RCBC
Partners Through Generations

April 12, 2022

Director Vicente Graciano F. Felizmenio, Jr.
Head, Markets and Securites Regulation Department (MSRD)
G/F Secretariat Building
Securities and Exchange Commission
PICC Complex, Roxas Boulevard
Pasay City, 1307

Dear **Dir. Felizmenio**,

We submit herewith the following reports of Rizal Commercial Banking Corporation as of December 31, 2021:

1. RCBC SEC 17-A (notarized)
2. Audited Financial Statements (AFS) with the complete supplementary schedules
3. BIR acknowledgement copy of AFS
4. Sustainability Report

Very truly yours,

Florentino M. Madonza
FSVP, Head-Controllership Group

cc: The Philippine Stock Exchange, Inc.
6thF PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

COVER SHEET

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S.E.C. Registration Number

R I Z A L C O M M E R C I A L B A N K I N G

C O R P O R A T I O N A N D S U B S I D I A R I E S

(Company's Full Name)

Y U C H E N G C O T O W E R , R C B C P L A Z A,

6 8 1 9 A Y A L A A V E N U E , M A K A T I C I T Y

(Business Address: No. Street City/Town/Province)

MARIETA O. MIRANDA

Contact Person

8 8 9 4 9 9 3 2

Company Telephone Number

1 2 3 1

Month *Day*

Fiscal Year

1 7 - A

FORM TYPE

0 6 2 7

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

S E C

Dept. Requiring this Doc.

Amended Articles Number/Section

7 4 8

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2021**

2. SEC Identification Number 17514 3. BIR Tax Identification No. 000-599-760-000

4. Exact name of registrant as specified in its charter:

   RIZAL COMMERCIAL BANKING CORPORATION.

5. Philippines
   Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. RCBC Plaza Yuchengco Tower 6819 Ayala Ave. cor. Sen. Puyat Avenue, Makati City 1200
   Address of principal office Postal Code

8. (632) 8894-9000
   Registrant's telephone number, including area code

9. Not applicable
   Former name, former address & former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, P10 par value	2,037,478,896 (as of 31 Dec 2021)

11. Are any or all of these securities listed on the Philippine Stock Exchange

    Yes (x) No ( )

12. Check whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the SRC thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

    Yes (x) No ( )

    (b) has been subject to such filing requirements for the past 90 days

    Yes (x) No ( )

13. Aggregate market value of the voting stock held by non-affiliates:

    Php 20,331,606,080.0 (as of Dec 31, 2021, P20.0 per share)

NOTE

For transparency, we are providing you the computation used for # 13 Aggregate market value of the voting stock held by non-affiliates below.

	Value
Total Number of Shares	2,037,478,896
YGC Shares*	1,020,898,592
Non YGC Shares	1,016,580,304
Share Price	Php 20.0
Aggregate Market Value	Php 20,331,606,080.0

***YGC Combined Ownership in RCBC**

Rank	Name	Common Shares	%
1	Pan Malayan Management and Investment Corp.	807,582,173	39.64%
2	GPL Holdings Inc.	82,137,387	4.03%
3	RCBC Retirement Plan	51,754,520	2.54%
4	Malayan Insurance Co., Inc.	46,891,695	2.30%
5	MICO Equities, Inc.	26,626,375	1.31%
6	Grepa Realty Holdings Corp.	3,141,537	0.15%
7	RCBC Capital Corporation	1,462,289	0.07%
8	Manila Memorial Park Cemetery	1,237,630	0.06%
9	House of Investments, Inc.	64,986	0.00%
	Total (inclusive of theoretical conversion of Common Shares of outstanding Preferred Shares)	**1,020,898,592**	**50.11%**

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Rizal Commercial Banking Corporation (RCBC or the Bank) is a universal bank in the Philippines that provides a wide range of banking and financial products and services. It has total resources of P959.1 billion and total networth of P111.1 billion, including minority interest, as of end-December 2021. The Bank ranked sixth (6th) in terms of assets among private local banks. In terms of business centers, the Bank, excluding government-owned and foreign banks, ranked seventh (7th) with a consolidated network of 434 business centers inclusive of 6 extension offices and supplemented by 1,245 automated teller machines (ATMs) as of December 31, 2021.

The Bank offers commercial, corporate and consumer lending products, cash management products, treasury products, remittance services as well as digital and mobile banking services. RCBC also enters into forward currency contracts as an accommodation to its clients and as a means of managing its foreign exchange exposures. The Bank and its subsidiaries (hereinafter referred to as the Group) are engaged in all aspects of traditional banking, investment banking, retail financing (auto, mortgage/housing loans, credit cards and microfinance loans), remittance, leasing, foreign exchange and stock brokering.

The Bank, incorporated under the name Rizal Development Bank, began operations as a private development bank in the province of Rizal in 1960. In 1963, the Bank received approval from the Central Bank of the Philippines to operate as a commercial bank and began operations under its present name, Rizal Commercial Banking Corporation. RCBC obtained its universal banking license in 1989 and has been listed on the Philippine Stock Exchange Inc. (PSE) since 1986.

RCBC's common shares are 39.64% directly and indirectly owned by Pan Malayan Management and Investment Corporation (PMMIC), a company incorporated and domiciled in the Philippines. PMMIC is the holding company of the flagship institutions comprising the Yuchengco Group of Companies (YGC) and other investments. Another significant investor is Cathay Life Insurance Co. Ltd., a wholly-owned subsidiary of Cathay Financial which is the largest publicly listed financial holding company in Taiwan.

The registered address of RCBC is Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City.

Through its universal banking license, the Bank is allowed to perform a number of expanded commercial and investment bank functions and to invest in the equity of a variety of allied and non-allied financial and non-financial undertakings.

The Bank's subsidiaries are as follows:

RCBC Capital Corporation (RCBC Capital), a 99.96% owned subsidiary, was established in 1974 as the Bank's investment banking subsidiary. It offers a complete range of investment banking and financial consultancy services which include (i) the underwriting of equity, quasi-equity and debt securities on a firm or best effort basis for private placement or public distribution; (ii) the syndication of foreign currency or peso loans; and (iii) financial advisory services.

RCBC Securities, Inc. (RCBC Securities), a wholly-owned subsidiary of RCBC Capital, is engaged in the electronic and traditional trading of listed securities and in providing corporate and market research.

RCBC Bankard Services Corporation (RCBC Bankard), a wholly-owned subsidiary of RCBC Capital is engaged in providing services to the credit card business of the Bank.

RCBC Forex Brokers Corporation (RCBC Forex), a wholly-owned subsidiary of the Bank, was incorporated in 1998. RCBC Forex is primarily engaged in dealing and brokering currencies in foreign exchange contracts with local and international clients. The Company is registered to operate as a money changer/ foreign exchange dealer with a Type "E" registration (as an authorized agent bank's subsidiary foreign exchange corporation) under the regulatory supervision of the Bangko Sentral ng Pilipinas. The Company deals with money changers, foreign exchange dealers and remittance agents.

RCBC International Finance Limited (RCBC IFL), a wholly-owned subsidiary of the Bank, was established on July 31, 1962 and is the Bank's overseas branch in Hong Kong. ***RCBC Investment Ltd. (RCBC IL)*** is a 100% owned subsidiary of RCBC IFL established on August 1, 1980 to engage in the business of remittance, money exchange, retail lending and investment. RCBC IL was placed under dormant status in May 2009 and RCBC IFL took over its businesses using the Money Service Operator's (MSO) and Money Lender's (ML) Licenses.

Rizal Microbank, Inc. (formerly Merchants Savings and Loan Association, Inc.), a 98.03% owned subsidiary, was acquired on May 15, 2008 to engage in microfinancing and development of small businesses. Rizal Microbank has 16 branches and 2 branch lite offices with operations in Southern Luzon and Mindanao. Rizal Microbank moved its Head Office (HO) and branch from Makati City to Davao City in April 2011.

RCBC Leasing and Finance Corporation (formely First Malayan Leasing and Finance Corporation) (RCBC LFC), *a* 99.67% owned subsidiary of the Bank acquired in March 2012**,** is a pioneer in the leasing and financing industry in the Philippines as the company started its operations in 1957. RCBC LFC is a non-bank financial institution with a quasi-banking license granted by the Bangko Sentral ng Pilipinas (BSP). It serves the requirements of corporate, commercial and consumer markets through its innovative loans, leases and investment products. ***RCBC Rental Corporation*** is a wholly-owned subsidiary of RCBC LFC engaged in renting and leasing business machines, transport vehicles and heavy equipment under an operating lease arrangement.

Niyog Property Holdings, Inc. (NPHI) *and* ***Cajel Realty Corporation (CRC)*** are wholly-owned subsidiaries of the Bank, incorporated on September 13, 2005 and February 29, 2008, respectively to purchase, subscribe for or otherwise dispose of real and personal property of every kind and description but not as an investment company.

RCBC-JPL Holding Company, Inc. (formerly Pres. Jose P. Laurel Rural Bank, Inc.) (RCBC-JPL), 99.41% owned, was renamed with a corresponding change in primary business to handle the disposition of the remaining assets of the former JPL Rural Bank. On April 1, 2012, RMB acquired selected assets and liabilities of JPL Rural Bank.

Products and Services. Through the years, RCBC has developed a wide range of financial products and services covering deposit taking, international banking services, remittance, lending, cash management services, digital banking, project financing and merchant banking.

In 2021, the following additional products and electronic services were introduced:

1. Loans

   1.1 The Agri-Production Loan is a loan product intended to finance the production and post-harvest related activities of individual farmers and farmer organization, which includes but not limited to the purchase of inputs, payment of labor in maintaining and harvesting in the farm, rental of machineries, logistics expenses for hauling of harvest from farm to post-harvest facilities, processor and/or buyer, and payment for post-harvest fees necessary for retailing the produce to target customers.

2. Trust Services

   2.1 RCBC US Equity Index Feeder Fund is a unit investment trust fund which invests at least 90% of its funds in BlackRock Fund Advisors' (BFA) iShares Core S&P500 Exchange Traded Fund (IVV). The Fund is ideal for investors who seek to achieve capital growth and global diversification by investing in Google, Amazon, Apple and other Top US companies in the S&P500 Index.

3. Credit Cards

   3.1 Installment Online – With the implementation of Installment Online, RCBC Bankard cardholders are enabled to pay in easy installment the latest gadgets, appliances, e-bikes, all-terrain vehicles (ATV) and more with just a few taps. The 0% installment option for up to 24 months is available at accredited online merchants.

   3.2 QR Payment Acceptance – RCBC Bankard is an Acquirer of QR Payments through QR Ph, which is the national standard that uses quick response technology and code scanning for payments. This payment system using the QR code was launched by the Bangko Sentral ng Pilipinas (BSP).

   3.3 New Co-Brand Card: ZALORA Credit Card – RCBC Bankard brings back the joy of online shopping with the ZALORA Credit Card. The Card is eco-friendly and provides cardholders with P5,000 shopping credits as Welcome Gift, unlimited free shipping with ZNOW, up to 6% Cashback on ZALORA, and other online purchases.

4. Transaction Banking

   4.1. Pay Portal is an electronic commerce (e-commerce) payment solutions platform aiding businesses in the collection of payments online whether it has an online store or not. The payment platform enables its corporate clients to conveniently collect from its individual customers using comprehensive electronic payment rails, such as credit card, direct debit through their bank accounts, online banking, electronic wallets (e-wallets), and over-the-counter payment partners.

Listed below are the products and services of RCBC:

A. DEPOSITS

Peso Deposits

- Checking Accounts
  - eWoman Checking
  - Dragon Checking
  - One Account
- Savings Accounts
  - Regular Savings (with ATM and with Passbook variants)
  - iSave
  - Dragon Savings
  - eWoman Savings
  - SSS Pensioner
  - Payroll Savings
  - GoSavers Savings
  - Basic Savings
  - Telemoney ATM Savings Account
  - Contractual Savings - Passbook-based & connected to loan availment (RMB)
- Time Deposits
  - Peso Regular Time Deposit (30 days to less 1 Year)
  - Peso Time Deposit 1 Year, 2 Year, 3 Year, 4 Year, 5 Year + 1 day

Foreign Currency Deposits

- Savings Accounts
  - Regular Savings
    - US Dollar
    - Japanese Yen
    - Euro
    - British Pounds
    - Canadian Dollar
    - Chinese Yuan
    - Australian Dollar
    - Swiss Franc
  - Dragon Dollar Savings
    - US Dollar
  - Time Deposits
    - USD Regular Time Deposit (30 days to less 1 Year)
    - USD Time Deposit 1 Year, 2 Year, 3 Year, 4 Year, 5 Year + 1 day
      - Japanese Yen
      - Euro Dollar
      - British Pounds
      - Canadian Dollar
      - Australian Dollar
      - Swiss Franc

Exclusive Membership Program

- Hexagon Club
  - Hexagon Club Privilege for Individuals
  - Hexagon Club Prestige for Retail SMEs

B. ELECTRONIC BANKING PRODUCTS / SERVICES AND CHANNELS

Product and Services

- RCBC MyDebit Mastercard
- RCBC MyWallet Visa

Electronic Banking Channels

- Automated Teller Machines
- RCBC Digital for Retail
- RCBC Online Banking for Corporate
- RCBC ATM Go
- DiskarTech Financial Super App

C. CREDIT CARDS

RCBC Bankard Products

- RCBC Bankard Classic: Mastercard, JCB
- RCBC Bankard Gold: Mastercard, JCB
- Flex Classic Visa
- Flex Gold Visa
- YGC Rewards Plus Classic Visa
- YGC Rewards Plus Gold Visa
- YGC Rewards Plus Platinum Mastercard
- RCBC Bankard Black Platinum Mastercard (Peso, Dollar)
- RCBC Bankard Diamond Platinum Mastercard
- RCBC Bankard Hexagon Club Platinum Mastercard
- RCBC Bankard World Mastercard
- RCBC Bankard Balesin World Mastercard
- RCBC Bankard The City Club World Mastercard
- RCBC Bankard Platinum VISA
- RCBC Bankard Visa Infinite
- RCBC Bankard Platinum JCB
- RCBC Bankard UnionPay Diamond
- RCBC Bankard Landmark Anson Mastercard
- RCBC Bankard LJC Mastercard
- RCBC Bankard Mango Mastercard
- RCBC Bankard Sta. Lucia Mastercard
- RCBC Bankard Wilcon Mastercard
- RCBC Bankard Phoenix Mastercard
- Air Asia Visa
- RCBC Bankard Web Shopper
- RCBC Bankard Corporate Card Mastercard
- Zalora Credit Card

D. LOANS

Commercial Loans (Peso and/or Foreign Currency)

Short-Term Revolving Facilities

Non-Trade Facilities
- Credit Line
- Accounts Receivable Line (ARL)
- Bills Purchased Line (BPL)
- Second Endorsed Checks Line (SECP)

Trade Facilities
- Import / Domestic Trade Facilities
  - Letter of Credit Line
  - Trust Receipt (TR) Line
  - Shipping Guarantee
- Export Financing
  - Export Advance Loan / Line
  - Export Bills Purchased Line

Others
- Standby LC Facility
- Bank Guarantee

Long- Term Non-Revolving Facilities
- Corporate Finance Loans
- Project Finance Loans

Consumer Loans
- Auto Loan
- Auto Loan Plus
- Home Loan
- Home Loan Plus
- Salary Loan
- Personal Loan

Microenterprise and Small Business Loans
- PITAKA ME Loan
- PITAKA ME PLUS Loan
- PITAKA Revolving Credit Line Facility
- Small Business Term Loan
- Small Business Revolving Credit Line Facility

Agricultural Value Chain Financing
- Agri-Finance Term Loan
- Agri-Finance Revolving Credit Line Facility
- Agri-Production Loan

Special Lending Facilities
- BSP Rediscounting Facility

E. TREASURY AND GLOBAL MARKETS

Foreign Exchange

- Foreign Exchange Spot (Buy and Sell of USD and Other Third currencies)

RCBC FX Online

- Purchase of Foreign Currencies
- Sale of Foreign Currencies for Travel and Investment

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)
    - Quasi-Sovereign Bonds or Government-Owned and Controlled Corporate Bonds
  - Corporate Bonds
    - Short and Long Term Commercial Papers (STCPs/LTCPs)
    - Global Peso Notes (GPNs)

- Foreign Currency Denominated Bonds
  - Republic of the Philippines (RoP) Bonds
  - United States Treasury Bills, Notes and Bonds
    - Other Sovereign or Quasi-Sovereign Bonds or Government-Owned and Controlled Corporate Bonds
    - Corporate Bonds and other Debt Instruments

Derivatives

- Foreign Exchange Forwards
- Foreign Exchange Swaps
- Interest Rate Swaps
- Cross Currency Swaps
- Asset Swaps

Advisory Services

F. TRUST SERVICES

Trusteeship

- Retirement Fund Management
- Corporate and Institutional Trust
- Pre-Need Trust Fund Management
- Customized Employee Savings Plan
- Employee Savings Plan
- Personal Management Trust
- Estate Planning Complementary Services
- Mortgage/Collateral Trust
- Bond Trusteeship
- Legislated and Quasi-judicial Trust
- Project Accounts 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 Peso Cash Management Fund
Rizal Peso Bond
Rizal Balanced Fund
Rizal Equity Fund
Rizal Dollar Money Market Fund
Rizal Dollar Bond Fund
RCBC Peso Short Term Fund
RCBC R25 Blue-Chip Equity Fund
RCBC R25 Dividend Equity Fund
RCBC US Equity Index Feeder Fund

G. TRANSACTION BANKING

Check Clearing

Domestic Letters of Credit

Fund Transfers

Demand Drafts (Peso and Dollar)
Telegraphic Transfers

International Trade Settlements

Import/Export Letters of Credit
Documents Against Payment/Acceptance
Open Account Arrangements
Direct Remittances
Intercompany Netting Arrangements

Collection and Receivables Services

Bills Collections
- Over the Counter (OTC)
- Auto Debit Agreement (ADA)
- Automated Teller Machine (ATM)
- Corporate Internet Banking
- Mobile
- Partner Payment Centers (PPC)

PDC Warehousing
PDC Warehousing with Printing Facility
Remote Bulk Check Deposit
Cash & Check Pick-up / Cash Delivery via Armored Truck
Cash & Check Pick-up via Motorized Collector
Cash Acceptance Machines (CAM)
Pay Portal
Installment Online
QR Payment Acceptance

Disbursements Services

Payroll
Check Printing Facility (Corporate Check and Manager's Check)
Electronic Fund Transfers via Pesonet, Instapay, RTGS, SWIFT and PDDTS
Auto-Credit Arrangement (Electronic fund transfers to RCBC accounts)

Government Payment

BIR payments
Bureau of Customs (PAS5) Payments

Third Party Services

BancNet On-Line
BancNet Direct Bills Payment

Payment Management Services

Bancnet eGov - SSS/PAg-Ibig/Philhealth

Remittance Services

RCBC TeleMoney Products and Services
- RCBC TeleRemit (Cash Pick-Up)
- RCBC TeleCredit (Credit to a Bank Account)
- RCBC TeleDoor2Door (Cash Delivery)
- RCBC TelePay (International Bills Payment)

H. INVESTMENT BANKING

Arranging/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
Promissory Notes

Arranging/Packaging of:

Syndicated Loans (Peso and Dollar)
Joint Ventures
Project Finance

Financial Advisory and Consultancy

Mergers and Acquisitions

I. WEALTH MANAGEMENT

Financial Planning Advisory

Goal-based Investing
Retirement Planning
Estate Planning Complimentary Services
Open Architecture Platform

<u>Investments & Financial Products</u>

Government Securities
Fixed Income Securities
Mutual Funds and UITFs
Equities (Common and Preferred Shares, ETFs, REITs)
Insurances
Promissory Notes and Private Placements

J. ANCILLARY SERVICES

Day & Night Depository Services
Deposit Pick-up and Delivery
Foreign Currency Conversions
Foreign Trade Information
Safety Deposit Box

Contribution to Income. The relative contribution of principal products or services to gross revenues is as follows: (amounts in millions)

Products/Services	**2021**		**2020**		**2019**	
	in Php-MM	**%**	**in Php-MM**	**%**	**in Php-MM**	**%**
Interest Income:	**37,111**	**83.1%**	**36,952**	**76.1%**	**37,578**	**73.6%**
Loans and receivables	31,900	71.4%	33,909	71.7%	32,646	63.9%
Trading and investment securities	4,448	10.0%	2,079	9.9%	4,498	8.8%
Others	763	1.7%	964	1.7%	434	0.8%
Other Income:	**7,563**	**16.9%**	**11,632**	**23.9%**	**13,490**	**26.4%**
Trading and securities gains - net	863	1.9%	6,084	12.5%	7,492	14.7%
Service fees and commissions	4,549	10.2%	3,506	7.2%	3,854	7.5%
Foreign exchange gains - net	181	0.4%	574	1.2%	347	0.7%
Trust fees	392	0.9%	323	0.7%	323	0.6%
Share in net earnings (losses) of subsidiaries and associates	12	0.0%	(94)	-0.2%	21	0.0%
Miscellaneous - net	1,566	3.5%	1,239	2.6%	1,453	2.8%
TOTAL	**44,674**	**100.0%**	**48,584**	**100.0%**	**51,068**	**100.0%**

The foreign subsidiary, RCBC International Finance Limited (Hong Kong), accounted for 0.03%, 0.03% and 0.05% of gross revenues for the years 2021, 2020 and 2019, respectively.

<u>Competition</u>. The Bank faces competition from both domestic and foreign banks as a result of the liberalization of the banking industry by the government. Since 1994, a number of foreign banks have been granted licenses to operate in the Philippines. These foreign banks have focused their operations on large corporations and selected consumer finance products, such as credit cards. They have increased competition in the corporate market and caused more domestic banks to focus on the commercial middle-market, placing pressure on margins in both markets. In 2021, there were 46 Universal and Commercial Banks, 20 are locally owned and 26 are foreign owned.

Competition in corporate banking is intense especially with the larger banks. Pricing of loans and yield of deposit and investment products are factors limiting the expansion in this area. As such, the focus has been diverted to SMEs, cash management services, and micro-financing for the expansion of the Bank's client-base, loan portfolio and revenues. The Bank has also continued its emphasis on product and service improvement through investment in technology and systems.

Customers. The Bank's key market segments are consumer, top corporate and middle market to whom it offers consumer, commercial & corporate loans and asset & cash management services. These services are provided through its branch network, ATMs and electronic delivery channels (internet and mobile banking).

To better serve the needs of its clients, the Bank has segmented its market to the following:

a) *Corporate/Institutional Market*

Despite the challenges brought about by the pandemic, RCBC's Corporate Banking Group rose to the occasion and was even recognized by one of the United Kingdom's leading banking publication, Global Banking & Finance Awards (GBAF) for being the Best Corporate Bank Philippines in 2021.

While the Group continues to provide appropriate assistance to its customers who were impacted by the crisis via its Covid Assistance and Recovery (CARE) program, it has also embarked on a business-as-usual stance for the more stable accounts and those who have already recovered from the effects of the pandemic. The Group has been working on a pipeline of projects, mostly in the infrastructure and the renewable energy space, consistent with our focus on sustainable financing.

CBG ended the year strong with a 15.2% growth in its asset base, and a 26.9% jump in deposits. This solid performance was driven by the conglomerates and large local corporations where growth was seen from sectors such as power, infrastructure, telecom, logistics, e-commerce, among others.

The digital revolution which soared during the pandemic, continued to be evident with more customers migrating to our digital channels, enabling them to seamlessly perform their banking transactions while working remotely. Customers benefited from the superior features offered by the RCBC Online Corporate (ROC), the bank's electronic banking platform as well as its suite of cash management products.

As the business environment becomes brighter, we continue to focus on major industries such as infrastructure and power, as well as other essential industries. Another area of focus is on sustainable financing, as we incorporate environmental, social and corporate governance (ESG) dimensions in our activities for the purpose of creating long term value for all stakeholders. Digital adoption will continue to be pursued across all customer segments. This is aided by innovative products that bring efficiency, coupled with a customer-friendly onboarding process.

Working together with the rest of the bank, CBG aims to be our customers' Corporate Bank of Choice.

b) *SMEs/Commercial Middle Market*

The Small Medium Enterprise Banking Group ("SMEBG") has emerged as a stronger team, having spin off from just a segment under Corporate Banking in 2019, to a separate group focused on the holistic banking needs of the country's small and medium enterprises. In helping SME clients grow their businesses, SMEBG caters to both their financial and non-financial requirements, encouraging innovation and accelerating digital adoption.

With all divisions under the group synergizing their efforts towards asset growth, the Bank's SME loans portfolio ended 2021 with P93.4 billion , an 18.6% increase from P78.7 billion in 2020.

As the COVID-19 pandemic persisted during the past year, the bank continued to provide assistance to the country's SMEs through the implementation of debt relief measures and recovery packages through the Covid Assistance and Recovery (CARE) program. Commenced in 2020, this program which bucketted SME borrowers into a color-coded classification scheme based on the severity of the pandemic's impact on their operations for the creation of appropriate refinancing packages, has remained in place to sustainably provide support to SME customers.

The Bank has likewise undertaken solid efforts toward migrating SME clients into the digital realm by empowering them with digital cash management solutions, specifically through the bank's latest online collection solutions. These initiatives toward clients' digital adoption came alongside the bank's continuous internal reengineering efforts for an automated end-to-end business process from onboarding, loans processing and account maintenance. These online initiatives went hand in hand with offline initiatives that included further enhancement and scaling up of various SME programs, paving the way for a wider array of suitable off-the-rack business solutions to more SMEs.

SMEBG has a diversified client base of entrepreneurs located in different parts of the country and spread in various industry sectors such as manufacturing, wholesale & retail trade, construction, hotels, agriculture, and healthcare, among others. In its continuing efforts to deliver service to the underserved and untapped sectors, SMEBG sets out to put in place additional satellite offices in high-growth provincial areas to boost its current complement of 17 lending centers and 15 satellite offices. The group also works in synergy with the Bank's network of branches to ensure coverage of business entrepreneurs nationwide.

c) *Consumer/Retail Market*

RCBC offers a suite of products and services to the Consumer/Retail Market across its distribution network. Aside from a range of deposit variants that best suit the client's profile and needs, products from Treasury, UITF, Bancassurance (both life and non-life), credit card and consumer loans (auto, housing, personal and salary loans) are made available and easily accessible. Retail lending facilities geared towards sole proprietors and small businesses are available as well for additional business capital requirements.

For our exclusive and preferred clients, the RCBC Hexagon Club is a premier membership club where members can enjoy special perks and privileges at a value that's affordable to its target market, the mass affluent and retail entrepreneurs, helping them further in their financial journey. The program aims to give back, as the customers increase their business with the bank, offering clients more rewards as they increase their deposit.

The Bank continues to strengthen its reach with branches and ATMs located in strategic growth areas and having stronger thrust to promote digital channels such as the RCBC Assist and RCBC Digital through social media and other e-commerce platforms.

Credit Card Business

RCBC Bankard caters to the payment needs of various clients across different segments through its slew of card products ranging from its Starter Cards to its Premium Cards. The core proposition of the card offerings is to enable cardholders to manage their finances while providing an enhanced and rewarding experience.

The RCBC Digital app ("app") is a corollary to the proposition of delivering better budget management and enhanced customer experience. Through the app, cardholders can view their card information and perform financial transactions such as converting their straight purchases to up to 36 months installment. As of 4th Quarter 2021, 32% of the cardholders have already enrolled in the app with 98.7% of Purchase Conversion transactions being completed through the app. The app-based services offered to RCBC Bankard cardholders were not only well-received by its card base but were also recognized globally. The RCBC Online Banking app's Purchase Conversion and Bills Payment feature earned the distinction of being the Mobile Banking & Payment Initiative of the Year (Philippines) in the ABF Retail Banking Awards 2021 and was Highly Acclaimed for Best User Experience in Mobile Banking at the Digital CX Awards 2021 by The Digital Banker.

The proposition for a more rewarding payment experience was actuated through aggressive marketing campaigns, with RCBC Bankard partnering with more than 100 online and in-store merchants every quarter, so cardholders will receive privileges, such as getting discounts or free items, whenever they use their RCBC Bankard Credit Card to pay. Numerous omnibus and targeted campaigns were also launched which triggered higher activation, activity rate, and average spend per Card. Its Digital Loans Campaign was also awarded as Outstanding Personalized 1:1 Marketing Initiative in the Global Retail Banking Innovation Awards 2021.

RCBC Bankard also remained true to its mission of fulfilling its role as a responsible corporate citizen through active involvement in nation-building and humanitarian causes. It launched the Bayanihan Balance Conversion Program as payment assistance to cardholders who were severely affected by COVID-19. It also activated its Rewards Program to enable Cardholders to provide donations to partner NGOs. RCBC Bankard's Rewards Program has received the citation as Highly Commended, Best Loyalty/Rewards Programme Asia Pacific in the Asia Trailblazer Awards 2021 by Retail Banker International

RCBC Bankard's initiatives have helped establish its position as a formidable player in the local credit card industry and allowed RCBC Bankard to perform excellently amid the continued impact of COVID-19 on the economy. RCBC Bankard posted a 32% growth in Issuing Billings and an 11% growth in Receivables. Among the 18 Credit Card Issuers, RCBC Bankard ranks top 5 in terms of Issuing Billings, top 5 in terms of Receivables, and top 6 in terms of Cards-In-Force.

Rizal Microbank

Rizal Microbank (RMB) is the thrift banking arm of RCBC that is focused on providing financial products and services to micro-entrepreneurs in the Philippines. Although its main focus is the microenterprise segment or those enterprises with total assets Php3.0 million and below, RMB has been providing since 2013 small business loan products for a sub-segment of the small enterprise market or the so-called "missing middle" – comprising of small entrepreneurs whose loan requirements put them above microfinance and yet whose financing requirements are still below the lending floor of small & medium enterprise loans. In 2015, RMB introduced agricultural loan products using the value chain finance framework/approach. The agricultural loan product seeks to provide financing to agricultural value chain players such as traders, consolidators, aggregators, processors and farmers. RMB has also partnered with public and private organizations, such as Agricultural Cooperative Development International (ACDI) /Volunteers in Overseas Cooperative Assistance (VOCA) and Department of Agriculture – Agricultural Credit Policy Council (DA-ACPC) to catalyze its ability to extend financing to the agricultural sector is something that RCBC and RMB are seriously pursuing since most of those unbanked and underserved are found in the rural and farming areas of the country.

Aside from loans, RMB also offers its target clientele with deposit products such as regular savings, checking account and certificate-based time deposits. As part of its commitment to truly advance financial inclusion in the country and provide the much-needed financial products towards the unbanked and underserved markets, RMB introduced a Basic Deposit Account in 2019 where clients may open a formal savings account with a minimal initial deposit of Php 50 and only one valid ID.

In addition, the bank has implemented an agency banking program called Bangko ng Bayan (RMB-BNB) wherein local merchants in the barangays are tapped to serve as cash agents, thereby providing formal financial access points for the underserved and unbanked segments of the populations. With its cloud-based core-banking system, financial services such as cash-in (deposit), cash-out (withdrawal), bills payment, and opening of basic deposit accounts can be done real time through a secured electronic platform provided to the accredited agents. As of December 31, 2021, RMB has accredited and partnered with 81 cash agents in selected areas in Southern Tagalog and Mindanao, and has processed more than Php 20 Million in transactions since the program institution.

d) *Overseas Filipino Workers (OFW)*

An estimated 3.6 million Filipinos work and live abroad accounted for a significant contribution to Philippine Gross Domestic Product (GDP) and foreign exchange earnings. These OFWs transfer money to the Philippines via direct remittance to their families at home. RCBC addresses the need of our countrymen abroad by offering a wide range of remittance products through reliable automated systems and support services, all provided by the Bank's Global Filipino Banking Segment (GFBS).

The GFBS global network caters to both land-based and sea-based Filipino workers. The corporate clients served are Shipping and Manning agency companies that provide crewing services and payroll for the seafarers placed.

RCBC Telemoney, the Bank's OFW remittance brand, has been enjoying strong recall, loyalty, and patronage in the market for over 30 years. Through this quarter century, it has maintained a strong foothold in mature markets in the Middle East particularly in the Kingdom of Saudi Arabia, the United Arab Emirates, Bahrain, Oman, Kuwait, and Qatar. Telemoney is quickly expanding its presence in new markets like Israel, Europe, Hongkong, United States, Canada, Japan, Malaysia and Singapore, and is as of today present in 17 countries.

RCBC Telemoney is relentless in its pursuit to expand traditional and digital networks with tie-up partners worldwide, to offer the best customer service experience to both our Overseas Filipinos abroad and their beneficiaries here in the Philippines.

e) *High Net Worth Individuals Market*

RCBC Wealth Management was formally established in 2007 as the private banking arm of RCBC in order to address the needs of the high-net-worth segment.

It has since evolved, and covered the affluent segment in addition to its network of high net worth clients, and expanded its services from investment and financial planning, to retirement and estate planning and other services relevant to the financial requirements of RCBC's high net worth clients through an open architecture platform.

With a thorough understanding of the client's financial needs and objectives, a dedicated internationally-accredited relationship manager guides the client in making informed investment decisions, provides investment opportunities in different asset classes, and acts as the single point of contact to manage the financial matters of the client and ensures privacy and confidentiality at all times.

Today, RCBC Wealth Management serves not only the high-net-worth clients, but also the next generation and emerging wealthy through our five (5) office locations in Makati, Binondo, Greenhills, Cebu and Davao.

Digital Enterprise and Innovation Banking

Despite the challenges brought about by the recent pandemic, RCBC continues to dominate the country's digital finance landscape with its pioneering initiatives, groundbreaking partnerships, sustained growth, and international accolades this year.

RCBC, with its Digital Enterprise and Innovation Group, has proven that embracing digital transformation is not just about reacting to the demands of the global health crisis. For the longstanding legacy bank, it is also a matter of fostering a trailblazing culture that embraces change, and that places the customer at the core of its key initiatives and projects.

ATM Go, RCBC's neighborhood mobile point-of-sale terminals (mPOS) continues to be a lifesaver for many households by channeling conditional cash transfer payouts at the height of the pandemic especially in geographically isolated and disadvantaged areas. This year, ATM Go also launched another first in the industry – the pioneering cardless withdrawal for mobile point-of-sale terminals (mPOS) as part of the bank's commitment to digital innovation and financial inclusion. ATM Go can now process cardless withdrawals via other RCBC digital platforms.

ATM Go

- 16% surge in transaction count (2.8 million in 2021 from 2.4 million in 2020)
- 16% jump in transaction volume (Php 7.8 billion in 2021 from Php6.7 billion in 2020, year-on-year (YoY)
- 13% jump in revenues (Php64.7 million in 2021 from Php57.0 million in 2020, YoY)

Supporting the BSP's move to promote digital payments in the country, RCBC is also one of the first legacy banks in the country to have fully adopted the QRPh person-to-merchant (P2M) use case through its primary mobile banking app, RCBC Digital. QRPh P2M provides an interoperable payment solution using InstaPay, the country's 24/7 fast payment system that operates across different participating payment service providers.

RCBC Digital also came up with over 20 digital enhancements and features for both its mobile and web versions this year. These include the in-app UITF placement and the Philippines' first digital concierge, and digital investment management account (IMA) opening, among others. By partnering with the SocialSecurity System (SSS), RCBC Digital also became a qualified disbursement account for SSS members who need to avail of their benefits via digital channels.

RCBC Digital App:

- 48% surge in transaction count (11.1 million in 2021 from 7.5 million in 2020, YoY)
- 75% jump in gross transaction value (Php 109.7 billion in 2021 from Php 62.7 billion in 2020, YoY)
- 1,270% jump in revenues (Php 130.0 million in 2021 from Php 9.5 million in 2020, YoY)

Being the first TagLish and Cebuano financial inclusion super app in the country that was launched on July 1, 2020, RCBC's DiskarTech boasts its one-stop shop feature that gives its users a full end-to-end customer journey. It's most appealing buy-in is the 3.3% interest that users can earn annually in their digital savings accounts with no required initial deposit, no maintaining balance, and no dormancy fees. The app also made its account registration and eKYC process more streamlined and accessible by expanding the number of acceptable IDs to 18 including the PhilSys National ID. These main features have encouraged the mass market, most of whom remain to be unbanked or underserved, to ride the "digital wave" using DiskarTech.

With its diversified products and service menu under the campaign **#HalosLahatPwede (#AlmostEverythingIsPossible),** more and more Filipinos have also turned to DiskarTech for basic digitized financial services such as bills payment, e-loading, free incoming and outgoing fund transfers via Instapay and PESONet (the country's National Retail Payment System rails), partner deposits, loans and microinsurance services. Because of the affordability and accessibility of the services it offers, DiskarTech has booked exponential growth in digital adoption by consumers during the global health crisis in less than a year.

In collaboration with Malayan Insurance, it also offers "insurtech" services to its users in the form of affordable, sachet-type microinsurance products. This also expands to telemedicine services at Php50 monthly with unlimited medical consultations in partnership with RuralNet, which can be availed through "on-behalf-of" purchasing and different installment schemes.

RCBC's DiskarTech has also proven to be a reliable partner of the government in accelerating the disbursements of emergency cash subsidies and financial aid at a time when our fellow Filipinos need it the most. This was also made possible by the network of "Ayuda Arangkada" Payout Partners that DiskarTech has established which includes rural banks, pawnshops, microfinance institutions (MFIs) and small retail shops and merchants.

The super app also partnered with social enterprise HAPINOY, the Philippine Association of Stores and Carinderia Owners (PASCO), and the Department of Trade and Industry's Negosyo Center for inclusive programs that will benefit mSMEs. With this, DiskarTech gave our small business owners an option to earn extra income through the **PAKIsuyo Services,** which allows them to charge a minimal service fee for every "on-behalf-of" transaction of basic services done through the app.

It also introduced the app's five-pronged digital finance innovation for mSME inclusion which is a holistic, grassroots approach that promotes digital sachet banking to ordinary Filipinos. This includes services for savings, payments, loans, credit scoring, and insurance.

DiskarTech

- 4.7 million App Downloads in Playstore & Appstore
- 1.1 million DiskarTech Basic Deposit Accounts created
- 437% increase in transaction count (2.3 million in 2021 from 400 thousand in 2020, YoY)
- 8,411% jump in gross transaction value (Php 11.6 billion in 2021 from Php 137.0 million in 2020, YoY)
- 26,568% surge in partner deposit transaction value (Php 4.0 billion in 2021 from Php 15.0 million in 2020, YoY)
- 2,616% jump in bills payment transaction value (Php 70.0 million in 2021 from Php 2.6 million in 2020, YoY)
- 12,394% surge in InstaPay outgoing transaction value (Php 5.5 billion in 2021 from Php 44.7 million in 2020, YoY)
- 1,392% jump in InstaPay incoming transaction value (Php 755.0 million in 2021 from Php 50.6 million in 2020, YoY)

- 345% increase in customer deposit size (Php 107.0 million in 2021 from Php 24.0 million in 2020, YoY)

For all these efforts, RCBC has been recognized as a leading and award-winning universal bank accelerating digital transformation and expanding financial inclusion in the Philippines. It was judged as the Philippines' best retail bank in the 2021 Global Banking and Finance Review Awards. It was also named as the back-to-back best digital bank in the Philippines by Asiamoney in 2020 and 2021, by the Business Tabloid in 2021, the Alpha Southeast Asia in 2020, and the Best in Service and Solution by the International Innovation Awards 2021 among other global and regional recognitions. It is also the first local universal bank to have the most extensive reach with registered customers from across all 81 provinces nationwide through its mobile apps RCBC Mobile and DiskarTech. Its digital products include RCBC mobile and online banking, handheld ATM Go mobile point-of-sale terminals, and DiskarTech, among others. DiskarTech was recognized as the 2020 breakout finance app in the country by App Annie, and the Best Financial Program and Best COVID Response Initiative by the 2021 Bank Marketing Awards.

Transactions and/or Dependence on Related Parties. The information required is contained in item 12 on page 103.

Principal Terms and Expiration Dates of All Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held. The Bank has registered the marks "RCBC" (one word mark and two composite marks of the same name), "RCBC Land, Inc. a YGC Member and Logo," "RCBC Realty Corporation & Logo," and "RCBC Plaza & Device," "We Believe In You," "eWMN," "GoSavers," "RCBC MyWallet," "My Debit," "DiskarTech", "Negosyantech," "ATMGo," and "BanKonnect." with the Intellectual Property Office of the Philippines (IPOPHL). The Bank believes that this is a common practice in the banking industry in the Philippines. The Bank has not been the subject of any disputes relating to its intellectual property rights.

Effect of Existing or Probable Governmental Regulations on the Business. The Bank's operations have been affected by laws and regulations enacted by the Philippine government in response to the COVID-19 pandemic, including, but not limited to: (a) the Interagency Task Force for the Management of Emerging Infectious Diseases' Omnibus Guidelines on the Implementation of Community Quarantine in the Philippines, which imposed operational restrictions and health protocols on all private business establishments for the purpose of limiting the spread of COVID-19; and (b) Republic Act 11494 (the Bayanihan to Recover as One Act) which regulated lending institutions' lending and collection practices to provide a temporary reprieve to affected borrowers' financial obligations during the COVID-19 pandemic. Nonetheless, the aforementioned laws and regulations have not had a material adverse effect on the operations of the Bank.

Relative to the global pandemic, the government thru the BSP recognizes the potential impact of the COVID-19 to the general public. Several circulars and memorandum have been issued cognizant of the impact of this disruption in the financial system and the Philippine economy. This includes granting of temporary regulatory and rediscounting reliefs to BSP supervised financial institutions. RCBC availed the following:

- Relaxation of the submission of regulatory reports;
- Relaxation on the notification requirements on the changing of banking days/hours and temporary closure of branches;
- Relaxation of the Know Your Client requirements;

Amount Spent on Research and Development Activities. The Group's total investment in IT Software is P494 million in 2021, P591 million in 2020 and P233 million in 2019. Percent (%) to total revenue is 1.4% in 2021, 1.6% in 2020 and 0.7% in 2019. This is also disclosed in Note 15 of the AFS as part of the movement of the Group's software.

Employees. The Bank, excluding subsidiaries, has a total manpower of 5,650 as of December 31, 2021 (2,068 non-officers and 3,582 officers) from 5,887 as of December 31, 2020 (2,288 non-officers and 3,599 officers). Although not all non-officer employees are members of the RCBC Employees Association, all are covered by the Collective Bargaining Agreement (CBA). All of the Bank's non-managerial employees, other than those expressly excluded under the CBA, are represented by an independent union, the RCBC Employees Association. In November 2021, the Bank (excluding subsidiaries) and the RCBC Employees Association agreed on the 3-year economic provisions (2021-2024) and the 5-year non-economic terms of the CBA for the period 01 October 2021 to 30 September 2026.

The Parent Bank has not suffered any strikes nor was there any threat of a strike as a result of a dispute in the past five years, and the management believes that its relationship with its employees and the union is good.

The supplemental benefits that the Bank has for its associates include hospitalization, medical and dental benefits, group insurance and bereavement assistance. Associates are also entitled to vacation and sick leaves.

The Bank continues to invest in its employees through various training programs strategically focused on digital transformation and customer-centricity, sales planning and management, product knowledge, leadership, risk management, and technical skills.

In 2021, the Bank was part of the YGC Vaccination Program wherein the institution ordered 70,000 doses of Moderna vaccines for its employees and dependents. Through the Bank's relentless effort, 99% of its employees were fully vaccinated by 31 December 2021.

The Bank provided the following COVID-19 related undertakings as support to employees during the pandemic in compliance with the laws and regulations enacted during this period:

- Robust information drive via release of critical/necessary advisories in line with the pandemic;
- Implementation of policies on self-quarantine and travel bans;
- Released procedures on how to avail COVID-19 testing and COVID-19 Home Care Program as part of employees' hospitalization benefit;
- Implemented COVID-19 testing to symptomatic employees and those who were deemed as close contacts
- Organized bankwide webinars on the following:
    - Science behind and importance of vaccination
    - Mental Well-being
    - Anxiety and Coping Skills
    - Resiliency and Self Care
    - Beating Burn-out and Practical Mindfulness

The Bank also developed and implemented the following eLearning courses in 2021:

- Data Privacy
- Security Awareness
- Stress Management
- Effective Time Management
- Business English
- RCBC ROR
- Sustainability
- UITF 2021
- Fixed Income
- Code of Conduct

Moreover, the Bank initiated a donation program to assist fellow employees affected by Typhoon Odette wherein around P700.0 thousand was collected.

***Risk Management*.** The RCBC Group recognizes that risk is an inherent part of its activities, and that banking is essentially a business of managing risks. 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.

The RCBC Group's Risk Governance Framework aims to:

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

Overall responsibility for risk management is with the Board of Directors .

The Board:

- Sets the risk appetite and ensures that it is reflected in the business strategy and cascaded throughout the organization
- Sets policies, strategies and objectives and oversees the executive function
- Established and oversees an effective risk governance and organizational structure

The Board of Directors (BOD) has created committees to perform oversight responsibilities. Five committees of the BOD are relevant in this context:

- The **Executive Committee (EXCOM)** has the authority to act on matters as the Board of Directors may entrust to it for action in between meetings of the Board. Among others, it reviews and approves loans and other credit-related matters, investments, purchase of stocks, bonds, securities and other commercial papers for the Bank.

- The **Risk Oversight Committee (ROC)** is a board-level committee to which the Board delegated some of its functions with respect to the oversight and management of risk exposures of the RCBC Group. In this regard, the ROC exercises authority over other risk committees of the Group, with the principal purpose of assisting the Board in fulfilling its risk oversight responsibilities. The ROC oversees the following: 1) The Risk Governance Framework; 2) The Risk Management Function; 3) Adherence to Risk Appetite; 4) Capital Planning and Management; and 5) Recovery Plans.

- **Anti-Money Laundering (AML) Board Committee** is constituted by the Board of Directors for the purpose of carrying out its mandate to fully comply with the Anti-Money Laundering Act, as amended, its Revised Implementing Rules and Regulations and the Anti-Money Laundering Regulations under the MORB; and to ensure that oversight on the bank's AML compliance management is adequate. The AML Board Committee has oversight on all AML-related matters such as the bank's Anti Money Laundering and Terrorist Financing Prevention Program (MTPP), AML findings, alerts management, and CTRs & STRs.

- The **Audit and Compliance Committee** is a board-level committee constituted to perform the following core functions:

    - Oversight of the institution's financial reporting policies, practices and controls, as well as of the internal and external audit functions. This includes responsibility for the setting up of an internal audit unit and for the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the Audit and Compliance Committee. Based on its mandated assurance activities, in accordance with its authority coming from the Board of Directors through the Audit and Compliance Committee, Internal Audit provides reasonable assurance to Senior Management, the Audit and Compliance Committee and the Board of Directors that the Bank's internal control, corporate governance, and risk management systems and processes are adequate and generally effective. It collaborates with and complements the activities of the Risk Management Group, Regulatory Affairs Group, and other assurance and oversight units, as well as the Bank's external auditors.

    - Investigation of any matter within its terms of reference, with full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings and adequate resources to enable it to effectively discharge its functions.

    - Ensuring that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, information technology security and risk management, is conducted at least annually. Through this comprehensive system of monitoring and review of risks, controls and compliance in the institution, the Board ensures that the Bank and all business units proactively manage the risk and compliance exposures impacting their respective businesses.

  The Audit and Compliance Committee's evaluation of the effectiveness of the internal controls, financial reporting processes, information technology security and controls, risk management systems and governance process of the Bank is mainly based on the annual financial statements audit report showing an unqualified opinion from the External Auditor, the overall assurance provided by the Chief Audit Executive from the audits and related activities performed during the period and additional reports and information requested from Senior Management, and found that these systems and processes are generally adequate across RCBC.

- The **Related Party Transactions (RPT) Committee** is composed of three (3) members of the Board of Directors, two (2) of whom are independent directors, including the Chairperson. The RPT Committee, which meets monthly and as necessary, reviews material RPTs to ensure that they are conducted in the regular course of business and not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances. On favorable review, the RPT Committee endorses material RPTs to the BOD for approval.

Four (4) senior management committees also provide a regular forum, at a lower-level, to take up risk issues:

- The **Credit and Collection Committee (CRECOLCOM),** chaired by the President and Chief Executive Officer (CEO) and composed of the heads of credit risk-taking business units, head of Corporate Banking Group, head of SME Banking Group, head of Treasury Group and head of Asset Management and Remedial Group, meets weekly to review and approve credit exposures within its authority. It also reviews plans and progress on the resolution of problem loan accounts. And lastly, it reports and recommends to the Executive Committee (EXCOM) immediate measures to reduce the level of past due accounts.

- The **Asset-Liability Management Committee (ALCO)** is chaired by the Treasurer and joined by the President and CEO together with the heads of various business and support groups. The ALCO coordinates the management of assets and liabilities of the bank with the objective of earning acceptable returns and assure adequate liquidity and capital to meet regulatory and banking needs.

- The **Related Party Transactions Management Committee (RPT ManCom)** is composed of the Group Heads of different business units as specified in the charter or their respective designates. The RPT ManCom meets monthly to review and approve proposed RPTs below the materiality threshold or those that do not require Board approval to ensure that said RPTs are conducted in the regular course of business and not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances. On favorable review, the RPT ManCom approves the non-material RPT and submits the same to the BOD for confirmation.

- The **Anti-Money Laundering Management Committee (AML ManCom)**, chaired by the Chief Compliance Officer, which meets weekly, evaluates the unusual/suspicious transaction reported by the different bank units to determine the filing of Suspicious Transaction Reports (STRs) to the Anti-Money Laundering Council (AMLC).

Capital Adequacy Management. In addition to the risk management systems and controls, the Group holds capital commensurate with the level of risks it undertakes in accordance with minimum regulatory capital requirements. This interaction of risk and capital management is best expressed in the Bank's ICAAP framework, which is a continuous evaluation of capital adequacy versus the current and prospective risk profile of the Group.

Major Risks Involved. The Board and RCBC Management believe that effective management of risk is central to achieving strategic objectives and performance targets. In the pursuit of strategy and to produce a superior return for its shareholders, RCBC has identified various types of risk:

a) **Credit Risk** – Risk of loss arising from a counterparty's failure to meet the terms of any contract with the Bank or otherwise perform as agreed. Credit risk is found in all activities where success depends on counterparty, issuer, or borrower performance. It arises anytime funds are extended, committed invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet. Credit risk is not limited to the loan portfolio.

The Bank is exposed to credit risk as trading counterparty to dealers and customers, as direct lender and as a holder of securities. Categories of credit risk include contingent credit risk (risk that potential counterparty or customer obligations become actual and will not be repaid on time), country risk (risk that actions of sovereign governments or other uncontrollable events will adversely affect the ability of counterparties or customers to fulfill obligations to the Bank), underwriting risk (risk that an issue will lose value after launching but before trading in the secondary markets), and custody risk (risk that arises when the Bank has assets in the form of securities entrusted to a third party as a custodian).

The Bank's goal of credit risk management is to maximize its risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The credit policies of the Bank are reviewed and approved by the ROC are set out in the Bank's Credit Risk Policy Manual.

b) **Credit Concentration Risk** – Risk of loss arising from excessive credit exposures to individual borrower, groups of connected counterparties and groups of counterparties with similar characteristics (e.g., counterparties in specific geographical locations, economic or industry sectors) or entities in foreign country or a group of countries with strong interrelated economies.

c) **Market Risk** – Risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in the Bank's trading book portfolio, both on- and off-balance sheet.
To manage market risks inherent in the Bank's portfolio, three (3) related measures of risk values are estimated or established:

- The sensitivity of the position or portfolio to a movement in the market risk factor to which it is exposed;
- The volatility of the position (the maximum expected movement in the market risk factor for a given time horizon at a specified level of confidence); and
- The value-at-risk (the likely impact on earnings for a given time horizon due to expected movements in the market factors).

d) **Interest Rate Risk in the Banking Book** – Current and prospective risk to earnings and capital arising from adverse movements in the interest rates that affect the Bank's banking book positions. The Bank follows a policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The Bank's risk measurement system addresses different risk factors of different categories of instruments within each significant currency where the Bank holds interest rate sensitive positions.

The interest rate sensitive instruments of the Bank's trading and investment portfolio are covered by a system of loss limit and Management Action Trigger ("MAT") controls which quantify management's tolerance for losses on year to date and month to date cumulative loss. In addition, value-at-risk ("VaR") is computed per product group to determine potential loss.

The Bank employs "gap analysis" to measure the interest rate sensitivity of its assets and liabilities. The asset/liability gap analysis measures, for any given period, any mismatch between the amounts of interest-earning assets and interest-bearing liabilities which would mature, or would be subject to re-pricing during that period.

e) **Liquidity Risk** – Current and prospective risk to earnings or capital arising from a bank's inability to meet its obligations when they come due without incurring unacceptable losses or costs. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.

The Bank'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 demand or upon maturity. The main sources of the Bank's funding are capital, core deposits from retail and commercial clients and wholesale deposits. The Bank also maintains a portfolio of high quality liquid assets to further strengthen its liquidity position. The Bank ensures compliance to the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). At least once annually, the Bank presents a request for liquidity limits to the Risk Oversight Committee for final approval and ratification by the Board of Directors. The Bank's Treasury formulates a funding plan that effectively serves as a projected funding requirement based on assumptions from the forecasted balance sheet.

To ensure that the Bank has sufficient liquidity at all times, the Bank formulates a contingency plan using extreme scenarios of adverse liquidity and evaluates the Bank's ability to withstand these prolonged scenarios. The contingency plan focuses on the Bank's strategy for coordinating managerial action during a crisis and includes procedures for making up cash-flow shortfalls in adverse situations. The plan details the estimated amounts of funds available and the scenarios under which it could use them.

f) **Operational Risk** – Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk, but excludes strategic and reputational risk.

The Bank maintains policies, procedures and circulars that are periodically reviewed and updated. To ensure that critical processes are properly handled, the work of one person is verified by another. Items of value are under joint custody.

The Bank has taken steps to improve resilience through its enterprise Business Continuity Plan, based on several crisis severity levels, which is tested at least annually and updated for any major changes in systems procedures. In response to COVID-19, the Bank activated its Pandemic and Infectious Disease Plan as early as January 22, 2020. This plan is part of the Business Continuity Plan that was prepared in anticipation of an earlier Secure Accurate Respiratory Syndrome (SARS) outbreak. The Plan defines control operations and precautionary measures that were implemented by the Bank for every stage of the pandemic.

The Bank has implemented a new and more sophisticated complaints tracking system where complaint cases received from clients are lodged, monitored and effectively managed based on a defined turnaround time in resolving them including documentation of actions taken for analytics purposes. This process is implemented in four steps, namely: (1) Acknowledgement, (2) Investigation/Analysis by designated Customer Care Representative or Senior Officer, (3) Decision/disposition and communicating of resolution/feedback to the customer, and (4) Closing of complaint.

In April 2021, the Bank upgraded its transaction monitoring system to enable real time monitoring capabilities and utilize machine learning features to further enhance fraud detection rates, thereby mitigating potential fraud losses.

The Bank places emphasis on the security of its computer system and has a comprehensive IT security policy. The Bank designates a security administrator independent of the front office who is responsible for maintaining strict control over user access privileges to the Bank's information systems. The Bank's IT Shared Services Group has a Disaster Recovery Plan to ensure business continuity, recovery of critical data and uninterrupted processing of transactions in the event of a disaster. To address the changing cyber security landscape, the Bank also updated its business continuity plan to include current threats such as ransomware. It also enhanced its program in addressing phishing and social engineering threats.

g) **Regulatory Risk and Compliance Risk** – Regulatory risk is the risk of loss arising from probable mid-stream changes in the regulatory regime affecting current position and/or strategy. Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards. The Bank's Compliance Program, the implementation of which is overseen and coordinated by the Compliance Office, is the primary control process for regulatory risk issues, including money laundering and terrorist financing risks. The Compliance Office is responsible for communicating and disseminating new rules and regulations to all units, analyzing and addressing compliance issues, performing periodic compliance testing on business centers and Head Office units and reporting compliance findings to the Audit and Compliance Committee and the Board of Directors. On a case-to-case basis, when the Audit and Compliance Committee is not immediately available, the Compliance Officer may initially report urgent matters to the President and Chief Executive Officer, and thereafter to the Audit and Compliance Committee.

h) **Reputational Risk** – Risk to earnings, capital, and liquidity arising from negative perception on the Bank of its customers, shareholders, investors, and employees, market analysts, the media, and other stakeholders such as regulators and other government agencies, that can adversely affect the bank's ability to maintain existing business relationships, establish new businesses or partnerships, or continuously access varied sources of funding. While the Bank holds that everyone plays a part in the management of its good name, it has nevertheless tasked a specific body – the Marketing Committee (MarComm) – to execute strategies towards the management of its reputation. The MarComm has the following objectives:

- To serve as venue for surfacing and managing issues that affect, or tend to affect the public's perception principally of the Bank, 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 Bank'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 Bank's image arising from subsisting negative public information.

i) **Strategic Risk** – Current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes and other external developments.

j) **Environmental and Social (E&S) Risk** – Risk of potential financial, legal, and/or reputational negative effect of E&S issues on the bank. E&S issues include environmental pollution, climate risk (both physical and transition risks), hazards to human health, safety and security, and threats to community, biodiversity and cultural heritage, among others.

(See accompanying Note 4 to Financial Statements for a detailed discussion of Risk Management.)

Item 2. Properties

RCBC's headquarters are located on an island site at the corner of Ayala Avenue and Sen. Gil Puyat Avenue Ext. called the RCBC Plaza Building and the other located at the 25th and 26th Streets, Bonifacio Global City, Taguig City called Alfonso T. Yuchengco Centre (ATY Centre). The RCBC Plaza Building is one of the largest sites in the Makati Central Business District. The Bank and some of its subsidiaries lease and occupy about eleven and a half (11.5) floors of the twin tower complex. The Bank's lease, covering an area of 19,148.5 sqm expired on December 31, 2020 and was renewed for a five (5) years lease contract commencing on January 1, 2021 and ending on December 31, 2025. Annual rent of Bank's principal offices, inclusive of VAT, amounts to P386.0 million. ATY Centre, on the other hand, is occupied by the Bank by about thirteen and a half (13.5) floors or 18,683.3 square meters of the 33-storey building.

The Group's total lease related expenses comprising of rent, right-of-use amortization, and interest on lease liability amounted to P1.4 billion in 2021. The lease periods are from 1 to 20 years. Most of the lease contracts contain renewal options, which give the Parent Company and its subsidiaries the right to extend the lease on terms mutually agreed upon by both parties.

The Bank owns and/or leases sites as listed below and on the following pages:

LOCATION/BC NAME	BUSINESS ADDRESS	AREA (in sqm)
A. RCBC OWNED PREMISES		
METRO MANILA AREA		
Alabang	Alabang-Zapote Road, Alabang, Muntinlupa City	1,955.0
Alabang (Toyota)	Alabang-Zapote Road, Las Piñas City, Parañaque	7,056.0
Anonas	69 Anonas cor Chico St. Project 2, Quezon City	187.5
Baclaran	Taft Avenue Extension, Baclaran, Parañaque	219.0
BANKARD – Robinson's EPCI Tower	Robinson's Equitable-PCI Tower, #4 ADB Ave. cor. Poveda St., Ortigas Center, Pasig City.	3,532.0
Beacon	Don Chino Roces Ave. and A. Arnaiz Ave., San Lorenzo, Makati City	206.5
Betterliving	Dona Soledad St. Betterliving Bicutan, Paranaque	479.0
BF Homes	Ground Floor, Centermall Building (Matrix Center), Presidents Avenue, BF Homes, Parañaque City	221.0
Binondo	Q. Paredes St., Binondo, Manila	2,149.7
Blumentritt	Blumentritt cor. Andrade St. Sta Cruz Manila	105.0
Caloocan	No.259 Rizal Avenue, Caloocan City	650.0
Camarin	Susano Road, Camarin Novaliches Quezon City	559.0
Carlos Palanca	Ground Floor, BSA Suites, C. Palanca Street, Legaspi Village, Makati City	142.8
Commonwealth	Commonwealth Avenue, Old Balara, Quezon City	620.2
Connecticut	No. 51 Connecticut Street, Northeast Greenhills, San Juan City	1,003.0
Divisoria	Mezzanine, New Divisoria Condominium Center, Sta. Elena, Divisoria, Manila	449.6
Divisoria	# 649 Padre Rada St. Cor. Juan Luna Brgy Padre Rada Tondo, Metro Manila	289.7
E. Rodriguez	444 E. Rodriguez Sr. Blvd. Cor. Jacinto St. Quezon City	279.0
Felix Avenue	Karangalan Village, Phase II, Felix Avenue, Cainta Rizal	221.2
Greenbelt	Ground Floor, BSA Tower, Legaspi Street, Legaspi Village, Makati City	173.8

LOCATION/BC NAME	BUSINESS ADDRESS	AREA (in sqm)
Greenhills	Grace Building, Ortigas Ave., Greenhills, San Juan, MM	108.7
J. P. Rizal	J. P. Rizal Street, Makati City	198.8
Kapitolyo	Shaw Boulevard, Kapitolyo, Pasig City	311.0
Katipunan	Torres Building, Katipunan, Loyola Heights, Quezon City	234.0
Lagro	Km 22 Quirino H-way Lagro, Novaliches Quezon City	280.0
Legaspi Village (ACCRA)	ACCRA Condominium, cor. Salcedo & Gamboa St., Legaspi Village, Makati	522.0
Legaspi Village (Cristina Condo)	Cristina Condominium, Legaspi cor. Herrera, Legaspi Village, Makati City	120.0
Marulas	Mc Arthur H-way, Marulas Valenzuela Metro Manila	200.0
Masinag	Sumulong H-way, Masinag Antipolo Rizal	238.0
Metallim Compound	No. 95 T. Arguelles (formerly Brixton St.), Brgy. Imelda, Quezon City	2,421.7
Meycauyan - Requino	831 Mc Arthur Highway, Calvario, Meycauyan, Bulacan	215.0
Montalban	Jose Rizal cor. Linco St. Montalban Rizal	447.0
Muntinlupa	National H-way, Muntinlupa City	227.0
Novaliches	917 Bo. Gulod.,Quirino Highway	263.0
Navotas	Estrella cor. Yangco St. Navotas East, Metro Manila	220.0
Ortigas Center	Malayan Tower, ADB Avenue, Ortigas Center, Pasig City	245.0
Ortigas Extension	Ortigas Ave. Extn. Brgy.Sta.Lucia Pasig City 2nd District Metro Manila	241.0
P. Tuazon	P. Tuazon Cor. 12th Ave. Cubao Quezon City	355.0
Pacific Place	Ground Floor, Pacific Place Building, Pearl Drive, Ortigas Center, Pasig City	1,219.6
Pateros	M. Almeda St. Bo. San Roque, Pateros Metro Manila	300.0
Quezon Avenue	Quezon Avenue, Quezon City	1,427.7
Rockwell	Phinma Plaza, Hidalgo Street, Rockwell Center, Makati City	223.4
A.T. Y. Corporate Centre (BGC - The Fort)	26th and 25th Streets, Bonifacio Global City, Taguig City	3,150.0
Salcedo	Le' Metropole Building, Sen. Gil Puyat Avenue corner Tordesillas and H.V. Dela Costa Streets, Salcedo Village, Makati City	192.0
Salcedo Village	Ground Floor, Y Tower II Building, Leviste (Alfaro) corner Gallardo Streets, Salcedo Village, Makati City	230.1
Salcedo Village (8/F Y TOWER)	8/F Y Tower II Building, Alfaro cor. Gallardo, Sts., Salcedo Village, Makati City (with 2 covered, 1 semi-covered and 1 open parking space)	432.0
San Joaquin	Concepcion St. San Joaquin, Pasig City	159.0
San Roque	J.P. Rizal St. San Roque Marikina City	400.0
Sangandaan	Sangandaan, A. Mabini cor. Plaridel, Caloocan City	323.0
Sta. Mesa	4463 Old Sta. Mesa Manila	214.0
Tomas Morato	169 Tomas Morato cor. Sct. Castor, Quezon City	175.0
Taft-Remedios	Taft Avenue, Manila	295.1
Taytay Extension Office	Rizal avenue, Cuatro Cantos, Taytay, Rizal	211.0
Tektite	East Tower, PSE Center, Exchange Road, Pasig City	311.0
Timog	Timog Avenue, Barangay Laging Handa, Quezon City	690.0
Visayas Ave.	6 Visayas Ave. Tandang Sora, Quezon City	300.0

LUZON AREA		
LOCATION/BC NAME	**BUSINESS ADDRESS**	**AREA (in sqm)**
Angeles	Sto. Rosario Street corner Theresa Avenue, Barangay Sto. Rosario, Angeles City	600.0
Angono	Quezon Avenue, Angono, Rizal	1,074.0
Apalit	National Road, San Vicente, Apalit, Pampanga	1,250.0
Bacoor	Lot 1, Pcs-042103-007035, Aguinaldo Hi-way cor. Road Lot 3, Brgy. Habay, Bacoor, Cavite	268.0
Bacoor	Unit 101-103, Aguinaldo Hi-way, Bacoor, Cavite	344.9
Baguio	Session Road, Baguio City	474.5
Balibago	McArthur Highway, Barangay Balibago, Angeles City	331.0
Batac	Marcos Highway, Batac, Ilocos Norte	378.1
Binakayan	Aguinaldo H-way, Binakayan Kawit, Cavite	197.0
Biñan	126 A. Bonifacio St. Poblacion Biñan Laguna	286.0
Binangonan	M.L. Quezon St. cor Zamora St. Binangonan Rizal	200.0
Bocaue	249 Binang 2 Mc Arthur H-way Bocaue, Bulacan	250.0
Brystol Textile, Inc.	Maguyam Road, Brgy. Maguyam Silang, Cavite	27,192.0
Cabanatuan	Maharlika Highway cor. Paco Roman St.Extension, Brgy. Barrera District Cabanatuan City, Nueva Ecija	1,203.0
Cabuyao	J.P. Rizal cor. Del Pilar St. Cabuyao, Laguna	224.0
Calamba	Provincial Road corner Cadena De Amor Street, Dolor Subdivision, Barangay 1, Poblacion, Calamba City, Laguna	815.0
Calamba	National Road, Calamba Laguna	300.0
Carmen	McArthur Highway, Carmen, Rosales, Pangasinan	720.0
Dasmariñas	Aguinaldo H-way, Dasmariñas Cavite	264.0
Dasmariñas (FCIE-Cavite)	FCIE Compound, National Highway, Barangay Langkaan, Dasmariñas, Cavite	265.0
Gateway	Gateway Industrial Park, Brgy. Javalera, General Trias, Cavite	787.0
GMA	Block 2, lot 10 GMA, Cavite	204.0
La Union	Quezon cor. P. Burgos, San Fernando, La Union	1,090.0
Imus	Nuevo Tansang Luma, Imus Cavite	400.0
Lima	Hotel Drive corner Business Loop, Lima Technology (Business) Center, (Lima Square), Barangay Santiago, Malvar, Batangas	1,524.0
Lucena	Lot 2983 Quezon Ave. Lucena City	214.0
Malolos	Paseo del Congreso, Malolos Bulacan	304.0
Naic	Capt. Nazareno St. Naic, Cavite	337.0
Noveleta	Poblacion Noveleta, Cavite	300.0
Palawan	RCBC Palawan Building, 257 Rizal Avenue, Puerto Princesa City, Palawan	1,131.0
Plaridel	Cagayan Valley Road, Banga 1, Plaridel Bulacan	670.0
San Mateo	Gen. Luna St., Brgy.Gitnang Bayan II, San Mateo, Rizal	307.0
Sta. Cruz	A. Regidor corner P. Burgos, Sta. Cruz, Laguna	131.0
Sta. Rosa	J. Rizal Blvd. Cor. Perlas Village, Brgy. Tagapo Sta. Rosa, Laguna	480.0
Tarlac	Mc Arthur Highway, Blossomville Subd. Brgy. Sto Cristo, Tarlac City	554.0
Tabaco	Ziga Avenue, Tabaco, Albay	316.0

VISAYAS AREA		
LOCATION/BC NAME	**BUSINESS ADDRESS**	**AREA (in sqm)**
Ayala-Cebu	Lot 1 Blk 6, Along Mindanao Ave. & Siquijor Rd., Cebu Business Park, Cebu City	1,814.0
Bacolod-Libertad	Lot 390, de modecion catastral de Bacolod, Libertad Street, Bacolod City	2,547.0
Bacolod-Main	Rizal corner Locsin Streets, Bacolod City	440.0
Bacolod-Mandalagan	Lacson St. Mandalagan, Bacolod City	537.2
Bacolod-Shopping	Hilado Extension Street, Capitol Shopping District, Bacolod City	1,057.0
Bayawan	National Highway, Bayawan, Negros Oriental	568.0
Cadiz	Abelarde corner Mabini Streets, Cadiz City	741.0
Dumaguete	Real St. cor. San Juan St. Dumaguete City	211.0
Escario	N. Escario Street, Cebu City	437.0
Fuente Osmena	GPL Tower, Fuente Osmena, Rotonda, Cebu City	845.3
Iloilo	J. M. Basa cor. Arsenal, Iloilo City	2,647.0
Jalandoni	Jalandoni St. San Agustin Iloilo City	256.0
Kabankalan	Poblacion, Kabankalan City, Negros Occidental	1,000.0
La Paz	Luna st., la Paz, Iloilo City	339.0
Mandaue	A. Cortez Avenue, Barangay Ibabao, Mandaue City	1,664.0
Mandaue	Mandaue Cebu City	254.0
P. del Rosario	P. del Rosario st., Bo. Sambag, Cebu City	298.0
Roxas City	Plaridel Street, Banquerojan, Roxas City	624.0
Sara	Don Victorino Salcedo Street, Sara, Iloilo	963.0
Silay	Rizal corner Burgos Streets, Zone1, Silay City	799.7
Tagbilaran	C.P.G. (J. P Garcia) Avenue, Tagbilaran City	633.0
Talisay	National Hi-way, Tabunok, Talisay, Cebu	679.0
Tacloban	Corner P.Zamora St.and Sto. Nino Sts ,Brgy.15, Tacloban City	317.0

MINDANAO AREA		
LOCATION/BC NAME	**BUSINESS ADDRESS**	**AREA (in sqm)**
Bolton	Bolton St. Davao City	300.0
Dadiangas	Pioneer Avenue, General Santos City	930.0
Davao-Recto	C. M. Recto and Palma Gil, Davao City	1,085.0
Digos	Rizal Avenue, Digos, Davao del Sur	12,193.0
Gen. Santos	Pioneer Avenue, General Santos City	443.0
Ilustre	Lot 2 Ilustre Extension Brgy 2 Poblacion Davao City	607.0
Ipil	National Highway, Barangay Luiz Ruiz Sr., Poblacion, Ipil, Zamboanga del Sur	1,000.0
Isulan	National hi-way cor. Lebak Road, Kalawag III, Isulan, Sultan Kudarat	372.0
Lapasan	C. M. Recto, Lapasan, Cagayan de Oro City	456.0
Ozamis	Don Anselmo Bernad corner A. Mabini Street, Ozamis City	202.0
Pagadian	Rizal Avenue, Pagadian City	301.0
Polomolok	Dhalia Street, Polomolok, South Cotabato	511.0
Surallah	National Highway, Surallah, South Cotabato	496.0
Tagum	Pioneer Avenue, Tagum, Davao del Norte	1,200.0
Velez	Velez Street, Cagayan de Oro City	382.0

B. RCBC LEASED PREMISES LOCATED IN RCBC PLAZA

The Bank's leased premises in RCBC Plaza (excluding the main branch) cover an area of 18,468.1 square meters and average monthly rental of P31.0 million, inclusive of VAT.

