(976)	-	(3,071)	-	(4,047)
Net carrying amount	**P 1,587**	**P 3,357**	**P -**	**P 2,955**	**P 915**	**P 8,814**
December 31, 2012						
Cost	P 1,486	P 1,767	P 1,600	P 6,272	P 807	P 11,932
Accumulated depreciation and amortization	-	(911)	-	(3,514)	-	(4,425)
Net carrying amount	P 1,486	P 856	P 1,600	P 2,758	P 807	P 7,507
January 1, 2012						
Cost	P 1,484	P 1,732	P 972	P 5,266	P 829	P 10,283
Accumulated depreciation and amortization	-	(837)	-	(2,984)	-	(3,821)
Net carrying amount	P 1,484	P 895	P 972	P 2,282	P 829	P 6,462

	Parent Company					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
December 31, 2013						
Cost	P 1,212	P 4,123	P -	P 4,567	P 615	P 10,517
Accumulated depreciation and amortization	-	(737)	-	(2,759)	-	(3,496)
Net carrying amount	**P 1,212**	**P 3,386**	**P -**	**P 1,808**	**P 615**	**P 7,021**
December 31, 2012						
Cost	P 672	P 1,419	P 739	P 3,985	P 669	P 7,484
Accumulated depreciation and amortization	-	(687)	-	(2,364)	-	(3,051)
Net carrying amount	P 672	P 732	P 739	P 1,621	P 669	P 4,433
January 1, 2012						
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

A reconciliation of the carrying amounts of bank premises, furniture, fixtures and equipment at the beginning and end of 2013 and 2012 is shown below.

	Group					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2013, net of accumulated depreciation and amortization	P 1,486	P 856	P 1,600	P 2,758	P 807	P 7,507
Additions	106	1,007	-	1,308	330	2,751
Reclassifications	-	1,600	(1,600)	-	-	-
Disposals	(5)	(33)	-	(322)	(48)	(408)
Depreciation and amortization charges for the year	-	(73)	-	(789)	(174)	(1,036)
Balance at December 31, 2013 net of accumulated depreciation and amortization	**P 1,587**	**P 3,357**	**P -**	**P 2,955**	**P 915**	**P 8,814**
Balance at January 1, 2012, net of accumulated depreciation and amortization	P 1,484	P 895	P 972	P 2,282	P 829	P 6,462
Additions	33	76	628	1,316	164	2,217
Disposals	(31)	(42)	-	(210)	(8)	(291)
Depreciation and amortization charges for the year	-	(73)	-	(630)	(178)	(881)
Balance at December 31, 2012, net of accumulated depreciation and amortization	P 1,486	P 856	P 1,600	P 2,758	P 807	P 7,507

	Parent Company					
	Land	Buildings	Construction in Progress	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Balance at January 1, 2013, net of accumulated depreciation and amortization	P 672	P 732	P 739	P 1,621	P 669	P 4,433
Additions	545	1,998	-	653	123	3,319
Reclassification	-	739	(739)	-	-	-
Disposals	(5)	(32)	-	(18)	(43)	(98)
Depreciation and amortization charges for the year	-	(51)	-	(448)	(134)	(633)
Balance at December 31, 2013, net of accumulated depreciation and amortization	**P 1,212**	**P 3,386**	**P -**	**P 1,808**	**P 615**	**P 7,021**
Balance at January 1, 2012, net of accumulated depreciation and amortization	P 672	P 756	P 458	P 1,280	P 717	P 3,883
Additions	-	35	281	862	104	1,282
Disposals	-	(9)	-	(190)	(5)	(204)
Depreciation and amortization charges for the year	-	(50)	-	(331)	(147)	(528)
Balance at December 31, 2012, net of accumulated depreciation and amortization	P 672	P 732	P 739	P 1,621	P 669	P 4,433

In October 2009, the Parent Company, RSB and Bankard entered into an agreement with Malayan Insurance Company, Inc. (MICO), Grepalife Financial, Inc. (Grepalife) and Hexagonland to form a consortium for the pooling of their resources and establishment of an unincorporated joint venture (the "UJV") for the construction and development of a high rise, mixed use commercial/office building, now operated by the Group as RSB Corporate Center. In 2011, the Parent Company acquired the rights and interest of Grepalife in the UJV. Also in 2011, RSB was able to acquire the rights and interest of Hexagonland after the latter's liquidation. On October 2, 2012, the remaining co-venturers executed a memorandum of understanding agreeing in principle to cancel or revoke the UJV, subject to the approval of BSP. As of December 31, 2012, total cash contribution of the Parent Company, RSB and Bankard to the UJV amounted to P1,600 which is recorded as Construction in Progress. On March 13, 2013, through MB Resolution No. 405 dated March 7, 2013, BSP approved the Parent Company's acquisition of the land contributed to the RSB Corporate Center as well as the rights and interests of its co-venturers (see Note 30.02). As a result, the Parent Company paid its co-venturers a total consideration of P1,200 which is inclusive of compensation at the rate of 5.00% per annum computed from the date of the co-venturers' payment of their respective cash contributions until the date of the actual return or payment by the Parent Company. The total consideration was capitalized and recorded as part of Buildings account. In addition, by virtue of a deed of absolute sale executed between the Parent Company and RSB on April 5, 2013, the latter transferred its ownership and title to the land where the RSB Corporate Center is situated to the Parent Company for a selling price of P529.

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, 2013 and 2012, the Parent Company and bank subsidiaries have satisfactorily complied with this BSP requirement.

14. INVESTMENT PROPERTIES

Investment properties consist of various land and buildings acquired through foreclosure or dacion as payment of outstanding loans by the borrowers.

Reconciliations of the carrying amounts of investment properties at the beginning and end of 2013 and 2012 follow:

	Group		Parent Company	
	2013	2012 (As Restated – See Note 2.01)	**2013**	2012
Balance at January 1, net of accumulated depreciation and impairment	**P 6,784**	P 7,635	**P 3,564**	P 3,927
Additions	**690**	1,401	**16**	166
Disposals/transfers	**(2,823)**	(1,698)	**(1,639)**	(384)
Impairment	**(48)**	(489)	**6**	(116)
Depreciation	**(24)**	(65)	**(3)**	(29)
Balance at December 31, net of accumulated depreciation and impairment	**P 4,579**	P 6,784	**P 1,944**	P 3,564
Cost	**P 5,887**	P 8,587	**2,458**	4,424
Accumulated depreciation	**(526)**	(660)	**(31)**	(241)
Accumulated impairment (see Note 16)	**(782)**	(1,143)	**(483)**	(619)
Net carrying amount	**P 4,579**	P 6,784	**P 1,944**	P 3,564

The fair value of investment properties as of December 31, 2013 and 2012, based on the available appraisal reports, amounted to P7,924 and P10,786, respectively, for the Group; and P3,496 and P6,486, respectively, for the Parent Company (see Note 32.03).

The Group and the Parent Company foreclosed real and other properties totalling to P678 and P5, respectively in 2013 and P579 and P96, respectively in 2012 in settlement of certain loan accounts.

In February 2013, the Parent Company sold its NPAs with a total carrying amount of P1,743 including P1,236 non-performing investment properties and P507 NPLs for a total consideration of P2,288 consisting of P1,557 cash and P731 long-term debt security (see Note 10). The total gain recognized from this transaction amounted to P364 which is included as part of Gain on assets sold under Miscellaneous Income account in the 2013 statement of profit or loss (see Note 27.01).

As of December 31, 2013 and 2012, there is no restriction on the realizability of investment properties or the remittance of income and proceeds of disposal therefrom. In addition, the Group has not entered into a significant commitment to purchase, construct or develop any investment property in the near future.

In 2009, in accordance with the letter received by RSB from BSP dated March 26, 2009, RSB reclassified certain investment properties to equity investments in RSB's separate financial statements which resulted in the inclusion of the resources, liabilities, income and expenses of the SPCs in the Group's consolidated financial statements. The approval of the BSP through the MB is subject to the following conditions: (i) RSB should immediately dissolve the SPCs once the underlying dacioned real property assets are sold or disposed; and, (ii) the equity investments in the SPCs shall be disposed of within a reasonable period of time.

In partial compliance with the conditions of BSP, the management of RSB resolved that certain SPCs be disposed of through the conversion of the SPCs' existing common stock into redeemable preferred stocks which shall be subsequently redeemed. Accordingly, at their special meeting held on September 30, 2013, the respective BOD and the stockholders of the SPCs approved that a portion of the common stocks of the SPCs owned by RSB shall be converted to redeemable preferred stocks and that for such purpose, the Articles of Incorporation of the SPCs below have been amended. The amendment was subsequently approved by the SEC on November 28, 2013:

1. Goldpath
2. Eight Hills
3. Crescent Park
4. Niceview
5. Lifeway
6. Gold Place
7. Princeway
8. Greatwings
9. Top Place
10. Crestview
11. Best Value

On December 23, 2013, the respective BOD approved the foregoing SPCs' redemption of the SPC's respective preferred stocks for a total consideration of P1,600. This transaction resulted in the recognition of a redemption loss by RSB amounting to P185 which is reported in the consolidated financial statements of the Group as part of Other Reserves account pending the eventual retirement of those redeemable preferred stocks and actual liquidation of the operations of the SPCs as planned by RSB's management in full compliance of the mandate of the BSP.

15. OTHER RESOURCES

Other resources consist of the following:

	Group		Parent Company	
	2013	2012 (As Restated – See Note 2.01)	**2013**	2012 (As Restated – See Note 2.01)
Real estate properties for sale – net (see Note 15.01)	**P 2,037**	P 2,089	**P 960**	P 960
Margin deposits (see Note 15.02)	**1,293**	715	**1,293**	715
Software – net (see Note 15.03)	**874**	754	**682**	569
Creditable withholding taxes	**605**	230	**573**	218
Assets held-for-sale (see Note 15.04)	**592**	308	**-**	-
Goodwill (see Note 15.05)	**426**	426	**-**	-
Inter-office float items	**345**	180	**412**	170
Prepaid expenses	**264**	234	**180**	134
Refundable deposits	**137**	118	**135**	114
Unused stationery and supplies	**189**	200	**160**	197
Branch licenses – net (see Note 15.06)	**108**	161	**-**	-
Foreign currency notes and coins on hand	**98**	162	**82**	162
Deferred tax assets (see Note 28.01)	**83**	60	**-**	-
Sundry debits	**43**	350	**28**	115
Post-employment benefit asset (see Note 25.02)	**32**	930	**32**	939
Miscellaneous	**747**	431	**302**	204
	7,873	7,348	**4,839**	4,497
Allowance for impairment (see Note 16)	**(244)**	(207)	**(43)**	(19)
	P 7,629	P 7,141	**P 4,796**	P 4,478

15.01 Real Estate Properties for Sale

Real estate properties for sale represent those properties held by the Parent Company, by the SPCs of RSB and by RCBC JPL that were consolidated to the Group's statements of financial position as of December 31, 2013 and 2012.

15.02 Margin Deposits

Margin deposits serve as security for outstanding financial market transactions and other liabilities. These are designed to provide additional credit risk protection for counterparty exposures.

15.03 Software

A reconciliation of the carrying amounts of software at the beginning and end of 2013 and 2012 is shown below.

	Group		Parent Company	
	2013	2012	**2013**	2012
Balance at beginning of year	**P 754**	P 657	**P 569**	P 621
Additions	**304**	217	**249**	62
Amortization	**(184)**	(120)	**(136)**	(114)
Balance at end of year	**P 874**	P 754	**P 682**	P 569

Amortization charges for software are included as part of Depreciation and Amortization account in the statements of profit or loss.

15.04 Assets Held-for-Sale

Assets held-for-sale represents properties that are approved by the management to be sold other than real estate properties.

15.05 Impairment of Goodwill

In 2011, the Group recognized full impairment of goodwill relating to its investment in Rizal Microbank. The impairment amounted to P157 and is presented as part of Impairment Losses in the Group's 2011 statement of profit or loss.

15.06 Branch Licenses

On May 14, 2009, BSP approved the Parent Company's acquisition of JPL Rural Bank under the terms and conditions specified in the Term Sheet dated February 12, 2009 and Addendum to Term Sheet dated February 13, 2009, executed by the Parent Company and JPL Rural Bank, subject to certain conditions. As a result of this approval to acquire JPL Rural Bank through capital infusion over three years, the Group recognized the excess of the total cost of investment over the allocated net assets of JPL Rural Bank amounting to P264 as Branch Licenses in its consolidated financial statements. JPL Rural Bank changed its corporate name to RCBC JPL in 2012 (see Note 12).

A reconciliation of the carrying amounts of branch licenses at the beginning and end of 2013 and 2012 is shown below.

	2013	2012
Balance at beginning of year	**P 161**	P 209
Amortization	**(53)**	(48)
Balance at end of year	**P 108**	P 161

Amortization charges for branch licenses are included as part of Depreciation and Amortization account in the statements of profit or loss.

16. ALLOWANCE FOR IMPAIRMENT

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

		Group		Parent Company	
	Notes	**2013**	2012	**2013**	2012
Balance at beginning of year					
AFS securities	10	**P 776**	P 1,157	**P 715**	P 1,052
Loans and receivables	11	**10,946**	9,718	**7,228**	6,091
Investment in subsidiaries and associates	12	**-**	-	**627**	308
Investment property	14	**1,143**	1,281	**619**	569
Other resources	15	**207**	194	**19**	3
		13,072	12,350	**9,208**	8,023

	Notes	Group 2013	Group 2012	Parent Company 2013	Parent Company 2012
Net provisions during the year		**P 2,054**	P 2,486	**P 1,380**	P 1,921
Charge-offs and other adjustments during the year		**(6,626)**	(1,764)	**(3,821)**	(736)
		(4,572)	722	**(2,441)**	1,185
Balance at end of year					
AFS securities	10	**1,343**	776	**1,193**	715
Loans and receivables	11	**6,131**	10,946	**4,621**	7,228
Investment in subsidiaries and associates	12	**-**	-	**427**	627
Investment properties	14	**782**	1,143	**483**	619
Other resources	15	**244**	207	**43**	19
		P 8,500	P 13,072	**P 6,767**	P 9,208

17. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	Group 2013	Group 2012	Parent Company 2013	Parent Company 2012
Demand	**P 28,448**	P 10,568	**P 23,575**	P 8,891
Savings	**157,065**	130,302	**134,757**	110,748
Time	**112,340**	105,887	**85,288**	76,796
	P 297,853	P 246,757	**P 243,620**	P 196,435

Included in time deposits of the Group and Parent Company are various issuances of long-term negotiable certificate of deposits with outstanding balance of P14,085 and P9,233 as of December 31, 2013 and 2012, respectively.

The maturity profile of the deposit liabilities follows:

	Group 2013	Group 2012	Parent Company 2013	Parent Company 2012
Within one year	**P 49,276**	P 34,286	**P 35,675**	30,203
Beyond one year but within five years	**11,855**	9,526	**10,634**	9,224
Beyond five years	**4,635**	-	**4,635**	-
Non-maturing	**232,087**	202,945	**192,676**	157,008
	P 297,853	P 246,757	**P 243,620**	P 196,435

Deposit liabilities are in the form of savings, demand and time deposit accounts with annual interest rates ranging from 0.13% to 2.50%, 0.13% to 3.13% and 0.25% to 3.38% in 2013, 2012 and 2011, respectively. Deposit liabilities are stated at amounts they are to be paid which approximate the market value.

Under existing BSP regulations, non-FCDU deposit liabilities of the Group are subject to reserve requirements equivalent to 6% and 18%. As of December 31, 2013 and 2012, the Group is in compliance with such regulations.

In 2012, BSP issued Circular No. 753 which excludes cash in vault and regular reserve deposit accounts with BSP as eligible forms of compliance for the reserve requirements. The required reserve shall only be kept in the form of demand deposit accounts with the BSP. Available reserves consist of Due from BSP amounting to P30,288 and P24,759 for the Group and P27,088 and P20,417 for the Parent Company as of December 31, 2013 and 2012, respectively.

18. BILLS PAYABLE

This account consists of borrowings from:

	Group		Parent Company	
	2013	2012	**2013**	2012
Foreign banks	**P 32,572**	P 12,480	**P 31,283**	P 12,480
Local banks	**5,537**	10,488	**5,771**	9,366
BSP	**8**	2,120	**8**	2,120
Others	**1,778**	1,299	**5**	5
	P 39,895	P 26,387	**P 37,067**	P 23,971

The maturity profile of bills payable follows:

	Group		Parent Company	
	2013	2012	**2013**	2012
Within one year	**P 38,345**	P 22,131	**P 35,562**	P 23,971
Beyond one year but within five years	**15**	2,893	**-**	-
More than five years	**1,505**	781	**1,505**	-
Non-maturing	**30**	582	**-**	-
	P 39,895	P 26,387	**P 37,067**	P 23,971

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

	2013	2012	2011
Group			
Peso denominated	**1.35%-10.00%**	1.31%-5.00%	4.50%-4.80%
Foreign currency denominated	**0.05%-2.62%**	0.20%-3.18%	0.50%-3.02%
Parent Company			
Foreign currency denominated	**0.05%-2.62%**	0.43%-3.18%	0.50%-3.02%

Bills payable to BSP represent rediscounting availments from BSP which are collateralized by the assignment of certain loans amounting to P10 and P2,886 as of December 31, 2013 and 2012, respectively (see Note 11).

Only bills payable to BSP is collateralized by the assignment of certain loans.

19. BONDS PAYABLE

In February 2010, the Parent Company issued unsecured US$ denominated Senior Notes with principal amount of US$250 bearing an interest of 6.25% per annum, payable semi-annually in arrears 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, 2013 and 2012, the peso equivalent of this outstanding bond issue amounted to P11,143 and P10,252, respectively.

In January 2012, the Parent Company issued unsecured US$ denominated Senior Notes with principal amount of US$275 bearing an interest of 5.25% per annum, payable semi-annually in arrears on January 18 and July 18 of each year, commencing on July 18, 2012. The Senior Notes, unless redeemed, will mature on January 31, 2017. As of December 31, 2013 and 2012, the peso equivalent of this outstanding bond issue amounted to P12,174 and P11,301.

The interest expense incurred on the bonds payable for the years ended December 31, 2013 and 2012 amounted to P1,284 and P1,199 respectively. The foreign currency exchange gains (losses) recognized in relation to the bonds payable amounted to a loss of P1,764 for 2013 and gain of P1,465 for 2012.

20. ACCRUED INTEREST, TAXES AND OTHER EXPENSES

The composition of this account follows:

	Group		Parent Company	
	2013	2012 (As Restated – See Note 2.01)	**2013**	2012
Accrued expenses	**P 3,390**	P 3,204	**P 2,519**	P 2,273
Accrued interest payable	**933**	1,057	**872**	977
Taxes payable	**214**	252	**158**	157
	P 4,537	P 4,513	**P 3,549**	P 3,407

Accrued expenses represent mainly the accruals for utilities and employee benefits.

21. OTHER LIABILITIES

Other liabilities consist of the following:

	Group		Parent Company	
	2013	2012 (As Restated – See Note 2.01)	**2013**	2012
Accounts payable	**P 6,316**	P 4,532	**P 4,125**	P 2,798
Bills purchased – contra	**1,263**	1,081	**1,259**	1,081
Manager's checks	**1,238**	1,196	**742**	688
Derivatives with negative fair values (see Note 9)	**635**	1,471	**635**	1,471
Other credits	**255**	344	**199**	169
Withholding taxes payable	**236**	233	**166**	224
Outstanding acceptances payable	**233**	375	**233**	375
Deferred income	**220**	925	**173**	628
Deposit on lease contracts	**161**	158	**-**	-
Payment orders payable	**153**	101	**144**	71
Sundry credits	**140**	61	**107**	61
Guaranty deposits	**57**	60	**57**	60
Due to BSP	**18**	12	**18**	12
Miscellaneous	**534**	431	**529**	190
	P 11,459	P 10,980	**P 8,387**	P 7,828

Accounts payable is mainly composed of debit card balances of customers.

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. On February 22, 2013, the Parent Company redeemed all of the outstanding Notes. The interest expense incurred on the subordinated debt amounted to P385 and P281 for the years ended December 31, 2013 and 2012, 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. On December 26, 2013, the Parent Company redeemed all of the outstanding Notes.

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

23. EQUITY

23.01 Capital Stock

Capital stock consists of:

	Number of Shares		
	2013	2012	2011
Preferred stock – voting, non-cumulative non-redeemable, participating, convertible into common stock – P10 par value Authorized – 200,000,000 shares Issued and outstanding	**342,082**	342,082	2,584,756
Common stock – P10 par value Authorized – 1,400,000,000 shares Issued and outstanding	**1,275,658,638**	1,140,857,133	1,140,135,121

	Amount		
	2013	2012	2011
Preferred stock – voting, non-cumulative non-redeemable, participating, convertible into common stock – P10 par value Authorized – 200,000,000 shares Issued and outstanding	**P 3**	P 3	P 26
Common stock – P10 par value Authorized – 1,400,000,000 shares, Issued and outstanding	**P 12,757**	P 11,409	P 11,401

As of December 31, 2013, there are 796 holders of the Parent Company's listed shares equivalent to 95.01% of its total issued and outstanding shares. Such listed shares closed at P42.50 per share as of December 31, 2013.

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

Issuance	Subscriber	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 (IFC)	March 2011	73,448,275
Private placement	Hexagon Investments B.V.	September 2011	126,551,725
Private placement	PMMIC	March 2013	63,650,000
Private placement	IFC	April 2013	71,151,505

The common shares were issued to PMMIC and IFC at P64 and P58 per share, respectively. These issuances resulted in the recognition of Capital Paid in Excess of Par amounting to P3,437 and P3,415, respectively, reduced by total issuance costs of P101.

On May 29, 2006, the Parent Company's stockholders approved the issuance of up to 200,000,000 convertible preferred shares with a par value of P10 per share, subject to the approval, among others, by the PSE. The purpose of the issuance of the convertible preferred shares is to raise the Tier 1 capital pursuant to BSP regulations, thereby strengthening the capital base of the Parent Company and allowing it to expand its operations. On February 13, 2007, the PSE approved the listing application of the underlying common shares for the 105,000 convertible preferred shares, subject to the compliance of certain conditions of the PSE. Preferred shares have the following features:

(a) Entitled to dividends at floating rate equivalent to the three-month LIBOR plus a spread of 2.0% per annum, calculated quarterly;

(b) Convertible to common shares 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 shareholders.

Preferred shares amounting to P23 or 2,242,674 shares were converted to 722,012 common shares in 2012 (nil in 2013).

