

Report of Independent Auditors on Factual Findings

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To the Board of Directors and Stockholders
Rizal Commercial Banking Corporation
Yuchengco Tower, RCBC Plaza
6819 Ayala Avenue cor. Sen. Gil Puyat Avenue
Makati City

We have performed the procedures agreed with you and enumerated below with respect to the attached Final Progress Report (the Report) as of December 31, 2018 on the application of proceeds from the Stock Rights Offering (the Offering) of Rizal Commercial Banking Corporation (the Bank) undertaken on June 25 to 29, 2018 and listed at the Philippine Securities Exchange, Inc. (PSE) on July 16, 2018. As the net proceeds from the Offering have been fully utilized as of December 31, 2018, the Report as of December 31, 2018 represents the Bank's final report on the use of proceeds from the Offering as required by the PSE. The procedures were performed solely to enable the Bank to comply with the PSE requirement to submit the Report relating to the application of proceeds from the Offering accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

We present below the summary of the breakdown of proceeds and application of proceeds from the Offering as of December 31, 2018 based on the information we obtained from the Bank (amounts in millions of Philippine pesos).

Breakdown of Proceeds

Gross Proceeds	P	15,000
Total Offer Expenses	(<u>217</u>)
Net Proceeds	P	<u>14,783</u>

Application of Net Proceeds from Offering

Disbursement through loan releases:		
For the quarter ended September 30, 2018*	P	7,997
For the quarter ended December 31, 2018		<u>5,986</u>
		13,983
Deposit for future stock subscription for additional shares of RCBC Leasing and Finance Corporation (RCBC LFC)		<u>800</u>
Total Application of Net Proceeds	P	<u>14,783</u>

* As reported by the Bank to the PSE in the Quarterly Progress Report dated October 15, 2018.

Agreed-upon Procedures

The procedures we performed are as follows:

1. Checked the mathematical accuracy of the Report and agreed total amount of disbursements of the net proceeds to the detailed schedule of utilization of proceeds during the quarter ended December 31, 2018.
2. Compared the disbursements of the Offering net proceeds shown in the Report with the schedule of planned use of proceeds indicated in the Offering prospectus.
3. Obtained a schedule of disbursements of the net proceeds through loan releases to customers from October 1, 2018 to December 31, 2018 and detail of deposit for future subscription in the shares of stock of RCBC LFC, a subsidiary, made on November 6, 2018, and performed the following:
 - a. Agreed loan releases to accounting records and the amount of deposit for future subscription in the shares of stock of RCBC LFC to the general ledger.
 - b. Traced loan releases to supporting documents such as credit approval forms and promissory notes.
 - c. Inspected the minutes of meeting of the Bank's Board of Directors for the approval of the deposit for future subscription in the shares of stock of RCBC LFC and traced the details of the disbursement to the automated credit advice form and official receipts.
4. Inquired and identified the nature of disbursements of the Offering net proceeds and checked that such disbursements were consistent with the planned use of the net proceeds.

Results of the Performance of Agreed-Upon Procedures

1. With respect to item 1, we found the Report mathematically accurate and in agreement with the total amount of disbursements of the net proceeds in the detailed schedule of utilization of proceeds during the quarter ended December 31, 2018.
2. With respect to item 2, we found the nature of the disbursements of proceeds in the Report as of December 31, 2018 consistent with the planned application of proceeds indicated in the Use of Proceeds section of the Offering prospectus.
3. With respect to item 3, we noted the following:
 - a. The details of loan releases and deposit for future subscription in the shares of stock of RCBC LFC agree to accounting records and general ledger, respectively.
 - b. Loan releases totalling P5,986 million during the quarter ended December 31, 2018 were approved by appropriate authorizing loan committee and amount of individual loan agrees with supporting credit approval form and promissory note.
 - c. Deposit for future subscription in the shares of stock of RCBC LFC amounting to P800 million was approved by the Board of Directors of the Bank during their meeting on August 28, 2018. This deposit was made on November 6, 2018 through bank remittance to RCBC LFC as supported by automated credit advice form accomplished by the Bank and official receipt issued by the subsidiary.

4. With respect to item 4, we noted that the loan releases by the Bank and the deposit for future stock subscription in the shares of stock of RCBC LFC made from the Offering net proceeds as appearing in the Report were disbursed for the Bank's capital increase and asset growth purposes and are consistent with the planned use of the proceeds based on our inquires and understanding of the underlying transactions.

Because the above procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of proceeds from the Offering based on the said standards. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Bank, taken as a whole.

PUNONGBAYAN & ARAULLO



By: **Anthony L. Ng**
Partner

CPA Reg. No. 0109764
TIN 230-169-270
PTR No. 6616016, January 3, 2018, Makati City
SEC Group A Accreditation
Partner - No. 1638-A (until May 29, 2020)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-38-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

January 30, 2019