BC NAME	BUSINESS ADDRESS	Monthly Lease Rate (in absolute amounts) (inclusive of 12% VAT)	LEASE TERM	
			START	END
C. RCBC LEASED PREMISES				
METRO MANILA AREA				
168 Mall	Unit 4H-01 4th Floor, 168 Shopping Mall, Sta. Elena St., Binondo, Manila	165,379.2	1-Jan-21	31-Dec-23
A. Mabini	1353 Tesoro Bldg. A. Mabini St. Ermita Manila	275,567.8	19-Oct-19	14-Oct-24
Abad Santos	1628 Jose Abad Santos Avenue, Tondo, Manila	202,230.0	1-May-17	30-Apr-27
Acropolis	191 Triquetra Bldg., E. Rodriguez Jr. ave., Bagumbayan, Quezon City	213,465.0	1-Jun-20	31-May-25
Acropolis EastWood	Unit G8A-B, G/F MDC 100 Building, No. 188 E. Rodriquez Jr. Avenue cor. Eastwood Avenue, Barrio Bagumbayan, Quezon City	128,121.1	21-Dec-20	21-Dec-25
ADB Avenue-Garnet	Unit 110 AIC Burgundy Empire Tower ADB Ave. corner Garnet Road, Ortigas Center, Pasig City	295,576.8	1-May-17	30-Apr-22
Adriatico	Hostel 1632 G/F Unit No. 1632 M. Adriatico St. Malate, City of Manila	256,800.0	1-May-17	14-May-27
Aguirre-BF Homes	G/F Fitness & Beauty Mall Bldg., 290 Aguirre Avenue. Cor. Gov. Santos St., BF Homes, Paranaque City	154,080.0	1-Jan-17	1-Jan-22
Alabang - Filinvest	Units G04 & G05 Vivere Hotel 5102 Bridgeway Ave., Filinvest Corporate City, Alabang, Muntinlupa City	154,881.9	21-Oct-20	21-Oct-25
Alabang Madrigal Business Park	Unit 5 and 6, Ground Floor CTP Alpha Bldg., Investment Drive, Madrigal Business Park, Ayala Alabang, Muntinlupa City	192,819.2	15-Sep-15	15-Nov-25
Amang Rodriguez	1249 A. Rodriguez Ave., Dela Paz, Pasig City	55,000.0	1-Jul-17	30-Jun-27
Amoranto	Units 1-F and 1-G Edificio Enriqueta 422 N.S. Amoranto St., cor. D. Tuason Ave. Quezon City	124,120.0	1-Mar-17	28-Feb-27
Ampid	122 General Luna St., Ampid 1, San Mateo Rizal	201,697.7	7-Nov-20	7-Nov-25
Aurora Blvd-Madison	Madison 101, Aurora Blvd cor. Madison St., Quezon City	219,029.0	1-Dec-15	30-Nov-25

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Ayala	Unit 709 & 710 Tower I Ayala Triangle Ayala, Makati City	862,534.7	1-Oct-21	30-Sep-24
Ayala-Paseo	GF 8767 Philamlife Tower, Paseo De Roxas Makati City	341,330.0	1-Sep-20	31-Aug-25
Annapolis-Missouri	G/F Unit 102 The Victoria Plaza, #41 Annapolis St. San Juan City	176,620.1	19-Feb-18	15-Feb-33
Antipolo	Antipolo Triangle Mall, San Lorenzo Sumulong Memorial Circle, Brgy. San Jose, Antipolo City	104,029.2	15-Oct-21	14-Oct-31
Araneta Center	G/F Unit 111 Sampaguita Theatre Bldg., Gen. Araneta & Gen.Roxas Sts., Cubao, Quezon City	396,004.1	1-Mar-2019	28-Feb-2022
Arnaiz	843 G/F B & P Realty Inc. Building., Arnaiz Ave., Legaspi Village, Makati City	129,301.0	1-Dec-21	30-Nov-26
Arranque	1001 Orient Star Bldg. cor. Masangkay and Soler Sts., Sta. Cruz, Manila	278,200.0	15-May-17	14-May-27
Baclaran-Quirino Ave	#3916 Qurino Avenue corner Aragon Street, Baclaran, Paranaque City	111,479.3	1-Oct-20	1-Oct-25
Banawe	Unit I-K, CTK Bldg. 385 Banawe cor. N.Roxas Sts. Quezon City	262,775.9	15-Feb-20	15-Feb-25
Bayani Road	30B Bayani Road AFPOVAI Subdivision, Fort Bonifacio, Taguig City	122,371.2	1-Sep-12	31-Aug-22
Bel Air	Unit 101 Dona Consolacion Bldg., 122 Jupiter St., Bel-Air, Makati City	160,017.6	1-Oct-21	30-Sep-26
Better Living	#14 Doña Soledad Ave., Better living Subd., Brgy. Parañaque City	126,125.7	15-Sep-18	14-Sep-23
Binondo	ETY Building, 484 Quintin Paredes St., Binondo, Manila	451,450.1	1-Apr-18	31-Mar-23
Boni Ave.	617 Boni Ave. Mandaluyong City	171,964.3	30-Apr-21	30-Apr-26
Buendia	Grepalife Bldg. 221 Sen. Gil J. Puyat Ave., Makati City	251,221.8	1-Jan-19	31-Dec-23
C. Raymundo	261 Unit C, C. Raymundo Avenue, Brgy. Maybunga, Pasig City	115,560.0	1-Feb-17	31-Jan-27
Cainta	Multicon Bldg., F.P. Felix Ave., Cainta	115,008.3	16-Nov-17	15-Nov-27
Caruncho	Prima 3 Commercial Center #7 Caruncho Avenue Pasig City	160,500.0	1-Jul-17	30-Jun-27
Cogeo	Cogeo Trade Hall Bldg., Sitio Kasapi, Brgy. Bagong Nayon, Antipoli City	89,635.7	5-Oct-21	31-Oct-26
Commonwealth	G/F Verde Oro Bldg., 535 Commonwealth Ave.,Diliman Quezon City	256,800.0	1-Jan-18	31-Dec-22
Congressional	Ground Floor, Unit A & B, 188 Congreassional Avenue, Quezon City	195,499.5	1-Jan-22	31-Dec-31
Concepcion, Marikina	# 17 Bayan-Bayanan Ave., Concepcion Uno Marikina City	123,050.0	1-Aug-17	31-Jul-22
Cubao	RCBC SuperCenter, Araneta Center, QC	263,605.0	1-Jan-18	30-Sep-24
D. Tuazon	G/F Academe Foundation Bldg., No. 47 D. Tuazon St., Sta. Mesa Heights, Quezon City	173,628.9	15-Sep-20	14-Sep-25

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Del Monte	180 Del Monte Avenue, Quezon City	144,450.0	1-May-17	30-Apr-27
Dela Rosa	G/F Sterling Center Ormaza Coner Dela Rosa St. Legaspi Village Makati City	290,445.4	1-May-19	30-Apr-24
Dela Rosa - Pasong Tamo	Ground Floor, King's Court 2 Building, 2129 Chino Roces Avenue, Makati City	351,016.0	1-Mar-17	28-Feb-27
Diliman	Cor. Matalino St. & Kalayaan Ave., Diliman, Quezon City	231,750.0	16-Nov-21	15-Nov-26
East Capitol Drive	Ground Floor, Tinity Bldg., No. 26 East Capitol Drive, Brgy, Kapitolyo, Pasig City	145,520.0	1-Jan-17	31-Dec-26
Eastwood Mall	G/F Unit A – 102B, Eastwood Mall, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Ave. Bagumbayan, Quezon City	397,634.0	1-Feb-20	31-Jan-25
Edsa Kalookan	520 E. Delos Santos Ave., Kalookan city	206,650.0	1-Oct-21	30-Sep-31
Edsa Taft	Giselle's Park Plaza Edsa cor. Taft Ave. Pasay City	208,471.5	1-Sep-17	31-Aug-22
Elcano	676 Elcano cor Lavezares St., Binondo, Manila	200,291.1	1-May-17	30-Apr-22
Ermita	550 UN Ave., Ermita Manila	442,338.2	01-Jun-19	31-Dec-23
Evangelista	Hernandez Building, Evangelista St., cor. Gen. Alejandrino St., Brgy Bangkal, Makati City	247,298.4	1-Jun-17	31-May-27
Fairview	Medical Arts Bldg., Dahlia St. North Fairview, Quezon City	147,006.4	01-May-15	30-Apr-25
Fort Bonifacio	Unit 1D Crescent Park Residences, 30th St Cor 2nd Ave., Burgos Circle, Fort Bonifacio, Taguig City	298,604.8	1-May-17	30-Apr-22
Frontera Verde	9F Ortigas Bldg., Ortigas Avenue, Pasig City	252,225.0	01-Sep-18	28-Feb-23
Garnet	Unit No. 106 Parc Chateau Condominium, Garnet cor. Onyx St., Ortigas Center, Pasig City	182,435.0	14-Apr-20	14-Apr-25
Gilmore	100 Granada St. Brgy. Valencia, Quezon City	360,122.9.9	1-Jan-21	31-Dec-22
Greenhills Business Center (Form.Unimart)	Unit MA-103 Mckinley Arcade, Greenhills Shopping Center, San Juan City 502	181,140.0	1-Nov-21	31-Jan-23
Greenhills-P. Guevarra	G/F Ongapauco Bldg. P. Guevarra St. Wilson Greenhills San Juan City	251,552.4	15-Mar-16	14-Mar-24
Hermosa- Limay	Hermosa cor. Limay Sts., Tondo, Manila	139,100.0	1-Jan-17	31-Dec-26
JP Rizal	773 JP Rizal Avenue, Brgy. Poblacion, Makati	137,709.0	1-Nov-16	31-Oct-26
Kalentong	49 C&D Building New Panaderos St. Kalentong Sta. Ana Manila	100,000.0	26-Mar-12	26-Mar-22

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
La Huerta	G/F Delos Santos Bldg 1003 Quirino Ave Lahuerta Paranaque City	72,930.4	1-Sep-19	31-Aug-24
Las Pinas	Veraville Bldg., Alabang-Zapote Rd. Las Piñas City	278,200.0	16-May-13	15-May-23
Las Pinas-Pamplona	G/F Elena Bldg. Alabang-Zapoted Rd Pamplona 3 Las Piñas City	116,071.4	9-Nov-18	8-Nov-23
Lee-Shaw Blvd.	Lee Gardens Condominium, Shaw Blvd. cor. Lee St. Mandaluyong City	151,982.8	16-Jul-17	15-Jul-22
Leviste-Salcedo	G/F Eurovilla III Condominium, LP Leviste St. cor. San Agustin St., Salcedo Village, Makati City	459,678.4	15-Sep-20	14-Sep-23
Linden Suites	G/F Linden Suites Tower II, #37 San Miguel Ave., Ortigas Center, Pasig City	152,590.7	1-Oct-20	30-Sep-25
Loyola Heights	G/F MQI Centre 42 E. Abada St. cor. Rosa Alvero St., Loyola Heights, Quezon City	118,914.3	31-Jan-12	31-Jan-22
Macapagal Avenue-EDSA	EDSA cor Macapagal Avenue, Pasay City	276,636.2	1-Dec-17	30-Nov-22
Macapagal Avenue-Pearl Drive	Scape Bldg., Macapagal Ave. corner Pearl Drive, Business Park 1, Barangay 76, San Rafael, Pasay City	197,549.8	1-Jan-17	31-Dec-26
Magallanes	G/F BMG Centre, Paseo de Magallanes, Makati City	102,373.9	1-Oct-20	30-Sep-25
Maginhawa Avenue	Ground Floor, Unit #129 Maginhawa St., Brgy Teachers Village, Quezon City	166,920.0	1-Mar-17	28-Feb-27
Makati Avenue	G/F Executive Bldg. Center Inc., 369 Sen. Gil Puyat cor. Makati Ave.	499,904.0	2-Nov-18	2-Nov-23
Makati Rada	One Legaspi Park, 121 Rada St. Legaspi Village Makati City	185,651.2	23-Mar-17	22-Mar-22
Malabon	685 J.P. Rizal Ave., San Agustin, Malabon	96,300.0	1-Jun-14	31-May-24
Malate	470 Maria Daniel Bldg., San Andres St., cor. M.H. del Pilar, Malate, Manila	141,811.4	1-May-20	30-Apr-25
Mandaluyong	Unit 102 G/F, EDSA Central Square, Greenfield District, Mandaluyong City	264,264.0	1-Nov-18	30-Nov-22
Marikina	No.36 Gil Fernando Ave., cor. Sta. Ana Ext. San Roque, Marikina City	171,609.8	1-Jan-15	31-Dec-24
Mckinley Hills	G/F Two World Hill Building, Upper McKinley Road, McKinley Town Center Fort Bonifacio, Taguig City	766,762.5	1-Aug-21	31-Jul-24
Mendiola	163 E. Mendiola St., cor Concepcion Aguila St., San Miguel, Manila	149,767.2	1-Sep-20	31-Aug-25
Meralco Ave.	G/F Regency Bldg., Meralco Ave., cor. Exchange Road Ortigas, Pasig City	123,367.5	22-Feb-12	22-Feb-22

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM START	END
Mindanao Ave-Tandang Sora	GF 003 MC Square Bldg., Mindanao Ave cor. Tandang Sora, Quezon City	274,489.9	1-Nov-20	31-Oct-25
Moonwalk-Paranaque	No. 2 Armstrong St., Moonwalk Village, Paranaque City	197,689.9	1-Dec-20	30-Nov-25
Morayta	828 Nicanor Reyes St., Sampaloc, Manila City	85,500.0	1-Sep-21	31-Aug-26
Morong	T. Claudio St. Brgy. San Juan Tanay Rizal	40,000.0	1-Jun-17	1-Jun-22
New Manila	Upper Ground Hemady Square Building 86 Dona Hemady cor E. Rodriguez Sr. Avenue Brgy Kristong Hari, Diliman, Quezon City	214,390.0	1-May-13	20-Apr-23
Newport City	Gf Retail 14 Newport City Terminal 9 Newport Cybertourism Zone, Pasay City 1309	149,142.0	1-Jun-17	30-Apr-22
Novaliches	882 Quirino Highway, Novaliches, Quezon City	275,422.2	1-Jan-19	30-Jun-24
One Bonifacio High Street	5/F PSE Bldg. - One Bonifacio High Street, 28th St., corner 5th Ave., BGC Taguig 1630	792,000.0	15-Dec-17	14-Dec-27
Ortigas Ave-San Juan	Medecor Bldg. 222 Ortigas Avenue, Greehills, San Juan City	205,440.0	1-Aug-17	30-Jul-27
Ortigas Extension	G/F Merijr Building Corner Riverside Village Ortigas Ave. Extension Brgy. Sta. Lucia Pasig City 1608	179,666.7	1-Sep-18	31-Aug-23
Otis	Isuzu Manila 1502 Paz M. Guazon St. Paco Manila	103,421.9	1-May-16	30-Apr-26
P. Ocampo-Fb Harrison	Ground Floor Unit Sunrise Center Bldg.,#488 Pablo Ocampo Sr., Avenue, Malate Manila	181,900.0	1-Jan-17	31-Dec-26
Pablo Ocampo-Venecia	G/F Savanna Commercial Center Bldg., 1201 Pablo Ocampo St. and Venecia St., Brgy. Sta. Cruz, Makati City	195,087.9	1-Dec-21	30-Nov-26
Palanan-Bautista	G/F Shalimar Bldg., 3696 Bautista St., Palanan, Makati City	101,966.4	1-Oct-20	1-Oct-25
Pasay	2015 San Bell Bldg., Gil Puyat Ext. cor. Leveriza St., Pasay City	203,405.9	15-May-20	14-May-25
Pasay-Libertad	2350 Taft Avenue Cor. Libertad Pasay City	96,630.6	1-Mar-18	28-Feb-23
Paseo de Roxas	8747 G/F Lepanto Bldg., Paseo De Roxas, Makati City	476,214.2	16-Nov-19	15-Nov-24
Pasig	#92 Dr. Sixto Ave. Cor. Raymundo St. Pasig City	329,693.8	31-Jul-19	31-Jul-24
Pasig Kapitolyo	G/F D'Ace Water Spa Plaza, United St., cor. Brixton St., Brgy. Kapitolyo, Pasig City	70,181.3	15-Feb-12	14-Feb-22

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Pasig-Toby's C. Raymundo	Lot 1 & 2A Good Harvest Complex, C. Raymundo Ave., Caniogan, Pasig City	75,730.5	1-Mar-17	28-Feb-22
Pasig Westlake	Unit A G/F 168 Westlake Bldg., Pasig Blvd.,Brgy. Bagong Ilog, Pasig City	120,537.5	10-Dec-20	9-Dec-25
Pasong Tamo	2283 Pasong Tamo Ext. cor. Lumbang St., Makati City	378,444.0	16-Mar-21	15-Mar-26
Pasong Tamo-Bagtikan	1173 Don Chino Roces Ave., Brgy. San Antonio, Makati City	260,038.9	15-Nov-20	14-Nov-23
Pasong Tamo-EDSA	Wilcon IT Hub, 2251 Chino Roces, Makati City	213,999.4	1-Nov-21	30-Oct-26
Pasong Tamo-Pio Del Pilar	G/F Matrinco Bldg., 2178 Pasong Tamo Makati City	153,600.0	15-Feb-19	14-Feb-25
Pioneer	2B Pioneer St. Barangay Highway Hills Mandaluyong City	267,500.0	1-Jun-17	30-Apr-27
Presidents Avenue-Paranaque	Lot 22, Blk 9 Presidnet's Avenue, Sucat, Paranaque City	115,560.0	1-Feb-17	31-Jan-27
Quirino Ave.	555 Quirino Avenue, Tambo, Paranaque	288,900.0	1-Jun-19	31-May-29
Raon, Sales	655-657 Gonzalo Puyat St. Quiapo, Mla.	111,479.3	1-Jun-18	31-May-23
RCBC Plaza	6819 Rcbc Plaza, Ayala Avenue, Makati	1,162,262.0	1-Jan-21	31-Dec-25
Reliance	Unit 2 Ground Floor	160,500.0	8-Jun-17	31-Jul-27
Roosevelt	300 Roosevelt Ave., San Francisco Del Monte, Quezon City	112,243.0	21-Feb-21	15-Feb-26
Roxas Blvd.	Unit 1 Russel Mall, Russel St. cor. Roxas Blvd. Pasay City	194,675.0	1-Jan-22	31-Dec-24
Roxas Blvd-Arquiza	Roxas Blvd cor. Arquiza St., Ermita, Manila	282,363.4	1-Nov-20	31-Oct-25
Roxas Blvd-Libertad	Unit 103 Coko Bldg. 1, 2550 Roxas Blvd., Pasay City	169,649.0	1-Jun-17	31-May-22
San Lorenzo	1018 L & R Bldg. Pasay Road, Makati City.	363,259.7	17-Aug-19	16-Aug-24
Shaw Blvd. Lawson	G/F SCT Bldg., 143 Shaw Blvd. Mandaluyong City	150,000.0	1-Oct-21	30-Sep-26
South Harbor	Harbor Centre I, cor. Chicago and 23rd Sts., Port Area, Manila	184,361.0	1-Jan-22	31-Dec-22
Sta. Lucia East	Ground Level Building 2 Sta. Lucia Mall Marcos Hi -way cor Felix Ave., Cainta Rizal	45,453.6	30-May-19	30-Jun-23
Sta. Mesa	1-B G. Araneta Ave. Brgy. Dona Imelda Quezon City	284,304.4	1-Jul-21	30-Jun-31
Starmall Edsa-Shaw	444 Edsa Cor. Shaw Blvd Mandaluyong City	129,488.4	1-Aug-21	31-Jul-22

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Sucat	2F Santana Grove, Dr. A. Santos Ave. cor. Soreena St., Sucat, Paranaque City	83,628.3	15-Apr-18	14-Apr-23
Sucat Dr. A. Santos Ave. (Formerly Sucat Virramall Sept 2019)	8223 Dr. A. Santos Ave., Brgy. San Isidro, Sucat, Paranaque	139,100.0	1-Nov-19	31-Oct-24
Taytay	Manila East Road, Taytay, Rizal	85,600.0	1-Jan-13	31-Dec-22
Tanay	M.L. Quezon St. Cor J.P. Laurel St. Brgy. Plaza Aldea Tanay Rizal	60,000.0	1-Aug-12	1-Aug-22
Teresa	Magsaysay Ave., Brgy. San Gabriel, Teresa, Rizal	45,000.0	15-Jun-12	15-Jun-22
T. Alonzo	1461-1463 Soler St., Sta. Cruz, Manila	200,000.0	30-Jul-14	30-Jun-24
The Firm	CVC Law Center 11th Ave. cor 39th St., Fort Bonifacio, Taguig	535,503.3	1-May-20	30-Apr-30
The Fort – JY Campos	JY Campos Center, 9th Ave., Bonifacio Global Center, Taguig City 1634	277,130.0	20-May-13	19-May-23
The Fort Sunlife	Ground Floor, Sunlife Building, 5th Avenue corner Rizal Drive, BGC, Taguig City	159,117.6	15-Feb-12	14-Feb-22
Timog-Picture City Center	#88 Picture City Center Timog Ave, Q.C.	92,438.0	16-Feb-16	15-Feb-25
Tomas Mapua	626 Tomas Mapua St., Sta Cruz Manila	190,832.1	1-May-18	30-Apr-23
Trinoma	Space P015B Level 1, Trinoma EDSA cor. North Avenue, Quezon City	346,729.5	1-Sep-19	31-Aug-24
Tutuban	G/F Center Mall I, Tutuban Center corner C.M. Recto Ave., Tondo, Manila	87,968.0	16-Apr-13	15-Apr-28
Valenzuela	231 Mac Arthur Highway, Karuhatan, Valenzuela City	90,950.0	1-Sep-08	31-Aug-23
Wack Wack	Unit K Facilities Center Bldg., 548 Shaw Blvd, Mandaluyong City	109,122.1	1-Feb-20	1-Feb-25
West Ave	Unit 101 West Insula Condominium, 135 West Ave., Brgy. Bungad, District 5, Quezon City	100,648.8	1-Sep-13	31-Aug-23
LUZON AREA				
BC NAME	**BUSINESS ADDRESS**	**Lease Rate (inclusive of 12% VAT)**	**LEASE TERM**	
			START	**END**
Aparri	108 J.P. Rizal St., Brgy. Centro 14, Aparri, Cagayan	66,340.0	16-Feb-21	15-Feb-26
Angeles-Sto. Cristo	243 Sto. Entierro St. Brgy. Sto. Cristo Angeles City Pampanga	80,250.0	18-Feb-17	17-Feb-27
Bacao	Yokota Commercial Bldg., Bacar Road, Gen. Trias, Cavite	70,593.4	16-Mar-20	16-Mar-25

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM START	END
Bacoor	Maraudi Bldg., Aguinaldo Highway, Brgy. Niog Bacoor City Cavite	72,538.6	1-May-18	1-May-28
Baguio-Mabini St	Rm 104 GP Shopping Arcade Upper Mabini St., Baguio City	183,033.3	22-Jun-20	22-Jun-27
Balagtas	McArthur Highway, Borol 1st, Balagtas, Bulacan	80,250.0	16-Nov-17	15-Nov-27
Balanga	Don M. Banzon Ave cor. Cuaderno St., Balanga City, Bataan	87,740.0	1-Oct-17	30-Sep-22
Baler	Quezon St. corner Bonifacio St. Poblacion, Baler, Aurora	50,000.0	1-May-14	30-Apr-34
Baliuag	01 J. P. Rizal cor. Tagle Sts., Baliuag, Bulacan	129,137.0	16-Aug-17	15-Aug-27
Bataan	RCBC Bldg. AFAB Mariveles, Bataan	48,190.8	28-Mar-19	27-Mar-24
Batangas	No. 17 Rizal Avenue cor. P. Gomez, Batangas City	85,600.0	1-Apr-12	31-Mar-22
Bauan	J.P. Rizal St., Poblacion, Bauan, Batangas	60,000.0	12-Sep-21	15-Sep-26
Binan	G/F Admin Bldg Laguna International Industrial Park., Mamplasan, Biñan, Laguna	68,056.8	1-Oct-21	30-Sep-26
Boac	Governor Damian Reyes St. Brgy. San Miguel, Boac, Marinduque	19,000.0	1-Jun-13	1-Jun-23
Cabanatuan	1051 Burgos Ave, Cabanatuan City, Nueva Ecija	85,366.7	1-Oct-21	30-Sep-31
Calapan	Homemark Bldg., J.P. Rizal St., Camilmil, Calapan City, Oriental Mindoro 5200	95,593.5	1-Oct-21	1-Oct-26
Carmelray 1	Adm. Bldg., Carmelray Industrial Park 1, Canlubang, Calamba, Laguna	133,920.0	1-Nov-19	31-Oct-24
Candon	National Hi-Way, San Jose, Ccandon City, Ilocos Sur	125,400.0	1-Oct-19	30-Sep-24
Carmelray 2	Adm. Bldg., Carmelray Industrial Park 2, Bgy. Tulo, Calamba, Laguna	165,174.4	1-Jul-21	1-Jul-26
Carmona	People's Technology Complex (SEZ) Governor's Drive, National Highway, Bo. Maduya, Carmona, Cavite	39,427.9	16-Jul-02	15-Jul-27
Cauayan	Calahi Bldg. FN Dy Blvd, Cauayan City	69,550.0	1-Aug-17	31-Jul-27
Cavite City	Big 5 Bldg., 633 P. Burgos Avenue, Caridad, Cavite City 4100	79,264.0	1-Dec-18	30-Nov-23
Clark	Berthaphil 8 Mercedez Benz Bldg., MA Roxas Highway, Clarkfield, Pampanga 2023	USD1,500.0	1-Nov-17	31-Dec-27
Clark II	Bertaphil III Clark Center, Jose Abad Santos Avenue, Clark Freeport Zone	USD2,000.0	1-Jun-16	31-Jul-26
CPIP-Batino	Citigold Bldg., Calamba Premiere Industrial Park, Batino, Calamba, Laguna	94,403.4	1-Jun-15	31-May-25
Dagupan	RCBC Bldg AB Fernandez Avenue, Dagupan City	210,178.6	1-Jul-19	30-Jun-29

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Dagupan-Tapuac	Units 101 & 102, Rvr Bldg., Tapuac District, Dagupan City	110,000.0	1-Jan-18	31-Dec-22
DMIA Branch Lite	Bldg. 7549 (portion), A. Bonifacio Avenue, Clark Civil Aviation Complex, Clark Freeport Zone, Pampanga	USD1,200.0	30-Sep-21	30-Sep-22
First Phil. Industrial Park (FPIP)	Unit 1 & 2, Ground Floor, Oasis Commercial Center, R.S. Diaz Ave., FPIP Brgy. Sta. Anastacia, Sto. Tomas, Batangas	123,430.6	14-Jun-21	13-Jun-26
Gapan	Tinio St., San Vicente, Gapan City, Nueva Ecija	80,250.0	1-Jul-16	30-Jun-26
General Trias	G/F Samantha's Place Commercial Bldg., Governors Drive, Manggahan, Gen. Trias Cavite	85,481.6	1-Aug-21	31-Jul-26
Gen. Trias	#59 Gov. Luis Ferrer Ave, Gen Trias Cavite	40,055.2	31-May-18	31-May-28
GMA, Cavite	Citi Appliance Bldg., Brgy. San Gabriel,Governor's Drive, GMA, Cavite	96,300.0	1-Aug-19	31-Jul-24
Guimba	Afan Salvador St., Guimba, Nueva Ecija	52,023.4	30-Sep-12	30-Sep-22
Hacienda Luisita	Robinson's Plaza, San Miguel, Tarlac City	106,970.4	1-Jan-2022	31-Dec-2023
Ilagan, Isabela	RKChy Building, Maharlika Road, Calamagui 2nd, Ilagan City, Isabela	47,806.5	1-Dec-17	30-Nov-27
Imus	Esguerra Bldg., Palico IV, Aguinaldo Hi-way, Imus, Cavite	71,651.8	1-Oct-20	30-Sep-25
Laguna Technopark	LTI Administration Building II, Laguna Technopark, Brgy. Malamig, Binan, Laguna	181,304.8	15-Mar-18	15-Mar-23
Laoag	Jackie's Commercial Building II, J. Rizal St., Laoag City	146,161.7	1-Feb-21	31-Jan-26
La Trinidad	Peliz Loy Centrum Bldg., Km 5, La Trinidad, Benguet	142,500.0	1-Sep-19	31-Aug-23
Legaspi City	G/F M. Dy Bldg. Rizal St. Legazpi City	96,749.7	1-Dec-21	30-Nov-31
Legazpi-Landco Business Park	Ground Floor, Delos Santos Commercial Building, Landco Business Park, Legazpi City	180,496.1	1-Jul-20	1-Jul- 30
Lemery	Ilustre Ave. District Ii Lemery Batangas	80,000.0	13-Dec-12	17-Dec-22
Lingayen	G/F Columban Plaza, Avenida Rizal East, Poblacion, Lingayen, Pangasinan 2401	102,000.0	1-Sep-18	31-Aug-23
Lipa	C M Recto Ave. cor. E. Mayo St., Lipa City	104,500.0	1-Feb-15	31-Jan-25
Lipa Extension	Mezzanine Floor Southern Twin Bldg. V Malabanan Cor. P Torres Brgy 5 Lipa City Batangas	65,484.0	8-Jan-18	7-Jan-22

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Lipa-Ayala Highway	G/F Trinity Business Center, Ayala Highway Lipa City	80,892.0	6-Feb-15	6-Feb-25
LISP III Extension Office	LISP III Admin Bldg., Millenium Drive, Brgy. San Rafael Sto. Tomas Batangas	53,445.9	1-Apr-18	31-Mar-23
Lucena	Quezon Ave. cor. Tagarao St., Lucena City	136,158.8	1-Jul-18	1-Jul-23
Lucena-Evangelista	Maharlika Highway Red-V, Lucena City	66,108.4	22-Dec-18	21-Dec-28
Malolos	FC Building, McArthur Highway, Bo. Sumapang Matanda, Malolos, Bulacan	100,000.0	1-Dec-18	30-Nov-23
Marinduque	EDG Building, Bgy. Lapu-lapu, Sta. Cruz, Marinduque	33789.5	01-Jan-18	01-Jan-28
Masbate	460 Quezon St., Brgy F. Magallanes, Masbate City	38,000.0	12-Dec-18	12-Dec-28
Mexico Branch Lite	Clk Bldg. Jose Abad Santos Avenue, Brgy. Lagundi Mexico Pampanga	66,298.5	1-Mar-19	28-Feb-29
Meycauayan-Malhacan	Sterling Square, Sterling Industrial Compound, Iba Malhacan Natl Highway, Meycauayan City, Bulacan	74,492.9	16-Nov-15	15-Oct-25
Molino	Grd. Flr. Rfc Molino Mall Molino 2 Bacoor Cavite	144,604.3	1-Jul-18	30-Jun-28
Muzon, SJDM	Diaz Bldg., Carriedo Street, Brgy. Muzon, City Of San Jose Del Monte, Bulacan	81,928.0	1-Nov-21	30-Oct-23
Naga	G/F, Crown Hotel Bldg, Penafrancia Ave., Naga City	143,808.0	1-Jul-21	30-Jun-31
Olongapo	1055 Rizal Ave., Extn West Tapinac Olongapo City	87,343.4	1-Sep-18	31-Aug-28
Padre Garcia	45 A Mabini Poblacion Padre Garcia Batangas	50,000.0	1-Nov-20	31-Oct-25
Palawan National Highway	Lustre Arcade, National Highway, Brgy. Tiniguiban, Puerto Princesa, Palawan	73,701.6	1-Aug-12	31-Jul-22
Puerto Princesa	175 Rizal Avenue Pacific Plaza Building Puerto Princesa City, Palawan	52,674.0	16-Nov-17	16-Nov-22
Rosario	Cavite Export Processing Zone Authority, Rosario, Cavite	30,709.0	7-Jan-17	6-Jan-27
San Fernando Pampanga	Ground Floor Emerald Building, Dolores, City Of San Fernando, Pampanga	64,000.0	1-Nov-12	31-Oct-22
San Fernando – JASA	Unit 3 & 4, Ground Floor., Kingsborough Commercial Center, Jose Abad Santos Avenue, City of San Fernando	105,286.0	1-May-19	30-Apr-29
San Fernando-Sindalan	Phoenix Building, McArthur Highway, City of San Fernando, Pampanga	100,152.0	1-Apr-18	31-Mar-28

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
San Ildefonso	Villa Amelia Buencamino St.San Jose San Miguel Bulacan	99.959.4	23-May-21	23-May-31
San Jose	Abar 1st Maharlika Highway San Jose City Nueva Ecija	71,651.8	1-Sep-18	1-Sep-28
San Jose Batangas	G/F Cameco Bldg., Makalintal Ave., Poblacion 4, San Jose, Batangas	45,120.0	23-Aug-13	23-Aug-23
Starmall-San Jose Del Monte	G/F Starmall Building Brgy. Kaypian San Jose Del Monte Bulacan	148,744.2	15-Apr-17	14-Apr-22
San Pablo	Ultimart Shopping Plaza, M. Paulino St., San Pablo City	140,983.2	1-Jan-21	31-Dec-26
San Pedro	EM Arcade 1 Building, Brgy. Poblacion, National Highway, San Pedro Laguna	69,550.0	3-Feb-12	2-Feb-22
San Pedro-Nueva	National Highway, Brgy. Nueva, San Pedro Laguna	60,000.0	13-Apr-15	14-Apr-25
Santiago-Centro West	# 29 City Road, Centro West, Santiago City, Isabela 3311	156,800.0	16-Apr-21	15-Apr-26
Science Park	Admin Bldg., LISP1, Pulo Road, Brgy Diezmo, Cabuyao, Laguna	70,902.5	1-Nov-18	31-Oct-24
Solano	211 JP Rizal Ave., National Highway, Solano, Nueva Vizcaya	48,121.9	1-Jun-12	31-May-22
Sta. Rosa Bel-Air	Cw Home Depot Sta.Rosa-Tagaytay Road Brgy.Pulong Sta.Cruz, Santa Rosa City Laguna 4026	99,498.6	20-Jul-19	19-Dec-22
Sta. Rosa Solenad	Unit M 20 Bldg 2 Nuvali Solenad 2, National Road Brgy. Sto. Domingo, Sta. Rosa City, Laguna	49,480.2	1-Jan-21	31-Dec-21
Sta. Cruz-National Road	Teoxon Bldg., Unit 1 Sitio Narra, Brgy. Labuin, Sta. Cruz Laguna	60,455.0	1-Jan-19	31-Dec-23
Sta. Maria, Bulacan	#39 J.P. Rizal St., Pob., Sta. Maria Bulacan	56,366.1	1-Nov-17	30-Nov-27
Sta. Rosa	Paseo 5, Paseo de Sta. Rosa, Greenfield City, Don Jose, Sta. Rosa, Laguna	309193.2	1-Jun-20	31-May-25
Sta. Rosa Balibago	Carvajal Building, Old National Highway, Balibago, Sta. Rosa, Laguna	82,245.8	1-May-17	30-Apr-22
Starmall Daang Hari	Starmall Prima Daang Hari cor. Molino Road, Brgy Molino 4, Bacoor, Cavite	166,411.8	21-Dec-21	20-Dec-22
Subic	Precision Tek Motor Service Corporation	USD3,345.0	1-Mar-19	1-Mar-29
Tagaytay	Unit 1 Olivarez Plaza, E.Aguinaldo Highway, Tagaytay City	109,435.7	1-Jul-20	30-Jun-25
Tanauan	G/F Reyes Bldg Jp Laurel Highway Poblacion 4 Tanauan City Batangas 4232	70.279.2	15-Jul-21	14-Jul-26
Tanza	A.Soriano Highway,Tanza,Cavite	67,200.0	1-Aug-12	31-Jul-22

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM START	END
Tarlac	F. Tañedo St., Tarlac City	141,835.7	1-Oct-21	30-Sep-26
Tayug	A. Bonifacio St., Brgy. A, Tayug, Pangasinan	42,750.0	1-Apr-17	31-Mar-27
Trece Martirez	Brgy. San Agustin, Trece Martires City	94,423.3	1-Aug-18	31-Jul-23
Tuguegarao	Bonifacio cor. Gomez St., Centro 7 Tuguegarao City	107,000.0	1-Mar-15	28-Feb-25
Alaminos	Marcos Ave. Cor Montemayor St., Poblacion, Alaminos City, Pangasinan	136,827.1	1-Sep-21	31-Aug-26
Urdaneta	E.F. Square Bldg. McArthur Highway, Urdaneta City, Pangasinan	90,105.3	1-Apr-13	30-Mar-23
Vigan	Nueva Segovia Street, Vigan City, Ilocos Sur	90,956.3	1-Jun-15	31-May-25
VISAYAS AREA				
BC NAME	**BUSINESS ADDRESS**	**Lease Rate (inclusive of 12% VAT)**	**LEASE TERM START**	**END**
Antique	Del Carmen Bldg, Solana St. corner T.Fornier St. , San Jose, Antique	80,750.0	1-Apr-2019	31-Mar-29
Bacolod – Lacson	GF Lourdes C. Bldg II, 14th Lacson St., Bacolod City	101.446.2	1-Nov-21	31-Oct-26
Bacolod – Libertad	Libertad Extension, Bacolod City	42,750.0	1-May-21	30-Apr-26
Bacolod – Shopping	Hilado Extension, Capitol Shopping Center, Bacolod City	110,000.0	10-Oct-16	9-Oct-26
Balamban	D.C. Sanchez St., Balamban, Cebu	94,640.0	15-Aug-21	14-Aug-31
Banilad	A.S Fortuna St., Banilad, Cebu City	128,400.0	16-Feb-12	15-Feb-22
Boracay	Station 1, Brgy Balabag Boracay, Malay, Aklan	139,100.0	1-Nov-19	31-Oct-29
Calbayog	Corner Magsaysay Boulevard and Rueda Streets, Calbayog City	101,368.4	1-Sep-17	31-Aug-27
Catarman	Ang Ley Building, JP Rizal St., Catarman, North Samar	67,579.0	1-Jan-12	31-Dec-21
Catbalogan	Del Rosario St., Catbalogan , Western Samar	69,550.0	1-Nov-12	31-Oct-22
Caticlan Branch Lite	Jerry Port, Caticlan, Malay Aklan	21,919.6	1-Nov-18	4-Nov-23
Cebu IT Park	Block 2 Lot 4 Asiatown IT Park Subdivision, Brgy. Apas, Cebu City	126,489.8	1-Jul-17	30-Jun-22
Cebu Paseo Arcenas	Don Ramon Arcenas St., R. Duterte St., Banawa, Cebu City	149,740.1	27-Feb-19	26-Feb-24
Cebu – Sto. Nino	Belmont Hardware Depot Building cor. P. Burgos and Legaspi sts. Bgy. San Roque, Cebu City	89,599.1	1-Nov-18	31-Oct-23
Consolacion	ADM Building, Cansaga, Consolacion, Cebu	131,350.9	5-May-18	4-May-33

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM START	LEASE TERM END
Dumaguete	Dr. V. Locsin St., Dumaguete City	128,400.0	1-Feb-18	31-Jan-23
F. Cabahug	Ground Floor Pacific Square Bldg, F. Cabahug St. Mabolo Cebu City 6000	101,539.8	1-Dec-19	30-Nov-22
Guadalupe	63 M. Velez & A. Abellana Sts., Guadalupe, Cebu City	42,853.5	1-Jan-12	31-Dec-37
Hinigaran	Rizal St., National Road, Hinigaran, Negros Occidental	52,433.5	30-May-20	30-Apr-30
Iloilo-Ledesma	MJM Building Cor. Ledesma & Quezon Sts., Iloilo City	134,400.0	2-May-18	30-Apr-28
Jaro	Cor. E. Lopez and Seminario Sts., Jaro, Iloilo City	107,000.0	1-Dec-14	30-Nov-24
J. Centre Mall	A.S. Fortuna St. Bakilid Mandaue City	183,601.7	16-Oct-21	15-Oct-26
Kalibo	Lu Bldg. Roxas Avenue, Poblacion, Kalibo, Aklan	92,886.2	1-Apr-18	31-Mar-28
Luzuriaga Bacolod	G/F Golden Heritage Bldg., San Juan-Luzuriaga Sts., Bacolod City	110,000.0	1-Jun-19	30-May-24
Maasin Leyte	Tomas Oppus St., Brgy. Abgao, Maasin City, Southern Leyte, Phils., 6600	50,430.5	1-Feb-19	23-Jan-24
Mactan	Mepz Bldg., Mepz 1, Lapu-Lapu City, Cebu	21,397.9	9-Jan-17	8-Jan-32
Magsaysay, Naga	G/F Sarap Realty Bldg.,Magsaysay Avenue, Balatas, Naga City	77,040.0	1-May-16	30-Apr-26
MEPZ 2 Extension Office	Pueblo Verde, Mactan Economic Zone II (MEZII) Baranggay Basak, Lapulapu City	Deed of conveyance and lease contract for finalization		
Cebu Manalili	Tan Sucheng Bldg., V. Gullas St. (formerly Manalili St) Cebu City	272,324.6	1-Feb-17	31-Jan-22
North Reclamation	G/F CIFC Tower, Humabon St., cor Juan Luna Ave., North Reclamation Area, Cebu City	276,956.4	1-Aug-21	1-Aug-26
Ormoc	GF MFT Bldg., Real cor Carlos Tans Sts., Ormoc City	172,077.9	16-May-17	16-May-23
Oton Iloilo	Lord's Place, J.C Zulueta St., Oton, Iloilo	30,951.5	1-Mar-17	28-Feb-26
San Carlos	S. Carmona St., San Carlos City, Negros Occidental	28,500.0	1-Nov-18	31-Oct-28
Taboan	C. Padilla St., Brgy San Nicolas, Cebu City	156,158.0	1-Feb-18	31-Jan-23
Talamban Cebu	G/F Ecotrade Bldg., J. Panis St., Talamban, Cebu City	96,300.0	1-Apr-21	31-Mar-22
Talisay	South Central Square, Lawaan 111, Talisay City, Cebu	89,589.2	16-Sep-20	15-Sep-25
Toledo	G/F Toledo Commercial Village Bldg, Rafols St Brgy Poblacion, Toledo City, Cebu	For relocation		

MINDANAO AREA				
BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Buhangin	Dr A and B Bldg 2010 Km 7 Diversion Road Buhangin, Davao City	33,600.0	1-Jun-19	1-Jun-24
Butuan	Dy Teban Building II, Ester Luna St., Butuan City	76,907.3	01-Jan-16	30-Sep-23
CDO Carmen	G/F Macaibay Bldg., Waling-waling St., Cagayan de Oro City	100,800.0	1-Jan-17	31-Dec-26
CDO Velez	Don Apolinar Velez St. and Cruz Taal St., Cagayan de Oro City	203,255.6	1-Oct-18	30-Sep-25
CDO-Masterson Avenue	Xavier Estates, Masterson Avenue, Upper Balulang, Cagayan de Oro City 9000	133,750.0	1-Oct-16	30-Sep-26
CDO Limketkai	Gateway Tower 1, Limketkai Center, Cagayan de Oro City	266,162.5	1-Nov-19	31-Oct-29
Calinan	National Highway, Poblacion Calinan, Davao City	19,761.0	1-Apr-21	31-Mar-24
Carrascal	National Highway, Brgy.Gamuton, Carrascal, Surigao del Sur	32,100.0	1-Apr-14	1-Mar-24
Cotabato	M. Bldg Quezon Ave., Cotabato City	79,720.2	1-Jun-20	31-May-30
Damosa Gateway	Corner Mamay Road and JP Laurel Avenue, Lanang, Davao City	76,843.8	1-Aug-17	31-Jul-22
Davao - Bajada	JP Laurel Ave., corner Villa Abrille st., Davao City	107,000.0	16-Aug-09	24-Aug-24
Davao-Quirino	E.Quirino Ave., Brgy. 3-A, Poblacion, Davao City	83,120.9	1-Oct-21	30-Sep-26
Davao Matina (former NCCC Mall)	Km. 2 McArthur Highway, Matina, Davao City	127,680.0	27-Jun-18	27-Jun-28
Dipolog	cor General Luna & Lacaya Sts., Dipolog City	90,950.0	1-Oct-21	30-Sep-27
Dole	Dole Phils Pavillion, Cannery Plant Site, Polomolok, South Cotabato	27,041.0	1-Jan-18	31-Dec-23
Gensan	RGH Bldg., J. Catolico Ave., Lagao, General Santos City	66,997.6	1-Mar-17	1-Mar-22
Gen. Santos-National Highway	National Highway, Brgy. City Heights, Gen. Santos City	50,400.0	30-Jun-18	30-Jun-23
Iligan	Lanao Fil-Chinese Chamber of Commerce Inc. Bldg. Quezon Ave. cor. B. Labao St. Iligan City	127,623.0	1-Feb-21	30-Jan-31
JP Laurel Bajada	G/F Ana Soccoro Bldg. J.P. Laurel Ave., Bajada, Davao City 8000	146,000.0	1-Jan-18	31-Dec-22

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Kabacan	National Highway, Poblacion, Kabacan, Cotabato	39,421.1	1-Jan-12	31-Jan-22
Kidapawan	KMCC Bldg. Dayao St., Kidapawan City, North Cotabato	113,535.2	16-Jul-18	15-Jul-28
Malaybalay	Don Carlos St., Poblacion, Malaybalay City	50,684.2	1-Aug-20	31-Jul-30
Maranding	National Highway, Maranding, Lala, Lanao del Norte	50,844.7	1-Oct-21	30-Sep-22
Marbel	Cor. General Santos Drive and Roxas Sts., Koronadal City, South Cotabato	265,379.8	1-Nov-19	31-Oct-31
Monteverde Davao	Door 5 & 6 Veterans Building Monteverde Davao City	108,483.9	1-Aug-17	31-Jul-22
Nabunturan	SMPTC Bldg, L. Arabejo Avenue, Brgy Poblacion, Nabunturan, Compostela Valley	42,991.1	1-Jul-12	30-Jun-22
Panabo	Greatsun Ventures Bldg., National Highway, Purok Atis, Sto. Nino, Panabo City	119,840.0	1-Jul-19	30-Jun-24
SASA	KM. 9 Bo. Pampanga, Sasa beside ONB Bldg. Davao City	96,300.0	1-Sep-18	31-Aug-23
Sta. Ana	Corner Monteverde and Sales Sts., Sta. Ana, Davao City	465,189.6	7-Jun-20	6-Jun-22
Surigao	Cor. San Nicolas & Burgos Sts., Surigao City	64,163.7	1-Feb-18	31-Jan-28
Tacurong	Corner Mariano Marcos, National Highway & Ramon Magsaysay Ave., Tacurong City Sultan Kudarat	71,651.8	16-Nov-16	15-Nov-26
Tandag	Pimentel Bldg., Donasco St., Tandag, Surigao del Sur	92,953.8	1-Jul-16	30-Jun-26
Toril	McArthur Highway, Toril Proper, Toril, Davao City	50,567.0	1-Aug-20	31-Jul-25
Valencia	Sayre Highway, corner G. Laviña Avenue, Valencia City, Bukidnon	112,350.0	1-Oct-15	30-Sep-22
Victoria Plaza	Victoria Plaza Mall, J.P. Laurel Ave., Davao City	152,161.9	1-Jul-19	30-Jun-24
Zamboanga	SIA Bldg., Tomas Claudio St. Zone III Zamboanga City	160,500.0	1-May-13	1-May-23
Zamboanga-Gov. Lim Ave.	G/F Jesus Wee Bldg., Gov. Lim Ave., Zamboanga City	75,000.0	1-May-19	30-Apr-24
Zamboanga Veterans	YPC Bldg., Veterans Ave., Zamboanga City	87,145.9	1-Jan-20	31-Dec-24

All the facilities and properties of the Bank are in good condition. Likewise, there are no liens and encumbrances on said properties of the Bank.

Item 3. Legal Proceedings

See accompanying Notes to FS for the detailed discussion of the Bank's Legal Proceedings under Commitments and Contingencies (Note 29).

Item 4. Submission of Matters to a Vote of Security Holders

In the Bank's annual meeting of stockholders held on June 28, 2021 where 90.5% of the outstanding capital stock was present, the stockholders representing more than a majority of the outstanding capital stock elected the following directors to serve as such for a term of one year:

As Regular Directors:
1. Ms. Helen Y. Dee
2. Mr. Cesar E. A. Virata
3. Mr. Eugene S. Acevedo
4. Mr. Gil A. Buenaventura
5. Mr. Armando M. Medina
6. Mr. John Law
7. Mr. Shih-Chiao (Joe) Lin
8. Mr. Arnold Kai Yuen Kan
9. Atty. Lilia B. De Lima, and
10. Ms. Gayatri P. Bery

As Independent Directors:
1. Mr. Juan B. Santos
2. Atty. Adelita A. Vergel De Dios
3. Mr. Gabriel S. Claudio
4. Mr. Vaughn F. Montes
5. Mr. Laurito E. Serrano

At the said annual meeting, the stockholders also approved the following:
1. Minutes of the July 27, 2020 Annual Stockholders Meeting
2. Annual Report and Audited Financial Statements for 2020
3. Ratification of actions of the Board of Directors, different Committees and Management
4. Confirmation of Significant Transactions with DOSRI and Related Parties
5. Appointment of External Auditor

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

The common shares of the Bank are listed in the Philippine Stock Exchange. As of April 4, 2022, the market price of RCBC's common shares closed at P20.50 per share. The trading prices of said shares for the different quarters of the years 2021, 2020 and 2019 are as follows:

		Q1		Q2		Q3		Q4	
			Last Practicable Trading Date		Last Practicable Trading Date		Last Practicable Trading Date		Last Practicable Trading Date
2021	High	19.00	1.15.21	28.50	6.29.21	23.55	7.1.21	21.90	11.8.21
	Low	16.80	3.31.21	16.50	5.18.21	18.50	9.29.21	18.00	10.06.21
2020	High	23.50	1.20.20	21.85	6.03.20	17.20	7.06.20	19.80	11.24.20
	Low	15.60	3.19.20	14.50	5.26.20	15.30	9.02.20	16.40	10.01.20
2019	High	29.50	1.09.19	28.50	6.20.19	30.70	7.31.19	27.00	10.17.19
	Low	26.00	2.01.19	25.55	4.23.19	26.35	7.10.19	22.10	12.17.19

Source: Philippine Stock Exchange

There were 72 preferred shareholders and 748 common shareholders of record as of December 31, 2021. Likewise, preferred shares and common shares outstanding as of December 31, 2021 were 267,410 and 2,037,478,896, respectively.

As of December 31, 2021, total equity ownership of foreigners on the Bank's common shares was at 28.7% or 583,819,983 shares.

No recent sales of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction to be reported.

The top 20 common certificated stockholders as of December 31, 2021

	Name	No. of Shares	% to Total
1	PCD NOMINEE CORP - FILIPINO	831,043,814	40.79%
2	PAN MALAYAN MANAGEMENT AND INVESTMENT CORPORATION	594,248,085	29.17%
3	PCD NOMINEE CORP - NON-FILIPINO	583,819,983	28.65%
4	SYBASE EQUITY INVESTMENTS CORPORATION	23,528,800	1.15%
5	HYDEE MANAGEMENT & RESOURCE CORPORATION	2,173,349	0.11%
6	REGINA CAPITAL DEVELOPMENT CORP	324,454	0.02%
7	A. T. YUCHENGCO, INC.	255,190	0.01%
8	ALAS, CARLOS DE LAS	114,298	0.01%
9	ALAS, CORNELIO DE LAS	114,195	0.01%
10	CHAN, FREDERICK	111,677	0.01%
11	YANG JIN LIANG	100,000	0.00%
12	RUFINO, JOSIE PADILLA	92,865	0.00%
13	LOMBOS, MANUEL C. &/OR MEYRICK J.	68,574	0.00%
14	MANUEL A. SANTIAGO OR ELLA C. SANTIAGO	65,900	0.00%
15	YAO, SHUOBIN	57,000	0.00%
16	YAO, SHUOYU	57,000	0.00%

	Name	No. of Shares	% to Total
17	RUFINO, JOSEFINA PADILLA	54,292	0.00%
18	QUE, LIONG HEE G.	52,297	0.00%
19	CIPRIANO, BIENVENIDO C.	45,354	0.00%
20	REYES JR., MAURO C.	45,183	0.00%

The top 20 preferred certificated stockholders as of December 31, 2021

	Name	No. of Shares	% to Total
1	ROSARIO, RODOLFO P. DEL	81,521	30.49%
2	GO, HOMER	46,355	17.33%
3	CONCEPCION, CARMENCITA	31,842	11.91%
4	OPTIMUM SECURITIES CORP.	16,666	6.23%
5	BDO SECURITIES CORP.	9,304	3.48%
6	NGO, LORETA	8,600	3.22%
7	MANDARIN SECURITIES CORPORATION	7,583	2.84%
8	TAN, LUCIANO H.	7,309	2.73%
9	ABACUS SECURITIES CORP.	6,021	2.25%
10	HWANG, HANS YAP	5,558	2.08%
11	ANG, TONY ANG &/OR ROSEMARIE	5,372	2.01%
12	SIA, JOHNSON CHUA	5,000	1.87%
13	CAMPOS LANUZA & CO. INC.	3,535	1.32%
14	ACERO, NICASIO MARIN JR., &/OR ARNOLFO O.	3,371	1.26%
15	CO, JUSTINA DY	3,258	1.22%
16	CHENG, SUSAN	2,665	1.00%
17	GLOBALINKS SEC. & STOCKS	2,454	0.92%
18	BEDAN CORPORATION	2,100	0.79%
19	LUYS SECURITIES CO. INC.	1,852	0.69%
20	GO, ROBERTO CHAN	1,367	0.51%

The details of the 2019, 2020 and 2021 cash dividend distributions follow:

Nature of Securities	Dividend		Record Date	Date Approved by BOD	Date Paid /Payable
	Per Share	Total Amount (in Million Php)			
Preferred	P0.1205	P0.03	21-Mar-19	26-Feb-19	25-Mar-19
Common	P0.4460	P863.29	15-May-19	29-Apr-19	29-May-19
Preferred	P0.4460	P0.12	15-May-19	29-Apr-19	29-May-19
Preferred	P0.1166	P0.03	21-Jun-19	27-May-19	26-Jun-19
Preferred	P0.1121	P0.03	21-Sep-19	27-Aug-19	24-Sep-19
Preferred	P0.1051	P0.03	21-Dec-19	25-Nov-19	26-Dec-19
Preferred	P0.0993	P0.03	26-Feb-20	24-Feb-20	1-Apr-20
Preferred	P0.0808	P0.02	27-May-20	26-May-20	24-Jun-20
Common	P0.5560	P1,076.21	28-May-20	26-May-20	24-Jun-20
Preferred	P0.5560	P0.15	28-May-20	26-May-20	24-Jun-20
Preferred	P0.0589	P0.02	17-Sep-20	1-Sep-20	24-Sep-20
Preferred	P0.0563	P0.02	21-Dec-20	1-Dec-20	7-Jan-21
Hybrid Tier 1 Securities	-	P472.40	22-Feb-21	22-Feb-21	26-Feb-21
Preferred	P0.0560	P0.01	22-Feb-21	22-Feb-21	31-Mar-21
Common	P0.4850	P938.78	26-Apr-21	26-Apr-21	25-May-21
Preferred	P0.4850	P0.13	26-Apr-21	26-Apr-21	25-May-21
Preferred	P0.0559	P0.01	31-May-21	31-May-21	25-Jun-21
Hybrid Tier 1 Securities	-	P491.11	28-Jul-21	26-Jul-21	26-Aug-21
Preferred	P0.0546	P0.01	24-Sep-21	31-Aug-21	24-Sep-21
Preferred	P0.0537	P0.01	29-Nov-21	29-Nov-21	24-Dec-21

In 2015, the BSP, through the MB, approved the liberalized rules for banks and quasi-banks on dividend declaration. The policy no longer requires prior regulatory approval, except for certain cases, and requires that dividend declaration be immediately recognized as a liability upon the approval of the BOD and that it be disclosed in the statement of changes in equity.

Dividends are declared and paid out of the surplus profits of the Bank as often and at such times as the Board of Directors may determine after making provisions for the necessary reserves in accordance with law and the regulations of the BSP.

Item 6. Management's Discussion and Analysis or Plan of Operation

2019

Rising trade barriers especially between US and China, and associated uncertainties weighed on business sentiment and economic activity globally. Global growth in 2019 recorded its weakest pace since the global financial crisis a decade ago. However, despite external challenges, Philippine economy in 2019 continued to be resilient and remained as one of Asia's strong performers, managing to grow 5.9%, albeit moderated vs. 6.2% in the previous year, and the slowest rate of expansion in eight years. Philippines' economic performance in 2019 still showed that the country's strong macroeconomic fundamentals with robust domestic demand, strong-performing services sector, generally-stable inflation environment, and sound reform measures successfully lent solid support towards sustaining a momentum of growth amid dimmer global market conditions.

Budget delay a major factor that slowed down 2019 economic growth

While the growth of exports of goods and services decelerated due to weaker external demand brought by US-China trade war, much of the slowdown was driven by government underspending. After growing at a faster pace in the previous years with the government's commitment to ramp up spending, especially to improve infrastructure (through the Build, Build, Build program), both government spending and public construction slowed dramatically in early-2019 as a result of the delay in the passage of 2019 national budget.

Economic managers estimated that the budget delay cut 1 percentage point from 2019 real GDP growth, missing government's target of 6%-7%. Alongside the budget delay, the 45-day election ban on public works also contributed to the slowdown in state spending.

However, full-year government expenditures managed to grow +11% year-on-year to Php3.8 trillion, Php28.0 million (or 1%) above full-year target, as the government came up with its catch-up plan to break away from the underspending seen in early-2019. The catch-up performance in late-2019 led to the widest yearly fiscal deficit of -Php660 billion (3.6% of GDP), exceeding the –Php620 billion (3.2% of GDP) full-year deficit target.

Meanwhile, government revenue growth managed to improve with the ongoing impact of the Tax Reform for Acceleration and Inclusion (TRAIN) law, or the government's tax reform package that included predetermined rate increases for certain excise taxes (on fuel, tobacco, sweetened beverages, etc.) while reducing individual income tax rates.

Easing inflationary pressures supported monetary easing in 2019

Inflation averaged 2.5% in 2019, well-placed within government's 2%-4% inflation target, and slower vs. decade-high 5.2% in 2018. Price pressures have eased since inflation peaked at 6.7% in October 2018, bottoming out at 0.8% in October 2019 primarily driven by high base effects, lower global oil prices, lower food prices, and stronger peso exchange rate. Prices of rice, which make up nearly about 10% of the inflation basket, fell about 10% lower vs. in 2018 due to liberalization of rice imports implemented in 2019.

Benign inflation allowed the BSP to ease monetary policy, after raising policy rates by 175 basis points (bps) in 2018. BSP cut policy rates by a total of 75 bps and reduced banks' reserve requirement ratio (RRR) by a total of 400 basis points in 2019. Local long-term interest rates (PHP BVAL yields) bottomed-out by mid-August 2019, ending the year at about 350-400 bps below decade-highs recorded in 2018.

Philippine economy remained adequately cushioned against external headwinds

Philippines' dollar reserves hit new record-highs as of end-2019 to US$87 billion, enough to cover 7.5 months' worth of imports, providing sufficient buffer against external shocks. Structural dollar inflows from overseas workers (OFWs), business process outsourcing (BPO), offshore gaming operations (POGOs), and tourism continued to support liquidity. Sustained inflows of foreign direct investments (FDI), which are still among record-highs despite being dampened by investor sentiment, along with the structural sources of dollar inflows, also support the country's strong macroeconomic fundamentals.

The Philippines' strong macroeconomic fundamentals resulted to S&P upgrading the country's credit rating by 1 notch to BBB+ (two notches above the minimum investment grade) on April 30, 2019.

The country's external trade of goods was adversely affected by the slowing global economy. Imports fell 4.8% year-on-year that could also be due to the government underspending that reduced the importation of construction materials needed for various infrastructure projects. High base from 2018, where imports recorded 17.4% growth amid increased importation of capital goods required by the growing economy, also contributed to the year-on-year decline.

Exports of Philippine-made goods proved its resilience in 2019 amid trade war as it managed to grow by 1.5%, becoming the second-best performer among East Asian economies, next to Vietnam. While Philippine exports that are part of US and China's supply chain were adversely affected by the trade tensions between the world's two largest economies, this factor could have been offset by the supply chain shift from China to ASEAN/Philippines and continuous diversification of the country's export markets. Lower imports, with growing exports in 2019, led to narrower trade balance–one of the factors that led to stronger peso (closing at 50.635 pesos per dollar, -3.7% vs. 2018) for the year.

Financial and Operating Highlights

Balance Sheet

BALANCE SHEET			
In Million Pesos	**2019**	**2018**	**2017**
Total Assets	767,079	644,595	553,988
Investment Securities	160,719	118,449	72,932
Loans and Receivables (Net)	449,219	398,300	354,243
Total Deposits	456,581	423,399	388,412
Capital Funds	82,850	81,170	67,027

RCBC's Total Assets grew by 19.0% or P122.5 billion from P644.6 billion to P767.1 billion attributable to increase in BSP placements, investments securities, and loans and receivables.

Due from BSP increased by 54.4% or P30.8 billion from P56.5 billion to P87.3 billion, primarily due to higher term deposit placement, this represented 11.4% of Total Resources. On the other hand, Loans under reverse repurchase agreement decreased by 42.5% or P4.3 billion from P10.0 billion to P5.8 billion.

Total Investment Securities, representing 21.0% of Total Resources, increased by 35.7% or P42.3 billion from P118.4 billion to P160.7 billion, attributable to 146.7% or P32.3 billion increase in Financial Assets at Fair Value through other Comprehensive Income (FVOCI) from P22.0 billion to P54.2 billion and 13.5% or P12.0 billion increase in Investment Securities at Amortized Cost from P88.9 billion to P100.9 billion.

Loans and Receivables-net went up by 12.8% or P50.9 billion from P398.3 billion to P449.2 billion and represented 58.6% of Total Resources. This was primarily as a result of increase in the volume of loan releases.

Bank Premises, Furniture, Fixtures & Equipment, net increased by 31.4% or P2.6 billion from P8.4 billion to P11.1 billion attributable to the recognition of right of use of asset in accordance with the Bank's adoption of PFRS 16, *Leases*. Investment Properties, net increased by 14.8% or P511.0 million from P3.6 billion to P4.1 billion mainly due to additional foreclosed properties. Also, Other Resources, net increased by 17.6% or P1.6 billion from P9.0 billion to P10.6 billion.

Deposit liabilities grew by 7.8% or P33.2 billion from P423.4 billion to P456.6 billion and represented 59.5% of Total Resources. Demand deposits increased by 25.0% or P14.1 billion from P56.4 billion to P70.5 billion and accounted for 9.2% of Total Resources; Savings Deposits was recorded at P179.2 billion and accounted for 23.4% of Total Resources. Time deposits grew by 7.2% or P13.9 billion from P192.9 billion to P206.8 billion and accounted for 27.0% of Total Resources.

Bills payable increased by 81.4% or P45.6 billion from P56.0 to P101.6 billion primarily attributable to increase in foreign borrowing, it represented 13.3% of Total Resources. Bonds payable also increased by 82.4% or P43.7 billion from P53.1 billion to P96.8 billion primarily as a result of the P15.0 billion ASEAN green bonds issuance, P8.0 billion ASEAN Sustainability Bond, and P15.5 billion senior notes and P7.5 billion Peso Bonds; it represented 12.6% of Total Resources. On October 2019, the Bank retired the P10.0 billion issued subordinated debt.

Accrued taxes, interest and other expenses payable increased by 17.5% or P925.0 million from P5.3 billion to P6.2 billion mainly due to increase in accruals for interest. Other Liabilities also grew by 46.9% or P7.4 billion from P15.7 billion to P23.0 billion primarily due to the recognition of lease liability in accordance with the Bank's adoption of PFRS 16.

Total liabilities grew by 21.4% or P120.8 billion to settle at P684.2 billion, it represented 89.2% of the Total Resources.

Net Unrealized Gains on Financial Assets at Fair Value through Other Comprehensive Income declined by 42.5% or P661.0 million from P1.6 billion to P894.0 million mainly as a result of revaluation of investment securities. Actual Gains on Remeasurement of Net Defined Benefits also declined by 134.0% or P1.8 billion from a negative balance of P1.3 billion to a negative balance of P3.1 billion.

Retained Earnings increased by 13.7% or P3.6 billion from P26.5 billion to P30.1 billion as a result of increase in net profit for the period, net of cash dividends paid and transfer to general loan loss reserve.

Total Capital Funds was recorded at P82.9 billion and accounted for 10.8% of Total Resources.

Finally, there are no known trends, demands, and commitments, events, or uncertainties that will have a material impact on the Bank's operational performance and ability to service obligations.

Income Statement

INCOME STATEMENT			
In Million Pesos	**2019**	**2018**	**2017**
Interest Income	37,578	30,933	24,764
Interest Expense	15,210	10,444	6,743
Net Interest Income	22,368	20,489	18,021
Other Operating Income	13,490	6,006	7,100
Impairment Losses	7,397	1,899	2,155
Operating Expenses	21,798	19,403	17,815
Tax Expense	1,275	872	841
Net income	5,388	4,321	4,310
Attributable to:			
Parent Company's Shareholders	5,387	4,320	4,308
Non-controlling Interests	1	1	2

Total interest income increased by 21.5% or P6.6 billion from P30.9 billion to P37.6 billion and accounted for 104.8% of total operating income. Interest income from loans and receivables went up by 20.8% or P5.6 billion from P27.0 billion to P32.6 billion and accounted for 91.0% of total operating income. The increase is mainly due to increase in average volume of Loans and Receivables and increase in average yield of loans and receivables. Interest income from investment securities also went up by 32.2% or P1.1 billion from P3.4 billion to P4.5 billion mainly due to increase in average volume and yield of investment securities, it accounted for 12.5% of total operating income. Other interest income declined by 12.0% or P59.0 million from P493.0 million to P434.0 million primarily as a result of lower BSP placements.

Total interest expense grew by 45.6% or P4.8 billion from P10.4 billion to P15.2 billion and accounted 42.4% of total operating income. Interest expense on deposit liabilities increased by 37.0% from P6.3 billion to P8.6 billion, representing 24.1% of total operating income. The increase was a result of higher volume and cost of time deposits. Interest expense on bills payable and other borrowings increased by 58.7% or P2.4 billion from P4.1 billion to P6.6 billion mainly due to increase in volume and yield of Bonds Payable.

As a result, Net Interest Income increased by 9.2% or P1.9 billion from P20.5 billion to P22.4 billion.

The Group booked higher impairment losses at P7.4 billion, up by 289.5% or P5.5 billion from P1.9 billion and represented 20.6% of total operating income. Increase in impairment losses net, was mainly due to higher specific provisioning and additional provisions following the bank's ECL methodology.

Other operating income of P13.5 billion, ballooned by 124.6% or P7.5 billion from P6.0 billion, it was accounted for 37.6% of total operating income and is broken down as follows:

- Trading and securities gain-net recorded an increase from nil in end-2018 to a gain of P7.5 billion attributable to realized trading gain from investment securities, it accounted 20.9% of total operating income;
- Service fees and commissions grew by 16.0% or P531.0 million from P3.3 billion to P3.9 billion and accounted for 10.8% of total operating income. Increase is primarily due to increase in credit card related fees, loan and deposit related fees, and bancnet fees.
- Foreign exchange gains declined by 58.8% or P496.0 million from P843.0 million to P347.0 million primarily due to lower FX positions gains.
- Trust fees expanded by 16.2% or P45.0 million from P278.0 million to P323.0 million.
- Share in net earnings of subsidiaries and associates increased by 50% or P7.0 million to settle at P21.0 million from P14.0 million in 2018.

- Miscellaneous income declined by 6.1% or P95.0 million from P1.5 billion to P1.5 billion brought about by lower dividend income and income from assets acquired.

Operating expenses went up by 12.3% or P2.4 billion from P19.4 billion to P21.8 billion and accounted 60.8% of Total Operating Income.

- Manpower costs settled at P6.8 billion and accounted for 19.1% of total operating income;
- Occupancy and equipment-related declined by 19.0% or P657.0 million from P3.5 billion to P2.8 billion, mainly due to the prospective adoption of PFRS 16 Leases;
- Taxes and licenses expanded by 38.7% or P865.0 million from P2.2 billion to P3.1 billion mainly due to the gross receipt tax impact on higher gross revenues and higher DST due to the increase in Peso Bonds and growth in TD;
- Depreciation and amortization went up by 37.5% or P682.0 million from P1.8 billion to P2.5 due to the prospective recognition of amortization of right to use asset under PFRS 16; and
- Miscellaneous expenses went up by 23.2% or P1.2 billion to settle at P6.6 billion from P5.3 billion, primarily as a result of higher service fees, communication and information expenses, and ROPA-related costs, and it consumed 18.3% of total operating income

Tax expense increased by 46.2% or P403.0 million from P872.0 million to P1.3 billion mainly due to higher final tax paid for the period and lower set-up of deferred tax assets.

Net profit attributable to non-controlling interest settled at P1.0 million.

Overall, net income was recorded at P5.4 billion, 24.7% or P1.1 billion higher than last year’s P4.3 billion.

Performance Indicators

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES	Audited			
	Consolidated		Parent	
	2019	2018	2019*	2018*
Return on Average Assets (ROA)	0.8%	0.7%	0.8%	0.7%
Return on Average Equity (ROE)	6.5%	5.8%	6.5%	5.1%
Risk-Based Capital Adequacy Ratio (CAR)	13.8%	16.1%	13.2%	16.5%
Common Equity Tier 1 Ratio	12.9%	13.4%	12.3%	13.2%
Non-Performing Loans (NPL) Ratio	2.2%	1.3%	2.0%	1.2%
Non-Performing Assets (NPA) Ratio	2.0%	1.3%	1.9%	1.2%
Net Interest Margin (NIM)	4.0%	4.0%	4.0%	4.0%
Cost-to-Income Ratio	60.8%	73.2%	60.4%	73.1%
Loans-to-Deposit Ratio**	95.3%	91.9%	93.3%	90.3%
Current Ratio	0.5	0.5	0.5	0.5
Liquid Assets-to-Total Assets Ratio	0.2	0.2	0.2	0.2
Debt-to-Equity Ratio	8.3	6.9	8.2	6.9
Asset-to- Equity Ratio	9.3	7.9	9.2	7.9
Asset -to- Liability Ratio	1.1	1.1	1.1	1.1
Interest Rate Coverage Ratio	1.4	1.5	1.4	1.5
Earnings per Share (EPS)				
Basic	Php 2.78	Php 2.62	Php 2.78	Php 2.62
Diluted	Php 2.78	Php 2.62	Php 2.78	Php 2.62

** Restated due to merger; **Excluding Interbank loans and Loans under Reverse Repurchase Agreement*

Wholly-Owned/Virtually Wholly Owned Subsidiaries

RCBC SAVINGS BANK[1]	Audited	
In Php 000s (Except EPS)	2019	2018
Net Income	Merged with RCBC Parent on July 2019	Php 1,041,275
Return on Average Assets (ROA)		0.8%
Return on Average Equity (ROE)		7.9%
Risk-based Capital Adequacy Ratio (CAR)		12.8%
Non-Performing Loans (NPL) Ratio		3.3%
Non-Performing Assets (NPA) Ratio		3.4%
Earnings per Share (EPS)		Php 33.46

RIZAL MICROBANK	Audited	
In Php 000s (Except EPS)	2019	2018
Net Income (Loss)	Php 13,269	Php 24,181
Return on Average Assets (ROA)	0.8%	1.7%
Return on Average Equity (ROE)	2.2%	4.1%
Risk-based Capital Adequacy Ratio (CAR)	29.5%	65.3%
Non-Performing Loans (NPL) Ratio	6.8%	0. 1%
Non-Performing Assets (NPA) Ratio	5.6%	0.7%
Earnings per Share (EPS)	Php 1.18	Php 2.76

RCBC CAPITAL CORPORATION and Subsidiaries	Audited	
In Php 000s (Except EPS)	**2019**	**2018**
Net Income	Php 277,001	Php 109,679
Return on Average Assets (ROA)	5.5%	2.6%
Return on Average Equity (ROE)	7.2%	2.9%
Risk-based Capital Adequacy Ratio (CAR)	56.4%	28.0%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	0.0%	0.0%
Earnings per Share (EPS)	Php 2.34	Php 0.94

RCBC FOREX BROKERS CORPORATION	Audited	
In Php 000s (Except EPS)	**2019**	**2018**
Net Income	Php 15,588	Php 14,096
Return on Average Assets (ROA)	7.8%	7.8%
Return on Average Equity (ROE)	8.2%	8.3%
Capital to Total Assets	96.6%	95.2%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings per Share (EPS)*	Php (16.82)	Php (19.81)

**Net of 12% dividend on preferred shares equivalent to P12 per share*

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	Audited	
In Php 000s (Except EPS)	**2019**	**2018**
Net Loss	Php 2,301	Php (13,402)
Return on Average Assets (ROA)	1.9%	-10.0%
Return on Average Equity (ROE)	1.9%	-10.3%
Capital to Total Assets	97.6%	96.7%
Non-Performing Loans (NPL) Ratio	0.0%	0.0%
Non-Performing Assets (NPA) Ratio	0.0%	0.0%
Earnings (Loss) per Share	Php 0.92	Php (5.36)

RCBC TELEMONEY EUROPE S.P.A *	Audited	
In Php 000s (Except EPS)	**2019**	**2018**
Net Loss	Php (13,630)	Php (16,222)
Return on Average Assets (ROA)	-49.2%	-111.2%
Return on Average Equity (ROE)	33.6%	34.6%
Capital to Total Assets	-158.5%	-310.7%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Loss per Share (EPS)	Php (136.30)	Php (162.22)

**Closed operations in March 2016.*

NIYOG PROPERTY HOLDINGS, INC. In Php 000s (Except EPS)	Audited	
	2019	2018
Net Income	Php 51,382	Php 33,920
Return on Average Assets (ROA)	8.4%	5.0%
Return on Average Equity (ROE)	8.9%	5.3%
Capital to Total Assets	95.3%	95.0%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings per Share (EPS)	Php 36.94	Php 24.39

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.) In Php 000s (Except EPS)	Audited	
	2019	2018
Net Income	Php 2,007	Php 1,203
Return on Average Assets (ROA)	1.1%	0.8%
Return on Average Equity (ROE)	-1.8%	-1.3%
Capital to Total Assets	-63.3%	-62.2%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings per Share (EPS)	Php 0.01	Php 0.01

RCBC LEASING AND FINANCE CORP. and Subsidiary In Php 000s (Except EPS)	Audited	
	2019	2018
Net Income	Php 105,628	Php 120,513
Return on Average Assets (ROA)	1.0%	1.3%
Return on Average Equity (ROE)	5.5%	11.7%
Capital to Total Assets	20.5%	12.6%
Non-Performing Loans (NPL) Ratio	13.4%	6.4%
Non-Performing Assets (NPA) Ratio	9.7%	5.2%
Earnings per Share (EPS)	Php 0.07	Php 0.26

Notes to the Computations:

1. *Consolidated and Parent Company ROA and ROE ratios were taken from the corresponding audited financial statements. ROA ratio of the subsidiaries was determined based on the average of the quarterly ending balances of total assets, audited and/or unaudited. ROE ratio of the subsidiaries was likewise computed based on the average of the quarterly ending balances of total equity, audited and/or unaudited.*
2. *CAR covers combined credit, market and operational risks. Where the Risk-Based CAR was not computed, the simple Capital to Total Assets ratio formula was used.*
3. *NPL ratio is determined by using the following formula: (Total NPLs net of total specific provision for losses of NPLs) / (Total gross loan portfolio)*
4. *NPA ratio is determined by using the following formula: (Net NPLs + Gross ROPA + Non-performing SCR) / Gross Total Assets. For some subsidiaries, the NPL/NPA ratios were not computed since these ratios were not applicable.*

Philippines has been enjoying strong economic growth over the years, making it one of the fastest-growing economies in Asia. Real GDP grew on an average of 6.3% over ten years to 2019. However, the raging COVID-19 pandemic in 2020 brought global economic activity to a near-standstill as countries imposed tight restrictions on movement to prevent the spread of the virus. Global output has contracted to levels much worse relative to other global recessions since 1990. This same pandemic brought Philippines to a recession—its worst annual contraction on record, breaking almost three decades of uninterrupted growth.

COVID-19 delivered multiple shocks to the Philippine economy—a health crisis, strict quarantine measures, and a global recession of unprecedented scale. The economy plunged -9.5% in 2020 following a lockdown described as one of the longest and strictest, where about 75% of the economy was shut down. The sharp contraction was mainly driven by the steep dive in domestic demand and the collapse of trade due to the impact of strict quarantine measures domestically and globally. Moreover, the country was hit by a series of strong typhoons that severely affected economic activities in some areas.

Household consumption dropped -7.9%, its worst performance on record, after being a major growth driver in the demand side of the economy in the past years. The decline was mainly due to a combination of factors that crippled domestic demand including record-high unemployment, declining household incomes, movement restrictions that reduced consumption, and a historic decline in consumer confidence. Unemployment rate reached 10.3% in 2020 as factories and public transportation were shut down, businesses were closed, and supply chains were cut. Meanwhile, OFW remittances, which were heavily relied on by Filipino families for household consumption, contracted by -0.8% as of November 2020 as the global economic slump under the pandemic forced thousands of OFWs out of their jobs.

The deepest contraction, with respect to domestic demand, was registered in the consumption of non-essential goods and services and those that were affected by the implementation of strict quarantine measures, while essential goods such as food registered small positive growth. In particular, the combination of travel restrictions and weak consumer confidence resulted in a collapse in domestic tourism expenditures, which make up about a fifth of private consumption.

Headline inflation averaged 2.6%, at the lower end of the government's 2%-4% target band, as weak household consumption led to lower price pressures. The benign inflation environment has rendered the BSP ample space to aggressively implement an accommodative monetary policy to mitigate the impact of the crisis. Since the beginning of 2020, BSP has reduced the key policy rate by a cumulative 200 basis points (bps) to a record low of 2.0% and the reserve requirement (RRR) by 200 bps to 12.0%. Local long-term interest rates (PHP BVAL yields) hovered near record lows as a result, with the 10-year BVAL yield ending the year at about 100 bps below its levels in end-2019.

The collapse in private consumption was compounded by the sharp decline in external demand and exports, due to significant disruptions in domestic and global supply chains and international travel restrictions. Exports fell by -16.7% due to contractions in both services and merchandise exports. Transport and travel services were hit the hardest among services exports, which both declined by -51.0% and -81.0% respectively, as the global tourism industry suffered from strict travel and mobility restrictions. Foreign tourist arrivals contracted by -87.0%, resulting in an -83.0% contraction in inbound tourism revenues. Merchandise exports contracted by -10.1% across all major product categories, a reversal from the 2.3% growth recorded in 2019. The decline in trade activity was caused by disruptions in source countries and weak consumption in key export markets due to the economic fallout caused by the pandemic.

The country's economic condition has impacted positively the overall balance of payments position of the country. Contraction in private consumption, deterioration in private investment activities, and a shift of public resources from public investment spending toward immediate COVID-19 response, all resulted in a -23.3% goods import contraction in 2020, vs. -1.1% in 2019. As a result, current account turned into a surplus of US$8.7 billion (3.4% of GDP) as of 3Q 2020, outpacing net capital outflow, leading to a balance of payment surplus of US$11.8 billion as of November 2020. The significant contraction in imports lessened the demand for US dollars contributing to the appreciation of the Philippine peso to its strongest in more than four years, and record high foreign reserve accumulation.

To mitigate the negative impact of COVID-19 on the economy, the government responded swiftly by increasing public spending through economic stimulus packages despite falling revenues. As a result, fiscal deficit (as of 3Q 2020) widened to -6.9% of GDP from -2.1% over the same period in 2019. This is the result of a shrinking tax base amid a slumping global and domestic economy while public spending increased rapidly to mitigate the effects of the crisis. Total public revenues fell by -9.6% in nominal terms as a result of a -12.2% decline in tax revenues. Public spending increased by 11.6%, mainly due to the implementation of the Bayanihan to Heal as One Act. The sharp increase in the fiscal deficit resulted in the public debt ratio reaching its highest level in nearly a decade. Yet, the country's long-term fiscal sustainability remains manageable, benefitting from years of prudent fiscal management by the government.

Financial and Operating Highlights

Balance Sheet

BALANCE SHEET			
In Million Pesos	2020	2019	2018
Total Assets	772,106	767,079	644,595
Investment Securities	88,064	160,719	118,449
Loans and Receivables (Net)	491,284	449,219	398,300
Total Deposits	535,788	456,581	423,399
Capital Funds	101,378	82,850	81,170

RCBC's Total Assets stood at P772.1 billion.

Cash and other Cash Items decreased by 2.3% or P387.0 million from P16.9 billion to P16.5 billion.

Due from Bangko Sentral ng Pilipinas (BSP) increased by 32.3% or P28.2 billion from P87.3 billion to P115.5 billion attributable to the increase in level of Overnight Deposits as temporary placement of excess funds and Special Savings Account with BSP used as clearing account.

Due from Other Banks decreased by 16.5% or P3.1 billion from P18.8 billion to P15.7 billion, mainly due to decrease in foreign bank placements as a net result of servicing the matured obligations of the Bank.

Loans under Reverse Repurchase Agreement increased by 131.6% or P7.6 billion from P5.8 billion to P13.4 billion due to higher placements with BSP shifted from Term Deposits.

Total Investment Securities, representing 11.4% of Total Resources, decreased by 45.2% or P72.7 billion from P160.7 billion to P88.1 billion mainly due to the sale of Investment Securities at Amortized Cost and Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI). Investment Securities at Amortized Cost decreased by 57.4% or P57.9 billion from P100.9 billion to P43.0 billion; Financial Assets at FVOCI decreased by 26.0% or P14.1 billion from P54.2 billion to P40.2 billion. Financial Assets at Fair Value Through Profit or Loss (FVTPL) also decreased by 11.9% or P660.0 million from P5.5 billion to P4.9 billion as part of the Bank's regular trading activities.

Loans and Receivables – net, grew by 9.4% or P42.1 billion from P449.2 billion to P491.3 billion largely attributable to the increase in level of Interbank Loans by 127.0% or P23.9 billion and increase in total loan to customers amounting to P22.3 billion. It represented 63.6% of Total Resources.

Investment in Associates – net, decreased by 23.7% or P105.0 million from P444.0 million to P339.0 million mainly attributable to the decrease in equity investment in Honda Cars Philippines, Inc. as a result of closure of its local manufacturing plant.

Bank Premises, Furniture, Fixtures & Equipment – net, increased by 18.1% or P2.0 billion from P11.1 billion to P13.1 billion largely due to the recognition of right-of-use (ROU) asset relative to the five-year incremental lease of the Bank's head office following PFRS 16, *Leases*.

Investment Properties – net, declined by 10.1% or P417.0 million from P4.1 billion to P3.7 billion as a result of the disposals and higher provision on real estate properties and auto during the year.

Deferred Tax Assets increased by 42.2% or P904.0 million from P2.1 billion to P3.0 billion due to recognition of additional deferred tax asset on higher provision for impairment losses during the year.

Other Resources – net, increased by 8.8% or P930.0 million from P10.6 billion to P11.5 billion mainly attributable to the increase in non-current assets held for sale, software and prepaid expenses during the year.

Deposit Liabilities were recorded at P535.8 billion and represented 69.4% of Total Resources. Demand deposits grew by 52.0% or P36.6 billion from P70.5 billion to P107.2 billion and accounted for 13.9% of Total Resources. Savings deposits grew by 8.9% or P15.9 billion from P179.2 billion to P195.2 billion and accounted for 25.3% of Total Resources. Total Current and Savings Account deposits grew by 21.1% or P52.6 billion from P249.8 billion to P302.3 billion from previous year. Time deposits reached P233.5 billion, which grew by 12.9% or P26.6 billion from P206.8 billion and accounted for 30.2% of Total Resources.

Bills Payable decreased by 87.0% or P88.4 billion from P101.6 billion to P13.2 billion primarily due to maturities of foreign and local borrowings during the year.

Bonds Payable decreased by 6.6% or P6.4 billion from P96.8 billion to P90.4 billion attributable to the maturity of the USD 243.0 million or P12.3 billion Senior Notes in January 2020 and P15.0 billion Green Bonds in August 2020, net of the P23.7 billion Peso Bond issuances during the year.

Accrued Taxes, Interest and Other Expenses decreased by 4.9% or P302.0 million from P6.2 billion to P5.9 billion due to lower interest expense on Time Deposits as a result of the decline in interest rates.

Other Liabilities increased by 10.5% or P2.4 billion from P23.0 billion to P25.4 billion primarily due to the recognition of finance lease liability on the incremental lease of Bank's head office following PFRS 16, as discussed above.

Total Liabilities stood at P670.7 billion and represented 86.9% of Total Resources.

On August 27, 2020, the Bank issued foreign currency denominated Securities eligible as Additional Tier 1 Capital amounting to USD 300.0 million or P14.5 billion with an interest rate of 6.5% per annum payable semi-annually in arrears due on February 27 and August 27 of each year.

Other Comprehensive Income increased by 5.6% or P123.0 million from loss of P2.2 billion to P2.1 billion mainly due to the improvement in the market value of retirement plan.

Retained Earnings increased by 11.8% or P3.9 billion from P33.3 billion to P37.2 billion mainly on account of the net income during the year, net of P1.1 billion cash dividends paid on Common and Preferred Shares.

Total Capital Funds were recorded at P101.4 billion and accounted for 13.1% of Total Resources.

Income Statement

INCOME STATEMENT			
In Million Pesos	2020	2019	2018
Interest Income	36,952	37,578	30,933
Interest Expense	10,671	15,210	10,444
Net Interest Income	26,281	22,368	20,489
Other Operating Income	11,632	13,490	6,006
Impairment Losses	9,375	7,397	1,899
Operating Expenses	22,045	21,798	19,403
Tax Expense	1,475	1,275	872
Net income	5,018	5,388	4,321
Attributable to:			
Parent Company's Shareholders	5,020	5,387	4,320
Non-controlling Interests	(2)	1	1

Total interest income slightly decreased by 1.7% or P626.0 million from P37.6 billion to P37.0 billion and accounted for 97.5% of total operating income. Interest income on loans and receivables went up by 3.9% or P1.3 billion from P32.6 billion to P33.9 billion and accounted 89.4% of total operating income. Interest income on Investment Securities decreased by 53.8% or P2.4 billion from P4.5 billion to P2.1 billion as a result of decline in average volume; it accounted 5.5% of total operating income. Other interest income, on the other hand, increased by 122.1% or P530.0 million from P434.0 million to P964.0 million due to the increase in volume of Overnight and Term Deposits with the BSP.

Total interest expense went down by 29.8% or P4.5 billion from P15.2 billion to P10.7 billion and accounted for 28.2% of total operating income. Interest expense on deposit liabilities decreased by 38.7% or P3.3 billion from P8.6 billion to P5.3 billion primarily as a result of lower average costs, partly off-set by the impact of the increase in average volume; it represented 14.0% of total operating income. Interest expense on bills payable and other borrowings decreased by 18.2% or P1.2 billion from P6.6 billion to P5.4 billion due to lower average costs and the decline in average volume year-on-year.