On June 28, 2010, the Parent Company's stockholders owning or representing more than two-thirds of the outstanding capital stock confirmed and ratified the approval by the majority of the BOD on their Executive Session held on May 21, 2010, the proposed increase in Parent Company's authorized capital stock and removal of pre-emptive rights from holders of capital stock, whether common or preferred, to subscribe for or to purchase any stocks of any class, by amending the Parent Company's Articles of Incorporation. The proposed P16,000 authorized capital stock is divided into the following classes of stocks:

(a) 1,400,000,000 common shares with a par value of ten pesos (P10.00) per share.

(b) 200,000,000 preferred shares with a par value of ten pesos (P10.00) per share.

The removal of pre-emptive rights was approved by the BSP and SEC on October 20, 2010 and November 4, 2010, respectively. On the other hand, the increase in authorized capital stock of the Parent Company was approved by the BSP and SEC on August 24, 2011 and September 16, 2011, respectively.

Common shares may be transferred to Philippine and foreign nationals and shall, at all times, not be less than 60% and not more than 40% of the voting stock, be beneficially owned by Philippine nationals and by foreign nationals, respectively.

The determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's "unimpaired capital" (regulatory net worth) required and reported to the BSP, determined on the basis of regulatory accounting policies, which differ from FRSPB in some aspects. Specifically, under existing banking regulations, the combined capital accounts of the Parent Company should not be less than an amount equal to 10% of its risk assets.

23.02 Purchase and Reissuance of Treasury Stock and Issuance of Common Stock

On March 17, 2011, the Parent Company issued 73,448,275 common stock, comprising of 50,427,931 treasury stock reissuance (with total cost of P771) and 23,020,344 unissued stocks (with total par value of P230), to IFC for a total consideration of P2,130 representing 7.20% ownership interest. The issuance resulted in the recognition of additional Capital Paid in Excess of Par amounting to P1,078.

Also, on September 23, 2011, the Parent Company issued 5,821,548 common stock (equivalent of 18,082,311 preferred stock and with total par value of P58) from the treasury account reissuance (with total cost of P182) and an additional 120,730,177 common stock (with total par value of P1,207) from unissued portion of the increase in authorized capital stock on September 23, 2011 to Hexagon Investments B.V. that is equivalent to approximately 15% of the outstanding common stock. The issuance resulted in the recognition of additional Capital Paid in Excess of Par amounting to P2,264.

23.03 Surplus and Dividend Declarations

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
November 2, 2011	0.0595	0.16	December 21, 2011	November 2, 2011	January 3, 2012	January 11, 2012
November 2, 2011	*	209.99	*	November 2, 2011	February 24, 2012	April 27, 2012
November 2, 2011	*	203.47	*	November 2, 2011	September 6, 2012	October 25, 2012
January 30, 2012	0.0649	0.03	March 21, 2012	January 30, 2012	February24, 2012	March 27, 2012
March 26, 2012	0.9000	1,026.77	May 29, 2012	March 26, 2012	April 19, 2012	June 4, 2012
March 26, 2012	0.9000	0.31	May 29, 2012	March 26, 2012	April 19, 2012	June 4, 2012
May 28, 2012	0.0632	0.02	June 21, 2012	May 28, 2012	June 26, 2012	July 3, 2012
July 30, 2012	0.0624	0.02	September 21, 2012	July 30, 2012	September 6, 2012	September 28, 2012
November 26, 2012	0.0593	0.02	December 18, 2012	November 26, 2012	January 2, 2013	December 21, 2012
November 26, 2012	*	201.99	*	November 26, 2012	March 4, 2013	April 27, 2013
November 26, 2012	*	212.56	*	November 26, 2012	September 6, 2013	October 25, 2013

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 28, 2013	0.0578	0.02	March 21, 2013	January 28, 2013	March 4, 2013	March 26, 2013
March 25, 2013	1.0000	1,275.66	May 21, 2013	March 25, 2013	April 29, 2013	May 27, 2013
March 25, 2013	1.0000	0.34	May 21, 2013	March 25, 2013	April 29, 2013	May 27, 2013
April 29, 2013	0.0577	0.02	June 21, 2013	April 29, 2013	June 10, 2013	June 27, 2013
July 29, 2013	0.0575	0.02	September 21, 2013	July 29, 2013	September 6, 2013	September 26, 2013
October 29, 2013	0.0569	0.02	December 21, 2013	October 29, 2013	January 13, 2014	January 15, 2014
October 29, 2013	*	224.01	*	October 29, 2013	February 25, 2014	April 27, 2014

** Cash dividends on hybrid perpetual securities*

A portion of the Group's surplus corresponding to the undistributed profit of subsidiaries and equity in net earnings of certain associates totalling P7,910 and P5,367 as of December 31, 2013 and 2012, respectively, is not currently available for distribution as dividends.

23.04 Other Reserves

In 2008, the Parent Company's interest in Bankard's net assets increased to 91.69% (representing 66.58% direct ownership and 25.11% indirect ownership through RCBC Capital) as a result of additional capital infusion of P1,000 which was approved by the BSP on February 23, 2007. This change in ownership in Bankard did not result in obtaining additional or reduced control. In accordance with the relevant accounting standards, the Parent Company's and Non-controlling Interest's (NCI) (other than RCBC Capital) stocks in Bankard's net assets were adjusted to reflect the changes in their respective interests. The difference between the amount of additional investment made by the Parent Company and the adjustment in the NCI's share in Bankard's net assets amounting to P241 was recognized directly in equity and presented as part of Other Reserves in the statements of changes in equity. In 2011, there were changes in the Parent Company's percentage ownership over Rizal Microbank and Bankard. This resulted in the increase in Other Reserves by P2, which is presented as Net Effect of Change in Ownership over Subsidiaries in the 2011 statement of changes in equity.

In 2013, as a result of the disposal of ownership interest over Bankard, Other Reserves arising from the change in ownership recognized in prior years, with net amount of P233 was reversed and directly charged to Surplus (see Note 12).

In 2012, the Parent Company acquired FMLFC. FMLFC is originally a subsidiary of HI which is also a subsidiary of PMMIC. Thus, the acquisition by the Parent Company is considered as a common control business combination. However, this is outside the scope of PFRS 3 and there is no other specific PFRS guidance governing the said transaction for financial institutions. In reference to the most relevant and reliable accounting policies, the Parent Company can either apply the pooling of interests method (also referred to as merger accounting) or the purchase method in accordance with PFRS 3.

To account for the acquisition, the Parent Company used the pooling of interests method and applied the following:

(a) the assets and liabilities of FMLFC were recorded at book value rather than at fair value;
(b) no goodwill was recorded; the difference between the Parent Company's cost of investment and FMLFC's equity amounting to P87 was recognized in Other Comprehensive Income on consolidation in 2012 and formed part of the Other Reserves within equity; and,
(c) comparative financial information were restated as if the acquisition had taken place at the beginning of the earliest comparative period presented.

Prior to the business combination, there have been changes in the NCI's ownership interest in FMLFC. These changes in ownership brought about a decrease of P228 in Other Reserves in 2012. These changes also caused a decrease of P120 in Surplus and P172 in NCI in 2012. The effects of these changes are presented as Net Effect of Change in Ownership over Subsidiaries in the 2012 statement of changes in equity. Upon the effective date of acquisition in 2012, FMLFC was renamed to RCBC LFC (see Note 12).

23.05 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the statement of changes in equity at their aggregate amount under Revaluation Reserves account are shown below.

Group

	Revaluation of AFS Securities	Translation Adjustment on Foreign Operations	Actuarial Gains (Losses) on Defined Benefit Plan	Total
Balance at January 1, 2013, as restated (see Note 2.01)	P 3,145	P 72	P 548	P 3,765
Fair value losses on AFS securities	(8,150)	-	-	(8,150)
Translation adjustments on foreign operation	-	4	-	4
Actuarial losses for the year	-	-	(773)	(773)
Other comprehensive income (loss)	(8,150)	4	(773)	(8,919)
Balance as of December 31, 2013	**(P 5,005)**	**P 76**	**(P 225)**	**(P 5,154)**

	Revaluation of AFS Securities	Translation Adjustment on Foreign Operations	Actuarial Gains (Losses) on Defined Benefit Plan	Total
Balance at January 1, 2012, as restated (see Note 2.01)	P 2,282	P 74	(P 612)	P 1,744
Fair value gains on AFS securities	863	-	-	863
Translation adjustments on foreign operations	-	(2)	-	(2)
Actuarial gains for the year	-	-	1,160	1,160
Other comprehensive income (loss)	863	(2)	1,160	2,021
Balance as of December 31, 2012	P 3,145	P 72	P 548	P 3,765
Balance at January 1, 2011, as restated (see Note 2.01)	P 43	P 76	(P 522)	(P 403)
Fair value gains on AFS securities	2,239	-	-	2,239
Translation adjustments on foreign operations	-	(2)	-	(2)
Actuarial losses for the year	-	-	(90)	(90)
Other comprehensive income (loss)	2,239	(2)	(90)	2,147
Balance as of December 31, 2011	P 2,282	P 74	(P 612)	P 1,744

Parent Company

	Revaluation of AFS securities	**Actuarial Gains (Losses) of Defined Benefit Plan**	**Total**
Balance at January 1, 2013, as restated (see Note 2.01)	P 2,648	P 600	P 3,248
Fair value losses on AFS securities	(6,982)	-	(6,982)
Actuarial losses for the year	-	(755)	(755)
Other comprehensive loss	(6,982)	(755)	(7,737)
Balance as of December 31, 2013	**(P 4,334)**	**(P 155)**	**(P 4,489)**
Balance at January 1, 2012, as restated (see Note 2.01)	P 1,861	(P 553)	P 1,308
Fair value gains on AFS securities	787	-	787
Actuarial gains for the year	-	1,153	1,153
Other comprehensive income	787	1,153	1,940
Balance as of December 31, 2012	P 2,648	P 600	P 3,248
Balance at January 1, 2011, as restated (see Note 2.01)	(P 213)	(P 528)	(P 741)
Fair value gains on AFS securities	2,074	-	2,074
Actuarial losses for the year	-	(25)	(25)
Other comprehensive income	2,074	(25)	2,049
Balance as of December 31, 2011	P 1,861	(P 553)	P 1,308

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, net of fees and other charges. Net proceeds were used to strengthen the CAR of the Parent Company, repay certain indebtedness and enhance its financial stability and for general corporate purposes. The issuance of the Perpetual Securities was approved by the BOD on June 7, 2006.

The Perpetual Securities represent US$100, 9.875%, non-cumulative step-up callable perpetual securities issued pursuant to a trust deed dated October 27, 2006 between the Parent Company and Bank of New York – London Branch each with a liquidation preference of US$1 thousand per US$1 thousand in principal amount of the Perpetual Securities. The actual listing and quotation of the Perpetual Securities in a minimum board lot size of US$1 hundred with the Singapore Exchange Securities Trading Limited ("SGX-ST") was on November 1, 2006. The Perpetual Securities were issued pursuant to BSP Circular No. 503 dated December 22, 2005 allowing the issuance of perpetual, non-cumulative securities up to US$125 which are eligible to qualify as Hybrid Tier 1 Capital.

The significant terms and conditions of the issuance of the Perpetual Securities, among others, follow:

(a) Interest (effectively dividends) will be paid from and including October 27, 2006 (the "issue date") to (but excluding) October 27, 2016 (the "First Optional Redemption Date") at a rate of 9.875% per annum payable semi-annually in arrears from April 27, 2007 and, thereafter at a rate reset and payable quarterly in arrears, of 7.02% per annum above the then prevailing London Interbank Offered Rate ("LIBOR") for three-month US dollar deposits;

(b) Except as described below, interest (dividends) will be payable on April 27 and October 27 in each year, commencing on April 27, 2007 and ending on the First Optional Redemption Date, and thereafter (subject to adjustment for days which are not business days) on January 27, April 27, July 27, October 27 in each year commencing on January 27, 2016;

(c) The Parent Company may, in its absolute discretion, elect not to make any interest (dividends) payment in whole or in part if the Parent Company has not paid or declared a dividend on its common stocks in the preceding financial year; or determines that no dividend is to be paid on such stocks in the current financial year. Actual payments of interest (dividends) on the hybrid perpetual securities are shown in Note 23.03;

(d) The rights and claims of the holders will be subordinated to the claims of all senior creditors (as defined in the conditions) and the holders of any priority preference stocks (as defined in the conditions), in that payments in respect of the securities are conditional upon the Parent Company being solvent at the time of payment and in that no payments shall be due except to the extent the Parent Company could make such payments and still be solvent immediately thereafter;

(e) The Perpetual Securities are not deposits of the Parent Company and are not guaranteed or insured by the Parent Company or any party related to the Parent Company or the PDIC and they may not be used as collateral for any loan made by the Parent Company or any of its subsidiaries or affiliates;

(f) The Parent Company undertakes that, if on any Interest Payment Date, payment of all Interest Payments scheduled to be made on such date is not made in full, it shall not declare or pay any distribution or dividend or make any other payment on, any junior share capital or any parity security, and it shall not redeem, repurchase, cancel, reduce or otherwise acquire any junior share capital or any parity securities, other than in the case of any partial interest payment, pro rata payments on, or redemptions of, parity securities the dividend and capital stopper shall remain in force so as to prevent the Parent Company from undertaking any such declaration, payment or other activity as aforesaid unless and until a payment is made to the holders in an amount equal to the unpaid amount (if any) of interest payments in respect of interest periods in the twelve months including and immediately preceding the date such interest payment was due and the BSP does not otherwise object; and,

(g) The Parent Company, at its option, may redeem the Perpetual Securities at the fixed or final redemption date although the Parent Company may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and the Holders, redeem all (but not some only) of the securities (i) on the first optional redemption date; and (ii) on each interest payment date thereafter, at an amount equal to the liquidation preference plus accrued interest.

25. EMPLOYEE BENEFITS

25.01 Salaries and Employee Benefits Expense

Expenses recognized for employee benefits are analyzed below.

	Group		
	2013	2012 (As Restated – See Note 2.01)	2011 (As Restated – See Note 2.01)
Salaries and wages	**P 2,244**	P 2,102	P 1,977
Bonuses	**787**	1,006	760
Post-employment – defined benefit plan	**293**	250	232
Social security costs	**100**	91	85
Compensated absences	**97**	99	109
Other short-term benefits	**365**	303	267
	P 3,886	P 3,851	P 3,430

	Parent Company		
	2013	2012 (As Restated – See Note 2.01)	2011 (As Restated – See Note 2.01)
Salaries and wages	**P 1,449**	P 1,383	P 1,259
Bonuses	**580**	812	610
Post-employment – defined benefit plan	**221**	190	178
Compensated absences	**92**	97	105
Social security costs	**62**	59	55
Other short-term benefits	**235**	191	186
	P 2,639	P 2,732	P 2,393

25.02 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Parent Company and certain subsidiaries maintain a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by the Parent Company's Trust Department covering all regular full-time employees. The Parent Company's Trust Department manages the fund in coordination with the Parent Company's Retirement Committee, Trust Committee and the respective Committees of the subsidiaries which act in the best interest of the plan assets and are responsible for setting the investment policies.

The normal retirement age is 55 to 60 but the plan also provides for an early retirement at age 50 to 55 with a minimum of 10 to 20 years of credited service. The maximum retirement benefit is the lump sum equivalent to 1.25 to 2 months pay per year of continuous employment based on the employees' salary at retirement. Any fraction of a year shall be computed proportionately.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation reports obtained from independent actuaries in 2013, including the comparative year, which have been restated in line with the adoption of PAS 19 (Revised), see Note 2.01(b).

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

	Group		Parent Company	
	2013	2012 (As Restated – See Note 2.01)	**2013**	2012 (As Restated – See Note 2.01)
Fair value of plan assets	**P 4,215**	P 4,755	**P 3,653**	P 4,273
Present value of the obligation	**4,226**	3,805	**3,620**	3,177
Excess (deficiency) of plan asset	**(11)**	950	**33**	1,096
Unrecognized asset due to asset ceiling	**(1)**	(158)	**(1)**	(157)
	(P 12)	P 792	**P 32**	P 939

As of December 31, 2013, the Group's defined benefit obligation of P12 is the net amount of the Post-employment Benefit Asset account presented under Other Resources (see Note 15) of P32 and the amount of the post-employment benefit obligation presented as part of Miscellaneous account under Other Liabilities (see Note 21) of P44. As of December 31, 2012, the Group's defined benefit asset of P792 is the net amount of the Post-employment Benefit Asset of P930 and the amount of the post-employment benefit obligation of P138.

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

	Group		Parent Company	
	2013	2012 (As Restated – See Note 2.01)	**2013**	2012 (As Restated – See Note 2.01)
Balance at beginning of year	**P 3,805**	P 3,282	**P 3,177**	P 2,749
Current service cost	**293**	250	**221**	190
Interest expense	**215**	207	**179**	172
Remeasurements – actuarial losses (gains) arising from:				
Changes in demographic assumptions	**(3)**	(16)	**-**	-
Changes in financial assumptions	**123**	130	**171**	88
Experience adjustments	**52**	130	**105**	130
Past service cost	**-**	4	**-**	-
Benefits paid by the plan	**(259)**	(182)	**(233)**	(152)
Balance at end of year	**P 4,226**	P 3,805	**P 3,620**	P 3,177

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

	Group		Parent Company	
	2013	2012 (As Restated – See Note 2.01)	2013	2012 (As Restated – See Note 2.01)
Balance at beginning of year	**P 4,755**	P 3,018	**P 4,273**	P 2,598
Interest income	**264**	188	**234**	162
Return on plan assets (excluding amounts included in net interest)	**(646)**	1,537	**(643)**	1,530
Contributions paid into the plan	**101**	194	**22**	135
Benefits paid by the plan	**(259)**	(182)	**(233)**	(152)
Balance at end of year	**P 4,215**	P 4,755	**P 3,653**	P 4,273

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	Group		Parent Company	
	2013	2012	2013	2012
Cash and cash equivalents	**P 31**	P 257	**P 31**	P 257
Debt securities:				
Philippine government bonds	**190**	386	**85**	82
Other debt securities	**59**	59	**59**	59
Equity securities:				
Quoted equity securities	**2,855**	3,650	**2,795**	3,445
Unquoted long-term equity investments	**365**	239	**365**	225
Unit investment trust fund	**108**	69	**81**	78
Loans and receivables	**10**	26	**7**	21
Investment properties	**2**	7	**2**	4
Other investments	**596**	103	**229**	103
	4,216	4,796	**3,654**	4,274
Liabilities	**(1)**	(41)	**(1)**	(1)
	P 4,215	P 4,755	**P 3,653**	P 4,273

The fair values of the above debt securities and quoted equity securities are determined based on market prices in active markets. Long-term equity investments represent investment in corporations not listed in active and organized markets. Fair values are determined based on the book value per share based on latest audited financial statements of the investee company.

The plan assets had a negative return of P382 (Group) and P409 (Parent) in 2013, while these earned a return of P1,725 (Group) and P1,692 (Parent Company) in 2012.

The amounts of post-employment benefit expense (recognized under Employee Benefits in Other Operating Expenses – see Note 25.01) presented in the statements of profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are determined as follows:

	Group		
	2013	2012	2011
Reported in profit or loss:			
Current service cost	**P 293**	P 250	P 232
Net interest expense (income)	**(49)**	19	23
Past service cost	**-**	4	3
Effect of curtailment	**8**	-	(1)
	P 252	P 273	P 257

	Group 2013	Group 2012	Group 2011
Reported in other comprehensive income:			
Actuarial losses (gains) arising from changes in:			
Financial assumptions	**(P 52)**	(P 130)	(P 76)
Experience adjustments	**(123)**	(130)	9
Demographic assumptions	**3**	16	5
Effect of asset ceiling test	**45**	(133)	-
Return on plan assets (excluding amounts included in net interest expense)	**(646)**	1,537	(28)
	(P 773)	P 1,160	(P 90)

	Parent Company 2013	Parent Company 2012	Parent Company 2011
Reported in profit or loss:			
Current service costs	**P 221**	P 190	P 178
Net interest expense (income)	**(55)**	10	9
Effect of curtailment	**- 8**	-	(1)
	P 174	P 200	P 186
Reported in other comprehensive income:			
Actuarial gains (losses) arising from changes in:			
Financial assumptions	**(P 171)**	(P 88)	(P 56)
Experience adjustments	**(105)**	(130)	6
Changes in effect of asset ceiling	**164**	(159)	-
Return on plan assets (excluding amounts included in net interest expense)	**(643)**	1,530	25
	(P 755)	P 1,153	(P 25)

Current service cost forms part of the Employee Benefits while net interest income is presented as part of Interest Income – Others in the statements of profit or loss.

Amounts recognized in other comprehensive income were included within item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the Group's post-employment obligation, the following actuarial assumptions were used:

	2013	2012	2011
Group			
Discount rates	**4.09%-5.47%**	5.46%-6.00%	5.78% -6.26%
Expected rate of salary increases	**5.00%-8.00%**	5.00%-8.00%	5.00%-8.00%
Parent Company			
Discount rates	**4.57%**	5.63%	6.26%
Expected rate of salary increases	**5.00%**	8.00%	5.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at the Group's normal retiring age of 60 is based on the 1994 GAM table, set back 6 years for females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan.

Currently, the plan assets of the Group are significantly invested in equity securities and debt securities, while the Group also invests in unit investment trust fund and other investments. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the post-employment plan are described below.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2013:

	Impact on Post-Employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Group			
Discount rate	+/- 1%	(P 613)	P 767
Salary growth rate	+/- 1%	736	(595)
Parent Company			
Discount rate	+/- 1%	(P 162)	P 182
Salary growth rate	+/- 1%	155	(141)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis in the previous page, the present value of the defined benefit obligation at the end of the reporting period has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its Retirement Plan Committee or the trustee bank, ensures that the investment positions are managed considering the computed retirement obligations under the retirement plan. This strategy aims to match the plan assets to the retirement obligations due by investing in assets that are easy to liquidate (i.e. government securities, corporate bonds, equities with high value turnover). As the Group's retirement obligations are in Philippine Peso, all assets are invested in the same currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations. In view of this, various investments are made in a portfolio that may be liquidated within a reasonable period of time.

A large portion of the plan assets as of December 31, 2013 and 2012 consists of equity securities with the balance invested in fixed income securities. The Group believes that equity securities offer the best returns over the long term with an acceptable level of risk.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P12 (Group) and overfunded by P32 (Parent Company) based on the latest actuarial valuations for 2013. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 21 years' time when a significant number of employees is expected to retire.

As of December 31, 2013, the maturity profile of undiscounted expected benefit payments from the plan for the next 20 years follows:

	Group	Parent Company
Less than one year	P 193	P 133
More than one year to five years	358	142
More than five years to 10 years	415	157
More than 10 years to 15 years	467	101
More than 15 to 20 years	1,100	230
More than 20 years	3,818	1,315
	P 6,351	**P 2,078**

The weighted average duration of the defined benefit obligation at the end of the reporting period is 6.7 to 22 years (Group) and 6.7 years (Parent Company).

