

RCBC gets P27B capital infusion from SMBC

2 November 2022, Manila – The Board of Directors of Rizal Commercial Banking Corporation (“RCBC” or the “Bank”) approved today the increase in the shareholding of Sumitomo Mitsui Banking Corporation (“SMBC”), an existing shareholder of 4.999% of the total outstanding common stock of the Bank, to 20.0% through the combined sale and subscription of an aggregate of 382,057,224 common stock to SMBC. The transaction involves the sale to SMBC of 213,437,248 common stock held as treasury shares in the Bank and the issuance to SMBC of 168,619,976 new common stock, at the price of PhP 71.00 per share (the “Transaction”).

SMBC’s strategic investment, bringing in PhP 27.126 billion (approximately USD 460.78 million) of new Core Equity Tier 1 (“CET1”) capital to the Bank, is part of the Bank’s capital raising plan to support long-term sustainable asset growth and investments in technology and cyber security and human resources. The proceeds from the investment will allow the Bank to expand the core business in key customer segments -- Corporate, SME and Consumer segments, and retail markets such as high net worth customers, mass affluent and mass market segments. SMBC’s strategic investment will also enhance the Bank’s digital plans and is expected to extend the reach of RCBC’s Sustainable Finance Framework.

Both parties are working expeditiously towards signing of definitive transaction documents. The completion of the Transaction will be subject to the terms of the transaction documents, customary closing conditions, and relevant regulatory approvals.

SMBC is one of the largest banks in Japan and is the commercial banking arm of Sumitomo Mitsui Financial Group (“SMFG”) with JPY 269.7 trillion in total assets and Consolidated Total Capital Ratio of 16.02%, as of 30 June 2022. The investment in RCBC is in line with SMFG’s strategy to expand in select key Asian markets, including the Philippines, Indonesia, Vietnam, and India.

Key Transaction Terms and Impact on Capital Ratios

The Transaction involves SMBC acquiring an aggregate of 382,057,224 common stock at PhP71.00 per common share for a total consideration of PhP27.126 billion (approximately USD 460.78 million). RCBC Parent Bank's CET1 Ratio is expected to improve from 11.91%, as of 30 September 2022, to 15.93% on a pro-forma basis.

Expanded Areas of Collaboration

The Transaction is expected to result to a stronger partnership, with RCBC and SMBC stepping into significant opportunities for synergy and collaboration. RCBC will seek to derive significant value-add and expertise from the SMBC relationship in, but not limited to:

- (1) Corporate Banking, Sustainable Finance and Project Finance - RCBC's institutional relationships with the Top Corporations in the Philippines and SMBC's extensive resources and broad global network will provide a strong partnership to take on opportunities in corporate banking, green and sustainable banking, and project finance. The collaboration will also cover Japanese Corporate Clients, where RCBC is a leading market player.
- (2) Leasing - Opportunities in the leasing business will be maximized through subsidiary RCBC Leasing and Finance Corp. and Sumitomo Mitsui Finance and Leasing, part of SMBC Group.
- (3) Consumer Lending (Credit Cards, Automobile, Housing Loans, and unsecured Personal Loans) - SMBC has a wide range of experience in consumer banking in Asia, not just in Japan but also in other developing countries including Indonesia and Vietnam. This will provide a significant boost to RCBC's growing consumer business, with sharing of know-how and expertise, ideas and perspectives. In October 2021, SMFG, through its consumer finance arm, acquired a 49% equity stake in VP Bank SMBC Finance Company Limited ("FE Credit"), a leading consumer finance company in Vietnam, with top share of the market for cash loans and credit card services to retail customers.
- (4) Branch Banking - For RCBC's 452 branch network, SMBC will be a partner in transforming the branch experience with digital technology and data-based sales strategies. The branch of the future aims to increase high value customer engagement.

- (5) Wealth Management and Trust - Working together to develop a wide range of investment opportunities for high net worth clients, RCBC and SMBC will be able to create more value for this specialized market and increase Assets under Management.
- (6) Digital - RCBC's digital efforts in creating innovative, inclusive, and interoperable digital solutions complement SMBC's outlook on digital transformation in the region. This will benefit the Bank's retail and corporate clients with a better customer experience, across different ecosystems. RCBC and SMBC share a common goal to accelerate growth and increase efficiency by leveraging on technology and digital advancements.