As a result, net interest income increased by 17.5% or P3.9 billion from P22.4 billion to P26.3 billion.

As part of the Bank's conservative stance on loan loss provisioning, the Bank booked total impairment losses of P9.4 billion, up by 26.7% or P2.0 billion from P7.4 billion last year to cover the expected increase in non-performing loans due to the impact of COVID-19 pandemic. It represented 24.7% of total operating income.

Other operating income decreased by 13.8% or P1.9 billion from last year's P13.5 billion now at P11.6 billion. This accounted for 30.7% of total operating income, and is broken down as follows:

- Trading and securities gain – net, decreased by 18.8% or P1.4 billion from P7.5 billion to P6.1 billion, due to lower realized trading gains from sale of investment securities and lower unrealized marked-to-market gains. It accounted 16.1% of total operating income;
- Service fees and commissions decreased by 9.0% or P348.0 million from P3.9 billion to P3.5 billion mainly due to lower fees on loans and deposit and branch related fees. It represented 9.3% of total operating income;
- Trust fees remained flat at P323.0 million year-on-year;
- Foreign exchange gains – net, increased by 65.4% or P227.0 million from P347.0 million to P574.0 million. This was primarily due to higher foreign currency position profit;
- Share in net earnings of subsidiaries and associates decreased by 547.6% or P115.0 million due to lower equity earnings from Investments in Associates;

- Miscellaneous income decreased by 14.7% or P214.0 million from P1.5 billion to P1.2 billion largely due to lower dividend income.

Operating expenses, which accounted for 58.2% of total operating income, slightly increased by 1.1% or P247.0 million from P21.8 billion to P22.0 billion due to the following:

- Total Employee benefits decreased by 3.0% or P207.0 million from P6.8 billion to P6.6. It represented 17.5% of total operating income;
- Occupancy and equipment-related expenses slightly increased by 0.7% or P19.0 million from P2.8 billion to P2.8 billion. It represented 7.4% of total operating income;
- Taxes and licenses, which accounted for 8.4% of total operating income, slightly increased by 2.6% or P81.0 million from P3.1 billion to P3.2 billion;
- Depreciation and amortization was recorded at P2.9 billion, up by 16.8% or P421.0 million from P2.5 billion largely due to higher depreciation on consumer loan-related ROPAs and leased equipment of its leasing subsidiary. It represented 7.7% of total operating income;
- Miscellaneous expenses declined by 1.0% or P67.0 million to P6.5 billion from P6.6 billion. It accounted for 17.1% of total operating income.

Tax expense increased by 15.7% or P200.0 million from P1.3 billion to P1.5 billion due to higher final tax on investment securities and higher regular corporate income tax.

Net loss attributable to non-controlling interest settled at P2.0 million.

Overall, net income declined by 6.9% or P370.0 million from P5.4 billion to P5.0 billion.

There were no significant elements of income or loss that did not arise from the Bank's continuing operations.

Performance Indicators

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES	Audited			
	Consolidated		Parent	
	2020	2019	2020	2019
Return on Average Assets (ROA)	0.7%	0.8%	0.7%	0.8%
Return on Average Equity (ROE)**	5.5%	6.5%	5.6%	6.5%
Risk-Based Capital Adequacy Ratio (CAR)	16.1%	13.8%	15.9%	13.2%
Common Equity Tier 1 Ratio	12.6%	12.9%	12.3%	12.3%
Non-Performing Loans (NPL) Ratio	2.9%	2.2%	2.8%	2.0%
Non-Performing Assets (NPA) Ratio	2.8%	2.0%	2.7%	1.9%
Net Interest Margin (NIM)	4.3%	4.0%	4.3%	4.0%
Cost-to-Income Ratio	58.1%	60.8%	57.8%	60.4%
Loans-to-Deposit Ratio*	85.2%	95.3%	83.6%	93.3%
Current Ratio	0.8	0.5	0.8	0.5
Liquid Assets-to-Total Assets Ratio	0.3	0.2	0.3	0.2
Debt-to-Equity Ratio	6.6	8.3	6.5	8.2
Asset-to- Equity Ratio	7.6	9.3	7.5	9.2
Asset -to- Liability Ratio	1.2	1.1	1.2	1.1
Interest Rate Coverage Ratio	1.6	1.4	1.6	1.4
Earnings per Share (EPS)**				
Basic	PHP 2.43	PHP 2.78	PHP 2.43	PHP 2.78
Diluted	PHP 2.43	PHP 2.78	PHP 2.43	PHP 2.78

**Excluding Interbank loans and Loans under Reverse Repurchase Agreement*
***Net of dividends on Hybrid Tier 1 Securities in 2020*

Wholly-Owned/Virtually Wholly Owned Subsidiaries

RIZAL MICROBANK	Audited	
In Php 000s (Except EPS)	2020	2019
Net Income (Loss)	Php (88,981)	Php 13,269
Return on Average Assets (ROA)	-4.9%	0.8%
Return on Average Equity (ROE)	-15.7%	2.2%
Risk-based Capital Adequacy Ratio (CAR)	30.7%	29.5%
Non-Performing Loans (NPL) Ratio	1.9%	6.8%
Non-Performing Assets (NPA) Ratio	2.9%	5.6%
Earnings per Share (EPS)	Php (7.90)	Php 1.18

RCBC CAPITAL CORPORATION and Subsidiaries In Php 000s (Except EPS)	Audited	
	2020	2019
Net Income	Php 160,673	Php 277,001
Return on Average Assets (ROA)	3.5%	5.5%
Return on Average Equity (ROE)	4.6%	7.2%
Risk-based Capital Adequacy Ratio (CAR)	39.9%	56.4%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	0.0%	0.0%
Earnings per Share (EPS)	Php 1.36	Php 2.34

RCBC FOREX BROKERS CORPORATION In Php 000s (Except EPS)	Audited	
	2020	2019
Net Income	Php 5,503	Php 15,588
Return on Average Assets (ROA)	3.2%	7.8%
Return on Average Equity (ROE)	3.3%	8.2%
Capital to Total Assets	92.1%	96.6%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings per Share (EPS)*	Php (37.12)	Php (31.18)

**Net of 12% dividend on preferred shares equivalent to P12 per share*

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary In Php 000s (Except EPS)	Audited	
	2020	2019
Net Loss	Php (9,101)	Php 2,301
Return on Average Assets (ROA)	-7.6%	1.9%
Return on Average Equity (ROE)	-7.8%	1.9%
Capital to Total Assets	103.2%	97.6%
Non-Performing Loans (NPL) Ratio	0.0%	0.0%
Non-Performing Assets (NPA) Ratio	0.0%	0.0%
Earnings (Loss) per Share	Php (3.64)	Php 0.92

RCBC TELEMONEY EUROPE S.P.A * In Php 000s (Except EPS)	Audited	
	2020	2019
Net Loss	Php 0.0	Php (13,630)
Return on Average Assets (ROA)	0.0%	-49.2%
Return on Average Equity (ROE)	0.0%	33.6%
Capital to Total Assets	-158.5%	-158.5%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Loss per Share (EPS)	Php 0.00	Php (136.30)

**Closed operations in March 2016.*

NIYOG PROPERTY HOLDINGS, INC. In Php 000s (Except EPS)	Audited	
	2020	2019
Net Income	Php 13,695	Php 51,382
Return on Average Assets (ROA)	2.3%	8.4%
Return on Average Equity (ROE)	2.4%	8.9%
Capital to Total Assets	93.1%	95.3%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings per Share (EPS)	Php 9.85	Php 36.94

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.) In Php 000s (Except EPS)	Audited	
	2020	2019
Net Income	Php 2,276	Php 2,007
Return on Average Assets (ROA)	1.4%	1.1%
Return on Average Equity (ROE)	-2.0%	-1.8%
Capital to Total Assets	-72.6%	-63.3%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings per Share (EPS)	Php 0.01	Php 0.01

RCBC LEASING AND FINANCE CORP. and Subsidiary In Php 000s (Except EPS)	Audited	
	2020	2019
Net Income	Php (61,919)	Php 105,628
Return on Average Assets (ROA)	-0.5%	1.0%
Return on Average Equity (ROE)	-2.9%	5.5%
Capital to Total Assets	17.9%	20.5%
Non-Performing Loans (NPL) Ratio	11.2%	13.4%
Non-Performing Assets (NPA) Ratio	7.2%	9.7%
Earnings per Share (EPS)	Php (0.04)	Php 0.07

CAJEL REALTY CORPORATIOn	Audited	
In Php 000s (Except EPS)	2020	2019
Net Income	Php (119)	Php (726)
Return on Average Assets (ROA)	-0.2%	-1.3%
Return on Average Equity (ROE)	-0.2%	-1.3%
Capital to Total Assets	100.0%	99.9%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings per Share (EPS)	Php (0.20)	Php (1.21)

Notes to the Computations:

5. *Consolidated and Parent Company ROA and ROE ratios were taken from the corresponding audited financial statements. ROA ratio of the subsidiaries was determined based on the average of the quarterly ending balances of total assets, audited and/or unaudited. ROE ratio of the subsidiaries was likewise computed based on the average of the quarterly ending balances of total equity, audited and/or unaudited.*
6. *CAR covers combined credit, market and operational risks. Where the Risk-based CAR was not computed, the simple Capital to Total Assets ratio formula was used.*
7. *NPL ratio is determined by using the following formula: (Total NPLs net of total specific provision for losses of NPLs) / (Total gross loan portfolio)*
8. *NPA ratio is determined by using the following formula: (Net NPLs + Gross ROPA + Non-performing SCR) / Gross Total Asset*s. For some subsidiaries, the NPL/NPA ratios were not computed since these ratios were not applicable.

The Philippine economy rebounded in 2021 despite the continuing resurgence of COVID-19, posting a full-year GDP growth of 5.6% after the record of 9.6% drop in 2020. Domestic output grew faster than expected as low base effects magnified the improvement in economic activity that is now less sensitive to infections and containment measures compared to previous lockdowns. Quarantine measures imposed by the government throughout 2021 restricted overall mobility less than the previous year, while households and firms have learned to cope with infections and diminished mobility.

Domestic demand managed to pick up despite the implementation of several lockdowns, which is primarily driven by the recovery in household spending, from a 7.9% contraction last year to a 4.2% growth in 2021, due to more relaxed quarantine measures as well as the increasing vaccination rate that protected the population against the severe outcomes of COVID-19. Household spending was also supported by steady growth in OFW remittances throughout the year, or by 5.2% in the first eleven months of 2021, despite weaker labor market conditions abroad, mainly due to the reopening of many host economies worldwide and low base effects. However, it is still tempered by elevated inflation and unemployment, lockdowns, and low consumer confidence. Meanwhile, government spending eased, in part due to the base effects from the swift disbursement of economic stimulus packages a year ago.

External demand, on the other hand, has shown some recovery as the country benefitted from robust global activity in merchandise trade. Export of goods in 2021 reached record highs, surpassing its pre-pandemic levels, as it registered a 14.5% growth mainly driven by the increased demand for electronics, the country's largest export commodity. However, services trade remained weak, as lingering restrictions in travel and tourism weighed heavily on travel and transport export services, which contracted by 52.6% and 5.4%, respectively. Meanwhile, imports grew strongly as importation of consumption goods, raw materials, and capital goods picked up due to increased economic activity and a strong rebound in the manufacturing industry. This, along with elevated global commodity prices due to supply chain disruptions, ultimately led to a wider trade deficit year-on-year.

On the supply side, economic activity was supported by growth in the industry and services sectors. The industry sector rebounded to 8.2% in 2021 vs. -13.2% in 2020. Its strong performance was driven by a strong rebound in manufacturing amid a more supportive external environment, along with increased infrastructure spending. The services sector, which accounts for a huge chunk (or 61%) of GDP among the three major economic sectors, posted a more moderate expansion of 5.3% in 2021 as key services such as wholesale and retail trade, transportation, and accommodation and food services continue to struggle amid the pandemic. However, sectors such as health and information and communication fueled growth, benefitting from increased demand on their services. Lastly, the agriculture sector contracted by 0.3% as farm output continued to suffer from the ongoing outbreak of African swine fever and the damages brought by several strong typhoons that hit the country during the year.

The monetary authority maintained a low interest rate to support the economic recovery. Headline inflation averaged by 4.5% in 2021, breaching the upper bound of the government's 2%-4% target band. Supply-side constraints drove inflation higher with food adversely affected by weather disturbances alongside rising global commodity prices. Core inflation, on the other hand, which excluded volatile food and energy items, remained stable, averaging 3.3% in 2021, which indicates weak underlying price pressure especially as aggregate demand remained generally tempered by the pandemic. To support the country's economic recovery prospects in terms of relatively lower borrowing costs, BSP kept its key policy rate to the record low of 2.0% and the reserve requirement ratio (RRR) to 12.0% despite elevated headline inflation. Local short-term interest rates (PHP BVAL yields) continued to hover near record lows as a result, but long-term interest rates have already started to go up by late-2021.

The fiscal stance remains supportive of economic recovery, but the policy space is narrowing. Public spending accelerated to 24.6% of GDP in the first three quarters of 2021, vs. 23.6% in the same period in 2020, due to increased government spending especially on infrastructure to boost economic recovery and ongoing fiscal support to mitigate the economic fallout due to the pandemic. Infrastructure outlays increased to 4.7% of GDP in the first three quarters of 2021, vs. 3.5% in the previous year. Increased public spending coupled with a shrinking tax base amid multiple lockdowns that slowed down tax revenue collections ultimately widened the fiscal deficit to 8.3% of GDP in the first three quarters of 2021, vs. 6.9% in the same period last year. The sharp increase in the fiscal deficit resulted in the public debt ratio reaching its highest level in 15 years to 63.1% as of 3Q 2021. Yet, the country's long-term fiscal sustainability remains manageable, benefitting from years of prudent fiscal management by the government.

Financial and Operating Highlights

<u>Balance Sheet</u>

BALANCE SHEET			
In Million Pesos	2021	2020	2019
Total Assets	959,133	772,106	767,079
Investment Securities	219,235	88,064	160,719
Loans and Receivables (Net)	538,302	491,284	449,219
Total Deposits	672,459	535,788	456,581
Capital Funds	111,080	101,378	82,850

RCBC's Total Assets stood at P959.1 billion.

Cash and other Cash Items decreased by 11.1% or P1.8 billion from P16.5 billion to P14.7 billion due to the decline in cash on hand and cash in ATMs.

Due from Bangko Sentral ng Pilipinas (BSP) increased by 12.7% or P14.7 billion from P115.5 billion to P130.2 billion mainly attributable to the increase in Demand Deposit Account with the BSP and higher Term Deposit.

Due from Other Banks decreased by 22.6% or P3.5 billion from P15.7 billion to P12.2 billion, mainly due to decrease in foreign bank placements as a result of redeployment of funds.

Loans Arising from Reverse Repurchase Agreement decreased by 12.5% or P1.7 billion from P13.4 billion to P11.7 billion due to lower placements with the BSP.

Total Investment Securities, representing 22.9% of Total Resources, increased by 149.0% or P131.2 billion from P88.1 billion to P219.2 billion attributable to the 280.3% or P120.6 billion increase in Investment Securities at Amortized Cost from P43.0 billion to P163.6 billion; 23.9% or P9.6 billion increase in Financial Assets at Fair Value Other Comprehensive Income (FVOCI) from P40.2 billion to P49.8 billion; and 20.0% or P975.0 million increase in Financial Assets at Fair Value Through Profit or Loss (FVTPL) from P4.9 billion to P5.9 billion.

Loans and Receivables – net, grew by 9.6% or P47.0 billion from P491.3 billion to P538.3 billion attributable to the increase in total loan to customers amounting to P56.2 billion, which grew by 12.3% versus last year, net of the decrease in level of Interbank Loans by 28.4% or P12.2 billion. It represented 56.1% of Total Resources.

Deferred Tax Assets (DTA) increased by 5.3% or P162.0 million from P3.0 billion to P3.2 billion mainly due to net DTA set-up during the year.

Other Resources – net, increased by 13.5% or P1.6 billion from P11.5 billion to P13.1 billion largely attributable to the increase in Non-current Assets Held for Sale.

Deposit Liabilities were recorded at P672.5 billion and represented 70.1% of Total Resources. Demand deposits grew by 35.1% or P37.6 billion from P107.2 billion to P144.8 billion and accounted for 15.1% of Total Resources. Savings deposits grew by 17.1% or P33.3 billion from P195.2 billion to P228.5 billion and accounted for 23.8% of Total Resources. Time deposits reached P299.2 billion, which grew by 28.2% or P65.7 billion from P233.5 billion to P299.2 billion and accounted for 31.2% of Total Resources.

Bills Payable increased by 324.6% or P42.7 billion from P13.2 billion to P55.9 billion primarily due to increase in foreign borrowings as an alternative source of funding.

Total Liabilities stood at P848.1 billion and represented 88.4% of Total Resources.

Treasury Shares decreased by 32.3% or P4.4 billion from P13.7 billion to P9.3 billion due to the re-issuance of the 101,850,000 common shares to Sumitomo Mitsui Banking Corporation (SMBC) in July 2021.

Other Comprehensive Income increased by 7.1% or P147.0 million from loss of P2.1 billion to P1.9 billion mainly due to the improvement in the valuation of retirement plan , net of the decline in Net Unrealized Gains on Financial Assets at FVOCI securities as compared with previous year.

Retained Earnings increased by 13.9% or P5.2 billion from P37.2 billion to P42.4 billion mainly on account of the net income during the year, net of cash dividends paid during the year.

Total Capital Funds were recorded at P111.1 billion and accounted for 11.6% of Total Resources.

Income Statement

INCOME STATEMENT			
In Million Pesos	2021	2020	2019
Interest Income	37,111	36,952	37,578
Interest Expense	8,280	10,671	15,210
Net Interest Income	28,831	26,281	22,368
Other Operating Income	7,563	11,632	13,490
Impairment Losses	6,048	9,375	7,397
Operating Expenses	22,535	22,045	21,798
Tax Expense	728	1,475	1,275
Net income	7083	5018	5388
Attributable to:			
Parent Company's Shareholders	7,082	5,020	5,387
Non-controlling Interests	1	(2)	1

Total interest income slightly increased by 0.4% or P159.0 million from P37.0 billion to P37.1 billion and accounted for 102.0% of total operating income. Interest income on loans and receivables went down by 5.9% or P2.0 billion from P33.9 billion to P31.9 billion due to lower average yield, net of growth in average volume. It accounted 87.7% of total operating income. Interest income on Investment Securities increased by 114.0% or P2.4 billion from P2.1 billion to P4.4 billion as a result of the increase in volume and improvement in average yield; it accounted 12.2% of total operating income. Other interest income, on the other hand, decreased by 20.9% or P201.0 million from P964.0 million to P763.0 million due to lower yield on net placements with the BSP.

Total interest expense went down by 22.4% or P2.4 billion from P10.7 billion to P8.3 billion and accounted for 22.8% of total operating income. Interest expense on Deposit Liabilities decreased by 23.2% or P1.2 billion from P5.3 billion to P4.1 billion primarily due to decrease in average costs, net of the increase in average volume; it represented 11.2% of total operating income. Interest expense on Bills Payable and Other Borrowings decreased by 21.6% or P1.2 billion from P5.4 billion to P4.2 billion due to combined effects of lower average volume and lower average costs, year-on-year.

As a result, net interest income increased by 9.7% or P2.6 billion from P26.3 billion to P28.8 billion.

As business environment started to improve, the Bank booked total Impairment losses of P6.0 billion, down by 35.5% or P3.3 billion from P9.4 billion last year. It represented 16.6% of total operating income.

Other operating income decreased by 35.0% or P4.1 billion from last year's P11.6 billion to P7.6 billion. This accounted for 20.8% of total operating income, and is broken down as follows:

- Trading and securities gain – net, decreased by 85.8% or P5.2 billion from P6.1 billion to P863.0 million mainly due to lower realized trading gains from sale of investment securities. It accounted 2.4% of total operating income;
- Service fees and commissions increased by 30.0% or P1.0 billion from P3.5 billion to P4.5 billion mainly due to improvement in fee income from across all products. It represented 12.5% of total operating income;
- Foreign exchange gains – net, decreased by 68.5% or P393.0 million from P574.0 million to P181.0 million due to lower revaluation profits as a result of the weakening of the peso.
- Trust fees increased by 21.4% or P69.0 million from P323.0 million to P392.0 million due to significant increase in volume of managed funds;

- Share in net earnings of subsidiaries and associates increased by 112.8% or P106.0 million due to higher equity earnings from Investments in Associates;
- Miscellaneous income increased by 26.4% or P327.0 million from P1.2 billion to P1.6 billion mainly due to higher gain on sale of assets and other income.

Operating expenses, which accounted for 61.9% of total operating income, slightly increased by 2.2% or P490.0 million from P22.0 billion to P22.5 billion due to the following:

- Total Employee benefits decreased by 3.9% or P255.0 million from P6.6 billion to P6.4 billion. It represented 17.5% of total operating income;
- Taxes and licenses, which accounted for 9.6% of total operating income, increased by 9.1% or P291.0 million from P3.2 billion to P3.5 billion mainly due to higher documentary stamp tax, which is volume-related;
- Depreciation and amortization was recorded at P3.0 billion, up by 3.3% or P96.0 million from P2.9 billion from previous year. It represented 8.3% of total operating income;
- Occupancy and equipment-related expenses slightly increased by 0.0% or P1.0 million from P2.8 billion to P2.8 billion year-on-year. It represented 7.8% of total operating income;
- Miscellaneous expenses increased by 5.5% or P357.0 million to P6.8 billion from P6.5 billion to P6.8 billion largely due to the increase in regulatory related fees as a result of the growth in deposit liabilities and total resources. It accounted for 18.8% of total operating income.

Tax expense decreased by 50.6% or P747.0 million from P1.5 billion to P728.0 million mainly due to lower final tax on investment securities and the impact of the implementation of Corporate Recovery and Tax Incentives for Enterprise Act Law reducing the corporate income tax rate by 5% effective July 1, 2020.

Net profit attributable to non-controlling interest settled at P1.0 million.

Overall, net income increased by 41.2% or P2.1 billion from P5.0 billion to P7.1 billion.

There were no significant elements of income or loss that did not arise from the Bank's continuing operations.

Performance Indicators

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES				
	Audited			
	Consolidated		Parent	
	2021	2020	2021	2020
Return on Average Assets (ROA)	0.8%	0.7%	0.9%	0.7%
Return on Average Equity (ROE)**	6.7%	5.5%	6.7%	5.6%
Risk-based Capital Adequacy Ratio (CAR)	15.2%	16.1%	14.9%	15.9%
Common Equity Tier 1 Ratio	12.2%	12.6%	11.8%	12.3%
Non-Performing Loans (NPL) Ratio	3.3%	2.9%	3.2%	2.8%
Non-Performing Assets (NPA) Ratio	2.7%	2.8%	2.6%	2.7%
Net Interest Margin (NIM)	4.1%	4.3%	4.1%	4.3%
Cost-to-Income Ratio	61.9%	58.2%	61.4%	57.8%
Loans-to-Deposit Ratio*	76.3%	85.2%	74.9%	83.6%
Current Ratio	0.6	0.8	0.6	0. 8
Liquid Assets-to-Total Assets Ratio	0.2	0.3	0.2	0.3
Debt-to-Equity Ratio	7.6	6.6	7.6	6.5
Asset-to- Equity Ratio	8.6	7.6	8.6	7.5
Asset -to- Liability Ratio	1.1	1.2	1.1	1.2
Interest Rate Coverage Ratio	1.9	1.6	2.0	1.6
Earnings per Share (EPS) **				
Basic	PHP 3.09	PHP 2.43	PHP 3.09	PHP 2.43
Diluted	PHP 3.09	PHP 2.43	PHP 3.09	PHP 2.43

**Excluding Interbank loans and Loans under Reverse Repurchase Agreement*
***Net of dividends on Hybrid Tier 1 Securities*

Wholly-Owned/Virtually Wholly Owned Subsidiaries

RIZAL MICROBANK	Audited	
In Php 000s (Except EPS)	2021	2020
Net Loss	Php (9,938)	Php (88,981)
Return on Average Assets (ROA)	-0.7%	-4.9%
Return on Average Equity (ROE)	-2.0%	-15.7%
Risk-based Capital Adequacy Ratio (CAR)	31.0%	30.7%
Non-Performing Loans (NPL) Ratio	3.0%	1.9%
Non-Performing Assets (NPA) Ratio	4.6%	2.9%
Loss per Share (EPS)	Php (0.88)	Php (7.90)

RCBC CAPITAL CORPORATION and Subsidiaries	Audited	
In Php 000s (Except EPS)	2021	2020
Net Income	Php 315,427	Php 160,673
Return on Average Assets (ROA)	7.3%	3.5%
Return on Average Equity (ROE)	9.6%	4.6%
Risk-based Capital Adequacy Ratio (CAR)	38.5%	39.9%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	0.0%	0.0%
Earnings per Share (EPS)	Php 2.67	Php 1.36

RCBC FOREX BROKERS CORPORATION	Audited	
In Php 000s (Except EPS)	2021	2020
Net Income	Php 1,725	Php 5,503
Return on Average Assets (ROA)	1.0%	3.2%
Return on Average Equity (ROE)	1.1%	3.3%
Capital to Total Assets	95.7%	92.1%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Loss per Share (EPS)*	Php (44.55)	Php (37.12)

**Net of 12% dividend on preferred shares equivalent to P12 per share*

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	Audited	
In Php 000s (Except EPS)	2021	2020
Net Loss	Php (8,176)	Php (9,101)
Return on Average Assets (ROA)	-7.5%	-7.6%
Return on Average Equity (ROE)	-7.7%	-7.8%
Capital to Total Assets	95.4%	103.2%
Non-Performing Loans (NPL) Ratio	0.0%	0.0%
Non-Performing Assets (NPA) Ratio	0.0%	0.0%
Loss per Share	Php (3.27)	Php (3.64)

RCBC TELEMONEY EUROPE S.P.A *	Audited	
In Php 000s (Except EPS)	2020	2019
Net Loss	Php 0.0	Php 0.0
Return on Average Assets (ROA)	0.0%	0.0%
Return on Average Equity (ROE)	0.0%	0.0%
Capital to Total Assets	-158.5%	-158.5%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Loss per Share (EPS)	Php 0.00	Php 0.00

**In the process of liquidation*

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.)	Audited	
In Php 000s (Except EPS)	2021	2020
Net Income (Loss)	Php (3,458)	Php 2,276
Return on Average Assets (ROA)	-2.2%	1.4%
Return on Average Equity (ROE)	3.1%	-2.0%
Capital to Total Assets	-80.1%	-72.6%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings per Share (EPS)	Php (0.02)	Php 0.01

NIYOG PROPERTY HOLDINGS, INC.	Audited	
In Php 000s (Except EPS)	**2021**	**2020**
Net Income	Php 22,490	Php 13,695
Return on Average Assets (ROA)	4.0%	2.3%
Return on Average Equity (ROE)	4.3%	2.4%
Capital to Total Assets	93.6%	93.1%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings per Share (EPS)	Php 16.17	Php 9.85

RCBC LEASING AND FINANCE CORP. and Subsidiary	Audited	
In Php 000s (Except EPS)	**2021**	**2020**
Net Income (Loss)	Php 147,883	Php (61,919)
Return on Average Assets (ROA)	1.3%	-0.5%
Return on Average Equity (ROE)	6.8%	-2.9%
Capital to Total Assets	17.4%	17.9%
Non-Performing Loans (NPL) Ratio	8.3%	11.2%
Non-Performing Assets (NPA) Ratio	5.4%	7.2%
Earnings / (Loss) per Share (EPS)	Php 0.05	Php (0.04)

CAJEL REALTY CORPORATION	Audited	
In Php 000s (Except EPS)	**2021**	**2020**
Net Loss	Php (476)	Php (119)
Return on Average Assets (ROA)	-0.9%	-0.2%
Return on Average Equity (ROE)	-0.9%	-0.2%
Capital to Total Assets	100.0%	100.0%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Loss per Share (EPS)	Php (0.80)	Php (0.20)

Notes to the Computations:

1. *Consolidated and Parent Company ROA and ROE ratios were taken from the corresponding audited financial statements. ROA ratio of the subsidiaries was determined based on the average of the quarterly ending balances of total assets, audited and/or unaudited. ROE ratio of the subsidiaries was likewise computed based on the average of the quarterly ending balances of total equity, audited and/or unaudited.*
2. *CAR covers combined credit, market and operational risks. Where the Risk-based CAR was not computed, the simple Capital to Total Assets ratio formula was used.*
3. *NPL ratio is determined by using the following formula: (Total NPLs net of total specific provision for losses of NPLs) / (Total gross loan portfolio)*
4. *NPA ratio is determined by using the following formula: (Net NPLs + Gross ROPA + Non-performing SCR) / Gross Total Assets.*
5. *For some subsidiaries, the NPL/NPA ratios were not computed since these ratios were not applicable.*

Key Variable and Other Qualitative and Quantitative Factors

Plans for 2022

The 2022 plans are based on the recovery of the country from the impact of the 2021 lockdowns as a result of the COVID-19 variants (Alpha, Delta, and Omicron) and working to be a digital-centric bank in this new normal. The Bank will grow its deposits, mostly CASA, through cash management services and increasing the customer base via digital marketing capabilities. Asset quality will be managed through a tight and strict monitoring of accounts and improvement in credit and remedial systems and loan growth will be moderate and in selective segments.

The 2022 strategy is anchored on customer acquisition; improve processes to deliver fast and efficient service and give the best customer experience; and to migrate more customers to the mobile app and digitize all our core products.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Information on Independent Accountant and other Related Matters

External Audit Fees and Services. The Audit Committee is empowered to appoint the external auditor of the Group 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 Group'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 P12.3 million and P12.0 million for 2021 and 2020, respectively. Additionally, approximately P3.5 million was paid for other services rendered by the independent accountant in 2021.

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, 2021 and 2020, there were no disagreements with Punongbayan and Araullo on any matter of accounting principles or practices, financial statement disclosures, audit scope or procedures.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The names, ages, citizenship and positions of all the Bank's directors are as follows:

Regular Directors

Helen Y. Dee

Ms. Dee, 77, Filipino, is the Bank's Chairperson. Ms. Dee is also the Chairperson of House of Investments, Inc., Landev Corporation, Hi-Eisai Pharmaceutical Inc., Malayan Educational Systems, Inc. and Manila Memorial Park Cemetery, Inc. She is also the 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., Sun Life Grepa Financial, Inc. and Malayan Insurance Co., Inc. She graduated from Assumption College with a Bachelor of Science degree in Commerce and completed her Master's in Business Administration at De La Salle University.

Cesar E.A. Virata

Mr. Virata, 91, Filipino, has been a Director since 1995, Corporate Vice Chairman since June 2000 and Senior Adviser from 2007. Mr. Virata's roster of companies where he is also a Director and/or Chairman includes RCBC Realty Corp., RCBC Land, Inc., Malayan Insurance Co., Inc., Business World Publishing Corporation, Luisita Industrial Park Corporation, RCBC Bankard Services Corporation, and AY Foundation, 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 Batasang Pambansa (National Assembly) and member of the Monetary Board. He was also Chairman of the Land Bank of the Philippines. He has 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 has also held membership in various international committees/fora in the past, including: Bretton Woods Committee, Group of 30, Institute of International Finance, Rockefeller Tripartite Commission for Asia, Davao Forum, World Development Committee of the World Bank and IMF, ADB Forum. Mr. Virata graduated from the University of the Philippines with degrees in Mechanical Engineering and Business Administration (Cum Laude). He completed his Master's in Business Administration from the Wharton Graduate School, University of Pennsylvania.

Eugene S. Acevedo

Mr. Acevedo, 57, Filipino, is the Bank's President and Chief Executive Officer. He has over thirty years (30) years of banking experience gained from local and multinational banks including Union Bank of the Philippines, CitySavings Bank, Philippine National Bank, and Citibank Philippines, N.A. He is a Magna Cum Laude graduate from the University of San Carlos where he earned a degree in Bachelor of Science in Physics in 1984. He has a Master's degree in Business Administration from the Asian Institute of Management and completed an Advanced Management Program at the Harvard Business School. He also holds a Professional Certificate in Clean Power from the Imperial College London.

Gil A. Buenaventura

Mr. Buenaventura, 69, Filipino, has been a Director of the Bank since July 2016 and has since been sitting as a member of the Bank's Executive Committee. He was also President and Chief and Executive Officer of the Bank until June 30, 2019. He holds directorship and officership positions in De La Salle Philippines School System, Malayan Insurance Company, Inc., House of Investments, Inc., and Manila Memorial Park Cemetery, Inc. He graduated with a Bachelor of Arts degree, major in Economics, from the University of San Francisco, California, and with a Master's of Business Administration in Finance from the University of Wisconsin.

Armando M. Medina

Mr. Medina, 72, Filipino, was an Independent Director of the Bank from 2003 to 2020. He became a regular director of the Bank starting January 1, 2021. He is a member of the Bank's Executive Committee. He is also an Independent Director of Malayan Insurance. He served as an Independent Director of RCBC Capital Corporation until December 31, 2021. He graduated from De La Salle University with a Bachelor of Arts degree in Economics and a Bachelor of Science degree in commerce with a major in Accounting.

John Law

Mr. Law, 71, a dual citizen of France and Taiwan, has been a Director of the Bank since April 2015. He is also currently a Director of Far East Horizon Ltd. in Hong Kong and Khan Bank in Mongolia. He served as Senior Advisor for Greater China for Oliver Wyman until his retirement as of December 31, 2020. He holds a Bachelor of Science degree, major in Psychology, from Chung Yuan University in Taiwan; a Master's of Business Administration degree from Indiana University; and a Master's of Arts degree, major in Poetry, from the University of Paris, France.

Shih-Chiao (Joe) Lin

Mr. Lin, 50, Taiwanese, has been a Director of the Bank since March 25, 2019. He has been with Cathay Life Insurance for over 20 years and is currently an Executive Vice President there. He graduated with a Bachelor's degree in Business Administration from the National Chengchi University and holds an MBA from the National Taiwan University.

Arnold Kai Yuen Kan

Mr. Kai Yuen Kan, 60, Canadian, gained experience from Citibank, the First National Bank of Chicago, the National Westminster Bank, JP Morgan Chase Bank, Credit Agricole Corporate & Investment Bank, and Krea Capital Limited. He is currently the Chief Executive of Cathay United Bank's Hong Kong Branch and Co-Head of the International Banking Group. He is also a Director of Cathay United Bank (China) Ltd. He graduated with a Bachelor of Social Sciences degree from the University of Hong Kong and obtained a Master's degree in Business Administration from the York University in Canada.

Atty. Lilia B. De Lima

Atty. De Lima, 81, Filipino, has been has been a Director of the Bank since June 24, 2019. She was an Independent Member of the Bank's Advisory Board from July 3, 2017 to June 24, 2019. Prior thereto, she served as the Director General of PEZA from 1995 to 2016. Other positions she has held include being Board Member of the Cagayan and Zamboanga Economic Zones, Commissioner of the National Amnesty Commission, Executive Director of the Department of Trade and Industry Price Stabilization Council and Director of the Bureau of Trade, and Chief Operating Officer of the World Trade Center Manila. She was an Elected Delegate to the 1971 Constitutional Convention representing the 2nd District of Camarines Sur. She is the recipient of numerous local and international awards including the 2017 Ramon Magsaysay Award, The Order of the Rising Sun-Gold and Silver Star (Japan), The Outstanding Women in the Nation's Service (TOWNS) in the field of law, and the 2010 Management Man of the Year.

Gayatri P. Bery

Ms. Bery, 56, American, gained experience from Drexel Burnham & Lambert (New York), Ranieri & Company (New York), Morgan Stanley & Co. Incorporated (New York), being an investment advisor in Hong Kong, and being a member of the Steering Committee of Morgan Stanley's HK Women's Business Alliance Team. She also served as Chief Operating Officer, Global Capital Markets, of Morgan Stanley (Hong Kong). She graduated with a Bachelor of Science degree in Applied Mathematics/Computer Science from the Carnegie Mellon University, and obtained a Master's degree in Business Administration (with concentrations in finance and international business) from the Columbia Business School (New York).

Juan B. Santos

Mr. Santos, 83, Filipino, has been an Independent Director of the Bank since November 2016. He serves as Lead Independent Director of the Bank. He holds director, trustee, and advisory positions in various companies as detailed below. Prior to joining the Bank, he was the Chairman of the Social Security Commission. He served briefly as Secretary of Trade and Industry and was CEO and Chairman of Nestle Philippines, Singapore, and Thailand. He also served as Director of various publicly listed companies, including the Philippine Long Distance Telephone Company, Philex Mining Corporation, San Miguel Corporation, Equitable Savings Bank, Inc., and PCI Leasing and Finance, Inc. He holds a Bachelor of Science in Business Administration degree from the Ateneo de Manila University and a degree in Foreign Trade from the Thunderbird School of Management in Arizona, USA. He completed his Advanced Management Course at the International Institute for Management Development in Lausanne, Switzerland.

Atty. Adelita A. Vergel De Dios

Atty. Vergel De Dios, 75, Filipino, has been an Independent Director of the Bank since June 2016. She was also an Independent Director of RCBC Savings Bank before the merger of the same into RCBC. She served as Commissioner of the Insurance Commission and held directorship and officership positions in various companies. She obtained her Bachelor of Business Administration and Accounting and Bachelor of Laws (Magna Cum Laude) from the University of the East. She is a Certified Public Accountant and a Member of the Integrated Bar of the Philippines.

Gabriel S. Claudio

Mr. Claudio, 67, Filipino, has been an Independent Director of the Bank since July 2016. He has directorships in Ginebra San Miguel, Incorporated, Risk & Opportunities Assessment Management, Conflict Resolution Group Foundation (CORE), Toby's Youth Sports Foundation, and the Philippine Amusement and Gaming Corporation (PAGCOR). He served as political adviser to former presidents Fidel V. Ramos and Gloria Macapagal-Arroyo and held various positions in the Cabinet and government including: Presidential Political and Legislative Adviser, Chief of the Presidential Legislative Liaison Office, Cabinet Officer for Regional Development for Eastern Visayas, and Acting Executive Secretary. He also previously served as Chairman of the Board of Trustees of the Metropolitan Water and Sewerage System, Director of the Development Bank of the Philippines, and Director of the Philippine Charity Sweepstakes Office. He holds an AB Communication Arts degree from the Ateneo de Manila University.

Vaughn F. Montes, Ph.D.

Mr. Montes, 70, Filipino, has been an Independent Director of the Bank since September 2016. He is a Trustee at the Institute of Corporate Directors (ICD) as well as a Teaching Fellow on Corporate Governance courses of the ICD. He is a Director of the Center for Excellence in Governance, and President of the Center for Family Advancement. He is a national consultant for Risk Management to the NEDA PPP Center under an ADB technical assistance grant. He is a Trustee and Founding Fellow of the Foundation for Economic Freedom. He is also currently a Trustee at Parents for Education Foundation ("PAREF"), and Chairman and President at PAREF Southridge School for Boys. He worked in Citibank over a period of 25 years in various capacities including: Senior Economist in Philippine Debt Restructuring Committee; Head of the International Corporate Finance Unit; and Director and Head of Public Sector. He worked as an Associate Economist at the Wharton Econometric Forecasting Associates in Philadelphia USA. He holds an AB (Bachelor of Arts) Economics degree from the Ateneo de Manila University, an MS (Master of Science) Industrial Economics degree from the Center for Research and Communications (now University of Asia and the Pacific), and a PhD in Business Economics from the Wharton Doctoral Programs, University of Pennsylvania, USA.

Laurito E. Serrano

Mr. Serrano, 61, Filipino, has been an independent director of the Bank since March 2019. Mr. Serrano was part of the Audit & Business Advisory Group and a partner of SGV & Co - Corporate Finance Consulting Group. He is currently in the financial advisory practice with clients mostly in the private sector. He likewise serves as an independent director of 2Go Group, Inc., Axelum Resources Corp., Pacific Online Systems Inc., Anglo Philippine Holdings Inc, and a director in MRT Development Corporation. His past experience includes, among others, directorships in Atlas Mining & Development Corporation, Metro Global Holdings Group, Travellers Hotels Philippines, Inc. (Resorts World), MJCI Investments, Inc., United Paragon Mining Corp., Sagittarius Mining Corporation, and Philippine Veterans Bank. Mr. Serrano holds a Bachelor of Science degree in Commerce (Major in Accounting) from the Polytechnic University of the Philippines and has a Master's in Business Administration degree from the Harvard Graduate School of Business.

The Directors of the Bank are elected at the annual shareholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

None of the Bank's Directors are related to one another or to any of the Bank's executive officers.

Executive Officers

The names and positions of the Bank's executive officers are as follows:

Eugene S. Acevedo, 57, Filipino, President and Chief Executive Officer effective July 1, 2019. He joined the Bank on January 2, 2019 as Deputy Chief Executive Officer. Mr. Acevedo has over thirty years (30) years of solid banking experience which he gained from local and multinational banks. With his expertise in strategy formulation, business development, origination, relationship building, cost reduction and risk control, he has successfully handled challenging roles and led sales and revenue generating teams in the said banks. His exposure focused on the following areas: Corporate Banking, Retail Banking, Treasury, Trust, Consumer Finance, Marketing, Credit and Remittance.

He was last connected with Union Bank of the Philippines where he was a Senior Executive Vice President for Corporate and Retail Banking from November 2011 to Nov 6, 2018. In a concurrent capacity, he served as the Chairman of CitySavings Bank, Unionbank's thrift bank subsidiary from March 2013 to Nov 6, 2018. Prior to this, he was the President and Chief Executive Officer/Vice Chairman of the Board of the Philippine National Bank from May 2010 to July 2011.

He gained most of his banking experience at Citigroup (1987 – 2010) where he started as a Management Associate for Citibank Philippines, N.A. in 1987. The following are the various roles he handled in the said institution : Managing Director and Head of Global Markets - Hong Kong and Taiwan Cluster; Country Treasurer - Hong Kong; Managing Director, Country Treasurer & Head of Emerging Markets Sales and Trading; Director / Asia Pacific Regional Derivatives Sales Head ; Head of Sales and Structuring/Vice President ; Vice President for Derivatives Marketing – Asia ; Assistant Vice President for Corporate Audit - North Asia ; Manager/ Assistant Vice President - Money Market, Foreign Exchange, Bond Trading and Derivatives Trading ; and Operations Officer.

During his stints with the banks, he also concurrently performed significant roles for subsidiaries and actively participated in community and industry affairs.

Mr. Acevedo is a Magna Cum Laude graduate from the University of San Carlos where he earned a degree in Bachelor of Science in Physics in 1984. He finished his Masters in Business Administration, ranking first in the graduating class in 1987, at the Asian Institute of Management. He completed an Advanced Management Program at the Harvard Business School in 2014.

Redentor C. Bancod, 57, Filipino, is the Bank's Chief of Staff and the Head of the IT Shared Services Group. He was appointed on 1 July 2018 as concurrent Head of the Operations Group of the Bank. He was also designated as Chief of Staff on 2 November 2017. Prior to assuming these roles, he was the Head of IT Shared Services & Operations Group and the concurrent Head of Digital Banking Group before assuming his current role. 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. from October 2003 to 2007; Senior Vice-President & Chief Information Officer of Equitable Bank from July 1996 to September 2003; Assistant Vice-President and Head of Applications Development in Far East Bank from October 1993 to June 1996; Assistant Vice-President of Regional Operations (Asia Pacific) of Sequel Concepts, Inc. U.S.A/Ayala Systems Technology Inc. from November 1992 to September 1993; Project Manager in Union Bank of Switzerland, NA from April 1988 to November 1992; and Chief Designer and Technical Adviser in Computer Information System Inc. from March 1984 to April 1998. 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.

Horacio E. Cebrero III, 59, Filipino, Senior Executive Vice-President, is the Treasurer/Head of Treasury Group. Prior to joining RCBC in November 5, 2018, he was connected with the Philippine National Bank where he was the Treasury Head, a role which he handled since July 2010. He was previously employed by East West Banking Corporation where he worked as Treasurer from August 2006 to July 2010. He also worked in RCBC in 2004 until 2006 as Deputy Treasurer. He had stints with other firms as follows: Citibank N.A. (Manila) as Chief Dealer; Asian Bank Corporation as Vice President for Treasury Group, AB Capital and Investment House as Manager for Financial Markets; Anscor Capital and Investment House as Manager for Financial Markets, Asian Savings Bank as Manager for Trust and Investments Division; Asia Trust Development Bank as Account Officer; and at Far East Bank & Trust Company as Account Supervisor for Branch Treasury Marketing and Loans & Credit Analyst for Loans and Credit Department. He also held directorships in various firms as follows : PNB Europe as Chairman from January 2016 to November 2018; PNB Capital and Investment Corporation as Director from July 2016 to November 2018; PNB Forex Corporation as Director from August 2014 to 2017; and AIG Philam Savings Bank as Director from March 2009 to September 2009. He graduated with a degree in Bachelor of Science in Commerce major in Marketing Management in 1983 at De La Salle University in Manila. He earned some units in Master of Business Administration at the Graduate School of Business Economics of the same university. He attended and finished Stanford Senior Executive Leadership Program (SSELP), an advance 5-part Executive Education Course Series in Stanford University at Arthur and Toni Rembe Rock Center Hong Kong in December 2017.

John Thomas G. Deveras, 58, Filipino, Senior Executive Vice-President, is the Head of Asset Management & Remedial Group and Strategic Initiatives. Initially, he was the Strategic Initiatives Head when he joined RCBC in 2007 but was appointed as Head of Asset Management & Remedial Group in October 2015. Prior to joining the Bank, he was an Investment Officer at International Finance Corporation. He also worked for PNB Capital and Investment Corporation as President and PNB Corporate Finance as Senior Vice-President. He obtained his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University and earned his Masters in Business Administration from the University of Chicago.

Richard C. Lim, 53, Filipino, Executive Vice President, is the Head of Retail Banking Group effective September 14, 2018. Prior to this, he was seconded to RCBC Savings as Chief Operating Officer. Mr. Lim previously worked with Maybank Inc. Last position he held in the said bank was as Head of Retail Banking. He also handled the following roles in the said bank: Head of Retail Marketing Management, Assistant Vice President for Cash Management Services, Head of Consumer Sales Department, and Cluster Head for Binondo Manila area. He also had stints with other banks namely , Philam Bank -AIG where he worked as Manager for Binondo Branch, International Exchange where he functioned as Assistant Manager/ Sales Officer, Banco De Oro where he was a Marketing Officer, Urban Bank where he performed the role of a Marketing Associate, and Chinabank where he was designated as Officer's Assistant at Cash Department. He graduated from the University of Santo Tomas in 1991 with a degree in Bachelor of Science major in Biology.

Angelito M. Villanueva, 49, Filipino, Executive Vice President, is the Bank's Chief Innovation and Inclusion Officer/ Head of Digital Enterprise and Innovations Group. Prior to joining RCBC, he pioneered the financial technology business in firms such as PLDT Group and was among the founding executives of PayMaya wallet. He was the Managing Director of FINTQnologies Corp, the financial technology (FinTech) arm of Voyager Innovations from June 2013 to March 31, 2019. He was also a Member of the Board of Directors in FINTQnologies (June 2017 to March 2019) and FINTQSurelite Insurance Agency (June 2017 to March 2019).

His previous stints include the following roles in various institutions and organizations : Founder and Lead Convenor of KasamaKa Financial Inclusion Movement (September 2017 to March 31, 2019); Head, Customer Strategy and Market Activation, Visa, Nov 2011 – Jan 2013; Short-term Consultant on Mobile Money Transfer in Mongolia at IFC World Bank Group, Aug 2011 – Dec 2011; Monitoring and Evaluation (M&E) Consultant at Department of Social Welfare and Development-World Bank, March 2011 – February 2012; VP and Head, Mobile Financial Services - Smart Communications, Inc., Feb 2007 – Jan 2009; Regional Manager for Marketing and Special Projects for APAC and EMEA at BCD Travel 2003 – 2006; Executive Director and VP at Luntiang Pilipinas (Green PH) Foundation, Inc. 2000 – 2003; Chief of Division, Overseas Correspondent Banking Department, Global Banking Group at Land Bank of the Philippines, 1995 – 2000; Senior Research Associate and Associate Editor at Economist Intelligence Unit (EIU) Phils. 1993 – 1995.

Mr. Villanueva graduated from the University of Santo Tomas in 1992 with a degree in Bachelor of Arts in Political Science. He completed a Master in National Security Administration at the National Defense College of the Philippines in 2000. He also finished his Master in Public Administration as Magna Cum Laude at the University of Santo Tomas in 2000.

Emmanuel T. Narciso, 60, Filipino, Executive Vice President, is the Group Head of Global Transaction Banking. Prior to joining RCBC, he was the Group Head of Transaction Banking in Banco de Oro Unibank, Inc. from June 2011 to August 2015. He was also previously connected with the Hongkong and Shanghai Banking Corporation, where he handled the following roles: Head of Business Banking Division (Philippines), Head of Payments and Cash Management for Vietnam and Philippines. He also worked for Security Bank Corporation as Head of Corporate Transaction Banking Division and Citibank N.A. where his last appointment was as Business Development Head for Global Transaction Services. Mr. Narciso started his career in the banking industry when he was hired by the Bank of the Philippine Islands as an Analyst/Programmer in 1984. He obtained his Bachelor of Arts in Economics from the Ateneo de Manila University in 1984 and finished his Master in Business Management from the Asian Institute of Management in 1989.

Ma. Christina P. Alvarez, 51, Filipino, First Senior Vice-President, is the Head of Corporate Planning Group. Prior to assuming this position, she was the OIC of Corporate Planning Group from October to December 2014 and the Financial Planning and Development Division Head from August 2006 to September 2014. She worked with various institutions in the following capacities: Financial Planning Officer at Banco de Oro from July 2005 to July 2006, Corporate Planning Officer at RCBC from 1999 to 2005, Risk Management and Planning Officer of Malayan Bank from 1998 to 1999, Research Officer of Unicapital, Inc. from 1995 to 1996 and Credit/Financial Analyst of Multinational Investment Corporation from 1991 to 1995. Ms. Alvarez graduated from Ateneo de Manila University in 1991 with a Bachelor of Arts degree in Management Economics. She earned her Masters in Business Management degree from the Asian Institute of Management in 1998.

Marita E. Bueno, 53, Filipino, First Senior Vice President, is the Head of Data Science and Analytics Group. She has over twenty-four (24) years of professional experience and her expertise are in the fields of data analytics and predictive modeling, risk management, program management, credit management, credit policy development and implementation, and portfolio risk management.

Prior to joining RCBC, she was previously connected with Union Bank of the Philippines where she was the Head of Data Science and Analytics Group, a role which she handled since August 2015. By April 2018, she was appointed to concurrently handle the same role in Aboitiz Equity Venture.

Ms. Bueno also had previous stints with other banking/financial firms such as Citibank and JP Morgan Chase. She started her banking career with Citibank in 1994 as an Analyst for Credit Acquisitions Direct Mail Processing. She handled other roles such as Project Manager for Credit Card Acquisitions Preapproved Direct Mail Processing; Unit Manager for Credit Acquisitions; Senior Credit Analyst and Vice President for Portfolio Risk Management; Vice President for Existing Cardmember Marketing; Vice President for Travel & Leisure Acquisitions Risk Management (New York); Vice President for Regional Decision Management (Singapore); Chief of Staff, Regional Risk Management (Hong Kong). Her last position in the said bank was as Regional Director/Credit Products Analytics Head, Regional Decision Management (Singapore). During her employment with JP Morgan Chase, she handled the following roles: Scored Underwriting Policy Manager/Vice President for Small Business Financial Services Risk Management and Vice President for Credit Policy and Account Management for Overdraft Line of Credit and Loans.

She is a Magna Cum Laude graduate of St. John's University in New York where she earned a Bachelor of Science degree in Computer Science in 1991. She finished Master of Business Administration on Quantitative Analysis in the same university in 1994.

Elizabeth E. Coronel, 53, Filipino, First Senior Vice-President, is the Head of Corporate Banking Group. She joined RCBC in June 2013 as Senior Banker and Head of Conglomerate Banking Division and was assigned as Segment Head of Conglomerates and Global Corporate Banking, a role which she performed on August 2014 until she was appointed as Group Head in June 2018. Previously, she was the Senior Vice-President and Chief Operations Officer of Equicom Savings Bank, a position she held for more than five years. She also held various positions in local and foreign banks namely Mizuho Corporate Bank as Vice President and Co-Head of Corporate Finance Department (January 2007 to February 2008), Equitable PCIBank as Vice-President and Head of Corporate Banking Division 4 (1996 to 2007) and Citibank as Relationship Manager of Global Consumer Bank (1993 to 1996). She started her career in the banking industry when she joined RCBC in 1989 as Marketing Assistant for Corporate Banking. Ms. Coronel obtained her Bachelor of Arts degree in Behavioral Science from the University of Santo Tomas and earned MBA units from the Ateneo Graduate School of Business. She also completed the Mizuho-ICS (MICS) Mini-MBA program at Hitotsubashi University Graduate School of International Corporate Strategy.

George Gilbert G. Dela Cuesta, 53, Filipino, First Senior Vice President, is the Group Head of the Legal Affairs Group and the Bank's Corporate Secretary. He joined RCBC in November 2016 as Deputy Head for Legal and Regulatory Affairs Group. Previously, he was Head of Legal for Asian Terminals for more than seven (7) years. He previously worked also as General Counsel for Hanjin Heavy Industries & Construction Co. Ltd. and for Mirant (Phils) Corporation. He had previous consultancy engagements and employment with Follosco Morallos & Herce Law Office, PNOC-EDC and at the Department of Environmental and Natural Resources. He started his career at Quisumbing and Torres. Atty. dela Cuesta graduated from the University of the Philippines in 1988 with a degree in Bachelor of Arts major in Political Science. He earned his Law degree from the same university in 1992.

Brent C. Estrella, 38, Filipino, is the Chief Compliance Officer and Head of Regulatory Affairs Group effective December 2, 2020. He has 16 years of compliance and risk management experience which he gained from the Hong Kong and Shanghai Banking Corporation (HSBC) across various jurisdictions in Southeast Asia (the Philippines), the Middle East (UAE) and Sub Saharan Africa (Mauritius). He is a Certified Anti-Money Laundering Specialist, with broad experience in supporting multiple lines of business specifically Wealth and Personal Banking, Commercial Banking, and Global Banking and Markets. Prior to joining RCBC, he was the Senior Vice President and Country Head for Financial Crime ComplIance and an Executive Committee member at Hong Kong and Shanghai Banking Corporation (HSBC) – Philippines.. He has handled this role since October 2018. He handled other positions prior his current post as follows: HSBC Mauritius (April 2016 to October 2018) as Chief Compliance Officer/Executive Committee Member; HSBC United Arab Emirates (December 2012 to April 2016) as Country Head of AML and UAE Money Laundering Reporting Officer, Regional Manager, Global Banking and Markets Compliance Advisory; HSBC Philippines (September 2004 to December 2012) as Vice President, Compliance & Money Laundering Control Officer, Assistant Vice President, Fraud Risk Management, Security and Fraud Risk, Supervisor, Legal and Compliance, and Compliance Staff for Legal and Compliance. He graduated with a degree in Bachelor of Science in Legal Management (Academic Scholar) at the Ateneo De Manila University in 2004.

Florentino M. Madonza, 51, Filipino, First Senior Vice-President, is the Head of Controllership Group effective October 14, 2014. He was the Deputy Group Head of Controllership from August 2014 to October 2014, General Accounting and Services Division Head from July 2004 to July 2014, General Accounting Department Head from September 2001 to July 2004, Assistant to the Department Head of General Accounting from January 1998 to September 2001, Asset Management and Sundry Section Head from September 1997 to December 1997 and Corporate Disbursement and Payroll Section Head from June 1996 to September 1997. Prior to joining the Bank, he worked for Sycip, Gorres, Velayo and Co. from July 1993 to May 1996 as Auditor. Mr. Madonza completed his Bachelor of Science in Commerce major in Accounting (Cum Laude) from the Araullo University, and is a Certified Public Accountant.

Yasuhiro Matsumoto, 62, Japanese, First Senior Vice-President, is the Head of Global and Ecozone Segment and concurrently, Head of the Japanese Business Relationship Office. Prior to this, he worked for The Bank of Tokyo-Mitsubishi UFJ, Ltd. since 1984, when the bank was named The Sanwa Bank, Ltd. He has also previously served as a director of the Bank. He obtained his Bachelor of Economics degree from Waseda University, Japan.

Alberto N. Pedrosa, 52, Filipino, First Senior Vice-President, is the Head of Asset and Liability Management in Treasury Group. Prior to assuming this role in May 2019, he was Head of Investment and Markets Trading and Balance Sheet Management Group since July 2017. He handled other roles in the bank as follows: Head of Investment and Markets Trading Segment from July 2015 to June 2017 and Investment Portfolio Management Division Head from August 2009 to June 2015. Prior to joining the Bank, he was the Chief Trader for Uniworks, Inc. (April 2009 to July 2009), Vice-President and Head of Global Liquid Products Trading for JG Summit Capital Markets (2000 to 2008), Assistant Vice-President of Asset, Liquidity Management and Investment Trading for PCIBank (1995 to 2000) and Senior Assistant Manager and Junior FX Trader for the Bank of the Philippine Islands (1993 to 1995). Mr. Pedrosa started his career when he joined BPI's Officer Training Program in 1993. He completed his Bachelor of Science degree in Commerce majoring in Philosophy at the London School of Economics.

Robert Rol Richard Raymond B. Ramos, 48, Filipino, First Senior Vice President, is the Trust Officer and Head of Trust and Investments Group. Prior to joining RCBC, he was connected with East West Banking Corporation as Chief Trust Officer and Chief Investment Officer /Senior Vice President for Trust and Asset Management Group. Prior to joining East West Banking Corporation in October 2017, he worked at Union Bank of the Philippines from February 2007 to October 2017. The last role that he held in this bank was as Trust Officer and Chief Investment Officer/First Vice President. Other roles he handled in the said bank are as follows: Business Development Head and Portfolio Manager. He also had other stints with other banks such as in BDO Private Bank, Inc. (formerly Banco Santander Philippines, Inc.) where he worked as Senior Manager/Relationship Manager from October 2001 to January 2007; at Bank of the Philippine Islands where he handled roles such as Branch Manager/Branch Service Officer/Treasury Staff/Trust Staff from May 1999 to September 2001. He rendered services with the United States Agency for International Development Project as Project Development Officer from January 1996 to May 1997 and with the World Health Organization Strategy Development Project as Technical Writer from March 1995 to December 1995. Mr Ramos completed his undergraduate degree of Bachelor of Science in Management Engineering from the Ateneo de Manila (as Honorable Mention) in 1995. He finished his masteral degrees at the Asian Institute of Management (Business Management) in 1999 and the University of Asia and the Pacific (Business Economics) in 2012. He completed his doctoral degree in Business and Economics from De La Salle University in 2016.

He is a Chartered Financial Analyst (CFA), a Chartered Alternative Investment Analyst (CAIA), a Certificant for the Certificate in Investment Performance Measurement (CIPM), Certified Securities Representative, a Registered Financial Consultant, and a Certified Treasury Professional.ing and Balance Sheet Managem1) year course on Trust Operations with distinction.

He has also served as President of the Trust Officers Association of the Philippines (TOAP) and the De La Salle University Doctoral Society and currently, he is the President of the CFA Society of the Philippines.

Joseph Colin B. Rodriguez, 54, Filipino, First Senior Vice President, is the President and CEO of RCBC Forex Brokers Corporation. Upon merger, he was also assigned at Treasury Group as Head of Subsidiaries Treasury Risk Positions Segment Prior to this appointment, he served as Treasurer of RCBC Savings Bank effective September 2016 and before assuming this post, he was the President and Chief Executive Officer of RCBC Forex Brokers Corporation from April 2015 to August 2016 and Senior Vice President and Treasurer of RCBC Savings Bank from August 2011 to March 2015. He also assumed various positions in Rizal Commercial Banking Corporation as Head of the FX Risk Division and Head of Institutional Relationship Management Division. Before joining RCBC, he spent over two decades at the Treasury division of several foreign /local banks. He was Vice President and Head of the Foreign Exchange and Swap Desk at ING Bank Manila. He was also a Dealer at the Manila office of Banque Indosuez and Assistant Dealer at the Riyadh office of Banque Al Hollandi (ABN AMRO Bank). He also headed the FX and Swaps division of Bank of the Philippine Islands. He graduated from De La Salle University with a double degree in Liberal Arts & Commerce, Major in Marketing and in Political Science.

Bennett Clarence D. Santiago, 52, Filipino, First Senior Vice President, is the Head of the Credit Management Group. He has over 21 years of professional experience in risk management with significant years focused to commercial credit risk management and evaluation as well as enterprise risk management. Prior to joining RCBC, he was the Business Head for Small Business Loans in the Consumer Lending Group of Banco De Oro Unibank. His experiences also include serving as Head, Commercial Banking Credit Evaluation Unit, Risk Management Group of BDO; Risk Head of Citibank N.A.; Chief Compliance Officer, Union Bank of the Philippines; and various officer positions in International Exchange Bank, Globe Telecom Inc., and Hongkong and Shanghai Banking Corporation. He graduated from the University of the Philippines in 1991 with a Bachelor of Science degree in Business Administration. He finished his Master's in Business Administration in 2001 from Ateneo Business School.

Rowena F. Subido, 55, Filipino, 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 the Bank, she worked with Citibank, N.A. as Country Lead Human Resources Generalist/Senior Vice-President, prior to which she was Head of Human Resources for the Institutional Clients Group for almost two years. She has also worked with Citifinancial Corporation, the Consumer Finance Division of Citigroup, as Human Resources Head for four years. She also has HR experience in retail, distribution and manufacturing industries, having worked for California Clothing Inc. where she was Human Resources Head, International Marketing Corporation as Division Manager for Human Resources & Operations, Tricom Systems (Philippines), Inc. as Personnel and Administration Officer and Seamark Enterprises, Inc. as a Personnel Officer. Ms. Subido obtained her Bachelor of Science degree majoring in Psychology from the University of Santo Tomas and earned units in Masters in Psychology majoring in Organisational /Industrial Psychology at De La Salle University.

Ma. Angela V. Tinio, 58, Filipino, First Senior Vice-President, is the Head of Small Medium Enterprises Banking Group (previously a Segment under the National Corporate Banking Group). She has been with the Bank since 2000, holding various positions in National Corporate Banking as Segment Head for Commercial Small and Medium Enterprise Banking (October 2013 to June 2019) and in Corporate Banking, as VisMin Lending Region Head (December 2010 to September 2013), Metro Manila-Luzon Region Head (April 2006 to November 2010) and Account Management Department Head (July 2000 to April 2006). She worked with Bank of the Philippine Islands as Special Business Unit/Corporate Banking II Manager and Market Head in April 2000. She also held various positions in Far East Bank and Trust Company from June 1997 to April 2000, PDB Leasing and Finance Corporation from February 1996 to April 1997 and Traders Royal Bank from January 1985 to January 1996. Ms. Tinio obtained her Bachelor of Arts degree in Economics from the University of the Philippines and her Master's degree in Business Administration from the De La Salle University.

Ma. Carmela S. Bolisay, 53, Filipino, Senior Vice President, is the Head of Management Services Division in Operations Group. Prior to being employed at RCBC, she was last employed from June 2016 to February 2017 as the Chief of Staff for the Chairman (Vice President on consultant status) of W Hydrocolloids Inc. of W Group. She also previously worked with the following firms and banks: Standard Chartered Bank where she handled roles such as Business Planning Manager/VP for the CEO, Country Manager for Service Excellence/VP, Business Project Director/VP, and Vice President for Product and Process Management in Cards & Personal Loans Service Quality; Security International Card Corporation as First Vice President for Consumer Services Group, Credit Risk Management Division, Member Services Division, Member Services and Collections Division, Mastercard Task Force Head, and Vice President/Assistant Vice President for Clubmember Services Division, Equitable Cardnetwork, Inc. as Senior Manager for Customer Service; Assistant Manager for Collections and Junior Collections Assistant. She graduated with a degree in Bachelor of Arts major in Psychology, minor in Education at the University of the Philippines in 1990. She took up Basic Management Program at Asian Institute of Management (AIM) in 1992.

Jose Maria P. Borromeo, 55, Filipino, Senior Vice President, is the Head of Reserves and Liquidity Management Segment in Treasury Group. Prior to assuming this role, he was Head of Balance Sheet Management Segment from July 2018 to April 2019. He joined the bank in February 2016 and was initially assigned as Head of Central Funding. He was previously employed at Standard Chartered Bank as Head of Asset and Liability Management, Financial Markets Group. He had a stint with the Bank of the Philippine Islands where had the following roles: Head of FX Swaps and Domestic Liquidity Department; Head of Product Development and Financial Markets Research Department; Head of Risk Management Department in Treasury Group, and Dealer for Financial Derivatives Division. He also had previous experience with Citytrust Banking Corporation where he worked as Head of Balance Sheet Management Unit. He started as a Management Associate Trainee in the said bank. Early in his professional career, he was connected with the Private Development Corporation of the Philippines as an Account Officer for Project Loans and as an Associate Economist for Economic and Corporate Research. He earned his undergraduate degree, Bachelor of Science in Economics from the University of the Philippines in 1988. He took up Masters in Business Administration in 1993 in the same university.

Enrique C. Buenaflor, 51, Filipino, Senior Vice President, is the Head of Corporate Cash Management Segment. He joined RCBC in 2010 as Business Development Manager of Global Transaction Banking Group and was later appointed as Head of Business Development Division in 2011. Prior to joining RCBC, he was the Group Head/Vice-President of Structure Products for Philippine Bank of Communications (August 2005 to March 2010), Operations Head of Central Verification Unit for Citifinancial Corporation (July 2004 to July 2005), Sales Head/Assistant Vice-President of Corporate Cash Management Services (2001 to 2004) and Product Manager (1999 to 2001) for ABN AMRO Bank. He also worked for Philippine Global Communications Corporation as Senior Manager for Corporate Planning (July 1999 to November 1999) and Capitol Wireless, Inc as Business Development Director/Marketing and Sales Manager (March 1997 to May 1999). He started his career in Citibank N.A. as Operations Staff in 1992 and then as Management Associate in 1996. Mr. Buenaflor earned his undergraduate degree, Bachelor of Science in Business Management from Ateneo de Manila University and finished his Masters in Business Management at Asian Institute of Management.

Karen K. Canlas, 47, Filipino, Senior Vice-President, is the Division 2 Head of Wealth Management Segment 2. She was the OIC of Division 1 from February to August 2011 and the Senior Relationship Manager of the same division from February 2010 to February 2011. Prior to joining RCBC, she was the Corporate Sales Unit Head/Vice President of Export Bank from August 2005 to January 2010, Relationship Manager/Senior Manager of Equitable PCI Bank from February 2003 to August 2005, Branch Head (Main Office) of Bank of Commerce from May 2002 to January 2003, Manager (Relationship Banking Group) of Export and Industry Bank from September 2001 to May 2002 and Branch Head of Global Business Bank from September 2000 to September 2001. She also held various positions at Urban Bank for almost 6 years in which her last appointment was as Manager of Alabang Regional Office, Business Development Group. Ms. Canlas started her career as Technical Staff at the National Economic Development Authority in March 1994. She obtained her Bachelor of Arts major in Economics minor in Political Science degree from De La Salle University in 1994.

Antonio Manuel E. Cruz, Jr., 54, Filipino, Senior Vice President, is the Head of Chinese Banking Segment. Prior to being designated to this role, he was the Division 1 Head for Emerging Corporates Segment. He joined the Bank in 2008 and assumed the following positions for Commercial & Small Medium Enterprises under National Corporate Banking: Metro Manila-Luzon Head from December 2012 to September 2013, Makati Lending Center Head from September 2009 to December 2012 and Metro Manila Lending Center Head from January 2008 to September 2009. Before joining RCBC, he was the Ortigas Lending Center Head for Philippine National Bank from December 2005 to December 2007 and the Relationship Manager for Asia United Bank from September 2000 to November 2005. He started his banking career at Solidbank Corporation where he assumed the following positions: Relationship Manager from January 1994 to August 2000, Management Trainee from July 1993 to December 1993, Senior Analyst from January 1993 to June 1993 and Junior Analyst from July 1990 to December 1992. Mr. Cruz obtained his degree in AB Economics from the Ateneo de Manila University in 1990.

Ramil M. De Villa, 48, Filipino, Senior Vice President, is the Head of Consumer Lending Group. Before he joined RCBC, he was connected with Maybank Phils, Inc as Head/Senior Vice President of Asset Quality Management in Consumer Finance. Prior to assuming this in July 2019, he was Head of Asset Quality Management in Group Finance with the rank of Vice President from 2017 to June 2019. He started his employment with the said bank in 2014 as Head of Asset Quality Management with the rank of Senior Assistant Vice President. He previously worked with Premier Development Bank where he was initially hired in February 1999 as Legal Assistant/Officer. He left the said bank in December 1999 to work in a law office and joined the same bank again in 2001. During this second employment, he was assigned to handle the following roles: as Head of the Documentation Unit of Legal Services Department from 2007 to 2012 and as Litigation Lawyer of Legal Department from 2001 to 2007. He also gained legal experience from Demetria Escondo Maloloyon Law Offices where he was a Senior Associate from 1999 to 2001. He graduated with a degree in Bachelor of Laws (LLB) at University of Santo Tomas, 1997. He finished his undergraduate studies, Bachelor of Arts major in Philosophy in 1993 from the same university. He passed the Philippine Bar Exams on September 1998.

Edwin R. Ermita, 59, Filipino, Senior Vice-President, is the Bank Security Officer. He was also the Corporate Services Division Head prior to assuming his current position. Previously, Mr. Ermita worked for CTK Incorporated as Consultant, Solidbank as Security and Safety Department Head and UCPB as Security and Safety Department Head. He started his career in UCPB as Teller in 1983 before moving to Branch Marketing in 1985. Mr. Ermita earned his Bachelor of Science in Management from Ateneo de Manila University. He finished his Masters in Business Administration with specialization in Industrial Security Management from the Philippine Women's University.

Benjamin E. Estacio, 51, Filipino, Senior Vice-President, is the Regional Service Head of Mindanao. Prior to assuming this position, he was the District Service Head of Southern Mindanao from May 2004 to March 2011. Mr. Estacio started his career with the Bank as SA Bookkeeper in February 1992 after which he assumed various positions in the branch. He graduated from the University of San Carlos, Cebu City with a Bachelor of Science in Commerce major in Accounting in 1991.

Bernice Uy-Gaspar, 54, Filipino, Senior Vice-President, is the Head of Division III in Chinese Banking Segment. Prior to this role, she was Head of Caloocan Division for the same segment. She had previous stints with other local banks as follows: Philippine National Bank where she worked as Business Center Head for the Manila Commercial Banking Center; BDO Universal Bank, Inc. where she was assigned as Relationship Officer for Corporate Banking Group; Equitable PCI Bank where she functioned as Account Officer for Chinese Banking Group, and BDO Commercial Bank where she handled an Account Officer role for Corporate Banking Group. She graduated from the University of Santo Tomas in 1987 with a degree in Bachelor of Science in Food Technology. She completed all courses leading to an MBA except the required thesis at De La Salle University in 1992.

Mary Grace P. Macatangay, 51, Filipino, Senior Vice-President, is the Head of Consumer Loans Segment in Credit Management Group. She was previously, the Group Head of Credit Management in RCBC Savings Bank from March 01, 2016 to July 21, 2019. Prior to this, she held the following positions in RCBC Savings Bank : Group Head for Asset Management and Remedial: Head for Loan Operations Division; Head for Planning and Budgeting Department and Head of Collection and Admin Department in Mortgage Banking Division. She also had previous experience in other banks such as Capitol Development Bank where she was Head of Admin and Collections Department; Asiatrust Development Bank where she was assigned with roles such as Assistant Manager for Trust Department and Account Officer for Business Development Group. She had exposure in a non-banking institution such as Nikon Industrial Corporation where she was Head of Corporate Planning Department. She earned her degree in Bachelor of Science in Business Administration in 1990 at the University of the Philippines. She completed her Masters in Business Administration from the same university in 1997.

Jane N. Manago, 57, Filipino, Senior Vice-President, is the Group Head of Wealth Management. Prior to this appointment, she was the OIC of Wealth Management Group from December 2015 to January 2016, Segment Head of Wealth Management 1 from September 2014 to November 2015, Division 2 Head of Wealth Management from December 2006 to August 2014 and Relationship Manager for Division 2 from April 2006 to December 2006. She also worked for YGC Corporate Services Inc. as Officer-In-Charge and Marketing Head. Prior to joining the Bank, she worked with Citibank as Cash Product Manager for Global Transaction Services (September 1998 to January 1999), Account Manager (April to August 1998) and Head of Corporate Banking for Chinatown Branch (November 1996 to March 1998) and at Equitable Banking Corporation from May 1986 to October 1996, where her last appointment was the Head of the Research and Special Projects Unit. She obtained her Bachelor of Science degree in Commerce degree majoring in Business Administration and her Bachelor of Arts degree majoring in Behavioural Science from the University of Santo Tomas.

Jose Jayson L. Mendoza, 50, Filipino, Senior Vice President, is the Head of North Metro Manila Division in SME Banking. Prior to this, he held positions as Head of Metro Manila Division and VisMIn Lending Region. He joined the Bank in 2008 as Lending Center Head for Small & Medium Enterprises Division-Luzon. Previously, he worked with MayBank Philippines as Head of Retail Loans Management (January 2005 to August 2008), Philippine National Bank as Account Officer (January 2003 to December 2004), Philippine Savings Bank as Account Officer (August 1996 to December 2002) and Islacom as Senior Credit Investigator (May 1994 to July 1996). He started his banking career when he joined Allied Banking Corp. as Credit Investigator in 1993. Mr. Mendoza graduated in 1993 from De La Salle University with a degree of AB Management.

Gerardo G. Miral, 56, Filipino, Senior Vice-President, is the Head of Global & Ecozone Segment – Division 2. He was previously the Head of Consumer Lending Group of RCBC Savings Bank. Prior to his secondment to RCBC Savings Bank, he was the Division II Head of Global and Ecozone Segment from April 2011 to January 2016 and Relationship Manager for JES Division II from February 2002 to April 2011. He also assumed various positions in the branch from September 1987 to February 2002. Mr. Miral obtained his Bachelor of Arts major in Economics degree from the University of Sto. Tomas in 1986.

Ma. Cecilia F. Natividad, 47, Senior Vice President, is the Head of the Marketing Group. Before joining RCBC, she served as Head of Marketing at Western Union Financial Services, Inc. She previously worked with other firms like Nestle Philippines Incorporated as Consumer Marketing Manager and at Ayala Life Assurance Incorporated as Sales Trainor, and at Amon Trading as Management Trainee. She graduated from the Ateneo de Manila University in 1995 with a Bachelor of Science degree in Management major in Legal Management.

Aline A. Novilla, 39, Filipino, Senior Vice President, is the Chief Audit Executive/Head of Internal Audit Group effective August 10, 2020. She joined RCBC in November 2019 as Head of AML Segment in Regulatory Affairs Group, a position she held prior to her transfer to Internal Audit Group as Deputy Group Head in January 2, 2020. Prior to joining the bank, she was a Partner at the Financial Services Audit Group of R.G. Manabat & Co. Before rejoining KPMG in 2011 as Audit Director, she served as Senior Manager for Assurance Services, Financial Services Industry Practice for Isla Lipana & Co (a member firm of Pricewaterhouse Coopers). In her earlier stint with KPMG, she was assigned in Hong Kong as an Assistant Manager for Audit Services. She gained her first auditing exposure at Manabat San Agustin & Co., CPAs (formerly Laya Mananghaya & Co., a member firm of KPMG network of Independent member firms affiliated with KPMG International). She started as an Associate Auditor in November 2003 and was promoted to more senior audit roles during her employment with the said firm. Last position held was as Supervising Senior Auditor. Ms. Novilla graduated Cum Laude at the University of the Philippines in 2003 with a degree in Bachelor of Science in Business Administration and Accountancy. She passed the CPA Licensure Exam in October 2003.

Arniel Vincent B. Ong, 36, Senior Vice President, is the President and CEO of RCBC Bankard Corporation. Upon joining RCBC in December 2, 2019, he was seconded to RCBC Bankard Services Corporation as Head of Cards Strategic Initiatives and functioned as such until July 15, 2020. Prior to joining RCBC, he was connected with HSBC Philippines where last position held was as Head of Contact Management Centre and Digital of Retail Banking and Wealth Management since January 2016. He started as Management Trainee of the said bank in 2006. He also served the said bank in various roles which included the following: as Vice President of Policy, Acquisition and Portfolio Management in Retail Banking and Wealth Management; as Head of Consumer Credit Risk for Short Term Attachment assigned at HSBC Vietnam (stint from February 2013 to May 2013); various roles within Retail Credit Risk Management; and as Manager for Payment Services. He also worked as an Assistant Instructor at Ateneo De Manila University after graduation from college. He graduated with a double degree in Bachelor of Science major in Management Engineering and AB Economics. He finished his undergraduate course with honors at Ateneo de Manila University, 2006.

Nancy J. Quiogue, 53, Filipino, Senior Vice-President, is the Regional Service Head of North Metro Manila. Prior to assuming her current position, she was the Regional Service Head for North Metro Manila and Central Metro Manila. She was the Regional Service Head for Metro Manila from April 2010 to December 2014 and District Service Head for Metro Manila from May 2004 to April 2010. She also held various positions at the Bank since 1991. Ms. Quiogue graduated from the Philippine School of Business Administration with a Bachelor of Science degree in Business Administration majoring in Accounting.

Elsie S. Ramos, 56, Filipino, Senior Vice-President, is the Head of Litigation/Labor Division. Prior to this appointment, she was the Head of Legal Affairs Division. She joined the Bank in 2006 and assumed the position of Litigation Department Head. Prior to joining RCBC, she was the Corporate Lawyer and Head of Legal and Corporate Affairs Division for Empire East/Land Holdings (2004 to 2006), Senior Associate and Lawyer-In-Charge of the Docket/Records Section for Ponce Enrile Reyes and Manalastas (2003 to 2004), Senior Associate for Martinez and Mendoza (2001 to 2002), Senior/Junior Associate for Ponce Enrile Reyes and Manalastas (1996 to 2000) and Legal Consultant for Companero Y Companera (1997 to 1998). She held various positions in the University of the Philippines, Department of History such as Assistant Professor (1994 to 1998), Assistant to the Chairman (1992 to 1993) and Instructor (1988 to 1994). She was also a Part-Time Instructor at the St. Scholastica's College, Manila from 1987 to 1989. She obtained her Bachelor of Arts and Master of Arts degree in History from the University of the Philippines, Diliman. She also finished her Bachelor of Law in the same university.

Ismael S. Reyes, 55, Filipino, Senior Vice-President, is a Regional Sales Director for Quezon City. Prior to this, he served as Head of Retail Banking Marketing Segment. He was formerly the National Sales Director when he joined the Bank in 2013. Prior to joining RCBC, he assumed various positions in Philippine Savings Bank as First Vice-President/ Head of the Loans Operations Group (October 2012 to October 2013), First Vice President/Branch Banking Group Head (January 2011 to October 2012), Vice-President/Deputy Branch Banking Group Head (June 2010 to December 2010) and Vice- President/ Business Development Unit Head (October 2008 to May 2010). He worked for iRemit Inc where he handled roles such as Division Head for Market Management (January 2004 to September 2008) and Deputy Head for the Global Sales and Marketing Division (August 2001 to December 2003). He also worked with Bank of the Philippine Islands where he was assigned as Operations Manager/Section Head for Funds Transfer Department from 1999 to 2001. His banking career started in Far East Bank in 1987 when he was hired as Staff for International Operations Division. By 1990 he was promoted to a supervisory rank in the same division and as an officer in 1993. He held the position of Department Head in International Operations in 1995 and became a Project Officer for the Remittance Center in 1996. Mr. Reyes earned his Bachelor of Science degree in Commerce major in Economics at the University of Santo Tomas.