The Group and Parent Company expects to contribute P142 and P133, respectively, to the plan in 2014.

26. LEASE CONTRACTS

The Parent Company and certain subsidiaries lease some of the premises occupied by their respective head offices and branches/business centers (see Note 30.05). The Group's rental expense (included as part of Occupancy and Equipment-related account in the statements of profit or loss) amounted to P809, P739 and P702 in 2013, 2012 and 2011, respectively. The lease periods are from one 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 the parties.

As of December 31, 2013, future minimum rentals payable under those non-cancelable operating leases follow:

	Group	Parent Company
Within one year	P 769	P 582
After one year but not more than five years	1,696	1,038
More than five years	306	234
	P 2,771	**P 1,854**

27. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

27.01 Miscellaneous Income

	Notes	Group 2013	2012 (As Restated – See Note 2.01)	2011 (As Restated – See Note 2.01)
Gain on sale of equity investments	12	**P 1,380**	P -	P 495
Gain on assets sold	14	**700**	435	300
Interchange fees		**296**	279	213
Recoveries of written off accounts		**291**	46	107
Rentals		**285**	257	325
Dividend income		**182**	298	209
Discounts earned		**130**	126	91
Others		**737**	171	748
		P 4,001	P 1,612	P 2,488

	Note	Parent Company 2013	2012 (As Restated – See Note 2.01)	2011
Gain on sale of equity investments	12	**P 1,787**	P -	P 81
Dividends		**1,000**	918	1,242
Gain on assets sold		**515**	146	199
Interchange fees		**296**	279	213
Rentals		**125**	111	125
Discounts earned		**106**	120	91
Others		**379**	138	180
		P 4,208	P 1,712	P 2,131

27.02 Miscellaneous Expenses

	Group 2013	2012	2011
Other credit card related expenses	**P 559**	P 497	P 389
Insurance	**516**	567	504
Management and other professional fees	**475**	457	578
Communication and information services	**447**	425	390
Litigation/assets acquired expense	**430**	373	496
Transportation and travel	**377**	386	385
Advertising and publicity	**327**	324	288
Banking fees	**176**	130	136
Stationery and office supplies	**165**	135	140
Representation and entertainment	**157**	147	142
Other outside services	**114**	107	162
Donations and charitable contributions	**69**	70	62
Commissions	**29**	23	38
Membership fees	**22**	26	19
Others	**1,309**	1,028	890
	P 5,172	P 4,695	P 4,619

	Parent Company 2013	2012	2011
Other credit card related expenses	**P 534**	P 497	P 388
Insurance	**408**	393	357
Communication and information services	**279**	312	264
Transportation and travel	**263**	262	251
Advertising and publicity	**227**	214	179
Management and other professional fees	**218**	642	615
Litigation/assets acquired expense	**142**	247	370
Banking fees	**133**	103	86
Stationery and office supplies	**121**	97	98
Other outside services	**98**	103	98
Representation and entertainment	**82**	81	84
Donations and charitable contributions	**64**	64	55
Membership fees	**18**	19	16
Others	**1,356**	655	446
	P 3,943	P 3,689	P 3,307

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 profit or loss), as well as income taxes. Percentage and other taxes paid consist principally of the gross receipts tax (GRT) and documentary stamp tax (DST). In 2003, the Parent Company and its financial intermediary subsidiaries were subjected to the value-added tax (VAT) instead of GRT. However, effective January 1, 2004 as prescribed under RA No. 9238, the Parent Company and certain subsidiaries were again subjected to GRT instead of VAT. RA No. 9238, which was enacted on February 10, 2004, provides for the reimposition of GRT on banks and non-bank financial intermediaries performing quasi-banking functions and other non-bank financial intermediaries beginning January 1, 2004.

The recognition of liability of the Parent Company and certain subsidiaries for GRT is based on the related regulations issued by the tax authorities.

Income taxes include the regular corporate income tax (RCIT) of 30%, and final tax paid at the rate of 20%, which represents the final withholding tax on gross interest income from government securities and other deposit substitutes.

In 2013, 2012 and 2011, 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 regular income tax liability for the next three consecutive years. In addition, the Group's net operating loss carry over (NOLCO) is allowed as a deduction from taxable income in the next three consecutive years.

In accordance with the Revenue Regulations (RR) 09-05 relative to the tax exemptions and privileges granted under the Special Purpose Vehicle (SPV) Act of 2002, the losses incurred by the Group as a result of transferring its NPA to an SPV within the period of two years from April 12, 2003 shall be carried over as a deduction from its taxable gross income for a period of five consecutive taxable years.

Effective May 2004, RA No. 9294 restored the tax exemption of FCDUs and offshore banking units (OBUs). Under such law, the income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10% gross income tax.

Interest income on deposits with other FCDUs and offshore banking units is subject to 7.5% final tax.

The Parent Company's foreign subsidiaries are subject to income and other taxes based on the enacted tax laws of the countries and/or jurisdictions where they operate.

28.01 Current and Deferred Taxes

The tax expense as reported in the statements of profit or loss consists of:

	Group		
	2013	2012	2011
Current tax expense:			
Final tax	**P 932**	P 481	P 600
MCIT	**147**	202	95
RCIT	**203**	36	220
	1,282	719	915
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(23)**	26	-
	P 1,259	P 745	P 915

	Parent Company		
	2013	2012	2011
Current:			
Final tax	**P 812**	P 355	P 465
MCIT	**144**	141	94
RCIT	**11**	28	19
	P 967	P 524	P 578

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

	Group		
	2013	2012	2011
Tax on pretax profit at 30%	**P 1,978**	P 2,010	P 1,801
Adjustments for income subjected to lower income tax rates	**(245)**	(181)	(98)
Tax effects of:			
Non-taxable income	**(1,005)**	(642)	(1,069)
Unrecognized temporary differences	**325**	481	477
Non-deductible expenses	**298**	210	635

	Group 2013	2012	2011
FCDU income	(P 93)	(P 1,098)	(P 887)
Application of unrecognized NOLCO	(1)	(262)	(2)
Application of unrecognized MCIT	-	(2)	(1)
Others	2	229	59
Tax expense	P 1,259	P 745	P 915

	Parent Company 2013	2012	2011
Tax on pretax profit at 30%	P 1,725	P 1,572	P 1,422
Adjustments for income subjected to lower income tax rates	(218)	(137)	(51)
Tax effects of:			
Non-taxable income	(944)	(210)	(727)
Unrecognized temporary differences	376	454	501
Non-deductible expenses	121	204	165
FCDU income	(93)	(1,097)	(732)
Application of NOLCO	-	(262)	-
Tax expense	P 965	P 524	P 578

The deferred tax assets of the Group recognized in the financial statements as of December 31, 2013 and 2012 which relate to the operations of certain subsidiaries are shown below (see Note 15).

	2013	2012
Allowance for impairment	P 64	P 56
Post-employment benefit obligation	16	4
Unamortized past service cost	2	-
Rent expense differential	1	-
	P 83	P 60

The Parent Company has not recognized deferred tax asset as of December 31, 2013 and 2012.

The Parent Company and certain subsidiaries have not recognized deferred tax assets on certain temporary differences since management believes that certain entities under the Group may not be able to generate sufficient taxable profit in the future against which the tax benefits arising from those deductible temporary differences can be utilized.

In 2013, the Parent Company made a reassessment of the recoverability of its deferred tax asset recognized prior to 2011 with a carrying amount of P1,389 related to impairment losses on certain loans and receivables. Based on such assessment, management believes that such deferred tax asset should have been derecognized in prior years, hence, the derecognition was taken up retrospectively [see Note 2.01(b)].

The unrecognized deferred tax assets of the Group relate to the following temporary differences:

	Group 2013	Group 2012	Parent Company 2013	Parent Company 2012
Allowance for impairment	P 4,155	P 6,648	P 1,429	P 3,949
NOLCO	3,782	1,890	3,595	1,741
Unamortized past service cost	(583)	(590)	(603)	(590)
MCIT	444	412	379	349
Advance rental	(2)	(2)	(2)	(2)
Post-employment benefit obligation	1	-	-	-
	P 7,797	P 8,358	P 4,798	P 5,447

Consequently, deferred tax liabilities were also not recognized on certain taxable temporary differences as the settlement of those can be offset by the available deductible temporary differences in the future.

In addition, deferred tax liabilities on accumulated translation adjustments, particularly those relating to its foreign subsidiaries, were not recognized since their reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

The breakdown of the Group's NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred and within five years from the year SPV losses were incurred, is shown below.

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2010	P 1,603	P 136	P 1,467	P -	2013
2011	339	-	-	339	2014
2012	102	-	-	102	2015
2013	3,341	-	-	3,341	2016
	P 5,385	P 136	P 1,467	P 3,782	

The breakdown of the Parent Company's NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred and within five years from the year SPV losses were incurred, is shown below.

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2010	P 1,582	P 136	P 1,446	P -	2013
2011	296	-	-	296	2014
2013	3,299	-	-	3,299	2016
	P 5,177	P 1,136	P 1,446	P 3,595	

As of December 31, 2013, the Group and Parent Company have MCIT of P412 and P349, respectively, that can be applied against RCIT for the next three consecutive years after the MCIT was incurred.

The breakdown of Group's MCIT with the corresponding validity periods follow:

Inception Year	Amount	Expired	Balance	Expiry Year
2010	P 115	P 115	P -	2013
2011	95	-	95	2014
2012	202	-	202	2015
2013	147	-	147	2016
	P 559	P 115	P 444	

The breakdown of the Parent Company's MCIT with the corresponding validity periods follow:

Inception Year	Amount	Expired	Balance	Expiry Year
2010	P 114	P 114	P -	2013
2011	94	-	94	2014
2012	141	-	141	2015
2013	144	-	144	2016
	P 493	P 114	P 379	

28.02 Supplementary Information Required under RR 15-2010 and RR 19-2011

The BIR issued RR 15-2010 and RR 19-2011 on November 25, 2010 and December 9, 2011, respectively, which require certain tax information to be disclosed as part of the notes to financial statements. Such supplementary information is, however, not a required part of the basic financial statements prepared in accordance with FRSPB; it is neither a required disclosure under the SEC rules and regulations covering form and content of financial statements under the Securities Regulation Code Rule 68.

The Parent Company, however, presented this tax information required by the BIR as a supplemental schedule filed separately 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 P79,172 and P109,087 as of December 31, 2013 and 2012, respectively. The Parent Company's total trust resources amounted to P68,419 and P90,149 (as restated) as of December 31, 2013 and 2012, 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 P1,102 (Group) and P864 (Parent Company); and P860 (Group) and P645 (Parent Company) as of December 31, 2013 and 2012, respectively, are deposited with the BSP in compliance with existing trust regulations. The time deposit placements and government securities are presented in the statements of financial position under Due from BSP (see Note 8) and AFS securities (see Note 10), respectively.

In compliance with existing BSP regulations, 10% of the Parent Company's and RSB's profit from trust business is appropriated to surplus reserve. This 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 equity.

30. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Group and the Parent Company have loans, deposits and other transactions with its related parties.

The summary of the Group's significant transactions and the related outstanding balances for loans and receivables with its related parties (see Note 30.01) as of and for the years ended December 31, 2013 and 2012 are as follows:

	2013			
Related Party Category	**Availments**	**Collections**	**Interest Income**	**Loans Outstanding**
Stockholders	P 1,100	P 27	P 14	P 1,073
Related interests under common ownership*	2,411	1,748	82	3,051
Key management personnel	-	1	-	1
Other related interests	513	997	100	1,605
Total	**P 4,024**	**P 2,773**	**P 196**	**P 5,730**

** Includes the amounts of transactions with RRC, an associate which was disposed in 2013 (see Note 12).*

	2012			
Related Party Category	Availments	Collections	Interest Income	Loans Outstanding
Associates	P 111	P 87	P 31	P 1,024
Related interests under common ownership	456	1,080	79	1,364
Key management personnel	-	-	-	1
Other related interests	1,263	396	73	2,089
Total	P 1,830	P 1,563	P 183	P 4,478

The summary of the Group's significant transactions and the related outstanding balances for deposit liabilities with its related parties (see Note 30.06) as of and for the years ended December 31, 2013 and 2012 are as follows:

	2013			
Related Party Category	**Deposits**	**Withdrawals**	**Interest Expense**	**Outstanding Balance**
Stockholders	P 51,667	P 52,789	P 12	P 1,358
Associates	49,890	50,256	6	271
Related interests under common ownership	61,484	61,473	14	1,871
Key management personnel	2,619	2,458	5	406
Other related interests	46,600	46,859	-	102
Total	**P 212,260**	**P 213,835**	**P 37**	**P 4,008**

Related Party Category	Deposits	Withdrawals	Interest Expense	Outstanding Balance
	2012			
Stockholders	P 31,965	P 29,844	P 15	P 2,480
Associates	23,824	23,233	1	637
Related interests under common ownership	11,328	9,897	13	1,860
Key management personnel	1,436	1,366	5	245
Other related interests	49,585	49,921	5	361
Total	P 118,138	P 114,261	P 39	P 5,583

Other transactions with related parties as of and for the years ended December 31, 2013 and 2012 are as follows:

Related Party Category	Notes	2013 Amount of Transaction	2013 Outstanding Balance	2012 Amount of Transaction	2012 Outstanding Balance
Holding Company (PMMIC)					
Issuance of stocks		**P 4,074**	**P 4,074**	P -	P -
Stockholders					
Issuance of shares		**4,127**	**4,127**	-	-
Associates					
Dividend income		**284**	**-**	24	-
Occupancy and equipment-related expense	30.05	**-**	**-**	294	-
Related Parties Under Common Ownership					
Management fees		**29**	**-**	20	-
Occupancy and equipment-related expense	30.05	**251**	**-**	-	-
Other Related Interest					
Joint development	30.03	**-**	**-**	628	1,600

30.01 DOSRI

In the ordinary course of business, the Group has loan transactions with each other, their other affiliates, and with certain DOSRIs. Under existing policies of the Group, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

Under current BSP regulations, the amount of individual loans to a DOSRI, 70% of which must be secured, should not exceed the amount of the encumbered deposit and book value of the investment in the Group and Parent Company and/or any of its lending and nonbank financial subsidiaries. In the aggregate, loans to DOSRIs, generally, should not exceed the total equity or 15% of the total loan portfolio of the Group and Parent Company. However, non-risk loans are excluded in both individual and aggregate ceiling computation. As of December 31, 2013 and 2012, the Group is in compliance with these regulatory requirements.

The following table shows the information relating to the loans, other credit accommodations and guarantees granted to DOSRI as of December 31:

	Group		**Parent Company**	
	2013	2012	**2013**	2012
Total outstanding DOSRI loans	**P 6,416**	P 4,889	**P 6,335**	P 4,835
Unsecured DOSRI	**243**	168	**240**	165
Past due DOSRI	**518**	518	**518**	518
Non-accruing DOSRI	**518**	518	**518**	518
Percent of DOSRI loans to total receivable from customers	**2.98%**	2.57%	**3.79%**	3.26%
Percent of unsecured DOSRI loans to total DOSRI loans	**3.79%**	3.44%	**7.35%**	3.41%

	Group		Parent Company	
	2013	2012	**2013**	2012
Percent of past due DOSRI loans to total receivable from customers	**0.24%**	0.27%	**0.31%**	0.35%
Percent of non-accruing DOSRI loans to total receivable from customers	**0.24%**	0.27%	**0.31%**	0.35%

The Group and the Parent Company did not provide any impairment loss on these loans in 2013 and 2012.

30.02 Joint Development Agreement

On October 1, 2009, the Parent Company entered into a Joint Development Agreement (Agreement) with RSB, Bankard, MICO, Grepalife and Hexagonland (all related parties, collectively referred to as the Consortium) and with the conformity of Goldpath, the parent company of Hexagonland, whereby the Consortium agreed to pool their resources and enter into an unincorporated joint venture arrangement for the construction and development of a high rise, mixed use commercial/office building referred to by the Consortium as the RSB Building Project (the Project).

In 2011, pursuant to the Agreement, RSB acquired the ownership of the land through Goldpath after Hexagonland's liquidation and partial return of capital to Goldpath. RSB, accordingly, contributed the land amounting to P383 to the Project. Also, in 2011, the Parent Company's BOD approved its assumption of rights and interest of its co-partner, Grepalife, in the Project.

On October 2, 2012, the Consortium executed a memorandum of understanding agreeing in principle to cancel or revoke the UJV, subject to the approval of the BSP. On March 13, 2013, through MB Resolution No. 405 dated March 7, 2013, the BSP approved the Parent Company's acquisition of the land contributed by RSB to the Project as well as the rights and interests of its co-venturers (see Note 13).

30.03 Retirement Fund

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

The Group's retirement fund has transactions directly and indirectly with the Group and Parent Company as of December 31, 2013 and 2012 as follows:

	2013			
	Group		**Parent Company**	
Nature of Transactions	**Net Amount of Transaction**	**Outstanding Balance**	**Net Amount of Transaction**	**Outstanding Balance**
Investment in common stock of Parent Company	P 138	P 3,290	P 137	P 2,766
Other securities and debt instruments (OSDI)	6	56	1	51
Trading gain	1,260	-	1,260	-
Dividend income	59	-	59	-
Deposits	215	213	-	-
Interest income	2	-	-	-

	2012			
	Group		Parent Company	
Nature of Transactions	Net Amount of Transaction	Outstanding Balance	Net Amount of Transaction	Outstanding Balance
Investment in common stock of Parent Company	P 115	P 3,282	P 115	P 3,275
OSDI	1	52	-	51
Trading gain	1,966	-	1,961	-
Dividend income	51	-	51	-

The carrying amount and the composition of the plan assets as of December 31, 2013 and 2012 are disclosed in Note 25.02. OSDI include long-term negotiable certificates of deposit issued by the Parent Company.

The information on the Group's and Parent Company's contributions to the retirement fund and benefit payments through the fund are disclosed in Note 25.02.

The retirement fund neither provides any guarantee or surety for any obligation of the Group nor its investments in its own shares of stocks covered by any restriction and liens.

30.04 Key Management Personnel Compensation

The breakdown of key management personnel compensation follows:

	Group		
	2013	2012	2011
Short-term benefits	**P 351**	P 401	P 290
Post-employment benefits	**11**	78	40
	P 362	P 479	P 330

	Parent Company		
	2013	2012	2011
Short-term benefits	**P 283**	P 246	P 138
Post-employment benefits	**-**	41	36
	P 283	P 287	P 174

30.05 Lease Contract with RRC

The Parent Company, certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC. Related rental expense are included as part of Occupancy and Equipment-related account in the statements of profit or loss. The Parent Company's lease contract with RRC is effective until December 31, 2015.

30.06 Deposits

As of December 31, 2013 and 2012, certain related parties have deposits with the Parent Company and certain bank subsidiaries. These deposits are made on the same terms as deposits with other individuals and businesses.

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 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, 2013 and 2012:

	Group		Parent Company	
	2013	2012	**2013**	2012
Trust department accounts (see Note 29)	**P 79,172**	P 109,087	**P 68,419**	P 90,149
Derivative liabilities	**39,844**	45,675	**39,844**	45,675
Derivative assets	**33,091**	33,355	**33,091**	33,355
Outstanding guarantees issued	**25,976**	32,277	**25,976**	32,277
Unused commercial letters of credit	**11,778**	11,056	**11,684**	11,056
Spot exchange bought	**7,744**	9,218	**7,744**	9,218
Spot exchange sold	**7,737**	9,232	**7,737**	9,232
Late deposits/payments received	**881**	398	**735**	398
Inward bills for collection	**874**	1,395	**874**	1,395
Outward bills for collection	**131**	14	**129**	174
Others	**1**	8	**1**	8

31.01 Purchase of Bankard Shares

In June 2003, RCBC Capital, a wholly-owned subsidiary of the Parent Company, filed an arbitration claim with the International Chamber of Commerce (ICC) against Equitable PCI Bank ("Equitable") (now BDO Unibank, Inc. or BDO) relating to RCBC Capital's acquisition of Bankard shares from Equitable in May 2000. 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, being the body organized by the ICC.

On October 1, 2013, RCBC Capital and BDO, with a view to a renewal of business relations, reached a complete and final settlement of their respective claims arising from the sale of BDO's (as successor-in-interest of Equitable) 67% stake in Bankard. RCBC Capital and BDO agreed to jointly terminate and dismiss the various cases filed in connection with their claims and counterclaims against each other.

31.02 Poverty Eradication and Alleviation Certificates (PEACe) Bonds

In October 2011, the Parent Company filed a case before the Court of Tax Appeals questioning the 20% final withholding tax on PEACe Bonds by the BIR. The Parent Company subsequently withdrew its petition and joined various banks in their petition before the Supreme Court on the same matter. Notwithstanding the pendency of the case and the issuance of a Temporary Restraining Order by the Supreme Court, the Bureau of Treasury withheld P199 in October 2011 from the Parent Company on the interest on its PEACe bonds holdings. The amount was recognized as part of Loans and Receivables account in the statements of financial position (see Note 11). 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 of such withheld taxes.

31.03 Sale of National Steel Corporation (NSC) Plant Asset

In October 2008, Global Steel Philippines (SPV-AMC), Inc. (GSPI) and Global Ispat Holdings (SPV-AMC), Inc. (GIHI), which purchased the Iligan Plant assets (Plant Assets) of the NSC from the Liquidator in 2004, filed a Notice of Arbitration with the Singapore International Arbitration Centre (SIAC) seeking damages arising from the failure of Liquidator and the secured creditors, including the Parent Company and RCBC Capital, to deliver the Plant Assets free and clear from liens and encumbrance; purportedly depriving them of the opportunity to use the assets in securing additional loans to fund the operations of the Plant Assets and upgrade the same. On May 9, 2012, the SIAC Arbitral Tribunal rendered a Partial Award in favor of GSPI and GIHI in the total amount of (a) US$80 million, as and by way of lost opportunity to make profits and (b) P1,403 representing the value of the Lost Land Claim. Three separate petitions to set aside the Partial Award were filed by the secured creditors, including the Parent Company, the Liquidator and another secured creditor, Spinnaker, with the Singapore High Court. The arguments of the secured creditors, which included the Parent Company, the Liquidator, and GSPI/GIHI were heard by the Singapore High Court from February 26, 2013 to March 12, 2013. The Singapore High Court heard the arguments of Spinnaker and GSPI/GIHI from April 16, 2013 to April 19, 2013, so that all three petitions are now submitted for decision. The Parent Company's exposure is approximately P506, while it has a receivable from Global Steel of P535. On account of the full provisioning already made by the Parent Company, the aforesaid share is currently classified in the books of the Parent Company as an unquoted debt security classified as loans with zero net book value. The Parent Company's exposure, however, may be varied should the amount of awarded damages be reduced and should the Iligan City agree to enter into another tax agreement. In the event of an adverse decision, the same may be elevated via an appeal to the Singapore Court of Appeals.