Advisers

Credit Suisse acted as sole financial advisor to RCBC, while Clifford Chance and Romulo Mabanta Buenaventura Sayoc & de los Angeles provided legal advice to RCBC.

About RCBC

RCBC is a leading financial services provider in the Philippines, offering a wide range of banking and financial products and services. RCBC is engaged in all aspects of traditional banking, investment banking, microfinance, retail financing (auto, mortgage and housing loans, and credit cards), remittance, leasing, foreign exchange, and stock brokering. RCBC is a member of the Yuchengco Group of Companies (YGC), one of the oldest and largest conglomerates in South East Asia. For more information, please visit <https://www.rcbc.com>.

About SMBC

SMBC is a leading financial institution in Japan as well as a globally-renowned provider of financial services. SMBC operates globally in retail banking, corporate banking, and investment banking, with a presence in approximately 40 countries and regions. SMBC as a group, together with its group companies, is also engaged in the leasing, securities, credit card, investment, mortgage securitization, venture capital and other credit-related businesses. For more information, please visit <https://www.smbc.co.jp>.

About SMFG

SMFG is the holding company for the SMBC Group. The SMBC Group is comprised of SMBC, SMBC Trust Bank Ltd., SMFL, SMBC Nikko Securities, Sumitomo Mitsui Card Company, Limited, SMBC Finance Service Co., Ltd., SMBC Consumer Finance Co., Ltd., The Japan Research Institute, Limited, Sumitomo Mitsui DS Asset Management Company, Limited and other subsidiaries and affiliates. For more information, please visit <https://www.smfg.co.jp/>

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. November 2, 2022
Date of Report (Date of earliest event reported)
2. SEC Identification Number 17514 3. BIR TIN 000-599-760-000
4. RIZAL COMMERCIAL BANKING CORPORATION
Exact name of registrant as specified in its charter
5. Philippines 6. (Sec Use only)
Province, country or other Industry Classification Code
jurisdiction of incorporation
7. 6819 Ayala cor. Gil J. Puyat Ave., Makati City 0727
Address of principal office Postal Code
8. 8894-9000
Registrant's telephone number, including area code
9. Not Applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amt. of Debt O/S
Common Stock, P10.00 par value	2,037,478,896 (as of Nov. 2, 2022)
11. Indicate the item numbers reported herein: Item 9

Item 9. Other Events.

Please be advised of the following significant items approved by the Board of Directors at the regular meeting held on November 2, 2022.

1. Recall from secondment to RCBC Leasing and Finance Corporation of SVP Anna Christina M. Vicente as President and CEO and appointment as Head of SME Banking Group effective January 25, 2023, subject to BSP/other regulatory approvals, as may be required.

She will be replacing FSVP Maria Angela V. Tinio, who is retiring effective January 25, 2023.

Ms. Vicente has thirty six (36) years of professional experience gained in both local and multinational banking and financial institutions. Prior to assuming the role as President and CEO of RCBC Leasing and

Finance Corporation, she was the Head of North Metro Manila Division in Small and Medium Enterprises Banking Group of the Bank and was able to successfully manage the credit quality as well as the profitability of the loan portfolio and administrative requirements of the Lending Centers in North Metro Manila.

She has vast experience in corporate and commercial banking focusing on marketing, account solicitation, credit management and collection as well as acquired skills and competencies for managing and leading teams in achieving loan volume, deposit, fee income and net income targets. She is a graduate of Ateneo De Manila University where she obtained her Bachelor of Arts degree in Interdisciplinary Studies in 1986.

2. Secondment of SVP Jose Jayson L. Mendoza to RCBC Leasing and Finance Corporation and appointment as Acting President effective January 25, 2023, subject to BSP/other regulatory approvals, as may be required.

He has twenty six (26) years of solid experience in banking with particular focus on marketing and account management. Mr. Mendoza is currently the Head of SME Banking Group's North Metro Manila Division and is tasked to manage the credit quality as well as the profitability of the loan portfolio and administrative requirements of the Lending Centers in North Metro Manila.

He has vast experience in corporate and commercial banking focusing on marketing, account/credit management and credit evaluation as well as acquired skills and competencies for managing and leading teams in achieving loan volume, fee income and net income targets.