Raoul V. Santos, 55, Filipino, Senior Vice-President, is the Head of Trust Investment Segment in Trust and Investments Group. Concurrently, he also handles the role of the Head for Institutional Relationship Management Division. He joined RCBC in 2001 as Portfolio Management Section Head before assuming the Investment Services Department Head position in 2008. He also worked for Metropolitan Bank and Trust Company (2000 to 2001), Solidbank Corporation (1999 to 2000). Phinma, Inc. (1991 to 1999) and SGV & Co. (1990 to 1991). Mr. Santos obtained his Bachelor of Science degree in Management of Financial Institutions and Bachelor of Arts degree in Asian Studies from the De La Salle University.

Jose Rene Y. Sarmiento, 37, Filipino, Senior Vice President, is the Head of Conglomerates & Strategic Corporate Segment in Corporate Banking Group. Prior to assuming this role, he was Division Head at the Global Ecozone Segment from 2016 to 2019. He joined RCBC as Head of Credit Business Management in March 2014 and functioned as such up until 2016. He previously worked with Security Bank Corporation as an Enterprise Risk Manager from 2010 to 2012 and at Citibank NA where his banking career started as a Credit Risk Associate from 2009 to 2010.

He also previously worked as a Manager at Greenfield Tech Innovations Company from 2007 to 2009.

He is a graduate of Ateneo De Manila University in 2007 where he obtained a degree in Bachelor of Science in Business Management. He obtained his Masters in Business Administration degree at the Asian Institute of Management in 2013 and completed an Executive Program in Management at the Columbia Business School (New York USA) in 2019.

Libertine R. Selirio, 56, Filipino, Senior Vice-President, is the Head of Business Development Division in Corporate Banking Group. Before assuming this role on November 2021, she was designated as Division I Head of Global and Ecozone Segment in Corporate Banking. Prior to this, she was the Deputy Division Head of JES II from June 2011 to October 2012, Relationship Manager of JES Division II from February 2002 to May 2011, Branch Manager of Dasmarinas from September 2000 to February 2002, Branch Manager of Carmona from July 1998 to September 2000 and Branch Manager of Imus from September 1997 to July 1998. Before joining RCBC, she worked for Pilipinas Bank and assumed the following positions: Account Officer (1993 – 1997), Financial Analysis and Evaluation Section Head (1991 – 1993), Credit Analyst (1989 – 1991) and EDP Teller (1987 – 1989). Ms. Selirio earned her Bachelor of Science in Commerce major in Accounting from St. Scholastica's College in 1986.

Johan C. So, 51, Filipino, Senior Vice-President, is the Head of Division 1 in Local Corporate Banking Segment. Prior to assuming current position, he was the Head of Kaloocan Division from July 2013 to January 2014 and Head of Chinese Banking Division III from June 2008 to June 2013. From August 2005 to May 2008, he worked for Philippine Bank of Communications in which the last position he assumed was as Vice-President/Unit Head of Corporate Banking Group 5. He also worked for Standard Chartered Bank from May 1999 to May 2002, T.A. Bank of the Philippines, Inc. from February 1997 to May 1999 and China Banking Corporation from 1993 to 1997. Mr. So graduated from De La Salle University in 1992 with a degree in Bachelor of Science in Applied Economics and Bachelor of Science in Commerce major in Marketing Management. He obtained his Masters degree in Business Administration from the Ateneo Graduate School of Business in 1999.

Elvira D. Soriano, 55, Filipino, Senior Vice President, is the Segment Head of BLC Audit of Internal Audit Group. She had prior assignment to handle the Head Office Audit Segment. Before assuming this role in September 2017, she was an Audit Cluster Head since January 2008. She previously worked with other banks namely: United Coconut Planters Bank where she performed roles in Audit and Credit Review; PDCP Bank where she was assigned with roles such as Account Officer, Project Analyst, Accountant and Audit Assistant. She earned a Bachelor of Science degree in Commerce at the University of Bohol in 1986.

Zenaida S. Soto, 59, Filipino, Senior Vice President, is the Regional Sales Head of Laguna 2-Bicol-MIMAROPA Region. She was with Retail Banking Group since July 1995 where she was initially assigned at the Science Park Business Center and then at Sta. Rosa Business Center as Branch Operations Head. She was given a sales role as Senior Personal Banker in 2002 and became a Business Manager by 2008. Her movement to a District Sales Director role was effected in 2016 and was later designated as a Regional Sales Director by 2019.

Prior to joining RCBC, she was employed by Pilipinas Bank as an Accountant for 2 years. Her first work experience was gained at the Republic Flour Mill where she had a four-month employment as a Jr. Bookeeper in 1983. She had more than nine years of employment with the government from 1984 to 1993 under the Department of Budget and Management (DBM) as Senior Budget Specialist for Regional Office IV and as an Accounting Clerk III for Procurement Service.

She is a graduate of Bachelor of Science in Business Administration major in Accounting from the Aquinas University in 1982. She obtained her Master in Business Administration in Government Accounting from Rizal Technological College in 1991.

Cecilia E. Tabuena, 54, Filipino, Senior Vice President, is the Head of Local Corporate Banking Segment. She was previously connected with CTBC Bank (Philippines) Corporation as Officer-in-Charge /Senior Vice President of the Institutional Banking Group. Prior to assuming this role, she was Deputy Head of Origination & Structuring of the same group. She previously worked in other banks in various roles as follows: Security Bank Corporation as Head of Fixed Income; Citigroup Philippines as Head of Debt Capital Markets and Senior Transactor; Citicorp Securities International R.P. Inc. as Equities Research Analyst; The Long Term Credit Bank of Japan, Los Angeles California Agency as Associate for Corporate Finance; and All Asia Capital and Trust Company as Money Market Trader. She obtained her Master's in Business Administration degree in Finance at Peter F. Drucker Graduate School of Management at Claremont Graduate University (California, USA) in 1994. Her undergraduate degrees were Bachelor of Science in Commerce major in Marketing Management and Bachelor of Arts major in Psychology which she both finished at De La Salle University in 1990.

Gianni Franco D. Tirado, 49, Filipino, Senior Vice President, is the Regional Sales Director of West Mindanao and concurrent Regional Sales Director for Davao City. Prior to assuming his current role, he was the Marketing and Sales Director of Central Mindanao (February 2013 to September 2013), District Sales Manager of Central Mindanao (March 2009 to February 2013) and Branch Manager for several branches in Mindanao (November 2000 to February 2009). He also assumed the Branch Operations Head of Marbel (February 1998 to October 2000), CI/Appraiser/Loans Clerk (June 1996 to January 1998) and CASA Bookkeeper of Dadiangas (October 1993 to May 1996). Mr. Tirado earned his Bachelor of Science in Commerce major in Accounting degree from the Notre Dame of Dadiangas University in 1993. He also completed his Master's in Education major in Special Education at the Holy Cross of Davao College in 2009.

Juan Gabriel R. Tomas IV, 50, Filipino, Senior Vice President, is the Head of the Customer Service Support Segment in, Operations Group. His experiences include serving as Head of Capital Markets and Custody, Operations Group, Citibank N. A., Head of Treasury Services Unit, Citibank N. A., Production Officer for Treasury Services Unit, Citibank, Consultant for Controllers' Department, Deutsche Bank AG Manila, and Consultant, for Process Competency Group at Accenture (formerly Andersen Consulting). Mr. Tomas graduated from Ateneo de Manila University in 1993 with a Bachelor of Science degree in Management. He completed his Masters in Business Management major in Finance in 2001 at the Asian Institute of Management.

Lea B. Torres, 57, Filipino, Senior Vice President, is the Head of Remedial Management Division in Asset Management and Remedial Group. Prior to assuming this role, she was a Department Head for Account Management for nearly fifteen years. She rose from the ranks from an initial assignment as a Loan Review Assistant in the Credit and Supervision Division upon hiring by the Bank in May 1988. Four and a half years later, she was promoted as Credit Review Section Head /Authorized Signer in 1992. By August 1994, she transferred to a Junior Account Officer role in Corporate Banking Group which she handled for more than 3 years and was then transferred thereafter to the Special Accounts Department as an Account Officer up until 2004. She got her promotion to a Senior Remedial Account Officer role in March 2004 and then to a Department Head role by 2006.

Her first banking experience was gained from a short employment stint as an Export Clerk in Security Bank and Trust Corporation in 1985. Aside from banking, she had a 9-month teaching engagement as an instructor for the College of Commerce at the Divine Word College in Legazpi.

She graduated from the University of Santo Tomas in 1985 with a degree in Bachelor of Science in Commerce. She has earned units for a Master in Management degree from Bicol University in 1986 to 1987.

Raul Martin J. Uson, 59, Filipino, Senior Vice President, is the Segment Head for Branch Services Support Segment. Prior to joining RCBC, he was previously connected with PBCom as Business Centre Operations and Oversight Head. He also assumed the following roles at Citibank N.A. prior to joining PBCom in 2012 : Operations and Services Head (2007 to 2012), Deputy Senior Country Operations Officer for Citi Indonesia (2006), Credit Operations and Transaction Services Head for Citigroup Business Process Solutions (2004 to 2006), Transaction Services Head (2001 to 2004), Internal Control Head (1999 to 2001), Infrastructure Head (1998 to 2001), Quality Assurance Head (1996 to 1998), Expense Processing Department Head (1993 to 1995), Quality Assurance Officer (1991 to 1993), Trade and Reconcilement Unit Head (1988 to 1991), Cash Officer for Greenhillls Branch (1985 to 1988) and Teller for Makati Branch (1984 to 1985). Mr. Uson graduated from the University of the Philippines Baguio with a degree in AB Economics and Psychology in 1983.

Emmanuel Mari K. Valdes, 48, Filipino, Senior Vice President, is the Head of Customer Acquisition and Retention Division (formerly named as Products and Promotions Division) in Retail Banking Group. Prior to assuming this role, he was the Head of Retail Financial Products Division with the rank of First Vice President from October 2013 to June 2017. He joined the RCBC in 2010 as Head of Cash Management Services Department and was assigned in 2013 as Financial Center Head under Retail Banking Group. He started his banking career in January 1996 when he joined CityTrust Banking Corporation as a Sales Officer in Retail Banking Branch. He then transferred to Bank of Southeast Asia in 1997 where he handled the same role. He had previous stints thereafter with other banks such as UnionBank of the Philippines where he was Head of Sales Department for Cash Management Services and Standard Chartered where he was a Sales Head also. He graduated from De La Salle University in 1995 with a degree in Bachelor of Science in Commerce major in Business Management.

Anna Christina M. Vicente, 55, Filipino, Senior Vice President, is the President and Chief Executive Officer of RCBC Leasing and Finance Corporation. Prior to her secondment to this subsidiary in June 2021, she was a Segment Head in Small and Medium Enterprises Banking Group and as Division Head for North Metro Manila, a position which she has held since hired in June 2016 for SME (under the former National Corporate Banking Group).

Prior to joining RCBC, she was connected with Maybank Philippines as Vice President / Head for Business Banking in Retail Banking Group from 2013 to 2016. She was also previously employed at three (3) other local banks and was assigned to handle various functions as follows : At United Coconut Planters Bank - Team Head of Metro Manila , Corporate & Commercial Banking Division (January 2008 to June 2013); Head, Credit Control Division (January 2005 to December 2007); Department Head, Supervised Credit Division (March 2002- January 2005); Account Officer, Institutional Recovery Management Division (July 1999-February 2002); Account Officer, Corporate Banking Division (August 1994 - June 1999) ; at Bank of Commerce as Manager of Branch Banking Group I (March 1992 - July 1994); UCPB Savings Bank as Manager for Commercial Loans (November 1991 to February 1992) and at Far East Bank & Trust Company - Staff Assistant, Retail Banking Group-Marketing Division (February 1990 - October 1991); Loans Assistant, Greenhills Branch (June 1989 - January 1990); Credit Analyst Trainee, Credit Division (November 1988 - May 1989); and Money Market Trader, Greenhills Branch (May 1986 - October 1988).

Ms. Vicente graduated from Ateneo de Manila University in 1986 with a degree in Bachelor of Arts major in Interdisciplinary Studies.

Paula Fritzie C. Zamora, 51, Filipino, Senior Vice President, is the Head of Financial Institutions and Support Segment (formerly named as Financial Institutions Management Segment) in Treasury Group, a role which she has been handling since June 2012. Prior to assuming this role, she was the Head of Derivatives Department and Head of Financial Engineering Department. She had previous work experience which she gained from other firms like Tokio Marine Malayan Insurance Co. where she was a Finance Officer for Cash Department and Far East Bank & Trust Company where she was employed as Treasury Trader. She graduated from the Ateneo De Manila University in 1992 with a degree in Bachelor of Science in Management.

Nilo C. Zantua, 56, Filipino, Senior Vice President, is the Deputy Chief Technology Officer. Prior to joining RCBC, he was connected with Nexus Technologies, Inc as Vice President) and was a Director-Group Advisory for Jupiter Systems, Inc. (under the Nexus Group of Companies). He also had a stint with Trends & Technologies, Inc. as Group Head – Managed ICT Services.

He previously worked also with Philam Life where he handled significant roles as Chief Technology Officer and Deputy Head of IT and Head of IT Infrastructure. He was also previously employed at Sunlife Financial Asia where he performed roles as follows: Head of Shared IT Infrastructure and Operations-Asia, Asia Shared IT Services; IT Director of Manila Shared Services Center; and Head of Regional IT Infrastructure and Operations in Sun Life of Canada Philippines, Inc.; Manager for Operations and Network Computing; Network Services Supervisor for Sun Life Assurance Company of Canada.

He also worked in KSA with Binzagr Co. as Technical Services Supervisor and in other institutions and firms as Senior Computer Operator/Programmer at the Department of Health, Central Office Manila; and at Capitol Wireless Inc. as Telecoms Engineer.

He graduated with a degree in Bachelor of Science major in Electronics and Communications Engineering in University of Santo Tomas, 1987. He passed the licensure examination in 1987. He completed a Management Diploma-BMP, a four-month short course in Asian Institute of Management, 1999.

Four of the Directors and most of the executive officers mentioned above have held their positions for at least five years. Executive officers with the rank of Assistant Vice President and above are appointed annually by the Board of Directors in its Organizational Board Meeting right after the shareholders meeting which is held annually every last Monday of June. None of the Bank's executive officers are related to one another or to any of the Bank's Directors. There are no binding contracts or arrangements with regard to the tenure of the Bank's executive officers.

All of the officers identified above are Filipino citizens, except for Mr. Yasuhiro Matsumoto who is a citizen of Japan.

To the knowledge and/or information of the Bank, the present members of the Board of Directors and its executive officers are not, presently or during the last five (5) years, involved or have been involved in any legal proceeding adversely affecting/involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere arising from their duties as such. To the knowledge and/or information of the Bank, the said persons have not been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or of the laws of any other nation/country.

Item 10. Executive Compensation

Information as to the aggregate compensation paid or accrued during the last three fiscal years of the Bank's Directors, Chief Executive Officer and four other most highly compensated executive officers and all other officers as a group is presented below (in thousand pesos):

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES				
Names	**Principal Position**	**Aggregate Compensation (net of Bonuses)**	**Bonuses**	**Fees and Other Compensation ***
2022 Estimate				
Eugene S. Acevedo	President & CEO	97,178	44,933	-
Redentor C. Bancod	Senior EVP			
Horacio E. Cebrero III	Senior EVP			
John Thomas G. Deveras	Senior EVP			
Angelito M. Villanueva	EVP			
2021 Actual				
Eugene S. Acevedo	President & CEO	92,550	39,072	-
Redentor C. Bancod	Senior EVP			
Horacio E. Cebrero III	Senior EVP			
John Thomas G. Deveras	Senior EVP			
Angelito M. Villanueva	EVP			
2020 Actual				
Eugene S. Acevedo	President & CEO	89,276	39,699	-
Redentor C. Bancod	Senior EVP			
Horacio E. Cebrero III	Senior EVP			
John Thomas G. Deveras	Senior EVP			
Emmanuel T. Narciso	EVP			
Officers as a Group Unnamed				
2022 Estimate		3,939,697	1,051,467	-
2021 Actual		3,517,587	938,810	-
2020 Actual		4,253,136	1,027,609	-
Directors as a Group Unnamed				
2022 Estimate		-	-	92,062
2021 Actual		-	-	69,688
2020 Actual		-	-	59,941

**Inclusive of per diem of Directors amounting to P12.9 million in 2020, P13.1 million in 2021 and P13.1 million in 2022 (estimate).*

Pursuant to Article V of the By-Laws of the Bank, the members of the Board of Directors, the Advisory Board and the Executive Committee are entitled to per diem for every meeting they attended. Directors who hold executive or management position do not receive directors' fees or per diems.

Likewise, Article XI of the By-Laws the Bank entitles the members of the Board of Directors, the Advisory Board and the Executive Committee of the Bank to profit sharing bonus at a maximum of 2% but not less than 1% of the net earnings resulting from the operation of the Bank during the preceding year, after provisions for taxes and after deductions as may be required by law or regulations. For the year 2021, total fees and other compensation of all Directors amounted to P69.7 million, inclusive of P13.1 million representing per diem paid for the meetings they attended during the year.

For the protection and security of its directors and officers, the Bank opted to disclose the annual compensation on aggregate basis.

The above-named executive officers and directors, and all officers and directors as a group, do not hold equity warrants or options as the bank does not have any outstanding equity warrants or options.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2021, RCBC knows of no one who beneficially owns in excess of 5% of RCBC's common stock except as set forth in the table below:

(1) Title of Class	(2) Name, address of record owner and relationship with issuer	(3) Name of Beneficial Owner and Relationship with Record Owner	(4) Citizen ship	(5) Number of Shares Held	(6) Percent
Common	**Pan Malayan Management & Investment Corporation** Address: 48/F Yuchengco Tower, RCBC Plaza, 6819 Ayala Ave., Makati City Relationship with Issuer: RCBC is a subsidiary of PMMIC	Pan Malayan Management & Investment Corporation *The records in the possession of the Bank show that the beneficial ownership of this company belong to the shareholders of record of said company. The Bank has not been advised otherwise.*	Filipino	807,582,473*	39.64%
Common	**Cathay Life Insurance Corp.** Address: 296 Ren Al Road Sec4 Taipei 10633 Taiwan R.O.C. Relationship with Issuer: Stockholder		Non-Filipino	452,018,582	22.18%

**Combined Direct and Indirect Shares of PMMIC*

(2) Security ownership of management*:

	(1) Title of Class	(2) Name of beneficial owner	(3) Amount and nature of record / beneficial ownership Par Amount	Nature	(4) Citizenship	(5) Percent of class (%)
Directors						
1	Common	Helen Y. Dee	14,923,060	R / B	Filipino	0.07
2	Common	Gil A. Buenaventura	50	R / B	Filipino	0.00
3	Common	Cesar E.A. Virata	1,384,340	R / B	Filipino	0.01
4	Common	Lilia B. de Lima	10	R	Filipino	0.00
5	Common	John Law	10	R	French	0.00
6	Common	Gayatri P. Bery	10	R	American	0.00
7	Common	Armando M. Medina	1,950	R	Filipino	0.00
8	Common	Shih-Chiao Lin	10	R / B	R.O.C. Taiwan	0.00
9	Common	Arnold Kai Yuen Kan	10	R	Canadian	0.00
10	Common	Gabriel S. Claudio	10	R	Filipino	0.00
11	Common	Laurito E. Serrano	10	R	Filipino	0.00
12	Common	Juan B. Santos	50	R	Filipino	0.00
13	Common	Eugene S. Acevedo	3,441,000	R	Filipino	0.02
14	Common	Adelita A. Vergel de Dios	10	R	Filipino	0.00
15	Common	Vaughn F. Montes	50	R	Filipino	0.00
		Sub-total	*19,750,580*			
Executive Officers						
1	Common	Evelyn Nolasco	27,000	B	Filipino	0.00
		Sub-total	*27,000*			
		TOTAL	**19,777,580**			**0.10**

*There are no additional shares which the listed beneficial or record owners have the right to acquire within thirty (30) days, from options, warrants, rights, conversion privilege or similar obligations, or otherwise.

The aggregate number of shares owned of record by all directors and executive officers as a Group named herein as of December 31, 2021 is 1,977,758 common shares equivalent to 19,777,580 at P10.0 per share or approximately 0.1% of the Bank's outstanding common shares.

Other than the above-named persons or groups holding more than 5% of the Bank's outstanding Common stock, there are no other persons that hold more than 5% of any class of stock under a voting trust or similar agreement.

There are also no arrangements, existing or otherwise, which may result in a change in control of the Bank.

Item 12. Certain Relationships and Related Transactions

RCBC is a 39.64% owned subsidiary of Pan Malayan Management and Investment Corporation (PMMIC), the holding company of the flagship institutions of the Yuchengco Group of Companies (YGC). As of December 31, 2021, Cathay Life Insurance Co. Ltd. (Cathay) also owns 22.18% interest in RCBC.

The Bank and its subsidiaries, in the ordinary course of business, engage in transactions with entities within the YGC. The Bank adheres to the policy that transactions with related parties are conducted at arm's length basis or above board, with any transaction, whether or not a price is charged, in connection with any such transaction being on terms no less favorable to the Bank than terms available to any unconnected third party under the same or similar circumstances. The same has been institutionalized in the Bank's Policy on Related Party Transactions (the "Policy").

The Policy adopts an expanded definition of "related parties." Related parties include directors, officers, stockholders and related interests ("DOSRI") as defined under the General Banking Law, BSP Circular 895, and other related issuances, as well as members of the Advisory Board of the Bank, entities within the conglomerate of which the Bank is a member, and subsidiaries of related parties. The Bank maintains a database of related parties which is regularly updated to capture organizational and structural changes within the YGC.

Transactions with related parties involving an amount of at least Ten Million (Php10,000,000.0) Pesos, or significant transactions with related parties requiring Board approval regardless of amount, are reportable to the RPT Board Committee. On the other hand, related party transactions involving amounts below the materiality threshold of Ten Million Pesos (Php10,000,000.0) are reportable to the RPT Management Committee.

Related parties, through their respective account officers, are enjoined to notify the appropriate RPT Committee of any potential related party transaction as soon as they become aware of it. The RPT Board Committee is composed of at least three members of the Board of Directors, entirely consisting of two independent directors and a non-executive directors. The Chairman is an independent director. The RPT Management Committee is composed of heads of the Controllership Group, Operations Group, Risk Management Group, Retail Banking Group, and Corporate Planning Group, or their selected designates.

If a transaction is determined to be an related party transaction, the said transaction and all its relevant details are required to be submitted to the appropriate RPT Committee for evaluation. Once determined to be on arm's length terms, related party transactions evaluated by the RPT Board Committee are thereafter endorsed to the Board of Directors for approval. Transactions reviewed and approved by the RPT Management Committee are presented to the Board of Directors for confirmation. In the event that a member of the Board has an interest in the transaction under evaluation, the said member shall not participate in the discussion and shall abstain from voting on the approval of the related party transaction. Pursuant to BSP Circular No. 895, as amended, and the Bank's Corporate Governance Manual, the Bank's significant transactions with its DOSRI and related parties were confirmed by majority vote of the Bank's stockholders during the last annual stockholders' meeting on 28 June 2021.

The review of related party transactions is part of the compliance testing of the Compliance Office as well as audit work program of the Internal Audit Group.

The Group's significant transactions with its related parties as of end December 2021 include loans and receivables and deposit liabilities. The total amount of loans outstanding was at P19.4 billion [Note 28.1, Notes to Financial Statements] while total deposit liabilities was at P9.2 billion [Note 28.2, Note to Financial Statements] as of December 31, 2021.

The Bank complies with existing BSP regulations on loans, credit accommodations and guarantees to its 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 non-related 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 unencumbered 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 non-banking financial subsidiaries, whichever is lower. However, non-risk loans are excluded in both individual and aggregate ceiling computations. As of December 31, 2021 and 2020, the Group and the Parent Company are in compliance with these requirements.

The total amount of Parent Company DOSRI loans was at P304 million by end of December 2021 and at P920 million as of end December 2020.

Certain of the Bank's major related party transactions are described below

- *Sale and Purchase of Securities* - The Parent Company and certain subsidiaries engage in the trading of investment securities as counterparties to the transaction. These transactions are priced similar to transactions with other counterparties outside the Group and there are no unsettled transactions as of the end of each reporting period. [Note 28.3, Notes to Financial Statements]

- *Retirement Fund* - The Parent Company 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 Trust Department in accordance with the respective trust agreements covering the plan. [Note 28.4, Notes to Financial Statements]

Transactions with subsidiaries which are eliminated in the consolidated financial statements are as follows:

- *Lease contracts with RCBC Realty Corp. (RRC) and Sub-lease Agreements with Subsidiaries.* The Parent Company and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC. The occupancy of some of subsidiaries in RCBC Plaza is covered by sublease agreements with RCBC. RCBC's lease contract with RRC is effective until December 31, 2025 [Note 28.5(a), Notes to Financial Statements]

- *Service Agreement with RCBC Bankard Services Corp. (RBSC).* The Parent Company has Service Agreement with RBSC, wherein RBSC shall provide the Parent Company with marketing, distribution, technical, collection and selling assistance and processing services in connection with the operation of the Parent Company's credit card business. [Note 28.5(b), Notes to Financial Statements]

- The Bank has service agreements with RBSC for the in-sourced internal audit services. The Bank provides limited audit services to RBSC, specifically IT audit, operations audit and financial statements review. Also, the Bank has formalized the service agreements for the internal audit services being provided to subsidiaries namely: RCBC Capital Corp., RCBC Securities, Inc., RCBC Forex Brokers Corp., Rizal Microbank, Inc., RCBC Leasing and Finance Corporation and Niyog Property Holdings, Inc.

- The Bank has a service agreement with RCBC Forex Brokers Corporation (RCBC Forex) for in-sourced services, rendered by the following business units: 1) business and operational risk, 2) compliance, 3) internal audit, 4) information technology, and 5) human resources. The services shall be limited to: compliance with relevant laws, rules and regulations, market, liquidity, and operational risk management, internal audit, information technology, review of salary and processing of payroll on a bi-monthly basis, and implementation of exclusive succession planning, human resources information system and database administration and organization of training programs.

- The Bank has a service agreement with RCBC Forex for the referral of money service business customers to RCBC Forex, to facilitate the purchase and/or sale of foreign currencies. The services to be rendered are relative to account opening and compliance with customer identification regulatory requirements.

- The Bank has a service agreement with RCBC International Finance Limited (RIFL) to facilitate the remittance tie-up and account solicitation arrangement agreement with RIFL which is based in Hongkong.

- The Bank has an agreement with RCBC Rental Corporation for the financing of the lease of 1,600 new ATMs with a term of 60 months.

- The Bank's other transactions with affiliates include service agreements, leasing office premises to subsidiaries which is eliminated during consolidation, accreditation of RCBC Trust agent and of insurance companies, and 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.

The Bank does not have any transactions with promoters within the past five (5) years. The Bank does not have transactions with parties that fall outside the definition of related parties under regulations, but with whom the registrants or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

PART IV - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

(a) Reports on SEC Form 17-C

Reports under SEC Form 17-C (Current Reports) that were filed during the last twelve months covered by this report:

01-11-2021 Legal Proceedings (Amended the disclosure on 05-29-20)

The original disclosure was amended based on the Notice from the Regional Trial Court of Makati containing the Summons and the Complaint filed by Bangladesh Bank against the Bank and other persons received by RCBC.

01-25-2021 Other Events
01-25-2021 Change in Directors/Officers

During the January 25, 2021 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the following were approved:

1. Election of Mr. Armando M. Medina as regular director, effective January 1, 2021 (subject to BSP/other regulatory approvals, as may be required).
2. Appointment of SVP Juan Gabriel R. Tomas, IV as Chief Risk Officer and Head of Risk Management Group, effective February 1, 2021 (subject to BSP/other regulatory approvals, as may be required).

02-22-2021 Other Events

During the February 22, 2021 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the following were approved:

1. The Audited Financial Statements of Rizal Commercial Banking Corporation and RCBC—Trust and Investments Group as of year ended December 31, 2020, as audited by Punongbayan & Araullo, for final approval of the stockholders.
2. Declaration of cash dividends on convertible preferred shares amounting to P0.05597 (US$0.00116) per share or a total of P14,965.80 (US$311.27 @ P48.080), payable to holders of convertible preferred shares as of March 21, 2021 and payable within 5 trading days from record date.
3. Issuance of foreign currency denominated Senior Notes out of the bank's Medium Term Note Programme (subject to market conditions).

03-29-2021 Other Events
03-29-2021 Change in Directors/Officers

During the March 29, 2021 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the appointment of SVP Ramil M. De Villa as Head of Consumer Lending Group, effective May 15, 2021 was approved (subject to BSP/other regulatory approvals, as may be required).

04-26-2021 Other Events
04-26-2021 Declaration of Cash Dividends

During the April 26, 2021 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the following were approved:

1. Annual Cash Dividend Declaration on Common and Convertible Preferred Shares amounting to P0.485 per share, or a total of approximately P938.91 Million to holders of Preferred and Common Class shares as of the close of the 10th trading day from Board approval ("record date") and payable within ten (10) trading days from record date.
2. Interlocking positions of Ms. Ma. Theresa Jennifer A. Fernando in Niyog Property Holdings, Inc. and Cajel Realty Corporation as Vice President and Director, subject to BSP/other regulatory approvals as may be required.

05-11-2021 Notice of Annual or Special Stockholders' Meeting

Notice, Procedure, Proxy Form, Ballot Form, Agenda and Rationale/Explanation for Agenda Items for the 2021 Annual Stockholders' Meeting of the Bank.

05-31-2021 Other Events

During the May 31, 2021 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the declaration of cash dividends on convertible preferred shares amounting to P0.05588 (US$0.00116) per share or a total of P14,943.02 (US$310.67 @ P48.010), payable to holders of convertible preferred shares as of June 21, 2021 and payable within 5 trading days from record date was approved.

05-31-2021 Other Events (Amended disclosure on 05-31-2021)

The amendment of the original disclosure on the declaration of dividends on common and preferred shares was made to reflect that the cash dividend is for unlisted preferred shares.

06-28-2021 Other Events
06-28-2021 Change in Directors/Officers
06-28-2021 Results of Annual Stockholders' Meeting
06-28-2021 Results of Organizational Meeting

Items approved by Stockholders at their Annual meeting and Board of Directors at their regular and organizational meetings respectively held on June 28, 2021.

<u>Regular Meeting of the Board of Directors</u>

1. Sale of 101,850,000 Shares held by the Bank in treasury ("Sale Shares") which is equivalent to four point nine-nine-nine percent (4.999%) of the total outstanding Common Stock of the Bank (after the sale of the Sale Shares) to Sumitomo Mitsui Banking Corporation ("SMBC") at a price per Sale Share of PhP44.00 subject to the terms and conditions of the definitive agreement to be executed between the Bank and SMBC.
2. Promotion/appointment of Officers effective July 1, 2021 (subject to BSP/other regulatory approvals, as may be required):

   <u>From Senior Vice President to First Senior Vice President</u>
   Jane N. Manago

   <u>From First Vice President to Senior Vice President</u>
   Jose Rene Y. Sarmiento
   Zenaida S. Soto
   Lea B. Torres
   Anna Christina M. Vicente

Annual Stockholders' Meeting

1. Election of the following Directors to hold office for a term of one year:

   As Regular Directors
   Ms. Helen Y. Dee
   Mr. Cesar E. A. Virata
   Mr. Eugene S. Acevedo
   Mr. Gil A. Buenaventura
   Mr. Armando M. Medina
   Mr. John Law
   Mr. Shih-Chiao (Joe) Lin
   Mr. Arnold Kai Yuen Kan
   Atty. Lilia B. de Lima
   Ms. Gayatri P. Bery

   As Independent Directors
   Mr. Juan B. Santos
   Atty. Adelita A. Vergel De Dios
   Mr. Gabriel S. Claudio
   Mr. Vaughn F. Montes
   Mr. Laurito E. Serrano

2. Approval of the Minutes of the Annual Meeting of the Stockholders held on July 27, 2020;
3. Approval of the Annual Report and Audited Financial Statements for 2020;
4. Ratification of actions of the Board of Directors, different Committees and Management;
5. Confirmation of Significant Transactions with DOSRI and Related Parties; and
6. Appointment of Punongbayan & Araullo as the Bank's external auditor for the fiscal year 2021.

Organizational Board of Directors Meeting:

1. Appointment of Corporate Officers:
   Mr. Eugene S. Acevedo - President and Chief Executive Officer
   Mr. Horacio E. Cebrero III – Treasurer
   Atty. George Gilbert G. dela Cuesta – Corporate Secretary
   Atty. Joyce Corine O. Lacson – Assistant Corporate Secretary
   Atty. Maria Cecilia V. Chaneco-Lonzon - Assistant Corporate Secretary
   Various Officers - SVPs and up

2. Appointment the following as Members of the Advisory Board:
   Ms. Yvonne S. Yuchengco
   Mr. Francis C. Laurel

3. Appointment of Ms. Helen Y. Dee as Chairperson, and Mr. Cesar E. A. Virata as Corporate Vice-Chairperson.

4. Appointment of Mr. Juan B. Santos as Lead Independent Director

5. Appointment of the following as Chairpersons and Members of the Various Committees:

Committee	*Names*	*Position*
Executive Committee	Helen Y. Dee Eugene S. Acevedo Cesar E.A. Virata Armando M. Medina Gil A. Buenaventura	Chairperson Vice Chairperson Member Member Member
Audit and Compliance Committee	Laurito E. Serrano Vaughn F. Montes, Ph.D. Atty. Adelita Vergel de Dios	Chairperson Member Member
Risk Oversight Committee	Vaughn F. Montes, Ph.D. Laurito E. Serrano Gayatri P. Bery John Law Eugene S. Acevedo	Chairperson Vice Chairperson Member Observer Observer
Corporate Governance Committee	Atty. Adelita A. Vergel de Dios Gabriel S. Claudio Shih-Chiao (Joe) Lin Vaughn F. Montes, Ph.D. Atty. Lilia B. de Lima	Chairperson Member Member Member Member
AML Committee	Gabriel S. Claudio Gil A. Buenaventura Vaughn F. Montes, Ph.D. Eugene S. Acevedo	Chairperson Member Member Observer
Related Party Transactions Committee	Atty. Adelita A. Vergel De Dios Shih-Chiao (Joe) Lin Gabriel S. Claudio	Chairperson Member Member
Trust Committee	Juan B. Santos Cesar E.A. Virata Eugene S. Acevedo Atty. Lilia B. de Lima Trust Officer	Chairperson Member Member Member Member
Technology Committee	Helen Y. Dee Cesar E.A. Virata Eugene S. Acevedo	Chairperson Member Member

07-08-2021 Change in Directors/Officers (Amended the disclosure on 06-28-21)

The amendment is to reflect the additional information on the position of Ms. Manago and Ms. Torres (to indicate that Ms. Manago is a Group Head and Ms. Torres is a Division Head).

07-26-2021 Other Events
07-26-2021 Change in Directors/Officers

During the July 26, 2021 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the following were approved:

1. Appointment of Mr. Hiroki Nakatsuka as (a) Advisory Board Member and (b) Observer in the AML Committee (subject to BSP/other regulatory approvals, as may be required)

2. Interlocking officerships of Claribelle S. Bautista-Perez as Head of Consumer Banking Compliance & Financial Crime Risk Stewardship Division of RCBC Regulatory Affairs Group and as Chief Compliance Officer of Rizal Microbank, Inc. – A Thrift Bank of RCBC (subject to BSP/other regulatory approvals, as may be required)

08-31-2021 Other Events

During the August 31, 2021 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the declaration of cash dividends on convertible preferred shares amounting to P0.05455 (US$0.00109) per share or a total of P14,586.77 (US$291.91 @ P49.970), payable to holders of convertible preferred shares as of September 21, 2021 and payable within 5 trading days from record date was approved.

09-09-2021 Legal Proceedings (Amended the disclosure on 07-28-2020)

The disclosure regarding the Bangko Sentral ng Pilipinas (BSP) case docketed as IPG A.C. No. 2020-005, entitled "*Inang Nag-Aaruga sa Anak Foundation, represented by Ma. Asuncion L. Yu, et al. vs. Eugene S. Acevedo, et al.*" was amended based on the Resolution dated 20 August 2021 of the Office of the General Counsel and Legal Services - Investigation and Prosecution Group of the BSP. In the said Resolution, the Investigation and Prosecution Group of the Office of the General Counsel and Legal Services of the BSP dismissed the administrative complaint filed by Inang Nag-aaruga sa Anak Foundation and several complainants against former and current directors of the Bank for lack of basis, both in fact and in law.

09-24-2021 Legal Proceedings (Amended the disclosure on 09-09-21)

The disclosure regarding the Bangko Sentral ng Pilipinas (BSP) case docketed as IPG A.C. No. 2020-005, entitled "*Inang Nag-Aaruga sa Anak Foundation, represented by Ma. Asuncion L. Yu, et al. vs. Eugene S. Acevedo, et al.*" was amended based on the Motion for Partial Reconsideration of the Resolution (dated 20 August 2021) of the Office of Special Investigation of the Bangko Sentral ng Pilipinas, which dismissed the complaint filed by Inang Nag-aaruga sa Anak Foundation and other individual complainants against current and past directors of the Bank.

09-27-2021 Other Events

During the September 27, 2021 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the interlocking positions of Atty. Angeluz T. Guerzon, Vice President as Head of Asset Management Support Division of RCBC and as member of the Board of Directors and Officer of RCBC JPL Holding Company, Inc. was approved (subject to BSP/other regulatory approvals, as may be required).

10-25-2021 Other Events

During the October 25, 2021 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the interlocking officerships of Atty. Harold Christian S. Talledo as the Head of Corporate and Institutional Banking Compliance Division of RCBC and as Chief Compliance Officer of RCBC Leasing and Finance Corporation was approved (subject to BSP/other regulatory approvals, as may be required).

11-04-2021 Legal Proceedings (Amended the disclosure on 09-24-21)

The disclosure regarding the Bangko Sentral ng Pilipinas (BSP) case docketed as IPG A.C. No. 2020-005, entitled "*Inang Nag-Aaruga sa Anak Foundation, represented by Ma. Asuncion L. Yu, et al. vs. Eugene S. Acevedo, et al.*" was amended based on the Resolution dated 22 October 2021, wherein the Investigation and Prosecution Group of the Office of the General Counsel and Legal Services of the BSP denied with finality the Motion for Partial Reconsideration of the Complainants for lack of merit.

11-29-2021 Other Events

During the November 29, 2021 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the following were approved:

1. Declaration of cash dividends on convertible preferred shares amounting to P0.05369 (US$0.00106) per share or a total of P14,356.43 (US$284.77 @ P50.415), payable to holders of convertible preferred shares as of December 21, 2021 and payable within 5 trading days from record date.
2. Secondment of Ms. Mona Lisa A. Garces – RAG Department Head, to Rizal Microbank Inc., - A Thrift Bank of RCBC, as its Chief Compliance Officer (subject to BSP/other regulatory approvals, as may be required)

12-01-2021 Clarification of News Reports

Clarification of the Bank on the news articles entitled "Gina De Venecia's foundation raises P290M RCBC fund scam to CA, slams BSP for coddling execs of Yuchengco-owned bank" posted in Bilyonaryo.com on November 28, 2021.

RCBC and its former and present directors have not yet received the Petition for Review allegedly filed by Inang Nag-Aaruga Foundation with the Court of Appeals. Nonetheless, the Bank and its former and present directors stand by the correctness of the two (2) decisions of the Bangko Sentral ng Pilipinas in dismissing the meritless case filed against them and they shall, once they receive a copy of the said Petition for Review, prepare and file the appropriate pleading.

12-02-2021 Legal Proceedings

On December 2, 2021, counsel for the former and present directors of RCBC who were impleaded as respondents in the dismissed case docketed as IPG A.C. 2020-005, entitled "*Inang Nag-Aaruga sa Anak Foundation et al. vs. Eugene S. Acevedo, et al.*" which, prior to its dismissal, was pending before the Office of the General Counsel and Legal Services, Investigation and Prosecution Group of the BSP (specifically, Eugene S. Acevedo, Arnold Kau Yuen Kan, Lorenzo V. Tan, Helen Y. Dee, Cesar E. A. Virata, Wilfrido E. Sanchez, Maria Ceclia H. Fernandez-Estavillo, Florentino M. Herrera, Yvonne S. Yuchengco, Minki Brian Hong, Roberto F. De Ocampo, Tim-Chiu R. Leung, Medel T. Nera, Tze Ching I. Chan, Richard G. A. Westlake, John Law, Yuh Shing Peng, Armando M. Medina, Francisco C. Eizmendi, Jr., Antonio L. Alindogan Jr., Francis G. Estrada, Gil Buenaventura, Juan B. Santos, Adelita A. Vergel De Dios, Lilia R. Bautista, Gabriael S. Claudio, Vaughn F. Montes, Shih-Chiao Lin and Laurito E. Serrano) received a copy of the Petition for Review dated 20 November 2021 of the complainants in the said case, appealing the BSP's judicious dismissal thereof to the Court of Appeals. The said former and present directors of RCBC are now preparing their Opposition to the said petition to refute the baseless allegations of the Complainants therein and to emphasize the propriety of the dismissal of the said case by the BSP. They are awaiting the action of the Court of Appeals on the said petition.

12-13-2021 Other Events

During the meeting held on December 13, 2021 Special Meeting of the Board of Directors of the Bank where a quorum was present and acting throughout, the proposed 2022 budget was approved.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, the City of Makati on April 7, 2022.

RIZAL COMMERCIAL BANKING CORPORATION
Issuer

By :

EUGENE S. ACEVEDO
President & Chief Executive Officer

ALBERTO MAGNO N. PEDROSA
FSVP, Treasurer & Head - Treasury Group

FLORENTINO M. MADONZA
FSVP, Head - Controllership Group

MA. CHRISTINA P. ALVAREZ
FSVP, Head - Corporate Planning Group

ATTY. GEORGE GILBERT G. DELA CUESTA
FSVP, Corporate Secretary & Head – Legal Affairs & Corporate Secretariat Group

MAKATI CITY APR 0 6 2022

SUBSCRIBED AND SWORN to before me this ___th day of April, 2022 affiants exhibiting to me their Community Tax Certificates, as follows:

NAMES	ID/NUMBER/EXPIRY	DATE OF ISSUE	PLACE OF ISSUE
Eugene S. Acevedo	[redacted]		
Alberto Magno N. Pedrosa			
Florentino M. Madonza			
Ma. Christina P. Alvarez			
Atty. George Gilbert G. Dela Cuesta			

DOC No. 333
Page No. 68
Book No. 894
Series of 2022

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Appointment No. M-66 (2021-2022)
PTR No. 8854144; 01/03/22; Makati City
IBP No. 178707; 01/04/22; Makati City
ROLL NO. 40145
21st Floor Yuchengco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City

---------- Forwarded message ---------
From: <eafs@bir.gov.ph>
Date: Mon, Apr 11, 2022 at 5:17 PM
Subject: Your BIR AFS eSubmission uploads were received
To: <TAKABIGTING@rcbc.com>
Cc: <takabigting@rcbc.com>

Hi RIZAL COMMERCIAL BANKING CORPORATION,

Valid files

- EAFS000599760ITRTY122021.pdf
- EAFS000599760AFSTY122021.pdf
- EAFS000599760RPTTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2YW21TX4069659CGAQTSR33P30SYMYX3R**
Submission Date/Time: **Apr 11, 2022 05:01 PM**
Company TIN: **000-599-760**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

RCBC
Partners Through Generations

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Rizal Commercial Banking and Subsidiaries (the Group), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of and for the year ended December 31, 2021 (including the comparative financial statements as of December 31, 2020 and for the years ended December 31, 2020 and 2019), in accordance with the prescribed financial reporting framework indicated therein, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, have audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City 0727
(632) 8894-9000 | www.rcbc.com

RCBC
Partners Through Generations

HELEN Y. DEE
Chairperson, Board of Directors

EUGENE S. ACEVEDO
President & Chief Executive Officer

ALBERTO N. PEDROSA
FSVP, Head – Treasury Group

FLORENTINO M. MADONZA
FSVP, Head – Controllership Group

SUBSCRIBED AND SWORN TO BEFORE ME, this ___ day of MAR 1 0 2022, 2022 at Makati City, Philippines, affiants exhibited to me their valid identifications, to wit:

Name [redacted]
Helen Y. Dee
Eugene S. Acevedo
Alberto N. Pedrosa
Florentino M. Madonza

Doc. No. 11;
Page No. 4;
Book No. 09;
Series of 2022.

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Appointment No. M-66 (2021-2022)
PTR No. 8854144; 01/03/22; Makati City
IBP No. 178707; 01/04/22; Makati City
ROLL NO. 40145
21st Floor Yuchengco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City

P&A Grant Thornton

FOR SEC FILING

Financial Statements and Independent Auditors' Report

Rizal Commercial Banking Corporation

December 31, 2021 and 2020

P&A Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2021 and 2020, 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, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and of the Parent Company as at December 31, 2021 and 2020, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters identified in our audit of the financial statements of the Group and of the Parent Company:

(a) Expected Credit Loss (ECL) Model for Loans and Receivables

Description of the Matter

As at December 31, 2021, the Group's and the Parent Company's expected credit loss (ECL) allowance for loans and receivables amounted to P18,264 million and P17,339 million, respectively, while the carrying amount of loans and receivables amounted to P538,302 million and P530,464 million, respectively. We have identified the Group's and the Parent Company's ECL model significant to our audit as this:

- requires significant management judgment on the interpretation and implementation of the requirements of PFRS 9, *Financial Instruments*, in assessing impairment losses based on an ECL model that involves segmenting credit risk exposures, defining when does default occur and what constitutes a significant increase in credit risk (SICR) of different exposures;

- involves high degree of estimation uncertainty related to management's use of various inputs and assumptions applied in the ECL model such as credit risk rating of the counterparty, expected amount and timing of cash flows, including recovery of collaterals for defaulted accounts, and forward-looking macroeconomic information which may be affected by management estimation bias; and,

- requires complex estimation process that entails implementation of internal controls and use of information system in ensuring the completeness and accuracy of data used in the ECL calculation and in the preparation of required disclosures in the financial statements.

These judgments and estimates remained to be significant due to the unprecedented impact of COVID-19 pandemic to the Group's and Parent Company's loans and receivables. Given that changing the existing ECL model will take a significant amount of time to develop and validate, and the data limitation in respect of lagging credit information and granular behavior analysis of customers, the management has still applied post-model adjustments in the existing ECL model in 2021 to reflect the impact of the COVID-19 pandemic and the Group's and Parent Company's financial support program to its customers on a reasonable and supportable basis. The incorporation of post-model adjustments has considered re-segmentation of loan portfolios based on perceived and expected COVID-19 impact to the customers' businesses and industries and additional qualitative factors that would elevate COVID-19 changes to SICR.

The summary of significant accounting policies, the significant judgment, including estimation applied by the management, and those related to the credit risk assessment process of the Group and the Parent Company are disclosed in Notes 2, 3 and 4 to the financial statements, respectively.

How the Matter was Addressed in the Audit

We obtained an understanding of the Group's and the Parent Company's accounting policies and methodologies applied and we evaluated whether those: (a) are established and implemented consistent with the underlying principles of PFRS 9; (b) are appropriate in the context of the Group's lending activities and asset portfolio that takes into consideration the different segments of credit exposures and the relevant regulatory framework; and, (c) are supported by pertinent processes and controls, including documentations of the accounting policies that capture in sufficient detail the judgment, including estimation applied in the development of the ECL model and post-model adjustments.

With respect to the use of significant judgments, including those involving estimation of inputs and assumptions used in the ECL model and post-model adjustments, we performed the following:

- assessed the Group's and the Parent Company's segmentation and re-segmentation of its credit risk exposures based on homogeneity of credit risk characteristics and impact of COVID-19 pandemic and evaluated the appropriateness of the specific model and post-model adjustments applied for each loan portfolio;

- evaluated both the quantitative and qualitative criteria applied in the definition of default against historical analysis for each segment of loan portfolio and in accordance with credit risk management practices, and tested the criteria in the determination of the SICR, including assignment of a loan or group of loans into different stages of impairment;

- further evaluated additional qualitative factors considered that would elevate COVID-19 related changes to SICR;

- tested the Group's and the Parent Company's application of internal credit risk rating system for selected items of loans, and verified the mapping of the ratings to the ECL calculation;

- tested loss given default information across various types of loan by inspecting records of historical recoveries and relevant costs, including valuation and cash flows from collateral, and write-offs;

- reconciled and tested exposure at default for all outstanding loans against the relevant loan databases, including review of the potential exposures from undrawn commitments against historical drawdown and impact of loan modifications;

- assessed the appropriateness of the identification of forward-looking information (overlays) used in the ECL model and validated their reasonableness against publicly available information and our understanding of Group's and Parent Company's loan portfolios and industry where they operate; and,

- tested the effective interest rate used in discounting the ECL.

As part of our audit of the ECL methodology, we tested the completeness and accuracy of the data used in the ECL model through reconciliation of loan data subjected to the ECL calculations, which were prepared by management outside its general ledger system, against the relevant financial reporting applications and other accounting records. Moreover, we tested the stratification of loan data that were disaggregated into various portfolio segments for purposes of ECL calculations. Furthermore, we tested the mathematical formula and the computation logics applied in the calculation of the different inputs in the ECL model and the estimation of the credit losses for all loans and receivables subjected to impairment assessment.

We evaluated the completeness of the disclosures in the financial statements against the requirements of the relevant standards.

(b) Loan Modification

Description of the Matter

The Group and the Parent Company offered a comprehensive financial support program for customers significantly affected by COVID-19 pandemic to allow them to get back in the habit of paying loans and receivables. As at December 31, 2021, the total outstanding balance of loans and receivables modified under the Group's and Parent Company's financial support program amounted to P31,144 million and P27,032 million, respectively.

Management has assessed that these modifications were only to provide temporary relief to customers and the net economic value of the loans and receivables is not significantly affected; therefore, accounted for as non-substantial modification. The assessment to determine whether the modifications are substantial, that would result in the derecognition of the financial asset, or not, is consistent with the Group's and Parent Company's own accounting policies as there is no explicit guidance in PFRS 9 for when a modification should result in derecognition. The disclosures in relation to this matter are included in Notes 2 and 4 to the financial statements. Accordingly, we have assessed the accounting for loan modification as a key audit matter.

How the Matter was Addressed in the Audit

We obtained an understanding of the Group's and Parent Company's accounting policies and procedures for loan modification and we evaluated whether those: (a) are established and implemented consistently; (b) are appropriate in the context of the Group's and Parent Company's comprehensive financial support measures; and, (c) are supported by pertinent processes and controls, including modification documentations that capture correct information of the modification mandated, are introduced and agreed with customers.

We also performed the following audit procedures to address this key audit matter:

- verified the completeness of the loan modification database used by validating and comparing the listing of all modified loans and receivables, which were prepared by management outside its loan management system, against relevant financial reporting applications and other accounting records;

- verified the accuracy of the underlying loan modification database by agreeing a representative sample of modified loans to the related documentation made and agreed with customers or other supporting information, and checked the integrity and mathematical accuracy of the calculations through recalculation of the expected loan modification adjustments;

- assessed whether determination of loan modification as non-substantial is appropriate and verified the amount of any gain or loss from loan modification; and,

- evaluated whether the disclosures within the financial statements are appropriate and complete based on of the requirements of the relevant standards.

(c) Fair Value Measurement of Unquoted Securities Classified at Fair Value Through Other Comprehensive Income

Description of the Matter

The Group and the Parent Company have significant investments in unquoted equity securities measured at fair value through other comprehensive income amounting to P1,815 million and P1,788 million, respectively, as December 31, 2021. The valuation of these financial instruments involves complex valuation techniques (i.e., price-to-book value method and discounted cash flow method) and significant estimation which are highly dependent on underlying assumptions and inputs such as price-to-book ratios of selected comparable listed entities, application of a certain haircut rate, and appropriate discount rate in computing the present value of future cash flows expected from dividend or redemption payments. These inputs are considered Level 3 unobservable inputs in the fair value hierarchy under PFRS 13, *Fair Value Measurement*, as discussed in Notes 3 and 7 to the financial statements. Accordingly, we have assessed the valuation of the unquoted equity securities as a key audit matter.

How the Matter was Addressed in the Audit

We evaluated the appropriateness of management's valuation methodology in accordance with PFRS 13. For equity security valued using the price-to-book value method, we used our own internal valuation expert to assess and challenge the valuation assumptions used, including the identification and selection of comparable listed entities and the related financial information such as net book value per share and quoted prices of those listed entities. In testing the reasonableness of the haircut rate used, we reviewed available non-financial information relevant to the assessment of the potential marketability of the subject security, and the consistency of the application of the haircut rate used in prior period in light of the current industry and economic circumstances. With respect to the equity security measured using the discounted cash flow method, we evaluated the reasonableness of the amount of future cash flows from the dividend or redemption expected to be received from the counterparty, and the appropriate discount rate used. We also tested the mathematical accuracy of the calculation for both valuation techniques used by management.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's and the Parent Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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.

In preparing the financial statements, management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 26 to the financial statements, the Parent Company presented the supplementary information required by the Bureau of Internal Revenue (BIR) under Revenue Regulations (RR) 15-2010 in a supplementary schedule filed separately from the basic financial statements. RR 15-2010 requires the supplementary information to be presented in the notes to financial statements. The supplementary information for the year ended December 31, 2021 and 2020 required by the Bangko Sentral ng Pilipinas (BSP) as disclosed in Note 34 to the financial statements is presented for purposes of additional analysis. Such supplementary information required by the BIR and BSP are the responsibility of management and are not a required part of the basic financial statements prepared in accordance with PFRS; it is neither a required disclosure under the Revised Securities Regulation Code Rule 68 of the SEC. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Anthony L. Ng.

PUNONGBAYAN & ARAULLO

By: Anthony L. Ng
Partner

CPA Reg. No. 0109764
TIN 230-169-270
PTR No. 8852341, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 109764-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-038-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 28, 2022

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Millions of Philippine Pesos)

	Notes	GROUP				PARENT COMPANY			
		2021		2020		**2021**		2020	
RESOURCES									
CASH AND OTHER CASH ITEMS	9	**P**	**14,691**	P	16,520	**P**	**14,663**	P	16,464
DUE FROM BANGKO SENTRAL NG PILIPINAS	9		**130,170**		115,467		**128,931**		113,949
DUE FROM OTHER BANKS	9		**12,162**		15,707		**11,860**		15,214
LOANS ARISING FROM REVERSE REPURCHASE AGREEMENTS	9		**11,691**		13,356		**11,656**		13,226
TRADING AND INVESTMENT SECURITIES - Net	10		**219,235**		88,064		**216,177**		85,141
LOANS AND RECEIVABLES - Net	11		**538,302**		491,284		**530,464**		483,814
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - Net	12		**344**		339		**7,027**		6,980
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	13		**12,660**		13,062		**10,571**		10,500
INVESTMENT PROPERTIES - Net	14		**3,572**		3,725		**3,435**		3,580
DEFERRED TAX ASSETS - Net	26		**3,206**		3,044		**3,013**		2,765
OTHER RESOURCES - Net	15		**13,100**		11,538		**12,497**		10,889
TOTAL RESOURCES		**P**	**959,133**	P	772,106	**P**	**950,294**	P	762,522

See Notes to Financial Statements.

	Notes	GROUP				PARENT COMPANY			
		2021		2020		**2021**		2020	
LIABILITIES AND EQUITY									
DEPOSIT LIABILITIES	17	**P**	**672,459**	P	535,788	**P**	**674,414**	P	536,748
BILLS PAYABLE	18		**55,904**		13,167		**46,399**		4,200
BONDS PAYABLE	19		**87,215**		90,439		**87,215**		90,439
ACCRUED INTEREST, TAXES AND OTHER EXPENSES	21		**6,097**		5,900		**5,880**		5,685
OTHER LIABILITIES	22		**26,378**		25,434		**25,393**		24,158
Total Liabilities			**848,053**		670,728		**839,301**		661,230
EQUITY	23								
Attributable to:									
Parent Company's Shareholders			**111,062**		101,361		**110,993**		101,292
Non-controlling Interests			**18**		17		**-**		-
			111,080		101,378		**110,993**		101,292
TOTAL LIABILITIES AND EQUITY		**P**	**959,133**	P	772,106	**P**	**950,294**	P	762,522

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Millions of Philippine Pesos, Except Per Share Data)

	Notes	GROUP 2021	GROUP 2020	GROUP 2019	PARENT COMPANY 2021	PARENT COMPANY 2020	PARENT COMPANY 2019
INTEREST INCOME							
Loans and receivables	11	**P 31,900**	P 33,909	P 32,646	**P 31,095**	P 33,031	P 31,748
Trading and investment securities	10	**4,448**	2,079	4,498	**4,379**	1,991	4,439
Others	9	**763**	964	434	**755**	945	415
		37,111	36,952	37,578	**36,229**	35,967	36,602
INTEREST EXPENSE							
Bills payable and other borrowings	18, 19, 20, 22, 24	**4,221**	5,383	6,584	**3,837**	4,877	6,121
Deposit liabilities	17	**4,059**	5,288	8,626	**4,056**	5,265	8,598
		8,280	10,671	15,210	**7,893**	10,142	14,719
NET INTEREST INCOME		**28,831**	26,281	22,368	**28,336**	25,825	21,883
IMPAIRMENT LOSSES - Net	16						
Financial assets	11, 10.3	**5,013**	9,108	6,781	**4,912**	8,686	6,576
Non-financial assets	14, 15	**1,035**	267	616	**1,021**	265	616
		6,048	9,375	7,397	**5,933**	8,951	7,192
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**22,783**	16,906	14,971	**22,403**	16,874	14,691
OTHER OPERATING INCOME							
Service fees and commissions	2	**4,549**	3,506	3,854	**4,047**	3,320	3,543
Trading and securities gains (losses) - net	10	**863**	6,084	7,492	**856**	6,040	7,432
Trust fees	27	**392**	323	323	**392**	323	323
Foreign exchange gains - net	19	**181**	574	347	**171**	558	378
Share in net earnings (losses) of subsidiaries and associates	12	**12**	(94)	21	**477**	(70)	473
Miscellaneous - net	25	**1,566**	1,239	1,453	**771**	513	618
		7,563	11,632	13,490	**6,714**	10,684	12,767
TOTAL OPERATING INCOME *(Forward)*		**P 30,346**	P 28,538	P 28,461	**P 29,117**	P 27,558	P 27,458

See Notes to Financial Statements.

	Notes	GROUP 2021	GROUP 2020	GROUP 2019	PARENT COMPANY 2021	PARENT COMPANY 2020	PARENT COMPANY 2019
TOTAL OPERATING INCOME		**P 30,346**	P 28,538	P 28,461	**P 29,117**	P 27,558	P 27,458
OTHER OPERATING EXPENSES							
Employee benefits	24	**6,371**	6,626	6,833	**5,686**	5,896	6,109
Taxes and licenses	14	**3,475**	3,184	3,103	**3,341**	3,062	2,966
Depreciation and amortization	13, 14, 15	**3,020**	2,924	2,503	**2,524**	2,491	2,183
Occupancy and equipment-related	28, 29	**2,820**	2,819	2,800	**2,763**	2,777	2,756
Miscellaneous	25	**6,849**	6,492	6,559	**7,196**	6,875	6,912
		22,535	22,045	21,798	**21,510**	21,101	20,926
PROFIT BEFORE TAX		**7,811**	6,493	6,663	**7,607**	6,457	6,532
TAX EXPENSE	26	**728**	1,475	1,275	**525**	1,437	1,145
NET PROFIT		**P 7,083**	P 5,018	P 5,388	**P 7,082**	P 5,020	P 5,387
ATTRIBUTABLE TO:							
PARENT COMPANY'S SHAREHOLDERS		**P 7,082**	P 5,020	P 5,387			
NON-CONTROLLING INTERESTS		**1**	(2)	1			
		P 7,083	P 5,018	P 5,388			
Earnings Per Share							
Basic and diluted	30	**P 3.09**	P 2.43	P 2.78			

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Millions of Philippine Pesos)

	Notes	GROUP 2021	GROUP 2020	GROUP 2019	PARENT COMPANY 2021	PARENT COMPANY 2020	PARENT COMPANY 2019
NET PROFIT		**P 7,083**	P 5,018	P 5,388	**P 7,082**	P 5,020	P 5,387
OTHER COMPREHENSIVE INCOME (LOSS)							
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains (losses) on defined benefit plan	24	**425**	361	(1,798)	**375**	361	(1,777)
Fair value gains (losses) on equity securities at fair value through other comprehensive income (FVOCI)	10, 23	**548**	(570)	(586)	**490**	(591)	(837)
Share in other comprehensive income (losses) of the subsidiaries and associates:							
Actuarial gains (losses) on defined benefit plan	12	**(3)**	(8)	-	**47**	(8)	(21)
Fair value gains (losses) on equity securities at FVOCI	12, 23	**-**	-	-	**58**	21	251
		970	(217)	(2,384)	**970**	(217)	(2,384)
Items that will be reclassified subsequently to profit or loss							
Fair value gains (losses) on debt securities at FVOCI	10, 23	**(823)**	339	(116)	**(823)**	339	(116)
Translation adjustments on foreign operations	23	**-**	1	-	**-**	1	-
		(823)	340	(116)	**(823)**	340	(116)
Total Other Comprehensive Income (Loss)	23	**147**	123	(2,500)	**147**	123	(2,500)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 7,230**	P 5,141	P 2,888	**P 7,229**	P 5,143	P 2,887
ATTRIBUTABLE TO:							
PARENT COMPANY'S SHAREHOLDERS		**P 7,229**	P 5,143	P 2,887			
NON-CONTROLLING INTERESTS		**1**	(2)	1			
		P 7,230	P 5,141	P 2,888			

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Millions of Philippine Pesos)

		GROUP												
		ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS												
	Notes	COMMON STOCK	PREFERRED STOCK	CAPITAL PAID IN EXCESS OF PAR	HYBRID PERPETUAL SECURITIES	REVALUATION RESERVES	TREASURY SHARES	RESERVE FOR TRUST BUSINESS	OTHER RESERVES	GENERAL LOAN LOSS RESERVE	SURPLUS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2021		P 22,509	P 3	P 42,568	P 14,463	(P 2,070)	(P 13,719)	P 499	(P 97)	P 3,451	P 33,754	P 101,361	P 17	P 101,378
Transactions with owners:														
Reissuance of treasury shares	23	-	-	(63)	-	-	4,432	-	-	-	-	4,369	-	4,369
Cash dividends	23	-	-	-	-	-	-	-	-	-	(1,897)	(1,897)	-	(1,897)
Total transactions with owners		-	-	(63)	-	-	4,432	-	-	-	(1,897)	2,472	-	2,472
Net profit for the year		-	-	-	-	-	-	-	-	-	7,082	7,082	1	7,083
Other comprehensive income		-	-	-	-	147	-	-	-	-	-	147	-	147
General loan loss appropriation	23	-	-	-	-	-	-	-	-	166	(166)	-	-	-
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	-	9	-	-	(9)	-	-	-
		-	-	-	-	147	-	9	-	166	6,907	7,229	1	7,230
Balance at December 31, 2021		**P 22,509**	**P 3**	**P 42,505**	**P 14,463**	**(P 1,923)**	**(P 9,287)**	**P 508**	**(P 97)**	**P 3,617**	**P 38,764**	**P 111,062**	**P 18**	**P 111,080**
Balance at January 1, 2020		P 22,509	P 3	P 42,568	P -	(P 2,193)	(P 13,719)	P 485	(P 97)	P 3,132	P 30,143	P 82,831	P 19	P 82,850
Transactions with owners -														
Issuance of hybrid perpetual securities	23	-	-	-	14,463	-	-	-	-	-	-	14,463	-	14,463
Cash dividends	23	-	-	-	-	-	-	-	-	-	(1,076)	(1,076)	-	(1,076)
Total transactions with owners		-	-	-	14,463	-	-	-	-	-	(1,076)	13,387	-	13,387
Net profit for the year		-	-	-	-	-	-	-	-	-	5,020	5,020	(2)	5,018
Other comprehensive income		-	-	-	-	123	-	-	-	-	-	123	-	123
General loan loss appropriation	23	-	-	-	-	-	-	-	-	319	(319)	-	-	-
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	-	14	-	-	(14)	-	-	-
		-	-	-	-	123	-	14	-	319	4,687	5,143	(2)	5,141
Balance at December 31, 2020		P 22,509	P 3	P 42,568	P 14,463	(P 2,070)	(P 13,719)	P 499	(P 97)	P 3,451	P 33,754	P 101,361	P 17	P 101,378
Balance at January 1, 2019		P 22,509	P 3	P 42,568	P -	P 266	(P 13,719)	P 454	(P 97)	P 2,594	P 26,230	P 80,808	P 18	P 80,826
Transactions with owners -														
Cash dividends	23	-	-	-	-	-	-	-	-	-	(864)	(864)	-	(864)
Net profit for the year		-	-	-	-	-	-	-	-	-	5,387	5,387	1	5,388
Other comprehensive income		-	-	-	-	(2,500)	-	-	-	-	-	(2,500)	-	(2,500)
General loan loss appropriation	23	-	-	-	-	-	-	-	-	538	(538)	-	-	-
Transfer of fair value loss on financial asset at fair value												-		-
through other comprehensive income to surplus	10, 23	-	-	-	-	41	-	-	-	-	(41)	-		-
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	-	31	-	-	(31)	-	-	-
		-	-	-	-	(2,459)	-	31	-	538	4,777	2,887	1	2,888
Balance at December 31, 2019		P 22,509	P 3	P 42,568	P -	(P 2,193)	(P 13,719)	P 485	(P 97)	P 3,132	P 30,143	P 82,831	P 19	P 82,850

See Notes to Financial Statements.

		PARENT COMPANY									
	Notes	COMMON STOCK	PREFERRED STOCK	CAPITAL PAID IN EXCESS OF PAR	HYBRID PERPETUAL SECURITIES	REVALUATION RESERVES	TREASURY SHARES	RESERVE FOR TRUST BUSINESS	GENERAL LOAN LOSS RESERVE	SURPLUS	TOTAL EQUITY
Balance at January 1, 2021		P 22,509	P 3	P 42,568	P 14,463	(P 2,070)	(P 13,719)	P 499	P 3,440	P 33,599	P 101,292
Transactions with owners -											
Reissuance of treasury shares	23	-	-	(63)	-	-	4,432	-	-	-	4,369
Cash dividends	23	-	-	-	-	-	-	-	-	(1,897)	(1,897)
Total transactions with owners		-	-	(63)	-	-	4,432	-	-	(1,897)	2,472
Net profit for the year		-	-	-	-	-	-	-	-	7,082	7,082
Other comprehensive income		-	-	-	-	147	-	-	-	-	147
General loan loss appropriation	23	-	-	-	-	-	-	-	176	(176)	-
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	-	9	-	(9)	-
		-	-	-	-	147	-	9	176	6,897	7,229
Balance at December 31, 2021		**P 22,509**	**P 3**	**P 42,505**	**P 14,463**	**(P 1,923)**	**(P 9,287)**	**P 508**	**P 3,616**	**P 38,599**	**P 110,993**
Balance at January 1, 2020		P 22,509	P 3	P 42,568	P -	(P 2,193)	(P 13,719)	P 485	P 3,130	P 29,979	P 82,762
Transactions with owners -											
Issuance of hybrid perpetual securities	23	-	-	-	14,463	-	-	-	-	-	14,463
Cash dividends	23	-	-	-	-	-	-	-	-	(1,076)	(1,076)
Total transactions with owners		-	-	-	14,463	-	-	-	-	(1,076)	13,387
Net profit for the year		-	-	-	-	-	-	-	-	5,020	5,020
Other comprehensive income		-	-	-	-	123	-	-	-	-	123
General loan loss appropriation	23	-	-	-	-	-	-	-	310	(310)	-
Transfer from surplus to reserve for trust business	27	-	-	-	-	-	-	14	-	(14)	-
		-	-	-	-	123	-	14	310	4,696	5,143
Balance at December 31, 2020		P 22,509	P 3	P 42,568	P 14,463	(P 2,070)	(P 13,719)	P 499	P 3,440	P 33,599	P 101,292
Balance at January 1, 2019		P 22,509	P 3	P 42,568	P -	P 266	(P 13,719)	P 454	P 2,587	P 26,071	P 80,739
Transactions with owners -											
Cash dividends	23	-	-	-	-	-	-	-	-	(864)	(864)
Net profit for the year		-	-	-	-	-	-	-	-	5,387	5,387
Other comprehensive loss	23	-	-	-	-	(2,500)	-	-	-	-	(2,500)
General loan loss appropriation		-	-	-	-	-	-	-	543	(543)	-
Transfer of fair value loss on financial asset at fair value through other comprehensive income to surplus	10, 23	-	-	-	-	41	-	-	-	(41)	-
Transfer from surplus to reserve for trust business		-	-	-	-	-	-	31	-	(31)	-
		-	-	-	-	(2,459)	-	31	543	4,772	2,887
Balance at December 31, 2019		P 22,509	P 3	P 42,568	P -	(P 2,193)	(P 13,719)	P 485	P 3,130	P 29,979	P 82,762

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Millions of Philippine Pesos)

	Notes	GROUP 2021	GROUP 2020	GROUP 2019	PARENT COMPANY 2021	PARENT COMPANY 2020	PARENT COMPANY 2019
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		**P 7,811**	P 6,493	P 6,663	**P 7,607**	P 6,457	P 6,532
Adjustments for:							
Interest income	9, 10, 11	**(37,111)**	(36,952)	(37,578)	**(36,229)**	(35,967)	(36,602)
Interest received		**35,416**	35,607	41,050	**34,676**	34,780	41,050
Interest expense	17, 18, 19, 20, 22, 24	**8,280**	10,671	15,210	**7,893**	10,142	14,719
Interest paid		**(8,244)**	(11,669)	(9,501)	**(7,892)**	(11,142)	(9,501)
Impairment losses - net	16	**6,048**	9,375	7,397	**5,933**	8,951	7,192
Depreciation and amortization	13, 14, 15	**3,020**	2,924	2,503	**2,524**	2,491	2,183
Recoveries from written-off assets	25	**(223)**	(102)	(179)	**(223)**	(99)	(179)
Dividend income	25	**(105)**	(78)	(304)	**(39)**	(16)	(95)
Gains on assets sold - net	25	**(101)**	(37)	(109)	**(65)**	(11)	(20)
Share in net earnings of subsidiaries and associates	12	**(12)**	94	(21)	**(477)**	70	(473)
Gain on sale of financial assets at amortized cost -net	10	**-**	(2,695)	(3,685)	**-**	(2,678)	(3,685)
Operating profit before working capital changes		**14,779**	13,631	21,446	**13,708**	12,978	21,121
Decrease (increase) in financial assets at fair value through profit and loss		**(975)**	660	2,022	**(1,064)**	985	1,893
Increase in loans and receivables		**(62,435)**	(25,935)	(61,164)	**(62,076)**	(25,969)	(51,147)
Decrease (increase) in investment properties		**(359)**	4	(630)	**(363)**	38	(631)
Increase in other resources		**(2,636)**	(3,320)	(3,723)	**(1,937)**	(3,703)	(3,147)
Increase in deposit liabilities		**136,671**	79,207	33,182	**137,666**	80,155	33,064
Increase (decrease) in accrued interest, taxes and other expenses		**130**	326	(4,499)	**194**	394	(4,096)
Increase (decrease) in other liabilities		**(1,628)**	(31)	10,846	**(2,729)**	(454)	3,105
Cash generated from (used in) operations		**83,547**	64,542	(2,520)	**83,399**	64,424	162
Income taxes paid		**(859)**	(2,009)	(1,548)	**(773)**	(1,921)	(1,386)
Net Cash From (Used in) Operating Activities		**82,688**	62,533	(4,068)	**82,626**	62,503	(1,224)
CASH FLOWS FROM INVESTING ACTIVITIES							
Additional investments in securities at amortized cost		**(230,816)**	(174,920)	(128,062)	**(230,816)**	(174,920)	(126,480)
Proceeds from disposal and maturity of securities at amoritzed cost		**110,217**	235,515	123,395	**110,418**	235,304	118,587
Acquistion of securities at at fair value through other comprehensive income (FVOCI)		**(127,044)**	(201,531)	(146,985)	**(126,809)**	(201,351)	(146,196)
Disposal of securities at FVOCI		**117,158**	215,395	111,744	**116,890**	214,711	111,633
Acquisitions of bank premises, furniture, fixtures, and equipment	13	**(1,333)**	(1,764)	(2,245)	**(995)**	(773)	(1,717)
Acquisitions of intangible assets	15	**(494)**	(591)	(233)	**(493)**	(575)	(231)
Cash dividends received	12, 25	**105**	78	304	**663**	659	95
Proceeds from disposals of bank premises, furniture, fixtures and equipment	13	**88**	92	908	**95**	39	831
Net Cash From (Used in) Investing Activities *(Forward)*		**(P 132,119)**	P 72,274	(P 41,174)	**(P 131,047)**	P 73,094	(P 43,478)

See Notes to Financial Statements.

	Notes	GROUP 2021	GROUP 2020	GROUP 2019	PARENT COMPANY 2021	PARENT COMPANY 2020	PARENT COMPANY 2019
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from availments of bills payable	18, 31	**P 148,820**	P 284,718	P 89,737	**P 142,675**	P 276,859	P 89,100
Payments of bills payable	18, 31	**(104,018)**	(371,858)	(44,388)	**(98,411)**	(365,298)	(44,177)
Maturity of bonds payable	19, 31	**(18,810)**	(27,371)	-	**(18,810)**	(27,371)	-
Issuance of bonds payable	19, 31	**17,873**	23,670	45,697	**17,873**	23,670	45,697
Reissuance of treasury shares	23	**4,369**	-	-	**4,369**	-	-
Dividends paid	23	**(1,897)**	(1,076)	(864)	**(1,897)**	(1,076)	(864)
Payment of lease liabilities	22	**(1,360)**	(1,173)	(1,186)	**(1,205)**	(1,113)	(1,086)
Net proceeds from issuance of hybrid perpetual securities	23	**-**	14,463	-	**-**	14,463	-
Redemption of subordinated debt	20	**-**	-	(9,986)	**-**	-	(9,986)
Net Cash From (Used in) Financing Activities		**44,977**	(78,627)	79,010	**44,594**	(79,866)	78,684
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(4,454)**	56,180	33,768	**(3,827)**	55,731	33,982
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR							
Cash and other cash items	9	**16,520**	16,907	17,392	**16,464**	16,808	17,321
Due from Bangko Sentral ng Pilipinas	9	**115,467**	87,255	56,495	**113,949**	85,453	55,059
Due from other banks	9	**15,707**	18,818	20,342	**15,214**	18,468	19,815
Loans arising from reverse repurchase agreements	9	**13,356**	5,768	10,032	**13,226**	5,629	10,000
Interbank loans receivable	9, 11	**42,681**	18,803	9,522	**42,647**	19,411	9,592
		203,731	147,551	113,783	**201,500**	145,769	111,787
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	9	**14,691**	16,520	16,907	**14,663**	16,464	16,808
Due from Bangko Sentral ng Pilipinas	9	**130,170**	115,467	87,255	**128,931**	113,949	85,453
Due from other banks	9	**12,162**	15,707	18,818	**11,860**	15,214	18,468
Loans arising from reverse repurchase agreements	9	**11,691**	13,356	5,768	**11,656**	13,226	5,629
Interbank loans receivable	9, 11	**30,563**	42,681	18,803	**30,563**	42,647	19,411
		P 199,277	P 203,731	P 147,551	**P 197,673**	P 201,500	P 145,769

See Notes to Financial Statements.

(Amounts in Millions of Philippine Pesos, Except Share and Per Share Data or As Indicated)

1. CORPORATE MATTERS

1.1 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. Under relevant authority granted by the Bangko Sentral ng Pilipinas (BSP), the Bank is also licensed to deal in different types of derivative products such as, but not limited, to foreign currency forwards, interest rate swaps and cross currency swaps. 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, mortgage/housing and microfinance loans), remittance, leasing and stock brokering.

As a banking institution, the Group's operations are regulated and supervised by the 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 Republic Act (RA) No. 8791, the *General Banking Law of 2000*, and other related banking laws.

The Parent Company's common shares are listed in the Philippine Stock Exchange (PSE).

The Group and the Parent Company's banking network within and outside the Philippines as of December 31 follows:

	Group		Parent Company	
	2021	2020	**2021**	2020
Automated teller machines (ATMs)	**1,245**	1,426	**1,245**	1,426
Branches	**428**	440	**412**	424
Extension offices	**6**	7	**4**	5

RCBC is a 39.64%-owned subsidiary of Pan Malayan Management and Investment Corporation (PMMIC or Ultimate Parent), a company incorporated and domiciled in the Philippines. PMMIC is the holding company of the flagship institutions of the Yuchengco Group of Companies (YGC), with registered business address at 48th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen. Gil Puyat Avenue, Makati City. As of December 31, 2021, Cathay Life Insurance Corporation (Cathay) also owns 22.18% interest in RCBC.

The Parent Company's registered address, which is also its principal office, is at Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen. Gil Puyat Avenue, Makati City.

1.2 Subsidiaries and Associates

The Parent Company holds ownership interests in the following subsidiaries and associates at the end of 2021 and 2020:

Subsidiaries and Associates	Line of Business	Explanatory Notes	Effective Percentage of Ownership
Subsidiaries:			
RCBC Forex Brokers Corporation (RCBC Forex)	Foreign exchange dealing		**100.00**
RCBC Telemoney Europe (RCBC Telemoney)	Remittance		**100.00**
RCBC International Finance Limited (RCBC IFL)	Remittance		**100.00**
RCBC Investment Ltd.	Remittance	(a)	**100.00**
RCBC Capital Corporation (RCBC Capital)	Investment house		**99.96**
RCBC Securities, Inc. (RSI or RCBC Securities)	Securities brokerage and dealing	(b)	**99.96**
RCBC Bankard Services Corporation (RBSC)	Credit card management	(b)	**99.96**
RCBC-JPL Holding Company, Inc. (RCBC JPL)	Property holding		**99.41**
Rizal Microbank, Inc. (Rizal Microbank)	Thrift banking and microfinance		**98.03**
RCBC Leasing and Finance Corporation (RCBC LFC)	Financial leasing		**99.67**
RCBC Rental Corporation (RRC)	Property leasing	(c)	**99.67**
Special Purpose Companies (SPCs):	Real estate buying and selling	(d)	
Cajel Realty Corporation (Cajel)			**100.00**
Niyog Property Holdings, Inc. (NPHI)			**100.00**
Associates:			
YGC Corporate Services, Inc. (YCS)	Support services for YGC		**40.00**
Luisita Industrial Park Co. (LIPC)	Real estate buying, developing, selling and rental		**35.00**
Honda Cars Phils., Inc. (HCPI)	Sale of motor vehicles		**12.88**

Except for RCBC Telemoney (Italy), RCBC IFL (Hongkong) and RCBC Investment Ltd. (Hongkong), all other subsidiaries and associates are incorporated and conducting their businesses in the Philippines. RCBC Telemoney was operational only until March 1, 2016 and is currently in the process of liquidation.