Except for the above-mentioned lawsuits, the Parent Company is not aware of any suits and claims against itself or its subsidiaries, which if decided adversely would have a material effect on its financial position or operating results.

32. FAIR VALUE MEASUREMENT AND DISCLOSURES

32.01 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

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

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

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

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

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

32.02 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of December 31, 2013 and 2012.

Group

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Government bonds	P 1,108	P 2	P -	P 1,110
Other debt securities	371	103	-	474
Derivative assets	54	823	-	877
Equity securities	827	-	-	827
	2,360	928	-	3,288
AFS securities				
Government bonds	43,834	4,303	-	48,137
Other debt securities	36,659	1,360	-	38,020
Equity securities	2,836	79	-	2,915
	83,329	5,742	-	89,072
Allowance for impairment	-	(1,158)	-	(1,158)
	83,329	4,584	-	87,914
Total Resources at Fair Value	**P 85,689**	**P 5,512**	**P -**	**P 91,202**
Derivative liability	**P -**	**P 635**	**P -**	**P 635**

	2012			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Government bonds	P 9,118	P 2	P -	P 9,120
Other debt securities	954	113	-	1,067
Derivative assets	50	667	-	717
Equity securities	588	-	-	588
	10,710	782	-	11,492
AFS securities				
Government bonds	42,288	4,254	-	46,542
Other debt securities	31,248	2,425	-	33,673
Equity securities	2,510	57	-	2,567
	76,046	6,736	-	82,782
Allowance for impairment	(60)	(538)	-	(598)
	75,986	6,198	-	82,184
Total Resources at Fair Value	P 86,696	P 6,980	P -	P 93,676
Derivative liability	P -	P 1,471	P -	P 1,471

Parent Company

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL:				
Government bonds	P 1,108	P 2	P -	P 1,110
Other debt securities	371	-	-	371
Derivative assets	54	823	-	877
	1,533	825	-	2,358
AFS securities:				
Government bonds	37,756	3,206	-	40,962
Other debt securities	33,926	1,266	-	35,192
Equity securities	164	79	-	243
	71,846	4,551	-	76,397
Allowance for impairment	-	(1,008)	-	(1,008)
	71,846	3,543	-	75,389
Total Resources at Fair Value	**P 73,379**	**P 4,368**	**P -**	**P 77,747**
Derivative liability	**P -**	**P 635**	**P -**	**P 635**

	2012			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Government bonds	P 7,373	P 2	P -	P 7,375
Other debt securities	954	-	-	954
Derivative assets	50	667	-	717
	8,377	669	-	9,046
AFS securities:				
Government bonds	34,577	3,658	-	38,235
Other debt securities	28,087	2,172	-	30,259
Equity securities	-	56	-	56
	62,664	5,886	-	68,550
Allowance for impairment	-	(538)	-	(538)
	62,664	5,348	-	68,012
Total Resources at Fair Value	P 71,041	P 6,017	P -	P 77,058
Derivative liability	P -	P 1,471	P -	P 1,471

Described below are the information about how the fair values of the Group's classes of financial assets were determined.

(a) Government Bonds and Corporate Papers

The fair value of the Group's government bonds and corporate papers categorized within Level 1 is determined directly based on published closing prices available from the electronic financial data service providers which had been based on price quoted or actually dealt in an active market at the end of each of the reporting period. On the other hand, government bonds with fair value categorized within Level 2 is determined based on the prices of benchmark government securities which are also quoted in an active market or bond exchange (i.e., PDEx).

(b) Other Debt Securities (excluding Corporate Papers Categorized within Level 1)

The fair value of the Group's other debt securities categorized under Level 2 of the hierarchy, is estimated and determined based on pricing model developed by applying benchmark pricing curves which are derived using the yield of benchmark security with similar maturities (i.e., government bonds or notes). In applying this pricing methodology, the yield of the underlying securities is interpolated between the observable yields to consider any gaps in the maturities of the benchmark securities used to develop a benchmark curve.

(c) Equity Securities

The fair values of equity securities classified as AFS securities were valued based on their market prices quoted in the PSE at the end of each reporting period, hence, categorized within Level 1. On the other hand, for equity securities which are not traded in an active market and categorized within Level 2, their fair value is determined by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties.

(d) Derivative Assets and Liabilities

The fair values of certain derivative financial assets and liabilities were determined through valuation techniques using net present value computation which makes use of the streams of cash flows related to the derivative financial instruments such as interest rate swaps and currency swaps.

There were no transfers between levels of hierarchy in 2013 and 2012. Moreover, the Group has no financial assets measured at fair value categorized within Level 3, hence, no amount of gains or losses are recognized in the statements of profit or loss.

The Group and the Parent Company's investments in non-marketable equity securities with carrying amount of P1,499 and P1,503 in the Group's financial statements and P1,493 and P1,500 in the Parent Company's financial statements, as of December 31, 2013 and 2012, respectively, presented under AFS securities were carried at cost as there are no reliable sources of fair value.

32.03 Fair Value Disclosures for Investment Properties Carried at Cost

The total estimated fair values of the investment properties amounted to P7,924 and P10,786 in the Group's financial statements and P3,496 and P6,486 in the Parent Company's financial statements as of December 31, 2013 and 2012, respectively. The fair value hierarchy of those properties as of December 31, 2013 is categorized as Level 3.

The fair value of the Group's investment properties were determined based on the following approaches:

(i) Fair Value Measurement for Land

The Level 3 fair value of land was derived using the observable recent prices of the reference properties and were adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value of the properties.

(ii) Fair Value Measurement for Buildings

The Level 3 fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change to the valuation techniques during the year.

33. EARNINGS PER SHARE

The following reflects the profit and per share data used in the basic and diluted EPS computations (figures in millions, except EPS data):

	Group		
	2013	2012 (As Restated – See Note 2.01)	2011 (As Restated – See Note 2.01)
Basic EPS			
a. Net profit attributable to Parent Company's shareholders	**P 5,321**	P 5,949	P 5,061
Less: allocated for preferred and Hybrid Tier 1 dividends	**(418)**	(414)	(427)
	4,903	5,535	4,634
b. Weighted average number of outstanding common stocks	**1,240**	1,141	1,033
c. Basic EPS (a/b)	**P 3.95**	P 4.85	P 4.49

	Group		
	2013	2012 (As Restated – See Note 2.01)	2011 (As Restated – See Note 2.01)
Diluted EPS			
a. Net profit (net of amount allocated for preferred and HT1 dividends)	**P 4,903**	P 5,535	P 4,634
b. Weighted average number of outstanding common stocks	**1,240**	1,141	1,033
c. Diluted EPS (a/b)	**P 3.95**	P 4.85	P 4.49

	Parent Company		
	2013	2012 (As Restated – See Note 2.01)	2011 (As Restated – See Note 2.01)
Basic EPS			
a. Net profit attributable to Parent Company's shareholders	**P 4,782**	P 4,716	P 4,163
Less: allocated for preferred and Hybrid Tier 1 dividends	**(418)**	(414)	(427)
	4,364	4,302	3,736
b. Weighted average number of outstanding common stocks	**1,240**	1,141	1,033
c. Basic EPS (a/b)	**P 3.52**	P 3.77	P 3.62
Diluted EPS			
a. Net profit (net of amount allocated for preferred and HT1 dividends)	**P 4,364**	P 4,302	P 3,736
b. Weighted average number of outstanding common stocks	**1,240**	1,141	1,033
c. Diluted EPS (a/b)	**P 3.52**	P 3.77	P 3.62

34. SELECTED FINANCIAL PERFORMANCE INDICATORS

The following basic indicators and ratios measure the financial performance of the Group and the Parent Company:

	Group		
	2013	2012 (As Restated – See Note 2.01)	2011 (As Restated – See Note 2.01)
Return on average equity	**12.18%**	16.07%	17.44%
Return on average resources	**1.39%**	1.70%	1.63%
Net interest margin	**4.22%**	3.93%	4.13%
CAR	**16.52%**	17.61%	18.52%
Debt-to-equity ratio	**8.42**	7.62	8.51
Asset-to-equity ratio	**9.42**	8.62	9.51

	Parent Company		
	2013	2012 (As Restated – See Note 2.01)	2011 (As Restated – See Note 2.01)
Return on average equity	**12.96%**	15.64%	19.54%
Return on average resources	**1.49%**	1.59%	1.64%
Net interest margin	**3.75%**	3.44%	3.54%
CAR	**15.10%**	15.99%	17.12%
Debt-to-equity ratio	**8.07**	7.40	8.24
Asset-to-equity ratio	**9.07**	8.40	9.24

SMARTER SOLUTIONS
RCBC
A YGC Member

List of Senior Officers

RCBC

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Chairman of the Board
HELEN Y. DEE

President and Chief Executive Officer
LORENZO V. TAN

Corporate Secretary
MARIA CELIA H. FERNANDEZ-ESTAVILLO
First Senior Vice President
Head, Legal and Regulatory Affairs Group

ELLA KATRINA R. MITRA
Assistant Vice President
Assistant Corporate Secretary and
Head, Legal Operations Department

Senior Executive Vice Presidents
REDENTOR C. BANCOD
Head, Information Technology Shared Services Group and Operations Group

JOSE EMMANUEL U. HILADO
Head, Treasury Group

ISMAEL R. SANDIG
Head, Retail Banking Group
(until July 30, 2013)

Executive Vice Presidents
MICHELANGELO R. AGUILAR
Head, Conglomerates and Global Corporate Banking Group

MICHAEL O. DE JESUS
Head, National Corporate Banking Group

ALFREDO S. DEL ROSARIO, JR.
Head, Asset Management and Remedial Group

JOHN THOMAS G. DEVERAS
Head, Strategic Initiatives

EDGAR ANTHONY B. VILLANUEVA
Head, Global Transaction Banking Group

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Head, Wealth Management Segment 2

ROGELIO P. DAYRIT
Head, Japanese and Ecozone Banking Segment

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Head, Trust and Investment Group

JOHN P. GO
Head, Chinese Banking Segment II

ELI D. LAO
Head, Chinese Banking Segment I

ANA LUISA S. LIM
Head, Internal Audit Group

REGINO V. MAGNO
Head, Corporate Risk Management Services Group

REMEDIOS M. MARANAN
National Service Head, BC Services

YASUHIRO MATSUMOTO
Head, Japanese Business Relationship Office

REYNALDO P. ORSOLINO
Head, Emerging Corporate Segment

CYNTHIA P. SANTOS
Head, Overseas Filipino Banking Group
(until Dec. 10, 2013)

ROWENA F. SUBIDO
Head, Human Resources Group

RAUL VICTOR B. TAN
Head, Retail Banking Group

ZENAIDA F. TORRES
Head, Controllership Group

Senior Vice Presidents
MA. FELISA R. BANZON
Head, Corporate Banking Segment - Division 1

BRIGITTE B. CAPINA
Regional Sales Director, South Metro Manila

ARSENIO L. CHUA
Regional Sales Director, North Metro Manila

CLARO PATRICIO L. CONTRERAS
Head, Remedial Management Division

ELIZABETH E. CORONEL
Senior Banker and Head, Conglomerate Division

RAFAEL ALOYSIUS M. DAYRIT
Head, Credit Management Segment

DOMINGO P. DAYRO, JR.
Head, RBG Systems Management Division
(until May 15, 2014)

SABINO MAXIMIANO O. ECO
Deputy Group Head, Operations and
Head, Branch Banking Services Division

GERALD O. FLORENTINO
Head, Corporate Planning Group

REMO ROMULO M. GARROVILLO, JR.
Head, Financial Product Management Division

JENNIE F. LANSANG
Chief Technology Officer andbHead,
Shared Technology Services Division

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Regional Sales Manager, North Luzon

VIVIEN L. MACASAET
Head, Management Services Division

FLORENTINO M. MADONZA
Head, General Accounting and Services Division

JANE N. MAÑAGO
Head, Wealth Management Segment 1- Division 2

CARLOS CESAR B. MERCADO
Head, Balance Sheet Management Segment

EVELYN NOLASCO
Head, Asset Disposition Division

KOJI ONOZAWA
Japanese Liaison Officer, Japanese Business Relationship Office

ALBERTO N. PEDROSA
Head, Investment Portfolio Management Division

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Head, Microfinance and President, Rizal Microbank

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Regional Service Head, Metro Manila

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Head, Legal Affairs Division

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Head, Commercial and Small Medium Enterprise Segment

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Regional Relationship Manager, North Metro Manila

MA. CHRISTINA P. ALVAREZ
Head, Financial Planning and Development Division

ALVIN V. ANTONIO
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CONCORDIO R. BONGON, JR.
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Head, Audit Cluster 1

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Relationship Manager III, Conglomerate

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Head, Customer Engagement Division

EDWIN R. ERMITA
Bank Security Officer

BENJAMIN E. ESTACIO
Regional Service Head, Mindanao

JOEL RIZALDY G. FLOR
IT Head, ADD4 – Channels Division

ELIZABETH D. GOCO
Head, Management Services Division
(until May 18, 2014)

JOSE EDWINIEL C. GUILAS
Head, Corporate Communication Division

OSCAR G. GUMABAY
Head, Technical Services and
Credit Appraisal Department

FRANCISCO VICENTE O. HILARIO
IT Head, IT Risk Management, IT Governance and IS

NASER ANTONIO S. HUAB
Head, Cluster 4 - IT

ERICO C. INDITA
District Sales Director, Makati CBD

NOEL D. LARDIZABAL
Regional Service Head, Luzon

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IT Manager and Head, Technical Support Department

JONATHAN EDWIN F. LUMAIN
IT Head, ADD2 – Head Office Systems Division

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Head, Japanese and Ecozone Segment - Division II

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Head, Trust Retail Marketing Division

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Head, Financial Institutions Management Division

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District Sales Director, South West Metro

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Head, Marketing Support Services Department

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IT Manager and Head, Network and Communications Department

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Business Manager, LIIP-Biñan

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Business Manager, Valenzuela

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Head, Trust Credit Management Division

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District Sales Director, Ortigas CBD

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Head, Business Solutions and Channel Management

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Business Manager, Del Monte

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Relationship Manager III, Corporate Banking Segment - Division 2

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Business Manager, Banilad

SHIRLEY S. CO
Relationship Manager II, Division 2, Wealth Management Segment 1

VIVIAN Y. CO
Business Manager, Binondo

ROMEO R. COMABIG
Business Manager, Guadalupe

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Head, Audit Cluster 5

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District Sales Director, Bulacan-Bataan-Zambales

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Head, Litigation Department

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IT Manager and Head, ADD1 - CASA Department

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Operations Head, Settlements Department

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Business Manager, Unimart

EDWARD LEO A. CUSTODIO
District Service Head, Luzon

LYN L. DE GUZMAN
Operations Head, Trust and Stock Transfer Operations

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Head, North Metro Manila Lending Department

SIMPLICIO B. DELA CRUZ JR.
Head, Central Visayas Lending Department

MARIELLA RHEA P. DIZON
Business Manager, Boni

JORGE B. DUNGO
Operations Head, Central Clearing Department

CONRADO T. DUPAYA, JR.
Operations Head, ATM Support Department

CATALINO N. EUGENIO
Business Manager, Banawe

RUBEN A. FELEBRICO
Business Manager, Tektite

EDWIN JOHN R. FRIAS
Regional Relationship Manager, North Metro Manila

MA. ESTER B. GABATIN
Regional Relationship Manager, North Metro Manila

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Head, Account Management Department 3

BERNICE U. GASPAR
Head, Chinese Banking Segment II - Division III

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District Service Head, Visayas

VITTORIO RAOUL M. GOMEZ
Head, Trust Trading Division

RICARDO B. GONZAGA
Head, South Mindanao Lending Department

CRISANTO D. ILANG
Operations Manager, Central Clearing Department

LUIS A. JACINTO
Risk Management Systems Officer
Corporate Risk Management Services

REYNALDO ANTONIO R. JIMENEZ
Head, 24x7 Operations Division

MARIE KATHLYN E. JOSE
Business Manager, McKinley Hills

JOSE ROY G. LAPORNO
Head, Western Visayas Lending Department

ARLENE O. LAZARTE
Head, Operational Risk Management Unit

MARIA ARLENE L. LEYCO
Head, South Metro Manila Lending Department

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Head, Financial Planning and Credit Support Division

SANDRA S. LIM
Business Manager, Tomas Mapua

ROEL D. LUSTADO
Head, Deposits, Investment and Cross Selling Department

CECILIO ENRICO P. MAGSINO
District Service Head, Metro Manila

MA. LOURDES C. MAKABALI
Operations Head, ICard Support Department

ROMULO F. MANUEL
District Service Head, Luzon

ANTONIO C. MARQUEZ, JR.
District Service Head, Metro Manila

FRANCISCO D. MASIGLAT, JR.
Head, Cash Management Department

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Head, Provincial Lending Department

RAFAEL A. MENDOZA
District Service Head, Luzon

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District Sales Director, North East Luzon

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Business Manager, Mandaluyong

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Head, Financial Management/Accounting and Control Division

GRACE MARIE G. MONTALVO
Business Manager, Makati Avenue

ANGEL A. MONTE DE RAMOS, JR.
Business Manager, Carmelray

JOSEPH F. MONZON
Trust Risk Officer, Corporate Risk Management Services

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District Sales Director, Upper North Metro

SUZETTE Y. NG
Relationship Manager III, Chinese Banking Segment 1 - Division 2

PACIFICO A. NIEVA, JR.
IT Manager and Head, Data Center Operations Department

CRISTETA P. OLALIA
Business Manager, Clark

ORANTE, ALMA LUZ G.
Head, RBG Systems Support Department

GWENDOLYNN S. PADILLA
Head, Legal Documentation Department

ROLAND R. PAITA
District Sales Director, South West Luzon

MARIA CHRISTINA ROSE V. PANTE
Head, Overseas Branches/Subsidiaries Division

MARICEL ELENA M. PERALEJO
Head, Institutional Sales Department

CARLOS P. PETERSEN
District Sales Director, Central Mindanao

MARIA LUISA M. PILORIN
Business Manager, New Manila

DANILO G. PINEDA
Business Manager, Malayan Plaza (Ortigas Center)

HONORATA V. PO
District Sales Director, South East Luzon

VICENTE D. QUINTERO III
District Sales Director, Central Eastern Visayas

RAMIL S. RAMOS
Relationship Manager III, Division 1, Wealth Management Segment 2

ALMA D. REYES
District Sales Director, Pampanga

ANA S. REYES
Head, Alternative Banking Services Division

ERNEE A. REGALA
Head, Retail Distribution Department

FRANCIS NICOLAS G. REYES
Head, Business Site Management Division

MARIA EVANGELINE T. REYES
Head, Transaction Banking Services Division

YVONNE A. ROQUE
Head, Capital Markets Services Division

CHRISTIAN D. SAN JUAN
Basel Risk Officer, Corporate Risk Management Services

RENAN D. SANTOS
Head, Liquidity Management Department

YVONNE B. SASIN
District Sales Director, Southern Mindanao

LAWRENCE C. SEE
Relationship Manager III, Kalookan Division

ANNA LISSA L. SELVA
Relationship Manager III, Corporate Banking Segment - Division 1

FRANCISCO G. SINGIAN, JR.
Head, Balance Sheet Risk Management Department

ZENAIDA S. SOTO
Business Manager, Laguna Technopark (formerly Sta. Rosa Ext.)

DELILAH C. SUICO
District Service Head, Visayas

RAMON JAIME R. TABUENA, JR.
Relationship Manager III, Corporate Banking Segment - Division 2

CYNTHIA S. TENORIO
Business Systems Specialist, Business Systems Analysis Department

LOURDES FELIXIA T. TOJONG
District Sales Director, Metro Cebu North

NERISSA C. TOLEDO
Head, Program Marketing and Product Development Division

TED EDWARD R. TOLENTINO
Head, Retail Lending and Credit Division

VICTORIA T. TUPAZ
Relationship Manager III, Conglomerate

LORETO M. ULPINDO
District Service Head, Metro Manila

MARIA TERESA C. VELASCO
Head, Global Distribution and Advisory Division

DENNIS R. VERGARA
Head, Business Intelligence and Analytics Department

MA. VICTORIA P. VICTORIA
Business Manager, The Firm

GRACE R. VILLAHERMOSA
Business Manager, Mactan (MEPZ)

ABELARDO B. VILLAROSA JR.
Head, Makati Lending Department

ABIGAIL SUZETTE F. VIROLA
Head, Commercial Sales Department

CYNTHIA T. YUZON
District Sales Director, Uptown Metro

SUBSIDIARIES

Domestic

MERCHANTS SAVINGS AND LOAN ASSOCIATION, INC. (RIZAL MICROBANK -THRIFT BANK)

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LORENZO V. TAN

Vice Chairman
JOHN THOMAS G. DEVERAS

President
MA. LOURDES JOCELYN S. PINEDA

NIYOG PROPERTY HOLDINGS, INC.

President
JOHN THOMAS G. DEVERAS

Vice President
ALFREDO S. DEL ROSARIO, JR.

Controller and Treasurer
FLORENTINO M. MADONZA

Corporate Secretary
ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO

RCBC CAPITAL CORPORATION

Chairperson
YVONNE S. YUCHENGCO

President and Chief Executive Officer
JOSE LUIS F. GOMEZ

Senior Vice President
RAMON M. POSADAS
Debt Securities
(until Nov. 30, 2013)

First Vice Presidents
MELANIE A. CAGUIAT
Credit and Administration

RUTH B. GUTIERREZ
Chief Accountant

Vice Presidents
NATALIE J. COLLADO
Investment Banking Group

JUAN MARCELO M. QUIJANO
Compliance Officer

Corporate Secretary
ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO

Subsidiaries:

RCBC BANKARD SERVICES CORPORATION

Chairman
CESAR E.A. VIRATA

Vice Chairman
RAUL M. LEOPANDO

President and Chief Executive Officer
OSCAR B. BIASON

Senior Vice Presidents
EUGENIO U. FERNANDEZ
Chief Finance Officer and Treasurer

MA. REGINA Y. MILLARE
Chief Operating Officer

First Vice President
FE FORTUNATA R. RIO
Head, Operations

Vice Presidents
VILMA M. BALTAZAR
Head, Human Resource Management

KATRINA JOY G. CRUZ
Head, Collection

BENJAMIN W. R. CUMPAS, JR.
Head, Merchant Business and Head, Sales and Distribution

EVELYN A. FERNANDEZ
Head, Acceptance Services

AMOR A. LAZARO
Head, Business Intelligence

MA. LIWAYWAY M. TAN
Head, Compliance Risk Management and Internal Audit

KARLO C. GONZALES
Head, Fraud Management and Authorization

MYLENE J. BICO
Head, Portfolio Analytics and Business Development

IRENE D. TAYLO
Head, Co-Brand and Partnership

MA. ANGELA C. MIRASOL
Head, Marketing

RICA MARIA R. MANGAHAS
Head, Customer Service

RENAN D. UNSON
Head, Information Technology

RCBC SECURITIES, INC.

