

SPECIAL THIRD DIVISION

[G.R. NO. 124267, January 17, 2005]

**NATIONAL COMMERCIAL BANK OF SAUDI ARABIA, PETITIONER,
VS. COURT OF APPEALS AND PHILIPPINE BANKING
CORPORATION, RESPONDENTS.**

R E S O L U T I O N

CARPIO-MORALES, J.:

By Resolution^[1] of August 18, 2004, this Court gave due course to respondent Philippine Banking Corporation's Motion for Reconsideration of this Court's January 31, 2003 Decision,^[2] the dispositive portion of which reads:

WHEREFORE, the instant petition for review on certiorari is GRANTED. The Amended Decision of the Court of Appeals dated March 8, 1996 is SET ASIDE and the Resolution of the Regional Trial Court declaring the Motion for Reconsideration filed by the Philippine Banking Corporation is *pro forma* is REINSTATED.

In granting respondent's motion, the Court took into consideration the fact that parties belong to the banking industry over which the government has a vital interest and that movant's failure to comply with the requirement of notice and hearing when it filed its motion for reconsideration of the trial court's Decision^[3] of August 24, 1993 is not commensurate to the severe prejudice it would suffer in light of the seeming error of the trial court in imposing the interest on the judgment obligation, the correctness of which interest respondent raised for the first time in its motion at bar.

As the case has been pending for more than nineteen years, this Court ordered the trial court (Regional Trial Court of Makati City) and the Court of Appeals to elevate all the records of the case for final resolution.

Upon this Court's directive, petitioner National Commercial Bank of Saudi Arabia and the Metropolitan Bank and Trust Co., Inc. (successor of movant respondent Philippine Banking Corporation) filed their memoranda on October 14, 2004 and October 29, 2004, respectively.

On December 7, 2004, the parties, through their respective counsels, filed a joint motion^[4] before this Court for approval of an undated compromise agreement which was executed for the purpose of ending the longstanding litigation.

The Compromise Agreement^[5] reads as follows:

This Agreement entered into this _____ (sic) day of _____ (sic), 2004 in Makati City by and between:

The **National Commercial Bank, Saudi Arabia**, a company engaged in banking, duly organized and existing under the laws of Saudi Arabia, with principal office at King Abdul Aziz Street, Jeddah, Saudi Arabia, hereinafter referred to as NCB and represented herein by its Head, International Banking, MR. ALA'A AL JABRI;

And

METROPOLITAN BANK & TRUST COMPANY, a universal banking corporation duly organized and existing under the laws of the Philippines, with principal office address at Metrobank Plaza, Sen. Gil Puyat Avenue, Makati City, as successor-in-interest of PHILIPPINE BANKING CORPORATION (PBC) hereinafter referred to as METROBANK, and represented herein by its Senior Executive Vice President ANGELITO M. VILLANUEVA.

WHEREAS, on December 4, 1985, NCB [National Commercial Bank, Saudi Arabia] filed a complaint against PBC [Philippine Banking Corporation] to recover duplicate payment of the proceeds of letters of credit in the aggregate amount of US\$971,919.75, said case is docketed as Civil Case No. 12419 Regional Trial Court (RTC) Makati City Branch 134;

WHEREAS, on August 24, 1993, the RTC rendered a decision the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of plaintiff, National Commercial Bank of Saudi Arabia and against defendant Philippine Banking Corporation ordering the said defendant:

1. To pay plaintiff the sum of US\$971,919.75, United States Currency, with legal rate of interest of 12% per annum from 1975 until defendant returns the entire amount of duplicate payments;
2. To pay plaintiff as attorney's fees the amount of \$62,911.77, United States Currency and expenses of litigation in the amount of P236,628.66;
3. Costs of suit.

SO ORDERED.

WHEREAS, in a Resolution of the Supreme Court promulgated on August 18, 2004, the Court directed that all the records of the case be elevated for its final resolution;

WHEREAS, NCB and METROBANK desire to abbreviate the long and protracted legal battle and settle the case amicably to the satisfaction of both parties;