Explanatory Notes:

(a) A wholly-owned subsidiary of RCBC IFL.
(b) Wholly-owned subsidiaries of RCBC Capital.
(c) A wholly-owned subsidiary of RCBC LFC.
(d) In 2019, SPCs other than NPHI and Cajel were liquidated pursuant to BSP recommendation and upon receipt of necessary regulatory clearance (see Note 15.3).

1.3 Approval of Financial Statements

The consolidated financial statements of RCBC and subsidiaries and the separate financial statements of RCBC as of and for the year ended December 31, 2021 (including the comparative financial statements as of December 31, 2020 and for the years ended December 31, 2020 and 2019) were approved and authorized for issue by the Board of Directors (BOD) of the Parent Company on February 28, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The accounting policies have been consistently applied to all the years presented, except when otherwise indicated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group and the separate financial statements of the Parent Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by Philippine Board of Accountancy.

These financial statements have been prepared using the measurement bases specified by PFRS for each type of resource, liability, income and expense. 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 of 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.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Group’s functional and presentation currency (see Note 2.15). All amounts are in millions, except share and 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.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2021 that are Relevant to the Group

The Group adopted for the first time the following amendments and improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

(i) PFRS 9 (Amendments), *Financial Instruments*, PFRS 7 (Amendments), *Financial Instruments Disclosures*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect the financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments are relevant to the Group because it is exposed to the effects of the LIBOR reform on its financial instruments that will mature post-June 30, 2023 (the date by which the reform is expected to be implemented).

Discussed below are the relevant information arising from the Group's adoption of these amendments.

- When the contractual terms of the Group's borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of PFRS 9 are applied to the other changes.

- When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Group remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows.

For the year ended December 31, 2021, the interest rate benchmark reform has no significant impact on the Group's financial assets and liabilities. The changes in the Group's risk management strategy arising from the LIBOR reform and other required disclosures are disclosed in Note 4.7.

(b) Effective Subsequent to 2021 but Not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements below and in the succeeding page in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's financial statements:

(i) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021* (effective from April 1, 2021)

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022)

(iv) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022).

(v) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:

- PFRS 9 (Amendments), Financial Instruments – *Fees in the '10 per cent' Test for Derecognition of Liabilities*

- Illustrative Examples Accompanying PFRS 16 – *Lease Incentives*

(vi) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023)

(vii) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective January 1, 2023)

(viii) PAS 8 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective January 1, 2023)

(ix) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely)

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

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Note 1.2, 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 Parent Company accounts for its investments in subsidiaries, associates, interests in jointly controlled operations 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 Parent Company's investments in subsidiaries are initially recognized at cost and subsequently accounted for in its separate financial statements using the equity method. Under the equity method, all subsequent changes to the ownership interest in the equity of the subsidiaries are recognized in the Parent Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the subsidiaries are credited or charged against the Share in Net Earnings (Losses) of Subsidiaries and Associates account in the statement of profit or loss.

These changes include subsequent depreciation, amortization, impairment and fair value adjustments of assets and liabilities. Dividends received are accounted for as reduction in the carrying value of the investment.

Changes resulting from items of other comprehensive income of the subsidiaries or items that have been directly recognized in the subsidiaries' equity are recognized in other comprehensive income or equity, respectively, of the Parent Company.

However, when the Parent Company's share in losses of subsidiaries equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the subsidiary. If the subsidiary subsequently reports profits, the Group 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 Parent Company and its subsidiaries are eliminated to the extent of the Parent Company's interest in the subsidiaries. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets that were transferred. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Parent Company.

The Parent Company 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. 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 and is recognized directly in profit or loss.

(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 Capital Paid in Excess of Par account in equity.

(b) 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 and separate 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 2.3(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 (Losses) of Subsidiaries and Associates account in the statement of profit or loss. These changes include subsequent depreciation, amortization, impairment, and fair value adjustments of assets and liabilities.

Changes resulting from items of 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, respectively, of the Group. However, when the Group's share in losses of 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 Group 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. Where necessary, accounting policies of associates are changed to ensure consistency with the policies adopted by the Group.

The Group reassesses whether or not an entity qualifies as an associate in the occurrence of changes to facts and circumstances surrounding its ability to exert significant influence.

(c) Interest in Jointly Controlled Operations

For interests in jointly controlled operations, the Group recognizes in its financial statements the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. The amounts of these related accounts are presented as part of the regular asset and liability accounts and income and expense accounts of the Group.

No adjustment or other consolidation procedures are required for the assets, liabilities, income and expenses of the joint venture that are recognized in the separate financial statements of the venturers.

(d) Transactions with Non-controlling Interests

Non-controlling interests (NCI) 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 NCI as transactions with parties external to the Group. Disposals to NCI result in gains and losses for the Group that are recorded in profit or loss. Purchases of equity shares from NCI 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 NCI component is shown as part of the Equity account in the consolidated statement of changes in equity.

In the Parent Company's financial statements, impairment loss is provided when there is objective evidence that the investments in subsidiaries and associates will not be recovered (see Note 2.16).

2.4 Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a segment engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group's operations are structured according to the nature of the services provided (primary segment) and different geographical markets served (secondary segment). Financial information on business segments is presented in Note 8.

2.5 Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. For purposes of classifying financial instruments, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria under PAS 32, *Financial Instruments: Presentation.* All other non-derivative financial instruments are treated as debt instruments.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are incremental or directly attributable to the acquisition or issue of the financial asset or liability, such as fees and commissions. Transactions costs of financial assets or financial liabilities carried at FVTPL are expensed in profit or loss.

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset). Deposits, amounts due to banks and customers, and loans are recognized when cash is received by the Group or advanced to the borrowers.

(i) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's classification and measurement of financial assets are described below and in the succeeding pages.

<u>*Financial Assets at Amortized Cost*</u>

Financial asset is measured at amortized cost if both of the following conditions are met:

- the financial asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect or HTC"); and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value and are subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit loss (ECL).

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Group considers whether the contractual cash flows are consistent with basic lending arrangements, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangements, the related financial asset is classified and measured at FVTPL.

The Group's financial assets measured at amortized cost include those presented in the statements of financial position as Cash and Other Cash Items, Due from BSP, Due from Other Banks, Loans Arising from Reverse Repurchase Agreements, Investment securities at amortized cost under Trading and Investment Securities, Loans and Receivables and certain Other Resources accounts.

For purposes of cash flows reporting and presentation, cash equivalents comprise of accounts with original maturities of three months or less, including non-restricted balances of Due from BSP, Due from Other Banks, Loans Arising from Reverse Repurchase Agreements, and Interbank loans receivables (part of Loans and Receivables). Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash comprises cash and other cash items and demand deposits.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. In 2021 and 2020, the Group has not made such designation.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial asset is classified and measured at FVOCI if both of the following conditions are met:

- the financial asset is held under a business model whose objective is achieved by both collecting contractual cash flows and selling ("hold to collect and sell"); and,

- the contractual terms of the financial asset give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or a contingent consideration recognized arising from a business combination. The Group has made irrevocable designation of equity instruments not held for trading into this category.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are subsequently measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. Upon disposal, the cumulative fair value gains or losses on equity investments previously recognized in the Revaluation Reserves account is not reclassified to profit or loss, but is reclassified directly to Surplus account, while the cumulative fair value gains or losses for debt securities are reclassified to profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Miscellaneous under Other Operating Income account, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured, unless the dividends clearly represent recovery of a part of the cost of the investment.

Financial Assets at Fair Value Through Profit or Loss

Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, or those that do not qualify under the FVOCI or "hold to collect and sell" business model, are measured at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include government securities, corporate debt securities, equity securities and derivative instruments, which are held for trading purposes or designated as at FVTPL.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;

- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or,

- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are initially measured at fair value and transaction costs are expensed in profit or loss. Unrealized gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL category and realized gains or losses arising from disposals of these instruments are included in Trading and Securities Gains (Losses) under Other Operating Income account in the statement of profit or loss.

Interest earned on these investments is reported in profit or loss under Interest Income account while dividend income is reported in profit or loss under Miscellaneous included in Other Operating Income account when the right of payment has been established.

(ii) Effective Interest Rate Method and Interest Income

Interest income on financial assets measured at amortized cost and all interest-bearing debt financial assets classified as at FVTPL, or at FVOCI, is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The effective interest rate is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of effective interest rate. The Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument; hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset with an increase or reduction in interest income. The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

(iii) Reclassification of Financial Assets

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

(iv) Impairment of Financial Assets

The Group recognizes a loss allowance for ECL on all financial assets that are measured at amortized cost and debt instruments classified as at FVOCI, as well as financial guarantee and loan commitments. Equity securities, either measured as at FVTPL or designated as at FVOCI, are not subject to impairment.

The Group measures the ECL of a financial asset in such manner that reflects: (i) the time value of money; and, (ii) reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that affect the collectability of the future cash flows of the financial assets.

The amount of allowance for ECL is updated at the end of each reporting period to reflect the changes in credit risk of the financial asset since initial recognition. The Group recognizes lifetime ECL when there has been a significant increase in credit risk (SICR) since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the reporting period.

The Group's ECL model follows a three-stage impairment approach, which guide in the determination of the loss allowance to be recognized in the financial statements. The staging of financial assets and definition of default for purposes of determining ECL are further discussed in Note 4.4.

ECL is a function of the probability of default (PD), loss-given default (LGD), and exposure-at-default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgement. These elements are discussed more fully in Note 4.4.

The Group calculates ECL either on an individual or a collective basis. For modelling ECL parameters which were carried out on a collective basis, the financial instruments are grouped on the basis of shared credit risk characteristics, such as but not limited to instrument type, credit risk rating, collateral type, product type, historical net charge-offs, industry type, and geographical locations of the borrowers or counterparties.

The Group applies a simplified ECL approach for its accounts receivables and other risk assets wherein the Group uses a provision matrix that considers historical changes in the behavior of the portfolio of credit exposures based on internally collected data to predict conditions over the span of a given observation period. These receivables include claims from various counterparties, which are not originated through the Group's lending activities. For these instruments, the Group measures the loss allowance at an amount equal to lifetime ECL.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to ECL impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

With respect to investments in debt securities that are measured at FVOCI, the related loss allowance account is recognized in other comprehensive income and accumulated in the Revaluation Reserves account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

For loan commitments, the loss allowance is recognized as provisions (presented and included as part of Other Liabilities account in the statement of financial position). Where a financial instrument includes a drawn and undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn commitment; the Group presents a combined allowance for ECL for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as provisions.

(v) Derecognition of Financial Assets

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(i) Modification of Loans

When the Group renegotiates or otherwise modifies the contractual cash flows of loans to customers, the Group assesses whether or not the new terms are substantially different to the original terms of the instrument.

In making such assessment, the Group considers, among others:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced that will affect the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and/or,
- Insertion of collateral, other security or credit enhancements that will significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a "new" asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation, including for the purpose of determining whether SICR has occurred.

However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount between the old financial asset derecognized and the fair value of the new financial asset are recognized in profit or loss as either gain or loss on derecognition of financial assets.

As to the impact on ECL measurement, the expected fair value of the "new" financial asset is treated as the final cash flow from the existing financial asset at the date of derecognition. Such amount is included in the calculation of cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes the gain or loss arising from the modification in profit or loss.

The new gross carrying amount is recalculated by discounting the modified cash flows of the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

As to the impact on ECL measurement, the derecognition of the existing financial asset will result in the expected cash flows arising from the modified financial asset to be included in the calculation of cash shortfalls from the existing financial asset.

(ii) Derecognition of Financial Assets Other than Modification

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group recognizes its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities at Amortized Cost

Financial liabilities including deposit liabilities, bills payable, bonds payable, accrued interest and other expenses, and other liabilities (except derivatives with negative fair value, tax-related payables, post-employment defined benefit obligation and deferred income) are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred 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 and bonds payable 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.

Dividend distributions to shareholders are recognized as financial liabilities when the dividends are declared by the Group.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized as gain or loss in profit or loss.

(c) Financial Guarantees and Undrawn Loan Commitments

The Group issues financial guarantees and loan commitments. Financial guarantees are those issued by the Group to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing as guarantor in the contract or agreement. Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not reflected in the statement of financial position. These contracts are in the scope of the ECL requirements where the Group estimates the expected portion of the irrevocable undrawn loan commitments that will be drawn over their expected life based on the Group's historical observations of actual drawdowns and forward-looking forecasts. The ECL related to financial guarantees and loan commitments without outstanding drawn amounts is recognized under Other Liabilities account in the statement of financial position.

(d) Derivative Financial Instruments and Hedge Accounting

The Group is a party to various foreign currency forward contracts, cross currency swaps, futures, interest rate swaps, debt warrants, options and credit default swap. These contracts are entered into as a service to customers and as a means of reducing or managing the Group'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 carried as assets when fair value is positive (recognized as part of Investment securities at FVPL under the Trading and Investment Securities account) and as liabilities (recognized under the Accrued Expenses and Other Liabilities account) when fair value is negative. Derivatives 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. 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.

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 Group recognizes a gain or loss at initial recognition.

(e) Offsetting Financial Instruments

Financial assets and liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is 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. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.6 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, the 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	20-50 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.

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 2.16).

The residual values, estimated useful lives, and method of depreciation and amortization 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 any 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.

2.7 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, which are either held by the Group for sale in the next 12 months or being used in the rendering of services or for administrative purposes. This also includes properties held for rental.

Investment properties are stated at cost, less accumulated depreciation and any impairment losses (see Note 2.16). 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.

Transfers from other accounts (such as bank premises, furniture, fixtures and equipment) are made to investment properties when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party or holding the property for capital appreciation, while transfers from investment properties are made when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

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 Miscellaneous income (expenses) under the Other Operating Income (Expenses) account in the statement of profit or loss, in the year of retirement or disposal.

2.8 Assets Held-for-Sale and Disposal Group

Assets held-for-sale and disposal group, which are presented as part of Other Resources account, include shares of stock and real and other properties acquired through repossession, foreclosure, exchange 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. The Group classifies an asset (or disposal group) as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held-for-sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

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. Asset that ceases to be classified as held-for-sale is measured at the lower of: (a) its carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset not been classified as held-for-sale; and, (b) its recoverable amount at the date of the subsequent decision not to sell. Any adjustment to the carrying amount of an asset that ceases to be classified as held-for-sale resulting in either a gain or loss, is recognized in profit or loss. 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 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.

2.9 Intangible Assets

Intangible assets include goodwill, branch licenses, trading right, 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 2.3).

Branch licenses represent the rights given by the BSP to the Group to establish a certain number of branches in various areas in the country.

Goodwill and branch licenses are classified as intangible assets with indefinite useful life and, thus, not subject to amortization but are tested annually for impairment (see Note 2.16). After initial recognition, goodwill and branch licenses are 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.

Trading right, included as part of Miscellaneous under Other Resources account, represents the right given to RSI, a subsidiary engaged in stock brokerage, to preserve its access to the trading facilities and to transact business at the PSE. Trading right is assessed as having an indefinite useful life. It is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares) less allowance for impairment, if any. The trading right is tested annually for any impairment in value (see Note 2.16).

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.

2.10 Other Resources

Other resources (excluding items classified as intangible assets and assets held-for-sale and disposal group) 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.

2.11 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.

2.12 Equity

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

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

Hybrid perpetual securities are non-cumulative, unsecured, subordinated capital securities which qualify as Additional Tier 1 (AT1) capital under Basel III standards. The capital securities are perpetual in respect of which there is no fixed redemption date. The Parent Company may redeem the capital securities only in certain circumstances as described in the conditions of the securities and with prior written consent of BSP. The capital securities confer a right to receive distributions on the principal amount from, and including, the issue date at the applicable distribution rate. Any distribution may only be paid out of distributable reserves. Distributions are non-cumulative and payable semi-annually in arrear at a rate of 6.5%. Certain conditions provide for circumstances under which the Parent Company will not be obliged to pay any distribution on the applicable payment date.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves consist of:

(a) Net unrealized fair value gains or losses arising from remeasurements of financial assets at FVOCI;

(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);

(c) Accumulated translation adjustments related to the cumulative gains from the translation of the financial statements of foreign subsidiaries whose functional currency is different from that of the Parent Company; and,

(d) Share in other comprehensive income or loss of subsidiaries and associates.

Reserve for trust business representing the accumulated amount set aside by the Group under existing regulations requiring the Parent Company to appropriate and transfer 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.

General loan loss reserve pertains to the accumulated amount of appropriation from Surplus made by the Group arising from the excess of the one-percent general loan loss provisions for outstanding loans as required by the BSP under Circular No. 1011, *Guidelines on the Adoption of PFRS 9* (Circular No. 1011) over the computed allowance for ECL.

Other reserves refer to the amount attributable to the Parent Company arising from the changes in the ownership of the NCI in the Group.

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.

NCI represents the portion of the net assets and profit or loss not attributable to the Group and are presented separately in the consolidated statement of profit or loss and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and consolidated statement of changes in equity.

2.13 Other Income and Expense Recognition

Revenue is recognized when (or as) the Group satisfies a performance obligation by transferring control of the promised services to the customer. A contract with a customer that results in a recognized financial instrument in the Group's financial statements may partially be within the scope of PFRS 9 and partially within the scope of PFRS 15, *Revenue from Contracts from Customers*. In such case, the Group first applies PFRS 9 to separate and measure the part of the contract that is in-scope of PFRS 9, and then applies PFRS 15 to the residual part of the contract. Costs and expenses, if any, are recognized in profit or loss upon utilization of the assets 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 2.18).

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or agent. The Group concluded that it is acting as a principal in all its revenue arrangements except for certain brokerage transactions.

For revenues arising from various services which are to be accounted for under PFRS 15, the following provides information about the nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

(a) Charges, Fees and Commissions

The following charges, fees and commissions are recognized as follows:

(i) Commissions and fees – these income arising from loans, deposits, and other banking and brokerage transactions are recognized as income based on agreed terms and conditions with customers, which are generally when the services have been performed.

(ii) Annual membership fees – pertains to annual fees charged to credit cardholders. Revenues from membership fees are recognized over time from the date of renewal of the credit card until the validity date covered by the said renewal, usually termed as the expiry date of the issued cards. The credit card's validity period is deemed to be the servicing period.

(iii) Interchange fees, net of interchange costs – are recognized as income upon presentation by member establishments of charges arising from RBSC and non-RBSC (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 RBSC's merchant discounts whenever their issued credit cards transact in the Parent Company's POS terminals.

The Parent Company has a rewards program related to its deposit, loans and credit card operations, which allows its cardholders to accumulate award credits or loyalty points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the cardholder.

Accordingly, the Parent Company allocates a portion of the interchange fee billed to participating merchants to the loyalty points granted to cardholders based on relative stand-alone selling price and recognizes liability equivalent to the estimated loyalty points until these are redeemed. Revenue is recognized upon actual redemption by the cardholder.

(iv) Loan syndication fees – are recognized as revenue when the syndication has been completed and the Group retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants.

(v) Underwriting and arrangers fees – are fees arising from negotiating, or participating in the negotiation of a transaction for a third party such as arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized at the completion of the underlying transaction and where there are no further obligations to perform under the agreement.

(b) Trust Fees

These are service fees calculated in reference to the net asset value of the funds managed and deducted from the customer's account balance on a monthly basis which are recognized over time as the asset management services are provided. These are also applicable for wealth management and asset custody services that are continuously provided over an extended period of time.

For other income outside the scope of PFRS 15, the following provides information about the nature and the related revenue recognition policies:

(a) Trading and Securities Gains (Losses)

These are recognized when the ownership of the securities is transferred to the buyer and is computed as the difference between the selling price and the carrying amount of the securities disposed of. These also include trading gains and losses as a result of the mark-to-market valuation of investment securities classified as FVTPL.

(b) Gains on Assets Sold

Gains on assets sold arise from the disposals of bank premises, furniture, fixtures and equipment, investment properties, real estate properties for sale, and assets held-for-sale. The Group recognizes the gain on sale at the time the control of the assets is transferred to the buyer, when the Group does not retain either continuing managerial involvement to the degree usually associated with ownership, or effective control over the assets sold, and when the collectability of the entire sales price is reasonably assured. Gains on assets sold are included as part of Miscellaneous income under Other Operating Income account in the statement of profit or loss.

(c) Dividend Income

Dividend income is recognized when the Group's right to receive payment is established.

(d) Recoveries from Assets Written Off

These are income recognized from the increase in carrying amount of assets previously written off. The amount of reversal does not exceed the amount of impairment loss previously recognized for the related asset.

Collections from accounts, which did not qualify for revenue recognition are treated as customers' deposit included as part of Accounts payable under Other Liabilities account in the statement of financial position.

2.14 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

The Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, estimates of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequently, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.16).

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or to profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, Right-of-use assets and Lease liabilities have been included as part of Bank Premises, Furniture, Fixtures and Equipment, and Other Liabilities, respectively in the SOFP.

(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 account in the statement of profit or loss.

2.15 Foreign Currency Transactions and Translations

The Group's transactions in foreign currencies are accounted for as follows:

(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 U.S. dollars 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 assets 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 classified as at FVTPL, are reported as part of fair value gain or loss in profit or loss.

For financial reporting purposes, the accounts of the FCDU are translated into their equivalents in Philippine pesos based on the prevailing PDSCR at the end of each reporting period (for resources and liabilities) and at the weighted 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 (debt securities) denominated in foreign currency classified as financial assets at FVTPL and financial assets at FVOCI 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. Accordingly, translation differences related to changes in amortized cost of investment in debt securities 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) Assets and liabilities at the end of each 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 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 assets sold.

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.

2.16 Impairment of Non-financial Assets

Investments in subsidiaries and associates, bank premises, furniture, fixtures and equipment (including right-of-use asset), investment properties, and other resources (including intangible assets, and assets held for sale and disposal group) and other non-financial assets are subject to impairment testing. Intangible assets (including goodwill, branch licenses and trading right) with an indefinite useful life or those not yet available for use are tested for impairment at least annually.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows [cash-generating units (CGU)]. As a result, some assets are tested for impairment either individually or at the CGU level. Except for intangible assets with an indefinite useful life (i.e., goodwill, branch licenses and trading right) or those not yet available for use, individual assets or CGU are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in profit or loss. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Other intangible assets with indefinite useful lives, branch licenses and exchange trading right, are tested for impairment either individually or at the cash generating unit level, as appropriate when circumstances indicate that the intangible asset may be impaired.

Impairment loss is recognized in profit or loss for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction, while in determining value in use, management estimates the expected future cash flows to be generated from the continued use of the asset or CGU, 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 CGU and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets, except for intangible assets with indefinite useful life, 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 CGU's recoverable amount exceeds its carrying amount.

2.17 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 and measured as follows:

(a) Post-employment 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 trustees.

The liability recognized as part of Other Liabilities account in the statement of financial position for defined benefit post-employment plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually 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 for expected benefit payments using a discount rate derived from the interpolated yields of government bonds as calculated by Bloomberg which used Bloomberg Valuation (BVAL) Evaluated Pricing Service to calculate the PHP BVAL Reference Rates. These yields 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 (loss) in the period in which they arise. Remeasurements are not reclassified to profit or loss in the subsequent periods.

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 or Interest Expense from Bills Payable and Other Borrowings accounts in the statement of profit or loss.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment 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 or assets may be recognized if underpayment or prepayment has occurred.

(c) Short-term Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued Interest, Taxes and Other Expenses in the statement of financial position.

(d) 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 Philippine Accounting Standard (PAS 37) 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 end of the reporting period are discounted to their present value.

(e) 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.

(f) 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.

2.18 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 the 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.

2.19 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.

2.20 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.

All material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock.

Transactions amounting to 10% or more of the consolidated total assets based on the latest audited consolidated financial statements entered into with related parties are considered material.

2.21 Earnings and Dilutive Earning Per Share

Basic earnings per share (EPS) is determined by dividing the adjusted 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 EPS 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.

In cases of redemption of preference shares, the net income used in the computation of basic and diluted EPS is decreased by the excess of the fair value of consideration paid to holders of the instruments over the carrying amount of such repurchased instruments.

2.22 Trust and Fiduciary 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.

2.23 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 PFRS 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.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Application of ECL to Financial Assets at Amortized Cost and Financial Assets at FVOCI

The Group uses the general approach to calculate ECL for all debt instruments carried at amortized cost and FVOCI, together with loan commitments and financial guarantee contracts. The allowance for impairment is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(b) Evaluation of Business Models Applied in Managing Financial Instruments

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows, largely, its core deposit funding arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for trading activities consistent with its risk appetite.

The Group's business models reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belongs to taking into consideration the objectives of each business model established by the Group (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Group's investment, trading and lending strategies.

If more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with the HTC business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

In 2020, the Parent Company disposed of certain debt securities from its HTC portfolio in accordance with its investment policy and has applied these evaluation process to ensure that the disposal is consistent with the Group's HTC business model (see Note 10.3). There is no similar transaction in 2021.

(c) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

(d) Determination of Timing of Satisfaction of Performance Obligation

The Group determines that its revenue shall be recognized at a point in time for loan syndication and underwriting fees and commission. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The services provided by the Group would need substantial reperformance from other entities. This demonstrates that the customers do not simultaneously receive and consume the benefits provided by the Group.

For the revenues from services related to credit card membership and account management, the Group determines that its revenues shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided to the customers. As the work is performed, the Group becomes entitled to payments. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of these services as it performs.

(e) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of offices and branches, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract.

The Group did not include renewal options as part of the lease term as the terms are renewable upon mutual agreement.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(f) Distinction Between 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) then these portions can be accounted for 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.

As of the end of the reporting period, the Group has a certain building which comprise a portion that is held for rental and other portion is used for operations which were classified by the Group as Investment Properties or as part of Bank Premises, Furniture, Fixtures and Equipment according to its current use.

(g) *Distinction Between Operating and Finance Leases where the Group is the Lessor*

The Group has entered into various lease agreements as a lessor. 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 or liabilities.

In determining whether the lease arrangements of the Parent Company and RCBC LFC qualify as a finance lease, the following factors have been considered:

(i) the lease provides the lessee an option to purchase the asset; or,

(ii) the lease transfers ownership of the property at the end of the lease and the related lease terms approximate the estimate useful life of the asset being leased.

(h) *Classification and Determination of 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 and disposal group presented under Other Resources account if the Group expects that the assets will be sold within one year from the date of recognition, as Investment Properties if held for rental or for currently undetermined future use and is regarded as held for capital appreciation, or as financial assets. At initial recognition, the Group determines the fair value of acquired properties through internal and external appraisal depending on the Group's threshold policy. 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 Investment Properties are further discussed in Note 7.4.

(i) *Assessment of Significant Influence on HCPI in which the Group and the Parent Company Holds Less than 20% Ownership*

The management considers that the Group and the Parent Company have significant influence on HCPI even though it holds less than 20% of the ordinary shares in the latter. In making this judgment, management considered the Group's and the Parent Company's rights to commit and undertake to vote, and to regulate the conduct of voting and the relationship between them with respect to their exercise of their voting rights (see Note 12.1).

(j) *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 2.11 and relevant disclosures are presented in Note 29. In dealing with the Group's various legal proceedings, the Group's estimate of the probable costs that may arise from claims and contingencies has been developed in consultation and coordination with the Group's internal and outside counsels acting in defense for the Group and the Parent Company's legal cases and are based upon the analysis of probable results.

Although the Group does not believe that its on-going proceedings, as disclosed in Note 29, will have material adverse effect on the Group's financial position, it is possible that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies conducted relating to those proceedings.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Estimation of Expected Credit Loss on Financial Assets

When measuring allowance for ECL for relevant categories of financial assets, management applies judgment in defining the criteria in assessing whether a financial asset has experienced SICR since initial recognition, and in the estimation of the contractual cash flows due from counterparty and those that the Group would expect to receive, taking into account the cash flows from the realization of collateral and integral credit enhancements. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions about future economic conditions and credit behaviour of counterparties (e.g., the likelihood of counterparties defaulting and the resulting losses). The computation of the ECL also considers the use of reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other that may result in different levels of loss allowance.

Significant factors affecting the estimates on the ECL model include:

- internal rating matrix which determines the PD to be assigned to a financial asset;
- criteria for assessing if there has been an SICR and when a financial asset will be transferred between the three stages;
- the Group's definition of default for different segments of credit exposures that considers the regulatory requirements;
- establishing groups of similar financial assets (i.e., segmentation) for the purposes of measuring ECL on a collective basis;
- establishment of LGD parameters based on historical recovery rates of claims against defaulted counterparties across different group of financial instruments; and,
- establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.

The explanation of inputs, assumptions and estimation techniques used in measuring ECL (including under COVID-19 situation) and the analysis of the allowance for ECL on various groups of financial instruments is further discussed in Note 4.4.

(b) Fair Value Measurement for Financial Assets at FVTPL and at FVOCI

The Group carries certain financial assets at fair value which requires judgment and extensive use of accounting estimates. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another financial instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument or other more appropriated valuation techniques (see Note 7.2).

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 financial liabilities would affect profit or loss or 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 7.2).

The carrying values of the Group's and the Parent Company's trading and investment securities and the amounts of fair value changes recognized on those financial assets are disclosed in Note 10.

(c) *Estimation of Useful Lives of Bank Premises, Furniture, Fixtures and Equipment, Right-of-use Assets, Investment Properties, Computer Software, Goodwill, Branch Licenses and Trading Right*

The Group estimates the useful lives of bank premises, furniture, fixtures and equipment, including right-of-use assets, investment properties and computer 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 Group's goodwill, branch licenses and trading right were regarded as having indefinite useful lives considering there is no foreseeable limit to the period over which such assets are expected to generate net cash inflows for the Group. The assessment of having indefinite useful lives is reviewed periodically and is updated whether events and circumstances such as the period of control over these assets and legal or similar limits on the use of these assets continue to support such assessment.

The carrying amounts of bank premises, furniture, fixtures and equipment, including right-of-use assets, investment properties and computer software are analyzed in Notes 13, 14 and 15, respectively, while the carrying amounts of goodwill, branch licenses and trading right are analyzed in Note 15. Based on management's assessment as of December 31, 2021 and 2020, 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) *Determination of 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. Significant judgment is applied by management to determine the amount of deferred tax assets that can be recognized based on the likely timing and level of the Group's future taxable income together with its future tax planning strategies. The Group assessed its projected performance in determining the sufficiency of the future taxable income to support the recognition of deferred tax assets.

The carrying values of recognized and unrecognized deferred tax assets as of December 31, 2021 and 2020 are disclosed in Note 26.1.

(e) *Estimation of Impairment Losses of Non-financial Assets*

Except for intangible assets with indefinite useful lives, PFRS 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 2.16.

The Group assesses impairment on these non-financial assets and considers the following important indicators:

- significant changes in asset usage;
- significant decline in assets' market value;
- obsolescence or physical damage of an asset;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of usage of the acquired assets or the strategy for the Group's overall business; and,
- significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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) *Determination of 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 or held-for-lease, and are measured using cost model. The estimated fair value of investment properties disclosed in Note 7.4 is determined by either an independent or internal appraiser on the basis of current appraised values of the properties or similar properties in the same location and condition.

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) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(h) *Recognition of Reward Points*

The Group has a reward program related to its deposits, loans and credit card operations, which allows its cardholders to accumulate award credits or loyalty points that can be redeemed for free products.

The Group allocated a portion of the interchange fee billed to participating merchants to the loyalty points granted to cardholders based on relative stand-alone selling price and recognizes liability equivalent to the estimated loyalty points until these are redeemed.

(i) 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 obligation and related income or 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 24.2.

4. 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. The following five committees of the Parent Company's BOD are relevant in this context:

- The Executive Committee, which meets weekly, has the power to act and pass upon such matters as the BOD may entrust to it for action in between BOD meetings. It may also consider and approve loans and other credit related matters, investments, purchase of shares of stock, bonds, securities and other commercial papers for the Bank's portfolio. The Executive Committee also has the power to review an asset or loan to ensure timely resolution and recognition of losses of impaired assets.

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

- The Audit and Compliance Committee (ACC), which meets monthly, reviews the results of the Internal Audit examinations and recommends remedial actions to the BOD as appropriate. The ACC also performs oversight functions over the Regulatory Affairs Group on matters such as compliance risk assessment, annual testing work plan, compliance breaches, and other regulatory issues.

- The Related Party Transactions (RPT) Committee, which meets monthly and as necessary, reviews proposed RPT within the materiality threshold to determine whether or not the transaction is on terms no less favorable to the Group than terms available to any unconnected third party under the same or similar circumstances. On favorable review, the RPT Committee endorses transactions to the BOD for approval.

- The Anti-Money Laundering (AML) Board Committee, which meets monthly, oversees the implementation of the Bank's Money Laundering and Terrorist Financing Prevention Program (MTPP) and ensures that Money Laundering/Terrorist Financing risks are effectively managed. The AML Board Committee also ensures that infractions are immediately corrected, issues are addressed and AML training of directors, officers, and staff are regularly conducted.

Four 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 group, 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 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 or 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 Related Party Transactions Management Committee (RPT ManCom), composed of the Group Heads of the business units as specified in the charter or their respective designates. It meets monthly to review and approve proposed RPT within the materiality threshold for the purpose of determining whether or not the transaction is on terms no less favorable to the Bank than terms available to any unconnected third party under the same or similar circumstances unless the transaction requires BOD approval. On favorable review, the RPT ManCom endorses the transaction for BOD confirmation.

- The Anti-Money Laundering Management Committee (AML ManCom), which meets weekly, evaluates the unusual/suspicious transaction reported by the different bank units to determine the filing of Suspicious Transaction Reports (STRs) to the Anti-Money Laundering Council (AMLC).

  The AML ManCom is composed of the Chief Compliance Officer as the Chairperson and Presiding Officer and the Heads of Operations Group, Retail Banking Group, Controllership Group, Legal Affairs Group, Risk Management Group or their duly appointed designates, as members, and AML Monitoring and Reporting Division (AMRD) as the Rapporteur. The AMRD, through the Chief Compliance Officer, reports to the AML Board Committee its monthly activities including the results of the AML ManCom meetings.

The Parent Company established a Risk Management Group (RMG), headed by the Chief Risk Officer, to ensure that consistent implementation of the objectives of risk identification, measurement and/or assessment, mitigation, and monitoring are pursued via practices commensurate with the group-wide risk profile.

In addition to established risk management systems and controls, the Group holds capital commensurate with the levels of risk it undertakes (see Note 5), in accordance with regulatory capital standards and internal benchmarks set by the Parent Company's BOD.

4.1 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 on 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 and/or the ROC, the Group is exposed to liquidity risk and interest rate risk inherent in the Group's operations, 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, such as 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 and corporate debt instruments.

The Parent Company was granted by the BSP 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 credit-linked notes 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 Type 3 license. In June 2013, the Parent Company was granted a Type 2 license non-deliverable swaps, foreign currency 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, and interest rate swaps and futures.

4.2 Liquidity Risk

Liquidity risk refers to current and prospective risk to earnings or capital arising from a bank's inability to meet its obligations when they come due without incurring unacceptable losses or costs. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. 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 resources and liability maturity gap analysis.

The Group uses Maximum Cumulative Outflow (MCO) model to measure liquidity risk arising from mismatches of assets and liabilities. MCO is a liquidity gap tool to project cash flow expectations on a status quo condition. The MCO is generated by distributing the cash flows of the Group's assets, liabilities and off-balance sheet items to time buckets based cash flow expectations such as contractual maturity, nature of the account, behavioral patterns, projections on business strategies, and/or optionality of certain products.

The incorporation of behavioral cash flow assumptions and business projections or targets results in a dynamic gap report which realistically captures the behavior of the products and creates a forward-looking cash flow projection.

The Group monitors MCO regularly to ensure that it remains within the set limits. The Parent Company generates and monitors daily its MCO. The subsidiaries generate at least monthly their respective MCO reports. The liquidity profile of the Group is reported monthly to the Parent Company's ROC. To supplement the status quo scenario parameters reflected in the MCO report, the Group also conducts liquidity stress testing to determine the impact of extreme factors, scenarios and events to the Group's liquidity profile.

The gap analyses as of December 31, 2021 and 2020 are presented below.

	Group					
	2021					
	One to Three Months	Three Months to One Year	One to Five Years	More than Five Years	Non-maturity	Total
Resources:						
Cash and cash equivalents	P 130,264	P 5,523	P 3,048	P 1	P 60,441	P 199,277
Investments - net	7,593	2,901	26,666	176,914	5,161	219,235
Loans and receivables - net	31,319	21,174	40,637	48,351	366,258	507,739
Other resources - net	2,578	3,780	652	169	25,703	32,882
Total resources	171,754	33,378	71,003	225,435	457,563	959,133
Liabilities:						
Deposit liabilities	108,927	34,938	12,391	9	516,194	672,459
Bills payable	23,560	-	32,344	-	-	55,904
Bonds payable	-	31,171	56,044	-	-	87,215
Other liabilities	8,053	5,907	330	-	18,185	32,475
Total liabilities	140,540	72,016	101,109	9	534,379	848,053
Equity	-	-	-	-	111,080	111,080
Total liabilities and equity	140,540	72,016	101,109	9	645,459	959,133
On-book gap	31,214	(38,638)	(30,106)	225,426	(187,896)	-
Cumulative on-book gap	31,214	(7,424)	(37,530)	187,896	-	-
Contingent resources	25,670	-	-	-	-	25,670
Contingent liabilities	35,842	-	-	-	-	35,842
Off-book gap	(10,172)	-	-	-	-	(10,172)
Cumulative off-book gap	(10,172)	(10,172)	(10,172)	(10,172)	(10,172)	-
Periodic gap	**21,042**	**(38,638)**	**(30,106)**	**225,426**	**(187,896)**	**(10,172)**
Cumulative total gap	**P 21,042**	**(P 17,596)**	**(P 47,702)**	**P 177,724**	**(P 10,172)**	**P -**

	Group 2020					
	One to Three Months	Three Months to One Year	One to Five Years	More than Five Years	Non-maturity	Total
Resources:						
Cash and cash equivalents	P 146,268	P 3,285	P 3,779	P -	P 50,399	P 203,731
Investments - net	25,530	18,975	12,559	26,558	4,442	88,064
Loans and receivables - net	29,916	64,658	123,306	90,347	140,376	448,603
Other resources - net	2,235	3,232	2,114	1,853	22,274	31,708
Total resources	203,949	90,150	141,758	118,758	217,491	772,106
Liabilities:						
Deposit liabilities	87,139	24,516	16,159	1	407,973	535,788
Bills payable	3,349	1,933	7,536	-	349	13,167
Bonds payable	15,482	8,000	66,957	-	-	90,439
Other liabilities	9,968	12,201	100	-	9,065	31,334
Total liabilities	115,938	46,650	90,752	1	417,387	670,728
Equity	-	-	-	-	101,378	101,378
Total liabilities and equity	115,938	46,650	90,752	1	518,765	772,106
On-book gap	88,011	43,500	51,006	118,757	(301,274)	-
Cumulative on-book gap	88,011	131,511	182,517	301,274	-	-
Contingent resources	8,726	-	-	-	-	8,726
Contingent liabilities	5,625	-	-	-	-	5,625
Off-book gap	3,101	-	-	-	-	3,101
Cumulative off-book gap	3,101	3,101	3,101	3,101	3,101	-
Periodic gap	91,112	43,500	51,006	118,757	(301,274)	3,101
Cumulative total gap	P 91,112	P 134,612	P 185,618	P 304,375	P 3,101	P -

	Parent Company 2021					
	One to Three Months	**Three Months to One Year**	**One to Five Years**	**More than Five Years**	**Non-maturity**	**Total**
Resources:						
Cash and cash equivalents	P 140,623	P 4,478	P 1,337	P 1	P 51,234	P 197,673
Investments - net	5,663	2,901	26,666	176,914	4,033	216,177
Loans and receivables - net	30,424	20,624	34,555	48,349	365,949	499,901
Other resources - net	2,468	3,780	652	169	29,474	36,543
Total resources	179,178	31,783	63,210	225,433	450,690	950,294
Liabilities:						
Deposit liabilities	108,526	34,802	12,383	9	518,694	674,414
Bills payable	23,560	-	22,839	-	-	46,399
Bonds payable	-	31,171	56,044	-	-	87,215
Other liabilities	7,289	5,889	330	-	17,765	31,273
Total liabilities	139,375	71,862	91,596	9	536,459	839,301
Equity	-	-	-	-	110,993	110,993
Total liabilities and equity	139,375	71,862	91,596	9	647,452	950,294
On-book gap	39,803	(40,079)	(28,386)	225,424	(196,762)	-
Cumulative on-book gap	39,803	(276)	(28,662)	196,762	-	-
Contingent resources	25,667	-	-	-	-	25,667
Contingent liabilities	22,561	-	-	-	-	22,561
Off-book gap	3,106	-	-	-	-	3,106
Cumulative off-book gap	3,106	3,106	3,106	3,106	3,106	-
Periodic gap	**42,909**	**(40,079)**	**(28,386)**	**225,424**	**(196,762)**	**3,106**
Cumulative total gap	**P 42,909**	**P 2,830**	**(P 25,556)**	**P 199,868**	**P 3,106**	**P -**

	Parent Company 2020										
		One to Three Months		Three Months to One Year		One to Five Years		More than Five Years		Non-maturity		Total
Resources:												
Cash and cash equivalents	P	144,754	P	2,735	P	2,161	P	-	P	51,850	P	201,500
Investments - net		23,552		18,975		12,559		26,558		3,497		85,141
Loans and receivables - net		28,960		63,634		117,803		90,346		140,424		441,167
Other resources - net		2,122		3,226		2,103		1,852		25,411		34,714
Total resources		199,388		88,570		134,626		118,756		221,182		762,522
Liabilities:												
Deposit liabilities		86,714		24,307		16,136		1		409,590		536,748
Bills payable		2,743		16		1,441		-		-		4,200
Bonds payable		15,482		8,000		66,957		-		-		90,439
Other liabilities		9,332		12,166		100		-		8,245		29,843
Total liabilities		114,271		44,489		84,634		1		417,835		661,230
Equity		-		-		-		-		101,292		101,292
Total liabilities and equity		114,271		44,489		84,634		1		519,127		762,522
On-book gap		85,117		44,081		49,992		118,755	(| 297,945)		-
Cumulative on-book gap		85,117		129,198		179,190		297,945		-		-
Contingent resources		8,722		-		-		-		-		8,722
Contingent liabilities		5,625		-		-		-		-		5,625
Off-book gap				-		-		-		-		3,097
Cumulative off-book gap		3,097		3,097		3,097		3,097		3,097		-
Periodic gap		88,214		44,081		49,992		118,755	(| 297,945)		3,097
Cumulative total gap	P	88,214	P	132,295	P	182,287	P	301,042	P	3,097	P	-

Pursuant to applicable BSP regulations, the Group is required to maintain reserves against deposit liabilities which are based on certain percentages of deposits. The required reserves against deposit liabilities 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 to maintain asset cover of 100% for foreign currency-denominated liabilities of its FCDU.

4.2.1 Foreign Currency Liquidity Management

The liquidity risk management policies and objectives described also apply to the management of any foreign currency to which the Group maintains significant exposure. Specifically, the Group ensures that 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 5.2).

4.2.2 Liquidity Risk Stress

To augment the effectiveness of the Group's gap analysis, the Group regularly assesses liquidity risk based on behavioral and hypothetical assumptions under stress conditions. Survivability and resilience of the Bank are assessed for a minimum stress period of 30 days for all crisis scenarios enumerated in BSP Circular No. 981: *Guidelines on Liquidity Risk Management*. The results of these liquidity stress simulations are reported monthly to ALCO and ROC.

4.3 Market Risk

The Group's exposure to market risk is the potential diminution of earnings arising from the adverse movement of market interest rates and foreign exchange rates, as well as the potential loss of market value, primarily of its holdings of foreign exchange currencies, debt securities and derivatives.

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. The Bank employs appropriate back-testing methodology to perform a "reality check" on the models used. More specifically, the current back-test procedure employs the "hypothetical P&L" method where the daily position from which the VaR was computed is marked-to-market using the closing price of that day and the closing price of the next trading day. Any change in value in excess of the day's VaR is treated as an exception.

The Parent Company uses VaR as an important tool for measuring market risk, they are 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.

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 and Parent Company			
	At December 31	**Average**	**Maximum**	**Minimum**
2021:				
Foreign currency risk	P 51	P 56	P 112	P 37
Interest rate risk	501	425	769	183
Overall	**P 552**	**P 481**	**P 881**	**P 220**
2020:				
Foreign currency risk	P 82	P 56	P 89	P 32
Interest rate risk	260	367	984	97
Overall	P 342	P 423	P 1,073	P 129

	Group and Parent Company							
	At December 31		Average		Maximum		Minimum	
2019:								
Foreign currency risk	P	72	P	34	P	88	P	10
Interest rate risk		218		653		1,354		131
Overall	P	290	P	687	P	1,442	P	141

4.3.1 Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The net foreign exchange exposure, or the difference between foreign currency denominated assets and foreign currency denominated 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 within the 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 following table sets forth the impact of reasonably possible changes in the USD exchange rate and other currencies per Philippine peso on pre-tax income and equity of the Group and Parent Company:

	Group and Parent Company					
	2021			2020		
	Change in currency rate in %	**Effect on profit before tax**	**Effect on equity**	Change in currency rate in %	Effect on profit before tax	Effect on equity
Currency:						
USD	**+1.00%**	**P 1**	**1**	+1.00%	(P 4)	(P 4)
	-1.00%	**(1)**	**(1)**	-1.00%	4	4
EUR	**+1.00%**	**(2)**	**(2)**	+1.00%	2	2
	-1.00%	**2**	**2**	-1.00%	(2)	(2)
GBP	**+1.00%**	**1**	**1**	+1.00%	-	-
	-1.00%	**(1)**	**(1)**	-1.00%	-	-
Others	**+1.00%**	**(3)**	**(3)**	+1.00%	3	3
	-1.00%	**3**	**3**	-1.00%	(3)	(3)

Closing exchange rates and weighted average rates (WAR) of USD to Philippine peso as of and for each of the year ended December 31 are as follows:

	2021		2020		2019	
Closing	**P**	**50.99**	P	48.04	P	50.74
WAR		**49.26**		49.61		51.79

The breakdown of the financial resources and financial liabilities as to foreign and Philippine peso-denominated balances, after elimination of intercompany accounts or transactions, as of December 31 follows:

	Group		
	Foreign Currencies	**Philippine Pesos**	**Total**
2021:			
Resources:			
Cash and other cash items	P 718	P 13,973	P 14,691
Due from BSP	-	130,170	130,170
Due from other banks	10,721	1,441	12,162
Loans arising from reverse repurchase agreements	-	11,691	11,691
Financial assets at FVTPL	641	5,222	5,863
Financial assets at FVOCI	18,866	30,895	49,761
Investment securities at amortized cost - net	75,676	87,935	163,611
Loans and receivables - net	84,144	454,158	538,302
Other resources	-	825	825
	P 190,766	**P 736,310**	**P 927,076**
Liabilities:			
Deposit liabilities	P 120,601	P 551,858	P 672,459
Bills payable	46,398	9,506	55,904
Bonds payable	38,249	48,966	87,215
Accrued interest and other expenses	596	4,963	5,559
Other liabilities	1,224	20,426	21,650
	P 207,068	**P 635,719**	**P 842,787**
2020:			
Resources:			
Cash and other cash items	P 1,406	P 15,114	P 16,520
Due from BSP	-	115,467	115,467
Due from other banks	14,433	1,274	15,707
Loans arising from reverse repurchase agreements	-	13,356	13,356
Financial assets at FVTPL	2,653	2,235	4,888
Financial assets at FVOCI	4,090	36,060	40,150
Investment securities at amortized cost - net	22,738	20,288	43,026
Loans and receivables - net	94,505	396,779	491,284
Other resources	56	875	931
	P 139,881	P 601,448	P 741,329

	Group		
	Foreign Currencies	Philippine Pesos	Total
2020:			
Liabilities:			
Deposit liabilities	P 96,280	P 439,508	P 535,788
Bills payable	4,183	8,984	13,167
Bonds payable	51,269	39,170	90,439
Accrued interest and other expenses	541	4,852	5,393
Other liabilities	918	19,574	20,492
	P 153,191	P 512,088	P 665,279

	Parent Company		
	Foreign Currencies	**Philippine Pesos**	**Total**
2021:			
Resources:			
Cash and other cash items	P 716	P 13,947	P 14,663
Due from BSP	-	128,931	128,931
Due from other banks	10,721	1,139	11,860
Loans arising from reverse repurchase agreements	-	11,656	11,656
Financial assets at FVTPL	641	4,238	4,879
Financial assets at FVOCI	18,766	29,633	48,399
Investment securities at amortized cost - net	75,676	87,223	162,899
Loans and receivables - net	84,144	446,320	530,464
Other resources	-	823	823
	P 190,664	**P 723,910**	**P 914,574**
Liabilities:			
Deposit liabilities	P 120,601	P 553,813	P 674,414
Bills payable	46,398	1	46,399
Bonds payable	38,249	48,966	87,215
Accrued interest and other expenses	596	4,795	5,391
Other liabilities	1,224	19,343	20,567
	P 207,068	**P 626,918**	**P 833,986**

	Parent Company		
	Foreign Currencies	Philippine Pesos	Total
2020:			
Resources:			
Cash and other cash items	P 1,404	P 15,060	P 16,464
Due from BSP	-	113,949	113,949
Due from other banks	14,406	808	15,214
Loans arising from reverse repurchase agreements	-	13,226	13,226
Financial assets at FVTPL	2,653	1,162	3,815
Financial assets at FVOCI	4,085	34,728	38,813
Investment securities at amortized cost - net	22,130	20,383	42,513
Loans and receivables - net	94,505	389,309	483,814
Other resources	56	868	924
	P 139,239	P 589,493	P 728,732
Liabilities:			
Deposit liabilities	P 96,280	P 440,468	P 536,748
Bills payable	4,183	17	4,200
Bonds payable	51,269	39,170	90,439
Accrued interest and other expenses	541	4,655	5,196
Other liabilities	918	18,398	19,316
	P 153,191	P 502,708	P 655,899

4.3.2 Interest Rate Risk in the Banking Book (IRRBB)

The interest rate risk inherent in the Group's financial statements arises from re-pricing mismatches between financial assets and financial liabilities. The IRRBB Management Framework details the Group's policy on managing its assets and liabilities to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

To aid the Group in managing IRRBB, the following measurement techniques are used. These are prepared and reported to ALCO and ROC, on a monthly basis.

Technique	Description
Interest Rate Gap or Re-pricing Gap	*Contractual Gap* Measures the sensitivity of assets, liabilities and off-balance sheet items towards changes in the market interest rates based on the re-pricing frequency of each item. *Behavioral Gap* Behavioral assumption (BeA) is applied to the contractual cash flows to reflect sensitivity to market conditions or behavioral characteristics (i.e., early redemption of deposits, prepayment of loans, etc.).
Earnings Approach Net Interest Income at Risk	Measures the sensitivity of earnings to market interest rates movements over a short- and medium-term horizon. Interest rate volatility is based on the maximum volatility of the 1-mo, 3-mo, 6-mo and 1-yr tenors over a 260-day look back.

Technique	Description
Economic Value Approach	
Earnings-at-Risk	Measures the sensitivity of capital to market interest rates given the resulting Net Interest Income (NII)-at-Risk and fair value through profit and loss portfolio value-at-risk (FVTPL VaR).
Capital-at-Risk	Measures the sensitivity of capital to market interest rates given the resulting EaR and fair value through other comprehensive income value-at-risk (FVOCI VaR).
Economic Value of Equity (EVE)	Measures the sensitivity of economic value of all non-trading book assets, liabilities and interest rate sensitive off-balance sheet products to interest rate movements over a longer time horizon.
Stress Test	Assesses the ability to withstand such changes, usually in relation to the capacity of its capital and earnings to absorb potentially significant loses. Stress testing, which includes both scenario and sensitivity analysis, is an integral part of IRR management. Scenario analysis estimates possible outcomes given an event or series of events, while sensitivity analysis estimates the impact of change in one or only a few of model's significant parameters. *Earnings approach*: NII-at-Risk Stress Test assumes gradual increase in Peso and USD interest rates to 400bps and 300bps, respectively. These are based on past local and global market events. *Economic Value approach*: The EVE Stress Test uses Basel's six interest rate scenarios to capture parallel and non-parallel gap risks. The standardized scenarios are as follows: 1) parallel shock up; 2) parallel shock down; 3) steepener shock (short rates down and long rates up); 4) flattener shock (short rates up and long rates down; 5) short rates shock up; and, 6) short rates shock down.

The interest rate gap analyses of financial assets and financial liabilities as of end of the reporting period 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 at amortized cost are bucketed based on their re-pricing profile;

- Held-for-trading securities and derivatives are considered as non-rate sensitive; and,

- For financial assets and financial liabilities with no definite re-pricing schedule or maturity, slotting is based on the Group's empirical assumptions.

These assumptions are reviewed on a regular basis. Similarly, other assumptions and behavioral models used in the preparation of other IRRBB metrics are also being reviewed, annually, at the minimum.

	Group 2021											
		One to Three Months		Three Months to One Year		One to Five Years		More than Five Years		Non-rate Sensitive		Total
Resources:												
Cash and cash equivalents	P	149,292	P	6,613	P	14,779	P	13,773	P	14,820	P	199,277
Investments - net		3,694		1,758		26,914		176,739		10,130		219,235
Loans and receivables - net		212,486		88,138		144,070		36,581		26,464		507,739
Other resources - net		2,642		850		533		395		28,462		32,882
Total resources		368,114		97,359		186,296		227,488		79,876		959,133
Liabilities:												
Deposit liabilities		307,238		57,063		160,125		147,743		290		672,459
Bills payable		23,560		-		32,344		-		-		55,904
Bonds payable		-		31,171		56,044		-		-		87,215
Other liabilities		764		238		570		-		30,903		32,475
Total liabilities		331,562		88,472		249,083		147,743		31,193		848,053
Equity		-		-		-		-		111,080		111,080
Total liabilities and equity		331,562		88,472		249,083		147,743		142,273		959,133
On-book gap		36,552		8,887	(	62,787)		79,745	(	62,397)		-
Cumulative on-book gap		36,552		45,439	(	17,348)		62,397		-		-
Contingent resources		25,670		-		-		-		-		25,670
Contingent liabilities		35,983		-		-		-		-		35,983
Off-book gap	(	10,313)		-		-		-		-	(	10,313)
Cumulative off-book gap	(	10,313)	(	10,313)	(	10,313)	(	10,313)	(	10,313)		-
Periodic gap		**26,239**		**8,887**	**(**	**62,787)**		**79,745**	**(**	**62,397)**	**(**	**10,313)**
Cumulative total gap	**P**	**26,239**	**P**	**35,126**	**(P**	**27,661)**	**P**	**52,084**	**(P**	**10,313)**	**P**	**-**

	Group 2020					
	One to Three Months	Three Months to One Year	One to Five Years	More than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and cash equivalents	P 161,839	P 3,795	P 21,482	P -	P 16,615	P 203,731
Investments - net	23,130	18,353	12,018	25,930	8,633	88,064
Loans and receivables - net	189,831	58,361	106,720	37,455	56,236	448,603
Other resources - net	358	59	123	330	30,838	31,708
Total resources	375,158	80,568	140,343	63,715	112,322	772,106
Liabilities:						
Deposit liabilities	243,782	31,793	258,573	1	1,639	535,788
Bills payable	3,626	1,887	7,654	-	-	13,167
Bonds payable	15,482	8,000	66,957	-	-	90,439
Other liabilities	636	36	-	-	30,662	31,334
Total liabilities	263,526	41,716	333,184	1	32,301	670,728
Equity	-	-	-	-	101,378	101,378
Total liabilities and equity	263,526	41,716	333,184	1	133,679	772,106
On-book gap	111,632	38,852	(192,841)	63,714	(21,357)	-
Cumulative on-book gap	111,632	150,484	(42,357)	21,357	-	-
Contingent resources	8,726	-	-	-	-	8,726
Contingent liabilities	5,625	-	-	-	-	5,625
Off-book gap	3,101	-	-	-	-	3,101
Cumulative off-book gap	3,101	3,101	3,101	3,101	3,101	-
Periodic gap	114,733	38,852	(192,841)	63,714	(21,357)	3,101
Cumulative total gap	P 114,733	P 153,585	(P 39,256)	P 24,458	P 3,101	P -

	Parent Company 2021					
	One to Three Months	Three Months to One Year	One to Five Years	More than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and cash equivalents	P 147,996	P 5,567	P 15,674	P 13,773	P 14,663	P 197,673
Investments - net	1,999	1,758	26,914	176,739	8,767	216,177
Loans and receivables - net	211,706	87,588	137,988	36,579	26,040	499,901
Other resources - net	2,532	849	533	395	32,234	36,543
Total resources	364,233	95,762	181,109	227,486	81,704	950,294
Liabilities:						
Deposit liabilities	306,836	56,926	161,487	149,114	51	674,414
Bills payable	23,560	-	22,839	-	-	46,399
Bonds payable	-	31,171	56,044	-	-	87,215
Other liabilities	-	219	571	-	30,483	31,273
Total liabilities	330,396	88,316	240,941	149,114	30,534	839,301
Equity	-	-	-	-	110,993	110,993
Total liabilities and equity	330,396	88,316	240,941	149,114	141,527	950,294
On-book gap	33,837	7,446	(59,832)	78,372	(59,823)	-
Cumulative on-book gap	33,837	41,283	(18,549)	59,823	-	-
Contingent resources	25,667	-	-	-	-	25,667
Contingent liabilities	35,983	-	-	-	-	35,983
Off-book gap	(10,316)	-	-	-	-	(10,316)
Cumulative off-book gap	(10,316)	(10,316)	(10,316)	(10,316)	(10,316)	-
Periodic gap	**23,521**	**7,446**	**(59,832)**	**78,372**	**(59,823)**	**(10,316)**
Cumulative total gap	**P 23,521**	**P 30,967**	**(P 28,865)**	**P 49,507**	**(P 10,316)**	**P -**

	Parent Company 2020					
	One to Three Months	Three Months to One Year	One to Five Years	More than Five Years	Non-rate Sensitive	Total
Resources:						
Cash and cash equivalents	P 160,244	P 3,243	P 21,589	P -	P 16,424	P 201,500
Investments - net	21,613	18,353	12,018	25,930	7,227	85,141
Loans and receivables - net	188,876	57,331	101,207	37,453	56,300	441,167
Other resources - net	245	59	122	329	33,959	34,714
Total resources	370,978	78,986	134,936	63,712	113,910	762,522
Liabilities:						
Deposit liabilities	243,357	31,584	260,311	1	1,495	536,748
Bills payable	2,743	16	1,441	-	-	4,200
Bonds payable	15,482	8,000	66,957	-	-	90,439
Other liabilities	-	-	-	-	29,843	29,843
Total liabilities	261,582	39,600	328,709	1	31,338	661,230
Equity	-	-	-	-	101,292	101,292
Total liabilities and equity	261,582	39,600	328,709	1	132,630	762,522
On-book gap	109,396	39,386	(193,773)	63,711	(18,720)	-
Cumulative on-book gap	109,396	148,782	(44,991)	18,720	-	-
Contingent resources	8,722	-	-	-	-	8,722
Contingent liabilities	5,621	-	-	-	-	5,621
Off-book gap	3,101	-	-	-	-	3,101
Cumulative off-book gap	3,101	3,101	3,101	3,101	3,101	-
Periodic gap	112,497	39,386	(193,773)	63,711	(18,720)	3,101
Cumulative total gap	P 112,497	P 151,883	(P 41,890)	P 21,821	P 3,101	P -

The table below summarizes the potential impact on the Group and the Parent Company's annual interest income of parallel rate shifts using the re-pricing.

	Changes in Interest Rates (in basis points)			
	- 100	**- 200**	**+ 100**	**+ 200**
December 31, 2021				
Group	**(P 405)**	**(P 809)**	**P 405**	**P 809**
Parent Company	**(372)**	**(744)**	**372**	**744**
December 31, 2020				
Group	(P 1,241)	(P 2,481)	P 1,241	P 2,481
Parent Company	(1,220)	(2,441)	1,220	2,441

4.3.3 Equity Price Risk

The Group's exposure to price risk on equity securities held and classified in the statement of financial position as financial assets at FVTPL or financial assets at FVOCI (under Trading and Investment Securities account) as of December 31, 2021 and 2020 is managed through diversification of portfolio and monitoring of changes in market prices. Diversification of the portfolio is done in accordance with the limits set by the Group.

Moreover, RCBC Capital and RSI estimate the potential loss and determine the market and position risk requirement on equity securities at FVTPL in the computation of the market and position risk requirement for all equity positions.

RCBC Capital uses the delta-normal approach as its VaR model to estimate the daily potential loss that can be incurred from equity securities held for trading. VaR is a key measure in the management of market price risk. VaR is defined as a statistical estimate of the maximum possible loss on a given position during a time horizon within a given confidence interval. RCBC Capital uses a 99% confidence level and a minimum 260-day observation period in VaR calculation. In addition, RSI computes its market and position risk for all equity positions, if any, in conjunction with the Risk Based Capital Adequacy ratio required to be maintained. Market and position risk requirement is calculated using position risk factor multiplied by mark-to-market value security.

4.4 Credit Risk

Credit risk is the risk that the counterparty in a transaction may default, and arises from lending, trade finance, treasury, derivatives and other activities undertaken by the Group. The Group manages credit risk through a system of policies and authorities that govern the processes and practices of all credit-originating and borrowing relationship management units.

The Enterprise Risk Division of RMG assists senior management: (a) in establishing risk concentration limits at the portfolio level; and (b) in the continuous monitoring of the actual credit risk portfolio from the perspective of those limits and other risk management objectives. The Credit Management Group (CMG), on the other hand, is responsible for: (a) the development of credit policies relating to account management; (b) the financial evaluation and credit risk rating of borrowers; and, (c) asset quality review.

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 that is effectively exercised collectively; (b) business center (BC) 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 CMG 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 or co-terminus with the renewal of the credit line. In addition, adverse economic and market conditions that may impact a certain borrower or a group of borrowers may trigger the Group to conduct a special credit review prior to expiry of credit line.

CMG also identifies homogenous target market and design Credit Programs that will accelerate credit processing of accounts without sacrificing underwriting quality, and, set up enhanced data framework that would deepen the Bank's ability to identify potential problem accounts earlier.

4.4.1 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 34.

In the course of the Group's implementation of ICAAP (see Note 5.2), it adopts a quantification of credit risk concentration following frameworks prescribed by some of the more advanced European central banks as well as established concentration metrics. 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 supplements this methodology with the use of the Comprehensive Concentration Index (CCI) to monitor and analyze name concentration.

The Group, however, recognizes the inherent limitations of the use of HHI and CCI 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 during the ROC meetings.

4.4.2 Credit Risk Assessment

The Group's credit risk assessment is performed based on the different segments of financial asset portfolio such as (a) corporate, which generally include corporate banking group loans, commercial and small-medium size segment loans, lease contract and finance receivables, and unquoted debt securities classified as loan (UDSCL), (b) retail, which include housing, auto, credit cards, and microfinance lending; and, (c) treasury, which covers credit exposures on debt securities under the Group's HTC portfolio and financial assets at FVOCI. The Group also established credit risk assessment procedures for sales contract receivables and other risk assets including accounts receivables.

i. *Corporate Loans*

Loans, regardless if the accounts have been fully paid, extended or renewed in subsequent period, are subjected to evaluation for possible losses. The Group's estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions (or industry performance), expected cash flows, and the passage of time. The assessment of credit risk of a portfolio of assets requires further estimations as to the PDs occurring, of the associated loss ratios, and of default correlations between counterparties; accordingly, such credit risk is measured using PD, LGD, and EAD, for purposes of measuring ECL.

The Group uses its internal credit risk rating system (ICRRS) to determine any evidence of potential deterioration in the quality of an instrument that take into consideration both quantitative and qualitative criteria. 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 lower than CCC demonstrating weakness in the counterparty's economic and financial condition that could lead to payment default on financial commitments. Past due accounts, accounts identified for phase-out and those that exhibit the characteristics of classified loans shall be risk-rated following the guidelines on credit classification per BSP Manual of Regulations for Banks and under the BSP Circular No. 1011, i.e., Especially Mentioned, Substandard, Doubtful or Loss. These guidelines are used by the Group to assign the individually assessed loan or a group of loans within a particular portfolio segment to a specific stage category under the PFRS 9 loan impairment standards (i.e., Stage 1, 2, 3).

In assessing accounts subject to individual assessment, the Group has established a materiality threshold of P15 for all exposures classified under Stage 3. Such threshold shall be regularly reviewed at the end of reporting period to ensure that it appropriately captures what the Parent Company considers as material items of loan for individual assessment. The provision for ECL for individually assessed exposures shall reflect consideration of the facts and circumstances that affect the repayment of each individual loan as of evaluation date.

The ICRRS is established by the Group in congruence with and with reference to the credit risk rating methodology used by Standard & Poor's (S&P) in measuring the creditworthiness of an individual borrower, whether the related borrowing is still performing or current in status. The risk ratings determined by the Group 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 or 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; hence, could lead to the transfer of credit exposure in different stages of impairment. The credit risk ratings in ICRRS are calibrated such that the risk of default increases exponentially at each higher risk rating (e.g., a difference in the PD between a risk rating of A and A- is lower than the difference in the PD between a B and B- risk rating).

In the process of applying the Group's ICRRS in determining the credit quality of loans and receivables, the Group analyzes the credit quality of the borrowers and counterparties through a set of criteria and rating scale classified into the following:

Rating Scale	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

Rating Scale	Rating Description/Criteria
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 and below*	Not at risk of loss at the moment and the borrower has the financial capacity to meet its obligations but its exposure to adverse business, financial or economic conditions has weakened it and, unless present trends are reversed, could eventually lead to losses.
Especially Mentioned	Has potential weaknesses that deserve management's close attention and if left uncorrected, these weaknesses may affect the repayment of the loan.
Substandard	Have well-defined weakness(es), that may jeopardize repayment/liquidation in full, either in respect of the business, cash flow or financial position, which may include adverse trends or developments that affect willingness or repayment ability of the borrower.
Doubtful	Loans and credit accommodations that exhibit more severe weaknesses than those classified as "Substandard", whose characteristics on the basis of currently known facts, conditions and values make collection or liquidation highly improbable.
Loss	Loans considered absolutely uncollectible or worthless

* *Ratings from AA to CCC are modified by a plus (+) or minus (-) sign to show relative standing within the rating categories.*

As part of credit risk assessment documentation and reporting, the Group includes financial instruments rated as AAA to B- under the "Pass" classification, while instruments rated CCC+ and below are grouped under the Watchlisted classification. Generally, "Pass" classification include loans and other credit accommodations that do not have a greater-than-normal credit risk and do not possess the characteristics of classified loans. These are credits that have the apparent ability and willingness to satisfy their obligations in full and therefore, no loss in ultimate collection is anticipated. On the other hand, watchlisted counterparties are characterized by the following:

- those that belong to an unfavorable industry or has company-specific risk factors which represent a concern;
- the operating performance and financial strength may be marginal and it is uncertain if borrower can attract alternative course of finance;
- borrower finds it hard to cope with any significant economic downturn and a default in such a case is more than a possibility; and,
- borrower incurs net losses and has salient financial weaknesses, reflected on their financial statements, specifically in profitability.

Split classification/rating may apply for non-performing secured loans and other credit accommodations, depending on the recoverability and liquidity of the collateral. The secured portion may be classified as "substandard" or "doubtful", as appropriate, while the unsecured portion shall be classified "loss" if there is no other source of payment other than the collateral.

In the case of syndicated loans, the Group shall maintain credit information on the borrower, and grade and make provision for its portion of the syndicated loan in accordance with its policy. The lead financial institution or bank shall provide participating financial institutions with the credit information on the borrower upon request by the participating financial institutions and inform the latter if the loan will be classified so as to achieve uniform classification of the syndicated loan.

(ii) Retail and Other Products

CMG is tasked to measure, control and manage credit risk on the consumer loans business of the Group through the performance of regular monitoring, reporting and recommendation of risk mitigation measures of the actual credit risk portfolio to the CRECOL and ROC, as well as accomplishment of the corresponding review and development of credit policies and guidelines to sustain asset quality.

For consumer loans, risk assessment is performed on an individual borrower through the use of a credit application scorecard for Housing, Auto and Personal Loans while for Corporate Salary Loans, rule-based credit criteria on company accreditation and borrower evaluation has been established. The credit application scorecard makes use of customer, loan and collateral characteristics which have been assigned weights based on their predictive power in determining the propensity of an account to default or maintain a satisfactory credit performance. Credit decisions are based on recommended score cut-offs.

Asset quality of the Group is monitored through a regular portfolio performance review including customer segmentation and loan concentration risk assessment to identify sources of risk and to determine risk mitigation on segments that drive delinquency or manifests triggers for default. Likewise, close monitoring and review of industry performance, economic changes and market conditions that may affect the consumer loans business is also taken into consideration to establish a holistic risk assessment process.

For the credit card portfolio of the Group, credit risk assessment is performed through segmentation process to diversify the portfolio risk into different homogeneous populations or segments. Over-all account distribution is analyzed for three different snapshots with respect to month-on-month days past due (DPD) to see consistency in the portfolio.

For microfinance and small business loans, regardless if the accounts have been fully paid, extended or renewed in subsequent period, are subjected to evaluation for possible losses. Credit risk assessment is performed based on groups of loan portfolio segmented by product type such as (a) credit accommodations to small-medium size borrowers; and, (b) agricultural and microfinance loans.

The Group classifies the consumer, microfinance and small business loans based on days past due following the categories that are consistent with the manner applied under the Group's internal credit risk assessment and regulatory reporting as follows:

Bucket	Classification	Secured	Unsecured
Current	Unclassified	Unclassified	Unclassified
One to 30 days	Especially Mentioned	Unclassified	Especially Mentioned
31 to 60 days	Especially Mentioned	Especially Mentioned	Especially Mentioned
61 to 90 days	Substandard	Especially Mentioned	Substandard
91 to 180 days	Substandard	Substandard	Substandard
181 to 365 days	Doubtful	Doubtful	Doubtful
More than 365 days	Loss	Loss	Loss

The Group assigns consumer, microfinance and small business loans based on classification into stages of impairment as follows:

Classification	Stage
Unclassified	1
Especially Mentioned	2
Defaulted	3

For purposes of the information disclosed for credit risk exposures, 'defaulted' accounts include those which are classified as Substandard, Doubtful, and Loss.

The groupings of financial instruments into a pool of shared credit quality are subject to the regular review by the Group's CMG in order to ensure that credit exposures within a particular group remain appropriately homogenous.

(iii) Debt Securities at Amortized Cost and at FVOCI

For debt securities, the Group adopts similar credit risk ratings published by reputable external rating agency (e.g., S&P). These ratings are continuously monitored and updated. The PD associated with each rating is determined based on realized default rates over the previous 12 months, as published by the rating agency.

4.4.3 Assessment of SICR

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group assesses the change in the risk of a default occurring over the remaining life of the financial instrument. In making this assessment, the Group assesses on a periodic basis both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information as appropriate. These may include macroeconomic conditions, economic sector and geographical region relevant to the counterparty or borrower and other factors that are counterparty-specific. As the Group holds various arrays of financial instruments, the extent of assessment may depend on the materiality of the financial instrument or the complexity of the portfolio being assessed.

The Group ECL model follows a three-stage impairment approach in determining the loss allowance to be recognized in the financial statements:

(i) Stage 1 – comprises of all credit exposures that are considered 'performing' and with no observed SICR since initial recognition. These include those financial instruments with low credit risk. For these financial instruments, the loss allowance is determined based on a 12-month ECL.

(ii) Stage 2 – comprises of all financial instruments assessed to have SICR since initial recognition based on the Group's quantitative and qualitative criteria, though not yet deemed to be credit-impaired. Using the Group's ICRRS, Stage 2 includes credit exposures that are considered 'under-performing' in which risk ratings were downgraded by at least three notches and/or downgraded to CCC+ to Especially Mentioned. Stage 2 financial instruments may also include those facilities where the credit risk has improved and have been reclassified from Stage 3 subject to the Group's observation period on the creditworthiness of the counterparty. A lifetime ECL is recognized for these financial instruments.

(iii) Stage 3 – comprises credit exposures which are assessed as 'credit-impaired', thus considered by the Group as 'non-performing', which is assessed consistently with the Group's definition of default. Generally, this includes accounts classified as Substandard, Doubtful and Loss. The Group recognizes a lifetime ECL for all credit-impaired financial assets.

The Group considers low credit risk for listed debt security when its credit risk rating is equivalent to a globally understood definition of 'investment grade' (which should be from at least one major rating agency); other debt securities are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired assets. ECL is only recognized or released to the extent that there is a subsequent change in the ECLs.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to have well-defined credit weaknesses. Under the Group's ICRRS, these are exposures rated at least Especially Mentioned. For exposures with no internal credit risk rating performed, if contractual payments are more than a specified days past due threshold, the credit risk is deemed to have increased significantly since initial recognition. Depending on the number of days past due which differ across the various retail products of the Group, a credit exposure may be transferred to Stage 2 or Stage 3. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL. As a general rule, an upgrade or transfer of credit exposure from Stage 3 to Stage 1 is allowed when there is sufficient evidence to support that full collection of principal and interest is probable, consistent with the Group's definition of curing period.

For portfolios in respect of which the Group has limited historical data, external benchmark information (e.g., Basel LGD) is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL include exposures to foreign borrowers and low default borrower segments.

4.4.4 Definition of Default and Credit-impaired Assets

i. Loans and Receivables

The Group defines a loan instrument as in default, which is aligned with the definition of credit-impaired, when the borrower is more than 90 days past due on its contractual payments, except for the 30 days past due threshold for retail loans of the Group and one day past due for microfinance loan portfolio of Rizal Microbank. As part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances and factors that may indicate unlikeliness to pay which may include (a) significant financial difficulty of the issuer or borrower; (b) the restructuring of a loan by the Group, for economic or legal reasons relating to the borrower's financial difficulty, on terms that the Group would not consider otherwise; or (c) it becoming probable that the borrower will enter bankruptcy or other financial reorganization. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

An instrument is considered to be no longer in default or have cured when the borrower is able to repay the installments in arrears and the account no longer meets any of the default criteria for a consecutive period of 180 days, observation period, within which the borrower shall make consecutive payments.

The definitions of default and observation period have been aligned with the definition used for regulatory capital purposes. Definitions of default and cure period can be rebutted and the rebuttal will be monitored and reviewed by the CMG on annual basis to ensure definitions remains appropriate.

These criteria are consistent with the definition of default used for internal credit risk management purposes that is aligned with the default criteria used for regulatory capital purposes. Such definition is consistently applied in determining PD, LGD, and EAD for each loan portfolio segment and throughout the ECL calculations of the Group.

ii. Investments in Debt Securities

Investments in debt securities is assessed as credit-impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of an event that occurred after the initial recognition of the security (a "loss event") and that loss event has impact on the estimated future cash flows of the securities. Losses expected as a result of future events, shall also be considered in estimating the ECL.

Objective evidence that the security is impaired includes observable data that comes to the attention of the holder of the security about the following loss events:

- significant financial difficulty of the issuer or obligor;
- breach of contract, such as a default or delinquency in interest or principal payments;
- the financial institution, for economic or legal reasons relating to the issuer's financial difficulty, granting to the issuer a concession that the financial institution would not otherwise consider;
- it becoming probable that the issuer will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that security because of financial difficulties; or,
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of securities since the initial recognition of those assets, although the decrease cannot yet be identified with the individual securities in the portfolio, including adverse change in the payment status of issuers in the portfolio; or national or local economic conditions that correlate with defaults on the securities in the portfolio.

The disappearance of an active market because a financial institution's held securities are no longer publicly traded is not evidence of impairment. A downgrade of an issuer's credit rating is not, by itself, evidence of impairment, although it may be evidence of impairment when considered with other available information. A decline in the fair value of a security below its cost or amortized cost is not necessarily evidence of impairment (for example, a decline in fair value of an investment in debt security that results from an increase in the risk-free interest rate).

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessment of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; or,
- the internal support mechanism in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfill the required criteria.

4.4.5 ECL Measurement Inputs

Integral in the Group's established policies in measuring and calculating ECL on financial instrument is the use of appropriate model for each segment of financial asset that applies relevant inputs and assumptions, including forward-looking information as appropriate.

(a) Key Inputs and Assumptions in the ECL Model

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment.

(i) PD represents an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation. PD is calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures which considers both quantitative and qualitative factors. In determining PD, the Group performed segmentation of its credit exposures based on homogenous characteristics [including corporate loan and retail loan (including credit-card and microfinance)] and developed a systematic PD methodology for each portfolio. Generally, if a counterparty or exposure migrates between rating classes, this will lead to a change in the estimate of the associated PD.

(ii) LGD pertains to estimate of loss related to the amount that may not be recovered after the borrower defaults. The Group estimates LGD parameters based on historical recovery rates of claims against defaulted counterparties, which takes into consideration the realization of any collateral that is integral to the financial asset. For secured credit exposure, the determination of LGD is dependent on the Group's collateral data which are available at the origination of the instrument which takes into account the amount and timing of the cash inflows (actual recovery) and outflows (actual expenses) and on the time value of money. Recoveries are calculated on a discounted cash flows basis using the effective interest rate as the discounting factor.

(iii) EAD represents the gross carrying amount of the exposure in the event of default which include the amortized cost amount of an instrument and any accrued interest receivable. For lending commitments, the EAD includes the amount of drawn and undrawn irrevocable loan commitments under the contract, which are estimated based on historical observations and forward-looking forecast. For some financial assets (e.g., credit card lending), EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical technique which considers the ability of borrowers to increase its exposure from the time of ECL calculation to the time of default (i.e., credit conversion factor).

These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to and summed at the end of the reporting period. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the life of the instrument. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. Such profile is supported by a historical analysis (i.e., an observation period of five years) which uses, among others the number of rated accounts and ratings of bad accounts at the time of default. Bad accounts are defaulted accounts classified into three classes such as the non-performing loans, accounts classified as Substandard, Doubtful or Loss, and real past due accounts.

In a risk rating model applied by the Group, a better rating or score denotes less probability of default than those of a worse rating. Identifying the counterparty default is done through a computation of the portfolio's observed default frequency (ODF). In cases when ODF method and the data to be used is limited, the Group may also employ the implied probability of default frequency (IPD) and the application of overlay factors in the PD.

Using the historical defaults under the Group's ICRRS based on S&P scale, ODF is calculated per rating class using the cumulative five-year data as the basis for grouping. This represents the actual numbers of bad borrower cases that have occurred during the five-year timeframe. On the other hand, unrated account are distributed to existing S&P rating classes using normal distribution assumption. In cases when there is zero-percent ODF in any of the rating class, these are grouped together with the next rating class with at least one bad borrower using cumulative five-year data. If there is no rating class after certain rating, grouping shall be decided by management.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

For loans with periodic amortization and one-time full payment at end of the term, EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation.

For revolving products (such as credit cards and credit line facilities), EAD is determined by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilization band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default, and may vary by product type. For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market or book values due to forced sales, time to repossession and recovery costs observed. For unsecured products, LGD is typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. The LGD is influenced by collection strategies.