Chairman
RAUL M. LEOPANDO

President
MICHAEL A. SINGSON

RCBC FOREX BROKERS CORPORATION

Chairman
CESAR E. A. VIRATA

President and Chief Executive Officer
MA. CRISTINA S. ROSALES

Corporate Treasurer
MEDEL T. NERA

Vice President
CRISELDA T. ESPINOSA

Corporate Secretary
ATTY. SAMUEL V. TORRES

RCBC-JPL HOLDING CO., INC. (JP LAUREL BANK)

Chairman
ALFREDO S. DEL ROSARIO, JR.

Vice Chairman
ISMAEL R. SANDIG

Treasurer
CLARO PATRICIO L. CONTRERAS

Corporate Secretary
KENNETH MARK F. GARCIA

RCBC SAVINGS BANK
Chairperson
HELEN Y. DEE

Vice Chairman
LORENZO V. TAN

President and Chief Executive Officer
ROMMEL S. LATINAZO
(seconded from RCBC)

Executive Vice Presidents
CARLOS A. PINPIN, JR.
Head, Corporate Planning Group

LIZETTE MARGARET MARY J. RACELA
Head, Consumer Lending Group
(seconded from RCBC)

Senior Vice Presidents
ELIZABETH G. ABECIA
Regional Head, VisMin Provincial Lending Center

MA. LOURDES S. ALDECOA
Head, Credit Management Group

MARY GRACE P. MACATANGAY
Head, Asset Management and Remedial Group

MATIAS L. PALOSO
Head, Retail Banking Group
(seconded from RCBC)

JOSEPH COLIN B. RODRIGUEZ
Head, Treasury Group
(seconded from RCBC)

AL JAN G. YAP
Head, Business Support and Services Division
(seconded from RCBC)

First Vice Presidents
JOHN A. AGBAYANI
Head, CTS Unit

ELMER M. AQUINO
Head, Wholesale Lending Division

AMADOR T. BAIRA
Head, Auto Loans Division

LEONOR F. BELEN
District Sales Director, Ortigas

GUILBERTO K. BENEDICTO
Head, Product and Sales Support Division

MA. CARMINA P. CARPIO
Head, Trust Services Division

JO ANNE C. CHAN
Head, Controllership and Support Services Division

HELEN GRACE D. GAVICA
Head, Information Management Division

RANDY B. TORRES
Head, Housing Loans Division

MA. LOURDES G. TRINIDAD
Head, Risk Management Division

LORNA M. VALENZUELA
District Sales Director, Global Financial District

MA. LOURDES R. VASQUEZ
National Service Head

BASILIA JOSEFA E. VILLAMOR
Regional Sales Director, VisMin Region

Vice Presidents
CONRADO B. ALUNAN
Head, Lacson, Bacolod Provincial Lending Center

ULYSSES L. ATIENZA
District Sales Director, Batangas District

ROLAND D. BAY
Regional Sales Director, Luzon Region

SHIRLEY K. BENEDICTO
District Sales Director, Chinese Commercial District

LEONARDO C. BOLICO
Head, Escario, Cebu Provincial Lending Center

JUDY ROSARIO G. CAM
Chief Compliance Officer

ARIEL J. CRUZ
Regional Head, Luzon Provincial Lending Center

DOMINADOR A. DANILA
Business Center Manager, P. Tuazon

LARRY F. DE GUZMAN
District Sales Director, Rizal District

CRISPINA D. DEL ROSARIO
District Sales Director, Central Luzon District

MANUEL R. DELIZO
Chief Security Officer

JOHN FRANCIS A. DELOS REYES
Head, Direct Marketing Department
Housing Loans Division

GENEVIEVE P. ICASIANO
District Sales Director, Manila/West District

ELMER R. LABRADOR
Head, Collection and Remedial Division

ENRIQUE G. LLAGAS
Head, Property Management and Sales Division

ROMEO R. LLAVE, JR.
Regional Relationship Manager,
Global Financial District

JOHN LYNDON O. LUDOVICE
Head, Strategic Services Division

DONNA KRISTINE F. MARCELO
Head, Corporate Communications and
Marketing Services Division

JAYZEL A MARCIAL
Head, Credit Risk Management Division

EDWIN B. NANGCAS
Regional Relationship Manager, VisMin Region

BLESILDA L. NEMENIO
District Sales Director, Cebu District

MA. LUISA A. PASAMBA
Head, Accounting Department
Controllership and Support Services Division

RICHARD M. PERALTA
Regional Service Head, North Metro Manila Region

PATRICIO A. PICAZO
Head, Human Resource Division

ALBERTO O. REGINO, JR.
Head, Litigation Department

DON S. SALDAÑA
Regional Sales Director,
Metro Manila/Rizal Region

GUIA MARGARITA Y. SANTOS
Head, Corporate Legal Services Division
(seconded from RCBC)

BLESILDA B. SANTOS
Head, Insurance Division

NINFA F. SEE
Regional Service Head,
South Metro Manila

RAYMOND JOEL B. SIASAT, JR.
Head, Carmen, Cagayan De Oro
Provincial Lending Center

RCBC LEASING AND FINANCE CORPORATION
Chairperson
HELEN Y. DEE

Vice Chairman
LORENZO V. TAN

President and Chief Operating Officer
ALFONSO C. TANSECO

Treasurer
IRMA E. JAPSON

Corporate Secretary
ATTY. ELLA KATRINA R. MITRA

Subsidiary:
RCBC RENTAL CORP.
President and Chief Executive Officer
ALFONSO C. TANSECO

Corporate Secretary
ATTY. ELLA KATRINA R. MITRA

International

RCBC INTERNATIONAL FINANCE LTD.
Chairman
LORENZO V. TAN

Managing Director
FEDERICO E. AGUS, JR.

RCBC NORTH AMERICA, INC.[1]
(formerly RCBC California International, Inc.)
Chairman
VICTOR P. QUISUMBING

President
EDGAR ANTHONY G. VILLANUEVA

Chief Executive Officer
EDGAR C. BULAWAN

Operations Manager
EMILIO A. CARDENAS

RCBC TELEMONEY EUROPE SpA.
Chairman
LORENZO V. TAN

Managing Director
ARIEL N. MENDOZA

Operations Manager
LAUREN E. OCAMPO

ASSOCIATES

HONDA CARS PHILIPPINES, INC.
President
TATSUYA NATSUME

Executive Vice President and Head
Manufacturing Division
KATSUNORI ISHII

ISUZU PHILIPPINES CORPORATION
President
NOBUO IZUMINA

Executive Vice President and Treasurer
TAKASHI TOMITA

LUISITA INDUSTRIAL PARK CORPORATION
President
RAMON S. BAGATSING, JR

Treasurer
ELENA F. TRAJANO

Corporate Secretary
ATTY. MARIA CELIA H. FERNANDEZ-ESTAVILLO

YGC CORPORATE SERVICES, INC.
Chairman
AMBASSADOR ALFONSO T. YUCHENGCO

President
HELEN Y. DEE

Vice President
ALBERT S. YUCHENGCO

Executive Vice President and
Chief Operating Officer
LIWAYWAY F. GENER

Treasurer
FLOR BELLA MONINA MARANON

Corporate Secretary
ATTY. SAMUEL V. TORRES

[1]Operational until March 31, 2014

SMARTER SOLUTIONS
RCBC
A YGC Member

RCBC Branch Directory

METRO MANILA

168 Mall
168 Mall Shopping Center, Stall 4H-01
Soler St., Binondo Manila
Tel. Nos. : 708-2386; 708-2387; 708-2290 to 91
Fax No. : 708-2289

A. Mabini
1353 Tesoro Bldg., A. Mabini St., Ermita, Manila
Tel. Nos. : 526-0424; 526-0444 to 45; 525-0468
Fax No. : 526-0446

Acropolis
191 Triquetra Bldg., E. Rodriguez Jr. Ave.
Libis, Quezon City
Tel. Nos. : 638-0550; 638-0552 to 53; 645-0551
Fax No. : 638-0552

Alabang
RCBC Bldg., Tierra Nueva Subd.
Alabang-Zapote Rd., Alabang, Muntinlupa City
Tel. Nos. : 807-2245 to 46; 809-0401; 809-0403
Fax No. : 850-9044

Alabang West Service Road
Alabang West Service Rd.
cor. Montillano St. and South Superhighway
Alabang, Muntinlupa City
Tel. Nos. : 556-3416 to 17; 556-3419; 666-2953
Fax No. : 556-3507

Araneta
G/F, Unit 111 Sampaguita Theatre Bldg.
cor. Gen. Araneta and Gen. Roxas Sts.
Cubao, Quezon City
Tel. Nos. : 912-1981 to 83; 912-6049
Fax No. : 912-1979

Arnaiz
843 G/F, B & P Realty, Inc. Bldg., Arnaiz Ave.
Legaspi Village, Makati City
Tel. Nos. : 869-0306; 869-0314; 869-0430; 869-9613
Fax No. : 869-9859

Arranque
1001 Orient Star Bldg.
cor. Masangkay and Soler Sts.
Binondo, Manila
Tel. Nos. : 245-7055; 244-8438; 244-8443 to 44

Ayala
Unit 709, Tower One, Ayala Triangle and
Exchange Plaza Bldg., Ayala Ave., Makati City
Tel. Nos. : 848-6983 to 85
Fax No. : 848-7003

Baclaran
21 Taft Ave., Baclaran, Parañaque City
Tel. Nos. : 832-3938; 852-8147 to 48
Fax No. : 832-3942

Banawe
Unit I-K, CTK Bldg.
385 cor. Banawe and N.Roxas Sts., Quezon City
Tel. Nos. : 742-3578; 743-0204
Fax No. : 743-0210

Bayani Road
37 Bayani Rd., AFPOVAI Subd.
Fort Bonifacio, Taguig City
Tel. Nos. : 808-7436; 856-0156
Fax No. : 808-7435

Better Living
14 Doña Soledad, Better Living Subd., Parañaque City
Tel. Nos. : 828-2174; 828-3095; 828-3478; 828-4810
Fax No. : 828-9795

BF Homes
Unit 101 Centermall Bldg., President Ave.
BF Homes, Parañaque City
Tel. Nos. : 807-8761 to 63; 842-1554
Fax No. : 842-1553

Binondo
Yuchengco Tower, 500 Q. Paredes St.
Binondo, Manila
Tel. Nos. : 241-2491; 242-5933

Boni Avenue
617 Boni Ave., Plain View, Mandaluyong City
Tel. Nos. : 532-5532; 533-0280; 533-6335; 533-6337
Fax No. : 533-6336

Buendia
Grepalife Bldg., 219 Sen. Gil J. Puyat Ave., Makati City
Tel. Nos. : 844-1896; 844-4169; 845-6411 to 12
Fax No. : 844-8868

Cainta
Multicon Bldg., FP Felix Ave., Cainta, Rizal
Tel. Nos. : 645-6703 to 04; 645-6710; 645-6713;
645-6716
Fax No. : 645-6704

Caloocan
259 Rizal Ave. Extn., Kalookan City
Tel. Nos. : 365-67-01; 365-67-41; 361-15-93
Fax No. : 361-1598

Carlos Palanca
G/F BSA Suites, Carlos Palanca St.
Legaspi Village, Makati City
Tel. Nos. : 888-6701 to 03; 888-6939
Fax No. : 888-6704

Commonwealth
G/F Verde Oro Bldg., 535 Commonwealth Ave.
Diliman, Quezon City
Tel. Nos. : 931-2309; 931-2319; 931-2375; 931-5242;
931-5251
Fax No. : 931-2328

Concepcion Marikina
17 Bayan-Bayanan Ave., Brgy. Concepcion Uno
Marikina City
Tel. Nos. : 384-3973; 571-4607; 948-4002
Fax No. : 942-6368

Connecticut/Greenhills
51 Connecticut St., Northeast Greenhills, San Juan
Tel. Nos. : 721-4495; 722-4424; 726-9793; 744-6348
Fax No. : 722-4424

Cubao
Space 37/38, Shopwise Arcade, Times Square Ave.
Araneta Center, Cubao, Quezon City
Tel. Nos. : 911-2476; 911-0870; 912-8127;
911-2527; 913-6163
Fax No. : 911-2535

D. Tuazon
19 cor. D. Tuazon St. and Quezon Ave., Quezon City
Tel. Nos. : 731-5805 to 07; 731-7261; 731-7290
Fax No. : 731-7262

Del Monte
180 Del Monte Ave., Quezon City
Tel. Nos. : 712-7567; 712-9456 to 57
Fax No. : 741-6010

Dela Rosa
G/F, Sterling Center, cor. Ormaza and Dela Rosa Sts.
Legaspi Village, Makati City
Tel. Nos. : 893-4216; 893-4312; 893-6828; 893-9050
Fax No. : 893-5039

Delta
Delta Bldg., cor. Quezon and West Ave., Quezon City
Tel. Nos. : 352-8113; 352-8115
Fax No. : 352-8112

Diliman
cor. Matalino St. and Kalayaan Ave.
Diliman, Quezon City
Tel. Nos. : 925-2148 to 49; 924-3627; 924-3629
Fax No. : 924-3628

Divisoria
New Divisoria Cond., 628 Sta. Elena
Divisoria, Manila
Tel. Nos. : 241-7847; 241-7853; 241-7884; 242-9082

Eastwood Mall
G/F, Unit A-102, Eastwood Mall
Orchard Rd. near Garden Rd., Eastwood City, Quezon City
Tel. Nos. : 470-0504; 470-6275; 470-9379; 470-9382
Fax No. : 470-9380

EDSA Kalookan
520 E. Delos Santos Ave., Kalookan City
Tel. Nos. : 990-3651 to 53
Fax No. : 990-3654

EDSA Taft
Giselle's Park Plaza, cor. EDSA and Taft Ave., Pasay City
Tel. Nos. : 832-2064; 851-2074; 852-5775
Fax No. : 852-3954

Elcano
676 Elcano St., Binondo, Manila
Tel. Nos. : 242-8684 to 85; 242-3643; 242-3598

Ermita
550 United Nations Ave., Ermita, Manila
Tel. Nos. : 523-2948; 523-2983; 525-5238;
525-5219
Fax No. : 524-1021

Fairview
Medical Arts Bldg., Dahlia St.
North Fairview, Quezon City
Tel. Nos. : 461-3011; 461-3008; 930-2010; 930-2052
Fax No. : 461-3009

Frontera Verde
G/F, Transcom Bldg., Frontera Verde Cpd.
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. : 570-6317; 570-6319; 570-9141 to 42
Telefax : 570-9144

Gilmore
100 Granada St., Valencia, Quezon City
Tel. Nos. : 725-0818; 726-2404; 726-4236
Fax No. : 725-9087

Greenbelt
BSA Tower, Legaspi St., Legaspi Village, Makati City
Tel. Nos. : 845-4051; 844-1829; 845-4881;
845-4883; 845-4880
Fax No. : 845-4883

Jupiter Makati
Unit 101, Doña Consolacion Bldg.
122 Jupiter St., Bel-Air Makati City
Tel. Nos. : 519-7744; 551-7711; 553-4142 to 43
Fax No. : 478-0798

Las Piñas
Veraville Bldg., Alabang-Zapote Rd., Las Piñas City
Tel. Nos. : 874-0394; 873-4496; 874-1659; 874-8365
Fax No. : 873-4498

Legaspi Village
First Global Bldg., cor. 122 Gamboa and Salcedo Sts.
Legaspi Village, Makati City
Tel. Nos. : 812-4893; 817-2664; 817-2689; 818-4919
Fax No. : 813-5287

Linden Suites
G/F The Linden Suites Tower II
37 San Miguel Ave., Ortigas Center, Pasig City
Tel. Nos. : 477-7267; 477-7269; 477-7271;
477-7273 to 74
Fax No. : 477-7275

Loyola Heights
G/F MQI Centre, 42 cor. E. Abada and Rosa Alvero Sts.
Loyola Heights, Quezon City
Tel. Nos. : 426-6525; 426-6528; 426-6533 to 35
Fax No. : 426-6602

Makati Avenue
G/F Executive Bldg. Center, Inc.
369 cor. Sen. Gil Puyat and Makati Ave., Makati City
Tel. Nos. : 890-7023; 890-7025; 895-7024;
895-9578; 897-9384
Fax No. : 890-7026

Makati Rada
One Legaspi Park, 121 Rada St.
Legaspi Village, Makati City
Tel. Nos. : 909-5203; 909-5201; 915-2046
Fax No. : 909-5204

Malabon
cor. J.P. Rizal Ave. Extn. and Pascual St.
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. : 516-4690; 516-4695; 516-4687
Fax No. : 516-4694

Malayan Plaza
Unit G3 and G4, G/F Malayan Plaza
cor. ADB Ave. and Opal Rd., Pasig City
Tel. Nos. : 634-7491 to 93; 635-5164
Fax No. : 635-5166

Mandaluyong
Unit 102, G/F EDSA Central Square
Greenfield District, Mandaluyong City
Tel. Nos. : 631-5804; 631-5851 to 52; 633-9585;
637-5381
Fax No. : 631-5803

Marikina
cor. Gil Fernando Ave. and Sta. Ana Extn.
Marikina City
Tel. Nos. : 646-6270; 681-6669; 681-6673 to 74
Fax No. : 681-1717

McKinley Hills
G/F Two World Hill Bldg., Upper McKinley Rd.
McKinley Town Center, Fort Bonifacio, Taguig City
Tel. Nos. : 401-6102; 401-6165; 403-1516
Fax No. : 856-1239

Meralco Avenue
G/F The Exchange Regency, cor. Meralco Ave.
and Exchange Rd., Ortigas, Pasig City
Tel. No. : 666-6125; 401-6166; AVAYA-5272

Morayta
828 Nicanor Reyes Sr. St., Sampaloc, Manila
Tel. Nos. : 735-1387; 735-4465; 736-2477; 736-2478

Navotas
551 M. Naval St., Brgy. Bangkulasi, Navotas City
Tel. Nos. : 332-15-78; 332-15-78
Fax No. : 332-16-48

New Manila
Hemady Square Bldg., 86 cor. Doña Hemady and
E. Rodriguez Sr. Ave., Quezon City
Tel. Nos. : 412-5292, 414-3683, 414-7195, 414-1197
Fax No. : 413-4778

Newport City
G/F 150 Plaza 66 Bldg., Newport City
Manlunas St., Villamor, Pasay City
Tel. Nos. : 542-2978; 556-7645 to 47
Fax No. : 556-7648

Novaliches
882 cor. Quirino Highway and Nitang St.
Novaliches, Quezon City
Tel. Nos. : 930-6188; 930-6191; 936-8677 to 78
Fax No. : 936-8676

Ortigas Avenue Greenhills
Unit 104 Grace Bldg., Ortigas Ave., Greenhills, San Juan
Tel. Nos. : 941-2473; 941-0885; 941-2093; 941-2247
Fax Nos. : 941-1475; 725-0472

Otis
Isuzu Manila, 1502 Paz M. Guanzon St., Paco, Manila
Tel. Nos. : 561-7262; 564-5367 to 68
Fax No. : 561-7272

Padre Rada
649 Padre Rada St., Tondo, Manila
Tel. Nos. : 245-0082; 245-0241; 245-0250; 245-5514

Pasay
San Bell Bldg., 2015 cor. Sen. Gil Puyat Ave. Extn.
and Leveriza St., Pasay City
Tel. Nos. : 846-6281 to 83; 846-6285; 846-6288
Fax No. : 846-6284

Paseo De Roxas
8747 G/F Lepanto Bldg., Paseo de Roxas
Makati City
Tel. Nos. : 403-7151; 403-7153; 403-7157 to 58
Fax No. : 403-7159

Pasig
92 cor. Dr. Sixto Ave. and C. Raymundo St., Pasig City
Tel. Nos. : 641-7993; 641-7914; 641-6259; 641-0640
Fax No. : 641-0639

Pasig Kapitolyo
G/F D'Ace Suites Plaza, cor. United and Brixton Sts.
Brgy. Kapitolyo, Pasig City
Tel. Nos. : 654-4428; 654-4427; 654-4423
Fax No. : 654-4420

Pasig Toby's C. Raymundo Ave.
Lot1 & 2A, Good Harvest Complex
C. Raymundo Ave., Caniogan, Pasig City
Tel. Nos. : 651-7765; 651-7768

Pasong Tamo
2283 cor. Pasong Tamo Extn. and Lumbang St.
Makati City
Tel. Nos. : 813-3348; 813-3369; 813-3442;
893-5977 to78
Fax No. : 893-5976

Quezon Avenue
1405 Quezon Ave., Quezon City
Tel. Nos. : 371-8178; 371-8184; 373-4224;
373-3551; 373-3552
Fax No. : 373-3554

Quirino Avenue
411 Anflocor Bldg., cor. Quirino Ave. and NAIA Rd.
Tambo, Parañaque City
Tel. Nos. : 851-4692; 851-4694; 852-4690; 852-0403
Fax No. : 853-4685

Raon-Sales
655-657, cor. Gonzalo Puyat and Sales Sts.
Quiapo, Manila
Tel. Nos. : 733-1654 to 55; 733-1657; 733-1661
Fax No. : 733-1662

RCBC Main Office Branch
G/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel. Nos : 878-3307 to 08; 878-3313; 878-3416;
894-9072; 894-9082; 894-9517;
Fax No. : 894-9000 loc. 2288

Rockwell
G/F Phinma Plaza, Hidalgo St.
Rockwell Center, Makati City
Tel. Nos. : 898-1502; 898-1505; 898-2049 to 50
Fax No. : 898-1503

Roosevelt
302 Roosevelt Ave.,San Francisco Del Monte
Quezon City
Tel. Nos. : 372-2412 to 13; 372-2415 to 16
Fax No. : 372-2417

Roxas Boulevard
cor. Russel St. and Roxas Blvd., Pasay City
Tel. Nos. : 853-7562; 851-7984; 851-7986;
851-8964; 853-9343
Fax No. : 851-7987

Salcedo Village
G/F Y. Tower II Bldg., cor. L.P. Leviste and Gallardo Sts.
Salcedo Village, Makati City
Tel. Nos. : 892-7715; 892-7775; 892-7794;
894-2281; 894-2288
Fax No. : 892-7786