Mr. Mendoza is a graduate of De La Salle University where he obtained his Bachelor of Arts degree in Management in 1993.

3. Appointment of Mr. Xavier Y. Zialcita as SVP, Strategic Initiatives effective November 3, 2022, subject to BSP/other regulatory approvals, as may be required.

Mr. Zialcita brings with him over twenty four (24) years of professional experience with particular focus on investment banking. He gained his experience from RCBC Capital Corporation, YGC Corporate Services, SGV & Co., and Joaquin Cunanan & Co. He is also a non-executive director of DPB Daiwa Corporation and RCBC Realty Corporation.

He graduated from Ateneo De Manila University in 1998 with a degree in Bachelor of Science major in Management Information Systems. He earned a Post Graduate Diploma in Strategy and Innovation at the University of Oxford - Saïd Business School in 2012.

4. Sale of common shares to Sumitomo Mitsui Banking Corporation

Description of the transaction

Sale of 213,437,248 common stock held as treasury shares in the Bank (the "Treasury Shares") and issuance of 168,619,976 authorized and unissued common stock of the Bank (the "Subscription Shares", and together with the Treasury Shares, the "Sale Shares") to Sumitomo Mitsui Banking Corporation ("SMBC"), the commercial banking arm of Sumitomo Mitsui Financial Group ("SMFG") which is the second largest bank in Japan, at a price per Sale Share of PhP 71.00 (the "Sale Price Per Share") subject to the terms and conditions of the Share Sale and Purchase Agreement, which includes relevant regulatory approvals, entered into between the Bank and SMBC on November 2, 2022. After the purchase of the Treasury Shares and the issuance of the Subscription Shares from the Bank, SMBC will own, in aggregate, twenty percent (20.0%) of the total outstanding common stock of the Bank.

Rationale for the transaction including the benefits which are expected to be accrued to the Bank as a result of the transaction

The strategic investment by SMBC, bringing in PhP27.126 billion of new Core Equity Tier 1 capital to the Bank, is part of the Bank's capital raising plan to support long-term sustainable asset growth, digital investments, increase IT cyber security spend, and hiring for its expanding branch network. The proceeds from the investment will allow the Bank to expand the core business in key customer segments: Corporate, SME, and Consumer segments, and expand the reach of RCBC's Sustainable Finance Framework. Other areas for partnerships, synergies will be subject to discussions post-transaction completion.

Basis of Sale Price Per Share

The Sale Price Per Share of PhP 71.00 was arrived at on a willing buyer-willing seller basis after comprehensively taking into consideration due diligence and standard valuation methodologies used in similar transactions, including the dividend discount model method and comparing precedent transactions involving the Bank and/or other banks in the Philippines.

Timetable of the transaction

Both parties are working expeditiously towards signing of definitive transaction documents. The timetable and execution of the transaction will be subject to the execution of the definitive and related transaction documents, customary closing conditions, and relevant regulatory approvals.

Identity and/or Corporate Background: Sumitomo Mitsui Banking Corporation

As the commercial banking arm of SMFG with JPY 269.7 trillion in total assets and Consolidated Total Capital Ratio of 16.02%, as of 30 June 2022.

SMBC operates globally in retail banking, corporate banking, and investment banking, with a presence in approximately 40 countries and regions. SMBC as a group, together with its group companies, is also engaged in the leasing, securities, credit card, investment, mortgage securitization, venture capital and other credit related businesses.

Change(s) in the composition of the Board and Management

SMBC will, subject to applicable law and relevant regulations of the Bangko Sentral, be entitled to nominate directors to the board of the Bank proportionate to its shareholding stake in the Bank including membership in various committees in the Bank. No change in management of the Bank is expected following the closing of this transaction.

Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders

The increase in the shareholding of SMBC in the Bank to 20% should not pose a risk to the interests of the independent shareholders as SMBC is an existing shareholder and the increase is expected to create better collaboration and synergies for both institutions.

Statement as to the status of the execution of the transaction

Both parties are working expeditiously towards signing of definitive transaction documents. The execution of the transaction will be subject to the terms of the definitive transaction documents, customary closing conditions, and relevant regulatory approvals.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code/ the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RIZAL COMMERCIAL BANKING CORP.
Registrant

Date: November 2, 2022


MARIA CECILIA V. CHANECO-LONZON
Assistant Corporate Secretary