For cash and cash equivalents and debt securities, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a SICR since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from S&P to determine whether the debt instrument has significantly increased in credit risk and to estimate ECL.

The assumptions underlying the ECL calculation are monitored and reviewed on an annual basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

The determination of the 12-month and lifetime PD, LGD, and EAD includes the overlay of forward-looking economic information discussed below.

(b) *Overlay of Forward-looking Information*

The Group incorporates forward-looking information (FLI) in its calculation of ECL. The Group has performed historical analysis and has identified the key macroeconomic variables (MEVs) impacting credit risk associated with its borrowers and/or counterparties and the ECL for relevant portfolio of debt instruments.

The MEVs and their associated impact on the PD, LGD and EAD vary by financial instrument. To project the MEVs for the full remaining life of each financial instrument, a mean reversion approach has been used, which means that MEVs tend to either a long run average rate (e.g., for unemployment) or a long run average growth rate [e.g., Gross Domestic Product (GDP)] over a period of two to five years. The impact of these economic variables on the PD, LGD and EAD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

The MEVs considered by the Group include economic data and forecasts published by government bodies (e.g., BSP and Philippine Statistics Authority), international organizations (e.g., International Monetary Fund), and certain reputable private and academic organizations involved in forecasting. Accordingly, the Group has identified key drivers for credit risk for its corporate loans portfolio, which include among others, GDP growth rate, inflation rate, unemployment rate, interest rate (i.e., based on 91-day T-bill Yield), and foreign currency exchange rates. On the other hand, the key drivers for the Group's retail and consumer loans portfolio include unemployment rate, GDP growth rate, consumer spending growth rate, and inflation rate. Using an analysis of historical data, the Group has estimated relationships between MEVs and credit risk and credit losses.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore, the actual outcomes may be significantly different to those projections. The Group considers these forecasts to represent its best estimate of the possible outcomes.

Management has also considered other FLI not incorporated within the above economic scenarios, such as any regulatory, legislative, or political changes, but are not deemed to have a significant impact on the calculation of ECL. Management reviews and monitors the appropriateness of FLIs on a regular basis and additional factors may be incorporated from time to time as deemed appropriate.

4.4.6 Impact of COVID-19 on Measurement of ECL

In response to the COVID-19 situation and the Group's expectations of economic impacts, the key conditions and assumptions utilized in the Group's calculation of ECL have been revisited and recalibrated. The economic scenarios and forward-looking macroeconomic assumptions underpinning the ECL calculation are outlined in Note 4.4.2. As of December 31, 2021 and 2020, the expected impacts of COVID-19 have been reasonably captured using the Group's business-as-usual (BAU) ECL methodology (i.e., the ECL methodology consistently used in the prior years) and post-model adjustments (or the "COVID-19 overlay").

The BAU ECL methodology have been constructed and calibrated using historical trends and correlations as well as forward-looking economic scenarios. The severity of the current macroeconomic projections and the added complexity caused by the various support schemes and regulatory guidance could not be reliably modelled for the time being. Therefore, the BAU ECL model may generate results that are either overly conservative or overly optimistic depending on the specific portfolio or segment. As a result, post-model adjustments are needed to reflect the considerable uncertainty in BAU ECL methodology given the unprecedented impacts of COVID-19.

Given BAU ECL model changes take a significant amount of time to develop and validate, and the data limitation in respect of lagging credit information and granular behavior analysis of customers, the Group expects that post-model adjustments will be applied for the foreseeable future. Notwithstanding that the measurement inputs and assumptions, including forward-looking macroeconomic assumptions, were recalibrated in response to the COVID-19 situation, the fundamental ECL mechanics and methodology underpinning the Group's measurement of ECL have remained consistent with the prior periods.

In identifying the impact of COVID-19 pandemic to the Group's customers, the Group re-segmented its loan portfolio based on the perceived and expected COVID-19 impact to the customers' businesses and industries which also considers additional qualitative characteristics that would elevate COVID-19 changes to SICR such as differentiation of temporary liquidity need from permanently impacted or SICR.

Supporting the re-segmentation is the COVID-19 Assistance and Recovery Enhancement (CARE) Program, primarily designed to: (1) extend financial assistance to customers by way of extended repayment plans given cash flow tightness and (2) immediately get the customer back into the habit of paying based on amounts they can afford. In accordance with regulatory guidance, the Group also implemented mandatory payment holidays to all eligible loans (see also Note 4.4.12).

The following are the considerations in measuring ECL under the COVID-19 situation:

(a) SICR

The offer or uptake of COVID-19 related repayment deferrals, whether coming from government reliefs or from the Group's CARE Program, does not itself constitute an SICR event unless the exposure is considered to have experienced an SICR based on other available information. SICR has been reassessed with reference to the Group's CARE Program credit risk rating which considers industry or segment assessment under the COVID-19 situation, financial performance indicators, historical credit information of the borrower and other modifiers. The Group's reassessment is to determine if changes in the customers' circumstances were sufficient to constitute SICR.

(b) COVID-19 Overlay

COVID-19 overlay represents adjustments in relation to data and model limitations as a result of the COVID-19 economic disruption. The adjustments are based on a combination of portfolio level credit risk analysis and an evaluation of ECL coverage at an exposure level. This also includes the effect of government and other support program. Considerations included the potential severity and duration of the economic disruption and the heightened credit risk of specific sectors and loan classes or segments including recoveries arising from loan modifications and collateral foreclosures in case of default.

Under the Bank's CARE Program, identified corporate accounts were categorized into segments which consider the borrower's feedback and the account officer/relationship manager's assessment. Under this overlay, EAD shall be based on the loan exposure that is not covered by the loan-to-value of collaterals. An adjusted PD shall be computed per segment to account for expected worsening per risk classification. LGD, on the other hand, shall be calculated only for the unsecured portion of loans as the Bank's claim on the collaterals may be enforced if necessary. Updated valuations of collateral shall likewise be incorporated.

For consumer loans, the COVID-19 overlay shall be implemented for auto loans given the observed worsening in non-performing loans over the duration of the pandemic. For home, personal and salary loans, the BAU ECL methodology shall be used as delinquency deterioration is not as pronounced for these portfolios and the collateral for home loans appreciates in value thereby improving loan coverage. Under this overlay, LGD for auto loans is adjusted considering available data on disposed assets and using the net present value of recoveries net of related expenses based on aging buckets prior to foreclosure.

The adjustments apply to both clean and secured collaterals but since the exposure at default for secured loans is fully covered by the fair value of the collaterals net of haircuts applied, which implies full recovery in case of default, the COVID-19 overlay was set to zero.

The impact of post-model adjustments made in estimating the reported ECL as at December 31, 2021 and 2020 are disclosed in Note 4.4.9.

4.4.7 Credit Risk Exposures

An analysis of the maximum credit risk exposure relating to receivables from customers is shown below:

	2021			
	Gross Maximum Exposure	**Fair Value of Collaterals**	**Net Exposure**	**Financial Effect of Collaterals**
Group				
Loans and discounts:				
Corporate	P 363,508	P 284,574	P 78,794	P 284,714
Consumer	109,994	163,700	-	109,994
Credit card receivables	35,563	-	35,563	-
Leasing and finance	2,593	5,992	-	2,593
Microfinance and small business	1,073	3,341	-	1,073
	P 512,731	**P 457,747**	**P 114,357**	**P 398,374**
Parent Company				
Loans and discounts:				
Corporate	P 359,376	P 284,574	P 74,802	P 284,574
Consumer	109,994	163,700	-	109,994
Credit card receivables	35,563	-	35,563	-
	P 504,933	**P 448,274**	**P 110,365**	**P 394,568**

	2020							
		Gross Maximum Exposure		Fair Value of Collaterals		Net Exposure		Financial Effect of Collaterals
Group								
Loans and discounts:								
Corporate	P	318,859	P	302,815	P	16,044	P	302,815
Consumer		101,146		174,219		-		101,146
Credit card receivables		31,973		-		31,973		-
Leasing and finance		3,458		5,020		-		3,458
Microfinance and small business		1,129		4,405		-		1,129
	P	456,565	P	486,459	P	48,017	P	408,548
Parent Company								
Loans and discounts:								
Corporate	P	315,544	P	302,815	P	12,729	P	302,815
Consumer		101,146		174,219		-		101,146
Credit card receivables		31,973		-		31,973		-
	P	448,663	P	477,034	P	44,702	P	403,961

The table below sets out the gross carrying amounts of the exposures to credit risk on financial assets with low credit risk measured at amortized cost and debt securities at FVOCI as of December 31.

	Group				**Parent Company**			
		2021		2020		**2021**		2020
Cash equivalents	**P**	**184,586**	P	187,211	**P**	**183,010**	P	185,036
Debt securities:								
At amortized cost		**163,758**		43,168		**162,951**		42,561
At FVOCI		**46,094**		36,720		**45,611**		36,295
	P	**394,438**	P	267,099	**P**	**391,572**	P	263,892

Cash equivalents includes loans and advances to banks [i.e., Due from BSP, Due from Other Banks, Loans Arising from Repurchase Agreements, and Interbank Loans Receivables (see Note 9)]. Debt securities includes government and corporate bonds and bills. These are held with central bank, financial institutions and other counterparties that are reputable and with low credit risk; corresponding allowance for ECL is shown in the succeeding pages.

The information about the credit exposures on the above financial assets as well as on loan commitments by stages of impairment as of December 31, 2021 and 2020, shown at their gross carrying amounts with the corresponding allowance for ECL are shown in the succeeding pages. All instruments, which were not assessed by the Group for ECL based on individual credit risk rating were evaluated on a collective basis, applying applicable PD and LGD based on the segment of instrument.

The maximum exposure to credit risks for other financial assets is limited to their carrying values as of December 31, 2021 and 2020.

a) Loans and receivables – Group and Parent Company

	Corporate Loans				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased credit-impaired***	**Total**
2021					
Pass					
AAA to BBB	P 12,771	P -	P -	P -	P 12,771
BBB- to B-	331,812	145	2,458	-	334,415
Watchlisted	4,066	460	54	-	4,580
Especially mentioned	-	45	444	-	489
Defaulted	-	-	7,671	45	7,716
Unrated	3,440	4	93	-	3,537
	352,089	654	10,720	45	363,508
Allowance for ECL	(2,064)	(29)	(5,218)	(40)	(7,351)
Carrying amount	**P 350,025**	**P 625**	**P 5,502**	**P 5**	**P 356,157**
2020					
Pass					
AAA to BBB	P 5,352	P -	P 42	P -	P 5,394
BBB- to B-	284,059	26	1,174	-	285,259
Watchlisted	400	2,584	19	-	3,003
Especially mentioned	1	2,327	465	-	2,793
Defaulted	-	-	8,212	48	8,260
Unrated	14,060	-	90	-	14,150
	303,872	4,937	10,002	48	318,859
Allowance for ECL	(1,813)	(761)	(4,853)	(36)	(7,463)
Carrying amount	P 302,059	P 4,176	P 5,149	P 12	P 311,396

**Purchased credit-impaired financial assets pertain to the non-performing loans of RCBC JPL*

	Retail and Other Products			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
Consumer loans				
Standard monitoring	P 81,363	P 12,513	P -	P 93,876
Defaulted	-	-	16,118	16,118
	81,363	12,513	16,118	109,994
Allowance for ECL	(363)	(357)	(3,772)	(4,492)
Carrying amount	**81,000**	**12,156**	**12,346**	**105,502**
Credit cards				
Current	P 31,598	P 46	P -	P 31,644
1-29 dpd	637	18	-	655
30-59 dpd	-	351	-	351
60-89 dpd	-	377	-	377
Defaulted	-	-	2,536	2,536
	32,235	792	2,536	35,563
Allowance for ECL	(572)	(325)	(2,150)	(3,047)
Carrying amount	**31,663**	**467**	**386**	**32,516**

	Retail and Other Products			
	Stage 1	Stage 2	Stage 3	Total
Leasing and finance receivables*				
AAA+ to B+	P 1,101	P -	P -	P 1,101
B to B-	-	755	-	755
CCC and below	-	-	737	737
	1,101	755	737	2,593
Allowance for ECL	(31)	(35)	(654)	(720)
Carrying amount	**1,070**	**720**	**83**	**1,873**
Micro and small business loans*				
Unclassified	P 684	P -	P -	P 684
Especially mentioned	-	322	-	322
Defaulted	-	-	67	67
	684	322	67	1,073
Allowance for ECL	(49)	(16)	(66)	(131)
Carrying amount	**635**	**306**	**1**	**942**
Total gross amount	115,383	14,382	19,458	149,223
Total allowance for ECL	(1,015)	(733)	(6,642)	(8,390)
Total carrying amount	**P 114,368**	**P 13,649**	**P 12,816**	**P 140,833**

**Leasing and finance receivables are from RCBC LFC*
***Micro and small business loans are from Rizal Microbank*

2020

	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
Standard monitoring	P 78,060	P 11,986	P -	P 90,046
Defaulted	-	-	11,100	11,100
	78,060	11,986	11,100	101,146
Allowance for ECL	(725)	(393)	(3,077)	(4,195)
Carrying amount	77,335	11,593	8,023	96,951
Credit cards				
Current	P 25,500	P 21	P -	P 25,521
1-29 dpd	1,406	8	-	1,414
30-59 dpd	-	1,715	-	1,715
60-89 dpd	-	698	-	698
Defaulted	-	-	2,625	2,625
	26,906	2,442	2,625	31,973
Allowance for ECL	(656)	(1,499)	(2,625)	(4,780)
Carrying amount	26,250	943	-	27,193
*Leasing and finance receivables**				
AAA+ to B+	P 2,153	P -	P -	P 2,153
B to B-	-	680	-	680
CCC and below	-	-	625	625
	2,153	680	625	3,458
Allowance for ECL	(18)	(76)	(204)	(298)
Carrying amount	2,135	604	421	3,160

**Leasing and finance receivables are from RCBC LFC*

	Retail and Other Products			
	Stage 1	Stage 2	Stage 3	Total
*Micro and small business loans***				
Unclassified	P 1,021	P -	P -	P 1,021
Especially mentioned	-	10	-	10
Defaulted	-	-	98	98
	1,021	10	98	1,129
Allowance for ECL	(40)	(2)	(92)	(134)
Carrying amount	981	8	6	995
Total gross amount	P 108,140	P 15,118	P 14,448	P 137,706
Total allowance for ECL	(1,439)	(1,970)	(5,998)	(9,407)
Total carrying amount	P 106,701	P 13,148	P 8,450	P 128,299

***Micro and small business loans are from Rizal Microbank*

b) *Investments in debt securities at amortized cost and at FVOCI*

	Group		Parent Company	
	HTC	**FVOCI**	**HTC**	**FVOCI**
2021				
Government securities				
AAA to A+	P 12,021	P -	P 12,021	P -
BBB+ to BBB-	120,948	28,682	120,141	28,682
	132,969	**28,682**	**132,162**	**28,682**
Corporate debt securities				
AAA	-	272	-	272
AA+ to A+	764	260	764	260
A to A-	638	-	638	-
BBB+ to BBB-	19,520	13,381	19,520	13,381
BB+ to BB-	9,704	3,499	9,704	3,016
B+ and below	163	-	163	-
	30,789	17,412	30,789	16,929
Allowance for ECL	(147)	(12)	(52)	(12)
	30,642	**17,400**	**30,737**	**16,917**
	P 163,611	**P 46,082**	**P 162,899**	**P 45,599**
2020				
Government securities				
AAA to A+	P -	P 13,542	P -	P 13,542
BBB+ to BBB-	37,022	7,021	36,932	7,021
	37,022	20,563	36,932	20,563
Corporate debt securities				
AAA	-	268	-	268
AA+ to A+	-	257	-	257
A to A-	-	-	-	-
BBB+ to BBB-	2,771	12,803	2,771	12,799
BB+ to BB-	3,375	2,829	2,858	2,408
B+ and below	-	-	-	-
	6,146	16,157	5,629	15,732
Allowance for ECL	(142)	(1)	(48)	(1)
	6,004	16,156	5,581	15,731
	P 43,026	P 36,719	P 42,513	P 36,294

Credit exposures for debt securities not held for trading are all classified as Stage 1.

c) Loan Commitments

The credit quality of the Group and Parent Company's irrevocable loan commitments with amounts determined after considering credit conversion factor, as of December 31 follows:

	Group and Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
Corporate loans				
Pass				
AAA to BBB	P 77	P -	P -	P 77
BBB- to B-	3,914	-	-	3,914
Watchlisted	-	4	13	17
Unrated	115	-	-	115
	4,106	4	13	4,123
ECL provisions	(18)	-	(5)	(23)
	4,088	4	8	4,100
Credit cards				
Current	9,607	-		9,607
ECL provisions	(122)	-	-	(122)
	9,485	-	-	9,485
	P 13,573	**P 4**	**P 8**	**P 13,585**
2020				
Corporate loans				
Pass				
AAA to BBB	P 2,153	P -	P -	P 2,153
BBB- to B-	3,284	-	-	3,284
Watchlisted	-	12	13	25
Unrated	99	-	-	99
	5,536	12	13	5,561
ECL provisions	(18)	(1)	(5)	(24)
	5,518	11	8	5,537
Credit cards				
Current	8,501	-	-	8,501
ECL provisions	(115)	-	-	(115)
	8,386	-	-	8,386
	P 13,904	P 11	P 8	P 13,923

4.4.8 Maximum Exposure to Credit Risk of Financial Instruments not Subject to Impairment

The following table contains analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e., FVTPL).

	Group		Parent Company	
	2021	2020	**2021**	2020
Government securities	**P 4,330**	P 1,876	**P 3,346**	P 1,808
Corporate debt securities	**35**	710	**35**	606
Derivative financial assets	**1,266**	1,129	**1,266**	1,129
	P 5,631	P 3,715	**P 4,647**	P 3,543

4.4.9 Allowance for ECL

The following tables show the reconciliation of the loss allowance for ECL by class of significant financial instruments.

a) Loans and receivables – Group and Parent Company

	Corporate Loans				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
2021					
Balance at beginning of year	P 1,813	P 761	P 4,853	P 36	P 7,463
Transfers:					
Stage 1 to Stage 2	(2)	2	-	-	-
Stage 1 to Stage 3	(9)	-	9	-	-
Stage 2 to Stage 1	635	(635)	-	-	-
Stage 2 to Stage 3	-	(20)	20	-	-
Stage 3 to Stage 1	75	-	(75)	-	-
Stage 3 to Stage 2	-	3	(3)	-	-
Assets derecognized or repaid	(1,877)	(91)	(63)	-	(2,031)
New assets originated:					
Remained in Stage 1	1,429	-	-	-	1,429
Moved to Stages 2 and 3	-	9	477	4	490
	251	(732)	365	4	(112)
Balance at end of year	**P 2,064**	**P 29**	**P 5,218**	**P 40**	**P 7,351**
2020					
Balance at beginning of year	P 706	P 529	P 4,659	P 36	P 5,930
Transfers:					
Stage 1 to Stage 2	(2)	2	-	-	-
Stage 1 to Stage 3	(13)	-	13	-	-
Stage 2 to Stage 1	65	(65)	-	-	-
Stage 2 to Stage 3	-	(42)	42	-	-
Stage 3 to Stage 1	4	-	(4)	-	-
Assets derecognized or repaid	(1,768)	(232)	(144)	-	(2,143)
New assets originated:					
Remained in Stage 1	2,821	-	-	-	2,821
Moved to Stages 2 and 3	-	568	287	-	855
	1,107	232	194	-	1,533
Balance at end of year	P 1,813	P 761	P 4,853	P 36	P 7,463

	Retail and Other Products			
	Stage 1	Stage 2	Stage 3	Total
2021				
Consumer loans				
Balance at beginning of year	P 725	P 393	P 3,077	P 4,195
Transfers:				
Stage 1 to Stage 2	(37)	37	-	-
Stage 1 to Stage 3	(8)	-	8	-
Stage 2 to Stage 1	318	(318)	-	-
Stage 2 to Stage 3	-	(21)	21	-
Stage 3 to Stage 1	709		(709)	-
Stage 3 to Stage 2	-	569	(569)	-
Assets derecognized or repaid	(1,697)	(412)	(624)	(2,733)
New assets originated:				
Remained in Stage 1	353	-	-	353
Moved to Stages 2 and 3	-	109	2,568	2,677
	(362)	(36)	695	297
Balance at end of year	**363**	**357**	**3,772**	**4,492**
Credit cards				
Balance at beginning of year	P 656	P 1,499	P 2,625	P 4,780
Transfers:				
Stage 1 to Stage 2	(28)	28	-	-
Stage 1 to Stage 3	(90)	-	90	-
Stage 2 to Stage 1	89	(89)	-	-
Stage 2 to Stage 3	-	(140)	140	-
Stage 3 to Stage 1	65	-	(65)	-
Stage 3 to Stage 2	-	37	(37)	-
Assets derecognized or repaid	(608)	(615)	(867)	(2,090)
New assets originated:				
Remained in Stage 1	591	-	-	591
Moved to Stages 2 and 3	-	346	4,577	5,514
Write-offs	(103)	(741)	(4,313)	(5,157)
	(84)	(1,174)	(475)	(1,733)
Balance at end of year	**572**	**325**	**2,150**	**3,047**
Leasing and finance receivables*				
Balance at beginning of year	P 18	P 76	P 204	P 298
Transfers:				
Stage 1 to Stage 2	(13)	13	-	-
Stage 1 to Stage 3	(78)	-	78	-
Stage 2 to Stage 3	-	(149)	149	-
New assets originated:				
Remained in Stage 1	7	-	-	7
Moved to Stages 2 and 3	-	7	15	22
Assets derecognized or repaid	(5)	(20)	(24)	(49)
Others	102	108	232	442
	13	(41)	450	422
Balance at end of year	**31**	**35**	**654**	**720**

	Retail and Other Products			
	Stage 1	Stage 2	Stage 3	Total
Micro and small business loans**				
Balance at beginning of year	P 40	P 2	P 92	P 134
Transfers:				
Stage 1 to Stage 2	(2)	2	-	-
Stage 2 to Stage 3	-	(2)	2	-
Stage 3 to Stage 1	2	-	(2)	-
Assets derecognized or repaid	(11)	-	(34)	(45)
New assets originated:				
Remained in Stage 1	20	-	-	20
Moved to Stages 2 and 3	-	14	8	22
	9	14	(26)	(3)
Balance at end of year	**49**	**16**	**66**	**131**
	P 1,541	**P 900**	**P 6,716**	**P 9,157**

**Leasing and finance receivables are from RCBC LFC*
***Micro and small business loans are from Rizal Microbank*

2020

	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
Balance at beginning of year	P 845	P 507	P 1,018	P 2,370
Transfers:				
Stage 1 to Stage 2	(104)	104	-	-
Stage 1 to Stage 3	(50)	-	50	-
Stage 2 to Stage 1	165	(165)	-	-
Stage 2 to Stage 3	-	(74)	74	-
Stage 3 to Stage 2	-	20	(20)	-
Assets derecognized or repaid	(9)	(167)	(19)	(195)
New assets originated:				
Remained in Stage 1	223	-	-	223
Moved to Stages 2 and 3	-	534	1,950	2,484
Write-offs	-	-	(907)	(907)
Others	(345)	(366)	931	(220)
	(120)	(114)	2,059	1,825
Balance at end of year	725	393	3,077	4,195
Credit cards				
Balance at beginning of year	P 510	P 278	P 1,051	P 1,839
Transfers:				
Stage 1 to Stage 2	(49)	49	-	-
Stage 1 to Stage 3	(74)	-	74	-
Stage 2 to Stage 1	25	(25)	-	-
Stage 2 to Stage 3	-	(69)	69	-
Stage 3 to Stage 1	21	-	(21)	-
Stage 3 to Stage 2	-	17	(17)	-
Assets derecognized or repaid	(663)	(245)	(272)	(1,180)
New assets originated:				
Remained in Stage 1	911	-	-	911
Moved to Stages 2 and 3	-	1,665	2,547	4,212
Write-offs	(25)	(171)	(806)	(1,002)
	146	1,221	1,574	2,941
Balance at end of year	656	1,499	2,625	4,780

	Retail and Other Products			
	Stage 1	Stage 2	Stage 3	Total
*Leasing and finance receivables**				
Balance at beginning of year	P 62	P 275	P 246	P 583
Transfers:				
Stage 1 to Stage 2	(57)	57	-	-
Stage 2 to Stage 3	-	(253)	253	-
Stage 3 to Stage 2	-	226	(226)	-
New assets originated:				
Remained in Stage 1	5	-	-	5
Moved to Stages 2 and 3	-	44	43	87
Write-offs	(27)	(120)	(107)	(254)
Others	35	(153)	(5)	(123)
	(44)	(199)	(42)	(285)
Balance at end of year	18	76	204	298
*Micro and small business loans***				
Balance at beginning of year	P 15	P 11	P 55	P 81
Transfers:				
Stage 1 to Stage 2	(1)	1	-	-
Stage 2 to Stage 3	-	(1)	1	-
Stage 3 to Stage 1	1	-	(1)	-
Assets derecognized or repaid	-	(21)	(25)	(46)
New assets originated:				
Remained in Stage 1	25	-	-	25
Moved to Stages 2 and 3	-	12	62	74
	25	(9)	37	53
Balance at end of year	40	2	92	134
	P 1,439	P 1,970	P 5,998	P 9,407

**Leasing and finance receivables are from RCBC LFC*
***Micro and small business loans are from Rizal Microbank*

Presented below are the composition of allowance for ECL as by loan portfolio (see Note 11):

	Group		**Parent Company**	
	2021	2020	**2021**	2020
Corporate	**P 7,351**	P 7,463	**P 7,311**	P 7,427
Credit card receivables	**3,047**	4,780	**3,047**	4,780
Consumer	**4,492**	4,195	**4,492**	4,195
Leasing and finance	**720**	298	**-**	-
Microfinance and small business	**131**	134	**-**	-
Other receivables	**2,523**	2,323	**2,489**	1,961
	P 18,264	P 19,193	**P 17,339**	P 18,363

Post-model adjustments made in estimating the reported ECL as at December 31, 2021 and 2020 are set out in the following table:

	Group		
	BAU ECL	COVID-19 Overlay	Total ECL
2021			
Corporate	P 6,724	P 627	P 7,351
Consumer	4,418	74	4,492
Credit card receivables	3,047	-	3,047
Leasing and finance	690	30	720
Microfinance and small business	131	-	131
Other receivables	2,523	-	2,523
	P 17,533	**P 731**	**P 18,264**
2020			
Corporate	P 6,692	P 771	P 7,463
Consumer	3,255	940	4,195
Credit card receivables	3,739	1,041	4,780
Leasing and finance	253	45	298
Microfinance and small business	134	-	134
Other receivables	2,323	-	2,323
	P 16,396	P 2,797	P 19,193

	Parent Company		
	BAU ECL	COVID-19 Overlay	Total ECL
2021			
Corporate	P 6,684	P 627	P 7,311
Consumer	4,418	74	4,492
Credit card receivables	3,047	-	3,047
Other receivables	2,489	-	2,489
	P 16,638	**P 701**	**P 17,339**
2020			
Corporate	P 6,656	P 771	P 7,427
Consumer	3,255	940	4,195
Credit card receivables	3,739	1,041	4,780
Other receivables	1,961	-	1,961
	P 15,611	P 2,752	P 18,363

b) Investments in debt securities at amortized cost and at FVOCI

ECL for investments in debt securities at amortized cost amounted to P14 and P1 in 2021 and 2020, respectively, for the Group while P12 and nil in 2021 and 2020, respectively, for the Parent. The allowance for ECL for investments in debt securities at amortized cost amounted to P147 and P142 for the Group and P52 and P48 for the Parent Company in December 31, 2021 and 2020, respectively. The allowance for ECL recognized for debt securities at FVOCI acquired were P12 and P1 in 2021 and 2020 for both Group and Parent.

c) *Loan commitments*

Allowance for ECL recognized both by the Group and Parent Company related to undrawn loan commitments as of December 31, 2021 and 2020 amounted to P145 and P139, respectively, presented as ECL provisions on loan commitments under Other Liabilities account (see Note 22). ECL recognized in profit or loss in 2021, 2020 and 2019 amounted to P5, P14 and P23, respectively.

The information on how the significant changes in the gross carrying amount of the financial instruments contributed to the changes in the amount of allowance for ECL are presented in Note 4.4.10.

4.4.10 Significant Changes in Gross Carrying Amount Affecting Allowance for ECL

The tables below and in the succeeding pages provides information how the significant changes in the gross carrying amount of financial instruments in 2021 and 2020 contributed to the changes in the allowance for ECL.

a) *Loans and receivables – Group and Parent Company*

	Corporate Loans				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased credit-impaired**	**Total**
2021					
Balance at beginning of year	P 303,872	P 4,937	P 10,002	P 48	P 318,859
Transfers:					
Stage 1 to Stage 2	(121)	121	-	-	-
Stage 1 to Stage 3	(768)	-	768	-	-
Stage 2 to Stage 1	3,412	(3,412)	-	-	-
Stage 2 to Stage 3		(83)	83	-	-
Stage 3 to Stage 1	198	-	(198)	-	-
Stage 3 to Stage 2	-	8	(8)	-	-
Assets derecognized or repaid	(150,404)	(1,164)	(1,004)	(3)	(152,575)
New assets originated:					
Remained in Stage 1	195,900	-	-	-	195,900
Moved to Stages 2 and 3	-	247	1,077	-	1,324
	48,217	(4,283)	718	(3)	44,649
Balance at end of year	**P 352,089**	**P 654**	**P 10,720**	**P 45**	**P 363,508**
2020					
Balance at beginning of year	P 284,284	P 10,726	P 7,278	P 52	P 302,340
Transfers:					
Stage 1 to Stage 2	(213)	213	-	-	-
Stage 1 to Stage 3	(1,174)	-	1,174	-	-
Stage 2 to Stage 1	678	(678)	-	-	
Stage 2 to Stage 3	-	399)	399	-	-
Stage 3 to Stage 1	10	-	(10)	-	-
Assets derecognized or repaid	(151,639)	(8,028)	(1,559)	(4)	(161,230)
New assets originated:					
Remained in Stage 1	171,926	-	-	-	171,926
Moved to Stages 2 and 3	-	3,103	2,720	-	5,823
	19,588	(5,789)	2,724	(4)	16,519
Balance at end of year	P 303,872	P 4,937	P 10,002	P 48	P 318,859

	Retail and Other Products			
	Stage 1	Stage 2	Stage 3	Total
2021				
Consumer loans				
Balance at beginning of year	P 78,060	P 11,986	P 11,100	P 101,146
Transfers:				
Stage 1 to Stage 2	(3,462)	3,462	-	-
Stage 1 to Stage 3	(794)	-	794	-
Stage 2 to Stage 1	7,918	(7,918)	-	-
Stage 2 to Stage 3	-	(534)	534	-
Stage 3 to Stage 1	4,576	-	(4,576)	-
Stage 3 to Stage 2	-	3,740	(3,740)	-
Assets derecognized or repaid	(4,986)	(1,175)	(3,035)	(9,196)
New assets originated:				
Remained in Stage 1	51	-	-	51
Moved to Stages 2 and 3	-	2,952	15,041	17,993
	3,303	527	5,018	8,848
Balance at end of year	**81,363**	**12,513**	**16,118**	**109,994**
Credit cards				
Balance at beginning of year	P 26,906	P 2,442	P 2,625	P 31,973
Transfers:				
Stage 1 to Stage 2	(669)	669	-	-
Stage 1 to Stage 3	(1,519)	-	1,519	-
Stage 2 to Stage 1	230	(230)	-	-
Stage 2 to Stage 3	-	(322)	322	-
Stage 3 to Stage 1	90	-	(90)	-
Stage 3 to Stage 2	-	51	(51)	-
Assets derecognized or repaid	(55,774)	(368)	(413)	(56,555)
New assets originated:				
Remained in Stage 1	64,072	-	-	64,072
Moved to Stages 2 and 3	-	369	860	1,229
Write-offs	(1,101)	(1,819)	(2,236)	(5,156)
	5,329	(1,650)	(89)	3,590
Balance at end of year	**32,235**	**792**	**2,536**	**35,563**
Leasing and finance receivables*				
Balance at beginning of year	P 2,153	P 680	P 625	P 3,458
Transfers:				
Stage 1 to Stage 2	(715)	715	-	-
Stage 1 to Stage 3	(463)	-	463	-
Stage 2 to Stage 3	-	(322)	322	-
Stage 3 to Stage 1	38	-	(38)	-
New assets originated:				
Remained in Stage 1	515	-	-	515
Moved to Stages 2 and 3	-	200	5	205
Assets derecognized or repaid	(348)	(25)	(130)	(503)
Others	(79)	(493)	(510)	(1,082)
	(1,052)	75	112	(865)
Balance at end of year	**1,101**	**755**	**737**	**2,593**

	Retail and Other Products			
	Stage 1	Stage 2	Stage 3	Total
Micro and small business loans*				
Balance at beginning of year	P 1,021	P 10	P 98	P 1,129
Transfers:				
Stage 1 to Stage 2	(42)	42	-	-
Stage 2 to Stage 3	-	(3)	3	-
Stage 3 to Stage 1	1	-	(1)	-
Stage 3 to Stage 2	-	8	(8)	-
Assets derecognized or repaid	(667)	(1)	(35)	(703)
New assets originated:				
Remained in Stage 1	371	-	-	371
Moved to Stages 2 and 3	-	266	10	276
	(337)	312	(31)	(56)
Balance at end of year	**684**	**322**	**67**	**1,073**
	P 115,383	**P 14,382**	**P 19,458**	**P 149,223**

**Leasing and finance receivables are from RCBC LFC*
***Micro and small business loans are from Rizal Microbank*

2020

	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
Balance at beginning of year	P 80,056	P 11,129	P 4,792	P 95,977
Transfers:				
Stage 1 to Stage 2	(8,534)	8,534	-	-
Stage 1 to Stage 3	(4,579)	-	4,579	-
Stage 2 to Stage 1	4,155	(4,155)		-
Stage 2 to Stage 3	-	(3,264)	3,264	-
Stage 3 to Stage 2	-	380	(380)	-
Assets derecognized or repaid	(2,264)	(767)	(773)	(3,804)
New assets originated:				
Remained in Stage 1	20,471	-	-	20,471
Moved to Stages 2 and 3	-	1,429	1,274	2,703
Write-offs	-	-	(907)	(907)
Others	(11,245)	(1,300)	(749)	(13,294)
	(1,996)	857	6,308	5,169
Balance at end of year	78,060	11,986	11,100	101,146
Credit cards				
Balance at beginning of year	P 29,110	P 666	P 1,267	P 31,043
Transfers:				
Stage 1 to Stage 2	(1,679)	1,679	-	-
Stage 1 to Stage 3	(1,578)	-	1,578	-
Stage 2 to Stage 1	65	(65)	-	-
Stage 2 to Stage 3	-	(170)	170	-
Stage 3 to Stage 1	28	-	(28)	-
Stage 3 to Stage 2	-	21	(21)	-
Assets derecognized or repaid	(49,736)	(682)	(349)	(50,767)
New assets originated:				
Remained in Stage 1	50,900	-	-	50,900
Moved to Stages 2 and 3	-	1,391	994	2,385
Write-offs	(204)	(398)	(986)	(1,588)
	(2,204)	1,776	1,358	930
Balance at end of year	26,906	2,442	2,625	31,973

	Retail and Other Products			
	Stage 1	Stage 2	Stage 3	Total
*Leasing and finance receivables**				
Balance at beginning of year	P 1,891	P 1,985	P 569	P 4,445
Transfers:				
Stage 1 to Stage 3	(215)	-	215	-
Stage 2 to Stage 3	-	(227)	227	-
Stage 3 to Stage 2	-	65	(65)	-
Assets derecognized or repaid	(815)	(722)	(1,082)	(2,619)
New assets originated:				
Remained in Stage 1	1,676	-	-	1,676
Moved to Stages 2 and 3	-	1,758	504	2,262
Others	(384)	(2,179)	257	(2,306)
	262	(1,305)	56	(987)
Balance at end of year	2,153	680	625	3,458
*Microfinance and small business loans***				
Balance at beginning of year	P 1,142	P 29	P 143	P 1,314
Transfers:				
Stage 1 to Stage 2	(6)	6	-	-
Stage 2 to Stage 3	-	(1)	1	-
Stage 3 to Stage 1	1	-	(1)	-
Assets derecognized or repaid	(320)	(27)	(55)	(402)
New assets originated:				
Remained in Stage 1	204	-	-	204
Moved to Stages 2 and 3	(-	3	10	13
	121)	(19)	(45)	(185)
Balance at end of year	1,021	10	98	1,129
	P 108,140	P 15,118	P 14,448	P 137,706

**Leasing and finance receivables are from RCBC LFC*
***Micro and small business loans are from Rizal Microbank*

The amounts of "Transfers to" include the changes in the ECL on the exposures transferred from one stage to another during the year.

The Group's receivables arising from salary loans are generally fully recoverable as those are collected through salary deductions, except for those receivables from resigned employees which were provided with full ECL allowance. The breakdown of the total ECL allowances as to BAU ECL and COVID-19 overlay is presented in Note 4.4.9.

b) Investment in debt securities at amortized cost and at FVOCI

	Group		Parent Company	
	HTC	**FVOCI**	**HTC**	**FVOCI**
2021				
Balance at beginning of year	P 43,168	P 36,720	P 42,561	P 36,295
Assets purchased	230,816	84,009	230,816	84,009
Assets derecognized	(110,226)	(73,812)	(110,426)	(73,870)
Fair value loss	-	(823)	-	(823)
Balance at end of year	**P 163,758**	**P 46,094**	**P 162,951**	**P 45,611**
2020				
Balance at beginning of year	P 101,068	P 50,612	P 100,268	P 49,584
Assets purchased	174,920	200,545	174,920	200,545
Assets derecognized	(232,820)	(214,777)	(232,627)	(214,174)
Fair value gains	-	340	-	340
Balance at end of year	P 43,168	P 36,720	P 42,561	P 36,295

4.4.11 Collateral Held as Security and Other Credit Enhancements

The Group holds collateral against loans and advances to customers in the form of hold-out deposits, real estate mortgage, standby letters of credit or bank guaranty, government guaranty, chattel mortgage, assignment of receivables, pledge of equity securities, personal and corporate guaranty and other forms of security. 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 arrangements. Collateral is not usually held against trading and investment securities, and no such collateral was held as of December 31, 2021 and 2020.

The estimated fair value of collateral and other security enhancements held against the loan portfolio as of December 31 are presented below.

	Group			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
Real properties	P 141,510	P 12,997	P 16,335	P 170,842
Chattel	71,445	8,963	14,090	94,498
Hold-out deposits	7,338	100	19	7,457
Equity securities	21,554	30	3,390	24,974
Others	147,719	558	11,699	159,976
	P 389,566	**P 22,648**	**P 45,533**	**P 457,747**

	Group			
	Stage 1	Stage 2	Stage 3	Total
2020				
Real properties	P 122,910	P 14,064	P 114,694	P 251,668
Chattel	75,449	6,363	10,744	92,556
Hold-out deposits	8,419	81	81	8,581
Equity securities	7,505	-	2,243	9,748
Others	121,665	1,075	1,166	123,906
	P 335,948	P 21,583	P 128,928	P 486,459

	Parent Company			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2021				
Real properties	P 137,586	P 12,187	P 15,745	P 165,518
Chattel	69,144	8,571	13,662	91,377
Hold-out deposits	7,338	100	19	7,457
Equity securities	21,554	30	3,390	24,974
Others	147,069	370	11,509	158,948
	P 382,691	**P 21,258**	**P 44,325**	**P 448,274**
2020				
Real properties	P 118,776	P 14,035	P 114,481	P 247,292
Chattel	73,394	6,285	10,608	90,287
Equity securities	7,505	-	2,243	9,748
Hold-out deposits	8,266	81	81	8,428
Others	119,278	948	1,053	121,279
	P 327,219	P 21,349	P 128,466	P 477,034

The Group and the Parent Company have recognized certain properties arising from foreclosures in settlement of loan account amounting to P908 and P907, respectively, in 2021 and P637 and P612, respectively, in 2020.

The Group and the Parent Company's manner of disposing the collateral for impaired loans and receivables is normally through sale of these assets after foreclosure proceedings have taken place. The Group and the Parent Company do not generally use the non-cash collateral for its own operations.

There were no changes in the Group and the Parent Company's collateral policies in 2021 and 2020.

4.4.12 Modifications of Financial Assets

(a) Financial Reliefs Provided by the Group

In certain cases, the Group modifies the terms of the loans provided to the borrowers due to commercial renegotiations, or for distressed loans, with a view of maximizing recovery of the contractual amount of obligation that the Group is owed to. Restructuring policies and practices are based on indicators or criteria which, in the management's judgment, indicate that payment will most likely continue. Such policies are continuously reviewed and updated as necessary. Restructuring is most commonly applied to term or corporate loans.

On top of the government reliefs, the Group has offered financial relief through its CARE Program, which was approved by the Executive Committee on May 4, 2020, in response to the COVID-19 situation. These relief measures were granted to eligible customers to allow them to get back into the habit of paying loans and included the following:

- payment relief including extension of contractual terms;
- principal and interest relief including lower amortization on extended term with interest payment only on the first year; and,
- extension of balloon repayment terms.

The outstanding balance of loans modified under the CARE Program in 2021 and 2020 amounted to P30,918 and P26,652, respectively, for the Group, and P27,032 and P25,817, respectively for the Parent Company.

(b) Financial Reliefs Mandated by the Government

In compliance with Republic Act No. 11469, *Bayanihan to Heal as One Act*, (BAHO Act), the Group implemented a minimum 30-day grace period on all loans with principal and interests falling due within the period of the Enhanced Community Quarantine (ECQ), which started on March 17, 2020 up to April 30, 2020, which was extended until May 31, 2020. There is no similar government relief in 2021.

In compliance with Republic Act No. 11494, *Bayanihan to Recover as One Act,* (BARO Act), the Group granted one-time 60-day grace period for payments and/or maturity periods of all existing, current and outstanding loans as of September 15, 2020, falling due, or any part thereof, on or before December 31, 2020, subject to compliance with regulatory requirements. There is no similar government relief in 2021.

During the grace period or payment holiday, there were no interests on interests, penalties, or other charges but accrued interests at contractual rate for grace periods were charged based on the outstanding principal balance of loan at the time of application of the grace periods except for microfinance loans.

The total outstanding balance of loans modified under BAHO and BARO Acts amounts to P138,275 and P137,638, respectively, as of December 31, 2020 for the Group and Parent Company.

Financial reliefs provided by the Group and mandated by the government were assessed to be non-substantial modification and has not resulted to material modification loss as the present value of the original cash flows and the present value of the revised cash flows using the original effective interest rate were substantially the same.

The following tables provide a summary of the outstanding balance of modified loans resulting from the financial reliefs provided by the Group and mandated by the government as of December 31:

	Group			
	2021	2020		
	CARE Program	BAHO Act/ BARO Act	CARE Program	Total
Stage 1 (Performing)				
Corporate	**P 23,104**	P 29,614	P 15,111	P 44,725
Consumer	**540**	72,958	66	73,024
Credit card	**-**	5,804	5,176	10,980
Leasing and finance	**1,519**	20	3,335	3,355
Microfinance and small business	**178**	423	4	427
	P 25,341	P 108,819	P 23,692	P 132,511
Stage 2 (Underperforming)				
Corporate	**P 351**	P 1,769	P 1,769	P 3,538
Consumer	**518**	12,278	138	12,416
Credit card	**-**	1,002	162	1,164
Leasing and finance	**518**	177	246	423
Microfinance and small business	**41**	-	5	5
	P 1,428	P 15,226	P 2,320	P 17,546
Stage 3 (Nonperforming)				
Corporate	**P 1,112**	P 505	P 324	P 829
Consumer	**1,900**	11,335	55	11,390
Credit card	**-**	2,373	16	2,389
Leasing and finance	**1,136**	14	237	251
Microfinance and small business	**1**	3	8	11
	P 4,149	P 14,230	P 640	P 14,870

	Parent			
	2021	2020		
	CARE Program	BAHO Act/ BARO Act	CARE Program	Total
Stage 1 (Performing)				
Corporate	**P 23,000**	P 29,614	P 15,111	P 44,725
Consumer	**540**	72,958	66	73,024
Credit card	**-**	5,804	5,176	10,980
	P 23,540	P 108,376	P 20,353	P 129,729
Stage 2 (Underperforming)				
Corporate	**P 351**	P 1,769	P 1,769	P 3,538
Consumer	**744**	12,278	138	12,416
Credit card	**-**	1,002	162	1,164
	P 1,095	P 15,049	P 2,069	P 17,118

	Parent			
	2021	2020		
	CARE Program	BAHO Act/ BARO Act	CARE Program	Total
Stage 3 (Nonperforming)				
Corporate	**P 497**	P 505	P 324	P 829
Consumer	**1,900**	11,335	55	11,390
Credit card	**-**	2,373	16	2,389
	P 2,397	P 14,213	P 395	P 14,608

(c) Assessment of SICR

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the performance of the financial asset subsequent to its modification.

The Group may determine that the credit risk has significantly improved after restructuring (in accordance with the new terms for six consecutive months or more), so that the assets are moved from Stage 3 or Stage 2.

The Group continues to monitor if there is a subsequent SICR in relation to such modified assets through the use of specific models for modified assets [see also Note 4.4.6(a)].

4.4.13 Write-offs

The Group and the Parent Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include: cessation of enforcement activity; and, where the Group and Parent Company's recovery method is through foreclosure of collateral and the value of the collateral is less than the outstanding contractual amounts of the financial assets to be written-off.

The Group and Parent Company may write off financial assets that are still subject to enforcement activity. The outstanding amounts of such assets written off in 2021 and 2020 amounted to P5,161 and P3,330, respectively, for the Group, and P5,157 and P3,078, respectively, for the Parent Company. The Group and the Parent Company still seek to recover amounts legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

4.4.14 Credit Risk Stress Test

To enhance the assessment of credit risk, the Group adopted a credit risk stress testing framework using break-even sales and cash flow debt service to determine a borrower's vulnerability and ultimately impact to the Group's capital adequacy. The Parent Company adopted a portfolio credit risk testing framework that takes into consideration the causal relationships among industry sectors.

4.4.15 Sensitivity Analysis on ECL Measurement

Set out below are the changes to the Group's ECL as of December 31, 2021 and 2020 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions:

	Change in MEVs		Impact on ECL	
	Upside Scenario	**Downside Scenario**	**Upside Scenario**	**Downside Scenario**
2021				
Credit card receivables			**(P 97)**	**P 4,972**
Unemployment rate	**- 0.70%**	**+ 11.20%**		
Inflation rate	**- 0.10%**	**+ 6.60%**		
Corporate loans			**(87)**	**40**
USD-Php exchange rate	**- P3.00**	**+ P10.50**		
Inflation rate	**- 0.50%**	**+ 5.00%**		
91D TD bill	**- 0.50%**	**+ 5.00%**		
Consumer loans:				
Salary loans			**(12)**	**16**
Unemployment rate	**- 2.00%**	**+ 9.00%**		
USD-Php exchange rate	**- P4.00**	**+ P9.50**		
Inflation rate	**- 1.00%**	**+ 5.00%**		
Bank lending rate	**- 0.50%**	**+ 5.00%**		
Housing loans			**(7)**	**57**
Unemployment rate	**- 2.00%**	**+ 9.00%**		
Inflation rate	**- 1.00%**	**+ 5.00%**		
Bank lending rate	**- 0.50%**	**+ 5.00%**		
Auto loans			**(3)**	**18**
GDP	**+ P24,118**	**- P313,538**		
USD-Php exchange rate	**- P4.00**	**+ P9.50**		
Bank lending rate	**- 0.50%**	**+ 5.00%**		
Personal loans			**(10)**	**44**
GDP	**+ P24,118**	**- P313,538**		
USD-Php exchange rate	**- P4.00**	**+ P9.50**		
Bank lending rate	**- 0.50%**	**+ 5.00%**		

	Change in MEVs		Impact on ECL	
	Upside Scenario	Downside Scenario	Upside Scenario	Downside Scenario
2020				
Credit card receivables			(P 1,178)	P 4,823
Unemployment rate	- 1.00%	+ 12.00%		
Inflation rate	- 0.50%	+ 5.00%		
Corporate loans			(279)	2,100
GDP growth rate	+ 0.70%	- 1.40%		
Inflation rate	- 0.50%	+ 5.00%		
91D TD bill	- 0.50%	+ 5.00%		
Consumer loans:				
Salary loans			(19)	44
Unemployment rate	- 2.00%	+ 9.00%		
USD-Php exchange rate	- P3.00	+ P10.50		
Inflation rate	- 1.70%	+ 3.80%		
Bank lending rate	- 0.50%	+ 5.00%		
Housing loans			(7)	44
Unemployment rate	- 2.00%	+ 9.00%		
Inflation rate	- 1.70%	+ 3.80%		
Bank lending rate	- 0.50%	+ 5.00%		
Auto loans			(1)	8
GDP	+ P26,301	- P341,915		
USD-Php exchange rate	- P3.00	+ P10.50		
Bank lending rate	- 0.50%	+ 5.00%		
Personal loans			(8)	44
GDP	+ P26,301	- P341,915		
USD-Php exchange rate	- P3.00	+ P10.50		
Bank lending rate	- 0.50%	+ 5.00%		

4.5 Operational Risk

Operational risks are risks arising from the potential inadequate information systems and systems, operations or transactional problems (relating to service or product delivery), breaches in internal controls, 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.

The Operational Risk Management Division (ORMD) assists management in meeting its responsibility to understand and manage operational risk exposures and to ensure consistent application of operational risk management tools across the Group.

The ORMD applies a number of techniques to efficiently manage operational risks. Among these are as follows:

- Each major business line has an embedded designated operational risk officer who acts as a point person for the implementation of various operational risk tools. The operational risk officers attend annual risk briefings conducted by the ORMD to keep them up-to-date with different operational risk issues, challenges and initiatives;

- With ORMD's bottom up self-assessment process, which is conducted at least annually, areas with high risk potential are highlighted and reported, and control measures are identified. The result of said self-assessment exercise also serves as one of the inputs in identifying specific key risk indicators (KRIs);

- KRIs are used to monitor the operational risk profile of the Group and of each business unit, and alert management of impending problems in a timely fashion;

- Internal loss information is collected, reported, and utilized to model operational risk; and,

- The ORMD reviews product and operating manuals, policies, procedures and circulars, thus allowing the embedding of desired operational risk management practices in all business units.

Operational Risk Management, as it relates to capital adequacy, is currently under Basic Indicator Approach (see Note 5.2).

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.

4.5.1 Reputation Risk

Reputation risk is the risk to earnings or capital arising from negative public opinion. This affects the Group's ability to establish new relationships or services, or to continue servicing existing relationships. This risk can expose the Group to litigation, financial loss, or damage to its reputation. Reputation risk arises whenever technology-based banking products, services, delivery channels, or processes may generate adverse public opinion such that it seriously affects the Group's earnings or impairs its capital. This risk is present in activities such as asset management and regulatory compliance.

The Group adopted a reputation risk monitoring and reporting framework to manage public perception. Central to the said framework is the creation of the RCBC Marketing Committee chaired by the Parent Company's Chief Marketing Officer.

4.5.2 Legal Risk and Regulatory Risk Management

Changes in laws and regulations and fiscal policies could adversely affect the Group's operations and financial reporting. 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 mid-stream changes in regulatory regime affecting current position and/or strategy. Compliance Risk is the risk of loss resulting from failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities.

The Group's Compliance Program, the design and implementation of which is overseen and coordinated by the Chief Compliance Officer, is the primary control process for regulatory and compliance risk issues. The Compliance Office is committed to safeguard the integrity of the Group by maintaining a high level of regulatory compliance. It is responsible for communicating and disseminating new rules and regulations to all units, assessing and addressing identified compliance issues, performing periodic compliance testing an, and reporting compliance findings to the ACC and the BOD.

4.6 Anti-Money Laundering Controls

The AMLA or RA No. 9160 was passed in September 2001. It was subsequently amended by RA No. 9194, RA No. 10167, and RA No. 10365 in March 2003, June 2012 and February 2013, respectively. Together with the Terrorism Financing Prevention and Suppression Act (TFPSA) which was passed in June 2012 by virtue of RA No. 10168, and Anti-Terrorism Act of 2020 or R.A. 11479 these laws provide the regulatory framework for the Philippine Anti-Money Laundering and Terrorist Financing Prevention regulations. The Anti-Money Laundering Council is the financial intelligence unit tasked to implement AMLA, as amended. It is also the government agency that issues implementing guidelines to the AMLA and the TFPSA.

RCBC, as a BSP-supervised covered person, is subject to the Anti-Money Laundering and Combatting the Financing of Terrorism Regulations under Part Nine of the Manual of Regulations for Banks (MORB). Recent amendments to the said regulations were covered by BSP Circular Nos. 950 and 1022.

RCBC's Money Laundering and Terrorist Financing Prevention Program (MTPP) is aligned with the foregoing laws, rules, and regulations, and follows a risk-based approach in identifying, assessing, and mitigating money laundering, terrorist financing, and proliferation financing risks. It includes the policies, procedures, and controls that are designed to prevent, detect, and deter money laundering and terrorist financing. Some of these controls include the following:

- Delineation of the sales and the service functions of the first line of defense. The Sales function is focused on marketing and sales, relationship management, cross-selling, credit-related matters and documentation, and loan-related referrals and documentation; while the Service function is focused on BC operations such as: (a) customer servicing, which includes know your customer (KYC) and account opening, account maintenance and tellering, cash and vault management and ATM servicing, (b) BC administration, (c) customer experience management such as inquiries, feedback, and problem resolution, and (d) compliance and audit.

- The Bank also created middle offices under the Branch Operations and Control Segment, comprised of Middle Office Support Division (MOSD) and Branch Control Division (BCD), tasked to review and validate KYC documents. The MOSD ensures the uniqueness of Customer Information Files and accuracy of information captured in the Credit Risk Mitigation (CRM). It also reviews the completeness of account opening documents. The BCD, on the other hand, ensures the proper implementation of KYC, the performance of independent enhanced due diligence (EDD) based on customer risk profile, and monitoring adherence of BCs to standard operating procedures. It also acts as the additional control layer to track exceptions and decides on dispositions, recommends sanctions or additional trainings for BCs, and recommends process improvements. The key processes of the BOCD are KYC, exceptions reporting, and quality assurance.

- Use of technology in automating compliance activities such as client risk profiling, watch list and sanctions screening, transaction monitoring, and regulatory reporting. In addition to this, the Bank recently initiated use of proactive compliance analytics and investigation to gain more actionable insights and typologies.

For the controls to remain effective, the RCBC Group assesses its key exposures to ML (money laundering)/TF (terrorist financing)/PF (proliferation financing) risks by performing an Institutional ML/TF/PF Risk Assessment (IRA) focusing on evaluating the inherent ML/TF/PF risks presented by the Bank's business activities and the controls in place to mitigate the inherent ML/TF/PF risks so as to determine the overall residual risks. The institutional risk assessment is conducted at least once every two (2) years, or as often as the Board or senior management may direct, depending on the level of risks identified in the previous risk assessment, or other relevant AML/Countering Financing of Terrorism developments that may have an impact on the covered person's operations.

4.7 Impact of LIBOR Reform

As disclosed in Note 2.2(a), the Group currently has exposure to contracts which reference LIBOR and extend beyond 2021, including swaps which will transition under the International Swaps and Derivatives Association (ISDA) protocols.

In 2021, the Group established working team consisting of key personnel from treasury, finance, risk, IT, legal, compliance and lending groups to oversee the Group's transition plan. This working group put in place a transition project for those contracts which reference USD LIBOR to transition them to Secured Overnight Financing Rate (SOFR), with the aim of minimizing the potential disruption to business and mitigating operational risks and possible financial losses. This transition project is considering changes to systems, processes, risk management and valuation models, as well as managing related tax and accounting implications. Significant risk areas affected by the replacement of LIBOR include: (i) updating systems and processes which capture USD LIBOR referenced contracts; (ii) amending affected contracts, or existing fallback/transition clauses not operating as anticipated; and (iii) reviewing mismatches in timing of derivatives and loans transitioning from USD LIBOR and the resulting impact on economic risk management.

As confirmed by the United Kingdom's Financial Conduct Authority that LIBOR setting will either cease to be provided or no longer representative for:

- All Sterling, Euro, Swiss Franc and Japanese Yen settings and the 1-week and 2-month USD settings by December 31, 2021

- Remaining overnight, 1-month, 3-month and 12-month USD settings by June 30, 2023

The Group has decided to continue the use of USD LIBOR for its outstanding contracts until June 30, 2023. On the other hand, beginning January 1, 2022, the Group will use the Chicago Mercantile Exchange (CME) Term SOFR as reference for new loans while new derivative contracts will use SOFR.

As of December 31, 2021, the Group has identified the required changes to systems and processes and will be implemented in 2022. Internal briefings were held across all lending units to disseminate the use of the new benchmark. The Group also sent notice to identified clients advising them of benchmark developments and the Group's adoption of CME Term SOFR for new loans beginning 2022. Loan documentations have also been reviewed for consistency with the new benchmark.

The Group continues to engage with industry participants and the BSP, to ensure an orderly transition to SOFR and to minimize the risks associating from transition, and it will continue to identify and assess risks associated with the USD LIBOR replacement.

The following table contains details of the carrying values of all financial instruments the Group holds as of December 31, 2021 which reference USD LIBOR and have not yet transitioned to SOFR:

	Assets	Liabilities
Non-derivative exposed to USD LIBOR measured at amortized cost :		
Loans and receivables	P 16,717	P -
Bills payable	-	1,531
	16,717	1,531
Derivatives	168	176
Total assets/liabilities exposed to USD LIBOR	P 16,885	P 1,707

(a) Risks Arising from the Interest Rate Benchmark Reform

The following are the key risks for the Group arising from the transition:

- Liquidity Risk: There are fundamental differences between LIBOR and the alternative benchmark rate which the Group will be adopting. LIBOR are forward-looking term rates published for a period (e.g., 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

- Accounting: If transition to alternative benchmark rates for certain contracts is finalized in a manner that does not permit the application of reliefs, this could lead to volatility in profit or loss if non-derivative financial instruments are modified or derecognized. In particular, the Group is not seeking to novate derivatives or close out derivatives and enter into new on-market derivatives where derivatives have been designated in hedging relationships.

- Operational Risk: The Group's current treasury management system will undergo upgrades to fully manage the transition to alternative benchmark rates and there is a risk that such upgrades are not fully functional in time, resulting in additional manual procedures which give rise to operational risks. The Group is working closely with its system provider to ensure the relevant updates are made in good time and the Group has plans in place for alternative manual procedures with relevant controls to address any potential delay.

- Litigation Risk: If no agreement is reached to implement the interest rate benchmark reform on prospective contracts, there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

5. CAPITAL MANAGEMENT

5.1 Regulatory Capital

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

In implementing the current capital requirements, the BSP requires the Group to maintain a prescribed ratio of qualifying regulatory capital to total risk-weighted assets including market risk and operational risk computed based on BSP-prescribed formula provided under its circulars.

On January 15, 2013, the BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. Circular No. 781 is effective on January 1, 2014.

The BSP has adopted the Basel III risk-based capital adequacy framework effective January 1, 2014, which requires the Group to maintain at all times the following:

(a) Common Equity Tier 1 (CET1) of at least 6.0% of risk-weighted assets;
(b) Tier 1 Capital of at least 7.5% of risk-weighted assets;
(c) Qualifying Capital (Tier 1 plus Tier 2 Capital) of at least 10.0% of risk-weighted assets; and,
(d) Capital Conservation Buffer of 2.5% of risk-weighted assets, comprised of CET1 Capital.

Under the relevant provisions of the current BSP regulations, the required minimum capitalization for the Parent Company, Rizal Microbank, RCBC Capital and RCBC LFC is P20,000, P400, P300 and P300, respectively.

In computing for the capital adequacy ratio (CAR), the regulatory qualifying capital is analyzed into two tiers which are: (i) Tier 1 Capital comprised of CET1 and AT1 capital, and, (ii) Tier 2 Capital, defined as follows and are subject to deductions as defined in relevant regulations:

(a) CET1 Capital includes the following:

(i) paid-up common stock;
(ii) common stock dividends distributable;
(iii) additional paid-in capital;
(iv) deposit for common stock subscription;
(v) retained earnings;
(vi) undivided profits;
(vii) other comprehensive income from net unrealized gains or losses on financial assets at FVOCI and cumulative foreign currency translation; and,
(viii) minority interest in subsidiary banks which are less than wholly-owned, subject to regulatory conditions.

(b) AT1 Capital includes:

(i) instruments that do not qualify as CET1, but meet the criteria set out in Annex B of BSP Circular No. 781;
(ii) financial liabilities meeting loss absorbency requirements set out in Annex E of BSP Circular No. 781;
(iii) financial liabilities bearing loss absorbency features at point of non-viability as set out in Annex F of BSP Circular No. 781;
(iv) additional paid-in capital resulting from issuance of AT1 capital;
(v) deposit for subscription to AT1 instruments; and,
(vi) minority interest in subsidiary banks which are less than wholly-owned, subject to regulatory conditions.

(c) Tier 2 Capital includes:

(i) instruments issued that are not qualified as Tier 1 capital but meet the criteria set forth in Annex C of BSP Circular No. 781;
(ii) financial liabilities bearing loss absorbency features at point of non-viability as set out in Annex F of BSP Circular No. 781;
(iii) deposit for subscription of Tier 2 capital;
(iv) appraisal increment reserve on bank premises, as authorized by the Monetary Board (MB) of the BSP;
(v) general loan loss provisions; and,

(vi) minority interest in subsidiary banks that are less than wholly-owned, subject to regulatory conditions.

In the calculation of Risk-based CAR, the total Qualifying Capital is expressed as a percentage of Total Risk-Weighted Assets based on book exposures, where Risk Weighted Assets is composed of Credit Risk, Market Risk and Operational Risk, net of specific provisions and exposures covered by CRM.

Banking book exposures shall be risk-weighted based on third party credit assessment of the individual exposure given by eligible external credit institutions and the corresponding external credit assessment are mapped with the corresponding risk weights following the Standardized Credit Risk Weights table as provided under BSP Circular No. 538, *Revised Risk-Based Capital Adequacy Framework*.

BSP Circular No. 856, *Implementing Guidelines on the Framework for Dealing with Domestic Systemically Important Banks under Basel III,* covers the implementing guidelines on the framework for dealing with domestic systemically important banks (D-SIBs) in accordance with the Basel III standards. Banks identified as D-SIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer. Compliance with this requirement was phased-in starting January 1, 2017, with full compliance on January 1, 2019.

The Group and Parent Company's regulatory capital position based on the Basel III risk-based capital adequacy framework as reported to the BSP follows:

	Group	Parent Company
2021:		
Tier 1 Capital		
CET 1	**P 79,409**	**P 75,449**
AT1	**14,465**	**14,465**
	93,874	**89,914**
Tier 2 Capital	**5,591**	**5,522**
Total Qualifying Capital	**P 99,465**	**P 95,436**
Total Risk – Weighted Assets	**P 653,108**	**P 638,940**
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk-weighted assets	**15.23%**	**14.94%**
Tier 1 Capital Ratio	**14.37%**	**14.07%**
Total CET 1 Ratio	**12.16%**	**11.81%**

	Group		Parent Company	
2020:				
Tier 1 Capital				
CET 1	P	70,326	P	66,421
AT1		14,465		14,465
		84,791		80,886
Tier 2 Capital		5,017		4,895
Total Qualifying Capital	P	89,808	P	85,781
Total Risk – Weighted Assets	P	556,585	P	540,897
Capital ratios:				
Total qualifying capital expressed as a percentage of total risk-weighted assets		16.14%		15.86%
Tier 1 Capital Ratio		15.23%		14.95%
Total CET 1 Ratio		12.64%		12.28%

The foregoing capital ratios comply with the related BSP prescribed ratios.

5.2 Internal Capital Adequacy Assessment and Pillar 2 Risk-Weighted Assets

In January 2009, the BSP issued Circular No. 639 on the ICAAP and Supervisory Review Process 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 BAU and stressed scenario;

(d) The minimum CAR 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 March 31 of each year.

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.

(a) *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. Aside from using a simplified application of the HHI, concentration is estimated using the CCI. The capital charge is estimated by calculating the change in the Economic Capital (EC) requirement of the credit portfolio as an effect of credit deterioration in the largest industry exposure.

(b) *IRRBB* – It is the current and prospective negative impact on earnings and capital arising from interest rate shifts. The Group IRRBB estimates 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.

(c) *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.

(d) *IT Risk* – It is the current and prospective negative impact to earnings arising from failure of IT systems and realization of cyber security threats. The Group treats this risk as forming part of Operational Risk.

(e) *Compliance Risk* – It is the current and prospective negative impact on earnings and capital arising from violation of laws, regulations, ethical standards, and the like. For BAU scenario, the Group estimates compliance risk charge from historical fines and penalties as the worst-case loss determined via a frequency-severity analysis of each penalty type. The resulting compliance risk charge calculation is likewise directly deducted from earnings.

(f) *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. The Group maintains that the assessment of strategic risk is embedded in the budget of the Group. Its capital impact therefore on a BAU case is already expressed in the amount of risk projected to be taken on in the forecast years. However, the Group does recognize the need to set up processes that would enable to put a number to the risk incurred by going into specific strategies.

(g) *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 Marketing Committee. The measurement of reputation risk under stress is folded into the Group's assessment of stressed liquidity risk.

5.3 Basel III Leverage Ratio

BSP issued Circular No. 881, *Implementing Guidelines on the Basel III Leverage Ratio Framework*, which provides the implementing guidelines on the leverage ratio framework designed to act as a supplementary measure to the risk-based capital requirements. It sets out a minimum leverage ratio of 5.00% on a solo and consolidated basis and shall be complied with at all times. The monitoring period has been set every quarter starting December 31, 2014 and extended until June 30, 2018 per BSP Circular No. 990, *Amendments to the Basel III Leverage Ratio Framework,* issued on January 22, 2018. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The Basel III leverage ratio intends to restrict the build-up of leverage to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based "backstop" measure. The Basel III leverage ratio is defined as the ratio of capital measure (Tier 1 Capital) and the exposure measure. Exposure measure includes: on-balance sheet exposures, securities financing transactions exposures and off-balance sheet.

The Group and Parent Company's Basel III leverage ratio as reported to the BSP are as follows:

		Group		Parent Company
2021 :				
Tier 1 Capital	**P**	**93,874**	**P**	**89,914**
Exposure measure		**963,320**		**950,191**
		9.74%		**9.46%**
2020 :				
Tier 1 Capital	P	84,791	P	80,886
Exposure measure		769,933		755,631
		11.01%		10.70%

5.4 Liquidity Coverage Ratio and Net Stable Funding Ratio

On March 10, 2016, the BSP issued Circular No. 905, *Implementation of Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio and Disclosure Standards*, which provides the implementing guidelines on liquidity coverage ratio (LCR) and disclosure standards that are consistent with the Basel III framework. The LCR is the ratio of high-quality liquid assets to total net cash outflows, which should not be lower than 100.00%. Compliance with the LCR minimum requirement commenced on January 1, 2018 with the prescribed minimum ratio of 90.00% for 2018 and 100.00% effective January 1, 2019.

To promote the short-term resilience of the liquidity risk profile, the Bank maintains adequate stock of unencumbered high-quality liquid assets (HQLAs) that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs under stressed conditions. The stock of liquid assets should enable the Bank to withstand significant liquidity shocks for at least 30 calendar days, which would give time for corrective actions to be taken by the Bank management and/or the BSP. Details of the Group's and Parent Company's LCR are summarized below.

	Group				Parent Company			
		Total Unweighted Value		Total Weighted Value		Total Unweighted Value		Total Weighted Value
December 31, 2021								
Total stock of HQLA	P	283,070	P	269,687	P	280,895	P	267,777
Expected Net Cash Outflows*		992,911		175,035		994,823		175,800
Liquidity Coverage Ratio				**154.08%**				**152.32%**
December 31, 2020								
Total stock of HQLA	P	201,781	P	196,234	P	199,145	P	193,866
Expected Net Cash Outflows*		945,349		107,677		847,479		108,563
Liquidity Coverage Ratio				182.24%				178.57%

**Includes Restricted Term Deposits and Deposits pledged as collateral or under hold-out arrangements*

Net Stable Funding Ratio (NSFR), as detailed in BSP Circular No. 1007, *Implementing Guidelines on the adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio*, measures the availability of medium and long-term stable funding to support illiquid assets and business activities on an on-going basis. It is an assessment of the level of sustainable funding required to reduce funding risk over a one-year time horizon. The NSFR complements the LCR, which promotes short-term resilience of the Bank's liquidity profile.

To promote long-term resilience against liquidity risk, the Group maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities and seeks to meet this objective by limiting overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts.

Details of the Group's and Parent Company's Basel III NSFR are summarized below.

	Group	Parent Company
December 31, 2021		
Available stable funding	P 599,445	P 593,274
Required stable funding	503,747	504,473
Basel III NSFR	**119.00%**	**117.60%**
December 31, 2020		
Available stable funding	P 508,987	P 503,188
Required stable funding	434,859	430,458
Basel III NSFR	117.05%	116.90%

The Bank has complied with the daily minimum regulatory requirement of 100% for both ratios beginning in 2019. For the Bank's subsidiaries, per BSP Memo dated March 8, 2019, the observation period for LCR and NSFR was extended up to the end of December 2019 to give sufficient time to build up liquidity position given the combined impact of these liquidity measures.

6. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

6.1 Carrying Amounts and Fair Values by Category

The following table summarizes the carrying amounts and corresponding fair values of financial assets and financial liabilities presented in the statements of financial position.

	Group			
	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**P 199,277**	**P 199,277**	P 203,731	P 203,731
Investment securities - net	**163,611**	**164,277**	43,026	43,416
Loans and receivables - net	**507,739**	**538,971**	448,603	475,331
Other resources	**825**	**825**	931	931
	871,452	**903,350**	696,291	723,409
At fair value:				
Investment securities at FVTPL	**5,863**	**5,863**	4,888	4,888
Investment securities at FVOCI	**49,761**	**49,761**	40,150	40,150
	55,624	**55,624**	45,038	45,038
	P 927,076	**P 958,974**	P 741,329	P 768,447
Financial Liabilities				
At amortized cost:				
Deposit liabilities	**P 672,459**	**P 672,708**	P 535,788	P 536,233
Bills payable	**55,904**	**55,904**	13,167	13,167
Bonds payable	**87,215**	**87,687**	90,439	93,611
Accrued interest and other expenses	**5,559**	**5,559**	5,393	5,393
Other liabilities	**20,724**	**20,724**	19,008	19,008
	841,861	**842,582**	663,795	667,412
At fair value –				
Derivative financial liabilities	**926**	**926**	1,484	1,484
	P 842,787	**P 843,508**	P 665,279	P 668,896

	Parent Company			
	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**P 197,673**	**P 197,673**	P 201,500	P 201,500
Investment securities - net	**162,899**	**163,560**	42,513	42,902
Loans and receivables - net	**499,901**	**531,276**	441,167	468,224
Other resources	**823**	**823**	924	924
	861,296	**893,332**	686,104	713,550
At fair value:				
Investment securities at FVTPL	**4,879**	**4,879**	3,815	3,815
Investment securities at FVOCI	**48,399**	**48,399**	38,813	38,813
	53,278	**53,278**	42,628	42,628
	P 914,574	**P 946,610**	P 728,732	P 756,178

	Parent Company			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities				
At amortized cost:				
Deposit liabilities	P 674,414	P 674,663	P 536,748	P 537,193
Bills payable	46,399	46,399	4,200	4,200
Bonds payable	87,215	87,687	90,439	93,611
Accrued interest and other expenses	5,391	5,391	5,196	5,196
Other liabilities	19,641	19,641	17,832	17,832
	833,060	833,781	654,415	658,032
At fair value –				
Derivative financial liabilities	926	926	1,484	1,484
	P 833,986	P 834,707	P 655,899	P 659,516

Except for investment securities at amortized cost, deposit liabilities, loans and receivables, and bonds payable with fair value disclosed different from their carrying amounts, management considers that the carrying amounts of other financial assets and financial liabilities presented above which are measured at amortized cost, approximate the fair values either because those instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material. The fair value information disclosed for the Group and Parent Company's investment securities at amortized cost and other financial assets and liabilities measured at fair value on a recurring basis are determined based on the procedures and methodologies discussed in Note 7.2.

6.2 Offsetting Financial Assets and Financial Liabilities

The following financial assets presented in the statements of financial position at gross amounts are covered by enforceable master netting arrangements and similar arrangements:

	Group				
			Related amounts not set off in the statements of financial position		
	Notes	Gross amounts recognized in the statements of financial position	Financial instruments	Collateral received	Net amount
December 31, 2021					
Loans and receivables – Receivable from customers	11	P 512,731	(P 7,464)	P -	P 505,267
Trading and investment securities – Investment securities at amortized cost	10	163,611	(45,378)	-	118,233
Other resources – Margin deposits	15	73	-	(73)	-
December 31, 2020					
Loans and receivables – Receivable from customers	11	P 456,565	(P 8,581)	P -	P 447,984
Trading and investment securities – Investment securities at amortized cost	10	43,026	(4,199)	-	38,827
Other resources – Margin deposits	15	17	-	(17)	-

	Notes		Gross amounts recognized in the statements of financial position		Financial instruments		Collateral received		Net amount
					Parent Company				
					Related amounts not set off in the statements of financial position				
December 31, 2021									
Loans and receivables – Receivable from customers	11	**P**	**504,933**	**(P**	**7,457)**	**P**	**-**	**P**	**497,476**
Trading and investment securities – Investment securities at amortized cost	10		**162,899**	**(**	**45,378)**		**-**		**117,521**
Other resources – Margin deposits	15		**73**		**-**	**(**	**73)**		**-**
December 31, 2020									
Loans and receivables – Receivable from customers	11	P	448,663	(P	8,428)	P	-	P	440,235
Trading and investment securities – Investment securities at amortized cost	10		42,513	(	4,199)		-		38,314
Other resources – Margin deposits	15		17		-	(	17)		-

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		Financial instruments		Collateral received		Net amount
					Group				
					Related amounts not set off in the statements of financial position				
December 31, 2021									
Deposit liabilities	17	**P**	**672,459**	**(P**	**7,464)**	**P**	**-**	**P**	**664,995**
Bills payable	18		**55,904**	**(**	**45,378)**		**-**		**10,526**
Other liabilities – Derivative financial liabilities	22		**926**		**-**	**(**	**73)**		**853**
December 31, 2020									
Deposit liabilities	17	P	535,788	(P	8,581)	P	-	P	527,207
Bills payable	18		13,167	(	4,199)		-		8,968
Other liabilities – Derivative financial liabilities	22		1,484		-	(	17)		1,467

	Notes		Gross amounts recognized in the statements of financial position		Financial instruments		Collateral received		Net amount
					Parent Company				
					Related amounts not set off in the statements of financial position				
December 31, 2021									
Deposit liabilities	17	**P**	**674,414**	**(P**	**7,457)**	**P**	**-**	**P**	**666,957**
Bills payable	18		**46,399**	**(**	**45,378)**				**1,021**
Other liabilities – Derivative financial liabilities	22		**926**		**-**	**(**	**73)**		**853**
December 31, 2020									
Deposit liabilities	17	P	536,748	(P	8,428)	P	-	P	528,320
Bills payable	18		4,200	(	4,199)		-		1
Other liabilities – Derivative financial liabilities	22		1,484		-	(	17)		1,467

For financial assets and financial 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 assets 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) hold-out deposits and equity securities which serve as the Group's collateral enhancement for certain loans and receivables; (b) collaterized bills payable under sale and repurchase agreements; 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.

7. FAIR VALUE MEASUREMENT AND DISCLOSURES

7.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial 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:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

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

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

The level within which the 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. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make 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. Changes in assumptions could also affect the reported fair value of the 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.

7.2 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, 2021 and 2020.

	Group			
	Level 1	Level 2	Level 3	Total
2021:				
Financial assets at FVTPL:				
Government securities	P 4,330	P -	P -	P 4,330
Corporate debt securities	35	-	-	35
Equity securities	232	-	-	232
Derivative assets	11	1,255	-	1,266
	4,608	1,255	-	5,863
Financial assets at FVOCI:				
Equity securities	1,497	355	1,815	3,667
Government securities	28,682	-	-	28,682
Corporate debt securities	17,412	-	-	17,412
	47,591	355	1,815	49,761
Total Resources at Fair Value	P 52,199	P 1,610	P 1,815	P 55,624
Derivative liabilities	P 1	P 925	P -	P 926
2020:				
Financial assets at FVTPL:				
Government securities	P 1,876	P -	P -	P 1,876
Corporate debt securities	710	-	-	710
Equity securities	1,173	-	-	1,173
Derivative assets	15	1,114	-	1,129
	3,774	1,114	-	4,888
Financial assets at FVOCI:				
Equity securities	1,573	287	1,570	3,430
Government securities	20,563	-	-	20,563
Corporate debt securities	16,157	-	-	16,157
	38,293	287	1,570	40,150
Total Resources at Fair Value	P 42,067	P 1,401	P 1,570	P 45,038
Derivative liabilities	P 2	P 1,482	P -	P 1,484

	Parent Company							
	Level 1		Level 2		Level 3		Total	
2021:								
Financial assets at FVTPL:								
Government securities	**P**	**3,346**	**P**	**-**	**P**	**-**	**P**	**3,346**
Corporate debt securities		**35**		**-**		**-**		**35**
Equity securities		**232**		**-**		**-**		**232**
Derivative assets		**11**		**1,255**		**-**		**1,266**
		3,624		**1,255**		**-**		**4,879**
Financial assets at FVOCI:								
Equity securities		**645**		**355**		**1,788**		**2,788**
Government securities		**28,682**		**-**		**-**		**28,682**
Corporate debt securities		**16,929**		**-**		**-**		**16,929**
		46,256		**355**		**1,788**		**48,399**
Total Resources at Fair Value	**P**	**49,880**	**P**	**1,610**	**P**	**1,788**	**P**	**53,278**
Derivative liabilities	**P**	**1**	**P**	**925**	**P**	**-**	**P**	**926**
2020:								
Financial assets at FVTPL:								
Government securities	P	1,808	P	-	P	-	P	1,808
Corporate debt securities		606		-		-		606
Equity securities		272		-		-		272
Derivative assets		15		1,114		-		1,129
		2,701		1,114		-		3,815
Financial assets at FVOCI:								
Equity securities		689		287		1,542		2,518
Government securities		20,563		-		-		20,563
Corporate debt securities		15,732		-		-		15,732
		36,984		287		1,542		38,813
Total Resources at Fair Value	P	39,685	P	1,401	P	1,542	P	42,628
Derivative liabilities	P	2	P	1,482	P	-	P	1,484

Described below and in the succeeding page are the information about how the fair values of the Group's classes of financial assets and financial liabilities were determined.

(a) Government and Corporate Debt Securities

The fair value of the Group's government and corporate debt securities are categorized within Level 1 of the fair value hierarchy.

Fair values of peso-denominated government debt securities issued by the Philippine government, are determined based on the reference price per Bloomberg which used BVAL. These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparables.

Fair values of actively traded corporate debt securities are determined based on their market prices quoted in the Philippine Dealing Holdings System or based on the direct reference price per Bloomberg at the end of each reporting period; hence, categorized within Level 1.

(b) Equity Securities

The fair values of certain equity securities classified as financial assets at FVTPL and at FVOCI as of December 31, 2021 and 2020 were valued based on their market prices quoted in the PSE at the end of each reporting period; hence, categorized within Level 1.