San Lorenzo
1018 G/F L&R Bldg., A.S. Arnaiz Ave.
Makati City
Tel. Nos. : 816-2506; 843-8196; 843-2342; 844-7822
Fax No. : 843-1342

Shangri-La Extension Office
507 5th Level, Shangrila Plaza Mall
cor. EDSA and Shaw Blvd., Mandaluyong City
Tel. Nos. : 633-4485; 633-9582
Fax No. : 633-9583

Shaw Boulevard Lawson
GF SCT Bldg., 143 cor. Shaw Blvd. and Lawson St.
Mandaluyong City
Tel. Nos. : 535-1641; 535-2610; 535-2615 to 16

South Harbor
Harbor Centre I, cor. Chicago and 23rd Sts.
Port Area, Manila
Tel. Nos. : 527-6481; 527-6486; 527-7311 to 12
Fax No. : 527-7310

Southmall
Cillben Commercial Bldg., 467 Real St.
Alabang-Zapote Rd., Almanza, Las Piñas City
Tel. Nos. : 801-0321; 801-6425; 801-6489; 801-7462
Fax No. : 801-7462

Sta. Lucia East
Sta. Lucia East Grand Mall, Brickroad Area
cor. Marcos Highway and Felix Ave.
Cainta, Rizal
Tel. Nos. : 645-7911; 682-0359; 682-5857;
682-5963; 682-7126
Fax No. : 645-3685

Sta. Mesa
1-B G. Araneta Ave., Brgy. Doña Imelda
Quezon City
Tel. Nos. : 715-8936; 715-8938 to 39
Fax No. : 715-8937 to 715-8938

Sucat
2F Santana Grove
cor. Dr. A. Santos Ave. and Soreena St.
Sucat, Parañaque City
Tel. Nos. : 666-6122; 828-5761; 828-6719; 828-9813
Fax No. : 828-5615

T. Alonzo
1461-1463 Soler St., Sta Cruz, Manila
Tel. Nos. : 733-7863 to 65

Taytay
Manila East Rd., Taytay, Rizal
Tel. Nos. : 286-0490; 658-0637; 286-0658; 286-3465
Fax No. : 658-0636

Taytay Extension Office
Rizal Ave., Cuatro Cantos
Brgy. San Juan, Taytay, Rizal
Tel. Nos. : 570-4699; 570-4701; 570-7400

Tektite
1904-A East Tower, Philippine Stock Exchange Center
Ortigas Center, Pasig City
Tel. Nos. : 634-6725; 638-7302; 638-7304 to 05
Fax No. : 634-6647

The Beacon Makati
G/F cor. Don Chino Roces Ave. and Arnaiz Ave.
Brgy. Pio Del Pilar, Makati City
Tel. Nos. : 893-0076; 893-1607; 893-4293; 893-8495
Fax No. : 893-3021

The Firm
CVC Law Center , cor. 11th Ave. and 39th St.
Fort Bonifacio, Taguig City
Tel. Nos. : 519-6880; 519-6870; 519-7090
Fax No. : 519-7693

The Fort Sapphire Residences
cor. 31st St. and 2nd Ave., Cresent Park
Global City, Taguig City
Tel. Nos. : 519-1553; 519-5709; 519-5771; 519-7243
Fax No. : 519-5758

The Fort Sunlife
G/F Sunlife Bldg., cor. 5th Ave. and Rizal Drive
Bonifacio Global City, Taguig City
Tel. Nos. : 478-8213; 553-6310; 553-7152; 808-7527
Fax No. : 808-7525

Timog
RCBC Bldg., 36 Timog Ave., Quezon City
Tel. Nos. : 373-2832 to 33; 373-7218 to 19
Fax No. : 371-4306

Tomas Mapua
Park Tower Cond., 630 Tomas Mapua St.
Sta. Cruz, Manila
Tel. Nos. : 733-0611; 733-0631; 734-1069; 734-1201
Fax No. : 733-0617

Tordesillas
G/F Metropole Bldg., cor. Tordesillas and Gil Puyat Sts.
Brgy. Bel-Air, Makati City
Tel. Nos. : 808-1059; 808-1396; 808-2080; 808-2378
Fax No. : 808-2378

Trinoma
Space P015B Level 1, Trinoma
cor. EDSA and North Ave., Quezon City
Tel. Nos. : 474-0192; 901-6105; 901-6108;
901-6146; 901-6179
Fax No. : 901-6146

Tutuban
G/F Center Mall I, Tutuban Center
C.M. Recto Ave., Manila
Tel. Nos. : 251-0410; 251-0412; 251-0449; 253-1446

Unimart
Greenhills Commercial Complex
Ortigas Ave., San Juan
Tel. Nos. : 721-2120 to 21; 721-2123; 721-3552;
721-6388
Fax No. : 727-2884

Valenzuela
231 Mac Arthur Highway, Karuhatan, Valenzuela City
Tel. Nos. : 291-6592 to 93; 293-8378; 291-9551
Fax No. : 293-6204

Wack Wack
Unit K, Facilities Center Bldg.
548 Shaw Blvd., Mandaluyong City
Tel. Nos. : 533-8182; 534-2394; 534-4305; 534-4416
Fax No. : 534-4416

West Avenue
135 West Insula Bldg., Brgy. Bungad
West Ave. and EDSA, Quezon City
Tel. Nos. : 294-34-39 to 94; 294-54-94; 962-86-02
Fax No. : 254-52-83

LUZON

Angeles
RCBC Bldg., cor. Sto. Rosario St. and Teresa Ave.
Angeles City
Tel. Nos. : (045) 887-1566; 888-2532; 888-8633
Fax No. : (045) 322-1510

Angeles Sto. Cristo
243 Sto. Entierro St., Brgy. Sto. Cristo, Angeles City
Tel. Nos. : (045) 322-7222; 626-2060 to 61; 626-2120
Fax No. : (045) 887-2811

Aparri
108 J.P. Rizal St., Brgy. Centro 14, Aparri, Cagayan
Tel. Nos. : (078) 888-0347; 888-0349 to 50;
(02) 894-9000 loc. 5386
Fax No. : (078) 888-0348

Bacao Extension Office
Yokota Commercial Bldg., Bacao Rd., Brgy. Bacao 2
Gen. Trias, Cavite
Tel. No. : (046) 437-6125
Telefax : (046) 437-6127

Bacoor
Maraudi Bldg., Gen. E. Aguinaldo Highway
Brgy. Niog, Bacoor, Cavite
Tel. Nos. : (046) 417-0736; 417-7454; 417-7662;
(02) 529-8969

Baguio
RCBC Bldg., 20 Session Rd., Baguio City
Tel. Nos. : (074) 442-2077; 442-5345 to 46
Fax No. : (074) 442-3512

Balagtas
McArthur Highway, Borol 1st, Balagtas, Bulacan
Tel. Nos. : (044) 693-1350 to 51
Fax No. : (044) 693-1351

Balanga
cor. Don Manuel Banzon Ave. and Cuaderno St.
Balanga City, Bataan
Tel. Nos. : (047) 237-9693; 237-9695
Fax No. : (047) 237-9694

Balibago
McArthur Highway, Balibago, Angeles City
Tel. Nos. : (045) 331-5188; 625-5587; 892-0764
Fax No. : (045) 625-5736

Baliuag
01 cor. J.P. Rizal and S. Tagle Sts., Baliwag, Bulacan
Tel. Nos. : (044) 766-2643; 766-3530
Fax No. : (044) 766-2642

Batac
Marcos Blvd., Brgy. 10 Lacub, Batac, Ilocos Norte
Tel. Nos. : (077) 670-1812; 617-1631
Fax No. : (077) 792-3126

Batangas
17 cor. Rizal Ave. and P. Gomez St., Batangas City
Tel. Nos. : (043) 723-3105; 723-7720; 723-7870
Fax No. : (043) 723-1802

Bauan Extension Office
J.P. Rizal St., Poblacion, Bauan, Batangas
Tel. Nos. : (043) 727-2715; 727-2738; AVAYA-5377

BEPZ, Bataan
RCBC Bldg., Afab, Mariveles, Bataan
Tel. Nos. : (047) 935-4021 to 23
Fax No. : (045) 935-4020

Biñan
G/F Admin Bldg., Laguna International Industrial Park
Mamplasan, Biñan, Laguna
Tel. Nos. : (049) 539-0167; (02) 520-9174
Fax No. : (049) 539-0177

Boac Extension Office
Reyes St., Brgy. San Miguel, Boac, Marinduque
Tel. No. : (042) 332-0319

Cabanatuan
1051 Burgos Ave., Cabanatuan City, Nueva Ecija
Tel. Nos. : (044) 463-8420; 463-5359; 464-7473
Fax No. : (044) 463-0533

Calamba
cor. National Highway and Dolor St.
Crossing, Calamba City, Laguna
Tel. Nos. : (049) 545-1720; 545-1930; 545-6166;
545-9174
Fax No. : (049) 545-6165

Carmelray
G/F Admin Bldg., Carmelray Industrial Park 1
Canlubang, Calamba City, Laguna
Tel. Nos. : (049) 549-1372; 549-2898; 549-1373
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) 502-6877; 545-0964; 545-1295
Fax No. : (049) 545-0040

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 No. : (078) 652-2371

Cavite City
P. Burgos Ave., Caridad, Cavite City
Tel. Nos. : (046) 431-2242; 431-5951; (02) 529-8503
Fax No. : (046) 431-2398

Clark
Bldg. N4033, C.M. Recto Highway, Clark Freeport Zone
Tel. Nos. : (045) 499-3029; 599-3058
Fax No. : (045) 599-3057

Clark 2
Berthaphil III Clark Center, Jose Abad Santos Ave.
Clark Freeport Zone
Tel. Nos. : (045) 499-1168; 499-2162
Fax No. : (045) 499-1167

CPIP-Batino
Citigold Bldg., Calamba Premiere International Park
Brgy. Batino, Calamba City, Laguna
Tel. Nos. : (049) 545-0015; 545-0018 to 19
Fax No. : (045) 545-0016

Dagupan
RCBC Bldg., A.B. Fernandez Ave., Dagupan City
Tel. Nos. : (075) 522-0303; 522-0828 to 29; 653-3440
Fax No. : (075) 515-6584

Dasmariñas
RCBC Bldg., FCIE Cpd., Governor's Drive Langkaan
Dasmariñas, Cavite
Tel. Nos. : (046) 402-0031 to 33; (02) 529-8118
Fax No. : (046) 402-0034

Dasmariñas Pala Pala
Dasmariñas Commercial Complex
Pala-Pala, Governor's Drive, Dasmariñas, Cavite
Tel. Nos. : (046) 686-1673 to 74; 686-7840

Dasmariñas-Mangubat Drive
Heritage Bldg., Mangubat Drive, Dasmariñas, Cavite
Tel. Nos. : (046) 416-6698; 416-6865; 850-0830;
(02) 529-8133
Telefax : (046) 416-6865

DMIA Extension Office
DMIA Bldg., 7549 Clark Freeport Zone
Tel. No. : (045) 477-8292

Gapan
Tinio St., San Vicente, Gapan City, Nueva Ecija
Tel. Nos. : (044) 486-0936; 486-1389; 940-2853
Fax No. : (044) 486-0375

SMARTER SOLUTIONS

RCBC

A YGC Member

Gateway
RCBC Bldg., Gateway Business Park
Brgy. Javalera, Gen. Trias, Cavite
Tel. Nos. : (046) 433-0126; 433-0289; (02) 6700-5355
Fax No. : (046) 433-0250

Gateway Extension Office
G/F, Samantha's Place Commercial Bldg.
Governor's Drive, Manggahan, Gen. Trias, Cavite
Tel. Nos. : 686-7840; 686-7854

GMA, Cavite
Citi Appliance Bldg., Brgy. San Gabriel
Governor's Drive, GMA, Cavite
Tel. Nos. : (046) 890-2365; 972-0317; (02) 520-8708

Guimba
Afan Salvador St., Guimba, Nueva Ecija
Tel. No. : (044) 611-1060
Fax No. : (044) 943-0020

Hacienda Luisita
Robinson's Plaza, San Miguel, Tarlac City
Tel. Nos. : (045) 985-1545 to 46
Fax No. : (045) 985-1544

Ilagan, Isabela
RCK Bldg., Calamagui 2nd Maharlika Rd., Ilagan, Isabela
Tel. Nos. : (078) 622-3158; 624-1168
Fax No. : (078) 624-1158

Imus
Esguerra Bldg., Palico IV
Aguinaldo Highway, Imus, Cavite
Tel. Nos. : (046) 471-3784; (02) 529-8622
Fax No. : (046) 471-3816

La Trinidad
Peliz Loy Centrum Bldg., Km. 5, La Trinidad, Benguet
Tel. Nos. : (074) 424-3344; 424-3346 to 48
Fax No. : (074) 424-3349

La Union
cor. Quezon Ave. and P. Burgos St.
San Fernando City, La Union
Tel. Nos. : (072) 242-5575 to 76; 700-5575
Fax No. : (02) 246-3004

Laguna Technopark
LTI Administration Bldg. II, Laguna Technopark
Brgy. Malamig, Biñan, Laguna
Tel. Nos. : (049) 541-2756; 541-3271; 544-0719;
(02) 520-8114
Fax No. : (049) 541-2755

Laoag
Jackie's Commercial Bldg. II, Rizal St., Laoag City
Tel. Nos. : (077) 772-0616; 772-1765
Fax No. : (077) 771-4447

Legazpi City
G/F M. Dy Bldg., Rizal St., Legazpi City
Tel. Nos. : (052) 480-6416; 480-6053;
(02) 429-1812; (02) 429-1819
Fax Nos. : (052) 480-6416; (02) 429-1812

Lima
Lima Technology Center, Malvar, Batangas
Tel. Nos. : (043) 981-1847
Telefax : (043) 981-1849

Lipa
cor. C.M. Recto and E. Mayo Sts., Lipa City
Tel. Nos. : (043) 756-2565; 756-6479
Fax No. : (043) 756-0220

LISPIII Extension Office
(Carmelray2 Extension)
LISP3 Admin. Bldg., Millenium Drive
Brgy. San Rafael, Sto. Tomas, Batangas
Tel. Nos. : (049) 530-9614; 530-9619
Fax No. : (049) 530-9604

Lucena
cor. Quezon Ave. and M.L. Tagarao St.
Lucena City
Tel. Nos. : (042) 710-4086; 710-6461; 710-4458;
(02) 250-8208
Fax No. : (042) 710-4086

Lucena-Evangelista
cor. Quezon Ave. and Evangelista St.
Lucena City
Tel. Nos. : (042) 710-5788; 710-8068
Telefax : (02) 250-8325

Malolos
FC Bldg., McArthur Highway
Bo. Sumapang Matanda, Malolos, Bulacan
Tel. No. : (044) 662-1228
Fax No. : (02) 299-8147

Marinduque
EDG Bldg., Brgy. Lapu-Lapu, Sta. Cruz, Marinduque
Tel. No. : (042) 321-1941
Fax No. : (042) 321-1942

Masbate
Quezon St., Masbate City
Tel. No. : (056) 333-2269
Fax No. : (056) 333-2885

Meycauayan
VD & S Bldg., McArthur Highway
Calvario, Meycauayan City, Bulacan
Tel. Nos. : (044) 935-2583; 935-2590
Fax No. : (044) 935-2821

Naga
G/F Crown Hotel Bldg., Peñafrancia Ave., Naga City
Tel. Nos. : (054) 473-9114; 811-9115 to 16;
(02) 250-8182 (Manila Line)
Fax No. : (054) 473-9114

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;
Fax No. : (048) 433-5352

Palawan National Highway
Lustre Arcade, National Highway
Brgy. Tiniguiban, Puerto Princesa City
Tel. Nos. : (048) 723-0358 to 60

Rosario
Cavite Export Processing Zone, Rosario, Cavite
Tel. Nos. : (046) 437-6255; 437-6260; 437-6549 to 50;
971-0586; (02) 529-8829 to 30
Fax No. : (046) 971-0587

San Fernando
G/F Hiz-San Bldg., McArthur Highway
Brgy. Dolores, City of San Fernando, Pampanga
Tel. Nos. : (045) 963-4757 to 59; 963-4761
Fax No. : (045) 963-4760

San Fernando Jose Abad Santos Avenue (JASA)
Kingsborough, Jose Abad Santos Ave.
San Jose, City of San Fernando, Pampanga
Tel. No. : (045) 961-5143
Fax No. : (045) 961-5147

San Fernando Sindalan
SBC Bldg., McArthur Highway, Sindalan
City of San Fernando, Pampanga
Tel. Nos. : (045) 455-0380; 455-3082; 861-3661 to 62
Fax No. : (045) 455-0381

San Jose City, Nueva Ecija
Mokara Bldg., Maharlika Highway, Abar 1st
San Jose City, Nueva Ecija
Tel. Nos. : (044) 511-1408; 958-5090
Fax No. : (044) 958-5097

San Pablo
Ultimart Shopping Plaza, M. Paulino St., San Pablo City
Tel. Nos. : (049) 562-0782; (049)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 Aveles Bldg., Maharlika Rd., Victory Norte
Santiago City, Isabela
Tel. No. : (078) 682-7426
Fax No. : (078) 682-4599

Science Park
Admin. Bldg., LISP 1, Pulo Rd., Brgy. Diezmo
Cabuyao, Laguna
Tel. Nos. : (049) 543-0105 to 06; 543-0571
Fax No. : (049) 543-0572

Solano
211 J.P. Rizal Ave., National Highway
Solano, Nueva Vizcaya
Tel. No. : (078) 326-6678
Fax No. : (078) 326-5559

Sta. Cruz
Cor. A. Regidor and Burgos Sts.
Sta. Cruz, Laguna
Tel. Nos. : (049) 501-2136; 501-3538; 501-4586

Sta. Cruz Extension Office
Techxon Bldg., Sitio Narra, Brgy. Labuin
Sta. Cruz, Laguna
Tel. Nos. : (049) 500-9401; 500-9408

Sta. Maria
39 J.P. Rizal St., Poblacion, Sta. Maria, Bulacan
Tel. Nos. : (044) 641-0251; 641-4845; 641-5371
Fax No. : (044) 288-2694

Sta. Rosa Balibago-Waltermart Extension Office
Upper G/F Waltermart Center, Sta. Rosa, Laguna
Tel. Nos. : (049) 530-2507; (02) 894-9000 loc. 5381
Telefax : (049) 530-2508

Sta. Rosa Solenad 2 Extension Office
Unit M20 Bldg., 2 Nuvali Solenad 2, National Rd.
Brgy. Sto Domingo, Sta. Rosa, Laguna
Tel. Nos. : (049) 530-1384, (049) 530-1482
Telefax : (049) 530-1281

Sta. Rosa-Balibago
Carvajal Bldg., Old National Highway, Balibago
Sta. Rosa, Laguna
Tel. Nos. : (049) 534-5018 ; (02) 520-8443
Fax No. : (049) 534-5018

Sta. Rosa
Unit 1, Sta. Rosa Country Market
Paseo de Sta Rosa, Brgy. Don Jose, Sta. Rosa, Laguna
Tel. Nos. : (049) 541-2751 to 54; (02) 420-8020;
520-8115
Fax No. : (049) 541-2343

Subic Freeport Ecozone
Royal Subic Duty Free Complex, cor. Rizal and Argonaut
Highways, Subic Free Port Zone, Olongapo City
Tel. Nos. : (047) 252-5023 to 26
Fax No. : (047) 252-5024

Tabaco
232 Ziga Ave., Tabaco City, Albay
Tel. Nos. : (052) 487-7042; (052) 830-0112

Tagaytay
Unit 1 Olivarez Plaza
Emilio Aguinaldo Highway, Tagaytay City
Tel. Nos. : (046)483-0540 to 43; (02) 845-3302
Fax No. : (046) 483-0542

Tarlac
F. Tañedo St., Tarlac City
Tel. Nos. : (045) 982-0820 to 21; 982-3389
Fax No. : (045) 982-1394

Tayug
A. Bonifacio St., Tayug, Pangasinan
Tel. Nos. : (075) 572-2024; 572-4800
Fax No. : (075) 572-6515

Tuguegarao
cor. Bonifacio and Gomez Sts.
Tuguegarao City, Cagayan
Tel. Nos. : (078) 844-1165; 846-2845
Fax No. : (078) 844-1926

Urdaneta
E.F. Square Bldg., McArthur Highway
Urdaneta City, Pangasinan
Tel. Nos. : (075) 656-2289; 568-8436
Fax No. : (075) 568-8436

VISAYAS

Antique
cor. Solana and T. Fornier Sts., San Jose, Antique
Tel. Nos. : (036) 540-7025; 540-8191 to 92
Fax No. : (036) 540-8191

Bacolod Lacson
Lourdes C. Centre II, 14th Lacson St., Bacolod City
Tel. Nos. : (034) 432-3189; 709-0488
Fax No. : (034) 432-3441

Bacolod Libertad
A.U. Gomez Bldg., Libertad Ext., Bacolod City
Tel. Nos. : (034) 433-9646; 434-8193; 707-6207
Fax No. : (034) 433-9647

Bacolod Main
cor. Rizal and Locsin Sts., Bacolod City
Tel. Nos. : (034) 433-0835; 433-7844; 433-7850;
434-7348
Fax No. : (034) 434-5443

Bacolod Shopping
MFC Bldg., Capitol Shopping Center
Hilado Extension, Bacolod City
Tel. Nos. : (034) 434-6807 to 08; 433-8483;
709-1710; 709-1708
Fax No. : (034) 433-0828

Balamban Extension Office
D.C. Sanchez St., Balamban, Cebu
Tel. Nos. : (032) 465-3451 to 52; (032) 266-9127
Telefax : (032) 465-3450

Banilad
A.S. Fortuna St., Banilad, Cebu City
Tel. Nos. : (032) 346-3892; 346-3894; 346-543;
346-7083
Fax No. : 346-3891

Bayawan
National Highway, Bayawan City, Negros Oriental
Tel. No. : (035) 531-0554
Telefax : (035) 228-3322

Boracay
Station 1, Brgy. Balabag Boracay, Malay, Aklan
Tel. Nos. : (036) 288-1905 to 06
Fax No. : (036) 288-1905

Cadiz
cor. Abelarde and Mabini Sts., Cadiz City
Tel. Nos. : (034) 493-0531; 493-0567; 493-0751
Fax No. : (034) 493-0531

Calbayog
Magsaysay Blvd. and Gomez St.
Calbayog City, Western Samar
Tel. Nos. : (055) 209-1338; 209-1565
Fax No. : (055) 533-9013

Catarman
Ang Ley Bldg., J.P. Rizal St., Catarman, Northern Samar
Tel. Nos. : (055) 500-9480; 500-9482
Fax No. : (055) 251-8071

Catbalogan
Del Rosario St., Catbalogan, Western Samar
Tel. Nos. : (055) 251-2005; 251-2775
Fax No. : (055) 543-9062

Caticlan Extension Office
Jetty Port, Brgy. Caticlan, Malay, Aklan
Tel. No. : (036) 288-7644

Cebu - Paseo Arcenas
Don Ramon Arcenas St. along R. Duterte St.
Banawa, Cebu City
Tel. Nos. : (032) 236-8012; 236-8016
Telefax : (032) 236-8017

Cebu - Sto. Nino
Belmont Hardware Depot Bldg., cor. P. Burgos and Legaspi
Sts., Brgy. San Roque, Cebu City
Tel. Nos. : (032) 253-6028; 256-0173; 412-1828
Telefax : (032) 255-8256

Cebu Business Park
Lot 1, Block 6, cor. Mindanao Ave. and Siquijor St.
Cebu Business Park, Cebu City
Tel. Nos. : (032) 233-6229; 238-6923; 416-3708
Fax No. : (032) 233-5450

Cebu IT Park
S-04 G/F Skyrise 4 Bldg., Cebu IT Park, Lahug, Cebu City
Tel. Nos. : (032) 260-0511; 260-0515; 260-0526
Fax No. : (032) 260-0496

Cebu Manalili
Tan Sucheng Bldg., V. Gullas St. (formerly Manalili St.)
Cebu City
Tel. Nos. : (032) 253-0624; 255-0422; 255-2050;
412-3441
Fax No. : (032) 256-1671

Consolacion
Admin. Bldg., National Highway, Consolacion, Cebu
Tel. Nos. : (032) 423-9335; 564-2014; 564-2052
Fax No. : (032) 564-2049

Dumaguete
Dr. V. Locsin St., Dumaguete City, Negros Oriental
Tel. Nos. : (035) 225-1349; 422-8096; 422-8422
Fax No. : (035) 422-8096

Fuente Osmeña
Grepalife Tower, Fuente Osmeña, Rotonda, Cebu City
Tel. Nos. : (032) 253-2560; 255-3326; 255-4886;
255-3566; 255-9864
Fax No. : (032) 253-0018

Guadalupe
63 M. Velez St., Cebu City
Tel. Nos. : (032) 254-3102; 254-3104; 254-5512;
255-5353
Fax No. : (032) 254-3103

Hinigaran
Rizal St., National Rd., Hinigaran, Negros Occidental
Tel. Nos. : (034) 391-2322 to 23
Fax Nos. : (034) 391-2321; 391-2323; 740-7576 (Globe)

Iloilo
J.M. Basa Iloilo Business Center
cor. J.M. Basa and Arsenal Sts., Iloilo City
Tel. Nos. : (033) 336-9643; 336-9714; 337-8100
Fax No. : (033) 337-8100

Iloilo Mabini
Go Pun Bldg., cor. Mabini and Delgado Sts., Iloilo City
Tel. Nos. : (033) 336-6616; 509-1732
Fax No. : (033) 336-3728

Iloilo-Ledesma
cor. Ledesma and Quezon Sts., Iloilo City
Tel. Nos. : (033) 338-4370; 508-6019
Telefax : (033) 338-4369

Jaro
cor. E. Lopez and Seminario Sts., Jaro, Iloilo City
Tel. Nos. : (033) 320-4074; 320-4077
Fax No. : (033) 320-4075; 508-4100

JCentre Mall
Lower G/F, JCentre Mall, 165 A.S. Fortuna St., Bakilid
Mandaue City, Cebu
Tel. Nos. : (032) 520-3258; 520-3260; 520-3263;
Globe (032) 420-0369
Fax No. : (032) 520-3260

Kabankalan
Guanzon St., Kabankalan City, Negros Occidental
Tel. Nos. : (034) 471-2316; 471-2516
Fax No. : (034) 471-2516

Kalibo
Lu Bldg. Roxas Ave., Kalibo, Aklan
Tel. No. : (036) 262-3474
Fax Nos. : (036) 268-5108; 500-8262

Mactan
RCBC Bldg., MEPZ 1, Mactan, Lapu-Lapu City
Tel. Nos. : (032) 340-0750; 340-0737; 340-1282;
340-1726; 340-1810; 340-1853; 340-2955
Fax No. : (032) 340-0737

Mandaue
A.C. Cortes St., Ibabao, Mandaue City
Tel. Nos. : (032) 345-5561; 346-0025; 346-1283;
346-1727
Fax No. : 346-0948

MEPZ 2 Extension Office
Pueblo Verde, Mactan Ecozone
Brgy. Basak, Lapulapu City
Tel. Nos. : (032) 340-1686; 340-1778; 341-2738
Fax No. : (032) 340-5422

North Reclamation
G/F CIFC Tower, cor. JL Briones St. and J. Luna Ave.
North Reclamation Area, Cebu City
Tel. Nos. : (032) 231-7044 to 45; 231-9975
Fax No. : (032) 231-7042

Ormoc
G/F MFT Bldg., cor. Real and Carlos Tans Sts., Ormoc City
Tel. Nos. : (053) 255-3292; 255-3454; 255-4225;
561-8134; 561-8701
Fax No. : (053) 255-4225

Roxas City
TATC Plaridel St., Brgy. VIII., Roxas City
Tel. Nos. : (036) 522-3570; 621-1210
Fax No. : (036) 621-1104; 621-1104

San Carlos
Laguda Bldg., Locsin St., San Carlos City
Tel. Nos. : (034) 312-5141; 729-8605
Fax No. : (034) 312-5142

Sara
RCBC Bldg., Don Victorino, Salcedo St., Sara Iloilo
Tel. No. : (033) 392-0156
Fax No. : (033) 392-0172

Silay
cor. Rizal and Burgos Sts., Silay City
Tel. Nos. : (034) 495-0505; 495-1989
Fax No. : (034) 495-1990

Taboan
cor. Lakandula and C. Padilla Sts., Cebu City
Tel. Nos. : (032) 261-6061 to 62
Fax No. : (032) 261-7213

Tacloban
RSB Bldg., cor. Zamora and Sto. Niño Sts., Tacloban City
Tel. Nos. : (053) 321-2892; 321-2917; 325-5058;
325-7326; 523-4167
Fax Nos. : (053) 523-4167; 523-1930

Tagbilaran
RCBC Bldg., C.P.G. Ave., Tagbilaran City
Tel. Nos. : (038) 412-3555; 412-3583; 501-7536
Fax No. : (038) 412-3583

Talisay Extension Office
South Central Square, Lawaan, Talisay City Cebu
Tel. Nos. : (032) 505-5194; 505-6199
Telefax : (032) 505-4416

Toledo
G/F Toledo Commercial Village Bldg., Rafols St.
Poblacion, Toledo City, Cebu
Tel. No. : (032) 322-5300
Fax Nos. : (032) 322-5301; 467-9635

MINDANAO

Ateneo de Davao Extension Office
G/F, F-106 Finster Bldg.
Ateneo de Davao University Main Campus
cor. C.M. Recto and Roxas Ave., Davao City
Tel. Nos. : (082) 295-2707; 295-3127; 295-3784

Butuan
Dy Esteban Bldg. II, Ester Luna St., Butuan City
Tel. Nos. : (085) 341-5267; 341-8829; 342-7551;
342-8923
Fax No. : (085) 341-9093

Butuan Extension Office
Brgy. Tandang Sora, J.C. Aquino Ave., Butuan City
Tel. No. : (085) 342-7663
Fax No. : (085) 342-7661

Calinan Extension Office
National Highway, Poblacion Calinan, Davao City
Tel. Nos. : (082) 284-1443; 284-1445

Carrascal Extension Office
Brgy. Gamuton, Carrascal, Surigao del Sur
Tel. Nos.----to follow

CDO Lapasan
Lapasan Highway, Lapasan, Cagayan de Oro City
Tel. Nos. : (088) 856-1888; 856-3888; (08822) 728-447
Fax No. : (08822) 722-448

CDO Limketkai
Gateway Tower 1, Limketkai Center
Cagayan de Oro City
Tel. Nos. : (088) 852-1291; 856-3707
Telefax : (088) 856-3708

CDO Osmeña
Simplex Bldg., Osmena St.
Cagayan de Oro City
Tel. Nos. : (088) 857-1888; (08822); 852-1329; 726-754
Telefax : (088) 856-2888

CDO Velez
cor. A. Velez and Cruz Taal Sts.
Cagayan de Oro City
Tel. Nos. : (088) 856-4982; (08822) 726-057; 727-964
Telefax : (088) 856-8888

Cotabato
M Bldg., Quezon Ave., Cotabato City
Tel. Nos. : (064) 421-3565; 421-3585
Fax No. : (064) 421-3575

Dadiangas
Pioneer Ave., General Santos City
Tel. Nos. : (083) 552-3034; 552-4634; 552-5470
Fax No. : (083) 552-3034

Damosa Gateway Mall
Damosa Gateway Commercial Complex
cor. J.P. Laurel Ave. and Mamay Rd. Lanang
Davao City
Tel. No. : (082) 234-7002
Telefax : (082) 234-7019

Davao
RCBC Bldg. cor. C.M. Recto and Palma Gil Sts.
Davao City
Tel. Nos. : (082) 222-7901 to 03; 300-4299
Fax No. : (082) 221-6034

Davao Bajada
cor. J.P. Laurel Ave. and Villa Abrille St.
Davao City
Telefax : (082) 225-1112; 305-5231

Davao-Quirino
E. Quirino Ave., Davao City
Tel. Nos. : (082) 221-4909; 221-4912
Fax No. : (082) 300-4288

Digos
RCBC Bldg., cor. J.P. Rizal and M.L. Roxas Sts.
Digos City, Davao Del Sur
Tel. No. : (082) 553-2560
Fax No. : (082) 553-2319

Dipolog
cor. General Luna and Balintawak Sts.
Dipolog City
Tel. No. : (065) 212-2543
Telefax : (065) 212-2542

Dole Extension Office
Dole Phils. Pavillion, Polomolok
South Cotabato
Tel. Nos. : (083) 500-2500 loc 3627; 500-2643
Fax No. : (083) 500-2643

General Santos City
RGH Bldg., J. Catolico Ave., Lagao
Tel. Nos. : (083) 553-8880; 553-8883
Fax Nos. : (083) 301-347300-2643

Iligan
Lanao Fil-Chinese Chamber of Commerce, Inc. Bldg.
cor. Quezon Ave. and B. Labao St., Iligan City
Tel. Nos. : (063) 221-5443; 221-5449; 223-8333
Telefax : (063) 221-3006

Ipil
National Highway, Ipil
Zamboanga Sibugay
Tel. Nos. : (062) 333-2254; 333-2257
Fax No. : (062) 333-2257

Isulan
cor. National Highway and Lebak Rd.
Isulan, Sultan Kudarat
Tel. Nos. : (064) 201-3867; 201-4912
Telefax : (064) 471-0233

Kabacan
Poblacion, National Highway
Kabacan, Cotabato Province
Tel. No. : (064) 248-2207
Telefax : (064) 248-2058

Kidapawan
KMCC Bldg., Dayao St., Kidapawan City
North Cotabato
Tel. Nos. : (064) 288-1572 to 73

Malaybalay
Tiongson Bldg., 8 Don Carlos St.
Malaybalay City, Bukidnon
Tel. Nos. : (088) 813-3565 to 66
Telefax : (088) 813-3564

Maramag Extension Office
Fibeco Cpd., Sayre Highway
Anahawon, Maramag Bukidnon
Tel. No. : (088) 238-5591
Fax No. : (088) 238-5589

Marbel
cor. General Santos Drive and Roxas Sts.
Koronadal City, South Cotabato
Tel. Nos. : (083) 228-2331; 520-1378
Fax No. : (083) 228-2333

Marbel Extension Office
Kobe Bldg., NDMU Cpd, Alunan Ave.
Koronadal City, South Cotabato
Tel. No. : (083) 228-7914

Nabunturan
SMPTC Bldg., Tirol & Calamba Purok 7
Lauro Arabejo St., Poblacion, Nabunturan
Compostela Valley Province
Tel. No. : 0998-979-0360

NCCC Mall Davao
NCCC Mall, Davao Crossing
McArthur Highway and Ma-A Rd.
Matina, Davao City
Tel. Nos. : (082) 297-1247; 299-3974; 299-3976

Ozamis
cor. Don Anselmo Bernard Ave. and Mabini Sts.
Ozamis City
Tel. Nos. : (088) 521-1311 to 12; 521-1559
Fax No. : (088) 521-1559

Pagadian
RCBC Bldg., Rizal Ave.
San Francisco District
Pagadian City
Tel. Nos. : (062) 9250-397; (062) 214-1271; 214-1773;
214-1781
Fax Nos. : (062) 214-1781; 925-0397

Panabo
Gaisano Panabo Grand Mall
Quezon St., Panabo City
Davao Del Norte
Tel. Nos. : (084) 645-0002; 822-1192; 822-1320
Fax No. : (084) 822-1192

Polomolok
B-French St., Polomolok
South Cotabato
Tel. Nos. : (083) 225-2148; 500-9561; 500-9161
Telefax : (083) 500-9161

R. Castillo Davao Extension Office
Techno Trade Corporate Bldg.
164 R. Castillo St., Agdao
Davao City
Tel. Nos. : (082) 234-0135; 234-0137

Roadway Inn Extension Office
Roadway Inn, J.P. Laurel Ave.
Bajada, Davao City
Tel. Nos. : (082) 222-0207; 222-0198

Sta. Ana
cor. Monteverde and Sales Sts.
Sta. Ana, Davao City
Tel. Nos. : (082) 221-1794; 221-1950; 221-2160
Fax No. : (082) 221-1795

Surallah
cor. National Highway and Mabini St.
Surallah, South Cotabato
Tel. Nos. : (083) 238-3017; 238-3250
Fax No. : (083) 238-3018

Surigao
cor. San Nicolas and Burgos Sts.
Surigao City
Tel. Nos. : (086) 231-7266; 826-1288
Telefax : (086) 826-4034

Tacurong
G/F Hilario Bldg.
cor. National Highway and Bonifacio Sts.
Tacurong City, Sultan Kudarat
Tel. Nos. : (064) 200-3189; 200-3440; 200-3442
Fax No. : (064) 477-0250

Tagum
RCBC Bldg., cor. Pioneer Ave. and Quirante II St.
Tagum City, Davao Del Norte
Tel. Nos. : (084) 217-3247; 217-3272; 400-3113
Fax No. : (084) 400-1006

Tandag
Pimentel Bldg., Donasco St.
Tandag, Surigao Del Sur
Tel. Nos. : (086) 211-3065 to 66
Fax No. : (086) 211-3063

Toril
G/F Felcris Supermarket
McArthur Highway (Toril District)
Tel. Nos. : (082) 295-1600; 295-1700
Fax No. : (082) 295-2800

Valencia
Sayre National Highway
Valencia, Bukidnon
Tel. Nos. : (088) 828-2166 to 67
Fax No. : (088) 828-2166

Victoria Plaza
Victoria Plaza Mall
J.P. Laurel Ave., Davao City
Tel. Nos. : (082) 221-8580 to 83
Fax No. : (082) 221-8581

Zamboanga
SIA Bldg., Tomas Claudio St.
Zamboanga City
Tel. Nos. : (062) 991-0753 to 54; 991-2048
Fax No. : (062) 991-0754

Zamboanga Veterans
YPC Bldg., Veterans Ave.
Zamboanga City
Tel. Nos. : (062) 990-1200 to 01
Fax Nos. : (062) 990-1201; 991-1420

SMARTER SOLUTIONS
RCBC
A YGC Member

RCBC Savings Bank Branch Directory

METRO MANILA REGION

Agustin
Agustin 1 Bldg., Ruby Rd.
Ortigas, Pasig
Tel. Nos. : 631-2031; 631-2027

Ampid
122 Gen. Luna St., Ampid I
San Mateo, Rizal
Tel. Nos. : 941-7788; 998-2799; 997-3761

Angono
M.L. Quezon Ave., Brgy. San Pedro
Angono, Rizal
Tel. Nos. : 651-0731; 451-0456

Anonas
cor. 69 Anonas and Chico Sts.
Project 2, Quezon City
Tel. Nos. : 925-1320; 928-9762

Antipolo Lores
G/F Lores Country Plaza, M.L. Quezon Extn.
Brgy. San Roque, Antipolo City
Tel. Nos. : 696-9130; 696-9133 to 34

Antipolo-Taytay
Palmera II, Ortigas Extn., Taytay, Rizal
Tel. Nos. : 660-3854 to 55; 660-3858

Ayala Alabang
G/F Sycamore Bldg., Alabang Zapote Rd.
Ayala Alabang, Muntinlupa City
Tel. Nos. : 850-8825 to 26; 850-9712

Ayala Avenue
6780 JAKA Bldg., Ayala Ave., Makati City
Tel. Nos. : 893-7265 to 66; 812-4066

Baclaran
3916 cor. Quirino Ave. and Aragon St.
Baclaran, Parañaque City
Tel. Nos. : 853-9692 to 93; 551-1593

Barangka
Bldg. J, Riverbanks Center
84 A. Bonifacio Ave., Barangka, Marikina City
Tel. Nos. : 948-1093; 991-5442

Betterliving
Doña Soledad St., Better Living Subd.
Bicutan, Parañaque City
Tel. Nos. : 824-0175; 823-9232; 659-6204

Binangonan
cor. M.L. Quezon and P. Zamora Sts.
Libid, Binangonan, Rizal
Tel. Nos. : 652-0082; 652-1177

Binangonan Extension
Perez Cmpd., National Road
Calumpang, Binangonan, Rizal
Tel. Nos. : 330-6158; 558-700 loc 5172

Blumentritt
1876 cor. Blumentritt and Andrade Sts.
Sta. Cruz, Manila
Tel. Nos. : 781-8342; 743-1316; 749-2902

C. Raymundo (Amoranto)
G/F JG Bldg. along C. Raymundo Ave.
Brgy. Rosario, Pasig City
Tel. Nos. : 570-2779; 570-4651; 571-3580

Camarin
Susano Rd., Camarin, Caloocan City
Tel. Nos. : 961-7239; 939-7283; 442-3619

Caybiga
30 General Luis St.
Brgy. Caybiga, Caloocan City
Tel. Nos. : 983-0914; 983-0697

Cogeo
Cogeo Trade Hall Bldg., Sitio Kasapi
Brgy. Bagong Nayon, Antipolo City
Tel. Nos. : 654-1654; 654-1656

Commonwealth
L43 B3 Commonwealth Ave.
Old Balara, Quezon City
Tel. Nos. : 931-4404; 931-0718; 434-3965

E. Rodriguez
444 E. Rodriguez Sr. Ave.
Brgy. Doña Aurora, Galas, Quezon City
Tel. Nos. : 743-1953; 740-4954; 711-1920

Ermita
1127 A. Mabini St., Ermita, Manila
Tel. Nos. : 526-7988; 526-7990; 353-9452

Felix Avenue
Phase 2, Karangalan Village
Brgy. De La Paz, Pasig City
Tel. Nos. : 681-7565; 681-4836

Fort Bonifacio
Unit 1-D Crescent Park Residences
2nd Ave., Burgos Circle, Taguig City
Tel. Nos. : 816-3938; 816-3930

Greenhills
GF Ongpauco Bldg.
cor. Wilson and P. Guevarra Sts., San Juan
Tel. Nos. : 725-1121; 724-9368; 727-0141

J.P. Rizal
cor. J.P. Rizal St. and Makati Ave.
Brgy. Poblacion, Makati City
Tel. Nos. : 899-7551; 899-7537; 899-7489

Kalentong
49 Arañez Bldg., New Panaderos St.
Sta. Ana, Manila
Tel. Nos. : 533-6590; 533-4420

Kapitolyo
615 Shaw Blvd., Pasig City
Tel. Nos. : 631-8178 to 79; 635-5437

Katipunan
GF Torres Bldg., 321 Katipunan Ave.
Loyola Heights, Quezon City
Tel. Nos. : 929-8469; 929-8418; 929-8604

La Huerta
Brgy. La Huerta, Quirino Ave.
Parañaque City
Tel. Nos. : 829-6022 to 23; 820-7606

Lagro
Km. 22 cor. Quirino Highway and Lagro Subd.
Novaliches, Quezon City
Tel. Nos. : 936-0158; 921-3472; 417-8996; 227-1646

Las Piñas
Manuela Bldg. 1, Alabang-Zapote Rd.
Las Piñas City
Tel. Nos. : 874-5340 to 41; 872-6822

Main Office
25th and 26th Sts.
RCBC Savings Bank Corporate Center
Bonifacio Global City, Taguig City
Tel. Nos. : 843-3035; 843-3049; 843-3051;
843-3054 to 55

Malabon
214 M.H. Del Pilar St.
Brgy. Tugatog, Malabon City
Tel. Nos. : 961-6562; 961-6181

Malanday
614 McArthur Highway
Malanday, Valenzuela City
Tel. Nos. : 277-0211 to 12

Manuela EDSA
444 cor. EDSA and Shaw Blvd.
Mandaluyong City
Tel. Nos. : 718-2491; 718-2492

Marulas
McArthur Highway, Marulas, Valenzuela City
Tel. Nos. : 291-6634; 293- 9408 to 09

Masinag
259 Sumulong Highway
Mayamot, Antipolo City
Tel. Nos. : 645-1969; 645-5575; 570-7514

Mendiola
cor. Mendiola and Conception Aguila Sts.
San Miguel, Manila
Tel. Nos. : 734-9587; 734-0452

Metropolis
UG/F Starmall, Alabang, Muntinlupa City
Tel. Nos. : 809-8604; 809-8568

Montalban
cor. J.P. Rizal and Linco Sts.
Balite, Rodriguez, Rizal
Tel. No. : 948-1385

Morong
Tomas Claudio St., Brgy. San Juan
Morong, Rizal
Tel. No. : 653-0289

Muntinlupa
National Highway, Muntinlupa City
Tel. Nos. : 862-0034 to 35

N.K.T.I.
East Ave., Diliman, Quezon City
Tel. Nos. : 376-1060; 376-1059

Navotas
cor. Estrella and Yangco Sts.
Navotas East, Metro Manila
Tel. Nos. : 282-4392; 282-0338

Novaliches
917 Brgy. Gulod, Quirino Highway
Novaliches, Quezon City
Tel. Nos. : 936-8811; 937-1326; 418-0213

Ortigas Extension
G/F cor. Prudentialife Bldg. and Riverside Village
Ortigas Extn., Pasig City
Tel. Nos. : 656-1956; 655-0886; 477-3314; 656-1329

P. Tuazon
cor. 12th Ave. and P. Tuazon St.
Cubao, Quezon City
Tel. Nos. : 913-3118; 912-0816

Pacific Place
G/F Pacific Place Condominium
Ortigas Center, Pasig City
Tel. Nos. : 636-6617; 635-6604; 634-1563