Level 2 category includes the Group's investments in proprietary club shares as their prices are not derived from a market considered as active due to lack of trading activities among market participants at the end of each reporting period.

For equity securities which are not traded in an active market and with fair value categorized within Level 3, their fair value is determined through valuation techniques such as market-based approach (price-to-book value method) using current market values of comparable listed entities, net asset value method, or dividend discounted model.

The price-to-book value method used to value a certain equity security of the Parent Company uses the price-to-book ratio of comparable listed entities as multiple in determining the fair value adjusted by a certain valuation discount. The price-to-book ratio used in the fair value measurement as of December 31, 2021 and 2020 ranges from 0.84:1 to 1.56:1 and from 0.26:1 to 1.53:1, respectively. Increase or decrease in the price-to-book ratio and net asset value would result in higher or lower fair values, all else equal.

For a certain preferred equity security, the Group has used the discounted cash flow method applying a discount rate of 4.8% and 5.5%, which is based on the latest available weighted cost of capital of the investee company, in 2021 and 2020, respectively, to determine the present value of future cash flows from dividends or redemption expected to be received from the instrument.

A reconciliation of the carrying amounts of Level 3 FVOCI equity securities at the beginning and end of 2021 and 2020 is shown below.

	Group		**Parent Company**	
	2021	2020	**2021**	2020
Balance at beginning of year	**P 1,570**	P 1,612	**P 1,542**	P 1,581
Fair value gains (losses) - net	**245**	(42)	**246**	(39)
Balance at end of year	**P 1,815**	P 1,570	**P 1,788**	P 1,542

There were neither transfers between the levels of the fair value hierarchy nor gains or losses recognized in the statements of profit or loss for Level 3 financial assets in 2021 and 2020.

(c) Derivative Assets and Liabilities

The fair value of the Group's derivative assets categorized within Level 1 is determined be the current mid-price based on the last trading transaction as defined by third-party market makers.

On the other hand, the fair values of certain derivative financial assets and liabilities categorized within Level 2 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.

7.3 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Group and Parent Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

	Group			
	Level 1	Level 2	Level 3	Total
2021:				
Financial Assets:				
Cash and other cash items	**P 14,691**	**P -**	**P -**	**P 14,691**
Due from BSP	**130,170**	**-**	**-**	**130,170**
Due from other banks	**12,162**	**-**	**-**	**12,162**
Loans arising from reverse repurchase agreements	**11,691**	**-**	**-**	**11,691**
Interbank loans	**30,563**	**-**	**-**	**30,563**
Investment securities at amortized cost	**163,566**	**-**	**711**	**164,277**
Loans and receivables - net	**-**	**-**	**538,971**	**538,971**
Other resources	**-**	**-**	**825**	**825**
	P 362,843	**P -**	**P 540,507**	**P 903,350**
Financial Liabilities:				
Deposit liabilities	**P -**	**P -**	**P 672,708**	**P 672,708**
Bills payable	**-**	**-**	**55,904**	**55,904**
Bonds payable	**-**	**87,687**	**-**	**87,687**
Accrued interest and other expenses	**-**	**-**	**5,559**	**5,559**
Other liabilities	**-**	**-**	**20,724**	**20,724**
	P -	**P 87,687**	**P 754,895**	**P 842,582**
2020:				
Financial Assets:				
Cash and other cash items	P 16,520	P -	P -	P 16,520
Due from BSP	115,467	-	-	115,467
Due from other banks	15,707	-	-	15,707
Loans arising from reverse repurchase agreements	13,356	-	-	13,356
Interbank loans	42,681	-	-	42,681
Investment securities at amortized cost	42,908	-	508	43,416
Loans and receivables - net	-	-	475,331	475,331
Other resources	-	-	931	931
	P 246,639	P -	P 476,770	P 723,409
Financial Liabilities:				
Deposit liabilities	P -	P -	P 536,233	P 536,233
Bills payable	-	-	13,167	13,167
Bonds payable	-	93,611	-	93,611
Accrued interest and other expenses	-	-	5,393	5,393
Other liabilities	-	-	19,008	19,008
	P -	P 93,611	P 573,801	P 667,412

	Parent Company			
	Level 1	Level 2	Level 3	Total
2021:				
Financial Assets:				
Cash and other cash items	**P 14,663**	**P -**	**P -**	**P 14,663**
Due from BSP	**128,931**	**-**	**-**	**128,931**
Due from other banks	**11,860**	**-**	**-**	**11,860**
Loans arising from reverse repurchase agreements	**11,656**	**-**	**-**	**11,656**
Interbank loans	**30,563**	**-**	**-**	**30,563**
Investment securities at amortized cost	**163,560**	**-**	**-**	**163,560**
Loans and receivables - net	**-**	**-**	**531,276**	**531,276**
Other resources	**-**	**-**	**823**	**823**
	P 361,233	**P -**	**P 532,099**	**P 893,332**
Financial Liabilities:				
Deposit liabilities	**P -**	**P -**	**P 674,663**	**P 674,663**
Bills payable	**-**	**-**	**46,399**	**46,399**
Bonds payable	**-**	**87,687**	**-**	**87,687**
Accrued interest and other expenses	**-**	**-**	**5,391**	**5,391**
Other liabilities	**-**	**-**	**19,641**	**19,641**
	P -	**P 87,687**	**P 746,094**	**P 833,781**
2020:				
Financial Assets:				
Cash and other cash items	P 16,464	P -	P -	P 16,464
Due from BSP	113,949	-	-	113,949
Due from other banks	15,214	-	-	15,214
Loans arising from reverse repurchase agreements	13,226	-	-	13,226
Interbank loans	42,647	-	-	42,647
Investment securities at amortized cost	42,902	-	-	42,902
Loans and receivables - net	-	-	468,224	468,224
Other resources	-	-	924	924
	P 244,402	P -	P 469,148	P 713,550
Financial Liabilities:				
Deposit liabilities	P -	P -	P 537,193	P 537,193
Bills payable	-	-	4,200	4,200
Bonds payable	-	93,611	-	93,611
Accrued interest and other expenses	-	-	5,196	5,196
Other liabilities	-	-	17,832	17,832
	P -	P 93,611	P 564,421	P 658,032

The following are the methods used to determine the fair value of financial assets and financial liabilities not presented in the statements of financial position at their fair values:

(a) Due from BSP and Other Banks, and Loans and Receivables Arising from Reverse Repurchase Agreements

Due from BSP pertains to deposits made to the BSP for clearing and reserve requirements, overnight and term deposit facilities, while loans and receivables arising from reverse repurchase agreements pertain to loans and receivables from BSP arising from overnight lending from excess liquidity. Due from other banks includes items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on the discounted cash flows using prevailing money market interest rates for debt with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

(b) Investment Securities at Amortized Cost

The fair value of investment securities at amortized cost consisting of government securities and corporate debt securities is determined based on reference prices appearing in Bloomberg.

(c) Deposits Liabilities and Borrowings

The estimated fair value of demand deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The Level 2 fair value of bonds payable and subordinated debt is determined based on the average of ask and bid prices as appearing on Bloomberg. For bills payable categorized within Level 3, fair value is determined based on their discounted amount of estimated future cash flows expected to be received or paid, or based on their cost which management estimates to approximate their fair values.

(d) Other Resources and Other Liabilities

Due to their short duration, the carrying amounts of other resources and liabilities in the statements of financial position are considered to be reasonable approximation of their fair values.

7.4 Fair Value Disclosures for Investment Properties Carried at Cost

The total estimated fair values of the investment properties amounted to P11,610, P10,772 and P10,045 in the Group's financial statements and P11,181, P10,307 and P9,595 in the Parent Company's financial statements as of December 31, 2021, 2020 and 2019, respectively (see Note 14). The fair value hierarchy of these properties as of December 31, 2021 and 2020 is categorized as Level 3.

The fair values of the Group and Parent Company's investment properties were determined based on the following approaches:

(a) *Fair Value Measurement for Land*

The Level 2 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations as determined by an independent appraiser. Under this approach, when sales prices and/or actual sales transaction of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2.

On the other hand, if the observable and recent prices of the reference properties were adjusted for differences in key attributes such as property size, location and zoning, and accessibility, or any physical or legal restrictions on the use of the property, the fair value will be categorized as Level 3. The most significant input into this valuation approach is the price per square feet, hence, the higher the price per square feet, the higher the fair value.

(b) *Fair Value Measurement for Buildings and Improvements*

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 in the valuation techniques for investment properties in both years.

8. SEGMENT INFORMATION

8.1 Business Segments

The Group's operating businesses are 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* – principally handles the BCs offering a wide range of consumer banking products and services. Products offered include individual customer's deposits, credit cards, home and mortgage loans, auto, personal and microfinance loans, overdraft facilities, payment remittances and foreign exchange transactions. It also upsells bank products [unit investment trust funds (UITFs), etc.] and cross-sells bancassurance products. The segment includes the net assets of the servicing entity, RBSC, and portfolios of Rizal Microbank.

(b) *Corporate* – principally handles distinct customer segments: (i) conglomerates; (ii) large corporations; (iii) emerging corporates, which focus on large middle accounts often referred to as the "Next 500 Corporations"; (iv) Japanese multinationals with a strong presence in the country; (v) Filipino-Chinese businesses; and, (vi) Korean businesses. This segment includes portfolio of RCBC LFC.

(c) *Small and Medium Enterprises (SME)* – principally handles the financial needs of the country's small businesses or the SMEs and the Commercial Middle Market segments. The SME Banking Group provides a holistic approach serving both the financial (e.g., loans, deposits, investments, insurance, etc.) and non-financial needs (e.g., networking, financial literacy trainings, etc.) of client to help them grow their business. Clients are the entrepreneurs located in different parts of the country and spread in various industry sectors such as manufacturing, wholesale and retail trade, construction, hotels, agriculture, and healthcare, among others.

(d) *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.

(e) *Others* – consists of other subsidiaries except for RBSC and Rizal Microbank, which is presented as part of Retail, and RCBC LFC which is presented under Corporate.

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.

There were no changes in the Group's operating segments in 2021 and 2020.

8.2 Analysis of Primary Segment Information

Primary segment information (by business segment) on a consolidated basis as of and for the years ended December 31, 2021, 2020 and 2019 follow:

	Retail	Corporate	SME	Treasury	Others	Total
2021:						
Revenues						
From external customers						
Interest income	P 22,901	P 21,285	P 5,164	P 5,613	P 91	P 55,054
Interest expense	(7,648)	(10,564)	(2,273)	(2,193)	(10)	(22,688)
Net interest income	15,253	10,721	2,891	3,420	81	32,366
Non-interest income	6,188	2,257	162	1,524	1,163	11,294
	21,441	12,978	3,053	4,944	1,244	43,660
Intersegment revenues						
Interest income	-	8	1,271	-	11	1,290
Non-interest income	564	-	-	-	-	564
	564	8	1,271	-	11	1,854
Total net revenues	22,005	12,986	4,324	4,944	1,255	45,514
Expenses						
Operating expenses excluding depreciation and amortization	19,122	3,240	608	791	710	24,471
Depreciation and amortization	1,200	694	27	51	24	1,996
	20,322	3,934	635	842	734	26,467
Segment operating income	P 1,683	P 9,052	P 3,689	P 4,102	P 521	P 19,047
Total resources	P 155,373	P 295,922	P 76,409	P 236,958	P 4,944	P 769,606
Total liabilities	P 450,053	P 352,807	P 88,464	P 23,076	P 1,395	P 915,795

	Retail	Corporate	SME	Treasury	Others	Total
2020:						
Revenues						
From external customers						
Interest income	P 28,426	P 18,995	P 4,976	P 3,891	P 125	P 56,413
Interest expense	(10,719)	(11,742)	(2,920)	(2,814)	19	(28,176)
Net interest income	17,707	7,253	2,056	1,077	144	28,237
Non-interest income	4,742	1,905	142	7,022	(9)	13,802
	22,449	9,158	2,198	8,099	135	42,039
Intersegment revenues						
Interest income	-	3,539	1,913	-	11	5,463
Non-interest income	617	-	-	-	-	617
	617	3,539	1,913	-	11	6,080
Total net revenues	23,066	12,697	4,111	8,099	146	48,119
Expenses						
Operating expenses excluding depreciation and amortization	19,791	1,824	1,970	1,006	220	24,811
Depreciation and amortization	945	521	16	42	14	1,538
	20,736	2,345	1,986	1,048	234	26,349
Segment operating income	P 2,330	P 10,352	P 2,125	P 7,052	(P 88)	P 21,771
Total resources	P 153,127	P 267,468	P 66,421	P 184,695	P 4,994	P 676,705
Total liabilities	P 393,074	P 267,700	P 67,247	P 27,640	P 1,296	P 756,957
2019:						
Revenues						
From external customers						
Interest income	P 37,465	P 20,012	P 4,608	P 6,978	P 103	P 69,166
Interest expense	(17,303)	(13,879)	(3,648)	(6,164)	(42)	(41,036)
Net interest income	20,162	6,133	960	814	61	28,130
Non-interest income	4,928	2,266	171	8,207	1,163	16,735
	25,090	8,399	1,131	9,021	1,224	44,865
Intersegment revenues						
Interest income	-	3,463	1,940	-	8	5,411
Non-interest income	591	-	-	-	-	591
	591	3,463	1,940	-	8	6,002
Total net revenues	25,681	11,862	3,071	9,021	1,232	50,867
Expenses						
Operating expenses excluding depreciation and amortization	15,910	5,412	1,129	1,109	285	23,845
Depreciation and amortization	418	381	7	14	14	834
	16,328	5,793	1,136	1,123	299	24,679
Segment operating income	P 9,353	P 6,069	P 1,935	P 7,898	P 933	P 26,188
Total resources	P 150,515	P 228,346	P 52,419	P 109,199	P 5,467	P 545,946
Total liabilities	P 423,075	P 80,654	P 43,722	P 14,703	P 1,287	P 563,441

8.3 Reconciliation

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2021	2020	2019
Revenue			
Total segment revenues	**P 45,514**	P 48,119	P 50,866
Elimination of intersegment revenues	**(9,120)**	(10,206)	(15,008)
Net revenues as reported in profit or loss	**P 36,394**	P 37,913	P 35,858
Profit or loss			
Total segment operating income	**P 19,047**	P 21,771	P 26,188
Elimination of intersegment profit	**(11,964)**	(16,753)	(20,800)
Group net profit as reported in profit or loss	**P 7,083**	P 5,018	P 5,388

	2021	2020	2019
Resources			
Total segment resources	**P 769,606**	P 676,705	P 545,946
Unallocated assets	**189,527**	95,401	221,133
Total resources	**P 959,133**	P 772,106	P 767,079
Liabilities			
Total segment liabilities	**P 915,795**	P 756,957	P 563,441
Unallocated liabilities (elimination of intersegment liabilities)	**(67,742)**	(86,229)	120,788
Total liabilities	**P 848,053**	P 670,728	P 684,229

8.4 *Analysis of Secondary Segment Information*

Secondary information (by geographical locations) as of and for the years ended December 31, 2021, 2020 and 2019 follow:

	Philippines	Asia and Europe	Total
2021:			
Statement of profit or loss			
Total income	P 44,660	P 14	P 44,674
Total expenses	35,569	22	37,591
Net profit (loss)	**P 7,091**	**(P 8)**	**P 7,083**
Statement of financial position			
Total resources	**P 959,022**	**P 111**	**P 959,133**
Total liabilities	**P 848,048**	**P 5**	**P 848,053**
Other segment information			
Depreciation and amortization	**P 3,020**	**P -**	**P 3,020**
2020:			
Statement of profit or loss			
Total income	P 48,572	P 12	P 48,584
Total expenses	43,545	21	43,566
Net profit (loss)	P 5,027	(P 9)	P 5,018
Statement of financial position			
Total resources	P 771,994	P 112	P 772,106
Total liabilities	P 670,722	P 6	P 670,728
Other segment information			
Depreciation and amortization	P 2,924	P -	P 2,924

	Philippines	Asia and Europe	Total
2019:			
Statement of profit or loss			
Total income	P 51,067	P -	P 51,067
Total expenses	45,666	14	45,680
Net profit (loss)	P 5,401	(P 14)	P 5,387
Statement of financial position			
Total resources	P 767,050	P 29	P 767,079
Total liabilities	P 684,155	P 74	P 684,229
Other segment information			
Depreciation and amortization	P 2,503	P -	P 2,503

9. CASH AND CASH EQUIVALENTS

The components of Cash and Cash Equivalents follow:

	Group		Parent Company	
	2021	2020	**2021**	2020
Cash and other cash items	**P 14,691**	P 16,520	**P 14,663**	P 16,464
Due from BSP	**130,170**	115,467	**128,931**	113,949
Due from other banks	**12,162**	15,707	**11,860**	15,214
Loans arising from reverse repurchase agreements	**11,691**	13,356	**11,656**	13,226
Interbank loans receivables (see Note 11)	**30,563**	42,681	**30,563**	42,647
	P 199,277	P 203,731	**P 197,673**	P 201,500

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 Group'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.

Loans arising from repurchase agreements, which normally mature within 30 days, represents overnight placements with private entities where the underlying securities cannot be sold or repledged to parties other than the contracting party.

Due from BSP includes:

	Group				Parent Company			
	2021		2020		**2021**		2020	
Demand deposit and secured settlement accounts	**P**	**65,074**	P	49,539	**P**	**63,931**	P	48,119
Term deposit		**45,086**		28,000		**45,000**		28,000
Overnight deposit		**20,010**		37,928		**20,000**		37,830
	P	**130,170**	P	115,467	**P**	**128,931**	P	113,949

The balance of Due from other banks account represents regular deposits with the following:

	Group				Parent Company			
	2021		2020		**2021**		2020	
Foreign banks	**P**	**10,386**	P	14,422	**P**	**10,371**	P	14,406
Local banks		**1,776**		1,285		**1,489**		808
	P	**12,162**	P	15,707	**P**	**11,860**	P	15,214

Interest on placements with BSP and other banks, which is presented as part of Interest Income on Others in the statements of profit or loss, consist of:

	Group					
	2021		2020		2019	
BSP	**P**	**755**	P	929	P	269
Other banks		**8**		35		165
	P	**763**	P	964	P	434

	Parent Company					
	2021		2020		2019	
BSP	**P**	**752**	P	917	P	262
Other banks		**3**		28		153
	P	**755**	P	945	P	415

Interests on loans arising from reverse repurchase agreements and interbank loan receivables are presented as part of Interest on loans and receivables (see Note 11).

The Group's deposits in other banks and in BSP arising from overnight lending from excess liquidity earn annual interest as follows:

	2021	2020	2019
BSP	**1.50% - 2.50%**	1.50% - 2.50 %	3.50% - 4.50%
Other banks	**0.00% - 2.00%**	0.00% - 2.00 %	0.00% - 2.50%

10. TRADING AND INVESTMENT SECURITIES

This account is comprised of:

	Group		Parent Company	
	2021	2020	**2021**	2020
Financial assets at FVTPL	**P 5,863**	P 4,888	**P 4,879**	P 3,815
Financial assets at FVOCI	**49,761**	40,150	**48,399**	38,813
Investment securities at amortized cost	**163,611**	43,026	**162,899**	42,513
	P 219,235	P 88,064	**P 216,177**	P 85,141

10.1 Financial Assets at Fair Value Through Profit or Loss

Financial assets at FVTPL is composed of the following:

	Group		Parent Company	
	2021	2020	**2021**	2020
Government securities	**P 4,330**	P 1,876	**P 3,346**	P 1,808
Corporate debt securities	**35**	710	**35**	606
Equity securities	**232**	1,173	**232**	272
Derivative financial assets	**1,266**	1,129	**1,266**	1,129
	P 5,863	P 4,888	**P 4,879**	P 3,815

The carrying amounts of financial assets at FVTPL are classified as follows:

	Group		Parent Company	
	2021	2020	**2021**	2020
Held-for-trading	**P 4,365**	P 2,586	**P 3,381**	P 2,414
Designated as at FVTPL	**232**	1,173	**232**	272
Derivative financial assets	**1,266**	1,129	**1,266**	1,129
	P 5,863	P 4,888	**P 4,879**	P 3,815

Equity securities are composed of listed shares of stock traded at the PSE and shares of stock designated as at FVTPL. Dividend income earned by the Group on these equity securities amounted to P22, P20 and P10 in 2021, 2020 and 2019, respectively, and P22, P9 and nil for the Parent Company in 2021, 2020 and 2019, respectively, which are included as part of Miscellaneous income under the Other Operating Income account in the statements of profit or loss (see Note 25.1)

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

	2021	2020	2019
Peso denominated	**1.37% - 8.12%**	2.38% - 15.00%	3.25% - 15.00%
Foreign currency denominated	**1.37% - 10.62%**	2.46% - 10.63%	2.05% - 10.63%

Derivative instruments used by the Group include foreign currency short-term forwards, cross-currency swaps, debt warrants 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.

Debt warrants attached to the bonds and other debt securities allows the Group to purchase additional debt securities from the same contracting issuer at the same price and yield as the initial purchased security. 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 financial liabilities as of December 31 both in the Group and Parent Company's financial statements are shown below.

	Notional Amount	Fair Values	
		Assets	Liabilities
2021:			
Currency swaps and forwards	**P 85,909**	**P 985**	**P 745**
Interest rate swaps and futures	**18,854**	**272**	**177**
Debt warrants	**5,364**	**8**	**-**
Credit default swap	**11,216**	**1**	**4**
	P 121,343	**P 1,266**	**P 926**
2020:			
Currency swaps and forwards	P 38,432	P 681	P 1,111
Interest rate swaps and futures	21,440	435	370
Debt warrants	5,051	10	-
Credit default swap	192	3	3
	P 65,115	P 1,129	P 1,484

Derivative liabilities are shown as Derivative financial liabilities as part of Other Liabilities account in the statements of financial position (see Note 22). The significant portion of such derivative liabilities have maturity periods of less than a year.

Other information about the fair value measurement of the Group and Parent Company's financial assets at FVTPL are presented in Note 7.2.

10.2 Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at FVOCI as of December 31 consist of:

	Group		Parent Company	
	2021	2020	**2021**	2020
Quoted equity securities	**P 1,852**	P 1,860	**P 1,000**	P 976
Unquoted equity securities	**1,815**	1,570	**1,788**	1,542
Government debt securities	**28,682**	20,563	**28,682**	20,563
Corporate debt securities	**17,412**	16,157	**16,929**	15,732
	P 49,761	P 40,150	**P 48,399**	P 38,813

The Group made an irrevocable designation for the above local equity securities as at FVOCI because they are held for long-term investments and are neither held-for-trading nor designated as at FVTPL. Unquoted equity securities include investments in non-marketable equity securities of private companies.

Included in the carrying amount of the Group's financial assets at FVOCI as of December 31, 2021 and 2020 are unquoted equity securities with fair value of P1,815 and P1,570, respectively, determined using the net asset value method, dividend discounted model, or a market-based approach (price-to-book value method), hence, categorized under Level 3 of the fair value hierarchy (see Note 7.2).

As a result of the Group's disposal of certain equity securities classified as at FVOCI in 2019, the related fair value loss recognized in other comprehensive income under Revaluation Reserves account amounting to P41, were transferred to Surplus account (see Note 23.6). There were no disposal of equity securities classified as at FVOCI in 2021 and 2020.

In 2021, 2020 and 2019, dividends on these equity securities were recognized amounting to P83, P58 and P294 by the Group and, P17, P7 and P95 by the Parent Company, respectively, which are included as part of Miscellaneous income under the Other Operating Income account in the statements of profit or loss (see Note 25.1).

10.3 Investment Securities at Amortized Cost

Investment securities at amortized cost as of December 31 consist of:

	Group		Parent Company	
	2021	2020	**2021**	2020
Government securities	**P 132,969**	P 37,022	**P 132,162**	P 36,932
Corporate debt securities	**30,789**	6,146	**30,789**	5,629
	163,758	43,168	**162,951**	42,561
Allowance for impairment	**(147)**	(142)	**(52)**	(48)
	P 163,611	P 43,026	**P 162,899**	P 42,513

Interest rates per annum on government securities and corporate debt securities range from the following:

	2021	2020	2019
Peso denominated securities	**2.63% - 8.13%**	3.38% - 8.60%	3.63% - 8.60%
Foreign currency-denominated securities	**0.18% - 10.63%**	0.18% - 10.63%	1.63% - 10.63%

In 2020, the Group and Parent Company disposed of certain local and foreign sovereign bonds, and corporate bonds denominated in Philippine peso, US dollar, and euro under its HTC portfolio with aggregate carrying amount of P62,960, resulting in net gains amounting to P2,678. The disposal was made in order to address the capital adequacy ratio requirements after complying with the real estate stress test. There is no similar transaction in 2021.

Management had assessed that the disposals of the investment securities under the HTC portfolio in 2020 are consistent with the Group's HTC business model with the objective of collecting contractual cash flows and have qualified under the permitted sale events set forth in the Group's business model in managing financial assets manual and the requirements of PFRS 9.

The above disposals of investment securities were approved by the Executive Committee of the Parent Company in compliance with the documentation requirements of the BSP.

The Group recognized ECL on investment securities at amortized cost amounting to P14 in 2021, P1 in 2020, and P12 in 2019 (see Note 16). The Parent Company recognized ECL in investment at amortized cost amounting to P12 in 2021 and nil for 2020 and 2019 (see Note 16).

Certain government securities are deposited with the BSP as security for the Group's faithful compliance with its fiduciary obligations in connection with its trust operations (see Note 27).

As of December 31, 2021 and 2020, certain investment securities of both the Group and Parent Company were pledged as collateral for bills payable under repurchase agreements (see Note 18).

10.4 Interest Income from Trading and Investment Securities

Interest income from trading and investment securities recognized by the Group and Parent Company in 2021, 2020 and 2019 are shown below.

	Group		
	2021	2020	2019
Financial assets at FVTPL	**P 96**	P 223	P 368
Debt securities at FVOCI	**1,343**	848	1,418
Investment securities at amortized cost	**3,009**	1,008	2,712
	P 4,448	P 2,079	P 4,498

	Parent		
	2021	2020	2019
Financial assets at FVTPL	**P 92**	P 213	P 358
Debt securities at FVOCI	**1,320**	804	1,397
Investment securities at amortized cost	**2,967**	974	2,684
	P 4,379	P 1,991	P 4,439

10.5 Trading and Securities Gains (Losses)

The Group and the Parent Company recognized trading and securities gains (losses) in its trading or disposals of investment securities, including their fair value changes, in 2021, 2020, and 2019 are as follows:

	Group		
	2021	2020	2019
Profit or loss:			
Financial assets at FVTPL	**P 309**	P 286	P 611
Debt securities at FVOCI	**554**	3,103	3,196
Investment securities at amortized cost	**-**	2,695	3,685
	P 863	P 6,084	P 7,492
Other comprehensive income (loss):			
Equity securities at FVOCI	**P 548**	(P 570)	(P 586)
Debt securities at FVOCI	**(823)**	339	(116)
	(P 275)	(P 231)	(P 702)

	Parent		
	2021	2020	2019
Profit or loss:			
Financial assets at FVTPL	**P 314**	P 264	P 581
Debt securities at FVOCI	**542**	3,098	3,166
Investment securities at amortized cost	**-**	2,678	3,685
	P 856	P 6,040	P 7,432
Other comprehensive income (loss):			
Equity securities at FVOCI	**P 490**	(P 591)	(P 837)
Debt securities at FVOCI	**(823)**	339	(116)
	(P 333)	(P 252)	(P 953)

11. LOANS AND RECEIVABLES

This account consists of the following (see also Note 28.1)

	Group		Parent Company	
	2021	2020	**2021**	2020
Receivables from customers:				
Loans and discounts	**P 452,495**	P 400,846	**P 446,954**	P 395,850
Credit card receivables	**35,563**	31,973	**35,563**	31,973
Customers' liabilities on acceptances, import bills and trust receipts	**20,662**	18,868	**20,662**	18,868
Lease contract receivables	**2,296**	3,115	**-**	-
Bills purchased	**2,033**	2,109	**2,033**	2,109
Receivables financed	**297**	343	**-**	-
	513,346	457,254	**505,212**	448,800
Unearned discount	**(615)**	(689)	**(279)**	(137)
	512,731	456,565	**504,933**	448,663
Other receivables:				
Interbank loans receivables (see Note 9)	**30,563**	42,681	**30,563**	42,647
Accrued interest receivables	**7,372**	5,677	**7,058**	5,505
Accounts receivables [see Note 28.5(a)]	**4,114**	3,661	**3,603**	3,631
UDSCL	**989**	965	**989**	965
Sales contract receivables	**797**	928	**657**	766
	43,835	53,912	**42,870**	53,514
	556,566	510,477	**547,803**	502,177
Allowance for impairment (see Notes 4.4.9 and 16)	**(18,264)**	(19,193)	**(17,339)**	(18,363)
	P 538,302	P 491,284	**P 530,464**	P 483,814

Receivables from customers' portfolio earn average annual interest or range of interest as follows:

	2021	2020	2019
Loans and discounts:			
Philippine peso	**7.37%**	8.58%	8.69%
Foreign currencies	**4.37%**	4.62%	4.96%
Credit card receivables	**14.23% - 18.87%**	16.52% - 29.87%	23.58% - 24.86%
Lease contract receivables	**8% - 26.00%**	9.50% - 26.00%	8.00% - 18.00%
Receivables financed	**11% - 22.00%**	10.00% - 24.00%	8.00% - 14.00%

Effective November 3, 2020, interest rates and cash advance fees charged by the Parent Company to its credit card holders were updated to comply with BSP Circular No. 1098, *Ceiling on Interest of Finance Charges of Credit Card Receivables.* Under the new circular, interest or finance charges on all credit card transactions are not to exceed an annual interest rate of 24%, except credit card installment loans which shall be subject to monthly add-on rate not exceeding 1%. In addition, the maximum amount that can be charged for Cash Advances is capped at P200 (absolute amount) per transaction.

Included in UDSCL is a 10-year note with carrying amount of P742 and P264 as of December 31, 2021 and 2020, respectively, and bears 6.44% interest per annum. This pertains to the agreement entered into in June 2017 with a third party for the sale of various foreclosed real properties with book value of P1,127, for a total consideration of P1,385; of which P396 and P989 (with present value of P742 on date of sale) were in the form of cash and note receivable, respectively.

Also included in the Parent Company's accounts receivables is the amount due from RCBC JPL which was acquired from Rizal Microbank in 2015 amounting to P222. As of December 31, 2021 and 2020, the outstanding balance amounted to P127 and P147, respectively. The receivable amount is unsecured, noninterest-bearing and payable in cash on demand (see Note 28). The receivable has been appropriately provided with allowance for ECL.

Interest income earned by the Bank from its loans and other receivables is broken down as follows:

	Group		
	2021	2020	2019
Loans and discounts	**P 26,090**	P 25,965	P 25,529
Credit card receivables	**4,890**	6,759	5,939
Others	**920**	1,185	1,178
	P 31,900	P 33,909	P 32,646

	Parent Company		
	2021	2020	2019
Loans and discounts	**P 25,924**	P 25,770	P 24,644
Credit card receivables	**4,890**	6,759	5,939
Others	**281**	502	1,165
	P 31,095	P 33,031	P 31,748

The breakdown of the receivables from customers' portfolio as to secured and unsecured follows:

	Group		Parent Company	
	2021	2020	**2021**	2020
Secured:				
Real estate mortgage	**P 132,782**	P 135,421	**P 132,094**	P 134,077
Chattel mortgage	**66,351**	53,456	**66,254**	50,990
Hold-out deposits	**7,464**	8,581	**7,457**	8,428
Other securities	**14,280**	17,181	**14,248**	13,585
	220,877	214,639	**220,053**	207,080
Unsecured	**291,854**	241,926	**284,880**	241,583
	P 512,731	P 456,565	**P 504,933**	P 448,663

A reconciliation of the allowance for impairment on loans and receivables at the beginning and end of 2021 and 2020 is shown below (see Note 16).

	Group		Parent Company	
	2021	2020	**2021**	2020
Balance at beginning of year	**P 19,193**	P 13,430	**P 18,363**	P 12,726
Impairment losses during the year	**4,994**	9,093	**4,895**	8,672
Accounts written off and others	**(5,923)**	(3,330)	**(5,919)**	(3,035)
Balance at end of year	**P 18,264**	P 19,193	**P 17,339**	P 18,363

12. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The components of the carrying values of investments in and advances to subsidiaries and associates are as follows (refer to Note 1.2 for the effective percentage of ownership, line of business, and country of incorporation of subsidiaries and associates):

	Group and Parent Company	
	2021	2020
Acquisition costs of associates:		
HCPI	**P 91**	P 91
LIPC	**57**	57
YCS	**4**	4
	152	152
Accumulated equity in net earnings:		
Balance at beginning of year	**187**	292
Share in net earnings (losses) for the year	**12**	(94)
Share in actuarial losses on defined benefit plan	**(3)**	(8)
Others	**(4)**	(3)
Balance at end of year	**192**	187
	P 344	P 339

	Note	Parent Company 2021	Parent Company 2020
Acquisition costs of subsidiaries:			
RCBC Capital		**P 2,231**	P 2,231
Rizal Microbank		**1,242**	1,242
RCBC LFC		**1,987**	1,987
NPHI		**609**	609
RCBC JPL		**403**	403
RCBC Forex		**150**	150
RCBC Telemoney		**72**	72
RCBC IFL		**58**	58
Cajel		**51**	51
Total acquisition costs		**6,803**	6,803
Accumulated equity in net earnings:			
Balance at beginning of year		**(162)**	477
Share in net earnings for the year		**465**	24
Share in actuarial gains on defined benefit plan		**50**	-
Share in fair value gains on financial assets at FVOCI		**58**	21
Cash dividends	28	**(524)**	(1,243)
Others		**(7)**	559
Balance at end of year		**(120)**	(162)
Investments in subsidiaries		**6,683**	6,641
Investments in associates		**344**	339
		P 7,027	P 6,980

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.

The Parent Company earned dividends from its subsidiaries and associates amounted to P524 and nil, respectively, in 2021, P1,243 and nil, respectively, in 2020, and P536 and nil, respectively, in 2019 (see Note 28). Dividends receivable as of December 31, 2021 and 2020 amounted to P500 and P600, respectively.

12.1 Information About Investments in Associates

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 holding only 12.88% ownership interest.

The investments in LIPC and YCS have an aggregate carrying value of P11 and nil as of December 31, 2021 and 2020, respectively, which are insignificant to the Group.

The table below presents the summary of the unaudited financial information of HCPI as of and for the years ended December 31, 2021 and 2020. HCPI uses a fiscal year ending March 31 as its reporting period.

	2021	2020
Financial position:		
Current assets	**P 3,835**	P 5,384
Noncurrent assets	**1,063**	1,297
Current liabilities	**1,758**	3,496
Noncurrent liabilities	**420**	549
Financial performance:		
Revenues	**11,113**	2,851
Gross income	**1,070**	937
Operating income (loss)	**255**	(916)
Net income (loss)	**221**	(620)
Other comprehensive loss	**(25)**	(62)
Total comprehensive income (loss)	**196**	(682)
Cash flows:		
Net cash from (used in):		
Operating activities	**(930)**	1,148
Investing activities	**(31)**	90
Cash at the beginning	**1,640**	402
Cash at the end	**679**	1,640

On February 22, 2020, HCPI announced its plan to cease its production facility in Laguna in consideration of efficient allocation and distribution of its resources in Asia and Oceania. Automobile sales and after-sales services will continue through its regional network.

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 2021 and 2020 are shown below.

	Group					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-use Asset	Total
December 31, 2021						
Cost	P 1,267	P 3,822	P 11,470	P 914	P 3,626	P 21,099
Accumulated depreciation and amortization	-	(1,742)	(6,697)	-	-	(8,439)
Net carrying amount	**P 1,267**	**P 2,080**	**P 4,773**	**P 914**	**P 3,626**	**P 12,660**
December 31, 2020						
Cost	P 1,286	P 3,780	P 12,914	P 1,306	P 6,113	P 25,399
Accumulated depreciation and amortization	-	(1,661)	(8,281)	(339)	(2,056)	(12,337)
Net carrying amount	P 1,286	P 2,119	P 4,633	P 967	P 4,057	P 13,062
January 1, 2020						
Cost	P 1,270	P 3,673	P 10,161	P 1,094	P 3,283	P 19,481
Accumulated depreciation and amortization	-	(1,563)	(6,041)	-	(818)	(8,422)
Net carrying amount	P 1,270	P 2,110	P 4,120	P 1,094	P 2,465	P 11,059

	Parent Company					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-use Asset	Total
December 31, 2021						
Cost	P 1,222	P 3,788	P 8,828	P 880	P 4,150	P 18,868
Accumulated depreciation and amortization	-	(1,720)	(6,577)	-	-	(8,297)
Net carrying amount	**P 1,222**	**P 2,068**	**P 2,251**	**P 880**	**P 4,150**	**P 10,571**
December 31, 2020						
Cost	P 1,249	P 3,733	P 8,603	P 1,214	P 5,954	P 20,753
Accumulated depreciation and amortization	-	(1,630)	(6,387)	(284)	(1,952)	(10,253)
Net carrying amount	P 1,249	P 2,103	P 2,216	P 930	P 4,002	P 10,500
January 1, 2020						
Cost	P 1,249	P 3,625	P 8,193	P 1,056	P 3,208	P 17,331
Accumulated depreciation and amortization	-	(1,534)	(5,919)	-	(807)	(8,260)
Net carrying amount	P 1,249	P 2,091	P 2,274	P 1,056	P 2,401	P 9,071

A reconciliation of the carrying amounts of bank premises, furniture, fixtures and equipment at the beginning and end of 2021 and 2020 is shown below.

	Group					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-Use Asset	Total
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 1,286	P 2,119	P 4,633	P 967	P 4,057	P 13,062
Additions	-	93	1,020	220	855	2,188
Reclassifications	4	3	(1)	-	-	6
Disposals	(23)	(11)	(36)	(17)	(1)	(88)
Depreciation and amortization charges for the period	-	(124)	(843)	(256)	(1,285)	(2,508)
Balance at December 31, 2021, net of accumulated depreciation and amortization	**P 1,267**	**P 2,080**	**P 4,773**	**P 914**	**P 3,626**	**P 12,660**
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 1,270	P 2,110	P 4,120	P 1,094	P 2,465	P 11,059
Additions	17	118	1,462	167	2,789	4,553
Reclassifications	-	19	2	9	1	31
Disposals	(1)	(2)	(80)	(7)	(2)	(92)
Depreciation and amortization charges for the period	-	(126)	(871)	(296)	(1,196)	(2,489)
Balance at December 31, 2020, net of accumulated depreciation and amortization	P 1,286	P 2,119	P 4,633	P 967	P 4,057	P 13,062

	Parent Company					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-use Asset	Total
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 1,249	P 2,103	P 2,216	P 930	P 4,002	P 10,500
Additions	-	93	688	214	1,180	2,175
Reclassifications	4	3	-	-	-	7
Disposals	(31)	(9)	(38)	(17)	-	(95)
Depreciation and amortization charges for the period	-	(122)	(615)	(247)	(1,032)	(2,016)
Balance at December 31, 2021, net of accumulated depreciation and amortization	**P 1,222**	**P 2,068**	**P 2,251**	**P 880**	**P 4,150**	**P 10,571**
Balance at January 1, 2020 net of accumulated depreciation and amortization	P 1,249	P 2,091	P 2,274	P 1,056	P 2,401	P 9,071
Additions	-	117	497	159	2,746	3,519
Disposals	-	(2)	(36)	(1)	-	(39)
Depreciation and amortization charges for the period	-	(122)	(519)	(284)	(1,145)	(2,070)
Reclassification	-	19	-	-	-	19
Balance at December 31, 2020, net of accumulated depreciation and amortization	P 1,249	P 2,103	P 2,216	P 930	P 4,002	P 10,500

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 its bank subsidiaries. As of December 31, 2021 and 2020, the Parent Company and its bank subsidiary have satisfactorily complied with this BSP requirement.

The cost of the Group and the Parent Company's fully depreciated bank premises, furniture, fixtures and equipment that are still in use in operations is P6,974 and P6,334, respectively, as of December 31, 2021, and P6,812 and P6,178, respectively, as of December 31, 2020.

The Group has leases for certain offices and branches. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected as a right-of-use asset and a Lease liability as part of Bank Premises, Furniture, Fixtures and Equipment and Other Liabilities (see Note 22), respectively. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the Lease liability and Right-of-use asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over branches and offices, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

14. INVESTMENT PROPERTIES

Investment properties pertain to land, buildings or condominium units acquired by the Group, in settlement of loans from defaulting borrowers through foreclosure or dacion in payment and properties which are held for rental.

The gross carrying amounts and accumulated depreciation and impairment losses of investment properties at the beginning and end of 2021 and 2020 are shown below.

	Group			Parent Company		
	Land	Buildings	Total	Land	Buildings	Total
December 31, 2021						
Cost	P 1,658	P 3,096	P 4,754	P 1,518	P 3,070	P 4,588
Accumulated depreciation	-	(905)	(905)	-	(892)	(892)
Accumulated impairment (see Note 16)	(17)	(260)	(277)	(1)	(260)	(261)
Net carrying amount	**P 1,641**	**P 1,931**	**P 3,572**	**P 1,517**	**P 1,918**	**P 3,435**
December 31, 2020						
Cost	P 1,783	P 3,044	P 4,827	P 1,634	P 3,021	P 4,655
Accumulated depreciation	-	(791)	(791)	-	(777)	(777)
Accumulated impairment (see Note 16)	(40)	(271)	(311)	(27)	(271)	(298)
Net carrying amount	P 1,743	P 1,982	P 3,725	P 1,607	P 1,973	P 3,580
January 1, 2020						
Cost	P 1,797	P 3,035	P 4,832	P 1,649	P 3,016	P 4,665
Accumulated depreciation	-	(638)	(638)	-	(625)	(625)
Accumulated impairment (see Note 16)	(18)	(34)	(52)	(18)	(5)	(23)
Net carrying amount	P 1,779	P 2,363	P 4,142	P 1,631	P 2,386	P 4,017

The reconciliations of the carrying amounts of investment properties at the beginning and end of 2021 and 2020 follow:

	Group		Parent Company	
	2021	2020	**2021**	2020
Balance at January 1, net of accumulated depreciation and impairment	**P 3,725**	P 4,142	**P 3,580**	P 4,017
Additions	**437**	64	**436**	39
Disposals	**(71)**	(147)	**(66)**	(144)
Reclassification	**(7)**	(20)	**(7)**	(20)
Depreciation charges for the year	**(172)**	(126)	**(172)**	(126)
Impairment losses	**(340)**	(188)	**(336)**	(186)
Balance at December 31, net of accumulated depreciation and impairment	**P 3,572**	P 3,725	**P 3,435**	P 3,580

As of December 31, 2021 and 2020, there is no restriction on the realizability of investment properties or the remittance of income and proceeds of disposal therefrom.

14.1 Additions and Disposals of Investment Properties

The Group and the Parent Company foreclosed real and other properties totaling P437 and P436, respectively, in 2021, and P64 and P39, respectively, in 2020, in settlement of certain loan accounts.

As of December 31, 2021, and 2020, foreclosed investment properties still subject to redemption period by the borrowers amounted to P638 and P409, respectively, for the Group and P633 and P407, respectively, for the Parent Company.

The total gain recognized by the Group and the Parent Company from disposals of investment properties amounted to P30 and P18, respectively, in 2021, and P23 and P20, respectively, in 2020, which is presented as part of Gains on assets sold under Miscellaneous Income account in the statements of profit or loss (see Note 25.1).

14.2 Income and Expenses from Investment Properties Held for Rental

The Group and Parent Company earned rental income from investment properties amounting to P229 in 2021, P215 in 2020 and P275 in 2019, and are presented as part of Rentals under Miscellaneous Income account in the statements of profit or loss [see Notes 25.1 and 28.5(a)]. Expenses incurred by the Group and Parent Company in relation to the investment properties include taxes and licenses amounting to P16 and P13, respectively, in 2021, P6 and P5, respectively, in 2020 and P20 and P17, respectively, in 2019.

15. OTHER RESOURCES

Other resources consist of the following:

	Notes	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Assets held-for-sale and disposal group	15.3	**P 5,295**	P 4,182	**P 4,745**	P 3,648
Creditable withholding taxes		**2,412**	2,154	**2,398**	2,148
Prepaid expenses	15.4	**1,651**	1,003	**1,449**	856
Software – net	15.2	**1,338**	1,184	**1,332**	1,175
Branch licenses	15.1	**1,000**	1,000	**1,000**	1,000
Refundable and other deposits		**528**	720	**526**	713
Goodwill	15.5	**426**	426	**269**	269
Unused stationery and supplies		**419**	311	**412**	300
Deferred charges		**390**	176	**369**	153
Returned checks and other cash items		**196**	155	**196**	155
Margin deposits	15.6	**73**	17	**73**	17
Miscellaneous	15.7	**640**	1,012	**863**	1,125
		14,368	12,340	**13,632**	11,559
Allowance for impairment	15.3, 15.5	**(1,268)**	(802)	**(1,135)**	(670)
		P 13,100	P 11,538	**P 12,497**	P 10,889

15.1 Branch Licenses

Branch licenses represent the rights granted by the BSP to the Parent Company in 2015 to establish a certain number of branches in the restricted areas in the country. Branch licenses are annually tested for impairment either individually or at the cash generating unit level, as appropriate when circumstances indicate that the intangible asset may be impaired. As of December 31, 2021 and 2020, the Group has assessed that the recoverable amount of these branch licenses, which is based on the last transacted price, is higher than the carrying value; hence, no impairment loss is required to be recognized in the statements of profit or loss.

15.2 Software

A reconciliation of the carrying amounts of software at the beginning and end of 2021 and 2020 is shown below.

	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Balance at beginning of year	**P 1,184**	P 902	**P 1,175**	P 895
Additions	**494**	591	**493**	575
Amortization	**(340)**	(309)	**(336)**	(295)
	P 1,338	P 1,184	**P 1,332**	P 1,175

Amortization charges for software are included as part of Depreciation and Amortization account in the statements of profit or loss.

15.3 Assets Held-for-Sale and Disposal Group

	Group		Parent Company	
	2021	2020	**2021**	2020
Equity securities	**P 1,842**	P 1,931	**P 1,842**	P 1,931
Foreclosed automobiles	**2,812**	1,599	**2,673**	1,488
Foreclosed real properties	**641**	652	**230**	229
	5,295	4,182	**4,745**	3,648
Allowance for impairment	**(1,118)**	(652)	**(1,118)**	(652)
Balance at end of year	**P 4,177**	P 3,530	**P 3,627**	P 2,996

Assets held-for-sale represents assets that are approved by management to be immediately sold in its present condition and management believes that the sale is highly probable at the time of reclassification. These mainly include real properties, automobiles, equipment and other assets foreclosed by the Parent Company and RCBC LFC in settlement of loans and real properties held for sale by NHPI and Cajel.

15.3.1 HHIC Equity Securities

In May 2019, RCBC, together with other local banks, entered into a Detailed Implementing Agreement with Hanjin Heavy Industries and Construction Philippines, Inc. (HHIC-Phil), a subsidiary of Hanjin Heavy Industry Co., Ltd. (HHIC), a Korean shipbuilding company, to convert a part of the former's debt into a 20% stake in HHIC (see Note 29.7). Accordingly, in June 2019, the Bank received 7,100,129 common shares representing 8.53% ownership in HHIC in settlement of HHIC-Phil's gross outstanding loan amounting to USD63.5 million or P3,286.

As of December 31, 2021, the Bank estimates that it will need two more years to complete the sale of the shares under its current disposal plan. This is covered by the exception in PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, which states that an extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset. As a result, the carrying amount of the investment is measured at the lower of their carrying amount, immediately prior to its classification as held-for-sale and its fair value less costs to sell.

15.3.2 Other Foreclosed Assets

In 2009, in accordance with the letter received by RCBC Savings Bank, Inc. (RSB), which was merged with RCBC on July 22, 2019, from BSP dated March 26, 2009, RSB reclassified certain investment properties to equity investments as its investment in subsidiaries in its separate financial statements which resulted in the inclusion of the assets, liabilities, income and expenses of the SPCs of RSB 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 were sold or disposed of; and, (ii) the equity investments in the SPCs shall be disposed of within a reasonable period of time.

In partial compliance with the requirements of the BSP, the management of RSB resolved that certain SPCs be disposed of through the conversion of the SPCs' existing common shares into redeemable preferred shares 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 shares of the SPCs owned by RSB shall be converted to redeemable preferred shares and that for such purpose, the Articles of Incorporation of the SPCs below have been amended. The amendment was approved by the SEC on November 28, 2013. The involved SPCs are as follows:

(a) Goldpath Properties Development Corporation
(b) Eight Hills Property and Development Corporation
(c) Crescent Park Property and Development Corporation
(d) Niceview Property and Development Corporation
(e) Lifeway Property and Development Corporation
(f) Gold Place Properties Development Corporation
(g) Princeway Properties Development Corporation
(h) Greatwings Properties Development Corporation
(i) Top Place Properties Development Corporation
(j) Crestview Properties Development Corporation
(k) Best Value Property and Development Corporation

On December 23, 2013, the BOD of RSB approved the foregoing SPCs' redemption of the SPCs' respective preferred shares for a total consideration of P1,555. This transaction resulted in the recognition of a redemption loss by RSB amounting to P185 which is reported in the 2013 consolidated financial statements of the Group as part of Other Reserves account pending the eventual retirement of these redeemable preferred shares. On May 30, 2014 and on October 16, 2014, the retirement of the preferred shares was approved by the BOD and SEC, respectively; hence, the retirement of shares was executed by RSB. Consequently, the amount of the redemption loss was transferred directly to Surplus account from Other Reserves account as the redemption of shares of these SPCs is considered transaction between owners within the Group (see Note 23.8).

In relation to the SPCs disposal plan and to fully comply with the requirements of the BSP, the BOD of RSB has approved in its meeting held on May 30, 2014 the shortening of the corporate life of these SPCs until December 31, 2015 which was approved by the SEC in various dates during the last quarter of 2014. In 2019, the Group has completed the liquidation of the operations of SPCs. NPHI and Cajel are retained by the Parent Company and are presented under Investment in Subsidiaries and Associates account (see Note 12).

15.4 Prepaid Expenses

Prepaid expenses include prepayments for insurance, taxes and licenses, and software maintenance.

15.5 Goodwill

The Parent Company recognized goodwill amounting to P269 which arose from its acquisition of the net assets of another bank in 1998 from which it had expected future economic benefits and synergies that will result from combining the operations of the acquired bank.

Goodwill is subject to annual impairment testing and whenever there is an indication of impairment. In 2021 and 2020, the Parent Company engaged a third party consultant to perform an independent impairment testing of goodwill. The recoverable amount of the CGU has been based on Value-in-Use (VIU) calculation using the cash flow projections from financial budgets approved by the Parent Company's senior management covering a five-year period. The Group also considered key assumptions in determining cash flow projections which includes discount rates and growth rates. Future cash flows and growth rates were based on experience, strategies developed, and prospects.

The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to comparable entities within the industry. In 2021 and 2020, the discount rate applied to cash flow projections is 10.55% and 8.28% respectively, while the growth rate used to extrapolate cash flows beyond five-year period is 6.46% and 6.47% for 2021 and 2020, respectively. On the basis of the report of the third-party consultant dated Januar 26, 2022 and January 21, 2021 with valuation date as of the end of 2021 and 2020 respectively, the Group has assessed that the recoverable amount of the goodwill is higher than its carrying value. Accordingly, no impairment loss is required to be recognized in the statements of profit or loss in both years.

In addition, the goodwill pertaining to the acquisition of Rizal Microbank amounting to P157 million was fully provided with impairment in 2011.

15.6 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.

15.7 Miscellaneous

Miscellaneous account includes various deposits, advance rentals, service provider fund, trading right and other assets.

16. ALLOWANCE FOR EXPECTED CREDIT LOSS AND IMPAIRMENT

Changes in the amounts of allowance for impairment are summarized below.

	Notes	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Balance at beginning of year					
Loans and receivables	11	**P 19,193**	P 13,430	**P 18,363**	P 12,726
Investment securities at amortized cost	10.3	**142**	142	**48**	49
Investment properties	14	**311**	52	**298**	23
Other resources	15	**802**	723	**670**	591
		20,448	14,347	**19,379**	13,389
Impairment losses – net:					
Loans and receivables	11	**4,994**	9,093	**4,895**	8,672
Investment securities at amortized cost	10.3	**14**	1	**12**	-
Loan commitments		**5**	14	**5**	14
Investment properties	14	**340**	188	**336**	186
Other resources	15	**695**	79	**685**	79
		6,048	9,375	**5,933**	8,951
Charge-offs and other adjustments during the year		**(6,540)**	(3,274)	**(6,525)**	(2,961)
Balance at end of year					
Loans and receivables	11	**18,264**	19,193	**17,339**	18,363
Investment securities at at amortized cost	10.3	**147**	142	**52**	48
Investment properties	14	**277**	311	**261**	298
Other resources	15	**1,268**	802	**1,135**	670
		P 19,956	P 20,448	**P 18,787**	P 19,379

17. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities (see also Note 28.2):

	Group		Parent Company	
	2021	2020	**2021**	2020
Demand	**P 144,810**	P 107,172	**P 146,793**	P 108,445
Savings	**228,470**	195,164	**228,944**	195,394
Time	**293,097**	227,370	**292,595**	226,827
Long-term Negotiable Certificate of Deposits (LTNCD)	**6,082**	6,082	**6,082**	6,082
	P 672,459	P 535,788	**P 674,414**	P 536,748

The Parent Company's LTNCD as of December 31, 2021 and 2020 are as follows:

Issuance Date	Maturity Date	Coupon Interest	Outstanding Balance
September 28, 2018	March 28, 2024	5.50%	**P 3,580**
August 11, 2017	February 11, 2023	3.75%	**2,502**
			P 6,082

The Parent Company's LTNCD were used in the expansion of its term deposit base to support long-term asset growth and for other general funding purposes.

The Group's deposit liabilities bear annual interest as follows:

	2021	2020	2019
Demand, Savings and Time deposits	**0.10% - 6.00%**	0.10% - 5.00%	0.10% - 4.50%

The total interest expense incurred by the Group and the Parent Company on deposit liabilities are as follows:

	Group		
	2021	2020	2019
Demand	**P 524**	P 327	P 217
Savings	**597**	503	449
Time	**2,639**	4,118	7,149
LTNCD	**299**	340	811
	P 4,059	P 5,288	P 8,626

	Parent Company		
	2021	2020	2019
Demand	**P 528**	P 335	P 220
Savings	**597**	504	451
Time	**2,632**	4,086	7,116
LTNCD	**299**	340	811
	P 4,056	P 5,265	P 8,598

Under existing BSP regulations, non-FCDU deposit liabilities, including tax exempt LTNCDs, of the Parent Company and Rizal Microbank is subject to reserve requirement of 14% and 4%, respectively, at the end of 2019 until April 2, 2020. In 2020, BSP reduced the reserve requirements for both the Parent Company and Rizal Microbank effective April 3 and July 31 by 200 basis points and 100 basis points, respectively. As of December 31, 2021 and 2020, reserve requirement ratio for the Parent Company and Rizal Microbank is at 12% and 3%, respectively.

Peso-denominated LTNCDs of the Parent Company are subject to reserve requirement equivalent of 4% in 2021 and 2020. As of December 31, 2021 and 2020, the Group is in compliance with such regulatory reserve requirements.

Under BSP Circular No. 1063, *Reduction in Reserve Requirements*, cash in vault and regular reserve deposit accounts with BSP are excluded 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 P65,074, P49,539 and P53,094 for the Group and P63,931, P48,119 and P52,353 for the Parent Company as of December 31, 2021, 2020 and 2019, respectively (see Note 9).

18. BILLS PAYABLE

This account consists of borrowings from:

	Group		Parent Company	
	2021	2020	**2021**	2020
Foreign banks	**P 46,398**	P 4,183	**P 46,398**	P 4,183
Local banks	**9,505**	8,983	**-**	16
Others	**1**	1	**1**	1
	P 55,904	P 13,167	**P 46,399**	P 4,200

Borrowings from foreign and local banks are subject to annual fixed interest rates as follows:

	2021	2020	2019
Group			
Peso denominated	**4.15 - 7.50%**	4.66% - 4.96%	2.00% - 7.35%
Foreign currency denominated	**0.0001% - 0.725%**	0.22% - 0.54%	0.04% - 2.68%
Parent Company			
Peso denominated	**-**	4.66% - 4.96%	-
Foreign currency denominated	**0.0001% - 0.725%**	0.22% - 0.54%	0.04% - 2.68%

The total interest expense incurred by the Group on the bills payable amounted to P420 in 2021, P933 in 2020, and P2,069 in 2019. The total interest expense incurred by the Parent Company on the bills payable amounted to P22 in 2021, P434 in 2020, and P1,606 in 2019.

As of December 31, 2021 and 2020, bills payable availed under repurchase agreements amounting to P45,378 and P4,199 are secured by the Group and Parent Company's investment securities.

19. BONDS PAYABLE

The composition of this account for the Group and the Parent Company follows:

Issuance Date	Maturity Date	Coupon Interest	Face Value (in millions)		Outstanding Balance 2021		Outstanding Balance 2020	
March 31, 2021	June 30, 2026	4.18%	P	4,130	**P**	**4,130**	P	-
March 31, 2021	June 30, 2026	3.20%	P	13,743		**13,743**		-
July 27, 2020	July 27, 2022	3.25%	P	16,616		**16,616**		16,616
April 7, 2020	April 7, 2022	4.85%	P	7,054		**7,054**		7,054
November 13, 2019	November 13, 2022	4.43%	P	7,500		**7,500**		7,500
September 11, 2019	September 11, 2024	3.00%	$	300		**15,264**		14,362
June 4, 2019	June 4, 2021	6.15%	P	8,000		**-**		8,000
March 15, 2018	March 16, 2023	4.13%	$	450		**22,908**		21,540
November 2, 2015	February 2, 2021	3.45%	$	320		**-**		15,367
					P	**87,215**	P	90,439

On March 31, 2021, the Parent Company issued unsecured Peso-denominated Senior Notes with principal amount and outstanding balance as of December 31, 2021 of P4,130 and P13,743 bearing an interest of 4.18% and 3.20% per annum, respectively, payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The senior notes will mature on June 30, 2026.

On July 27, 2020, the Parent Company issued unsecured Peso-denominated Senior Notes with principal amount and outstanding balance as of December 31, 2021 of P16,616 bearing an interest of 3.25% per annum, payable in arrears on January 27, April 27, July 27 and October 27. The senior notes will mature on July 27, 2022.

On April 7, 2020, the Parent Company issued unsecured Peso-denominated Senior Notes with principal amount and outstanding balance as of December 31, 2021 of P7,054 bearing an interest of 4.85% per annum, payable quarterly in arrears on January 7, April 7, July 7 and October 7. The senior notes will mature on April 7, 2022.

In November 2019, the Parent Company issued unsecured Peso-denominated Senior Notes with principal amount and outstanding balance as of December 31, 2021 and 2020, of P7,500 bearing an interest of 4.43% per annum, payable quarterly in arrears on February 13, May 13, August 13 and November 13. The senior notes will mature on November 13, 2022.

In September 2019, the Parent Company issued unsecured US$-denominated Senior Notes with principal amount of US$300 bearing an interest of 3.00% per annum, payable semi-annually in arrears every March 11 and September 1 of each year. The senior notes, unless redeemed, will mature on September 11, 2024. As of December 31, 2021 and 2020, the peso equivalent of this outstanding bond issue amounted to P15,624 and P14,362, respectively.

In June 2019, the Parent Company issued unsecured Peso-denominated Senior Notes with principal amount and outstanding balance as of December 31, 2020 and 2019 of P8,000 bearing an interest of 6.15% per annum, payable quarterly in arrears every March 4, June 4, September 4 and December 4 of each year. The senior notes matured on June 4, 2021.

In March 2018, the Parent Company issued unsecured US$-denominated Senior Notes with principal amount of US$450 bearing an interest of 4.13% per annum, payable semi-annually in arrears every March 16 and September 16 of each year. The senior notes, unless redeemed, will mature on March 16, 2023. As of December 31, 2021, and 2020, the peso equivalent of this outstanding bond issue amounted to P22,906 and P21,540, respectively.

In November 2015, the Parent Company issued unsecured US$-denominated Senior Notes with principal amount of US$320 bearing an interest of 3.45% per annum, payable semi-annually in arrears every May 2 and November 2 of each year. The senior notes matured on February 2, 2021

Unamortized bond premium/discount amounted to P77, P116, and P170 as of December 31, 2021, 2020 and 2019, respectively. The related amortization of unamortized bond premium/discounts is recorded as part of Interest Expense in the statements of profit or loss.

The interest expense incurred on these bonds payable amounted to P3,503 in 2021, P4,023 in 2020, and P3,550 in 2019. The Group and Parent Company recognized foreign currency exchange gains related to these bonds payable amounting to P2,287, P2,712 and P2,031 in 2021, 2020 and 2019, respectively. Foreign currency exchange losses are netted against Foreign exchange gains presented under Other Operating Income account in the statements of profit or loss.

20. SUBORDINATED DEBT

On June 27, 2014, the Parent Company issued P7 billion Basel III-compliant Tier 2 Capital Notes (the "Tier 2 Notes") which shall be part of the Group's regulatory capital compliance in accordance with Basel III capital guidelines of the BSP. The Parent Company re-opened the Tier 2 Notes and issued an additional P3 billion of the Notes on September 5, 2014, which constituted a further issuance of, and formed a single series with the existing P7,000 Tier 2 Notes.

The significant terms and conditions of the Tier 2 Notes with an aggregate issue amount of P10,000, are as follows:

- The Tier 2 Notes shall mature on September 27, 2024, provided that they are not redeemed at an earlier date.

- Subject to satisfaction of certain regulatory approval requirements, the Parent Company may, on September 26, 2019, and on any Interest Payment Date thereafter, redeem all of the outstanding Tier 2 Notes at redemption price equal to 100% of its face value together with accrued and unpaid interest thereon. The terms and conditions of the Tier 2 Notes also allow for early redemption upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event.

- The Tier 2 Notes shall initially bear interest at the rate of 5.375% per annum from and including June 27, 2014 to but excluding September 27, 2019 and shall be payable quarterly in arrears at the end of each interest period on March 27, June 27, September 27 and December 27 of each year.

- Unless the Tier 2 Notes are previously redeemed, the initial interest rate will be reset on September 26, 2019 at the equivalent of the five-year PDST-R2 or the relevant five-year benchmark plus the initial spread of 1.93% per annum. Such reset interest shall be payable quarterly in arrears commencing on September 27, 2019 up to and including September 27, 2024, if not otherwise redeemed earlier.

- The Tier 2 Notes have a loss absorption feature which means the notes are subject to a Non-Viability Write-Down in case of the occurrence of a Non-Viability Event, subject to certain conditions as set out in the terms and conditions of the notes, when the Issuer is considered non-viable as determined by the BSP. Non-Viability is defined as a deviation from a certain level of CET1 ratio or the inability of the Issuer to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. Upon the occurrence of a Non-Viability Event, the Issuer shall write-down the principal amount of the notes to the extent required by the BSP, which could go as low as zero. A Non-Viability Write-Down shall have the following effects:

  (i) it shall reduce the claim on the notes in liquidation;
  (ii) reduce the amount re-paid when a call or redemption is properly exercised; and,
  (iii) partially or fully reduce the interest payments on the notes.

On May 27, 2019, the RCBC BOD approved to exercise its call option and redeem its P10,000 5.375% Tier 2 Notes. The request was subsequently approved by the MB on July 25, 2019, subject to compliance with BSP conditions. On September 26, 2019, the Bank exercised the call option and fully redeemed the notes.

The total interest expense incurred by the Group and Parent Company on the notes amounted to P471 in 2019.

21. ACCRUED INTEREST, TAXES AND OTHER EXPENSES

The composition of this account follows:

	Group		Parent Company	
	2021	2020	**2021**	2020
Accrued expenses	**P 4,236**	P 4,106	**P 4,113**	P 3,919
Accrued interest	**1,323**	1,287	**1,278**	1,277
Taxes payable	**538**	507	**489**	489
	P 6,097	P 5,900	**P 5,880**	P 5,685

Accrued expenses represent mainly the accruals for utilities, employee benefits and other operating expenses. Accrued interest primarily includes unpaid interest on deposit liabilities, bills payable and bonds payable at the end of each reporting period.

22. OTHER LIABILITIES

Other liabilities consist of the following:

		Group		Parent Company	
	Notes	**2021**	2020	**2021**	2020
Accounts payable	28.5(b)	**P 7,963**	P 8,811	**P 7,155**	P 8,231
Outstanding acceptances payable		**4,634**	2,417	**4,634**	2,417
Lease liabilities		**4,050**	4,385	**4,479**	4,319
Post-employment defined benefit obligation	24.2	**2,501**	2,993	**2,487**	2,953
Manager's checks		**1,150**	1,150	**1,150**	1,150
Bills purchased – contra		**1,018**	915	**1,018**	915
Derivative financial liabilities	10.1	**926**	1,484	**926**	1,484
Deposit on lease contracts		**799**	621	**92**	91
Unearned income		**585**	152	**558**	135
Withholding taxes payable		**449**	220	**448**	212
Other credits		**440**	446	**440**	446
Guaranty deposits		**363**	20	**363**	20
Sundry credits		**341**	478	**341**	478
Payment orders payable		**263**	194	**263**	194
ECL provisions on loan commitments	4.4.9(c)	**145**	139	**145**	139
Advance rentals		**72**	74	**72**	74
Due to BSP		**44**	49	**44**	49
Miscellaneous		**635**	886	**778**	851
		P 26,378	P 25,434	**P 25,393**	P 24,158

Accounts payable is mainly composed of prepaid card balances of customers, settlement billing from credit card operations and the Group's expenditure purchases which are to be settled within the next reporting period.

The Group and the Parent Company have elected not to recognize lease liabilities for short-term leases or leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at December 31, 2021 and 2020 are as follows:

	Within 1 Year	Two to Five Years	More than Five Years	Total
2021:				
Group				
Lease payments	P 1,053	P 3,340	P 393	P 4,786
Finance charges	(165)	(514)	(58)	(737)
Net present value	**P 888**	**P 2,826**	**P 335**	**P 4,049**

	Within 1 Year	Two to Five Years	More than Five Years	Total
Parent Company				
Lease payments	P 1,163	P 3,461	P 415	P 5,039
Finance charges	(181)	(336)	(43)	(560)
Net present value	**P 982**	**P 3,125**	**P 372**	**P 4,479**
2020:				
Group				
Lease payments	P 1,058	P 2,674	P 898	P 4,630
Finance charges	(101)	(103)	(41)	(245)
Net present value	P 957	P 2,571	P 857	P 4,385
Parent Company				
Lease payments	P 1,012	P 2,554	P 976	P 4,542
Finance charges	(91)	(89)	(43)	(223)
Net present value	P 921	P 2,465	P 933	P 4,319

On January 1, 2021, the Parent Company and RCBC Realty Corporation renewed the terms for the lease of RCBC Plaza's several floors. The amendments in the terms include a new rental rate and extended term of five years.

Total cash outflow in respect of leases in 2021, 2020 and 2019 amounted to P1,360, P1,173 and P1,186, respectively, for the Group, and P1,205, P1,113 and P1,086, respectively, for the Parent Company. Interest expense in relation to lease liabilities in 2021, 2020 and 2019 amounted to P170, P165 and P221, respectively, for the Group, and P185, P162 and P222, respectively, for the Parent Company and is presented as part of Interest expense in the statements of profit or loss.

Miscellaneous liabilities include unclaimed balances for deposits and other miscellaneous liabilities.

Interest expense incurred on other liabilities for 2021, 2020 and 2019 amounted to P15, P83 and P203 for the Group, and P15, P81 and P187 for the Parent Company, respectively.

23. EQUITY

23.1 Capital Stock

The movements in the outstanding capital stock of the Parent Company are as follows:

	Number of Shares		
	2021	2020	2019
Preferred stock – voting, non-cumulative non-redeemable, participating, convertible into common stock – P10 par value			
Authorized – 200,000,000 shares			
Issued and outstanding			
Balance at beginning of year	**267,410**	267,410	267,887
Conversion of shares during the year	**-**	-	(477)
Balance at end of year	**267,410**	267,410	267,410
Common stock – P10 par value			
Authorized:			
Balance at beginning and end of year	**2,600,000,000**	2,600,000,000	2,600,000,000
Issued and outstanding:			
Balance at beginning of year	**1,935,628,896**	1,935,628,896	1,935,628,775
Reissuance of shares during the year	**101,850,000**	-	-
Conversion of shares during the year	**-**	-	121
Balance at end of year	**2,037,478,896**	1,935,628,896	1,935,628,896

As of December 31, 2021, and 2020, there are 748 holders of the Parent Company's listed shares holding an equivalent of 100.00% of the Parent Company's total issued and outstanding shares. Such listed shares closed at P20.00 per share and P18.88 per share as of December 31, 2021 and 2020, respectively.

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	Issuance 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 Capitalization Fund	April 2013	71,151,505
Private placement	Cathay	April 2015	124,242,272
Stock rights offering	Various	July 2018	535,710,378
Private placement	Sumitomo Mitsui Banking Corporation (SMBC)	July 2021	101,850,000

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 London Interbank Offered Rate plus a spread of 2.0% per annum, calculated quarterly;

(b) Convertible to common shares at any time after the issue date at the option of the Parent Company 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.

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 shares of stock 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 local 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 local nationals and by foreign nationals, respectively.

23.2 Issuance of Common Shares

On July 22, 2019, the effective date of merger, the Parent Company issued 315,287,248 common shares in exchange of the transfer of net assets of RSB at carrying value. The Parent Company recognized P10,507 as additional paid-in capital, which pertains to the difference between the par value of the shares issued and the carrying value of the net assets of RSB.

On November 27, 2017, the BOD of the Parent Company approved the increase in the Parent Company's authorized capital through the increase in the authorized common stock from 1,400,000,000 shares to 2,600,000,000 shares at P10 par value per share or for a total capital stock of P14,000 to P26,000. The BOD also approved the amendment of the Parent Company's Articles of Incorporation for the principal purpose of reflecting the said increase in authorized capital. These resolutions were approved by the Parent Company's stockholders representing at least two-thirds of its outstanding capital stock in a special meeting held on January 29, 2018. In the same meeting, the Parent Company's BOD approved the stock rights offering (Rights Offer) to be subscribed out of the increase in the authorized capital. The increase in authorized capital stock and the Rights Offer were approved by the BSP and SEC on June 29, 2018 and July 4, 2018, respectively. The offering of the stock rights representing 535,710,378 common shares (with equivalent amount of P5,357) occurred from June 25 to June 29, 2018 and the shares were listed at the PSE on July 16, 2018. The Rights Offer and issuance generated P15,000 proceeds, reduced by P217 issue costs; hence, resulting in P9,426 excess of consideration received over par value recognized in Capital Paid in Excess of Par account.

In 2015, the Parent Company issued common shares to Cathay at P64 per share for a total issue price of P7,951. This issuance resulted in the recognition of Capital Paid in Excess of Par amounting to P6,709 reduced by the total issuance cost of P222. The acquisition involves Cathay: (i) acquiring from Hexagon Investments B.V., an entity controlled by funds managed by CVC Asia Pacific Limited, 118,935,590 secondary shares at P64 per share, pursuant to a Sale and Purchase Agreement; (ii) acquiring 36,724,138 secondary common shares from IFC Capitalization Fund also at P64 per share, pursuant to a Sale and Purchase Agreement; and, (iii) entering into a shareholders agreement with PMMIC and the Parent Company.

In 2013, the Parent Company issued common shares to PMMIC and IFC Capitalization Fund at P64 and P58 per share for a total issue price of P4,074 and P4,127, 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.

23.3 Treasury Shares

In 2019, subsequent to the effective date of the merger, the Parent Company acquired the 315,287,248 common shares issued in exchange of the net assets of RSB equal to the Parent Company's investment in RSB as at December 31, 2018.

On September 23, 2011, the Parent Company issued 5,821,548 common shares (equivalent of 18,082,311 preferred shares and with total par value of P58) from the treasury account 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 15.00% of the outstanding common shares. The issuance resulted in the recognition of additional Capital Paid in Excess of Par amounting to P2,264.

On March 17, 2011, the Parent Company issued 73,448,275 common shares, comprising of 50,427,931 treasury shares reissuance (with total cost of P771) and 23,020,344 unissued stock (with total par value of P230), to IFC Capitalization Fund 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.

On July 23, 2021, the Parent Company sold 101,850,000 shares to SMBC at P44.00 per share. This came from the treasury shares resulting from the merger of Parent Company and RSB. The sale of shares held by the Parent Company in treasury is equivalent to 4.999% of the total outstanding Common Stock. The issuance resulted in a recognition of additional Capital Paid in Excess of Par amounting to P50. The Parent Company incurred expenses related to the issuance amounting to P113 which was charged to equity resulting in a P63 net decrease in the Capital Paid in Excess of Par.

23.4 Hybrid Perpetual Securities

In August 27, 2020, the Parent Company issued US$300 non-cumulative, unsecured, subordinated capital securities which qualify as AT1 capital under Basel III standards. As of December 31, 2021 and 2020, the hybrid perpetual securities amounted to P14,463, net of issuance costs.

The capital securities are perpetual in respect of which there is no fixed redemption date. The Parent Company may redeem the capital securities only in certain circumstances as described in the conditions of the securities and with prior written consent of BSP. Distributions are non-cumulative and payable semi-annually in arrear at a rate of 6.5%. Certain conditions provide for circumstances under which the Parent Company will not be obliged to pay any distribution on the applicable payment date.

The proceeds of the hybrid perpetual securities are used to support and finance medium-term to long-term asset growth, loans to customers, other general corporate purposes and to maintain sufficient buffers above the minimum capital thresholds required by BSP.

23.5 Surplus and Dividend Declarations

The details of the cash dividend distributions follow:

Date	Dividend			Date Approved	Date
Declared	Per Share	Total Amount	Record Date	by BOD*	Paid/Payable
February 26, 2019	0.1205	0.03	March 21, 2019	February 26, 2019	March 25, 2019
April 29, 2019	0.4460	863.29	May 15, 2019	April 29, 2019	May 29, 2019
April 29, 2019	0.4460	0.12	May 15, 2019	April 29, 2019	May 29, 2019
May 27, 2019	0.1166	0.03	June 21, 2019	May 27, 2019	June 26, 2019
August 27, 2019	0.1121	0.03	September 21, 2019	August 27, 2019	September 24, 2019
November 25, 2019	0.1051	0.03	December 21, 2019	November 25, 2019	December 26, 2019
February 24, 2020	0.0993	0.03	March 21, 2020	February 24, 2020	April 1, 2020
May 26, 2020	0.0808	0.02	June 21, 2020	May 26, 2020	June 24, 2020
May 26, 2020	0.5560	1,076.21	June 9, 2020	May 26, 2020	June 24, 2020
May 26, 2020	0.5560	0.15	June 9, 2020	May 26, 2020	June 24, 2020
September 1, 2020	0.0589	0.02	September 21, 2020	September 1, 2020	September 24, 2020
December 1, 2020	0.0563	0.02	December 21, 2020	December 1, 2020	January 7, 2021
February 22, 2021	0.0560	0.01	March 21, 2021	February 22, 2021	March 31, 2021
February 22, 2021	-	472.40	February 26, 2021	February 22, 2021	February 26, 2021
April 26, 2021	0.4850	938.78	May 10, 2021	April 26, 2021	May 25, 2021
April 26, 2021	0.4850	0.13	May 10, 2021	April 26, 2021	May 25, 2021
May 31, 2021	0.0559	0.01	June 21, 2021	May 31, 2021	June 25, 2021
July 26, 2021	-	486.04	August 26, 2021	July 26, 2021	August 26, 2021
August 31, 2021	0.0545	0.01	September 21, 2021	August 31, 2021	September 24, 2021
November 29, 2021	0.0537	0.01	December 21, 2021	November 29, 2021	December 24, 2021

** BSP approval is no longer required*

In 2015, the BSP, through the MB, approved the liberalized rules for banks and quasi-banks on dividend declaration. The policy requires that dividend declaration be immediately recognized as a liability upon the approval of the BOD and that it be disclosed in the statement of changes in equity.

A portion of the Parent Company's surplus corresponding to the equity in net earnings of certain subsidiaries and associates totaling P11,749 and P11,286 as of December 31, 2021 and 2020, respectively, and treasury shares of the Parent Company amounting to P9,287 and P13,719 as of December 31, 2021 and 2020, respectively, are not currently available for distribution as dividends.

23.6 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the statements of changes in equity of the Group and Parent Company at their aggregate amount under Revaluation Reserves account are shown below.

	Revaluation of Financial Assets at FVOCI	Accumulated Translation Adjustments on Foreign Operations	Actuarial Gains (Losses) on Defined Benefit Plan	Total
Balance as of January 1, 2021	P 664	P 54	(P 2,788)	(P 2,070)
Actuarial gains on defined benefit plan	-	-	422	422
Fair value loss on financial assets at FVOCI	(275)	-	-	(275)
Other comprehensive income (loss)	(275)	-	422	147
Balance as of December 31, 2021	**P 389**	**P 54**	**(P 2,366)**	**(P 1,923)**
Balance as of January 1, 2020	P 895	P 53	(P 3,141)	(P 2,193)
Actuarial gains on defined benefit plan	-	-	353	353
Fair value loss on financial assets at FVOCI	(231)	-	-	(231)
Translation adjustments on foreign operations	-	1	-	1
Other comprehensive income (loss)	(231)	1	353	123
Balance as of December 31, 2020	P 664	P 54	(P 2,788)	(P 2,070)
Balance as of January 1, 2019	P 1,556	P 53	(P 1,343)	P 266
Actuarial losses on defined benefit plan	-	-	(1,798)	(1,798)
Fair value loss on financial assets at FVOCI	(702)	-	-	(702)
Other comprehensive loss	(702)	-	(1,798)	(2,500)
Transfer from fair value loss on financial asset at FVOCI to Surplus	41	-	-	41
Balance as of December 31, 2019	P 895	P 53	(P 3,141)	(P 2,193)

23.7 Appropriation for General Loan Loss Reserves

Pursuant to the requirements of the BSP under Circular No. 1011, the Group shall recognize general loan loss provisions equivalent to one percent of all outstanding loans as of the end of the reporting period, except for accounts considered as credit risk-free under the existing BSP regulations. In cases when the computed allowance for ECL on those exposures is less than one percent of the general loan loss provisions required, the deficiency is recognized through appropriation from the Group's available Surplus. Such appropriation is considered as Tier 2 capital subject to the limit provided under the CAR framework. The outstanding balance of appropriation for General Loan Loss Reserves as of December 31, 2021 and 2020 amounted to P3,617 and P3,451 for the Group, and P3,616 and P3,440 for the Parent Company, respectively. The additional appropriation made in 2021 amounted to P166 and P176, for the Group and Parent Company, respectively.

23.8 Other Reserves

As of December 31, 2021 and 2020, this account consists of reserves arising from the acquisitions of RCBC LFC and Rizal Microbank for a total of P97.

24. EMPLOYEE BENEFITS

24.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and other employee benefits are shown below.