Pantok
EM Bldg., National Rd., Pantok
Binangonan, Rizal
Tel. Nos. : 570-3868; 570-0367

Pasay Libertad
2350 cor. Taft Ave. and Libertad St.
Pasay City
Tel. Nos. : 831-3418; 833-8925; 804-0333

Pasigtown
5 Dr. Sixto Antonio Ave.
Kapasigan, Pasig City
Tel. Nos. : 641-0783; 640-0972; 570-8887

Pasong Tamo
2178 GF Matrinco Bldg.
Pasong Tamo, Makati City
Tel. Nos. : 840-5224; 840-5226; 403-7810

Pateros
54 M. Almeda St.
San Roque, Pateros
Tel. Nos. : 641-6201; 641-9081

Rizal Avenue
GF Eleongsin Bldg.
440 Rizal Ave., Caloocan City
Tel. Nos. : 361-1109; 361-1214; 361-1244; 361-1354

San Joaquin
319 J.P. Rizal St., San Roque, Marikina City
Tel. Nos. : 646-2131; 682-6453
Telefax : 681-2490

San Mateo
323 Gen. Luna St., Guitnangbayan 2
San Mateo, Rizal
Tel. Nos. : 942-6969; 948-0199

San Roque
243 Old 319 New J.P. Rizal St.
Brgy. San Roque, Marikina City
Tel. Nos. : 682-6453; 646-2131;
Fax No. : 681-2490

Sangandaan
cor. A. Mabini and Plaridel Sts.
Caloocan City
Tel. Nos. : 288-8238; 288-7723

Sta. Mesa
4463 Old Sta. Mesa, Manila
Tel. Nos. : 716-0685; 716-0631

Sucat
Unit 3, Virra Mall Bldg., Dr. A. Santos Ave.
Sucat, Parañaque City
Tel. Nos. : 828-8236; 828-8238; 659-7130

Taft Remedios
1932 Taft Ave., Malate, Manila
Tel. Nos. : 536-6510 to 11; 526-7094

Tanay
cor. M.H. Del Pilar and J.P. Laurel Sts.
Brgy. Plaza Aldea, Tanay, Rizal
Tel. Nos. : 654-3126; 693-1267

Teresa
R. Magsaysay Ave., Brgy. San Gabriel
Teresa, Rizal
Tel. Nos. : 668-5298; 666-5391

Timog
G/F 88 Picture City Center
Timog Ave., Quezon City
Tel. Nos. : 929-1260; 929-1254; 410-7126

Tomas Morato
169 cor. Tomas Morato St. and
Scout Castor St., Quezon City
Tel. Nos. : 355-7066; 374-0744
Fax No. : 413-1134

Visayas Avenue
6 Visayas Ave., Brgy. Bahay Toro
Tandang Sora, Quezon City
Tel. Nos. : 924-8006; 929-8962; 924-8753

LUZON REGION

Alaminos
cor. Marcos Ave. and Montemayor St.
Poblacion, Alaminos City, Pangasinan
Tel. Nos. : (075) 551-5724; 551-2587

Angeles
810 Henson St., Lourdes Northwest
Angeles City
Tel. Nos. : (045) 625-9395; 625-9363

Apalit
National Rd., San Vicente
Apalit, Pampanga
Tel. Nos. : (045) 302-6275 to 76; 879-0095

Bacoor
333 Gen E. Aguinaldo Highway
Camella Homes Ph11-A, Bacoor, Cavite
Tel. Nos. : (046) 471-3670; 471-7131; (02) 529-8965

Baguio
67-69 Juniper Bldg., Bonifacio St.
Baguio City
Tel. Nos. : (074) 444-2362; 444-2366; 444-2368

Balibago, Sta.Rosa
F. Canicosa Ave., Sta.Rosa Commercial Complex
Balibago, Sta. Rosa, Laguna
Tel. Nos. : (049) 530- 0793; 530-0795; (02) 520-8426

Batangas
131 Diego Silang St.
Batangas City
Tel. Nos. : (043) 723-1229; 723-2394

Binakayan
Tirona Highway, Binakayan
Kawit, Cavite
Tel. Nos. : (046) 434-3382; 434-3060

Biñan
126 A. Bonifacio St., Canlalay, Biñan City
Tel. Nos. : (049) 511-8772; 511-9826; (02) 429-4833

Bocaue
249 Binang 2nd, Bocaue, Bulacan
Tel. Nos. : (044) 692-0053; 769-5027 to 28

Cabanatuan
cor. Maharlika Highway and Paco Roman Extn.
Cabanatuan City
Tel. Nos. : (044) 463-8640 to 41

Cabuyao
cor. J.P. Rizal Ave. and Del Pilar St.
Cabuyao, Laguna
Tel. Nos. : (049) 531-4790 or 91; 531-2021; 531-4215; (02) 520-8920

Calamba
National Rd., Brgy. Real
Calamba City
Tel. Nos. : (049) 545-6031; 545-6034; 502-9989; 502-8311; (02) 520-8825

Calapan
1/F Homemark Bldg., J.P. Rizal St.
Camilmil, Calapan City
Oriental Mindoro
Tel. Nos. : (043) 441-0601 to 02; 288-1909

Candon
National Highway, Brgy. San Jose
Candon City, Ilocos Sur
Tel. Nos. : (077) 742-5775; (02) 644-0102

Dagupan
RVR Bldg., Tapuac Dist.
Dagupan City, Pangasinan
Tel. Nos. : (075) 523-6599; 522-8965

Dasmariñas
San Agustin I, E. Aguinaldo Highway
Dasmariñas, Cavite
Tel. Nos. : (046) 416-0351; (02) 529-8119

G.M.A.
Blk. 2 Lot 20, Brgy. San Gabriel
GMA, Cavite
Tel. Nos. : (046) 972-0251; 890-2672; (02) 520-8710

Gen. Trias
59 Gov. Ferrer Ave., Gen Trias, Cavite
Tel. Nos. : (046) 437-1508; 437-7348

Imus
Nueno Ave., Imus, Cavite
Tel. Nos. : (046) 471-3989; 471-4097; (02) 429-4001

Lemery
Ilustre Ave., Lemery, Batangas
Tel. No. : (043) 411-0901

Lingayen
G/F, Columbian Plaza Ave.
Rizal East, Lingayen, Pangasinan
Tel. Nos. : (075) 542-3142; 542-3840; 653-0083

Lipa
11-B Morada Ave., Lipa City
Tel. Nos. : (043) 756-6357 to 59

Lipa Extension
Mezzanine, Southern Twin's Bldg.
cor. V. Malabanan and P. Torrez Sts.
Lipa City, Batangas
Tel. Nos. : (043) 404-8067; 404-8053

Lucena
82 Quezon Ave., Lucena City
Tel. Nos. : (042) 373-1537; 373-4346

Malolos
Paseo Del Congreso
Malolos City, Bulacan
Tel. Nos. : (044) 791-3953; 791-5989

Meycauayan
McArthur Highway, Calvario
Meycauayan, Bulacan
Tel. Nos. : (044) 840-8038; 769-0530

Molino
GF RFC Molino Mall, Molino
Bacoor, Cavite
Tel. Nos. : (046) 477-2278; 477-1864; (02) 529-8967

Muzon
Diaz Bldg., Carriedo St., Brgy. Muzon
San Jose del Monte City, Bulacan
Tel. No. : (044) 893-4928

Naga
GF Annelle Bldg., cor. Biak na Bato St. and PNR Rd.
Tabuco, Naga City
Tel. Nos. : (054) 472-5588; 473-7788

Naic
Capt. C. Nazareno St., Naic, Cavite
Tel. Nos. : (046) 412-0391; 507-0183; 412-0391

Nasugbu
cor. J.P. Laurel and Mulingbayan Sts.
Poblacion 9, Nasugbu, Batangas
Tel. Nos. : (043) 741-0396 to 97; 741-0394

Noveleta
Magdiwang Highway
Noveleta, Cavite
Tel. Nos. : (046) 438-8411; 438-1056

Padre Garcia
A. Mabini St., Poblacion, Padre Garcia
Tel. Nos. : (043) 436-0214 to 16; 515-7177

Plaridel
Banga 1st, Plaridel, Bulacan
Tel. Nos. : (044) 795-0688; 670-2289

Puerto Princesa
175 Pacific Plaza Bldg., Rizal Ave.
Puerto Princesa City, Palawan
Tel. Nos. : (048) 433-0364 to 65; 433-0367

San Carlos
GF Roper Bldg., Palaris St.
San Carlos City, Pangasinan
Tel. Nos. : (075) 632-2468 to 70

San Fernando
GF Emerald Business Center
Dolores San Fernando, Pampanga
Tel. Nos. : (045) 961-7614 to 15; 961-4505

San Ildefonso
Cagayan Valley Rd., Poblacion
San Ildefonso, Bulacan
Tel. Nos. : (044) 901-0230; 901-0235

San Jose
Cameco Bldg., cor. Makalintal Ave. and
J. A. De Villa St., San Jose, Batangas
Tel. Nos. : (043) 726-0052 to 53

San Pedro
National Highway, Brgy. Nueva
San Pedro, Laguna
Tel. Nos. : (02) 808-4608; (02) 808-4587

Santiago, Isabela
27 National Highway
Dubinan, West Santiago City
Tel. Nos. : (078) 305-2056 to 57

Sta. Rosa
cor. J. Rizal Blvd. and Perlas Village
Tagapo, Sta. Rosa, Laguna
Tel. Nos. : (049) 534-3207 to 08; (02) 520-8190

Sta. Rosa Extension
GF Garden Plaza Mall, Garden Villas 3
Brgy. Ibaba, Sta. Rosa City, Laguna
Tel. Nos. : (049) 530-3821; 530-3815

Starmall
LG Starmall Kaypian, Northwinds
San Jose Del Monte, Bulacan
Tel. Nos. : (044) 797-0272 to 73; 797-0275

Tanauan
GF Reyes Commercial Bldg.
J.P. Laurel Ave., Tanauan City
Tel. Nos. : (043) 778-3700; 778-3800; 778-3600

Tanza
A. Soriano Highway, Daang Amaya II
Tanza, Cavite
Tel. Nos. : (046) 437-7715; 437-1507; 437-7081

Tarlac
Blossomville Subd., McArthur Highway
Tarlac City
Tel. Nos. : (045) 982-3700; 982-9133

Trece Martires City
Brgy. San Agustin
Trece Martires City, Cavite
Tel. Nos. : (046) 419-2602; 419-2671; 419-3270

Tuguegarao
48 Balzain Rd.
Tuguegarao City, Cagayan
Tel. Nos. : (078) 844-0885; 844-0879; 844-1689

Urdaneta
MTMAS Bldg., San Vicente
Urdaneta City, Pangasinan
Tel. No. : (075) 568-4941

Vigan
Plaza Maestro, Annex Unit 1
Vigan City, Ilocos Sur
Tel. No. : (077) 722-6512

VISAYAS

Basak, Mandaue
Rizal St., Northroad Highway
Basak, Mandaue City
Tel. Nos. : (032) 268-5469; 344-8155

Dumaguete
cor. Real and San Juan Sts.
Dumaguete City
Tel. Nos. : (035) 422-8452; 225-6848; 225-1177

Escario, Cebu
N. Escario St., Capitol Site
Cebu City
Tel. Nos. : (032) 255-6404; 412-6943; 254-7165

F. Cabahug
Pacific Square Bldg., F. Cabahug St.
Mabolo, Cebu City
Tel. Nos. : (032) 505-5801; 505-5805

Jalandoni, Iloilo
Jalandoni St., San Agustin
Iloilo City
Tel. Nos. : (033) 338-0212; (033) 337-4785; 338-2065

La Paz, Iloilo
Calle Luna, Brgy. Bantud
La Paz, Iloilo City
Tel. Nos. : (033) 338-0212; 337-4785; 338-2065

Lacson
Lacson St., Mandalagan
Bacolod City
Tel. Nos. : (034) 434-4689 to 91; 709-8101

Lapu-Lapu
Gregorio's Court
Maximo Patalinghug Ave.
Basak, Lapu-lapu City
Tel. Nos. : (032) 520-6520 to 22

Lopue's East
cor. Burgos St. and Carlos Hilado
National Highway
Brgy. Villamonte, Bacolod City
Tel. Nos. : (034) 435-1026; 435-1030

Luzuriaga
Golden Heritage Bldg.
1 cor. San Juan and Luzuriaga Sts.
Bacolod City
Tel. Nos. : (034) 432-1543 to 45

Maasin, Leyte
Tomas Oppus St.
Abgao, Maasin City
Southern Leyte
Tel. Nos. : (053) 381-3854; 570-8282

Mandaue, Cebu
M.C. Briones St., Highway Guizo
Mandaue City
Tel. Nos. : (032) 345-8065; 345-8063; 268-4912

Oton
MADR & Sons Arcade
J.C. Zulueta St., Poblacion
South Oton, Iloilo
Tel. Nos. : (033) 336-0306 to 07; 510-8870

P. Del Rosario, Cebu
P. del Rosario St., Bo. Sambag
Cebu City
Tel. Nos. : (032) 255-6182; 255-6702; 255-6704; 268-6812

Tagbilaran
cor. CPG Ave. and H. Grupo St.
Tagbilaran City, Bohol
Tel. Nos. : (038) 412-0083 to 85

Talamban, Cebu
GF Eco Trade Bldg., J. Panos St.
Talamban, Cebu City
Tel. Nos. : (032) 343-7992 to 94

Talisay
South Rd., Bulacao
Talisay City, Cebu
Tel. Nos. : (032) 272-2833; 272-2701

MINDANAO

Agora
D-1 Gaabucayan St., Agora
Lapasan, Cagayan de Oro City
Tel. Nos. : (088) 880-7892 to 93; 231-2098 to 99

Bolton
RCBC Savings Bank Bldg.
Bolton Branch, Davao City
Tel. Nos. : (082) 221-0251; 222-4428; 222-4430

Buhangin
Bldg. 2010, Km. 7 Diversion Rd.
Buhangin, Davao City
Tel. Nos. : (082) 241-0459; 241-2425; 241-0725

Carmen, CDO
Fabe Bldg.
cor. Waling-Waling and Ferrabel Sts.
Carmen, Cagayan de Oro City
Tel. Nos. : (088) 858-5793; 858-6248

General Santos
Pioneer Ave., Gen. Santos City
Tel. Nos. : (083) 553-8196 to 98

J.P. Laurel
GF Ana Socorro Bldg., J.P. Laurel Ave.
Bajada, Davao City
Tel. Nos. : (082) 222-2803 to 04

Monteverde
Door 5 & 6 Veterans Bldg.
Monteverde, Davao City
Tel. Nos. : (082) 222-0115; 221-9590; 227-0858

Velez, CDO
Velez St., Cagayan de Oro City
Tel. Nos. : (088) 856-2460 to 65; 272-9274

Zamboanga
GF Jesus Wee Bldg.
Gov. Lim Ave., Zamboanga City
Tel. Nos. : (062) 991-0814; 991-0817

SMARTER SOLUTIONS
RCBC
A YGC Member

RCBC Subsidiaries and Associates*

DOMESTIC

HONDA CARS PHILIPPINES, INC.*
105 South Main Ave., Laguna Technopark
Brgy. Don Jose, City of Sta. Rosa, Laguna
Tel. Nos.: Makati Line (632) 857-7200; 541-1411
PRESIDENT: TATSUYA NATSUME

LUISITA INDUSTRIAL PARK CORPORATION*
48/F Yuchengco Tower, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. No.: (632) 844-8292
Fax Nos.: (632) 844-8884; 843-3059
PRESIDENT: RAMON S. BAGATSING, JR.

MERCHANTS SAVINGS AND LOAN ASSOCIATION, INC.
(RIZAL MICROBANK-THIRFT BANK)
cor. J.P. Laurel Ave. (Acacia Section) and
Villa Abrille St., Davao City
Tel. Nos.: (082) 222-3948; 222-2438
PRESIDENT: MA. LOURDES JOCELYN S. PINEDA

NIYOG PROPERTY HOLDINGS, INC. (NPHI)
12/F Yuchengco Tower, RCBC Plaza
6819 Ayala Ave., Makati City
Tel Nos.: (632) 894-9413; 894-9092
PRESIDENT: JOHN THOMAS G. DEVERAS

RCBC CAPITAL CORPORATION
21/F Tower II, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. No.: (632) 894-9000
Fax No.: (632) 845-3457
PRESIDENT & CEO: JOSE LUIS F. GOMEZ

RCBC BANKARD SERVICES CORPORATION
30/F Robinson-Equitable Tower
cor. ADB Ave. and Poveda St.
Ortigas Center, Pasig City
Tel. No.: (632) 688-1888
PRESIDENT & CEO: OSCAR B. BIASON

RCBC SECURITIES, INC.
21/F Tower II, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. No.: (632) 878-3397
Fax No.: (632) 889-7643
PRESIDENT: MICHAEL A. SINGSON

RCBC FOREX BROKERS CORPORATION
8/F, Yuchengco Tower, RCBC Plaza
6819, Ayala Ave., Makati City
Tel. No.: (632) 844-8920
Fax No.: (632) 894-9080
PRESIDENT & CEO: MA. CRISTINA S. ROSALES

RCBC-JPL HOLDING CO., INC. (JP LAUREL BANK)
2/F Pres. Laurel Bldg.
Pres. Jose P. Laurel Highway
Tanauan City, Batangas
Tel. No.: (043) 778-4444
PRESIDENT & CEO:
ALFREDO S. DEL ROSARIO, JR.

RCBC SAVINGS BANK
25th and 26th Streets, Bonifacio Global City
Taguig City
Tel No.: (632) 230-7784
Fax No.: (632) 519-5158
PRESIDENT & CEO: ROMMEL S. LATINAZO

RCBC LEASING AND FINANCE CORPORATION
2/F Grepalife Bldg.
221 Sen. Gil Puyat, Ave., Makati City
Tel. No.: (632) 810-9660
PRESIDENT & CEO: ALFONSO C. TANSECO

RCBC RENTAL CORPORATION
2/F Grepalife Bldg.
221 Sen. Gil Puyat, Ave., Makati City
Tel. Nos.: (632) 810-9660
PRESIDENT & CEO: ALFONSO C. TANSECO

YGC CORPORATE SERVICES, INC.*
5/F Grepalife Bldg.
221 Sen. Gil Puyat Ave., Makati City
Tel. No.: (632) 894-2887
Fax No.: (632) 894-2923
EVP & COO: LIWAYWAY F. GENER

INTERNATIONAL

RCBC INTERNATIONAL FINANCE, LTD.
Unit A, 18/F, Li Dong Bldg., 9 Li Yuen St.
East Central, Hong Kong
Tel No.: (852) 2167-7400
Fax No.: (852) 2167-7422
E-mail Address: mddyabut@rcbc.com
MANAGING DIRECTOR: MARK DEXTER D. YABUT

World-Wide Plaza Branch
Shop 129, 1/F Worldwide Plaza
19 Des Voeux Rd., Central Hong Kong
Tel No.: (852) 2501-0703
Fax No.: (852) 2537-9241
E-mail Address: feagus@rcbc.com

Tsuen-Wan Branch
Shop 221, Lik Sang Plaza
269 Castle Peak Rd., Tsuen Wan
New Territories, Hong Kong
Tel No.: (852) 2492-9747
Fax No.: (852) 2316-7344
E-mail Address: rcbchktw@biznetvigator.com

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San Diego Remit Center / Corporate Office
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E-mail Address: sandiego_ca@rcbcremit.com
CHIEF EXECUTIVE OFFICER: EDGAR C. BULAWAN

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
E-mail Address: rome.rcbc@gmail.com
MANAGING DIRECTOR: ARIEL N. MENDOZA

Milan Branch
Via Speronari No. 6
20123 Milan, Italy
Tel. Nos.: (39) 02 72094109; (39) 02 80509274
Fax No.: (39) 02 72094092
E-mail Address: milan.rcbc@gmail.com

Bologna Branch[2]
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[3]
Via San Giacomo No. 24
80133 Napoli, Italy
Tel. No.: (39) 081 5510219
Fax No.: (39) 081 5524433
E-mail Address: naples.rcbc@gmail.com

[1] *Operational until March 31, 2014*
[2] *Operational until August 31, 2013*
[3] *Operational until May 31, 2013*

Products and Services

A. DEPOSITS

Peso Deposits

- Checking Accounts
  - Regular Checking
  - SuperValue Checking
  - 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 Visa
  - RCBC MyWallet Co-branded Cards
    - RCBC MyWallet Enchanted Kingdom
    - Mercury Drug – MyWallet Visa
    - LBC Send & Swipe Visa *(RCBC as issuer)*
    - Super8 – MyWallet Visa
    - Goldilocks Gtizen – MyWallet Visa
- Savings Accounts with Automatic Transfer (SWAT)
- Time Deposits
- Regular Time Deposit
- Special Time Deposit
- wPremium Time Deposit

Foreign Currency Deposits

- Savings Accounts – Regular Savings
  - US Dollar
  - Japanese Yen
  - Euro
  - British Pounds
  - Canadian Dollar
  - Chinese Yuan
  - Australian Dollar
  - Swiss Franc
  - Singapore Dollar
- Dollar Dragon Savings
- Time Deposits
  - US Dollar
  - Japanese Yen
  - Euro Dollar
  - British Pounds
  - Canadian Dollar
  - Australian Dollar
  - Swiss Franc

B. ELECTRONIC BANKING CHANNELS

Automated Teller Machines
Bills Payment Machines
RCBC AccessOne
- *RCBC Access One Personal*
- *RCBC Access One Corporate*

RCBC Phone Banking
RCBC Mobile Banking
- - for iOS (Apple iPhone/iPad/iPod Touch)
- - for Android
- - for Java phones (iMobile)

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
- Customized Employee Savings Plan
- Employee Savings Plan
- Living Trust
- Estate Planning
- Mortgage/Collateral Trust
- Bond Trusteeship

Agency
- Safekeeping
- Escrow
- Investment Management
- Loan and Paying Agency
- Bond Registry and Paying Agency
- Facility Agency
- Receiving Agency
- Sinking Fund Management
- Stock Transfer and Dividend Paying Agency

Unit Investment Trust Funds
- Rizal Peso Money Market Fund
- Rizal 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)
- Electronic Check Payment Solution Plus (ECPS Plus)

Government Payment
- Payment Gateway

Third Party Services
- Collection and Receivables Services
  - BancNet On-Line
  - BancNet Direct Bills Payment
  - BancNet Point of Sale System
- Payment Management Services
  - BancNet EDI-SSSNet

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

SMARTER SOLUTIONS

RCBC
A YGC Member

Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City, 0727 Philippines
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Email: **customercontact@rcbc.com**

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