	Group		
	2021	2020	2019
Short-term employee benefits	**P 5,888**	P 6,167	P 6,470
Post-employment defined benefits	**483**	459	363
	P 6,371	P 6,626	P 6,833

	Parent Company		
	2021	2020	2019
Short-term employee benefits	**P 5,247**	P 5,468	P 5,782
Post-employment defined benefits	**439**	428	327
	P 5,686	P 5,896	P 6,109

24.2 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 and Investment Group (TIG), covering all regular full-time employees. The Parent Company's TIG manages the fund in coordination with the Parent Company's Retirement Plan Committee (RPC), 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 of the Group's employees ranges between 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 two 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 2021 and 2020.

The amounts of post-employment benefit obligation recognized in the financial statements are determined as follows:

	Group		Parent Company	
	2021	2020	**2021**	2020
Present value of the obligation	**P 5,604**	P 5,650	**P 5,309**	P 5,342
Fair value of plan assets	**(3,104)**	(2,657)	**(2,822)**	(2,389)
Effect of asset ceiling test	**1**	-	**-**	-
Deficiency of plan assets	**P 2,501**	P 2,993	**P 2,487**	P 2,953

The Group and Parent Company's post-employment defined benefit obligation as of December 31, 2021 and 2020 are included as part of Other Liabilities account in the statements of financial position (see Note 22).

The movements in the present value of the defined benefit obligation follow:

	Group		Parent Company	
	2021	2020	**2021**	2020
Balance at beginning of year	**P 5,650**	P 6,282	**P 5,342**	P 6,029
Current and past service cost	**483**	459	**439**	428
Interest expense	**223**	327	**212**	314
Remeasurements – actuarial losses (gains) arising from changes in:				
– experience adjustments	**(254)**	(179)	**(248)**	(172)
– financial assumptions	**(80)**	(422)	**(28)**	(443)
– demographic assumptions	**(1)**	(1)	**(1)**	-
Benefits paid by the plan	**(417)**	(816)	**(407)**	(814)
Balance at end of year	**P 5,604**	P 5,650	**P 5,309**	P 5,342

The movements in the fair value of plan assets are presented below.

	Group		Parent Company	
	2021	2020	**2021**	2020
Balance at beginning of year	**P 2,657**	P 3,022	**P 2,389**	P 2,786
Interest income	**110**	148	**99**	137
Gains (losses) on plan assets (excluding amounts included in net interest)	**91**	(241)	**98**	(254)
Contributions paid into the plan	**663**	544	**643**	534
Benefits paid by the plan	**(417)**	(816)	**(407)**	(814)
Balance at end of year	**P 3,104**	P 2,657	**P 2,822**	P 2,389

The composition of the fair value of plan assets at the end of each reporting period by category and risk characteristics is shown below.

	Group		Parent Company	
	2021	2020	**2021**	2020
Cash and cash equivalents	**P 551**	P 152	**P 450**	P 23
Debt securities:				
Corporate debt securities	**385**	509	**378**	498
Government bonds	**90**	57	**1**	-
Equity securities:				
Financial intermediaries	**1,077**	1,010	**1,066**	1,008
Transportation and communication	**254**	205	**254**	205
Electricity, gas and water	**113**	118	**112**	118
Diversified holding companies	**31**	119	**24**	94
Others	**180**	69	**114**	26
Unquoted long-term equity investments	**140**	129	**140**	129
UITF	**273**	272	**273**	272
Investment properties	**5**	4	**5**	4
Loans and receivables	**5**	6	**5**	5
Others	**-**	7	**-**	7
	P 3,104	P 2,657	**P 2,822**	P 2,389

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 fair value of the UITF is determined based on the net asset value per unit of investment held in the fund.

The fair value of the plan assets is at Level 1 in the fair value hierarchy except for unquoted long-term equity investments, loans and receivables, investment properties and other investments which are at Level 3.

The net gains (losses) on plan assets are as follows:

	Group		Parent Company	
	2021	2020	**2021**	2020
Fair value gains (losses)	**P 91**	(P 241)	**P 98**	(P 254)
Interest income	**110**	148	**99**	137
Actual gains (losses)	**P 201**	(P 93)	**P 197**	(P 117)

The amounts of post-employment benefit expense recognized in the profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are determined below and in the succeeding page as follows:

	Group		
	2021	2020	2019
Reported in profit or loss:			
Current and past service cost	**P 483**	P 459	P 363
Net interest expense	**113**	179	70
	P 596	P 638	P 433

	Group		
	2021	2020	2019
Reported in other comprehensive income:			
Actuarial gains (losses) arising from changes in:			
– Experience adjustments	**254**	179	85
– Financial assumptions	**P 80**	P 422	(P 1,418)
– Demographic assumptions	**1**	1	6
Effect of asset ceiling test	**(1)**	-	-
Gains (Losses) on plan assets (excluding amounts included in net interest)	**91**	(241)	(471)
	P 425	P 361	(P 1,798)

	Parent Company		
	2021	2020	2019
Reported in profit or loss:			
Current service costs	**P 439**	P 428	P 327
Net interest expense	**112**	177	85
	P 551	P 605	P 412
Reported in other comprehensive income:			
Actuarial gains (losses) arising from changes in:			
– Experience adjustments	**P 248**	P 172	P 71
– Financial assumptions	**28**	443	(1,483)
– Demographic assumptions	**1**	-	-
Transfer from RSB	**-**	-	10
Gains (Losses) on plan assets (excluding amounts included in net interest)	**98**	(254)	(375)
	P 375	P 361	(P 1,777)

Current service costs, including the effect of curtailment and past service cost, form part of Employee Benefits under the Other Operating Expenses account, while net interest expense or income is presented as part of Interest Expense – Bills Payable and Other Borrowings in the statements of profit or loss.

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of post-employment obligation, the following ranges of actuarial assumptions were used:

	2021	2020	2019
Group			
Discount rates	**4.98%-5.09%**	3.67% - 4.08%	4.95% - 5.23%
Expected rate of salary increases	**3.50%-8.00%**	2.70% - 8.00%	3.40% - 8.00%
Parent Company			
Discount rates	**5.01%**	3.95%	5.23%
Expected rate of salary increases	**4.00%**	3.00%	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 2017 Philippine Intercompany Mortality table. 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 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 Rate 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 and debt securities, while the Group also invests in cash and cash equivalents 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 during 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 in the succeeding pages.

(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, 2021 and 2020:

	Group		
	Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2021:			
Discount rate	**+/-1 %**	**(P 551)**	**P 638**
Salary growth rate	**+/-1 %**	**641**	**(558)**
2020:			
Discount rate	+/-1 %	(P 569)	P 663
Salary growth rate	+/-1 %	666	(574)

	Parent Company		
	Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2021:			
Discount rate	**+/- 1%**	**(P 512)**	**P 600**
Salary growth rate	**+/- 1%**	**600**	**(520)**
2020:			
Discount rate	+/- 1%	(P 533)	P 627
Salary growth rate	+/- 1%	626	(542)

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, the present value of the defined benefit obligation at the end of each 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 Parent Company through its RPC in coordination with the Parent Company's Trust Investment Group, 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, 2021 and 2020 consists of equity securities with the balance invested in fixed income securities and cash and cash equivalents. 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 P2,501 and P2,487 for the Group and Parent Company, respectively, based on the latest funding actuarial valuations in 2021.

The maturity profile of undiscounted expected benefit payments from the plan within 15 years from the end of each reporting period follows:

	Group		**Parent Company**	
	2021	2020	**2021**	2020
Less than one year	**P 194**	P 267	**P 186**	P 264
More than one year to five years	**1,592**	1,256	**1,472**	1,157
More than five years to ten years	**3,646**	3,275	**3,477**	3,111
More than ten to fifteen years	**19**	-	**-**	-
More than fifteen years	**26**	-	**-**	-
	P 5,477	P 4,798	**P 5,135**	P 4,532

The Group and Parent Company expect to contribute P587 and P572, respectively, to the plan in 2022.

25. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

25.1 Miscellaneous Income

		Group		
	Notes	**2021**	2020	2019
Rentals	14.2	**P 926**	P 883	P 811
Recoveries from written off assets		**223**	102	179
Dividend income	10.1,10.2	**105**	78	304
Gains on assets sold – net	14.1	**101**	37	109
Others		**211**	139	50
		P 1,566	P 1,239	P 1,453

	Notes	Parent Company 2021		2020		2019	
Rentals	14.2, 28.5(a)	**P**	**287**	P	266	P	321
Recoveries from written off assets			**223**		99		179
Gains on assets sold – net	14.1		**65**		11		20
Dividend income	10.1,10.2		**39**		16		95
Others			**157**		121		3
		P	**771**	P	513	P	618

Miscellaneous income classified as Others includes rebates, penalty charges and other income items that cannot be appropriately classified under any of the foregoing income accounts.

25.2 Miscellaneous Expenses

	Group 2021		2020		2019	
Insurance	**P**	**1,215**	P	1,017	P	1,014
Credit card-related expenses		**1,114**		1,023		1,248
Litigation/assets acquired expenses		**739**		434		353
Communication and information services		**604**		639		596
Service and processing fees		**540**		420		348
Management and other professional fees		**514**		413		490
Advertising and publicity		**324**		288		278
Banking fees		**319**		271		257
Other outside services		**135**		137		152
Transportation and travel		**133**		166		264
Stationery and office supplies		**118**		233		223
Donation and charitable contribution		**79**		93		68
Membership fees		**17**		22		26
Representation and entertainment		**15**		29		64
Others		**983**		1,307		1,178
	P	**6,849**	P	6,492	P	6,559

	Parent Company 2021		2020		2019	
Credit card-related expenses	**P**	**1,655**	P	1,631	P	1,826
Insurance		**1,213**		1,015		996
Litigation/assets acquired expense		**729**		427		343
Communication and information services		**572**		606		569
Service and processing fees		**540**		419		348
Management and other professional fees		**438**		334		463
Advertising and publicity		**321**		286		274
Banking fees		**316**		267		251
Other outside services		**135**		135		149
Transportation and travel		**126**		155		250
Stationery and office supplies		**115**		228		218
Donations and charitable contributions		**79**		93		68
Membership fees		**16**		16		25
Representation and entertainment		**11**		24		54
Others		**930**		1,239		1,078
	P	**7,196**	P	6,875	P	6,912

The Group's other expenses are composed of freight, various processing fees, fines and penalties, and seasonal giveaways. The Group and Parent Company's other expenses also include fees for records, facilities and management services to a related party under common control amounting to P270 and P268, P267 and P263, and P152 and P225, in 2021, 2020 and 2019, respectively (see Note 28).

26. INCOME AND OTHER TAXES

Under Philippine tax laws, the regular banking unit (RBU) of 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).

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 25% or 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.

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 1% or 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 in the next three consecutive years. In addition, ordinarily, the Group's net operating loss carry over (NOLCO) is allowed as a deduction from taxable income in the next three consecutive years.

However, pursuant to Section 4 (bbb) of BARO Act and as implemented under Revenue Regulation 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

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 non-residents, 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 15.0% final tax effective January 1, 2018.

In 2021, 2020 and 2019, the Group opted to continue claiming itemized deductions for income tax purposes.

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.

26.1 Current and Deferred Taxes

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Company.

- RCIT was reduced from 30% to 25% starting July 1, 2020;
- MCIT was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- The allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return of the Parent Company, would be lower by P165 and P151, respectively, than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax assets as of December 31, 2020 was remeasured using the 25% tax rate. This resulted in a decline in the recognized deferred tax asset as of December 31, 2020 by P508 and P460 for the Group and Parent, respectively, and such was recognized in the 2021 profit or loss.

The tax expense as reported in the statements of profit or loss consists of:

	Group		
	2021	2020	2019
Current tax expense:			
Final tax	**P 635**	P 1,278	P 717
RCIT at 25% in 2021 and 30% in 2020 and 2019	**192**	1,091	611
Adjustment in 2020 income taxes due to change in income tax rate	**(165)**	-	-
Excess MCIT over RCIT	**228**	10	4
	890	2,379	1,332
Deferred tax income arising from:			
Origination and reversal of temporary differences	**(670)**	(904)	(57)
Effect of change in income tax rate	**508**	-	-
	(162)	(904)	(57)
	P 728	P 1,475	P 1,275

	Parent Company		
	2021	2020	2019
Current tax expense:			
Final tax	**P 618**	P 1,033	P 698
RCIT at 25% in 2021 and 30% in 2020 and 2019	**80**	1,281	498
Adjustment in 2020 income taxes due to change in income tax rate	**(151)**	-	-
Excess MCIT over RCIT	**226**	-	-
	773	2,314	1,196
Deferred tax income arising from:			
Origination and reversal of temporary differences	**(708)**	(877)	(51)
Effect of change in income tax rate	**460**	-	-
	(248)	(877)	(51)
	P 525	P 1,437	P 1,145

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		
	2021	2020	2019
Tax on pretax profit at at 25% in 2021 and 30% in 2020 and 2019	**P 1,952**	P 1,948	P 1,999
Adjustments for income subjected to lower income tax rates	**(108)**	(348)	(403)
Adjustment in 2020 income taxes due to change in income tax rate	**343**	-	-
Tax effects of:			
Non-taxable income	**(680)**	(1,672)	(1,391)
Recognition of previously unrecognized deferred tax asset	**(614)**	-	38
Non-deductible expenses	**406**	2,146	1,110
FCDU income	**(402)**	(755)	(635)
Unrecognized temporary differences	**(396)**	157	551
Excess MCIT over RCIT	**228**	-	-
Utilization of NOLCO	**(8)**	(1)	(1)
Others	**7**	-	7
	P 728	P 1,475	P 1,275

	Parent Company		
	2021	2020	2019
Tax on pretax profit at at 25% in 2021 and 30% in 2020 and 2019	**P 1,902**	P 1,937	P 1,956
Adjustments for income subjected to lower income tax rates	**(104)**	(337)	(395)
Adjustment in 2020 income taxes due to change in income tax rate	**309**	-	-
Tax effects of:			
Non-taxable income	**(627)**	(1,656)	(1,465)
Recognition of previously unrecognized deferred tax asset	**(614)**	-	38
Unrecognized temporary differences	**(404)**	124	550
FCDU income	**(402)**	(755)	(635)
Non-deductible expenses	**239**	2,124	1,096
Excess MCIT over RCIT	**226**	-	-
	P 525	P 1,437	P 1,145

The deferred tax assets of the Group recognized in the consolidated statements of financial position as of December 31, 2021 and 2020 relate to the operations of the Parent Company and certain subsidiaries as shown below.

	Statements of Financial Position		**Statements of Profit or Loss**		
	2021	2020	**2021**	2020	2019
Allowance for impairment	**P 2,785**	P 2,834	**(P 49)**	P 1,109	P 79
Post-employment benefit obligation	**102**	138	**(36)**	52	(50)
NOLCO	**33**	67	**(34)**	67	(3)
Excess MCIT over RCIT	**286**	5	**281**	(199)	99
Provision for credit card reward payments	**-**	-	**-**	(117)	(39)
Others	**-**	-	**-**	(8)	(29)
Deferred tax assets – net	**P 3,206**	P 3,044			
Deferred tax income – net			**P 162**	P 904	P 57

The deferred tax assets of the Parent Company recognized in its statements of financial position as of December 31, 2021 and 2020 is shown below.

	Statement of Financial Position		**Statements of Profit of Loss**		
	2021	2020	**2021**	2020	2019
Allowance for impairment	**P 2,648**	P 2,681	**(P 33)**	P 1,131	P 54
Excess MCIT over RCIT	**226**	-	**226**	(124)	19
Post-employment benefit obligation	**106**	84	**22**	7	12
NOLCO	**33**	-	**33**	-	-
Provision for credit card reward payments	**-**	-	**-**	(117)	(39)
Others	**-**	-	**-**	(20)	5
Deferred tax assets	**P 3,013**	P 2,765			
Deferred tax income – net			**P 248**	P 877	P 51

The Parent Company and certain subsidiaries have not recognized deferred tax assets on certain temporary differences since management believes that the Parent Company and certain subsidiaries may not be able to generate sufficient taxable profit in the future against which the tax benefits arising from those deductible temporary differences, NOLCO and other tax credits can be utilized.

The unrecognized deferred tax assets relate to the following:

	Group		**Parent Company**	
	2021	2020	**2021**	2020
Allowance for impairment	**P 2,204**	P 3,300	**P 2,049**	P 3,133
Post-employment benefit obligation	**523**	760	**516**	802
NOLCO	**226**	202	**-**	-
Excess MCIT over RCIT	**33**	86	**-**	-
Others	**-**	8	**-**	-
	P 2,986	P 4,356	**P 2,565**	P 3,935

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, 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.

NOLCO can be claimed as deduction from future taxable income within three and five years from the year the taxable loss was incurred. In accordance with BARO Act, NOLCO incurred in 2020 and 2021 can be claimed as a deduction from the gross income until 2025. The details of the Group's NOLCO are shown below.

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2021	P 140	P -	P -	P 140	2026
2020	873	-	-	873	2025
2019	23	-	-	23	2022
2018	37	27	10	-	2021
	P 1,073	**P 27**	**P 10**	**P 1,036**	

In 2021, the Parent Company reported NOLCO amounting to P132 which can be claimed as deduction from the gross income until 2025.

The breakdown of the Group's excess MCIT over RCIT with the corresponding validity periods follows:

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2021	P 228	P -	P -	P 228	2024
2020	10	-	-	10	2023
2019	80	-	-	80	2022
2018	54	53	1	-	2021
	P 372	**P 53**	**P 1**	**P 318**	

The breakdown of the Parent Company's excess MCIT over RCIT with the corresponding validity periods follows:

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2021	P 226	P -	P -	P 226	2024
2019	19	19	-	-	2022
2018	53	53	-	-	2021
	P 298	**P 72**	**P -**	**P 226**	

26.2 Supplementary Information Required Under Revenue Regulation No. 15-2010

The Bureau of Internal Revenue (BIR) issued RR 15-2010 on November 25, 2010 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 PFRS; it is neither a required disclosure under the SEC rules and regulations covering form and content of financial statements under the Revised Securities Regulation Code Rule 68.

The Parent Company presented this tax information required by the BIR as a supplemental schedule filed separately from the basic financial statements.

27. TRUST OPERATIONS

Securities and properties (other than deposits) held by the Parent Company in fiduciary or agency capacity for its customers are not included in the financial statements, since these are not resources of the Parent Company. The Group and Parent Company's total trust resources amounted to P146,769 and P116,652 as of December 31, 2021 and 2020, respectively, (see Note 34).

Investment in government securities which are shown as part of Investment securities at amortized cost (see Note 10.3) with a total face value of P1,638 and P1,187 as of December 31, 2021 and 2020, respectively, for both the Group and the Parent Company are deposited with the BSP as security for faithful compliance with fiduciary obligations.

Income from trust operations, shown as Trust fees under Other Operating Income account, amounted to P392, P323 and P323 in 2021, 2020 and 2019, respectively, in the Group and Parent Company's statements of income.

28. RELATED PARTY TRANSACTIONS

The Group and Parent Company's related parties include its ultimate parent company, subsidiaries, associates, entities under common ownership, key management personnel and others.

The RPT Committee, which meet monthly and as necessary, review proposed RPT within the materiality threshold to determine whether or not the transaction is on terms no less favorable to the Group than terms available to any unconnected third party under the same or similar circumstances. On favorable review, the RPT Committee endorse transactions to the BOD for approval.

A summary of the Group and Parent Company's transactions and outstanding balances of such transactions with related parties as of and for the years ended December 31, 2021, 2020 and 2019 is presented below.

		Group					
		2021		2020		2019	
	Notes	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Stockholders							
Loans and receivables	28.1	**(P 55)**	**P 96**	(P 55)	P 151	(P 55)	P 206
Deposit liabilities	28.2	**(864)**	**391**	454	1,255	744	801
Interest expense on deposits	28.2	**24**	**-**	17	-	15	-
Cash received from issuance of shares of stock	23.3	**4,369**	**-**	-	-	-	-
Interest income from loans and receivables	28.1	**9**	**-**	14	-	19	-
Associates							
Loans and receivables	28.1	**(203)**	**-**	203	203	-	-
Deposit liabilities	28.2	**(1,002)**	**83**	769	1,085	181	316
Interest expense on deposits	28.2	**1**	**-**	3	-	2	-
Related Parties Under Common Ownership							
Loans and receivables	28.1	**(2,818)**	**815**	3,436	3,633	(161)	197
Deposit liabilities	28.2	**(1,500)**	**3,016**	628	4,516	181	3,888
Interest expense on deposits	28.2	**61**	**-**	67	-	61	-
Occupancy and equipment related expenses	28.5(a)	**967**	**5**	777	-	955	-
Miscellaneous expenses – others	25.2	**270**	**-**	267	-	152	-
Interest income from loans and receivables	28.1	**37**	**-**	183	-	192	-

		Group					
		2021		2020		2019	
	Note	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Key Management Personnel							
Loans and receivables	28.1	**(P 8)**	**P 6**	P 1	P 14	P -	P 13
Deposit liabilities	28.2	**75**	**319**	42	244	108	202
Interest income from loans and receivables	28.1	**-**	**-**	-	-	1	-
Interest expense on deposits	28.2	**2**	**-**	4	-	6	-
Salaries and employee benefits	28.5(c)	**585**	**-**	629	-	556	-
Other Related Interests							
Loans and receivables	28.1	**9,979**	**18,530**	5,863	8,551	(426)	2,688
Deposit liabilities	28.2	**914**	**5,434**	1,202	4,520	1,906	2,968
Interest income from loans and receivables	28.1	**716**	**-**	370	-	158	-
Interest expense on deposits	28.2	**776**	**-**	48	-	96	-

		Parent Company					
		2021		2020		2019	
	Note	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Stockholders							
Loans and receivables	28.1	**(P 55)**	**P 96**	(P 55)	P 151	(P 55)	P 206
Deposit liabilities	28.2	**(864)**	**391**	296	1,255	744	959
Interest expense on deposits	28.2	**24**	**-**	17	-	15	-
Cash received from reissuance of treasury shares	23.3	**4,369**	**-**	-	-	-	-
Interest income from loans and receivables	28.1	**9**	**-**	14	-	19	-

		Parent Company					
		2021		2020		2019	
	Notes	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Subsidiaries							
Loans and receivable	28.1	**P -**	**P -**	(P 13)	P -	(P 987)	P 13
Deposit liabilities	28.2	**341**	**782**	(1)	441	40	442
Interest expense on deposits	28.2	**5**	**-**	1	-	1	-
Dividend	12	**524**	**500**	1,243	600	576	-
Rental income	28.5(a)	**60**	**-**	50	-	40	-
Occupancy and equipment-related expenses	28.5(a)	**420**	**-**	368	-	365	-
Service and processing fees	28.5(b)	**564**	**-**	617	-	591	-
Sale of investment securities	28.3	**76**	**-**	30	-	126	-
Purchase of investment securities	28.3	**2,550**	**-**	1,202	-	3	-
Assignment of receivables	11	**(20)**	**127**	(25)	147	(10)	172
Associates							
Loans and receivables	28.1	**(203)**	**-**	203	203	-	-
Deposit liabilities	28.2	**(1,002)**	**83**	1,009	1,085	53	76
Interest expense on deposits	28.2	**1**	**-**	3	-	2	-
Related Parties Under Common Ownership							
Loans and receivables	28.1	**(2,818)**	**815**	212	3,633	293	3,421
Deposit liabilities	28.2	**(3,380)**	**3,016**	1,632	6,396	2,166	4,764
Interest income from loans and receivables	28.1	**37**	**-**	176	-	192	-
Interest expense on deposits	28.2	**61**	**-**	55	-	56	-
Occupancy and equipment-related expenses	28.5(a)	**961**	**-**	775	-	946	-
Miscellaneous expenses – others	25.2	**268**	**-**	263	-	225	-

		Parent Company					
		2021		2020		2019	
	Note	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Key Management Personnel							
Loans and receivables	28.1	**P -**	**P 1**	P 1	P 1	P -	P -
Deposit liabilities	28.2	**62**	**306**	42	244	108	202
Interest expense on deposits	28.2	**2**	**-**	4	-	6	-
Salaries and employee benefits	28.5(c)	**335**	**-**	391	-	329	-
Other Related Interests							
Loans and receivables	28.1	**9,984**	**18,530**	6,171	8,546	(739)	2,375
Deposit liabilities	28.2	**914**	**5,434**	1,202	4,520	2,622	3,318
Interest income from loans and receivables	28.1	**716**	**-**	370	-	158	-
Interest expense on deposits	28.2	**776**	**-**	48	-	96	-

28.1 Loans and Receivables

The summary of the Group and Parent Company's significant transactions and the related outstanding balances for loans and receivables with its related parties as of and for the years ended December 31, 2021, 2020 and 2019 are as follows:

Related Party Category	Group			
	Issuances	Repayments	Interest Income	Loans Outstanding
2021:				
Stockholders	P -	P 55	P 9	P 96
Associate	-	203	-	-
Related parties under common ownership	360	3,178	37	815
Key management personnel	2	10	-	6
Other related interests	12,345	2,366	716	18,530
	P 12,707	**P 5,812**	**P 762**	**P 19,447**
2020:				
Stockholders	P -	P 55	P 14	P 151
Associate	203	-	-	203
Related parties under common ownership	4,133	697	183	3,633
Key management personnel	1	-	-	14
Other related interests	7,257	1,394	370	8,551
	P 11,594	P 2,146	P 567	P 12,552
2019:				
Stockholders	P -	P 55	P 19	P 206
Related parties under common ownership	102	263	192	197
Key management personnel	-	-	1	13
Other related interests	687	1,113	158	2,688
	P 789	P 1,431	P 370	P 3,104

Related Party Category	Parent Company			
	Issuances	Repayments	Interest Income	Loans Outstanding
2021:				
Stockholders	P -	P 55	P 9	P 96
Associate	-	203	-	-
Related parties under common ownership	360	3,178	37	815
Key management personnel	1	1	-	1
Other related interests	12,345	2,361	716	18,530
	P 12,706	**P 5,798**	**P 762**	**P 19,442**

Related Party Category	Parent Company Issuances	Repayments	Interest Income	Loans Outstanding
2020:				
Stockholders	P -	P 55	P 14	P 151
Subsidiaries	-	13	-	-
Associate	203	-	-	203
Related parties under common ownership	2,229	2,017	176	3,633
Key management personnel	1	-	-	1
Other related interests	7,242	1,071	370	8,546
	P 9,675	P 3,156	P 560	P 12,534
2019:				
Stockholders	P -	P 55	P 19	P 206
Subsidiaries	-	987	-	13
Related parties under common ownership	390	97	192	3,421
Other related interests	328	1,067	158	2,375
	P 718	P 2,206	P 369	P 6,015

In the ordinary course of business, the Group has loan transactions with each other, their other affiliates, and with certain Directors, Officers, Stockholders and Related Interests (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.

As of December 31, 2021, 2020 and 2019, the Group and Parent Company is in compliance with these regulatory requirements.

As of December 31, 2021, 2020 and 2019, the Group has not recognized impairment loss on loans and receivables from DOSRI.

28.2 Deposit Liabilities

The summary of the Group and Parent Company's significant transactions and the related outstanding balances for deposit liabilities with its related parties as of and for the years ended December 31, 2021, 2020 and 2019 are as follows (see Note 17):

Related Party Category	Group Deposits	Withdrawals	Interest Expense	Outstanding Balance
2021:				
Stockholders	P 11,048	P 11,912	P 24	P 391
Associate	50,457	51,459	1	83
Related parties under common ownership	199,399	200,899	61	3,016
Key management personnel	840	765	2	319
Other related interests	186,805	185,891	776	5,434
	P 448,549	**P 450,926**	**P 864**	**P 9,243**

Related Party Category	Group Deposits	Withdrawals	Interest Expense	Outstanding Balance
2020:				
Stockholders	P 10,149	P 9,853	P 17	P 1,255
Associates	49,173	48,404	3	1,085
Related parties under common ownership	196,041	195,413	67	4,516
Key management personnel	815	773	4	244
Other related interests	186,607	185,405	48	4,520
	P 442,785	P 439,848	P 139	P 11,620
2019:				
Stockholders	P 4,465	P 3,721	P 15	P 801
Associates	20,445	20,264	2	316
Related parties under common ownership	140,566	140,385	61	3,888
Key management personnel	943	835	6	202
Other related interests	120,371	118,465	96	2,968
	P 286,790	P 283,670	P 180	P 8,175

Related Party Category	**Parent Company Deposits**	**Withdrawals**	**Interest Expense**	**Outstanding Balance**
2021:				
Stockholders	P 11,048	P 11,912	P 24	P 391
Subsidiaries	142,414	142,073	5	782
Associate	50,457	51,459	1	83
Related parties under common ownership	199,399	202,779	61	3,016
Key management personnel	825	763	2	306
Other related interests	186,805	185,891	776	5,434
	P 590,948	**P 594,877**	**P 869**	**P 10,012**
2020:				
Stockholders	P 10,149	P 9,853	P 17	P 1,255
Subsidiaries	142,175	142,176	1	441
Associates	49,173	48,164	3	1,085
Related parties under common ownership	197,006	195,374	55	6,396
Key management personnel	815	773	4	244
Other related interests	186,607	185,405	48	4,520
	P 585,925	P 581,745	P 128	P 13,941
2019:				
Stockholders	P 4,465	P 3,721	P 15	P 959
Subsidiaries	124,353	124,313	1	442
Associates	20,277	20,224	2	76
Related parties under common ownership	142,381	140,215	56	4,764
Key management personnel	943	835	6	202
Other related interests	121,087	118,465	96	3,318
	P 413,506	P 407,773	P 176	P 9,761

Deposit liabilities transactions with related parties have similar terms with other counterparties.

28.3 Sale and Purchase of Securities

The Parent Company and certain subsidiaries engage in the trading of investment securities as counterparties to the transaction. These transactions are priced similar to transactions with other counterparties outside the Group and there are no unsettled transactions as of the end of each reporting period.

28.4 Retirement Fund

The Parent Company 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 TIG in accordance with the respective trust agreements covering the plan.

The retirement funds have transactions with the Group and Parent Company as of December 31, 2021, 2020 and 2019 as follows:

	Group		Parent Company	
Nature of Transactions	**Net Amount of Transaction**	**Outstanding Balance**	**Net Amount of Transaction**	**Outstanding Balance**
2021:				
Investment in common shares of Parent Company	**P 23**	**P 1,040**	**P 58**	**P 1,035**
Investments in corporate debt securities of Parent Company	**(558)**	**4**	**(498)**	**-**
Deposits with the Parent Company	**46**	**83**	**30**	**53**
Fair value losses	**58**	**-**	**58**	**-**
2020:				
Investment in common shares of Parent Company	(P 176)	P 1,017	(P 213)	P 977
Investments in corporate debt securities of Parent Company	238	562	187	498
Deposits with the Parent Company	(27)	37	(17)	23
Fair value losses	(190)	-	(195)	-
Interest income	19	-	18	-
2019:				
Investment in common shares of Parent Company	(P 674)	P 1,193	(P 673)	P 1,190
Investments in corporate debt securities	273	324	209	311
Deposits with the Parent Company	(41)	64	(65)	40
Fair value losses	(369)	-	(375)	-
Interest income	23	-	18	-

The carrying amount and the composition of the plan assets as of December 31, 2021, 2020 and 2019 are disclosed in Note 24.2. Investments in corporate debt securities include long-term negotiable certificates of deposit issued by the Parent Company.

The information on the Group and Parent Company's contributions to the retirement fund and benefit payments through the fund are disclosed in Note 24.2.

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.

28.5 Other Related Party Transactions

(a) Lease Contracts with RRC and Sublease Agreement with Subsidiaries

The Parent Company and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC [see Note 29.4(b)]. Amortization of right-of-use of asset amounted to P241 million for the years ended December 31, 2021 and 2020, and are presented as part of Depreciation and Amortization expenses account in the statement of profit or loss. The Parent Company's lease contract with RRC is effective until December 31, 2025.

The Parent Company entered into sublease agreements with certain subsidiaries which occupy several floors of RCBC Plaza. Rental income by Parent Company related to these sublease arrangements is included as part of Rentals under the Miscellaneous income account in the statements of profit or loss (see Notes 14.2). The outstanding receivable on the lease contracts, if any, is presented as part of Accounts receivable under Loans and Receivables account in the statements of financial position (see Note 11). The related outstanding receivable is unsecured, noninterest-bearing and payable in cash on demand. Management believes that the receivables on the sublease agreements are fully recoverable.

(b) Service Agreement with RBSC

The Parent Company has Service Agreement (the Agreement) with RBSC, wherein RBSC shall provide the Parent Company with marketing, distribution, technical, collection and selling assistance and processing services in connection with the operation of the Parent Company's credit card business. The total service processing fees incurred by the Parent Company is recognized as part of the Service and processing fees under the Miscellaneous Expenses account in the statements of profit or loss (see Note 25.2). The outstanding payable related to the service agreement is presented as part of Accounts payable under Other Liabilities account in the statements of financial position (see Note 22). The related outstanding payable is unsecured, noninterest-bearing and payable in cash on demand.

(c) Key Management Personnel Compensation

The breakdown of key management personnel compensation follows:

	Group		
	2021	2020	2019
Short-term employee benefits	**P 546**	P 601	P 525
Post-employment defined benefits	**39**	28	31
	P 585	P 629	P 556

	Parent Company		
	2021	2020	2019
Short-term employee benefits	**P 335**	P 391	P 329

29. 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, claims from customers and third parties, etc., with amounts 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 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.

29.1 Applicability of RR 4-2011

In March 2011, the BIR issued RR 4-2011, prescribing a new way of reporting income solely for banks/other financial institutions, and issued assessment notices to banks/other financial institutions for deficiency income tax.

In its Order dated May 25, 2018, the Regional Trial Court of Makati (a) granted the Petition of the Bank/other Bankers Association of the Philippines ("BAP") member banks praying for the nullification of RR 4-2011; and (b) permanently enjoined the enforcement of the same.

The Department of Finance/BIR filed a Petition for Review with the Supreme Court (a) claiming that jurisdiction over the matter lies with the Court of Tax Appeals; (b) challenging the propriety of the declaratory relief action filed by the Bank/other BAP member banks in view of the prior issuance of Preliminary Assessment Notices; and (c) arguing that public hearings are not required in all instances involving regulatory issuances. The matter remains pending to date.

29.2 Alleged Unauthorized Transfer of Funds – Bank of Bangladesh

In February 2016, four allegedly unauthorized fund transfers were made into four (4) accounts with the Bank from Bangladesh Bank's account with the Federal Reserve Bank of New York, before being further dispersed to other banks and casinos. In August 2016, the Monetary Board imposed a P1 Billion fine upon the Bank, which it paid in full, without any effect on its ability to perform its existing obligations or its operations.

29.2.1 U.S. Litigation relating to the Bangladesh Bank Incident

Failing to prosecute the Bank under the Federal Racketeer Influence and Corrupt Organizations Act, Bangladesh Bank initiated a second complaint before the New York State Court, on May 27, 2020. The Bank has since sought the dismissal of this second case, citing (a) New York's lack of personal jurisdiction over it; (b) the impropriety of New York as a forum, given the ongoing related proceedings in the Philippines and the location of material witnesses/evidence; and (c) the untenable nature of the fraud charge against the Bank due to the lack of any fiduciary duty to Bangladesh Bank. The Bank's Motion to Dismiss was heard on October 14, 2021. The matter remains pending to date.

29.2.2 Philippine Litigation relating to the Bangladesh Bank Incident

On March 6, 2019, the Bank/its former National Sales Director filed a complaint for Injunction and Damages against Bangladesh Bank with the Regional Trial Court of Makati City ("Makati Trial Court"). Despite being properly served with the summons/Complaint, and even after the denial of its claim of immunity from suit, Bangladesh Bank refuses to submit to the jurisdiction of the Makati Trial Court. Bangladesh Bank's Motion to Dismiss and the Bank's Motion to declare Bangladesh Bank in default have been submitted for resolution.

29.3 HHIC-Phil Rehabilitation Proceedings

On January 9, 2019, HHIC-Phil, Inc. ("HHIC-Phil") filed a Petition for corporate rehabilitation under R.A. No. 10142, *the Financial Rehabilitation and Insolvency Act of 2010*, which was given due course by the Regional Trial Court, Branch 72, Olongapo City (the "Rehabilitation Court").

After negotiating with HHIC-Phil/HHIC-Korea, which resulted in the creditors/Rehabilitation Court-approved Modified Rehabilitation Plan with Clarifications ("MRP-C"), the Bank and four (4) other creditor banks successfully negotiated the sale of the Subic Shipyard/certain other assets to third-party buyers, as called for by the MRP-C. In the Order dated December 6, 2021, the Rehabilitation Court approved the Asset Purchase Agreement ("APA") dated October 5, 2021.

As of December 31, 2021, the outstanding loan obligation of HHIC-Phil to the Bank remains at USD82, exclusive of accrued and compounded interest, as well as penalty on interest and principal. This is expected to be settled with the approval of the APA.

Except for the above-mentioned proceedings, the Bank is not aware of any suits and claims by or against it or its subsidiaries, which if decided adversely, would have a material effect on its financial position or operating results.

29.4 Lease Commitments

(a) *Parent Company as a Lessor*

The Parent Company has entered into various lease contracts related to ATY Center, an investment property held for rental, with lease terms ranging from one to five years and with monthly rent depending on market price with 6% escalation rate every year. Total rent income earned from these leases amounted to P180, P174, and P235 in 2021, 2020, and 2019, respectively, which are presented as part of Rental under the Miscellaneous Income account in the statements of profit or loss (see Note 25.1).

The Parent Company's future minimum rental receivables under this non-cancellable operating lease arrangement are as follows:

	Parent Company		
	2021	2020	2019
Within one year	**P 498**	P 470	P 444
After one year but not more than five years	**957**	903	852
	P 1,455	P 1,373	P 1,296

(b) Group as Lessee

The Parent Company and certain subsidiaries lease some of the premises occupied by their respective head offices [see Note 28.5(a)] and branches/BCs for lease periods from one to 25 years. The Group's rental expense related to these leases (included as part of Occupancy and Equipment-related expenses account in the 2019 statement of profit or loss) amounted to P1,187. Most of the lease contracts contain renewal options, which give the Group the right to extend the lease on terms mutually agreed upon by the parties.

30. EARNINGS PER SHARE

The following shows the Group's profit and per share data used in the basic and diluted EPS computations for the three years presented:

		2021		2020		2019
Net profit attributable to Parent Company's shareholders	**P**	**7,082**	P	5,020	P	5,387
Dividends paid to preferred shareholders and distributions allocated to holders of hybrid perpetual securities		**(964)**		(320)		-
		6,118		4,700		5,387
Weighted average number of outstanding common shares of stock		**1,979**		1,936		1,936
Basic and diluted EPS	**P**	**3.09**	P	2.43	P	2.78

The convertible preferred shares did not have a significant impact on the EPS for each of the periods presented. The Group and the Parent Company has no potential dilutive shares as of the end of each reporting period.

31. SUPPLEMENTARY INFORMATION TO STATEMENTS OF CASH FLOWS

Significant non-cash transaction of the Group and the Parent Company includes additional leases under PFRS 16 as discussed in Notes 13 and 22; additions of real properties, chattel properties and other assets through foreclosures, dacion in payment and repossessions as discussed in Notes 14.1 and 15.3.2; and, partial settlement of certain loan in exchange of equity securities as discussed in Note 15.3.1

Presented below is the reconciliation of the Group and Parent Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Group				
	Bills Payable (see Note 18)	**Bonds Payable (see Note 19)**	**Lease Liabilities (see Note 22)**	**Hybrid Perpetual Securities (see Note 23)**	**Total Financing Activities**
Balance at January 1, 2021	P 13,167	P 90,439	P 4,385	P 14,463	P 122,454
Cash flow from financing activities:					
Availments/proceeds from issuance	148,820	17,873	-	-	166,693
Payments/redemption	(104,018)	(18,810)	(1,360)	-	(124,188)
Non-cash financing activities:					
Additional lease liabilities	-	-	855	-	855
Foreign exchange gains	(2,065)	(2,312)	-	-	(4,377)
Amortization of Discount and interest	-	25	170	-	195
Balance at December 31, 2021	**P 55,904**	**P 87,215**	**P 4,050**	**P 14,463**	**P 161,632**
Balance at January 1, 2020	P 101,606	P 96,814	P 2,877	P -	P 201,297
Cash flow from financing activities:					
Availments/proceeds from issuance	284,718	23,670	-	14,463	322,851
Payments/redemption	(371,858)	(27,371)	(1,173)	-	(400,402)
Non-cash financing activities:					
Additional lease liabilities	-	-	2,516	-	2,516
Foreign exchange gains	(1,299)	(2,712)	-	-	(4,011)
Amortization of discount and interest	-	38	165	-	203
Balance at December 31, 2020	P 13,167	P 90,439	P 4,385	P 14,463	P 122,454
Balance at January 1, 2019	P 56,001	P 53,090	P 3,571	P -	P 112,662
Cash flow from financing activities:					
Availments/proceeds from issuance	89,737	45,697	-	-	135,434
Payments/redemption	(44,388)	-	(1,186)	-	(45,574)
Non-cash financing activities:					
Additional lease liabilities	-	-	271	-	271
Foreign exchange losses (gains)	256	(2,031)	-	-	(1,775)
Amortization of discount and interest	-	58	221	-	279
Balance at December 31, 2019	P 101,606	P 96,814	P 2,877	P -	P 201,297

	Parent Company				
	Bills Payable (see Note 18)	**Bonds Payable (see Note 19)**	**Lease Liabilities (see Note 22)**	**Hybrid Perpetual Securities (see Note 23)**	**Total Financing Activities**
Balance at January 1, 2021	P 4,200	P 90,439	P 4,319	P 14,463	P 113,421
Cash flow from financing activities:					
Availments/proceeds from issuance	142,675	17,873	-	-	160,548
Payments/redemption	(98,411)	(18,810)	(1,205)	-	(118,426)
Non-cash financing activities:					
Additional lease liabilities	-	-	1,180	-	1,180
Foreign exchange gains	(2,065)	(2,312)	-	-	(4,377)
Amortization of discount and interest	-	25	185	-	210
Balance at December 31, 2021	**P 46,399**	**P 87,215**	**P 4,479**	**P 14,463**	**P 152,556**

	Parent Company				
	Bills Payable (see Note 18)	Bonds Payable (see Note 19)	Lease Liabilities (see Note 22)	Hybrid Perpetual Securities (see Note 23)	Total Financing Activities
Balance at January 1, 2020	P 93,938	P 96,814	P 2,797	P -	P 193,549
Cash flow from financing activities:					
Availments/proceeds from issuance	276,859	23,670	-	14,463	314,992
Payments/redemption	(365,298)	(27,371)	(1,113)	-	(393,782)
Non-cash financing activities:					
Additional lease liabilities	-	-	2,473	-	2,473
Foreign exchange gains	(1,299)	(2,712)	-	-	(4,011)
Amortization of discount and interest	-	38	162	-	200
Balance at December 31, 2020	P 4,200	P 90,439	P 4,319	P 14,463	P 113,421
Balance at January 1, 2019	P 48,759	P 53,090	P 3,382	P -	P 105,231
Cash flow from financing activities:					
Availments/proceeds from issuance	89,100	45,697	-	-	134,797
Payments/redemption	(44,177)	-	(1,086)	-	(45,263)
Non-cash financing activities:					
Additional lease liabilities	-	-	279	-	279
Foreign exchange losses (gains)	256	(2,031)	-	-	(1,775)
Amortization of discount and interest	-	58	222	-	280
Balance at December 31, 2019	P 93,938	P 96,814	P 2,797	P -	P 193,549

In 2019, the Group exercised its call option and fully redeemed its Tier 2 Notes amounting to P9,986 (see Note 20).

32. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

	2021					
	Group			Parent Company		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Assets						
Cash and other cash items	P 14,691	P -	P 14,691	P 14,663	P -	P 14,663
Due from BSP	130,170	-	130,170	128,931	-	128,931
Due from other banks	12,162	-	12,162	11,860	-	11,860
Loans and receivables arising from reverse repurchase agreements	11,691	-	11,691	11,656	-	11,656
Interbank loans receivables	30,563	-	30,563	30,563	-	30,563
Financial assets at FVTPL	5,863	-	5,863	4,879	-	4,879
Financial assets at FVOCI - net	7,107	42,654	49,761	5,745	42,654	48,399
Investments at amortized cost - net	81,599	82,012	163,611	81,599	81,300	162,899
Loans and other receivables - net	54,493	453,246	507,739	51,048	448,853	499,901
Other resources - net	825	-	825	823	-	823
	349,164	577,912	927,076	341,767	572,807	914,574
Non Financial Assets						
Investment in subsidiaries and associates - net	-	344	344	-	7,027	7,027
Bank premises, furnitures, fixtures and equipment - net	-	12,660	12,660	-	10,571	10,571
Investment properties - net	-	3,572	3,572	-	3,435	3,435
Deferred tax asset-net	-	3,206	3,206	-	3,013	3,013
Intangible and other resources - net	6,358	5,917	12,275	6,248	5,426	11,674
	6,358	25,699	32,057	6,248	29,472	35,720
	P 355,522	**P 603,611**	**P 959,133**	**P 348,015**	**P 602,279**	**P 950,294**

	2021					
	Group			Parent Company		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Liabilities						
Deposit liabilities	P 143,865	P 528,594	P 672,459	P 143,328	P 531,086	P 674,414
Bills payable	23,560	32,344	55,904	23,560	22,839	46,399
Bonds payable	31,171	56,044	87,215	31,171	56,044	87,215
Accrued interest and other expenses	1,323	4,236	5,559	1,278	4,113	5,391
Other liabilities	12,188	9,815	22,003	10,963	8,678	19,641
	212,107	631,033	843,140	210,300	622,760	833,060
Non Financial Liabilities						
Accrued interest and other expenses	538	-	538	489	-	489
Other liabilities	449	3,926	4,375	448	5,304	5,752
	987	3,926	4,913	937	5,304	6,241
	P 213,094	P 634,959	P 848,053	P 211,237	P 628,064	P 839,301

	2020					
	Group			Parent Company		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Assets						
Cash and other cash items	P 16,520	P -	P 16,520	P 16,464	P -	P 16,464
Due from BSP	115,467	-	115,467	113,949	-	113,949
Due from other banks	15,707	-	15,707	15,214	-	15,214
Loans and receivables arising from reverse repurchase agreements	13,356	-	13,356	13,226	-	13,226
Interbank loans receivables	42,681	-	42,681	42,647	-	42,647
Financial assets at FVTPL	4,888	-	4,888	3,815	-	3,815
Financial assets at FVOCI - net	39,617	533	40,150	38,712	101	38,813
Investments at amortized cost - net	-	43,026	43,026	-	42,513	42,513
Loans and other receivables - net	94,574	354,029	448,603	92,594	348,573	441,167
Other resources - net	931	-	931	924	-	924
	343,741	397,588	741,329	337,545	391,187	728,732
Non Financial Assets						
Investment in subsidiaries and associates - net	-	339	339	-	6,980	6,980
Bank premises, furnitures, fixtures and equipment - net	-	13,062	13,062	-	10,500	10,500
Investment properties - net	-	3,725	3,725	-	3,580	3,580
Deferred tax asset-net	-	3,044	3,044	-	2,765	2,765
Intangible and other resources - net	5,467	5,140	10,607	5,348	4,617	9,965
	5,467	25,310	30,777	5,348	28,442	33,790
	P 349,208	P 422,898	P 772,106	P 342,893	P 419,629	P 762,522
Financial Liabilities						
Deposit liabilities	P 111,655	P 424,133	P 535,788	P 111,021	P 425,727	P 536,748
Bills payable	5,282	7,885	13,167	2,759	1,441	4,200
Bonds payable	23,482	66,957	90,439	23,482	66,957	90,439
Accrued interest and other expenses	1,287	4,106	5,393	1,277	3,919	5,196
Other liabilities	18,430	2,062	20,492	17,842	1,474	19,316
	160,136	505,143	665,279	156,381	499,518	655,899
Non Financial Liabilities						
Accrued interest and other expenses	507	-	507	489	-	489
Other liabilities	1,946	2,996	4,942	1,890	2,952	4,842
	2,453	2,996	5,449	2,379	2,952	5,331
	P 162,589	P 508,139	P 670,728	P 158,760	P 502,470	P 661,230

33. OTHER MATTERS

33.1 Continuing Impact of COVID-19

In December 2019, COVID-19 was reported to have surfaced in China. The World Health Organization has declared the outbreak as a 'public health emergency of international concern'. COVID-19 started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by implementation of ECQ and social distancing measures and restrictions within the Luzon area with other cities and provinces in the country enacting similar measures thereafter. This resulted in a wide-ranging business suspension – disrupting the supply chains, affecting production and sales across a range of industries, and weakening the stock market.

On March 23, 2020, BAHO Act was signed into law declaring a national health emergency throughout the Philippines as a result of the COVID-19 crisis. The implementation of Section 4(aa) of said law has directed banks and other private and government financial institutions to implement a minimum thirty (30)-day grace period on all loans with principal and interests falling due within the period of the Enhanced Community Quarantine (ECQ), which started on March 17, 2020 up to April 30, 2020, which was extended until May 31, 2020, without incurring interest, penalties, fees or other charges. On September 11, 2020, BARO Act was signed into law which directed banks and other private and government financial institutions particularly under Section 4 (uu) the grant of one-time sixty (60)-day grace period for payments and/or maturity periods of all existing, current and outstanding loans as of September 15, 2020, falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees or other charges, thereby extending the maturity of the said loans, subject to compliance with regulatory requirements.

The Group has been able to keep approximately 50-60% of its branches open during the early part of the community quarantine in mid-March 2020, and around 40-50% in April and May, with a skeletal workforce and corresponding adjustments in banking hours and cut-off times similar to adjustments instituted by the BSP and Bankers Association of the Philippines. By end-September 2020, the Group has kept about 98% of its branches open. Among the steps taken to address its customers' needs during the COVID-19 outbreak, the Group has (i) ensured cash availability at its ATMs and branches and (ii) extended loan payments for corporate and consumer loans for 60 days and waived fees on electronic and similar forms of payments for its clients. The Group has also encouraged its customers to use its online and mobile banking services to pay bills, send money, as well as use ATMs and cash acceptance machines as an alternative to branch banking. The Group also did not experience massive withdrawals from its depositors as the deposit liabilities still increased during the ECQ period.

Further, the Group focused on supporting customers who are experiencing and about to experience financial difficulties as a result of the COVID-19 global pandemic and has offered a range of financial assistance measures including temporary loan repayment deferrals (principal and/or interest) through its COVID-19 Assistance and Recovery Enhancement (CARE) Program. The Group's CARE Program is primarily designed to provide financial assistance to customers by way of extended repayment plans. The assistance would help get the customer back into the habit of paying based on amounts they can afford. Albeit using tighter credit underwriting parameters, the Group continued its lending activities including on-boarding of new customer for both wholesale and consumer lending. Despite these challenges, cash flow remained stable given the growth in deposits and with some clients still opting to continue their amortization payments despite the loan payment moratorium provided for under the BAHO Act and BARO Act.

As of December 31, 2021, an increase in volume of transactions is evident to the Group which was mainly due to customer acquisition driven by data science and digital marketing. The Group expects the general business environment to improve as quarantine restrictions ease and vaccination uptake increases in the last quarter of 2021. While economic recovery is expected, the Group will stay focused on keeping efficient operations as it embarks on transformation projects such as: (i) fully automated KYC process and (ii) enhanced credit and control systems. These activities include various business process reengineering exercises such as process reviews and digital enhancements that support efficiency, lower cost of transaction and reduced costs in product delivery.

34. SUPPLEMENTARY INFORMATION REQUIRED BY THE BSP

Presented below are the supplementary information required by the BSP under Section 174 (Appendix 55) of the BSP Manual of Regulations for Banks (MORB) to be disclosed as part of the notes to financial statements based on BSP Circular No. 1074, *Amendments to Regulations on Financial Audit of Banks.*

(a) Selected Financial Performance Indicators

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Group		
	2021	2020	2019
Return on average equity			
Net profit / Average total equity	**6.71%**	5.54%	6.47%
Return on average resources			
Net profit / Average total resources	**0.84%**	0.68%	0.80%
Net interest margin			
Net interest income / Average interest earning resources	**4.07%**	4.31%	4.03%

	Parent Company		
	2021	2020	2019
Return on average equity			
Net profit / Average total equity	**6.72%**	5.55%	6.48%
Return on average resources			
Net profit / Average total resources	**0.85%**	0.69%	0.81%
Net interest margin			
Net interest income / Average interest earning resources	**4.06%**	4.31%	4.02%

(b) Capital Instruments Issued

(j) Common stock

As of December 31, 2021 and 2020, the Parent Company's common stock amounted to P22,509 representing 2,250,916,144 issued common shares.

In July 22, 2019, the effective date of merger, the Parent Company issued 315,287,248 common shares in exchange of the transfer of net assets of RSB at carrying value. Additional paid-in capital of P10,507 was recognized pertaining to the difference between the par value of the shares issued and carrying value of net assets of RSB. Subsequently the issuance, the Parent Company acquired the same number of issued common shares as a result of the merger and recognized treasury shares amounting to P13,719. The transactions did not affect the total number of issued and outstanding common shares in 2019.

On July 23, 2021, the Parent Company sold 101,850,000 shares to Sumitomo Mitsui Banking Corporation (SMBC) at P44.00 per share. This came from the treasury shares resulting from the merger of Parent Company and RSB.

(ii) Preferred stock

As of December 31, 2021 and 2020, the Parent Company's issued and outstanding preferred stock amounted to P3 representing 267,410 preferred shares. These preferred shares are voting, non-cumulative, non-redeemable, participating and convertible into common stock. In 2019, 477 preferred shares were converted to 121 common shares. No similar transaction occurred in 2021 and 2020.

(iii) Hybrid Perpetual Securities

In August 27, 2020, the Parent Company issued US$300 non-cumulative, unsecured, subordinated AT1 capital securities. The capital securities are perpetual in respect of which there is no fixed redemption date. The Parent Company may redeem the capital securities only in certain circumstances as described in the conditions of the securities and with prior written consent of BSP. Distributions are non-cumulative and payable semi-annually in arrear at a rate of 6.5%. Certain conditions provide for circumstances under which the Parent Company will not be obliged to pay any distribution on the applicable payment date.

(c) Significant Credit Exposures for Loans

The Group and Bank's concentration of credit as to industry for its receivables from customers gross of allowance for ECL follows:

	Group			
	2021		2020	
	Amount	**Share**	Amount	Share
Consumer	**P 145,560**	**28%**	P 139,232	31%
Real estate, renting and other related activities	**89,891**	**18%**	67,578	15%
Electricity, gas and water	**69,258**	**14%**	67,530	15%
Wholesale and retail trade	**57,829**	**11%**	51,537	11%
Manufacturing (various industries)	**55,618**	**11%**	50,020	11%
Transportation and communication	**41,080**	**8%**	25,494	6%
Financial intermediaries	**33,794**	**7%**	34,034	7%
Agriculture, fishing, and forestry	**4,414**	**1%**	4,967	1%
Hotels and restaurants	**4,207**	**1%**	4,132	1%
Other community, social and personal activities	**2,439**	**-**	5,289	1%
Mining and quarrying	**1,022**	**-**	1,010	-
Others	**7,619**	**1%**	5,742	1%
	P 512,731	**100%**	P 456,565	100%

	Parent Company			
	2021		2020	
	Amount	**Share**	Amount	Share
Consumer	**P 145,557**	**29%**	P 139,128	31%
Real estate, renting and other related activities	**83,231**	**16%**	60,878	14%
Electricity, gas and water	**69,258**	**14%**	67,530	15%
Wholesale and retail trade	**56,866**	**11%**	51,086	11%
Manufacturing (various industries)	**55,618**	**11%**	50,020	11%
Transportation and communication	**41,080**	**8%**	25,494	6%
Financial intermediaries	**33,772**	**7%**	34,008	8%
Agriculture, fishing, and forestry	**4,309**	**1%**	4,427	1%
Hotels and restaurants	**4,207**	**1%**	4,132	1%
Other community, social and personal activities	**2,439**	**-**	5,289	1%
Mining and quarrying	**1,022**	**-**	1,010	-
Others	**7,574**	**2%**	5,661	1%
	P 504,933	**100%**	P 448,663	100%

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.

(d) Credit Status of Loans

The breakdown of receivable from customers as to status is shown below.

Group

	2021		
	Performing	**Non-performing**	**Total Loan Portfolio**
Gross carrying amount:			
Corporate	P 354,599	P 11,502	P 366,101
Consumer	127,909	18,721	146,630
	482,508	30,223	512,731
Allowance for ECL	(3,841)	(11,900)	(15,741)
Net carrying amount	**P 478,667**	**P 18,323**	**P 496,990**

	2020		
	Performing	Non-performing	Total Loan Portfolio
Gross carrying amount:			
Corporate	P 311,642	P 10,675	P 322,317
Consumer	120,425	13,823	134,248
	432,067	24,498	456,565
Allowance for ECL	(5,983)	(10,887)	(16,870)
Net carrying amount	P 426,084	P 13,611	P 439,695

Parent Company

	2021		
	Performing	**Non-performing**	**Total Loan Portfolio**
Gross carrying amount:			
Corporate	P 348,656	P 10,720	P 359,376
Consumer	126,903	18,654	145,557
	475,559	29,374	504,933
Allowance for ECL	(3,710)	(11,140)	(14,850)
Net carrying amount	**P 471,849**	**P 18,234**	**P 490,083**

	2020		
	Performing	Non-performing	Total Loan Portfolio
Gross carrying amount:			
Corporate	P 305,542	P 10,002	P 315,544
Consumer	119,394	13,725	133,119
	424,936	23,727	448,663
Allowance for ECL	(5,847)	(10,555)	(16,402)
Net carrying amount	P 419,089	P 13,172	P 432,261

NPLs included in the total loan portfolio of the Group and the Parent Company as of December 31 as reported to the BSP are presented below.

	Group				Parent Company			
	2021		2020		**2021**		2020	
Gross NPLs	**P**	**30,223**	P	24,498	**P**	**29,374**	P	23,727
Allowance for impairment	**(**	**11,900)**	(	10,887)	**(**	**11,140)**	(	10,555)
	P	**18,323**	P	13,611	**P**	**18,234**	P	13,172

Under banking regulations, loan accounts shall be considered non-performing, even without any missed contractual payments, when they are considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal or interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, NPLs shall remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least 6 months; or (b) written-off. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

As of December 31, 2021, gross and net NPL ratios of the Group and the Parent Company as reported to BSP were 5.45% and 3.30%, and 5.28% and 3.24%, respectively. As of December 31, 2020, gross and net NPL ratios of the Group and the Parent Company as reported to BSP were 5.00% and 2.94%, and 4.81% and 2.83%, respectively. Most of the NPLs are secured by real estate or chattel mortgages.

The breakdown of restructured receivables from customers follows:

	Group				Parent Company			
	2021		2020		**2021**		2020	
Loans and discounts	**P**	**433**	P	257	**P**	**433**	P	257
Credit card receivables		**-**		3		**-**		3
	P	**433**	P	260	**P**	**433**	P	260

Interest income from restructured receivables from customers amounted P10, P1, and P5 in 2021, 2020, 2019, respectively, for both the Group and the Parent Company.

(e) Analysis of Loan Portfolio as to Type of Security

The breakdown of the receivables from customers' portfolio as to secured and unsecured follows:

	Group		Parent Company	
	2021	2020	**2021**	2020
Secured:				
Real estate mortgage	**P 132,782**	P 135,421	**P 132,094**	P 134,077
Chattel mortgage	**66,351**	53,456	**66,254**	50,990
Hold-out deposits	**7,464**	8,581	**7,457**	8,428
Other securities	**14,280**	17,181	**14,248**	13,585
	220,877	214,639	**220,053**	207,080
Unsecured	**291,854**	241,926	**284,880**	241,583
	P 512,731	P 456,565	**P 504,933**	P 448,663

(f) Information on Related Party Loans

In the ordinary course of business, the Bank has loan transactions with each other, their other affiliates, and with certain DOSRI. Under existing policies of the Bank, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

Under the 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 Bank 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 Bank. However, non-risk loans are excluded in both individual and aggregate ceiling computation.

The following table shows the information relating to the loans, other credit accommodations and guarantees granted to DOSRI as of December 31 in accordance with BSP reporting guidelines:

	Group		Parent Company	
	2021	2020	**2021**	2020
Total outstanding DOSRI loans	**P 325**	P 946	**P 304**	P 920
Unsecured DOSRI	**98**	657	**90**	649
Past due DOSRI	**1**	5	**-**	5
Non-accruing DOSRI	**1**	5	**1**	5
Percent of DOSRI loans to total loan portfolio	**0.06%**	0.19%	**0.06%**	0.19%
Percent of unsecured DOSRI loans to total DOSRI loans	**30.15%**	69.45%	**29.61%**	70.54%
Percent of past due DOSRI Loans to total DOSRI	**0.31%**	0.53%	**0.00%**	0.54%
Percent of non-accruing DOSRI loans to total DOSRI loans	**0.31%**	0.53%	**0.33%**	0.54%

The following table shows the other information relating to the loans, other credit accommodations and guarantees granted to related parties (inclusive of DOSRI) as of December 31 as reported to the BSP:

	Group				Parent Company			
		2021		2020		**2021**		2020
Total outstanding Related Party loans	**P**	**19,447**	P	12,552	**P**	**19,442**	P	12,534
Unsecured Related Party		**16,165**		10,564		**16,162**		8,010
Past due Related Party		**1**		5		**1**		1
Non-accruing Related Party		**-**		5		**-**		-
Percent of Related Party loans to total loan portfolio		**3.61%**		4.31%		**3.66%**		2.59%
Percent of unsecured Related Party loans to total Related Party loans		**83.12%**		84.16%		**83.13%**		63.91%
Percent of past due Related Party loans to total Related Party loans		**0.00%**		0.00%		**0.00%**		0.01%
Percent of non-accruing Related Party loans to total Related Party loans		**0.00%**		0.00%		**0.00%**		0.00%

In accordance with existing BSP regulations, the reported DOSRI performing loans exclude loans extended to certain borrowers before these borrowers became DOSRI. Under BSP regulations, total outstanding exposures to each of the Parent Company's subsidiaries and affiliates shall not exceed 10.0% of the Group's net worth, the unsecured portion of which shall not exceed 5.0% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.0% of the net worth of the Parent Company.

As of December 31, 2021, 2020 and 2019, the Group and Parent Company is in compliance with these regulatory requirements.

As of December 31, 2021, 2020 and 2019, the Group has not recognized impairment loss on loans and receivables from DOSRI.

(g) Secured Liabilities and Assets Pledged as Security

Assets pledged as security for liabilities of the Group and Parent Company are shown below.

		2021		2020
Aggregate amount of secured liabilities	**P**	**45,378**	P	4,199
Aggregate amount of resources pledged as security	**P**	**54,145**	P	8,245

(b) Contingencies and Commitments Arising from Off-balance Sheet Items

The following is a summary of contingencies and commitments arising from transactions not given recognition in the statement of financial position, expressed at their equivalent peso contractual amounts as of December 31, 2021 and 2020:

		2021		2020
Trust Investment Group accounts	**P**	**146,769**	P	116,652
Outstanding guarantees issued		**79,927**		67,297
Derivative assets		**71,092**		36,980
Derivative liabilities		**50,251**		28,135
Unused commercial letters of credit		**12,412**		20,495
Spot exchange bought		**6,170**		8,681
Spot exchange sold		**6,165**		8,674
Inward bills for collection		**4,003**		1,694
Late deposits/payments received		**377**		644
Outward bills for collection		**78**		94
Others		**58**		17

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Rizal Commercial Banking Corporation for the year ended December 31, 2021, on which we have rendered our report dated February 28, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Reconciliation of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2021 is presented for purposes of additional analysis in compliance with the requirements under the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Anthony L. Ng**
Partner

CPA Reg. No. 0109764
TIN 230-169-270
PTR No. 8852341, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 109764-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-038-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 28, 2022

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Report of Independent Auditors on Components of Financial Soundness Indicators

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Rizal Commercial Banking Corporation and subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, on which we have rendered our report dated February 28, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Anthony L. Ng
Partner

CPA Reg. No. 0109764
TIN 230-169-270
PTR No. 8852341, January 3, 2022, Makati City
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February 28, 2022

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Rizal Commercial Banking Corporation and subsidiaries (the Group) for the year ended December 31, 2021, on which we have rendered our report dated February 28, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Anthony L. Ng
Partner

CPA Reg. No. 0109764
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February 28, 2022

Rizal Commercial Banking Corporation and Subsidiaries
List of Supplementary Information
December 31, 2021

**Information therein are based on the separate financial statements of the Parent Company.*

Rizal Commercial Banking Corporation and Subsidiaries
Schedule A - Financial Assets
December 31, 2021
(Amount in Millions of Philippine Pesos, Except Share Data)

Name of issuing entity and association of cash issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Value based on the market quotation at balance sheet date	Income received and accrued
Financial Asset at Fair Value Through Profit or Loss				
Government securities	P 1,835	P 4,330	P 4,330	P 58
Corporate debt securities	P 691	35	35	9
Equity securities	142,672,612 shares	232	232	24
Derivative financial assets	P 65,115	1,266	1,266	29
		5,863	5,863	120
Financial Asset at Fair Value Through Other Comprehensive Income				
Quoted equity securities	63,181,305 shares	1,852	1,852	17
Unquoted equity securities	67,224,308 shares	1,815	1,815	64
Government securities	P 16,733	28,682	28,682	759
Corporate debt securities	P 15,688	17,412	17,412	584
		49,761	49,761	1,424
Investment Securities at Amortized Cost				
Government securities	P 35,156	132,969	132,818	2,460
Corporate debt securities	P 6,365	30,789	31,606	549
		163,758	164,424	3,009
Allowance for impairment		(147)	(147)	-
		163,611	164,277	3,009
		P 219,235	**P 219,901**	**P 4,553**

Rizal Commercial Banking Corporation and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2021
(Amount in Millions of Philippine Pesos)

Name and Designation of debtor	*Balance at beginning of period*	*Additions*	*Amounts collected*	*Amounts written off*	*Current*	*Not Current*	*Balance at end of period*
Rizal Commercial Banking Corporation							
Loans Receivable							
Pan Malayan Management and Investment Corp.	P 151	P -	P 55	P -	P 96	P -	P 96
House of Investments Inc.	564	120	372	-	312	-	312
Credit Card Receivables							
Bankard (Officers)	1	-	-	-	1	-	1
RCBC Capital Corporation							
Loans Receivable							
Employee Loans	1	1	1	-	1	-	1
RCBC Leasing and Finance Corp.							
Loans Receivable							
Employee Loans	1	1	1	-	1	-	1
RCBC Bankard Services Corporation							
Loans Receivable							
Employee Loans	12	12	4	-	4	-	4

Rizal Commercial Banking Corporation and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2021
(Amount in Millions of Philippine Pesos)

Name and Designation of debtor	*Balance at beginning of period*	*Additions*	*Deductions*		*Classification*		*Balance at end of period*
			Amounts collected	*Amounts written off*	*Current*	*Not Current*	
Rizal Microbank, Inc.							
Due from other banks - RCBC	95	-	(27)	-	68	-	68
RCBC Capital Corporation							
Due from other banks - RCBC	1	-	-	-	1	-	1
Dividends receivable	600	500	(600)	-	500	-	500
Cajel Realty Corporation							
Due from other banks - RCBC	-	-	-	-	-	-	-
RCBC Leasing and Finance Corp.							
Due from other banks - RCBC	96	100	-	-	196	-	196
RCBC International Finance, Ltd.							
Due from other banks - RCBC	-	17	-	-	17	-	17
RCBC Forex Brokers Corp.							
Due from other banks - RCBC	87	-	(5)	-	82	-	82
RCBC - JPL Holding Company							
Assignment of receivables	147	-	(20)	-	127	-	127
Niyog Property Holdings, Inc.							
Due from other banks - RCBC	68	50	-	-	118	-	118

Rizal Commercial Banking Corporation and Subsidiaries
Schedule D - Long Term Debt
December 31, 2021
(Amount in Millions)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Rizal Commercial Banking Corporation			
P 13,742,840,000 Senior Notes Interest Rate: 3.2% Fixed Rate Maturity Date: 9/30/2023 Number of periodic installments: Not applicable	P 13,743	-	P 13,743
P 4,130,000,000 Senior Notes Interest Rate: 4.18% Fixed Rate Maturity Date: 6/30/2026 Number of periodic installments: Not applicable	P4,130	-	P 4,130
US$ 300,000,000 Senior Notes Interest Rate: 3.00% Fixed Rate Maturity Date: 9/11/2024 Number of periodic installments: Not applicable	US$ 300	-	P 15,264
P 3,580,000,000 Long Term Negotiable Certificate of Deposit Interest Rate: 5.5% Maturity Date: 3/28/2024 Number of periodic installments: Not applicable	P 3,580	-	P 3,580
US$ 450,000,000 Senior Notes Interest Rate: 4.13% Fixed Rate Maturity Date: 3/16/2023 Number of periodic installments: Not applicable	US$ 450	-	P 22,908
P 2,502,000,000 Long Term Negotiable Certificate of Deposit Interest Rate: 3.75% Fixed Rate Maturity Date: 2/11/2023 Number of periodic installments: Not applicable	P 2,502	-	P 2,502
P 7,500,000,000 Senior Note Interest Rate: 4.43% Fixed Rate Maturity Date: 11/13/2022 Number of periodic installments: Not applicable	P 7,500	-	P 7,500
P 16,616,410,000 Senior Note Interest Rate: 3.25% Fixed Rate Maturity Date: 7/27/2022 Number of periodic installments: Not applicable	P 16,616	-	P 16,616
P 7,054,300,000 Senior Note Interest Rate: 4.85% Fixed Rate Maturity Date: 4/7/2022 Number of periodic installments: Not applicable	P 7,054	-	P 7,054

Rizal Commercial Banking Corporation and Subsidiaries
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2021
(Amount in Millions of Philippine Pesos)

Name of related party	***Balance at beginning of period***	***Balance at end of period***

Not applicable

Rizal Commercial Banking Corporation and Subsidiaries
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2021
(Amount in Millions of Philippine Pesos)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	*Title of issue of each class of securities guaranteed*	*Total amount guaranteed and outstanding*	*Amount owned by person for which statement is filed*	*Nature of guarantee*

Not applicable

Rizal Commercial Banking Corporation and Subsidiaries
Schedule G - Capital Stock
December 31, 2021
(Amount in Millions of Philippine Pesos, Except Share Data)

Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under related statement of financial position caption*	*Number of shares reserved for options, warrants, conversion and other rights*	*Number of shares held by related parties*	*Directors, officers and employees*	*Others*
Preferred Shares *voting, non-cumulative, non-redeemable, participating convertible into common shares*	200,000,000.00	267,410.00	267,410.00	-	-	-
Common Shares	2,600,000,000.00	2,037,478,896.00	-	1,648,101,196.00	1,977,758.00	591,099,942.00

RIZAL COMMERCIAL BANKING CORPORATION
Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen Gil Puyat Avenue, Makati City
Parent Company Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2021
(Amounts in Millions of Philippine Pesos)

Unappropriated Retained Earnings at Beginning of Year		**P 33,599**
Adjustments:		
Accumulated share in equity of subsidiaries and associates	(1,613)	
Deferred tax assets	(2,765)	(4,378)
Unappropriated Retained Earnings at Beginning of Year Available for Dividend Declaration at Beginning of Year, As Adjusted		**29,221**
Net Profit Realized During the Year		
Net profit per audited financial statements		**7,082**
Non-actual/unrealized income		
Share in net income of subsidiaries and associates		(477)
Deferred tax income		(248)
		6,357
Other Transactions During the Year		
Dividends declared	(1,897)	
Appropriation for general loan loss provision	(176)	
Appropriation of retained earnings to trust reserves	(9)	(2,082)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 33,496**

Rizal Commercial Banking Corporation and Subsidiaries
Schedule of Recent Public Offerings
December 31, 2021

2017 - P2,502,000,000 Long Term Negotiable Certificate of Deposit
Gross Proceeds: P2,502,000,000 (Issue Price: P2,502,000,000 @ 100.00%)
Related Expenses: P15,703,828
Use of Proceeds: To be used for general funding purposes.

2018- P3,580,000,000 Long Term Negotiable Certificate of Deposit
Gross Proceeds: P3,580,000,000 (Issue Price: P3,580,000,000 @ 100.00%)
Related Expenses: P30,915,597.18
Use of Proceeds: To be used for general funding purposes.

2018 - US$ 450,000,000 Senior Note
Gross Proceeds: US$450,000,000 (Issue Price: US$ 420,000,000 @ 100.00%)
Related Expenses: US$885,914.99
Use of Proceeds: To be used for general banking and re-lending purposes.

2018 - P15,000,000,000 Stock Rights Offering (535,710,378 shares)
Gross Proceeds: P15,000,000,000 (Issue Price: P28 per share)
Related Expenses: P217,262,589
Use of Proceeds: To strengthen the Bank's capital ratio and fund its business expansion (i.e. loan growth).

2019 - US$ 300,000,000 Senior Note
Gross Proceeds: US$300,000,000 (Issue Price: US$ 300,000,000 @ 99.751%)
Related Expenses: US$862,031.65
Use of Proceeds: To be used for general banking and re-lending purposes.

2020 - P7,054,300,000 Senior Note
Gross Proceeds: P7,054,300,000 (Issue Price: P7,054,300,000 @ 100.00%)
Related Expenses: P1,154,630.38
Use of Proceeds: To be used for general banking and re-lending purposes.

2020 - P16,616,410,000 Senior Note
Gross Proceeds: P16,616,410,000 (Issue Price: P16,616,410,000 @ 100.00%)
Related Expenses: P14,986,758.48
Use of Proceeds: To be used for general banking and re-lending purposes.

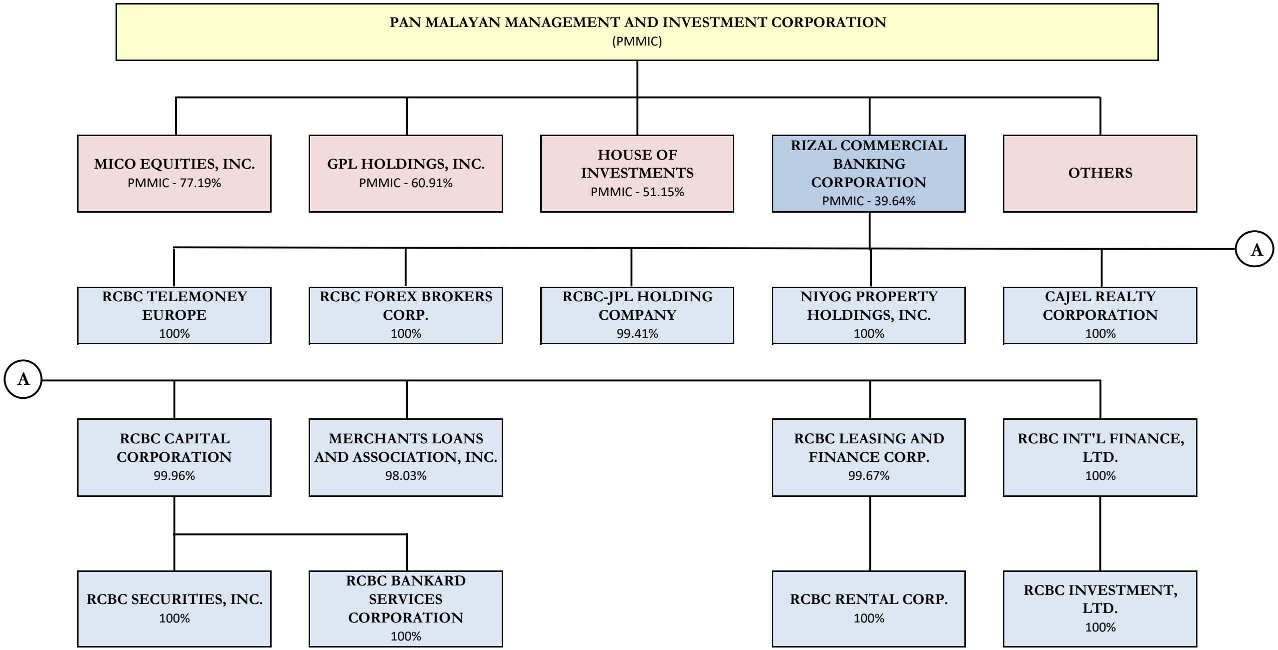
2020 - US$ 300,000,000 Hybrid Perpetual Securities
Gross Proceeds: US$ 300,000,000 (Issue Price: US$ 300,000,000 @ 100.00%)
Related Expenses: US$796,991.93
Use of Proceeds: To to support and finance medium-term to long-term asset growth, loans to customers, other general corporate purposes and to maintain sufficient buffers above the minimum capital thresholds required by BSP.

2019 - P7,500,000,000 Senior Note
Gross Proceeds: P7,500,000,000 (Issue Price: P7,500,000,000 @ 100.00%)
Related Expenses: 56,250,000
Use of Proceeds: To be used for general banking and re-lending purposes.

2021 - P13,742,840,000 Senior Note
Gross Proceeds: P13,742,840,000 (Issue Price: P13,742,840,000 @ 100.00%)
Related Expenses: P103,071,300
Use of Proceeds: To be used for general banking and re-lending purposes.

2021 - P4,129,730,000 Senior Note
Gross Proceeds: P4,129,730,000 (Issue Price: P4,129,730,000 @ 100.00%)
Related Expenses: P30,972,975
Use of Proceeds: To be used for general banking and re-lending purposes.

Rizal Commercial Banking Corporation and Subsidiaries
Map Showing the Relationships Between and Among the RCBC and Its Related Parties
December 31, 2021



Rizal Commercial Banking Corporation and Subsidiaries
Supplemental Schedule of Financial Soundness Indicators
(Amount in Millions of Philippine Pesos, Except Share Data)
December 31, 2021 and 2020

		Ratio			
		2021		2020	
Ratio	**Formula**				
Current ratio	Total current assets	**423,628**	**0.58**	419,412	0.78
	Total current liabilities	**724,701**		540,244	
Acid test ratio	Quick assets	**205,140**	**0.28**	208,619	0.39
	Total current liabilities	**724,701**		540,244	
Solvency ratio	Total liabilities	**848,053**	**88.42%**	670,728	86.87%
	Total assets	**959,133**		772,106	
Debt-to-equity ratio	Total liabilities	**848,053**	**7.63**	670,728	6.62
	Total equity	**111,080**		101,378	
Resources-to-equity ratio	Total resources	**959,133**	**8.63**	772,106	7.62
	Total equity	**111,080**		101,378	
Interest rate coverage ratio	Earnings before interest and taxes	**16,091**	**1.94**	17,164	1.61
	Interest expense	**8,280**		10,671	
Return on equity	Net profit *	**6,120**	**6.71%**	4,698	5.54%
	Average total equity **	**91,180**		84,820	
Return on resources	Net profit	**7,083**	**0.84%**	5,018	0.68%
	Average total resources	**844,048**		736,564	
Net profit margin	Net profit	**7,083**	**19.46%**	5,018	13.24%
	Revenues	**36,394**		37,913	
Other ratios:					
Net interest margin	Net interest income	**29,054**	**4.07%**	26,281	4.25%
	Average interest earning resources	**713,875**		617,896	
Cost-to-income ratio	Total other operating expenses	**22,535**	**61.92%**	22,045	58.15%
	Gross income	**36,394**		37,913	
Capital adequacy ratio	Total qualifying capital	**99,465**	**15.23%**	89,808	16.14%
	Total risk-weighted assets	**653,108**		556,585	

** net of dividends to Hybrid Perpertual Securities*
*** excluding Hybrid Perpertual Securities*